

CITY COUNCIL STUDY SESSION

2023-2024 Operating Budget and the 2023-2029 Capital Investment Program (CIP) Plan

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DIRECTION NEEDED FROM COUNCIL**DIRECTION**

This is the fifth presentation regarding the 2023-2024 Operating Budget and the 2023-2029 Capital Investment Program (CIP) Plan. Following up from the November 7 Council meeting, staff is seeking final direction on Council's areas for discussion and information in preparation for budget adoption on November 21.

RECOMMENDATION

Move to direct staff to return on November 21 with appropriate legislation including any adjustments to the Preliminary Budget.

BACKGROUND & ANALYSIS

Bellevue's budget is produced every two years and includes a seven-year capital budget. It serves as a major policy document and describes how the City intends to finance its services and infrastructure. This meeting marks another step in a process that launched earlier this year during the Council's biennial budget workshop.

On November 7, Council held the third and final public hearing on the budget, in total the city received over 130 written comments and approximately 38 oral comments. Following the public hearing, council directed staff to bring back information and/or discussion items as noted below in this memo.

Tonight, staff seeks direction for preparation for adoption of the Preliminary Budget on November 21. This memorandum, its attachments, previous study session materials, references, and weblinks provide

the building blocks the Preliminary Budget. The Council question tracker known as the memory bank has not changed since October 24 and is reprinted as an attachment.

On November 7, Council requested information and/or discussion in the following areas (note: staff has consolidated and paraphrased):

Environmental Stewardship Initiative (ESI)

Council requested information regarding the investments in the Environmental Stewardship Initiative. Specifically, looking at the investment split between municipal (72%) and community (28%) investments and whether a different split would be more advantageous to leverage funding options and/or impact the wedge analysis.

The investment split of 72% municipal and 28% community refers only to the increased funding in the proposed budget. When the combined current and new funding for ESI in the 2023-2024 operating budget and 2023-2029 CIP is considered, the split is 63% municipal and 37% community. Neither of these splits includes unquantified staff work on land use, transit, bicycle and pedestrian planning and implementation – almost exclusively in the community category. For example, the City is investing substantially in transportation programs which will help to reduce vehicle trips including non-motorized projects such as the City's Neighborhood Safety Connectivity program, bike and pedestrian connections, among several others. The CIP for community actions will include investments in the Clean Buildings Incentive Program, Energy Smart Eastside program, EcoDistrict planning, community EV infrastructure planning, along with an additional \$500,000 per year added to the ESI Operating budget to directly support community actions, such as residential solar, green affordable housing, and residential energy efficiency retrofits for low income residents. Adding staff to the program to carry out community actions will take some time to gear up.

The Environmental Stewardship Plan established goals to reduce greenhouse gas emissions 50 percent by 2030 for the community and for Bellevue's municipal operations and completed a wedge analysis for both goals. Spending on municipal actions has a direct result on reducing emissions. Some municipal expenditures such as upgrades to the Bellevue Service Center for compliance with State Clean Buildings Act cannot be delayed or shifted. It may be possible to reduce or delay installation of EV charging stations at city buildings and shift those resources to the community side. However, a reduced number of charging stations would impact the pace of greening the city fleet as a trade-off and municipal progress towards the 2030 reduction goal.

The municipal operations budget proposals are estimated to help put the city 75 percent of the way towards achieving the 2030 goals, whereas shifting the funding to community actions would result in no progress on the municipal operations side and a relatively smaller decrease in total emissions on the community side, as the community side spending is also important, but would not necessarily result in a greater carbon emission reduction. Staff will continue to monitor grant opportunities which could augment or supplant budgeted funds, to leverage external funding and maximize investments. Staff plans on revisiting the program effectiveness and funding at the mid-biennium or next budget cycle.

Public Safety

Potential Transit Unit

Council requested information regarding what the impact would be from a delay in the transit unit.

The Preliminary Budget currently sets aside funding to pay for an eventual deployment of resources for when rail service will begin in 2024. The overarching goal is to provide safety for all people. The City is collaborating in the planning stage right now with Sound Transit, and neighboring cities. Tukwila and Federal Way were willing to share their experiences with stops along Sound Transit rail lines. Staff also studied 28 benchmark cities and consulted the Bay Area Rapid Transit (CA), Metropolitan Atlanta Rapid Transit Authority (GA), Tempe (AZ), Bloomington PD (MN), Long Beach PD (CA) and the U.S. Bureau of Transportation statistics.

