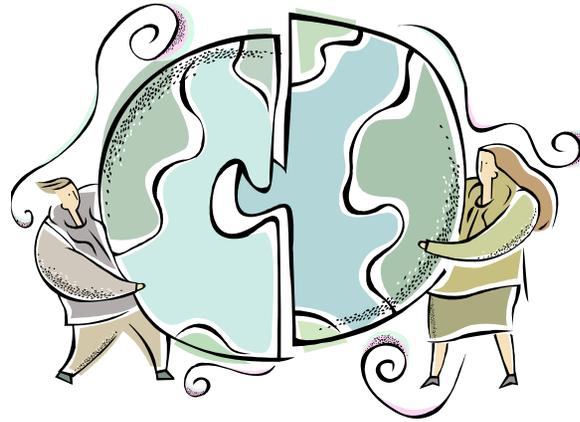

Annexation Update



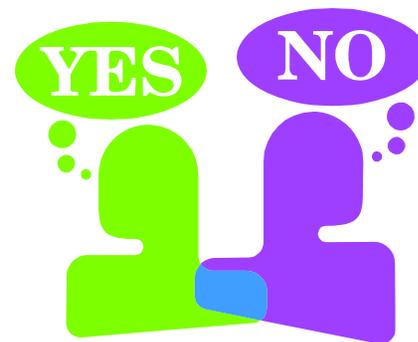
City Council Meeting
May 16, 2006

Overview

- Meeting Summaries
 - Communications Consultant
 - Council Subcommittee
 - Department of Revenue (SB 6686)
 - King County Executive
 - Town Hall Meeting
 - Next Steps
-

Community Outreach

- Phased approach
 - Phase 1 – Engage Kirkland Citizens
 - Message testing using focus groups
 - Develop key messages
 - Phase 2 – Design Community Outreach Program for annexation residents



Community Outreach

- Recommendation

- Issue RFP for communications consultant now
 - Request proposals for all phases
 - Return to Council with specific funding request for phase 1
-

Council Subcommittee

- Appointed chair
 - Discussed agenda for meeting with King County
 - City Issues identified
 - Long term funding strategy
 - Public safety building
 - Transition costs and service delivery
 - Discussed community outreach plan
 - Discussed communications with Council
 - Requested notebook be compiled
-

Meeting with State Department of Revenue Regarding SB 6686

- Attended by Kirkland and other annexing cities
 - Renton
 - Federal Way
 - Burien
 - Not in attendance – Kent and Issaquah
 - Discussed draft guidance from DOR
-

