

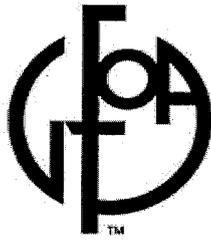
# City of Bellevue, Washington



## 2005-2006 Budget in Brief

For the Biennium  
January 1, 2005 through December 31, 2006

**Bellevue City Council**  
Connie Marshall, Mayor  
Phil Noble, Deputy Mayor  
Claudia Balducci  
John Chelminiak  
Don Davidson  
Grant Degginger  
Conrad Lee



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Bellevue  
Washington**

For the Fiscal Year Beginning

**January 1, 2003**

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Distinguished Budget Presentation to the City of Bellevue, Washington for its biennial budget for the fiscal biennium beginning January 1, 2003.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The award is valid for a period of two years only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

# ***Table of Contents***

**City of Bellevue, Washington**  
**2005 – 2006**  
**Budget in Brief**

**Table of Contents**

---

	<u>Page</u>
Transmittal Letter .....	1
Executive Summary	
A. Introduction .....	7
B. General Fund Financial Forecast Summary.....	8
C. Utility Funds Financial Forecast Summary.....	9
D. Parks Enterprise Fund Financial Forecast Summary.....	11
E. Development Services Fund Financial Forecast Summary .....	13
F. Budget Summary.....	14
G. Debt Information.....	34
Department Overviews	
Introduction .....	37
City Attorney.....	38
City Clerk.....	39
City Council .....	40
City Manager.....	41
Community Council .....	42
Finance .....	43
Fire .....	44
Hotel/Motel Taxes .....	45
Human Resources .....	46
Information Technology.....	47
Miscellaneous Non-Departmental .....	48
New City Hall.....	49
Parks & Community Services.....	50
Planning & Community Development .....	51
Police .....	52
Transportation .....	53
Utilities.....	54
Council Mission/Vision/Priorities .....	55



***Transmittal  
Letter***



Post Office Box 90012 • Bellevue, Washington • 98009 9012

March 30, 2005

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

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

We are pleased to present the City's 2005-2006 Operating Budget and the 2005-2011 Capital Investment Program (CIP) Plan. These combined budgets, totaling \$982 million for the 2005-2006 biennium, were adopted by the City Council on December 6, 2004. The combined budgets will be referred to as the "Budget" in the balance of this letter.

The Budget reflects both the opportunities and challenges of a slowly improving economy. Most local governments throughout the United States are still feeling the impact of the past recession. Bellevue is no exception. We continue to monitor our budget closely to insure that we spend within our means.

Despite the economic volatility of the past three years, services for residents have been enhanced and the City has moved forward on many strategic fronts including:

- Development of a new City Hall. Scheduled for completion in the winter of 2005, this facility will allow the City to better serve the public and enhance our downtown core.
- Completion of a Development Services Initiative. The City re-engineered the development review approach to improve the timeliness and consistency of the process.
- Adoption of Information Technology Improvements. Bellevue began replacing an antiquated financial accounting and human resource system; implemented a new utilities customer/billing information system, and adopted a new parks registration system. These investments are expected to improve service to customers and enhance the City's efficiency.
- Initiation of a Downtown Implementation Plan. The plan is expected to ensure the vibrancy and growth of our Central Business District.
- Completion of a new water supply agreement with the Cascade Water Alliance and take over of the Coal Creek Utility District.

These initiatives position the City for the future and provide investment returns to Bellevue in the years to come.

### **Responds to Stakeholder Input**

The Budget builds on the most recent budget survey of Bellevue residents, which showed very high resident satisfaction ratings. Key findings include:

- Ninety-seven percent of survey respondents say that Bellevue is a good or excellent place to live. This is the highest rating ever.
- More than four out of five respondents believe they are getting their money's worth from their tax dollars.
- Three-quarters of the respondents believe that our service and tax levels are about where they should be.

In general, Bellevue residents are happy with their city and its direction.

### **Responds to Council Policy Direction**

This Budget is built on fundamental financial management principles and City Council direction, with the goal of continuing the delivery of high quality, efficient municipal services within available resources. The Budget:

- **Reduces staffing.** This budget includes a net reduction in staffing of 10.64 FTEs. Some of this staffing reduction is attributable to centralization and the implementation of the Enterprise Resource Planning (ERP) system which will allow for the early elimination of 7.44 FTEs out of the eventual total of 18 positions to be cut due to the ERP system. The Budget includes the addition of four FTEs to staff the South Bellevue Community Center, which is scheduled to open in 2006. However, these four positions are completely revenue supported.
- **Controls Bellevue's budget growth by limiting expenditures.** Budget reductions of \$2.8 million were made in order to contain programs within available revenue. In addition, departmental budgets do not include inflation adjustments in 2005, saving a total of \$2.6 million for the biennium—approximately \$0.9 million in the General Fund and \$1.7 million in other funds. This citywide action affects all departments and will challenge departments to seek additional efficiencies.
- **Increases utility taxes to maintain existing levels of service.** The 2005-2010 General Fund forecast projected that, without an ongoing revenue enhancement, a structural budget gap of \$1 million per year would continue through 2010. The budget increased existing electric, natural gas, water, wastewater, and stormwater utility tax rates from 4.5% to 5%. This increase is expected to generate \$1.8 million in the 2005-2006 biennium.
- **Does not increase property taxes.** This is the tenth time in the past eleven years when no property tax rate increase is proposed.

## Operating and Capital Investment Program (CIP) Budget Highlights

The Budget emphasizes four key areas for departments to address during 2005-2006: Neighborhood Investment, Economic Vitality and Development, Enhancing Parks and Open Space, and Cultural Enrichment.

Within the operating budget there are two enhancements:

- **Enhanced Economic Development to continue positioning Bellevue as a regional business center (\$400,000 in expenditures; no revenue offset).** This investment will focus Bellevue's resources toward long-term economic and regional strategies aimed at stimulating economic growth and strengthening the local economy.
- **Expansion of Bellevue's first-class parks and recreation system (\$845,000 expenditures, \$395,000 revenues).** The Budget includes 4 positions in the Parks and Community Services Department to support the planned opening of the new South Bellevue Community Center in January, 2006. All of these positions will be supported by corresponding revenues.

Within the General CIP budget there are four enhancements:

- **NE 10<sup>th</sup> Street (increase to \$4.7 million).** This funds a portion of NE 10<sup>th</sup> Street construction at the soon-to-be-expanded Overlake Hospital Medical Center.
- **Urban Corridor Design/High Capacity Transit (\$962,000).** This is an analysis of alternative future development scenarios for the Bellevue-Redmond Road corridor. This work will be closely coordinated with the Phase 2 High Capacity Transit (HCT) planning being conducted in the same timeframe by Sound Transit, and will help achieve the land use potential provided by an Eastside HCT investment.
- **Neighborhood Investment Strategy Future Areas (\$250,000 per year).** This investment provides second phase funding of the Neighborhood Investment Strategy to focus special attention on neighborhoods experiencing higher levels of stress and lower private investment.
- **Eastgate Subarea Plan (\$145,000).** Significant changes have occurred in the Eastgate corridor over the 14 years since this Plan was originally developed. This funding will provide technical work on urban design and development alternatives to achieve a more coherent identity and improve the area's economic vitality and character.

In addition, the Utilities CIP includes eleven projects that have increased funding or have been added, six of which are a result of the Coal Creek/Newport Shores settlement agreement with King County.

- **Ongoing Utilities Projects (\$3.2 million).** These projects provide water quality upgrades, replacement of large commercial water meters, and replacement of aging and deteriorating water service pipe connections and service lines.

- **Central Business District Capacity (\$1.8 million).** This project provides sufficient sewer capacity for anticipated development in the eastern part of the Central Business District.
- **Flood Control (\$2.9 million).** This funding was added to construct improvements to public drainage systems to alleviate flooding throughout the City.
- **Coal Creek (\$3.4 million).** This funding results from the Coal Creek settlement agreement. Projects from this settlement are expected to reduce downstream sedimentation, preserve the flood control functions of downstream facilities, as well as improve stream conditions for fish. Projects will protect stream banks from ongoing erosion, repair or replace existing storm water outfalls, minimize stream incision and help trap excessive sediment, construct a sediment pond on the main stem of Coal Creek, and provide a programmatic Environmental Impact Statement for the package of projects for the stabilization of Coal Creek.

In total, the 2005-2011 CIP Plan is \$359.6 million, of which \$295.6 million is allocated to the General CIP and \$64.0 million to the Utilities CIP.

### Utility Funds

According to Council-adopted financial policies, City utility forecasts, budgets, and rates are based on the full cost of providing utility services now and in the future. In the 2005-06 budget, rate increases stem from the following factors:

- Pass-through increases in wholesale Metro/King County Sewer costs to customers;
- A new water supply agreement with the Cascade Water Alliance;
- Pavement and roadway restorations due to utility projects;
- Compliance with Federal Clean Water Act requirements;
- Costs associated with the Coal Creek settlement agreement; and
- Increased renewal and replacement requirements.

To accomplish the business needs of the Utilities in 2005-2006, the Council approved the following utility rate increases:

	<u>2005</u>	<u>2006</u>
Water	3.7%	0.0%
Wastewater (sewer)	12.0%	1.6%
Storm and Surface Water	9.4%	7.1%

As a result of these increases, average monthly Utility bills for single family residential customers are expected to increase from \$81.07 to \$87.85 in 2005 and to \$89.37 in 2006.

### Summary

In closing, I want to extend my thanks to all those involved in the preparation of the Budget, including the Council, City residents, representatives of the business

community, and staff. Economic conditions made this a challenging budget process. Through the insights, hard work, and dedication of many participants, the City has developed a budget that addresses strategic needs while continuing the our longstanding tradition of providing high levels of service coupled with sound financial management.

I look forward to working with the City Council, staff, residents, and other stakeholders as we implement the 2005-2006 Budget and the 2005-2011 Capital Investment Program Plan.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve Sarkozy". The signature is fluid and cursive, with a large initial "S" and a long, sweeping underline.

Steve Sarkozy  
City Manager



# ***Executive Summary***

## Executive Summary

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### A. INTRODUCTION

This chapter presents a high level summary of the key components of the 2005-2006 Budget. More detailed revenue and expenditure information can be found in other chapters of this document.

The Executive Summary is organized into the following sections:

#### **A. General Fund Financial Forecast Summary**

This section provides a brief overview of the 2005-2006 General Fund Financial Forecast.

#### **B. Utility Funds Financial Forecast Summary**

This section provides a brief overview of the 2005-2006 Utility Funds Financial Forecast.

#### **C. Parks Enterprise Fund Financial Forecast Summary**

This section provides a brief overview of the 2005-2006 Parks Enterprise Fund Financial Forecast.

#### **D. Development Services Fund Financial Forecast Summary**

This section provides a brief overview of the 2005-2006 Development Services Fund Financial Forecast.

#### **E. Budget Summary**

This section presents summary resource and expenditure budget and trend information through the use of graphs and tables for the total City budget and its subcomponents (i.e., operating, special purpose, and capital investment program funds).

#### **F. Debt Information**

This section presents information about Bellevue's total general obligation debt capacity, current general obligation and revenue bond debt, and annual debt service requirements.

## B. GENERAL FUND FINANCIAL FORECAST SUMMARY

The General Fund Financial Forecast (the Forecast) illustrates that our revised revenue base will be able to maintain the City's existing quality and mix of services through 2007. The Forecast builds upon the proposed 2005-2006 mix and level of resources and services and calculates future resource and expenditure estimates based on recent and anticipated economic trends. The expenditure reductions produced through the 2005-2006 budget process, in conjunction with revenue enhancements, provides a balanced budget in 2005-2006.

The following summarizes the results of the forecast analysis:

1. **Summary** – While the short-term financial outlook is positive, the long-term financial outlook includes projected shortfalls in 2008 through 2010. These shortfalls are largely the product of continued high rates of growth in expenditures, such as health benefits and State pension contributions, coupled with a loss of B&O taxing authority in 2008.
2. **Economic Outlook** – The Forecast assumes a continued slow economic recovery. Revenues will recover at different rates, depending on their sensitivity to key factors such as employment, inflation, and personal income. These key factors affect retail sales, vacancy rates, and new development.

Job growth is expected to climb to 2.5% in 2005 and level off around 2.2% in 2006. Prospects for additional new jobs remain encouraging in the near future, and the long-term outlook anticipates an average growth of 2.3% through the Forecast period. As the economy continues to recover, retail sales are expected to improve and grow at a moderate pace (an average of 6.2%), exceeding growth rates of the last biennium. Accordingly, the Forecast anticipates a modest increase in sales tax revenue beginning in 2006. As the recovery continues and employment growth increases, businesses relocating in the Central Business District (CBD), along with new construction and growth, will continue to lift Bellevue from recession through the Forecast period. New development growth positively impacts property tax and sales tax. Declining office vacancy rates and new commercial development positively impact business and occupation (B&O) tax and utility taxes.

3. **Budget Growth** – Proposed budget modifications, which include budget reductions as well as revenue enhancements, will bring the budget into balance for 2005 and 2006. The Forecast projects that revenues will exceed expenditures by 2007. This surplus will reverse to a deficit in 2008 due to the impact of B&O apportionment, but diminishes to \$100,000 by 2010. The average annual expenditure growth rate is 3.7% over the forecast period.

See Chapter 5 - Financial Forecasts for more information on the 2005-2010 General Fund Financial Forecast.

### C. UTILITY FUNDS FINANCIAL FORECAST SUMMARY

The financial forecasts for the City's Water, Sewer, and Storm & Surface Water Utility funds reflect Utility financial policies regarding reserve management, capital reinvestment and rate planning.

Significant issues expected to impact the Utilities now and in the future are:

1. **King County/METRO Wastewater Treatment Costs.** On June 14, 2004, the King County/METRO Council adopted an increase in the wastewater treatment rate of 9.4% (from \$23.40 to \$25.60) per month/equivalent residential unit. By Council policy, wholesale cost increases are passed through to the customer. The current forecast includes the impact of the adopted 2005 rate increase and projected rate increases through 2010.
2. **Cascade Water Alliance.** Effective January 1, 2004, the City of Bellevue signed a new water purchase arrangement with the Cascade Water Alliance (CWA) and relinquished its existing contract with Seattle. The new arrangement with CWA had an impact on how Bellevue reserves for operating contingencies and on the amount of total water charges from CWA, which are expected to be lower than costs currently budgeted in 2004.
3. **Pavement Restoration.** When repairs are made to the City's utilities located in paved roads, the pavement must be restored. The long-standing practice has been for Bellevue Utilities to install pavement patches only slightly larger than the area of disturbance. Utilities have infrequently performed more extensive pavement restoration by "grind and overlay" when a road has been recently overlaid or when the Transportation Department specifically requested it in response to premature pavement degradation. Transportation is requesting that Utilities follow Bellevue City Code, the Transportation Design Manual requirements, and the general policy of restoration by grind and overlay in all cases where the road is in good condition as determined by the Pavement Management Rating System. This policy is intended to extend the useful life of the road, and is in place for all others (franchise utilities, developers, private citizens, etc.) performing work in the right-of-way.
4. **Stormwater National Pollutant Discharge Elimination System (NPDES) Permit.** In order to protect water quality, the federal Clean Water Act (CWA) established a requirement for municipalities to obtain a permit to discharge stormwater called the National Pollutant Discharge Elimination System (NPDES) permit. The Environmental Protection Agency (EPA) designated the Washington State Department of Ecology as the permitting authority. NPDES permits are scheduled for issuance to local jurisdictions in 2005. Once obtained, the permit assures certain management practices are in place and also provides legal protection for the municipality from 3rd party lawsuits for stormwater discharges.
5. **Endangered Species Act (ESA).** This effort would seek compliance with the Endangered Species Act for the array of municipal stormwater management activities provided by the entire City organization. Work with the National Oceanic and Atmospheric Administration (NOAA) Fisheries, the US Fish and Wildlife Service, the State of Washington, Tribes, local governments and other stakeholders would be involved. A Water Resource Inventory Area (WRIA) salmon conservation plan and Puget Sound Salmon Recovery Plan will lead to identification of projects, programs, responsibilities, timelines and funding requirements. The budgetary impact of such a plan will not be known until 2007. No funding placeholder has been included in the current forecast.

- 6. Coal Creek Lawsuit Settlement Agreement.** In 2003 the Newport Shores Yacht Club and a private citizen jointly sued the City and King County for violations of the Clean Water Act and Endangered Species Act and a nuisance claim related to sedimentation. A settlement agreement was reached that dedicates funding towards resolving problems versus costly litigation. This agreement addresses long-term issues that affect Lake Washington and Newport Shores. Part of the settlement agreement includes a package of capital projects throughout the basin, intended to reduce the amount of upstream erosion. This suite of projects will stabilize upstream slopes, reduce erosion, and capture sediment that is transported. They will help reduce downstream sedimentation and preserve the flood control functions of downstream facilities, as well as improve stream conditions for fish. These projects are included as new projects in the 2005-2011 CIP.
- 7. Renewal & Replacement Funding.** Bellevue Utilities recently completed two studies that drew upon worldwide studies of infrastructure life and additional Bellevue system condition information to refine the assumptions used to develop the original Renewal & Replacement (R&R) plan. The engineering firm of Black & Veatch (B&V) evaluated the Utilities infrastructure condition and replacement needs, and Financial Consulting Solution Group (FCSG) assisted in the funding and sensitivity analysis. These studies determined that replacement costs for existing infrastructure are understated, that the R&R plan should include all utility infrastructure, and that assets are expected to last longer than had previously been assumed. The first two findings are expected to increase R&R funding needs significantly. This increase will be mitigated somewhat by the newly developed useful lives and survival curves, which indicate that assets are expected to last longer than earlier projected.

In addition to the above adjustments to the existing R&R assumptions, the B&V study endorsed a long-term vision for significantly increasing condition assessment (i.e., cleaning and video inspection of pipe), especially for the Storm & Surface Water system, since condition of the system is largely unknown at this time. Growing the condition assessment programs would require several years and additional funding. Enhanced condition assessment may result in additional or accelerated capital needs, depending on the findings of the condition assessment programs. It is anticipated that a third-phase refinement of R&R assumptions will be carried out in another decade when condition assessment programs have reached maturity.

