



Annexation? Let's Talk Frequently Asked Questions

Fall Update 2007

The City Council is carefully considering the annexation of the Finn Hill, Upper Juanita, and Kingsgate neighborhoods. Annexation is when people in an unincorporated area or potential annexation area (PAA) vote or petition to become part of a larger city such as Kirkland and receive local services such as police, parks, and roads. The City would like your help in shaping the future of Kirkland. A year into the discussion, here are the questions we've heard the most from Kirkland and PAA residents.

1. Why is Kirkland considering annexation?

Annexation is consistent with the policies established in Washington State's Growth Management Act (GMA) and the adopted Countywide Planning Policies whereby cities should provide urban services to urban areas and counties should provide services to rural areas. Through the GMA, cities such as Kirkland have established a PAA. Ours is composed of the Finn Hill, Upper Juanita, and Kingsgate areas to the north. The vast majority of unincorporated King County is made up of rural and forest lands. With recent annexations and incorporations of new cities, there are still islands of urban areas under King County's jurisdiction. Over time, it has become more challenging for King County to serve these urban areas. Thus, Kirkland may be better equipped than King County to provide services within the annexation area.

2. Why consider annexation now?

While annexation has been discussed for years, one of the challenges for the City has been that the cost of providing City services to the PAA would exceed the revenue that would be generated from that annexed area. However, the passage of Senate Bill 6686 in 2006 provides enough funding through a State sales tax credit to significantly close the gap between the revenues and the full costs of extending City services to the PAA. Kirkland must initiate annexation by January 1, 2010, to be eligible for the new State financial assistance.

3. What are the benefits of annexation?

The City Council began a four-phase process Fall 2006 to engage the community in this difficult decision. PAA and Kirkland residents shared what they viewed as potential benefits of annexation:



What we heard from Kirkland:

- Since Kirkland residents shop and use parks and roads in the PAA, they believed that increased and dependable police services in the PAA would also benefit Kirkland residents.
- If annexation occurs, residents saw the City's control over land use and development in the PAA as a clear benefit.
- Some Kirkland residents thought that as a larger City, Kirkland would have more clout and leverage with regional issues.

What we heard from the PAA:

- As an incorporated City, PAA residents would have better local representation from Kirkland City Council members.
- Kirkland can provide better police protection to the PAA.
- If annexation occurs, the City would be able to provide services to the PAA at standards that King County may not be able to sustain in the long term.

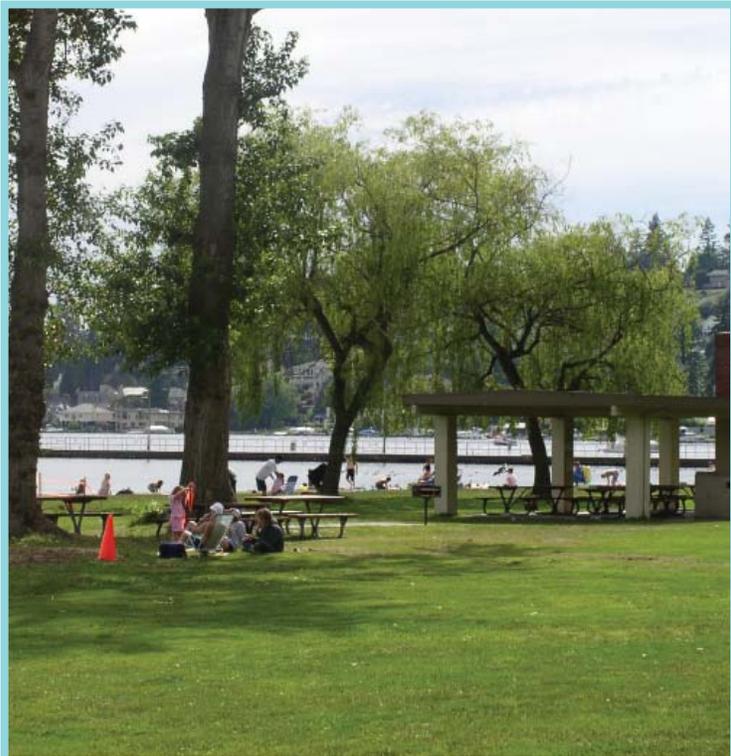
4. What financial impacts will annexation have on the City of Kirkland?

A fiscal study completed in 2005 projected an annual deficit of up to \$4.8 million for the cost of extending services to the PAA compared to the revenue gained from the PAA. A 2006 fiscal study took into account the State funding and services spread over the new boundaries of Kirkland. The study indicated that the State funding would significantly close the

gap between the revenues and costs of providing services to the PAA. If annexation proceeds, a portion of the State funds will be used for facilities costs needed to serve the PAA. After the State funding ends, the City anticipates that facilities costs would be reduced and revenues would increase to a manageable level that allows the City Council to balance future budgets. In the long term, the City expects to function at the same level as it does today and must continue to balance expenditures and revenue growth.

