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# CITY OF KIRKLAND

## CITY COUNCIL



Joan McBride, Mayor • Doreen Marchione, Deputy Mayor • Dave Asher • Toby Nixon  
• Bob Sternoff • Penny Sweet • Amy Walen • Kurt Triplett, City Manager

### *Vision Statement*

*Kirkland is an attractive, vibrant, and inviting place to live, work and visit.  
Our lakefront community is a destination for residents, employees and visitors.  
Kirkland is a community with a small-town feel, retaining its sense of history,  
while adjusting gracefully to changes in the twenty-first century.*

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## CITY OF KIRKLAND 2012 CITY COUNCIL RETREAT MARCH 23 – 24, 2012

Kirkland City Hall - Peter Kirk Room  
123 5<sup>th</sup> Avenue  
Kirkland, Washington

### AGENDA

#### Friday, March 23

- |            |  |
|------------|--|
| 9:00 a.m.  | Agenda Overview and Housekeeping   |
| 9:10       | 2012 Community Survey Results  |
| 10:00      | Financial Update   |
| 10:45      | Break  |
| 11:00      | Discussion of Possible 2012 Ballot Measures for Parks and Roads  |
| 12:00 p.m. | Lunch  |
| 1:00       | 2013-2014 Budget   |
|            | <ul style="list-style-type: none"><li>• Budget Process and Presentation Refinements</li><li>• Public Engagement Plan</li><li>• Council Themes and Priorities</li></ul> |
| 2:45       | Break  |
| 3:00       | Council Brainstorming  |
| 4:15       | Finalize 2012 Work Program   |
| 4:30       | Adjourn  |

**Saturday, March 24**

9:00 a.m. City Council Communications

10:30 Break

12:00 Adjourn



**CITY OF KIRKLAND**  
City Manager's Office  
123 Fifth Avenue, Kirkland, WA 98033 425.587.3001  
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## MEMORANDUM

**To:** Kurt Triplett, City Manager

**From:** Marilynne Beard, Assistant City Manager

**Date:** March 13, 2012

**Subject:** 2012 COMMUNITY SURVEY

In January 2012, the City Council discussed the proposed contents of the 2012 Community Survey. The survey is conducted every two years and is used throughout the City's Performance Measure Report and by the City Council in assessing the City's performance in a number of areas. In addition, the survey generally includes a few questions focused on current issues.

Over the years, the Community Survey was administered by different consultants. For 2012, the City contracted with EMC Research to conduct the survey and analyze the results. EMC's survey report is attached to this memorandum.

The biannual citizen survey is a random sample telephone survey that provides statistically valid data about citizen attitudes towards City government. The survey was designed to pose the same general "baseline" questions that have been posed in the past. In doing so, longitudinal data is compared that shows the change from one survey period to the next in people's attitudes. In some cases, EMC used slightly different wording and rating scales than those used in past surveys. However their data was calibrated so that comparisons could be made between the 2010 survey results and the 2012 results.

Another more significant change between the two surveys is the annexation of an additional 31,000 residents to the City which took effect June 2011. The sample size was modified to allow for cross tabulation of results by the "old" Kirkland and the "new neighborhoods." The purpose of this exercise was to understand how similar (or different) attitudes are for newer residents and to understand any areas where further information, education or service adjustments need to be made.

In order to provide more people the opportunity to participate in the community survey, an on-line version was offered for a two-week period from February 24 to March 11. The City purchased a subscription to an enhanced version of Survey Monkey that allows for more options in survey content and improved reporting. The results of the on-line survey are being analyzed in summarized and will be provided at the retreat (possibly sooner if the report can be completed). The on-line results will be kept separate from the EMC survey since the on-line survey is not a statistically valid sample. However, anecdotal observations comparing the two survey results will be provided.



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# City of Kirkland Telephone Survey about Citizen Opinions & Priorities

## Draft Report



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# 1 Project Overview

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## 1.1 Project Goal

*To assess and track residents' attitudes and opinions about quality of life in Kirkland, priorities for the future and satisfaction with city government and its services. Specifically, the survey covered the following topic areas:*

- *Respondents' evaluation of Kirkland as a place to live, including what they like the most about the city and what concerns them, their satisfaction with the availability of good and services in the City, attitudes about personal safety, and neighborhood infrastructure.*
- *Overall ratings of city government, and specific ratings on government priorities, financial management, communication with residents, and overall service delivery.*
- *Ratings of the overall importance and assessment of the City's performance across 18 City services and functions.*
- *Overall attitudes about dealing with revenue needs and respondent support for increased funding for parks, street maintenance, and neighborhood traffic safety.*
- *Questions about household emergency preparedness.*

## 1.2 Methodology

- ✓ Telephone survey of 500 registered voters in the City of Kirkland.
- ✓ Overall margin of error of +/- 4.4 percentage points at the 95% confidence level.
- ✓ Interviewing took place between January 30<sup>th</sup> and February 2<sup>nd</sup>, 2012.

This survey is the fourth in a biannual series of citizen surveys commissioned by the City of Kirkland. The previous surveys (2006, 2008, & 2010) were conducted by Elway Research. The 2012 report provides survey results for two distinct subgroups: Pre-annex and Post-annex. The Pre-annex subgroup includes residents of Kirkland prior to the June 2011 annexation. The Post-Annex group includes residents who live in the Finn Hill, North Juanita and Kingsgate/ Evergreen Hill parts of the City. *Because the previous surveys were conducted prior to annexation, comparisons with past surveys only focus on residents in the pre-annexation areas of the City.*

## 2 Key Findings

### Kirkland as a Place to Live

- Respondents continue to have a very positive view of Kirkland as a place to live. Residents in pre-Annex areas give slightly higher ratings than those in the new areas, but both groups are overwhelmingly positive about Kirkland as a place to live.
- When asked what they like most about living in Kirkland, location/convenience is most often mentioned, followed by the small town feel, and the physical environment. These responses are very similar to the 2010 survey.
- When asked what things concern them about Kirkland, the top response is "nothing." As in previous years, the top specific concerns mentioned are growth and traffic/infrastructure. Concerns about growth among Pre-annex residents have dropped by a third since 2010.
- Most residents are satisfied with the availability of goods and services in Kirkland -- however there is room for improvement as most are just "somewhat satisfied" rather than "very satisfied." There is no significant difference between Pre and Post-annex residents.
- Almost all residents say they feel safe walking in their neighborhood during the day. There is no significant difference between residents in Pre- and Post-annex neighborhoods. Most residents also say they feel safe walking in their neighborhood after dark, however, only a third say they feel "very safe" and one-quarter say they feel either "very" or "somewhat unsafe" walking after dark.
- Most residents are satisfied with their neighborhood's infrastructure - fewer than one-in-five are dissatisfied. There is no significant difference between Pre and Post-annex residents.

### Kirkland City Government

- Kirkland City government gets high marks overall, and also receives high marks for "delivering services efficiently" and "keeping citizens informed."
- The City also gets good marks for "focusing on the priorities that matter most to residents" although one-in-four residents is unable to rate the City on this metric.
- The City's rating for "managing the public's money" is divided, with more than a third unable to rate the City's performance in this area. There is little intensity in the negative ratings (% "Poor") suggesting that this is not a critical problem area.
- Most residents are not paying close attention to Kirkland City government, although a majority consider themselves either very (11%) or somewhat (46%) well informed. Not surprisingly, Pre-annex residents tend to feel they are better informed than do Post-annex residents.
- The fact that residents give the City generally high marks for keeping citizens informed suggests that most residents do not blame the City for their not being more informed.
- Respondents take advantage of a wide variety of information sources to find out "what is going on with Kirkland City government." The Kirkland Reporter is the top source, followed by the City Newsletter, and the City website.

## City Services and Functions

- *Safety related services -- fire/emergency medical services and police -- continue to be seen as the City's most important functions and the percentage of residents rating these services as "extremely important" is significantly higher than for any other service/function.*
- *After fire and police, key services/functions include recycling and garbage collection, pedestrian safety and maintaining streets.*
- *Community events, arts, and recreation programs/classes continue to be seen as the least vital functions, although close to half of residents still say these services are important. City parks, however, are seen as a key service.*
- *Most importance ratings are similar to or slightly below the 2010 results with one exception: the importance of community events has dropped half a point since.*
- *The City is performing best on the services/functions that residents consider most important - fire/emergency medical, police, recycling/garbage, and pedestrian safety. The City's performance ratings are where they should be (nearly equal to their importance ratings) for 4 of the top 5 most important services/functions and for 13 of the 18 services/functions tested.*
- *Maintaining streets is a service area where performance significantly trails importance and represents an opportunity for the City to improve.*
- *The City is over performing relative to importance on community events, recreation programs and classes, support for arts, and bike safety.*
- *The gap between importance and performance is largest on four related issues: keeping and attracting businesses, zoning and land use, maintaining streets, and managing traffic flow. However, zoning and land use is rated as much less important than the other three services/functions.*

## New Revenue

- *Three-fourths of residents say they would support a tax or fee increase to provide funding to maintain existing parks or maintain streets, although intensity of support is significantly higher for parks than for streets. Six-in-ten say they would support an increase for neighborhood traffic safety.*
- *When asked which of these three measures is the highest priority for 2012, parks is the top choice, followed by maintaining streets, and neighborhood traffic safety.*
- **NOTE:** *These results almost certainly overestimate actual levels of support for a specific ballot measure because:*
  1. *The support questions are general and do not include any information about cost, revenue sources, or particular projects that would be funded by the measure.*
  2. *This is a survey of registered voters, not likely voters and so the results reflect the least tax sensitive (most supportive) electorate.*
  3. *The survey does not take into account other revenue measures that may be on the ballot at the same time.*

## Emergency Preparedness

- *Kirkland residents' emergency preparedness is essentially unchanged since 2010. Most have working smoke detectors and three days of stored food/water. About half have established a communications plan, and put together an emergency kit for their car.*

## 3 Attitudes About the City

### 3.1 Rating Kirkland as a Place to Live

#### Question(s) Analyzed

Q7. How would you rate Kirkland as a place to live? Would you say it is... Excellent, Very Good, Satisfactory, Only Fair or Poor?

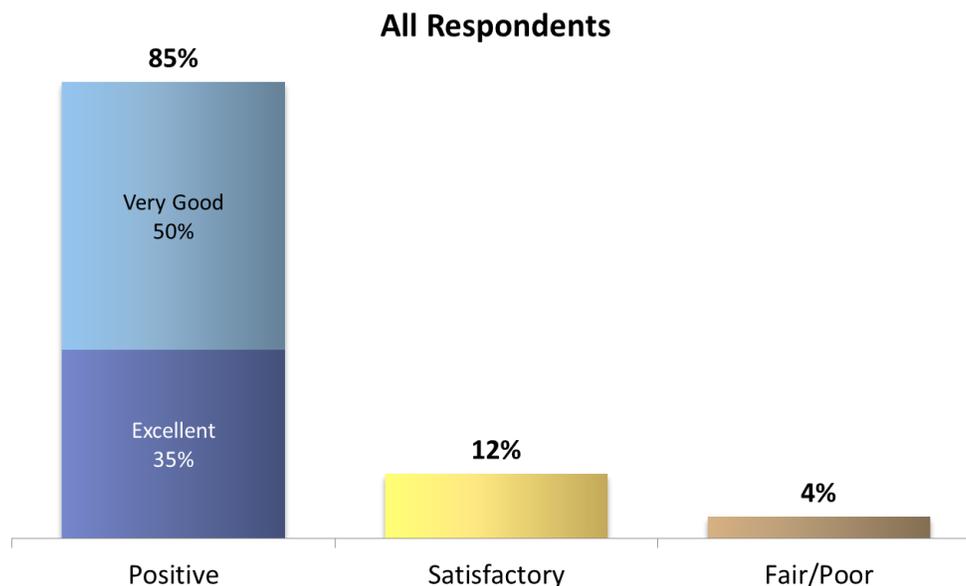
#### Finding

- **Respondents continue to have a very positive view of Kirkland as a place to live. Residents in pre-Annex areas give slightly higher ratings than those in the new areas, but both groups are overwhelmingly positive about Kirkland as a place to live.**

When asked to rate Kirkland as a place to live, just over a third (35%) give the City the highest rating (“Excellent”) and half (50%) rate Kirkland as a “Very Good” place to live.

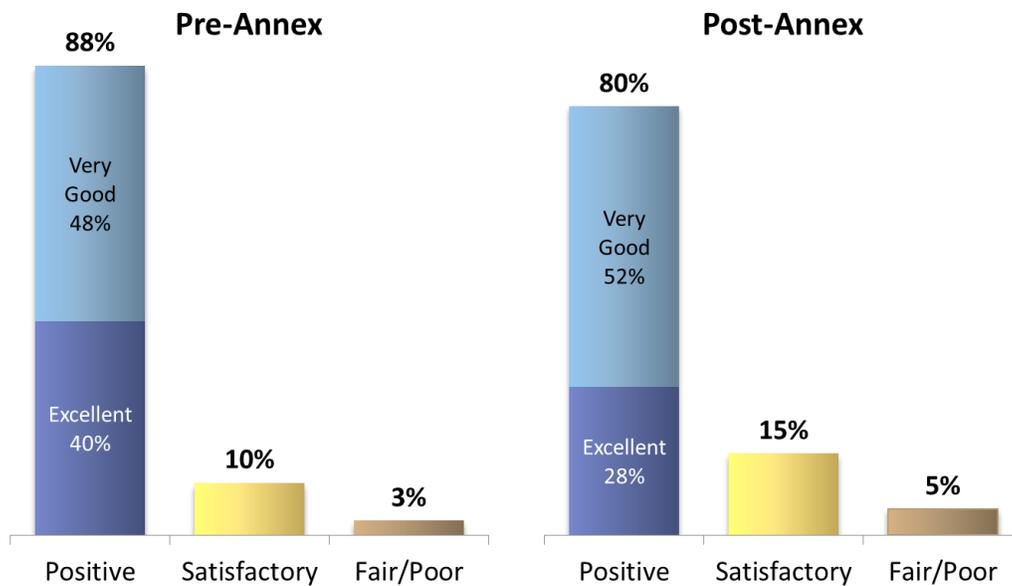
Approximately one-in-ten (12%) rate Kirkland as “Satisfactory” while the number of residents giving Kirkland an “Only Fair” or “Poor” rating is negligible (4%).

Figure 3-1 – Rating of Kirkland as a Place to Live (Overall)



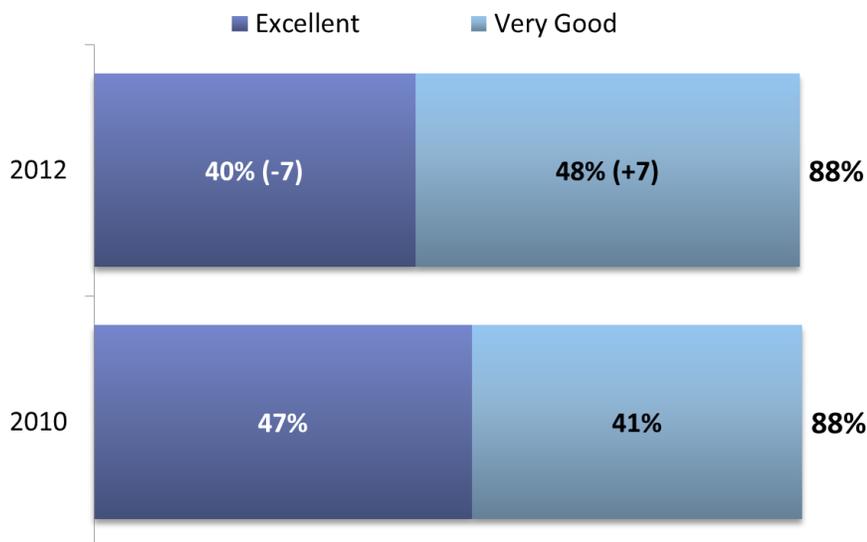
Pre-Annex residents give slightly higher ratings (88% Positive vs. 80% Positive), although both groups are overwhelmingly positive about Kirkland as a place to live. The intensity of positive opinion (“Excellent”) is also higher among Pre-annex residents than it is among Post-Annex residents (40% Excellent vs. 28% Excellent”). Very few residents from either group (3% & 5%) consider Kirkland an “Only Fair” or “Poor” place to live.

Figure 3-2 – Rating of Kirkland as a Place to Live (Pre/Post-Annex)



While the intensity (%“Excellent”) of opinion has diminished slightly since 2010, the total percentage of positive responses has not changed.

Figure 3-3 – Rating of Kirkland as a Place to Live by Year (Pre-Annex Only)



## 3.2 Positives Aspects of Living in Kirkland

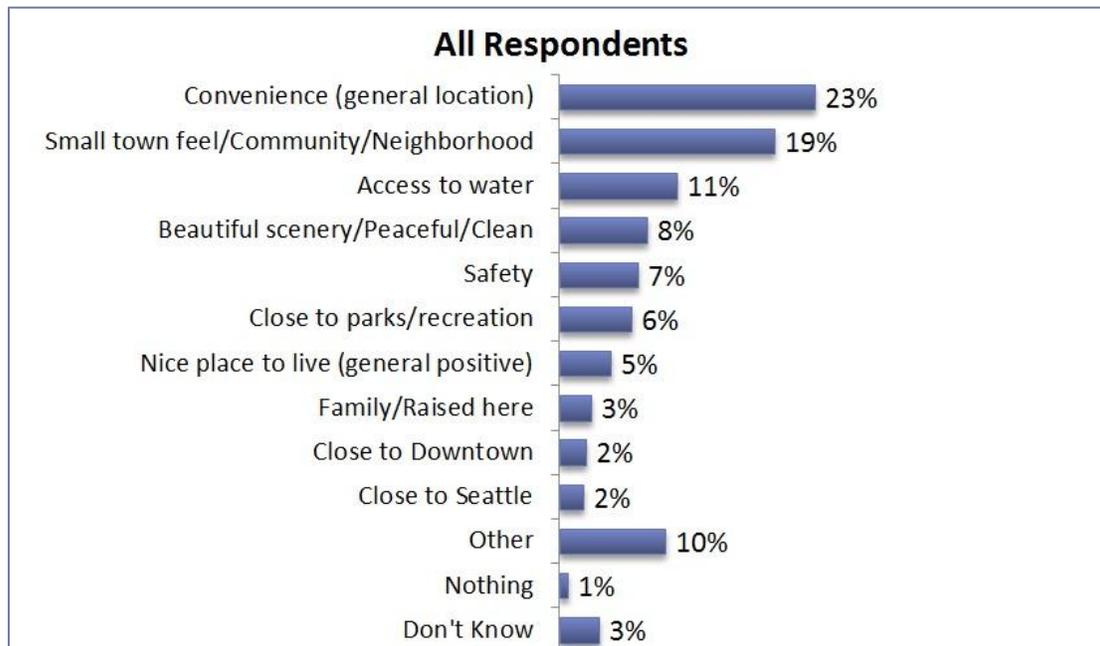
### Question(s) Analyzed

Q8. What do you like best about living in Kirkland? (Single mention)

### Finding

- *When asked what they like most about living in Kirkland, location (convenience) is most often mentioned, followed by the small town feel, and the physical environment. These responses are very similar to the 2010 survey.*

Figure 3-4 – Kirkland Positives



### 3.3 Concerns About Kirkland

#### Question(s) Analyzed

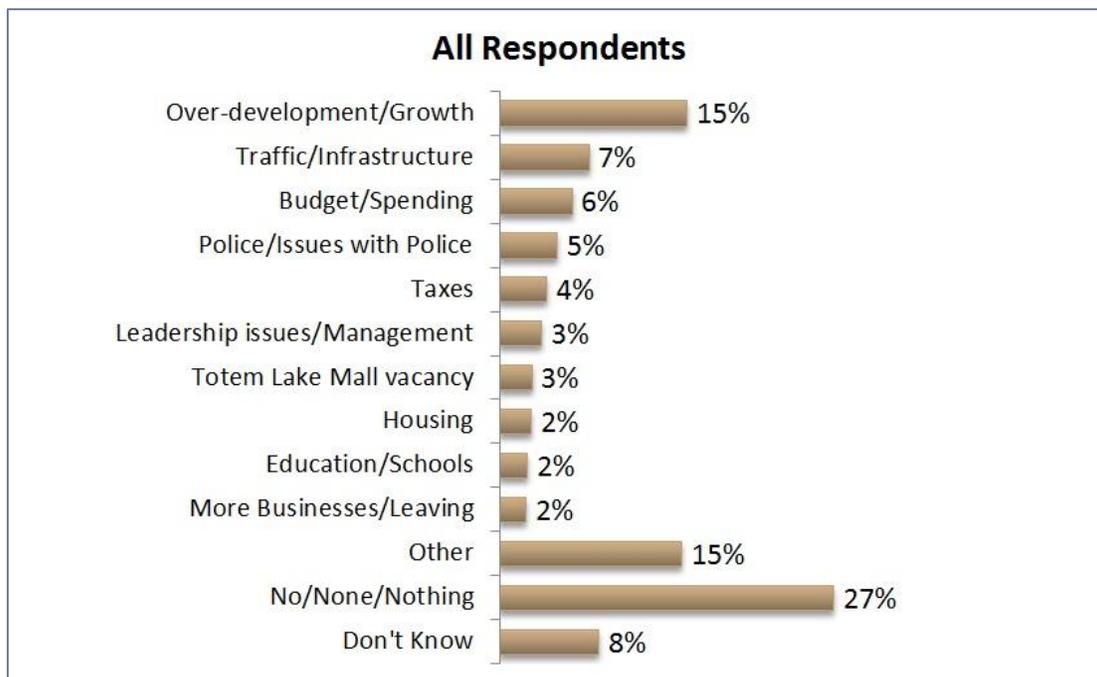
Q9. When you think about the way things are going in Kirkland, what if anything concerns you? (Single mention)

#### Finding

- *When asked what things concern them about Kirkland, the top response is "nothing." As in previous years, the top specific concerns mentioned are growth and traffic/infrastructure.*
- *Concerns about growth among Pre-annex residents have dropped by a third since 2010.*

Combining those who say “nothing” and those who are unable to think of a specific concern (“don’t know”), a third (35%) of respondents do not offer a concern about the way things are going in Kirkland. Only one specific area of concern – development/growth – reaches double digit mentions. Concerns about growth related issues are higher among Pre-annex residents (20%), than Post-annex residents (11%), but even so concern among Pre-annex residents is down a third from 2010 (20% vs. 30%).

