



Annexation? Let's Talk.

Annexation Public Forum

**Evergreen Hospital and Medical Center
June 26, 2007**

Presentation will begin at 7:30 p.m.



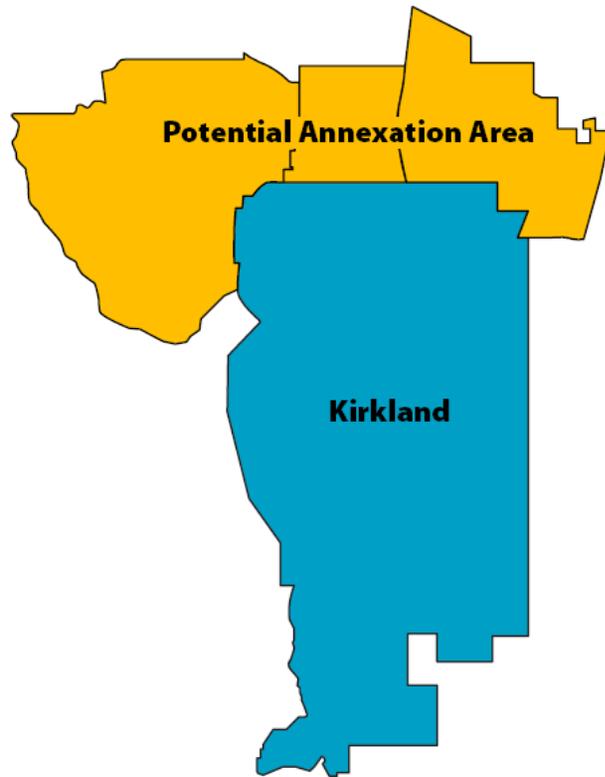
Agenda

- Overview (20 minutes)
 - Introduce annexation and process
 - Recap of Phase 1
 - What's next?
- Questions and comments (1 hour)
- Closing remarks from City Council (15 minutes)





What is annexation?



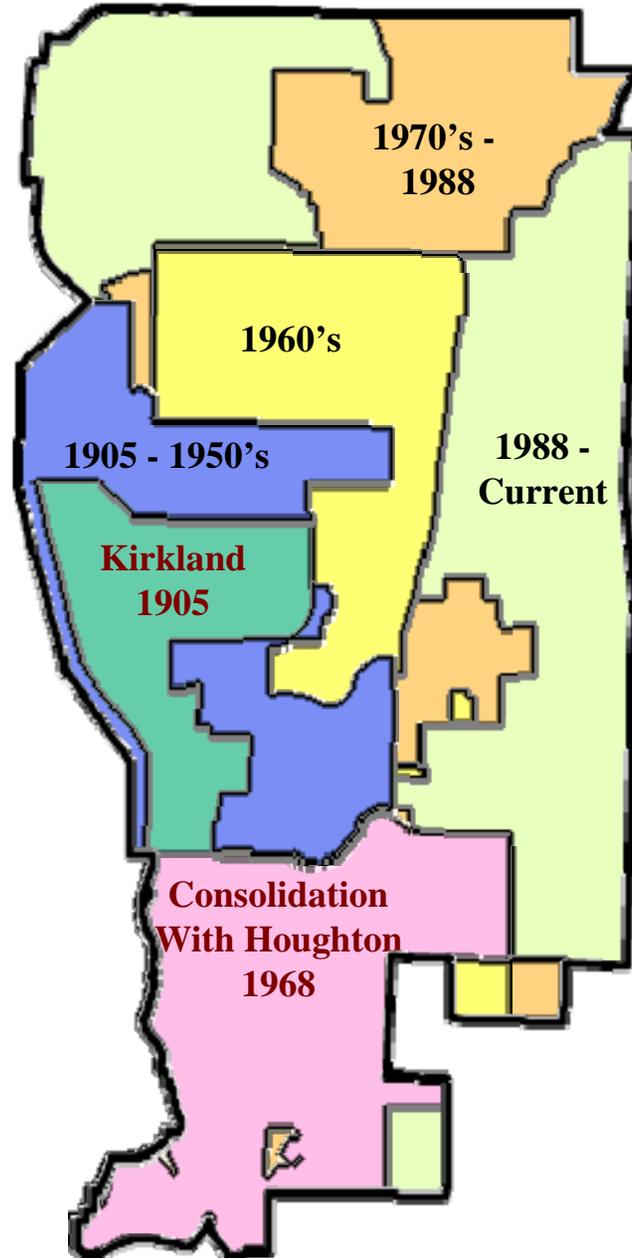
Annexation is when people in an unincorporated area vote or petition to become part of a larger city such as Kirkland, and receive local services such as police, parks, and roads from the city.