- 8. New Capital Projects.** There are several capital projects highlighted as being high priority during this forecast period. These include infrastructure replacement projects, projects to meet capacity in the CBD area, projects to meet regulatory requirements, and projects to address flooding problems.

See Chapter 5 – Financial Forecasts for more information on the 2005-2010 Utility Financial Forecast.

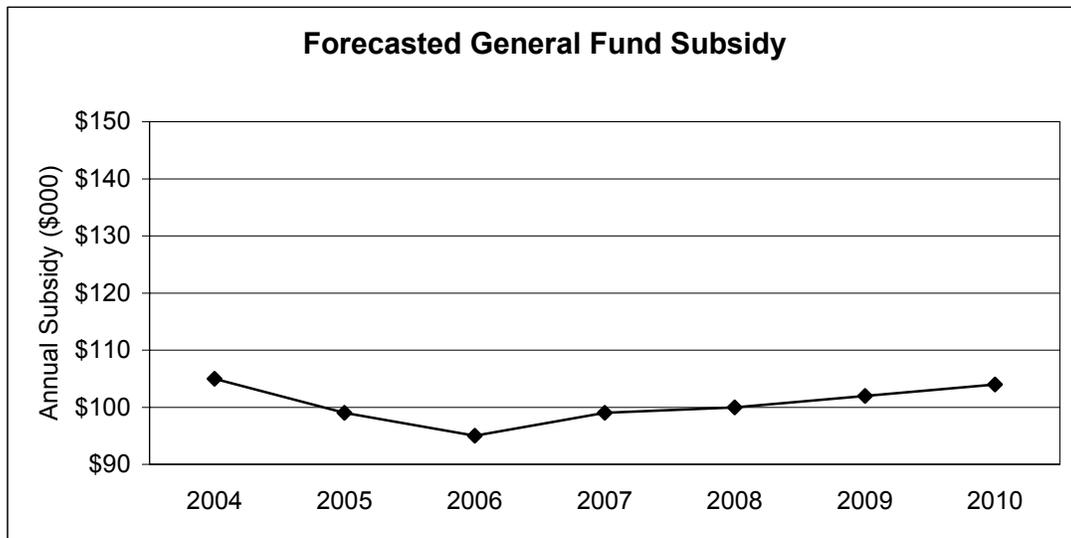
## D. PARKS ENTERPRISE FUND FINANCIAL FORECAST SUMMARY

### Introduction

The Parks Enterprise Fund accounts for the services provided by the Enterprise Program within the Parks & Community Services Department. These services include golf, tennis, aquatics, adult sports, and facility rentals. Enterprise Programs are primarily supported through user fees but attempt to serve all residents regardless of ability to pay through the use of scholarships, sponsorships and fee waivers. The Parks Enterprise Fund receives a subsidy payment from the General Fund to ensure that programs are accessible to all Bellevue residents.

### General Fund Subsidy

- The forecast shows that the Parks Enterprise Fund can continue to maintain the General Fund Subsidy at about \$100,000 per year.
- The graph below shows the forecasted subsidy payment from the General Fund:



- The Aquatic Center continues to be the main driver behind the need for a General Fund Subsidy throughout the forecast period. Due to the nature of the Aquatic Center programs and facility clientele, the majority of services provided at this facility are not “Full Cost Recovery” services. Most of these services recover only the direct program costs in an effort to provide affordable and accessible programs to youth and physically challenged participants. In addition to the General Fund subsidy, approximately \$300,000 of other Parks Enterprise Fund revenues are needed to support the Aquatic Center operation each year. Overall, this level of subsidy is consistent with the financial performance that was anticipated in 1995 when the City took over the pool.

## **Parks Enterprise Fund Reserves**

Parks Enterprise Fund reserves will be managed within the targeted reserve level of roughly \$575,000 to \$700,000 over the forecast period. The targeted reserve level is set at two months' operating expenses.

## **Enterprise Capital Improvements**

The Parks Enterprise program funds the Enterprise Facility Improvements Project (CIP project P-R-2), including capital projects at the Bellevue Golf Course. In 1999, the City acquired the 2.79-acre Miller Property primarily to protect the golf course maintenance facility hours of operations from residential development directly adjacent to the maintenance facility. Reduction in maintenance hours would have resulted in a loss of playable hours and significantly impacted golf course revenues. The City committed to using the Enterprise CIP fund and golf course greens fees to purchase the property for \$800,000. A cash down-payment of \$100,000 was paid at closing, and a \$700,000 balloon payment was due in September 2004. The contract allows the City up to six months (or until March 2005) to secure financing for this balloon payment.

This Financial Forecast and the City's 2005-2011 Capital Investment Program Plan includes the funding needed to make the final balloon payment for the Miller property in 2005. Consistent with City cost recovery policy, the Parks Enterprise Fund will repay the General CIP for this balloon payment over approximately 10 years. This approach will continue to protect the viability of the golf course operations, while allowing for the ongoing renovation of the Bellevue Golf Course and the ongoing subsidy of the Aquatic Center. In addition, the Department will explore opportunities to use this asset in the most productive way possible, including potential City partnerships or lease agreements which are compatible with our overall interest in protecting the viability of the Parks Enterprise Fund.

## **Budget Assumptions and Issues**

Below are the major assumptions used in developing the 2005-2010 forecast:

- Parks Enterprise Fund revenues are assumed to increase at the same rate as expenditures from 2005-2010, or roughly 4.0% per year.
- City Council will be discussing pricing and resident/non-resident access policies as part of the Recreation Program Plan Update. While this could impact the pricing strategy and customer base for Enterprise Programs, no fundamental policy changes have been incorporated into this forecast update.
- The Parks Enterprise CIP includes \$700,000 for the balloon payment for the Miller property in 2005.
- No new programs or capital investments were included in this forecast or the Parks Enterprise Fund budget.

See Chapter 5 - Financial Forecasts for more information on the 2005-2010 Parks Enterprise Fund Financial Forecast.

## E. DEVELOPMENT SERVICES FUND FINANCIAL FORECAST SUMMARY

The Development Services Fund forecast reflects a moderate economic recovery in development activity. Increased development activity in the early years of the forecast (2005-2006) illustrates the impact of the restart of stalled projects and the addition of new major projects. Additional staffing and contracted services were added in response to this rapid increase in activity. Beginning in 2007, development activity levels stabilize and reflect moderate growth throughout the forecast period.

### 2005-2010 Outlook

Office vacancy rates in the central business district are a key indicator of the interest in development activity. While these rates have fallen from 22.0% to 10.8% in the last year, which would typically indicate that development activity will escalate, the number of design review applications received (an early indicator of development activity) remains flat. In addition, as interest rates begin to rise, the demand for single family additions and remodel projects may slow down. As a result, the forecast reflects moderate growth in development fees and does not assume a continuation of the volume of major projects.

### Forecast Drivers and Assumptions

- 1) The following major projects are assumed to be substantially completed in the early years of the forecast:
  - Lincoln Square
  - The Summit Building (2<sup>nd</sup> Tower)
  - Overlake Hospital Medical Center Expansion
  - New City Hall Renovation
- 2) A significant spike in new major projects is not assumed beyond 2006.
- 3) The forecast reflects the addition of 10 LTEs, added in 2004 and estimated to expire in 2007, to address the short-term increase in workload associated with the major projects.
- 4) A comprehensive Cost of Service Study will be conducted in 2005. Development fees may be adjusted to assure they are set accordingly to meet cost recovery objectives endorsed by Council. This forecast assumes that fees will grow at the rate of inflation (2.7%).
- 5) The FTE count was reduced by 1.0 in the Building Division in 2005 reflecting accelerated cost savings due to the Enterprise Resource Planning (ERP) system.

### Development Services Fund Reserves

The Development Services Fund maintains reserves to assure that core staffing levels are balanced with cyclical needs, thus mitigating the effects of downturns, and to account for prepaid building fees and development services deposits. The prepaid workload liability can extend for three years or more throughout the life of a project.

Development Services Fund reserves are anticipated to fall from \$6.3 million in 2004 to \$5.3 million in 2006. This reflects the anticipated completion of the major projects in the early years of the forecast period. Reserve levels stabilize at approximately \$5.3 million from 2006 through 2010 and are sufficient to cover an unanticipated increase in activity.

See Chapter 5 – Financial Forecast for more information on the 2005-2010 Development Services Fund Forecast.

## F. BUDGET SUMMARY

The remaining part of the Executive Summary presents 2005-2006 Budget information primarily through the use of tables and graphics.

### **Total City Budget**

The gross total City budget figures are presented in this section.

Figure 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.

Looking at the total City budget shows that the 2005-2006 Budget totals \$982.4 million. The growth between the 2003-2004 and the 2005-2006 Budgets is \$51.0 million, or 5.5%.

Figure 2 shows the 2005-2006 total City budget resources by source and expenditures by department with comparisons to the 2003-2004 Budget.

Additional comments on the components of the total City budget are provided within the separate operating budget, special purpose funds budget, and capital project budget sections of this chapter.

Figure 1

**Budget Summary**  
**\$000**

<b>Total City Budget</b>	<b>2003-2004 Budget</b>	<b>2005-2006 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Operating Funds</b>				
General	\$234,220	\$249,894	\$15,674	6.7%
Utilities	146,596	166,266	19,670	13.4%
Development Services	32,956	36,558	3,602	10.9%
Parks Enterprise	8,053	8,397	344	4.3%
Internal Services	67,207	72,137	4,930	7.3%
Reserve/Other	98,791	102,081	3,290	3.3%
<b>Total Operating Budget</b>	<b>\$587,823</b>	<b>\$635,333</b>	<b>\$47,510</b>	<b>8.1%</b>
<b>Special Purpose Funds</b>				
Grants	\$17,825	\$16,396	(\$1,429)	(8.0%)
Debt Service	25,562	29,849	4,287	16.8%
Trust/Other	10,030	10,791	761	7.6%
<b>Total Special Purpose Budget</b>	<b>\$53,417</b>	<b>\$57,036</b>	<b>\$3,619</b>	<b>6.8%</b>
<b>Capital Project Funds</b>				
2004 City Hall Bond Proceeds	\$104,371	\$74,812	(\$29,559)	(28.3%)
General Capital Investment Program	149,540	167,639	18,099	12.1%
Utility Capital Investment Program	36,234	47,589	11,355	31.3%
<b>Total Capital Project Fund Budget</b>	<b>\$290,145</b>	<b>\$290,040</b>	<b>(\$105)</b>	<b>0.0%</b>
<b>Total City Budget</b>	<b>\$931,385</b>	<b>\$982,409</b>	<b>\$51,024</b>	<b>5.5%</b>

**2005-2006 Net City Budget**

For analytical and comparison purposes, the budget is adjusted to remove internal transactions between City

1. Adjusted for internal transfers (e.g., General CIP contribution from the General Fund) between City funds, the net City budget is: \$841,256
2. Adjusted for charges for services provided by one department to another (e.g., information technology services), the net City budget is: \$788,307

Figure 2

**2005-2006 Total City Budget  
Resources by Source and Expenditures by Department**

**\$000**

	Operating Funds		Special Purpose Funds	
	2003-2004 Budget	2005-2006 Budget	2003-2004 Budget	2005-2006 Budget
<b><u>BEGINNING FUND BALANCE</u></b>	\$94,716	\$102,511	\$30,386	\$25,803
<b><u>REVENUES BY SOURCE</u></b>				
Property Tax	50,668	51,721	5,050	2,962
Sales Tax	54,223	61,691	200	1,810
Business & Occupation Tax	28,297	31,646	0	0
Utility Taxes	40,046	41,217	0	0
Other Taxes	14,239	16,769	0	0
Grants	0	31	3,364	1,938
Intergovernmental Services	27,635	28,927	207	254
Charges for Services	73,413	79,133	0	34
Utility Services Fees	131,194	147,747	0	0
Miscellaneous Revenues	50,899	58,922	4,466	4,533
Operating Transfers	22,493	15,018	9,744	19,702
<b>Total Revenues</b>	<b>\$493,107</b>	<b>\$532,822</b>	<b>\$23,031</b>	<b>\$31,233</b>
<b><u>TOTAL RESOURCES</u></b>	<b><u>\$587,823</u></b>	<b><u>\$635,333</u></b>	<b><u>\$53,417</u></b>	<b><u>\$57,036</u></b>
<b><u>EXPENDITURES BY DEPARTMENT</u></b>				
City Attorney	\$4,979	\$12,962	\$0	\$0
City Clerk	2,945	3,016	0	0
City Council	678	717	0	0
City Manager	3,538	2,921	0	0
Community Councils	62	66	0	0
Finance	21,694	16,441	25	15
Fire	50,726	55,278	1,047	1,533
Hotel/Motel Taxes	9,248	10,215	1,034	1,234
Human Resources	25,937	32,240	0	0
Information Technology	19,245	20,737	100	0
Miscellaneous Non-Departmental	3,930	5,521	400	1,331
Planning & Community Development	38,602	43,011	3,185	3,918
Parks & Community Services	58,414	64,158	6,603	4,467
Police	64,096	66,592	813	714
New City Hall	0	0	5,527	21,500
Transportation	41,640	43,518	3,884	2,787
Utilities	151,618	163,048	5,107	3,744
<b>Total Expenditures By Department</b>	<b>\$497,352</b>	<b>\$540,441</b>	<b>\$27,725</b>	<b>\$41,243</b>
<b><u>ENDING FUND BALANCE*</u></b>	<b><u>\$90,471</u></b>	<b><u>\$94,892</u></b>	<b><u>\$25,692</u></b>	<b><u>\$15,793</u></b>
<b><u>TOTAL EXPENDITURES</u></b>	<b><u>\$587,823</u></b>	<b><u>\$635,333</u></b>	<b><u>\$53,417</u></b>	<b><u>\$57,036</u></b>

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

Capital Funds		Total Budgets			
2003-2004 Budget	2005-2006 Budget	2003-2004 Budget	2005-2006 Budget	\$ Change	% Change
\$19,759	\$79,996	\$144,861	\$208,310	\$63,449	43.8%
0	0	55,718	54,683	(1,035)	(1.9%)
23,155	23,649	77,578	87,150	9,572	12.3%
10,741	11,319	39,038	42,965	3,927	10.1%
0	0	40,046	41,217	1,171	2.9%
13,098	17,078	27,337	33,847	6,510	23.8%
7,789	9,742	11,153	11,711	558	5.0%
15,484	4,036	43,326	33,217	(10,108)	(23.3%)
1,004	645	74,417	79,812	5,395	7.2%
3,524	2,631	134,718	150,378	15,660	11.6%
148,649	41,604	204,014	105,059	(98,956)	(48.5%)
46,942	99,340	79,179	134,060	54,881	69.3%
<u>\$270,386</u>	<u>\$210,044</u>	<u>\$786,524</u>	<u>\$774,099</u>	<u>(\$12,425)</u>	<u>(1.6%)</u>
<b><u>\$290,145</u></b>	<b><u>\$290,040</u></b>	<b><u>\$931,385</u></b>	<b><u>\$982,409</u></b>	<b><u>\$51,024</u></b>	<b><u>5.5%</u></b>
\$0	\$0	\$4,979	\$12,962	\$7,983	160.3%
21	364	2,966	3,380	414	14.0%
0	0	678	717	39	5.7%
0	0	3,538	2,921	(617)	(17.4%)
0	0	62	66	4	6.5%
1,263	410	22,982	16,866	(6,116)	(26.6%)
1,451	1,643	53,224	58,454	5,230	9.8%
0	0	10,282	11,449	1,167	11.4%
0	0	25,937	32,240	6,303	24.3%
9,614	8,449	28,959	29,187	227	0.8%
2,054	1,331	6,384	8,183	1,799	28.2%
4,378	4,468	46,165	51,396	5,232	11.3%
24,619	23,949	89,637	92,574	2,937	3.3%
3,052	247	67,961	67,553	(408)	(0.6%)
57,731	155,839	63,258	177,339	114,082	180.3%
75,774	41,521	121,299	87,826	(33,473)	(27.6%)
24,407	20,010	181,131	186,802	5,671	3.1%
<u>\$204,364</u>	<u>\$258,231</u>	<u>\$729,442</u>	<u>\$839,915</u>	<u>\$110,474</u>	<u>15.1%</u>
<u>\$85,781</u>	<u>\$31,809</u>	<u>\$201,943</u>	<u>\$142,494</u>	<u>(\$59,450)</u>	<u>(29.4%)</u>
<b><u>\$290,145</u></b>	<b><u>\$290,040</u></b>	<b><u>\$931,385</u></b>	<b><u>\$982,409</u></b>	<b><u>\$51,024</u></b>	<b><u>5.5%</u></b>

Figure 3

**2005-2006 Total City Budget  
Expenditures by Category  
\$000**

Figure 3 shows the City's total expenditure budget by category and compares the 2003-2004 and 2005-2006 biennial budgets, including dollar and percentage change.

Personnel budget growth was \$26.7 million, or 11.9%, primarily as a result of salary increases resulting from inflation and merit increases, as well as increased medical benefit and workers' compensation costs.

Overall, maintenance and operations (M&O) costs have grown roughly equal to inflation, although shifts between expenditure categories have occurred.

	<b>2003-2004 Budget</b>	<b>2005-2006 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Personnel</b>				
Salaries	\$159,436	\$167,741	\$8,305	5.2%
Medical	37,070	47,552	10,482	28.3%
Pensions	13,932	18,698	4,766	34.2%
Temporary Help	5,822	6,257	435	7.5%
Other (Medicare, Workers' Comp, etc.)	1,809	4,299	2,490	137.6%
Overtime	6,673	6,911	238	3.6%
<b>Subtotal Personnel</b>	<u>224,742</u>	<u>251,458</u>	<u>26,716</u>	<u>11.9%</u>
<b>M&amp;O</b>				
Outside Services	72,015	67,782	(4,233)	(5.9%)
Interfund Service Payments	60,030	58,884	(1,146)	(1.9%)
Operating Transfer to Other Funds	89,101	137,780	48,679	54.6%
Supplies	36,753	34,287	(2,466)	(6.7%)
Other Services & Charges	19,008	21,866	2,858	15.0%
Debt Service	18,285	24,728	6,443	35.2%
Repairs and Maintenance	12,366	15,386	3,020	24.4%
Utilities	10,262	11,037	775	7.6%
Other Intergovernmental Services & Taxes	13,770	11,816	(1,954)	(14.2%)
Jail Costs	3,176	3,104	(72)	(2.3%)
Communication Services	2,359	2,186	(173)	(7.3%)
Travel/Training	1,492	1,558	66	4.4%
<b>Subtotal M&amp;O</b>	<u>338,617</u>	<u>390,414</u>	<u>51,797</u>	<u>15.3%</u>
<b>Capital Outlays</b>	166,082	198,043	31,961	19.2%
<b>Reserves</b>	<u>201,944</u>	<u>142,494</u>	<u>(59,450)</u>	<u>(29.4%)</u>
<b>Total City Budget</b>	<u><u>\$931,385</u></u>	<u><u>\$982,409</u></u>	<u><u>\$51,024</u></u>	<u><u>5.5%</u></u>

**Figure 4**  
**2005-2006 Total City Budget**  
**Resources by Source and Expenditures by Category**  
**\$000**

Figure 4 presents the 2005-2006 total city budget resources by source and expenditures by category. As the resources chart indicates, at \$259.9 million or 26.5%, taxes make up the largest piece of the "pie", followed by beginning fund balance at \$208.3 million, 21.2%.

