# Council Budget Study Session
# Memory Bank/Follow-Up - Operating
# November 22, 2010

***Since September 27, Council has reviewed and discussed budget proposals for the City's 2011-2012 Preliminary Budget and 2011-2017 Preliminary CIP Plan. This document provides responses to questions that were not answered during those discussions.***

## 2011-2012 Preliminary Budget


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***1. What is the revenue recovery for each proposal?***

At the October 18, 2010 Council Study Session, Council asked staff to provide information about cost recovery for proposals. Attachment 1 provides a ranked list by outcome that includes the revenue associated with each proposal as well as the total 2-year costs and funding sources. Proposals that do not have associated revenue are supported by general revenues that are not attributable to a single proposal.

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***2. What makes up the "other costs" and is there some trimming that could be done there? Is it possible to take 1% out of each line item to fund other items?***

At the November 1, 2010 Study Session, a question was asked about items in the "Other" cost category, and if it would be possible to simply reduce each proposal by 1% in order to fund the other cuts.

The "Other" cost category for each proposal includes all proposal costs that aren't personnel costs (salary and benefits) for regular City employees. As such, the "Other" category includes M&O costs for supplies, maintenance, contracted services, utilities, and capital expenses. The relative amount of "other" costs varies from proposal to proposal, but constitutes approximately 30% of the total operating budget. These expenditures are integral to performing the work or providing the services described in the proposals that we recommend for funding.

In developing the 2011–2012 Budget, we followed a disciplined approach that negated across-the-board cuts as might be proposed by this question. In the seven priority areas that you chose, we assessed our operations from top to bottom using a results-oriented methodology called Budgeting for Outcomes.

Budgeting for Outcomes looks at the programs and services of the government from the perspective of what matters most for the community. Using this process, we ranked each proposal in order of importance to one of the seven priority areas.

As a result of the Budget One process, support departments made cuts of 11% of their operating budgets, operations departments made cuts of 4% of their operating budgets, and public safety departments made cuts of 3% of their operating budgets. These cuts were carefully evaluated to ensure that they were not degrading the most critical services

Additional across-the-board cuts to all proposals of 1% would impact the ability of the organization to meet its outcomes as stated in the proposals that we recommend for funding. It would run contrary to the disciplined approach that we engaged in for the last several months in constructing a budget recommendation for the Council.

Our preference to across-the-board reductions would be for Council to maintain the integrity of the process and to eliminate a proposal or service that is not as important as another.

***3. Council asked staff to provide a summary of fee increases.***

At the October 18, 2010 Study Session, Council asked for additional information on fee increases. Following is a discussion of Parks fee increases and a table of other miscellaneous fee increases that are included in the Preliminary Budget.

**Parks Fee Increases**

The Parks & Community Services Department generates approximately $9M per year in user fees and charges, including General Fund recreation programs, Parks Enterprise programs, and rental property management fees. Overall policy direction on which programs to offer and how to price them in the community is guided by the City's Recreation Program Plan.

The Parks Department has literally hundreds of specific user fees and charges, including a constantly changing mix of class offerings; differential fees for youth, adults, and non-residents; and a complex mix of rental fees and charges. Below is a summary of the park fee changes included in the 2011-2012 Preliminary Budget:

- Across-the-board fee increases of approximately 4%, reflecting the long-standing practice of annual price increases to reflect the cost of doing business such as inflation and credit card fees.
- Specific user fee increases where program managers have determined that current fees are below market comparables, including day camps and extended care services.
- Aggressive negotiation of contracts with recreation providers, increasing the share of program fees retained by the City.
- Increased rental revenue by increasing the number of available rental hours at community centers on weekends and evenings.
- Increased rental fees and program charges at Northwest Arts Center, eliminating the General Fund program subsidy by increasing revenues by $200,000 annually.

In general, park fees and charges are different than taxes in that participants receive an individual benefit and choose to participate based on their perception of quality and value. While aggressive, these fee increases were proposed instead of additional level of service reductions to the community centers and core program areas. Scholarships will continue to be available to those who cannot afford park fees based on income requirements.

**Other Fee Increases**

The following table lists other fee increases that are included in proposals as discussed at previous council meetings:

| Proposal | Description | Old Fee | New Fee | 2 Year Revenue |
|---|---|---|---|---|
| 045.06A1 | Increase in survey permit fees to reflect full cost recovery for survey staff's review of proposed plats, short plats, boundary line adjustments, and other land use actions. Proposed fee changes will be included in the 2012 Development Services 2012 fee update for Councils approval. | $271 | $271 - 2011<br>TBD 2012 | $63,000 |
| 060.15A1 & 100.02PA | Increase one-time license fee by $50 to cover administrative costs of licensing and D.S. staff review of land use | $30 | $80 | $190,000 |
| 070.06NB | Increase annual Fire Operational Permit Fee | $50 | $100 | $120,000 |
| 070.06NB | New fee proposed for re-inspection of occupancies that failed to comply with fire code violations found during the initial fire inspection and not corrected by the first follow-up | N/A | $114 p/hr | $175,000 |

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**Safe Community**
**November 22, 2010**

***1. What does it cost to turn off 1,400 street lights?***

It is estimated to cost $20,000 to turn off the 1,400 street lights using staff from the Signal Shop. It is estimated the project would be completed in a month and a half (middle of February 2011). If the work was contracted, it is estimated to cost $30,000 and be completed in two months (end of February 2011).

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***2. Can we use temporary help to replace lights?***

The current alternative proposal eliminates the permanent street light maintenance crew. Per the proposal, street light repairs will only be made on an annual basis when a temporary staff person, i.e. “temporary help”, is hired to enable the formation of a two person street light crew. The temporary position is proposed with three-months funding, so street light repairs will only occur during a three-month window each year. Transportation will continue to do a monthly “night check”, where all streets are driven at night to determine what lights are in need of repair. Lights needing repair will be placed on a backlog list along with repair requests called in by citizens. The backlog list will be addressed during the three-month window each year, and any remaining lights in need of repair will roll over to next year’s backlog list.

***3. Provide a breakdown of costs for the Personnel Services Unit in the Police Department.***

At the November 1, 2010 Council Study Session, there was a request for a delineation of costs for the ***Personnel Services Unit (PSU)***, Proposal No. 120.17NA. PSU's primary responsibility is to provide training, uniforms, equipment, firearms, and ammunition to all 180 sworn Police officers. Approximately 90% of the Department's total budget for these items resides in PSU's discretionary budget. "Other" costs have a budget of $450,930 in 2011, and $459,503 in 2012; the main components are listed below:

| Costs | 2011 | 2012 |
|---|---|---|
| Travel/Training | $120,000 | $122,280 |
| Uniforms, Equipment | 120,000 | 122,280 |
| Ammunition | 70,000 | 71,330 |
| Firearms/Weapons | 27,000 | 27,513 |

The Travel/Training budget is for the entire Department and covers certifications and training in such diverse disciplines as SWAT, Crowd Control, and Bomb Squad; other classes include Crime Scene Processing, Street Survival, Defensive Tactics, Tactical Silence and Verbal Judo, Problem Oriented Policing, Homicide Investigation, and Collision Investigation Reconstruction. Having a fully trained police force is essential for maintaining a Safe Community Outcome and for citizen satisfaction in its Police Department.

