

# Annexation Update

City of Kirkland  
City Council  
April 18, 2006

# Background Provided

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- Updated fiscal position (with SB 6686)
- Updated tax comparison
- Annexation process
- Review of 1988 annexation process
- Proposed organizational structure
- Annexation policy issues
- Council direction needed

# Updated Fiscal Status

	<b>Estimated Fiscal Gap</b>	<b>Property Tax</b>	<b>Gas Tax</b>	<b>Utility Tax</b>	<b>Fire District Revenue</b>	<b>Sales Tax Credit</b>	<b>Revised Fiscal Gap</b>
<b>Kingsgate</b>	(1,715,146)	43,238	47,600	11,823	(11,248)	145,483	(1,478,250)
<b>Juanita</b>	(820,925)	18,140	22,783	5,621	(34,297)	87,000	(721,678)
<b>Finn Hill</b>	(2,242,885)	80,776	62,247	13,674	(157,524)	105,086	(2,138,626)
<b>Subtotal</b>	(4,778,956)	142,154	132,630	31,118	(203,069)	337,569	(4,338,554)
<b>Kirkland</b>						3,703,712	3,703,712
<b>Total</b>						4,041,281	(634,842)

# Updated Tax Comparison

<b>Tax or Fee</b>	<b>King County</b>	<b>City of Kirkland</b>	<b>Increase/(Decrease)</b>
<b>Property Tax Rate</b>	<b>\$11.00/\$1,000 AV</b>	<b>\$9.44/\$1,000 AV</b>	<b>(\$1.55/\$1,000 AV)</b>
<b>Annual Property Taxes</b>	<b>\$3,519</b>	<b>\$3,022</b>	<b>(\$ 497)</b>
<b>Surface Water Fees</b>	<b>\$102</b>	<b>\$170</b>	<b>\$ 68</b>
<b>Utility Taxes</b>	<b>0</b>	<b>\$382</b>	<b>\$382</b>
<b>Net Change</b>	<b>\$3,621</b>	<b>\$3,574</b>	<b>(\$ 47)</b>

# Annexation Process

## Alternative Methods

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- Petition for Election Method
  - Petition signed by 10% of qualified voters
  - Council approves and holds election or rejects
  - Council approves or rejects annexation
- Assessed Value Petition Method
  - Petition signed by owners representing 60% of AV
  - Council votes to accept or reject
- Resolution for Election Method
  - City Council passes resolution calling for election
  - Election held
  - Council approves or rejects