On the expenditure chart, at \$390.4 million, M&O accounts for 39.7% of the expenditure budget, followed by personnel at \$251.5 million or 25.6%.

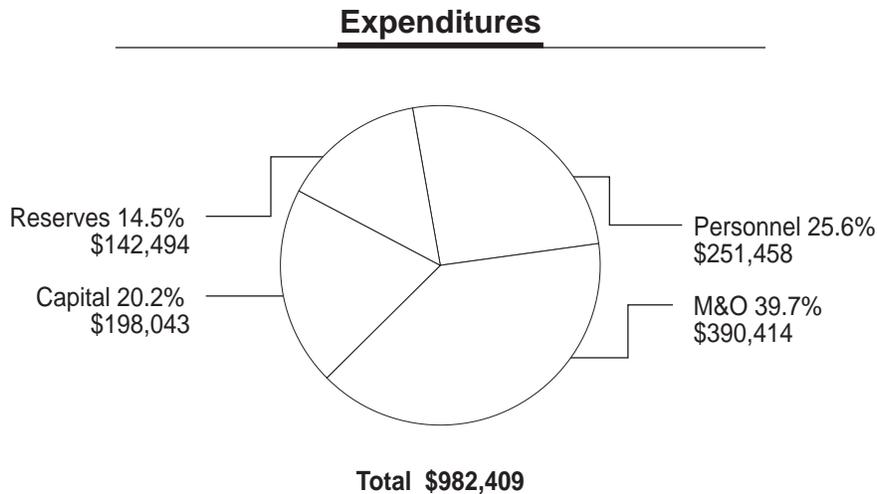
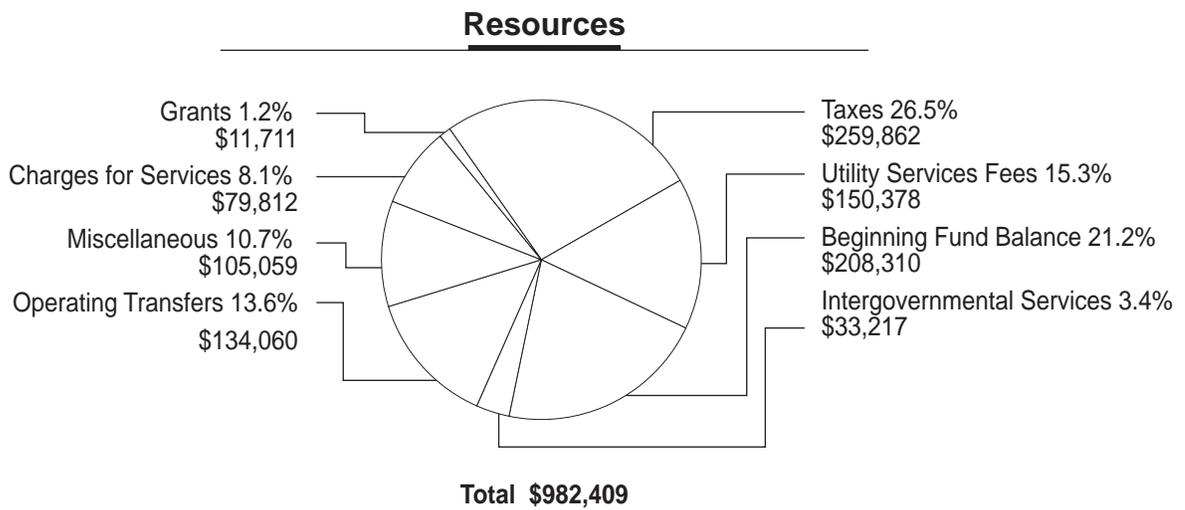


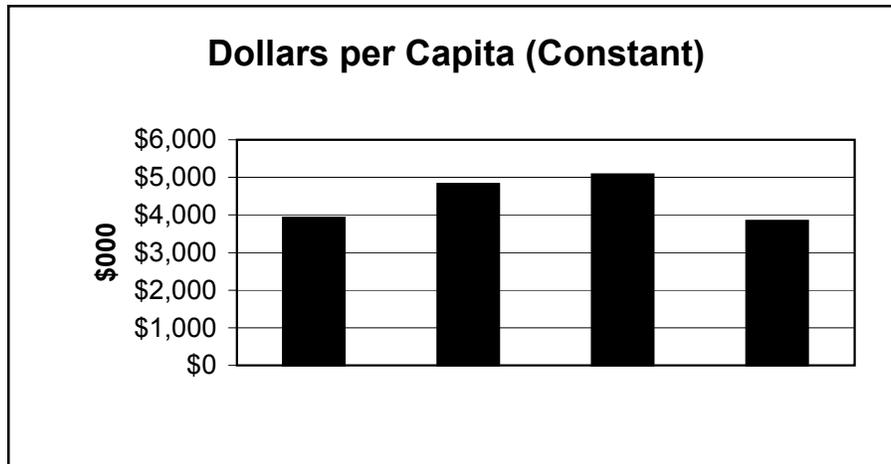
Figure 5

**Total Budget Comparison**  
**Constant Dollar Total Budget Per Capita**

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Figure 5 displays a 2003 to 2006 comparison of the total city budget per capita on a constant dollar basis and shows the total city budget per capita fluctuating between \$3,930 in 2003 and \$3,840 in 2006.

The larger budgets in 2004 and 2005 are due primarily to capital costs associated with the New City Hall.



	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Total City Budget (\$000)	\$468,430	\$590,281	\$636,623	\$495,834
Budget in Constant (\$000)	\$457,452	\$561,839	\$594,649	\$452,730
Population	116,400	116,500	117,200	117,900
Total Budget per Capita	\$3,930	\$4,823	\$5,074	\$3,840

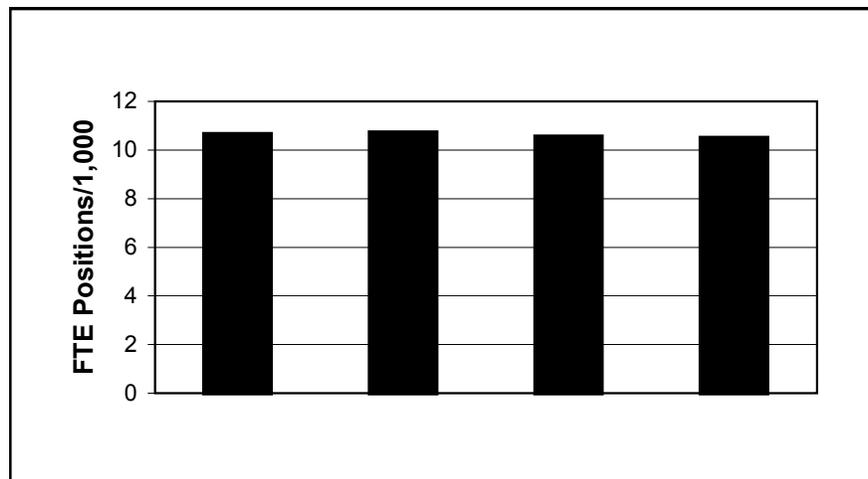
**Figure 6**

**Total Budget Position Trends  
Full-Time Equivalent Positions / 1,000 Population by Year**

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Figure 6 presents the ratio of total City positions per 1,000 population for the period of 2003 through 2006.

Between 2004, 2005 and 2006, the population growth rate slightly exceeds the growth in FTEs. As a result, the annual positions/1,000 ratios decrease from 10.7 to 10.6 to 10.5 respectively. For more specific personnel information, please refer to Chapter 3 of the 2005-2006 Budget Detail volume.



	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Positions	1,240.5	1,248.0	1,236.5	1,237.3
Population	116,400	116,500	117,200	117,900
Positions/1,000	10.7	10.7	10.6	10.5

## **Operating Budget Highlights**

The Budget reflects both the opportunities and challenges of a slowly improving economy. Most local governments throughout the United States are still feeling the impact of the past recession. Bellevue is no exception. The City continues to monitor spending closely, defer maintenance in departments to keep costs down, hold vacant positions open, and regularly monitor spending in comparison to revenues.

Despite the economic volatility of the past three years, Bellevue staff continue to improve service delivery and provide a performance dividend for residents. During this time, the City of Bellevue has moved forward on many fronts including the New City Hall, Development Services Initiative, Enterprise Resource Planning System, Utilities Customer/Billing Information System, Parks Registration System, Downtown Implementation Plan, new water supply arrangement with Cascade Water Alliance and the Coal Creek Utility District assumption. Coupled with the move of our workforce to the New City Hall, these initiatives will position the City for the future and provide investment returns to Bellevue in the years to come.

The Budget continues to focus resources on core services, eliminates 14.64 existing FTEs and adds 4 new FTEs. The 4 positions added in the Parks and Community Services Department will support the planned opening of the new South Bellevue Community Center (SBCC) in January 2006. All of these position additions will be supported by program revenues from activities at the new center.

Operating fund highlights include:

- **Public Safety**

Public Safety remains a top priority for Bellevue's citizens. In an effort to reduce the Police Department's time spent on responses to false alarms, penalties for false alarm and code violations were increased. These changes will bring the City's Police false alarm fees in line with other cities, as well as with accepted alarm industry practices (last update occurred eight years ago).

- **Economic Development**

The 2005-2006 budget includes additional resources for enhancement to Bellevue's existing Economic Development activities, which will further position Bellevue as a regional economic center. This program will focus Bellevue's resources toward long-term economic and regional strategies aimed at stimulating economic growth and strengthening the local economy.

- **Ongoing Operating and Maintenance Costs for New Capital Projects**

The City places a high priority on maintaining its facilities. The 2005-2006 operating budget includes an additional \$2.5 million for new operating and maintenance costs for capital projects expected to come on line during the 2005-2006 biennium. Projects include the South Bellevue Community Center, Mobile Data Computers/Automated Vehicle Location (MDC/AVL), and the Finance and Human Resources system replacement project (ERP).

- **Utility Operations**

This Budget includes the following utility rate increases for 2005 and 2006:

	<u>2005</u>	<u>2006</u>
Water	3.7%	0.0%
Wastewater	12.0%	1.6%
Storm and Surface Water	9.4%	7.1%

Rate increases are needed to fund 1) pass-through increases in wholesale Metro/King County Sewer costs to customers, 2) new water supply agreement with Cascade Water Alliance, 3) pavement restorations, 4) compliance with the Federal Clean Water Act, 5) Coal Creek lawsuit settlement, 6) increased renewal and replacement requirements, and 7) additional capital needs.

As depicted in Figure 7, the 2005-2006 operating budget totals \$635.3 million. The operating budget in total grew \$47.5 million or 8.1%.

The City's General Fund is by far the largest fund, accounting for most of the City's day-to-day operations. The budget growth in the General Fund from the prior biennium is \$15.7 million or 6.7%.

The Utility Funds show a budget increase of \$19.7 million or 13.4% as compared to the 2003-2004 Budget. This increase is primarily attributable to pass-through rate increases in METRO sewer costs and increased contributions to the utility's Renewal and Replacement (R&R) reserves.

The Development Services Fund budget shows an increase from the prior biennium of \$3.6 million or 10.9%. This increase is attributable to the recent rapid increase in development activity.

The Parks Enterprise Fund 2005-2006 Budget has increased \$0.3 million or 4.3%, an increase roughly equal to the rate of inflation.

The Internal Services fund category grew by \$4.9 million or 7.3%, primarily due to additional costs associated with the New City Hall and the timing of capital replacements in the Mechanical Equipment and Replacement Fund.

The reserve/other fund category increased by \$3.3 million or 3.3%, primarily due to draw downs resulting from payments made in the Hotel/Motel Taxes and Land Purchase Revolving Funds for facilities.

Figure 7

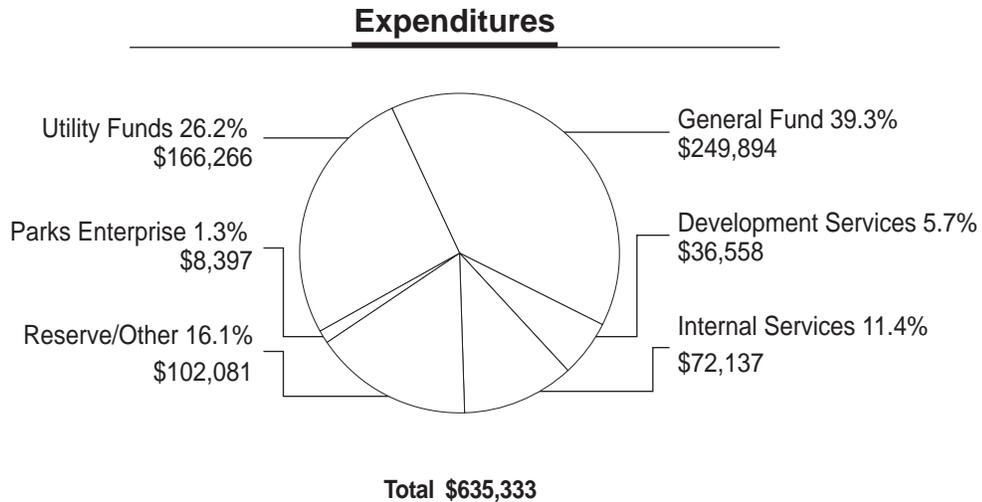
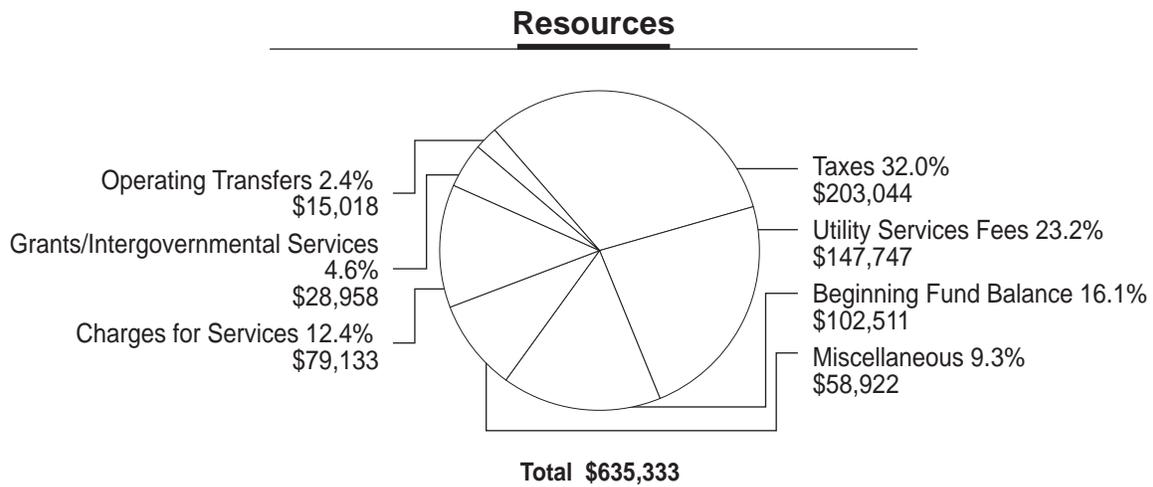
**2005-2006 Total Operating Budget  
Expenditures by Fund  
\$000**

<b><u>Operating Budget</u></b>	<b><u>2003-2004 Budget</u></b>	<b><u>2005-2006 Budget</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
<b>General Fund</b>	\$234,220	\$249,894	\$15,674	6.7%
<b>Utilities</b>				
Water Utility Fund	61,921	68,323	6,402	10.3%
Sewer Utility Fund	58,770	67,562	8,792	15.0%
Storm & Surface Water Utility Fund	23,132	27,283	4,151	17.9%
Solid Waste Fund	2,773	3,098	325	11.7%
<b>Subtotal Utilities</b>	<u>146,596</u>	<u>166,266</u>	<u>19,670</u>	<u>13.4%</u>
<b>Development Services Fund</b>	32,956	36,558	3,602	10.9%
<b>Parks Enterprise Fund</b>	8,053	8,397	344	4.3%
<b>Internal Services</b>				
Equipment Rental Fund	33,622	35,471	1,849	5.5%
Facilities Services Fund	9,460	11,811	2,351	24.9%
Information Technology Fund	24,125	24,855	730	3.0%
<b>Subtotal Internal Services</b>	<u>67,207</u>	<u>72,137</u>	<u>4,930</u>	<u>7.3%</u>
<b>Reserves/Other</b>				
Franchise Fund	2,630	2,437	(193)	(7.3%)
General Self-Insurance Fund	13,311	10,381	(2,930)	(22.0%)
Health Benefits Fund	25,274	31,660	6,386	25.3%
Hotel/Motel Taxes Fund	17,919	17,264	(655)	(3.7%)
Human Services Fund	4,491	4,810	319	7.1%
Land Purchase Revolving Fund	4,761	3,506	(1,255)	(26.4%)
LEOFF I Medical Reserve Fund	20,358	19,614	(744)	(3.7%)
Marina Fund	0	1,426	1,426	N/A
Park M&O Reserve Fund	2,818	2,839	21	0.7%
Rainy Day Reserve Fund	4,372	4,372	(0)	(0.0%)
Unemployment Compensation Fund	515	547	32	6.2%
Workers' Compensation Fund	2,342	3,225	883	37.7%
<b>Subtotal Reserves/Other</b>	<u>98,791</u>	<u>102,081</u>	<u>3,290</u>	<u>3.3%</u>
<b>Total Operating Budget</b>	<u><u>\$587,823</u></u>	<u><u>\$635,333</u></u>	<u><u>\$47,510</u></u>	<u><u>8.1%</u></u>

**Figure 8**  
**2005-2006 Operating Budget**  
**Resources by Source and Expenditures by Group**  
**\$000**

Figure 8 presents the 2005-2006 total operating budget resources by source and expenditures by group. At 32.0% of the "pie", taxes represents the largest resource category followed by utility services fees and beginning fund balance. Together, these three sources represent 71.3% of operating budget resources.