Figure 3-5 – Kirkland Negatives



### 3.4 Satisfaction with the Availability of Goods & Services

#### Question(s) Analyzed

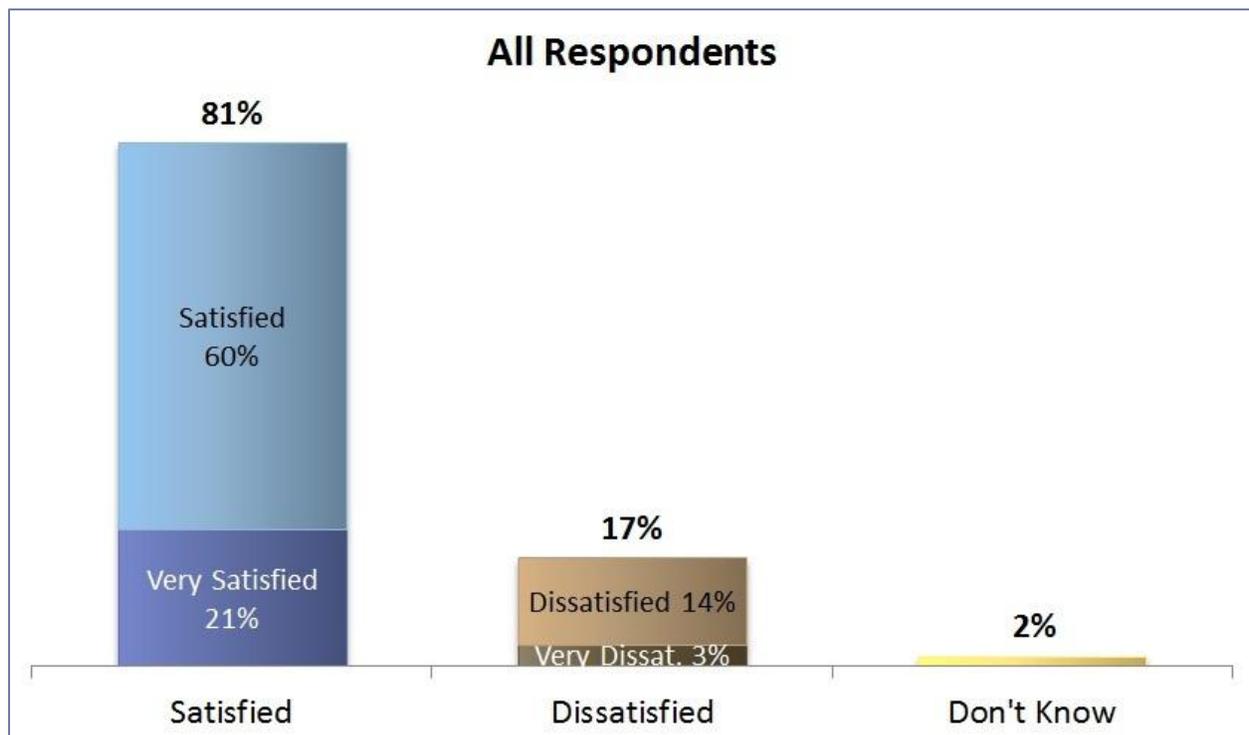
Q18. Thinking about the types of stores, goods and services available in Kirkland... would you say that you are Very satisfied, Satisfied, Dissatisfied or Very dissatisfied with the availability of goods and services?

#### Finding

- **Most residents are satisfied with the availability of goods and services in Kirkland -- however there is room for improvement as most are just "somewhat satisfied" rather than "very satisfied." There is no significant difference between Pre and Post-annex residents.**
- **Satisfaction among Pre-annex residents is up slightly from 2010 (+5; 81% vs. 76%), although the change is within the survey's margin of error.**

Eight-in-ten (81%) residents are satisfied with the availability of goods and services in Kirkland – just under one-in-five (17%) are dissatisfied, with only 3% “very dissatisfied.”

Figure 3-6 – Satisfaction with Availability of Goods & Services



### 3.5 Neighborhood Safety

**Question(s) Analyzed**

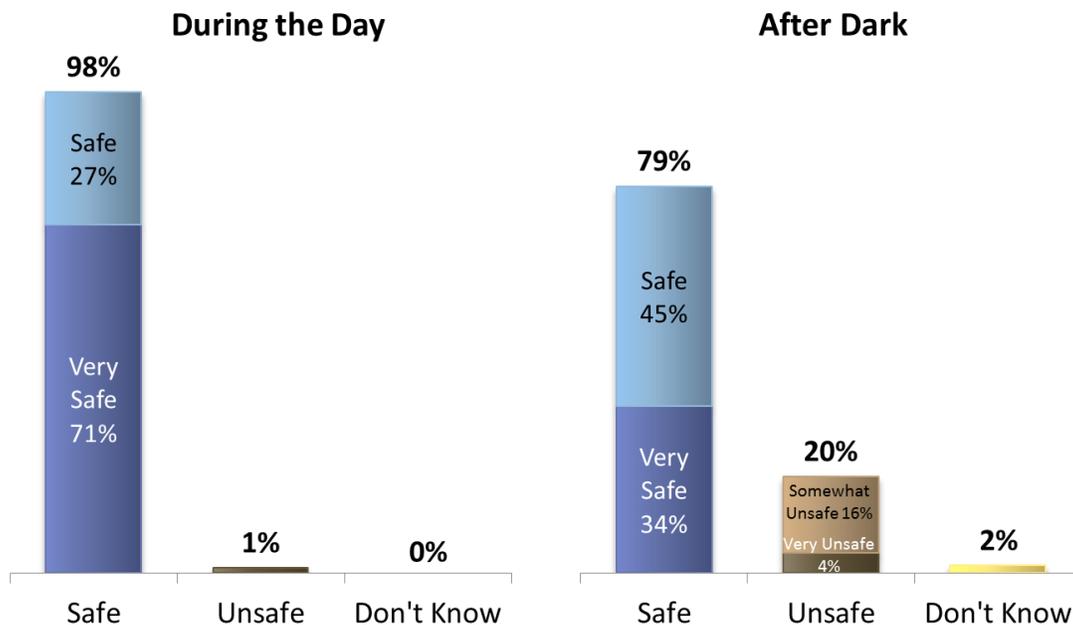
- Q19. In general, how safe do you feel walking alone in your neighborhood during the day?
- Q20. And how safe do you feel walking alone in your neighborhood after dark?

**Finding**

- **Almost all residents say they feel safe walking in their neighborhood during the day. There is no significant difference between residents in Pre-annex and Post-annex neighborhoods.**
- **Most residents say they feel safe walking in their neighborhood after dark, however, only a third say they feel "very safe" and one-quarter say they feel either "very" or "somewhat unsafe" walking after dark.**
- **The overall sense of safety among Pre-annex residents is similar to the 2010 survey, although the percentage saying they feel "very safe" has declined marginally for both walking during the day (-5; 74% vs. 79%) and after dark(-6; 33% vs. 39%). However, both of these changes are within the margin of error for the Pre-annex subgroup.**

Most (98%) Kirkland residents feel safe walking in their neighborhood during the day – only 1% say they feel unsafe. The majority (79%) fell safe walking after dark, but only 34% say they feel “very safe” and one-in-five (20%) say they feel unsafe.

Figure 3-7 – Neighborhood Safety



### 3.6 Satisfaction with Neighborhood Infrastructure

#### Question(s) Analyzed

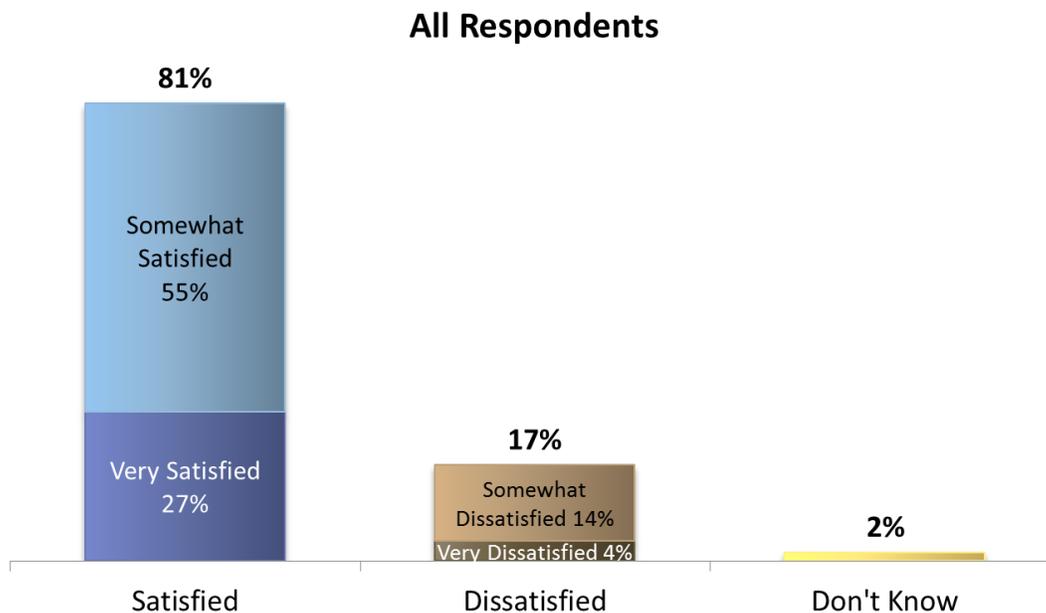
Q21. In general, how satisfied are you with your neighborhood's infrastructure such as streets and sidewalks, and roadside landscaping?

#### Finding

- **Most residents are satisfied with their neighborhood's infrastructure - fewer than one-in-five are dissatisfied. There is no significant difference between Pre and Post-annex residents.**

Eight-in-ten (81%) residents say they are satisfied with their neighborhood's "infrastructure such as streets and sidewalks, and roadside landscaping" -- 17% are dissatisfied, but only 4% are "very dissatisfied."

Figure 3-8 – Satisfaction with Neighborhood Infrastructure



## 4 Kirkland City Government

### 4.1 Kirkland Job Ratings

#### Question(s) Analyzed

Please tell me how you think Kirkland City government is doing in each of the following areas.

Use a scale of excellent, good, only fair, or poor. If you aren't sure one way or the other, please just say so.

Q10. the job the City doing overall

Q11. the job the City is doing managing the public's money

Q12. the job the City does keeping citizens informed

Q13. the job the City does delivering services efficiently

Q14. the job the City does focusing on the priorities that matter most to residents

#### Finding

- ***Kirkland City government gets high marks overall, and also receives high marks for "delivering services efficiently" and "keeping citizens informed."***
- ***The City also gets good marks for "focusing on the priorities that matter most to residents" although one-in-four residents is unable to rate the City on this metric.***
- ***The City's rating for "managing the public's money" is divided, with more than a third unable to rate the City's performance in this area. There is little intensity in the negative ratings (%"Poor") suggesting that this is not a critical problem area.***

Two-thirds (68% "Excellent" or "Good") of residents give the City a positive rating for the job it is doing overall. Only 5% give the City a "poor" rating indicating that there is little intensity on the negative side.

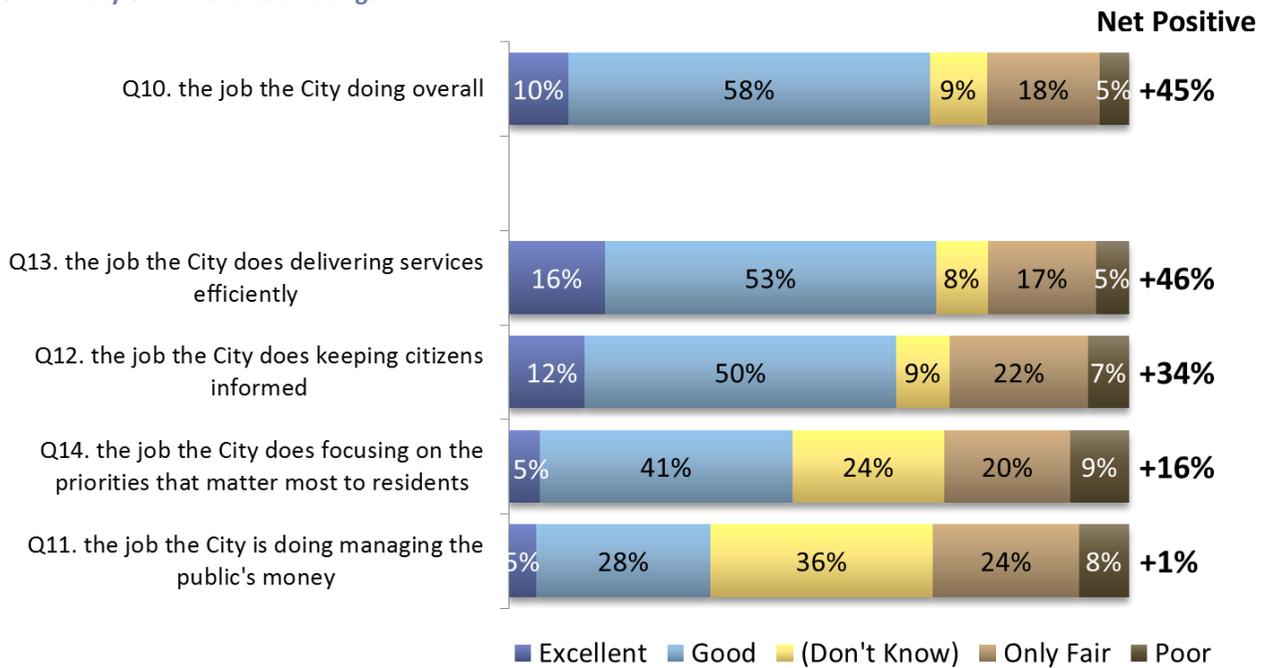
The City also gets very strong marks for delivering services efficiently. Two-thirds (69%) give the City a positive rating – and again, there is little intensity on the negative side (5% "Poor").

Nearly two-thirds (62% "Excellent" or "Good") of residents give the City a positive rating for the job it is doing keeping citizens informed. Fewer than a third (29%) give the city a negative rating for communications, with only 7% saying the City is doing a "Poor" job. The positive rating is essentially unchanged from 2010 (62% vs. 60% Positive), while the negative rating has dropped from 37% to 29%.

Residents’ attitudes about the job the City does focusing on the priorities that matter most to them is net positive (46% “Excellent” or “Good” / 29% “Only fair” or “Poor”), however there is an information deficit, with one-in-four (24%) saying they are unable to rate the City.

Residents are divided over the job the City is doing managing the public’s money (33% Positive / 32% Negative), with more than a third (36%) unable to rate the City's performance in this area. However, the “poor” rating is very low at 8%.

Figure 4-1 – City of Kirkland Job Ratings



## 4.2 Information Level & Information Sources

### Question(s) Analyzed

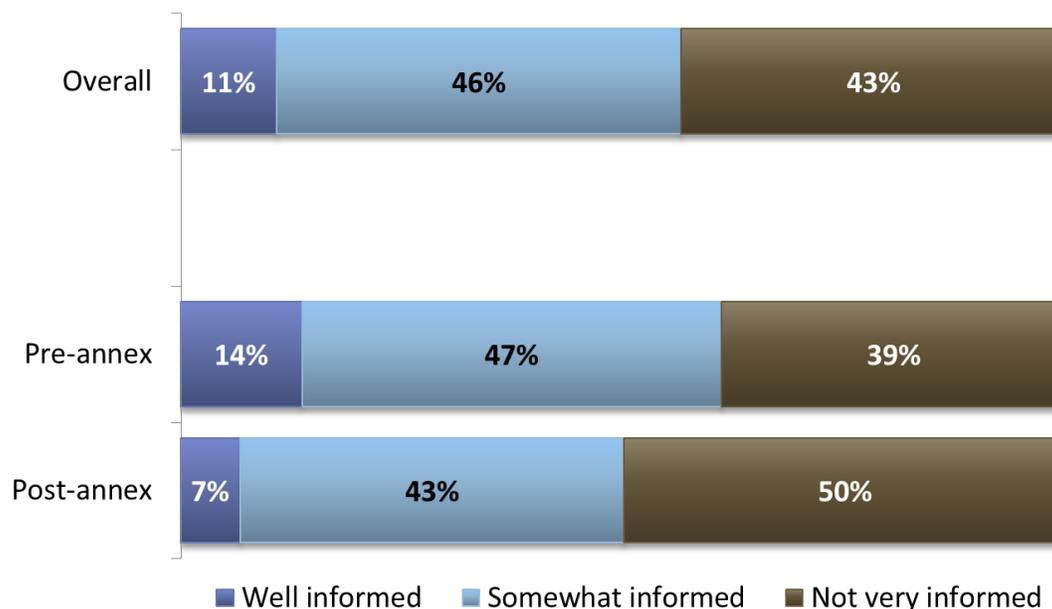
- Q30. In general, how well-informed would you say you are about Kirkland City government? Would you say you are well informed, somewhat informed, or not very informed?
- Q31. What is your primary source of information for finding out what is going on with Kirkland City government?

### Finding

- **Most residents are not paying close attention to Kirkland City government, although a majority consider themselves either very (11%) or somewhat (46%) well informed. Not surprisingly, Pre-annex residents tend to feel they are better informed than do Post-annex residents.**
- **The fact that residents give the City generally high marks for keeping citizens informed suggests that most residents do not blame the City for their not being more informed.**
- **Respondents take advantage of a wide variety of information sources to find out "what is going on with Kirkland City government." The Kirkland Reporter is the top source, followed by the City Newsletter, and the City website.**

Only one-in-ten respondents consider themselves "well-informed" about Kirkland City government. About half (46%) classify themselves as "somewhat informed" and four-in-ten (43%) say they are "not very informed." Pre-annex residents are more likely to consider themselves at least somewhat informed than are Post-annex residents (61% vs. 50%).

Figure 4-2 –Information Level



The Kirkland Reporter is the top source (31% mention) for news about City government, followed by the City Newsletter (16%) and the City website (10%). There is little difference in information sources between the Pre and Post-annex groups.