Additional 2011 costs include Tuition Reimbursement ($27,000), Professional Services contracts ($25,000 for services such as pre-employment screening, psychiatric evaluations, and peer support counseling), Repair/Maintenance tasks ($15,000), and other miscellaneous items. (2012 amounts are slightly higher.)

Council later requested similar clarification regarding Proposal No. 120.16NA, ***Courts and Custody Unit***, regarding the large amount of "Other" costs in this proposal ($1,388,331 in 2011, and $1,292,514 in 2012). This proposal includes annual jail contracts for Issaquah, Yakima, and King County, in the amounts of $1,373,006 in 2011, and $1,276,896 in 2012.

***4. How often have we needed the third aid (response) unit historically?***

At the November 1, 2010 Council Study Session, Council asked for additional data relating to the Fire Department's budget proposal that reduces staffing of one Aid Car to 12 hours per day.

The Fire Department's Fire Suppression, Rescue and BLS budget proposal (070.01.NA) identified cuts necessary to achieve a 3% savings over the previous budget cycle. Cost savings are achieved by reducing the staffing of Aid 1 to 12 hours per day during off-peak hours (8 P.M. – 8 A.M.) resulting in an annual cost savings of $360,000, and the elimination of 8 Firefighter positions. Staffing for peak hours would be accomplished with overtime.

Fire Station 1's response area includes the Central Business District, Enatai, Shoreland Drive area, and other parts of West Bellevue. Since November 1, 2008, the Fire Department has staffed 3 units at this station: Engine 1, Ladder 1, and Aid 1. All three resources are capable of separately responding to fire and medical emergencies. The Fire Department's base budget proposal recommends reducing the staffing on Aid 1 from 8 P.M. to 8 A.M. During that time period, Engine 1 and Ladder 1 are available for fire and emergency medical responses.

Aid 1 was targeted for reduction because Station 1 is the only Bellevue fire station with 3 emergency response units. The service level impact on the community can be measured by looking at the number of times a resource from another fire station will be needed during off-peak hours to respond to a call in Station 1's area.

| **Year** | **2007** | **2008** | **2009** | **2010 YTD** |
|---|---|---|---|---|
| Total Station 1 incidents from 8 P.M. to 8 A.M. responses | 438 | 441 | 450 | 409 |
| Incidents where units from Station 1 were not available | 24 | 22 | 23 | 18 |
| % of incidents | 5.5% | 5.0% | 5.1% | 4.4% |

After analyzing the incident data from 2007 to present, the Department estimates the impact of our proposed budget reduction would result in returning to the 2007 levels of service in Station 1 after 8 P.M. Approximately 5.5% of the calls occurring in off-peak hours (24 calls/per year) would receive response from a neighboring fire station. Station 1's response area is easily served by the 3 stations that surround it.

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**Improved Mobility**
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***1. Provide more information regarding Traffic Data Program (130.29A1).***

This proposal will provide Traffic Data at a reduced level of service to the Transportation Department, the public, and outside agencies.

- The Mechanical Count Program will perform traffic volume counts annually at the 64 locations needed to provide Highway Performance Monitoring System (HPMS) data to WSDOT, which is less than half of the 140 locations that are currently counted on a quarterly basis. The Mechanical Count Program will still perform the annual screenline volume counts at the same 60 locations for the City's traffic model and volume counts at 15 locations for the Holiday Counts. It will no longer be able to provide all the special volume counts for neighborhood projects, all-way stop analyses, and signal warrant studies.
- The Manual Count Program will perform P.M. peak (afternoon rush hour) turning movement counts at 104 signalized locations every 2 years for Mobility Management Area (MMA) studies, rather than at all 182 signalized intersections annually. It will only perform turning movement counts at A.M. (morning rush hour) and noon peak periods on a request basis, as scheduling allows, rather than once every 3 years.
- The Mechanical Speeds Program will provide 24-hour speed study data for speed limit review, signal warrant studies, traffic calming studies and various other traffic engineering functions on a limited request basis, as scheduling allows.
- Data management will continue to include review of count data for accuracy; store, maintain, and distribute data using customized databases; calculate the yearly factor update; and provide the HPMS update to WSDOT annually. However, the work will not include the Annual Traffic Flow Map, the Annual Traffic Counts book, or maintenance of the intersection diagrams.

**Council Budget Study Session**
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**Innovative, Vibrant & Caring Community**
**November 22, 2010**

***1. Provide a summary of the Wrap-Around Services proposal, addressing planned program expansion and the impact of the recent Federal grant. If Bellevue School District does not believe the Family Services Coordinator position is a priority, can these resources be used to minimize the impact on the restructured Youth Development Program?***

**Background**

The Wrap-Around Services initiative aligns community resources in a strategic way to serve the recreational, human service, and academic achievement needs of children and families at the neighborhood level. Local schools serve as the focal point for reaching those in need. The initiative develops service partnerships among City, school district, non-profit organizations, faith based groups, private foundations, local businesses, and community associations. The synergy of these activities enhances neighborhood vitality.

**Planned Wrap-Around Expansion**

Wrap-Around Services was initially implemented at Lake Hills Elementary in 2005. In January 2009, the Wrap-Around Services Leadership Team recommended the expansion of the program to the following priority sites:

1. Odle Middle School (occurred in September 2009 thru realignment of existing resources)
2. Stevenson Elementary School (January 2011, if funding became available)
3. Sherwood Forest, Highland, or Ardmore (expansion timeline based on available funding).

Program expansion to Stevenson Elementary was included in the 2011-2012 Preliminary Budget (Community Schools 100.12NN). Due to the significant budget reset facing the City, the proposal preserves the existing Wrap-Around Services initiative and expansion to Stevenson as a higher priority than continued funding and staff support for the Youth Link Board/Council. The proposal did not include revenue from the recent federal grant because the grant was not secured at the time of proposal development. The plan was to use the federal grant for adding Wrap-Around Services to Stevenson, if approved, and then to one of the three sites if funding was available.

**Impact of the Federal Grant**

A federal grant application ($375,000) for expanding the Wrap-Around Services Program was initially submitted in 2009. Federal government approval occurred in September 2010, and was approved by the City Council in October. These grant funds are not included in the 2011-2012 Preliminary Budget, so they represent new revenue. The grant is restricted to the expansion of Wrap-Around Services at Stevenson, and include funding for a Wrap-Around Services Coordinator (LTE) position. Hiring a limited-term position at Stevenson provides an opportunity to return a portion of staff support to the Youth Link Board and Council function. However, that alone won't fully restore the former level of staff support for both the Youth Link Board and Council.

Bellevue School District funding for the Family Services Coordinator supports only 0.25 FTE. The Coordinator's position will not be available for the duration of the 17-month federal grant and ends December 2011. However, the federal grant will fund a half-time Family Services Coordinator that could enhance the current position to a 0.75 FTE until December 2011, and continue at half time for the duration of the grant period.

**Alternative**

Since funding for the Wrap-Around Services Coordinator at Stevenson is now provided in both the Preliminary Budget and the recently accepted federal grant, partial staff support for the Youth Link Board and Youth Council could continue in the adopted 2011-2012 Operating Budget. However, the department proposal also included a recommendation to conduct a thorough evaluation of the City's youth initiative in order to validate its vision, mission, and operating model, plus an inventory of other youth leadership opportunities provided by others in the community. If Council decides to return partial staff support to the Youth Link Board and Council, staff recommends that Council provide direction that the program evaluation is a priority task for the Youth Link Board in 2011-2012.