The General Fund is the largest operating budget fund at \$249.9 million, representing 39.3% of expenditures.



## **Special Purpose Budget Highlights**

Figure 9 presents the 2005-2006 special purpose budget; special purpose funds highlights for 2005-2006 include:

- **Transfer of Council Reserve to the Operating Grants and Donations Fund**

The 2005-2006 Operating Grants and Donations Fund budget has decreased by \$1.4 million compared to the 2003-2004 biennium. This is primarily due to the use of Council reserves to support New City Hall debt service in 2004.

- **Higher Debt Service Requirement**

The 2005-2006 Budget for the City's Debt Service Funds has increased by \$4.3 million compared to the previous biennium. The primary reason for the increase is due to the issuance of the Limited Tax General Obligation (LTGO) bonds in 2004 for the acquisition and redevelopment of the New City Hall.

The increase in debt payments as a result of the issuance of the New City Hall Bonds is partially offset by a decrease in debt payments due to the refinancing of the 1993 Unlimited Tax General Obligation Refunding bonds, and the 1994 Water/Sewer Refunding bonds in 2003 and 2004 respectively.

- **Issuance of Limited Tax General Obligation Bonds**

In October 2003, the City issued \$8.6 Unlimited Tax General Obligation Refunding Bonds (UTGO), and \$4.6 million Limited Tax General Obligation (LTGO) Bonds. The proceeds from these bond issuances were used to: 1) refund \$8.6 million of outstanding 1993 UTGO refunding bonds, and 2) to advance refund \$4.4 of outstanding 1994 UTGO bonds. In July 2004, the City issued \$102.7 million in Limited Tax General Obligation Bonds. The proceeds from this bond issuance were used to pay for New City Hall renovations.

- **Increase of Housing Fund Reserves**

Reserves accumulate in the Housing Fund until projects are selected and funded by A Regional Coalition for Housing Fund (ARCH). Reserves increased in the 2005 budget in anticipation of affordable housing projects approved in 2004 by ARCH. Contribution to the Housing Fund from the General Fund remains constant at \$312,000 through 2006.

Figure 9

**2005-2006 Special Purpose Budget  
Expenditures by Fund  
\$000**

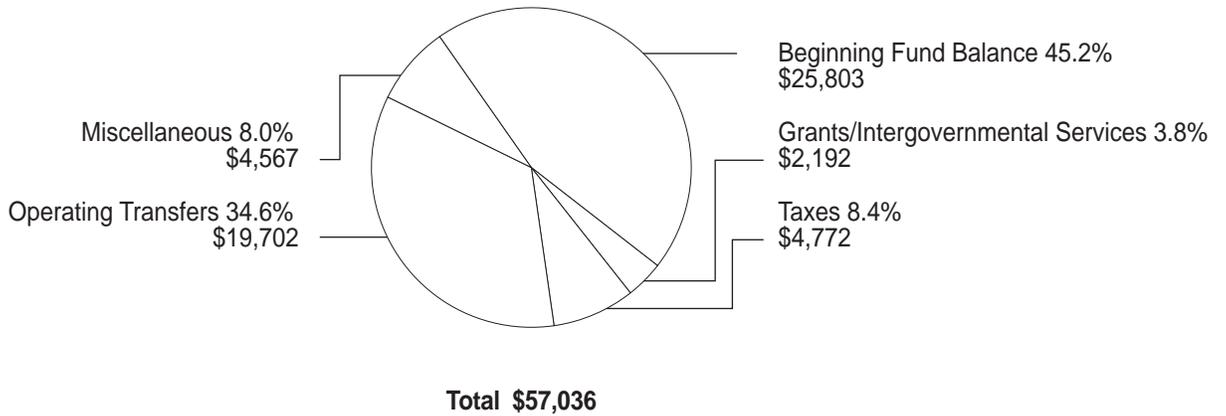
<b><u>Special Purpose Budget</u></b>	<b><u>2003-2004 Budget</u></b>	<b><u>2005-2006 Budget</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
<b>Grants</b>				
Operating Grants & Donations Fund	\$17,825	\$16,396	(\$1,429)	(8.0%)
<b>Subtotal Grants</b>	<u>17,825</u>	<u>16,396</u>	<u>(1,429)</u>	<u>(8.0%)</u>
<b>Debt Service</b>				
I&D Redemption-Regular Levy Fund **	5,761	15,539	9,778	169.7%
I&D Redemption-Special Levy Fund **	7,393	5,358	(2,033)	(27.5%)
LID Control Fund **	2,910	2,049	(861)	(29.6%)
LID Guaranty Fund **	2,899	2,756	(143)	(4.9%)
Utility Revenue Bond Redemption Fund **	6,599	4,147	(2,452)	(37.2%)
<b>Subtotal Debt Service</b>	<u>25,562</u>	<u>29,849</u>	<u>4,287</u>	<u>16.8%</u>
<b>Trust/Other</b>				
Firemen's Pension Fund **	6,411	6,781	370	5.8%
Housing Fund	3,619	4,010	391	10.8%
<b>Subtotal Trust/Other</b>	<u>10,030</u>	<u>10,791</u>	<u>761</u>	<u>7.6%</u>
 <b>Total Special Purpose Budget</b>	 <u><u>\$53,417</u></u>	 <u><u>\$57,036</u></u>	 <u><u>\$3,619</u></u>	 <u><u>6.8%</u></u>

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

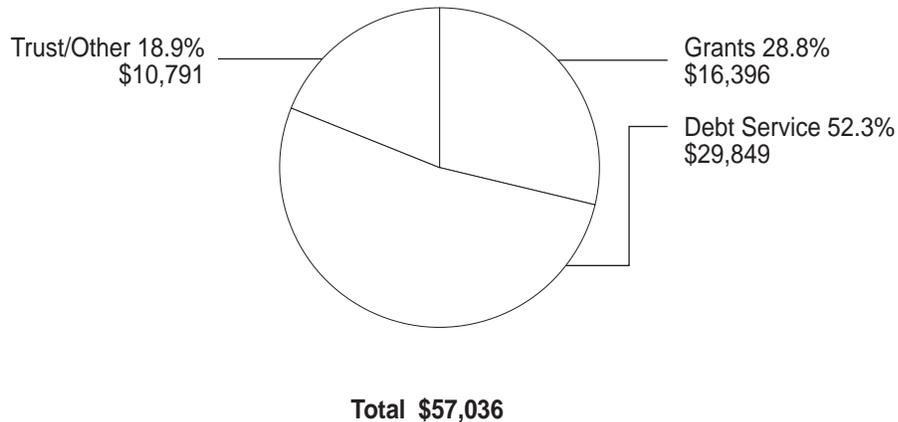
**Figure 10**  
**2005-2006 Special Purpose Budget**  
**Resources by Source and Expenditures by Group**  
**\$000**

Figure 10 depicts the resource and expenditure budget for the City's eight special purpose funds (not including the two CIP 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, 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).

**Resources**



**Expenditures**



## **Capital Project Budget Highlights**

Bellevue's Capital Investment Program (CIP) Plan represents a significant portion of the City's capital project budget. The CIP presents a schedule of major public facility improvements for implementation within a seven-year period, including the construction of the New City Hall.

Construction progress improved rapidly in the 2003-2004 biennium with several projects entering the construction phase on an accelerated basis. As a result of both opportunities to purchase property to add to our Park system and more projects under construction, the Council authorized borrowing of up to \$35 million on a line of credit (LOC) to support its cash flow. The adopted 2005-2011 CIP Plan will assure our ability to retire the LOC by the end of 2009 at an interest cost of approximately \$2.6 million, of which \$1.3 million is estimated for the 2005-2006 biennium, by deferring eleven projects for three to four years.

The Utilities CIP Plan includes eleven projects that have been added, six of which are a result of the Coal Creek settlement agreement with King County, and three projects that have been reduced to reflect a reprioritization of funding and project scopes.

The 7-year CIP Plan is \$360 million, of which \$296 million is allocated for the General CIP and \$64 million for the Utility CIP. More detailed information can be found within the 2005-2011 Capital Investment Program Plan document.

The 2004 City Hall Bond Fund is budgeted at \$74.5 million for the 2005-2006 biennium to reflect transfers of bond proceeds to fund the construction of the New City Hall.

- **Key Projects for 2005-2006**

In addition to the New City Hall project, a number of capital projects are scheduled in the next biennium. While the following list is not inclusive of all the projects the City will be undertaking, it includes some of the more high profile projects.

Detailed project descriptions for these and other CIP projects can be found within the 2005-2011 Capital Investment Program Plan.

#### Transportation

Lakemont Boulevard Extension (PW-R-57)  
 NE 29<sup>th</sup> Place Connection (PW-R-60)  
 Kamber Road Roadway Improvements (PW-R-102)  
 150<sup>th</sup> Avenue SE – Newport Way to SE 36<sup>th</sup> St (PW-R105)  
 Cougar Mountain Way Corridor Improvements (PW-R-115)  
 148<sup>th</sup> Avenue SE Roadway Improvements (PW-R-117)  
 SE 16<sup>th</sup> Street Improvements (PW-R-118)  
 Forest Drive Improvements (PW-R-128)  
 Factoria Area Transportation Study Update (PW-R-145)  
 NE 10<sup>th</sup> Street Extension (PW-R-149)  
 NE 24<sup>th</sup> Street – Northup Way to 130<sup>th</sup> Avenue NE (PW-W/B-69)

#### Parks

Crossroads Park and Community Center (P-AD-58)  
 Lewis Creek Park Master Plan & Development (P-AD-60)  
 South Bellevue Community Center (P-AD-61)

#### General Government

Finance and Human Resources System Replacement – ERP (G-59)

#### Community and Economic Development

Eastgate Subarea Plan (CD-21)  
 Urban Corridor Design/High Capacity Transit (ED-5)

#### Neighborhood Investment Strategy (NIS)

West lake Hills NIS Improvements (NIS-1)

#### Utilities

Rosemont Asbestos Cement Water Main Replacement (W-87)  
 Water System Security Enhancements (W-95)  
 Coal Creek Stabilization (D-69)  
 Richards Creek Culvert Reconstruction (D-71)  
 116<sup>th</sup> Avenue SE Outfall (D-76)  
 Richards Creek/East Creek Flow Management (D-90)  
 Overbank Storm Water Outfall Improvements – King County (D-98)  
 Overbank Storm Water Outfall Improvements – In Bellevue (D-99)

**Figure 11**  
**2005-2006 Capital Project Budget**  
**Expenditures by Program Area and Fund**  
**\$000**

Figure 11 compares the 2005-2006 biennium to the 2003-2004 biennium for the City's two Capital Investment Program (CIP) funds and the 2004 City Hall Bond Fund. Overall, the 2005-2006 budget is relatively equal to the 2003-2004 budget, although the amounts by fund and program area has changed since the last biennium.

The 2005-2006 budget reflects major construction costs for the New City Hall (NCH-1) and also assures that the General CIP Fund short-term borrowing is limited to a maximum of \$35 million and paid back by the end of 2009 by deferring eleven projects to later years in the CIP Plan.

<b><u>Capital Project Budget</u></b>	<b><u>2003-2004</u></b>	<b><u>2005-2006</u></b>	<b><u>\$</u></b>	<b><u>%</u></b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Change</u></b>	<b><u>Change</u></b>
<b>2004 City Hall Bond Fund</b>				
New City Hall	\$104,371	\$74,812	(\$29,559)	(28.3%)
<b>Subtotal 2004 City Hall Bond Fund</b>	<b>\$104,371</b>	<b>\$74,812</b>	<b>(\$29,559)</b>	<b>(28.3%)</b>
<b>General Capital Investment Program Fund</b>				
Transportation	\$70,293	\$39,539	(\$30,754)	(43.8%)
Parks	23,013	17,674	(5,339)	(23.2%)
General Government	15,059	11,153	(3,906)	(25.9%)
Public Safety	4,503	3,159	(1,344)	(29.8%)
New City Hall	25,294	83,389	58,095	229.7%
Community and Economic Development	4,378	4,330	(48)	(1.1%)
Neighborhood Enhancement Program	3,000	2,700	(300)	(10.0%)
Neighborhood Investment Strategy	4,000	5,695	1,695	42.4%
<b>Subtotal General Capital Investment Program Fund</b>	<b>\$149,540</b>	<b>\$167,639</b>	<b>\$18,099</b>	<b>12.1%</b>
<b>Utility Capital Investment Program Fund</b>				
Water	\$15,586	\$16,725	\$1,139	7.3%
Sewer	13,839	17,154	3,315	24.0%
Storm Drainage	6,809	13,710	6,901	101.4%
<b>Subtotal Utility Capital Investment Program Fund</b>	<b>\$36,234</b>	<b>\$47,589</b>	<b>\$11,355</b>	<b>31.3%</b>
 <b>Total Capital Project Budget</b>	 <b>\$290,145</b>	 <b>\$290,040</b>	 <b>(\$105)</b>	 <b>0.0%</b>

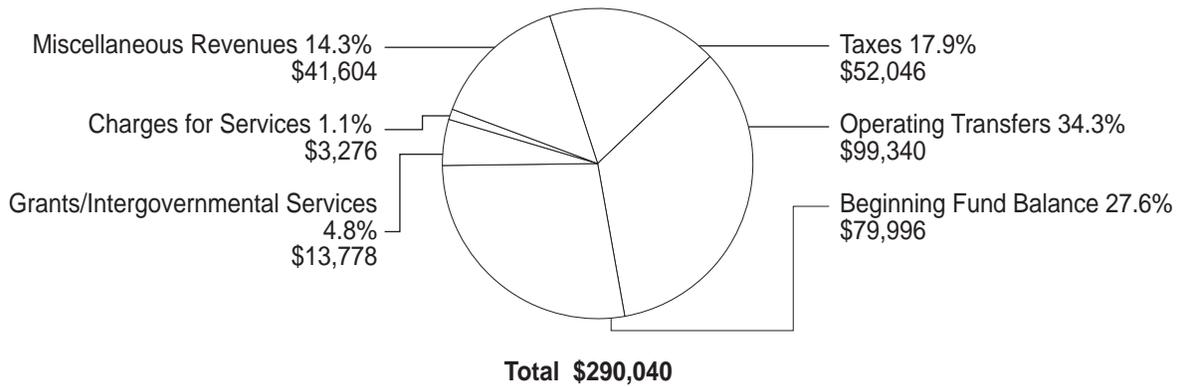
**Figure 12**

**2005-2006 Capital Project Budget  
Resources by Source and Expenditures by Program Area  
\$000**

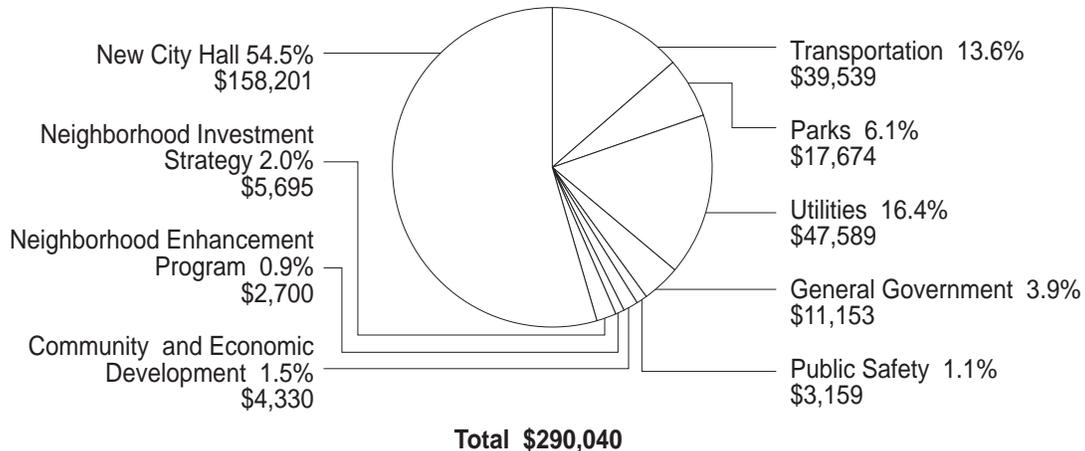
Figure 12 depicts the resources and expenditures budget for the City's two Capital Investment Program (CIP) funds and the 2004 City Hall Bond Fund. The largest resource categories are operating transfers, which includes transfers of bond proceeds for the New City Hall project, and taxes, which is comprised of sales, real estate excise, and business and occupation taxes. Beginning fund balance represents the receipt of bond proceeds for the New City Hall.

The New City Hall program area makes up 54.5% of the expenditure budget, representing capital expenditures and bond proceeds transfers from the Bond Proceeds Fund. Transportation, Parks, and Utilities combine to make up 36.1% of the budget, with the balance being divided between the remaining program areas.

**Resources**



**Expenditures**



**Figure 13**

**Operating Costs Funded by the Capital Investment Program (CIP)  
\$000**

This figure presents the 2005 and 2006 operating budget maintenance & operations (M&O) expenditures funded by the Capital Investment Program (CIP).

Refer to specific Project Description Pages in the 2005-2011 Capital Investment Program (CIP) Plan to obtain more detailed information on M&O expenditures. The budgets reflect the project completion schedules in the 2005-2011 CIP Plan. Actual transfers to the General Fund may vary depending on the timing of actual project completions.

