City of Bellevue | City Manager's Office

Oct. 19, 2020

Dear Mayor Robinson, Deputy Mayor Nieuwenhuis and members of the Council:

This budget is dedicated to the untold number of heroes providing critical services to ensure we are safe and healthy during these incredibly challenging times. Tonight, I am transmitting my Preliminary Budget to the City Council. The budget represents our proposed plan for the next two years. It totals $1.7 billion and is balanced across all funds. The budget also reflects the changed and changing times we are experiencing and will continue to experience well into 2021.

The impacts of the COVID-19 pandemic have upended all our lives. As the pandemic took hold and the "stay home, stay healthy" order was issued, Bellevue took measures to cut expenditures; many of them one-time, short-term fixes. This work will need to continue. Our primary focus in the 2021-2022 budget is to provide funds to continue to deliver critical services—public safety, public health, human services to protect our most vulnerable populations in our rapidly growing community, basic infrastructure and funding to prepare us to meet the challenges of the significant growth coming to our city.

The $1.7 billion biennial budget includes $474 million in the general fund, $212 million in internal service and other operating funds, $457 million in enterprise funds, $74 million in special purpose expenditures (such as grants and donations among others), and $523 million for the 2021-2022 portion of the general and utilities capital investment program.

This budget offers a stark contrast to our last cycle. The 2021-2022 budget was developed in the midst of historically challenging and unpredictable economic and human impacts due the COVID-19 pandemic. In prior years, the City worked to address an impending structural imbalance where expenditures will exceed revenues. We still need to continue working on that issue as well as dealing with the continued impacts of the pandemic. This budget creates a "bridge" to keep Bellevue on solid financial footing. Critical discussions and potentially difficult decisions will be necessary early next year and beyond as we learn more about and deal with the aftershocks of the pandemic and structural deficit.

This budget builds on Bellevue's many strengths and assets—strong values, careful expansion to live within our means, and a commitment to asking residents, businesses and stakeholders how we are doing and what we can do differently to make their lives better. Based on community feedback and council direction, this proposal balances our history of fiscal responsibility with the pressing needs of our residents and businesses. This budget maintains our commitment to a safe and healthy community, strengthens human services to assist our most vulnerable, continues key infrastructure projects, and adapts to the needs and challenges of significant growth.

However, work to contain costs continues, and to date we've made solid progress. During the last budget cycle, we worked with employees on health care costs, and enacted a one percent property tax increase and a new fire inspection fee. This summer, leadership implemented a hiring freeze on non-essential positions, required all departments to spend four percent less, and significantly reduced City expenditures in some areas, such as the extended closures of community centers and other facilities.

Highlights

- Maintains funding levels for critical public safety programs related to fire and police, while also continuing programs that advance equity and inclusion, build community connections, and help the most vulnerable, including individuals experiencing homelessness.
- Preserves funding for human services and includes increased Community Development Block Grant (CDBG) funds. It keeps important mental health, community relations and outreach programs.
- Continues to fund and prioritize maintenance to ensure safety and the long-term investment of asset replacement. This includes minor aesthetic impacts.
- Adds funding for construction of congestion-relieving transportation projects in neighborhoods.
- Includes reductions to internal-facing operations which will impact the City's ability to be flexible as additional work arises. It reduces budgets for training, consultants and professional services to support specific initiatives.
- Incorporates additional revenues, including an annual one percent property tax adjustment for 2021-2022 and a modest increase to the Basic Life Support Fee.
- Continues to build the highest priority infrastructure needed to address growth and provides for new capital programs including Vision Zero, transportation grants, and economic development/public-private partnership implementation.
- Adjusts development services rates to account for growth and maintain cost recovery objectives.
- Enacts modest increases in utility rates to address aging infrastructure and wholesale cost increases.
- Largely preserves current staff, CIP work and transportation infrastructure projects, adds planning capacity, and invests in Bellevue's affordable housing initiatives to responsibly address the significant growth projected for the community.

Community engagement

Ongoing feedback from our residents, businesses and stakeholders is a central component in developing this budget that responds to the needs of the community. This cycle's input came through digital public meetings, public outreach on City projects, direct communications, surveys and other tools. Additional opportunities for comment are scheduled prior to council's action to adopt the final budget, including a third public hearing on Nov. 23.

Next steps

Over the next six weeks, staff will provide council with a comprehensive review of important areas of the budget through a series of public study session briefings.

It's important to note that this budget reflects our hard-working, dedicated employees who are committed to delivering quality services that make Bellevue "the city where you want to be." I want to

thank the staff of the Budget Office, the members of my office, the Leadership Team, department fiscal managers and all other employees who contributed to the development of the 2021-2022 budget process. Finally, I want to thank the federal government for funding the CARES Act. Bellevue has received millions of dollars in funds to support critical government services and help local businesses during these difficult times.

Despite the challenges, we are working together effectively to ensure Bellevue is ready for the future by making strategic fiscal decisions to adapt to our rapidly growing and diversifying population.

Sincerely,



Brad Miyake
City Manager