***2. ADA facilities assessment – clarification; what would be the impact of delaying it?***

The City is required by law (Department of Justice) to complete an ADA self-evaluation and transition plan because we have contracts with and receive grants from Federal agencies. We cannot adequately complete the plan without performing necessary facilities and program assessments, which must be done by a consultant. If the funding is delayed, the City would not be able to complete all its assessments for at least two years, resulting in an incomplete self-evaluation and transition plan.

Compliance with the ADA is monitored through compliance reviews that can be initiated at any time by any of the agencies doing business with the City or by the Department of Justice which has overall coordination responsibilities for ADA compliance. Additionally, individuals or groups that use City services and/or facilities can file discrimination complaints if they are adversely affected due to the City's lack of compliance with ADA requirements.

The self-evaluation is used to identify problems areas and to develop action plans and timelines to correct them. If we are audited and can show that we have completed our self-evaluation, we stand a lesser chance of being found in violation of the ADA. If violations were found, the Department of Justice has broad authority to require corrective actions be implemented. For example, the City of Chicago was found to be in violation of the ADA and entered into a settlement agreement with the Department of Justice in September 2007, in which Chicago will take five years and spend $50,000,000, $10,000,000 per year, in new money to repair and replace curb ramps and sidewalks in high traffic areas which are not on the City's schedule for repair or replacement. Chicago will also continue to spend approximately $18,000,000 each year installing curb ramps and sidewalks as a part of the City's annual resurfacing work.

***3. How much rental revenue is generated at Bellevue School District sportsfields?***

At the October 18, 2010 Study Session, Council asked for additional information on the rental revenue generated by the Bellevue School District sportsfields. The City is responsible for scheduling 43 school sites, including school ballfields and soccer fields. Revenues generated from school sportsfields are approximately $150,000 per year and are included in proposal 100.50NN (Facility Scheduling, Adult Leagues, Robinswood House).

***4. How has Labor and Industries (L&I) prevailing wages and labor classifications impacted parks contracting costs? Show how the proposed Parks FTE conversions create the savings shown in the Preliminary Budget.***

**Background**

In 1985, Bellevue City Council directed the Parks & Community Services Department to expand the contracting of park maintenance services in order to control the growth of full-time employees and capital equipment costs associated with park maintenance. As a result, the Parks Department identified sites where contract service delivery was competitive and efficient while meeting customer service needs.

Today, the Resource Management and Natural Resource divisions manage hundreds of operating budget contracts worth over $3.9M annually that provide one-time and ongoing maintenance services at parks, natural areas, buildings, streetscapes, and utility sites throughout the City. Currently, the Parks Department administers maintenance contracts at more sites than it maintains with in-house staff (ratio approximately 2:1).

**Cost-Benefit Analysis and FTE Conversions**

In the Budget One process, a cost-benefit analysis of contract to in-house maintenance was performed. Labor costs represent approximately 70% of total contract costs, and the hourly wage rate contractors are required to pay their employees is determined by Washington State. The full billing rate for maintenance contracts includes labor, materials, equipment depreciation, contractor administrative overhead, and profit.

The Washington Department of Labor and Industry (L&I) sets the prevailing wage rates for public work (per RCW 39.12) based on work classification. Also refer to October 22, 2010 memorandum to City Council re. Landscape Construction Prevailing Wage Rates for additional information on this budget issue:

- The prevailing wage for Landscape Construction increased from $8.42/hour to $14.22/hour in 2007, and is now $17.87/hour.
- Based on recent direction from L&I, the primary prevailing wage classification for natural area and trail maintenance cost comparison is General Labor at $40.03/hour.

In addition to Landscape Construction and General Labor classifications discussed above, the following contract services were also used in this cost-benefit analysis:

- The contract billing rate for tree trimming and arboricultural services ranges between $70-$104/hour.
- The contract billing rate for irrigation system operations and services ranges between $60-$75/hour.

Following is a summary of FTE conversions and savings by budget proposal.

| Proposal/Outcome | FTE Conversion | In-House Cost | Contract Cost | Annual Savings |
|---|---|---|---|---|
| **100.39A1 – Street Trees, Landscaping and Vegetation Management (IVCC)** | 1 Lead Worker | $90,496 | $121,500 | $31,031 |
| **100.37NN - Greenways & Trails (HSE)** | 1 Lead Worker | $120,375 | $185,156 | $64,781 |
| **100.38NN – Nature Space & Forest Management (HSE)** | 2 Skilled Workers | $169,893 | $244,565 | $74,672 |
| **100.53NN - Water Conservation & Irrigation (HSE)** | 1 Lead Worker | $90,469 | $136,056 | $45,587 |
| **TOTAL** | 5 FTEs | $471,206 | $687,277 | **$216,071** |

Note: In-house costs include salaries (mid-range), benefits, equipment, supplies, and overhead. Contract costs include labor, materials, equipment depreciation, and overhead/profit, with labor constituting approximately 70% of total contract value. See the attached spreadsheet for a full comparison of cost savings by proposal for comparable service levels.

**Conclusion**

The cost of contracting maintenance functions has increased significantly in recent years due, in part, to state-mandated prevailing wage rates for contracted public works (per RCW 39.12). The City can now realize budget savings and have greater control over service quality by bringing a portion of this work in-house. Contract work within City forests, trails, wetlands, and sensitive areas (proposals 100.37NN and 100.38NN) are now classified as General Labor by Washington State. In addition, contracts for specialized tree services and irrigation system maintenance can also generate budget savings by bringing the work in-house.

For optimal service delivery, the Parks & Community Services Department will continue to use a mix of contracted services and in-house staff. Maintenance contracting will remain an integral part of the service delivery model, and approximately 83% of the work currently performed via contract will continue to be provided by the private sector. The City regularly evaluates its mix of full-time, seasonal, and contract work, and the FTE conversions included in the Preliminary Budget are limited to those services where work can be more efficiently and effectively completed in-house.

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| Proposal Number | **100.39A1** | **100.37NN** | **100.38NN** | **100.53NN** |
|---|---|---|---|---|
| Title | Street Trees, Landscape, & Veg Mgmt | Greenways & Trails | Nature Space & Forest Mgmt | Water Conservation & Irrigation |
| Outcome | IVCC | HSE | HSE | HSE |
| FTE Conversions | 1 | 1 | 2 | 1 |
| | | | | |
| Personnel: | | | | |
| Annual Wages | 56,587 | 56,587 | 101,790 | 56,587 |
| Employee Benefits | 16,976 | 16,976 | 30,536 | 16,976 |
| Seasonal Work | 0 | 25,000 | 0 | 0 |
| | | | | |
| Equipment | 9,550 | 10,400 | 23,347 | 9,550 |
| | | | | |
| Supplies/Other: | | | | |
| Fuel/Equipment Maintenance | 3,000 | 3,000 | 3,000 | 3,000 |
| Materials & Supplies | 2,556 | 6,612 | 9,420 | 2,556 |
| Supervision | 1,500 | 1,500 | 1,500 | 1,500 |
| Training | 300 | 300 | 300 | 300 |
| | | | | |
| Total In-House | 90,469 | 120,375 | 169,893 | 90,469 |
| | | | | |
| Contract Cost | 121,500 | 185,156 | 244,565 | 136,056 |
| | | | | |
| Annual Cost Savings | -31,031 | -64,781 | -74,672 | -45,587 |

***5. Council asked staff to provide a well-defined plan for the Downtown Livability proposal (115.05NN) including incentives and design guidelines.***

***Proposal Synopsis:***
Proposal 115.05NN is currently not funded. The proposal requested total funding of $284,429 to begin in 2012 and provides resources for refining the design guidelines, zoning incentive system, parking standards, and other regulations that are the foundation for development in Downtown Bellevue. These elements need to be updated prior to the next development cycle. This work stems from the Downtown Implementation Plan, which concluded that Downtown's competitive edge will increasingly depend on creating and maintaining a viable, livable, and memorable environment in our urban center. The work is proposed to begin in 2012, following a final decision on the East Link light rail alignment through Downtown. While the timing is good to perform the work in this budget period, it is not a fatal flaw to delay the work 2 years.