	<b>2003 Budget</b>	<b>2004 Budget</b>	<b>2005 Budget</b>	<b>2006 Budget</b>
<b>Base M&amp;O Funding</b>	<b>\$4,569</b>	<b>\$5,227</b>	<b>\$5,414</b>	<b>\$6,139</b>
<b>New M&amp;O Funding Approved (by Major Program Area)</b>				
Transportation	\$14	\$12	\$56	\$94
Parks	413	(77)	441	595
General Government	103	43	0	404
Public Safety	128	209	168	24
Community & Economic Development	0	0	0	0
Neighborhood Enhancement	0	0	51	27
Neighborhood Investment	0	0	9	26
<b>Total M&amp;O Funding</b>	<b>\$5,227</b>	<b>\$5,414</b>	<b>\$6,139</b>	<b>\$7,309</b>

**F. DEBT INFORMATION**

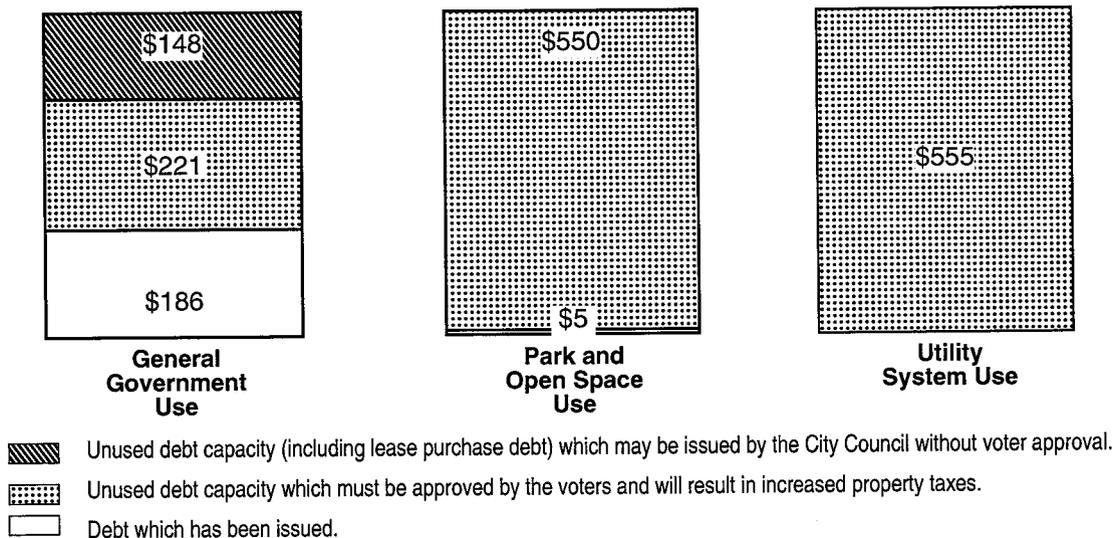
State Law enables the City to issue debt for three general categories of use: General Government, Park and Open Space, and Utility System uses. The debt issued in each category is limited to 2.5% of the City's assessed valuation (for a total limit of 7.5%). In addition, the State Constitution also allows 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 excludes 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.

The underlying approach of the City is to borrow only for capital improvements that cannot be funded on a pay-as-you-go basis. The City will not issue long-term debt to finance current operations.

Figure 14 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, 2005, the City's remaining general government debt capacity was approximately \$369 million, approximately \$221 million in voted capacity and \$148 million in councilmanic capacity. The approximate remaining debt capacity for park and open space use is \$550 million and for utility system use is \$555 million.

**Figure 14**  
**Total Debt Capacity and Debt Issued**  
**as of January 1, 2005**  
**(\$ Millions)**

**Maximum Legal Capacity per Category = \$22,214 x 0.025 = \$555**



m3216.3/05

Figure 15 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 2005-2006 Budget.

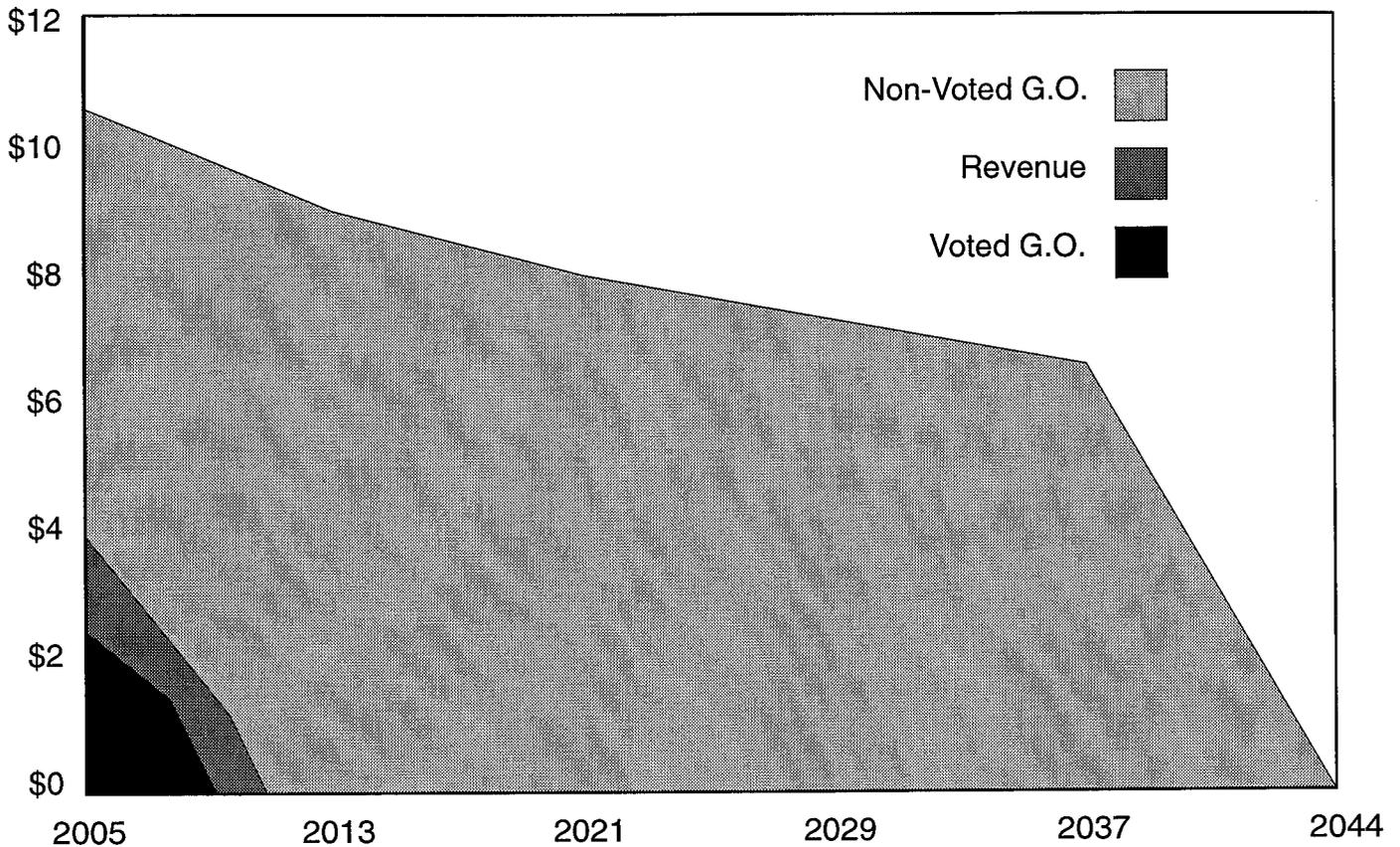
**Figure 15  
GENERAL OBLIGATION AND REVENUE BOND DEBT INFORMATION  
\$000**

	Original Amount Issued	Issue Date	Final Maturity Date	Interest Rate	Debt Outstanding 1/1/2005	Source of Debt Service Funding	2005-2006 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%	\$5,140	Hotel/Motel Taxes	\$439	\$326
1998 Limited G.O.	4,310	1998	2018	4.00 - 4.78%	4,095	Grants/CIP/Moorage Fees	145	358
2002 Limited G.O.	10,450	2002	2032	3.50 - 5.50%	10,450	Hotel/Motel Taxes	200	1,034
2003 Limited G.O. Refunding, Series B	4,635	2003	2014	2.00 - 4.50%	4,225	CIP	750	276
2004 Limited G.O. (City Building)	102,710	2004	2043	5.00 - 5.50%	102,710	CIP/Reserves	---	10,614
Subtotal Non-Voted G.O. Bonds	\$127,245				\$126,620		\$1,534	\$12,608
<b>Voted General Obligation Bonds:</b>								
2003 Limited G.O. Refunding, Series A	\$8,550	2003	2008	3.00 - 5.00%	\$6,275	Voted Levy Property Tax	\$3,520	\$389
Subtotal Voted G.O. Bonds	\$8,550				\$6,275		\$3,520	\$389
<b>Revenue Bonds:</b>								
1991 Bellevue Convention Center Authority, Series B (1)	\$21,120	1991	2019	5.90 - 7.20%	\$10,167	BCCA	\$1,580	\$2,765
1994 Bellevue Convention Center Authority Refunding (1)	13,749	1994	2025	6.25 - 7.50%	12,900	BCCA	524	526
2004 Waterworks Refunding	6,825	2004	2010	2.00 - 3.625%	6,725	Utility Services Fees	2,510	395
Subtotal Revenue Bonds	\$41,694				\$29,792		\$4,614	\$3,686
<b>TOTAL GENERAL OBLIGATION AND REVENUE BONDS</b>	<b>\$177,489</b>				<b>\$162,687</b>		<b>\$9,668</b>	<b>\$16,683</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.

Figure 16 presents the annual debt service requirements for the City's voted, councilmanic (non-voted), and revenue debt through 2044. The 2005 debt service requirements are \$2.5 million for voted debt, \$1.5 million for revenue bond debt, and \$6.6 million on councilmanic debt. If no further debt is issued, the final debt payment for the voted debt will be made in the year 2008, for revenue debt in 2010, and for councilmanic debt in 2043. This graph shows the City's annual debt service requirements decreasing over time.

**Figure 16**  
**ANNUAL DEBT SERVICE REQUIREMENTS**  
**FOR EXISTING GENERAL OBLIGATION AND REVENUE BONDS**  
 (\$ Millions)



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**CITY BOND RATINGS**

On January 1, 2005, 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	AA+	Aaa
Limited Tax General Obligation	AA+	Aa1
Revenue	N/A	Aa2

# ***Department Overviews***

## Department Overviews

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For every City department, a Budget Overview page is presented which gives an overview of the department budget and includes:

- a pie chart showing department expenditures and reserves by program;
- a pie chart showing department resources by source;
- a budget data section that displays the 2005-2006 Budget, the dollar change from 2003-2004, the percentage change from 2003-2004 on a per capita basis, the 2005 and 2006 Full-Time Equivalent (FTE) positions, the FTE change from 2004 to 2005 and 2005 to 2006, and the percentage FTE change per thousand population from 2004 to 2005 and 2005 to 2006;
- a pie chart summarizing the department by budget type;
- a pie chart showing the department budget as a percent of the total City budget;
- historical trends information graphing the operating budget per capita and FTEs per 1,000 population with descriptive comments; and
- a section describing significant budget issues.

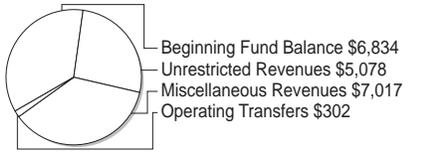
# CITY ATTORNEY

## I. BUDGET OVERVIEW

### Expenditures



### Resources

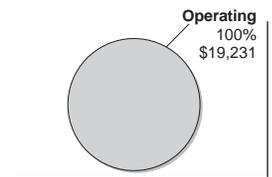


### Budget Data

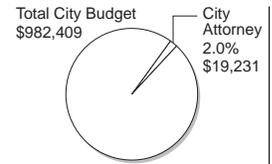
\$000

2005-2006 Budget	\$19,231
Change from 2003-2004:	\$14,252
Change per Capita:	278.7%
2005 FTEs:	23.0
2006 FTEs:	23.0
FTE Change from 2004 to 2005:	5.0
FTE Change from 2005 to 2006:	0.0
FTE Change per Thousand 2004 to 2005:	27.0%
FTE Change per Thousand 2005 to 2006:	(0.6%)

### Summary by Budget Type

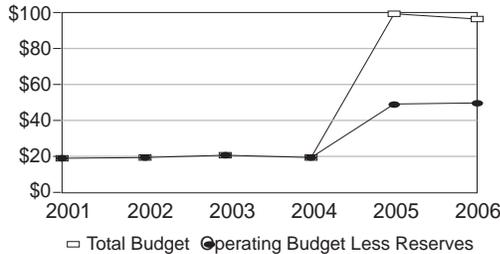


### Percent of Total Budget



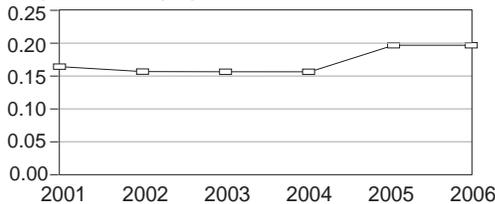
### Historical Trends

Budget per capita (constant dollars)



- One-time funding was included in 2002 and 2003 for outside legal counsel to address an increase in tort litigation cases. The City's self-insurance funds are now included in the CAO's budget, which has resulted in a significant increase in our budget per capita.

FTEs per 1,000 population



- The addition of 5.0 FTEs in 2005 with the transfer of the Risk Management Division slightly raised the ratio of FTEs to city population figures.

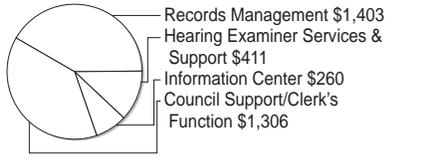
### Significant Budget Issues

- The City Attorney's Office staff increased by 5.0 FTEs beginning in 2005 with the transfer of the Risk Management Division from the Finance Department to the City Attorney's Office. The Risk Management Division budget includes the City's three self-insurance funds, which accounts for the significant increase in the City Attorney's Office budget figures as well as the increase in the number of FTEs per city population.
- Public defender costs continued to increase and recoupments have correspondingly continued to lag when compared to prior years. This appears to be caused by a combination of factors, primarily related to the continued effects of the economic downturn. More defendants are seeking public defender services and it has been more difficult for the City to obtain recovery of court-ordered recoupment. It is too soon to tell whether the current economic recovery will have a significant impact in reducing the number of defendants eligible for public defender services. We continue to monitor these figures to avoid a shortfall in this line item.

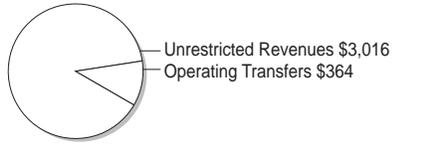
# CITY CLERK

## I. BUDGET OVERVIEW

### Expenditures



### Resources

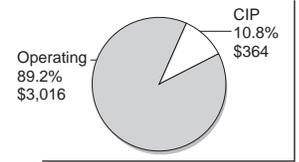


### Budget Data

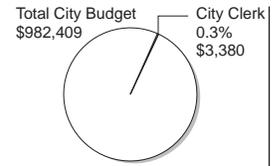
\$000

<b>2005-2006 Budget</b>	<b>\$3,380</b>
<b>Change from 2003-2004:</b>	<b>\$414</b>
<b>Change per Capita:</b>	<b>12.9%</b>
<b>2005 FTEs:</b>	<b>11.6</b>
<b>2006 FTEs:</b>	<b>11.6</b>
<b>FTE Change from 2004 to 2005:</b>	<b>(0.4)</b>
<b>FTE Change from 2005 to 2006:</b>	<b>0.0</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>(4.3%)</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>(0.6%)</b>

### Summary by Budget Type

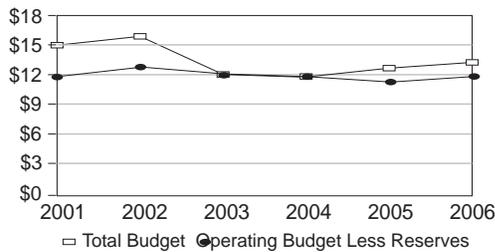


### Percent of Total Budget



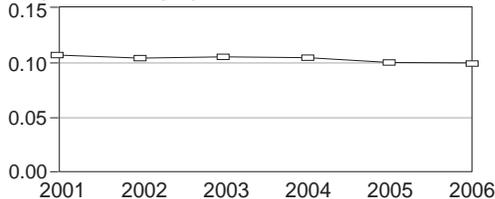
### Historical Trends

Budget per capita (constant dollars)



- The 2003-2004 budget decrease reflects postponement of acquisition/implementation for the enterprise-wide Document Management System.
- The 2005-2006 increase is attributable to re-initiation of the Electronic Document/Content Management System as a contracted solution.
- In 2005-2006 offsetting transfer of citywide mail services/postage management to Finance.
- Reduction of .44 FTE in the Hearing Examiners' Office.

FTEs per 1,000 population



- 2005-2006 FTE reduction of 0.44 FTE in the Hearing Examiners' Office.

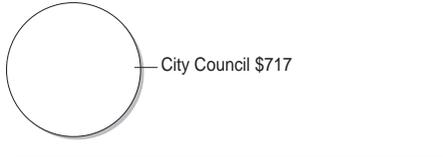
### Significant Budget Issues

- Key drivers of the City Clerk's Office work program include increased emphasis on enhanced customer service and single-point-of-contact for City information.
- The Clerk's Office is working collaboratively with City departments to prepare for a new service delivery model for public information. As a part of this effort, the Clerk's Office is leading a pilot electronic document/content management system project that will enhance staff and public access to key records and information.

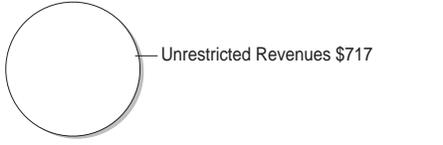
# CITY COUNCIL

## I. BUDGET OVERVIEW

### Expenditures



### Resources

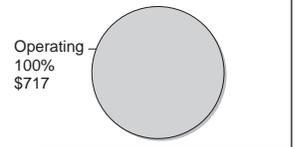


### Budget Data

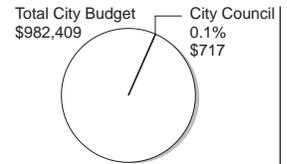
\$000

2005-2006 Budget	\$717
Change from 2003-2004:	\$39
Change per Capita:	5.2%
2005 FTEs:	7.0
2006 FTEs:	7.0
FTE Change from 2004 to 2005:	0.0
FTE Change from 2005 to 2006:	0.0
FTE Change per Thousand 2004 to 2005:	(0.7%)
FTE Change per Thousand 2005 to 2006:	(0.5%)

### Summary by Budget Type

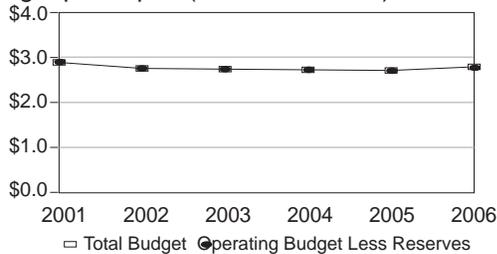


### Percent of Total Budget



### Historical Trends

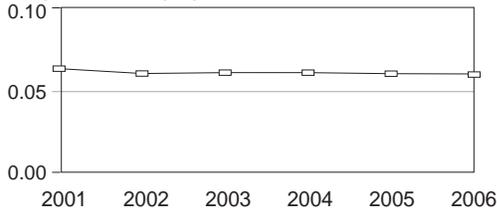
Budget per capita (constant dollars)



In this case, Operating Budget Less Reserves is equal to the Total Budget.

