

OVERALL MID-BIENNIUM UPDATE

November 13, 2017

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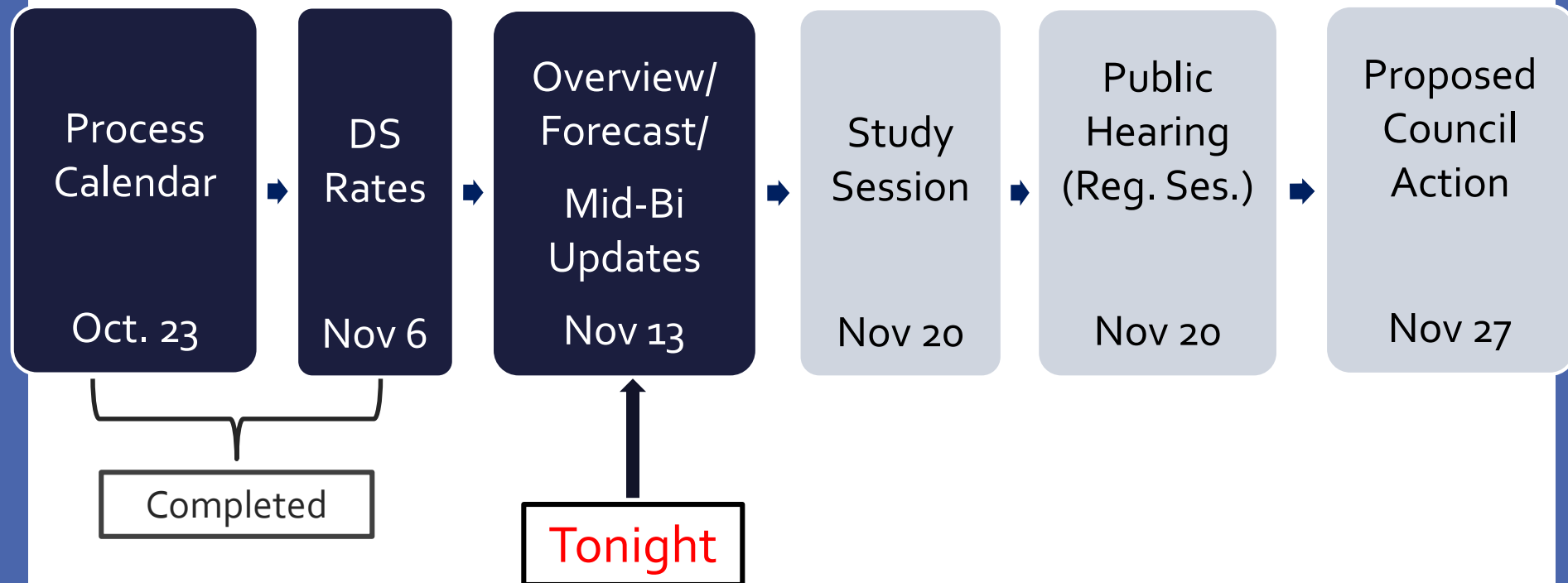
Agenda and Outcomes

- Calendar Update and Process Check
- General Fund Forecast Update
- Mid-Biennium Changes - Operating
- Mid-Biennium Changes - CIP

Note:

- Parental Leave – Implement State Law

Mid-Biennium Budget Process



Required Council Actions

- 2018 Property Tax Levy Ordinance
- 2018 Property Tax Banked Capacity Resolution
- 2018 Development Services Fee Ordinance
- 2017-2018 Mid-Biennium Budget Ordinance

