

## **Budget Summary**

### **Introduction**

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This chapter illustrates 2011-2012 Budget resource and expenditure estimates primarily through the use of graphic presentations. The information is divided into two sections; Resource Summary and Expenditure Summary. Text describing the graphic presentations is included to highlight some of the key information presented in each section.

The Budget Summary is organized into the following sections:

#### **Resource Summary**

- A. Total City Budget Resources
- B. Operating Funds Budget Resources
- C. Special Purpose Funds Budget Resources
- D. Capital Project Funds Budget Resources

#### **Expenditure Summary**

- A. Total City Budget
- B. Total Operating Budget
- C. Total Special Purpose Budget
- D. Total Capital investment Budget
- E. Debt Information

## Resource Summary

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This chapter illustrates 2011-2012 Budget resource estimates primarily through the use of graphic presentations. Text describing the graphic presentations is included to highlight some of the key information presented.

The Resource Summary is organized into the following sections:

**A. Total City Budget Resources**

This section provides the reader with additional information on City taxes.

**B. Operating Funds Budget Resources**

This section provides information regarding operating budget resources by category and General Fund resource changes by source.

**C. Special Purpose Funds Budget Resources**

This section provides information regarding special purpose budget resources by category.

**D. Capital Project Funds Budget Resources**

This section provides information regarding capital project budget resources by category.

## Resource Summary

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### A. Total City Budget Resources

Figure 5a-1 presents the 2011-2012 resource budget for all City funds and contains a comparison to 2009-2010 resources. Resources for 2011-2012 are anticipated to decrease \$47.3 million or 3.9% from 2009-2010. The decrease is primarily due to a decline in taxes (\$34.1 million) and beginning fund balances (\$11.8 million).

As illustrated in the pie chart, taxes represent the largest resource category contributing 27.4% of total City resources. Tax collections are anticipated to decrease by \$34.1 million based on the economic recovery projected for the region. Within the taxes category, the largest components include sales tax, property tax, and business and occupation (B&O) tax.

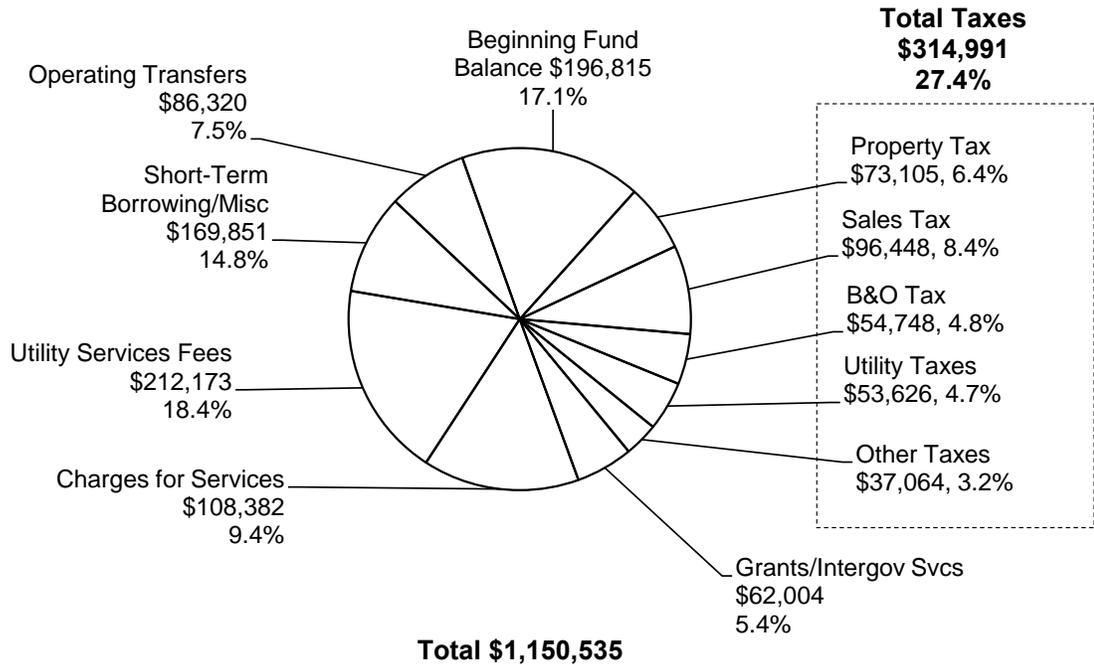
Utility Service Fees are the second largest category of resources. This revenue category is made up of water, sewer, and storm & surface water service fees. These revenues are projected to grow by \$10.1 million over the 2011-2012 biennium primarily attributable to pass-through rate increases in Metro sewer and Cascade Water Alliance costs, regulatory requirements, such as NPDES and investments associated with aging infrastructure, and capital program cost increases.

Beginning Fund Balance (BFB) is the third largest category of resources at \$196.8 million or 17.1% of total. Reserve policies have been adopted to allow the City to cover future liabilities (e.g., equipment replacement reserves). They protect the City's essential service programs during periods of economic downturn, which may temporarily reduce actual resources or cut the growth rate of City resources below that necessary to maintain pre-existing service levels. Additionally, fund balances, commonly known as reserves, can be used in the event of a natural catastrophe to counter cyclical basic revenue growth (as with economically sensitive resources such as Property, Sales, and B&O taxes combined) or because of unfunded federal or state mandates.



## Resource Summary

**Figure 5a-1 2011-2012 Total City Budget Resources**  
\$000



### Comparison to 2009-2010 Budget

	2009-2010 Budget	2011-2012 Budget	\$ Change	% Change
<b>Taxes</b>				
Sales Tax	\$112,147	\$96,448	(\$15,700)	(14.0%)
Property Tax	72,780	\$73,105	325	0.4%
Business & Occupation Tax	64,252	\$54,748	(9,504)	(14.8%)
Utility Taxes	54,198	\$53,626	(572)	(1.1%)
Other Taxes	45,707	\$37,064	(8,643)	(18.9%)
<b>Total Taxes</b>	<b>\$349,084</b>	<b>\$314,991</b>	<b>(\$34,093)</b>	<b>(9.8%)</b>
<b>Beginning Fund Balance</b>	<b>208,624</b>	<b>196,815</b>	<b>(11,809)</b>	<b>(5.7%)</b>
<b>Utility Services Fees</b>	<b>202,072</b>	<b>212,173</b>	<b>10,101</b>	<b>5.0%</b>
<b>Short-Term Borrowing/Miscellaneous</b>	<b>177,973</b>	<b>169,851</b>	<b>(8,122)</b>	<b>(4.6%)</b>
<b>Charges for Services</b>	<b>103,060</b>	<b>108,382</b>	<b>5,322</b>	<b>5.2%</b>
<b>Operating Transfers</b>	<b>89,571</b>	<b>86,320</b>	<b>(3,250)</b>	<b>(3.6%)</b>
<b>Grants/Intergovernmental Services</b>	<b>67,446</b>	<b>62,004</b>	<b>(5,442)</b>	<b>(8.1%)</b>
<b>Total Resources</b>	<b>\$1,197,829</b>	<b>\$1,150,535</b>	<b>(\$47,294)</b>	<b>(3.9%)</b>

Note: Columns/chart may not foot due to rounding

## Resource Summary

### Figure 5a-2 Summary of Locally Levied Taxes

Bellevue has a diverse mix of revenues that grow and retract based on various drivers. Through a diverse revenue base, and conservative financial management, Bellevue has been able to weather the most recent recession.

This figure includes specific information on each of the taxes levied to support City services. Included for each tax are the maximum allowable rate, the current City rate, the 2011 and 2012 budgets, and supplemental information.

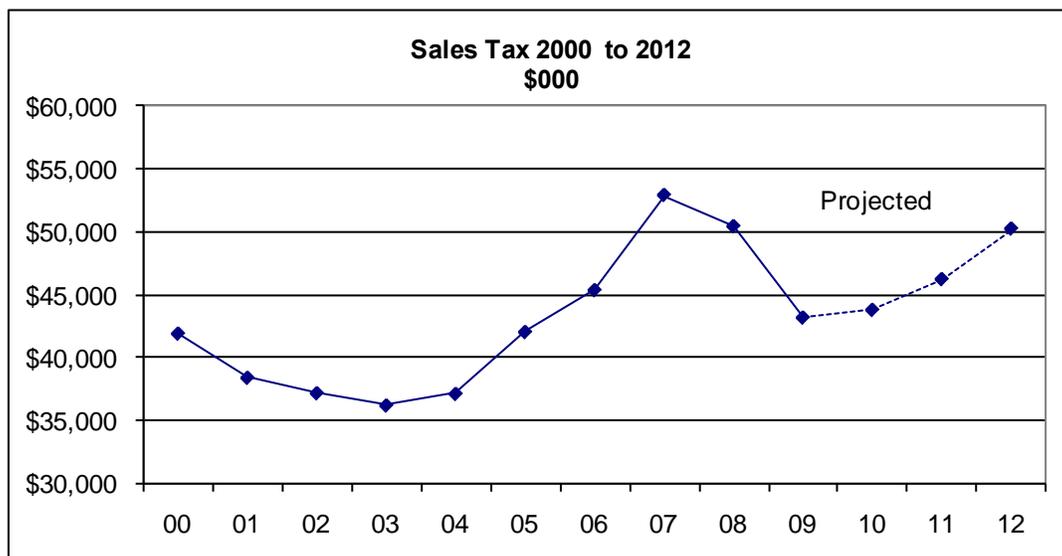
#### 1. Sales Tax

Sales tax is imposed on the sale of most goods and some services. This tax is remitted to the State by businesses and in turn, the State provides the City with a portion of this revenue on a monthly basis. The total sales tax rate is 9.5% in Bellevue and Bellevue receives 0.85% of this rate.

Growth in sales tax revenues is driven by growth in sales at retail outlets, direct expenditures by households and businesses, and development activity. Sales tax revenues support activities of the General Fund, General CIP Fund and Housing Fund.

#### Historical Collections & Trends

Sales tax collections grew significantly from 2003 to 2007, primarily due to increases in development activity and consumer spending (retail and services sectors growth). Sales tax collections for 2008 and 2009 reflect the decline in development and taxable retail activity experienced during the recession. Projections for 2010 year-end through the 2011-2012 biennium reflect the anticipated recovery as the development cycle and consumer spending begins growing again.



## Resource Summary

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Maximum Rate:	1.0%*
Current Rate:	1.0%*
2011 Estimate:	
General Fund**	\$33,886,000
General CIP Fund	10,299,000
Supplemental CIP Fund	1,078,000
Mobility CIP Fund	867,384
Housing Fund	100,000
Total 2011 Sales Tax	\$46,230,384
2012 Estimate:	
General Fund**	\$36,170,000
General CIP Fund	12,002,000
Supplemental CIP Fund	1,078,000
Mobility CIP Fund	867,384
Housing Fund	100,000
Total 2012 Sales Tax	\$50,217,384

\* 15% of the sales tax revenue produced by the City's 1% is allocated to the County.

\*\* Includes a portion of CIP sales tax distribution for maintenance and operating costs equal to 2010 base costs of \$7.8 million increased by inflation in each year.

Each 0.1% of the sales tax rate generates \$5.4 million in 2011 and \$5.9 million in 2012 of sales tax revenue.

### Comments/Watch Areas

Initiative 1107: This measure reverses some amendments to state tax laws adopted in 2010, thereby: ending the sales tax on candy, the temporary sales tax on some bottled water, and the temporary excise taxes on the activity of selling certain carbonated beverages. The impact of this change is difficult to assess due to the timing of tax law (June 2010) and the limited information available.

## **2. Business & Occupation (B&O) Tax**

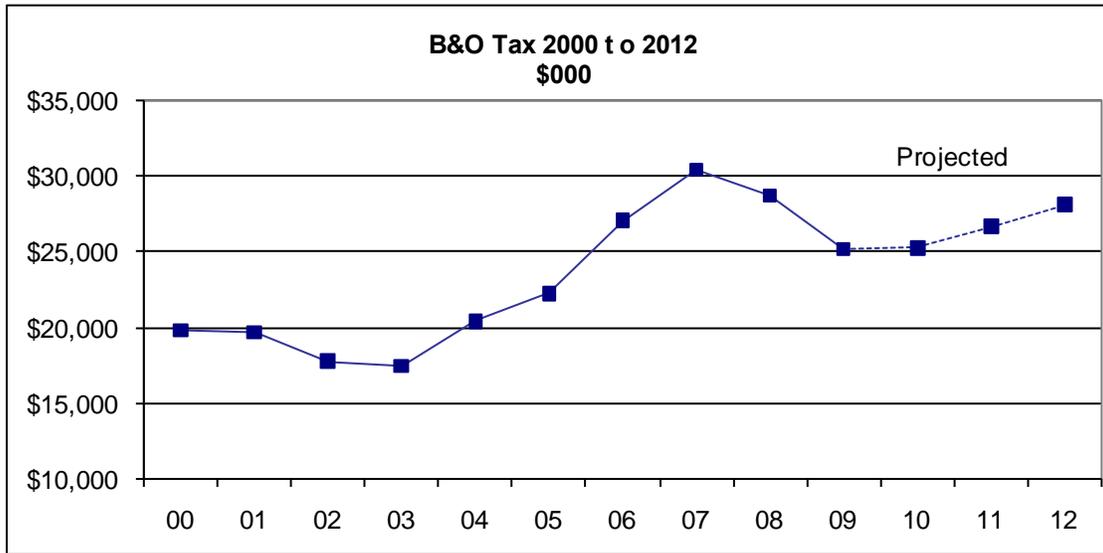
Business and occupation (B&O) tax is made up of two components: gross receipts and square footage. The gross receipts B&O tax is primarily measured on gross proceeds of sales or gross income. The square footage B&O tax applies to businesses whose activities produce gross revenue indirectly, such as at a headquarter locations. In some cases, businesses are excluded from paying this tax (e.g. taxable gross receipts for a business less than \$145,000 or offices with less than 250 taxable square feet). The City levies the same rate for all types of business activities. The gross receipt B&O tax rate is 0.1496% of receipts/income and the quarterly square footage rate is \$0.22 per square foot. B&O revenues support General Fund and the Capital Investment Program (CIP) Fund activities.



## Resource Summary

### Historical Collections & Trends

Following a similar pattern to sales tax, B&O tax collections grew considerably from 2003-2007, reflecting a strong economy and significant collections resulting from audit activities. A decline in audit activity, the impact of B&O apportionment and the recession slowed collections in 2008 and 2009. B&O tax is projected to show growth beginning in 2010 and continue to increase in the 2011-2012 biennium. This increase is based on the anticipated increase in business activity as the economy recovers and additional delinquency and detection activities associated with two new tax positions included in this budget.