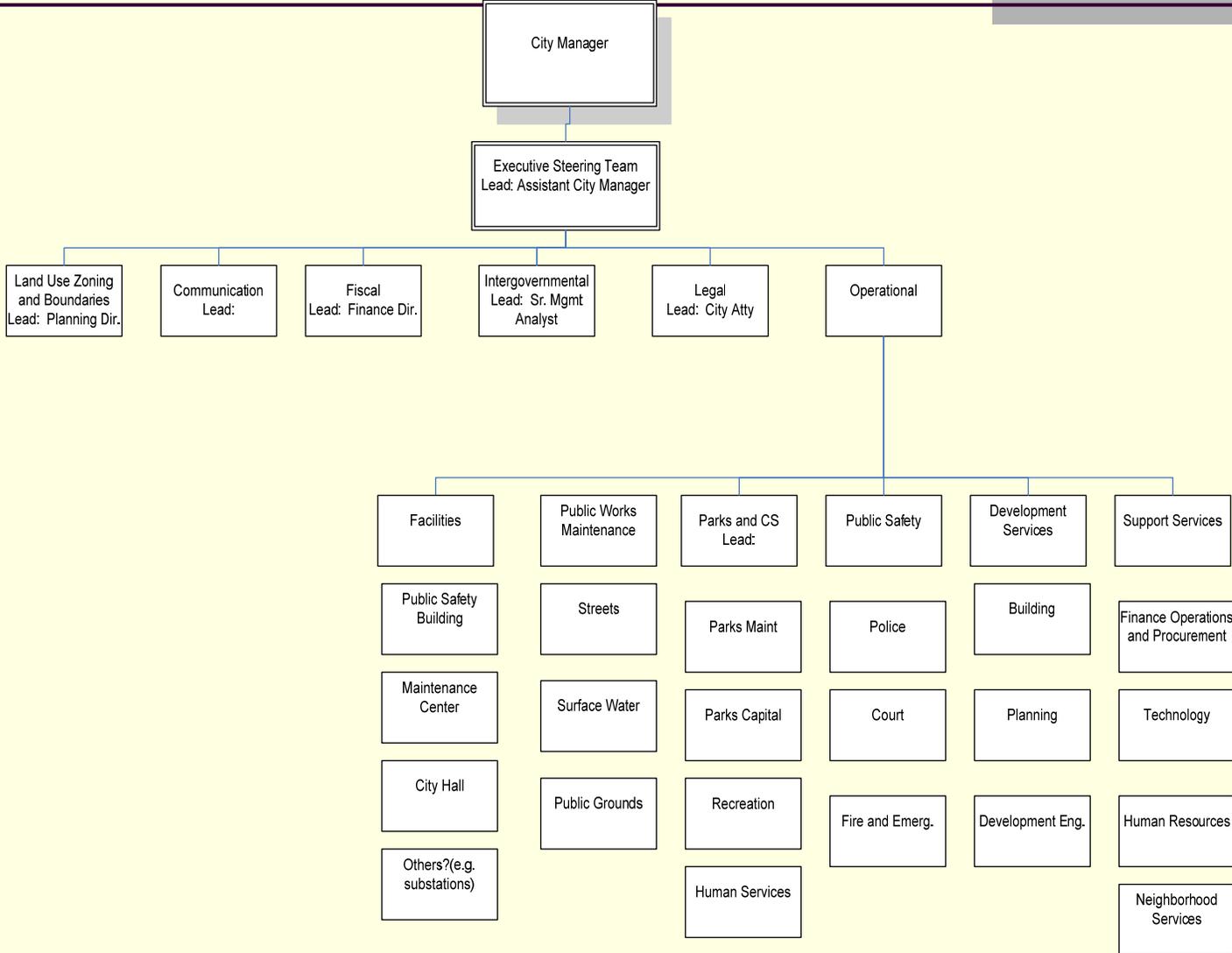
# Four Questions for the Voters

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- Do you want to annex? (simple majority)
- Do you want to accept zoning regulations? (simple majority)
- Do you want to form a community municipal corporation? (simple majority)
- Do you want to accept existing indebtedness? (60% majority with validation)
- *In all cases, City Council has final approval of annexation*

# Annexation Planning Strategy

## Internal Staff Structure



# Functional Staff Groups

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- Communication
- Legal
- Intergovernmental
- Fiscal
- Land Use
- Operational and Capital

# Council Involvement

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- Subcommittee
- Speaker and meeting requests
- Special Council meetings
- Decision-making time line

# Policy Issues

## Timing Considerations

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- Lead time needed
  - Zoning regulations
  - Communication with residents → Campaign
- Election timing
- Lead time needed to hire staff and/or provide services
- Facilities needs
- Revenue flow

# Policy Issues

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- Revenue Flow and the Road Tax
  - City Property Tax collected in year following annexation effective date (if before March 1<sup>st</sup>)

*Effective date is between Jan 1 and Mar 1 of Year 1, City levy in effect Jan 1 of Year 2*

*Effective date is between Mar 1 and Dec 31 of Year 1, City levy in effect Year 3*

- City gets County Road Tax in the interim

# More on Road Tax

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- The Good News

- County Road Tax rate is higher than Kirkland's levy rate

*Road Tax: \$1.84/\$1,000 AV = \$7,212,138*

*City Levy: \$1.32/\$1,000 AV = \$5,173,925*

- The Bad News

- The majority of revenue in the annexation area comes from property tax
- Road tax can only be used for roads
- Road tax money will not be available for other services

# Other Policy Issues

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- Fire district
- Park district
- Gambling
- Boundaries
- Phasing
- And others . . .

# Council Direction



# Council Involvement

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- Should the Council form a subcommittee and what should its role be?
- How should the Council respond to requests for speakers or attendance at meetings made for individual Council members?

# Current Communication

## *Key Messages*

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- The City of Kirkland is **exploring the feasibility of annexing**. A new law addresses much of the financial shortfall however, there remain **a number of unanswered questions** that need to be addressed before we proceed.
- Our **key concerns relate to long term financial issues**. We need to develop a long-term strategy. **Economic development** will be a key part of that strategy.

# Current Communication

## *Key Messages*

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- **Kirkland will be initiating conversations with Kirkland residents and PAA residents** and other agencies. We will need to hire additional staff to assist with our efforts.
- **Kirkland honors and supports neighborhood** identity and will work with each neighborhood in the annexation area to understand their interests.

# Next Steps

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- Additional information needed by Council
- Next Council discussion
- Mid-Year Budget
  - Funding requests
  - Other formal action?