



**Council Budget Study Session  
Memory Bank/Follow-Up  
September 27, 2010**

During the August 4, 2010 Council Budget Workshop, Council asked the following questions related to the 2011-2012 Budget and 2011-2017 CIP.

1. Council asked for an update on cost containment for 2010.
2. Council asked for opportunities for cost savings/outsourcing/etc.
3. Council asked if we had considered combining PCD and DSD.
4. Council asked if we looked at annual business license renewals.
5. Council asked for costs/revenues by fund/department and a comparison of 2010/2011.
6. Council asked what are costs for goods and services vs. for FTEs?
7. Council asked how much do we bid vs. how much do we procure?
8. Council asked to present recommendation information on one page and to tie back to 2010.
9. Council asked for information on medical cost increases and medical cost containment.
10. Council asked for information on the Fire Department "Light Force" and how often does a third call occur and create a service delay?
11. Council asked if we are using all of the Utility Tax on Water Revenue. Would a cut require us to reduce tax rates and therefore be revenue neutral?
12. Council asked where are the street lights that are proposed to be turned off?
13. Council asked if we really need to spend money on conservation efforts at this time since people are choosing to conserve.
14. Council asked where the full proposals are located.
15. Council asked what we spend annually for basic maintenance of the Parks and Community Centers and what reduction to this amount is included in with proposals?
16. Council asked if we've limited the hours at the Community Centers?
17. Council asked about the implication of cutting funding to special events and arts core. Does it impact viability? Would they go away?
18. Council asked staff to reconsider the Parking Kiosks and whether they pay for themselves.
19. Council asked where OED cost savings come from? What is the benefit we are receiving from this function?
20. Council asked what the long-term implications of the Police and Fire reductions.
21. Council asked why EHD costs Bellevue more than other jurisdictions like Redmond.
22. Council asked what is funded by the ESI proposal below the line.
23. Council asked if we could ask the Bellevue School District to fund part of the SROs.
24. Council asked for examples of programs that we'll no longer provide.
25. Council asked if there is a way to do sidewalks cheaper.
26. Council asked why the incentive zoning revenue was less.
27. Council asked what the following on the Parks Levy – what was the original commitment? What are we doing to fulfill the commitment? Would like to see Levy Projects, total costs, promised CIP match, etc.
28. Council asked for a study session on NEP.
29. Council asked for the appropriate uses of debt.
30. Council asked for proposed language for the CIP M&O policy.
31. Council asked about the widening of Bellevue Way.
32. Council asked if property values for the properties in the proposed LID area are increasing, will property owners be paying more in property taxes?





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1. *Council asked for an update on cost containment for 2010.*



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At the August 4, 2010 Budget Workshop, Council requested information as to the City's cost containment efforts for 2010. An update on cost containment for 2010 is included with the Budget Monitoring Report as of June 30, 2010 which is included in these packet materials in Tab 2 of this binder.





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2. *Council asked for opportunities for cost savings/outsourcing/etc.*



As part the City's cost containment efforts, staff have analyzed numerous opportunities to produce efficiencies, save costs, outsource services, bring services back in-house or take advantage of consulting support to reduce costs.

Council members have expressed interest in getting more insight on what we have done or considered doing relating to cost savings and efficiencies. At the August 4 Council workshop, some members asked about outsourcing, insourcing, consolidation of activities, hiring consultants to help achieve efficiencies and other actions that would reduce costs or improve services to stakeholders. In addition, Council asked about the LEAN/Six Sigma project.

In April 2010, the organization embarked on a new budget process called Budget One. Departments were introduced to the Budgeting for Outcome (BFO) concept earlier and by April, Results teams released their "purchasing strategies" to the organization. Included in these strategies for each of the seven priority outcomes, were instructions to identify efficiencies and innovations. Departments were specifically asked to include service delivery efficiencies in each proposal, to explain cost savings options considered, and to reflect the amount of cost savings.

Departments, Results Teams, and the Leadership Team had numerous discussions on efficiencies and costs savings throughout the BFO process. Results Teams scoured proposals. They asked numerous questions. The proposal review process was, perhaps, the most extensive budget review in the City's history. It was deliberate, incisive and at times controversial. Results Team leads provided the rationale and results of their teams' ranking to the Council and answered many questions during the August 4 Council Workshop.

At a high level, the following are some examples of the significant efforts we have taken or propose for the future regarding efficiencies and cost savings.

**Significant operational cost savings or efficiencies included in Round 2 proposals**

The materials for the August 4 Council Workshop contained a section (6.b Efficiency Measures) and provide a summary page and detailed description of the Round 2 recommendations by Results Teams and by the Leadership Team. These efficiencies and cost savings reflected outright cost reductions, level of service reductions, and reductions due to service demand changes. We show some examples below: (See the Council Workshop materials for a complete listing.)

- The City Clerk's Office recognized savings by automating contract processing which will save one position and about \$87,000 each year.



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- The Finance Department eliminated all vacant positions and 4 filled positions saving over \$780,000 annually.
  - By progressively converting the City's vehicle fleet from gasoline to hybrid, the Civic Services Department will save about \$226,000 over the biennial as well as reduce greenhouse gas emissions.
  - The Fire Department reduced administrative support to all of its divisions by eliminating 1.4 FTE positions and will identify business process improvements to allow for this reduction. The Fire Department will save about \$150,000 each year.
  - Due to \$40/hour prevailing wage labor rates, the Parks & Community Services Department will use contract dollars to create 5 FTE positions in Natural Area Management (Forest Management, Trails, and Streetscapes) and will save more than \$215,000 each year.
  - The Police Department plans to save \$200,000-\$300,000 each year by assessing its policies on overtime and emphasizing, essential only overtime training and shift-fill.
  - The Transportation Department will implement a 20% reduction to the Pavement Management program saving the City about \$1.8 million in 2001 due to very high residential street pavement ratings.
  - Street Sweeping will be reduced by 50% and 1 FTE. Residential streets will be swept annually rather than 2 to 3 times a year; arterial roadways will be swept every other month (previously monthly); and bike lanes will be swept monthly (previously twice a month)

**Cost savings and efficiencies considered, but not recommended**

Cost containment has been part of the City's culture for over two years. Like other cities around the nation, the recession and resulting economic volatility affecting City revenues has caused the City to slow spending each year since 2008. While numerous cost savings mechanisms have been implemented such as freezing and eliminating filled positions, or reducing M&O expenditures, there were also recommendations that were considered but not chosen. Although they may have been less expensive in some instances, they did not assure the level of quality important to the program or safety of personnel. Here are some examples:

- In the City Attorney's office, an outsourcing study looked at addressing liability claims activities. Study concluded that the City would expend over \$500,000 more than current expenditures to outsource this activity.
- The City Clerk's Office analyzed City Council and East Bellevue Community Council minutes writing function to determine if outsourcing was more cost effective. The analysis revealed that it would cost more.
- Civic Services considered combining parking enforcement contracts for the Bellevue Service Center with the Downtown on-street program managed by the Transportation Department. Consolidation was not pursued because enforcement in the public right-of-way has different service levels and requirements than enforcing in a "private" parking lot.
- The Finance Department issued an RFI for professional management of the City's Investment Portfolio. Twenty-three firms responded. The department concluded that outsourcing would be a net increase in costs and decided to keep the function in house.
- The Fire Department explored ambulance transport fees and the Results Team decided not to recommend it due to negative impact on the community.
- The Information Technology Department looked at three different leasing options to evaluate leasing personal computers (PCs) rather than buying them. The 4-year lease cost exceeded the purchasing option.



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- ITD also analyzed the marketplace for services in Software Development, IT Project Management, Multimedia Services, and Geographic Information Systems (GIS) expertise. In all four instances, the hourly rate was higher than the fully burdened staff rate.
- Parks evaluated whether additional Park's FTE conversions were warranted due to increased prevailing wage rates in general parks maintenance. Parks concluded that the prevailing wages for general park maintenance was still beneficial. They will continue to use contract labor for routine maintenance tasks.
- Neighborhood and Community Outreach in the Planning & Community Development Department looked at a reduction in hours at the Mini City Hall at Crossroads. Based on service demand Monday through Saturday, and the unique service provide to the community, reducing service hours was not in the community's best interest.

**Efficiencies/cost savings related to contract renegotiations, outsourcing, in-sourcing**

The Budget Planning Team (BPT) knew that the ranking process would be difficult for all the Results Teams and department staff as well. The Citywide purchasing strategies addressed the need to gain efficiencies and cost savings through collaboration and leveraging partnerships with other departments or external organizations. The Results Teams' discussions sought savings in contractual services and asked proposers to justify their contracts.

Here are some examples of efficiencies and cost savings related to contract negotiations, partnerships, and outsourcing.

- The City Attorney's Office is outsourcing a pilot project where contract prosecutors appear in court on all contested infractions. If a prosecutor is not present, judges often dismiss cases. This will result in additional revenue for the City.
- City Clerk and Information Technology negotiated a revised licensing and maintenance agreement with Oracle rather than using a third-party vendor and will initially save about \$38,000 in 2011 and \$80,000 in subsequent years.
- Civic Services looked at their custodial and security contracts. They split contracted work into smaller operations and facilitated bidding by more small local vendors. As a result, they reduced their contract costs and locked in a 4-year contract. They will save about \$30,000 each year.
- By in-sourcing AutoCAD and facility planning work -- along with reorganizing assignments -- the Facility Planning & Project Management function of Civic Services will save about \$100,000 each year.
- In the Development Services Department, review services will be done in-house, thereby reducing the need for outside professional services and save about \$300,000 annually.
- The Fire Department will transfer management of the City's ten fire facilities to the Civic Services Department. This efficiency will allow the Fire Department to eliminate a senior management position and save \$145,000 each year.
- The Information Technology Department will outsource two important functions (1) high-level technical administration; and (2) system software development. This will save \$260,000 each year and two FTEs.
- Planning & Community Development will replace outside printing costs with in-house printing services and electronic communication media and save about \$26,000 each year.



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- The Police Department will contract with Mercer Island Police Department for Lake Washington Marine Patrol services in lieu of the King County Sherriff's Department and save about \$25,000 annually.
  - Transportation will bring pavement management design "in-house" and save \$190,000 annually.

**Future efficiencies or cost savings that you are exploring and will consider during 2011 and beyond**

Budgeting for Outcomes does not end with the submission of a Preliminary Budget to the Council. The Responsive Government Results Team identified areas that needed attention and could not necessarily be resolved during this budget development process. These include:

- (1) a review of Administrative Support throughout the government;
- (2) evaluating the level and scope of fiscal analysis conducted in the City;
- (3) assessing how volunteer work is coordinated in the government; and
- (4) how communication services might be consolidated.

The Team also believed that Lean Six Sigma methodologies could be applied to Fleet and Communication Services to reap efficiencies and cost savings. BFO principles will continue during the budget implementation phase and departments are looking at a number of areas.

Here are some examples of future efficiencies and cost savings that departments are contemplating:

- The City Clerk plans to use Lean Six Sigma and ECM workflow tools to automate agenda packet review by year-end 2010.
- The City Clerk will also use Lean Six Sigma methodology and ECM workflow tools to automate the contract routing process by mid-year 2011 and the Accounts Payable process in early 2011.
- Civic Services will also use Lean Six Sigma methodology to streamline the vehicle acquisition process from developing specifications through upfit and customer delivery.
- Civic Services will use new fleet/fuel data system to assess fleet utilization, identify vehicles with high fuel consumption due to idle time, driving behavior etc. They will implement idle reduction technology, driver education and other best practices to conserve fuel.
- Utilities will explore the feasibility of performing more engineering design in house and potentially save \$200,000 annually
- A simplification of the Utilities Customer Billing System for City utilities accounts would yield about \$42,000 in annual cost savings (mostly in Finance, with some savings in Utilities and Service First)
- The Transportation Department will look at vegetation management from a multi departmental perspective to achieve efficiencies and reduce costs.