Figure 4-3 – Information Sources

|                                   | %   |
|-----------------------------------|-----|
| Kirkland Reporter                 | 31% |
| City Newsletter                   | 16% |
| Kirkland/City Website             | 10% |
| City Television Channel           | 6%  |
| Word of mouth                     | 6%  |
| City email list                   | 6%  |
| Neighborhood association meetings | 5%  |
| Local Blogs                       | 3%  |
| Mail                              | 2%  |
| Radio                             | 2%  |
| Twitter                           | 1%  |
| Kirkland Journal                  | 1%  |
| Facebook                          | 1%  |
| Other                             | 3%  |
| None                              | 5%  |
| Don't know/NA                     | 3%  |

## 5 City Services and Functions

### 5.1 Importance

#### Question(s) Analyzed

Q15. I'm going to read to you a list of services and functions provided by the city. For each one, please tell me how important that city function is to you and your household. Use a scale of 1 to 5, where 1 means that it is "not at all important" and 5 means it is "extremely important."

#### Finding

- ***Safety related services -- fire/emergency medical services and police -- continue to be seen as the City's most important functions and the percentage of residents rating these services as "extremely important" is significantly higher than for any other service/function.***
- ***After fire and police, key services/functions include recycling and garbage collection, pedestrian safety and maintaining streets.***
- ***Community events, arts, and recreation programs/classes continue to be seen as the least vital (% "Extremely Important") functions, although close to half of residents still say these service are important. City parks, however, are seen as a key service.***

Sixteen of the 18 functions/services tested are seen as important by a majority of residents – only "support for arts in the community" and "community events" fail to get a majority, although both are above 40% in overall importance.

Three-fourths of residents rate "fire and emergency medical services" as a 5 ("Extremely Important") on a 5-point scale and 93% rate it as a 4 or a 5. A strong majority (61% "Extremely Important") of residents also see "police services" as a critical City function – 85% rate police services as a 4 or a 5.

The next tier of services/functions that are seen as highly important include: recycling and garbage collection (83% Total Important, including 48% Extremely important), pedestrian safety (82%; 50%), and maintaining streets (82%; 43%).

Roughly three-fourths of residents see attracting and keeping businesses (77% / 45%), City parks (77% / 43%), protecting our natural environment (76% / 42%), and emergency preparedness (74% / 46%) as important.

Managing traffic flow (74% / 36%), availability of sidewalks and walking paths (71% / 36%) and services for people in need (68% / 35%) have high overall importance, but lower intensity (% "Extremely Important").

There are some minor differences in average importance between Pre-annex and Post-annex residents, but the overall order is largely the same.

Figure 5-1 – Importance (All Residents)

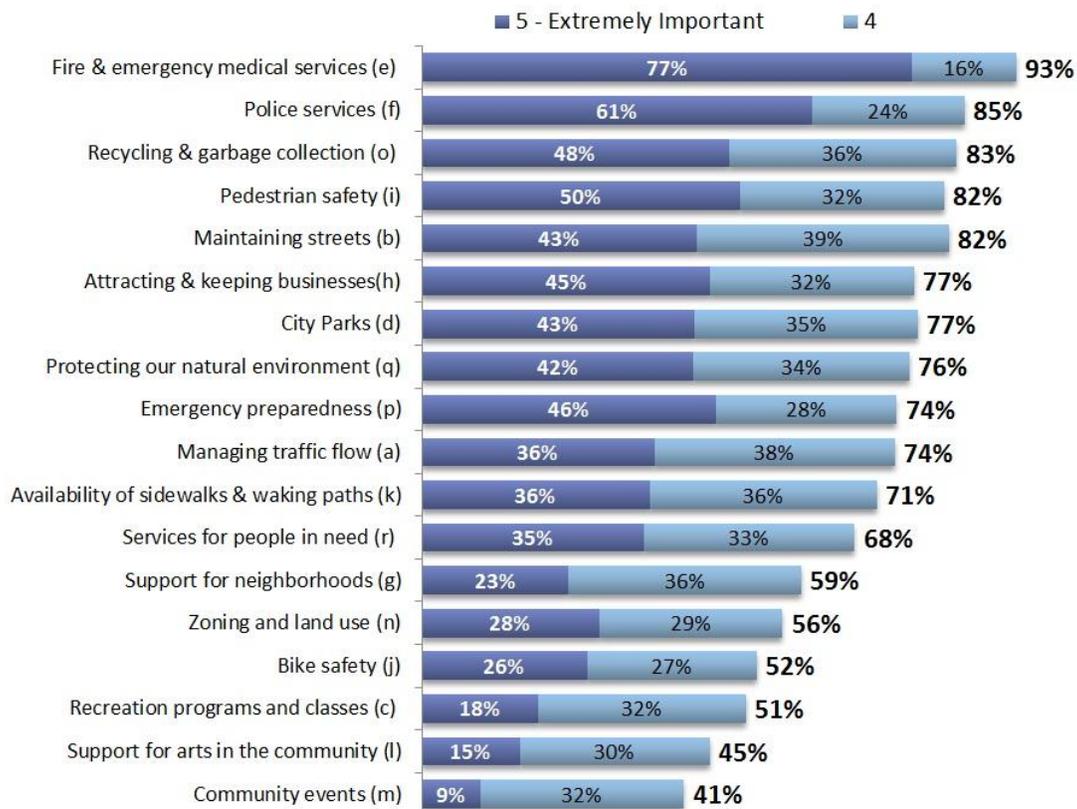


Figure 5-2 – Average Importance (Pre- and Post-Annex)

| Service Item                                | Pre-Annex Mean | Post-Annex Mean |
|---|----------------|-----------------|
| Fire & Emergency Medical Services           | 4.59           | 4.79            |
| Police Services                             | 4.43           | 4.34            |
| Pedestrian safety                           | 4.27           | 4.15            |
| Recycling & Garbage Collection              | 4.27           | 4.28            |
| Maintaining streets                         | 4.22           | 4.20            |
| City Parks                                  | 4.17           | 4.10            |
| Attracting & Keeping Businesses in Kirkland | 4.16           | 4.08            |
| Emergency Preparedness                      | 4.11           | 4.23            |
| Protecting our natural environment          | 4.05           | 4.17            |
| Managing Traffic Flow                       | 4.00           | 4.01            |
| Availability of Sidewalks & Walking Paths   | 3.99           | 3.85            |
| Services for People in Need                 | 3.93           | 4.00            |
| Zoning & Land Use                           | 3.82           | 3.68            |
| Support for Neighborhoods                   | 3.61           | 3.81            |
| Bike safety                                 | 3.50           | 3.39            |
| Support for Arts in the community           | 3.34           | 3.27            |
| Recreation Programs & Classes               | 3.34           | 3.57            |
| Community Events                            | 3.17           | 3.18            |

## 5.2 Importance - Comparison with 2010

### Finding

- *Most importance ratings are similar to or slightly below the 2010 results with one exception: the importance of community events has dropped half a point since 2010.*

Figure 5-3 – Importance Year-to-Year Comparison

NOTE: 2012 means are shown based on a 0 to 4 scale to allow for comparison with 2010 data and only reflect the ratings of residents in the pre-annexation area.

| Service/Function                             | 2010 Importance | 2012 Importance | Change       | %Increase/Decrease |
|--|-----------------|-----------------|--------------|--------------------|
| <b>ALL SERVICES/FUNCTIONS</b>                | <b>3.11</b>     | <b>2.95</b>     | <b>-0.16</b> | <b>-5.1%</b>       |
| Availability of Sidewalks & Walking Paths ** | 2.95            | 2.99            | +0.05        | 1.6%               |
| Attracting & Keeping Businesses in Kirkland  | 3.13            | 3.16            | +0.03        | 1.1%               |
| Protecting our natural environment           | 3.08            | 3.05            | -0.03        | -0.9%              |
| Maintaining streets                          | 3.28            | 3.22            | -0.06        | -1.8%              |
| City Parks                                   | 3.24            | 3.17            | -0.07        | -2.3%              |
| Support for Neighborhoods                    | 2.68            | 2.61            | -0.07        | -2.7%              |
| Emergency Preparedness                       | 3.20            | 3.11            | -0.09        | -2.9%              |
| Recycling & Garbage Collection **            | 3.41            | 3.27            | -0.14        | -4.0%              |
| Fire & Emergency Medical Services **         | 3.76            | 3.59            | -0.17        | -4.4%              |
| Zoning & Land Use                            | 2.98            | 2.82            | -0.16        | -5.4%              |
| Police Services                              | 3.71            | 3.43            | -0.28        | -7.5%              |
| Support for Arts in the community            | 2.56            | 2.34            | -0.22        | -8.6%              |
| Managing Traffic Flow                        | 3.30            | 3.00            | -0.30        | -9.0%              |
| Recreation Programs & Classes                | 2.70            | 2.34            | -0.36        | -13.4%             |
| Community Events                             | 2.68            | 2.17            | -0.51        | -19.1%             |

NOTE: \*\*Three of the above categories represent multiple means from individually-tested items in 2010. For these items, the 2010 number is the average of those individual ratings. For example, the 2.95 appearing for the 2010 rating of “Availability of Sidewalks & Walking Paths” is actually the midpoint between a 2.98 mean for “Sidewalks” and a 2.91 mean for “Walking Paths” in 2010.

### 5.3 Performance

#### Question(s) Analyzed

Q16. Using the same list, please tell me how you think the city is doing in each area. Use an A thru F grading scale where A means Excellent, B means Above Average, C is Average, D is Below Average, and F is Failing.

#### Finding

- ***For the most part, the City is performing best on those services/functions that residents see as most important - fire/emergency medical, police, recycling/garbage, and pedestrian safety.***
- ***Maintaining streets is a service area where performance significantly trails importance and represents an opportunity for the City to respond to a perceived deficiency.***

Five of the top six services/functions in terms of importance are also in the top six in terms of performance, meaning that for the most part, the City is performing best on those services/functions that residents see as most important. Maintaining streets which was fifth in average importance ranks 11<sup>th</sup> in performance, with just over half (55%) giving it an A or B grade.

As with the importance ratings, there are some minor differences in average performance between Pre-annex and Post-annex residents, but the overall order is largely the same.

Figure 5-4 – Performance

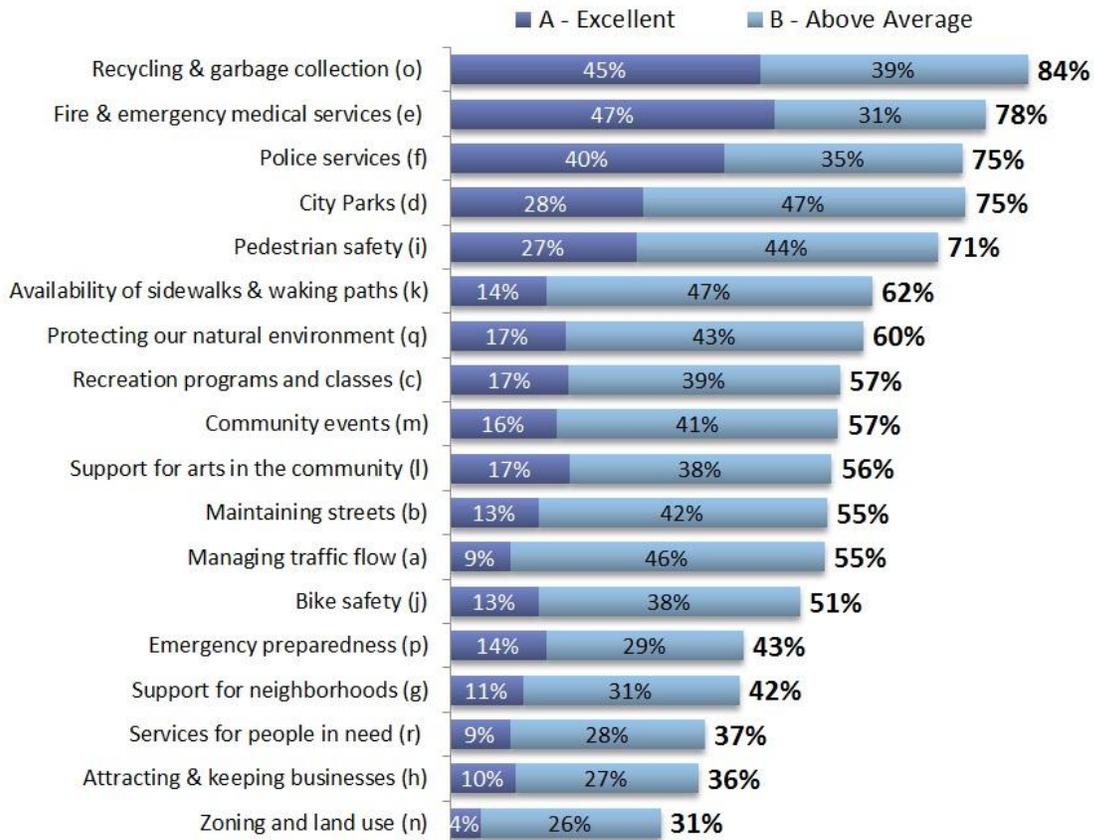


Figure 5-5 – Average Performance (Pre- and Post-Annex)

| Service Item                                | Pre-Annex Mean | Post-Annex Mean |
|---|----------------|-----------------|
| Fire & Emergency Medical Services           | 4.37           | 4.36            |
| Recycling & Garbage Collection              | 4.30           | 4.23            |
| Police Services                             | 4.20           | 4.00            |
| City Parks                                  | 4.03           | 4.04            |
| Pedestrian safety                           | 3.95           | 4.04            |
| Community Events                            | 3.86           | 3.68            |
| Recreation Programs & Classes               | 3.86           | 3.80            |
| Protecting our natural environment          | 3.83           | 3.77            |
| Support for Arts in the community           | 3.80           | 3.83            |
| Availability of Sidewalks & Walking Paths   | 3.69           | 3.68            |
| Emergency Preparedness                      | 3.68           | 3.73            |
| Support for Neighborhoods                   | 3.62           | 3.47            |
| Services for People in Need                 | 3.62           | 3.66            |
| Maintaining streets                         | 3.60           | 3.56            |
| Bike safety                                 | 3.58           | 3.74            |
| Managing Traffic Flow                       | 3.46           | 3.51            |
| Attracting & Keeping Businesses in Kirkland | 3.26           | 3.25            |
| Zoning & Land Use                           | 3.16           | 3.25            |

## 5.4 Performance - Comparison with 2010

### Finding

- *Average performance ratings have also stayed essentially unchanged since 2010 or have dropped slightly.*

Figure 5-6 – Performance Year-to-Year Comparison

NOTE: 2012 means are shown based on a 0 to 4 scale to allow for comparison with 2010 data and only reflect the ratings of residents in the pre-annexation area.

| Service/Function                             | 2010 Performance | 2012 Performance | Change       | %Increase/Decrease |
|--|------------------|------------------|--------------|--------------------|
| <b>ALL SERVICES/FUNCTIONS</b>                | <b>2.91</b>      | <b>2.78</b>      | <b>-0.13</b> | <b>-4.4%</b>       |
| Attracting & Keeping Businesses in Kirkland  | 2.23             | 2.26             | +0.03        | 1.5%               |
| Availability of Sidewalks & Walking Paths ** | 2.70             | 2.69             | -0.01        | -0.2%              |
| Community Events                             | 2.88             | 2.86             | -0.02        | -0.7%              |
| Recycling & Garbage Collection **            | 3.34             | 3.30             | -0.04        | -1.2%              |
| Managing Traffic Flow                        | 2.49             | 2.46             | -0.03        | -1.4%              |
| Recreation Programs & Classes                | 2.98             | 2.86             | -0.12        | -4.1%              |
| Protecting our natural environment           | 2.95             | 2.83             | -0.12        | -4.2%              |
| Support for Arts in the community            | 2.93             | 2.80             | -0.13        | -4.5%              |
| Zoning & Land Use                            | 2.29             | 2.16             | -0.13        | -5.6%              |
| City Parks                                   | 3.21             | 3.03             | -0.18        | -5.6%              |
| Fire & Emergency Medical Services **         | 3.60             | 3.37             | -0.23        | -6.4%              |
| Police Services                              | 3.43             | 3.20             | -0.23        | -6.7%              |
| Support for Neighborhoods                    | 2.84             | 2.62             | -0.22        | -7.7%              |
| Maintaining streets                          | 2.82             | 2.60             | -0.22        | -7.8%              |
| Emergency Preparedness                       | 2.96             | 2.68             | -0.28        | -9.3%              |

NOTE: \*\*Three of the above categories represent multiple means from individually-tested items in 2010. For these items, the 2010 number is the average of those individual ratings. For example, the 2.70 appearing for the 2010 rating of “Availability of Sidewalks & Walking Paths” is actually the midpoint between a 2.60 mean for “Sidewalks” and a 2.80 mean for “Walking Paths” in 2010.

### 5.5 Importance vs. Performance – Gap Analysis

**Finding**

- *The City's performance rating is 90% or more of the importance rating for 4 of the top 5 most important services/functions and for 13 of the 18 services/functions tested.*
- *The City is over performing relative to importance on community events, recreation programs and classes, support for arts, and bike safety.*
- *The gap between importance and performance is largest on four related issues: keeping and attracting businesses, zoning and land use, maintaining streets, and managing traffic flow. However, zoning and land use is rated as much less important than the other three services/functions.*

