Council Meeting: 01/18/2011
Agenda: Unfinished Business
Item #: 10. a.

CITY OF KIRKLAND
City Manager's Office
123 Fifth Avenue, Kirkland, WA 98033 425.587.3001
www.ci.kirkland.wa.us

MEMORANDUM

To: Kurt Triplett, City Manager

From: Marilynne Beard, Assistant City Manager
Lorrie McKay, Intergovernmental Relations Manager

Date: January 6, 2011

Subject: QUARTERLY ANNEXATION UPDATE

RECOMMENDATION:

City Council receives an update on annexation activities.

BACKGROUND DISCUSSION:

This is the first quarterly update for 2011 on the status of the many annexation implementation activities currently underway. As we approach the effective date of June 1 a number of issues are getting resolved and a few new issues have arisen. The following items are addressed in this quarterly update**:**

- Status of Interlocal Agreements
- Proposed Gambling Tax Ordinance Amendments
- State Sales Tax Contingency Plan
- King County Sheriff's Office Hiring Requirement
- Wild Glen Annexation
- Woodinville Fire and Rescue Transfer of Services
- Finn Hill Fire Station Property Transfer
- Public Safety Building Update
- Census
- Puget Sound Regional Council Representation
- Community Development Block Grant Funding Options
- Cell Tower and Billboard Ordinance
- Solid Waste Services
- Parks Maintenance Services for 132th Avenue Square Park
- Transfer of Open Space Parcels
- Totem Lake Neighborhood Meeting
- Annexation Communications
- Annexation Celebration

Interlocal Agreements

The City received two draft interlocal agreements from King County. The first addresses the transfer of governance for various functions to the City of Kirkland. The second addresses the transfer of property and assets. The interlocal agreements, along with agreements between the City and other jurisdictions, will provide authority for a smooth transition of services and property to the City of Kirkland. Staff representatives from City departments are working with their counterparts in King County to negotiate terms for consideration by the governing bodies. In the last quarterly report, progress on the transfer of development services was presented. City staff recently requested that King County provide draft interlocal language for all sections of the ILA by mid-January so that we can better understand issues that may be outstanding or needing direction from Council. As policy issues arise during these negotiations, they are brought to the City Council for direction. All draft language is being reviewed by the City Manager's Office, the City Attorney and Finance. Staff anticipates that the City Council will receive several updates between now and the time a complete interlocal is presented for consideration. Study sessions ar tentatively scheduled for March 1 and April 19.

Gambling Tax Ordinance Amendments

Section 7.48.020 of the Kirkland Municipal Code regulates local gambling activities and taxes within the City of Kirkland including social card games. The current code prohibits social card rooms but also includes a tax rate of twenty percent. Two elements of the code will need to be updated to reflect the upcoming annexation consistent with previous direction from Council.

The first change will be to acknowledge the approval of ESSB 5321 allowing cities with a prohibition on gambling establishments to "grandfather in" businesses that were operating prior to the annexation effective date. During the Council's consideration of the annexation, they approved Resolution 4766 indicating their intent to grandfather in qualifying establishments. The Carribean Casino was in operation prior to the annexation and could be grandfathered in under state law. The Casino is currently within King County's jurisdiction which imposes an eleven percent tax rate on social card rooms. Financial scenarios prepared for the City Council during their deliberation assumed an eleven percent tax rate. Consequently, the code will also need to be amended to reflect the lower tax rate in order to be consistent with earlier projections. Staff will prepare an ordinance effecting these changes for consideration by the City Council in February, 2011 with an effective date of June 1, 2011.

State Sales Tax Contingency Plan

Recent budget challenges at the State level prompted a request for a contingency plan to address the potential loss of some or all of the state sales tax credit funding that was enacted to encourage annexation of unincorporated areas. All of the financial planning scenarios for annexation assumed annual revenue of approximately $3.4 million is assumed for a ten-year period. The Governor's initial budget adjustment to address the current shortfall does not include any reduction in the state sales tax credit. In a recent presentation made by the Association of Washington Cities staff, their assessment was that the cuts proposed in the Governor's budget seem to indicate a policy of not "pushing down" the State's budget problems to the local level. That being said, the coming biennial budget has yet to be discussed and there is still a potential for some reduction of the sales tax credit as a means to balance the State's budget.

The long term financial plan for annexation assumed that a portion of the state sales tax credit would be used to service debt recently issued for the Public Safety Building. The debt was specifically structured to "wrap around" the ten-year state sales tax credit period. This action and expected revenue growth would allow the City to sustain ongoing services after the state sales credit expires.

The annexation budget for the 2011-2012 biennium includes about $4.5 million in state sales tax credit revenue ($1.13 million in 2011 and $3.4 million in 2012), which represents about 13% of total General Fund annexation revenue. Total annexation General Fund revenue for the same period is $34.9 million (including the state sales tax credit).

If the state sales tax credit is reduced or lost, the City will need to decide how to adapt to that action by the State. Staff has determined that it is legally possible for the City Council to defer the effective date of annexation as one possible response. However, given all of the reasons for which the City has decided to annex, the public expectation of an annexation, and all of the preparations that have been made to accommodate the annexation successfully, staff does not recommend deferral as an option. Staff believes that annexation services can still be funded, albeit at a lower level. Specific measures that can be taken or that are recommended include:

- Debt service – About half of the projected revenue is dedicated to debt service including a smaller debt issue that was planned for 2012 or 2013 for City Hall improvements. The City Council could opt to not issue the second portion of debt, estimated at $500,000 to $600,000 per year and defer remodel of City Hall.

- The annexation budget assumes that the state sales tax credit would be used to pay back the General Fund for pre-annexation expenses incurred in 2010 and 2011. This amount could be as much as $3 million depending on the timing of Police Department hiring and a possible grant to fund new firefighters to serve the area. The City could also forego all or a portion of the remaining pay back.

- Revenue estimates for the annexation area were developed conservatively given the lack of actual data available for the area. It is possible that actual revenue will be in excess in the amount estimated, requiring a smaller amount of state sales tax credit funding.

- Many of the FTE's approved for annexation have not been hired and 19 of the FTE's are not scheduled to hired until 2012. The City Manager is recommending that only selected annexation positions be hired until the City knows more about the State's budget. All new annexation recruitments (i.e. any position that is not already filled by a City employee or which have a pending job offer) will be reviewed and approved by the City Manager's Office. There are enough unfilled annexation positions to compensate for the loss of the state sales tax revenue. Staff will develop a revised service level plan once the State's revenue impact, if any, is known.