**Lean Six Sigma**

Lean Six Sigma is the principle process improvement methodology chosen by the One City Core Team to follow when addressing process improvement projects for the City of Bellevue. Lean Six Sigma is a combination of two process improvement methodologies that are complimentary to each other. Applied together – as Lean Six Sigma – they can achieve very positive results.



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Lean focuses on eliminating non-value added steps and activities to a process. Six Sigma targets the reduction of variation in a process. Lean asks are we working on the right activities. Six Sigma asks are we doing the right thing right the first time around and each subsequent time? Combined, they are a very powerful tool for achieving efficiencies, cost savings and consistently satisfied customers.

Lean Six Sigma maximizes customer value by achieving the fastest rate of improvement in customer satisfaction, cost, quality, process speed, and invested capital.

The fusion of Lean and Six Sigma improvement methods is required because:

- Lean cannot bring a process under statistical control
- Six Sigma alone cannot dramatically improve process speed or reduce invested capital
- Both enable the reduction of the cost of complexity

To date, 10 staff in four departments have completed initial Lean Six Sigma training. Two teams are now focused on two redesign projects on the heels of training that should enable them to use the skills learned and produce some good results for the City:

- Paperless Permitting
- Routing Council Packet

While the training focused on Lean methodology, our project work should demonstrate how well Lean and Six Sigma principles work together – especially where there is a process redesign involved. Very clearly, our projects reflected the blending of these methodologies to achieve the results needed for process improvement/redesign. Both project are still in development at this time and are using most of the data and recommendations from the process assessment work completed.

Clearly, the BFO experience the government has ensued has been transformational and has served the organization in its attempts to develop not simply a lower budget in 2011-2012, but also a budget that is sustainable over time.





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3. *Council asked if we had considered combining PCD and DSD.*



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Assessing the structure of the City's organization and how it can most effectively and efficiently support the vision, goals, and work of the City is a subject that receives ongoing consideration by the City Manager and departments. When key leadership positions become vacant, Council initiates major new initiatives, or when management strategies shift, the structure of the organization is considered when deciding how best to proceed.

In 2008 the Development Services Department (DSD) was formed as part of the strategy to sustain the principles and successes of the Development Services Initiative (DSI) focused on delivering quality, predictable, and coordinated development services to the community. This organizational change also created capacity in the Planning & Community Development Department (PCD) to support cross-departmental strategic initiatives and high priority projects. The purpose of these changes continues to be relevant as the city takes steps to plan for future growth, facilitate new development, and realize the benefits from the next economic cycle.





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4. Council asked if we looked at annual business license renewals.



Yes. The following discussion describes the City's current business license system and analyzes the potential for an annual/renewable general business license.

### Current Business License System

Bellevue is one of a handful of cities in Washington without an annual business license. Currently, Bellevue general business licenses are valid for the life of the business. Businesses register with the City only once, under a joint license application program with the state.

With the one-time registration, a business currently pays a \$15 application fee to the state and a \$30 general license fee to the City for a total registration fee of \$45. The City's \$30 fee produces approximately \$114,000 per year in revenue to the City depending on the number of new registrations each year.

### Annual License Renewal Consideration

As part of the budget process, staff evaluated annual business license renewals. As shown below, at a renewal rate of \$60 (plus a \$9 renewal application fee to the state), approximately an additional \$900,000 per year could be generated as a result of annual licensing.

#### Annual License Renewal Scenarios

<b>Business Fees:</b>	<b>\$90</b>	<b>\$60</b>	<b>\$30</b>
Renewal License Fee	\$90	\$60	\$30
Application Fee	\$ 9	\$ 9	\$ 9
<b>Total Fee</b>	<b>\$99</b>	<b>\$69</b>	<b>\$39</b>
<b>Revenue:</b>			
Renewals:			
Non-Filer (assumes 50% renewal)	13,127	13,127	13,127
Quarterly (assumes 90% renewal)	6,430	6,430	6,430
<b>Total Renewals</b>	<b>19,557</b>	<b>19,557</b>	<b>19,557</b>
License Fee Per Renewal	\$ 90	\$ 60	\$ 30
<b>Total Revenue</b>	<b>\$1,760,130</b>	<b>\$1,173,420</b>	<b>\$586,710</b>
<b>Expense: (assumes 1.0 new FTE for Tax Division):</b>			
Employee Salary (1.0, G22, Midpoint)	\$62,513	\$62,513	\$62,513
Employee Benefits	\$20,692	\$20,692	\$20,692
<b>Total Expense</b>	<b>\$83,205</b>	<b>\$83,205</b>	<b>\$83,205</b>
<b>Current Anticipated Revenue</b>	<b>\$190,000</b>	<b>\$190,000</b>	<b>\$190,000</b>
<b>Net New Revenue*:</b>	<b>\$1,486,925</b>	<b>\$900,215</b>	<b>\$313,505</b>

\* Total Revenue – Total Expense – Current Anticipated Revenue



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Some of the benefits of annual licensing are shown below:

- Improved business tax monitoring and enforcement;
- Improved land use and zoning compliance;
- Opportunity to create an annual business satisfaction survey;
- Opportunity to survey businesses regarding international trade, business development needs, and other business information; and
- Improved and more accurate business data for land use planning, transportation planning, economic development analysis and planning, GIS mapping, tax analysis and revenue forecasting.

Council may want to consider utilizing the additional revenue generated from annual licensing to fund some of the on-going and one-time programs and services which are currently below the funding line, such as those noted below.

	<b>Ongoing Two-Year Costs</b>	<b>One-Time Costs</b>	<b>Total*</b>
Finance Administration FTE	166,000		
Downtown Livability		280,000	
Neighborhood Shopping Centers		340,000	
TDM	200,000		
Downtown Transportatio Plan Update		220,000	
Special Events	135,000		
Tourism	80,000		
Bellevue Economic Partnership	20,000		
Bellevue Entrepreneur Center	20,000		
Other City Memberships	90,000		
	711,000	840,000	
Annualized Costs	355,500	420,000	<b>775,500</b>
*Annual revenue requirement in the biennium.			

### Cities Comparison

The proposed annual business license fee compares quite favorably with other nearby cities and those elsewhere in the state. The same is true with business taxes, fees and rates in other cities.



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**Business License Fee Comparison**

City	Initial Fee	Comments
Bellevue	\$30 flat fee	One-time fee Fee is adjusted by CPI No fee for additional locations
Issaquah	\$60 flat fee	Annual renewal (\$50 fee)
Kirkland	\$50 - \$100 base fee Plus \$100 per FTE	Annual renewal
Mercer Island	\$30 flat fee	Annual renewal
Redmond	\$90 per FTE \$90 minimum fee	Annual renewal
Seattle	\$45 - \$90 flat fee \$10 fee per additional branch	Annual renewal
Spokane	\$110 minimum fee \$110 fee per additional branch \$10-\$20 per person \$25 - \$90 business site evaluation fee for new locations/businesses	Annual renewal

**Tax Rates Comparison**

**Comparison of 2010 Gross Receipts B&O and Sales Tax Rates for Selected  
Washington Cities**

City	Retail B&O	Service B&O	Sales Tax - City Portion
<b>Bellevue</b>	<b>0.15%</b>	<b>0.15%</b>	<b>0.85%</b>
Issaquah	0.08%	0.10%	0.85%
Kirkland	None	None	0.85%
Mercer Island	0.10%	0.10%	0.85%
Redmond	None	None	0.85%
Renton	None	None	0.85%
Seattle	0.22%	0.42%	0.85%
Spokane	None	None	0.85%
Tacoma	0.15%	0.40%	0.85%
Vancouver	None	None	0.85%
<b>Average</b>	<b>0.14%</b>	<b>0.23%</b>	<b>0.85%</b>



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**Comparison of 2010 Utility and Property Tax Rates for Selected Washington Cities**

City	Natural			Telephone	Water	Sewer	Storm/		Property Tax Levy Rate
	Gas	Electric	Cell				Drainage	Garbage	
<b>Bellevue</b>	<b>5.00%</b>	<b>5.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>10.40%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>4.50%</b>	<b>1.06</b>
Issaquah	6.00%	6.00%	6.00%	6.00%	No	No	No	6.00%	1.35
Kirkland	6.00%	6.00%	6.00%	6.00%	7.50%	7.50%	7.50%	7.50%	1.29
Mercer Island	6.00%	6.00%	6.00%	6.00%	1.70%	No	No	7.00%	1.20
Redmond	6.00%	6.00%	6.00%	6.00%	No	No	No	6.00%	1.58
Renton	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	2.71
Seattle	6.00%	6.00%	6.00%	6.00%	15.54%	12.00%	11.50%	11.50%	2.92
Spokane	6.00%	6.00%	6.00%	6.00%	20.00%	20.00%	20.00%	20.00%	3.75
Tacoma	6.00%	6.00%	6.00%	6.00%	8.00%	8.00%	8.00%	8.00%	2.99
Vancouver	6.00%	6.00%	6.00%	6.00%	20.00%	20.00%	20.00%	20.00%	2.57
<b>Average</b>	<b>5.90%</b>	<b>5.90%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>11.14%</b>	<b>11.21%</b>	<b>11.14%</b>	<b>9.65%</b>	<b>2.14</b>

**Utility Rates Comparison**

**2010 Water Utility Monthly Bill Comparison for Selected Washington Cities**

City	Residential	Multi-Family	Commercial
<b>Bellevue</b>	<b>\$44.67</b>	<b>\$424.10</b>	<b>\$3,660.12</b>
Issaquah	\$54.05	\$516.55	\$5,005.42
Kirkland	\$50.79	\$527.57	\$5,113.28
Mercer Island	\$31.88	\$325.67	\$3,204.69
Redmond	\$44.32	\$291.32	\$2,652.00
Renton	\$31.36	\$262.62	\$2,529.24
Seattle	\$49.81	\$402.95	\$3,947.36
<b>Average</b>	<b>\$43.84</b>	<b>\$392.97</b>	<b>\$3,730.30</b>

**2010 Sewer Utility Monthly Bill Comparison for Selected Washington Cities**

City	Residential	Multi-Family	Commercial
<b>Bellevue</b>	<b>\$20.97</b>	<b>\$632.49</b>	<b>\$7,025.34</b>
Issaquah	\$18.01	\$644.73	\$6,431.73
Kirkland	\$29.83	\$789.90	\$7,920.37
Mercer Island	\$31.61	\$818.29	\$8,162.29
Redmond	\$12.32	\$567.11	\$5,627.81
Renton	\$16.82	\$633.34	\$6,310.54
Seattle	\$22.13	\$898.00	\$8,980.00
<b>Average</b>	<b>\$21.67</b>	<b>\$711.98</b>	<b>\$7,208.30</b>



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**2010 Storm & Surface Water Utility Monthly Bill Comparison for Selected Washington Cities**

<b>City</b>	<b>Residential</b>	<b>Multi-Family</b>	<b>Commercial</b>
<b>Bellevue</b>	<b>\$17.16</b>	<b>\$267.61</b>	<b>\$1,317.95</b>
Issaquah	\$14.08	\$619.52	\$3,069.44
Kirkland	\$15.21	\$410.70	\$2,038.31
Mercer Island	\$14.48	\$289.60	\$1,448.00
Redmond	\$16.56	\$900.86	\$4,610.30
Renton	\$7.41	\$136.82	\$684.10
Seattle	\$31.10	\$350.37	\$1,751.84
<b>Average</b>	<b>\$16.57</b>	<b>\$425.07</b>	<b>\$2,131.42</b>

**Proposed 2011 – 2012 Budget: Status of Tax and Utility Rates**

In the proposed 2011-2012 budget, based on current projections, there is little or no change in the following taxes and rates that affect Bellevue businesses.