Figure 5-7 – Gap Analysis: Performance as a Percentage of Importance

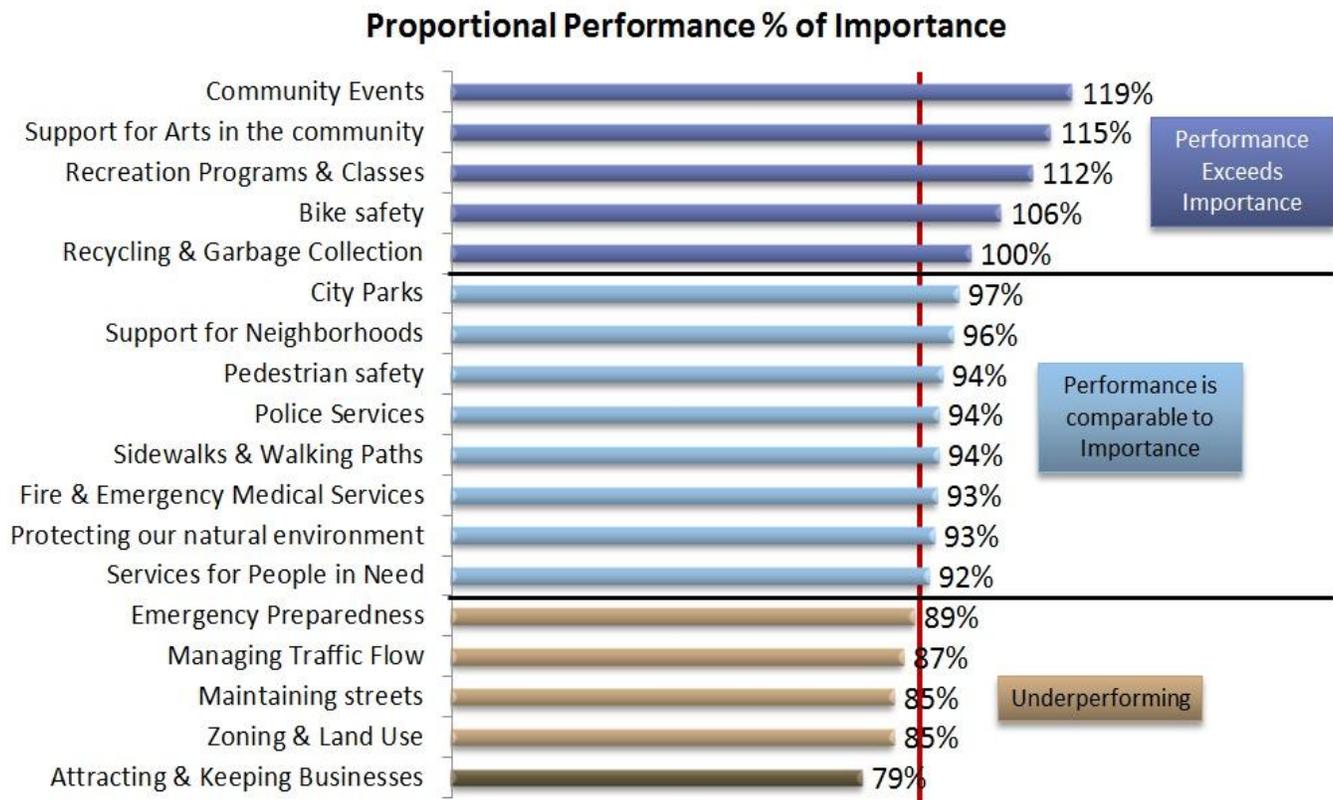


Figure 5-8 – Gap Analysis: Importance vs. Performance

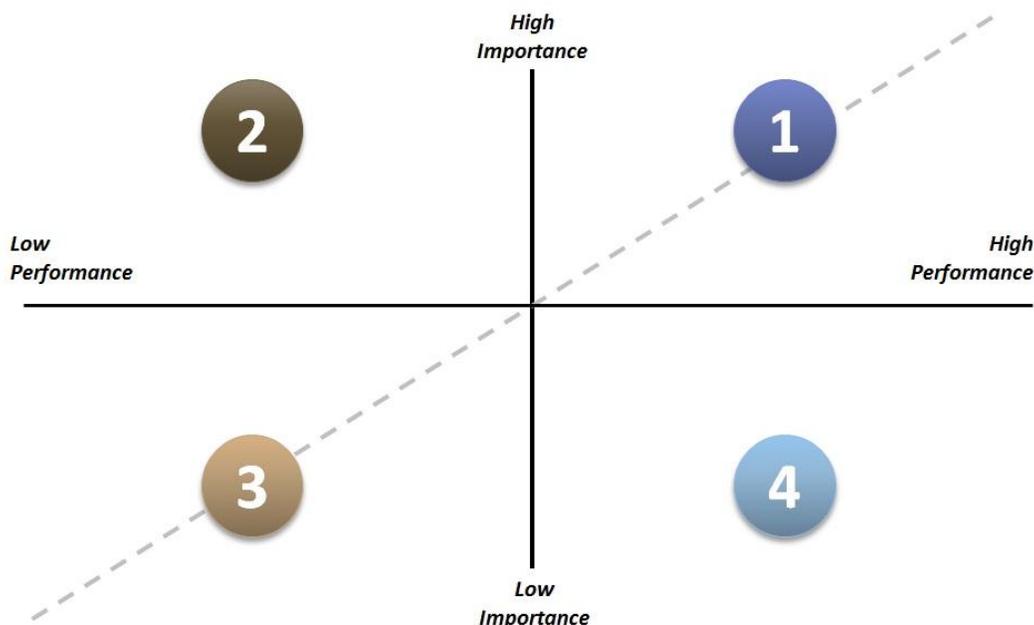
| Service/ Function                           | Importance  | Performance | Gap          | Performance vs. Importance |
|---|-------------|-------------|--------------|----------------------------|
| <b>ALL SERVICES/ FUNCTIONS</b>              | <b>3.95</b> | <b>3.76</b> | <b>-0.18</b> | <b>96.1%</b>               |
| Fire & Emergency Medical Services           | 4.68        | 4.36        | -0.31        | 93.3%                      |
| Police Services                             | 4.40        | 4.12        | -0.28        | 93.7%                      |
| Recycling & Garbage Collection              | 4.27        | 4.27        | -0.01        | 99.8%                      |
| Pedestrian safety                           | 4.22        | 3.98        | -0.24        | 94.4%                      |
| Maintaining streets                         | 4.21        | 3.58        | -0.63        | 85.0%                      |
| Emergency Preparedness                      | 4.16        | 3.70        | -0.45        | 89.1%                      |
| City Parks                                  | 4.14        | 4.04        | -0.11        | 97.5%                      |
| Attracting & Keeping Businesses in Kirkland | 4.13        | 3.26        | -0.87        | 79.0%                      |
| Protecting our natural environment          | 4.10        | 3.81        | -0.30        | 92.8%                      |
| Managing Traffic Flow                       | 4.01        | 3.48        | -0.53        | 86.8%                      |
| Services for People in Need                 | 3.96        | 3.64        | -0.32        | 91.8%                      |
| Availability of Sidewalks & Walking Paths   | 3.94        | 3.69        | -0.25        | 93.7%                      |
| Zoning & Land Use                           | 3.76        | 3.20        | -0.56        | 85.0%                      |
| Support for Neighborhoods                   | 3.69        | 3.56        | -0.13        | 96.5%                      |
| Bike safety                                 | 3.45        | 3.65        | +0.19        | 105.6%                     |
| Recreation Programs & Classes               | 3.44        | 3.84        | +0.40        | 111.7%                     |
| Support for Arts in the community           | 3.31        | 3.81        | +0.50        | 115.2%                     |
| Community Events                            | 3.17        | 3.79        | +0.61        | 119.3%                     |

## 5.6 Importance & Performance – Quadrant Analysis

Plotting the importance and performance on a quadrant chart allows items to be categorized in the following ways:

- 1) **High Importance & Performance** (top-right quadrant) – These are the services that residents view as very important and that the City is doing best with. Items in this category should be considered Kirkland’s **most valued strengths**.
- 2) **High Importance, Low Performance** (top-left quadrant) – Services falling into this category should be viewed as **opportunities for improvement**. These are the items that residents feel are very important but the City could be doing better with. Improving the services in this quadrant will have the greatest effect in improving citizens’ overall favorability of the City.
- 3) **Low Importance & Performance** (bottom-left quadrant) – Services in this category are **low-priority items** for residents and so lower performance here is not a critical issue for them. Some of these items may be raised by a vocal minority of residents but, for the most part, focusing too much on them will have a minimal impact on improving overall attitudes about the City.
- 4) **Low Importance, High Performance** (bottom-right quadrant) – This quadrant represents services that citizens think the City is doing well with but are believed to be less important. While items in this quadrant can be considered successes with certain niche groups, for most citizens, they are **not major drivers** of the City’s favorability.

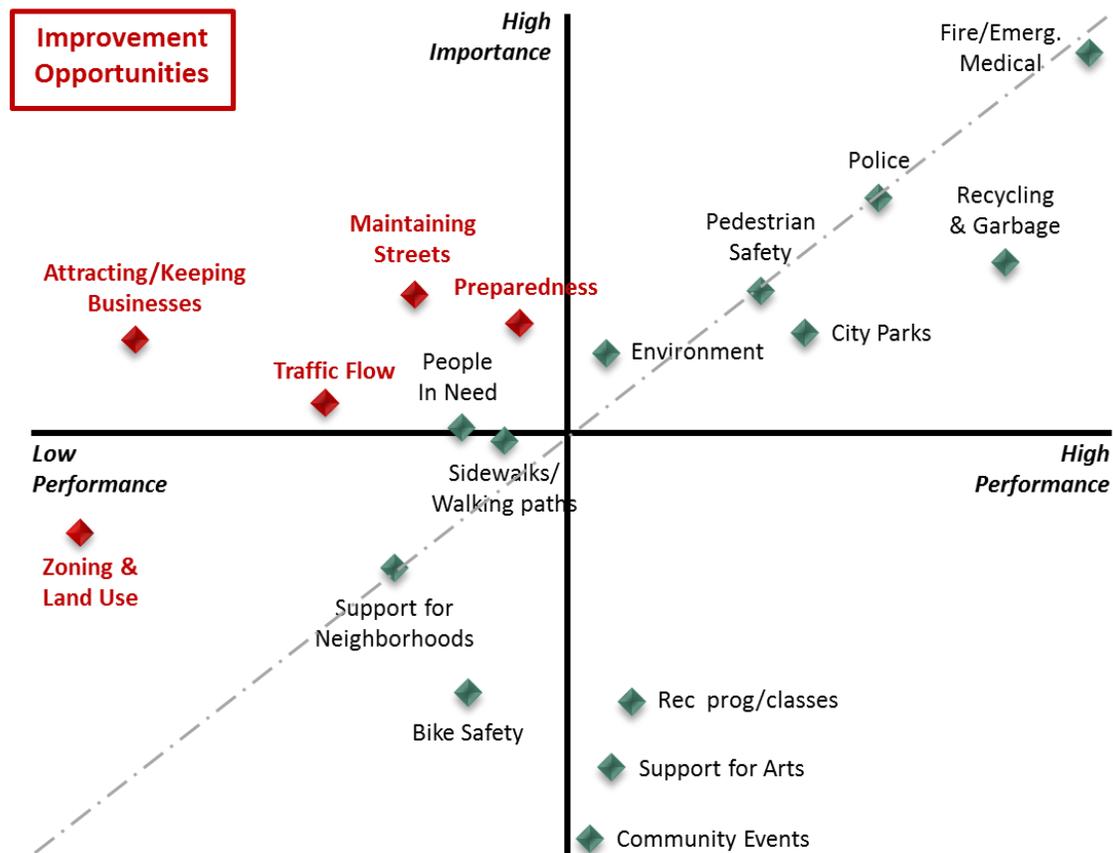
The diagonal line overlaying the chart represents where the ideal performance should be relative to the level of importance. Services falling on or near this line are performing optimally compared to how citizens value them. Items significantly left of the line may be potentially valuable improvement opportunities (even if they appear in quadrants 1 or 3) while items far right of the line may result in wasted resources if given too much focus.



This view shows that, overall, many items are exactly where they should be, with appropriate performance levels for their importance. Further, it once again shows that the City is doing well with most of the higher importance items – fire/emergency, police, pedestrian safety, recycling/garbage.

However, this analysis again highlights the critical areas for improvement opportunities -- attracting/keeping businesses, maintaining streets, and managing traffic flow. Zoning and land use is also significantly underperforming but it is less important overall to residents than the other issues.

Figure 5-9 – Overall Importance & Performance Quadrant Chart



## 6 New Revenue

### 6.1 Increased Taxes or Reduced Services

#### Question(s) Analyzed

Q17. With the demand for City services increasing faster than the City's revenue would you choose to...?  
 Increase taxes to meet the demand for city services  
 OR  
 Keep taxes the same and reduce city services

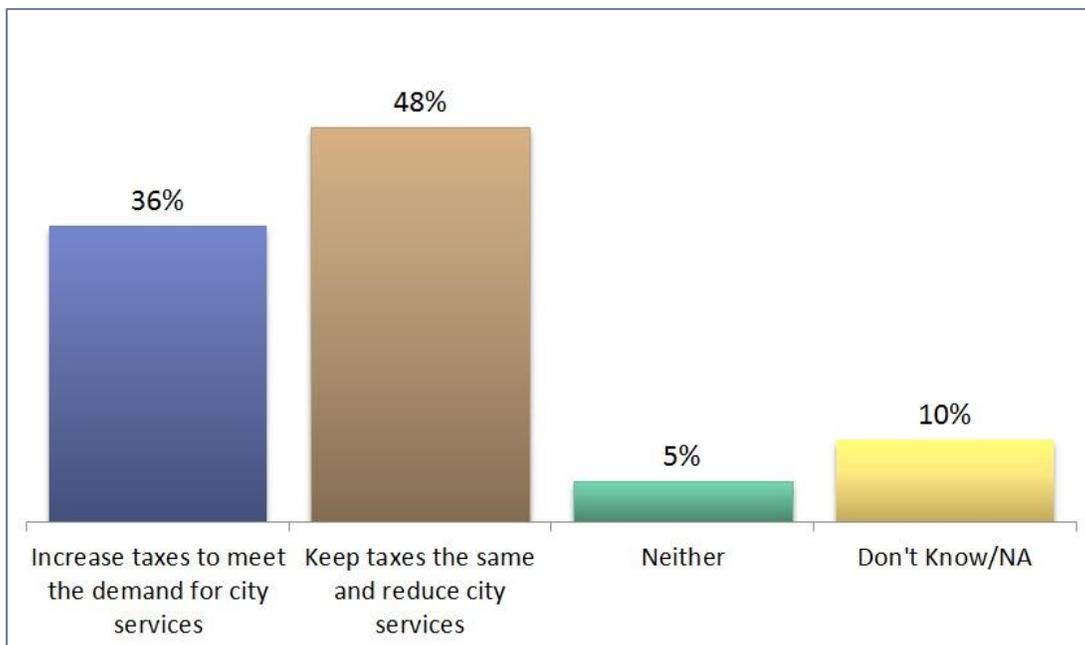
#### Finding

- ***As a general proposition, residents are more likely to choose cutting services over raising taxes as a way to meet the growing demand for city services. However, when revenue increases are tied to specific service/function areas, there is strong majority support.***

By a 48% to 36% margin, respondents say they would prefer to reduce city services rather than Increase taxes to meet the demand for city services. One-in-ten (10%) are not sure.

Pre-annex residents are somewhat more willing to support new taxes (39% Increase Taxes / 47% Reduce Services) than Post-annex residents (33% Increase Taxes / 50% reduce Services)

Figure 6-1 –Increase Taxes or Reduce Services



## 6.2 Support for Additional Funding for Parks, Streets, Traffic Safety

### Question(s) Analyzed

Next I am going to read a list of services that some Kirkland citizens feel need to be improved. Each of these would require a tax or fee increase to provide the necessary funding. As I read each one, tell me whether you would support or oppose increasing local taxes for that purpose. Tell me whether you Strongly Support, Somewhat Support, Somewhat Oppose or Strongly Oppose each one.

Q22. Maintaining Existing Parks

Q23. Maintaining Streets

Q24. Increasing Neighborhood Traffic Safety

### Follow up

Q25. If you were asked to support a tax measure in 2012 and had to choose one of these three measures, which would you be most likely to support maintaining existing parks, maintaining streets, or increasing neighborhood traffic safety or would you be unlikely to support any of these measures?

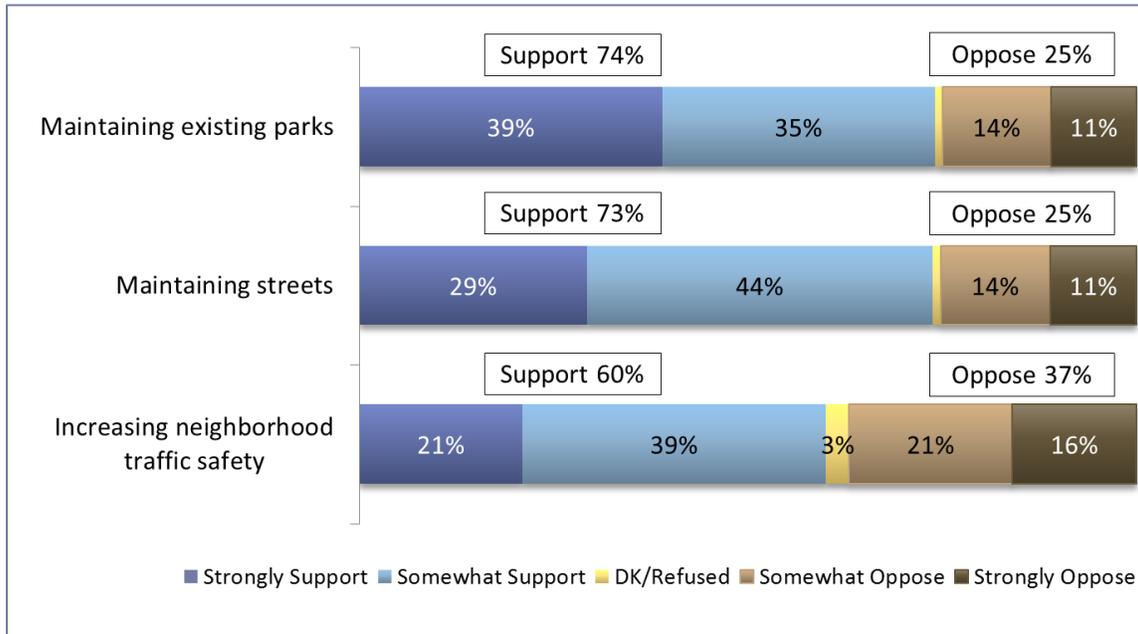
### Finding

- ***Three-fourths of residents say they would support a tax or fee increase to provide funding to maintain existing parks or maintain streets, although intensity of support is significantly higher for parks than for streets. Six-in-ten say they would support an increase for neighborhood traffic safety.***
- ***When asked which of these three measures is the highest priority for 2012, parks is the top choice, followed by maintaining streets, and neighborhood traffic safety.***
- ***NOTE: These results almost certainly overestimate actual levels of support for a specific ballot measure because:***
  - 1. The support questions are general and do not include any information about cost, revenue sources, or particular projects that would be funded by the measure.***
  - 2. This is a survey of registered voters, not likely voters and so the results reflect the least tax sensitive (most supportive) electorate.***
  - 3. The survey does not take into account other revenue measures that may be on the ballot at the same time.***

Three-fourths of residents say they would support a tax or fee increase to provide necessary funding for “maintaining existing parks” (74% Support / 25% Oppose) and “maintaining streets” (73% Support / 25% Oppose). Six-in-ten say (60%) they would support an increase for “increasing neighborhood traffic safety” but more than a third (37%) are opposed to this measure.

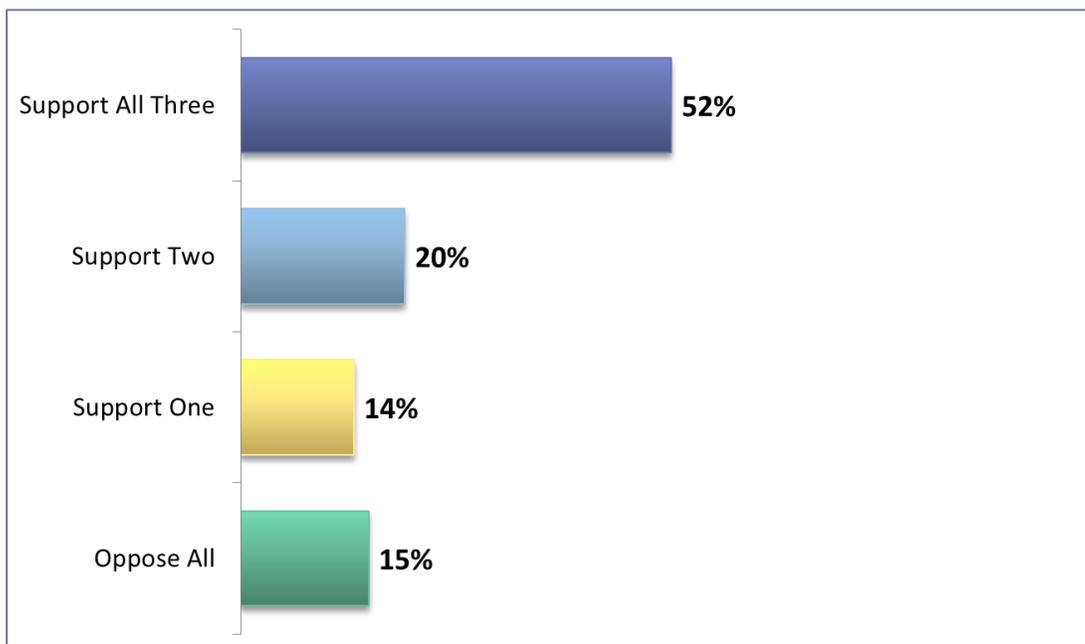
Strong support for a parks measure is at 39%, but drops to 29% for a streets measure and 21% support for a traffic safety measure, indicating that there is greater intensity of support behind a parks measure.