King County Sheriff's Office Hiring Requirement

State law provides that employees of county sheriff's departments that are laid off as a direct result of annexation must be considered for hiring by the annexing city. Kirkland's Police Department has been in contact with the King County Sheriff (KCSO) regarding this and other transition issues for several years. KCSO has consistently indicated that there would be not lay-offs resulting from Kirkland's annexation due to the number of vacancies in the department and the ability to redeploy

staff dedicated to the area. In December 2010, the Seattle Times reported that up to eleven KCSO staff would be laid off as a result of the Kirkland annexation. Subsequent discussions with the Sheriff Rahr's staff confirmed that KCSO estimates a total of nine staff will be laid off. Official notification has not been received from King County.

Kirkland started the hiring process for police officers in 2009. To date 19 new officers have been hired and another four are in the testing and/or background process. During this time, Kirkland Police were in contact with KCSO to encourage their employees to apply. To date, several King County deputies have applied but none have been hired. At this point, the Police Department has 13 positions to fill. The City has not received official notice from King County about actual layoffs. Once an official notice is received from King County, affected employees can be placed on Kirkland's list to be considered for a position. All potential Police Department employees, including former KCSO deputies must be tested, pass background investigations and otherwise qualify for employment with Kirkland PD before they are hired.

Wild Glen Annexation

In previous reports, staff reported about annexation options for the Wild Glen Condominium parcel. Excerpt from April and October quarterly updates:

> *Wild Glen is a condominium located on a triangle of land west of 100th Avenue NE and north of Simonds Road NE just north of the Finn Hill/Juanita/Kingsgate annexation. The City has continued to pursue options for annexing the Wild Glen condominiums located north of the approved Finn Hill, Kingsgate and North Juanita annexation. Unless annexation of the parcel occurs, the condominium complex will be the only remaining property within Fire District #41. The desire is to have the area annex on June 1, 2011, when the larger annexation takes effect. Wild Glen property owners are supportive and are ready to sign annexation petitions. However, the King County Boundary Review Board (BRB) has refused to accept the Notice of Intention to Annex for Wild Glen until after it is contiguous with the enlarged city limits. This would cause hardships for both the Fire District and City during the interim period while the annexation is being processed. King County agreed to have their legal staff work with the Kirkland City Attorney to draft an interlocal agreement. The County and City are now exploring an alternative method of annexation that can be accomplished by interlocal agreement and will not require approval by the BRB. The agreement will need to be approved by the City, County and Fire District. We have discussed this with County and Fire District officials and have received positive feedback.*

Since that time, the City received letters from both King County and Fire District #41 agreeing to the use of the interlocal method of annexation for the Wild Glen condominium complex so that the parcel can be annexed on the same effective date as the rest of the annexation area. The Kirkland City Attorney's Office will draft the agreement in cooperation with King County and the Fire District and will present the agreement for Council consideration prior to June 1, 2011.

Woodinville Fire and Rescue Transfer of Services

The interlocal agreement (ILA) between Woodinville Fire and Rescue (WFR) and the City, which was approved by the Kirkland City Council, has been executed by both parties and recorded with the City Clerk. As required by the ILA, WFR presented a letter to the City stating their intent to close fire station #34, located in the Kingsgate portion of the annexation area, on the effective date of annexation. As a result of this station closure WFR will lay off up to 10 firefighters and 4 officer

positions. The City replied with a request to meet and discuss how many of the potential layoffs were attributed to the loss of service area caused by the annexation rather than the closure of the station and implementation of a new organizational structure. The meeting was held on December 20, 2010 and an agreement was reached by both parties. WFR agreed to declare "as a direct consequence of annexation the District will lay off up to nine firefighters." The City agreed to declare a need to hire up to nine firefighters. As agreed in the ILA, a letter (see Attachment A) was drafted, signed by the City Manager and WFR Chief I David Daniels and presented to both IAFF Locals. Negotiations on the details of the transfer of impacted employees to the City of Kirkland are in process.

WFR will close fire station #34, serving the Kingsgate area, on June 1, 2011. Kirkland Fire will provide fire and emergency medical service to the Kingsgate area beginning June 1, 2010 by the addition of a dedicated Aid Unit staffed with two firefighters.

Finn Hill Fire Station Property Transfer

Fire District No 41 Board of Commissioners and City staff continue the negotiation process with King County officials to secure land at the Big Finn Hill Park site of 138th Place and Juanita Drive for the Finn Hill fire station consolidation project. Preliminary plot plan drawings to identify the land necessary for a proposed 8800 square foot station and a 22 stall parking area for park patrons were completed by TCA architectural firm. Building permit applications are anticipated to be filed with the City of Kirkland after the June 1 effective date, therefore the plans were reviewed by City staff prior to being presented to King County officials. The Fire District Commissioners have contracted with a geotechnical engineer to survey the land and determine soil quality and drainage issues. A draft interlocal agreement for the transfer of the land to the District was presented to King County officials. King County has authorized the District to perform the survey and are considering the interlocal agreement. King County protocol requires an appraisal for valuation of the land to be performed prior to the transfer.

The Commissioners will host public meetings during the first quarter of 2011 to inform the public, receive feedback and answer questions about the project. The dates and times of the public meetings will be announced on the City of Kirkland website once the times and locations are determined.

Public Safety Building Update

Planning for the Public Safety Building is moving forward. The Technical Advisor for the Design Services contract was put through a competitive process and was awarded to McClaren, Wilson, and Lawrie. The Technical Advisor will assist with planning and design efforts and also assist the City with the selection of an architectural and engineering team that would provide final design and prepare the bid construction documents. Discussions about the programming of the space continue including an evaluation of jail size, evaluation of the consolidation of the Police and Municipal Court and a potential satellite vehicle maintenance bay to service police vehicles onsite. Once McClaren, Wilson, and Lawrie's contract is finalized, their first task is to assist the City with drafting an RFP for the design architect. We hope to have a design architect on contract by beginning of second quarter.