	<b>Proposed Change in 2011</b>	<b>Proposed Change in 2012</b>
<b>Business and Occupation Tax Rates</b>		
Gross Receipts	No change	No change
Square Footage	Adjust to reflect any change in the cost of living	Adjust to reflect any change in the cost of living
<b>Utility Occupation Tax Rates</b>		
Natural Gas	No change	No change
Electric	No change	No change
Cellular	No change	No change
Telephone	No change	No change
Water	No change	No change
Sewer	No change	No change
Storm/Drainage	No change	No change
Garbage	No change	No change
<b>Property Tax Rate</b>		
City Levy	No change	Decrease by \$0.05 per \$1,000 AV
<b>Sales Tax Rate</b>		
City Portion	No change	No change



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**Utility Rates**

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Water <sup>1</sup>	Increase by 3.3%	Increase by 7.9%
Sewer <sup>2</sup>	Increase by 8.9%	Increase by 1.5%
Storm & Surface Water	Increase by 3.2%	Increase by 3.2%

Note 1: This includes a 1.9% and 5.6% pass-through Cascade increase for 2011 and 2012 respectively.

Note 2: The 2011 amount includes a 7.9% pass-through Metro increase.

**Proposed 2011-2012 Budget: Initial Business Registration Fee Increase**

The proposed 2011-2012 budget contains a proposed fee increase in the current one-time general business registration fee. The city fee increases by \$50, from \$30 to \$80, and generates approximately \$190,000 in additional revenue per year. If the annual business license fee is adopted instead, then this amount needs to be backed out for the 2011/2012 annual budgets.



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5. *Council asked for costs/revenues by fund/department and a comparison of 2010 to 2011.*



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At the August 4, 2010 Budget Workshop, Council requested a breakdown of costs/revenues by department and a comparison of 2010 to 2011. Crosswalks showing reconciliation of the outcome-based budget to the department budgets can be found in Tab 6 (Department Info) along with a comparison of the 2010 department-based budget to the 2011-2012 Budget.





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6. *Council asked what are costs for goods and services vs. for FTEs?*



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At the August 4, 2010 Budget Workshop, Council asked how much of the budget is spend on goods and services versus FTEs. A breakdown of FTEs versus other expenses by Outcome can be found in Tab 6 (Department Info) and a breakdown of FTEs versus other expenses by department.



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7. Council asked how much do we bid vs. how much do we procure?



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In order to put this response in proper perspective, it is useful information to present a portion of the City's current Purchasing & Contracting policies, the guiding principles used to develop those policies and the statutory authority which prescribes the value thresholds contained in the policies.

The following Guiding Principles were endorsed by the Bellevue City Council on October 14, 2002:

***“The process of selecting and managing contracts should be subject to the highest ethical standards and embody the value of stewardship of the public’s resources by ensuring that contracts provide the greatest attainable levels of both quality and value.”***

The following table shows the competitive process required for different contract types and the estimated value thereof. Note that for the response to this question, it is assumed that any competitive process is a “bid” which results in a contract, and when a competitive process is not required by the policy, the purchase transaction is a “procurement” which results in a PO issued to the vendor.



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Type of Contract	Estimated value up to \$5,000	Estimated value \$5,001 - \$35,000	Estimated value \$35,001 - \$200,000	Estimated value greater than \$300,000
Architect or Engineering Services	Competitive process is not required.	Review at least three Statement of Qualifications (SOQ's) from the A&E roster	Review at least five SOQ's from the A&E roster	1. Review at least five SOQ's from the A&E roster, or 2. Public notice of RFQ
Professional Consulting Services	Competitive process is not required.	Solicit proposals from at least three firms from the Professional Services Roster	Solicit proposals from at least five firms from the Professional Services Roster	Public notice of RFP/RFQ is required
Maintenance & Non-Professional Services	Competitive process is not required.	Solicit proposals from at least three firms from the General Services Roster	Solicit proposals from at least five firms from the General Services Roster	Public notice of RFP is required
Public Works	Competitive process is not required.	Solicit quotes from at least three vendors from the Small Works Roster	Solicit sealed bids from at least five firms from the Small Works Roster	Public notice and call for sealed bids is required
Material, Supplies & Equipment	Competitive process is not required.	Solicit quotes from at least three qualified suppliers	Public notice and call for sealed bids is required	Public notice and call for sealed bids is required

**Basis for Exceptions to the Selection Processes Described above:**

1. **Cooperative Purchasing Agreements** - Pursuant to BCC 4.28.030, the purchasing manager is authorized to enter into cooperative purchasing agreements with other public entities. Purchases made using cooperative purchasing agreements are exempt from the formal bid requirement listed above.
2. **Sole Source Purchases** - Items available only from a "sole source" as determined by the finance department and approved by the City Attorney are exempt from the formal bid requirement listed above.
3. **Unique Knowledge and/or Qualification** - When the contractor has unique knowledge or qualifications that can only be provided by this particular contractor, provided the circumstances are sufficiently documented and described.

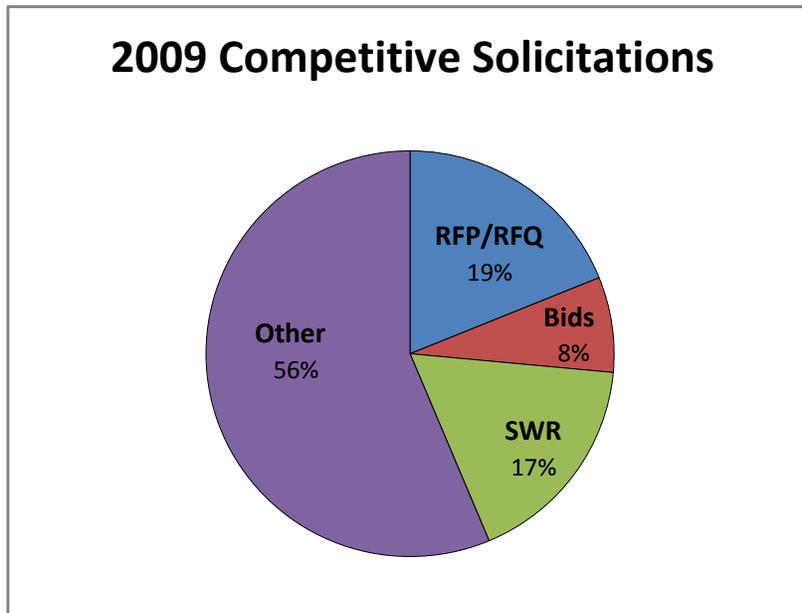
Statutory Authority related to purchasing includes:

1. Bellevue City Code Chapter 4.28
2. RCW 35A.40.210
3. RCW 35.22.620
4. RCW 39.04.155

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The following charts and graphs represent a summary of activity for calendar year 2009 for competitive versus procurement versus payment-type processes.

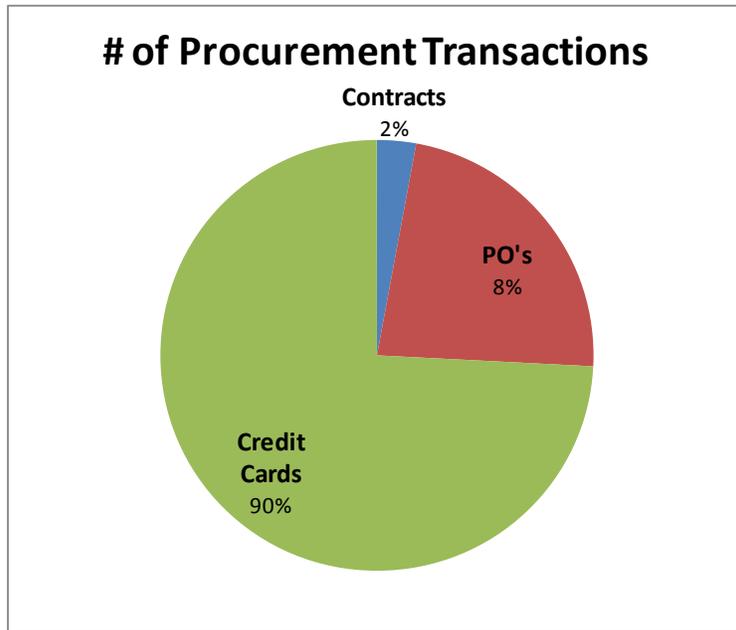
<b>Competitive Processes by Type</b>	<b>Count</b>
Request for Proposal/Qualification RFP/RFQ)	55
Formal Bids	22
Small Work Roster (public work) (SWR)	50
Other (general services roster)	164
<b>Total</b>	<b>291</b>



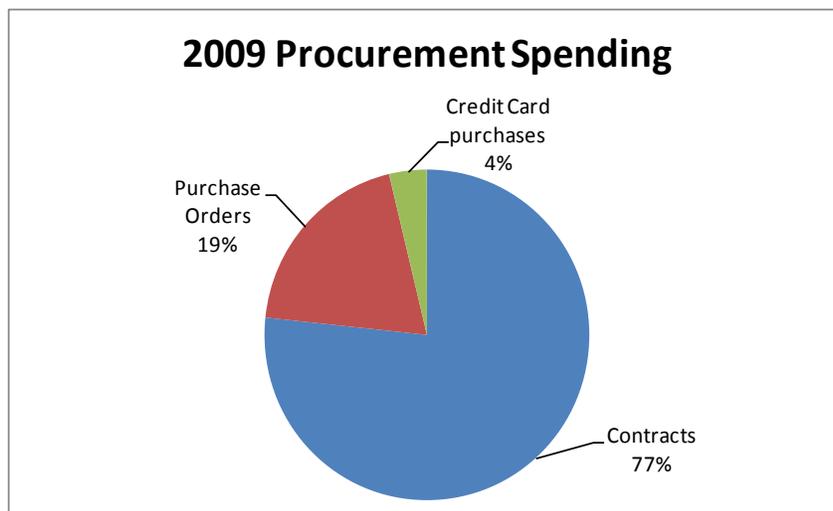


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Procurement Type	# of Transactions
Contracts	589
Purchase Orders (PO's)	4,637
Credit Cards	15,021



Payment Type	Amount
Contracts	\$72,000,000
Purchase Orders	\$18,400,000
Credit Card purchases	\$3,500,000





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8. *Council asked to present recommendation information on one page and to tie back to 2010.*



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A breakdown of expenses by personnel and other expenses for 2011 and 2012 compared to 2010 is provided at Tab 6 (Department Info).





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9. Council asked for information on medical cost increases and medical cost containment.



**A. Background**

Since 2002, the City of Bellevue has utilized the following strategies to contain costs within the self-insured medical and prescription drug plans:

- Premium sharing
- Plan design changes
- Vendor changes

**B. Premium Sharing**

In 2004, the City began shifting more of the premium costs to the employees. Since 2004, non-represented and represented non-LEOFF employees have increased their contributions for *employee only* coverage from 0% to 7% and for *dependent coverage* on average from 11% to 15%.

LEOFF members' premium contributions have remained unchanged: 0% for employee only and 10% for dependent coverage.