- City Council budget has remained relatively steady over the represented years.

FTEs per 1,000 population



- City Council FTEs remain constant at 7.0.

### Significant Budget Issues

- Legislative and administrative support for the City Council and their proceedings is provided by the City Clerk's Office.
- Council compensation is set by Ordinance No. 5163 and, under State law, no increase or decrease in compensation can apply to an incumbent during the term being served. Current monthly salary levels held by the Mayor, Deputy Mayor and Councilmembers were established at the recommendation of the 1999 citizen-based Council Compensation Task Force.

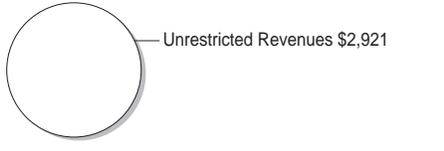
# CITY MANAGER

## I. BUDGET OVERVIEW

### Expenditures



### Resources

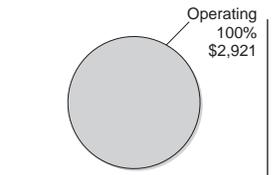


### Budget Data

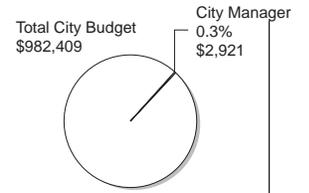
\$000

<b>2005-2006 Budget</b>	<b>\$2,921</b>
<b>Change from 2003-2004:</b>	<b>(\$617)</b>
<b>Change per Capita:</b>	<b>(19.0%)</b>
<b>2005 FTEs:</b>	<b>9.0</b>
<b>2006 FTEs:</b>	<b>9.0</b>
<b>FTE Change from 2004 to 2005:</b>	<b>0.0</b>
<b>FTE Change from 2005 to 2006:</b>	<b>0.0</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>(0.7%)</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>(0.7%)</b>

### Summary by Budget Type

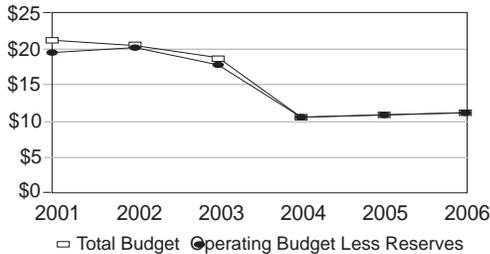


### Percent of Total Budget



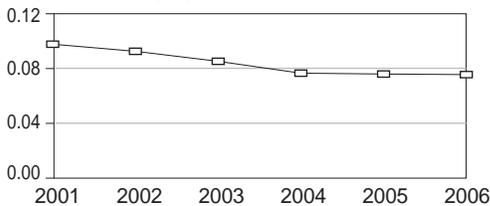
### Historical Trends

Budget per capita (constant dollars)



- The decrease in 2003 reflects the elimination of 1.0 FTE position, Program Administrator, and other miscellaneous reductions.
- The reduction in the budget from 2003 to 2004 is the result of a shift in the day-to-day management of BTV to the Transportation Department. The Communications Program continues to provide content management for BTV.

FTEs per 1,000 population



- The decrease in 2003 reflects the elimination of 1.0 FTE position, Program Administrator, in response to city-wide budget reductions.
- The decrease in 2004 is a result of a shift in the day-to-day management of BTV to the Transportation Department.

### Significant Budget Issues

- None

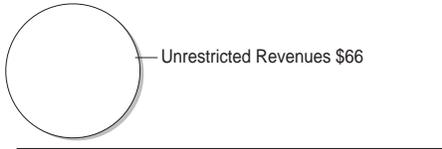
# COMMUNITY COUNCIL

## I. BUDGET OVERVIEW

### Expenditures



### Resources

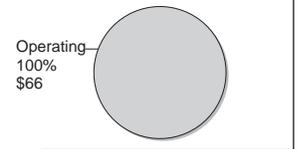


### Budget Data

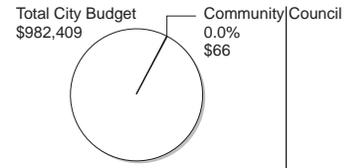
\$000

<b>2005-2006 Budget</b>	<b>\$66</b>
<b>Change from 2003-2004:</b>	<b>\$4</b>
<b>Change per Capita:</b>	<b>20%</b>
<b>2005 FTEs:</b>	<b>0.3</b>
<b>2006 FTEs:</b>	<b>0.3</b>
<b>FTE Change from 2004 to 2005:</b>	<b>0.0</b>
<b>FTE Change from 2005 to 2006:</b>	<b>0.0</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>0.0%</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>0.0%</b>

### Summary by Budget Type

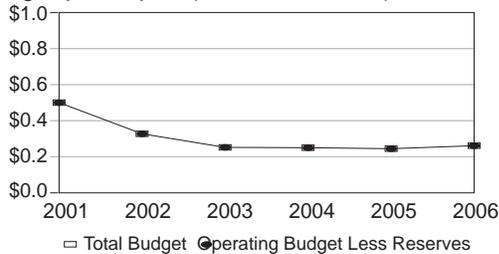


### Percent of Total Budget



### Historical Trends

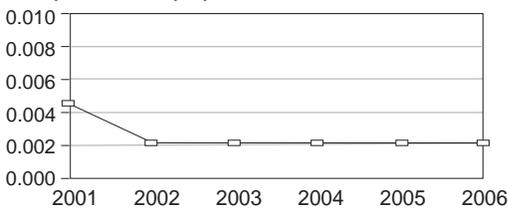
Budget per capita (constant dollars)



In this case, Operating Budget Less Reserves is equal to the Total Budget.

- Budget reductions identified in 2002 and later years are attributable to the dissolution of the Sammamish Community Council.
- The East Bellevue Community Council budget reflects direct costs associated with administrative support for their function.

FTEs per 1,000 population



- Community Council staffing has remained constant since 2002.

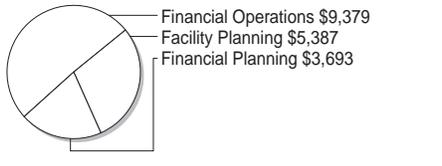
### Significant Budget Issues

- The Community Council budget includes costs of administrative/legislative support by the Deputy City Clerk as required by law.

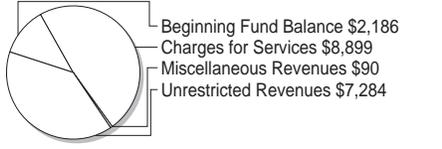
# FINANCE

## I. BUDGET OVERVIEW

### Expenditures & Reserves



### Resources

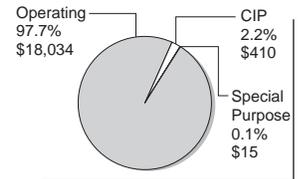


### Budget Data

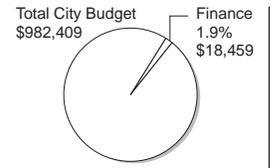
\$000

<b>2005-2006 Budget</b>	<b>\$18,459</b>
<b>Change from 2003-2004:</b>	<b>(\$13,543)</b>
<b>Change per Capita:</b>	<b>(42.9%)</b>
<b>2005 FTEs:</b>	<b>66.3</b>
<b>2006 FTEs:</b>	<b>66.3</b>
<b>FTE Change from 2004 to 2005:</b>	<b>(3.0)</b>
<b>FTE Change from 2005 to 2006:</b>	<b>0.0</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>(4.9%)</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>(0.6%)</b>

### Summary by Budget Type

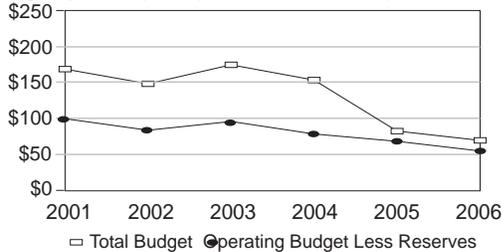


### Percent of Total Budget



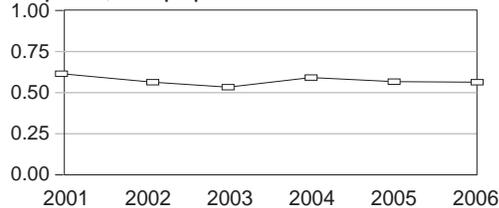
### Historical Trends

Budget per capita (constant dollars)



- The General Fund comprises 77% of the 2005-2006 Finance Operating Budget. The majority of the increase in this area is due to increases in personnel costs.
- The Facilities Services Fund comprises 23% of the Finance Operating Budget. The majority of the increase in this area is due to budget expense for the Bellevue Service Center (BSC) roof replacement.
- In 2005, the Risk Division, including Workers' Compensation, Unemployment Compensation, and General Self-Insurance, was transferred to the City Attorney's Office.

FTEs per 1,000 population



- 2.7 FTEs were transferred to the Human Resources Department in 2002 to manage and administer the Retirement Services division.
- 2.0 FTEs were transferred to the Information Technology Department in 2003 for support and management of the Finance/Human Resources system replacement project.
- In 2004 and 2005, citywide finance positions were centralized into the Finance Department.
- In 2005, Risk Division FTEs were transferred to the City Attorney's Office.

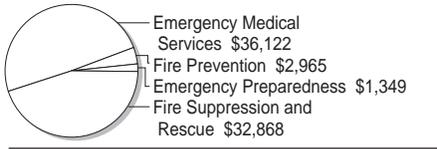
### Significant Budget Issues

- Assuring the financial health of the City continues to be critical. The Finance Department will regularly monitor expenditures and revenue collections to ensure the City does not spend beyond its means. Enhanced trend analysis will be performed to determine the accuracy of revenue estimates throughout the year and to determine if further reductions are warranted. Monthly budget monitoring reports will be streamlined to provide better focus on major expenditures and revenues.
- The Finance Department will partner with the Information Technology Department on the implementation of the personnel (including payroll and timekeeping) and tax sections of the new ERP system.

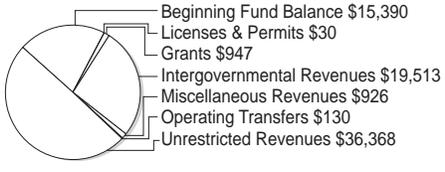
# FIRE

## I. BUDGET OVERVIEW

### Expenditures & Reserves



### Resources

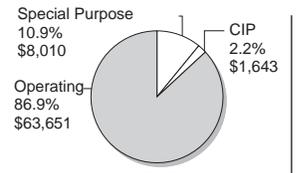


### Budget Data

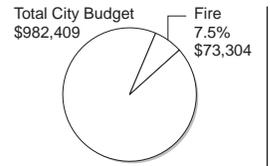
**\$000**

<b>2005-2006 Budget</b>	<b>\$73,304</b>
<b>Change from 2003-2004:</b>	<b>\$4,690</b>
<b>Change per Capita:</b>	<b>5.8%</b>
<b>2005 FTEs:</b>	<b>219.7</b>
<b>2006 FTEs:</b>	<b>219.7</b>
<b>FTE Change from 2004 to 2005:</b>	<b>0.0</b>
<b>FTE Change from 2005 to 2006:</b>	<b>0.0</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>(0.6%)</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>(0.6%)</b>

### Summary by Budget Type

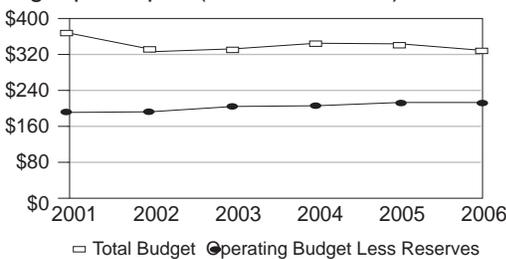


### Percent of Total Budget



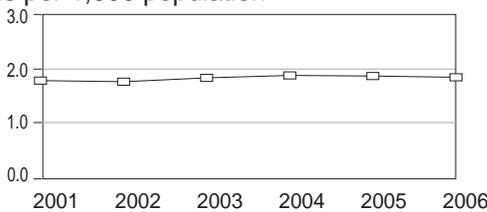
### Historical Trends

Budget per capita (constant dollars)



- Total budget per capita has declined approximately 10.5% over the six (6) year period reflecting the decline in Fire Department debt service obligations in 2002 and a steady decline in Public Safety CIP expenditures. In 2003-2006, this decrease is partially offset by increased expenditures for LEOFF I Medical Benefits for retirees.
- The Operating Budget Less Reserves graph increased at an average annual rate of 2.2%, or 11.6%, over the six (6) year period. Approximately half of the increase was due to the paramedic program expansion in 2003. The remaining operating budget expenditure increases are due to personnel and benefit cost increases. In 2004, the City signed a new 3-year labor agreement with the Firefighters Union.

FTEs per 1,000 population



- Slight increase in FTEs per capita in 2003 is due to the addition of 14 FTEs for the expansion of Medic 3 and Medic 14.
- Excluding the paramedic program increase in 2003, FTEs per 1,000 population has declined slightly as the number of FTEs have remained the same while population has grown.

### Significant Budget Issues

- The Fire Department will receive approximately \$20.4 million in operating and grant revenue in the 2005-2006 budget period, which represents approximately 36% of the Department's operating budget reserves.
- New construction activity increased significantly during 2004, especially in the Downtown core. This high level of activity is expected to continue throughout the 2005-2006 biennium. In the future, additional inspection and emergency response resources will be necessary to maintain current service levels.
- The Fire Department is continuing to evaluate expenditure priorities due to budget reductions and under-funding of ongoing programs and projects.

# HOTEL/MOTEL TAXES

## I. BUDGET OVERVIEW

### Expenditures & Reserves



### Resources

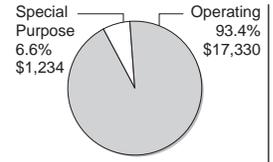


### Budget Data

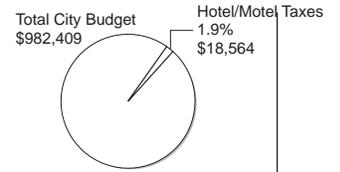
\$000

2005-2006 Budget	\$18,564
Change from 2003-2004:	(\$464)
Change per Capita:	(3.4%)
2005 FTEs:	0.0
2006 FTEs:	0.0
FTE Change from 2004 to 2005:	0.0
FTE Change from 2005 to 2006:	0.0
FTE Change per Thousand 2004 to 2005:	NA
FTE Change per Thousand 2005 to 2006:	NA

### Summary by Budget Type

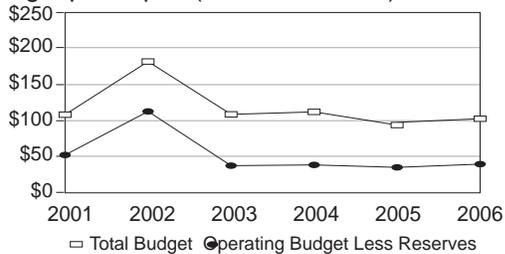


### Percent of Total Budget



### Historical Trends

Budget per capita (constant dollars)



- The spike in 2002 reflects the issuance of \$10.5 million in limited tax general obligation bonds (LTGO) for the purchase of the land beneath the Meydenbauer Center and future expansion/improvement options.
- The decrease in the total budget from 2004 to 2005 reflects the planned use of reserves to support debt service.

FTEs per 1,000 population

- No FTEs are budgeted in this department.

Not applicable

### Significant Budget Issues

- None

# HUMAN RESOURCES

## I. BUDGET OVERVIEW

### Expenditures & Reserves



### Resources

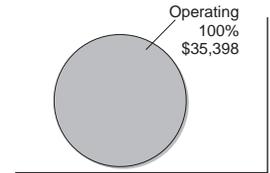


### Budget Data

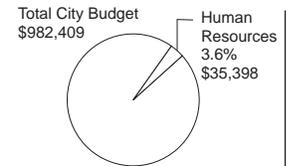
\$000

2005-2006 Budget	\$35,398
Change from 2003-2004:	\$6,852
Change per Capita:	22.8%
2005 FTEs:	14.7
2006 FTEs:	14.7
FTE Change from 2004 to 2005:	0.0
FTE Change from 2005 to 2006:	0.0
FTE Change per Thousand 2004 to 2005:	(0.6%)
FTE Change per Thousand 2005 to 2006:	(0.6%)

### Summary by Budget

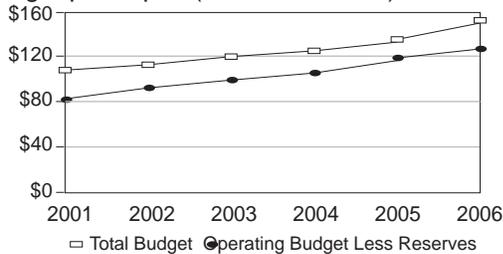


### Percent of Total



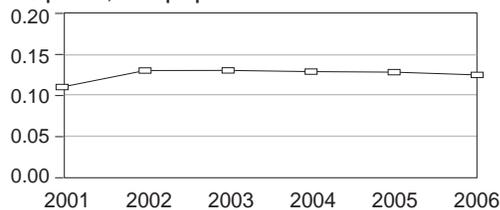
### Historical Trends

Budget per capita (constant dollars)



- Continued increase in total budget expenditures is a result of fluctuating health benefit reserves.
- No significant changes from 2003-2004 budget cycle, except for budget cut of \$19,000.