Here's What We Learned

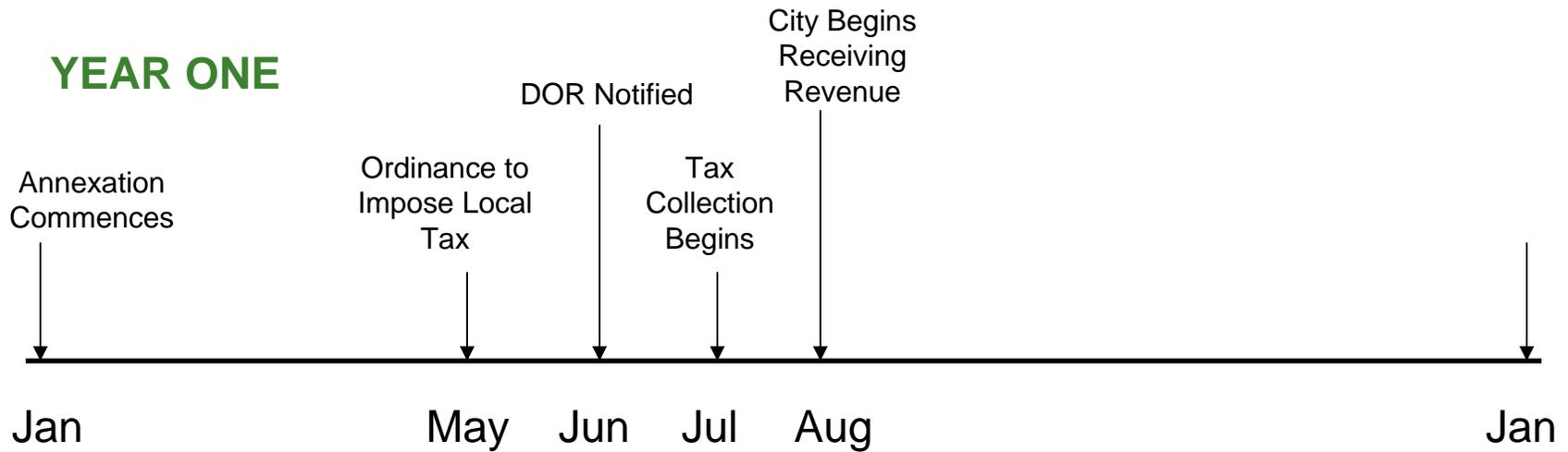
- City-imposed local tax that is a credit against the state sales tax
 - Does not change the total tax rate
 - The amount available to the City (the “threshold”) is the difference between estimated costs and estimated revenue in the PAA
 - Can collect .10% if annexing area with 10,000 or more residents (up to threshold amount)
 - Can collect .20% if annexing area with 20,000 or more residents (up to threshold amount)
-

Here's What We Learned

- The tax may be imposed “at the time annexation commences”
 - May be before effective date of annexation
 - As early as Council resolution of intent to annex
 - Once imposed, the 10 year clock starts ticking
 - The tax must be imposed on July 1
 - 30 day notice to DOR required
 - Begin receiving revenue in August
 - Each year in March City must provide estimate of “gap”
-