Kirkland's Annexation History

1905 to Present

Population: 48,170

Square Miles: 11



Kirkland Today

Population: 47,180

Square Miles: 11

The Potential Annexation Area

Population: 33,000

Square Miles: 7

Kirkland After Annexation

Population: 80,180

Square Miles: 18





Why consider annexation?

- State Growth Management Act and Countywide Planning Policies call for unincorporated urban areas to be served by cities
- Cities are better able to provide services to urban areas
- In many respects, Kirkland and the PAA operate as one community already



Why consider annexation now?

- Previous studies showed an annual operating funding deficit of over \$4 million
- In 2006, State funding was made available through Senate Bill 6686 to further Growth Management goals
- State funding would largely close the annexation deficit
- Annexation must be initiated by 2010 in order for the City to be eligible for the State funding



Four-Phase Decision Process

Phase	Work Program	Decision Point
I	Outreach to Kirkland Long Range Financial	Go/No Go to proceed with annexation work
II	Expand outreach to PAA Initial ILA w/ King Co. Begin planning work	Decision whether or not to place on ballot and timeline
III	Election preparation Continued planning	Election Vote
IV	Implementation	Approval by Council



Key Assumptions

- City of Kirkland residents value their “small town” atmosphere
- Kirkland residents expect and appreciate substantive involvement in decisions and expect service levels to be maintained
- The City Council has not made a decision to proceed with an annexation vote



What We Heard in Phase 1

High level of interest in:

- Land use and zoning impacts
- Impacts on the level of services
- Benefits for Kirkland
- Financial challenges





Preliminary Financial Findings

- Like most cities, Kirkland has a structural imbalance between revenues and expenditures that results in a long term gap
- The Council has to close that gap and balance the budget every year *with or without annexation*
- The tools applied to balance the budget vary based on economic conditions and needs at the time each budget is adopted



Preliminary Fiscal Findings

- Annexation could help close the gap in the long term
 - There are economies of scale
 - More people contributing to the solution
- No recommendation is being made regarding specific policy choices to apply related to annexation, since those choices will be made during future budget discussions



Preliminary Fiscal Findings

- Without the State Sales Tax Credit, the impact of annexation would have a significant fiscal impact on existing City taxpayers
- With the State Sales Tax Credit, the overall fiscal impact of annexation is likely to be neutral to positive in the long term
 - The sales tax credit largely offsets the impacts of annexation in the 10-year period of the credit
 - After 10 years, a larger City of Kirkland provides a larger tax base and greater economies of scale



How will annexation affect taxes in the PAA?

	County	Kirkland	Difference
Property Tax Rate	\$10.50 per \$1,000 AV	\$8.99 per \$1,000 AV	(\$1.51) per \$1,000 AV
Property Tax Paid	4,200	3,596	(604)
Utility Tax	0	409	409
Surface Water Fees	111	170	59
Total	4,311	4,175	(136)



Phase 2 Activities

- **Financial analysis**
 - Rules for state sales tax credit
 - Infrastructure needs of the PAA
 - Availability of transition assistance from King County



Phase 2 Activities

- **Interagency negotiations**
 - King County
 - Fire Districts
 - Park District
 - Utility providers





Phase 2 Activities

- **Communications**
 - Extend conversation to PAA
 - Continue conversations with Kirkland
- **Facilities**
 - Public Safety Building Feasibility Study





Phase 2 Activities

- **Operational Planning**
 - Identify critical services
 - Develop options and recommendations for service delivery





Assumptions for Phase 2

- The size and format of the Council would remain the same
 - PAA representatives would be appointed to the Planning Commission and Parks Board
- The current PAA boundaries would remain the same
- Kirkland would continue to prohibit card rooms



Assumptions in Phase 2

- The Council would establish its intent to annex all three PAA neighborhoods in one vote
- The Ballot measure would ask PAA residents to assume Kirkland's debt
- Kirkland would assume Fire District #41's debt after annexation



What's Next?

- **Summer 2007**
 - Conduct informal meetings and outreach in PAA
 - Continue outreach in Kirkland
 - Ongoing analysis and exploration
- **Fall 2007**
 - Public Forums in PAA and Kirkland
- **Late Fall 2007**

Council makes a go/no go decision on Phase 2 and whether to proceed to ballot measure





Stay Informed

- Project information materials
- Annexation listserv
- Annexation webpage
- Comment Form



www.ci.kirkland.wa.us/annexation