

CITY COUNCIL REGULAR SESSION

Final Public Hearing on the 2021-2022 Budget and 2021-2027 Capital Investment Program Plan.

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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 in the development of the City's 2021-2022 Budget and 2021-2027 Capital Investment Program (CIP) Plan. Following the public hearing, staff seeks proposed changes to the preliminary budget and/or direction to bring back the needed legislation to adopt the budget.

RECOMMENDATION

Move to hold the final public hearing on the 2021-2022 budget and the 2021-2027 Capital Investment Program Plan.

BACKGROUND/ANALYSIS

Bellevue's budget is produced every two years and includes a seven-year capital budget. It serves as a major policy document and describes how the City intends to finance its services and infrastructure. This meeting marks another step in a process that launched earlier this year during the Council's biennial budget workshop. As part of the process, Bellevue's budget process puts the emphasis on community expectations and Council priorities for government services, as opposed to individual departments within the organization.

The City Manager transmitted his Preliminary 2021-2022 Operating Budget and the 2021-2027 Capital Investment Program (CIP) Plan on October 19. The 2021-2022 biennial budget totals \$1.7 billion. This total includes \$1.1 billion in operating budget (\$474 million in 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, donations and debt, among others), and \$523 million for the 2021-2022 portion of the General and Utilities CIP. See Attachments B and C for the City Manager's transmittal letter and the 2021-2022 Executive Summary.

The 2021-2022 budget provides for the continued operations of the City; invests to meet the growing needs in the community; while balancing the fiscal constraints that COVID-19 as well as the long-term fiscal challenge facing the City. This budget includes the following proposed tax & fees adjustments pending final Council direction: 1 percent property tax adjustment (\$9 annual impact for a \$1M property); increase in Basic Life Support transport fees; adjustments to development services rates to account for growth and maintain cost recovery objectives; and utility rates to address aging infrastructure and wholesale cost increases.

The impacts of COVID-19 are substantial and will last well into the 2021-2022 biennium. The general fund that supports the majority of the City operations, was required to reduce costs or increase revenues by \$32 million over the two years (\$16 million annually). The City Manager's Preliminary Budget takes into consideration all input received through public hearings and other public engagement channels, and includes strategies of cost containment, one-time bridge structures, and revenue adjustments to address this gap. See attachment C: 2021-2022 Preliminary Budget Executive Summary; the full budget document is located here [Preliminary Budget book](#).

Previous Council Discussions

The Council received an initial briefing on the budget process and the impact of COVID-19 on the upcoming biennial budget and the 7-year capital plan on June 22. The agenda memo and meeting materials can be found at the link below.

[6/22 Budget Workshop](#)

On October 19, City Manager Miyake presented his 2021-2022 Preliminary Budget and 2021-2027 CIP plan to the City Council. The agenda memo and meeting materials can be found at the link below.

[10/19 Preliminary Budget Materials](#)

On October 26, the Development Services Permit Fees and Issaquah and Renton School Impact Fee Schedule Update were presented to the City Council. The agenda memo and meeting materials can be found at the link below.

[10/26 Development Services Materials](#)

On November 2, the Council received information regarding the Human Services Commission's recommendations for 2021-2022 Human Services Fund, 2021 Community Development Block Grant funding, and 2021-2027 Capital Investment Program (CIP) plan. Agenda materials can be found at the link below.

[11/2 Human Services Materials and CIP Materials.](#)

On November 9, the Utilities Department presented materials to the City Council on proposed rates. Agenda materials can be found at the link below.

[11/9 Utilities Materials](#)

On November 16, Fire Inspection Fee and Basic Life Support (BLS) Transport Fee were presented to the City Council. Agenda materials can be found at the link below.

[11/16 Fire Inspection Fee and Basic Life Support \(BLS\) Transport Fee](#)

Actions Required for Adoption

There are several actions that will be required to adopt the 2021-2022 budget as noted below:

Ordinance Title	Brief Explanation
2021-2022 Human Services Funding Ordinance:	Adopt Human Services Commission's funding recommendations for allocations to human services agencies

Basic Life Support Transport Fee Ordinance:	Adopt BLS transport Fee increase
2021 Community Development Block Grant (CDBG) Ordinance:	Adopt Human Services Commission's recommendations for use of 2021 CDBG funds
2021 Development Services Fee Ordinance:	Set Development Services' 2021 rates
2021-2022 Utilities Rates Ordinances:	Set the 2021-2022 Utility Rates
2021 Property Tax Banked Capacity Resolution:	Preserve the full levy amount available to the City
2021 Substantial Need Ordinance:	<p><i>To allow property tax increase or to bank the capacity of the 1 percent maximum as allowed by statute (RCW 84.55.0101).</i></p> <p><i>The Implicit Price Deflator (IPD) for personal consumption expenditures is a figure used to measure inflation, and it can impact how much property tax revenue a jurisdiction can collect in any year. The state Department of Revenue (DOR) calculates the IPD using the most recent quarterly numbers by the federal Bureau of Economic Analysis (BEA).</i></p> <p><i>The IPD released in August was 0.60152%, which means local governments in Washington with populations 10,000 or greater will need to adopt a resolution/ordinance of substantial need in order to receive the full 1% percent adjustment as allowed by statute (RCW 84.55.005).</i></p>
2021 Property Tax Levy Ordinance:	Adopt 2021 property tax levies (RCW 35A.34.230 and RCW 84.55.092) that includes a 1 percent allowable property tax adjustment.
2021-2022 Budget Ordinance:	Adopt "umbrella" budget ordinance which includes appropriation approval by fund (see Attachment D), 2021 pay plans, and summarizations of grants and donations accepted that are less than \$90,000.

Tonight's public hearing is the final of three public hearings planned for the City's 2021-2022 Budget and 2021-2027 CIP Plan. Interested parties are encouraged to provide testimony on any budget issue, including the City's 2021-2022 Operating Budget and 2021-2027 Capital Investment Program (CIP) Plan and all levies, taxes, fees, and rates. This public hearing is in keeping with Bellevue's long history of overall citizen involvement with the budget process. All information can be found on the City's budget page located at: <https://bellevuewa.gov/budget>.

The Council previously held public hearings on July 27 and September 21. This is the final public hearing prior to adoption of the budget scheduled for December.

Following the public hearing, Council will have the opportunity to provide adjustments for Council consideration to the budget and/or ask for additional information. Staff seeks proposed changes and/or direction to bring back the needed legislation to adopt the budget on either December 7 or December 14.

A public hearing on the City's budget is required by State law and gives the public an opportunity to provide feedback to the Council before a final decision is made.

The final public hearing was advertised in the Seattle Times on November 9 and November 16.

POLICY & FISCAL IMPACTS

Policy Impact

RCW 35A.34.110 requires that the City Council hold a public hearing to develop the budget for the City. This legally required public hearing must be held not later than 25 days prior to commencement of the fiscal biennium.

Fiscal Impact

There is no fiscal impact associated with this public hearing.

OPTIONS

1. Hold the final public hearing on the 2021-2022 Budget and 2021-2027 Capital Investment Program Plan.
2. Provide alternative direction to staff regarding the public hearing(s).

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Public Hearing Notice
- B. City Manager's Transmittal Letter
- C. 2021-2022 Preliminary Budget Executive Summary
- D. 2021-2022 Fund Appropriation List
- E. Council Questions and Responses (Memory Bank)

AVAILABLE IN COUNCIL LIBRARY

N/A