



October 27, 2014

The Honorable Mayor Claudia Balducci
Members of the City Council
Residents and Stakeholders of the City of Bellevue

Dear Mayor Balducci, City Councilmembers, Residents and Stakeholders of Bellevue,

I am pleased to submit for your consideration the Preliminary Budget, including the **2015-2016** Operating Budget and **2015-2021** Capital Investment Program (CIP). The budget maintains current service levels in City operations, maintains our infrastructure, and addresses the community's priorities. In addition, the Budget includes the implementation of many of the Council's two-year priorities adopted in May 2014.

In order to accomplish several of the urgent needs throughout the City, this budget proposes a 5 percent property tax increase, part of the city's "banked" property tax capacity. The revenue generated by this increase will allow the City to make new investments in capital infrastructure. If approved, Bellevue would still have the lowest property tax rate in the state for cities with more than 20,000 residents.

The overall budget continues to be a resource-constrained budget where trade-offs had to be made to balance the budget. Totaling \$1.47 billion, the Preliminary Budget includes the 2015-2016 portion of the Capital Investment Plan (CIP) Budget, as well as the two-year Operating Budget. Our current proposed budget is balanced and sustainable.

Some highlights from the 2015-2016 combined budget:

- Funds many of the Council's two-year priorities, including Economic Development, Neighborhood Enhancement Program, Diversity Initiative, and Broadband/Community Connectivity, and;
- Proposes a 5 percent property tax increase to supplement the existing CIP;
- Maintains the City's reserves;
- Adjusts Utility and Development Services rates to keep pace with rising costs and to maintain existing service levels;
- Proposes carefully targeted new programs to enhance operations, such as the Fire Power Stretchers and mobile technology for the City's workers in the field; and
- Makes continued progress in meeting many, but not all, of the City's most important capital investment needs. These include maintaining existing infrastructure, Parks Levy projects, targeted investments in the long-range Fire Facility Plan, establishing a capital replacement fund for existing technology systems, and the East Link/Sound Transit Memorandum of Understanding commitments.

Future uncertainties

Although this is a sustainable budget, the City does continue to face uncertainty in the future. Overall growth of revenues remains relatively weak, on average 3.5 percent annually, compared to previous economic expansions of 5 percent or more. This is consistent with regional and national experiences during this slow recovery from the Great Recession. Examples of additional risks on the horizon include increasing demands for services, legislative risks, and the costs of maintaining new infrastructure.

Conclusion

The Preliminary Budget provides a plan to maintain and continue quality services that residents rely on. It is structured around community priorities (called Outcomes) approved by the Council in February.

This budget presents a strong operational plan to support the services of the City and a capital program that responds to the most urgent needs, including our neighborhoods. We continue our commitment to be a high performance organization, and to work more efficiently using improved technologies and work processes.

I appreciate the valuable feedback from members of the public at budget hearings, a Neighborhood Leadership Gathering in February, and our biennial budget survey in January. The community's feedback is important to the development of the budget.

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 members of my office, the Leadership Team, department fiscal managers, and all other employees who contributed to the success of the 2015-2016 Budget One process. Their work is very much appreciated. It's a big effort, but the collaboration will make it a successful one.

Finally, I would like to thank the Council for the additional time commitment and work during briefings and workshops over the course of this year in discussing and addressing the City's long-term capital needs.

Sincerely,



Brad Miyake
City Manager