

October 24, 2016

CITY COUNCIL PROPOSED BUDGET OVERVIEW

SUBJECT

Discussion of the Preliminary 2017-2018 Operating Budget and the 2017-2023 Capital Investment Program (CIP) plan.

STAFF CONTACTS

Brad Miyake, City Manager 452-4096

City Manager's Office

Toni Call, Interim Finance Director 452-7863

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Finance Department

POLICY ISSUES

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, 2017.

The City's proposed 2017-2018 Operating Budget and 2017-2023 Capital Investment Program (CIP) plan are consistent with Council's direction to continue high quality, efficient municipal services.

DIRECTION NEEDED FROM COUNCIL

ACTION



DIRECTION



INFORMATION ONLY



Council feedback on specific budget elements and/or requests for additional information that might be needed for deliberation are welcomed this evening and at future scheduled sessions to enable Budget adoption on December 5, 2016. An overview of the City Manager's Preliminary Budget, including the 2017-2018 Operating budget and 2017-2023 Capital Investment Program (CIP) plan, was presented on October 17. Tonight is the second of several discussions regarding areas of follow-up and Council interest. Under separate cover, the Utilities department will present the first of two briefings on the 2017-2018 Utility budgets.

BACKGROUND/ANALYSIS

On October 17, City Manager Miyake presented his 2017-2018 Operating budget and 2017-2023 Capital Investment Program (CIP) plan to the Council. The Budget is a balanced budget. It maintains current operations, advances Council priorities, and builds key new infrastructure. The 2017-2018 preliminary budget process solicited feedback from the community through surveys such as the biennial budget survey, annual performance and business surveys, public meetings, and direct communication. Attachment A provides the 2017-2018 Executive Summary. The full budget document can be found on line at: <http://www.bellevuewa.gov/budgets.htm>.

On October 17, Council raised several questions and requested information on a variety of topics. Tonight, staff will review several of the responses. Attachment B provides a “Memory Bank” for those requests and contains the status of Council information requests. This attachment will be a living document updated to reflect Council deliberations and will be expanded to include future Council requests.

Council Calendar and Actions

This is the second of several briefings on the 2017-2018 operating budget and the 2017-2023 CIP plan. The calendar was revised based on feedback from the Council on October 17 and now includes two briefings regarding the Utility budgets.

Date	Tentative Agenda	Status
October 17	Study Session: Preliminary budget presentation	Completed
October 24	Study Session: Utilities Early Review (under separate cover) and response to areas of interest from October 17	Tonight
November 7	Study Session: Deeper dive into CIP and operating budget; respond to areas of Council interest	
November 14	Study Session: Utilities and Development Services fee discussions	
November 21	Study Session: Respond to areas of Council interest Regular Session: Public Hearing	
November 28	Study Session: Respond to areas of Council interest	
December 5	Regular Session: Tentative Adoption	

There are several actions that are required to adopt the 2017-2018 budget:

Ordinance Title	Brief Explanation
2017 Property Tax Levy Ordinance	By law (RCW 35A.34.230 and RCW 84.55.092), Council is required to adopt property tax levies annually.
2017 Property Tax Banked Capacity Resolution:	Staff recommends a property tax banked capacity resolution to continue to reserve banked capacity.

Ordinance Title	Brief Explanation
2017 Substantial Need Ordinance	Under Initiative 747, the regular levy or banked capacity, if no increase in the regular levy is taken, can grow at a maximum of one (1) percent annually or the rate of “inflation” (defined as the increase in the implicit price deflator (IPD) whichever is less, plus additions for new construction). IPD for 2017 is 0.953 percent, which means that under normal circumstances the City’s statutory ability to increase the regular levy or banked capacity if no increase in the regular levy is taken would be limited to the 0.953 percent rather than one (1) percent. There is, however, a provision in the Revised Washington Code (RCW 84.55.0101) for cities with “Substantial Need” to levy or bank the full one (1) percent with a majority plus one vote from their governing board or City Council for cities with a population greater than 10,000. To utilize this provision in the law the City must adopt an Ordinance establishing substantial need in order to access the full one (1) percent increase. Staff recommends adopting a substantial need ordinance to fully bank the one (1) percent capacity.
Utility Rate Fee Ordinances (Water, Storm, and Sewer)	Staff will present for Council consideration increases in Utility rates for 2017 and 2018 to address aging infrastructure and wholesale costs.
Development Services Fee Ordinance	Staff will present for Council consideration routine inflationary changes to the 2017 Development Services fee ordinance for all Development Services functions, including building, land use, fire, transportation, and utilities plan review and inspection.
2017-2018 Budget Ordinance	This is the “umbrella” ordinance which includes appropriation approval by Fund, 2017 pay plans, and summarizations of accepted grants and donations that are less than \$90,000.

Staff requests that Council bring the Preliminary Budget document to each of the future Study Sessions scheduled for budget review and deliberations.

ALTERNATIVES

N/A

RECOMMENDATION

N/A

ATTACHMENTS

Attachment A – 2017-2018 Preliminary Budget Executive Summary

Attachment B – Memory Bank and status of Council information requests

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

N/A