5. How would annexation affect my services and taxes?

I live in Kirkland: When a city annexes new areas, the new residents and businesses are subject to the same taxes that are in place in the city at the time annexation takes place. Existing tax rates would not change as a result of annexation. If annexation occurs, the City Council intends to provide a consistent level of service throughout its new boundaries while maintaining quality services within the current Kirkland boundaries. The City is taking into account the full cost of providing services to the annexation area, rather than spreading existing resources across the larger area and potentially impacting services within Kirkland. This past summer, the City conducted a study to compare the infrastructure in the PAA to Kirkland and understand the full cost of extending services to the PAA.



I live in the PAA: Kirkland prides itself on the level of service it provides to residents, and it is the City's intent to provide the same level of service to the annexation area as it provides within the existing City limits. The most noticeable differences to residents of the PAA would likely be improvements in police protection, and street and park maintenance. Kirkland already provides fire protection and emergency medical services to all but a small portion of the annexation area. Annexation would not affect school district boundaries. It is estimated that an average homeowner would pay about the same amount or a little in less taxes and fees as a Kirkland resident than under King County, depending on the assessed value of their property and their utility usage.

6. Would annexation area residents have to assume an equal share of Kirkland's existing debt?

Kirkland residents currently pay approximately \$0.15 per \$1,000 of assessed property value (about \$60 per year) to pay off bonds that were issued for improvements such as the Forbes Creek Fire Station, Juanita Bay Park, and the public safety dispatch and records system. Since annexation area residents would use these facilities, the City will likely ask the residents of the annexation area to assume a prorated share of the debt. In this case, since the total number of residents making payments would increase, the annual cost per household would decrease to approximately \$0.10 per \$1,000 in assessed property value (about \$40 per year). Even with additional property tax for debt, the total taxes and fees for the average homeowner are still lower in Kirkland than in King County. The assumption of debt by annexation area residents is subject to voter approval as part of the annexation election, if the City Council decides to move to Phase 3.

7. If there is still a funding shortfall even after the City receives State funds, wouldn't the City of Kirkland be forced to reduce services to existing residents or raise taxes in the City?

Kirkland, like most other cities, must address an ongoing "structural imbalance" between revenues and expenditures with revenues growing at a slower pace than expenditures. The City is required to prepare a balanced budget every two years. When a funding shortfall occurs, we have limited choices—decrease expenses, increase revenues, or use

reserves. With or without annexation, the City Council will need to take some action to balance future budgets and it will probably include a mix of strategies appropriate for the community at that time. The 2006 fiscal study indicates that annexation would either be financially neutral or positive and would create a larger tax base to support City services, depending on what tools and strategies are used.

8. How would annexation affect fire and police services?

King County Fire District #41 currently provides fire and emergency medical services to most of the annexation area through a contract with the City of Kirkland. Residents in Kirkland and most of the PAA would not notice a difference in service. The Kingsgate area is served by three separate fire districts, which would be included within Kirkland's fire and emergency medical system if annexation occurred. Police services are currently provided to the annexation area by the King County Sheriff. If annexation were implemented, the Kirkland Police Department would extend their services to the PAA as well. We estimate about 44 new sworn personnel would be added to staff four new patrol districts. The intent is to maintain services in Kirkland and eventually provide a new, equivalent level of service in the PAA.

9. How will annexation affect Kirkland's "small town" feel?

Through Phase 1, the City Council heard a lot of concerns about how annexation might affect Kirkland's "small town" feel. In Phase 2, the City Council set out to explore this idea further. When asked how Kirkland residents define the City's "small town" feel, many enjoyed the pedestrian friendly downtown area and predominance of small "mom and pop" or unique businesses. Residents appreciated the various parks and waterfront recreational spaces and the way the City characterizes and defines itself in its neighborhoods. Some residents thought that annexation might increase traffic because of increased development or high-density residential zoning in the PAA. Some Kirkland residents reasoned that despite annexation, the City would have to contend with a growing population and city either way. Generally, Kirkland residents felt that the City Council has done a good job to date of protecting Kirkland's "small town" feel mainly located in the heart of downtown.

10. When would annexation happen?

The City Council has not made a decision on whether or not to pursue annexation. If the City Council decides to pursue annexation, it must commence annexation by January 1, 2010, to be eligible for the new State financial assistance, which provides enough funding to significantly reduce the annexation deficit the City would experience. Any proposal would require voter approval from the residents of the PAA as well as action by the City Council to confirm annexation and set an effective date. The annexation of Kingsgate, Upper Juanita, and Finn Hill could be accomplished in phases, or the City Council could choose to annex all three areas at one time and maximize the State funding.

11. What are the voting procedures if the City Council decides to place annexation on the ballot?

Since Kirkland residents are represented by the City Council, they will not directly vote on this issue. The City Council will take citizen input very seriously and is listening intently to Kirkland residents to help inform their decision on annexation. If the City Council decides to move on to Phase 3, PAA residents would vote via an annexation ballot. Any proposal would require voter approval from the residents of the PAA as well as action by the City Council confirming annexation and setting an effective date. The Council is considering this decision very carefully through a four-phase process and looking to engage Kirkland and PAA residents at every step along the way.

For more information, visit the City of Kirkland's annexation webpage:

www.ci.kirkland.wa.us/annexation

If you have further questions about annexation, please e-mail annexation@ci.kirkland.wa.us or call 425-587-3000.





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City of Kirkland Potential Annexation Area Map

