



Process Overview & Reader's Guide

Understanding a municipal budget and its specialized terminology can be a challenge. This Reader's Guide has been developed to make review of the City of Bellevue's budget easier. It highlights the type of information contained in each chapter, describes some parts in detail, presents a glossary of commonly used budget terms, and gives directions for locating additional budget information.

The Reader's Guide is organized into the following sections:

A. 2013-2014 Budget Process

This section describes the Budget One process used by Bellevue to develop the City's budget.

B. Budget Document

This section identifies the format and information presented in the 2013-2014 Budget document.

C. Basis of Accounting

This section discusses the basis of accounting used to present budget information.

D. Glossary

This section provides definitions for many of the terms used in the budget document.

E. Locating Additional Budget and Financial Information

This section provides a list of other documents containing information about the City's finances.



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A. 2013-2014 Budget Process

The Need for a New Approach to Budgeting

Starting with development of the 2011-2012 budget, the City of Bellevue adopted a new process called Budget One. Budget One is an outcome-based approach to budget development that looks at all operations of the City across departments, and focuses on the most important outcomes for the community.

As a result of the Great Recession, revenues declined significantly in 2008 and 2009. At the outset of the 2011-2012 budget process, the City of Bellevue faced a projected \$17 million General Fund budget gap that was projected to span more than one biennium.

At the same time, jurisdictions around the nation were following the lead of Washington State's priority-based budgeting experiment and piloting efforts to move away from incremental budgets and toward budgets that align spending with citizen priorities.

Bellevue took the opportunity in 2010 to create an outcome-focused budget process for the development of our 2011-2012 budget. The Budget One process was designed to keep the priorities of Bellevue's residents, citizens and taxpayers foremost in mind while streamlining the 2011-2012 budget to account for decreases in forecasted revenues.

Why Budget for Outcomes

The Budget One process is a strategic approach to "rightsizing" Bellevue's budget. It involves examination of all city services and projects in light of the degree to which they advance the results most valued by Bellevue citizens.

Before Budget One, Bellevue used an incremental approach to budgeting, which involved adjusting prior budgets to reflect inflation and policy choices such as the addition of new projects or elimination of existing projects. The focus of incremental budgeting is on the continuation of current services. It does not include a rigorous examination of the degree to which each program delivers the services residents and citizens most value. Incremental budgeting is typically driven by the priorities of organizational departments rather than customer input.

Incremental budgeting assumes that historical service levels will continue to be a good fit for the community, an assumption that was called into question during the great recession. In an incremental budget process, cost cuts are typically spread across programs and departments rather than focused on eliminating lowest performing or least-relevant services.

By contrast, outcome-based budgeting enables organizations to realign their service models without losing the quality and type of services their customers value most. It links budget decisions to strategic organizational priorities and increases transparency by enabling citizens to see the value they receive for the taxes and fees they pay.

Budgeting for outcomes increases accountability by placing the focus on achieving results. This drives the organization to track performance and assess whether we are delivering the results citizens expect. With an outcome-based budget process, the question in tough times shifts from, "What can we cut?" to, "How do we get the best results with the resources we have?"



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The Budget One Process

The Budget One process allocates money to the community results, called Outcomes, that are important to residents and stakeholders. City staff members then write proposals to cross-departmental, Outcome-based review teams called Results Teams. Results Teams evaluate and rank proposals based on evidence of what works to achieve the desired Outcomes.

Each Result Team ranks proposals for their Outcome and draws a line where the money allocated to that Outcome runs out. Proposals above the line are recommended for funding and those below the line are not. Additionally, Results Teams evaluate proposals to ensure that they are delivering the right level of service for a reasonable price and make recommendations to alter proposals to reflect this “rightsizing.” Results Teams present their rankings to the City’s Leadership Team of department directors, who may make some adjustments. The Leadership Team forwards the combined recommendations to the City Manager. The City Manager then submits these recommendations in the form of a preliminary budget to the Bellevue City Council for their review and approval.

Budget One Evolution

Budget One was used to develop Bellevue’s 2011-2012 budget and then the process was reviewed. A cross-departmental team documented the actual steps involved in creating the 2011-2012 budget and identified what did and did not work through the use of focus groups and process analysis. Recommendations from that review included continuing to use the Budget One process, restructuring leadership of the process, and implementing process improvements to streamline the process.

The 2013-2014 budget development process was designed to implement the recommended improvements, and the resulting second iteration of Budget One was more clear and streamlined. The Finance Department is currently applying process improvement methodologies to examine several sub-processes internal to the Budget Office to increase budget processing time and efficiency for the 2015/2016 budget process, which will kick-off in early 2014.

The 2013/2014 Budget One Process

The Bellevue City Council adopted seven Outcome areas during the 2011/2012 Budget One process that reflect Bellevue citizens’ highest priorities. These Outcomes were validated by Council in early 2012 at the outset of the 2013/2014 Budget One process.

Also in early 2012, the Budget One Steering Team, consisting of the Deputy Mayor, Finance Director and Assistant Finance Director/Budget, selected staff from throughout the city who were nominated by their department directors to serve on Results Teams (RTs). RTs spent the spring of 2012 researching the services and programs most likely to deliver results to citizens for their Outcome area. For example, citizen budget and performance survey data, past performance, industry standards, best practices and other relevant benchmarks. Based on this research, RTs create cause-and-effect maps that graphically display the logic model for delivering municipal services to achieve the results desired for their Outcome. (See page 7-3 for an example of a cause-and-effect map.)

Based on their Outcome’s cause-and-effect map, each RT then requests proposals to achieve those results. These Request for Results documents are solicitations for competitive proposals to deliver services to citizens that will best achieve each Outcome.



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City departments and private vendors were able to submit proposals for RT evaluation and ranking starting in May of 2012. Proposals were reviewed by the Budget Office and then forwarded to RTs for an initial evaluation and ranking without respect to the amount of dollars allocated to their Outcome.