**C. Plan Design Changes**

Year	Plan Design Change	Cost Savings in Year of Implementation*
2004	Increased emergency room co-pay to \$50 and implemented \$250 hospital admission co-pay	\$134,960
2005	Introduced and increased co-pays for LEOFF employees and dependents	\$254,102
2011	<ul style="list-style-type: none"> <li>• Increase physician office visit co-pay from \$10 to \$15</li> <li>• Increase emergency room co-pay from \$50 to \$100</li> <li>• Limit chiropractic care &amp; physical therapy visits (bundled) to 30 visits per year</li> <li>• Consolidate Alternative Plan with Core Plan</li> <li>• Eliminate payments to Affordable Plan participants</li> <li>• Require dependents of LEOFF members to enroll in same medical plan as member</li> </ul>	\$380,000

\*All cost savings are on-going.



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**D. Vendor Changes**

Year	Vendor Change	Cost Savings in Year of Vendor Change
2003	Prescription drug vendor from PCN to RxAmerica	\$200,000
2004	Stop loss insurance vendor from ReliaStar to AIG	\$66,000
2005	Third party administrator from Zenith to Premera	\$500,000
2007	Prescription drug vendor from RxAmerica to Medco	\$199,266
2010	Life insurance vendor reduced rates	\$50,539 (9 months savings)
2011	Life insurance vendor reduced rates	\$67,106

*Cost savings in years 2005-2011 are on-going.*



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10. Council asked for information on the Fire Department “Light Force” and how often does a third call occur and create a service delay?



At the August 4, 2010 Budget Workshop, Council asked for clarification and additional information concerning the Fire Department’s Fire Suppression & EMS Budget proposal.

**Base Budget Proposal Summary**

The Department’s Base Fire Suppression and EMS Budget proposal identified cuts necessary to achieve a 3% savings over the previous budget cycle. Cost savings are achieved by reducing the staffing of an Aid Car to 12 hours per day during off-peak hours (8:00 p.m. – 8:00 a.m.) resulting in annual cost savings of \$400,000 and the elimination of eight Firefighter positions. Staffing for peak-hours would be done with overtime. Approximately 75% of the current calls for service for this unit occur during peak hours when the unit would be staffed.

The service level impacts of this budget reduction include:

- Reducing the number of on-duty staffing during the hours of 8:00 pm – 8:00 am from 40 to 38;
- Eliminating one (1) of thirteen (13) emergency response resources from 8 pm – 8 am; and
- Delays in emergency response times during non-peak hours.

While properly trained and equipped personnel are critical for dealing effectively with emergency situations, personnel must arrive promptly at an emergency to maximize positive outcomes. Delays in total response times generally result in higher property loss, lower cardiac survival rates and greater risk of fire fatalities.

Major factors influencing emergency response times are number of response units, traffic and simultaneous incidents in the same geographical area. When the response units from one station are already on an emergency incident, units from another station are sent to the subsequent incidents. The chart below shows the number of times this has occurred in the Downtown area in 2009 and 2010 (January – June).

<b>Downtown Bellevue Incidents</b>	<b>2009</b>	<b>2010 Jan - Jun</b>
Total Fire and EMS Incidents	1,378	680
Incidents where units from Station 1 were not available	97	40
% of Incidents	7.0%	5.9%



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Alternate Budget Proposals

As part of the Budget One process, the Department was asked to submit additional budget reductions for Fire Suppression and EMS beyond those included in our base budget proposal. *At this time, there are no further reductions recommended to this program for 2011-2012.*

If the City's financial situation worsens, it may be necessary to make additional cuts to public safety. The next level of reduction for the Fire Department would be to eliminate one (1) of thirteen (13) emergency response resources entirely (24/7). This reduction could be accomplished by eliminating an Aid Car entirely, or eliminating the ladder truck at Fire Station 1 (Ladder 1), and reconfigure existing apparatus to reconstitute a Lightforce. This additional reduction would result in additional cost savings of \$390,000 per year.

*11. Council asked if we are using all of the utility tax on water revenue associated with providing fire protection capacity. Is a reduction in the water tax rate necessary to remain revenue neutral?*



In 2010, the cost of fire flow capacity was shifted from the Water Utility Fund to the General Fund based on a Washington State Supreme Court ruling determining that these costs were appropriately paid with general tax revenues. The Council removed the cost of fire protection capacity from the water rate and enacted a corresponding 5.4% increase in the City's utility tax on water to fund Bellevue's share of these costs, and the reduction of approximately \$100,000 in General Fund utility tax revenues caused by the corresponding decrease in Water service charges (effective January 1, 2010).

The following table displays the City's projected water utility tax collections in 2011 and 2012 resulting from the 5.4% increase. As indicated below, the projected tax revenue for 2011 and 2012 falls short of the cost of providing fire protection capacity and lost water utility tax revenue.

Water Tax generated from 5.4% Tax Rate Increase	\$ 1,728,000	\$ 1,847,942
Proposed Fire Flow Costs	(1,769,957)	(1,833,013)
Lost Water Utility Tax revenue	(95,578)	(98,983)
Surplus / (Deficit) Revenue	\$ (137,535)	\$ (84,054)

Consequently, no tax rate reduction is required at this time. Staff will continue to assess the revenue neutrality of this transaction at each budget update.





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12. Council asked where are the street lights that are proposed to be turned off?



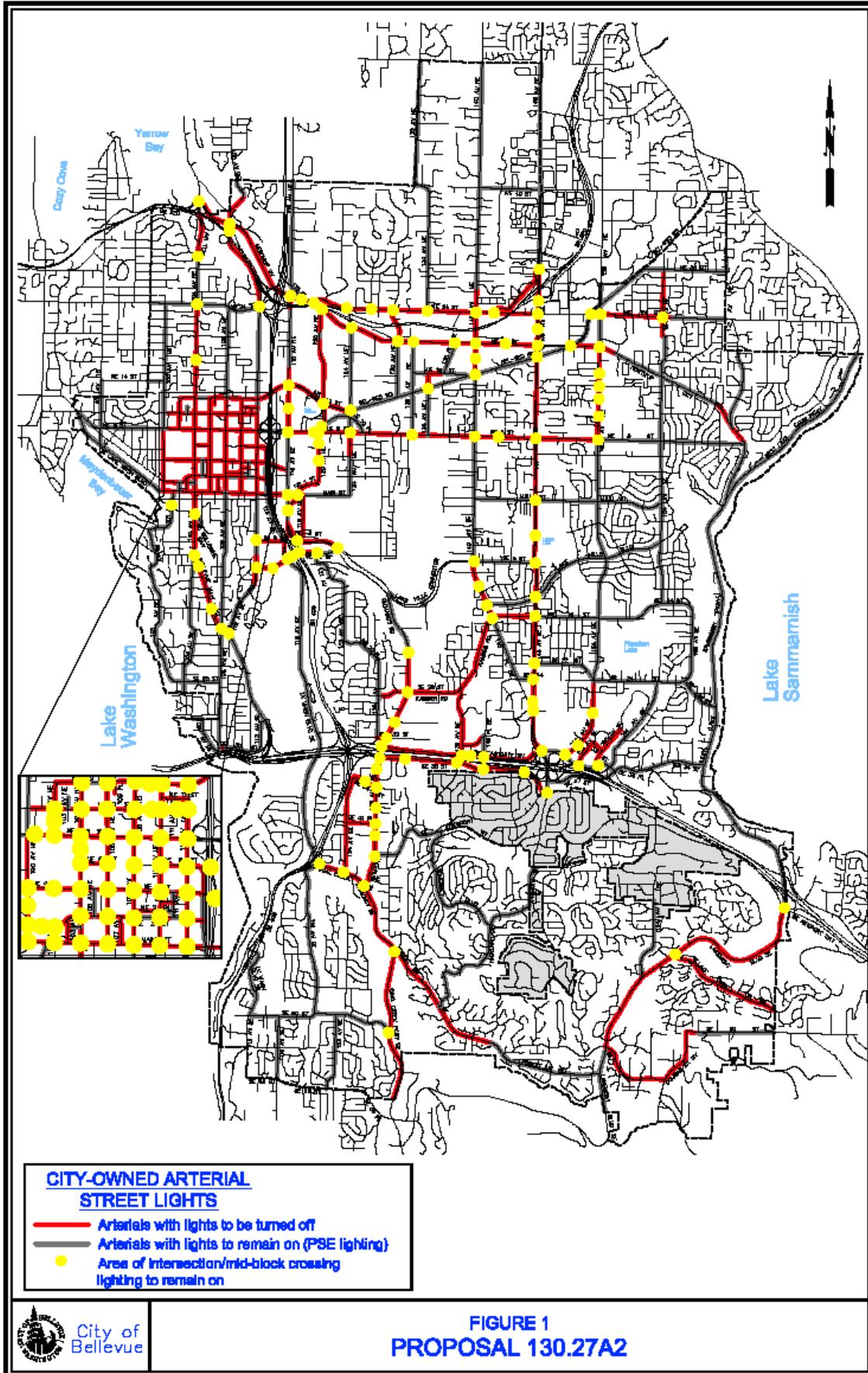
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The Street light proposal currently being recommended includes two decreases to the current program:

1. Eliminate one of the two FTEs so aerial street light maintenance will be accomplished mainly during a three-month period each year through hiring a temporary employee to form the two person crew needed to perform aerial street light maintenance. (The two year savings is \$144,000.)
2. Turning off approximately 1,400 mid-block street lights on arterials. Street lights that would NOT be turned off include lights at signalized intersections, lights near the intersection of an arterial street and unsignalized public street intersections, lights at mid-block pedestrian crossings, and residential street lights. The attached map shows the impacted lights. (The two year savings is \$200,000.)

These two reductions are mutually exclusive, that is, either one could be taken individually or both as a package. The latter represents the current proposal.

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*13. Council asked if we really need to spend money on conservation efforts at this time since people are choosing to conserve?*




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### **Introduction**

Conserving water resources to ensure an adequate supply of clean, safe drinking water into the future is critical to human health, the City's continued economic viability, and the sustainability of both the local and global environment. The City leverages resources by collaborating with Cascade Water Alliance (Cascade) and other partners to provide public education, outreach, and technical assistance to encourage the wise use of water and elimination of waste in order to meet the City's adopted water conservation goal.

### **Background**

The City's water conservation program is driven by three primary factors: 1) water conservation is mandated; 2) water conservation makes financial sense; and, 3) water conservation encourages resource stewardship.

### Mandates

The primary mandates for water conservation are:

- Washington State Department of Health Water Use Efficiency Rule, which requires the City to establish a water conservation goal every six years, and report progress towards the goal annually.
- Cascade Interlocal Contract, which requires the City to participate in Cascade's mandatory water conservation program to reduce both base and peak season water use.
- Cascade Transmission Supply Plan (TSP), which is required by the Department of Health to be prepared and submitted every six years. The TSP addresses water supply and transmission needs, and looks to water conservation efforts as a way to reduce future water demand.

Other drivers for conservation include the City's Comprehensive Plan goals and policies, the City's Water Comprehensive Plan and the Environmental Stewardship Initiative (ESI) Strategic Plan.

### Smart Finances

A water conservation program is a smart financial decision. The cost of the conservation program is less than the marginal cost of developing new water supply. Estimates based on what Cascade members have achieved in the first three years of efforts to meet Cascade's six year conservation goal show that 1.0 million gallons per day (mgd) of water savings can be achieved with roughly a \$3.0 million conservation investment. In comparison, Cascade's work in updating its TSP shows that development of new water supply would cost between \$4 and \$10million per mgd. Demand reductions can further save money by delaying regional supply development. Water conservation programs also help customers control their water bills, and many measures can lower wastewater and energy costs. Rebate programs on the installation of



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water-efficient washers, toilets and irrigation systems provide another savings opportunity to customers.