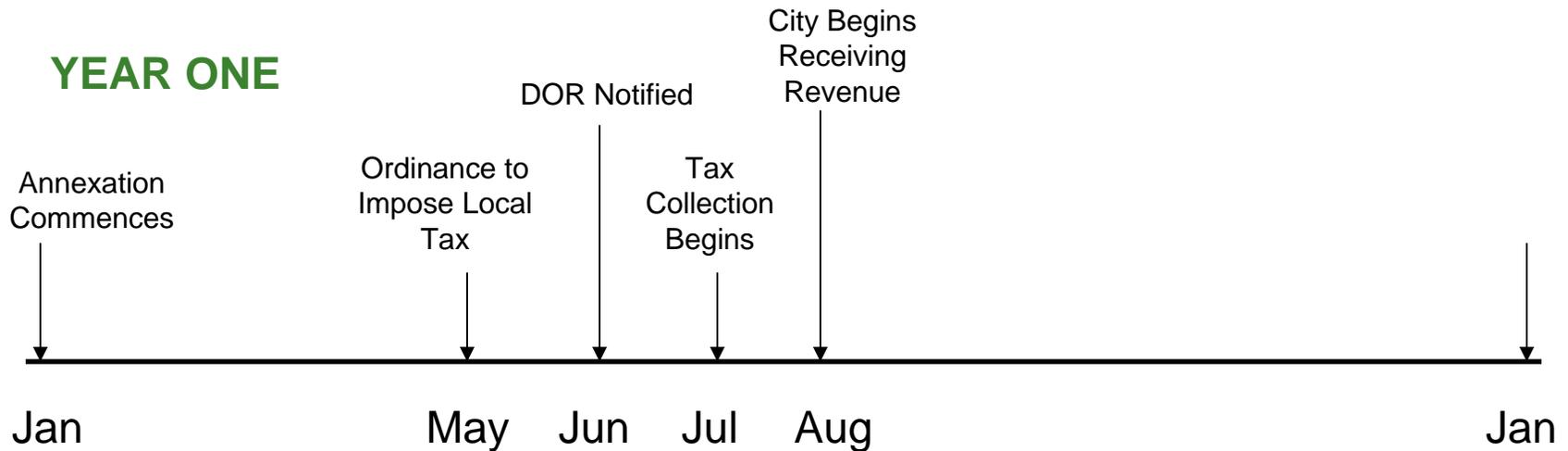
Sequence of Events

YEAR ONE

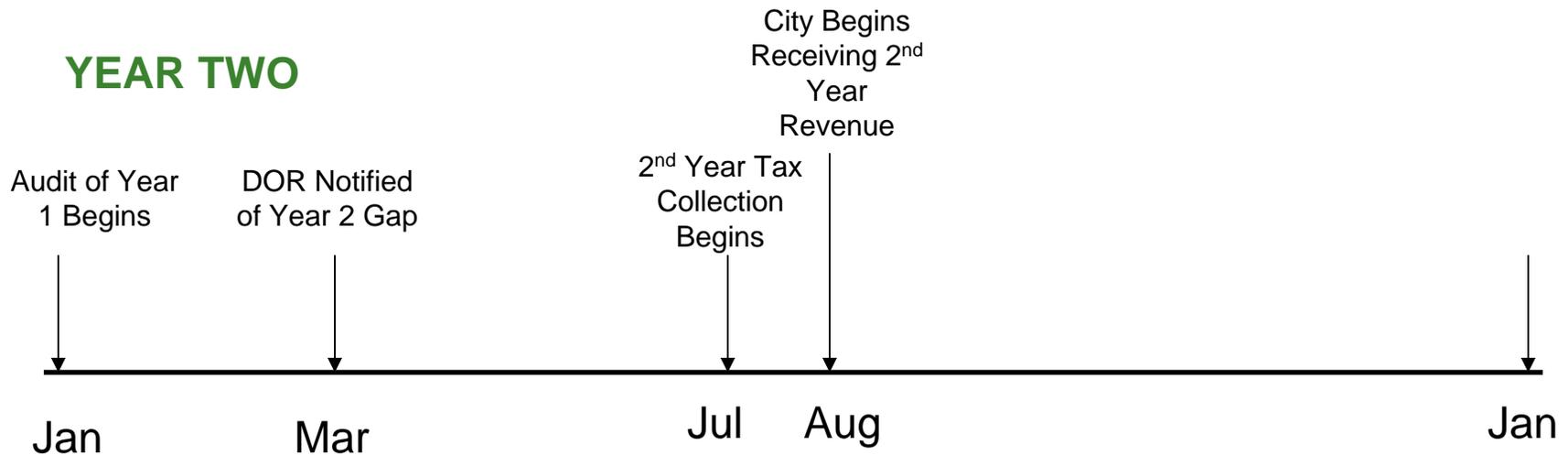


Sequence of Events

YEAR ONE



YEAR TWO



Other Issues

- What happens if we phase in neighborhoods?
 - Are capital expenditures eligible?
 - What happens if our actual expenditures are less than estimated (or revenues are higher?)
 - Is there a downside to imposing the tax before the effective date of annexation?
 - Can we “carryover” unused threshold from one year to the next?
 - Next steps . . .
-

Meeting with King County

- Discussed timeline for annexation and interlocal agreement
 - City Concerns
 - Next Steps . . .
 - Staff to meet to draft interlocal agreement
 - County to provide data
 - City to request additional funding
-

Town Hall Meeting with Jane Hague

- Held Saturday, May 13th at Kirkland City Hall
 - Attended by over 50 participants plus elected officials and staff
 - PAA residents (all neighborhood)
 - Bridleview residents
 - Kirkland residents
-