While RTs were reviewing and ranking proposals, the Budget Office was updating financial forecasts to determine the total amount of revenues projected to be available to fund Bellevue government services in 2013 and 2014. Once the forecast was finalized, each Outcome was allocated a portion of the total taxes and fees available. This allocation was based on the last Council policy direction with the 2011-2012 Budget.

Proposing organizations were notified of their proposal's rank relative to all the proposals received by the Outcome in June of 2012. At that time, any proposal could be revised or clarified based on RT feedback or requests, and non-competitive proposals could be examined to determine whether they could be made competitive by looking for efficiencies, new approaches, etc.

In mid-summer, RTs conducted a second round of proposal ranking, this time with their Outcome's allocation. This round of ranking included a running total of funds requested for each proposal, which was compared with the total amount of funds allocated to that Outcome to determine the cut-off line where funding ran-out and lower-ranked proposals would not be recommended for funding.

Results Teams provided this list of proposals recommended for funding to the city's Leadership Team of department directors in late July 2012, along with a contingency list of additional add and cut priorities in case the revenue forecast changed. In August, the Leadership Team worked to balance proposals across Outcomes with an eye toward citywide priorities and provided their recommendation for funding to the City Manager. The City Manager evaluated those recommendations and provided a final proposed budget to the City Council in October 2012.

The City Council held deliberations in late fall and adopted a budget in December of 2012. Throughout 2012, three public budget hearings, two budget open houses and one budget focus group were held to solicit feedback on citizen priorities, the budget process and other budget matters.



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Budget One Process Calendar

- Budget Survey of residents conducted (January)
- Council validates Budget One Outcomes (February)
- Results Teams appointed for each Outcome (February)
- Results Teams develop Cause and Effect Maps and Requests for Results (Late February-Mid March)
- Council receives early financial outlook and provides direction on Budget Strategies and Financial Policies (March)
- Departments prepare proposals (April)
- Results Teams rank proposals (Late May to Mid-July)
- Results Teams recommend proposal ranking to Leadership Team (July)
- Full Financial Forecast to Council (July)
- Leadership Team recommends budget to City Manager's Office (August)
- City Manager presents budget to Council (October)
- Council deliberates and adopts budget (December)

Forecast Improvements

The Great Recession took most people, governments and companies by surprise and created a new normal that required families, governments and the private sector to re-set budgets.

Forecasting revenue receipts is critical step in public budgeting. During 2011 and 2012, the City of Bellevue's Budget Office revamped the forecasting process by reexamining each of the assumptions about revenue performance in light of the "new normal" economy. Macroeconomic events such as fiscal cliffs, recessions and the like will always present unknown factors that impact the projections. Given that constraint, the City is working with all the reasonably available data and tools to provide Bellevue's citizens an accurate forecast of the resources available for local public services.

The Price of Government

A critical step in the process of budgeting for outcomes is setting the price of government. This is the amount citizens are willing to spend to achieve public goods such as well-maintained roads, responsive public safety agencies, and convenient green spaces. This total government budget amount is arrived at based on a forecast of tax and fee revenues. The allocation portion of the Budget One process spreads the total amount of taxes and fees raised by Bellevue across the Outcomes that matter most to Bellevue citizens, residents and taxpayers.

The term "price of government" also refers to the burden of taxes and fees on taxpayers. In theory, dividing the total amount of taxes and fees paid by the total amount of income earned by community members yields a rate or cost of government that can be compared across jurisdictions. In practice, each jurisdiction has different revenue structures and service models, so those who pay less may get less, more or the same. That said, a reasonable approach to



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developing the price of government can provide a benchmark to guide policy makers and citizens.

Between 2010 and 2014, the price of Bellevue government has averaged 6.2 percent of an average Bellevue household's income.

Performance Management

As budgeting for outcomes takes root, the logical next question is whether the desired (and funded) Outcomes are indeed being achieved. Annual performance survey data show that people who call Bellevue home are very satisfied with the city, their neighborhoods, levels of taxation, and delivery of municipal services. Highlights from the city's 212 performance survey can be found in the Executive Summary of this document.

Beyond the performance survey, Bellevue managers and staff are becoming more focused on performance management on a program-level. The city is in the process of acquiring / developing a performance dashboard for high-level tracking of key performance indicators and a performance management database to support decision-making on the basis of objective performance data. Once in place, each set of activities proposed in the budget can be evaluated to determine how it affects the Outcome it has proposed to impact.

Bellevue has a long history of excellence in performance measurement. Performance management is focused on connecting existing performance measure data to management decision-making. Many Bellevue managers and staff have taken performance management training provided by the Washington State Auditor's Performance Audit division in 2012 and 2013. This training, and Bellevue's approach, link performance management and process improvement, an area where many staff and most managers also received training in 2012.

Together, this training and the city's focus on performance are helping Bellevue link desired Outcomes to effective processes and sound decision making. In other words, we are ensuring we're doing the right things to achieve the desired outcomes and doing them in the most efficient and effective manner. The training we've provided over the past 18 months has enhanced our ability to connect the activities of government to the results desired by citizens, and the budget process is a key tool in making this connection.



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B. The 2013-2014 Budget Document

The 2013-2014 Budget document is designed to provide the reader with a comprehensive look at Bellevue's Budget. It is organized both by Outcome and department, and includes summaries relating to the Forecast, resources and expenditures, staffing, department organization, and the Capital Investment Program (CIP) Plan. The following is a description of each section of the document.

Chapter 1 – Transmittal Letter

The Budget Transmittal Letter presents the City Manager's message on the 2013-2014 Budget and the 2013-2019 CIP Plan to the Mayor, Councilmembers, residents, and other stakeholders. The City Manager's transmittal letter highlights priorities and issues for both operating and CIP budgets.

