



April 26, 2013

The Honorable Mayor Conrad Lee
Members of the City Council
Residents and Stakeholders of the City of Bellevue

Dear Mayor Lee, City Councilmembers, Residents and Stakeholders of Bellevue:

I am pleased to present the Adopted 2013-2014 Budget, including the 2013-2014 Operating and 2013-2019 Capital Investment Program (CIP) Budgets. This Adopted Budget is consistent with Council direction and recognizes the fiscal constraints faced by the City, while responding to Bellevue’s slow economic recovery following the Great Recession.

The effects of the downturn on Bellevue have been just as severe as the impacts on other units of government around the region. Bellevue responded to the Great Recession by making conservative budget projections and taking immediate cuts and other cost containment measures to “reset” our budget and work programs to the “new norm.” The total impact has been significant: During the last two years, Bellevue has reduced its General Fund budget by approximately \$24 million and eliminated and/or frozen nearly 100 full-time equalvelant employees across the entire City’s budget.

The Adopted Budget can best be described as a “status quo” budget that builds upon the “reset” of the 2011-2012 Budget and 2012 Mid-Biennium Update. Totaling \$1.294 billion, the Adopted Budget includes both the 2013-2014 portion of the Capital Investment Plan (CIP) Budget and the two-year Operating Budget. The Adopted Budget is balanced and sustainable.

Highlights from the 2013-2014 Adopted Budget:

- Avoids general tax increases
- Avoids further layoffs barring unforeseen economic decline
- Maintains the city’s reserves
- Includes proposals for carefully-targeted new programs to enhance economic growth and competitiveness
- Utilizes innovation, improved processes, and best practices to maintain high quality services to residents and customers despite prior reductions
- Makes continued progress in meeting many, but not all, of the city’s most important capital investment needs, including Parks Levy projects, the Mobility & Infrastructure Initiative, and the East Link/Sound Transit Memorandum of Understanding commitments
- Proposes utility rate increases necessary to fund regional wholesale cost increases and ongoing improvements needed to maintain service levels and system integrity
- Proposes Development Services rate increases to ensure fees match the cost of providing services

The following proposals were funded based on Council input at the July 30 Budget Workshop:

- Regional Projects/Planning (Improved Mobility)
- Neighborhood Mediation (Quality Neighborhoods)
- Comprehensive Plan (Innovative, Vibrant, and Caring Community)

- Eastgate/I-90 implementation; existing economic development unit; and downtown parking (Economic Growth and Competiveness)
- Probation (Safe Community)
- In the CIP budget, \$200,000 for a downtown fire station feasibility study, and a \$6 million placeholder for economic development opportunities and neighborhood enhancement work to be discussed by Council during 2013

The Adopted Budget provides a plan to continue quality services that residents rely on. It is structured around community priorities (called Outcomes) approved by the Council in February. The services were ranked by Results Teams made up of city staff, then funded with available revenue based on the rankings.

In developing the Adopted Budget, several “guiding principles” were used. *Foremost is the Council’s long-term policy that quality service programs will be offered by the City of Bellevue. Other guiding principles included:*

- *A focus on services that deliver Outcomes important to the community*
- *An effort to position Bellevue to realize opportunities and enhance the City’s image*
- *An examination of the entire budget, not just incremental changes from the last budget*
- *A commitment to innovation, efficiency, and sound business practice*
- *A focus on Citywide, not department, priorities*
- *A long-range strategic approach to an affordable and sustainable budget*
- *If expenditure reductions are necessary, service elimination is preferable to poor or marginal quality programs.*

Closing

This budget is fiscally constrained because economic growth in the region, though outpacing the nation, remains slow. The city is focused on moving forward and supporting a strong operational plan on behalf of our residents and those who work or visit here. We continue our commitment to be a high-performing organization and to work more efficiently using improved technologies and work processes.

As with any budget, there are risks that must be monitored, the state of Bellevue’s economic recovery being at the forefront. The economy continues to grow, but at a pace that is barely keeping up with inflation. In addition, Washington State once again is facing a budget deficit. I will continue to watch and work with our legislators to minimize impacts to Bellevue. Should the financial outlook turn negative, staff will return to Council with updated information.

The budget has been built on a foundation of hard-working municipal employees committed to maintaining and improving Bellevue as a great place to live, work, learn and play. I want to thank members of the Results Teams, the staff of the Budget Office, the Leadership Team, department fiscal managers, and all other employees who contributed to the success of the 2013-2014 Budget One process. Their work is very much appreciated.

Sincerely,



Steve Sarkozy
City Manager