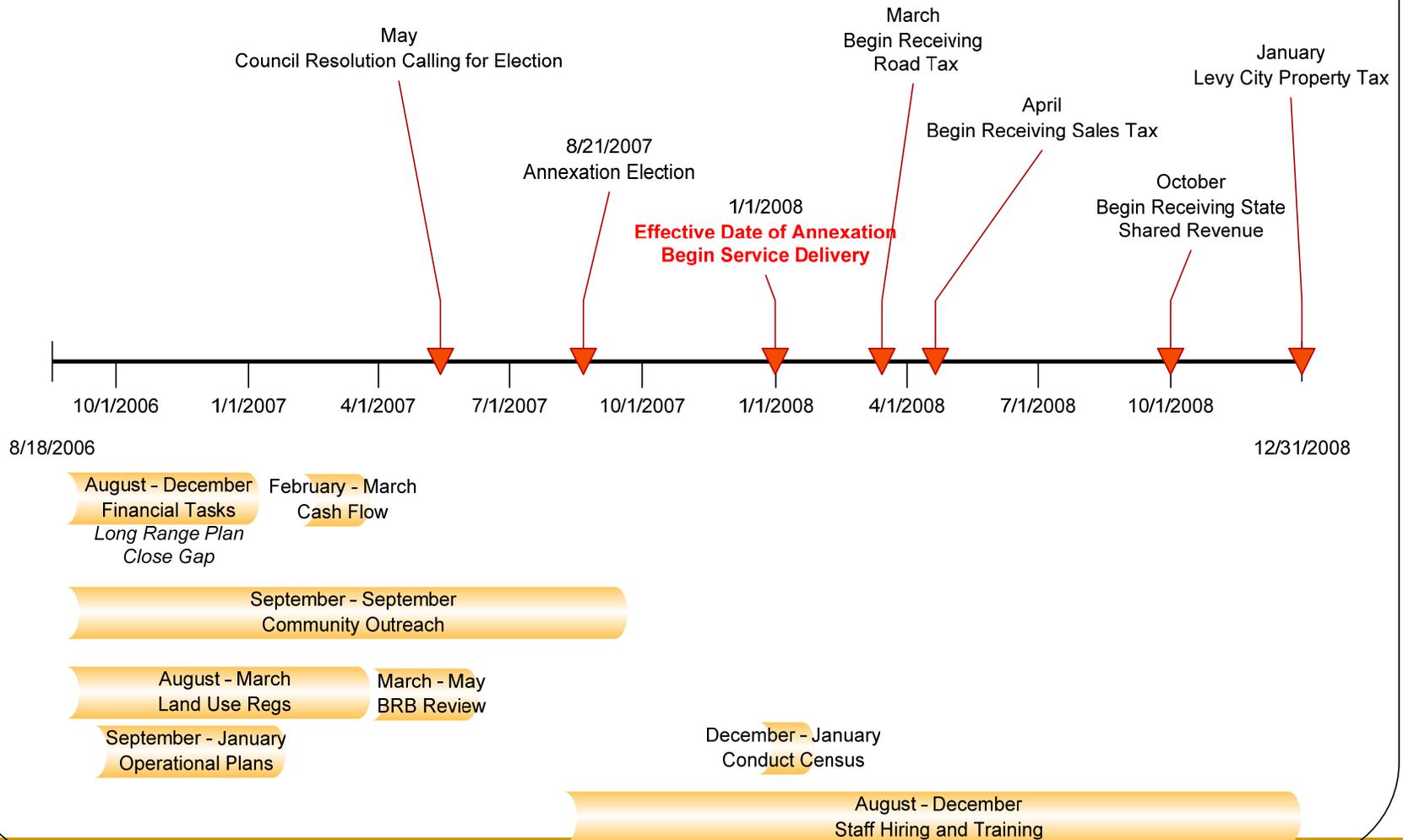
Next Steps

- Community Outreach RFP
- June 6th Council meeting – proposed scope statement for long range fiscal analysis
- June 15th Mid-Year Budget Review – annexation service package requests
- June 20th Council – Land use Issues



Annexation Timeline – January 2008 Effective Date

ATTACHMENT C



Annexation Timeline – January 2009 Effective Date

ATTACHMENT C