Chapter 2 – Executive Summary

The Executive Summary presents a high level summary of the key components of the 2013-2014 Budget.

Chapter 3 – About Bellevue

This chapter provides background information about the City of Bellevue, such as its form of government and organization, location, population, and business climate.

Chapter 4 – Reader's Guide and Stakeholder Summary

The Reader's Guide provides an overview and glossary of definitions.

The Stakeholder Summary section presents an overview of the 2013/2014 stakeholder outreach process.

Chapter 5 – Forecast

The Forecast predicts the resources (income) and service level expenditures (spending) for major City operations and enterprise funds. A forecast is a mid-range look into the future that tries to anticipate what spending and resources will be, and what actions the City may need to take now based on those predictions.

Chapter 6 – Resource and Expenditure Summaries

This chapter provides an overview of resources and expenditures through graphic presentations of tax and fee revenue and spending by fund, department and outcome.

Chapter 7 – Budget by Outcome

This chapter provides an overview of each of Bellevue's community outcomes:

- Economic Growth and Competitiveness
- Healthy and Sustainable Environment



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- Improved Mobility
- Innovative, Vibrant and Caring Communities
- Quality Neighborhoods
- Responsive Government
- Safe Community

It contains summary information on the strategies adopted by the Results Teams. Each Outcome's Results Team decided which strategies will most impact achievement of the Outcome. Departments and cross-departmental teams wrote proposals to the Results Teams on how best to achieve the desired outcomes relating to the purchasing strategies, and Results Teams ranked them, recommending top-ranked proposals.

In this chapter, you will find Cause and Effect Maps that list the strategies that influence Outcome achievement and a Purchasing Plan Overview that provides a summary of the services that will be purchased. Additionally, this chapter contains proposal rankings by Outcome, a listing of proposals that were and were not recommended for funding, proposal summaries and a list of performance measures for each proposal. Finally, each Outcome's section includes a list of key indicators that measure overall Outcome results.

Chapter 8 – CIP by Outcome and Major Program Area

This chapter provides information about the Capital Investment Program (CIP) Plan. It provides a balanced seven-year forecast through 2019.

Chapter 9 – Department Information

This chapter provides an overview of departmental expenditures by category, a budget summary by fund, and a comparison of staffing levels between the 2013/2014 Budget and the 2011 and 2012 Actual Expenditures. It also includes Organizational Charts for each Department.

Chapter 10 – Comprehensive Financial Management Policies

This chapter contains the Financial Policies for the City.

Note: Complete versions of each proposal and of the 2013-2014 Budget document are available on the City's internet and in hard copy at Bellevue Regional Library and City Hall. Please see Section E of the Reader's Guide for more information on accessing these documents.



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C. Basis of Accounting and Budgeting

The City budgets and accounts for all funds on a modified accrual basis. The “basis” of either accounting or budgeting refers to the timing with which the City recognizes revenues and expenses. Under modified accrual, expenditures are recognized when goods are received or services are executed, and revenues are recognized when they are measurable and available; provided that payments for expenditures are made, and revenues are collected, within a 60-day period thereafter.

At year-end, the City also prepares financial statements on the modified and full accrual basis, as required by the State-prescribed Budgeting, Accounting, and Reporting System (BARS), and by generally accepted accounting principles (GAAP). These financial statements are presented in the City's Comprehensive Annual Financial Report (CAFR).



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D. Glossary

The following are definitions of some of the more common terms one may encounter in reviewing this budget document.

Adopted Budget: A plan of financial operation, legally adopted by the City Council, providing an approved level of expenditures and a means of financing them for a given fiscal period.

Amended Budget: The amended budget is the authorized type and level of services, in place as of the last budget amendment ordinance, adjusted for reorganizations so that costs are comparable to the new biennial budget. They represent the adopted budgets plus additional appropriations resulting from City Council decisions made throughout the year and any reorganizations.

Appropriation: A legal authorization granted by the legislative body (City Council) to make expenditures and to incur obligations for specific purposes. For operating fund budgets, appropriations lapse at the end of each fiscal biennium. For non-operating/special purpose funds such as the Capital Investment Program Funds, appropriations do not lapse but continue in force until fully expended or until the purpose for which they were granted has been accomplished, abandoned, or revised by the City Council.

Assessed Valuation (AV): The fair market value of both real (land and buildings) and personal property as determined by the King County Assessor's Office for the purpose of calculating property taxes.

Asset: Resources owned or held by a government that have monetary value.

BARS: The acronym "BARS" stands for the Budgeting, Accounting, and Reporting Systems prescribed by the State of Washington.

Balanced Budget: The budget is in balance when revenues plus available resources are equal to or greater than planned expenditures plus reserves.

Base Budget: Cost of continuing the existing levels of service in the current budget biennium.

Basis: This refers to the method of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: generally accepted accounting principles (GAAP), cash, or modified accrual. The City budgets and accounts for all funds on a modified accrual basis. This means that: 1) expenditures are recognized when goods are received or services are executed, and 2) revenues are recognized when they are measurable and available; provided that payments for expenditures are made, and revenues are collected, within a 60-day period thereafter.

Beginning Fund Balance: A revenue account used to record resources available in one fiscal biennium because revenues collected were in excess of the budget and/or expenditures in the prior fiscal biennium.

Biennial Budget: The financial and operating plan for the City that establishes a two-year appropriation in accordance with Washington State law.



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Bond: A long-term “IOU” or promise to repay a specified amount of money (the face amount of the bond) on a particular date (the maturity date). Bonds are typically used to finance capital projects.

Budget: A financial operating plan for a given period which displays the estimated expenditures to provide services or to accomplish a purpose during that period together with the estimated sources of revenue (income) to pay for those expenditures. Once the fund totals shown in the budget are appropriated by the City Council, they become maximum spending limits.

