



November 23, 2020

Mayor Lynne Robinson
Bellevue City Council
Bellevue City Hall
450 110th Ave NE
Bellevue, WA 98004

Re: 2021-2022 Preliminary Budget Adoption

Dear Mayor Robinson and Councilmembers,

We write on behalf of the Bellevue Chamber of Commerce and Bellevue Downtown Association (BDA) to advocate adoption of the City's 2021-2022 Preliminary Budget as transmitted by the City Manager. Based on our review, we find the preliminary budget advances the core priorities from our prior communication and incorporates recommendations necessary to *Keep Bellevue Strong*. **We support the City Manager's budget and encourage you to adopt it as-is.**

In addition to adopting the budget as-is, we encourage the City to remain engaged with the business community on how to support Bellevue's recovery effort. Both the Chamber and BDA are committed to helping the City transition out of the recession and into a period of economic recovery, and our organizations would like to work with you and City staff on the "Future Work" items described on the next page.

We commend the City Council and staff for drafting a responsive budget to the revenue shortfall, while funding vital services and capital projects that support recovery and growth. Nonetheless, we would like to reinforce a few points from our previous letter. (*see attachment*)

Keep Bellevue Strong:

Our position to support adoption was based on whether the preliminary budget met criteria to *Keep Bellevue Strong*. We defined the criteria as ensuring Bellevue remains financially stable, maintaining current service levels, and continuing capital investments that add capacity necessary to support projected growth. We would like this theme to guide the City moving out of the recession.

Notable Points:

- This budget cut costs and maintains the 15% Ending Fund Balance (EFB) without major tax increases. We backed reducing the EFB if needed, but we appreciate the City's thoughtful action to not increase taxes on residents to help their recovery.
- Thank you for investing in public safety and establishing a path for construction and operation of the Downtown Fire Station.

- We are grateful the investments identified for a capital-to-operating transfer do not impact projects necessary for serving growth.
- Please consider the cost-saving and revenue-creating tools listed in the joint letter as viable options, should the City need to take immediate action to secure funding. The Chamber and BDA will be prepared to support such an action if it serves to *Keep Bellevue Strong*.

Future Work:

Our priority right now is to bolster Bellevue’s resiliency against recession and to ensure the City is positioned for a swift recovery. We believe this is reflected in the City’s preliminary budget. Looking forward, we would like to work with the City to examine the following issues for future budget discussions.

- **Sustainability of the City’s Operational Budget After 2022** – Chart 13 of the budget shows the EFB depleted by 2026, which is not sustainable. We would like to discuss these assumptions.
- **Transportation Planning and Funding to Support Projected Growth** – More needs to be done to expand and integrate the multimodal transportation system to keep up with the Bellevue’s expected employment growth.
- **Affordable and Workforce Housing** – Advance the Affordable Housing Strategy to meet Council goals, expand Multifamily Tax Exemptions, identify funding sources, plan for the new HB 1590 sales tax revenue, and improve permitting processes to enable housing to be built less expensively.
- **Rezoning and Land Use Code Lookbacks** – Complete the Wilburton and East Mains rezones to unlock development potential that support growth. Review and update the Bel-Red and Downtown land use codes for refinements identified since the respected 2005 and 2017 updates.

Thank you again for advancing a budget that addresses the challenges facing the City and business community. We appreciate and acknowledge all the time and effort that went into the budget, and we remain committed to assist Bellevue’s journey on the road to recovery.

Sincerely,



Joe Fain
President & CEO
Bellevue Chamber of Commerce



Patrick Bannon
President
Bellevue Downtown Association

Attachment:

*Chamber/BDA Letter Re: 2021-2022 City Budget Priorities and Recommendations for Bridging the Gap
September 18, 2020*



September 21, 2020

Bellevue City Council
Bellevue City Hall
450 110th Ave NE
Bellevue, WA 98004

Re: 2021-2022 City Budget Priorities and Recommendations for Bridging the Gap

Dear Mayor Lynne Robinson and Councilmembers,

On behalf of the Bellevue Chamber of Commerce and Bellevue Downtown Association, we thank you for the opportunity to provide our recommendations regarding the challenges and opportunities confronting the City's Preliminary 2021-2022 Budget.

Keep Bellevue Strong

Together, we are facing an ongoing pandemic, economic recession, and continued uncertainty. The 2021-2022 budget must adapt to these realities in order to bolster resiliency and position our community to recover swiftly. Our goal is to ensure Bellevue remains financially stable while maintaining current levels of core services and continuing capital investments that will add capacity necessary to support projected growth.

Investment Priorities

Based on our analysis of the current economic climate, we recommend the following operation and capital investments to be prioritized in the 2021-2022 budget. Funding these services and projects will support our goal to keep Bellevue strong.