Census

Current state law and procedure require that cities conduct a census of the newly annexed area within 30 days of the effective date of the annexation. City staff estimates that this could cost up to

$225,000. The City Council has previously asked whether the City could use the federal 2010 census, in combination with the annual Housing Unit Population Estimate Report provided to the State Office of Financial Management (OFM) by the city and county, as the basis for the population enumeration. Subsequent discussions with the OFM determined that use of the federal census would require a legislative change. Given the timing of the legislative session and the effective date of the annexation- the annexation area census requirement is on a two track strategy:

Track 1 – Proceed forward in preparation for a City contracted enumeration of the annexation area. Funding was identified in the original annexation service packages. Staff is preparing a request for proposals and identifying appropriate firms to conduct the count. An RFP will be issued with the caveat that if the City is successful in securing legislative changes, the scope of the contract would change or be eliminated.

Track 2 – This legislative session, the City is working with the AWC to seek a legislative amendment that would allow cities whose annexation is effective within 15 months of the last federal census to use this data in combination with the City's and County's annual count data to meet the census requirement. Initial language was drafted by the City's contract lobbyists and Representative Springer has agreed to sponsor the legislation.

Puget Sound Regional Council Representation

The Puget Sound Regional Council will need to take up the topic of how to adjust the Executive Board to meet the state statute (RCW 47.80.060) when the State Office of Financial Management (OFM) establishes Kirkland's population in excess of 80,000. This is anticipated to be on July 1, 2012.

According to the 1998 Interlocal Agreement for Regional Planning of the Central Puget Sound, every September the weighted vote for the General Assembly and Executive Board is revised to reflect the most recent population figures from the OFM. Further, every three years, per the interlocal agreement the Executive Board reconsiders the distribution of county and city representation on the Executive Board.

Typically, the OFM releases their annual (April) population estimates in July of each year for the cities and counties. April 2011 is a different situation because in mid to late March, the actual federal 2010 Census data will be released. Before OFM can publish their 2011 estimates, we will have actual 2010 Census numbers for Kirkland and other cities. King County's Demographer, will work with Kirkland beginning April 1, 2011 to determine what the annexation population is estimated to be. On July 1, 2011, the OFM will determine an April 2011 estimate of city and county populations. The Juanita, Finn Hill and Kingsgate Annexation will not be effective until June 1, 2011 so, the official 2010 Census number for the City of Kirkland will not include the annexation area as part of Kirkland's count. On July 1, 2012, the OFM will determine an April 2012 estimate of city and county populations. It will be the April 2012 estimation from OFM for the City of Kirkland that will include the population of the annexation area. It is anticipated that Kirkland will be granted representation on PSRC in September 2012.

Community Development Block Grant Funding Options

The City currently receives its Community Development Block Grant (CDBG) funds through the King County CDBG Consortium based on an Interlocal Cooperation Agreement with the County. The

agreement will expire on December 31, 2011. With the annexation, the City will surpass the population threshold of 50,000, making Kirkland eligible for either a joint agreement with King County, or direct entitlement with the Department of Housing and Urban Development. Kirkland could also remain part of the Consortium. The City will need to decide which method they would like to use to receive CDBG funds by May 2011 to ensure that the appropriate agreements are in place by January 2012.

The cities of Redmond, Shoreline, Renton and Federal Way are also faced with this decision and staff from each city and Kirkland has been meeting with King County over the last several months to explore the implications of the three options. This working group will continue to meet over the next several months. Staff will also convene an internal working group early this year to discuss the pros and cons of the options for Kirkland. The issue will be brought forward to the City Council for a decision by May 2011. For additional detail, see Attachment B.

Cell Tower and Billboard Ordinance

The City had requested that King County revise its regulations governing billboards and wireless facilities to be more similar to the City's regulations prior to the effective date of annexation. King County agreed in principle and an ordinance was prepared jointly by Kirkland and King County staff. Under the proposed ordinance, if a billboard or wireless facility is proposed between the time the ordinance is adopted and the effective date of annexation, then the applicable rules will be more similar to Kirkland's than the County's.

On Monday, December 6, 2010 the King County Council's Committee of the Whole considered Ordinance 2010-0552 relating to the interim regulation of billboards and minor telecommunication facilities in the annexation area. The committee accepted the ordinance and voted it out of committee. The full County Council will consider Ordinance 2010-0552 on their agenda in mid-February, 2011.

Solid Waste Services

Solid Waste Contract Negotiations: Since the last annexation update, City staff and Waste Management, Inc. (WMI) have held several solid waste contract negotiation sessions. Work on the final contract draft has been substantially completed, and both parties have tentatively agreed to an array of contract updates and enhanced or new services. Staff is now in the process of evaluating WMI's initial rate proposal. The rates and services in the new contract will apply and be provided to all post-annexation Kirkland residents and businesses on July 1, 2011 - the effective date of the 4-Way Agreement which governs the transition of solid waste services from Allied Waste Services (AWS) to WMI. City staff and WMI have scheduled several contract implementation and transition meetings to be held between January and July 2011 designed to ensure a seamless transition between haulers. A more detailed discussion of the proposed solid waste contract provisions and rates will be provided at the January 25, 2011 Council Finance Subcommittee meeting.

Annexation Area Service Day Changes: Approximately 90% of the 8,464 annexation area residential customers with curbside garbage service receive service on either Monday or Tuesday. Waste Management has indicated that it will not be able to operationally duplicate the current service day schedule for all annexation customers due the sheer size of the annexation area and its obligation to continue to provide service in Kirkland proper. As a part of the contract negotiation process, City staff and WMI have committed to devising and implementing a revised weekly collection schedule that will

limit the impact to annexation area customers. Service day changes will be thoroughly communicated to the affected annexation area customers well in advance of the hauler transition date.

Self-Hauler Education and Outreach: In the spring 2011, City staff will begin contacting residents and businesses in the annexation area that currently elect to self-haul their own garbage in lieu of subscribing to curbside garbage service through AWS. Upon the effective date of annexation, approximately 1,200 annexation area residents and businesses without garbage service will be required to subscribe to service in accordance with Kirkland Municipal Code Section 16.08.030. The initial education and outreach effort will encourage residents without service to consider the convenience, financial incentives, and environmental benefits of curbside garbage and recycling service. The monthly cost of curbside garbage service is typically equal to or less than the cost of self-hauling garbage to the closest King County transfer station in Houghton. Staff anticipates that the majority of self-hauling annexation area residents will subscribe to a minimum level of curbside service on or before the effective date of annexation.