FTEs per 1,000 population



- 2.7 FTEs were transferred from Finance in mid 2002 due to the transfer of the Retirement Services division to Human Resources.

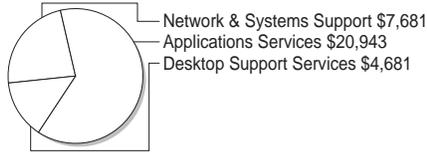
### Significant Budget Issues

- Continue to review and address healthcare cost containment issues.
- Implement the new JDE HR/Payroll system.
- Prepare HR and city staff for move to new building.
- Update HR's intranet site and on-line application process.

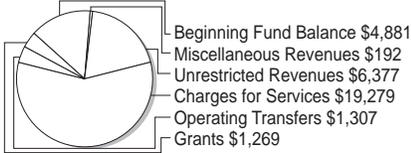
# INFORMATION TECHNOLOGY

## I. BUDGET OVERVIEW

### Expenditures



### Resources

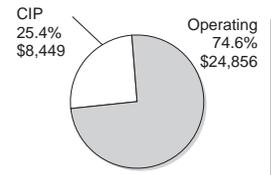


### Budget Data

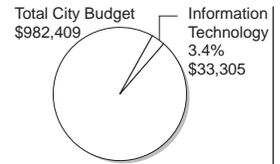
\$000

<b>2005-2006 Budget</b>	<b>\$33,305</b>
<b>Change from 2003-2004:</b>	<b>(\$535)</b>
<b>Change per Capita:</b>	<b>(2.5%)</b>
<b>2005 FTEs:</b>	<b>46.6</b>
<b>2006 FTEs:</b>	<b>46.6</b>
<b>FTE Change from 2004 to 2005:</b>	<b>(4.0)</b>
<b>FTE Change from 2005 to 2006:</b>	<b>0.0</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>(8.5%)</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>(0.6%)</b>

### Summary by Budget Type

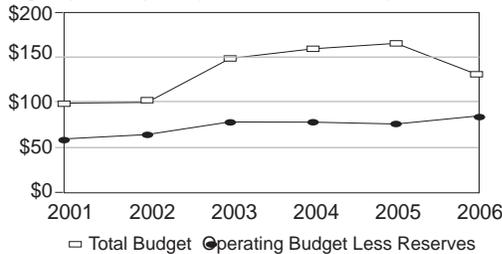


### Percent of Total Budget

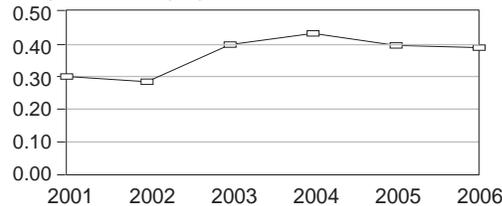


## Historical Trends

Budget per capita (constant dollars)



FTEs per 1,000 population



- The increase in the 2003-2004 budget per capita reflects the realignment of technology resources from other departments into Information Technology, and the capital and operating costs associated with the replacement of the Finance/Human Resources systems. The 2005 budget increase is due to Public Safety project implementation costs which will provide wireless services to Eastside agencies.
- These increases are offset by annual operating expenditure reductions achieved through operational efficiencies, contract consolidations, and significantly reducing operating reserves in response to a City wide spending decrease driven by economic conditions.
- The increase in FTEs in 2003-2004 is the result of the consolidation of City-wide technology services into the Information Technology Department. The decrease from 2004 to 2005 is due to efficiencies gained as a result of the above consolidation and a decrease in projects requiring significant Project Management oversight.

## Significant Budget Issues

- The Information Technology budget increased in 2003 through 2005 primarily due to 1) the realignment of technology resources from various departments into the Information Technology Department to support Council's priority to redesign service delivery to provide single points of more tightly integrated services; 2) the replacement of the City's legacy Financial/Human Resources system to support significant business process reengineering, reduce the risk of system failures, decrease redundant and inconsistent data, improve security, and create potential for regional partnerships; 3) the expansion of Public Safety Wireless services to neighboring Eastside agencies to enhance accuracy, safety, and efficiencies in utilizing public safety resources.
- Technology resources have generally been stable and more available due to the downturn in economic conditions. ITD has been able to leverage those conditions to reduce ongoing operational expenses and achieve reserve targets. However, as the market improves, the demand for qualified technicians is on the rise making it more difficult and expensive to find technicians that are well trained and experienced.

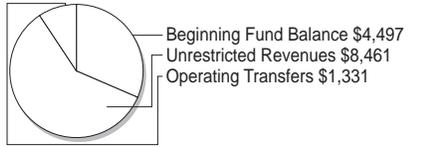
# MISCELLANEOUS NON-DEPARTMENTAL

## I. BUDGET OVERVIEW

### Expenditures & Reserves



### Resources

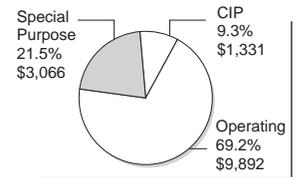


### Budget Data

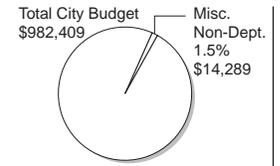
\$000

<b>2005-2006 Budget</b>	<b>\$14,289</b>
<b>Change from 2003-2004:</b>	<b>\$3,408</b>
<b>Change per Capita:</b>	<b>30.2%</b>
<b>2005 FTEs:</b>	<b>0.0</b>
<b>2006 FTEs:</b>	<b>0.0</b>
<b>FTE Change from 2004 to 2005:</b>	<b>0.0</b>
<b>FTE Change from 2005 to 2006:</b>	<b>0.0</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>NA</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>NA</b>

### Summary by Budget Type

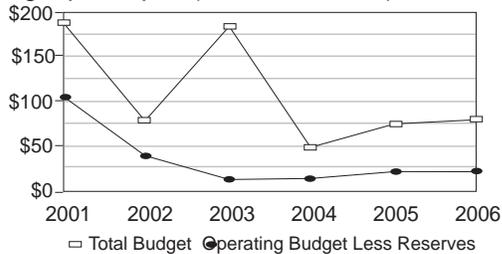


### Percent of Total Budget



### Historical Trends

#### Budget per capita (constant dollars)



- Decrease in per capita budget from 2001 to 2002 is primarily due to a reduction in the amount of the Council reserve.
- Increase in the total budget from 2002 to 2003 reflects Council reserves set aside for future funding of the New City Hall project. Beginning in 2004, these funds are budgeted in the New City Hall program.
- Increase from 2004 to 2006 reflects anticipated sales tax from extraordinary development

#### FTEs per 1,000 population

Not applicable

- No FTEs are budgeted in this department.

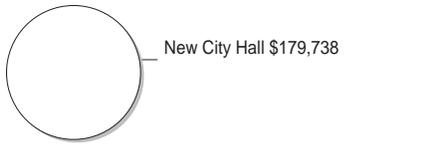
### Significant Budget Issues

- The Rainy Day Reserve provides resources to be used during an economic downturn or other unforeseen expenditure needs. The estimated ending fund balance in the Rainy Day Reserve Fund in 2006 is \$4.4 million.
- The General Fund contingency to cover potential budget shortfalls resulting from unforeseen expenditure needs is \$717,000 in 2005 and \$742,000 in 2006.
- The 2005-2006 budget includes \$10.9 million in expenditures from Council reserves for debt payments on New City Hall bonds.

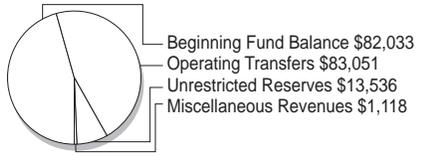
# NEW CITY HALL

## I. BUDGET OVERVIEW

### Expenditures & Reserves



### Resources



### Budget Data

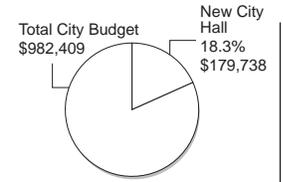
\$000

<b>2005-2006 Budget</b>	<b>\$179,738</b>
<b>Change from 2003-2004:</b>	<b>\$34,447</b>
<b>Change per Capita:</b>	
<b>2005 FTEs:</b>	<b>0.0</b>
<b>2006 FTEs:</b>	<b>0.0</b>
<b>FTE Change from 2004 to 2005:</b>	<b>0.0</b>
<b>FTE Change from 2005 to 2006:</b>	<b>0.0</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>NA</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>NA</b>

### Summary by Budget Type

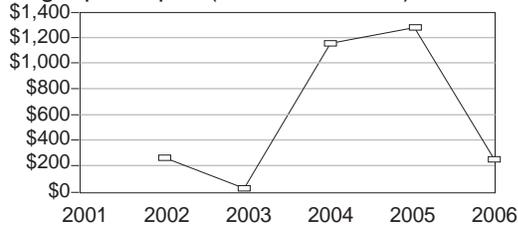


### Percent of Total Budget



### Historical Trends

Budget per capita (constant dollars)



- The 2002 budget reflects the City's purchase of the Qwest building.
- The 2003-2006 budgets reflect costs for the renovation and refurbishment of the building and related financing costs.

FTEs per 1,000 population

Not applicable

- No FTEs are budgeted in this department. Staffing is provided by several departments including Planning & Community Development and Finance.

### Significant Budget Issues

- \$9.4 million of costs over budget were identified as a result of subcontractor bids in December of 2004. The City contends that the contractor is financially responsible for this work.
- The City and the contractor agree to implement value engineering solutions to reduce the amount of subcontractor bids.
- The City and the contractor have agreed to fund the remaining costs, after implementing value engineering solutions, by the contractor contributing up to \$2.5 million and the City funding the estimated remaining costs of \$5.9 million.
- The project will proceed and the financial issues will be resolved through a dispute resolution process in 2005.
- Once the City's financial responsibility, if any, is determined through the dispute resolution process, the City will explore several options for funding its portion of the final cost increase.

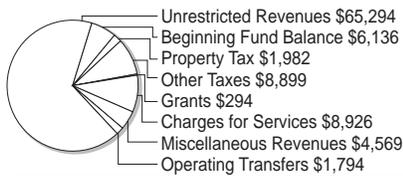
# PARKS & COMMUNITY SERVICES

## I. BUDGET OVERVIEW

### Expenditures & Reserves



### Resources

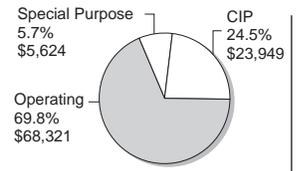


### Budget Data

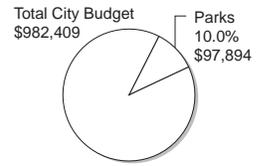
\$000

<b>2005-2006 Budget</b>	<b>\$97,894</b>
<b>Change from 2003-2004:</b>	<b>\$2,122</b>
<b>Change per Capita:</b>	<b>1.3%</b>
<b>2005 FTEs:</b>	<b>172.3</b>
<b>2006 FTEs:</b>	<b>176.3</b>
<b>FTE Change from 2004 to 2005:</b>	<b>(1.0)</b>
<b>FTE Change from 2005 to 2006:</b>	<b>4.0</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>(1.2%)</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>(1.7%)</b>

### Summary by Budget Type

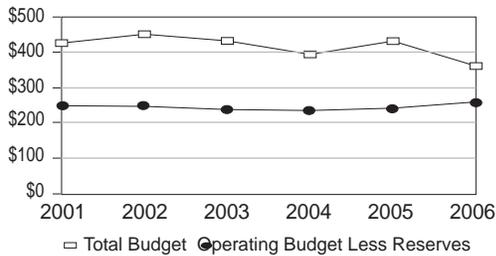


### Percent of Total Budget



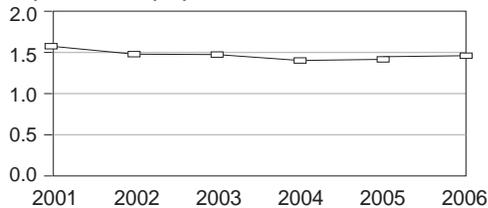
### Historical Trends

Budget per capita (constant dollars)



- The total budget per capita fluctuations are largely due to changes in CIP expenditures which are not programmed at a uniform rate.
- The operating budget per capita shows a relatively constant trend over the past several years, indicating that Parks & Community Services Department budget growth is consistent with population growth and inflation. In 2005-2006, additional funding was provided to maintain completed CIP projects, including Lewis Creek Park and the South Bellevue Community Center.

FTEs per 1,000 population



- Total FTE levels have remained relatively constant over the past several years. In 2006, 4.0 FTEs were added to manage and operate the South Bellevue Community Center.

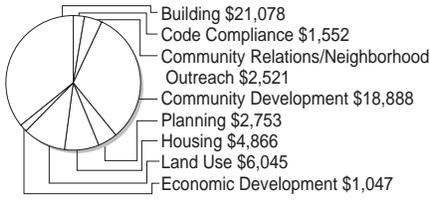
### Significant Budget Issues

- This budget provides funding for the maintenance and operation of completed CIP projects, including South Bellevue Community Center (4.0 FTEs), Lewis Creek Park, NEP/NIS projects, arterial landscapes, and the Class Registration and Scheduling System.
- Three Parks capital projects totaling \$2.9M were deferred as part of the 2005-2011 CIP update, including Trail Development, Kelsey Creek Stream Restoration, and Renovation & Refurbishment of Park Facilities.
- In 2005-2006, the Department will work with the Bellevue School District and other community organizations to create a "wraparound services" pilot program to enhance the delivery of health, human service, and recreation programs within the educational system.
- In 2005-2006, the Department will work with City Council and the community to evaluate the feasibility of a voter initiative featuring the acquisition and development of parks and open space throughout the City.

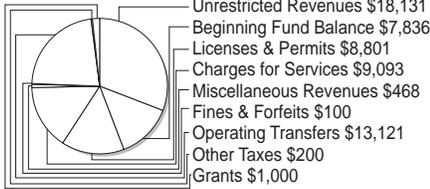
# PLANNING & COMMUNITY DEVELOPMENT

## I. BUDGET OVERVIEW

### Expenditures & Reserves



### Resources

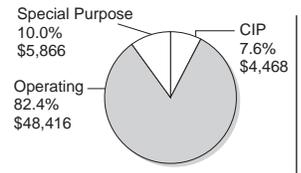


### Budget Data

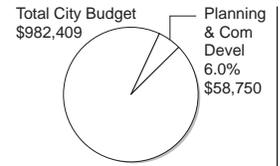
\$000

<b>2005-2006 Budget</b>	<b>\$58,750</b>
<b>Change from 2003-2004:</b>	<b>\$4,748</b>
<b>Change per Capita:</b>	<b>(6.7%)</b>
<b>2005 FTEs:</b>	<b>97.8</b>
<b>2006 FTEs:</b>	<b>97.8</b>
<b>FTE Change from 2004 to 2005:</b>	<b>(2.0)</b>
<b>FTE Change from 2005 to 2006:</b>	<b>0.0</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>(2.6%)</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>(0.6%)</b>

### Summary by Budget Type

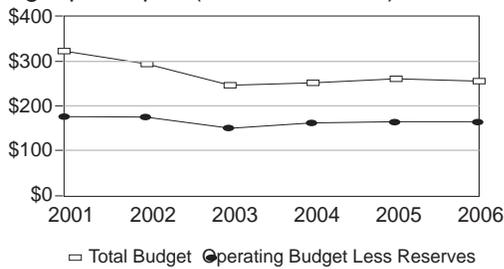


### Percent of Total Budget

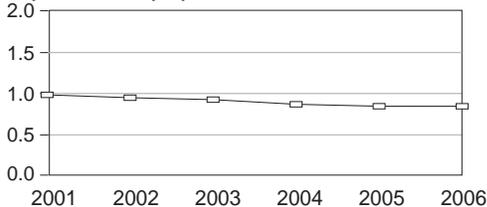


### Historical Trends

Budget per capita (constant dollars)



FTEs per 1,000 population



- The increase in the 2005-2006 budget is largely due to an increasing workload facing Development Services. As a result, 9.0 Limited Term Employees (LTE) positions were added and \$100,000 for contract plan review services.
- Beginning in 2004, the direct labor costs for permit review and inspection work from Fire, Transportation and Utilities Departments were consolidated in the Planning & Community Development budget. This resulted in approximately \$2 million additional expenditure budget per year for 2004 through 2006.
- In the 2005-2006, 1.0 FTE was transferred to Finance as part of the City-wide centralization of finance staff.
- PCD reduced 1.0 vacant FTE as part of the efficiency gains from City-wide Finance and Human Resources System replacement project (ERP).

### Significant Budget Issues

- Identify a preferred land use and transportation future that re-focuses the Bel-Red area to become a more strategic element of the City's growth and economic development strategy.
- Continuing commitment to timelines, predictability, certainty and development quality that supports and enhances the vitality of the City and fulfills the vision articulated in the Comprehensive Plan.
- Amend the Crossroads plan to reposition the Crossroads Shopping Center and its immediate vicinity to increase economic vitality and livability of this area.
- Address major changes in the Eastgate Subarea, advancing economic opportunity, and developing a stronger urban design and area identity.
- Develop Land Use Code amendments that help ensure compatibility of infill development.
- Continue implementation of NIS-2 (Neighborhood Reinvestment Initiative) that focuses on older Bellevue Neighborhoods. Development of targeted strategies to spur higher levels of private reinvestment.
- Follow through on updated Comprehensive Plan policies addressing housing affordability and diversity.
- Implement elements of the Cultural Compass.