GENERAL FUND FORECAST OVERVIEW 2018-2023

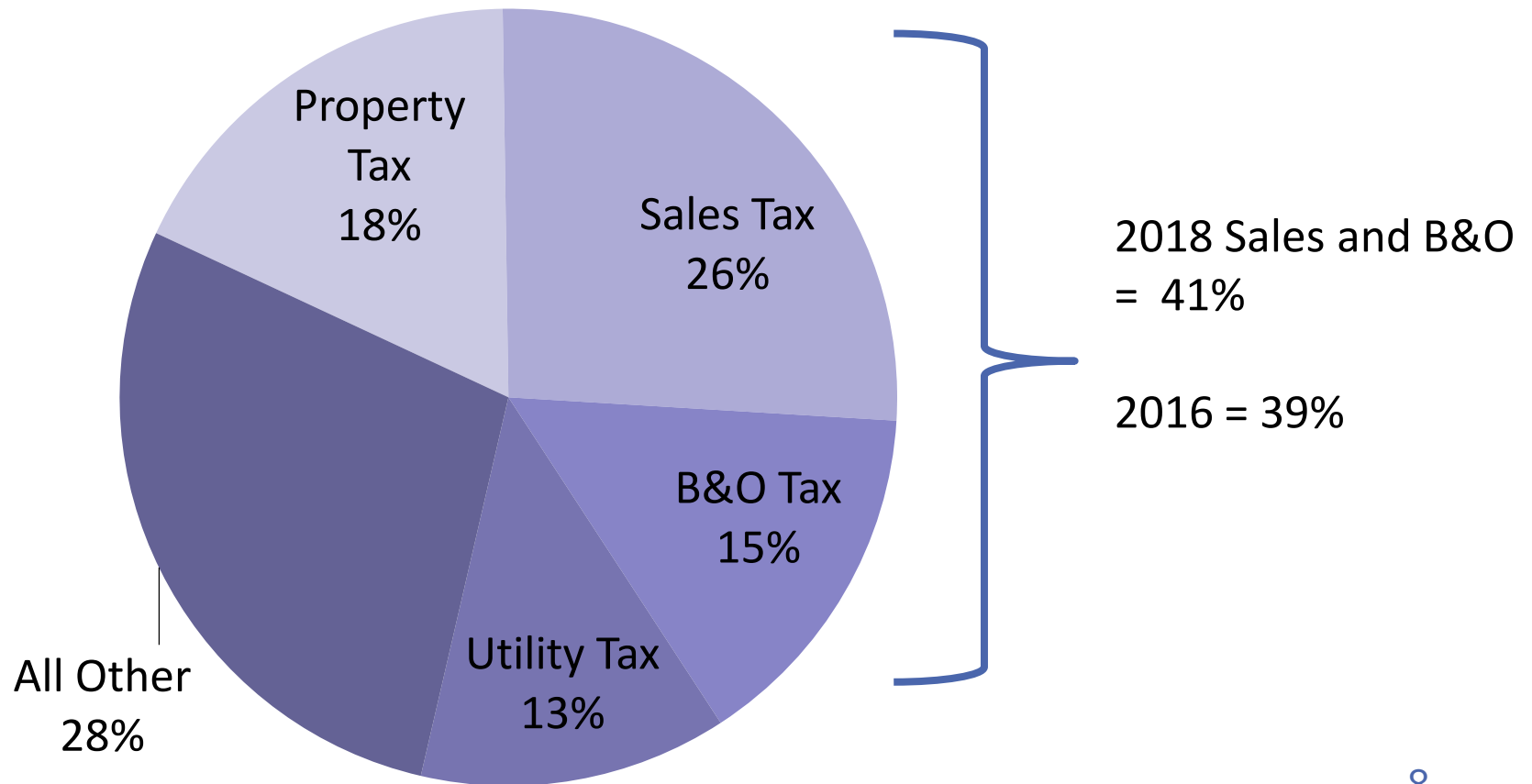
Overall Forecast

- Revenues stronger in early years, slowing in the out years
- Expenditures driven by existing personnel costs, addition of FS#10, LEOFF1 conversion, historical growth, others
- 2018 – 2020 – continue to build reserves
2021 – 2023 – use reserves to balance
- Proposed 1% Statutorily Property Tax in 2018

Changes since the last update

- Marketplace sales tax – EHB 2163
 - 2018 - \$1.3M (\$0.9M to GF)
 - 2023 - \$3.0M (\$2.2M to GF)
- Fire Station #10 assumptions
 - Open in 2022 – 13 staff plus equipment
- Assumes 0.37% expenditure growth
- Best estimates as of today

