

CITY COUNCIL STUDY SESSION

2021-2022 Operating Budget and the 2021-2027 Capital Investment Program (CIP) Plan

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Finance and Asset Management Department

DIRECTION NEEDED FROM COUNCIL**DIRECTION**

This is the seventh presentation regarding the 2021-2022 Operating Budget and the 2021-2027 Capital Investment Program (CIP). This memorandum and its attachments summarize the known proposals, requests, information requested to date, and current status of items. Staff is seeking final direction on each of the known budget amendments and requests in preparation for budget adoption on December 14.

RECOMMENDATION

Move to direct staff to return on December 14 with appropriate legislation including any adjustments to the Preliminary Budget.

BACKGROUND & ANALYSIS**Background**

This is the seventh in a series of several discussions to review the Preliminary 2021-2022 Operating and 2021-2027 Capital Investment Program (see sections below regarding previous discussions). The Preliminary 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.

Further information can be found in Attachment A: City Manager's Transmittal Letter, Attachment B: Preliminary Budget Executive Summary, and Attachment D: Memory Bank of Council requests and responses. The full preliminary budget book can be found on line at [Preliminary 2021-2022 Operating and 2021-2027 Capital Budget](#).

Tonight's Discussion: Council Direction Requested

On November 23 Council provided staff with 13 proposed amendments to the Preliminary Budget. The following information provides staff's understanding of the status of each proposal as of December 3, 2020. Council is asked to provide final direction on each of the remaining items for preparation of the adoption materials on December 14.

Of the 13 initial amendments, after further discussion with staff in preparation for tonight's discussion, the following proposed amendments have been adjusted or removed by the nominating Councilmember:

- Racial Equity Technical Advisory Committee: Removed pending staff presentation to Council in January 2021, which will include a proposal for the discussed Communities of Color Coordinating (CCC) Initiative. As currently scoped, the CCC includes a team of community members which may meet the intent of the proposed advisory committee.
- Cross Cultural Technical Advisory Committee: This concept has been removed as a stand-alone item and is now combined and included with the scope of the next phase of the Cross-Cultural Center. Previously, the Cross-Cultural Center funding was focused on professional services funding for a feasibility study. As a combined item, additional funding is being held in reserve to support community outreach and stakeholder engagement during the feasibility study process. More information is described in Ref Line Item 6 in the table below.
- Senior Policy Professional (FTE): As an alternative to adding staffing at this time, staff will work with Council to evaluate approaches for utilizing existing staff to increase capacity in response to Council policy questions, and present preliminary research on process improvement options related to the legislative process.
- Sophia Way/Muslim Community Center Contributions: This has been removed pending potential other funding paths that may offer more funding not only to these two organizations but also to others with similar missions.

With the removal of these proposals, there are nine amendments remaining for Council direction tonight. Staff has organized them into the table below with reference line numbers for each in identifying.

Proposed Council Amendments			
Ref #	Title	Amount & Funding Source	Description
1	Communities of Color Coordinating (CCC) Team (Barksdale/ Zahn)	\$150k one time Proposed with use of Council Contingency	The “Bellevue Centers Communities of Color” amendment implements a community-led effort to advance racial equity in the City of Bellevue. A primary goal of the amendment is to demonstrate the City’s commitment to authentically build and strengthen community trust, understanding, and healing across the diverse communities we serve. This amendment requests an earmark of \$150,000 to implement a detailed proposal developed by staff and presented to the City Council in early January 2021 for approval. Key elements of the proposal will include a) establishing a team of 9 to 13 community members selected by staff to lead the effort with City staff support; b) developing trust and awareness through dialogue; c) building racial literacy and skills through education and training, and d) partnering with the city and other institutions to co- recommendations and actions with racial equity outcomes; e) detailed budget; and f) periodic updates to Council.

