



Annexation? Let's Talk.

Annexation Public Forum

**Finn Hill Junior High
June 21, 2007**

Presentation will begin at 7:30 p.m.



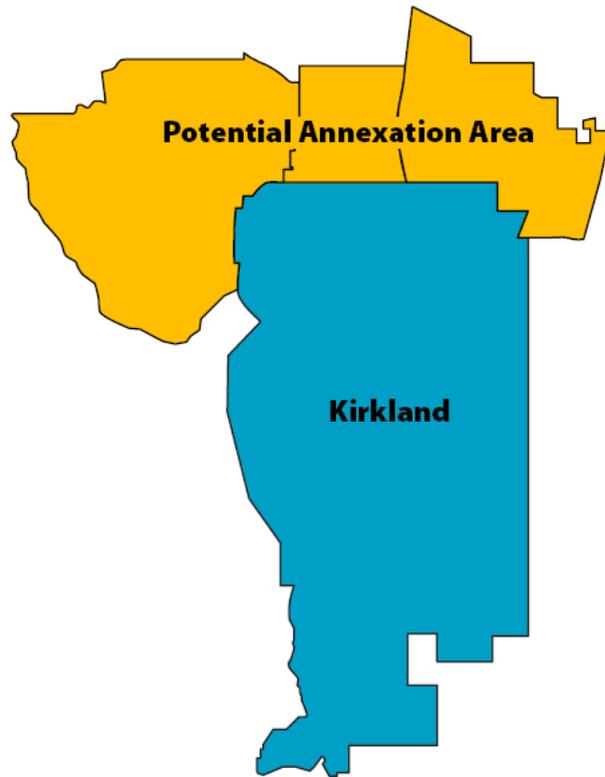
Agenda

- Overview (30 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.



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
- King County is having difficulty providing urban services in the PAA
- City may be better equipped to provide urban level services than King County
- The City Council has not made a decision to proceed with an annexation vote yet.



What We Heard in Phase 1

High level of interest in:

- Land use and zoning impacts
- Level of services
- Benefits for Kirkland
- Financial challenges





What We Learned in Phase 1

- Like most cities, Kirkland has a structural imbalance between revenues and expenditures
- There is a resulting long-term gap in funding
- The Council will have to close that gap with or without annexation
- Annexation could help close the gap in the long term because there are more people contributing to whatever the solution is



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



Preliminary Fiscal Findings

- The City Council always balances the budget during each budget cycle
- The tools applied to balance the budget vary based on economic conditions and needs at the time each budget is adopted
- No recommendation is being made regarding specific policy choices to apply related to annexation, since those choices will be made during future budget discussions



Financial Issues To Consider in Phase Two

- Rules for state sales tax credit
- Infrastructure needs of the PAA
- Availability of transition assistance from King County
- Comparison of tax rates in PAA versus City



Comparison of Fees and Taxes

	County	Kirkland	Difference
Property Tax Rate	\$10.50 per \$1,000 AV	\$8.99 per \$1,000 AV	(\$0.51) 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

- **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
 - Interim or temporary facility needs





Phase 2 Activities

- Financial Analysis
 - Update model to include Phase 2 info
- Operational Planning
 - Identify critical services
 - Develop options and recommendations for service delivery





Assumptions for Phase 2

- Size and format of the Council would remain the same
- PAA boundaries would remain the same
- Kirkland zoning would continue to prohibit card rooms



Assumptions in Phase 2

- Council would establish 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



www.ci.kirkland.wa.us/annexation