Maximum Rate: 0.2%

Current Rate: 0.1496%

2011 Estimate:

General Fund (0.11%)	\$19,599,000
General CIP Fund – Unrestricted (0.03%)	5,344,000
General CIP Fund – Restricted Transportation Only (0.0096%)	<u>1,711,000</u>

Total 2011 Business & Occupation Tax \$26,654,000

2012 Estimate:

General Fund (0.11%)	\$20,657,000
General CIP Fund – Unrestricted (0.03%)	5,633,000
General CIP Fund – Restricted Transportation Only (0.0096%)	<u>1,804,000</u>

Total 2012 Business & Occupation Tax \$28,094,000

A majority of voters may approve a rate in excess of 0.2%. Each 0.01% of the business and occupation tax rate generates \$1.8 million in 2011 and \$1.9 million in 2012 of B&O tax revenue. Note: The City Council reserved from its levied capacity a rate of 0.0001 for convention center purposes per Ord. 4094.

## Resource Summary

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### Comments/Watch Areas

The proposed 2011-2012 Preliminary Budget includes the addition of two tax analysts to focus on B&O compliance enforcement activities; primarily the Detection Program, which identifies unlicensed taxpayers doing business in the City and generates 400 - 500 new registrations per year, and the Delinquent Collection Program, which focuses on getting delinquent tax returns filed and paid.

### **3. Property Tax**

Property tax is applied to the assessed value (AV) of all taxable real and personal property located within the City, with several exceptions such as public structures (government buildings, roads, etc.), property owned by several types of non-profit organizations, personal property (up to a specified dollar value), and others.

Real property includes land, buildings, and improvements to the land such as driveways. Personal property includes movable assets used in conducting a business such as machinery, supplies, and other non-inventory items. The King County Department of Assessments determines the assessment of real and personal properties and collects this revenue for the City. Official property tax records are maintained by the King County Assessor's Office.

Property tax revenues support General Fund activities as well as the Human Services Fund, which accounts for human services activities, including agency contracts.

### Historical Collections & Trends

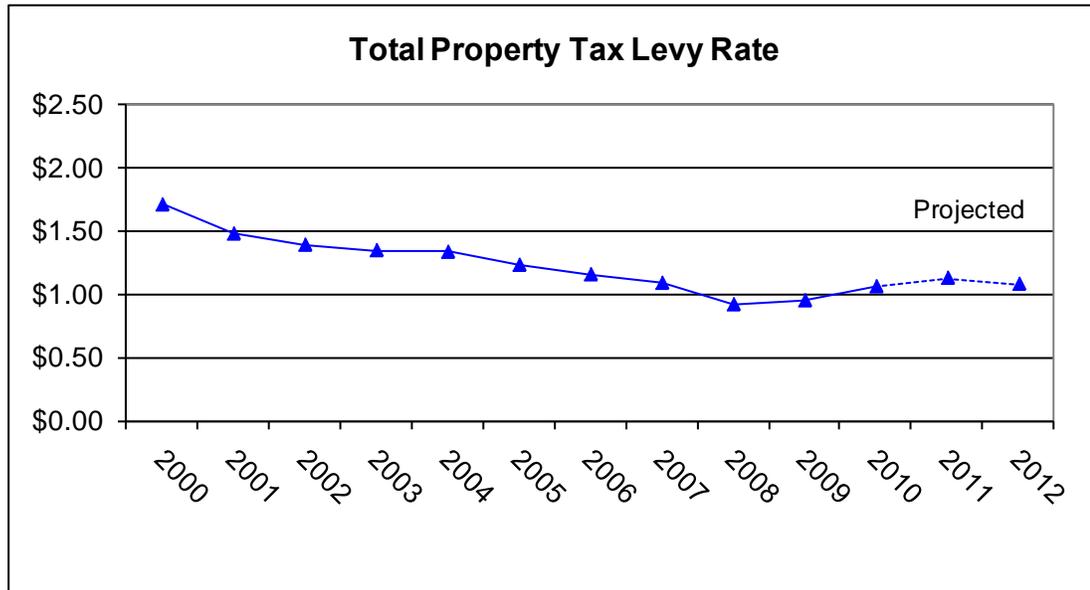
Under Initiative 747, the regular levy can grow at a maximum of 1% annually or the rate of "inflation" (defined as the increase in the implicit price deflator (IPD), whichever is less, plus additions for new construction, changes in value of state-assessed utility property and newly annexed property (referred to as "add-ons"). For 10 of the past 13 years, Bellevue has opted to only levy the additional property tax associated with add-ons, but has preserved, or "banked," its remaining allowable levy capacity (maximum allowable levy less actual levy). In 2011, Bellevue had \$8.5 million in banked capacity available.

The Bellevue City Council last approved the use of some banked capacity to support the ongoing maintenance and operating costs of City infrastructure in 2009. The Forecast does not reflect the use of any additional amounts of banked capacity.

As displayed in the following chart, Bellevue's property tax levy rate is projected to increase from \$1.06 to \$1.14 per \$1,000 AV, due to a decline in the City's AV, including any new construction valuation. Bellevue's property tax levy rate has fluctuated based on changes in AV, the use of banked capacity and voted levies.



## Resource Summary



Maximum Rate:	\$3.10/\$1,000 AV
2011 Total Levy Rate:	\$1.14/\$1,000 AV
2011 Levy:	
General Fund	\$29,614,000
Human Services Fund	2,511,000
Parks M&O Fund	660,000
General CIP Fund	<u>3,389,000</u>
Total 2011 Regular Property Tax Levy	\$36,174,000
2012 Estimated Total Levy Rate:	\$1.08/\$1,000 AV
2012 Estimated Levy:	
General Fund	\$30,300,000
Human Services Fund	2,582,000
Parks M&O Fund	660,000
General CIP Fund	<u>3,389,000</u>
Total 2012 Estimated Regular Property Tax Levy	\$36,931,000

Current law limits the property tax increase from the prior highest allowable regular levy to the lesser of 101% or 100% plus inflation, where inflation is measured by the percentage change in the IPD (whichever is less). For 2011 the IPD changed 101.54%.

The 2011 regular levy AV is at \$32.1 billion which is a decrease of \$2.0 billion (5.9%) from the 2010 AV. The 2012 regular levy AV is estimated to be \$34.6 billion, an increase of \$2.5 billion or 8.0% from the 2011 AV as property values begin to recover from the recent recession's impact.

## Resource Summary

Based on the estimated 2011 AV of \$32.1 billion and the 2012 AV of \$34.6 billion, each additional \$0.01 per \$1,000 assessed value (AV) of the regular property tax levy rate generates \$322,000 in 2011 and \$346,000 in 2012 in property tax revenue.

The 2011 and 2012 estimated levies include property tax lid lift revenues of \$991,000. This levy lid lift was approved by the voters in May 1988 to pay maintenance and operating costs of City park facilities funded through a \$16.5 million park bond issue.

A parks and open space levy lid lift was authorized by the voters in the November 2008 election to provide capital funding over the next 20 years (\$3,389,000 annually) and ongoing maintenance and operations funding (\$660,000 annually). This levy lid lift increased the 2011 property tax levy rate by \$0.12 per \$1,000 of assessed value.

### 4. Real Estate Excise Tax (REET)

The Real Estate Excise Tax (REET) is levied on all sales of real estate. The rate is 0.5% of the selling price of the property. The first 0.25% of local REET must be used to fund capital facilities expenditures that have been identified in the City's comprehensive plan. The second 0.25% of local REET revenues must also be used to fund capital facilities, with the added stipulation that they cannot be used for the acquisition of land for parks. REET revenues are cyclical in nature and are projected to grow over the next biennium as the economy recovers from the latest recession.

#### Historical Collections & Trends

Real Estate Excise Tax collections increased an annual average of 21% per year between 2001 and 2006. Collections increased 94.3% in 2007, fueled by the sale of the portfolio of a major landholder in Bellevue.

As displayed below, REET is projected to end \$0.4 million above budget in 2010 due to several large real estate transactions. In 2011-2012 REET is projected to grow as bank lending becomes more readily available and the economy begins to recover.





## Resource Summary

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Maximum Rate:	0.5%
Current Rate:	0.5%
2011 Estimate:	\$7,630,000
2012 Estimate:	\$9,134,000

Revenue proceeds are receipted to the General Capital Investment Program Fund for use on capital projects.

### Watch Areas

The recession has significantly affected REET collections in 2008 and 2009. Activity in 2010 has already exceeded budget due to several extraordinary commercial real estate transactions. Residential sales, however, have slowed since the end of the homebuyer tax credit program this spring. Local economists do not anticipate real estate sales to return to normal activity until the region experiences several years of good employment growth.

## 5. Utility Tax

Bellevue levies a tax on the gross income derived from sales of utility services provided in the City. Services include electricity, gas, water, sewer, storm drainage, garbage, telephone, and cellular phone. The revenues generated by these taxes support general city operations.

### **Electric Utility Tax**

Maximum Rate:	6.0%
Current Rate:	5.0%
2011 Estimate:	\$7,900,000
2012 Estimate:	\$8,194,000

A majority of the voters may approve a rate in excess of 6%. Each 0.1% of the electric utility tax rate generates roughly \$158,000 in 2011 and \$164,000 in 2012 of electric utility tax revenue.

### **Gas Utility Tax**

Maximum Rate:	6.0%
Current Rate:	5.0%
2011 Estimate:	\$2,404,000
2012 Estimate:	\$2,505,000

A majority of the voters may approve a rate in excess of 6%. Each 0.1% of the gas utility tax rate generates approximately \$48,000 in 2011 and \$50,000 in 2012 of gas utility tax revenue.

## Resource Summary

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### Water Utility Tax

Maximum Rate:	None
Current Rate:	10.4%
2011 Estimate:	\$3,328,000
2012 Estimate:	\$3,559,000

Each 0.1% of the water utility tax rate generates approximately \$32,000 in 2011 and \$34,000 in 2012 of water utility tax revenue.

### Sewer Utility Tax

Maximum Rate:	None
Current Rate:	5.0%
2011 Estimate:	\$2,038,000
2012 Estimate:	\$2,072,000

Each 0.1% of the sewer utility tax rate generates approximately \$41,000 in 2011 and \$41,000 in 2012 of sewer utility tax revenue.

### Storm Drainage Utility Tax

Maximum Rate:	None
Current Rate:	5.0%
2011 Estimate:	\$829,000
2012 Estimate:	\$856,000

Each 0.1% of the storm drainage utility tax rate generates approximately \$17,000 in 2011 and \$17,000 in 2012 of storm drainage utility tax revenue.

### Garbage Tax

Maximum Rate:	None
Current Rate:	4.5%
2011 Estimate:	\$903,000
2012 Estimate:	\$933,000

Each 0.1% of the garbage tax rate generates approximately \$20,000 in 2011 and \$21,000 in 2012 of garbage tax revenue.



## Resource Summary

### Telephone Utility Tax

Maximum Rate:	6.0%
Current Rate:	6.0%
2011 Estimate:	
Telephone Utilities	\$2,877,000
Cellular Telephone Utilities	<u>4,295,000</u>
Total 2011 Telephone Utility Tax	\$7,172,000
2012 Estimate:	
Telephone Utilities	\$2,964,000
Cellular Telephone Utilities	<u>4,486,000</u>
Total 2012 Telephone Utility Tax	\$7,450,000

Each 0.1% of the telephone utility tax rate generates approximately \$120,000 in 2011 and \$124,000 in 2012 of telephone utility tax revenue.

### Watch Areas

**Pass-Through Costs:** Electricity, gas, water, and sewer utilities service fees are subject to pass-through rate increases or decreases that affect tax collections. While the Forecast projects utility service fee increases, changes resulting from the pass-through of wholesale costs can be significant and may not be reflected in the Forecast until approved by the appropriate authoritative bodies.

**Legislation:** State and Federal legislation can have an effect on tax revenues as services/products may be determined taxable or not taxable. Often the timing of new legislation does not coincide with budget development and impacts are difficult to estimate. The Forecast attempts to incorporate the projected impact of new legislation when materiality warrants.

**Other Factors:** Utility tax revenues can be affected by uncontrollable variables, such as the economy, weather, market saturation, or new technology. While the Forecast incorporates market trends and historical experience into projections, impact of these variables is not always predictable.

Telephone taxes collections continue to fluctuate as households move to cell phones as their primary mode of communication. Cellular activity also remains variable as voice plans rates become more competitive and the market approaches saturation level.

**6. Other Taxes**

**Accommodations (Hotel/Motel) Tax**

100% of accommodations taxes are committed to the Bellevue Convention Center Authority (BCCA), a public development authority created by the City Council on December 4, 1989.

Maximum Rate:	5.0%
Current Rate:	5.0%
2011 Estimate:	\$5,978,504
2012 Estimate:	\$7,078,090

Proceeds are used first to pay Convention Center related debt. Collections in excess of debt requirements are transferred to the BCCA to support operations. The accommodations tax may be used only for tourism facilities and tourism promotion purposes. Each 0.1% of the tax generates approximately \$120,000 in 2011 and \$142,000 in 2012.

**Television Cable Franchise Fee**

Maximum Rate:	5.0%
Current Rate:	5.0%
2011 Estimate:	\$1,717,000
2012 Estimate:	\$1,766,000

Fees levied on cable television companies operating in the City. This fee is collected in the Franchise Fund, where it will be used to support the development of cable television activities. Each 0.1% of the television cable fee generates approximately \$34,000 in 2011 and \$35,000 in 2012 of television cable franchise revenue.

**Motor Vehicle Fuel Tax**

2011 Estimate:	\$1,247,000
2012 Estimate:	\$1,247,000

Tax is levied on each gallon of motor vehicle fuel sold and distributed to Cities and Counties. City distribution is on a per-capita basis.

**Admissions Tax**

Maximum Rate:	5.0%
Current Rate:	3.0%
2011 Estimate:	\$556,000
2012 Estimate:	\$567,000

## Resource Summary

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Tax levied on persons who pay an admission charge for entrance to an event or establishment. It is collected for the City by the business charging the admission for entrance to theaters, amusement parks, and swimming pools, among others. Each 0.1% of the admissions tax rate generates approximately \$19,000 in 2011 and 2012 of admissions tax revenue.

### Gambling Tax - Amusement & Games

Maximum Rate:	2% - 5%
Current Rate:	2% - 5%
2011 Estimate:	\$10,000
2012 Estimate:	\$10,000

Gambling tax on amusement games, bingo, and raffle activities. State law provides that the City must first use these proceeds to pay for enforcement activities.

