



**CITY OF KIRKLAND**  
Department of Finance & Administration  
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## MEMORANDUM

**To:** Kurt Triplett, City Manager

**From:** Tracey Dunlap, Director of Finance and Administration  
Sri Krishnan, Financial Planning Manager  
George Dugdale, Budget Analyst

**Date:** January 6, 2014

**Subject:** **FINAL 2014 PROPERTY TAX LEVY**

### RECOMMENDATION:

City Council approves the attached Ordinance O-4430, which repeals Ordinance O-4425 approved on November 19, 2013 and establishes the final regular and excess property tax levy for the City of Kirkland's 2014 fiscal year.

The separate levy amount associated with Fire District 41 debt, which was adopted by Ordinance O-4426 on November 19, 2013, is unchanged and Ordinance O-4426 remains in effect.

### BACKGROUND DISCUSSION:

The attached ordinance reflects the final property tax levy data received from King County on January 6, 2014. This ordinance replaces Ordinance O-4425, which was approved on November 19, 2013 in order to meet the County's deadline for 2014 levy information, December 6, 2013. As noted in the preliminary 2014 property tax levy memo, the initial levy was set intentionally high to ensure that the City would capture any additional new construction, annexation, and state assessed valuation that were not recorded at the time of the preliminary levy.

At the Council's December 10, 2013 meeting, Ordinance O-4430 was presented but not acted upon as the final numbers were not yet available to the City. King County will implement the final levy amount based on the data received on January 6, 2014 and the excess debt levy amounts provided by the City. Ordinance O-4430 is a housekeeping measure that reflects the final numbers so that the City's official records indicate the correct levy amounts for 2014.

### LEVY WORKSHEET FROM KING COUNTY

The levy worksheet received from King County shows the final 2014 levy amount for the City of Kirkland will be **\$26,168,501**, at a rate of **\$1.65893** per \$1000 of assessed valuation.

As the State of Washington sets property tax as a dollar amount, rather than as a rate, the assessor calculates the City's levy using previous year's levy amount, \$25,526,169. The optional 1 percent increase is added to this, as well as the new construction levy of \$352,187 to reach a levy of \$26,133,618. Finally, relevel and other corrections totaling \$34,883 are added to this number to get the final amount of \$26,168,501 as summarized in the table below.

Levy	Amount
2013 Regular Levy*	25,526,169
Optional 1 Percent Increase	255,262
New Construction	352,187
Other Adjustments	34,883
<b>Total Regular Levy</b>	<b>26,168,501</b>

\* Includes Parks Maintenance Levy, 2012 Road Levy, and 2012 Parks Levy

Note that the 2015 base levy amount will equal the levy amount prior to relevy and corrections, \$26,133,618.

Once the total levy has been set, the rate is calculated by dividing the total levy by the stated assessed valuation for the City of Kirkland \$15,774,360,007, which yields the regular levy rate of \$1.65893 per/1000 of AV ( $\$26,168,501 / (\$15,774,360,007 / 1000) = \$1.65893$ ).

In addition to the regular levy, some property owners in Kirkland pay debt service on either voter approved park and public safety bonds or Fire District 41 bonds as described below. Whether an individual property is assessed a debt related levy is based on its location within the City.

### EXCESS LEVY

The excess levy for park and public safety bonds in 2014 is \$656,958 and is paid by homeowners living in within the pre-annexation boundaries of the City. This levy is divided by assessed valuation per \$1,000 in the relevant area for an excess levy rate of \$0.05778 ( $\$656,958 / (\$11,370,326,884 / \$1000) = \$0.05778$ ). Those living in the neighborhoods that were annexed in 2011 are not subject to the City's voted debt obligation as the annexation was approved with less than 60% of the public vote.