Proposed Council Amendments

Ref #	Title	Amount & Funding Source	Description
2	Enhanced Stakeholder Group/Public Engagement (Nieuwenhuis)	<p align="center">\$20k one time</p> <p>Proposed with use of Council Contingency</p>	<p>Propose up to \$20,000 out of Council Contingency (one-time) in order to support opportunities for utilizing the specialized expertise and knowledge of the stakeholder groups that have been heavily invested in and been very active in providing feedback during the creation of our City policies for the Environmental Stewardship Initiatives. Many of these stakeholders are willing to donate their time and energy to help the City government achieve the goals of the ESI. After the City Council adopts the new plan that will advance the ESI, implementation will directly follow and include significant public engagement. This proposal would ensure that staff has the needed resources to consider how we can best consult and tap into these active stakeholders' expertise. Utilizing their expertise to provide input and ideas for best practices or other relevant technical ideas to implement given policy objectives within the plan can be very cost-effective for the City. Additionally, there may be opportunities to capacity build by utilizing the various stakeholder groups' passion for the ESI subjects/policies through an expanded ambassador program that the staff could coordinate and oversee as we move into implementation. Investment at \$20,000 will allow, for example:</p> <ul style="list-style-type: none"> • Engagement with resident experts and key stakeholders on program design for home energy retrofit program and commercial energy benchmarking technical assistance program. • Facilitation of expert/ stakeholder work sessions to provide input into ESI Plan implementation and program design.

Proposed Council Amendments

Ref #	Title	Amount & Funding Source	Description														
3	ESI Rapid Early Win Actions (Zahn)	\$100k/year for 2 years (\$200k total) Proposed with use of Council Contingency	<p>The request is to add \$100k in 2021 and 2022 for a total of \$200k to the CIP for CD-46 ESI Implementation.</p> <p>Staff would return to Council in 2021 with a detailed workplan at one of the quarterly ESI Council Updates on how the specific funding would be spent. One focus would be to capitalize on leveraging with others to be a cost-multiplier of these funds such as pursuing grant and partnership opportunities that would forward the ESI plan. Beyond leveraging funding, other areas of interest would be specific projects with the ESI plan that would further the overall goals of environmental stewardship.</p> <p>As a reference CD-46 ESI Implementation in the Preliminary Budget includes \$925k over seven years to implement the Environmental Services Plan which is scheduled for Council adoption in December 2020. The Preliminary Budget funding is distributed as (in 000s):</p> <table border="1" data-bbox="659 999 1404 1104"> <thead> <tr> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> <th>2026</th> <th>2027</th> </tr> </thead> <tbody> <tr> <td>\$150</td> <td>\$150</td> <td>\$125</td> <td>\$125</td> <td>\$125</td> <td>\$125</td> <td>\$125</td> </tr> </tbody> </table>	2021	2022	2023	2024	2025	2026	2027	\$150	\$150	\$125	\$125	\$125	\$125	\$125
2021	2022	2023	2024	2025	2026	2027											
\$150	\$150	\$125	\$125	\$125	\$125	\$125											

Proposed Council Amendments

Ref #	Title	Amount & Funding Source	Description
4	Chamber/ DT Association Support (Nieuwenhuis)	\$40k one time (\$20k for each) Proposed with use of Council Contingency	<p>The request for \$40,000 (\$20,000 each), out of Council Contingency (one-time), to the Bellevue Chamber of Commerce (Chamber) and the Bellevue Downtown Association (BDA), will enable both organizations to supplement the City's vital public services in the promoting and advocating for our most vulnerable small businesses and nonprofits while also connecting them to federal, state, and local resources. This modest request comes at a critical time when small businesses will be facing potential closures in 2021 as a fall-out from a 2nd pandemic lockdown. These small companies are, in many ways, the heart and soul of our business community and are a critical contribution to our local economy while employing Bellevue residents. Approving this proposal would require a funding agreement with each organization.</p> <p>Both the Chamber and BDA have already proven to reliably provide vital crisis support to local businesses that have greatly suffered the economic impacts of COVID-19 in concert with the City of Bellevue's financial and consultative assistance. This coordinated and timely work has been especially beneficial for our small businesses, restaurants, and bars. Moreover, both the Chamber and the BDA are committed to these complementary roles into 2021 despite declining revenues into their respective organizations, staffing reductions, and decreases in salaries.</p> <p>Examples of their public service in 2020 include the BDA connecting individuals to federal, state, and local resources by conducting 103 in-person consultations with small businesses, featuring 39 businesses on bellevuedowntown.com and social media, and distributing 21 "Heart of Bellevue" emails sent weekly to 10,416 subscribers. The Chamber's work has included setting up a resource call center and connecting over 500 area businesses and nonprofits to the Small Business Administration and disaster loan assistance, providing personal protective equipment to 1,233 companies, and hosting 11 "Back to Work" preparedness and recovery webcasts for Bellevue companies.</p>