Service to Limited Access Residential Customers: There are several properties in the annexation area where the topography has restricted customers from access to a convenient curbside pickup site (long, steep driveways, for instance) and consequently may have precluded residents from subscribing to curbside collection in the past. The City and WMI have contractually committed to working individually with these residents to resolve access issues and to provide the most convenient and safe collection site possible. Additionally, WMI route managers have driven and assessed service accessibility along some of the steeper, narrower public streets in the annexation area. Customers that subscribe to hauler-provided carry-out or drive-in service on these streets through AWS will be provided with comparable service by WMI whenever safe and practicable.

Parks Maintenance Services for 132th Avenue Square Park

There will be 5 parks transferred to the City: Edith Moulton Park (26.71 acres), Juanita Heights Park (3.23 acres), Kingsgate Park (7.20), Windsor Vista Park (4.83) and 132nd Square Park (9.76). The majority of the parks are wooded open space parks with soft surface trails. The 132nd Square Park is a community type park with two ball fields, a grass field area for soccer, a playground, restroom facility, parking lot, hard surface pathways and other park amenities. King County has agreed to maintain 132nd Square Park through December 2011; this will be very helpful in the timing of hiring staff, scheduling ball fields, purchasing equipment and orienting staff to the new parks.

Transfer of Open Space Parcels

According to information received from King County there are 38 open space tracts within the annexation area owned by King County. In place of a park impact fee, the County required residential developments of a certain size to dedicate a percentage of the overall development for "open space purposes" or a developer could request to meet the requirement by way of paying a fee-in-lieu. Some developments within the annexation area retained ownership of the open space tracts in their development as part of a Homeowner's Association; others deeded the tracts to King County. Open Space tracts are similar to the Park Property's in that the transfer is to be negotiated. An interdepartmental team comprised of Parks and Public Works will meet in January to evaluate whether which of these tracts meet Kirkland's level of service needs for parks and/or surface water purposes and are appropriate for transfer to the City through the interlocal agreement process.

Totem Lake Neighborhood Meeting

The City Council was scheduled to hold a neighborhood Council meeting in the Totem Lake area in February. It was hoped that the meeting could draw representatives from the surrounding annexation area and outreach to the area was planned. Due to a scheduling conflict, the meeting was changed to March 16.

Annexation Communications

The City's annexation communications efforts outlined in the 2010-2011 Annexation Outreach Plan (March 2010) are continually being implemented (web updates, listserv announcements). Since the Council's acceptance of the annexation in December 2009, communications and outreach efforts have been focused on public education and involvement around defining neighborhood boundaries, addressing the impacts of annexation to the 2011-2012 Budget and, more recently, planning efforts for an annexation celebration.

Upcoming Action Items: Strategies as identified in the plan that will be implemented in the coming months include:

- Informational Kiosk: an informational display to be displayed at the Kingsgate Library or other public places.
    - Target Date: February, 2011

- City Services Folio: an informational mailer to homes and businesses within the annexation area explaining city services and listing department contact information and online resources. See Attachment C for the outline of topics to be included in the mailer.
    - Target Date: Early March, 2011

- Spring/Summer Recreation Guide: This publication is mailed to homes within the 98033 and 98034 zip codes. Annexation residents with a Bothell or Woodinville mailing address will not receive it directly. Resident rates will be made available to annexation residents. Registrations will be accepted beginning March 21, 2011.
    - Target Date: Mid-March, 2011

- Frequently Asked Questions (FAQ) Handouts: FAQs will be updated as needed.
    - Target Date: April, 2011

- Annexation Celebration: Through the planning efforts of a citizen volunteer group, a three-day celebration is being proposed. See details in section below.
    - Wednesday, June 1, Open House, City Hall, 4 to 8 p.m.
    - Thursday, June 2, Business Networking Breakfast
    - Friday, June 3, Community Celebration at Juanita Beach Park

- New Citizen Orientation: an informative series of workshops that could cover topics such as "City Government 101," "Budget Basics," "Decision making in Land Use and Capital Project Planning," and "Q&A with Elected and Appointed Officials."
    - Target Date: Fall, 2011

Public Outreach: The City continues to be available for neighborhood and community organization meetings. All departments are responding to an increase in public inquiries about annexation and staff is responding promptly to call-in and walk-in customers. Approximately 2-3 email inquiries are received each week through the "Ask a Question" feature on the City's website. Common questions include:

- Effective Date of Annexation: Several departments report hearing from annexation residents that the effective date of annexation is believed to be January 1, 2011.
- Addressing: A common question received via "Ask a Question" relates to when the Post Office will change Woodinville and Bothell addresses in the annexation area to Kirkland (city and zip code).
- Tax implications: A minimal number of inquiries have been received about the property tax and utility tax impacts to annexation area residents. A recent "Letter to the Editor" published in the Kirkland Reporter questioned the impact to annexation residents of the property tax levy adopted by the Council in December (note the City's property tax levy does not apply in the annexation area until the 2012 levy is adopted).
- Development Services: The Building, Planning and Public Works Departments continue to report a steady flow of inquiries about permitting and project development regulations.
- Fire Service: Some inquires have been received about questions about the status of the Kingsgate Fire Station and the fire station consolidation.

Annexation & Neighborhood Websites: The City's annexation webpage continues to be a primary source of information and all public materials and messaging promotes www.ci.kirkland.wa.us/annexation. The homepage content was updated in January 2010 and the following new pages were added to the site in 2010:

- Neighborhood Boundaries
- City Services
- Shoreline Master Program

A link to the site has been added on the Northshore Utility District and Allied Waste Service websites. A request to Woodinville Water District is pending; however an annexation update was published in its Fall 2010 newsletter. Additionally, requests have been made to homeowner associations in the annexation area to add a link to their websites. The following HOA's actively post annexation information:

- Kingsgate Alliance of Neighborhoods, http://www.kingsgate.org/
    - High Woodlands
    - Kingsgate Highlands Divisions 1 & 2, 3 & 4 and 5
    - Upland Green

As part of the public involvement process to help define the neighborhood boundaries in the annexation area, an online survey was created as a means for annexation residents to express their preference for various concepts. The online survey asked respondents how they currently receive information about the City of Kirkland. The results reflected the following top three sources of information: (1) Kirkland Reporter, (2) City website and email updates and (3) Bothell-Kenmore Reporter.

Email Alerts (Listserv): A great deal of information is released by the City through the Annexation Listserv (email notification) which, as of December 29, 2010 had 1,213 subscribers (up by over 200 subscribers since the October 2010 Annexation Update). The City has sent four (4) updates since the October update to the City Council (a total of 16 updates in 2010).