Budget – Preliminary and Adopted: The City Manager submits to the City Council a recommended expenditure and revenue level for all City operations for the coming biennial year as the Preliminary Budget. When the City Council agrees upon the revenue and expenditure levels, the Preliminary Budget becomes the Adopted Budget, funds are appropriated, and legal expenditure limits are established.

Budgeting for Outcomes: A process used to create budgets that focuses on achieving specific results with strategies that provide the highest value for the dollar.

Budget One: The term used for the City of Bellevue’s budgeting for outcomes-based budget process; the term was first used in development of the 2011-2012 Budget.

Capital Asset: Property that has an initial useful life longer than one year and that is of significant value. The useful life of most capital assets extends well beyond one year and includes land, infrastructure, buildings, renovations to buildings that increase their value, equipment, vehicles, and other tangible and intangible assets.

Capital Expenditure: An outlay that results in, or contributes to, the acquisition or construction of a capital asset.

Capital Investment Program (CIP): The CIP is a major planning tool of the City of Bellevue in which needed improvements to the City’s facilities and infrastructure are identified, prioritized, priced, and discussed with the City Council and public. Funding from a variety of sources, including local taxes, is matched with the costs of these projects. After the City Council has reviewed and approved the program, these projects are implemented. The CIP covers a seven-year period and is updated every two years.

Capital Project: Major construction, acquisition, or renovation activities that add value to a government’s physical assets or significantly increase the useful life.

Cause and Effect Maps: A visual representation of the pathway to a desired Outcome. Using words and/or images, it helps viewers understand the cause-effect connection between funding, activities and an Outcome. Cause and Effect Maps are included in the Request for Results.

Chart of Accounts: A list of expenditure, revenue, and other accounts describing and categorizing financial transactions.

CIP: The acronym “CIP” stands for Capital Investment Program. It is a seven-year plan of capital improvements approved by the Council on a biennial basis. This plan is a blueprint which City staff can follow in implementation of the listed projects.



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Comprehensive Annual Financial Report of the City (CAFR): The City's annual financial statement prepared by the Finance Department.

Constant or Real Dollars: The presentation of dollar amounts adjusted for inflation to reflect the real purchasing power of money as compared to a certain point in time in the past.

Consumer Price Index (CPI): A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contractual Services: Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements, and professional consulting services.

Credit Rating: The credit worthiness of a governmental unit as determined by an independent rating agency. The City of Bellevue is rated by two rating agencies: 1) Moody's Investors Service, and 2) Standard and Poor's.

Debt Service: The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

Deficit: The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

Department: A basic organizational unit of City government responsible for carrying out a specific function.

Depreciation: Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence.

Development-Related Fees: Those fees and charges generated by building, development, and growth in a community. Included are building and street permits, development review fees, zoning, platting, and subdivision fees.

Direct Services Overhead: Costs for centrally-provided internal services which can be identified to specific departments and which departments can control how much of the service they use (e.g., postage, word processing, long-distance phone charges).

Disbursement: The expenditure of monies from an account.

Distinguished Budget Presentation Awards Program: A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents.

Double Budgeting: The result of having governmental funds or departments purchase services from one another rather than from outside vendors. When internal purchasing occurs, both the "buyer" and the "seller" of services must have a budget. The "buyer" has to budget the



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expenditure and the “seller” has to have resources in its budget to provide the service. This type of transaction results in higher budget values because the same expenditure or revenue dollar is budgeted twice, once in each fund's budget. This document shows the budget with (gross) and without (net of) double budgeting.

Encumbrance: The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

Enterprise Fund: Separate financial accounting entity used for government operations that are financed and operated in a manner similar to business enterprises and for which preparation of an income statement is desirable.

Expenditure: Payment for goods and services. Under the modified accrual basis, expenditures are recognized when goods are received or services are rendered; provided that payments for expenditures are made within a 60-day period thereafter.

Expense: Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

Financial Policy: A government's conscious decision on the financial direction it wants to take regarding revenue, spending, and debt management in relation to government services, programs, and capital investment. Financial policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Biennium: In accordance with Washington State Law (RCW 35A.34), a fiscal biennium is the period from January 1 of each odd-numbered year through December 31 of the next succeeding even-numbered year (i.e., January 1, 2013 - December 31, 2014).

Fiscal Year: A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The City of Bellevue's fiscal year is the same as the calendar year.

Fixed Assets: Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

Full-Time Equivalent (FTE): The acronym "FTE" stands for Full-Time Equivalent and represents the measure by which the City accounts for its staffing. A regular City employee working a standard 40-hour week is counted as 1.0 FTE; a regular City employee working fewer than 40 hours per week is counted as a portion of an FTE (e.g., 30 hours a week is counted as 0.75 FTE).

Fund Balance: The difference between resources and expenditures.

Fund: Governmental accounting systems are organized and operated on a fund basis. A fund is an independent financial and accounting entity with a self-balancing set of accounts in which financial transactions relating to resources, expenditures, assets, and liabilities are recorded. Funds are established to account for the use of restricted revenue sources and, normally, to carry on specific activities or pursue specific objectives. Funds may be established by the State Constitution, State statute, City Charter, City ordinance, or Finance Director.



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Generally Accepted Accounting Principles (GAAP): Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules and procedures that define accepted accounting principles.

General CIP Revenue: Revenue dedicated to CIP use. General CIP Revenue is derived from real estate excise tax, portions of local optional sales tax and business and occupation tax, interest earnings on unexpended balances, and miscellaneous unrestricted revenues. General CIP Revenue is allocated to each non-utility program area based on overall priorities.

General Fund: A central fund into which most of the City's general tax revenues and discretionary resources are pooled and which is allocated to support many of the operations of City government.

General Obligation (GO) Bond: This type of bond is backed by the full faith, credit, and taxing power of City government.

Grants: A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantor.