Proposed Council Amendments			
Ref #	Title	Amount & Funding Source	Description
5	Bellevue College Connection (Zahn)	\$100k one time Proposed with use of Council Contingency	<p>The proposed amendment is to include \$100k in the budget to ensure continued work with Metro and Bellevue college on next steps.</p> <p>Allocating \$100,000 to a dedicated CIP project for the Bellevue College Connector will allow staff to continue with ongoing dialogue with the College, King County and the state. The previous work completed a good set of conceptual documents and alignment options. The next step is to continue the dialogue to determine jurisdictional issues including road ownership as well as funding opportunities.</p>
6	Cross-Cultural Feasibility Study (Lee)	\$200K one time to cover both consultant costs and community stakeholder support and outreach Proposed with use of Council Contingency	<p>Provide funding for the next phase of the cross-cultural feasibility study. The first phase included an inventory of programs, and second was a feasibility study. The next phase would include strategic visioning and City master planning integration, partnership assessment, and financing. The objective of this phase would be to clarify and narrow the vision, purpose, and objectives for a cross-cultural center in connecting members of the community.</p> <p>Staff will return to Council to present a proposed scope of work for this effort in Q1 2021. Anticipated elements of the scope of work includes:</p> <ul style="list-style-type: none"> • Interviews with City Councilmembers • Complete updated needs analysis • Conduct stakeholder outreach and feedback on preliminary findings • Deliver site and costs analysis <p>Additional money has been proposed in reserve for community involvement to support the feasibility study. AECOM has recommended “cultivation of a project champion” team made up of staff and community members. Staff will bring back analysis of how much funding is required for the community champions and public outreach as part of the scope of work review in Q1.</p>

Proposed Council Amendments

Ref #	Title	Amount & Funding Source	Description																												
7	Vision Zero Timing of Budget in the CIP (Zahn)	No additional funds are needed, this is timing of the CIP project only	<p>The proposed amendment is to adjust the timing of the PW-R-205: Vision Zero Rapid Build Data Driven Safety Program project in the Preliminary Budget.</p> <p>The Vision Zero program has been underway since 2015. Background can be found on the City's website: Vision Zero Action Plan City of Bellevue (bellevuewa.gov). In general, PW-R-205: Vision Zero Rapid Build Data Driven Safety Program funds rapid build road safety projects along High Injury Network (HIN) corridors. Based on a comprehensive review of Citywide crash data, five major streets have been initially identified among the HIN corridors to advance in this proposal: NE 8th St east of downtown, Factoria Blvd, Bellevue Way south of downtown, Bel-Red Rd in the Overlake area, and 116th Ave NE in the Wilburton area. Funding will implement safety countermeasures such as radar feedback signs, pedestrian crossings, left turn pockets, restricted turn movements, medians, and other elements that produce improved safety outcomes. Staff will conduct before/after assessments of these projects to inform future investments and support Vision Zero performance monitoring.</p> <p>The Preliminary 2021-2027 includes \$2.5M over 7 years – spread as (in 000s):</p> <table border="1" data-bbox="667 1251 1398 1320"> <tr> <td>2021</td> <td>2022</td> <td>2023</td> <td>2024</td> <td>2025</td> <td>2026</td> <td>2027</td> </tr> <tr> <td>0</td> <td>0</td> <td>\$500</td> <td>\$500</td> <td>\$500</td> <td>\$500</td> <td>\$500</td> </tr> </table> <p>Proposal is to keep the \$2.5M over 7 years and adjust to have \$357k each year of the CIP (in 000s):</p> <table border="1" data-bbox="659 1419 1406 1488"> <tr> <td>2021</td> <td>2022</td> <td>2023</td> <td>2024</td> <td>2025</td> <td>2026</td> <td>2027</td> </tr> <tr> <td>\$357</td> <td>\$357</td> <td>\$357</td> <td>\$357</td> <td>\$357</td> <td>\$357</td> <td>\$357</td> </tr> </table> <p>The purpose is to allow for action to occur more consistently over time and start earlier throughout the CIP. It would also allow for potential leverage of funding options as soon as 2021.</p>	2021	2022	2023	2024	2025	2026	2027	0	0	\$500	\$500	\$500	\$500	\$500	2021	2022	2023	2024	2025	2026	2027	\$357	\$357	\$357	\$357	\$357	\$357	\$357
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0	0	\$500	\$500	\$500	\$500	\$500																									
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\$357	\$357	\$357	\$357	\$357	\$357	\$357																									