Greater Reliance on Economically Sensitive Revenues - 2018



Sales Tax

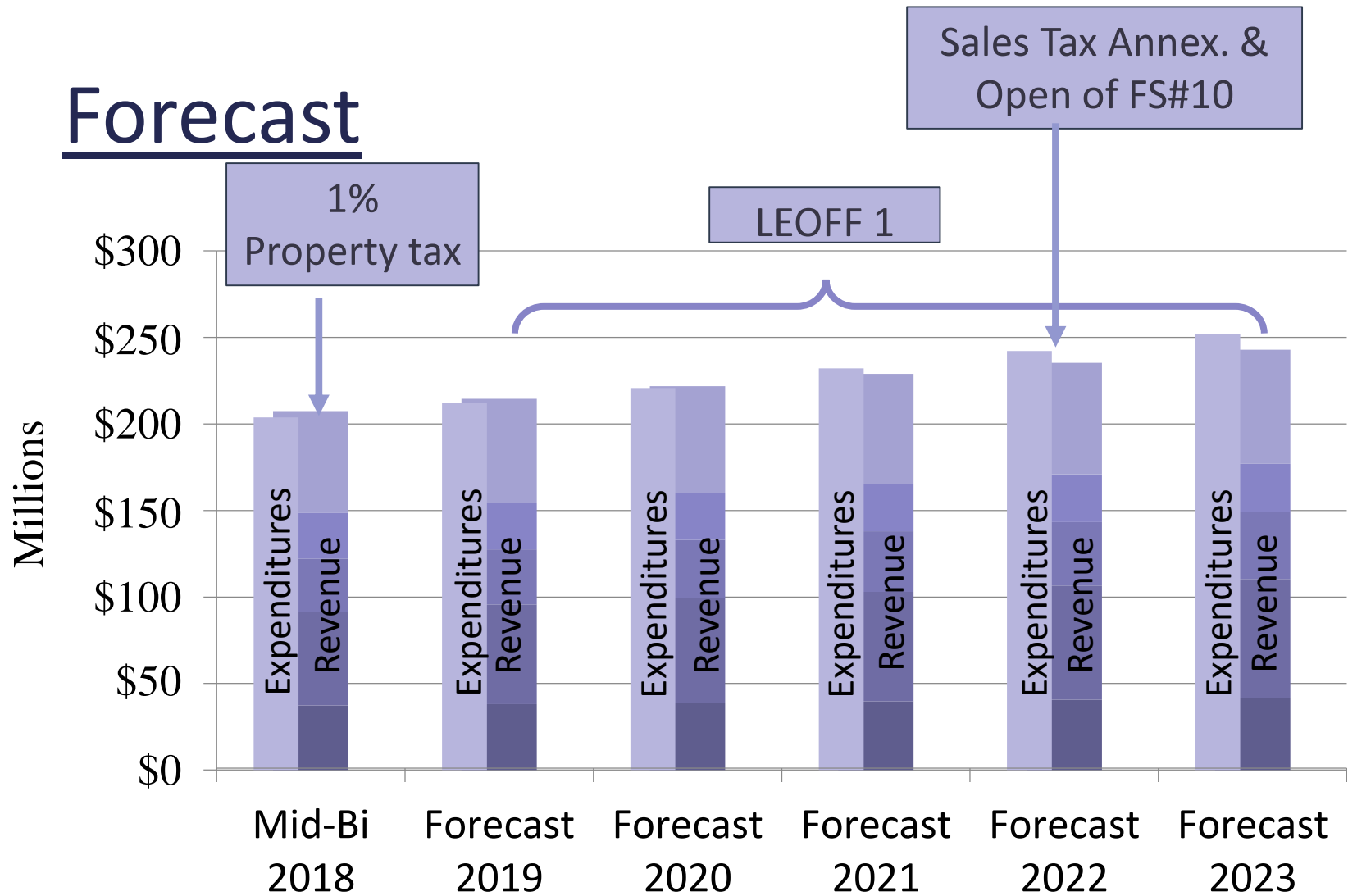
- Marketplace Fairness - 1.9% increase
- Bellevue assumptions compared to our neighbors – prior to MarketPlace Fairness:

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------|-------|-------|-------|-------|-------|-------|
| Bellevue | 5.70% | 5.37% | 4.93% | 4.13% | 4.34% | 4.50% |
| Seattle | 4.50% | 2.80% | N/A | N/A | N/A | N/A |
| King County | 5.64% | 4.48% | 3.42% | 3.77% | 4.11% | 3.77% |
| Washington State | 4.00% | 4.10% | 3.80% | 3.60% | N/A | N/A |