Figure 6-2 – Support for Specific Measures



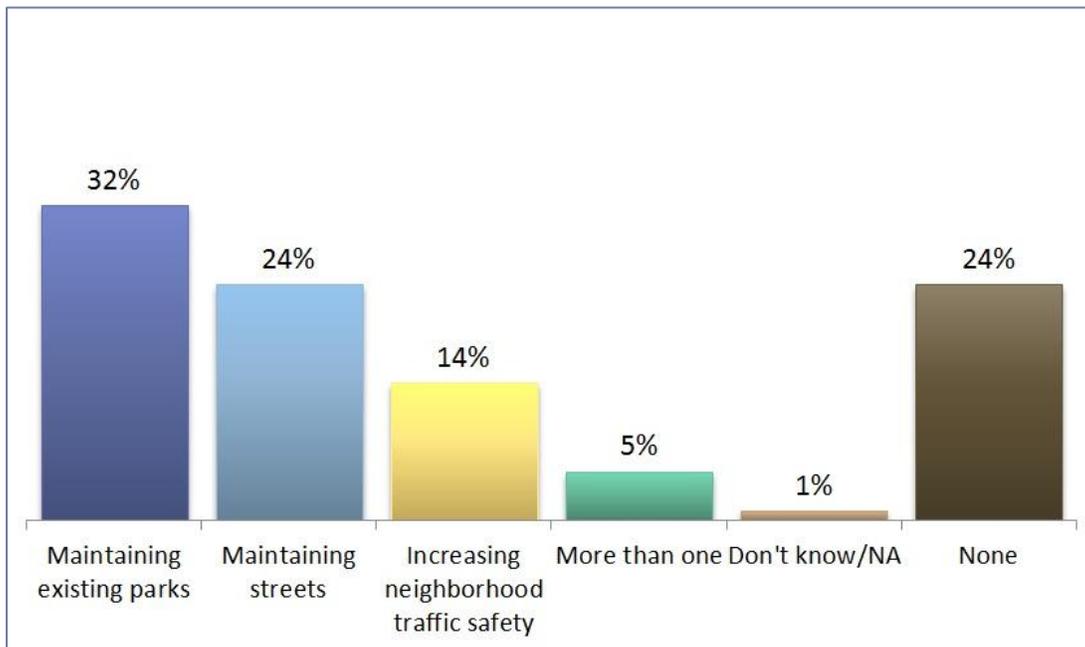
A majority (52%) of respondents support all three measures, another 20% support two of the three measures and 14% support just one measure. Only 15% oppose all three measures. Again, because of the reasons mentioned earlier (not costs or ballot specifics, registered voter population, other potential measures on the same ballot) this should not be read as indicating that if all three measures were on the ballot, they would get a 52% yes vote, but rather that there is strong general support for addressing all three of these issues.

Figure 6-3 – Combined Support



When respondents are asked which one of the three measures they would choose if they were asked to support a ballot measure in 2012, parks is the top choice at 32%, followed by streets (24%) and traffic safety (14%). This, along with the higher intensity of support for a parks measure in the earlier question strongly indicates that a parks measure has the strongest backing among registered voters.

Figure 6-4 – Measure Most Likely to Support



## 7 Emergency Preparedness

### 7.1 Measures Taken to Prepare

#### Question(s) Analyzed

The following are things that some people have done to prepare their household for disasters or emergencies? As I read each one, just say yes if you have done that at your home.

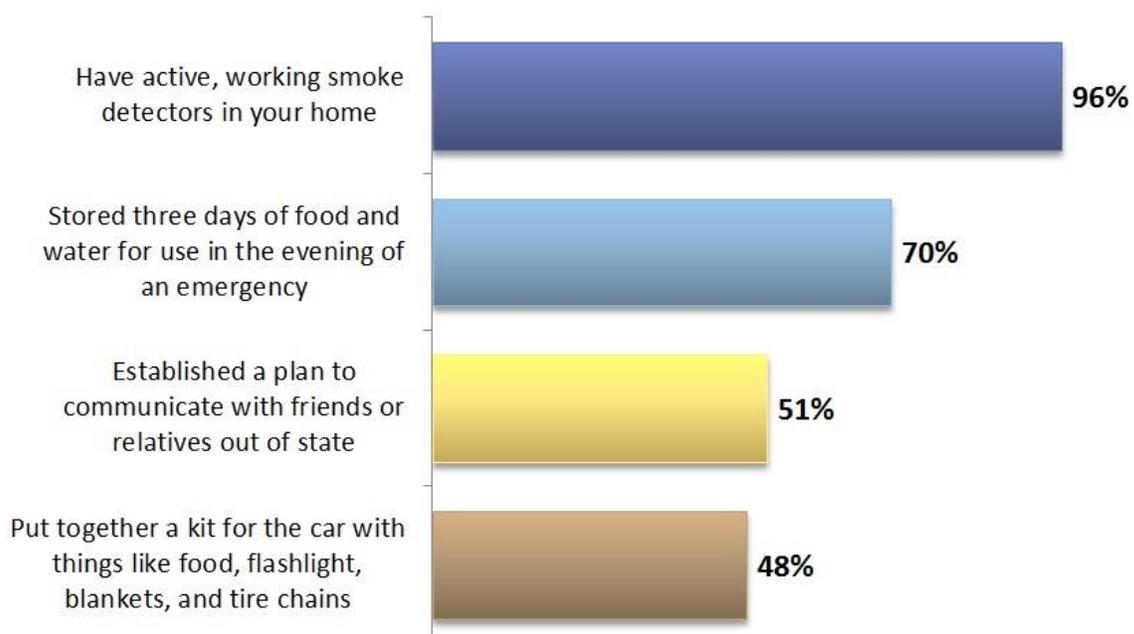
- Q26. Stored three days of food and water for use in the event of an emergency
- Q27. Put together a kit for the car, with things like food, flashlight, blankets, & tire chains
- Q28. Established a plan to communicate with friends or relatives out of state
- Q29. Have active, working smoke detectors in your home

#### Finding

- ***Kirkland residents' emergency preparedness is essentially unchanged since 2010. Most have working smoke detectors and three days of stored food/water. About half have established a communications plan, and put together an emergency kit for their car.***

Most residents (96%) have working smoke detectors in their home and seven-in-ten (70%) have three days of stored food and water. Half (51%) of residents have established a communications plan, and half (48%) have put together an emergency kit for their car.

Figure 7-1 – Emergency Preparedness Measures Taken



## 8 Demographics

### 8.1 Residency

#### 8.1.1 Pre-Annex: Length of Residency

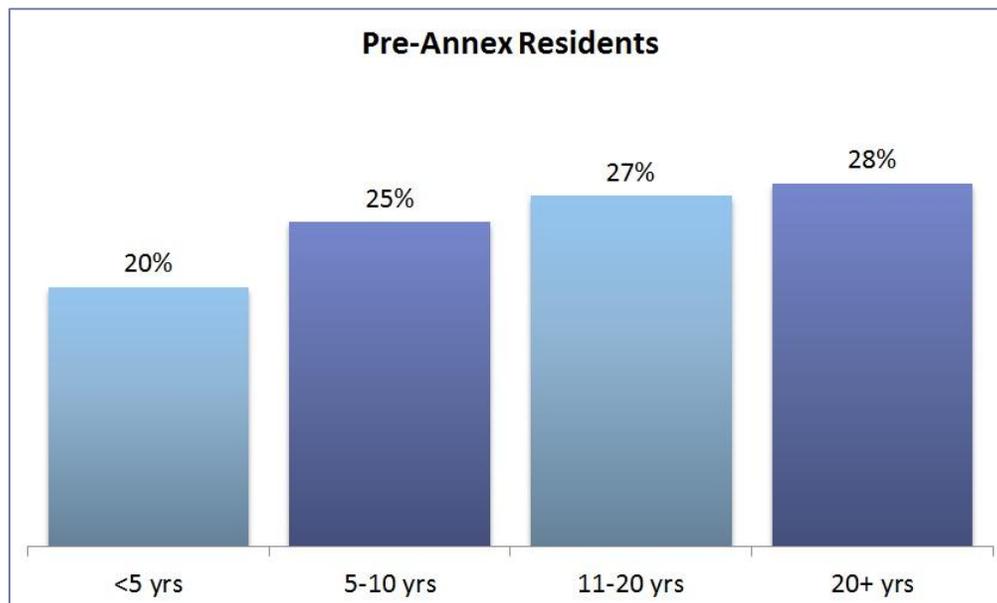
##### Question(s) Analyzed

Q5A. (Pre-Annex Residents) How long have you lived in Kirkland?

Pre-annex respondents were asked how long they have lived in the City of Kirkland and Post-annex residents were asked if they were aware that their area was part of the Kirkland.

While the survey saw a fairly wide distribution across all ranges of residency lengths, a majority (55%) of Pre-annex respondents have been City residents for over a decade and 80% have been in Kirkland for at least 5 years.

Figure 8-1 – Length of Residency (Pre-Annex)



### 8.1.2 Post-Annex : Awareness of Residency

#### Question(s) Analyzed

Q5B. **(Post-Annex Residents)** Were you aware or not that you live in an area recently annexed by the City of Kirkland, that is your area recently became part of the City of Kirkland?

#### Follow-up Statement

Q5B. In November 2009, a majority of voters in the areas of Juanita, Finn Hill and Kingsgate voted to annex to the City of Kirkland. The annexation became effective on June 1st, 2011. The City of Kirkland assumed responsibility for services previously provided to the area by King County such as police, parks and roads services.

Post-annex residents were asked if they were aware that the area they lived in was recently annexed by the City. If they were not aware, they were read a follow up statement explaining the annexation. There was near universal awareness of the annexation among these residents -- all but one respondent said they were aware their neighborhood had been annexed by The City of Kirkland.

## 8.2 Neighborhood

#### Question(s) Analyzed

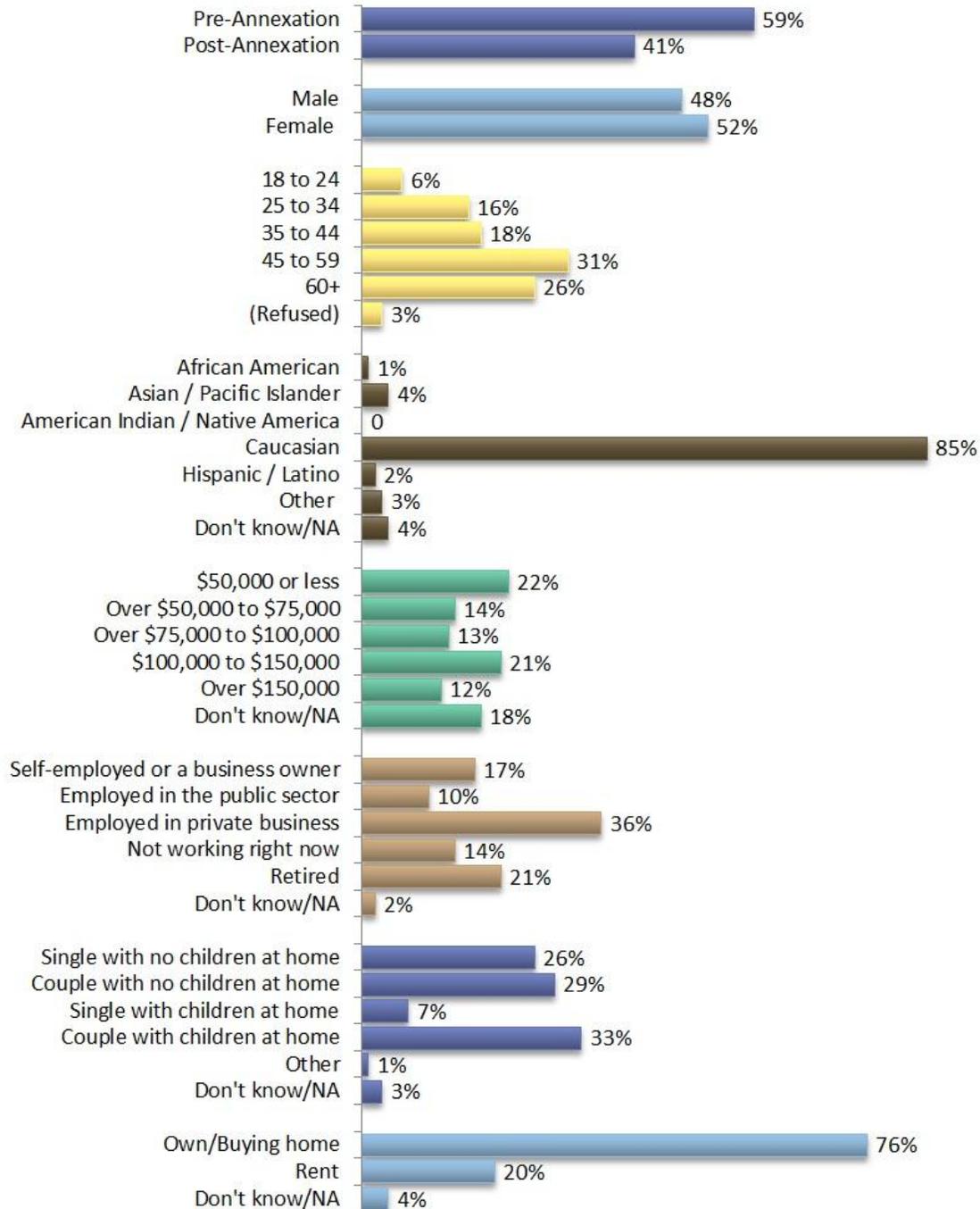
Q6. What neighborhood do you live in?

The table below shows the breakdown of respondents by neighborhood.

Figure 8-2 – Responses by Neighborhood

| Neighborhood                                    | %   | Neighborhood (continued) | %   |
|---|-----|--------------------------|-----|
| North Juanita (North of NE 124 <sup>th</sup> )  | 15% | Juanita (general)        | 2%  |
| Finn Hill                                       | 14% | Highlands                | 2%  |
| Kingsgate (a.k.a. Evergreen Hill)               | 9%  | Downtown                 | 1%  |
| South Juanita (South of NE 124 <sup>th</sup> )  | 8%  | Kirkland                 | 1%  |
| Central Houghton                                | 8%  | High Woodlands           | 1%  |
| North Rose Hill (North of NE 85 <sup>th</sup> ) | 7%  | Lakeview                 | <1% |
| South Rose Hill                                 | 6%  | Holmes Point             | <1% |
| Totem Lake                                      | 5%  | Inglemoore               | <1% |
| Norkirk   | 4%  | Everest                  | <1% |
| Bridle Trails                                   | 4%  | Furrlock                 | <1% |
| Market  | 3%  | Other                    | 3%  |
| Moss Bay  | 3%  | Don't Know/NA            | 4%  |

### 8.3 Demographics



## 9 Topline Results

---

Hello, my name is \_\_\_\_\_, may I speak with (NAME ON LIST). Hello, my name is \_\_\_\_\_, and I'm conducting a survey for the City of Kirkland to find out how people in your area feel about some of the different issues facing them. We are not trying to sell anything, and are collecting this information on a scientific and completely confidential basis.

---

### Annexation Variable

|                 |     |
|-----------------|-----|
| Pre-Annexation  | 59% |
| Post-Annexation | 41% |

### 1. Are you registered to vote at this address?

|                       |                  |
|-----------------------|------------------|
| Yes                   | 100%             |
| No =====>             | <b>TERMINATE</b> |
| (Don't know/NA)=====> | <b>TERMINATE</b> |

### 2. Gender [RECORD BY OBSERVATION]

|        |     |
|--------|-----|
| Male   | 48% |
| Female | 52% |

### 3. For statistical purposes only, what year were you born? [RECORD YEAR - VALID RANGE: 1900-1991: TERMINATE >= 1992] IF "NA" ==> "Would you say you are age..." [READ RESPONSES IN Q4]

### 4. [AGE - CODE AGE FROM PREVIOUS QUESTION]

|           |     |
|-----------|-----|
| 18 to 24  | 6%  |
| 25 to 34  | 16% |
| 35 to 44  | 18% |
| 45 to 59  | 31% |
| 60+       | 26% |
| (Refused) | 3%  |

5.a **[ASK IF SAMPLE=1 (Pre-Annexation)]** How long have you lived in Kirkland? Yrs\_\_\_ [IF <12 MONTHS RECORD AS 1 YR]

|              |     |
|--------------|-----|
| <5 Yrs       | 20% |
| 5 to 10 Yrs  | 25% |
| 11 to 20 Yrs | 27% |
| 20+ Yrs      | 28% |

5.b **[ASK IF SAMPLE = 2 (Post-Annexation)]** Were you aware or not that you live in an area recently annexed by the City of Kirkland, that is your area recently became part of the City of Kirkland?

|     |      |
|-----|------|
| Yes | 100% |
|-----|------|

**[IF Q5.b=2 NO/DON'T KNOW, THEN READ INFORMATION STATEMENT]**

**[INFORMATION STATEMENT]** In November 2009, a majority of voters in the areas of Juanita, Finn Hill and Kingsgate voted to annex to the City of Kirkland. The annexation became effective on June 1st, 2011. The City of Kirkland assumed responsibility for services previously provided to the area by King County such as police, parks and roads services.

6. What neighborhood do you live in? **[READ LIST IF NECESSARY]**

|  |     |
|--|-----|
| North Juanita (North of NE 124th)        | 15% |
| Finn Hill                                | 14% |
| Kingsgate (also known as Evergreen Hill) | 9%  |
| South Juanita (South of NE 124th)        | 8%  |
| Central Houghton                         | 8%  |
| North Rose Hill (North of NE 85TH)       | 7%  |
| South Rose Hill (south of NE 85TH)       | 6%  |
| Totem Lake                               | 5%  |
| Norkirk                                  | 4%  |
| Bridle Trails                            | 4%  |
| Market                                   | 3%  |
| Moss Bay                                 | 3%  |
| Juanita (general)                        | 2%  |
| Highlands                                | 2%  |
| Downtown                                 | 1%  |
| Kirkland                                 | 1%  |
| High Woodlands                           | 1%  |
| Lakeview                                 | <1% |
| Holmes Point                             | <1% |
| Inglemoore                               | <1% |
| Everest                                  | <1% |
| Furrlock                                 | <1% |
| Other                                    | 3%  |
| Don't Know/NA                            | 4%  |

7. How would you rate Kirkland as a place to live? Would you say it is...?
- |                 |     |      |
|-----------------|-----|------|
| Excellent       | 35% |      |
| Very Good       | 50% | →85% |
| Satisfactory    | 11% |      |
| Only Fair       | 3%  | →4%  |
| Poor            | 1%  |      |
| (Don't Know/NA) | --  |      |
8. What do you like best about living in Kirkland? \_\_\_\_\_ [1 RESPONSE]
- |  |     |
|--|-----|
| Convenience/ (General location)        | 23% |
| Small town feel/Community/Neighborhood | 19% |
| Access to water                        | 11% |
| Beautiful scenery/Peaceful/Clean       | 8%  |
| Safety                                 | 7%  |
| Close to parks/recreation              | 6%  |
| Nice place to live (general positive)  | 5%  |
| Family/Raised here                     | 3%  |
| Close to Seattle                       | 2%  |
| Close to Downtown                      | 2%  |
| Close to work                          | 2%  |
| Schools                                | 2%  |
| Other                                  | 4%  |
| Nothing                                | 2%  |
| Don't Know                             | 3%  |
9. When you think about the way things are going in Kirkland, what if anything concerns you? [1 RESPONSE]
- |                                      |     |
|--------------------------------------|-----|
| Development /Over development/Growth | 15% |
| Traffic/Infrastructure               | 7%  |
| Budget/Spending                      | 6%  |
| Police/Issues with Police            | 5%  |
| Taxes                                | 4%  |
| Leadership issues/Management         | 3%  |
| Totem Lake                           | 3%  |
| Housing                              | 2%  |
| Education/Schools                    | 2%  |
| More Businesses/Leaving              | 2%  |
| Garbage services                     | 2%  |
| Parking                              | 1%  |
| Cost of living                       | 1%  |
| Park Place                           | 1%  |
| Snow removal/plow                    | 1%  |
| Other                                | 8%  |
| No/None/Nothing                      | 28% |
| Don't Know                           | 8%  |

Please tell me how you think Kirkland City government is doing in each of the following areas. Use a scale of excellent, good, only fair, or poor. If you aren't sure one way or the other, please just say so.