Proposed Council Amendments

Ref #	Title	Amount & Funding Source	Description																												
8	Growth Corridor (Ped/ Bike Project) (Zahn)	No additional funds are needed, this is timing of the CIP project only	<p>The proposed amendment is to adjust the timing of the PW-W/B-85: Growth Corridor High Comfort Bicycle Network Implementation project in the Preliminary Budget.</p> <p>In general, PW-W/B-85 Growth Corridor High Comfort Bicycle Network Implementation funds the design and implementation of bicycle projects in the Growth Corridor to coincide with the opening of light rail stations (2023) and Eastrail (2024). The program strives to complete low cost bicycle separation projects in nine north south corridors and seven east west corridors in Downtown, Wilburton, Bel Red. The type of improvements it covers consist primarily of lane re-striping, vertical separation (posts, planter boxes) pavement markings, signage, and traffic signal revisions. These are low cost improvements to improve bicycle safety and connectivity.</p> <p>The Preliminary 2021-2027 includes \$1.5M over 7 years – spread as follows (in 000s):</p> <table border="1" data-bbox="664 1047 1398 1150"> <thead> <tr> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> <th>2026</th> <th>2027</th> </tr> </thead> <tbody> <tr> <td>\$100</td> <td>\$500</td> <td>\$500</td> <td>\$400</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>Proposal is to keep the \$1.5M over 7 years and adjust to have \$500k per year for years 2021, 2022 and 2023 (in 000s):</p> <table border="1" data-bbox="664 1283 1398 1386"> <thead> <tr> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> <th>2025</th> <th>2026</th> <th>2027</th> </tr> </thead> <tbody> <tr> <td>\$500</td> <td>\$500</td> <td>\$500</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>The purpose of adjusting the budget timing is allow for design to occur more quickly and allow for seed funding to leverage for partnerships and potential grant funding. By doing so, it will provide more information at the next budget cycle as implementation starts.</p>	2021	2022	2023	2024	2025	2026	2027	\$100	\$500	\$500	\$400	0	0	0	2021	2022	2023	2024	2025	2026	2027	\$500	\$500	\$500	0	0	0	0
2021	2022	2023	2024	2025	2026	2027																									
\$100	\$500	\$500	\$400	0	0	0																									
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\$500	\$500	\$500	0	0	0	0																									

Proposed Council Amendments			
Ref #	Title	Amount & Funding Source	Description
9	Fire Training Admin Assistant (Robertson)	<p>\$80k per year ongoing BLS fee Increase to \$950</p> <p>(This requires an ordinance at adoption to increase to \$950; see legislation needed for adoption and Council discussion from November 16 in later sections of this memo)</p>	<p>The proposed amendment restores this FTE and associated expenditures in the Fire Department budget, offset by a revenue increase in the Basic Life Support fee to \$950.</p> <p>This position is important to the efficient functioning of the training group. Given that the training demands can be expected to be high over the next several years due to staff-up requirements for Fire Station 10 and rate of retirements out of the department, it makes sense to retain the position.</p> <p>Regional fee comparison:</p> <p>Note *: Snoqualmie is their estimated 2021 rate. Council action has not yet occurred as of November 23.</p>

Financial Background

The total amount of the amendments that are noted for use of Council Contingency is \$710,000; the total Council Contingency is \$2 million as distributed below. If all proposals are directed to be included in the budget, the remaining Contingency would be \$1,290,000. Council Contingency:

(000s)	2021	2022	2023	2024	2025	2026	2027
Council Contingency	\$285	\$285	\$285	\$285	\$285	\$285	\$285