Council asked about the scope of this effort, and about how fundamental this review will be. First and foremost, this work is not intended to amend the Downtown vision, which is found in the City's Comprehensive Plan. Rather, it is intended to refine the implementing regulations so they are brought up to date, and are consistent with other work including "Great Streets" and the updated Downtown Implementation Plan. The scope of the work may include selective examination of building heights and Floor Area Ratio (FAR). If this proposal is approved, staff would seek Council review and approval of the entire project scope before launching the work.

A Councilmember also asked whether the work can be done with a lesser budget. Given the constrained budget situation, the proposed project budget was already very tight. It must cover technical work on building and site design guidelines, the amenity incentive system, parking standards, and building form. If this work goes forward, staff would not recommend paring the budget back any further than the current proposal.

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**November 22, 2010**

***6. What are the increased staff charges to the CIP as discussed in the purchasing overview for Innovative, Vibrant & Caring Community on 10/18/2010 (p 2-15 of 10/18/2010 Study Session Materials)?***

At the October 18, 2010 Council Study Session, Council asked for additional information on the following cost reduction which was included in the Purchasing Overview for the Innovative, Vibrant & Caring Community Outcome:

*"Increase staff charges to CIP projects and the Land Purchase Revolving Fund. (While this is not a cost reduction, it does reduce the demand on the General Fund.)"*

This issue is incorporated in budget proposal 100.46A1, Park Planning, Development & Project Management. The proposal provides funds to manage and implement the $83M Parks CIP program, including 7 FTE and 1 LTE positions. Consistent with City budget practice, the cost for planning staff is budgeted in the General Fund and partially reimbursed by interfund charges from the CIP to reflect staff time spent directly implementing CIP projects. The General Fund cost of the proposal is $984,168 in 2011, of which $521,276 is reimbursed from the CIP.

The Department's proposed CIP reimbursement was based on historical percentages for direct CIP time: Planning Manager (30%), Project Managers (70-100%), and Parks Levy LTE (100%). The Results Team requested additional options to reduce the cost of this proposal to the General Fund, and based on staff workload accepted an alternative to charge the Park Property Manager to both the Property Acquisition Levy CIP project and the Land Purchase Revolving Fund by $108,000. Actual staff charges to specific programs will depend on work activities over the next two years, but will marginally reduce Parks Levy funds and reserve levels in the Land Purchase Revolving Fund.

This change is consistent with the "Guidelines for Types of Expenditures to Include in the CIP" and the suggested updates to the City's Financial Policies which were reviewed by Council on October 11, 2010. If this change is not accepted, it will negatively impact the General Fund.

***7. Presuming the economy improves in several years, what will it cost to restore landscapes impacted by the proposed level of service reductions in the Street Trees, Landscaping & Vegetation Management Program proposal?***

The City's Street Trees, Landscaping & Vegetation Management Program (proposal 100.39A1) provides maintenance for 9,000 trees and 184 acres of landscaping planted and maintained by the City on public right-of-way improvement projects. The proposed budget reduction for this program is 22%, or $408K, which will impact approximately 39 streetscape sites and 60 traffic calming sites totaling 40 acres or 1.75 million square feet of landscape beds and associated hard surfaces.

Routine maintenance tasks that will not be performed include shrub bed pruning, weeding, fertilization, mulching and irrigation. In addition, turf areas will not be mowed, fertilized, aerated, thatched, top-dressed or seeded and irrigation systems will be shut down. Sidewalks adjacent to these sites will not be cleaned, fall leaf pick-up will be eliminated, and there will be a delay in response to graffiti removal. Benches and street furniture will not be routinely maintained and garbage receptacles may be removed.

At present, streetscapes are maintained through private contracts at an average annual operating cost of 14 cents per square foot. Without routine maintenance, we estimate a 40% reduced value of shrub and turf beds due to a loss of plant material, weed encroachment, vehicle damage, vandalism and overall site degradation. Plant material loss is highly dependent on summer weather and could be considerably higher if we have a long dry summer.

Based on a 40% loss over the next 3 years, and an estimated cost of $1.30 per square foot for restoration, the City's one-time cost to reestablish these sites is approximately $900,000. Site renovation cost is based on site cleanup, removal of dead plants, pruning of salvageable plants, plant replacement, mulching, turf renovation, irrigation repair, repair of street furniture and plant establishment-maintenance cost. The above cost is for site and vegetation restoration and does not take into consideration administrative and planning costs and the loss of environmental, social, and economic values that well maintained street trees and landscapes provide to a community.

**Council Budget Study Session**
**Memory Bank/Follow-Up**
**Innovative, Vibrant & Caring Community**
**November 22, 2010**

***8. How much do Special Events generate versus what they cost? If cut, can these events be brought back later?***

At the October 18, 2010 Study Session, Council asked for additional information on the potential impacts of eliminating City cash contributions to three Special Events included in proposal 100.10A1, Special Events Permitting & Sponsorship. The level of service reduction totals $135,000 over the 2011-2012 Preliminary Budget and impacts City contributions for the Magic Season, Bellevue Jazz Festival, and Live at Lunch events.

These events are managed by the Bellevue Downtown Association. On October 25, the BDA Board of Directors submitted a letter to Council regarding "**BDA Board of Directors Input – Priorities for the City Budget.**" Below is a verbatim summary from this letter as it relates to the proposed reduction to City funding.

***City funding for Civic Events (within Special Events & Sponsorship proposal)***

For many years, the BDA has leveraged an annual City contribution as a cost-effective producer of major cultural and community events, such as the Bellevue Jazz Festival, Symetra Bellevue Family 4th, the Magic Season's Group Health Ice Arena and the Live at Lunch Concert series. Zeroing out the City's contribution will put the events at severe risk. And while a slight reduction may be necessary, a full cut would potentially cost the City more in revenue than it would save.

Under the current proposal, we likely will have to cancel the Bellevue Jazz Festival (effectively the end of this event), curtail much of the entertainment at the Symetra Bellevue Family 4th (cancel the Bellevue Philharmonic, reduce fireworks), and eliminate the BDA contribution to the Garden d'Lights as part of the Magic Season event. Each of these impacts is unacceptable to our community.

Without question, these events attract visitor spending. Given an assumption that downtown events attract 200,000 people per year, the related dining and retail spending could be upwards of $50/person - or $10 million/year (for an investment of less than $100,000). The economic benefit is real and grows over time. In addition, the City's funding evidences civic buy-in for the event, a major selling point for securing private sponsorships. The City's civic and cultural events are also a big reason why the City is consistently named a "best place to live."