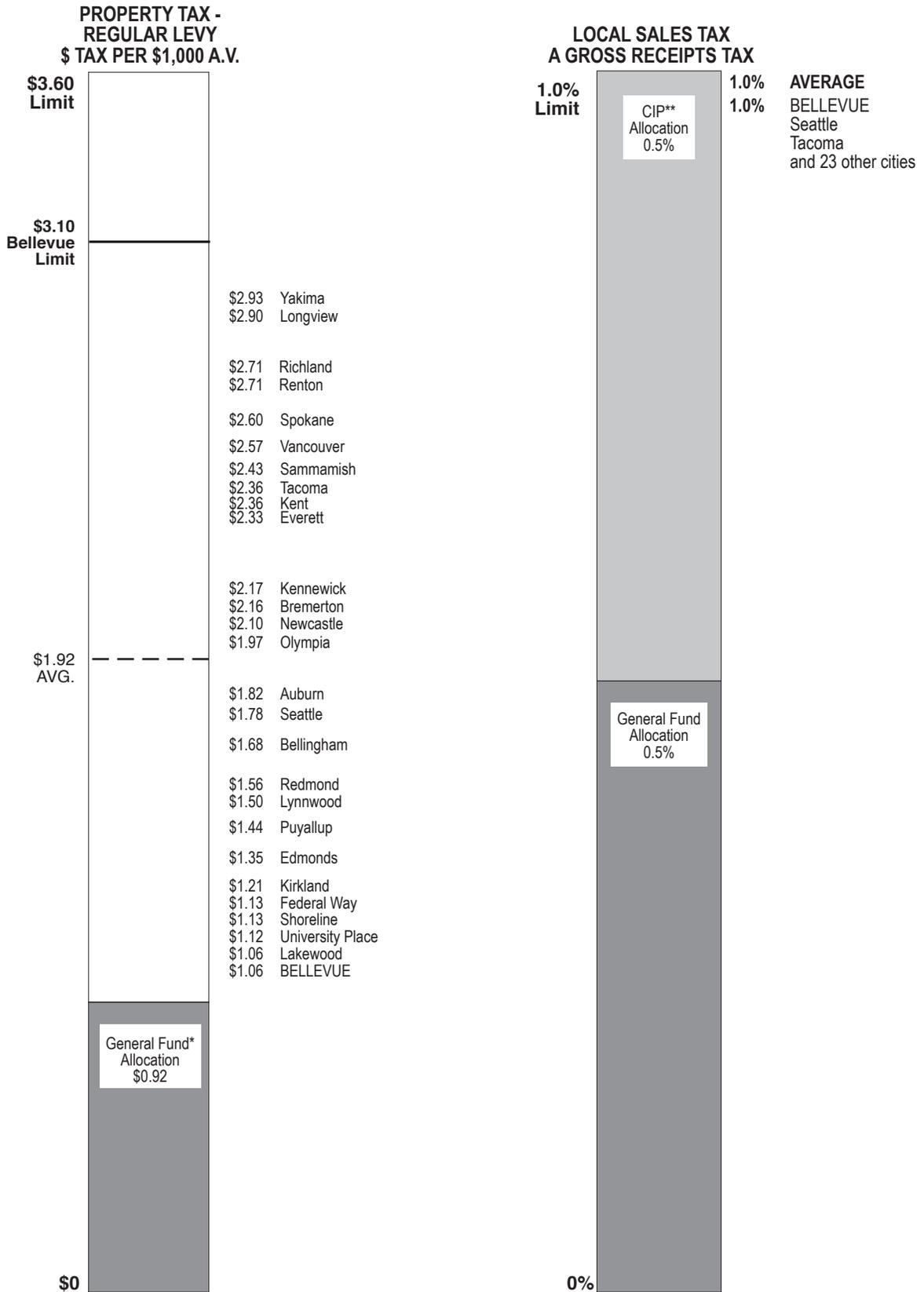
### Gambling Tax – Punchboards & Pull Tabs

Maximum Rate:	5.0%
Current Rate:	5.0%
2011 Estimate:	\$152,700
2012 Estimate:	\$155,601

Gambling tax on punch board and pull tab activities. These are reserved for the purpose of providing youth facilities to the extent that funds from this tax are not first required to enforce gambling laws as required by State law.

### Figure 5a-3(A) Comparison of 2010 Urban Tax Rates Rates in Effect for Property and Local Taxes as of January 2010

This figure provides a comparison of City of Bellevue tax rates to the tax rates of the 25 other Washington cities with over 30,000 population. Comparisons in Figure 4-3(A) show that Bellevue's property tax rate is well below the average for these Washington cities and that like 25 other cities, our sales tax rate is 1.0%.

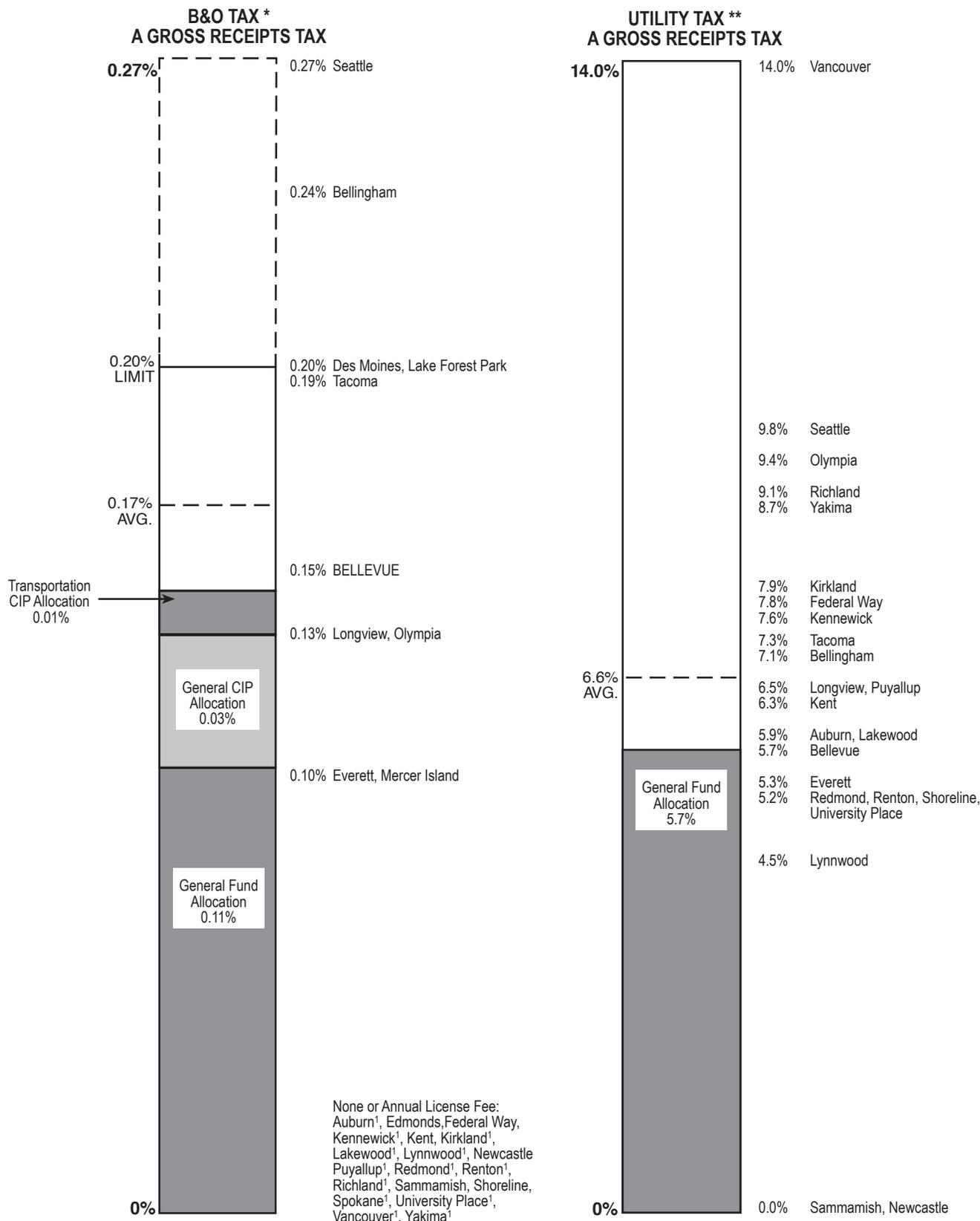


\* A portion of the General Fund allocation supports the Human Services Fund.

\*\* A portion of the CIP allocation supports the Housing, Facilities, and Land Purchase Revolving Funds, and General Fund maintenance and operating costs associated with completed capital projects.

**Figure 5a-3(B)**  
**Comparison of 2010 Urban Tax Rates**  
 Rates in Effect for Property and Local Taxes as of January 2010

Comparisons in Figure 7a-3(B) show that Bellevue's business & occupation (B&O) tax rate is slightly below the average of those cities with a B&O tax (0.15%) and that Bellevue's utility tax rates are well below the average of Washington cities.



\*\* Unweighted average B&O tax on service, retail, wholesale, manufacturing and services activities for those cities which impose a gross receipts business tax.  
 \* Unweighted average of natural gas, electric, telephone, water, sewer, storm drainage, cable, and garbage.  
 \*\* Unweighted average of utility tax rates for those cities which impose a gross receipts utility tax.  
 1) Auburn, Kennewick, Kirkland, Lakewood, Lynnwood, Puyallup, Redmond, Renton, Richland, Spokane, University Place, Vancouver, and Yakima: Business license fee based on square footage, number of employees, and/or type of business.

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 2011-2012 City of Bellevue Budget

## Resource Summary

**Figure 5a-4 Property Valuation & Tax Levy Information 1981 through 2011**

This figure displays historical property tax information for comparison purposes. Official property tax records are maintained by the King County Assessor's Office. Property owners are taxed on 100% of the fair market value of their property.

Year	Regular Levy Assessed Valuation (\$ in millions)	% Change from Prior Year	Regular Property Tax Levy (\$000)	% Change from Prior Year	Tax Rate per \$1,000 Assessed Valuation		
					Voted Levy	Regular Levy	Total Property Tax Rate
1981	3,194	78.1	5,635	15.2	0.37	1.76	2.13
1982	3,400	6.4	6,229	10.5	0.77	1.84	2.61
1983	4,460	31.2	7,078	13.6	0.44	1.58	2.02
1984	4,482	0.5	7,748	9.5	0.45	1.73	2.18
1985	4,737	5.7	8,545	10.3	0.22	1.80	2.02
1986	4,882	3.1	9,304	8.9	0.70	1.90	2.60
1987	5,366	9.9	10,230	10.0	0.41	1.90	2.31
1988	5,620	4.7	11,257	10.0	0.21	2.00	2.21
1989	6,455	14.9	13,409	19.1	0.20	2.08	2.28
1990	6,610	2.4	14,556	8.6	0.53	2.20	2.73
1991	9,065	37.1	16,113	10.7	0.31	1.76	2.07
1992	9,238	1.9	17,143	6.4	0.29	1.85	2.14
1993	9,958	7.8	18,414	7.4	0.26	1.85	2.11
1994	10,249	2.9	20,422	10.9	0.20	1.99	2.19
1995	10,701	4.4	19,492	(4.6)	0.35	1.82	2.17
1996	10,876	1.6	19,861	1.9	0.35	1.83	2.18
1997	11,308	4.0	21,026	5.9	0.34	1.86	2.20
1998	12,115	7.1	21,246	1.0	0.32	1.75	2.07
1999	13,652	12.7	21,685	2.1	0.24	1.59	1.83
2000	14,981	9.7	22,497	3.7	0.21	1.50	1.71
2001	17,605	17.5	23,489	4.4	0.14	1.34	1.48
2002	19,705	11.9	24,859	5.8	0.13	1.26	1.39
2003	20,696	5.0	25,214	1.4	0.13	1.22	1.35
2004	21,212	2.5	25,572	1.4	0.13	1.21	1.34
2005	22,214	4.7	25,814	0.9	0.07	1.16	1.23
2006	23,957	7.8	26,264	1.7	0.06	1.10	1.16
2007	26,612	11.1	27,638	5.2	0.05	1.04	1.09
2008	31,396	18.0	28,904	4.6	0.00	0.92	0.92
2009	37,627	19.8	31,201	7.9	0.11	0.83	0.94
2010	34,103	-9.4	32,011	2.6	0.12	0.94	1.06
2011	32,079	-5.9	32,583	1.8	0.13	1.02	1.14

Notes: 2008 Regular Property Tax Levy reflects retirement of 2003 Unlimited Tax General Obligation bonds. 2009\* Regular Property Tax Levy does not include the parks and natural areas voted levy.

Source: 2011 forward is Council Property Tax Ordinance



## Resource Summary

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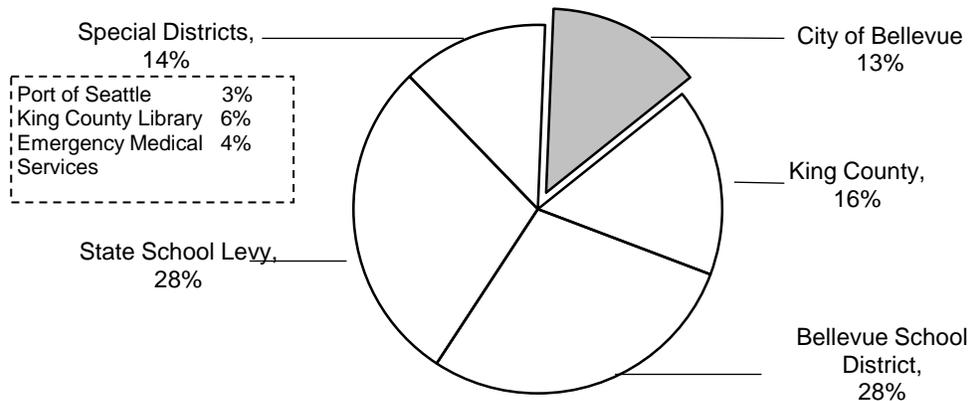
## Resource Summary

**Figure 5a-5 Property Taxes**

**Typical Distribution of Property Tax Dollars**

This figure illustrates the property tax distribution for a typical Bellevue taxpayer in 2010. As shown in the pie chart, Bellevue's property tax levies make up only 13% of a property owner's tax bill. The largest components are the State school levy and the Bellevue School District levy.

Official property tax records are maintained by the King County Assessor's Office.



The following table displays the 2010 property tax bills for hypothetical low-, medium-, and high-assessed value (AV) homes.