**[BEFORE EACH: How would you rate (Insert QX)? [PROMPT IF NESESARRY: Would you say it is excellent, good, only fair, or poor]**

| SCALE | Excellent | Good | Only Fair | Poor | (Don't Know) | Net Positive |
|-------|-----------|------|-----------|------|--------------|--------------|
|-------|-----------|------|-----------|------|--------------|--------------|

**[RANDOMIZE]**

|     |  |     |                             |    |     |             |
|-----|--|-----|-----------------------------|----|-----|-------------|
| 10. | the job the City doing overall   |     |                             |    |     |             |
|     | 10%  | 58% | 18%                         | 5% | 9%  |             |
|     | <b>POSITIVE=====&gt;68%</b>  |     | <b>22%&lt;=====NEGATIVE</b> |    |     | <b>+46%</b> |
| 11. | the job the City is doing managing the public's money                          |     |                             |    |     |             |
|     | 5%   | 28% | 24%                         | 8% | 36% |             |
|     | <b>POSITIVE=====&gt;33%</b>  |     | <b>32%&lt;=====NEGATIVE</b> |    |     | <b>+1%</b>  |
| 12. | the job the City does keeping citizens informed                                |     |                             |    |     |             |
|     | 12%  | 50% | 22%                         | 7% | 8%  |             |
|     | <b>POSITIVE=====&gt;62%</b>  |     | <b>29%&lt;=====NEGATIVE</b> |    |     | <b>+33%</b> |
| 13. | the job the City does delivering services efficiently                          |     |                             |    |     |             |
|     | 16%  | 53% | 17%                         | 5% | 9%  |             |
|     | <b>POSITIVE=====&gt;69%</b>  |     | <b>22%&lt;=====NEGATIVE</b> |    |     | <b>+46%</b> |
| 14. | the job the City does focusing on the priorities that matter most to residents |     |                             |    |     |             |
|     | 5%   | 41% | 20%                         | 9% | 24% |             |
|     | <b>POSITIVE=====&gt;46%</b>  |     | <b>29%&lt;=====NEGATIVE</b> |    |     | <b>+17%</b> |

**[END RANDOMIZE]**

15. I'm going to read you a list of services and functions provided by the city. For each one, please tell me how important that city function is to you and your household. Use a scale of 1 to 5, where 1 means that it is "not at all important" and 5 means it is "extremely important."

| SCALE | 1             | 2 | 3 | 4         | 5 | (Don't Know) | Mean |
|-------|---------------|---|---|-----------|---|--------------|------|
|       | Not important |   |   | Important |   |              |      |

[RANDOMIZE]

|  |     |     |     |     |     |    |            |
|--|-----|-----|-----|-----|-----|----|------------|
| a. Managing traffic flow                         | 3%  | 5%  | 18% | 38% | 36% | -  | <b>4.0</b> |
| b. Maintaining streets                           | 1%  | 2%  | 15% | 39% | 43% | -  | <b>4.2</b> |
| c. Recreation programs and classes               | 8%  | 10% | 30% | 32% | 18% | 1% | <b>3.5</b> |
| d. City Parks                                    | 2%  | 2%  | 18% | 35% | 43% | 1% | <b>4.1</b> |
| e. Fire and emergency medical services           | 1%  | -   | 5%  | 16% | 77% | -  | <b>4.7</b> |
| f. Police services                               | 2%  | 3%  | 9%  | 24% | 61% | 1% | <b>4.4</b> |
| g. Support for neighborhoods                     | 4%  | 9%  | 21% | 36% | 23% | 6% | <b>3.7</b> |
| h. Attracting and keeping businesses in Kirkland | 4%  | 3%  | 15% | 32% | 45% | 1% | <b>4.1</b> |
| i. Pedestrian safety                             | 3%  | 4%  | 11% | 32% | 50% | -  | <b>4.2</b> |
| j. Bike safety                                   | 11% | 11% | 23% | 27% | 26% | 2% | <b>3.4</b> |
| k. Availability of sidewalks and walking paths   | 3%  | 7%  | 19% | 36% | 36% | -  | <b>3.9</b> |
| l. Support for arts in the community             | 8%  | 14% | 32% | 30% | 15% | 1% | <b>3.3</b> |
| m. Community events                              | 10% | 14% | 36% | 32% | 9%  | -  | <b>3.2</b> |
| n. Zoning and land use                           | 3%  | 6%  | 28% | 29% | 28% | 6% | <b>3.8</b> |
| o. Recycling and garbage collection              | 1%  | 2%  | 13% | 36% | 48% | -  | <b>4.3</b> |
| p. Emergency preparedness                        | 2%  | 3%  | 18% | 28% | 46% | 3% | <b>4.2</b> |
| q. Protecting our natural environment            | 4%  | 2%  | 17% | 34% | 42% | 1% | <b>4.1</b> |
| r. Services for people in need                   | 3%  | 5%  | 19% | 33% | 35% | 5% | <b>4.0</b> |

[END RANDOMIZE]

16. Using the same list, please tell me how well you think the city is doing in each area. Use an A thru F grading scale where A means Excellent, B means Above Average, C is Average, D is Below Average, and F is Failing.

| SCALE  | A         | B   | C   | D       | F  | (Don't Know) | GPA        |
|--|-----------|-----|-----|---------|----|--------------|------------|
|  | Excellent |     |     | Failing |    |              |            |
| <b>[RANDOMIZE]</b>                               |           |     |     |         |    |              |            |
| a. Managing traffic flow                         | 9%        | 46% | 29% | 9%      | 4% | 3%           | <b>2.5</b> |
| b. Maintaining streets                           | 13%       | 42% | 34% | 7%      | 2% | 2%           | <b>2.6</b> |
| c. Recreation programs and classes               | 17%       | 39% | 16% | 5%      | 1% | 21%          | <b>2.8</b> |
| d. City Parks                                    | 28%       | 47% | 16% | 3%      | 1% | 5%           | <b>3.0</b> |
| e. Fire and emergency medical services           | 47%       | 31% | 8%  | 2%      | 1% | 11%          | <b>3.4</b> |
| f. Police services                               | 39%       | 35% | 11% | 4%      | 3% | 7%           | <b>3.1</b> |
| g. Support for neighborhoods                     | 11%       | 31% | 28% | 4%      | 3% | 23%          | <b>2.6</b> |
| h. Attracting and keeping businesses in Kirkland | 10%       | 27% | 28% | 14%     | 5% | 17%          | <b>2.3</b> |
| i. Pedestrian safety                             | 27%       | 44% | 18% | 4%      | 1% | 6%           | <b>3.0</b> |
| j. Bike safety                                   | 13%       | 38% | 25% | 7%      | 2% | 16%          | <b>2.7</b> |
| k. Availability of sidewalks and walking path    | 14%       | 47% | 26% | 6%      | 2% | 4%           | <b>2.7</b> |
| l. Support for arts in the community             | 17%       | 38% | 22% | 5%      | 1% | 17%          | <b>2.8</b> |
| m. Community events                              | 16%       | 41% | 25% | 4%      | 1% | 15%          | <b>2.8</b> |
| n. Zoning and land use                           | 4%        | 26% | 25% | 9%      | 6% | 29%          | <b>2.2</b> |
| o. Recycling and garbage collection              | 45%       | 39% | 10% | 2%      | 2% | 2%           | <b>3.3</b> |
| p. Emergency preparedness                        | 14%       | 29% | 18% | 5%      | 2% | 32%          | <b>2.7</b> |
| q. Protecting our natural environment            | 17%       | 43% | 21% | 4%      | 2% | 13%          | <b>2.8</b> |
| r. Services for people in need                   | 9%        | 28% | 20% | 4%      | 1% | 38%          | <b>2.6</b> |
| <b>[END RANDOMIZE]</b>                           |           |     |     |         |    |              |            |

17. With the demand for City services increasing faster than the City's revenue would you choose to...?  
**[RANDOMIZE]**
- |   |     |  |
|---|-----|--|
| Increase taxes to meet the demand for city services | 36% |  |
| <b>OR</b>   |     |  |
| Keep taxes the same and reduce city services        | 48% |  |
| <b>[END RANDOMIZE]</b>                              |     |  |
| (Neither)   | 5%  |  |
| (Don't Know/ NA)                                    | 10% |  |
18. Thinking about the types of stores, goods and services available in Kirkland... would you say that you are?
- |   |     |      |
|---|-----|------|
| Very satisfied with the availability of goods & services    | 21% | →81% |
| Satisfied   | 60% |      |
| Dissatisfied  | 14% | →17% |
| Very dissatisfied with the availability of goods & services | 3%  |      |
| (Don't Know/NA)   | 2%  |      |
19. In general, how safe do you feel walking alone in your neighborhood during the day?
- |                 |     |      |
|-----------------|-----|------|
| Very Safe       | 71% | →98% |
| Safe            | 27% |      |
| Somewhat Unsafe | 1%  | →1%  |
| Very Unsafe     | --  |      |
| (Don't know/NA) | --  |      |
20. And how safe do you feel walking alone in your neighborhood after dark?
- |                 |     |      |
|-----------------|-----|------|
| Very Safe       | 34% | →79% |
| Safe            | 45% |      |
| Somewhat Unsafe | 16% | →20% |
| Very Unsafe     | 4%  |      |
| (Don't know/NA) | 2%  |      |
21. In general, how satisfied are you with your neighborhood's infrastructure such as streets and sidewalks, and roadside landscaping?
- |                       |     |      |
|-----------------------|-----|------|
| Very satisfied        | 27% | →82% |
| Somewhat satisfied    | 55% |      |
| Somewhat dissatisfied | 14% | →18% |
| Very dissatisfied     | 4%  |      |
| (Don't know/NA)       | 2%  |      |

Next I am going to read a list of services that some Kirkland citizens feel need to be improved. Each of these would require a tax or fee increase to provide the necessary funding. As I read each one, tell me whether you would support or oppose increasing local taxes for that purpose. Tell me whether you Strongly Support, Somewhat Support, Somewhat Oppose or Strongly Oppose each one. The first one is...

**[RANDOMIZE]**

|     |  |     |      |
|-----|--|-----|------|
| 22. | Maintaining existing parks             |     |      |
|     | Strongly support                       | 39% | →74% |
|     | Somewhat support                       | 35% |      |
|     | Somewhat oppose                        | 14% | →25% |
|     | Strongly oppose                        | 11% |      |
|     | (Don't know/Refuse)                    | 1%  |      |
| 23. | Maintaining Streets                    |     |      |
|     | Strongly support                       | 29% | →73% |
|     | Somewhat support                       | 44% |      |
|     | Somewhat oppose                        | 14% | →25% |
|     | Strongly oppose                        | 11% |      |
|     | (Don't know/Refuse)                    | 1%  |      |
| 24. | Increasing Neighborhood Traffic Safety |     |      |
|     | Strongly support                       | 21% | →60% |
|     | Somewhat support                       | 39% |      |
|     | Somewhat oppose                        | 21% | →37% |
|     | Strongly oppose                        | 16% |      |
|     | (Don't know/Refuse)                    | 3%  |      |

**[END RANDOMIZE]**

25. If you were asked to support a tax measure in 2012 and had to choose one of these three measures, which would you be most likely to support: **(RANDOMIZE)** maintaining existing parks, maintaining streets, or increasing neighborhood traffic safety **(END RANDOMIZE)** or would you be unlikely to support any of these measures?

|  |     |
|--|-----|
| Maintaining existing parks             | 32% |
| Maintaining Streets                    | 24% |
| Increasing Neighborhood Traffic Safety | 14% |
| None                                   | 24% |
| (More than one)                        | 5%  |
| (Don't know/NA)                        | 1%  |

The following are things that some people have done to prepare their household for disasters or emergencies? As I read each one, just say yes if you have done that at your home. The first one is...

**[RANDOMIZE]**

- |     |   |     |
|-----|---|-----|
| 26. | Stored three days of food and water for use in the event of an emergency.                   |     |
|     | Yes   | 70% |
|     | No  | 29% |
|     | (Don't Know/NA)   | 1%  |
| 27. | Put together a kit for the car, with things like food, flashlight, blankets, & tire chains. |     |
|     | Yes   | 48% |
|     | No  | 52% |
|     | (Don't Know/NA)   | --  |
| 28. | Established a plan to communicate with friends or relatives out of state.                   |     |
|     | Yes   | 51% |
|     | No  | 47% |
|     | (Don't Know/NA)   | 2%  |
| 29. | Have active, working smoke detectors in your home.  |     |
|     | Yes   | 96% |
|     | No  | 4%  |
|     | (Don't Know/NA)   | 1%  |

**[END RANDOMIZE]**

- |     |   |     |
|-----|---|-----|
| 30. | In general, how well-informed would you say you are about Kirkland City government? Would you say you are...? |     |
|     | Well Informed   | 11% |
|     | Somewhat informed   | 46% |
|     | Not very informed   | 43% |
|     | (Don't know/NA)   | --  |

31. What is your primary source of information for finding out what is going on with Kirkland City government? **[ASK OPEN ENDED]**
- |                                     |     |
|-------------------------------------|-----|
| (Kirkland Reporter)                 | 31% |
| (City Newsletter)                   | 16% |
| (Kirkland/City Website)             | 10% |
| (City Television Channel)           | 6%  |
| (Word of mouth)                     | 6%  |
| (City email list)                   | 6%  |
| (Neighborhood association meetings) | 5%  |
| (Local Blogs)                       | 3%  |
| (Mail)                              | 2%  |
| (Radio)                             | 2%  |
| (Twitter)                           | 1%  |
| (Kirkland Journal)                  | 1%  |
| (Facebook)                          | 1%  |
| (Other)                             | 3%  |
| (None)                              | 5%  |
| (Don't know/NA)                     | 3%  |

Finally, I'd like to ask you a few questions for statistical purposes only.

32. Which the following best describes you at this time? Are you...?
- |                                   |     |
|-----------------------------------|-----|
| Self-employed or a business owner | 17% |
| Employed In The Public Sector     | 10% |
| Employed In Private Business      | 36% |
| Not Working Right Now             | 14% |
| Retired                           | 21% |
| [Don't know/NA]                   | 2%  |
33. Which of the following best describes your household?
- |                                 |     |
|---------------------------------|-----|
| Single with no children at home | 26% |
| Couple with no children at home | 29% |
| Single with children at home    | 7%  |
| Couple with children at home    | 33% |
| Other                           | 1%  |
| [Don't know/NA]                 | 3%  |

34. Which of the following best describes your race or ethnic background?
- |                                   |     |
|-----------------------------------|-----|
| African American                  | 1%  |
| Asian / Pacific Islander          | 4%  |
| American Indian / Native American | <1% |
| Caucasian                         | 85% |
| Hispanic / Latino                 | 2%  |
| Other                             | 3%  |
| [Don't know/NA]                   | 4%  |
35. Do you own or rent the place in which you live?
- |                 |     |
|-----------------|-----|
| Own/(Buying)    | 76% |
| Rent            | 20% |
| [Don't know/NA] | 4%  |
36. Finally, I am going to list four broad categories. Just stop me when I get to the category that best describes your approximate household income - before taxes - for 2011.
- |                            |     |
|----------------------------|-----|
| \$50,000 or less           | 22% |
| Over \$50,000 to \$75,000  | 14% |
| Over \$75,000 to \$100,000 | 13% |
| \$100,000 to \$150,000     | 21% |
| Over \$150,000             | 12% |
| [Don't know/NA]            | 18% |
37. Do you have a cell phone or not?
- |           |     |
|-----------|-----|
| Yes       | 92% |
| No        | 6%  |
| (Refused) | 2%  |
- [IF Q37=2-RESPONDENT DOES NOT HAVE CELLPHONE SKIP TO END]**
38. How much do you rely on your cell phone? Would you say you rely on your cell phone **[READ RESPONSES]**
- |  |     |
|--|-----|
| All the time - it's your only phone              | 33% |
| A great deal - it's your primary phone           | 30% |
| Some - you use it occasionally                   | 22% |
| Very little - you mostly have it for emergencies | 14% |

**THANK YOU!**



**CITY OF KIRKLAND**  
**Department of Finance & Administration**  
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[www.kirklandwa.gov](http://www.kirklandwa.gov)

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## MEMORANDUM

**To:** Kurt Triplett, City Manager

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

**Date:** March 8, 2012

**Subject:** City Council Retreat – Financial Update

The purpose of this memo is to provide a brief recap of the year-end 2011 financial results, a discussion of the 2012 outlook, present the 2013-2018 financial forecast, and provide financial context looking ahead to the City's next budget process.

### 2011 Year-End Results

The year-end results for 2011 are discussed in detail in the Financial Management Report (FMR), which is included as **Attachment A**. This section provides a brief overview of the General Fund results versus the budget:

- Actual 2011 **General Fund revenues** ended the year \$2.1 million under the budgeted level (\$66.5 million versus budget of \$68.6 million) excluding the \$3.6 million in annexation-related asset transfers from Fire District 41 and Woodinville Fire & Rescue; and budgeted interfund charges. General Fund sales tax was up 4.5 percent, but that gain was offset by utility tax, plan check fees and fines and forfeitures revenues that fell short of budgeted levels. The 2011-2012 budget included an estimate of revenues in the annexation area, which fell short of expectations last year. Staff is currently analyzing annexation revenues to date and undertaking various efforts to determine the reasons for the differences between 2011 actuals and the amounts identified by King County. Efforts are also underway to gather additional data in order to generate more refined estimates as part of the 2013-2014 budget process.
- Actual 2011 **General Fund expenditures** ended the year about \$4.3 million under budget, including 2011 obligations to be paid in 2012. About half of the under-expenditures are a result of salary and benefit savings partially due to delayed hiring for annexation, this savings is not expected to continue at the same level in 2012. The remaining under expenditures are primarily due to savings in intergovernmental and professional services. All departments under-expended their budgets in 2011. These under-expenditures offset revenue shortfalls in 2011 and will help meet budgeted obligations in 2012.

### 2012 Outlook

As we proceed into 2012, there continue to be signs that many key revenues may be stabilizing, although several at much reduced levels than prior to the recession. The impact of annexation

continues to complicate trend analysis since it occurred 5 months into 2011, which in turn makes year-to-date trends with 2012 challenging to interpret. Although annexation was effective as of June 1<sup>st</sup>, 2011, the commencement of revenue receipts varied. Utility taxes were expected to start in July, while the normal lag for sales tax meant these revenues were not received until September. Staff is still analyzing and researching some key issues related to annexation revenues as noted below. At their January meeting, the Finance Committee determined that it would be less redundant and more meaningful if the "dashboard" report was done every other month. Accordingly, the February dashboard report shows January and February results and is provided as **Attachment B**.

- **Sales tax receipts** through February are up 2.8 percent over the same period last year. However, 2012 revenue from the new neighborhoods and one-time field recoveries in both years skew the comparison. Normalizing for these two factors, revenue would be up about 1.8 percent. Sales tax revenue from the new neighborhoods continues at dramatically lower levels than were originally budgeted (projection of about \$0.77 million under budget in 2012). The budget was based on estimates provided by King County and staff is currently working with the County to identify reasons for the significant variance, and the Department of Revenue to ensure that Kirkland is receiving all of the revenue due from the new neighborhoods. A more detailed analysis can be found in the February sales tax memo, which is included as **Attachment C**.
- **Utility tax revenue** trends in 2011 create a concern for 2012 and beyond. Telecommunications revenue was almost \$1 million under budget in 2011, which was partially offset by other utility tax revenue. Staff continue efforts to verify that the City is receiving all of the revenue due from the new neighborhoods. The forecast that follows assumes the lower level of telecommunications utility tax revenue to continue.
- **Business license fees** through February are trending about the same last year, which would be on track with budget expectations.
- **Development-related revenues** were up substantially in 2011 compared to 2010, but ended the year at 93 percent of budget, with Plan Review and Building Permit revenues falling 23% below budget. Engineering services revenue ended the year at 163.6 percent of budget due to the receipt of school permit revenues, a portion of which will be set aside for work that will occur in future years. The 2012 budget assumes \$0.7 million in permit fee revenue from redevelopment at Park Place. There are three vacant positions (2.5 FTEs) in the Building Department that will remain unfilled until there is more clarity on the timing for that project.
- The transition to self-insured **medical benefits** began in January 2011 and we are tracking program expenditures closely. It appears the program ended the year on track at the end of 2011 and a more detailed status report is being prepared by the Human Resources Department.

The State Legislature's struggle to finalize a balanced state budget creates some uncertainties for 2012 and beyond. The State's challenge is to close its own budget deficit and some options presented could negatively impact cities, such as changes in the liquor profits and related excise tax apportionments or cost shifting for programs such as the basic law enforcement academy. The good news is the annexation sales tax credit appears to be safe. The net impact of the various current proposals range from about \$0.2 million in 2012 to about \$0.5 million in 2013. A comparison of the impact of the budget proposals as of March 9, 2012 is included as **Attachment D**. Additionally, there are some **fiscal flexibility bills** under consideration in the State Legislature to provide cities with tools to help cope with impacts from State budget

decisions, as well as current economic conditions. The City will continue to actively participate in the legislative session and any opportunities or impacts from the final outcome will be brought forward as part of the mid-year budget adjustments.