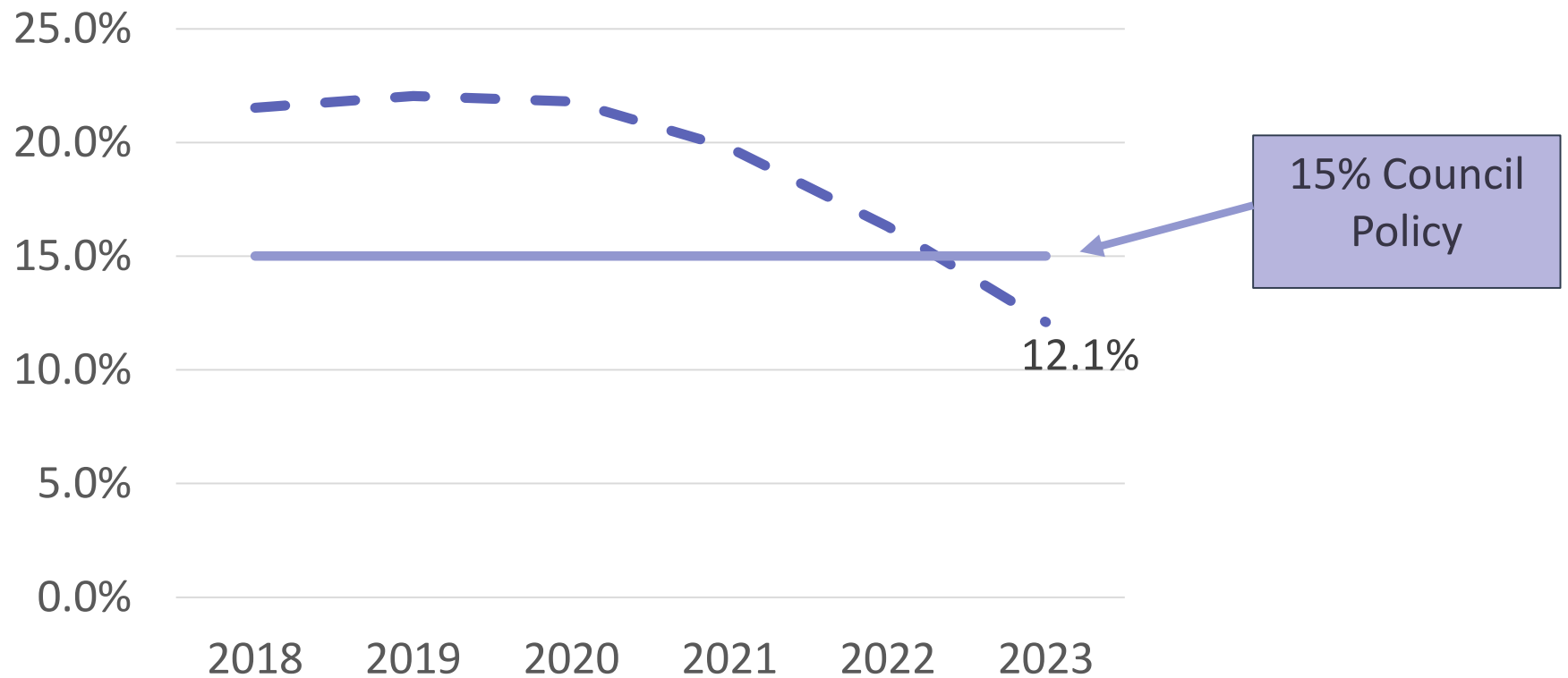
Risks

- Marketplace Fairness Revenue
- Urbanization
- County, State, and Federal actions
- Economic Downturn

Forecast



Ending Fund Balance



MID-BIENNIUM UPDATE CHANGES BY OPERATING AND CIP

Mid-Bi Operating Changes

- All funds with FTEs updated to new rates:
 - CPI-W, PERS, LEOFF, Medical/Dental, MEBT, etc.
- Correct double budgeting error between General Fund and Water Fund – net zero impact
- 1% Statutory Property Tax in 2018
- Update all other tax revenue streams to current estimates

Mid-Bi CIP Changes - Projects

- Update several projects to align budget with timing of expenditures (no change in budget)
- Return budget authority for 2 projects
- Accelerate WLS2 to pair with utility work
- Update 3 projects for cost (no scope change)
 - Mountains to Sound Greenway Trail
 - Spring Blvd Zone 1 - 116th to 120th
 - Newport Way Improvements
- Neighborhood Safety, Connectivity, and Congestion Projects

Mid-Bi CIP Changes – Revenues – over 7-Year CIP

- Update general tax in alignment with General Fund by \$15M
- Impact Fees are forecasted down by \$24M
- REET is forecasted up by \$9M
- The CIP remains front loaded and balanced across all 7 years with cash flow borrowing. No issuance is anticipated.

Mid-Biennium Budget Process