	2010 Rate/\$1,000 of AV	Low AV = \$200,000	Medium AV = \$600,000	High AV = \$800,000
Emergency Medical Services	\$0.30	\$60	\$180	\$240
Port of Seattle	0.22	43	129	170
Flood / Ferry Levy	0.11	22	64	84
King County Library	0.49	97	289	385
<b>City of Bellevue</b>	<b>1.06</b>	<b>212</b>	<b>637</b>	<b>850</b>
King County	1.28	257	772	1,029
Bellevue School District	2.22	443	1,330	1,775
State School Levy	2.22	445	1,335	1,780
<b>Total</b>	<b>\$7.89</b>	<b>\$1,579</b>	<b>\$4,736</b>	<b>\$6,314</b>

Note: Columns/chart may not foot due to rounding



## Resource Summary

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### B. Operating Funds Budget Resources

Figure 5a-6 presents the 2011-2012 resource budget for the City's 23 operating budget funds. This figure highlights that the largest operating budget resource categories are taxes at 31.3%, utility services fees at 26%, and charges for services at 13.2%. Overall, operating budget resources are projected to decrease by \$37.5 million or 4.5%.

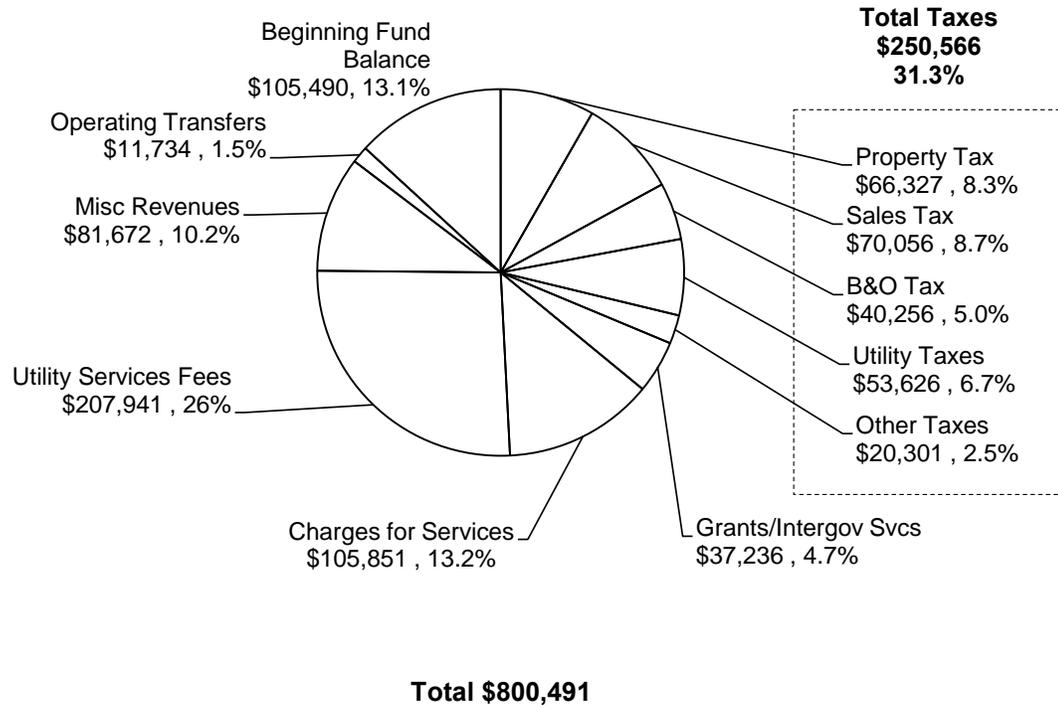
- Tax revenues are projected to decrease by \$17.1 million reflecting the impact of the recession on economically sensitive revenues and the projection for recovery.
- Increased pass-through wholesale sewer costs to customers, along with increased local program and capital costs, resulted in \$15.1 million increase in utility service fees.
- Charges for services are projected to increase somewhat over the biennium, primarily due to increased parks and recreation fees and interfund activities.



## Resource Summary

**Figure 5a-6 2011-2012 Total Operating Budget Resources**

**\$000**



### Comparison to 2009-2010 Budget

	<u>2009-2010</u> <u>Budget</u>	<u>2011-2012</u> <u>Budget</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
<b>Taxes</b>				
Sales Tax	\$75,102	\$70,056	(\$5,046)	(6.7%)
Property Tax	66,002	66,327	325	0.5%
Utility Taxes	54,198	53,626	(572)	(1.1%)
Business & Occupation Tax	47,244	40,256	(6,988)	(14.8%)
Other Taxes	25,133	20,301	(4,832)	(19.2%)
<b>Total Taxes</b>	<u>\$267,679</u>	<u>\$250,566</u>	<u>(\$17,113)</u>	<u>(6.4%)</u>
Utility Services Fees	192,883	207,941	15,059	7.8%
Beginning Fund Balance	131,996	105,490	(26,506)	(20.1%)
Charges for Services	100,099	105,851	5,752	5.7%
Miscellaneous	86,199	81,672	(4,527)	(5.3%)
Grants/Intergovernmental Services	39,604	37,236	(2,368)	(6.0%)
Operating Transfers	19,519	11,734	(7,785)	(39.9%)
<b>Total Resources</b>	<u>\$837,979</u>	<u>\$800,491</u>	<u>(\$37,488)</u>	<u>(4.5%)</u>

Note: Columns/chart may not foot due to rounding

## Resource Summary

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Figure 5a-7 is a summary of the General Fund resource changes from 2009-2010 to 2011-2012. General Fund resources are anticipated to decrease \$18.6 million or 5.4% over 2009-2010. Economically sensitive tax bases were reset in 2010 reflecting the impact of the recent recession. The Forecast incorporates local economists' projections for recovery.

- Business and Occupation (B&O) Tax receipts are anticipated to be \$7.0 million or 14.8% lower than in 2009-2010. This projected decline is based on a resetting of the 2010 base and current projections for economic recovery from the recession. Growth in the B&O tax is assumed a function of employment growth and inflation.
- Sales Tax revenues are anticipated to decrease \$5.0 million or 6.7% primarily due to reduced consumer spending and reduced development activity.
- Utility tax collections are anticipated to be nearly equal to 2009-2010. Tax collections for electric, water, sewer and storm drainage utilities are projected to increase based on recent or proposed utility service rate increases and projected population growth. Natural gas, garbage and telephone taxes are expected to decline based on a decline in services rates and/or service usage.
- Property taxes for 2011-2012 are projected to be essentially unchanged from the 2009-2010 biennium. The Forecast incorporates the projected new construction increase and change to property valuations.
- Charges for Services revenues are anticipated to be \$4.6 million or 15.5% higher reflecting growth in parks and recreation fees and reimbursement for General Fund staff support of development and capital activities.
- Miscellaneous revenues are projected to grow \$1.5 million or 17.3% due to increases in business registration fees, projected court reimbursements and increased property rental fees.
- Intergovernmental Services revenues are anticipated to be \$1.5 million or 4.3% lower reflecting the elimination of dispatch revenues as the City's dispatch activities fully move to NORCOM and reductions in projections of some state shared revenues.
- Beginning Fund Balance is anticipated to be \$1.9 million or 11.4% less than in 2011-2012 primarily due to the recessionary impact on economically sensitive revenues. The General Fund reserve policy sets an annual target of 15% of General Fund revenues as a sustaining reserve level.



## Resource Summary

**Figure 5a-7 Summary of General Fund Resource Changes - By Source**  
\$000

<b>Resources</b>	<b>2009-2010 Budget</b>	<b>2011-2012 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
Sales Tax	\$75,102	\$70,056	(\$5,046)	(6.7%)
Property Tax	59,607	59,914	307	0.5%
Business & Occupation Tax	47,244	40,256	(6,988)	(14.8%)
Utility Taxes				
Electric Utility Tax	14,922	16,094	1,172	7.9%
Natural Gas Utility Tax	6,986	4,909	(2,077)	(29.7%)
Garbage Utility Tax	2,111	1,836	(275)	(13.0%)
Telephone Utility Tax	16,653	14,622	(2,031)	(12.2%)
Other Utility Taxes	10,052	12,682	2,630	26.2%
Subtotal Utility Taxes	50,724	50,143	(581)	(1.1%)
Other Taxes	8,944	7,244	(1,700)	(19.0%)
Grants	0	106	106	0.0%
Intergovernmental Services	34,916	33,406	(1,510)	(4.3%)
Charges for Services	29,869	34,495	4,625	15.5%
Miscellaneous	8,502	9,975	1,473	17.3%
Operating Transfers	10,320	2,894	(7,426)	(72.0%)
Beginning Fund Balance	16,413	14,538	(1,875)	(11.4%)
<b>Total General Fund Resources</b>	<b>\$341,642</b>	<b>\$323,027</b>	<b>(\$18,615)</b>	<b>(5.4%)</b>

Note: Columns/graph may not foot due to rounding

## Resource Summary

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### C. Special Purpose Funds Budget Resources

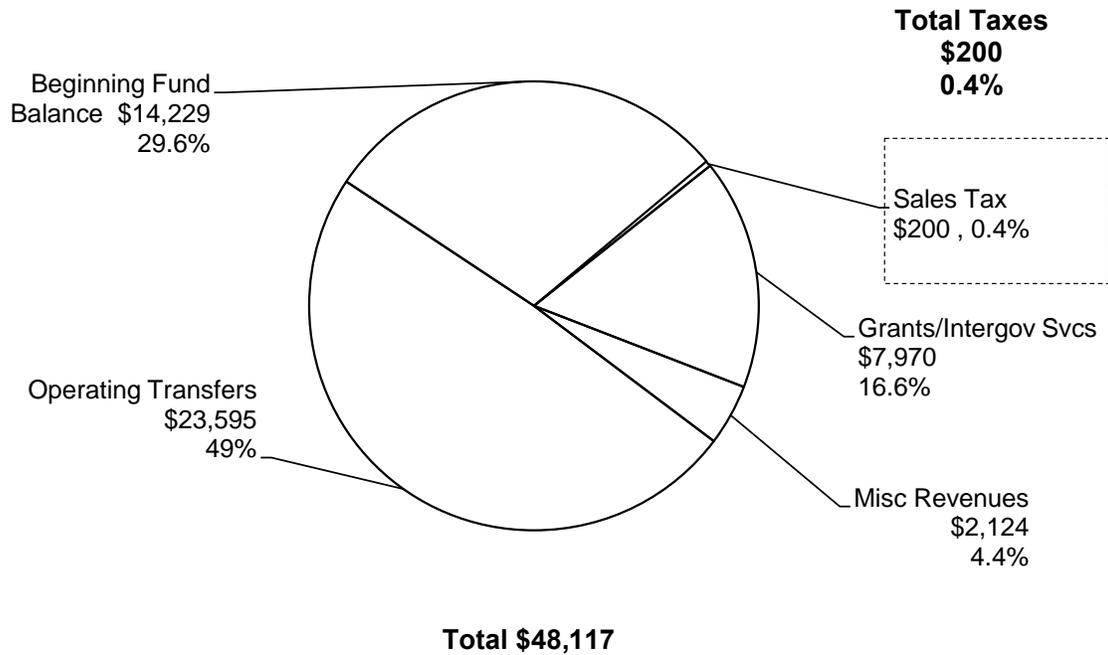
Figure 5a-8 is a summary of the City's Special Purpose resource changes from 2009-2010 to 2011-2012. Overall, Special Purpose resources are projected to be \$30.5 million less in 2011-2012.

- The \$15.5 million decrease in Charges for Services/Miscellaneous is primarily attributable to the repayment on the 2008 CIP Line of Credit Note principal balance outstanding of \$12.0 million in October 2009.
- Beginning Fund Balance is projected to decrease by \$4.3 million in 2011-2012 which is attributed to a transfer for New City Hall debt service that occurred in the 2009-2010 budget but is not occurring in the 2011-2012 budget.
- Tax revenues will decrease by \$8.7 million due to the reallocation of sales tax receipts to fund payments for the New City Hall project.
- Operating Transfers are essentially unchanged from the 2009-2010 budget.
- Grants/Intergovernmental Services revenues are lower mainly due to timing in budgeting for grant revenues.



## Resource Summary

**Figure 5a-8 2011-2012 Total Special Purpose Budget Resources  
\$000**



### Comparison to 2009-2010 Budget

	<u>2009-2010 Budget</u>	<u>2011-2012 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
Beginning Fund Balance	\$18,550	\$14,229	(\$4,322)	(23.3%)
Operating Transfers	23,447	23,595	148	0.6%
Taxes				
Sales Tax	8,858	200	(8,658)	(97.7%)
Property Tax	0	0	0	0.0%
Total Taxes	8,858	200	(8,658)	(97.7%)
Charges for Services/Miscellaneous	17,598	2,124	(15,475)	(87.9%)
Grants/Intergovernmental Services	10,174	7,970	(2,204)	(21.7%)
<b>Total Resources</b>	<u>\$78,627</u>	<u>\$48,117</u>	<u>(\$30,510)</u>	<u>(38.8%)</u>

Note: Columns/graph may not foot due to rounding



## Resource Summary

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### D. Capital Project Funds Budget Resources

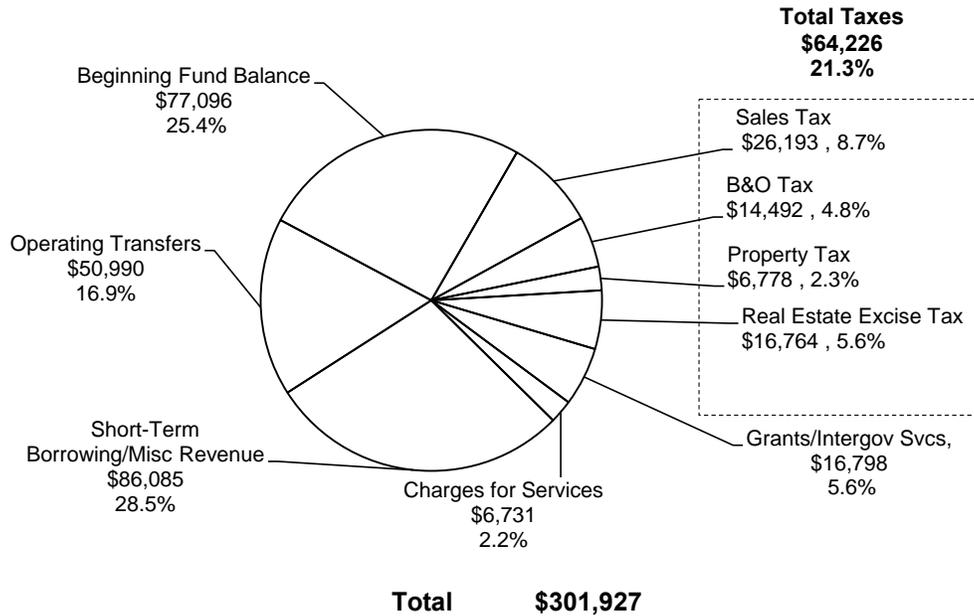
Figure 5a-9 is a summary of the City's Capital Project resource changes from 2009-2010 to 2011-2012. Overall, Capital Project resources are higher due to the following:

- Operating Transfers and Beginning Fund Balance are anticipated to increase by \$23.4 million due to project delays in 2009-2010 and subsequent increase in planned capital expenditures in 2011-2012.
- Short-term Borrowing/Miscellaneous is projected to increase by \$11.9 million due to recognition of additional resources for the Mobility and Infrastructure Initiative.
- Real Estate Excise Tax receipts are anticipated to decrease by \$3.8 million reflecting the impact of the recession on the credit market and development activity, including housing starts.
- Business and Occupation Tax receipts are anticipated to be \$2.5 million less due to the impact of the recession on business activities in general.