The 2012 General Fund beginning balance is \$16.8 million and includes \$2.2 million in net savings, which is the result of the \$2.1 million revenue shortfall and the \$4.3 million in 2011 under-expenditures. The 2011 under-expenditures are \$1.2 million more than estimated during the mid-biennial process. Of the beginning balance of \$16.8 million, \$11.1 million is budgeted reserves and revolving fund balances; \$1.74 million is from the Woodinville Fire & Rescue asset transfer received in 2011 that was budgeted in 2012; \$1.72 million is from the Fire District asset transfer and is set aside for close-out costs and construction of the consolidated fire station; and \$1.2 million is required for 2011 commitments being paid in 2012. The remaining \$1.0 million is potentially available to address any additional shortfalls in 2012 revenues.

If the City ends 2012 with unobligated General Fund cash, staff will bring forward proposed uses based on the principles adopted by Council through Resolution R-4900 which states that unplanned reserve replenishments should occur when ending fund balances are higher than budgeted, either due to higher than budgeted revenues or under-expenditures. Such unplanned replenishments would help the City achieve its financial stability goals of maintaining a minimum balance in general purpose reserves of 80% of target.

#### *Forecast*

The 6-year financial forecast has been updated to reflect the actual revenues and expenditures in 2011 and the budgeted 2012 expenditures. The 2012 revenues have been reduced to account for the anticipated shortfalls in sales tax revenue (about \$0.77 million from the annexation area) and telecommunications utility revenues (approximately \$1.0 million less than budget) based on the variance from budget in 2011. No growth in utility taxes is assumed over the forecast period.

The forecast includes the full annexation state sales tax credit. It is important to keep in mind that the state sales tax credit is only available to fund any actual shortfalls between annexation revenues and expenses.

The baseline forecast continues to assume a slow economic recovery and reflects recent revenue trends by making the following changes to revenue projections over the forecast period:

- Reducing 2012 sales tax and utility tax revenues as highlighted above.
- Reducing the growth in sales tax revenue from 4% to 3% per year in 2013 and 2014. A growth rate of 4% is assumed for 2015-2018.
- Reducing the growth in utility tax revenues from 3% per year as assumed in the budget to no growth (0%) for the forecast period.

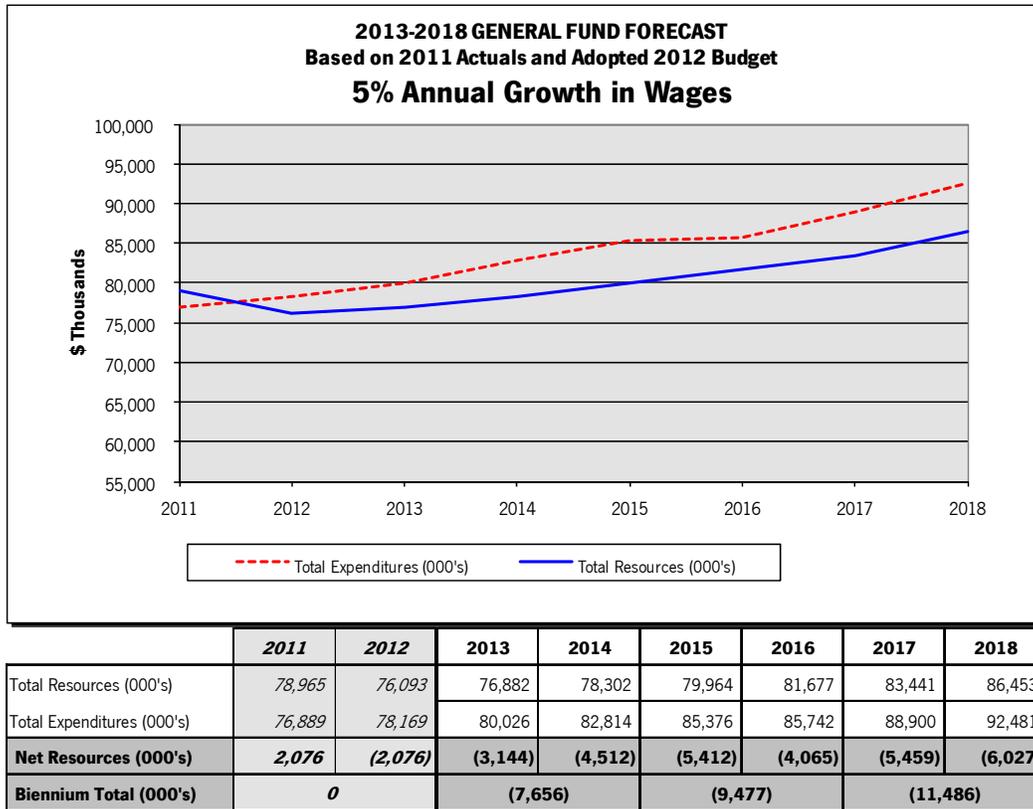
In addition, the forecast reflects Council's direction by assuming planned reserve replenishment set at 1% of General Fund expenditures starting in 2013.

As of this writing, the State Legislature is still in session and the impacts on Kirkland's budget as a result of their actions to balance the State's budget have not been finalized. The forecasts included in this packet do not include any potential impacts of the pending legislation.

The key assumptions in the Baseline Forecast include:

- Revenues
  - Actual revenues in 2011,
  - 1% optional property tax and 1% annual growth in new construction property tax in 2013-2018 (versus 2% growth in new construction in prior forecasts),
  - 2012 sales tax budget reduced by \$0.77 million based on the shortfall in annexation area sales tax revenue in 2011. Sales tax revenue growth of 3% in 2013-2014, and 4% annual growth reflected in 2015-2018 projections,
  - \$1.0 million reduction in utility tax revenue in 2012 and no annual growth in utility taxes in 2013-2018,
  - 2% growth in other taxes (revenue generating regulatory license and gambling taxes) in 2013-2018,
  - 2% growth in other revenue in 2013-2018,
  - No diversion of current revenue sources to/from CIP and no additional use of reserves.
- Expenditures
  - 2011 actuals and 2012 adopted budget, excluding one-time annexation-related service packages,
  - An increase of 2.5% was assumed for 2012, in addition to planned step increases. For 2013-2018, a total annual growth rate of 5% in wages is assumed (comprised of assumed raises of 2.5%, steps and longevity of 1.5%, and market/other adjustments of 1.0%),
  - 7% annual increase in all benefit costs for 2013-2018, which includes medical and pension contributions,
  - No annual growth in supplies, services & capital in 2013-2018,
  - 1% planned reserve replenishment.

The graph of the baseline results follows.



Given that any economic recovery is fragile and that a variety of forecast assumptions could be made, the table below provides the impacts of changing each of the key assumptions by 1%. The figures reflect the annual impact of each 1% change on the net resources.

**Summary Impact of 1% Change in Key Variables**

| Variable                     | Impact of 1%<br>Change in 2012 |
|------------------------------|--------------------------------|
| <b>Resources</b>             |                                |
| Sales Tax                    | 155,272                        |
| Property Tax                 | 160,290                        |
| Utility Taxes                | 100,371                        |
| Other Taxes                  | 23,870                         |
| <b>Expenditures</b>          |                                |
| Wages                        | 294,178                        |
| Benefits                     | 123,915                        |
| Supplies, Services & Capital | 179,568                        |

**Financial Context Looking Ahead**

While there are some reductions to the projected 2012 revenues, no expenditure reductions are currently envisioned to balance the 2011-2012 budget since the anticipated shortfalls can be offset by the under-expenditures in 2011. However, looking ahead, there are a number of major issues and uncertainties facing the City as it moves toward the next budget process:

- The final outcome of pending **legislation** is potentially one of the largest uncertainties in the City's near-term financial outlook. As mentioned earlier, any budget adjustments will be brought forward for Council action as part of the mid-year budget adjustments.
- The City's **revenues** appear to be stabilizing with a few significant exceptions described earlier, especially sales tax from the new neighborhoods and telecommunication utility taxes. Overall, the City's revenues may remain at a much lower level than in the past. The forecast assumes that the sales tax and utility taxes collected from the new neighborhoods will continue at the level experienced to date. If staff is able to identify and correct tax revenues that should be coming to the City, the resulting revenues will improve the forecast.
- There are currently **23 vacant positions** (28 FTEs) in the General Fund, 22 of which are positions approved in anticipation of annexation that have either been held open in 2011 or were planned to start in 2012. The City Manager will be reviewing the open positions to determine whether there is a need to fill them given the City's current experience providing service to those areas. If any of the positions are eliminated, there will be a positive impact on the forecast.
- While becoming self-insured is helping to control the City's **cost growth**, inflationary pressures on wages could potentially undo much of this gain. Each 1% increase in wage growth adds almost \$300,000 to the City's wage costs. Establishing better controls over labor costs will continue to be important as the City strives to build a more sustainable budget.
- As the City develops the 2013-18 Capital Improvement Program (**CIP**), the ability to fund capital projects in light of reduced funding projections and increased demands reflecting near-term needs in the new neighborhoods is going to be a challenge.
- Other **unfunded needs** include:
  - Purchase of the Eastside Rail Corridor – While the Council has identified an interim funding mechanism (an interfund loan) to purchase the rail corridor, a long-term funding option has yet to be decided upon.
  - Sinking Funds – As staff evaluates the establishment of new sinking funds for the replacement of public safety equipment and information technology infrastructure and systems, the preliminary estimates for annual contributions is approximately \$0.75 million, excluding major systems such as the City's financial system. The Council will be updated on the results of this analysis as part of the 2013-2014 budget development process.
  - Reserve Replenishment – The City's use of general purpose reserves during the recent economic downturn requires that these reserves be replenished as funds are available.
  - Availability of funds for needs that have been funded historically with one-time cash (ARCH, apportion of Human Services, etc.).
- The outcome of Council deliberations regarding the Transportation Benefit District and the recommendations of the Parks Funding Exploratory Committee could also impact the priorities that the City emphasizes in the next biennium and beyond.

The tentative calendar for the 2013-2014 Budget and 2013-2018 CIP is included as **Attachment E**.



# Financial Management Report as of December 31, 2011

## AT A GLANCE:

- City of Kirkland to Purchase "Kirkland Segment" of Rail Corridor (page 2 sidebar)
- 2011 revenues ended the year below expectations (page 3)
- 2011 Sales tax revenue ended the year ahead of 2010 (page 5)
- Economy remains uncertain (pages 7-8)

## Inside this issue:

|                           |    |
|---------------------------|----|
| Expenditure Summary       | 2  |
| General Fund Revenue      | 3  |
| General Fund Expenditures | 4  |
| Sales Tax Revenue         | 5  |
| Economic Environment      | 7  |
| Investment Report         | 8  |
| Reserve Summary           | 10 |

*The Financial Management Report was a challenge to interpret in 2011 due to annexation, which impacted expenditures and revenues at different times throughout the year. In particular, the City incurred increasing expenses month-by-month to gear up for annexation, but no revenue from the annexation area was collected until July and the bulk of the revenue was not received until the fourth quarter. Additionally, certain one-time revenues received in 2011 as a result of annexation are budgeted for use in 2012 to balance the budget. As a result, instead of discussing the comparison of 2011 actual revenues and expenditures to the prior year, this quarter's FMR will compare the 2011 actual results to the 2011 budget and highlight revenues received in 2011 that will be used to offset expenditures budgeted in 2012.*

## Summary of All Operating Funds: Revenue

- **General Fund** actual 2011 revenue ended the year at **96.9 percent** of budget (excluding asset transfers from Fire District 41 and Woodinville Fire & Rescue and inter-fund transfers totaling \$3.6 million, of which \$2.4 million is budgeted for use in 2012 and the remaining is set aside for the construction of the consolidated fire station). The 2011 budget included revenues projected for the annexation area, which came in lower than projected. A more detailed analysis of General Fund revenue can be found on page 3, and sales tax revenue performance can be found beginning on page 5.
- **Other General Government Funds** actual 2011 revenue ended the year at **109.2 percent** of budget. This included all of the one-time County Road Levy revenue received as a result of annexation. \$1.1 million of the Road levy is budgeted in 2012 to offset authorized expenditures. Excluding the additional road tax, Other General Government Funds actual 2011 revenue to budget would be at 101.4 percent.
- Actual 2011 revenue for the **Water/Sewer Operating Fund** ended the year at **97.8 percent** of budget. Water service revenues ended under budget by 2.2 percent due to lower consumption as a result of the unusually cool and damp summer months in 2011.
- **Surface Water Management Fund** actual 2011 revenue ended the year at **98.4 percent** of budget. Surface Water charges are paid at the same time as property taxes, which are primarily received in April and October.
- **Solid Waste Fund** actual 2011 revenue ended the year at **93.7 percent** of budget, \$650,000 below budget. This is primarily due to the larger than anticipated number of customers migrating to smaller container sizes. The finance committee will be evaluating the current rate policies during the first quarter of 2012.

| Resources by Fund                    | Year-to-Date Actual |                    |              | Budget             |                    |              | % of Budget   |              |
|--------------------------------------|---------------------|--------------------|--------------|--------------------|--------------------|--------------|---------------|--------------|
|                                      | 12/31/2010          | 12/31/2011         | % Change     | 2010               | 2011               | % Change     | 2010          | 2011         |
| <b>General Gov't Operating:</b>      |                     |                    |              |                    |                    |              |               |              |
| General Fund <sup>1</sup>            | 54,300,280          | 66,520,145         | 22.5%        | 54,706,544         | 68,664,728         | 25.5%        | 99.3%         | 96.9%        |
| Other General Gov't Operating Funds  | 16,181,806          | 18,208,455         | 12.5%        | 15,798,095         | 16,672,780         | 5.5%         | 102.4%        | 109.2%       |
| <b>Total General Gov't Operating</b> | <b>70,482,086</b>   | <b>84,728,600</b>  | <b>20.2%</b> | <b>70,504,639</b>  | <b>85,337,508</b>  | <b>21.0%</b> | <b>100.0%</b> | <b>99.3%</b> |
| <b>Utilities:</b>                    |                     |                    |              |                    |                    |              |               |              |
| Water/Sewer Operating Fund           | 18,462,427          | 19,363,705         | 4.9%         | 20,660,066         | 19,807,418         | -4.1%        | 89.4%         | 97.8%        |
| Surface Water Management Fund        | 5,207,766           | 6,739,100          | 29.4%        | 5,270,500          | 6,847,891          | 29.9%        | 98.8%         | 98.4%        |
| Solid Waste Fund                     | 8,312,328           | 9,408,767          | 13.2%        | 8,627,630          | 10,040,676         | 16.4%        | 96.3%         | 93.7%        |
| <b>Total Utilities</b>               | <b>31,982,521</b>   | <b>35,511,572</b>  | <b>11.0%</b> | <b>34,558,196</b>  | <b>36,695,985</b>  | <b>6.2%</b>  | <b>92.5%</b>  | <b>96.8%</b> |
| <b>Total All Operating Funds</b>     | <b>102,464,607</b>  | <b>120,240,172</b> | <b>17.3%</b> | <b>105,062,835</b> | <b>122,033,493</b> | <b>16.2%</b> | <b>97.5%</b>  | <b>98.5%</b> |

<sup>1</sup> Budgeted and actual revenues exclude resources forward and interfund transfers.  
<sup>1</sup> Excludes asset transfers from Fire District 41 and Woodinville Fire & Rescue and interfund transfers totaling \$3.6 million, of which \$2.4 million is budgeted for use in 2012 and the remainder is set aside for the construction of the consolidated fire station.



### City Council Unanimously Votes to Purchase "Kirkland Segment" of Rail Corridor from Port of Seattle for \$5 Million

Kirkland's vision for multi-modal transportation, pedestrian connectivity to parks and schools, and bicycle pathways has come closer to reality thanks to the Kirkland City Council unanimously voting to enter into a purchase and sale agreement with the Port of Seattle for 5.75 miles of the Eastside Rail Corridor that lie within Kirkland city limits. On December 12, 2011, after receiving a comprehensive overview presented at the study session, public comment at the regular meeting, and discussing the proposed purchase and sale agreement, the City Council authorized the City Manager to enter into an acquisition agreement with the Port of Seattle, initiating a 60-day due diligence period.

The City Council was presented with possible funding sources to purchase and to develop the segment. Interim acquisition funding, in the form of an Interfund Loan, was approved by the adoption of Ordinance No. 4341 in the amount of \$4 million from the Water/Sewer and Surface Water Utilities. Plus, \$1 million in Surface Water Capital funds in exchange for an easement. The loan will be repaid by reprioritizing other capital projects or issuing long-term debt supported by general purpose revenues. Funds to eventually develop the Kirkland Segment could include voted debt, corporate sponsorship, and/or state and federal grants.

For background information on the City's interest in the Eastside Rail Corridor and to subscribe to receive updates via email, visit [www.kirklandwa.gov/eastsiderailcorridor](http://www.kirklandwa.gov/eastsiderailcorridor).

## Summary of All Operating Funds: *Expenditures*

- **General Fund** actual expenditures ended the year at **93.3 percent** of budget. Savings are largely due to delays in annexation hiring, position vacancies and jail contract savings. A more detailed analysis of General Fund expenditures by department is found on page 4.
- **Other Operating Funds** actual expenditures ended the year at **81.6 percent** of budget largely due to delays in vehicle purchases from extending the planned replacement cycle by another year for many vehicles, savings in computer hardware and lower facility utility costs. Vehicle and computer hardware costs vary year-to-year depending on the planned replacement cycle. Facility utility costs are down, partially due to milder winter weather, but also from staff conservation efforts and the pay-off from past investments in updated controls and equipment at various locations. Other Operating funds have also seen some savings in personnel costs due to position vacancies, primarily for annexation.
- **Water/Sewer Operating Fund** actual expenditures ended the year at **95.5 percent** of budget despite higher water costs. The City pays Cascade Water Alliance (CWA) a set rate for water each month based on average demands over three years (currently 2007-2009). The City will begin to see the impact of reduced usage in 2010 and 2011 in 2012's calculation. Regional water connection charges (RCFCs) are coming in more than triple the budget of \$150,000, due to more new connections than expected (which is offset by RCFC revenues).
- **Surface Water Management Fund** actual expenditures ended the year at **85.0 percent** of budget due to delays in hiring annexation positions resulting in significant savings in the personnel and supplies categories.
- **Solid Waste Fund** actual expenditures ended the year at **96.2 percent** of budget due to savings in personnel costs as a result of delays in hiring annexation positions. In addition, excise taxes are under budget about 20.0 percent or \$167,000 due to reduced revenues, and a state excise tax assessment of \$160,000 currently under appeal. The King County Hazardous Waste Fees in 2011 came in at about 68.0 percent of the budget or about \$120,000 less than budget due to the timing of adding new customer accounts from the new neighborhoods.

| Expenditures by Fund                 | Year-to-Date Actual |                    |              | Budget            |                    |              | % of Budget  |              |
|--------------------------------------|---------------------|--------------------|--------------|-------------------|--------------------|--------------|--------------|--------------|
|                                      | 12/31/2010          | 12/31/2011         | % Change     | 2010              | 2011               | % Change     | 2010         | 2011         |
| <b>General Gov't Operating:</b>      |                     |                    |              |                   |                    |              |              |              |
| General Fund                         | 57,120,660          | 63,324,125         | 10.9%        | 58,149,798        | 67,878,459         | 16.7%        | 98.2%        | 93.3%        |
| Other General Gov't Operating Funds  | 12,989,485          | 13,959,291         | 7.5%         | 13,326,213        | 17,106,576         | 28.4%        | 97.5%        | 81.6%        |
| <b>Total General Gov't Operating</b> | <b>70,110,145</b>   | <b>77,283,416</b>  | <b>10.2%</b> | <b>71,476,011</b> | <b>84,985,035</b>  | <b>18.9%</b> | <b>98.1%</b> | <b>90.9%</b> |
| <b>Utilities:</b>                    |                     |                    |              |                   |                    |              |              |              |
| Water/Sewer Operating Fund           | 14,531,796          | 16,010,448         | 10.2%        | 15,903,927        | 16,765,372         | 5.4%         | 91.4%        | 95.5%        |
| Surface Water Management Fund        | 3,262,338           | 3,689,202          | 13.1%        | 3,387,458         | 4,338,938          | 28.1%        | 96.3%        | 85.0%        |
| Solid Waste Fund                     | 8,225,753           | 9,687,603          | 17.8%        | 8,596,408         | 10,070,151         | 17.1%        | 95.7%        | 96.2%        |
| <b>Total Utilities</b>               | <b>26,019,887</b>   | <b>29,387,253</b>  | <b>12.9%</b> | <b>27,887,793</b> | <b>31,174,461</b>  | <b>11.8%</b> | <b>93.3%</b> | <b>94.3%</b> |
| <b>Total All Operating Funds</b>     | <b>96,130,032</b>   | <b>106,670,669</b> | <b>11.0%</b> | <b>99,363,804</b> | <b>116,159,496</b> | <b>16.9%</b> | <b>96.7%</b> | <b>91.8%</b> |

Budgeted and actual expenditures exclude working capital, operating reserves, capital reserves, and interfund transfers.