Indirect Services Overhead: Cost of centrally-provided internal support services for which there is a citywide benefit that cannot be readily identified to specific departments (e.g., financial services).

Infrastructure: The physical assets of a government (e.g., streets, water, sewer, public buildings, and parks).

Interfunds: Transactions between individual funds of the City of Bellevue (rather than transactions between the City and private companies, other governments, or vendors). Funds are budgeted in both the service providing and service receiving departments (see, "Double Budgeting"). Examples of interfund revenues include equipment rental charges, self-insurance premiums, and contributions for debt service obligations.

Intergovernmental Revenue: Funds received from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Leadership Team: The City's administrative decision-making body consisting of all Department Directors, the Deputy City Manager, and the City Manager.

LEOFF 1: The acronym "LEOFF I" stands for Law Enforcement Officers and Firefighters I retirement program.

Levy: To impose taxes for the support of government activities.

Limited-Term-Employee (LTE): The acronym "LTE" stands for Limited Term Employee and represents an individual hired full- or part-time for a specific project or purpose with an employment period not to exceed three years.

Line-Item Budget: A budget prepared along departmental lines that focuses on what is to be bought.



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Long-Term Debt: Debt with a maturity of more than one year after the date of issuance.

M&O (Maintenance and Operating) Costs: An expenditure category that represents amounts paid for supplies (e.g., office supplies, repair and maintenance supplies, minor equipment, and software), and other services and charges (e.g., ongoing contracts, professional services, communications, rent, utilities, and intergovernmental services).

Mandate: A legal requirement that a jurisdiction provide a specific service at a specific level.

Modified Accrual: The basis of accounting used by the City of Bellevue to recognize revenues and expenditures. The “basis” of either accounting or budgeting refers to the timing with which we recognize revenues and expenses. Under modified accrual, expenditures are recognized when goods are received or services are executed, and revenues are recognized when they are measurable and available; provided that payments for expenditures are made, and revenues are collected, within a 60-day period thereafter.

Net Budget: The legally adopted budget less double-budgeted items such as interfund transfers and interdepartmental charges.

Non-Operating/Special Purpose Fund: A budgeting, accounting, and reporting entity established to receive revenues typically of a non-continuing nature and to make expenditures for non-continuing projects or programs. It usually has a short-term life, after which the fund will be disbanded. Although budgets may be established on an annual or biennial basis, appropriations are non-lapsing and continue from biennium to biennium.

Obligations: Amounts which a government may be legally required to pay out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

Operating Costs: See M&O Costs.

Operating Expenditure: The cost of personnel, materials, and equipment required for a department to function.

Operating Fund: Operating funds have biennially-established balanced budgets which lapse automatically at the end of the fiscal biennium. These funds carry on the traditional service operations of a municipality.

Operating Revenue: Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Operating Transfers: Amounts transferred from one fund to another to assist in funding the services for the recipient fund.

Outcome: The result citizens want from their government programs and activities. Bellevue has seven Outcomes: Responsive Government; Healthy & Sustainable Environment; Innovative, Vibrant & Caring Community; Quality Neighborhoods; Safe Community; Improved Mobility; and Economic Growth & Competitiveness.



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Output: An output is a unit of a product or service produced through activities and programs (e.g. number of clients lunches served, tons of waste collected, or the number of applications processed).

Pay-As-You-Go Basis: A term used to describe a financial policy by which outlays are financed from current revenues rather than through borrowing (in the case of capital expenditures) or reserve building (in the case of retirement funds).

Performance Measure: A measure or combination of measures that allows the observer to know whether performance is in line, ahead of or behind expectations. Also known as an "Indicator."

In Chapter 9—Department Information, the text Not Available has been shortened to the acronym NA and the text To Be Determined has been shortened to the acronym TBD.

Personnel: Expenditure category that represents amounts paid for employees (e.g., salaries and overtime pay) and their benefits.

Policy: A policy is a guiding principle which defines the underlying rules that direct subsequent decision-making processes.

Program: A group of related activities and projects which seek to accomplish a common objective.

Project Cost: An estimate of the resources required to complete the capital project as described on the project description page. Many of the project costs shown in the CIP Plan are preliminary in nature since no significant engineering has been done which would allow for more specific estimates to be produced. Most cost estimates are produced using rule-of-thumb approximations as opposed to specific lists of materials.

Proposal: A written offer of services by a department(s) in response to a Request for Results, issued by a Results Team, to provide a particular service, program or activity that achieves a result. It indicates what the department proposes to do to produce an Outcome, how much it will cost, and how success will be measured. Proposals can be submitted by one department or multiple departments in collaboration with each other.

Public Hearing: A public hearing is a specifically designated time, place, and opportunity for citizens, community groups, businesses, and other stakeholders to address the City Council on a particular issue. It allows interested parties to express their opinions and the City Council and/or staff to hear their concerns and advice.

Purchasing Strategies: A set of actions chosen to achieve an outcome. A strategy is based on an understanding (or assumption) of the cause-effect connection between specific actions and specific Outcomes. Purchasing strategies are included in the Request for Results.

RCW: The acronym "RCW" stands for Revised Code of Washington which is Washington State Law.



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Request for Results (RFR): A description of the desired Outcome, the factors that contribute to achievement of the Outcome, the strategies that will influence Outcome achievement, and the indicators that will serve as a gauge in determining if the results have been achieved.

Result: A result is the Outcome of a program, service, set of activities, or strategy. It describes the impact of a service, set of activities, or strategy. Synonymous with “outcome.”

Results Teams (RT): Interdepartmental teams responsible for determining a set of ranked and optimized budget proposals to achieve an Outcome. There is one result team for each Outcome. The teams set purchasing strategies, create Request for Results, rank proposals, and make initial funding recommendations to the Leadership Team.