## Resource Summary

**Figure 5a-9 2011-2012 Total Capital Project Budget Resources  
\$000**



### Comparison to 2009-2010 Budget

	2009-2010 Budget	2011-2012 Budget	\$ Change	% Change
<b>Taxes</b>				
Sales Tax	\$28,188	\$26,193	(\$1,995)	(7.1%)
Property Tax	6,778	6,778	0	N/A
Real Estate Excise Tax	20,574	16,763	(3,811)	(18.5%)
Business & Occupation Tax	17,008	14,492	(2,516)	(14.8%)
<b>Total Taxes</b>	<b>\$72,548</b>	<b>\$64,226</b>	<b>(\$8,322)</b>	<b>(11.5%)</b>
Operating Transfers	46,605	50,990	4,385	9.4%
Beginning Fund Balance	58,077	77,096	19,019	32.7%
Short-Term Borrowing/Miscellaneous	74,205	86,085	11,880	16.0%
Grants/Intergovernmental Services	17,669	16,798	(871)	(4.9%)
Charges for Services	12,120	6,731	(5,388)	(44.5%)
<b>Total Resources</b>	<b>\$281,224</b>	<b>\$301,927</b>	<b>\$20,704</b>	<b>7.4%</b>

Note: Columns/graph may not foot due to rounding

## Expenditure Summary

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This chapter presents a high level summary of the key components of the 2011-2012 Budget. More detailed revenue and expenditure information can be found in subsequent chapters of this document.

The Expenditure Summary is organized into the following sections:

### A. Total City Budget

Figure 5b-1 on the following page summarizes the budget from both a total City budget perspective and from the operating budget, special purpose budget, and capital investment program budget perspectives. Further breakdown within each fund category is provided. Figures at the bottom of the table are presented “net of double budgeting” to give a more accurate representation of the size of the total City budget. Double budgeting is the result of transactions between funds that inflate the budget because expenditure and revenue dollars are budgeted twice, once in each fund’s budget.

Figure 5b-2 shows the 2011-2012 total City budget resources by source and expenditures by department with comparisons to the 2009-2010 Budget.

Figure 5b-3 shows the City’s total expenditure budget by category and compares the 2009-2010 and the 2011-2012 biennial budgets, including dollar and percentage change.

Figure 5b-4 shows the 2011-2012 total City’s budget for resources by source and expenditures by category, including dollar and percentage of total.

Figure 5b-5 shows the 2011-2012 total City’s budget per capita for 2009 to 2012.

Figure 5b-6 shows the 2011-2012 total City’s budgeted position trends for 2009 to 2012.

### B. Total Operating Budget

Figure 5b-7 shows the 2011-2012 total City’s Operating budget expenditures by fund and compares to the 2009-2010 biennial budget, including dollar and percentage change.

Figure 5b-8 shows the 2011-2012 total City’s Operating budget for resources by source and expenditures by group, including dollar and percentage of total.

### C. Total Special Purpose Budget

Figure 5b-9 shows the 2011-2012 total City’s Special Purpose budget expenditures by fund and compares to the 2009-2010 biennial budget, including dollar and percentage change.

Figure 5b-10 shows the 2011-2012 total City’s Special Purpose budget for resources by source and expenditures by group, including dollar and percentage of total.



## Expenditure Summary

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### D. Total Capital investment Budget

Figure 5b-11 shows the 2011-2012 total City's Capital Investment Program budget expenditures by program area and fund and compares to the 2009-2010 biennial budget, including dollar and percentage change.

Figure 5b-12 shows the 2011-2012 total City's Capital Investment Program budget for resources by source and expenditures by program area, including dollar and percentage of total.

### E. Debt Information

Figure 5b-13 displays the City's total debt capacity and debt issued as of January 1, 2011.

Figure 5b-14 lists the City's General Obligation and Revenue Bond debt information.

Figure 5b-15 displays the City's annual debt service requirements for existing non-voted general obligation bonds.



## Executive Summary

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## Expenditure Summary

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### A. Total Operating Budget

As shown in Figure 5b-1, the 2011-2012 budget totals \$1,150.5 million. The budget in total decreased by \$47.3 million or 3.9%.

Most funds decreased in the 2011-2012 biennium as compared to the 2009-2010 as a result of right-sizing the budget to maintain expenditures within projected resources.

The Utility Funds show a budget increase of \$20.7 million as compared to the 2009-2010 budget. This increase is primarily attributable to pass-through rate increases in Metro sewer costs and Cascade Water Alliance costs, and local program and infrastructure cost increases.



## Expenditure Summary

**Figure 5b-1 Budget Summary**

**\$000**

<b>Total City Budget</b>	<b>2009-2010 Budget</b>	<b>2011-2012 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Operating Funds</b>				
General	\$341,642	\$323,027	(\$18,615)	(5.4%)
Utilities	224,049	237,778	13,729	6.1%
Development Services	49,648	37,678	(11,970)	(24.1%)
Parks Enterprise	12,255	12,038	(217)	(1.8%)
Internal Services	87,235	78,899	(8,335)	(9.6%)
Reserve/Other	123,151	111,071	(12,080)	(9.8%)
<b>Total Operating Budget</b>	<b>\$837,979</b>	<b>\$800,491</b>	<b>(\$37,488)</b>	<b>(4.5%)</b>
<b>Special Purpose Funds</b>				
Grants	\$11,259	\$8,087	(\$3,172)	(28.2%)
Debt Service	53,320	25,869	(27,451)	(51.5%)
Trust/Other	14,048	14,161	113	0.8%
<b>Total Special Purpose Budget</b>	<b>\$78,627</b>	<b>\$48,117</b>	<b>(\$30,510)</b>	<b>(38.8%)</b>
<b>Capital Project Funds</b>				
General Capital Investment Program	\$170,389	\$162,587	(\$7,802)	(4.6%)
Utility Capital Investment Program	110,835	139,340	28,506	25.7%
<b>Total Capital Project Fund Budget</b>	<b>\$281,224</b>	<b>\$301,927</b>	<b>\$20,704</b>	<b>7.4%</b>
<b>Total City Budget</b>	<b>\$1,197,829</b>	<b>\$1,150,535</b>	<b>(\$47,294)</b>	<b>(3.9%)</b>

**2011-2012 Net City Budget**

For analytical and comparison purposes, the budget is adjusted to remove internal transactions between City departments or City funds including transfers between funds and charges for services provided by one department to another department within the City. These adjustments are detailed below:

- |   |                           |
|---|---------------------------|
| 1. Adjusted for internal transfers (e.g., General CIP contribution from the General Fund) between City funds, the net City budget is:       | <u><u>\$1,070,781</u></u> |
| 2. Adjusted for charges for services provided by one department to another (e.g., information technology services), the net City budget is: | <u><u>\$989,464</u></u>   |



## Expenditure Summary

**Figure 5b-2 2011-2012 Total City Budget  
Resources by Source and Expenditures by Department  
\$000**

	Operating Funds		Special Purpose Funds	
	2009-2010 Budget	2011-2012 Budget	2009-2010 Budget	2011-2012 Budget
<b><u>BEGINNING FUND BALANCE</u></b>	\$131,996	\$105,490	\$18,550	\$14,229
<b><u>REVENUES BY SOURCE</u></b>				
Property Tax	66,002	66,327	0	0
Sales Tax	75,102	70,056	8,858	200
Business & Occupation Tax	47,244	40,256	0	0
Utility Taxes	54,198	53,626	0	0
Other Taxes	25,133	20,301	0	0
Grants	0	106	8,732	6,258
Intergovernmental Services	39,604	37,130	1,442	1,712
Charges for Services	100,100	105,852	30	30
Utility Services Fees	192,883	207,941	0	0
Miscellaneous Revenues	86,199	81,672	17,568	2,094
Operating Transfers	19,519	11,734	23,447	23,595
<b>Total Revenues</b>	<b>\$705,983</b>	<b>\$695,001</b>	<b>\$60,077</b>	<b>\$33,888</b>
<b><u>TOTAL RESOURCES</u></b>	<b><u>\$837,979</u></b>	<b><u>\$800,491</u></b>	<b><u>\$78,627</u></b>	<b><u>\$48,117</u></b>
<b><u>EXPENDITURES BY DEPARTMENT</u></b>				
City Attorney	\$15,367	\$17,350	\$0	\$0
City Clerk	4,226	4,254	0	0
City Council	812	925	0	0
City Manager	3,842	4,285	0	229
Civic Services	39,874	44,027	1,090	426
Development Services	43,575	40,080	0	0
Finance	30,902	28,143	12,166	1,283
Fire	73,906	79,670	4,074	2,785
Human Resources	41,945	44,438	0	0
Information Technology	33,409	30,081	603	456
Miscellaneous Non-Departmental	21,888	(480)	28,031	18,641
Office of Economic Development	1,287	721	0	0
Parks & Community Services	74,525	73,865	7,563	2,913
Planning & Community Development	7,114	7,535	5,102	7,268
Police	75,047	72,936	840	569
Transportation	44,373	47,917	3,197	1,449
Utilities	202,841	218,378	3,518	1,115
<b>Total Expenditures By Department</b>	<b>\$714,932</b>	<b>\$714,125</b>	<b>\$66,184</b>	<b>\$37,136</b>
<b><u>ENDING FUND BALANCE*</u></b>	<b><u>\$123,047</u></b>	<b><u>\$86,366</u></b>	<b><u>\$12,443</u></b>	<b><u>\$10,981</u></b>
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>\$837,979</u></b>	<b><u>\$800,491</u></b>	<b><u>\$78,627</u></b>	<b><u>\$48,117</u></b>

\*The Ending Fund Balance is not in agreement with the next biennium Beginning Fund Balance because the budget estimates were developed at different times and actual over/under revenue collections and/or actual over/under expenditures cause them to be different.



## Expenditure Summary

Capital Funds		Total Budgets			
2009-2010 Budget	2011-2012 Budget	2009-2010 Budget	2011-2012 Budget	\$ Change	% Change
\$58,077	\$77,096	\$208,623	\$196,815	(\$11,808)	(5.7%)
6,778	6,778	72,780	73,105	325	0.4%
28,188	26,193	112,147	96,449	(15,699)	(14.0%)
17,008	14,492	64,252	54,748	(9,504)	(14.8%)
0	0	54,198	53,626	(572)	(1.1%)
20,574	16,763	45,707	37,064	(8,643)	(18.9%)
12,188	13,756	20,920	20,120	(800)	(3.8%)
5,481	3,042	46,526	41,884	(4,642)	(10.0%)
2,930	2,500	103,060	108,382	5,322	5.2%
9,189	4,231	202,072	212,173	10,101	5.0%
74,205	86,085	177,973	169,851	(8,122)	(4.6%)
46,605	50,990	89,571	86,319	(3,251)	(3.6%)
<u>\$223,146</u>	<u>\$224,831</u>	<u>\$989,206</u>	<u>\$953,720</u>	<u>(\$35,486)</u>	<u>(3.6%)</u>
<b><u>\$281,224</u></b>	<b><u>\$301,927</u></b>	<b><u>\$1,197,829</u></b>	<b><u>\$1,150,535</u></b>	<b><u>(\$47,294)</u></b>	<b><u>(3.9%)</u></b>
\$0	\$0	\$15,367	\$17,350	\$1,984	12.9%
482	175	4,708	4,429	(279)	(5.9%)
0	0	812	925	113	13.9%
327	4,380	4,168	8,894	4,726	113.4%
1,565	750	42,529	45,204	2,674	6.3%
595	0	44,170	40,080	(4,090)	(9.3%)
724	283	43,792	29,710	(14,083)	(32.2%)
3,470	3,610	81,450	86,065	4,615	5.7%
0	0	41,945	44,438	2,493	5.9%
2,886	0	36,898	30,537	(6,361)	(17.2%)
15,523	26,257	65,442	44,418	(21,024)	(32.1%)
0	330	1,287	1,051	(236)	(18.3%)
55,281	23,887	137,369	100,666	(36,703)	(26.7%)
9,740	6,668	21,956	21,471	(485)	(2.2%)
495	0	76,382	73,504	(2,877)	(3.8%)
79,301	96,247	126,871	145,614	18,743	14.8%
31,351	46,831	237,711	266,324	28,614	12.0%
<u>\$201,740</u>	<u>\$209,417</u>	<u>\$982,856</u>	<u>\$960,678</u>	<u>(\$22,178)</u>	<u>(2.3%)</u>
<u>\$79,483</u>	<u>\$92,510</u>	<u>\$214,974</u>	<u>\$189,857</u>	<u>(\$25,118)</u>	<u>(11.7%)</u>
<b><u>\$281,224</u></b>	<b><u>\$301,927</u></b>	<b><u>\$1,197,829</u></b>	<b><u>\$1,150,535</u></b>	<b><u>(\$47,295)</u></b>	<b><u>(3.9%)</u></b>



## Expenditure Summary

**Figure 5b-3 2011-2012 Total City Budget  
Expenditures by Category  
\$000**

Figure 5b-3 shows the City's total expenditure budget by category and compares the 2009-2010 and the 2011-2012 biennial budgets, including dollar and percentage change.

Personnel budget growth was \$6.2 million, or 2%, primarily as a result of salary increases resulting from inflation and merit increases, as well as increased medical benefit and pension costs.

Overall, maintenance and operations (M&O) costs have declined by 4.9% as a result of right-sizing the budget to maintain expenditures within projected resources.

