



City of Bellevue

# Financial Outlook Update

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Finance & Asset Management Department

July 15, 2025

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**Information Only**

# Agenda



Calendar



Economic Headwinds & Uncertainty



What does this mean for Bellevue?

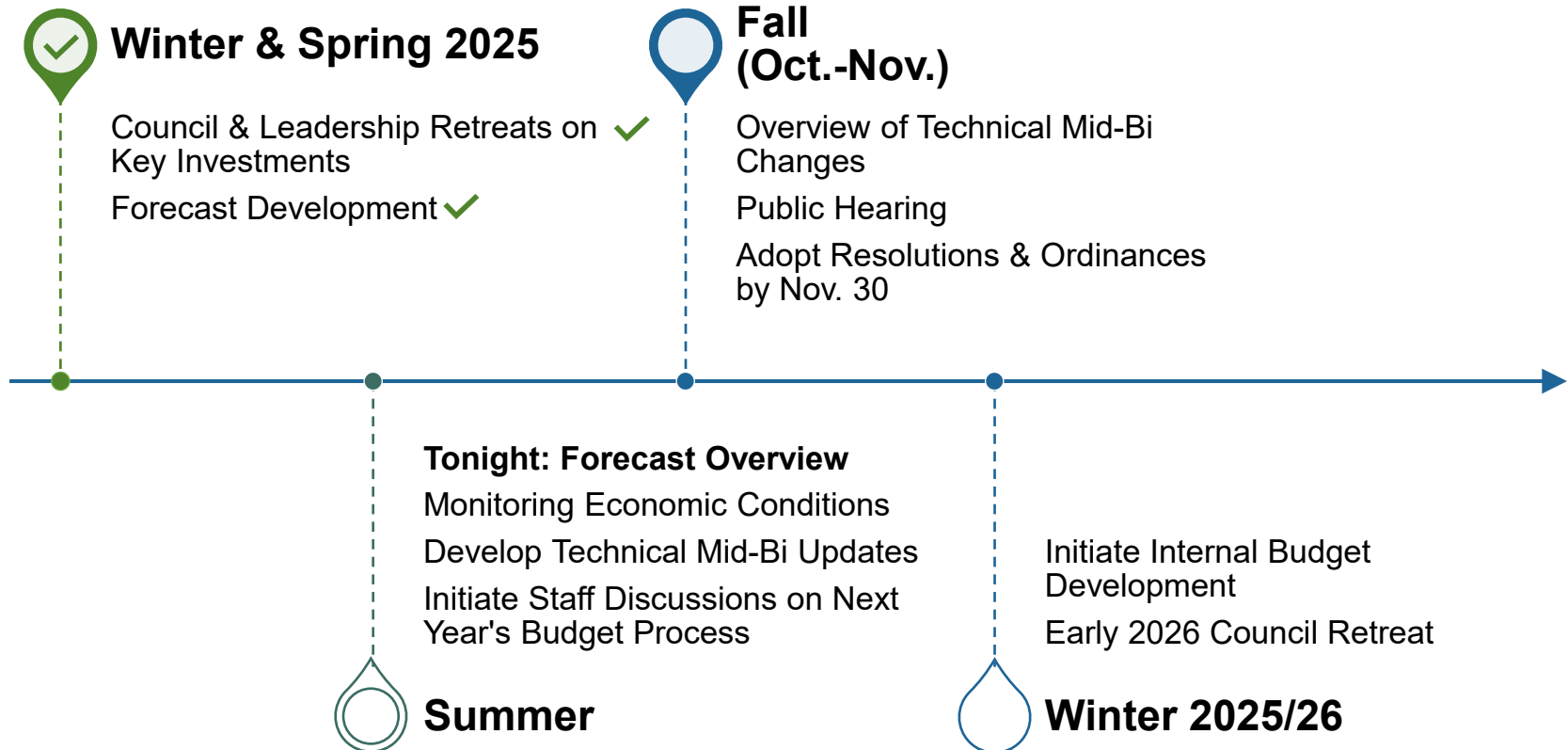


Next Steps



Discussion

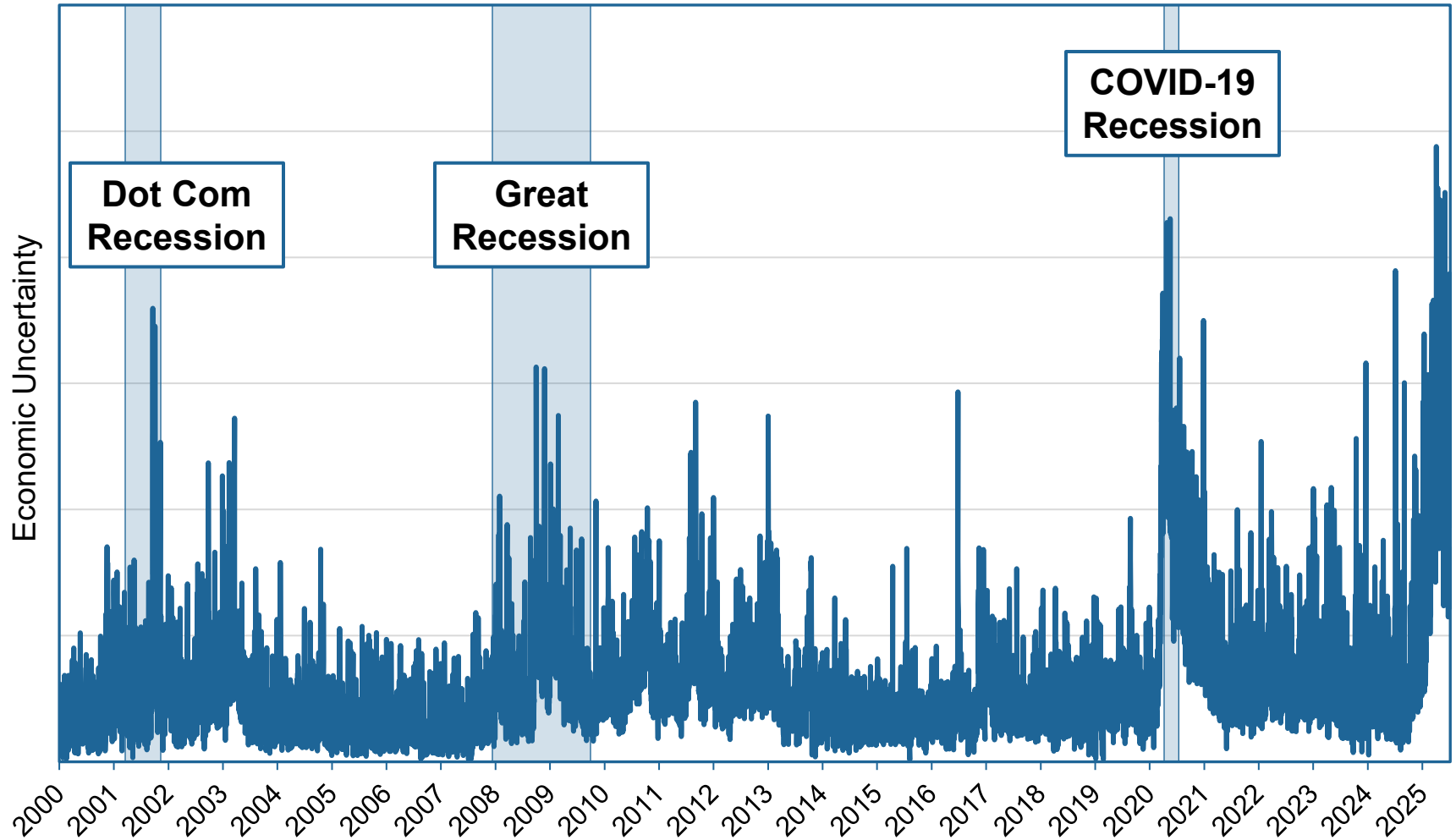
# City Budget Development Calendar



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# **Economic Headwinds & Uncertainty**