### Resource Stewardship

Water conservation programs encourage resource stewardship by making the most of the water we have. By promoting the wise use of water, the City's water conservation efforts help to ensure an adequate water supply for environmental and economic development needs, and that there is sufficient water in streams, critical to ecosystems that rely on adequate stream flows. Internal City efforts to conserve serve as a role-model in the water conservation arena and demonstrate the City's commitment to the practices the City encourages local residents and business to adopt. Reducing water use also helps the City lower its own energy use since the less water needing to be pumped through the City's pump stations, the less energy needed to run those pump stations, cutting green house gas emissions.

Public outreach and education programs increase participation in water conservation activities. Customers gain a sense that they are directly involved in environmental stewardship by understanding the impact water use has on the environment. Providing opportunities to volunteer in conservation efforts increases community involvement and support of the conservation effort, and builds community enthusiasm for resource stewardship.

### **Program Description**

Without an adequate clean, safe drinking water supply, neither the City's economic prosperity nor its high quality of life can be sustained into the future. In compliance with state requirements and under the City's agreement with Cascade, the City Council adopted its first six-year water conservation savings goal in 2007. The City's water conservation goal is to save 355,000 gallons per day (gpd) by the end of the six-year (2008-2013) period, an average of 59,000 gpd of new water savings each year. The City is annually required to report on progress towards the goal, and the goal must be re-established at a minimum of every six years.

The goal is supported by the City's 2008-2013 Water Conservation Program, which is comprehensive and contains both regional and local elements. The City manages numerous water conservation programs offered through Cascade, including clothes washer and irrigation system upgrade rebates; toilet, urinal, pre-rinse spray head, showerhead and faucet aerator replacements; irrigation system audits; and leak detection dye strip and water conservation kit distributions. Local programs complement regional efforts, focusing on educating youth, reducing peak summer water use, and fostering participation in regional programs. Innovative and creative youth education programs reach approximately 4,500 students annually through a coordinated effort with the Bellevue School District. The award-winning Waterwise Demonstration Garden, situated in the heart of the Bellevue Botanical Garden, educates the community about landscape water conservation. Seasonal natural yard care classes, displays, and how-to resources are available throughout the year. In 2009, the classes reached approximately 700 homeowners and thousands of visitors to the demonstration garden. Community volunteers donate approximately 600 hours each year, working in the Waterwise Garden while learning more about waterwise plants and practices.

While most elements of the water conservation program are rate-funded, some funding comes from grants, including the Department of Ecology Coordinated Prevention Grant, a two-year grant where Ecology returns funds collected from City customers to be used for various programs, such as Bellevue's natural yard care program. The programs are subject to review by the Council, Environmental Services Commission, and the granting agencies providing funds.



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**Benefits of Water Conservation Program**

In the short-term, conserving water saves money and helps customers control their utility bills. Many actions, such as using water wisely outdoors and taking shorter showers are free and easy to do. Other actions, such as buying a resource-efficient washing machine or installing a low-volume showerhead, cost money up-front, but will more than pay for themselves in just a few years. Reducing water use can also lower wastewater and energy costs. By promoting the wise use of water, the City helps to ensure an adequate supply for environmental and economic development needs. With an understanding of where water comes from, how it's treated and delivered, and how important having clean, safe water is to our public health, economy, and quality of life, customers gain an appreciation for the value of the water they drink. When customers value the resource, they are more likely to conserve and protect it and support rate increases needed to maintain water infrastructure for future generations.



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14. *Council asked where the full proposals are located.*



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A complete copy of all of the final operating and capital proposals has been included on a CD as part of the September 27, 2010 Council Workshop packet to make them more easily accessible.





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*15. Council asked what we spend annually for basic maintenance of the Parks and Community Centers and what reduction to this amount is included in with proposals?*



On August 4, Council asked what do we spend annually for basic maintenance of Parks and Community Centers? What was the reduction to this amount with proposals?

The information requested is summarized in the table below. Maintenance of the five community centers averages \$135,000 per site, and includes North Bellevue, Highland, South Bellevue, Northwest Arts Center, and Crossroads Community Centers. Parks Maintenance is the total of all other park maintenance budget proposals, including community parks, neighborhood parks, waterfront parks, ballfields, Bellevue Botanical Garden, etc.

	2011 Proposal	Reduction
Community Centers	\$ 679,954	\$53,329
Park Maintenance	\$7,274,274	\$562,277
Total	\$7,954,228	\$615,606

Within these two service areas, budget reductions total \$615,000, or approximately 8% of 2010 budget levels.

- The Parks & Community Services Department submitted maintenance budget reductions of approximately 5% of 2010 budget. If implemented, this will continue the Parks maintenance reductions achieved over the past two years on a permanent basis.
- Results Teams recommended additional budget cuts of approximately 3%, or \$150,000 per year on an ongoing basis. Impacts include: reducing janitorial services at Community Centers from seven to five days per week, closing restrooms and removing sani-cans from parks during lower demand times, reducing seasonal/temporary help staff at waterfront or other park sites, eliminating parking lot sweeping contracts, and reducing landscape maintenance at municipal facilities including City Hall.





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16. *Council asked if we've limited the hours at the Community Centers?*



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As part of the budget efficiency effort, Community Center operating hours for South Bellevue, North Bellevue, Highland, and Crossroads were evaluated for potential reductions in hours open to the public. As a result, budget proposals for these four community centers reflect a 12% reduction in operating hours in 2011-2012. In order to minimize impacts, most reductions will occur on weekends and evenings. Public access on weekend hours will be replaced, if possible, with private rentals. These reductions will impact drop-in activities, including social time for seniors at North Bellevue, fitness center hours at South Bellevue, and Saturday afternoon drop-in activities at Crossroads.

In addition, operating hours are also being reduced at the Bellevue Aquatics Center and the Northwest Arts Center. The Northwest Arts Center has been asked to develop a proposal that would generate an additional \$150,000 in annual revenue. If approved, this would dramatically reduce hours for programming and access for the public.

The proposed reductions in hours were developed to reduce the net operating cost of each facility, while trying to minimize impacts to resident participants and facility revenue. Further reductions in operational hours would impact core program service delivery and revenue collections.



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**Community Center Operating Hours  
2011 proposals**

<b>Facility</b>	<b>Mon-Thurs</b>	<b>Fri</b>	<b>Sat</b>	<b>Sun</b>	<b>Comments</b>
South Bellevue	6:00am 8:00pm	6:00am 8:00pm	8:00am 4:00pm	Closed Rentals	Reduction 1 hour per week Monday-Saturday and 5 hours per day on Sundays = 13 hours per week
North Bellevue	8:30am 9:00pm	8:30am 6:00pm	Closed Rentals	Closed Rentals	Hours reduced 1.5 per = 7.5 week and 3 hours per week on Friday Evening = 10.5 hours week
Highland	9:00am 9:00pm	9:00am 6:00pm	Closed Rentals	Closed Rentals	Closing on Saturday – reduced by 8 hours per week
Crossroads	9:00am- 8:00pm	9:00am 8:00pm	9:00am 1:00pm	Closed Rentals	Closed on Saturday 1-5pm— reduced by 4 hours week
<b>Total</b>					35.5 reduced operating hours per week-- total = 12.5% reduction



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17. Council asked about the implication of cutting funding to special events and arts core.  
Does it impact viability? Would they go away?



### **Special Events**

As part of the Budget One process, the Special Events Permitting & Sponsorship proposal requested continued funding for three components: (1) overtime staff support by police, fire, parks and transportation for a list of public and private special events; (2) cash sponsorship for the Bellevue Jazz Festival, Magic Season and the Live at Lunch Music Series managed by the Bellevue Downtown Association; and (3) funding for the 4<sup>th</sup> of July, and Kelsey Creek special events managed by the Parks & Community Services Department.

Due to limited funding, the IVVC Results Team recommended the elimination of BDA cash support. It is possible that those events receiving cash sponsorship from the City, such as the Bellevue Jazz Festival or Magic Season, could attract additional corporate sponsorship; however that remains speculative. Most likely, the events would be reduced in scope and scale. The original proposal included a 5% reduction in costs associated with the City's production of the Family 4<sup>th</sup> of July. The Kelsey Creek Farm Fair has been changed from a two-day event to a one-day event, resulting in savings in both staffing and supply costs. Further reductions in funding to these events would impact them significantly.

### **Arts Core**

The City's current \$110,000 annual allocation for *direct funding support* for arts falls into two categories: Eastside Arts Partnerships and Special Projects. The Arts Commission recommends roughly 80% (or \$88,000 annually) to occur through the Eastside Arts Partnerships. Eligible applicants include arts organizations and arts presenters providing all or a substantial portion of their programming in Bellevue. Some current partnerships include Ballet Bellevue, Bellevue Arts Museum, Bellevue Chamber Chorus, Bellevue Civic Theatre, Bellevue Opera, Bellevue Philharmonic Orchestra, Pacific Northwest Ballet, KidsQuest, and Music Works Northwest. City support comprises an important part of each organization's operations. For example, the City's support of \$3,000 to Bellevue Opera constitutes close to 30% of all the funds they raise. While it's difficult to tell if eliminating funding would close a number of these established groups, it would undoubtedly impact their operations and provide a long-term setback for the continued capacity building of arts in Bellevue. We do know that the City's partnership with Bellevue Philharmonic has been an integral part of keeping that organization operational as they recover financially. We also know that earlier this year, after receiving an attractive offer to move its productions to Renton, the Bellevue Civic Theater decided to stay in Bellevue. They told us City funding was a key part of their decision-making process.

The remaining 20% (or \$22,000 annually) is allocated through Special Projects, generally in the \$500-\$2,000 range, which support specific programs and projects in Bellevue by artists, arts organizations and presenters, and initiatives the Arts Commission recommends for implementing the Cultural Compass. For many arts groups, even a small amount of support is essential to their viability. Some are run by volunteers or with a single part-time staff person



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where it truly is a labor of love. Of the 17 Special Projects funded in 2010, eight of these would not have taken place without this support. For the Eastside Partnerships as well as the Special Projects, support from the City is the key to leveraging contributions and support from other regional and national sources, who look first to see if the local city has contributed. There would also be a direct reduction in the number of arts-related scholarships, fewer free and reduced-priced programs, and a potential impact to opportunities for arts-related volunteerism if the City were to step back with its support for these groups.

**Arts Core Background:** For the past 10 years, the Arts Core Program has included \$220,000 per budget cycle (\$110,000/year) in *direct funding support* for artists and arts groups. The IVCC Results Team recommended a \$110,000 reduction to this funding, with the provision for an additional \$110,000 reduction as part of their Reduced Purchasing Plan. This would leave funding at \$0. This support is provided to roughly 30 entities over the course of a year for Eastside Arts Partnerships and Special Projects (funding ranges from \$500 to \$16,000).

18. Council asked staff to reconsider the Parking Kiosks and whether they pay for themselves.



The Transportation Department is in the process of developing a new hybrid Parking Kiosk proposal. The following info presents the general revenue and expense forecast expected to be included in this proposal. Based on the assumptions denoted, we are projecting revenues to outpace expenditures in 2013. This is due to 2011 being dedicated to outreach and kiosk purchase/installation with kiosk operation, and therefore kiosk revenue does not start until 2012. From 2013 and beyond, the parking kiosk program pays for itself (both the upfront kiosk purchase/installation and ongoing operational costs), and generates excess revenue.