	2009-2010 Budget	2011-2012 Budget	\$ Change	% Change
<b>Personnel</b>				
Salaries	\$205,241	\$203,245	(\$1,996)	(1.0%)
Medical	54,436	60,223	5,788	10.6%
Pensions	25,851	28,728	2,877	11.1%
Temporary Help	7,652	7,403	(249)	(3.3%)
Other (Medicare, Workers' Comp, etc.)	14,740	14,696	(44)	(0.3%)
Overtime	7,028	6,853	(175)	(2.5%)
<b>Subtotal Personnel</b>	<u>314,948</u>	<u>321,148</u>	<u>6,200</u>	<u>2.0%</u>
<b>M&amp;O</b>				
Outside Services	90,188	99,699	9,511	10.5%
Interfund Service Payments	79,353	81,318	1,965	2.5%
Operating Transfer to Other Funds	74,927	79,754	4,827	6.4%
Supplies	46,807	49,105	2,298	4.9%
Other Services & Charges	33,853	21,539	(12,313)	(36.4%)
Debt Service	51,849	24,320	(27,529)	(53.1%)
Repairs and Maintenance	18,575	15,344	(3,232)	(17.4%)
Utilities	16,187	16,698	511	3.2%
Other Intergovernmental Services & Taxes	37,523	38,879	1,355	3.6%
Jail Costs	2,639	2,650	11	0.4%
Communication Services	2,380	2,229	(151)	(6.3%)
Travel/Training	1,683	1,904	221	13.2%
<b>Subtotal M&amp;O</b>	<u>455,965</u>	<u>433,439</u>	<u>(22,526)</u>	<u>(4.9%)</u>
<b>Capital Outlays</b>	211,943	206,091	(5,852)	(2.8%)
<b>Reserves</b>	<u>214,974</u>	<u>189,857</u>	<u>(25,117)</u>	<u>(11.7%)</u>
<b>Total City Budget</b>	<u><u>\$1,197,830</u></u>	<u><u>\$1,150,535</u></u>	<u><u>(\$47,294)</u></u>	<u><u>(3.9%)</u></u>



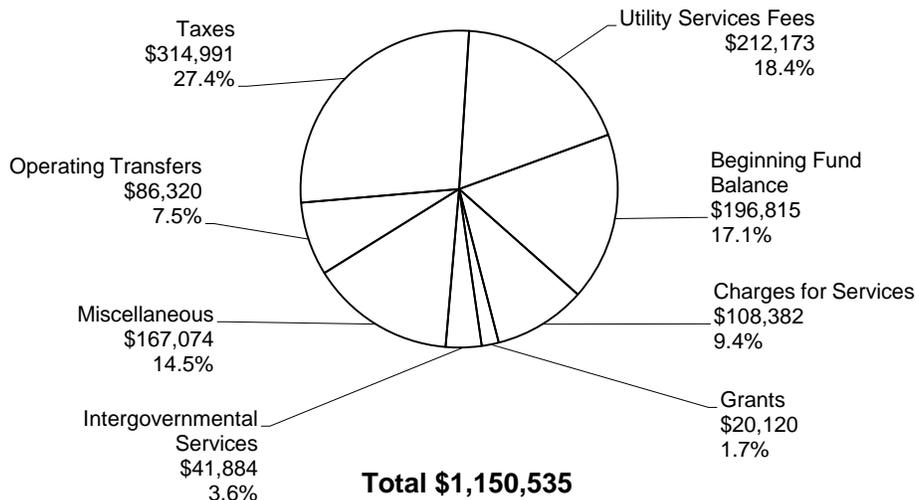
## Expenditure Summary

**Figure 5b-4 2011-2012 Total City Budget  
Resources by Source and Expenditures by Category  
\$000**

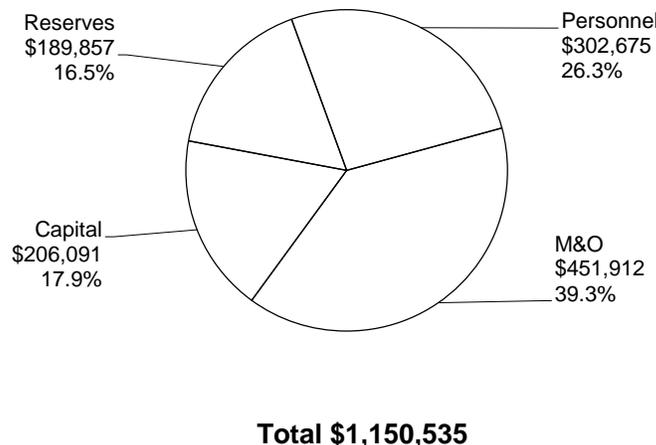
Figure 5b-4 presents the 2011-2012 total City budget resources by source and expenditures by category. As the resources chart indicates, at \$315.0 million or 27.4%, taxes make up the largest piece of the "pie", followed by utility services fees at \$212.2 million, or 18.4% and beginning fund balance at \$196.8 million, or 17.1%.

On the expenditure chart, at \$451.9 million, M&O accounts for 39.3% of the expenditure budget, followed by personnel at \$302.7 million or 26.3%.

### Resources



### Expenditures



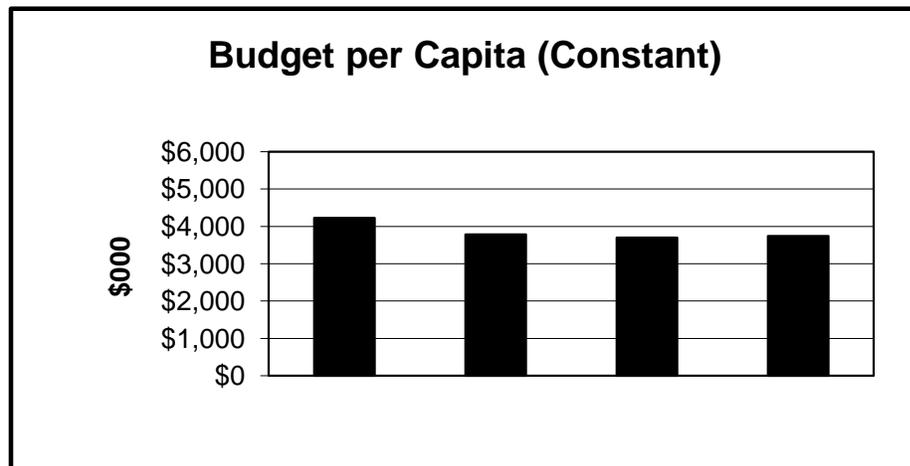
Note: Totals may not foot due to rounding



## Expenditure Summary

**Figure 5b-5 Total Budget Comparison  
Constant Dollar Total Budget Per Capita**

This figure displays a 2009 to 2012 comparison of the total city budget (excluding reserves) per capita on a constant dollar basis and shows the total city budget per capita fluctuating between \$4,225 in 2009 and \$3,745 in 2012.



	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total City Budget (\$000)	\$512,548	\$470,308	\$470,803	\$489,875
Budget in Constant (\$000)	\$509,491	\$464,714	\$458,781	\$467,548
Population	120,600	122,900	123,926	124,855
Total Budget per Capita	\$4,225	\$3,781	\$3,702	\$3,745

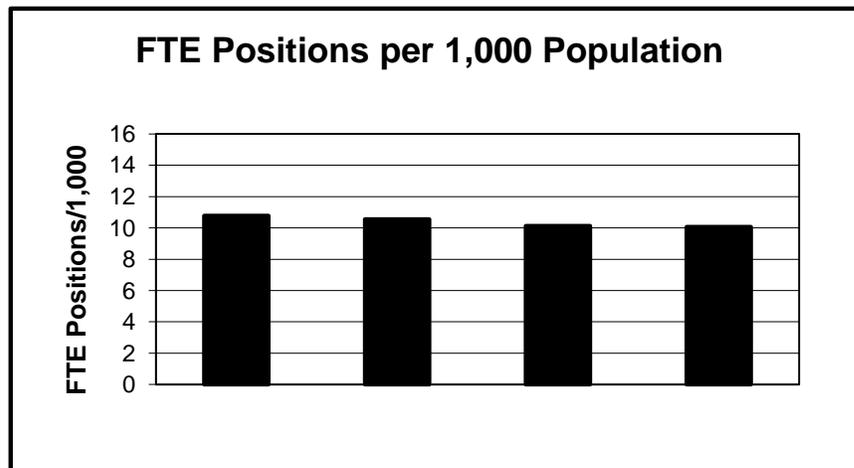


## Expenditure Summary

### Figure 5b-6 Total Budget Position Trends Full-Time Equivalent Positions / 1,000 Population by Year

Figure 5b-6 presents the ratio of total City positions per 1,000 population for the period of 2009 through 2012.

The 2011 decrease in positions reflects reductions from the Budget One budget process; as a result, the annual positions/1,000 ratio decreases.



	2009	2010	2011	2012
Positions	1,299.5	1,296.9	1,255.5	1,255.4
Population	120,600	122,900	123,926	124,855
Positions/1,000	10.8	10.6	10.1	10.1



## Expenditure Summary

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### **B. Total Operating Budget**

As shown in Figure 5b-7, the 2011-2012 operating budget totals \$800.5 million. The operating budget in total decreased by \$37.5 million or 4.5%.

Most funds decreased in the 2011-2012 biennium as compared to the 2009-2010 as a result of right-sizing the budget to maintain expenditures within projected resources.

The Utility Funds show a budget increase of \$13.7 million as compared to the 2009-2010 budget. This increase is primarily attributable to pass-through rate increases in Metro sewer costs and Cascade Water Alliance costs, and local program and infrastructure cost increases.



## Expenditure Summary

**Figure 5b-7 2011-2012 Total Operating Budget  
Expenditures by Fund  
\$000**

<u>Operating Budget</u>	<u>2009-2010 Budget</u>	<u>2011-2012 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
<b>General Fund</b>	\$341,642	\$323,027	(\$18,615)	(5.4%)
<b>Utilities</b>				
Water Utility Fund	93,993	94,821	828	0.9%
Sewer Utility Fund	88,255	99,560	11,305	12.8%
Storm & Surface Water Utility Fund	38,126	39,849	1,723	4.5%
Solid Waste Fund	3,675	3,547	(128)	(3.5%)
<b>Subtotal Utilities</b>	<u>224,049</u>	<u>237,778</u>	<u>13,729</u>	<u>6.1%</u>
<b>Development Services Fund</b>	49,648	37,678	(11,970)	(24.1%)
<b>Parks Enterprise Fund</b>	12,255	12,038	(217)	(1.8%)
<b>Internal Services</b>				
Equipment Rental Fund	42,335	36,289	(6,047)	(14.3%)
Facilities Services Fund	12,567	13,359	792	6.3%
Information Technology Fund	32,332	29,252	(3,081)	(9.5%)
<b>Subtotal Internal Services</b>	<u>87,235</u>	<u>78,900</u>	<u>(8,335)</u>	<u>(9.6%)</u>
<b>Reserves/Other</b>				
Franchise Fund	4,050	3,505	(545)	(13.5%)
General Self-Insurance Fund	11,370	9,272	(2,098)	(18.5%)
Health Benefits Fund	41,864	42,840	976	2.3%
Hotel/Motel Taxes Fund	20,478	17,257	(3,221)	(15.7%)
Human Services Fund	7,581	7,414	(168)	(2.2%)
Land Purchase Revolving Fund	3,036	3,240	205	6.7%
LEOFF I Medical Reserve Fund	18,237	15,291	(2,946)	(16.2%)
Marina Fund	1,899	1,590	(310)	(16.3%)
Park M&O Reserve Fund	4,213	5,540	1,327	31.5%
Rainy Day Reserve Fund	5,320	0	(5,320)	(100.0%)
Unemployment Compensation Fund	551	592	41	7.4%
Workers' Compensation Fund	4,552	4,530	(22)	(0.5%)
<b>Subtotal Reserves/Other</b>	<u>123,151</u>	<u>111,071</u>	<u>(12,080)</u>	<u>(9.8%)</u>
<b>Total Operating Budget</b>	<u><u>\$837,979</u></u>	<u><u>\$800,491</u></u>	<u><u>(\$37,488)</u></u>	<u><u>(4.5%)</u></u>



## Executive Summary

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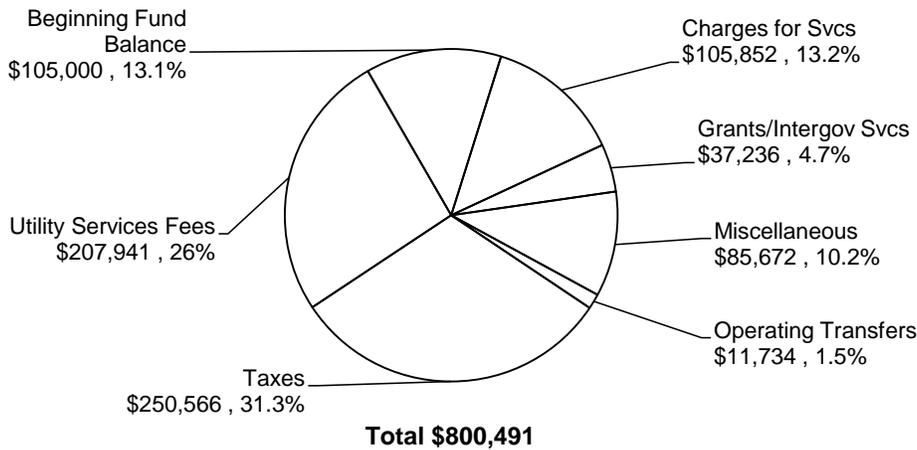
## Expenditure Summary

**Figure 5b-8 2011-2012 Operating Budget  
Resources by Source and Expenditures by Group  
\$000**

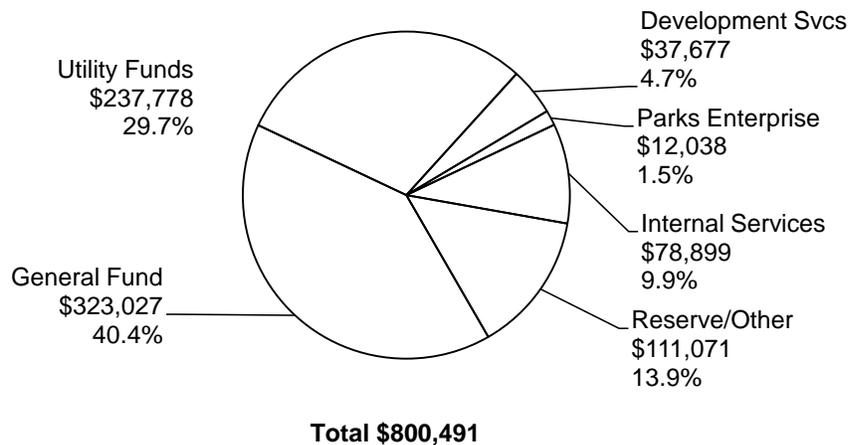
This figure presents the 2011-2012 total operating budget resources by source and expenditures by group. At 31.3% of the "pie", taxes represents the largest resource category followed by utility services fees and charges for services. Together, these three sources represent 70.5% of operating budget resources.