# Federal Reserve Economic Uncertainty Index 2000-Today



Sources: Baker, Scott R.; Bloom, Nick; Davis, Stephen J. via FRED®

# Economic Policy Landscape



# Key Data Snapshot

## Dollar's Value



Dollar at Lowest Value in 30 Years

## Consumer Confidence



25% Lower than Last Year\*

## Gross Domestic Product (GDP)



Q1 Annualized GDP Down 0.5%

## Inflation



Inflation Persisting at 2-3%

## Interest Rates



Target Interest Rates Stuck at 4.25-4.5%

## Washington Unemployment Rate



Washington Unemployment Rate at 4.9%\*



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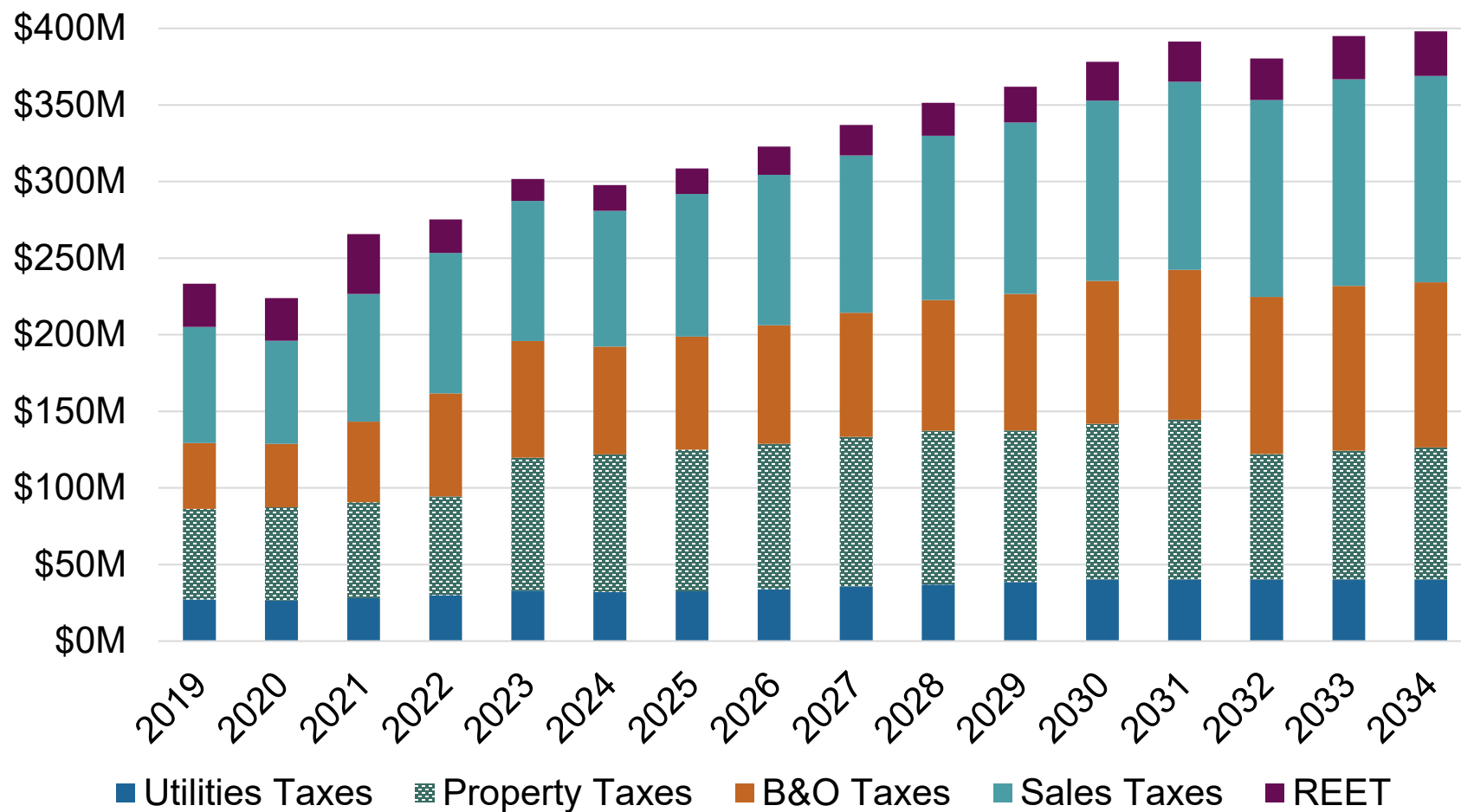
**What does this mean for  
Bellevue?**