Annexation information can also be released through other City listserv notifications. If the City issues a news release about annexation, it is forwarded to 391 subscribers. If the City's newsletter, City Update, contains an article on annexation, then 914 subscribers are notified.

The following table reflects the increase in listserv subscribers from April to December 2010.

Name of Listserv	Subscribers as of April 2010	Subscribers as of December 2010	Increase number of subscribers
Annexation	995	1,213	218
News Room (News Releases)	292	391	99
City Update (Newsletter)	703	914	211

Printed Materials: The following printed materials are available.

Neighborhood Boundaries Handout
Information handouts were developed to support the public involvement efforts around defining the neighborhood boundaries. (Attachment D)

Frequently Asked Questions (FAQ) Handouts
In September, 2010 the Frequently Asked Questions (FAQ) handouts listed below were updated and posted to the website. Hard copies were provided to the City Council and are available at City Hall. They will be made available at neighborhood association and other meetings.

- Annexation Process
- City Finances
- Public Safety (fire, EMS, police, court)
- Zoning & Building Requirements
- Utility, Solid Waste & Other Services
- Community Involvement

The Parks, Recreation & Community Services FAQ did not require updates.

City Update Newsletter
City Update is published quarterly (March, June, September, December) with all editions posted on the City's website. Annexation was featured in the 1st, 2nd, and 3rd quarter editions in 2010. A limited number of the 3rd edition were printed and made available at City and other public buildings. As a reduction for the 2011-2012 Budget, postage to mail one edition of the newsletter has been eliminated; therefore future editions will be primarily available online.

Media Messaging: News releases about annexation topics are typically issued when a significant policy issue has been decided by the Council. News releases are forwarded internally and then released to media (TV, radio, newsprint), community organizations, other cities, and community blogs.

Annexation has been featured in recent editions of "Currently Kirkland," the City's weekly TV City News show.

Internal Communications: The City Manager continues to host monthly all staff meetings to discuss the budget, annexation and other issues impacting City employees. The KirkNet Annexation webpage was updated in November 2010.

For questions, please contact Marie Stake, Communications Program Manager at 425-587-3021 or mstake@ci.kirkland.wa.us.

Annexation Celebration

Based on direction from the City Council, an Annexation Celebration Planning Team was formed to plan for and implement events intended to mark the transition, introduce new residents to the City organization and services and to help create a sense of one community. The planning team consists of residents from the annexation area, Deputy Mayor Penny Sweet, representatives from the Kirkland Alliance of Neighborhoods (KAN) and other Kirkland residents. The team is staffed by Marie Stake, Communications Program Manager and several Parks and Community Services Department staff. To date, two meetings were held. Notes from the meetings are included as Attachment E and Attachment F.

The planning team is recommending three events the week of the effective date of annexation. The first event would be an open house at City Hall where residents can meet City officials and become familiar with City Hall and City services. The second event is a business-to-business connection event to be coordinated with the Chamber of Commerce and Kirkland Downtown Association. The third event is a community outdoor event to be held at Juanita Beach Park and will be hosted in conjunction with the Friday Market. This event will include a variety of activities and demonstrations by City staff and include a formal welcome by the Mayor and City Council. Planning efforts will continue in the coming months including identifying an event (e.g. children's talent show) that will attract families to attend and securing sponsors to underwrite any costs.

ATTACHMENT A

December 22, 2010

Employees of IAFF Local 2950
Woodinville Fire and Rescue
PO Box 2200
17718 Woodinville-Snohomish Rd. NE
Woodinville, WA 98072

Dear Employees of IAFF Local 2950,

As you know, the City of Kirkland ("the City") has annexed a portion of the Woodinville Fire and Rescue district ("the District"). As a result, the City and the District are required under RCW 35A.14.485(1) to jointly provide the District's employees with information about hires, separations, terminations and any other changes in employment that are a direct consequence of the annexation. This letter is sent for that purpose.

As a direct consequence of the annexation the District will lay off up to nine firefighters, which will proceed in accordance with the current collective bargaining agreement between the District and IAFF Local 2950. The City will then hire up to nine firefighters on such terms as the City, District and IAFF Locals 2545 and 2950 agree upon or, if such an agreement cannot be reached, upon the terms provided by law.

This is the extent of the information contemplated by RCW 35A.14.485 that we have, which satisfies the requirements of that law. Additional information will be shared with Local 2950 employees as determined by the above-noted collective bargaining process.

Sincerely,

CITY OF KIRKLAND

By: Kurt Triplett, City Manager

WOODINVILLE FIRE AND RESCUE

By: I. David Daniels, Fire Chief/CEO

cc: J. Kevin Nalder, Chief
City of Kirkland Fire and Emergency Services

Attachment B

CITY OF KIRKLAND
Department of Parks & Community Services
505 Market Street, Suite A, Kirkland, WA 98033 425.587.3300
www.ci.kirkland.wa.us

MEMORANDUM

To: Kurt Triplett, City Manager

From: Carrie Hite, Deputy Director, Parks and Community Services
Dawn Nelson, Planner Supervisor, Planning Department
Jennifer Schroder, Director, Parks and Community Services

Date: December 22, 2010

Subject: Community Development Block Grant Funds

The Community Development Block Grant Program (CDBG) is authorized under Title I of the Housing and Community Development Act of 1974, as amended. It grew out of consolidation of eight categorical programs under which communities competed nationally for funds. Those programs were: Open Space, Urban Renewal, Neighborhood Development Program Grants, Historic Preservation Grants, Model Cities Supplemental Grants, public facilities loans, neighborhood facilities grants and water and sewer grants. Its primary objective is supporting the development of viable urban communities by providing decent housing, a suitable living environment (community facilities and public infrastructure) and expanded economic opportunities principally for persons of low and moderate income.

Eligible Activities of CDBG Funding:
There are three general categories of activities that are eligible for CDBG funding.

1. **Capital Projects:** involves the acquisition or improvement to real property.

2. **Planning and Administration**: there is a ceiling of 20% of the CDBG allocation that is allowable to support administration and planning efforts.

3. **Public Service Programs**: there is a 15% ceiling of the CDBG allocation that is allowable to support the ongoing operational costs for programs serving low and moderate Kirkland residents.

Federal regulations cap the amount of CDBG funds that can be expended in the second and third categories. Historically, Kirkland has used CDBG funds for sidewalks, ADA upgrades, grants to nonprofits for capital development, ARCH parity contribution, and grants for programs that serve the housing needs of low to moderate income individuals.