The General Fund is the largest operating budget fund at \$323 million, representing 40.4% of expenditures.

### Resources



### Expenditures



Note: Totals may not foot due to rounding



## Expenditure Summary

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### C. Total Special Purpose Budget

Figure 5b-9 presents the special purpose budget by fund. As indicated, the 2011-2012 special purpose budget decreases by \$30.5 million from 2009-2010.

I&D Redemption - Regular Levy Fund The \$23.0 million decrease is primarily attributable to the: 1) repayment on the 2008 CIP Line of Credit Note principal balance outstanding of \$12.0 million in October 2009; and; 2) 2010 refunding of the 1998 Marina Project and the 2002 BCCA bonds with an aggregate balance of \$13.2 million.

LID Control Fund The \$1.0 million decrease is mainly due to the retirement of the LID #277 Bonds in 2009. The bond proceeds from this LID were used to pay-off the Bond Anticipation Notes that financed the street improvements located on NE 4<sup>th</sup> Street between 100<sup>th</sup> Avenue NE and 112<sup>th</sup> Avenue NE.

LID Guaranty Fund The \$1.1 million decrease is primarily due to the 2010 one time transfer of surplus funds remaining in the LID Guaranty Fund to the General Fund in accordance with State law.

Utility Revenue Bond Redemption Fund The \$2.2 million decrease is mainly due to the retirement of the 2004 Waterworks Utility Revenue Refunding Bonds in 2010.



## Expenditure Summary

**Figure 5b-9 2011-2012 Special Purpose Budget  
Expenditures by Fund  
\$000**

<b><u>Special Purpose Budget</u></b>	<b><u>2009-2010 Budget</u></b>	<b><u>2011-2012 Budget</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
<b>Grants</b>				
Operating Grants & Donations Fund	\$11,259	\$8,087	(\$3,172)	(28.2%)
<b>Subtotal Grants</b>	<u>11,259</u>	<u>8,087</u>	<u>(3,172)</u>	<u>(28.2%)</u>
<b>Debt Service</b>				
I&D Redemption-Regular Levy Fund **	47,562	24,585	(22,976)	(48.3%)
I&D Redemption-Special Levy Fund **	80	0	(80)	(100.0%)
LID Control Fund **	2,101	1,066	(1,034)	(49.2%)
LID Guaranty Fund **	1,359	217	(1,142)	(84.0%)
Utility Revenue Bond Redemption Fund **	2,219	0	(2,219)	(100.0%)
<b>Subtotal Debt Service</b>	<u>53,320</u>	<u>25,869</u>	<u>(27,451)</u>	<u>(51.5%)</u>
<b>Trust/Other</b>				
Firemen's Pension Fund **	7,703	7,479	(224)	(2.9%)
Housing Fund	6,344	6,682	338	5.3%
<b>Subtotal Trust/Other</b>	<u>14,048</u>	<u>14,161</u>	<u>113</u>	<u>0.8%</u>
<b>Total Special Purpose Budget</b>	<u><u>\$78,627</u></u>	<u><u>\$48,117</u></u>	<u><u>(\$30,510)</u></u>	<u><u>(38.8%)</u></u>

\*\* Funds listed with a double asterisk are not appropriated during this process.



## Executive Summary

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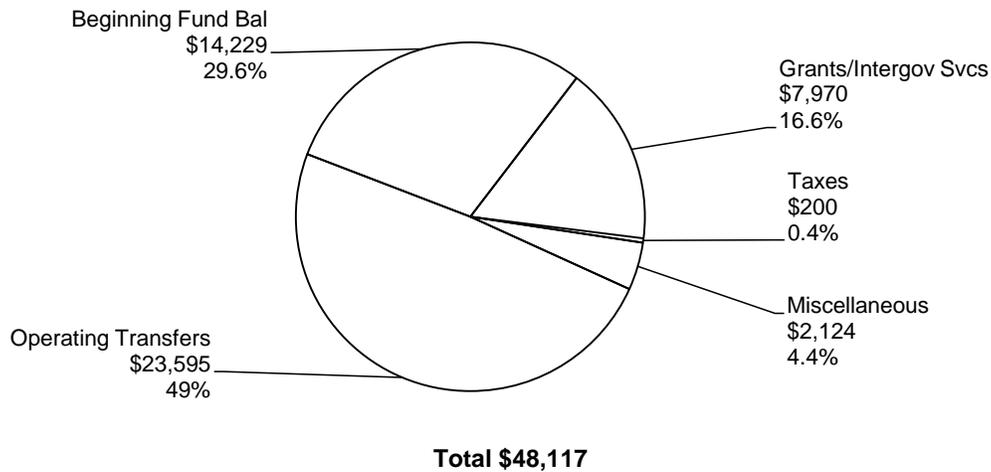
## Expenditure Summary

**Figure 5b-10 2011-2012 Special Purpose Budget  
Resources by Source and Expenditures by Group  
\$000**

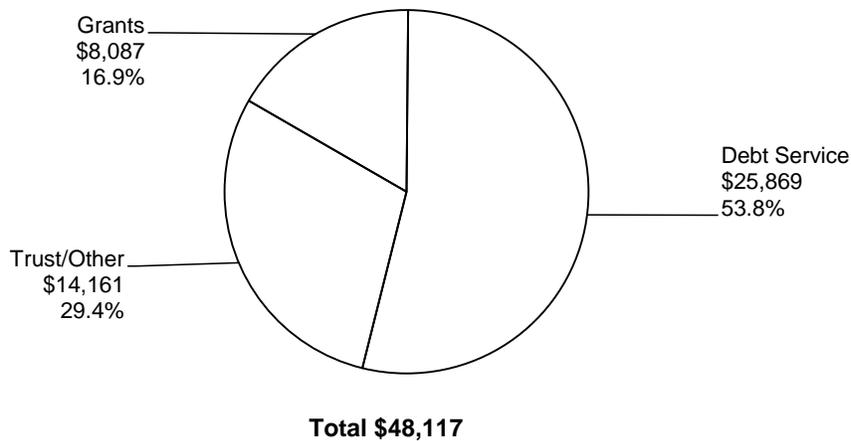
This figure depicts the resource and expenditure budget for the City's special purpose funds (not including the three capital funds). For the purposes of this display, resources have been categorized into five main components with the "pie slices" revealing the comparative size of each component of the budget. As the graph shows, excluding transfers between funds, the largest resource category is the beginning fund balance. This is primarily due to large reserves being held in some of these funds (e.g., Firemen's Pension Fund).

Debt service represents the largest piece of the special purpose fund expenditures pie chart and includes debt service payments for City Hall and Meydenbauer Center. Trust/Other expenditures represents planned expenditures and reserves in the Housing and Firemen's Pension funds.

### Resources



### Expenditures



Note: Totals may not foot due to rounding



## Expenditure Summary

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### **D. Total Capital Investment Budget**

Bellevue's Capital Investment Program (CIP) Plan presents a schedule of major public facility improvements for implementation within a seven-year period.

Figure 5b-11 presents the CIP expenditure budget by program area and fund. As displayed, the total CIP budget is expected to increase by \$20.7 million. This is due to an increase in the Utilities' CIP necessary to address aging infrastructure, mandated projects and capacity projects to support anticipated growth. This increase of \$28.5 million is partially offset by a decrease in the General CIP of \$7.8 million. This decrease is a result of lower projected revenues to fund projects due to the current economic conditions.



## Expenditure Summary

**Figure 5b-11 2011-2012 Capital Project Budget  
Expenditures by Program Area and Fund  
\$000**

	<b>2009-2010 Budget</b>	<b>2011-2012 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
<b>General Capital Project Budget</b>				
Transportation	\$78,325	\$96,247	\$17,922	22.9%
Parks	55,431	23,887	(31,544)	(56.9%)
General Government	21,990	32,175	10,185	46.3%
Public Safety	3,470	3,610	140	4.0%
Community and Economic Development	7,680	3,370	(4,310)	(56.1%)
Neighborhood Enhancement Program	2,924	3,098	174	5.9%
Neighborhood Investment Strategy	570	200	(370)	(64.9%)
<b>Subtotal General Capital Project Budget</b>	<b>\$170,389</b>	<b>\$162,587</b>	<b>(\$7,802)</b>	<b>(4.6%)</b>
<b>Utility Capital Project Budget</b>				
Water	\$39,553	\$45,569	\$6,016	15.2%
Sewer	40,529	64,669	24,140	59.6%
Storm Drainage	30,753	29,103	(1,650)	(5.4%)
<b>Subtotal Utility Capital Project Budget</b>	<b>\$110,835</b>	<b>\$139,340</b>	<b>\$28,506</b>	<b>25.7%</b>
<b>Total Capital Project Budget</b>	<b>\$281,224</b>	<b>\$301,927</b>	<b>\$20,703</b>	<b>7.4%</b>



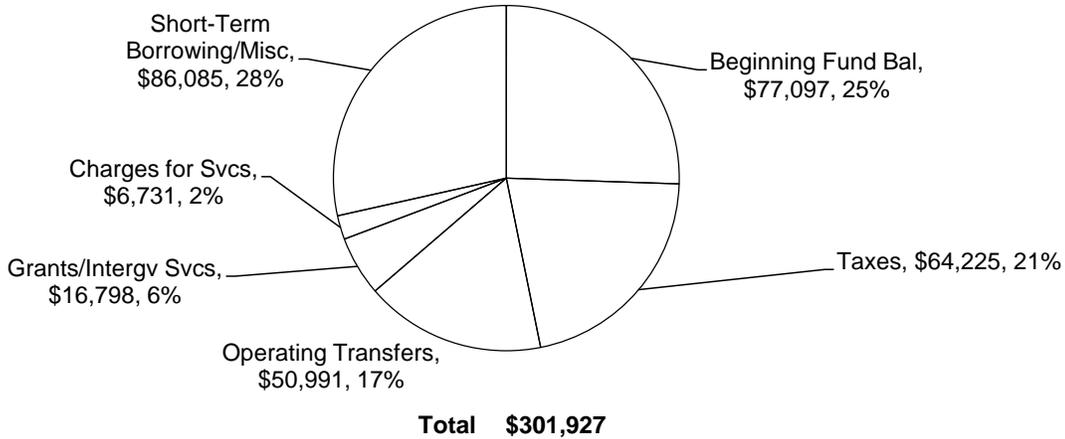
## Expenditure Summary

**Figure 5b-12 2011-2012 Capital Project Budget  
Resources by Source and Expenditures by Program Area  
\$000**

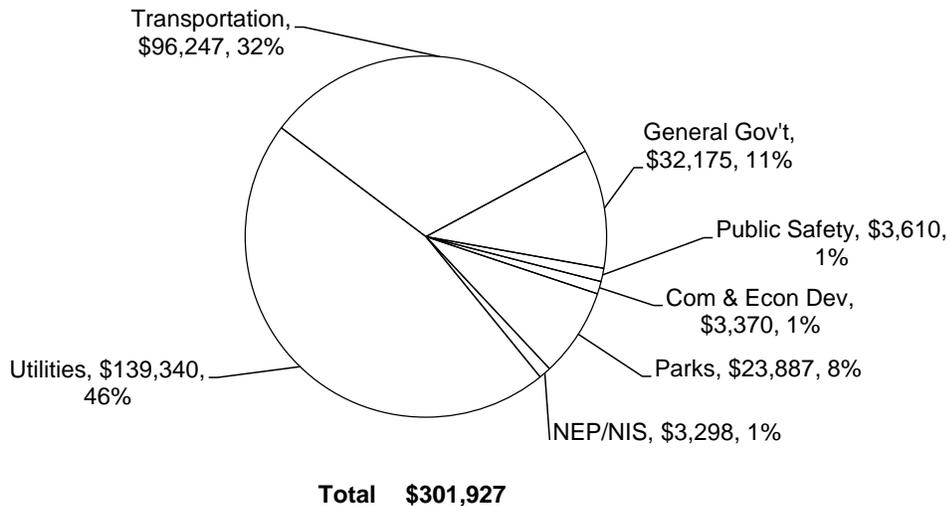
This figure depicts the resource and expenditure budget for the City's two capital project funds. For the purposes of this display, resources have been divided into six main categories revealing the comparative size of each component of the budget. The largest resource categories are: Beginning Fund Balance, which represents the utilities reserve and replacement funds for future funding of capital improvements; Taxes, which is comprised of sales, real estate excise, and business and occupation taxes; and Short-Term Borrowing/Miscellaneous revenue, which primarily represents the maximum amount of short-term borrowing that may be needed to fund all planned expenditures for the biennium.

The expenditure pie has been divided into the CIP program areas and reveals the comparative size of each. Transportation, Parks, and Utilities combine to make up 85% of the expenditure budget reflecting the overall capital funding priorities in the City.

### Resources



### Expenditures



Note: Totals may not foot due to rounding

## Executive Summary

### Estimated Future Maintenance & Operating (M&O) Costs

This section provides a summary of estimated future M&O costs for some of the more significant CIP projects included in the 2011-2017 CIP Plan. For some of the larger projects (e.g., West Lake Sammamish Parkway, 120<sup>th</sup> Avenue NE – Stage 2 &3 and Northup Way Corridor Improvements) design and amenities are still being determined, therefore estimated future M&O costs are currently unavailable. Likewise, the CIP includes ongoing programmatic projects that construct capital improvements that may have impacts to the operating budget. Estimated future M&O costs for these are determined through the design phase of each individual project.

CIP Plan No.	Project Name	Estimated Impact of Capital Investments on Operating Budget
PW-R-149	NE 10 <sup>th</sup> Street Extension	Future maintenance and operation of the proposed ramp will be a WSDOT responsibility.
PW-R-151	145th Place SE/SE 16th St to SE 24th St and SE 22nd St/145th	\$26,700 annually beginning in 2013 for street sweeping, landscape maintenance and lighting.
PW-R-160	NE 4th Street Extension - 116th to 120th Avenue NE	\$21,700 annually beginning in 2014 for street & signal lighting and landscape maintenance.
PW-R-161	120th Avenue NE (Stage 1) - NE 4th to NE 8th	\$15,600 annually beginning in 2013 for street & signal lighting and landscape maintenance.
PW-W/B-56	Pedestrian Access Improvements	\$14,700 annually beginning in 2012 for maintenance of new trail expected to be completed in 2011. Additional operating costs may be required for future improvements completed through this ongoing CIP program.
PW-W/B-71	108th Avenue SE/Bellevue Way to I-90	\$9,700 annually beginning in 2013 for landscape maintenance and street, bikeway, and walkway maintenance.
P-AD-82	Parks & Open Space Acquisition - 2008 Parks Levy	\$7,500 annually beginning in 2013 in estimated maintenance costs that will ensure that these acquisitions are safe and accessible to the community. These costs will be funded by the ongoing M&O component of the 2008 levy.
P-AD-85	Bellevue Botanical Garden Development - 2008 Parks Levy	\$150,000 annually beginning in 2014 for maintenance and operations of the new gardens and facilities. These costs will be funded by the ongoing M&O component of the 2008 levy.