# Forecast Takeaways

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- 2025 forecast **on par with 2024** forecast.
- **Policy uncertainty** poses forecast risk.
- **Weakened consumer confidence**, instability, and rising costs may lower City revenues.
- **Inflation** is stubbornly persistent.
- **Construction pipeline stable** - an interest rate cut 2026 could boost growth.
- Major **revenue growth unlikely** before 2027.

# 2019-2034 Tax Growth in Dollars



# Select Watch List Items & Approach

## Watch List Items

- Economic policies
- Ongoing impacts to Federal funding (e.g. Grants & CDBG)
- Development Pipeline
- Inflation & Commodity Prices
- Legislation Impacts from Olympia & DC
- Labor Market
- 2025-2026 Actual Revenues & Expenditures

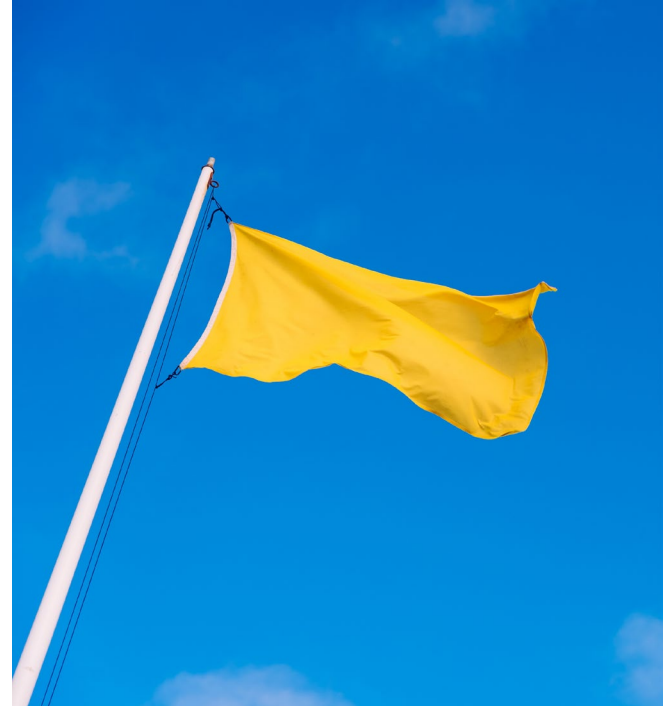
## Approach

Staff will approach these challenges and identify solutions in alignment with the City's Financial Strategy Guiding Principles.