Reserve: An account used either to set aside budgeted resources that are not required for expenditure in the current budget biennium or to earmark resources for a specific future purpose.

Resolution: A special or temporary order of a legislative body requiring less legal formality than an ordinance or statute.

Resources: Total dollars available for appropriation, including estimated revenues, interfund transfers, other financing sources such as the sale of fixed assets, and beginning fund balances.

Restricted Revenue: A revenue is considered restricted when its receipt is either based upon the reasonable expectation that fees or charges paid to the City will be utilized to provide a specific product, service, or capital asset to the payer, or their receipt is directly tied to an expenditure. Revenue is also considered restricted when voters or the City Council have designated it for a specific purpose by ordinance or resolution. Revenues not designated restricted are considered unrestricted.

Revenue: Sources of income received during a fiscal year, operating transfers from other funds, and other financing sources such as the proceeds derived from the sale of fixed assets.

Revenue Bond: A type of bond backed only by the revenues from a specific enterprise or project, such as a utility.

Revenue Estimate: A formal estimate of how much revenue will be earned from a specific revenue source for some future period, typically a future fiscal year.

Source of Revenue: Revenues are classified according to their source or point of origin.

Special Purpose/Non-Operating Fund: A budgeting, accounting, and reporting entity established to receive revenues typically of a non-continuing nature and to make expenditures for non-continuing projects or programs. It usually has a short-term life, after which the fund will be disbanded. Although budgets may be established on an annual or biennial basis, appropriations are non-lapsing and continue from biennium to biennium.

Supplemental CIP: In 2007, the City Council adopted the Supplemental CIP plan which represents high priority capital projects that focus on the following priority areas: 1) Downtown



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Implementation; 2) Transportation Capacity and Congestion; and 3) Neighborhood Investments. Funding for these projects is provided by limited tax general obligation bonds.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Uncommitted Resources: The net resources available after meeting the estimated cost of providing existing levels of service which may be used to support new or qualitatively expanded service programs or resource reductions.

Undesignated Fund Balance: The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

Unrestricted Revenue: Revenues not designated restricted are considered unrestricted (see, "Restricted Revenue").

User Charges: The payment of a fee for direct receipt of a public service by the party who benefits from the service.

Utility Services: A term used to describe services provided by Bellevue's three self-supporting utility funds: Sewer, Storm and Surface Water, and Water.

Variable Cost: A cost that increases/decreases with increases/decreases in the amount of service provided, such as the payment of a salary.



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E. Locating Additional Budget and Financial Information

In addition to the 2013-2014 Budget document, the City of Bellevue publishes other information about the City's finances. Some of the more important documents that might be of interest include:

The Comprehensive Annual Financial Report (CAFR) presents the year-end financial status and results of operations for each of the City's funds, as well as various statistical and demographic information about the City of Bellevue. Each year's CAFR can be found on the city's Finance Department's home page at http://www.bellevuewa.gov/financial_reports.htm.

Quarterly Monitoring Reports discuss the status of operating and CIP resources and expenditures each quarter including a year-end projection of probable outcomes. Quarterly Monitoring Reports can be found on the city's Finance Department's home page by scrolling down to Quarterly Monitoring Reports: http://www.bellevuewa.gov/financial_reports.htm.

Performance Measures and Budget Survey reports discuss the results of scientifically conducted surveys of residents' opinion on city performance and budget priorities. Performance Measurement and Survey reports are located on the city's Performance page at: http://www.bellevuewa.gov/citizen_outreach_performance.htm.

Annual Performance Report shows selected performance measures for all departments. This document shows target and actual performance for the year, where actual performance has met or exceeded the target, and describes steps being taken to improve performance. Please see the city's Performance page at: http://www.bellevuewa.gov/citizen_outreach_performance.htm.

The 2013-2014 Budget document, complete proposals for the 2013-2014 Budget, and other financial reports can be found online at <http://www.bellevuewa.gov/finance.htm>.

Hard copies of the 2013-2014 Budget document can also be found at this location:

Service First Desk, City Hall, 450 110th Avenue N. E.

Requests for any of these documents or inquiries about other financial programs of the City of Bellevue should be directed to:

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Asst. Finance Director
City of Bellevue
P.O. Box 90012
Bellevue, WA 98009-9012
Phone: (425) 452-7863
Fax: (425) 452-6163

or
Mr. Rich Siegel
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City of Bellevue
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Stakeholders Summary

Public Outreach for the 2013-2014 Budget

Obtaining stakeholder feedback is one of several tools the City of Bellevue uses to plan its biennial budget. As part of the 2013-2014 Budget process, the City of Bellevue obtained feedback through the following venues:

- Budget Survey (biennial)
- Performance Survey (annual)
- Public Hearings (3 hearings each biennial budget)
- Budget Open Houses (two in June, 2012)
- Oral communications at Council meetings on non-public hearing nights
- Written stakeholder communications to Council
- Boards' & Commissions' input and recommendations
- Presentations to neighborhood groups, business associations, and others upon request
- Information provided to individuals upon request
- City Council Community Focus Group (November, 2012)

Budget Survey

In preparation for the new budget, the city conducts a Budget Survey each biennium. The survey was designed to provide a statistically valid tool to enhance the city's knowledge of Bellevue residents' perceptions about the city and better understand community priorities and expectations regarding city services. This survey has been conducted on a biennial basis since 1998 to support decision making for each upcoming budget.

In 2010, to address the high incidence of cell phone-only households and households whose members primarily use cell phones, the city adjusted its methodology to an address-based sample rather than a random digit dialing sample alone. Residents who had a listed or published telephone number were contacted by telephone. Residents without a listed or published phone were assumed to be cell phone-only or primarily cell phone households. These residents were invited to take the survey "online" using a unique identification and password to maintain survey integrity.