Because transit is already an integral mobility option in Bellevue, and Sound Transit and King County Metro already coordinate with the City for response, planning for light rail opening is greatly informed by current practice. While Sound Transit has estimated its daily East Link ridership will be between 43,000 and 52,000, current City of Bellevue planning anticipates only adding a handful of police personnel and not scaling up proportionally. Service evaluation will reassess demand based on actual calls for service to determine future staffing adjustments. In addition, staff plans to engage with the community to develop measures of success and continue outreach before and after East Link service begins. While the planning would continue, delay would defer the timing of a decision to assign funds for this deployment and delay timely selection and training of personnel which will need lead time of approximately six months.

Police Recruitment

Council requested information regarding the status of recruitment and budget to ensure timely recruitment of newly authorized police officers in the 2023-2024 Preliminary Budget.

There is adequate budget for the Police Department to recruit qualified personnel.

Community Crisis Assistance Team (CCAT) Outreach

Council asked whether there is funding within the Preliminary Budget for outreach when CCAT is implemented.

There is adequate funding in the Preliminary Budget to pay for community engagement and outreach for CCAT. Thanks to a substantial federal grant that will provide for much of the start-up costs, the Preliminary Budget fully funds CCAT.

Outreach is planned to be a continuous effort in the implementation of mental health response. The work needs communication to remain open so that it can remain effective and relevant.

Dispatch Call Analysis

Council requested analysis of 9-1-1 emergency call data to learn what portion of calls could have been served only by a behavioral health professional.

The Preliminary Budget is adequately funded to analyze future dispatch data. Provided that Council approves funding for CCAT, program evaluation is planned to study the experiences when a mental health professional (MHP) responded successfully without other support.

NORCOM staff reports that going forward, any report notes or codes that CCAT units wish to track will be captured and reported for analysis. Retrospective analysis of prior data is not collected in a way that would provide for meaningful analysis without a very significant investment in time reviewing reports and interviewing participants in the calls. However, doing so would still produce unreliable results.

City staff who worked the CCAT pilot in 2021 report that in slightly more than 50% of calls for service individuals in distress preferred only talking with the mental health professional and likewise nearly half preferred talking with the specially trained officer. These experiences are corroborated by Kirkland's Community Responder Program in which behavioral health responders are always paired with police patrol officers.

Community Responder Unit Pilot

Council asked what the cost might be to pilot a community response model that only sends social workers when dispatch identifies a caller in a mental health crisis.

To be clear, a potential pilot of this type is not CCAT but rather would be in addition to CCAT.

Borrowing elements from models around the country and the City of Seattle, the cost to pilot a basic community response model is estimated to be \$1.4 million.

To get meaningful data and hire qualified candidates, such a pilot would last for a year and be composed of two units of two mental health professionals (MHP) each. Hours of service could be as much as seven days a week from 8:00 AM to 6:00 PM.

Advanced effort would include consulting help, outreach, program development, and program evaluation. Such a pilot could possibly start early 2024, best case scenario.

Some factors and complexities will need to be worked out.

- The program may have collective bargaining implications.
- Licensed MHPs seek assurances for their safety, which will aid attracting strong candidates.
- Dispatching protocols would need to be agreed upon by NORCOM partner agencies to accommodate this pilot. The protocols would also determine the distribution of data tracking between CCAT and the pilot.

By comparison, nearly a year was needed for program development and public outreach in advance of the CCAT pilot in 2021 and did not have the extent of complexities above.

For another \$375,000, the City of Bellevue could fund three licensed social workers to be specially trained for dispatch. Such training takes about 18 months. Again, the NORCOM partners would need to support this.

Arts Funding

Council requested information regarding the arts operating grants and capital programs.

Since 2001, the City Council has allocated annual grant funding within the General Fund to support artists and arts organizations in Bellevue. The funding proposed for the annual grant fund for 2023-2024 is \$300,000 for the biennium. The City looks for the external funding such as the National Endowment for the Arts (NEA) and similar grant opportunities to fund more arts programming. However, funding has largely remained stable for several years, seeing growth limited to inflationary increases. Concurrently, the city of Bellevue's population has increased notably as has the need for arts programming, resulting in a lower grant award amounts and a smaller proportion of applicants funded.

In addition to the General Fund noted above, the Capital Investment Program (CIP) 2023-2029 includes two CIP projects: Public Arts Program (CD-11) (\$4.1 million over 7 years) which includes personnel support and the purchase of physical art and installations; additionally, the Arts & Culture Fund (G-112) (\$9.6 million over 7 years) which invests in cultural facilities, historically this funding was used for public benefit projects with KidsQuest, Pacific Northwest Ballet - Bellevue, among others.