While staff are not able to validate the revenue assertions made by the BDA, they concur that these events do generate direct and indirect revenue for the City. Assuming that the estimates above are accurate, the City would lose around $85K in sales tax if the events were cancelled.

***9. Provide the list of Cultural Diversity programs as described at the October 18 Study Session. Is funding for the Cultural Diversity Plan Update requested by Council included in the CD Program proposal?***

At the October 18, 2010 Study Session, Council asked for a list of programs, projects, and services of the Cultural Diversity Program. The Cultural Diversity Program leverages resources through collaborations with City departments and external organizations to increase civic engagement, citizen involvement, and opportunities for interaction. Staff work in a consulting role with departments and community organizations to enhance their outreach efforts to diverse populations. The Program also serves as an information clearinghouse – providing resource information and referral regarding cultural services and programs. In 2009-2010, the Cultural Diversity Program produced, supported, or participated in the following events and programs and provided the following services.

**Annual Co-Sponsorships and Event Planning**

- Coordinates quarterly discussion series "Conversations on Race and Culture"
- Produces quarterly educational forums and workshops at community centers
- Co-sponsors and coordinates annual MLK - Community Health Fairs annually at Crossroads Shopping Center
- Co-sponsors annual Hispanic Heritage Event
- Co-sponsors annual Strawberry Festival – Crossroads International Park
- Co-sponsors annual Cultural Crossroads – Crossroads Bellevue Shopping Center
- Coordinates cultural entertainers and educators at Parks summer camps
- Acts as referral service for community organizations and non-profits
- Coordinates cultural entertainment for annual Blueberry Festival
- Hosts and sponsors annual King County Diversity Task Force employment workshop
- Coordinates cultural entertainment for Crossroads Thanksgiving and Holiday Events
- Coordinates presentations about COB diversity program for community groups, businesses, and non-profits
- Coordinates media interviews about COB programs, diversity topics, and conducts interviews
- Works on WRPA (Washington Recreation and Professional Association) Cultural Competency Committee

**Events and Programs 2009-2010**

- Assisted with Bellevue City U SIFE (Business International Student Program) – food and clothing donations drive
- Coordinated quarterly Media Relations and Community Outreach Panels, in addition to producing DVDs
- Coordinated Teens and the Law Panel – produced DVD
- Produced DVDs on North Bellevue Community Center, Crossroads Community Center
- Recruited members to City of Bellevue Police-Community Task Force
- Recruited and was staff contact for new Crossroads Advisory Board
- Coordinated interpreters for Emergency Preparedness Videos with Bellevue Fire Department
- On-going marketing through various media about COB programs
- Worked with City's Volunteer Program to produce Communications Training
- Help coordinate community outreach for 2010 CENSUS Community Outreach project
- Coordinated Bellevue Mediation Diversity Community Outreach Project
- Produced weekly diversity and Bellevue-focused radio show, Voices of Diversity, on KBCS-FM, 91.3
- Produced Bellevue Today and Culture Talk weekly radio program on KKNW-AM, 1150
- Presented Cultural Diversity Program to Bellevue business and community groups
- Coordinated weekly EBlast list of events and programs to 1500 subscribers

In response to Council's question at the October 18 Study Session, the Cultural Diversity Program proposal (100.19NN) includes one-time funding to implement the Council's direction, given February 1, 2010, to update the 1993 Cultural Diversity Task Force Report and Community Action Plan by the end of 2011.

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***1. How much would the fine have to be to offset the residential parking zone costs?***

Based on the current 60 annual tickets issued, the ticket fine would need to be $857 to recover the $50,000 cost of the proposal.

**Current Practice--**

- Enforcement occurs on a complaint basis
- Approximately 60 tickets are issued annually in RPZ zones
- Current fine for parking without a RPZ permit is $40
- Court costs per ticket are $23.50 regardless of fine amount

**Current Costs--**

- Administrative costs (staff, permits, signs) are approximately $50,000/yr for 16 zones
- Parking Enforcement not included in this estimate

| Proposed Fine | Less Court Fees | Annual RPZ Admin Costs | # of Tickets Per Year Needed to Offset Costs |
|---|---|---|---|
| $40 (current) | $16.50 | $50,000 | 3,030 |
| $124 | $100.50 | | 498 |
| $250 | $226.50 | | 221 |
| *$857 | $833 | | 60 |

*By State law, fines cannot exceed the handicap parking infraction of $250.

**Enforcement Considerations--**

- Enforcement would need to change from “complaint basis” to regularly scheduled
- Additional parking enforcement officers may be needed
- Current practice of ticketing all vehicles without a permit would continue
- Residents and their guests would be fined unless they use a permit

**Council Budget Study Session**
**Memory Bank/Follow-Up**
**Economic Growth & Competitiveness**
**November 22, 2010**

***1. Council asked OED to provide information about memberships and sponsorships and which ones OED would cut.***

OED finds that memberships are valuable to provide small business development services, to build relationships that lead to business and jobs relocation and creation, and to promote the City as a great place to do business. Therefore, OED's strategy for executing their reduced budget is to maintain all current memberships but negotiate reduced memberships for the largest organizations (with the highest membership fees). If additional savings are required some or all of the smaller memberships will be eliminated.

As for sponsorships, OED will follow the 2010 pattern which reduced sponsorships by half with the goal to sponsor no direct funded events in 2011 and 2012. However, OED will continue to host events in City Hall which have only staff costs associated with them.

The membership and sponsorship information for 2009 and 2010 is listed below. OED believes it can make do without the $118,000 that the Council placed on the add-back list.

**2010 OED-COB Memberships**

| | |
|---|---|
| **Direct Funding Memberships:** | |
| -enterpriseSeattle | $25,000 |
| -Trade Development Alliance | 15,000 |
| -Seattle Sports Council | 5,000 |
| -Bellevue Entrepreneur Center ($0 paid out in 2010) | 25,000 |
| -Bellevue Economic Partnership ($0 paid out in 2010) | 20,000 |
| **Large memberships 2010** | **$45,000** |
| -Wash. Econ. Development Association | $ 900 |
| -Japan-America Society | 1,000 |
| -Sister City International | 800 |
| -British American Business Council | 100 |
| -Indian Association of Western Washington | 50 |
| -World Trade Club | 175 |
| -International Council of Shopping Centers | 150 |
| -International City Manager Association | 175 |
| **Small memberships 2010** | **$ 3,350** |
| **Total memberships paid in 2010** | **$48,350** |

## 2009-2010 OED Sponsorships

Preparation for 2011-2012 budget years and decisions regarding expenditures in those years based on 2009-2010 spending.

**Direct Funding:**

| | |
|---|---|
| -Chamber 2010 Eastside Leadership Conference 6-10 | $ 3,750 |
| -Chamber 2010 Economic Forecast Event 11-19 | 5,000 |
| **Total paid in 2010** | **$ 8,750** |

## 2009 OED Sponsorships

**Direct Funding:**

| | |
|---|---|
| -Chamber 2009 Women in Business Conference 3-12-09 | $ 5,000 |
| -Wash. Tech. Center Tech. Summit 4-9-09 | 4,000 |
| -AAPP MBO Conference 5-09 | 2,500 |
| -Chamber 2009 Eastside Leadership Conference 6-09 | 3,750 |
| -World Trade & Exchanges: China seminars (five sessions) | 2,000 |
| **Total paid in 2009** | **$17,250** |
| **Total paid in 2008** | **$26,750** |

OED hosts at City Hall a large number of events—these have zero direct funding but do have staff costs and minor food and coffee costs in some instances.