Two of the amendments noted above are costs that should be spent from the operating (general fund) budget – Communities of Color Coordinating (CCC) Team, and the Chamber/Downtown Association Support. The Council contingency is included in the CIP fund. If either of these two items are determined to move forward to budget adoption, the funding for these two items would need to be

transferred to the general fund. As background, it is important to note that the Preliminary Budget does include an adjustment to the sales tax allocation between the General Fund and the CIP to allow for \$3 million for years 2021 and 2022 to be transferred from the CIP to the operating fund to preserve core services. If the amendments noted that are operating in nature are directed to be included in the budget, staff will adjust the sales tax split for the total amount needed in general fund to allow the funding to be moved from the CIP to the general fund.

In addition, since the amendments are more heavily loaded into 2021 and the actual Council contingency is equally distributed in the Preliminary Budget as noted in the tables above, there could be cash flow impacts to the frontloading. Staff has validated that the cash flow borrowing can be addressed and balanced within the CIP.

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. Council provided staff direction to return with appropriate legislation with the budget adoption package. 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. Council provided staff direction to return with appropriate legislation with the budget adoption package. 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. Council provided staff direction to return with appropriate legislation with the budget adoption package. 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. Council provided feedback to staff regarding the Basic Life Support Fee, asking for additional information which is provided with the memory bank attached to this agenda packet. Staff seeks direction on Basic Life Support Fees tonight during the budget balancing discussion. Agenda materials can be found at the link below.

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

On November 23, following the public hearing described below, Council asked clarifying questions regarding the budget, those not responded to publicly at the meeting are included in the memory bank attached to this agenda packet. In addition, Council provided 13 budget amendments for further discussion and direction.

Public Hearings

On July 27, the first public hearing was held. Eleven community members spoke during the hearing and 27 people submitted written comments to City Council. The comments articulated support for increased or sustained investments in human services, climate action initiatives, and efforts to improve racial equity. Several members of the public spoke in favor of and against funding for public safety.

On September 21 the second public hearing was held. Fourteen individuals signed up to speak during the hearing. The City received four written communications regarding the operating and CIP which were provided in the City Council’s meeting packet. Local business advocacy groups praised the City’s efforts to support economic resiliency and recovery in the budget. Individual members of the public encouraged additional investments in climate action and sustainability efforts within Bellevue. Additionally, there were several individuals calling for the City to maintain the Bellevue Police Department budget at current levels.

On November 23, the third and final public hearing was held. Twenty-three community members spoke during the hearing and 13 people submitted written comments to the Council. The comments voiced support for funding several varied budget items including a Bellevue cross-cultural center, human services and community resources in the community, racial equity, environmental stewardship, Vision Zero, public safety, affordable housing, a community court in Bellevue and a multi-modal transportation system including bikeways and a the Bellevue College connection project.

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

<p>2021 Substantial Need Resolution:</p>	<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>
<p>2021 Property Tax Levy Ordinance:</p>	<p>Adopt 2021 property tax levies (RCW 35A.34.230 and RCW 84.55.092) that includes a 1 percent allowable property tax adjustment.</p>
<p>2021-2022 Budget Ordinance:</p>	<p>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.</p>

POLICY & FISCAL IMPACTS

Policy Impact

RCW 35A.34 – Biennial Budgets: State law specifies requirements that must be followed in budgeting each of the City’s funds. Key areas covered include:

- Preparation and filing of a preliminary budget by the Chief Administrative Officer, i.e., City Manager;
- A “budget message” from the Chief Administrative Officer explaining the content, financial policies and major proposed changes;
- A public hearing on the proposed preliminary budget conducted before adoption of a final budget, which shall be held on or before the first Monday in December;
- Balanced expenditure and revenue estimates for each of the City’s funds; and
- Council adoption of the budget prior to the beginning of the ensuing fiscal biennium, i.e., January 1, 2021.

Fiscal Impact

There is no 2020 fiscal impact associated with these discussions.

OPTIONS

1. Direct staff to return on December 14 with appropriate legislation including any adjustments to the Preliminary Budget.
2. Provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

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

AVAILABLE IN COUNCIL LIBRARY

N/A