The City is currently eligible to apply for Community Development Block Grants (CDBG) funds from the King County CDBG Consortium through a three year contractual agreement with the County. The agreement will expire on December 31, 2011. With annexation effective June 1, 2011, the City will surpass the population threshold of 50,000, which will make Kirkland eligible for either a joint agreement with King County, or direct entitlement with the Department of Housing and Development. The City will need to decide which method they would like to receive CDBG funds by May 2011 to be effective January 2012.

The City will have three options:

1. **Direct Entitlement:** The City may receive funds directly from the Department of Housing and Development (HUD) – this is called direct entitlement. Although this will bring the CDBG funds directly into the City, it also comes with a large administrative workload. The cities of Seattle, Bellevue, Kent, and Auburn are examples of King County cities that have opted to be direct entitlement cities.

2. **Joint Agreement:** The City can opt to initiate a three year joint agreement with King County. The County would use a portion of the allocation for providing oversight and satisfying administrative requirements. Although the County would retain some of the CDBG funds, it would ease the burden of the HUD administrative requirements on the City. The City would retain a portion of CDBG funds to allocate to projects that are selected by the City, and contribute a portion of funds to consortium-wide programs and administration of funds. All funds allocated by the joint agreement city and through the consortium-wide process must be consistent with the consolidated housing and community development plan. The cities of Shoreline, Renton, and Federal Way are examples of King County cities that meet the 50,000 threshold and have opted to enter joint agreements with the County.

3. **King County Consortium:** The City can renew a three year agreement to be a member city of the King County CDBG Consortium. This option would be status quo for the City.

The City will need to make a decision by May 2011 to give King County enough time to plan for the following year. Currently, the cities of Redmond, Shoreline, Renton, Federal Way, and Kirkland have all been meeting with King County to explore options for 2012. King County is in the process of estimating allocations for each city given each option listed above. Kirkland will need to consider these estimates in their financial analysis to determine feasibility of each of these options.

Following is a brief overview of some advantages and disadvantages of each option to be considered when completing an analysis.

1. Direct Entitlement

Advantages:

- Kirkland would control its CDBG program and would have autonomy in decision-making, as long as the federal regulations are followed.

- Planning and Administration Funds have more flexibility. The funds can be used to support City staff, interns, needs assessments, other regional planning efforts (Communities Count reports), etc.

- Funds are received several months sooner, as they do not need to flow through King County prior to coming to Kirkland. This helps the agencies receive CDBG funding sooner. The County process can sometimes take 6-12 month to disseminate the funds .

- The City would not have a direct working relationship with King County. Therefore, the City would retain more control over efficiency and effectiveness.

- Kirkland would decide whether to continue to fund the deferred home loan program or the Housing Stability Program. King County funds these programs

off the top of each allocation for Joint Agreement and Consortium members, and Kirkland doesn't have a choice. Kirkland could opt to contract with King County to continue support of these programs.

- The City can control the amount of staff work to be done, by its choice of projects to be funded.

Disadvantages:

- The City would have more planning responsibilities. A Consolidated Plan must be completed every five years, with an estimated cost of $50,000. A plan would need to be in place and approved by HUD by November of the year preceding funding.

- The City would have more administrative work. Data input, project monitoring, and reporting requirements can be extensive.

- If funding from HUD decreases, the amount of funding Kirkland would receive decreases, but the requirements will remain constant.

- The City would need to either operate a housing stability component, or contract it out, as a requirement of HUD.

- The City is subject to HUD audits and must ensure compliance with the following federal requirements: Fair Housing, CPD (Community Planning and Development), Fair Labor, Construction Monitoring and Environmental Review.

2. Joint Agreement

Advantages:

- King County staff is responsible for compliance of federal regulations.

- The City will have the local control and authority to allocate funding to projects, subject to the terms and conditions of HUD rules and regulations.

- The City would have more of a direct benefit from CDBG funds than its current arrangement through the Consortium, including retention of some administrative dollars to support program administration.

Disadvantages:

- The City would not have direct control over the CDBG program. The County gets to decide priorities, administrative capacity, and program requirements.

- The City is subject to King County timelines, which have proven to take 6-12 months to get contracts routed and signed.

3. Member Consortium

Advantages:

- Kirkland pools its CDBG funds with other cities in North and East King County. The members of the Consortium, which includes a member from Kirkland make funding recommendations to the Joint Regional Council.

- Minimal administrative duties.

Disadvantages:

- The City does not have local control over allocation, but has to apply and compete with other jurisdictions.
- All planning and administrative funds are allocated directly to King County.

Recommended Next Steps:

- Convene an internal committee to complete an analysis of each option.
- Continue to engage with regional committee and King County to analyze County-wide options.
- When the County releases their estimates for each option, complete a financial and staffing analysis to determine best options.
- Engage with City Council to lay out options and determine best choice for Kirkland.
- Inform County of option by May 2011.

OUTLINE: INFORMATIONAL MAILER TO ANNEXATION HOMES & BUSINESS

GENERAL INFORMATION (Intro)

- Welcome from City Council
- About Kirkland
- Annexation and address change effective dates
- Transition of services
- Census
- Annexation webpage, email, phone
- City Hall Open House & Community Celebration

YOUR CITY

- City Council
- Boards & commissions
- City departments
- Volunteering
- News and information

YOUR SAFETY

- Police services
- Fire & EMS Services
- Municipal Court
- Emergency Preparedness
- Building/Zoning Codes & Permits
    - County permits on file
    - Oversize vehicle registration
- Code Enforcement
- Fireworks Ban
- Animal Control
- Alarm Registration
- Snow & Ice Removal (Priority Road System)

YOUR NEIGHBORHOOD

- Neighborhood boundaries planning
- Neighborhood services
- Street & public grounds service requests
    - Graffiti Hotline
    - Sidewalk requests
- Garbage & recycling collection service
- Water & sewer services
    - Surface Water Charge (KC)
- Private utility services (phone, electric, cable, Internet)

YOUR PARKS & RECREATION

- Parks and open spaces
- Recreation programs
- Community Centers

YOUR BUSINESS

- Business License

City of Kirkland **September, 2010**

Kirkland Neighborhood Planning

The City of Kirkland is currently divided into 13 neighborhoods. Each neighborhood has a chapter in the City's Comprehensive Plan that helps guide future growth and change and clarifies how broader City goals and policies apply to each neighborhood. The Neighborhood Plans establish a vision and supporting policies for land use, natural elements, open space and parks, vehicular circulation, and urban design.