Respondents were screened to ensure that they were a head of household in Bellevue who was 18 years or older. In 2012, the methodology yielded 462 total interviews – 251 completed on the telephone and 211 completed online. The methodology yielded a much more representative sample of Bellevue resident demographics and household characteristics.

The survey addresses the following areas:

- General feelings about the direction in which the city is headed
- Attitudes toward quality of life at citywide and neighborhood levels
- Biggest problems at citywide and neighborhood levels
- Satisfaction with the Bellevue Police Department on different measures
- Preferences on strategies for addressing traffic congestion
- Importance and satisfaction ratings for specific city facilities and services



Stakeholders Summary

- Priorities for the city budget
- Value received for tax dollars and opinion of tax and service levels

The 2012 Budget Survey can be found on-line at <http://www.bellevuewa.gov/budgets.htm>.

Performance Survey

The methodology for the 2012 Performance Survey is the same as in the Budget Survey. The address-based methodology yielded 405 total interviews – 259 completed over the telephone and 146 completed via the internet.

The margin of error for the Bellevue Performance Survey is generally no greater than plus or minus 4.9 percentage points at a 95 percent confidence level.

Bellevue residents continue to give Bellevue high marks. The 2012 Performance Survey was published on July 30, and can be found on-line at <http://www.bellevuewa.gov/budgets.htm>.

Public Hearings

Although only a single public hearing is required by State of Washington code, the City of Bellevue held three public hearings on the 2013-2014 Budget to provide stakeholders multiple opportunities to officially comment on the budget. Two public hearings -- one on May 14 and the other on July 23 – were held prior to the submission of the Preliminary Budget to the Council. These two public hearings offered residents and other stakeholders the opportunity to let the Council know what issues were important to them before the City Manager completes his Preliminary Budget. The third public hearing was held on November 19, after the Council received the Preliminary Budget. This provided interested parties the chance to address new budget proposals, and to comment on significant budget issues.

Summarized feedback from the May 14, July 23, and November 19 public hearings can be found on the last page of this section.

Community Budget Open Houses

The City Council asked the Budget Office to hold open houses to go beyond the biennial Budget Survey and provide residents an opportunity for education and input into the budget process and the budget itself. The Open Houses were structured to provide an opportunity for residents and other interested stakeholders to gain high-level information about the budget process, city revenues and expenditures, and how the budget connects to specific programs. They were also designed to promote casual conversations between residents and city staff.

The Budget Office held two Open Houses, one on June 12, 2012 at the Crossroads Community Center and one on June 14, 2012 at City Hall; both from 7 – 8:30 pm. Fourteen people attended, including Bellevue residents, downtown workers, business and human service organization representatives, and bloggers.



Stakeholders Summary

In addition to Open House attendance, the Budget Office has received one e-mail from a resident regarding budget priorities for 2013-2014, and that response is included in the findings, below.

The Budget Office conducted outreach for these Open Houses in the following ways:

- E-mailed at least twice to over 1,000 Bellevue residents using the Neighborhood Outreach ListServ as well as to new residents from the south Bellevue annexation area between May 21 and June 8
- Published a story in the June edition of Neighborhood News
- Sent E-mail Alerts to 756 Bellevue Budget/Financial Reports/Latest News Internet pages
- Discussed at a televised Council meeting on May 14
- Issued two news releases to local media in mid-May and early June
- Posted announcement on the city's Internet Homepage
- Informed the Chamber of Commerce and Bellevue Downtown Association
- Distributed via Twitter and Facebook social networking sites
- Placed 40 posters in city facilities including community centers and at Service First, and provided fliers at the June 5 East Link Open House.

A central E-mail address was provided for residents who wished to have input, but were unable to attend an Open House.

Findings:

Eight participants completed comment cards. Responses are summarized below.

Question: If the city has extra money to spend, what services would you spend it on?

Service	Number of Mentions*
Code Compliance	One
Human Services	Four
Infrastructure	One
Service	Number of Mentions*
Innovative, Vibrant and Caring Communities	One
Nothing – Reduce Spending	One
Police	One
Probation	One
Property Acquisition	One
Quality Neighborhoods	One
Sidewalks	One

* Some participants listed more than one service



Stakeholders Summary

Question: *If the city has to cut spending, what services should be reduced?*

Service	Number of Mentions*
Art	One
Bel-Red Planning & Implementation	One
Bureaucracy	One
City Brand	One
Cut Nothing, Increase Taxes	Three
DARE Program	One
Eastlink Tunnel	One
Electric Reliability Study	One
Park Property Development	One
Parks clean-up staff	One

* Some participants listed more than one service

City Council Community Focus Group

On the evening of November 20, 2012, a number of community stakeholders gathered together in a forum called the Community Focus Group to look into Bellevue's future to help guide the City Council in making choices about investments and the funding sources that support Bellevue's biennial budget. Five Councilmembers and several city staff observed the evening's discussions. The City Manager introduced the Mayor for opening remarks.

The Mayor explained that the outcome of this discussion would help the Council frame its future budget decisions. The City Manager explained that the city uses a robust set of community indicators and survey mechanisms to gather resident opinion about budget priorities and the city's performance. The city tracks this information and actively uses performance measures to monitor and improve operations and outcomes.

The participants were broken into four groups and asked to respond to the following three questions:

- What makes Bellevue a special place for you today?
- What would make Bellevue a special place in the future? 5 years? 10 years? 25 years? 50 years?
- What does the city need to do, beginning now, and how would we achieve the vision?