***2. Council asked OED to provide information about what marketing efforts are needed for the City, how much it would cost, and how we can work with partners.***

The Council's Economic Development Work Group (CEDWG) is commencing a review of the City's marketing for economic development. A marketing memo was provided at the CEDWG meeting on November 1, 2010, and was sent to the entire Council. It is provided here as well.

As part of a new marketing effort, the City must first determine what it wants to achieve from an economic development program. Thus the first step in a marketing program is to revise and update the Economic Development Strategic Plan. Once this step is completed, the marketing plan can be developed and implemented. The costs for a marketing plan and its implementation can range from no cost to tens of thousands of dollars and more. The following excerpt from the marketing memo gives some idea of the range of costs for the development of the plan. From that plan, the marketing activities and their respective costs will be derived. Finally, it is expected that OED will involve the Bellevue Chamber, Meydenbauer Center, the Bellevue Downtown Association, and others in the development of the marketing plan. We expect that the marketing plan of the City and these organizations will be coordinated and complementary.

## MARKETING Bellevue for Economic Development

Marketing is communications for the purpose of generating business activity. For a City government, this can be critical to the success of overall City revenues and planning strategies.
In marketing, basically "what you say (or tell people you want) is what you get." Therefore, it is important to begin with five things:

- *Internal Discussion:* This is used to make sure everyone is on the same page about our goals, expectations (e.g., timelines, outcomes), and involvement of key partners. This usually includes one-on-one interviews (with City Council members, department directors, and other key leaders) and a facilitated discussion with the City Manager. Both the interviews and facilitation is conducted by a marketing consultant. The consultant will also review our existing marketing materials and messages.

- *Decision about Principal Goals:* What do we want to accomplish? For example, is it to recruit more companies? If so which type? What is our target audience(s)? And Why? This is the most important step because it will direct the rest of the marketing plan work.

- *Research:* Find out what the target audience(s) currently thinks and wants. Marketing professionals may call this work "the discovery process," "perception audits," "customer interviews," "focus groups" or a combination of those.

- *Analyze the Research*: What are the gaps between what we think we are saying and doing vs. what our customers (or target audience) thinks? Sometimes this is referred to as a SWOT analysis (strengths, weaknesses, opportunities, and threats). The resulting discussions will include questions like "Do we want to market the City's brand, or is it something more specific that we want to achieve?"

- *Develop an Action Plan, including Tools, Key Messages, and Performance Measurement*: When a messaging strategy is created, it is accompanied by plans, tools, tracking options, and metrics. Keys include having a clear objective, messaging that resonates with the consensus values and aspirations of customers and employees, and a process of learning from year-to-year. A tag line may be part of the plan, but it is not always needed. Tools can be anything from old fashioned print advertising and brochures to website and social media. Whatever tools are used, the result needs to be that the City speaks in a consistent, clear voice to its various customer target groups.

In Bellevue, the job of creating a good marketing program can be challenging, because Bellevue's economy is dynamic and complex and Bellevue's businesses have a global reach. It is also challenging because Bellevue is blessed with an entrepreneurial culture and many leaders.

Estimated budget:

- Internal discussion - $8,000 to $10,000
- Decision about Principal Goals - $2,000 to $5,000
- Research and Analysis - $20,000 to $30,000 (depends on scope of inquiry)
- Action Plan – cost to be determined based on prior steps and decisions

**Council Budget Study Session**
**Memory Bank/Follow-Up**
**Economic Growth & Competitiveness**
**November 22, 2010**

***3. How much does the City currently spend on lobbyists and trips to Washington DC, and can our current contract and trips provide what is needed to market the Bel-Red area for federal investment dollars?***

At the November 1, 2010 Council Study Session, Council asked how much we currently spend on lobbying and trips to Washington, DC. Bellevue has a single federal lobbying contract with Ball Janik, LLC. The contract amount for 2010 is $60,960. The scope of work for the existing contract covers a broad range of issues, including both policy and appropriations. A primary focus of lobbying efforts in the past 2-3 years has been to raise the level of understanding of what the Bel-Red plan is, how it meets the goals of the sustainable communities initiative, and what our capital/infrastructure needs are to achieve the plan. In addition, staff, Council, and lobbyist efforts have focused on seeking grant and appropriations funding for specific capital projects in the Bel-Red infrastructure plan. The Bel-Red plan has been well received and, due to previous efforts, the City is well positioned to seek grants particularly now that the City is moving forward with engineering and environmental work on specific projects. There would be potential to move up to a higher level of competitiveness for scarce federal dollars with increased lobbying dollars and activity focused solely on the Bel-Red area.

In 2010, Councilmembers made 2 trips to DC at a cost of approximately $4,867.78.

***4. Council asked OED to provide information about how to measure its successes.***

OED has spent the past five years searching for performance measures. Part Two of this response explores a large set of those measures. These will be further reviewed by Council's Economic Development Work Group (CEDWG) as part of the Economic Development Strategic Plan update. Identifying quantifiable measures for Economic Development (ED) activity is a challenge for all ED Agencies, except for those engaged in direct land development. We believe that the outcome of this effort will provide a starting point to address this challenge in Bellevue.

First, however, Part One of this response contains a list of OED business results and grants activities—a quantitative list of accomplishments.

**PART ONE: OED successes.** Benefits received from OED activities accrue in many areas. OED has been successful in recruiting, retaining, and expanding businesses in Bellevue. Positioning Bellevue as a place for international business has been established and is growing. Small business development programs have expanded. OED has helped commence the exploration of a tourism program in Bellevue. OED has refined its performance measures to include updated outputs and outcomes. OED also is engaged in developing initiatives for future activities.

Recruitments, Retentions, Expansions: The following is a selected list of companies and other organizations OED has helped in their decisions to locate in Bellevue, contributing to millions of square feet of space occupied and thousands of jobs created, relocated, and retained. Since 2006, OED has helped hundreds of businesses with information, site selection, permit processing, maps, demographics, taxes, business licenses, market data, tourism, and international trade among other support.

- DigiPen (site selection)
- HEI Hotels (site selection)
- Google (building location)
- Yahoo research center location—600 employees (tax issues)
- Captaris retention (permit help)
- Seattle Maserati/Ferrari building purchase (building location and zoning)
- Marriott Hotel location
- 1020 theater (financing work)
- Lucky Strike Lanes location
- Bellevue Square expansion
- Lincoln Square expansion
- Bank of America CBD site at NE 4th (demographic data)
- CarMax National car rental location
- Factoria area retail coffee store location

- eMagin expansion
- Microsoft expansion into Bellevue—2.6 million square feet of office space and 7,500 jobs (sign issues, demographic data)
- Amico senior housing project (site location and community outreach information)
- Eddie Bauer relocation—680 jobs (welcome program)
- Expedia retention—1,600 employees (tax information and information regarding community activities and the CBD; welcome program)
- Bravern retail leasing—at least 1,000 jobs (marketing and demographic data and promotional materials)
- Bungie Games (interactive media) relocation--110 jobs (tax data and basic information about Bellevue)
- George's Wine Shoppe retention—4 jobs (worked with George's on its relocation to Kelsey Creek Center)
- BoConcepts furniture location (zoning and location data)
- Motricity relocation from North Carolina (site selection and office location information)
- OTO Hotel location (information about local hotel market and locations)
- Glazer Camera store location (zoning and sign code information)
- Houston's Restaurant location (zoning information)
- Cbeyond (small business communications)--400 jobs (worked with this Atlanta company to locate its West Coast HQ and call center)
- Redmond tech company with 800 employees to CBD (site selection and basic data)
- eFinancial expansion (permits and demographic data)
- Bellevue Farmers Market (permits and expansion sites)
- 40 bed acute care rehab hospital (site selection and introductions)
- Uwajimaya (site selection and zoning data)
- Sonics arena (site selection and demographic data).

