

CITY COUNCIL REGULAR SESSION

Ordinance (1) amending the 2023-2024 General Capital Investment Program (CIP) Fund by \$29,639,357 from increased property taxes for Parks capital projects approved in the 2022 Parks Levy; (2) amending the 2023-2024 General Fund by \$5,128,450 from increased property taxes for Parks maintenance funding approved in the 2022 Parks Levy; and (3) amending the 2023-2024 Parks M&O Endowment Fund by \$4,751,336 from increased property taxes for future Park maintenance funding associated with completed 2022 Parks Levy capital projects.

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EXECUTIVE SUMMARY

This Ordinance increases the 2023-2024 Budget to reflect increased property tax revenue and related capital and operating investments approved by Bellevue voters in November 2022. The revenues and expenditures associated with the 2022 Parks Levy were not incorporated into the 2023-2024 Budget since the election results were not officially certified by King County at the time of City budget adoption in November. This action provides the capital and operating budget authority to begin work on 2022 Parks Levy capital projects approved by voters.

RECOMMENDATION

Move to adopt Ordinance No. 6730

BACKGROUND/ANALYSIS

Throughout 2022, there was a succession of Council study sessions to advance a Parks long-term funding strategy to address community needs and park system gaps identified in the Parks and Open Space System Plan. This policy issue culminated on July 25 with Council approval of a 9-year Parks Regular Levy Lid Lift for the November 2022 general election ballot (Ordinance 6671). Bellevue Proposition No. 1 Levy Lid Lift for Parks and Open Space was approved by 55.2% of voters (required simple majority to pass), as certified by the King County Canvassing Board on November 29, 2022.

The City approved the 2023 Property Tax Levy (Ordinance 6697) and the 2023-2024 Budget (Ordinance 6698) on November 21, 2022. The adopted budget did not include the capital and operating funding from the Parks Levy pending the official King County certification of the general election results. The 2023 property tax levy included an additional levy of \$0.20 per \$1,000 of assessed value for the pending election certification of the Parks Levy. Based on a total Bellevue assessed value of \$98.8 billion, the Park Levy generates additional property taxes of \$19,759,571 in 2023, including \$14,819,678 for Parks capital purposes (levy rate \$0.15) and \$4,939,893 for Parks maintenance and operations (levy rate \$0.05).

Because the election was certified after adoption of the 2023-24 Budget on November 21, the adopted budget needs to be amended to reflect increased funding for Parks capital projects and the maintenance of existing and future park facilities consistent with the intent of levy. This budget amendment is fully funded by increased property tax revenues approved by Bellevue voters.

POLICY & FISCAL IMPACTS

Policy Impact

Washington State law (RCW 35A) and the City of Bellevue's Comprehensive Finance and Asset Management Policies and Procedures (VI. Budget Adjustment & Amendment Process) state that Council approval is necessary for budget amendments that will cause the existing appropriation level for a fund to change.

Fiscal Impact

Bellevue voters approved \$0.20 per 1,000 assessed value property tax increase in November 2022 to fund the Parks long-range plan and maintenance. Based on assessed valuation and the City's property tax ordinance approved on November 21, the levy generates additional property tax revenue of \$19.8M for Parks purposes, including \$14.8M in capital funds and \$4.9M in operating funds in 2023 (and for 8 years thereafter increases as allowed by Chapter 84.55 RCW). The table below summarizes the estimated 2023-2024 impact of the Parks levy, including two-year property tax levy revenues and the companion capital and operating budget amendments necessary for 2023-2024.

	2023-2024 Budget (\$MIL)
Parks Levy Lid Lift Property Tax Revenue (\$0.20/\$1000 AV 2023)	\$39.5
CIP Budget Amendment:	
Open Space, Greenways, Wildlife Corridors & Trails	7.0
Community Parks (e.g. BBG Wetland Sun Terrace Phase Development)	1.7
Neighborhood Parks (e.g. Eastgate/Factoria/Ashwood)	7.0
Recreation/Community Facilities (e.g. Aquatics, Cross Cultural Center)	3.5
Waterfront Restoration/Development (e.g. Meydenbauer Bay, Chism Beach)	3.5
Bel Red/Wilburton Acquisition/Development	3.5
Emerging Sports, Off Leash Areas	3.5
Subtotal, 2023-2024 CIP Budget Increase	29.6
Operating Budget Amendment:	
General Fund (Existing Parks Facility Maintenance)	5.1
Parks M&O Endowment Fund (Future Levy Project Maintenance)	4.8
Subtotal, 2023-2024 Operating Budget Increase	9.9
TOTAL Budget Amendment, 2023-2024 Budget (\$MIL)	\$39.5

Below are additional notes on the proposed budget amendment:

- The Parks CIP adjustment of \$29.6M for the next two years assumes that capital spending by project category matches the same relative distribution as approved in the Parks Levy ordinance. Council will continue to have authority to approve specific Park acquisitions or capital expenses over the next two years, and a fuller 2023-2029 CIP Plan update will be included in the mid-biennial budget process in the fall of 2023.
- The Parks General Fund adjustment of \$5.1M restores park maintenance service levels that were reduced in previous budget processes. Examples of park maintenance service levels to be restored include restroom closures during winter months, reduced maintenance levels at neighborhood and community park sites, and various park maintenance contract and supply reductions experienced throughout the park system.
- The Parks M&O Endowment Fund adjustment of \$4.8M restricts the future maintenance funding of approved park levy capital projects as they are constructed. This recommended approach is consistent with City practice for both the 1988 Park Bond and the 2008 Park Levy, where levy maintenance funds were restricted for future maintenance obligations upon project completion.

OPTIONS

1. Adopt the Ordinance (1) amending the 2023-2024 General Capital Investment Program (CIP) Fund by \$29,639,357 from increased property taxes for Parks capital projects approved in the 2022 Parks Levy; (2) amending the 2023-2024 General Fund by \$5,128,450 from increased property taxes for Parks maintenance funding approved in the 2022 Parks Levy; and (3) amending the 2023-2024 Parks M&O Endowment Fund by \$4,751,336 from increased property taxes for future Park maintenance funding associated with completed 2022 Parks Levy capital projects.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS

Proposed Ordinance No. 6730

AVAILABLE IN COUNCIL LIBRARY

N/A