Members of the public and the members of the Arts Commission have requested an additional \$85,000 a year in funding to increase the General Fund grant opportunities within the 2023-2024 biennium budget. One way to meet some or all of this request would be to shift funds from one of the arts CIP projects to the General Fund arts grant opportunities. The one challenge is that the operating is ongoing funding, and the CIP is a one-time in nature. Adding a single year of the request would mitigate the ongoing commitment and would allow reconsideration at the mid-biennium update or biennial budget process. Such a shift for a single year would have minimal impact on the CIP.

Vision Zero

Council requested information regarding what it would take to increase the CIP project to \$500,000 a year from the existing \$357,000, and if we need the increase to reach the Vision Zero goals.

The Vision Zero Rapid Build Data Driven Safety Program CIP item (PW-R-205) has been used to complete several road safety assessments along the High Injury Network. These have resulted in recommendations and implementation of relatively low-cost proven safety measures, such as rectangular rapid flashing beacons and other cross-walk visibility enhancements, and modifications to traffic signals and roadway striping adjustments to enhance safety. The more money in the program enables more improvements to be completed, which furthers the City's Vision Zero goals.

In the 2021-2027 CIP, the department originally proposed \$500K per year starting in the 3rd year of the CIP (2023). Council, when adopting the CIP, requested that the same overall funding be distributed

throughout the CIP, which amounted to \$357K per year. This is the figure that was brought forward into the 2023-2029 CIP.

The City is applying for the Safe Streets For All grant through the Bipartisan Infrastructure Law and, if successful, would provide extensive additional resources for these improvements. We anticipate knowing the outcome of the grant request in January 2023. Funding increases for the program should be considered in the context of the outcome of the grant request. Another way to increase the annual funding in the next few years would be to front load out-years of the CIP i to achieve the \$500,000/year funding level and would result in more projects moving earlier. The gap in the out-years could be addressed in a future CIP.

Parks Levy

Council requested information regarding if the people of Bellevue pass the proposed Parks levy, does the City have time to adjust the funding in this budget before adoption?

The potential parks levy voted on during the November General Election will not be certified by King County Elections until November 29, 2022. If the levy is passed by Bellevue voters, staff will come back to Council in Q1 2023 with a budget amendment to adjust funding where appropriate.

Apprenticeship Program and Enhancement to Minority, Women, Disadvantaged Business (MWDBE) Program

Council requested information on what the proposed budget includes for staff and program support for MWDBE and Apprenticeship.

The Preliminary Budget includes the addition of one staff member plus \$50,000 in outreach funding to implement an expanded apprenticeship program and to enhance the existing MWDBE program. Currently, the City has a procurement diversity initiative to increase opportunities for MWDBE contracting. The new investment in the Preliminary Budget will focus on outreach and awareness of the existing program, expand apprenticeship utilization for public works contracts, and the adjust programming as needed to meet the needs of the community. Current staff in the procurement area will continue to support both the MWDBE and apprenticeship programs.

Background

Previous Council Discussions

On September 26, the City Manager presented his 2023-2024 Preliminary Budget and 2023-2029 Capital Investment Plan (CIP) plan to the City Council. The Preliminary 2023-2024 biennial budget totaled \$2.2 billion. This total includes \$1.4 billion in operating budget (\$592 million in general fund, \$261 million in internal service and other operating funds, \$568 million in Enterprise Funds), \$139 million in special purpose expenditures (such as grants, donations and debt, among others), and \$679 million for the 2023-2024 portion of the General and Utilities CIP. See Attachments B and C for the City Manager's transmittal letter and the Preliminary 2023-2024 Executive Summary.

On October 3, an overview of investments in: Public Safety, Homelessness, the American Recovery Plan Act (ARPA) and, the Safe Clean, Vibrant City initiative was presented. The agenda memo and meeting materials can be found at the link below or by searching from the Bellevuewa.gov website under the Council Meetings section.

<https://bellevue.legistar.com/LegislationDetail.aspx?ID=5859889&GUID=B65054A3-8E2F-48BD-9E03-8D3A26898C9C>

On October 10, the Utilities Department presented materials to the City Council on proposed rates. Agenda materials can be found at the link below or by searching from the Bellevuewa.gov website under the Council Meetings section.