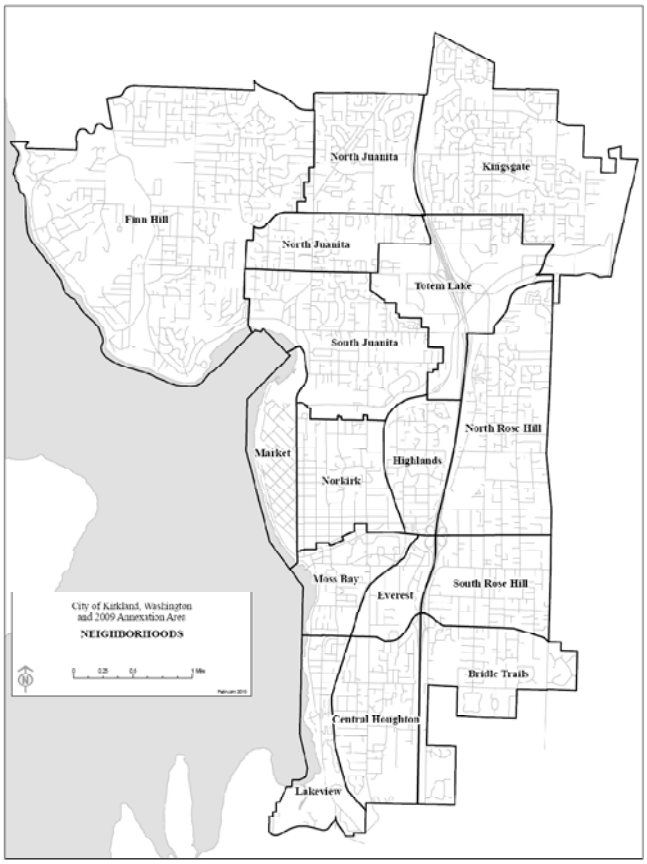
The annexation area currently contains the three neighborhoods of Finn Hill, North Juanita, and Kingsgate as previously defined by King County. As a regional planning agency, King County does not conduct detailed planning at the neighborhood level.

Establishing neighborhood boundaries is not an exact science. Kirkland's current neighborhood boundaries were created over time with edges established by features like major roads, topography, changes in land use, etc. To qualify for recognition as a Kirkland Neighborhood Association (see other side), the association must have boundaries contiguous with Kirkland's Comprehensive Plan neighborhood designations.

As part of its 2010 Comprehensive Plan update, the City's Planning & Community Development Department has initiated a process to integrate the annexation area neighborhoods into Kirkland, including developing more formal neighborhood boundaries. Taken into consideration will be existing organizations, local school boundaries, physical features and other relevant factors.

For more information, contact Jeremy McMahan, Kirkland Planning & Community Development Department at 425-587-3229 or jmcmahan@ci.kirkland.wa.us.

Existing City of Kirkland neighborhoods and the annexation area neighborhoods as defined by King County



Neighborhood Meetings	Public Hearing on Proposed Boundaries
For Kingsgate Residents September 15, 7:00 p.m. Kamiakin Junior High 14111 – 132nd Ave NE *For Finn Hill Residents* September 22, 7:00 p.m. St. John Vianney Church 12600 84th Ave NE *For North Juanita Residents* September 23, 7:00 p.m. Holy Spirit Lutheran Church 10021 NE 124th St	Kirkland Planning Commission October 14, 7:00 p.m. Kirkland City Hall, Council Chambers 123 5th Ave

Take the online survey by Sept. 30, 2010: www.ci.kirkland.wa.us/annexation

Kirkland Neighborhood Services

The City works closely with Kirkland neighborhood associations to ensure that quality services are provided, neighborhood associations are supported, and neighborhood issues are responsively addressed.

Kirkland Alliance of Neighborhoods (KAN) is a coalition of the Kirkland's neighborhood associations. KAN provides information, networking, education and support to neighborhoods and their representatives. The Alliance is an effective, representative voice for communicating neighborhood concerns and challenges to the appropriate entities. KAN meets five times a year to share information on important city-wide issues and events.

Neighborhood Services Programs:

Neighborhood Connection Program:
Neighborhoods become empowered to suggest improvements and help implement neighborhood solutions. The program provides funding to neighborhoods for roadway, sidewalk, landscaping or park improvements. The program helps build a sense of community and creates connections between City Hall and the neighborhood.

Neighborhood Matching Grant Program: Neighborhoods receive matching funds to support their neighborhood efforts on physical improvements, neighborhood identity projects, special events, leadership training, communications, and fostering active living. Applications of up to $3,500 have historically been available to all neighborhoods; however with the economic downturn, the 2010 matching grants were reduced to $615 per neighborhood. To qualify to receive City neighborhood grant funding, a recognized Kirkland Neighborhood Association, the association must:

- be located in the City of Kirkland;
- have boundaries contiguous with Kirkland's Comprehensive Plan neighborhood designations;
- be incorporated as a non-profit, tax exempt organization with by-laws and a Board of Director;
- have a majority of the organization's members living or operating businesses in the neighborhood; and
- not discriminate and must actively offer membership to all neighborhood residents

Neighborhood Meetings with the City Council: Neighborhoods meet their City Council and City staff in an informal setting and discuss any City issues which may be of interest or concern. These special City Council meetings are on a three year cycle around the City (meeting with each neighborhood every three years).

Neighborhood University: "Neighborhood U" is a unique learning opportunity for all city residents. Held each year, topics developed by KAN and city staff are presented in an interactive setting. Popular topics include: neighborhood community building, city finances and emergency preparedness.

Neighborhood News E-Bulletin: To receive city and community information via email, subscribe to the Neighborhood News list serv at www.ci.kirkland.wa.us/e-bulletins.

To learn about Kirkland's current Neighborhood Services Program, visit www.ci.kirkland.wa.us/neighborhoods or contact Kari Page, Neighborhood Outreach Coordinator at 425-587-3011 or kpage@ci.kirkland.wa.us.