## Executive Summary

### Estimated Future Maintenance & Operating (M&O) Costs

CIP Plan No.	Project Name	Estimated Impact of Capital Investments on Operating Budget
P-AD-86	Surrey Downs Park Development - 2008 Parks Levy	\$150,000 annually beginning in 2016 for maintenance and operations of the developed park. These costs will be funded by the ongoing M&O component of the 2008 levy.
P-AD-87	Downtown Park Development - 2008 Parks Levy	\$150,000 annually beginning in 2015 for maintenance and operations of the developed park. These costs will be funded by the ongoing M&O component of the 2008 levy.
P-AD-88	Neighborhood Park Development - 2008 Parks Levy	\$120,000 annually beginning in 2016 for maintenance costs. These costs will be funded by the ongoing M&O component of the 2008 levy.
P-AD-89	Nature Trail Expansion - 2008 Parks Levy	\$50,000 annually beginning in 2013 for maintenance costs. These costs will be funded by the ongoing M&O component of the 2008 levy.
P-AD-90	New Youth Theatre - 2008 Parks Levy	\$150,000 annually beginning in 2014 for maintenance and operations costs. These costs will be funded by the ongoing M&O component of the 2008 levy.
P-AD-91	Lewis Creek park Picnic Area Development - 2008 Parks Levy	\$50,000 annually beginning in 2013 for maintenance costs. These costs will be funded by the ongoing M&O component of the 2008 levy.
D-74	Lower Newport Stream Channel Modification	\$3,000 annually beginning in 2012 for maintenance costs. These costs will be funded by storm and surface water utility rates.
D-95	Coal Creek Upper Reach Bank and Slope Stabilization	\$4,000 annually beginning in 2015 for maintenance costs. These costs will be funded by storm and surface water utility rates.
D-100	Coal Creek Stream Bed Grade Control	\$4,000 annually beginning in 2015 for maintenance costs. These costs will be funded by storm and surface water utility rates.

## Expenditure Summary

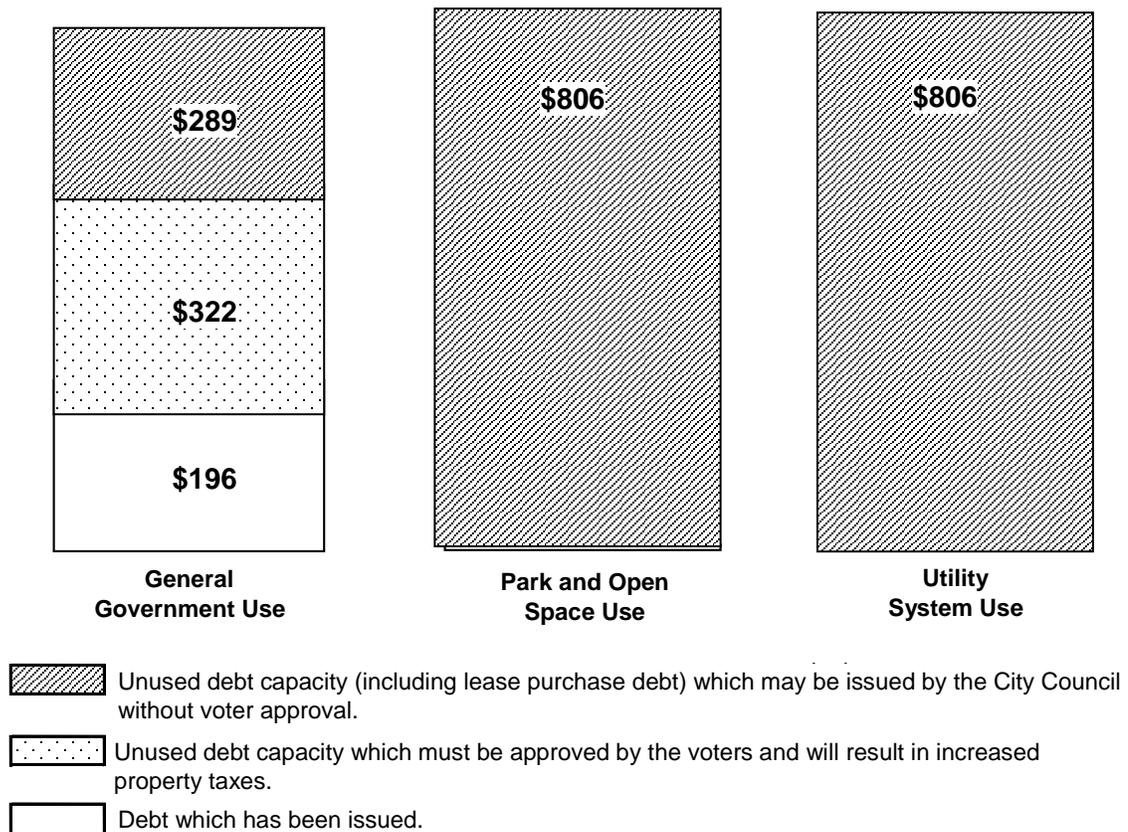
### E. Total Debt Information

State Law enables the City to issue debt for three general categories of use: General Government, Park and Open Space, and Utility System uses. The debt issued in each category is limited to 2.5% of the City's assessed valuation (for a total limit of 7.5%). In addition, the State Constitution also allows for non-voted or councilmanic debt limited to 1.5% of the City's assessed valuation, to be included within the General Government 2.5% limit. Such councilmanic debt can be funded by property taxes, but does not result in an increase to regular levy property taxes. Publicly-voted bonds (which exclude councilmanic debt) require a 60% majority approval for passage of a bond election and a total voter turnout of at least 40% of the total votes cast in the last general election. Publicly-voted bonds are funded by voted levy property taxes and the approval of these bonds will result in an increase to voted levy property taxes.

Figure 5b-13 exhibits by category the City's total general obligation debt capacity, the amount of debt issued, and the allocation of remaining debt capacity between voted and councilmanic limits. As of January 1, 2011, the City's remaining general government debt capacity was approximately \$611 million, approximately \$322 million in voted capacity and \$289 million in councilmanic capacity. The approximate remaining debt capacity for park and open space use is \$806 million and for utility system use is \$806 million.

**Figure 5b-13**  
**Total Debt Capacity and Debt Issued**  
**as of January 1, 2011**  
**(\$ Millions)**

Maximum Legal Capacity =  $\$32,241 \times 0.025 = \$806$



## Expenditure Summary

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Figure 5b-14 on the following page presents detailed information on the City's General Obligation and Revenue Bond debt. For each debt issue, this figure lists the amount issued, the issue and maturity dates, interest rate, source of debt payment funding, and the debt service requirements included in the 2011-2012 Budget.



## Expenditure Summary

**Figure 5b-14 General Obligation and Revenue Bond Debt Information**  
\$000

	Original Amount Issued	Issue Date	Final Maturity Date	Interest Rate	Source of Debt Service Funding	2011-2012 Debt Service Requirement	
						Principal	Interest
<b>Non-Voted General Obligation (G.O.) Bonds:</b>							
1995 Limited G.O.	\$5,140	1995	2025	5.15 - 5.80%	Hotel/Motel Taxes	\$616	\$904
2002 Limited G.O. (Unrefunded Portion)	10,450	2002	2011	3.50 - 5.50%	Hotel/Motel Taxes	245	10
2003 Limited G.O. Refunding, Series B	4,635	2003	2014	2.00 - 4.50%	General Taxes	885	143
2004 Limited GO (City Building)	102,710	2004	2043	5.00 - 5.50%	Sales Tax	2,610	10,426
2006 Limited GO (City Building II)	6,060	2006	2026	3.80 - 4.25%	Sales Tax	480	410
2008 Limited GO (Supplemental CIP)	14,230	2008	2027	3.00 - 4.25%	Sales Tax	1,155	915
2008 Limited GO BAN (LOC)	30,000	2008	2013	Variable	General Taxes	-	910
2010 Limited GO Refunding (Marina)	3,280	2010	2018	2.00 - 3.00%	Moorage Fees	605	157
2010 Limited GO Refunding (BCCA)	9,595	2010	2032	2.00 - 4.00%	Hotel/Motel Taxes	375	655
2010 Limited GO (Mobility Infrastructure Initiative)	11,825	2010	2030	2.00 - 5.00%	Sales Tax	835	896
<b>Subtotal Non-Voted G.O. Bonds</b>	<b>\$197,925</b>					<b>\$7,806</b>	<b>\$15,426</b>
<b>Revenue Bonds:</b>							
1991 Bellevue Convention Center Authority, Series B (1)	\$21,120	1991	2019	5.70 - 7.20%	BCCA	\$1,445	\$4,780
1994 Bellevue Convention Center Authority Refunding (1)	13,749	1994	2025	5.60 - 6.60%	BCCA	873	1,977
<b>Subtotal Revenue Bonds</b>	<b>\$34,869</b>					<b>\$2,318</b>	<b>\$6,757</b>
<b>TOTAL GENERAL OBLIGATION AND REVENUE BONDS</b>	<b>\$232,794</b>					<b>\$10,124</b>	<b>\$22,183</b>

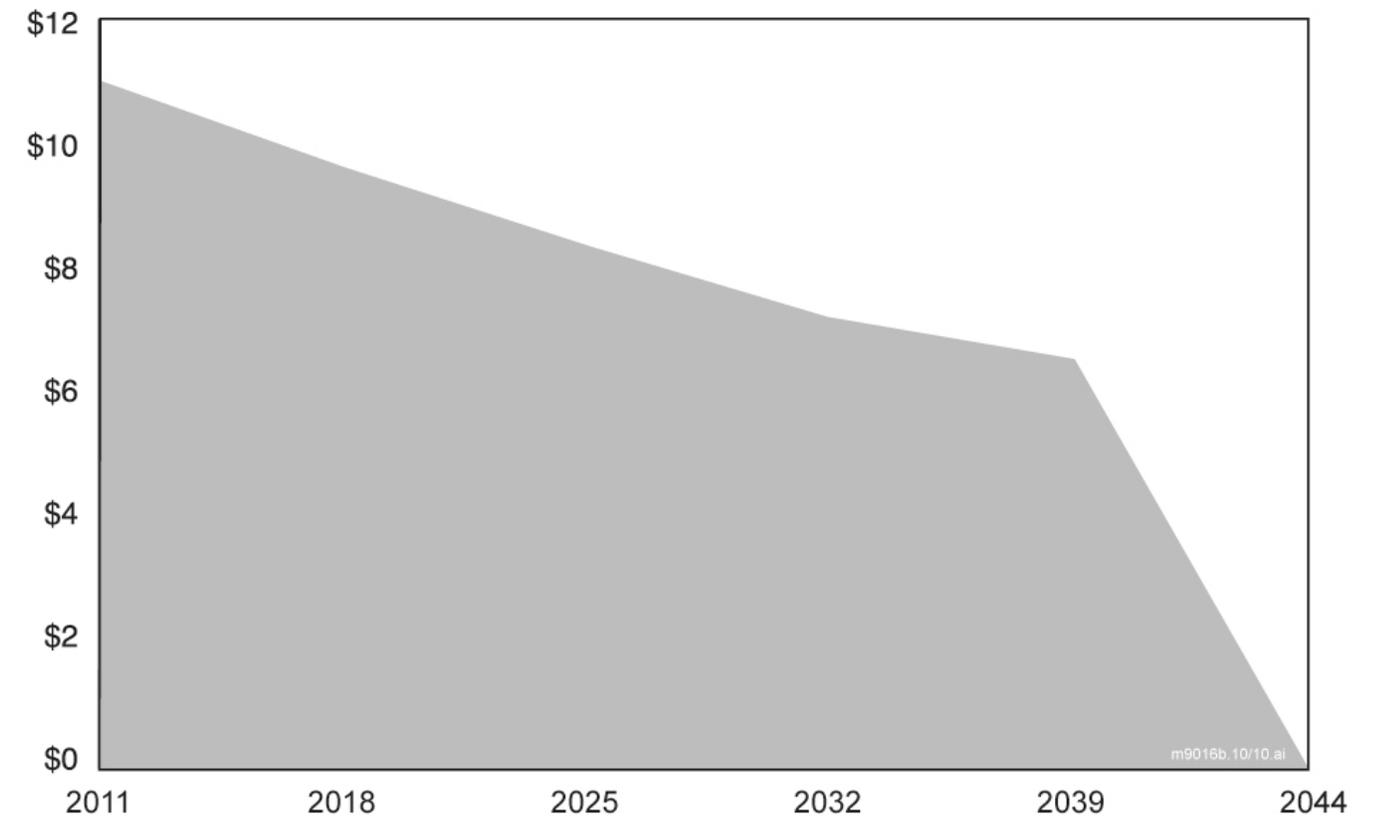
(1) The Bellevue Convention Center Authority (BCCA) is a component unit of the City for financial reporting purposes. The Authority's revenue bonds are secured by Lease Purchase Rental payments from the City paid for with Hotel/Motel Tax revenues and other revenues of the City available without a vote of the City's electors.

## Expenditure Summary

Figure 5b-15 presents the annual debt service requirements for the City's councilmanic (non-voted) debt through 2044. The 2011 debt service requirements are \$11.4 million for councilmanic debt. If no further debt is issued, the final debt payment for the councilmanic debt occurs in 2043. This graph shows the City's annual debt service requirements decreasing over time.

**Figure 5b-15**  
**ANNUAL DEBT SERVICE REQUIREMENTS**  
**FOR EXISTING NON-VOTED GENERAL OBLIGATION BONDS**

(\$ Millions)



### CITY BOND RATINGS

On January 1, 2011 the City held the following bond ratings:

<u>Bond Type</u>	<u>Standard and Poor's</u>	<u>Moody's</u>
Unlimited Tax General Obligation	AAA	Aaa
Limited Tax General Obligation	AAA	Aa1
Revenue	N/A	Aa1