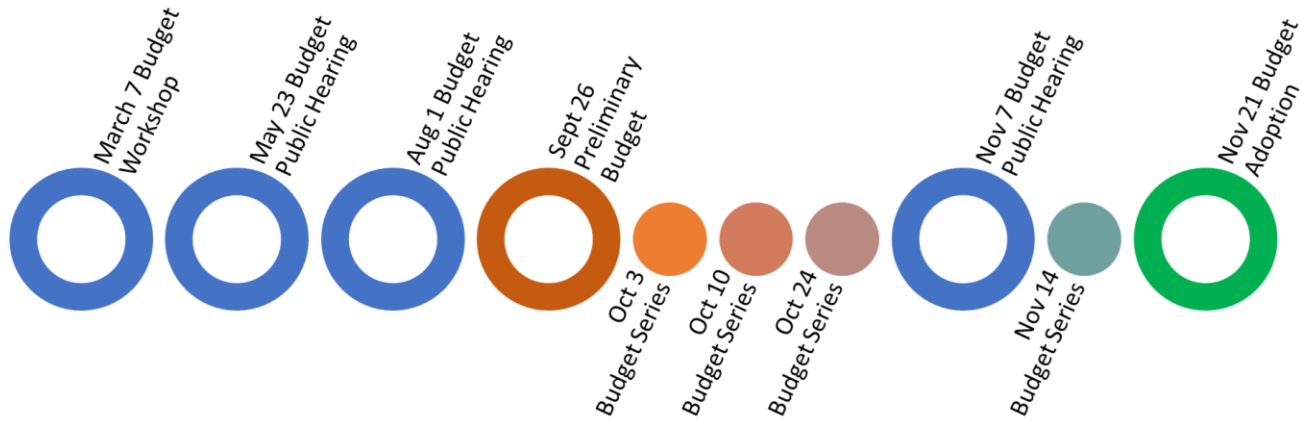
<https://bellevue.legistar.com/LegislationDetail.aspx?ID=5866748&GUID=08347F75-87D2-4D51-9D4A-E34151F467FC>

On October 24, the Development Services Permit Fees and Issaquah and Renton School Impact Fee Schedule Update, Environmental Stewardship Initiative (ESI) and Diversity Equity and Inclusion (DEI), and Human Services were presented to the City Council. Agenda materials can be found at the link below or by searching from the Bellevuewa.gov website under the Council Meetings section.

- 10/24 Development Services Materials
<https://bellevue.legistar.com/LegislationDetail.aspx?ID=5893305&GUID=6892E379-6F82-4DB4-BA1F-CA9B3EB363A5>
- 10/24 ESI and DEI Materials
<https://bellevue.legistar.com/LegislationDetail.aspx?ID=5893311&GUID=17014621-DA8B-4C16-A944-F2DF31352F95>
- 10/24 Human Services Materials
<https://bellevue.legistar.com/LegislationDetail.aspx?ID=5893307&GUID=21D5029E-4987-4CD0-8C84-8E4E33199703>

On November 7, City Council hosted the final of three public hearings on the 2023-2024 budget and CIP. The three public hearings were an opportunity for residents and other stakeholders to provide input on the 2023-2024 Preliminary Budget, including all proposed levies, taxes, fees, and rates to aid the City Council in their review, discussion, and eventual adoption of the City's 2023-2024 Budget and 2023-2029 Capital Investment Program (CIP) Plan. The City previously had public hearings on May 23 and August 1. <https://bellevue.legistar.com/LegislationDetail.aspx?ID=5923375&GUID=42DA57AE-5CDE-4B0D-A341-8C2CDD9BD326&Options=&Search=>

Council Milestone Calendar



Actions Required for Adoption

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
<i>Human Services Fund Recommendation Ordinance</i>	<i>Adopt funding recommendations for allocations to human services agencies</i>
<i>Community Development Block Grant (CDBG) Recommendation Ordinance</i>	<i>Adopted recommended spending plan for Community Development Block Grant funds</i>
<i>Behavioral Health and Housing-Related Services Housing Stability Program Recommendation Ordinance</i>	<i>Adopt funding recommendations for allocations to human services agencies</i>
<i>2023 Development Services Fee Ordinance</i>	<i>Set Development Services 2023 Rates</i>
<i>2023-2024 Utility Rates Ordinances (3)</i>	<i>Set the Utilities 2023-2024 Rates</i>
<i>2023 Property Tax Banked Capacity Resolution</i>	<i>Preserve the full levy amount available to the City</i>
<i>2023 Property Tax Ordinance</i>	<i>Adopt 2023 property tax levies (RCW 35A.34.230 and RCW 84.55.092)</i>
<i>Business & Occupation Tax Ordinance</i>	<i>Adjust the taxable gross receipts rate</i>
<i>2023-2024 Budget Ordinance</i>	<i>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</i>

Notes: 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. Additionally, a new item for behavioral health and housing -related stability funding was added on October 24 to reflect the need for Council action during the adoption of the Preliminary Budget.

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; and
- Council adoption of the budget prior to the beginning of the ensuing fiscal biennium, i.e. January 1, 2023.

Fiscal Impact

There are no fiscal impacts of the discussion.

OPTIONS

1. Direct staff to return on November 21 with appropriate legislation including any adjustments to the Preliminary Budget.
2. Provide alternate direction to staff.

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