

**CITY COUNCIL REGULAR SESSION**

Ordinance adopting the modification of the 2019-2020 Biennium Budget and 2019-2025 Capital Investment Program Plan, as both have been previously amended; setting forth the estimated revenues and appropriations; establishing job classifications and pay ranges; and establishing an effective date.

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**EXECUTIVE SUMMARY**

This Ordinance adopts the City of Bellevue's 2019-2020 Mid-Biennial adjustments and updated 2019-2025 Capital Investment Program plan; sets forth the estimated revenues and appropriations; and establishes job classifications and pay ranges.

**RECOMMENDATION**

Move to adopt Ordinance No. 6493

If approved, effective date: 12/10/2019

**BACKGROUND/ANALYSIS**

This Ordinance is the last Council action required to fully implement the 2019-2020 mid-biennium budget.

The Ordinance adopts the total appropriation by fund (Attachment A), establishes pay plans for 2020 (Attachment B), notifies Council of accepted grants of less than \$90,000 as received from November 1, 2018 to October 31, 2019 (Attachment C), provides a list of donations received from November 1, 2018 to October 31, 2019 (Attachment D) and the 2019-2025 Capital Investment Program Cashflow (Attachment E).

Council actions on November 18 and earlier tonight to fully implement the 2019-2020 mid-biennium budget include the following items that have been incorporated into the umbrella Ordinance:

- Development Services Fee Ordinance: Set the Development Services rates.
- Fire Inspection Fee Ordinance: Set the Fire Inspection fee.
- Transportation Impact Fee Rate Schedule Update: Set the Transportation Impact Fee rates.
- 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).

**Mid-Biennium Overview**

On December 3, 2018, Ordinance No. 6445 adopted the 2019-2020 budget and the 2019-2025 Capital Investment Program (CIP). The budget is a fiscal plan and changes to it are typical.

The 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 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 includes 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.

### **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. Agenda materials can be found at the link below.

[10/28 Mid-Bi Calendar Materials](#)

On November 4, Staff presented Development Services rate adjustments. Council directed staff to return on December 2 with a Development Fee Ordinance reflecting the fee structure presented and the addition of six personnel. [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](#)

On November 25, Council held a public hearing to hear public comment on the Mid-Biennium budget update. Comments were received on the transportation impact fee rate schedule update and human services funding. [11/25 Agenda Materials](#).

### **City of Bellevue Pay Plans**

Pay plans for represented employees were established in accordance with their respective labor agreements. As a part of the budget Ordinance, the Council approves the 2020 City of Bellevue Pay Plans (Attachment B) which include the effect of a 2020 salary range adjustment of 1.53 percent (90 percent of June 2019 CPI-W) for non-represented employees. This increase is consistent with increases associated with most labor agreements. A change to the G01 pay range of the 2020 general pay plan and R01 and R02 pay ranges of the 2020 recreation assistants pay plan reflect the minimum wage increase due to the voter approved state initiative I-1433 on November 8, 2016, which establishes fair labor standards by increasing the minimum hourly wage every year until 2020. From 2021 forward, minimum wage will increase with inflation.

RCW 41.50.152 requires disclosure of “excess compensation” costs (e.g., overtime payments that exceed twice the regular rate of pay, termination or severance payments, and cash out of unused annual leave in excess of 240 hours for a limited number of eligible employees). This legislation was designed to avoid the situation where significant future liability was unknowingly accepted as part of a compensation agreement. The provisions of the pay plans for non-represented employees are estimated to increase these future retirement billings by \$1,253 or 4.8 percent (from \$25,984 to \$27,237). Any increases in excess compensation for union contract settlements are communicated in agenda memos when the contracts are proposed for Council approval.

### **Grants and Donations**

Per Ordinance No. 6187, the City Manager is authorized to apply for grants in any amount and to execute grant contracts for grants of up to \$90,000. The City Manager shall notify the City Council periodically of such grant contracts. A listing of grants received in the most recent annual period of November 1, 2018 to October 31, 2019 is included in Attachment C.

Ordinance No. 4177 delegates authority to accept donations to the City Manager. Attachment D summarizes donations received by project for the most recent annual period of November 1, 2018 through October 31, 2019.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

#### RCW 35A.34.130

State law requires that a mid-biennium budget review be completed between September 1 and the end of the first year of the biennium and that a public hearing be held on the mid-biennium review. Budget modification shall be by ordinance.

#### RCW 35A.34.230

Current information on estimates of revenues from all sources as adopted in the budget for the current biennium shall be provided to Council.

#### RCW 84.55.092

Council action on the City's 2020 property tax levy is required by State law.

Additionally, in accordance with labor agreements, Cost of Living Adjustment (COLA) is updated to reflect the final COLA amounts.

**Fiscal Impact**

Mid-Biennium fiscal impacts are noted by fund in Attachment A: Total Appropriation by Fund.

**OPTIONS**

1. Adopt the Ordinance adopting the modification of the 2019-2020 Biennium Budget and 2019-2025 Capital Investment Program Plan, as both have been previously amended; setting forth the estimated revenues and appropriations; establishing job classifications and pay ranges; and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

**ATTACHMENTS & AVAILABLE DOCUMENTS**

- A. Total Appropriation by Fund
- B. 2020 City of Bellevue Pay Plans – Provides a listing of the City's Pay Plans.
- C. Summary of 2019 Grants Accepted – Provides a listing of grants of less than \$90,000 that were accepted for the period November 1, 2018 through October 31, 2019. In accordance with Ordinance No. 6187, staff is required to notify Council of any such contracts.
- D. Summary of 2019 Donations Accepted – Provides a listing of donations received by project for the period November 1, 2018 through October 31, 2019. Ordinance No. 4177 requires that any time an appropriation adjustment for the Operating Grants and Donations Fund is required it will be accompanied by a notification of donations received since the previous appropriation adjustment was made.
- E. 2019-2025 Capital Investment Program Cashflow  
Proposed Ordinance No. 6493

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N/A