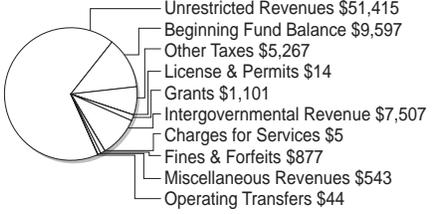
# POLICE

## I. BUDGET OVERVIEW

### Expenditures & Reserves



### Resources

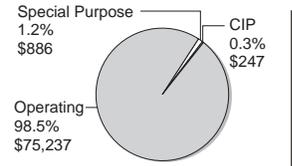


### Budget Data

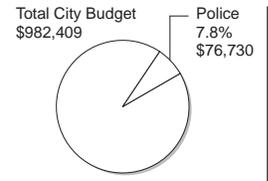
\$000

<b>2005-2006 Budget</b>	<b>\$76,370</b>
<b>Change from 2003-2004:</b>	<b>(\$1,189)</b>
<b>Change per Capita:</b>	<b>(2.4%)</b>
<b>2005 FTEs:</b>	<b>270.0</b>
<b>2006 FTEs:</b>	<b>266.8</b>
<b>FTE Change from 2004 to 2005:</b>	<b>(1.0)</b>
<b>FTE Change from 2005 to 2006:</b>	<b>(3.2)</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>(1.0%)</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>(1.8%)</b>

### Summary by Budget Type

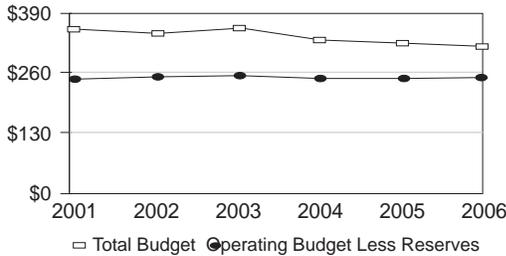


### Percent of Total Budget



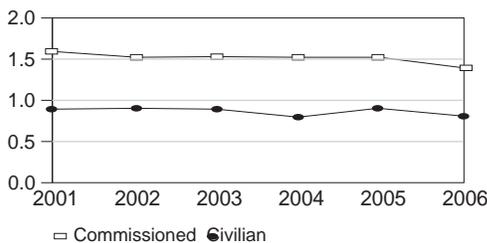
### Historical Trends

Budget per capita (constant dollars)



- The total budget per capita graph shows a gradual decline over the six-year period between 2001 and 2006. Factors contributing to this 2% average annual decline include the reduced need for LEOFF I Medical Reserve contributions, the further reduction in Police CIP project allocations, and stable inflationary adjustments to operating budgets for personnel, and maintenance and operating expenses.
- The Operating Budget Less Reserves trend shows a relatively stable, inflationary adjustment to Police budgets. There have been selected staff reductions in programs, partially offset by minimal staff increases to programs where the expenses have been offset by new or increased revenues.

FTEs per 1,000 population



- The Commissioned FTEs per 1,000 population graph continues to show a very gradual decline from 1.6 to 1.4 FTEs over the six-year period between 2001 and 2006. Authorized commissioned officer allocations have gradually been reduced while City population growth has increased. Temporary commissioned FTEs increases were rescinded; and a single FTE was permanently eliminated in 2005 as a result of a City-wide staffing reduction commitment.
- The Civilian FTEs per 1,000 population shows a very modest decline, from 0.9 to 0.8 civilian staff over the same six-year period. Additional dispatchers for increased call functions have been offset by reductions in clerical positions due to City-wide reorganizations. This difference, combined with the increase in the City's population over the six years, has resulted in the slight decrease in civilian FTEs per capita.

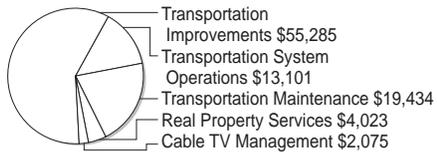
### Significant Budget Issues

- The Department is actively researching the potential long-term impacts of the planned growth in Bellevue's central business district and other Eastside business corridors, which could result in unprecedented growth in "vertical" neighborhoods (urban condominiums and apartments). How to be prepared to adequately police these new neighborhoods will be a challenge for the Department in the coming years. There are likely to be subtle yet measurable increases in calls, responses, and resources allocated, wholly dependent on the rate of growth in these vertical neighborhoods, their rate of occupancy, and the crimes reported in these sectors.
- The Department will continue its implementation plan for the Wireless Mobile Data Communications System and its integration with the remaining components of its Records Management System. Both projects were scheduled to be completed in 2004 and have experienced technological challenges. The current completion date is projected to be mid to late 2005.

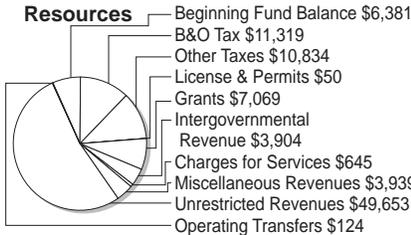
# TRANSPORTATION

## I. BUDGET OVERVIEW

### Expenditures & Reserves



### Resources

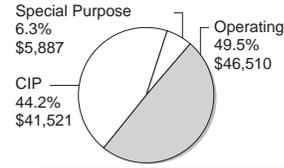


### Budget Data

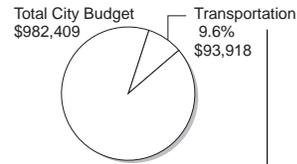
\$000

<b>2005-2006 Budget</b>	<b>\$93,918</b>
<b>Change from 2003-2004:</b>	<b>(\$33,761)</b>
<b>Change per Capita:</b>	<b>(27.1%)</b>
<b>2005 FTEs:</b>	<b>128.8</b>
<b>2006 FTEs:</b>	<b>128.8</b>
<b>FTE Change from 2004 to 2005:</b>	<b>(3.0)</b>
<b>FTE Change from 2005 to 2006:</b>	<b>0.0</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>(2.9%)</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>(0.6%)</b>

### Summary by Budget Type

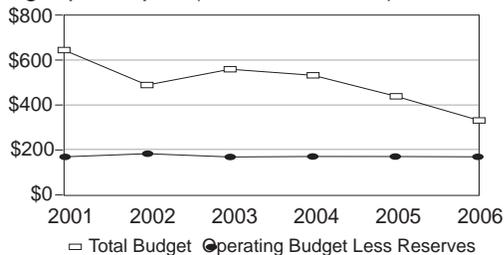


### Percent of Total Budget

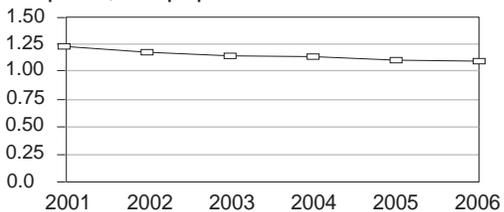


### Historical Trends

#### Budget per capita (constant dollars)



#### FTEs per 1,000 population



- The first year of a biennial budget is typically higher than the second year due to CIP project budget carryforwards.
- The 2003-2004 Transportation Department budget was reduced due to a decline in regional economic growth. The changes include an overall reduction in CIP project funding, and General Fund service level cuts in the areas of long range planning, office administration, and street repairs.
- The 2005-2006 Transportation Department budget was again significantly reduced. The changes include the deferral of eight major CIP projects to later years in the CIP and General Fund reductions reflecting cost savings in streets maintenance utility disposal fees, and service level cuts in development review and capital project management.
- In 2004, management of the Cable TV program was transferred to the Transportation Department from the City Manager's Office.
- In 2003-2004 budget was reduced by 5.2 FTEs:
  - 1.6 FTEs were eliminated as a result of service level reductions in Long Range Planning and Office Administration.
  - 2.0 FTEs were transferred to the Information Technology Department (ITD) as part of the City-wide effort to consolidate technology staff.
  - 1.0 FTE was transferred to ITD for three years to lead the Finance and Human Resources System replacement project (ERP).
  - 1.6 FTEs were transferred to Finance as part of the City-wide effort to consolidate financial staff.
  - 1.0 FTE was transferred from the City Manager's Office to support the transfer of the Cable TV program to the Transportation Department.
- The 2005-2006 budget was reduced by 3.0 FTEs:
  - 1.0 FTE was eliminated as a result of service level reductions in Development Review.
  - 2.0 FTEs were eliminated from capital project management due to efficiencies gained by the City-wide Finance and Human Resources System replacement project (ERP).

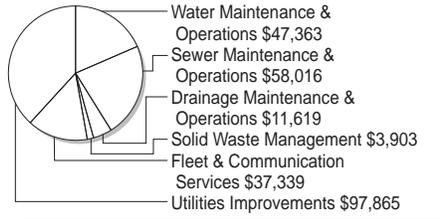
### Significant Budget Issues

- Transportation capital project funding is projected to continue declining through 2008. This funding decline has resulted in the deferral of eight transportation capital projects originally scheduled for implementation in 2005-2006 into later years of the seven-year CIP plan. While resources have been diminishing, transportation funding needs remain high. The Department has identified over \$250 million of unfunded needs in the next 6-12 years. Transportation funding is projected to begin rising again by 2009, but over the next several years, any new capital project needs must compete with existing projects unless additional resources become available. The department will continue efforts to aggressively pursue new capital funding opportunities.
- The department will continue working on long-term community enhancement efforts such as advancing key elements of the 2003 Downtown Implementation Plan, updating the Factoria Area Transportation Study including integration with bus rapid transit, and an Urban Corridor/High Capacity Transit Initiative for the Bel-Red Corridor.
- Regional planning efforts will continue to advance Bellevue's regional transportation objectives for the I-90, I-405 and SR 520 corridors and provide leadership for Sound Transit, Seattle and Eastside communities to aggressively plan for Phase II Sound Transit Improvements.

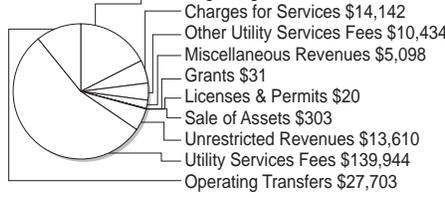
# UTILITIES

## I. BUDGET OVERVIEW

### Expenditures & Reserves



### Resources

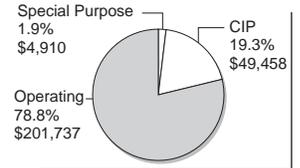


### Budget Data

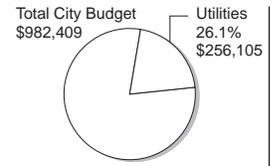
\$000

<b>2005-2006 Budget</b>	<b>\$256,105</b>
<b>Change from 2003-2004:</b>	<b>\$30,153</b>
<b>Change per Capita:</b>	<b>11.2%</b>
<b>2005 FTEs:</b>	<b>169.9</b>
<b>2006 FTEs:</b>	<b>169.6</b>
<b>FTE Change from 2004 to 2005:</b>	<b>(2.0)</b>
<b>FTE Change from 2005 to 2006:</b>	<b>0.0</b>
<b>FTE Change per Thousand 2004 to 2005:</b>	<b>(1.8%)</b>
<b>FTE Change per Thousand 2005 to 2006:</b>	<b>(0.6%)</b>

### Summary by Budget Type

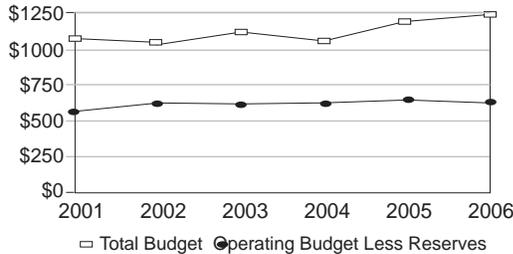


### Percent of Total Budget

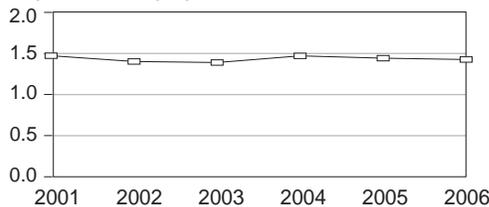


### Historical Trends

#### Budget per capita (constant dollars)



#### FTEs per 1,000 population



- Fluctuations in the budget are due to varied levels of scheduled capital project activity and capital equipment purchases in those years.
- The increase in the 2002 operating budget per capita was largely due to the wholesale rate increases from METRO.
- The increase in the 2003 total budget per capita is largely due to the increase in the Seattle Water rates, the assumption of the Coal Creek Utility District (CCUD) and the Cascade Water Alliance (CWA) program.
- The increases in 2005 and 2006 total budget per capita are largely due to impacts of the Coal Creek settlement, increased contributions to Renewals and Replacements (R&R), project delays in prior years and increased target reserve levels associated with the CWA contract. Also, water reserves are purposefully being kept to mitigate future rate increases.
- Impacts to 2005 operating budget include a significant King County METRO rate increase, National Pollutant Discharge Elimination System (NPDES) permit implementation, elimination of wholesale water sales and decreased wholesale water costs due to the new CWA contract.
- FTEs per 1,000 population decreased in 2003 due to the Information Technology Department realignment and a program FTE reduction. In 2004, the increase is due to the assumption of the Coal Creek Utility District.
- In 2005, the decrease is due to FTE reductions due to efficiencies gained by the ERP implementation and Finance Department Realignment.

### Significant Budget Issues

- The 2005-2006 Budget includes the following annual increases for 2005 and 2006 respectively: 3.7% and 0.0% rate increases for Water; 12.0% and 1.6% rate increases for Sewer; 9.4% and 7.1% for Storm & Surface Water. The 2005 increases include a 0.5% increase in City utility tax.
- King County METRO increased wholesale sewage treatment rates by 9.4% effective January 1, 2005.
- The 2005-2006 Budget reflects decreased wholesale water costs due to the new CWA contract and elimination of wholesale water sales.
- The 2005-2006 Budget includes the impacts of the Coal Creek lawsuit settlement agreement.
- The budget includes funding to comply with the City Code related to pavement restoration, NPDES permit implementation, compliance with the Endangered Species Act (ESA), and enhanced condition assessment programs.
- The budget includes various revenue enhancements (including delinquent fees, impacts of new leak adjustment policy, etc.); reduction in FTEs due to ERP implementation and Finance Department Realignment; and other M&O expenditure reductions.
- The 2005-2006 reserve levels are higher largely due to the take-or-pay provisions of the new CWA contract, water reserves purposefully being kept to mitigate future rate increases and the increased contributions to R&R.

***Council Vision/  
Mission/Priorities***

## Council Vision/Mission/Priorities

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This section includes the Bellevue City Council's vision and mission statements for the City of Bellevue organization and the 2004 priorities. At its January 2004 Council Retreat, the City Council initiated work on a revised vision statement for the community and an updated list of priorities for 2004 that will be refined during the Spring of 2005.

- The Vision Statement and Mission Statement were adopted by the City Council on April 28, 1997 and represent their vision for the City government.
- The Bellevue City Government Priorities were adopted by the City Council in 2001 and reaffirmed in 2002, and represent the overall priorities for the City government.
- The 2005-2006 Council Priorities were developed during various City Council Budget retreats and workshops during 2004 and provided a framework for departments to use in developing their proposed budgets.

These materials were used throughout the budget process and were utilized as tools by the City Manager in the review of department budget submittals.



**Vision Statement**  
**for Bellevue City Government**  
*(adopted by City Council on April 28, 1997)*

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Bellevue City Government is innovative, efficient  
and fiscally responsible.

Council and staff are customer oriented,  
believe in quality, and work together  
to provide excellent  
basic services.

The City cares about its citizens and employees  
and values its roots.



**Mission Statement**  
**for Bellevue City Government**  
*(adopted by City Council on April 28, 1997)*

---

Through accessible, proactive  
leadership  
and governance,  
provide high-quality services  
and facilities  
that meet the needs of the community.



## **2004 City Council Retreat Priorities**

**for Bellevue City Government**  
*(adopted by City Council January, 2004)*

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- Transportation
- Neighborhood Assistance Strategy
- Technology
- Cultural Infrastructure
- Community Outreach
- Human Infrastructure
- Regional Leadership Role and Messages
- Economic Vitality
- Public Safety
- Parks and Open Space

## 2004 Council Priorities

### Transportation

- *Create City-wide circulation network/circulator*
- *Integrate regional and local transportation visions /Exert regional and national leadership*
- *Implement the transportation visions*
- *Refine street and transit solutions that will serve Downtown for next ten years*
- *Achieve higher level of neighborhood satisfaction*

### Neighborhood Assistance Strategy

- *Help neighborhoods identify their distinctive characteristics, unique identity and pride*
- *Establish strategy for neighborhood redevelopment/renewal*
- *Rethink services delivered to neighborhoods and how we are internally organized/structured to provide these services*
- *Develop packet of information detailing Neighborhood Services*
- *Work with neighborhood partnerships on Code enforcement*

### Technology

- *Become a “Wired City” – provide equal access to technology/bandwidth*
- *Promote electronic service delivery to enhance convenience and accessibility for the public*
- *Leverage existing technology to streamline business processes*
- *Provide leadership to the region in integrating service delivery systems for users*
- *Explore opportunities for regional collaboration and sharing of information related to technology*
- *Continue to invest in research and development, partnerships, and innovative initiatives to maximize the benefits from our investments in technology*

### Cultural Infrastructure

- *Create community and neighborhood festivals/events*
- *Support cultural enhancements/performing arts center*
- *Define City role in promoting/sponsoring cultural arts*
- *Define what actions would be necessary for Bellevue to become the cultural center of the Eastside (see Vision Statement)*

### Community Outreach

- *Connect with and get involved with neighborhoods – Council more interactive/involved with neighborhoods*
- *Create additional opportunities for public forums for general outreach as well as specific topical discussions*
- *Utilize the City’s website to reach out and interact with neighborhoods and individual citizens*
- *Explore integrated communication network that serves all segments of the community*
- *Develop and implement “push” communication technologies to notify, inform and educate users based on their expressed interests*

## **Human Infrastructure**

- *Leverage work of existing human services agencies and religious institutions*
- *Consult with schools and religious institutions to learn about major changes in immigrant populations and needed revisions to programs affecting people*
- *Continue to partner with BCC and the schools on programming for disadvantaged/technology introduction/skill building*
- *Identify ways to leverage skills and smarts of retired residents into public/community service*
- *Increase multi-generational programs*
- *Continue to reach out to seniors, youth, immigrants, and disadvantaged citizens*
- *Explore relevance and applicability of federal human services initiatives to Bellevue's human services network*

## **Regional Leadership Role and Messages**

- *Address regional transportation, water, and human services governance issues*
- *Monitor and advocate for favorable Eastside Jail solutions*
- *Improve coordination of criminal justice programs/services*

## **Economic Vitality**

- *Foster ability to retain and enhance competitive advantage*
- *Rethink parking philosophy/consider building Downtown garage*
- *Promote neighborhood shopping center vitalization*
- *Link marina property to the City/Pedestrian Corridor*
- *Articulate the importance of economic vitality to citizens and employees*

## **Public Safety**

- *Explore Public Safety facility*

## **Parks and Open Space**

- *Increase recreational opportunities, land acquisition and open space vision*