Much of this list resulted from the OED and City marketing of Bellevue as a great place to live and do business—*Fortune Small Business* designated Bellevue as the number one place to live and start a business.

As for promoting Bellevue as a primary location for international business, OED has worked with numerous groups and fostered many activities and events (see the attached list). Some of this has been in conjunction with our Sister City program. The resulting benefits include a proposed Indian general consulate, numerous businesses locating in Bellevue from other countries and others considering the same including the State Bank of India. OED facilitated the signing of two economic agreements with Dalian and Qingdao and a possible agreement with Macao, China which have resulted in increased discussions on trade development with Bellevue. It sometimes seems that Bellevue is better recognized in Asia than it is in the rest of the United States as result of OED efforts. Our work with the Mexican Ministry of the Economy resulted in TechBA Accelerator's northwest office being located here.

<u>Current Initiatives</u>: OED has a number of economic development initiatives in development. Two key ones include positioning Bellevue and the Eastside as a center for global health programs and businesses and jobs. We are also developing a major program to promote Bellevue in China through the use of various social media tools. OED continues to seek grants for brownfields clean up—two EPA grants for a total of $450,000 are being sought. OED is also seeking two grants totaling about $230,000 from the state to support international trade (we

received one of these for $157,000). OED will be seeking a $100,000 Genius Grant from the Gates Foundation to support the global health program (this grant has the potential in a subsequent year to grow to one million dollars). Finally, OED is deeply engaged in the planning and redevelopment of the commercial area in Newport Hills—working with PCD, the community, and several consultants.

**PART TWO: OED has several ways to measure its success.** Some of those are indicated above—grants, jobs, occupied space and assistance. OED uses a chart of measures that lists outcomes and outputs to show how well the City's economy is doing—not as well as in recent years, but still better than in 2002 and 2003. Let us note that the work of OED in building relationships, promoting the City, and partnering with other organizations will pay many dividends in future years. It is this long-term investing in relationships and marketing that will be OED's greatest legacy for Bellevue—even though it is extremely difficult to quantify.

Other measures can also be used and have been explored. See the following memo prepared by OED for its own use in 2007 that tries to determine how to quantify what is essentially an intangible activity.

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**Memory Bank/Follow-Up**
**Economic Growth & Competitiveness**
**November 22, 2010**

***OED Performance Measures—2007-2008*** (prepared in 2007)

How do we measure the performance of the OED? How do we set a baseline for those items that are not easily quantifiable? Here are some suggestions:

**This first set is the measures being recommended for OED.**

**Quantifiable outcomes—1st Set (ten items)**
**-increase in number of jobs—annual change**
**-increase in number of businesses—annual change**
**-increase in number of targeted businesses—annual change or percent share (need to monitor all business sectors)**
**-increase in business longevity—rolling ten year average or annual average**
**-increase in assessed value of commercial real estate—annual change**
**-maintain low commercial vacancy rate—annual rate and rate change**
**-increase in retail sales tax revenue—annual change and amount**
**-increase in business & occupation tax revenue—annual change and amount**
**-businesses engaged in international trade—annual change and number (need to develop the data base)**
**-economic impact of city budgets—with multiplier**
*[Note that most of the measures above look at economic, real estate, or tax data trends. None really measure the impact on Bellevue of OED's activities directly or even indirectly, although OED actions to fill office space could be reflected. Thus the economic cycles will positively or negatively affect these data trends regardless of OED efforts.]*
**-recruitment inquiries processed—annual number**
**-inquiries—all types—annual number**
*[These measure an OED activity—an output.]*

**Quantifiable outcomes—2nd Set—needs further research**
**-business reinvestment—annual increase**
**-income increase vis-à-vis local CPI—increase in percent**
**-sector change to meet economic diversity target—target percent of share**
**-jobs to housing units ratio—**
**-jobs to residents ratio—**
**-high income jobs as a ratio of total jobs/job creation in same pattern—increasing trend (but be careful of going too far)**
**-business satisfaction with City or City services (survey based) (could be done by geographic area)**
**-business rating of City efforts at business/job recruitment, retention, expansion, creation**
**-multiplier impacts of ED and City funding programs—Return On Investment, dollar ripple**
**-business longevity—bankruptcy v. new business creation (check Federal Court records)**

**Quantifiable outcomes—3rd Set—quality of life indicators**

These are the really big picture outcomes of economic development and measure how the community is doing. This presents the results of public and private funding of improving the community and individual well being.

a. The following set should also be monitored as it relates to specific work program deliverables.
   - -commencement and completion of specific plans (market plan and tourism plan)
   - -commencement and completion of specific projects
   - -increases and improvements in liaison and relationship work *[This is the bulk of OED's actual work activity and is intangible, vague, and difficult to measure.]*

b. This set includes outputs or measures of activity and while they should be monitored they do not really measure performance outcomes.
   - -outputs of activities such as the following:
     - -business visits for relocation purposes, number of calls made, inquiries handled, recruitments handled, retentions made, expansions facilitated, seminars presented, consultations made, and so on
   - -outcomes of quality of life factors
   - -benchmark measures against other jurisdictions
   - ***-private wealth creation—not sure how to measure this or collect data, most of which is proprietary***
   - ***-public revenue growth—easy to measure as either a real or a potential number***

c. This set deals with economic and quality of life benchmarks that in total give a good picture of how Bellevue's economy and livability are doing.
   - - local economic indicators (keyed to Bellevue if possible):
     - -housing starts
     - -average and median housing prices and rents
     - -local consumer price index
     - -average wages
     - -education levels of jobs
     - -availability of labor force
     - -quality of life indicators
     - -local interest rates
     - -local domestic product if available
     - -tourism activity
     - -convention center activity
     - -environmental quality
     - -transportation quality

**COB 2005 ED measures**:

- -% of businesses served that show an increase in total gross income the year following service
- -# of website visits to the GIS website
- -# of business "buddies" enlisted to mentor new clients
- -# of student intern teams placed with local businesses
- -# of ombudsman inquiries processed
- -# recruitment inquiries processed

*[the two above were added back as an annual activity count]*
-# of businesses attending the Economic Development Outreach programs

**Issues regarding performance measures—keep these in mind**

--outputs vs. outcomes
--how to measure/difficulty of measuring
--using correct or appropriate measure?
--what is the real outcome desired?
--how to really show the impact of OED work

**Impact on the economy:** As part of other ways to measure ED performance, we can also measure the impact of the City and its operations on the economy. Our General Fund, operating funds and capital funds budgets all contribute to the local and regional economies. These contributions and impacts can be measured both directly and indirectly. Typically, agencies use economic multipliers to show these impacts. Consequently, for every dollar the City spends, there are at least two additional dollars spent in the economy through the ripple effect. We can calculate the total economic impact of our budget. In addition, as we announce expenditures for capital projects and specific operational projects, the City should indicate the positive economic impacts of those projects in terms of jobs, businesses, public revenues, and the multiplier effects.