Attachment E

Annexation Celebration Planning Team Meeting #1
Nov. 17, 2010

Community Members Present: Gerri Kircher (Kingsgate 3&4), Johanna Palmer (Kingsgate), Katrina Fountain (Kingsgate 3&4), Penny Sweet (City Council), Steve Swedenburg (Kingsgate 1&2), Toby Nixon (Kingsgate 5), Norme Storme (Kirkland Alliance of Neighborhoods)

Staff Present: Marie Stake (Communications Program Manager), Linda Murphy (Recreation Supervisor), Tracy Harrison (Recreation Coordinator), Sudie Elkayssi (Special Projects Coordinator)

Celebration Activities Agreed Upon by Team

There was consensus to host a 3 day event:

- Wednesday, June 1, 2011: Open House at City Hall
- Thursday, June 2, 2011: Business-to-Business event
- Friday, June 3, 2011: Community Celebration

Event #1: Open House at City Hall, June 1, 4-8 p.m.

- Meet & Greet with city officials (elected officials, board/commission members and staff)
- Suggested hours of open house: 4 to 8 p.m.
- Refreshments
- Include the activities noted in the Oct. 19 Annexation Update Memo (Attached)
- Suggestion: Include tours of the entire city. Would need to coordinate with King County Metro

Event #2: Business-to-Business Connection, June 2

- Suggestion: Create a "Greater Kirkland" Coupon Book
- Coordinate with Chamber of Commerce/Kirkland Downtown Association

Event #3: Community Celebration, Juanita Beach Park, June 3, 3 to 8 p.m.

- Host activities in conjunction with Friday Market at Juanita Beach
- Formal Welcome by
    - City Council Members
    - County, State & Federal Dignitaries/elected officials
    - Annexation area neighborhood leaders
- Activities
    - Fire/police (including K-9) vehicle displays
    - City Services informational booths
    - Cake cutting
    - Face painting
    - Balloon maker
    - Outdoor movie
    - Kirkland food vendors
- Celebration activities will be held where ever the market is set up
    - Park construction may be completed by June 1 but if not, celebration activities will occur on the north side of the park
- Logistics
    - May need a shuttle to event
    - Need an Emcee

<u>Miscellaneous Ideas</u>

- Prominent Police patrol on June 1 throughout the day and night
- Need to think of a theme
    - Suggestion: One Kirkland. One Community. One City.
- Develop Marketing Plan
    - Spring/Summer Recreation Guide (content due mid-Feb; guide mailed out late March)
    - Annexation Mailer (to homes & businesses in annexation area. Mail out by mid-March)
    - City newsletter (online version with limited printed copies. Published by late March)
    - Street banners
    - Seek business sponsorship

The following activities were presented to the City Council at its October 19, 2010 meeting.

Possible Event Activities

The celebration is intended to welcome Kirkland's new residents in a festive, yet informative way. It is hoped annexation residents will personally meet their elected and appointed officials, learn about their new government, meet other residents, and enjoy some food and activities. Possible activities include:

- Welcome remarks from City Council members
- Informational booths about city services and programs (displays and handouts)
    - Welcome Kiosk
    - City Council
    - Public Safety
        - Crime Prevention
        - Emergency Preparedness
        - Fire Safety
    - Development Services, including Green Building Design & Construction
    - Volunteer Program
    - Neighborhood Services Program
- Interactive and educational activities
    - Police vehicle display
    - Police K-9 demonstration
    - Police SWAT demonstration
    - Fire Ready Trailer
    - Fire Truck and Aid Car display
    - Environmental education activity
    - Voter registration
    - Pet Licensing
    - E-gov services demo (allow for online registration to city information and
    - services)
    - GIS maps
- Other
    - Local food vendors
    - Business vendors
    - Community organizations

Attachment F

Annexation Celebration Planning Team Meeting #2
Dec. 13, 2010

Community Members Present: Gerri Kircher (Kingsgate 3&4), Johanna Palmer (Kingsgate), Katrina Fountain (Kingsgate 3&4), Penny Sweet (City Council), Steve Swedenburg (Kingsgate 1&2), Toby Nixon (Kingsgate 5), Norme Storme (Kirkland Alliance of Neighborhoods), Jackie Pendergrass (Finn Hill), Lynda Haneman (Totem Lake), Rob Butcher (KirklandViews Blog)

Staff Present: Marie Stake (Communications Program Manager), Linda Murphy (Recreation Supervisor), Tracy Harrison (Recreation Coordinator), Mike Metteer (Business Services Manager)

Name/Theme of Event (brainstorm)

- New Neighbors
- One Community Becoming One City OR One Community; One City
- Annexation Transpiration
- Welcome to the Neighborhood
- Annexation Celebration: One Community; One City
- Celebrating Kirkland:
- Celebrate One Kirkland

Consensus: This would be a one time event; not an annual event.

Review of Last Meeting/Times Set

There was consensus to host a 3 day event:

- Wednesday, June 1, 2011: Open House at City Hall, **4 to 8 p.m.**
- Thursday, June 2, 2011: Business-to-Business event, **Breakfast Event**
- Friday, June 3, 2011: Community Celebration, **3 to 8 p.m.**

More Details About Event #1: Open House at City Hall, June 1, 4-8 p.m.

- Handouts: City phone numbers, new city maps
- KAN to have an informational table

More Details About Event #2: Business-to-Business Connection, June 2

- Subcommittee: Penny Sweet, Toby Nixon, Rob Butcher, Mike Metteer, Tracy Harrison, Ellen Miller-Wolfe
- In addition to coupon book, a business breakfast can be organized
    - Coupon book for businesses in annexation area and current city
    - Seek in-kind printing
    - Seek help from Chamber of Commerce
    - Book available online (Kirkland Views)
- Breakfast
    - Need Host site
    - City officials & Econ Dev staff

More Details About Event #3: Community Celebration, Juanita Beach Park, June 3, 3 to 8 p.m.

- Park Logistics
    - Grass may not be ready by June

    - Adequate parking is available
- Activities Confirmed
    - Outdoor movie: Carillon Point to host movie (T. Harrison)
    - Music entertainment: Finn Hill Blues, Kamiak & Juanita Hi Jazz Bands, Karen Storey's Band
    - Face painting & balloon maker: Usually part of the Friday Market
    - Cake cutting: Seek donation from Costco (L. Haneman)
    - Coffee donation: Seek donation from Starbucks (N. Storme) and CocaCola (P. Sweet)

More Brainstorming: What's the Draw?

The group recognizes the need for a "draw" – what will compel people to come to the event. Ideas generated:

- Spelling Bee
- Trivia
- Talent Show (for kids)
- Restaurant Relay

More discussion to follow at Meeting #3

Marketing

- Content for City's Rec Guide is due soon. Need to confirm name of event.
- Street Banners: Need sponsorship and confirmation of availability of a location