### FIRE DISTRICT 41 LEVY

The City also levies an additional \$480,176 on properties formerly within Fire District 41, for outstanding bonds issued by the Fire District. The 2014 payment for the Fire District bonds is \$470,572, but the City assumes the King County average of 98% collection rate for property tax, therefore sets the levy at \$480,176 ( $\$470,572 / 0.98 = \$480,176$ ). This results in an excess levy rate applied on properties within Fire District 41 of \$0.13709 ( $\$480,176 / (\$3,502,558,190 / \$1000) = \$0.13709$ ).

### SUMMARY

There are three separate rates paid by taxpayers in Kirkland:

Levy Type	Pre-Annexation City	New Neighborhoods Previously Served by FD-41	New Neighborhoods Previously Served by Woodinville or Redmond
Regular Levy Rate	\$ 1.65893	\$ 1.65893	\$ 1.65893
Excess Levy Rate	\$ 0.05778	N/A	N/A
FD-41 Debt Levy	N/A	\$ 0.13709	N/A
<b>Total City Levy Rate</b>	<b>\$ 1.71671</b>	<b>\$ 1.79602</b>	<b>\$ 1.65893</b>

The table below shows how the rates shown above have changed from those estimated in the preliminary levy and Ordinance presented to Council on November 19, 2013.

Levy Type	Pre-Annexation City	New Neighborhoods Previously Served by FD-41	New Neighborhoods Previously Served by Woodinville or Redmond
Preliminary Levy	\$ 1.75524	\$ 1.84016	\$ 1.70304
Final Levy	\$ 1.71671	\$ 1.79602	\$ 1.65893
<b>Difference</b>	<b>\$ (0.03853)</b>	<b>\$ (0.04414)</b>	<b>\$ (0.04411)</b>

ORDINANCE O-4430

AN ORDINANCE OF THE CITY OF KIRKLAND ESTABLISHING THE AMOUNT OF PROPERTY TAXES TO BE LEVIED FOR THE YEAR 2014, THE SECOND YEAR OF THE CITY OF KIRKLAND 2013-2014 FISCAL BIENNIUM AND REPEALING ORDINANCE O-4425.

WHEREAS, the City Council previously held a public hearing on November 19, 2013, to consider amendments to the 2013-2014 Biennial Budget; and

WHEREAS, the City Council and the City Manager have considered the anticipated financial requirements of the City of Kirkland for the fiscal year 2014; and

WHEREAS, pursuant to RCW 35A.33.135, the City Council is required to determine and fix by ordinance the amount to be raised by ad valorem taxes; and

WHEREAS, on November 19, 2013, the City Council passed Ordinance O-4425 which was the preliminary property tax levy representing the maximum amount to be levied; and

WHEREAS, the City Council wishes to repeal the preliminary property tax levy and pass the final tax levy based upon the most recent property tax levy data provided by King County which will be a reduction from the levy amount in Ordinance O-4425; and

WHEREAS, RCW 84.55.120 requires that the increase in the levy over the prior year shall be stated both as to dollars and percentage;

NOW, THEREFORE, the City Council of the City of Kirkland do ordain as follows:

Section 1. Ordinance O-4425 passed November 19, 2013, is hereby repealed.

Section 2. The regular property tax levy for the year 2014 is hereby fixed and established in the amount of \$26,168,501. This property tax levy represents a dollar increase of \$255,262 and a percentage increase of 1.00% from the previous year, excluding the addition of new construction, improvements to property, any increase

in state-assessed property, and administrative refunds as shown below:

	Amount
<b>2014 Regular Levy</b>	<b>26,168,501</b>
Less 2013 Levy	25,526,169
Less New Construction	352,187
Less Refunds	34,883
<b>Increase to Existing Properties</b>	<b>255,262</b>
<b>Percent Increase</b>	<b>1.00%</b>

Section 3. There is hereby levied for 2014 upon all property, both real and personal, within the City of Kirkland, Washington, and within the area subject to tax levies for the principal and interest of all general obligation bond issues, a total voted property tax of \$656,958 on the total of assessed valuation for such property.

Section 4. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Signed in authentication thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

Approved as to Form:

\_\_\_\_\_  
City Attorney