City of Bellevue Downtown Parking, Financial Forecast for Revised Hybrid Proposal, 8/31/2010

Revenue Assumptions	
Total number of stalls:	300
Days per year charged:	302
Per hour charge:	\$1.50
Hours charged per day:	10
Occupancy %:	80%
Payment Compliance:	90%

Cost Assumptions	
Total number of stations / kiosks:	55
New installation of kiosks (per kiosk):	\$10,000
Parking Enforcement Officers:	2
Parking Enforcement Officer (per year):	\$100,000
Maintenance (per kiosk, per year):	\$500
EERF replacement for kiosks (per year):	\$80,000
Admin fee for OH OR contract (per year):	\$160,000

**Revenue / Expense Forecast**

Year	2011	2012	2013	2014	2015	2016
<b>Annual Revenue</b>	<b>\$0</b>	<b>\$978,480</b>	<b>\$978,480</b>	<b>\$978,480</b>	<b>\$978,480</b>	<b>\$978,480</b>
Personnel	\$38,076	\$40,154	\$40,957	\$41,776	\$42,612	\$43,464
Start-up Cost	\$550,000					
Outreach	\$45,000					
Interim Enforcement	\$96,000					
Ongoing Costs	\$0	\$467,500	\$467,500	\$467,500	\$467,500	\$467,500
<b>Total Costs</b>	<b>\$729,076</b>	<b>\$507,654</b>	<b>\$508,457</b>	<b>\$509,276</b>	<b>\$510,112</b>	<b>\$510,964</b>
<b>Annual Net Income</b>	<b>(\$729,076)</b>	<b>\$470,826</b>	<b>\$470,023</b>	<b>\$469,204</b>	<b>\$468,368</b>	<b>\$467,516</b>
<b>Total Accrued Income</b>	<b>(\$729,076)</b>	<b>(\$258,250)</b>	<b>\$211,773</b>	<b>\$680,977</b>	<b>\$1,149,345</b>	<b>\$1,616,861</b>

**Notes:**

Personnel costs are for 0.3 FTE. Costs in 2012-2016 are inflated by 2%.





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*19. Council asked where does OED cost savings come from? What is the benefit we are receiving from this function?*



**A. Sources and Uses of OED 2011-2012 cost savings:** The sources of the OED cost savings are a 0.5 FTE reduction that supports the Sister City program (~\$138,000) and a ~\$118,000 reduction in OED M&O expenses. The latter includes the elimination of the entire 2009-2010 Sister City M&O budget of ~\$34,000.

The uses of these reductions will occur in two primary areas. The first is a reduced Sister City program with zero staff exchanges in-bound and out-bound for the next two budget years and with a significant reduction of Sister City expenses. The administrative staff support for Sister Cities will shift to the 1.0 FTE Senior Administrative Assistant in OED along with more efficient operating of the Sister City program.

The second set of program reductions is in the OED M&O expenses which will primarily come from significantly reduced or eliminated expenses for memberships, partnerships, sponsorships, consultants, services, events, marketing materials, studies, and other items and activities. The following organizations may be affected by this reduction in M&O expenses: enterpriseSeattle, Bellevue Economic Partnership, Bellevue Entrepreneur Center, Bellevue Chamber of Commerce, Bellevue Downtown Association, Meydenbauer Center, Puget Sound Regional Council, Prosperity Partnership, Washington Economic Development Association, Trade Development Alliance, and Seattle Sports Commission among others. Also affected will be funding for marketing, tourism, small business development programs, international business initiatives (Choose China, Initiative India, TechBA Mexican Accelerator), studies of the auto industry in Bellevue, demographic data development, and other economic development analysis including planning for neighborhood retail centers. Historically, OED has had about \$150,000 to \$180,000 per year for these groups and activities. Note that prior to 2006 several of the organizations were funded out of Miscellaneous Non-Departmental, and as the responsibility for these organizations shifted to OED beginning in 2006, the funding was not carried over—in other words the OED budget had to pick up these membership expenses.

**B. Benefits received from the OED activities:** 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: Here is a selected list of companies and other organizations OED has helped aid their decisions to be in Bellevue—with the benefit of 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, international



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trade among other help. DigiPen (site selection), HEI Hotels, (site selection), Google (building location), Yahoo research center location—600 employees, 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 4<sup>th</sup> (demographic data), CarMax National car rental location, Factoria area retail coffee store location, eMagin expansion, Microsoft expansion into Bellevue—1.6 million square feet of office space (sign issues, demographic data), Bravern retail leasing (demographic data, facilitation), Children's Hospital property sale (aided in site location and permit processing advice), Amico senior housing project (gave 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), Bravern retail leasing—at least 750 jobs (marketing 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), Uwagimaya (site selection and zoning data), Sonics area (site selection and demographic data). Much of this 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, 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. Our work with the Mexican Ministry of the Economy resulted in TechBA Accelerator northwest office being located here.

Recognizing that over 60% of the businesses in Bellevue are small businesses (under 100 employees), that over 60% of the employees in Bellevue work for small businesses and that over 60% of business growth comes from small business, OED has supported and funded a number small business development programs. These include the Bellevue Entrepreneur Center, Hot 100 Business Acceleration Program, Bellevue Entrepreneur Network, eGov Alliance procurement program, international trade business development, numerous seminars and training programs for small business and international business, foreign trade missions, PTAC state procurement program, and start up materials for restaurants, among others. The benefits include healthier businesses better able to withstand economic cycles, businesses expanding their trade of goods and services to other countries, and Bellevue brand recognition nationally, internationally and here in this region. Bellevue has emerged as a major local government player in this region in the promotion of international business.



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Tourism marketing in Bellevue has over the past seven or eight years focused on Meydenbauer Center and retail shopping (Bellevue Collection and The Bravern). OED along with Meydenbauer Center initiated a reexamination of whether and how tourism marketing of Bellevue could occur. A program is being developed at Meydenbauer Center (with an advisory group composed of city representatives, Expedia, hotels, Kemper Development, the Bravern, Bellevue Chamber, BDA and other groups) to expand the tourism marketing of Bellevue beyond just hotel room nights associated with conventions. As the program is put fully into place and Bellevue is better placed on the tourism map, we can expect an increase in tourism spending here for hotel rooms, restaurants, entertainment, culture, shopping and other activities.

Current initiatives—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. 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.

OED has several ways to measure its success. Some of those are indicated above. OED has a chart of measures that is attached which lists outcomes and outputs that 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.



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**OED--International Business Program  
Accomplishments**

**China: Choose China Program**

- Dalian economic agreement 2008
- Qingdao economic agreement 2010
- China trade mission in 2008
- Kiloboat office opened here
- WTE business trade mission
- Wagstaff sales office referral to Qingdao
- China Access trade seminars
- WTE China trade seminars
- Manny Menendez China trade seminars
- Greater Chinese Chamber of Commerce China trade seminars

**India: Initiative India Program**

- Gandhi statue location
- Indian General Consulate location decision
- State Bank of India decision to locate to Washington state and headquarter state operations in Bellevue
- India Day celebration at Crossroads (August 2010) first annual event
- India cultural differences workshops for law firms, HR directors, and others
- Decision by People Tech Group (HR systems vendor to Microsoft, Expedia, and others) to relocate to downtown Bellevue 2010
- Help given to Boeing, Microsoft and WIPRO on access to Indian government officials.
- Export/business deals with Bellevue companies in I.T. solutions, mobile data, health care information/global health, clean tech, aerospace, and transportation sectors, including T-Mobile, Pacific Bioscience Laboratories, Talyst, Ocular Instruments, Merge Healthcare Technologies, Bsquare, TranSenda International, Edifecs and many deals for companies outside of Bellevue that then may need legal, financial and insurance services from Bellevue firms
- Expanded curriculum and partnership between Bellevue College and UW Bothell to meet demand for training in health care/global health fields, focusing on nursing, lab tech, and I.T. support.

**Japan:**

- Japanese Business Association relocation
- Pacific Software expansion and retention
- Japan-America Society events in Bellevue
- Dinner for Consul General of Japan Tanaka
- 40<sup>th</sup> Anniversary Sister City Relationship with Yao event

**Korea:**

- Korea General Consul and Korea Business Association

**Mexico:**

- TechBA Accelerator location in Bellevue



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OED Table of Economic Indicators									
Indicator	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>1</b> Number of covered jobs	119,696	110,348	111,186	109,053	111,914	118,597	124,002	128,330	121,144
<b>a</b> Total jobs in Bellevue	131,655	123,107	124,442	123,022	126,759	134,013	139,328	142,340	133,915
Annual rate of change--%		-6.49%	1.08%	-1.14%	3.04%	5.72%	3.97%	2.16%	-5.92%
<b>b</b> Unemployment rate of Bellevue residents	4.8%	5.8%	5.8%	4.9%	4.0%	3.6%	3.3%	3.9%	6.7%
<b>2</b> Targeted business sector --jobs									
<b>a</b> FIRE--covered jobs	12,274	11,350	12,131	12,739	12,519	13,908	14,078	13,411	12,072
<b>b</b> FIRE--share of covered jobs	10.3%	10.3%	10.9%	11.7%	11.2%	11.7%	11.4%	10.5%	10.0%
<b>c</b> Services--covered jobs	64,693	58,466	58,854	57,217	59,471	62,789	68,120	71,883	68,796
<b>d</b> Services--share of covered jobs	54.0%	53.0%	52.9%	52.5%	53.1%	52.9%	54.9%	56.0%	56.8%
<b>e</b> High tech--covered jobs	21,763	22,836	21,758	17,806	17,254	16,406	17,370	18,537	23,147
<b>f</b> High tech--share of covered jobs	18.2%	20.7%	19.6%	16.3%	15.4%	13.8%	14.0%	14.4%	19.1%
<b>3</b> Active taxpayer businesses	20,971	21,844	22,276	23,146	24,003	26,343	28,993	31,443	32,593
<b>4</b> New business registrations / year	2,275	2,782	2,470	2,660	2,700	3,914	4,646	4,205	3,861
<b>5</b> B&O tax revenues \$\$	19,674,021	17,758,081	17,467,334	20,421,517	22,238,326	27,060,591	30,406,238	28,705,001	\$25,199,162
<b>a</b> Annual rate of change--%		-9.74%	-1.64%	16.91%	8.90%	21.68%	12.36%	-5.60%	-12.21%
<b>6</b> Sales tax revenues \$\$	38,445,267	37,226,265	36,255,634	37,173,970	42,057,601	45,359,978	52,869,188	50,415,828	42,765,803
<b>a</b> Annual rate of change--%		-3.17%	-2.61%	2.53%	13.14%	7.85%	16.55%	-4.64%	-15.17%
<b>7</b> Lodging tax revenues \$\$	4,356,415	3,762,155	3,848,093	3,916,236	4,299,422	5,839,242	6,647,367	6,723,930	5,331,936
<b>a</b> Annual rate of change--%		-13.64%	2.28%	1.77%	9.78%	35.81%	13.84%	1.15%	-20.70%
<b>8</b> Commercial assessed value \$\$	5,545,479,211	6,067,102,776	5,832,417,519	6,052,288,529	6,203,247,298	7,061,052,214	8,045,834,247	11,115,621,700	\$14,161,701,008
<b>9</b> Downtown office vacancy rate--%	21.2%	24.3%	20.8%	11.1%	9.1%	5.4%	6.0%	10.9%	15.5%
<b>10</b> Economic impact of city budget: using a 2x multiplier									
<b>a</b> total city budget \$\$	256,674,838	238,224,076	260,290,895	244,641,463	343,025,889	260,577,883	303,644,903	334,638,737	409,207,402
<b>b</b> economic impact \$\$	513,349,676	476,448,152	520,581,790	489,282,926	686,051,778	521,155,766	607,289,806	669,277,474	818,414,804
<b>11</b> OED activities									
<b>a</b> Inquiries						183	332	420	
<b>b</b> Retention & recruitment contacts					50	53	87	125	
<b>c</b> Marketing packets sent out							497	1,080	
<b>NOTES (keyed to item number on the chart)</b>									
<b>1a</b> Source: PSRC. Covered jobs are those covered by state unemployment insurance program. Total jobs tend to be 10 to 15 percent higher than covered jobs. <b>Total jobs indicates business expansion and contraction and shows generally how the economy is doing.</b>									
<b>b</b> Source: US Bureau of Labor Statistics. The unemployment rate is the residence based ratio of unemployed to the civilian labor force expressed as a percent. <b>Unemployment rates indicate the health of the economy.</b>									
<b>2</b> Source: PSRC with analysis by City of Bellevue Department of Planning and Community Development. Covered jobs are those covered by state unemployment insurance program as of March of the stated year. Total jobs tend to be 10 to 15 percent higher than covered jobs. The FIRE sector include finance, insurance, and real estate. Note, PSRC revised employment estimates in 2008, and our definition of High-Tech industries was revised in 2010. All previous years' estimates were adjusted. <b>The City is targeting these three sectors in order to attract businesses. The jobs numbers are one measure showing the growth in these sectors.</b>									
<b>3</b> Source: City of Bellevue Finance Dept., Tax Division. A portion of the increase in new business registrations in 2006 and 2007 is related to implementation of a more effective system for identifying and educating businesses who may need to register with the City. <b>This is another indicator of the growth of the economy.</b>									
<b>4</b> Source: City of Bellevue Finance Dept., Tax Division. Given that the City does not require businesses to renew their business license annually, some of the increase in the number of business registrations may reflect an accumulation of registrants for businesses that have actually closed or otherwise ceased operations in Bellevue. <b>This is another indicator of the growth of the economy.</b>									
<b>5</b> Source: City of Bellevue Finance Department, Budget Office. Dollars not adjusted for inflation. *Note in 2008, the City's finance department switched to modified accrual budgeting to make accounting and budgeting consistent. The City's books were officially closed at the end of March 2009. Therefore, the revenue figure for 2008 represents revenue generated for the period starting in April 2008 through March 2009. <b>B&amp;O tax receipts show how well the commercial sector of the economy is doing.</b>									
<b>6</b> Source: City of Bellevue Finance Department, Budget Office. Dollars not adjusted for inflation. *Note in 2008, the City's finance department switched to modified accrual budgeting to make accounting and budgeting consistent. The City's books were officially closed at the end of March 2009. Therefore, revenue figures since 2008 represents revenues generated for the period starting in April through March of the following year. <b>Sales tax receipts indicate how well the retail sector is doing.</b>									
<b>7</b> Source: City of Bellevue Finance Department, Budget Office. Dollars not adjusted for inflation. *Note in 2008, the City's finance department switched to modified accrual budgeting to make accounting and budgeting consistent. The City's books were officially closed at the end of March 2009. Therefore, revenue figures since 2008 represents revenues generated for the period starting in April through March of the following year. <b>Lodging tax receipts show the growth in hotel rooms and hotel income. In Bellevue, hotel usage is primarily for businesses and not tourism.</b>									
<b>8</b> Source: City of Bellevue Finance Department, Budget Office. Dollars not adjusted for inflation.									





