

CITY COUNCIL REGULAR SESSION

Public Hearing on the 2019-2020 Budget and 2019-2025 Capital Investment Program (CIP) Plan Mid-Biennium Update.

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EXECUTIVE SUMMARY

The public hearing is an opportunity for residents and other stakeholders to provide input on the budget update, including all proposed levies, taxes, fees, and rates to aid the City Council and City Administration in updating the City's 2019-2020 Budget and 2019-2025 Capital Investment Program (CIP) Plan. Following the public hearing, staff seeks direction to bring back the needed legislation to adopt the mid-biennium on December 2.

RECOMMENDATION

Hold the legally required public hearing on the 2019-2020 Budget and 2019-2025 CIP Plan Mid-Biennium update.

BACKGROUND/ANALYSIS

The City adopts a two-year, or biennial budget. Tonight is the public hearing on the mid-biennium budget. The purpose of the public hearing is to enable the City Council and City management to hear public comment prior to adoption of the City's 2019-2020 Budget and 2019-2025 CIP Plan Mid-Biennium budget update. This public hearing is in keeping with Bellevue's long history of citizen involvement with the budget process. The public is invited to provide testimony on the operating and capital budgets as well on all levies, taxes, fees, and rates.

This public hearing is required by State law and gives the public an opportunity to provide feedback to the Council before a final decision is made. Currently, the 2019-2020 Budget and 2019-2025 Capital Investment Program Plan (CIP) Plan Mid-Biennium update is scheduled for adoption on December 2.

Following the public hearing, Council will have the opportunity to ask for additional information or discuss potential changes to the proposed mid-biennium update. Staff seeks final direction to bring back the needed legislation to adopt the mid-biennium on December 2.

This evening's public hearing was advertised in The Seattle Times on November 11 and November 18.

Ordinance No. 6445 adopted the 2019-2020 budget and the 2019-2025 Capital Investment Program (CIP) on December 3, 2018. The budget is a fiscal plan and changes to it are typical. The proposed mid-biennium budget update contains limited, primarily technical, changes at the fund level including adjustments to personnel for updated cost of living and other impacts, adjustments to fund budgets for updated fiscal information, corrections of errors, adjustments for impacts related to recently passed state legislation, and other adjustments as needed. The proposed mid-biennium budget maintains current services and provides for a modest increase of two positions in police, an increase in Bellevue's

contribution to A Regional Coalition of Housing (ARCH) for two ARCH positions, and six positions in development services to address growth of the City. As adopted in the 2019-2020 Budget, the Mid-Biennium proposes the statutorily available one percent adjustment to property tax. A one percent property tax adjustment in 2020 is estimated to be approximately \$8 for a property with a median assessed valuation of \$936,000.

Since the adoption of the 2019-2020 Budget, several events have provided opportunities for re-consideration at this mid-biennium, including:

- At the adoption of the 2019-2020 budget on December 3, 2018, Council directed staff to return at the mid-biennium with a review of the Fire Inspection Service. That review has been completed, and in response to outreach on the fire inspection fee, this mid-biennium includes adjustments to the fire inspection fee structure as presented on November 12.
- The State passed Substitute House Bill (SHB) 1406, which allows cities to claim a sales tax credit against the state for affordable housing. On November 18, Council adopted the necessary legislation to secure the funding. This mid-biennium adjusts the City Housing Fund by \$625,000 in response to the legislative action.
- Regarding the CIP, the national standard for transportation trip rates has been updated. In response, the mid-biennium includes a new Transportation Impact Fee Schedule as presented on November 18.

Mid-Biennium Council Actions

Depending on Council direction, tentative action on the mid-biennium is scheduled for December 2.

There are several actions that will be required to adopt the 2019-2020 mid-biennium update, including:

- Development Services Fee Ordinance: Set the Development Services 2020 rates.
- Fire Inspection Fee Ordinance: Set the Fire Inspection 2020 rates.
- Transportation Impact Fee Rate Schedule Update: Set the Transportation Impact Fee Schedule rate.
- 2020 Property Tax Levy Ordinance: Adopt 2020 property tax levy (RCW 35A.34.230).
- 2020 Property Tax Banked Capacity Resolution: Preserve the full levy amount available to the City (RCWs 84.55.005, 84.55.0101 and 84.55.092).
- 2019-2020 Mid-Bi Budget Ordinance: “Umbrella” budget ordinance that includes appropriation approval by fund, 2020 pay plans and summarizations of grants and donations accepted that are less than \$90,000.

Prior Discussions with Council

On October 28, staff reviewed the mid-biennium proposed budget calendar with the Council and reviewed the actions necessary for budget adoption. [10/28 Mid-Bi Calendar Materials](#)

On November 4, staff presented the Development Services fees update, including six additional positions to address the development pipeline. [11/4 Development Services Materials](#)

On November 12, Staff presented the General Fund forecast and an overview of the mid-biennium adjustments. In addition, staff presented an update to the Fire Inspection Fee for Council review and

direction and reviewed the impacts of Substitute House Bill 1406 which provides for a sales tax credit against the state for affordable housing. [11/12 Agenda Materials](#)

On November 18, Staff provided the detailed review of the mid-biennium adjustments of the Capital and Operating Funds, including the addition of two police positions and an update on the Transportation Impact Fee rate schedule. [11/18 Agenda Materials](#)

POLICY & FISCAL IMPACTS

Policy Impact

State Law

RCW 35A.34.130 requires that the Council hold a public hearing for the purpose of modifying the City's biennial budget. This legally required public hearing must be held prior to the Council adopting the mid-biennium budget modification. Consistent with this requirement, public notice was provided on November 11 and November 18 of the public hearing for Council's consideration of a mid-biennium budget update.

Fiscal Impact

Mid-Biennium fiscal impacts, if appropriated in their current form, are as noted by fund in Attachment B: Mid-Biennium Changes by Fund. At budget adoption, Council budget amendments will be updated through November 25 in the Mid-Biennium Changes by Fund attachment.

OPTIONS

1. Hold the legally required public hearing on the 2019-2020 Budget and 2019-2025 CIP Plan Mid-Biennium update.
2. Do not hold the public hearing and provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Public Hearing Notice
- B. Mid-Biennium Changes by Fund

AVAILABLE IN COUNCIL LIBRARY

N/A