Operations Budget

- **Continue investments into COVID-19 response and recovery.** Supporting small and mid-size businesses so that they can remain open is critical for sustaining our economic vibrancy that has been built over decades.
 - Support efforts to maintain a safe environment in our community through programs that reduce the spread of the virus and reinforce our reputation as a safe City.
 - Maintain the current B&O tax rate to avoid harming business resiliency and recovery efforts from the pandemic.
- **Maintain 2020 funding for police and fire services.** Ensuring public safety is critical for providing stability and confidence during these uncertain times.
- **Support health and human services.** Seek creative ways to provide services to community members struggling to meet basic needs.

Capital Budget

- **Maintain transportation funding.** Advance mobility projects that increase capacity of the transportation system in Downtown, Bel-Red, Wilburton, and Eastgate/Factoria. The following projects are not funded by dedicated revenue sources and are critical for supporting growth:
 - Funding for the Citywide Transportation Plan
 - NE 6th Street Extension design and permitting
 - Bellevue Way HOV lane design and permitting
 - Southbound 405 on-ramp
 - SR 520 124th Half-Diamond Interchange
 - Grand connection I-405 crossing feasibility study
 - Investments in transportation technology
- **Fund planning, design, and right of way acquisition for shovel-ready projects.** Prepare the City to advocate for federal stimulus funding.

In addition to our capital investment recommendations, we urge the City to streamline regulatory processes so private sector development may thrive and businesses are attracted to open in Bellevue. This action coupled with our recommendation to preserve core capital programs will support the public/private development and small business vibrancy necessary to serve growth.

Bridging the Gap

We encourage the City to access existing funds and explore other revenue opportunities to make up the shortfall. However, any consideration of transferring capital budget funds to the operating budget should be carefully evaluated to demonstrate that an unfunded capital project does not disrupt Bellevue's ability to support growth. Maintaining the capital project schedule is vital for ensuring City infrastructure remains on pace with the booming development pipeline and growing workforce.

We recommend the City consider the following actions to bridge the revenue gap.

Cost saving considerations

- **Reduce the Ending Fund Balance (EFB) over the short term with a plan to restore in future biennia.** Consistent with existing Comprehensive Financial Management Policies, enact a short-term reduction below the 15% threshold to free up resources for "one-time extraordinary expenditures."
- **Consider delaying construction of fire station 10 to defer associated staffing costs.** Based on current budget figures, deferring these costs will reduce the operating budget by \$2,372k in 2021 and \$2,823k in 2022.
- **Explore feasibility of an interfund loan from the utility reserve fund.** Borrowing from this \$300M fund can provide some relief at a low interest rate.

Creative Revenue Tools

- **Be prepared to seek federal stimulus funding for shovel-ready projects.** Design and permitting are a small fraction of the overall project costs. By advancing projects to shovel-ready status, Bellevue will be advancing its growth plans while positioning itself for a likely stimulus package.
- **Seek TIFIA loan debt service forgiveness.** Track federal relief opportunities to advocate for debt relief.
- **Assume likely grant funding in adopted budget.** Apply reasonable assumptions of grant funds to increase capacity in the later year of the Capital Investment Program. Should the grants not materialize, projects would simply need to be deferred until funds from other sources become available.
- **Consider long-term debt financing for the capital budget.** The City still has considerable debt capacity (over \$700 million according to the current budget, page 163), interest rates are very low, and borrowing long term debt to pay for expensive road projects is equitable, because the road users of twenty years from now get to pay a share of the costs, as opposed to making the taxpayers of today foot the entire bill.
- **Seek federal loan assistance for operating budget.** Track opportunities at the federal level for loans with low interest rates that will help offset funding gaps in operations.
- **Advocate for adoption of CARES Act Phase 4.** Support another phase of the CARES act to provide relief to those who need assistance. This relief will preserve economic resiliency and support sales taxes.
- **Support 1% property tax increase for 2021-2022.** Adopting the 1% annual property tax increase provides a broad-based, stable source of revenue.
- **Evaluate use of banked property tax capacity.** Review the capacity earned from not adopting the 1% annual property tax in past years to access additional revenue as needed.

The City of Bellevue and the business community it serves face great uncertainty. The City is challenged to meet a rising demand for core services while revenues plummet. Businesses are struggling to keep doors open and maintain payroll. What is certain is that Bellevue must remain strong as a resilient City positioned for recovery. We are confident Bellevue has the strength to rebound and lead the way for economic growth on the Eastside.

Thank you for considering our recommendations. We appreciate your leadership during this especially difficult time. We will remain engaged through the current process and during the mid-biennium review.

Sincerely,



Joe Fain
President & CEO
Bellevue Chamber of Commerce



Patrick Bannon
President
Bellevue Downtown Association