More than 20 participants attended. Notes on discussion items from the Focus Group are located on the city's Internet page at:

<http://www.bellevuewa.gov/Minutes/MinutesFocusGroup11-20-12.pdf>

Boards & Commissions

There are five Boards and Commissions which provide input into the budget process:



Stakeholders Summary

- Transportation Commission: provides funding recommendations on Capital Investment Program (CIP) budget
- Environmental Services Commission: provides funding recommendations on both Operating and CIP budgets
- Parks & Community Services Board: provides funding recommendations on CIP budget
- Human Services Commission: provides funding recommendations on human services (city/CDBG)
- Art Commission: provides input on Arts funding in budget

Presentations to neighborhood groups, business associations, and others upon request and information provided to individuals upon request

Finally, the Finance Department responded to any communication received regarding the budget process and requests for information. The Finance Department also provided presentations upon request to any group. For the 2013-2014 Budget Process, presentations were given to the Bellevue Chamber and the Bellevue Downtown Association.

All requests for information can be sent to: FinanceDepartment@bellevuewa.gov.



Stakeholders Summary

PUBLIC HEARINGS TESTIMONY (paraphrased)

May 14, 2012

- The Bellevue Chamber of Commerce offered to continue to work with the city as a partner in economic development. They noted the importance of moving forward with transportation projects, and urged the Council to extend its seven-year CIP to a 10-year horizon. They also suggested that the city consider using more of its bonding capacity to help meet long-term infrastructure needs.
- The Bellevue Downtown Association asked the city to consider the following priorities: 1) East Link Memorandum of Understanding commitments, 2) Multimodal travel choices and pedestrian amenities, 3) Stronger focus on a cohesive economic development strategy, 4) Public Safety, 5) Parks, 6) Downtown Land Use Code Update, and 7) Leveraging the value of public funds that are contributed to human services partnerships.
- The Probation Advisory Board commended a program that helps individuals obtain permission to drive to work while they have a charge of Driving While License Suspended, and requested the Council's continued support of the Probation Advisory Board.

July 23, 2012

- A representative of Cougar Mountain Residence Association and Lakemont Condos requested a traffic control device at Cougar Way and Lakemont Blvd.
- A representative of Cougar Crest Homeowners Association requested a traffic control device at Cougar Way and Lakemont Blvd.
- A representative of the Bellevue Chamber emphasized the top three priorities identified in a survey of its members: 74 percent Transportation, 54 percent attracting new business, and 52 percent public safety. In addition, 82 percent said current service levels are sufficient in Bellevue. 70 percent of their members felt reprioritizing the capital list is the best way to address limited resources. There was very little support for raising taxes/fees and/or issuing bonds. Overall, feel budgets should be prioritized to ensure continued attraction of new capital and talent to Bellevue.
- A citizen spoke to supporting the Homeless Women's Shelter.
- The Bellevue Downtown Association asked the Council to focus on transportation; invest in strategic roadway capacity to relieve congestion both downtown and in neighborhoods; and support multi-modal travel choices for a walkable downtown core. In Parks, keep the parks levy commitments in place and remain focused on future opportunities such as Meydenbauer and Ashwood. In Land Use, support moving forward now with the initial work to update and improve the Downtown Land Use Code. Public Safety remained a top priority. While BDA will remain focused on a range of business needs, the Association also stressed the need to be sure that city amenities,

Stakeholders Summary

infrastructure, and education environment all work to support the growing number of families' downtown.

- The Bellevue Network on Aging supported funding of essential services for Bellevue Seniors (including the North Bellevue Community Center) and believed that the need for support will increase as the population ages.
- A representative of the North Bellevue Senior Advisory Board asked the Council to preserve funding for the North Bellevue Community Center and the programs and services for Bellevue's growing older-adult population.
- A Hazelwood parent supported placing a sidewalk on SE 64th and Newcastle Way.

November 19, 2012

- A resident representing a neighborhood group encouraged the Council to continue implementing the consultant's report regarding electrical reliability.
- A resident representing a neighborhood thanked the city for awarding the contract for the first phase of the West Lake Sammamish Parkway improvements project. He asked the Council to consider including a \$200,000 investment over the next two years for planning the second phase of the five-mile-long project (comments submitted in writing).
- A resident urged the Council to eliminate all operating and CIP budget proposals related to the Bel-Red Subarea and the Mobility and Infrastructure Initiative. He asked the Council to deny the proposed utility rate increases and to decrease Utilities' Tax rates. He suggested that the proposed Utilities Department operating and capital budgets should be decreased by \$53.6 million. He said the proposed Transportation Department operating capital budgets should be decreased by \$70.3 million. He also provided written testimony to the Council.
- A resident expressed support for the City Manager's budget, which provides \$400,000 to A Regional Coalition for Housing (ARCH). The resident said the need for affordable housing continues to increase, and he asked the Council to consider increasing the city's funding in the future.
- The Bellevue Chamber of Commerce thanked the Council and staff for their thoughtful and deliberate work on the city budget. They invited the Council to read the Chamber's 2013 Eastside Economic Strategy Guide, which includes a budget survey highlighting key issues for the business community.
- The Bellevue Downtown Association (BDA) thanked the Council for its work on the budget. The BDA supports the City Manager's budget, which includes commitments to the East Link light rail project, NE 4th Street/120th Avenue NE project, the Downtown Livability Plan update, and the Downtown Transportation Plan update. The BDA's Vice President encouraged the city to continue to invest in infrastructure and to work toward developing a long-term plan for funding the backlog of needed capital projects.

Stakeholders Summary

- A 12-year volunteer from the Bellevue Botanical Garden Society urged support of the budget proposal to create a new visitors center and expanded parking at the Garden. The Society has raised nearly \$4 million for the new visitors' center.
- The President of the Northwest Perennial Alliance (NPA) expressed the organization's strong support for the Bellevue Botanical Garden building project. The NPA created, funds, and maintains the perennial border around the Garden. The NPA offers lectures, workshops, classes, and garden tours and organizes neighborhood groups. She said the planned Bellevue Botanical Garden visitor's center will provide much-needed educational facilities.
- A resident encouraged the city to continue to invest in infrastructure including water, sewer, and storm water facilities. The resident said it is important to ensure that major systems do not fail.