***5. How much local match should the City be prepared to contribute if the City is seeking $800 million in new federal grant funds for Bel-Red infrastructure?***

At the November 1, 2010 Council Study Session, Council asked about local match requirements for federal grant programs. Different federal programs have different match requirements. For some programs, like those within the Surface Transportation Program, a minimum match of 13.5% to 20% is required. For Appropriations requests, the match can be zero. In almost all cases, the more local match that is available, the more competitive the City will be in achieving the grants. To increase competitiveness, having a match approaching the 50% level is desirable.

***6. Council asked OED about foreign travel costs, both generally and as part of our Trade Development Alliance membership.***

**OED and City Foreign Travel Budgets**

OED has budgeted for foreign travel since 2007. The only overseas trip taken by OED staff was the one OED Director Bob Derrick made with Councilmember Lee in March 2008 to China. OED staff have taken no other foreign trips at City expense since March 2006, and none are expected during 2011 and 2012. Staff on private vacations to Asia have taken the opportunity to make contacts in countries that would benefit trade with Bellevue.

Council foreign travel is at the discretion of the Mayor and Council. Expenditures are made from the Council's travel budget. OED does not contribute to Council travel costs.

OED has funded staff travel as part of the Sister Cities staff exchanges. Each year, the City has sent two City staff to two of our Sister Cities. The cities alternate each year. At the same time, we host two staff from two of our Sister Cities. The costs for the City staff exchange travel and the costs of hosting the foreign staff is contained in the Sister Cities' budget administered by OED. In 2009 and 2010, the staff exchanges, both in-bound and out-bound, were canceled to save money. This was part of the City Manager's general control on out-of-state travel by staff at City expense. The 2011 and 2012 OED budgets continue this hold on the Sister City staff exchanges.

Bellevue is a member of the Trade Development Alliance (TDA). As a part of our membership, the City is entitled to one free trip with a TDA trade mission. This occurs on a rotating basis among the city, county, and port members. Bellevue is due to have a free TDA trip in 2011. TDA trips are not paid from our membership fee ($15,000 annually). Instead they are paid in the following manner as provided by TDA staff:

> TDA covers the trade mission costs of selected staff and elected officials by adding the cost to the delegate price. The extra amount on top of the trade mission cost is enough to budget for two staff and two elected officials to go without cost. Elected officials are selected on a rotating schedule. City of Bellevue and City of Tacoma are up for this rotation in 2011.

***7. Council suggested creation of a Blue Ribbon Panel on economic development.***

Council suggested that the City convene a Blue Ribbon Panel to explore new ideas for economic development in Bellevue. The panel would consist of local leaders, business people, and government officials and discuss a wide variety of options, ideas, alternatives, actions, etc. to better achieve a strong, stable, and sustaining economy in Bellevue. The process of the discussion and exploration and any forthcoming recommendations would be designed to embrace the entire community and its institutions. Some who deal with these efforts feel that the process could be as important as the ideas created.

Bellevue undertook a similar exercise in 1993. It was called the Bellevue Economic Summit. The process extended over several months with a number of half-day sessions, subcommittees, and a final report.

**Council Budget Study Session**
**Memory Bank/Follow-Up**
**Responsive Government**
**November 22, 2010**

***1. How could a 5% reduction in the Council budget be accomplished?***

At the November 8, 2010 Council Study Session Councilmembers discussed the possibility of further reductions to the Council budget. Should a 5% target be set for further reducing the Council budget, that would equate to an additional annual reduction of $34,082. The following background information is provided for your reference in determining what expenditures might be reduced, and in what amount.

The recommended City Council budget includes the following:

**Salaries:** **2011 - $143,400**
**2012 - $143,400**

Current Council salaries were established by Ordinance No. 5163, adopted September 20, 1999 on the recommendation of the Council Compensation Task Force which was appointed to provide an independent analysis of Councilmember responsibilities and compensation.

Per RCW 35A.13.040, because any increase or decrease in compensation attaching to Council office shall not be applicable to an incumbent Councilmember for the term of office then being served, no change in Council salaries can be executed for 2011. The effect of any salary change adopted before the next Council election would apply in 2012 to those Councilmembers standing for election in 2011 (Positions 1, 3, 5, and 7). It would not apply to Positions 2, 4, and 6 until the completion of the existing terms.

**Benefits:** **2011 - $116,559**
**2012 - $130,188**

Council benefits are set at the same level as other City employees, and include medical, dental, PERS (at state-established rates), MEBT (at established Social Security rate), and Workers and Unemployment Compensation.

**Car Allowance:** **2011 - $20,573**
**2012 - $20,573**

In 1992, Council by Ordinance determined to provide a per-month car allowance, for those who elect to receive it, in lieu of Councilmembers seeking actual reimbursement of auto-related travel expenses. Not only does this free Councilmembers from seeking regular reimbursements of actual auto-related expenses, but is also cost effective from the administrative standpoint. Over time, the amount of the car allowance has been adjusted,

and under the terms of Ordinance No. 5640 is adjusted each year based on the CPI. The current monthly car allowance is $244.92.

The State Auditor requires that there be a reasonable correlation between the car allowance and Councilmembers' reimbursable mileage for official travel. The City Attorney's Office has concluded that the car allowance does not constitute compensation, but rather reimbursement, and would not violate the prohibition against elected officials altering their pay during their term so long as the reimbursement amount is less costly than providing City-owned vehicle or at a rate less than or equal to the standard IRS mileage rate.

**Travel/Conference Attendance:** **2011 - $30,000**
**2012 - $30,000**

At recommendation of the Mayor, in preparation of the Preliminary Budget, Council travel was reduced by 25%, from $40,100 in 2010 to $30,000 in 2011 and 2012. Actual travel costs in 2008 totaled $45,900 and in 2009 totaled $35,100.

**City Sponsored Expenses:** **2011 - $13,000**
**2012 - $13,500**

This category includes costs associated with Council-related special events, including the Council Retreat and Council dinners on meeting nights.

**Cell Phones:** **2011 - $7,400**
**2012 - $7,500**

This category covers costs of monthly cell phone and data service (email/calendars, etc.)

**Supplies/Miscellaneous:** **2011 - $2,775**
**2012 - $2,775**

This category covers office supplies, postage, and other miscellaneous expenditures.

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In the context of reductions to the Council budget, the suggestion to reduce printing costs for Council packets was also raised. Although those costs have actually been managed in the City Clerk's Office budget, packet production costs are a direct result of Council activities.

As part of the business process improvement to automate production of the Council meeting packets, staff plan by year end to reduce the number of printed Council packets by more than 50%. Printed packets will no longer be provided to department directors and to some agencies; instead, those users will be asked to print pertinent packet sections or items from the City's web site.

Once the fully-automated packet has been established, staff will provide a pilot opportunity for Councilmembers to determine if they wish to receive an electronic packet or continue receiving a paper packet. At that point, the number of remaining printed packets will be further reduced.

Between these two actions, staff expects to achieve at least a $20,000 to $25,000 annual savings in printing costs by 2012.