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20. Council asked what the long-term implications of the Police and Fire reductions are.



At the August 4, 2010 Budget Workshop, Council asked what are the long-term implications of the public safety budget reductions.

Police Department

The Police Department's reductions include the elimination of two motorcycle officers, two school resource officers, one community station officer, one administrative assistant, two records specialists, and one records supervisor.

The long-term implications of the motorcycle officer reduction will be felt the most. There will be fewer corrective contacts with the public, fewer infractions issued, less police visibility on Bellevue city streets, and fewer first responders available for emergency situations.

There should be a lesser long-term impact for the community station officer and the school resource officer reductions. The Transit Station will still be adequately covered by the Downtown Patrol officers, the City Hall station officer, and the Bicycle Patrol. The loss of a high school SRO will not make an impact as that high school is closed. The impact of the middle school resource officer will be difficult to predict, but the Department will attempt to maintain contact with the middle schools through its basic patrol services.

The reduction in Records staff means that Police Records will no longer operate on a 24/7 schedule. It will close between 2 am and 6 am Monday through Friday, and between 6 pm and 8 am Saturday and Sunday. The closure of Records means officers will not have the support staff available 24/7 as they have had in the past to provide information they need. They will have to wait until regular business hours. Also, there will be longer timeframes to complete assignments such as warrant and domestic violence order entry into the Police Records Management System (LERMS).

Fire Suppression & Emergency Medical Services

The current budget proposal, will reduce staffing of an Aid Car to 12 hours per day during off-peak hours (8 pm–8 am) resulting in annual cost savings of \$400,000 and the elimination of eight Firefighter positions. Staffing for peak-hours would be done with overtime. Approximately 75% of the current calls for service for this unit occur during peak hours when the unit would be staffed.



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The service level impacts of this budget reduction include:

- Reducing the number of on-duty staffing during the hours of 8 pm-8 am from 40 to 38;
- Eliminating one (1) of thirteen (13) emergency response resources from 8 pm-8 am; and
- Delays in emergency response times during non-peak hours.

While properly trained and equipped personnel are critical for dealing effectively with emergency situations, personnel must arrive promptly at an emergency to maximize positive outcomes. Delays in total response times generally result in higher property loss, lower cardiac survival rates and greater risk of fire fatalities.

The department has analyzed the calls for service throughout the service area and specifically in the central business district (CBD), and has concluded that a part-time Aid Unit, in combination with other emergency response units, would provide an appropriate level of service at this time. As the population density increases and call volumes in the CBD increase, full staffing for the Aid Unit should be reinstated.



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21. Council asked why EHD costs Bellevue more than other jurisdictions like Redmond?



At the August 4 budget retreat, Council asked: Why does EHD cost Bellevue more than other jurisdictions like Redmond?

The City of Bellevue adopted Ordinance 4952 authorizing the EHD program in December 1996. In December 2005, the City Council adopted Ordinance 5634, authorizing a Pre-Trial Release component to the EHD Program. The program is under the Chief of Police of Bellevue and is managed by the Probation Division Manager. Bellevue operates its own EHD program, contracting with BI, Inc. for monitoring equipment; the City of Redmond contracts with a private, for-profit company, Stay Home Monitoring, for their entire program.

In 2010, the Bellevue EHD program had 2.56 FTEs, an operating budget of \$285,000, and program revenues of \$90,000. All jail costs savings (approximately \$250,000 per year) are reflected in the Police budget. Since 1997, EHD has generated jail savings of \$5,000,000.

**Bellevue:**

- Operates its own program under the Chief of Police and managed by the Probation/EHD Division Manager.
- HB 1669 establishes a gross negligence standard of liability for misdemeanor services.
- The City of Bellevue is self-insured.
- Contracts with BI Incorporated for monitoring equipment and monitoring center services.
- With the approval of the Judges of King County District Court, Bellevue is available to all eligible offenders. Eligibility criteria are used to ensure the safety of the citizens of Bellevue:
  - All offenders are subject to a full criminal history background check
  - No violent felony offenses in criminal history
  - No Outstanding Warrants
  - Any sex offenses are reviewed on case by case basis
- Requires the participant to remain in their home, unless going to an authorized site.
- All offenders are subject to on demand Urinalysis and/or Breath testing.
- \$35 non-refundable application fee; \$20/day basic fee; \$23/day with Breathalyzer or TAD. Sliding scale for indigent participants. Will not deny based on inability to pay.
- Since 1997 has:
  - Saved approximately 76,000 maintenance beds (jail beds)
  - Saved the Bellevue Police Department approximately \$5,000,000 in jail costs
  - Served approximately 3400 participants
  - Generated revenue of approximately \$1,000,000



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**Redmond:**

- Contracts with Stay Home Monitoring.
- No eligibility requirements for participants (a risk to the safety of the community). No criminal history background check is done. They accept all offenders referred if they have the ability to pay the fees.
- The Contract with Stay Home Monitoring holds the City of Redmond harmless. This is the same level of protection afforded the City of Bellevue under HB1669.
- No revenue to the City.
- \$12/day basic fee; \$15/day with Breathalyzer or TAD. If participant can't pay a notice is sent to the Court. If the Court does not respond within 3 to 4 days, the participant is removed from the program.
- Redmond will pay the cost of a participant if there are extreme circumstances.
- Unknown jail savings from program.



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22. Council asked what is funded by the ESI proposal below the line.



Given the City's economic situation and concerns, the ESI **did not submit proposals to fully fund its ongoing work program** but instead submitted the following:

- (1) Environmental Stewardship Initiative Core Proposal (proposal #040.06NN, reviewed by the Healthy and Sustainable Environment team).
  - a. Goals (1) keep us from losing ground in the next two-year period and; (2) focusing on work that is *foundational and scalable* for future efforts. We intend to primarily use grant funds and regional resources. **This request will allow us to** continue energy and CO2 savings efforts, fleet transitioning to cleaner vehicles, development of a business support partnership, development of a regional web portal, and continued regional involvement in the development of electric vehicle infrastructure. **This request is not sufficient to** focus on longer term and larger scale efforts such as a tree canopy regeneration program, Citywide ecological audits, transitioning to green infrastructure, renewable energy generation, Bel-Red as an "innovation zone", aggressive development of the "clean energy" sector, etc.
  - b. Request: Staff time of (0.7) FTE each year.
  - c. Status: Results Team recommended full funding; LT cut back to 0.6 in 2012.
  
- (2) Integrated Capital Projects (proposal #040.07NN, reviewed by the Responsive Government team).
  - a. Goal: Look for co-location and joint resourcing opportunities for CIP projects across City departments to provide more functional value at less cost.
  - b. Request: Consultancy funds (this effort would also require staff time from all the "CIP" departments).
  - c. Status: Not funded.





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23. Council asked if we can ask the Bellevue School District to fund part of the SROs.



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Currently the Bellevue School District pays for less than one SROs annual cost (\$92,000 out of an estimated \$110,000 annually for salary and benefits). This was a topic we discussed with the Bellevue School District in 2008 when we last renegotiated the SRO contract with them. They were unable to increase the amount of funding; so the Police Department inserted in the current contract the clause allowing the Police Department to reduce the number of SROs to a minimum of two without any reduction in the contract amount. This at least provided the City with the flexibility to reassign SROs to other duties if circumstances warranted.

With regard to asking BSD again to fund a greater amount, City direction was to hold off on any such request until a later time.





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24. Council asked for examples of programs that we'll no longer provide.



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Council requested information with regard to the change in services. Specific information regarding the level of service changes by Outcome can be found within each specific outcome section of this binder. Changes to levels of service by Outcome can be found in Tab 4 (Proposed Budget by Outcome). Changes to levels of services by department can be found in Tab 6 (Department Info) of this binder.





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25. Council asked if there is a way to do sidewalks cheaper.