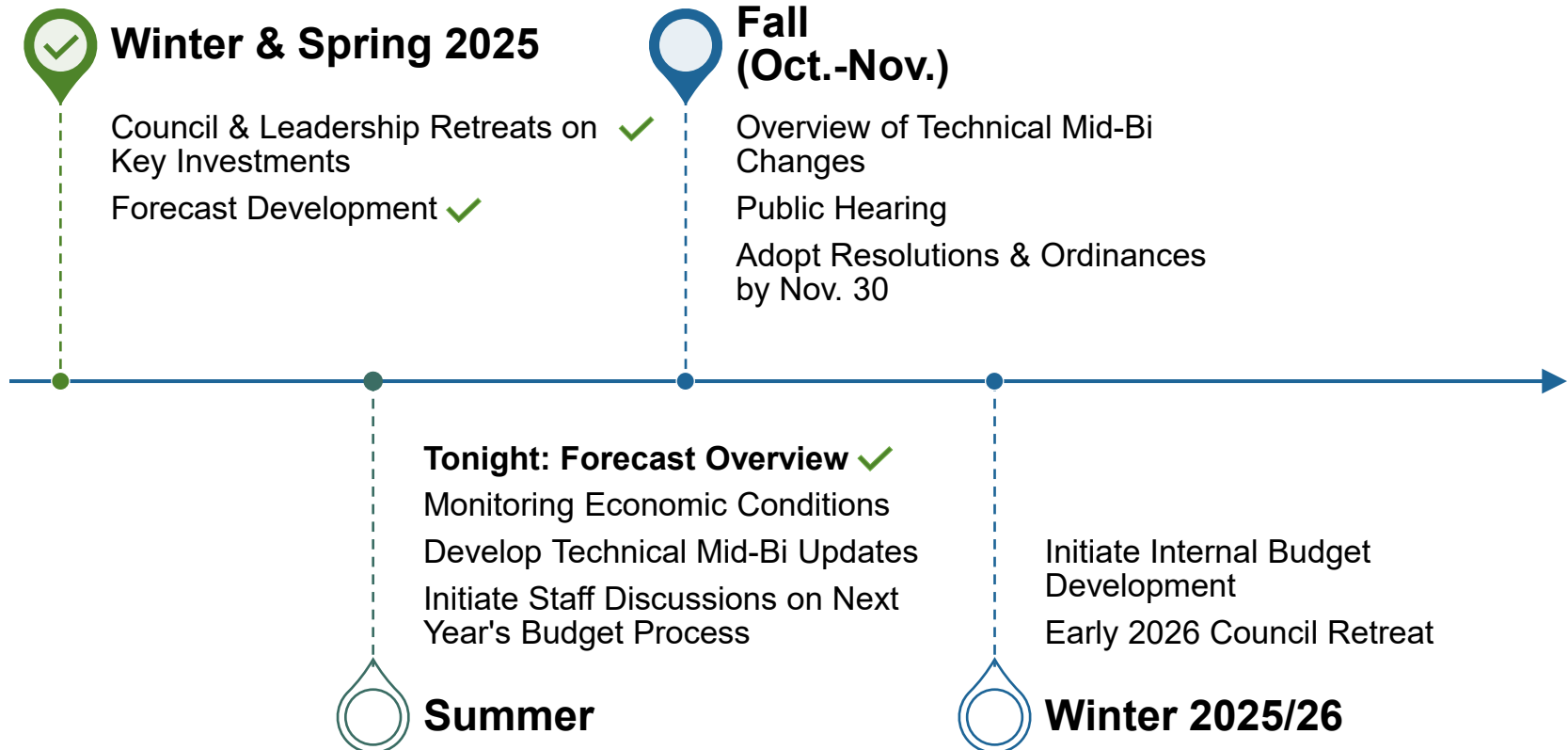
Financial Strategy Guiding Principles
Transparency
Stewardship
Professionalism
Balanced Risk Profile
Nimble

# Final Thoughts/Conclusions

- Mid-bi is expected to be limited to technical adjustments.
- Staff does not recommend altering current financial plans including revenues.
- 2025 economic data will be critical to the 2027-28 budget process.
- Staff will continue to keep leadership, Council and the public informed.



# City Budget Development Calendar



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# **Discussion & Questions**