The following is a description of some of the cost reduction opportunities staff investigates when designing a new sidewalk:

- Reduce the size of sidewalk projects – Building smaller sidewalk projects will cost less. However, the tradeoff could be not providing system connectivity. Most sidewalk projects are scoped to provide connectivity by filling gaps in the sidewalk system, or connecting key destinations, as outlined in the City’s Pedestrian and Bicycle Plan. The City has built sidewalks in phases in the past because of limited available funding.
- Reduce the width of the sidewalk – Reducing the sidewalk width may reduce the project footprint and thus the cost. The tradeoff may be not meeting the City’s sidewalk design standards and guidelines, and not meeting the American with Disabilities Act (ADA) desired sidewalk width guidelines. This may also carry public safety and user inconvenience issues.
- Instead of widening for the sidewalk, reduce the width of the street in residential areas to install the sidewalk, i.e. put the new sidewalk on the existing pavement – Installing sidewalks where the existing roadway pavement exists in residential areas has numerous advantages, including potentially saving on construction costs. The one main downside is the reduced pavement width which could lead to prohibiting parking on one side of the street.
- Eliminate or reduce planting areas – The majority of sidewalk projects include a planter area between the sidewalk and the traveled way. Eliminating or reducing the width of the planter will reduce the footprint of the project and thus the cost. However, not including a planter; deviates from City design standards and guidelines; deviates from the City’s Environmental Stewardship initiative; and may present public safety issues. Reducing the planter width precludes the installation of street trees and limits the range of the planting material to small plants and shrubs. Also, planters are being utilized more frequently for Natural Drainage Practices (NDP) in lieu of the less environmentally friendly detention vaults. Eliminating the planters will reduce opportunities for implementing NDP in sidewalk projects.
- Eliminate or reduce non-essential project features – Some sidewalk projects include enhanced landscaping, decorative wall facades, and other aesthetic features to reflect and accentuate the character of the neighborhood. These features are not usually essential for the functionality of the sidewalk. However, these features are very important to the local community. The City spends considerable time and effort engaging the community in selecting landscaping and aesthetic features because of their importance to the community. Eliminating or reducing these features may result in community opposition to the projects but will reduce the project’s cost.



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- Use alternative materials – Most sidewalks are built from concrete. Less expensive material such as asphalt and gravel have less upfront construction costs. In the case of asphalt sidewalks, asphalt does not last as long as concrete so it has a higher maintenance and replacement cost resulting in a higher life cycle cost than concrete. Gravel surfaces are less costly to install but their issues are more frequent maintenance, public safety, and non-compliance with ADA guidelines. The City has experimented with other material such as rubber sidewalks, but the technology is relatively new and the cost is still non-competitive.
- Use of Job Order Contracting (JOC) – Using JOC in the design, bid, and award phases will reduce time and, potentially, cost.



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26. Council asked why the incentive zoning revenue was less.



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Council adopted the original Mobility and Infrastructure Initiative (M&II) Finance Plan in January 2009. It included an estimate of \$22 million in revenues from the Bel-Red amenity incentive system. The current M&II revenue estimate for the amenity system is \$8 million, for a difference of \$14 million. This difference is attributable to three primary factors which occurred after January 2009:

- (1) The adoption of the Bel-Red catalyst project provisions and the Wright Runstad development agreement, roughly a \$12 million reduction in incentive revenue;
- (2) The City's agreement with King County to participate in a transfer of development rights program, with a net revenue reduction of \$750,000; and
- (3) An adjustment of the land use forecasts to be more conservative and account for a more prolonged economic recovery, roughly a \$1.5 million reduction.



*27. Council asked the following on the Parks Levy – what was the original commitment? What are we doing to fulfill the commitment? Would like to see Levy Projects, total costs, promised CIP match, etc.*



At the August 4 budget retreat, Council asked for additional information on the 2008 Parks & Natural Areas Levy. Voter-approved property tax measures have built much of the Bellevue Parks & Open Space System, with seven measures passing between 1956 and 2008. The 2008 Levy continued the practice of using voter-approved tax measures to supplement available City CIP funds and external funding sources, and to build projects in phases.

City Council regularly discussed voter initiatives between 2002 and 2008, including the relative merits of bonds and levy lid lifts as the preferred funding mechanism. The decision on a park levy also followed significant public outreach, including seven City Council meetings and a public outreach process coordinated by the Parks & Community Services Board. On July 7, 2008 Council approved a final acquisition and development package and directed staff to proceed with a levy lid lift funding measure. On July 21, 2008 Council approved Ordinance No. 5828 to place the measure on the November 4 ballot. Projects funded per the election ordinance and the recommended funding mix are summarized in the table below:

Project Category	Recommended Funding Mix						
	Capital \$M	M&O \$000	Voter Initiative		Parks CIP		Leveraging
			Capital \$M	M&O \$000	Capital \$M	M&O \$000	Capital \$M
<b>Property Acquisition</b>	\$30.0	\$50	\$10.0	\$15	\$10.0	\$35	\$10.0
<b>Development Projects:</b>							
Eastgate Area Properties	\$12.0	\$250	\$6.0	\$125	\$4.0	\$125	\$2.0
Surrey Downs	\$7.0	\$150	\$3.5	\$100	\$3.5	\$50	
Lewis Creek Phase II	\$4.0	\$50	\$2.0	\$25	\$2.0	\$25	
Downtown Park: Complete Circle	\$10.0	\$150	\$5.0	\$75	\$5.0	\$75	
Trails (Coal Creek/Lake-Lake)	\$2.0	\$50	\$2.0	\$50			
Sportsfields (Wilburton/Newport Hills)	\$3.0	\$50	\$3.0	\$50			
Nhood Parks(Lk Samm/Bridle Trails)	\$5.0	\$120	\$5.0	\$120			
Bellevue Botanical Garden	\$5.0	\$150	\$2.0	\$50	\$2.0	\$100	\$1.0
Bellevue Youth Theatre	\$5.0	\$150	\$2.0	\$50	\$2.0	\$100	\$1.0
<b>Totals</b>	<b>\$83.0</b>	<b>\$1,170</b>	<b>\$40.5</b>	<b>\$660</b>	<b>\$28.5</b>	<b>\$510</b>	<b>\$14.0</b>



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Other key points of the levy:

- Protected approximately \$9M in City “banked” property tax capacity by lifting the lid on the City’s highest lawful levy.
- Included a project inflation factor of 5.5% within the 20-year capital levy to help ensure that projects could be completed over the duration of the levy.
- Included a permanent M&O levy lid lift of \$660,000 per year to reduce the cost of maintaining and operating levy projects to the CIP or General Fund.
- Provided flexibility to amend the park capital program, by ordinance, as Council determines is in the best interest of the City.

Ultimately, the 2008 Parks & Natural Areas Levy was approved by 67% of Bellevue voters.

Levy Implementation

The City started collecting levy proceeds in 2009, including the \$3.4M capital levy and the \$660,000 M&O levy. While the adopted 2009-2010 budget included the full \$28.5M City CIP match, staff has delayed project execution over the past two years to stay within available levy proceeds. Initial project focus in 2009-2010 has included synthetic sportsfields at Wilburton and Newport Hills parks, property acquisition (Tyler Homes, 50% grant funded), and trail development.

As part of the Budget One process, the Leadership Team CIP Panel recommends a \$40.5M Parks Levy program for the 2011-2017 CIP, of which \$26.5M is funded from Parks Levy proceeds. The recommended project mix is summarized below and was included in Attachment E in August 4 retreat materials (Pages 4-21 and 4-22).



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28. *Council asked for a Study Session on NEP.*



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At the September 20, 2010 Council Study Session, staff presented the proposed revisions to the Neighborhood Enhancement Program (NEP) and other neighborhood programs.

Results were inconclusive and will be back for further Council discussion as the budget moves forward.



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29. *Council asked about the appropriate uses of debt.*



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Staff will discuss uses of Debt with Council during future CIP discussions.





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30. *Council asked for proposed language for the CIP M&O policy.*



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Staff will return to Council on October 11 with the proposed policy language.





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31. *Council asked about the widening of Bellevue Way.*



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In December 2009, the City hired HNTB to assist with a feasibility analysis and cost estimates for the addition of a southbound HOV lane on Bellevue Way from the “Y” intersection at 112<sup>th</sup> Ave SE to I-90, a portion of which could become part of the traffic mitigation package for the proposed East Link South Bellevue Station. Cost estimates were developed based on readily available information (topographical maps with aerial photos, available utility information, and field observations by HNTB, City staff, and a geotechnical engineer), as well as conceptual drawings developed by HNTB.

The cost estimates were divided into three sections: from the north Station entrance to the Bellevue Way/112<sup>th</sup> Ave SE “Y” intersection, in front of the Station (i.e. from the north entrance to the south entrance), and from the south Station entrance to I-90. The improvements north of the Station (north entrance to 112<sup>th</sup> Ave SE/Bellevue Way SE) are estimated to cost approximately \$21 million. The portion adjacent to the Station is estimated to cost between \$9 million and \$18 million, depending on how the Station and the 112<sup>th</sup>/Bellevue Way (main Station entrance) intersection is designed. The estimated cost for the improvements from the south Station entrance to I-90 is approximately \$2 million. Therefore, the estimate for adding an HOV lane and associated improvements to the entire Bellevue Way SE corridor (112<sup>th</sup> Ave SE to I-90) is \$32-41 million. How much of this work (and cost) will be considered “mitigation” is being discussed between Sound Transit and the City.



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32. Council asked if property values for the properties in the proposed LID area are increasing, will property owners be paying more in property taxes?



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Property taxes for property owners in the Wilburton Connections LID area can potentially increase in the future as a result of increases in property values resulting from the public improvement projects assuming the following:

- Property values in other areas of Bellevue will stay the same or increase at a lower rate than the properties in the Wilburton LID area for the period.
- No factors other than the public improvement projects contribute to higher valuations of properties in the Wilburton LID area.

Conversely, the potential increase in property taxes in the Wilburton LID area does not result in the City collecting additional taxes for the period except for additional property tax collections from new construction. This is because the City's annual property tax levy is a fixed amount and any potential additional property tax collections from the Wilburton LID area will be equally offset by a decrease in property tax collections from other properties in Bellevue. Here is how the property tax assessment process works:

- The City Council adopts regular property tax levy annually in accordance with State statutory limits (i.e., maximum allowable levy amount from prior year increased by the lesser of 1% or inflation rate as measured by the Implicit Price Deflator) increased by local new construction and other adjustments.
- Each year, the King County Assessor places the property tax certified by the City on the tax roll. Property taxes are placed on the tax roll in the form of a rate per \$1,000 of assessed value (AV).
- To compute the property tax rate, the property tax levy amount is divided by the taxable AV of the City. For example, the City of Bellevue's 2010 certified regular property tax levy was \$32.4 million and the taxable AV at the end of 2009 used for the 2010 tax year was \$34.0 billion. The property tax rate for 2010 was calculated as follows:

Regular Property tax levy amount / Bellevue taxable AV = Regular Property tax rate

$$\$32,400,000 / \$34,000,000,000 = 0.00953 \text{ or } = \$0.953 \text{ per } \$1,000 \text{ of AV}$$

This tax rate is placed on the individual property tax accounts of the City. All the taxable property within the city will have the same regular property tax rate of \$0.953 per \$1,000 of AV for the 2010 tax year. The amount of tax to be paid, of course, will vary depending on the AV of each property in Bellevue.

The potential property value increases calculated for the Wilburton Connections LID area by the City's Consultant (Macaulay & Associates) is totally independent from King County's



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valuation of properties in the same area once the public projects are completed. Here are some facts on commercial property valuation obtained from King County Assessor's Office:

- There is a time lag between the completion of the public improvement projects in the Wilburton LID area and property valuation by the County (i.e., it is not automatic).
- A combination of cost, market and income approach will be used to assess the property value of commercial properties after the public improvement projects are completed.
- If the current trend of low level property sale transactions persists, the use of the "market" method will be limited.
- The income approach is a more desirable method for valuing commercial properties since it is hard to determine the depreciable value of road improvement projects to use the "cost" method.
- For example, under the income approach, commercial income streams of selected properties will be observed (before and after construction) to determine how the road improvements resulted in less traffic congestion leading to higher sales for businesses or higher retail space per square footage.

In conclusion, the increases in property valuations as a result of public improvement projects can potentially increase the property taxes paid by property owners in the Wilburton LID area assuming that property values in other areas of Bellevue stay the same or increase at a lower rate than the properties in the Wilburton Connections LID area.