General Fund Revenue

Many significant General Fund revenue sources are economically sensitive, such as sales tax and development-related fees.

- Sales tax revenue allocated to the General Fund for 2011 was slightly ahead of budget expectations at **100.3 percent**. A detailed analysis of total sales tax revenue compared to 2010 can be found starting on page 5.
- Utility tax receipts, including projected annexation area revenues, ended the year below budget expectations at **95.4 percent** (\$575,488). The largest shortfall was in telecommunication utility tax revenues, which were short more than 25 percent or \$900,000. The shortfall is partially offset by higher gas and cable utility taxes.
- Other taxes actual revenue exceeded budget by **41.0 percent** due to receipt of the initial gambling revenue from the newly annexed area and a substantial increase in Leasehold Excise tax payments from one payee, which is currently being reviewed.
- The business licenses (base fee) and franchise fees actual revenue ended the year at **90.2 percent** of budget primarily due to timing of franchise payments. Business license base fee revenue ended ahead of budget.
- The revenue generating regulatory license fee met budget expectations and ended the year at **100.1 percent** of budget.
- The development-related fee revenues, collectively ended the year below budget expectations at **92.9 percent** of budget. Building permits and plan check revenue collectively ended

the year at **76.9 percent** of budget and engineering services revenue ended the year at **163.6 percent** of budget due to receipt of large school permit revenues. A portion of these revenues will be set aside for work that will occur in future years. Planning fees revenue ended the year at **102.3 percent** of budget primarily due to major Process IIB permit revenues.

- Fines and Forfeitures ended the year below budget expectations at **75.7 percent** primarily because of lower than expected parking infraction penalty revenues. This is due to and offset in part by salary savings from a parking enforcement officer vacancy. Also, revenues from the new neighborhoods are only beginning to be reflected in the actuals.
- Other financing sources include the transfer of Fire District 41 balances due to the assumption of the District as a result of annexation, most of which is set aside for the station consolidation project. It also includes the asset transfer from Woodinville Fire & Rescue that was budgeted in 2012. The Interfund Transfers budget is significantly lower than 2010 due to fund restructuring, including combining of the recreation fund with the General Fund. \$175,000 in Interfund Transfers budgeted for the purchase of public safety radios in 2011 will not occur until 2012.

General Fund 2011 revenues ended the year at **96.9 percent** of budget, (excluding asset transfers from Fire District 41 and Woodinville Fire & Rescue and interfund transfers).

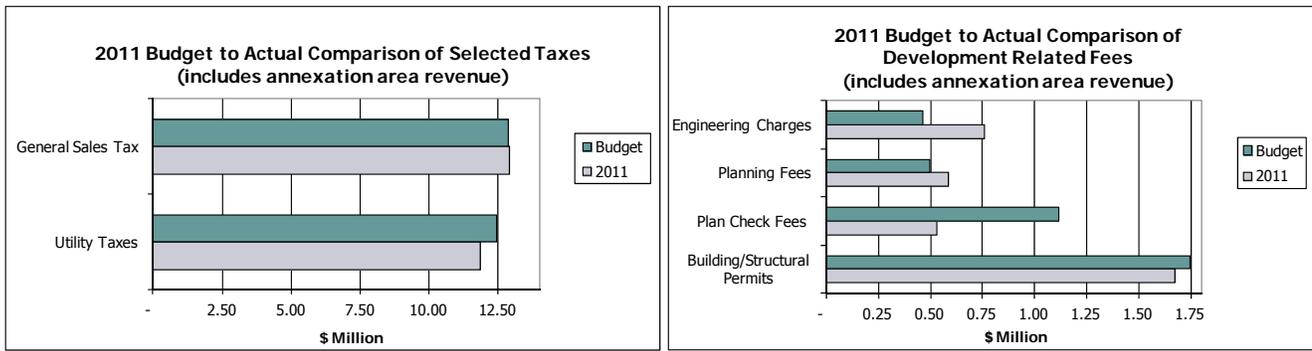
The General Fund is the largest of the General Government Operating funds. It is primarily tax supported and accounts for basic services such as public safety, parks and recreation, and community development.

In 2011, about 412 of the City's 521 regular employees are budgeted within this fund.

| General Fund Resource Category           | Year-to-Date Actual |                   |               | Budget            |                   |              | % of Budget   |               |
|--|---------------------|-------------------|---------------|-------------------|-------------------|--------------|---------------|---------------|
|  | 12/31/2010          | 12/31/2011        | % Change      | 2010              | 2011              | % Change     | 2010          | 2011          |
| <b>Taxes:</b>                            |                     |                   |               |                   |                   |              |               |               |
| Retail Sales Tax: General                | 12,336,886          | 12,918,182        | 4.7%          | 11,464,179        | 12,885,899        | 12.4%        | 107.6%        | 100.3%        |
| Retail Sales Tax Credit: Annexation      | -                   | 1,088,061         | N/A           | -                 | 1,129,866         | N/A          | N/A           | 96.3%         |
| Retail Sales Tax: Criminal Justice       | 941,944             | 1,141,768         | 21.2%         | 1,129,140         | 1,149,997         | 1.8%         | 83.4%         | 99.3%         |
| Property Tax                             | 10,009,911          | 13,074,048        | 30.6%         | 9,904,815         | 13,261,709        | 33.9%        | 101.1%        | 98.6%         |
| Utility Taxes                            | 10,363,718          | 11,861,208        | 14.4%         | 10,965,526        | 12,436,696        | 13.4%        | 94.5%         | 95.4%         |
| Rev Generating Regulatory License        | 2,024,640           | 2,345,779         | 15.9%         | 2,567,468         | 2,344,069         | -8.7%        | 78.9%         | 100.1%        |
| Other Taxes                              | 328,968             | 440,259           | 33.8%         | 466,129           | 312,250           | -33.0%       | 70.6%         | 141.0%        |
| <b>Total Taxes</b>                       | <b>36,006,067</b>   | <b>42,869,305</b> | <b>19.1%</b>  | <b>36,497,257</b> | <b>43,520,486</b> | <b>19.2%</b> | <b>98.7%</b>  | <b>98.5%</b>  |
| <b>Licenses &amp; Permits:</b>           |                     |                   |               |                   |                   |              |               |               |
| Building, Structural & Equipment Permits | 1,081,952           | 1,675,118         | 54.8%         | 1,436,990         | 1,748,605         | 21.7%        | 75.3%         | 95.8%         |
| Business Licenses/Franchise Fees         | 1,828,607           | 2,720,228         | 48.8%         | 1,720,921         | 3,014,279         | 75.2%        | 106.3%        | 90.2%         |
| Other Licenses & Permits                 | 181,666             | 207,444           | 14.2%         | 175,460           | 217,579           | 24.0%        | 103.5%        | 95.3%         |
| <b>Total Licenses &amp; Permits</b>      | <b>3,092,225</b>    | <b>4,602,790</b>  | <b>48.9%</b>  | <b>3,333,371</b>  | <b>4,980,463</b>  | <b>49.4%</b> | <b>92.8%</b>  | <b>92.4%</b>  |
| <b>Intergovernmental:</b>                |                     |                   |               |                   |                   |              |               |               |
| Grants and Federal Entitlements          | 426,125             | 487,838           | 14.5%         | 503,699           | 548,052           | 8.8%         | 84.6%         | 89.0%         |
| State Shared Revenues & Entitlements     | 842,585             | 871,865           | 3.5%          | 809,010           | 947,385           | 17.1%        | 104.2%        | 92.0%         |
| Property Tax - Fire District             | -                   | 2,313,161         | N/A           | -                 | -                 | N/A          | N/A           | N/A           |
| Fire District #41                        | 3,580,280           | 1,586,765         | N/A           | 3,598,238         | 3,684,071         | N/A          | 99.5%         | 43.1%         |
| EMS                                      | 831,434             | 840,146           | N/A           | 866,231           | 868,678           | N/A          | 96.0%         | 96.7%         |
| Other Intergovernmental Services         | 546,222             | 266,132           | -51.3%        | 547,394           | 533,087           | -2.6%        | 99.8%         | 49.9%         |
| <b>Total Intergovernmental</b>           | <b>6,226,646</b>    | <b>6,365,907</b>  | <b>2.2%</b>   | <b>6,324,572</b>  | <b>6,581,273</b>  | <b>4.1%</b>  | <b>98.5%</b>  | <b>96.7%</b>  |
| <b>Charges for Services:</b>             |                     |                   |               |                   |                   |              |               |               |
| Internal Charges                         | 5,070,809           | 5,393,203         | 6.4%          | 4,707,822         | 5,558,328         | 18.1%        | 107.7%        | 97.0%         |
| Engineering Services                     | 269,722             | 759,300           | 181.5%        | 225,000           | 464,146           | 106.3%       | 119.9%        | 163.6%        |
| Plan Check Fee                           | 547,562             | 528,411           | -3.5%         | 408,252           | 1,115,779         | 173.3%       | 134.1%        | 47.4%         |
| Planning Fees                            | 436,740             | 588,546           | 34.8%         | 245,420           | 495,044           | 101.7%       | 178.0%        | 118.9%        |
| Recreation                               | -                   | 1,082,755         | N/A           | -                 | 1,162,406         | N/A          | N/A           | 93.1%         |
| Other Charges for Services               | 849,612             | 1,534,336         | 80.6%         | 770,890           | 1,709,373         | 121.7%       | 110.2%        | 89.8%         |
| <b>Total Charges for Services</b>        | <b>7,174,445</b>    | <b>9,886,551</b>  | <b>37.8%</b>  | <b>6,357,384</b>  | <b>10,505,076</b> | <b>65.2%</b> | <b>112.9%</b> | <b>94.1%</b>  |
| <b>Fines &amp; Forfeits</b>              | <b>1,651,358</b>    | <b>1,843,298</b>  | <b>11.6%</b>  | <b>1,539,268</b>  | <b>2,435,490</b>  | <b>58.2%</b> | <b>107.3%</b> | <b>75.7%</b>  |
| <b>Miscellaneous</b>                     | <b>149,539</b>      | <b>952,294</b>    | <b>536.8%</b> | <b>654,692</b>    | <b>641,940</b>    | <b>-1.9%</b> | <b>22.8%</b>  | <b>148.3%</b> |
| <b>Total Revenues</b>                    | <b>54,300,280</b>   | <b>66,520,145</b> | <b>22.5%</b>  | <b>54,706,544</b> | <b>68,664,728</b> | <b>25.5%</b> | <b>99.3%</b>  | <b>96.9%</b>  |
| <b>Other Financing Sources:</b>          |                     |                   |               |                   |                   |              |               |               |
| Transfer of FD 41 & WFR Balances         | -                   | 3,467,255         | N/A           | -                 | 1,722,725         | N/A          | N/A           | 201.3%        |
| Interfund Transfers                      | 2,275,530           | 100,726           | N/A           | 2,275,530         | 275,028           | N/A          | 100.0%        | 36.6%         |
| <b>Total Other Financing Sources</b>     | <b>2,275,530</b>    | <b>3,567,981</b>  | <b>N/A</b>    | <b>2,275,530</b>  | <b>1,997,753</b>  | <b>N/A</b>   | <b>100.0%</b> | <b>178.6%</b> |
| <b>Total Resources</b>                   | <b>56,575,810</b>   | <b>70,088,126</b> | <b>23.9%</b>  | <b>56,982,074</b> | <b>70,662,481</b> | <b>24.0%</b> | <b>99.3%</b>  | <b>99.2%</b>  |

Budgeted and actual revenues exclude resources forward.

**General Fund Revenue *continued***



**General Fund Expenditures**

| General Fund Department Expenditures       | Year-to-Date Actual |                   |               | Budget            |                   |               | % of Budget   |              |
|--|---------------------|-------------------|---------------|-------------------|-------------------|---------------|---------------|--------------|
|  | 12/31/2010          | 12/31/2011        | % Change      | 2010              | 2011              | % Change      | 2010          | 2011         |
| Non-Departmental                           | 1,447,339           | 1,480,722         | 2.3%          | 1,525,820         | 1,480,669         | -3.0%         | 94.9%         | 100.0%       |
| City Council                               | 345,605             | 310,496           | -10.2%        | 353,130           | 321,477           | -9.0%         | 97.9%         | 96.6%        |
| City Manager's Office                      | 2,947,807           | 3,380,736         | 14.7%         | 3,115,861         | 3,556,701         | 14.1%         | 94.6%         | 95.1%        |
| Human Resources                            | 1,006,757           | 1,223,115         | 21.5%         | 1,124,972         | 1,267,998         | 12.7%         | 89.5%         | 96.5%        |
| City Attorney's Office                     | 983,611             | 1,120,377         | 13.9%         | 984,121           | 1,162,037         | 18.1%         | 99.9%         | 96.4%        |
| Parks & Community Services                 | 6,605,981           | 6,702,191         | 1.5%          | 6,722,519         | 7,108,434         | 5.7%          | 98.3%         | 94.3%        |
| Public Works (Engineering)                 | 3,123,823           | 3,365,232         | 7.7%          | 3,340,832         | 3,771,045         | 12.9%         | 93.5%         | 89.2%        |
| Finance and Administration                 | 3,529,461           | 3,822,892         | 8.3%          | 3,743,652         | 4,097,765         | 9.5%          | 94.3%         | 93.3%        |
| Planning & Community Development           | 2,610,736           | 2,880,397         | 10.3%         | 2,730,557         | 2,932,820         | 7.4%          | 95.6%         | 98.2%        |
| Police                                     | 16,988,616          | 19,880,596        | 17.0%         | 17,188,807        | 22,201,553        | 29.2%         | 98.8%         | 89.5%        |
| Fire & Building                            | 17,530,924          | 19,157,371        | 9.3%          | 17,319,527        | 19,977,960        | 15.3%         | 101.2%        | 95.9%        |
| <b>Total Expenditures</b>                  | <b>57,120,660</b>   | <b>63,324,125</b> | <b>10.9%</b>  | <b>58,149,798</b> | <b>67,878,459</b> | <b>16.7%</b>  | <b>98.2%</b>  | <b>93.3%</b> |
| <b>Other Financing Uses:</b>               |                     |                   |               |                   |                   |               |               |              |
| Interfund Transfers                        | 1,103,912           | 2,827,754         | 156.2%        | 1,024,920         | 3,286,374         | 220.6%        | 107.7%        | 86.0%        |
| <b>Total Other Financing Uses</b>          | <b>1,103,912</b>    | <b>2,827,754</b>  | <b>156.2%</b> | <b>1,024,920</b>  | <b>3,286,374</b>  | <b>220.6%</b> | <b>107.7%</b> | <b>86.0%</b> |
| <b>Total Expenditures &amp; Other Uses</b> | <b>58,224,572</b>   | <b>66,151,879</b> | <b>13.6%</b>  | <b>59,174,718</b> | <b>71,164,833</b> | <b>20.3%</b>  | <b>98.4%</b>  | <b>93.0%</b> |

Budgeted and actual expenditures exclude working capital, operating reserves, and capital reserves.

The 2011 Budget incorporates budget reductions in response to the economic downturn, additions as a result of annexation, the move to medical self-insurance, the restoration of 3.4 percent salary and benefit reductions taken in 2010, and fund restructuring to comply with accounting rule changes. These changes make comparisons to the 2010 budget challenging, therefore, expenditures will only be compared to the 2011 budget. The actual expenditures summarized below reflect a full year of data.

**Comparing 2011 actual expenditures to the 2011 budget:**

Overall, General Fund expenditures trailed the budget ending the year at 93.3 percent of budget, excluding interfund transfers. About half of the under expenditures are a result of salary and benefit savings partially due to delayed hiring for annexation, this savings is not expected to continue at this level in 2012. The remaining under expenditures are primarily due to savings in intergovernmental and professional services.

- Actual 2011 expenditures for the **City Council** ended the year on target at **96.6 percent** of budget.
- The **City Manager's Office** actuals ended the year at **95.1 percent** of budget due to savings in personnel costs and professional services.
- Actual 2011 expenditures for **Human Resources** ended the year at **96.5 percent** of budget due to savings in professional services, advertising and training. Over the past few years advertising costs in Human Resources have significantly decreased due to changes in position advertising and the increased use of online postings.
- The **City Attorney's Office** expenditures ended at **96.4 percent** of budget due to savings in legal fees.
- Actual 2011 expenditures for the **Parks & Community Services Department** ended the year at **94.3 percent** of budget due to unfilled positions, operating supplies and human services contract payments, the

2011 General Fund actual expenditures (excluding "other financing sources") ended the year at 93.3 percent of budget, primarily due to delayed annexation hiring and position vacancies in multiple departments and savings in jail costs.

(Continued on page 5)

**Financial Management Report as of December 31, 2011**

majority of which will occur in 2012.

- Actual expenditures for the **Public Works Department** ended at **89.2 percent** of budget due to position vacancies and savings from professional services.
- The **Finance and Administration Department** expenditures ended the year at **93.3 percent** of budget due to personnel savings mainly from the reclassification of positions that resulted in lower salary costs and some savings in professional services.
- Actual 2011 expenditures for the **Planning and Community Development Department** ended at **98.2 percent** of budget due to savings in professional services.
- Actual 2011 expenditures for the **Police Department** ended the year at **89.5 percent** of budget due to savings from delayed annexation staffing and increased hiring of laterals (and related expenses) along with position vacancies. In addition, jail costs came in under budget about \$830,000 due to contracts with other agencies for lower rates than those charged by King County and an increase in the use of electronic home detention and other sentencing measures besides jail time.
- Actual 2011 expenditures for the **Fire & Building Department** ended the year at **95.9 percent** of budget due to savings in fire suppression overtime and delayed hiring of annexation positions in the Building Division. A summary of the funds received from the assumption of Fire District 41 appears to the right.

**Summary of Fire District 41 Funds:  
Revenues & Expenditures**

|                               | Capital          | General Government |
|-------------------------------|------------------|--------------------|
| <b>Revenues:</b>              |                  |                    |
| Beginning Balance             | 4,000,000        | 1,724,497          |
| Fire District Revenues        | -                | 1,872,041          |
| Interest and Other Revenues   | 22,507           | 2,697              |
| <b>Total Revenues</b>         | <b>4,022,507</b> | <b>3,599,235</b>   |
| <b>Expenditures:</b>          |                  |                    |
| Operating Costs (per ILA)*    | -                | 163,840            |
| Fire District 2011 Contract   | -                | 2,209,496          |
| Station Consolidation Project | 27,939           | -                  |
| <b>Total Expenditures</b>     | <b>27,939</b>    | <b>2,373,336</b>   |
| <b>Ending Balance</b>         | <b>3,994,568</b> | <b>1,225,899</b>   |

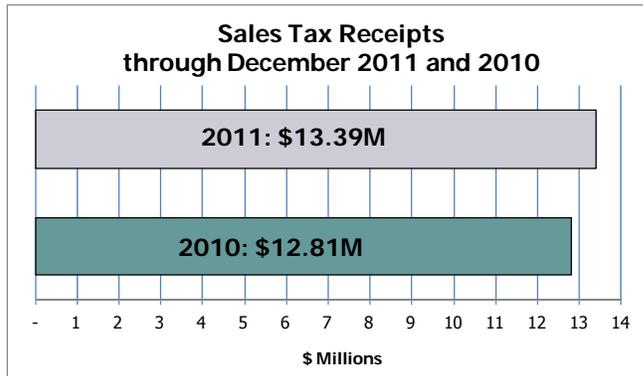
\*Includes 2012 obligations

**Sales Tax Revenue Analysis 2011**

sales tax revenue through December was **up 4.5 percent** compared to the same period in 2010. All business sectors except for Wholesale saw increases for 2011. Factoring out one-time revenues and revenues from the new neighborhoods, the sales tax figures would be up 2.8 percent for the year compared to 2010.

**Review by business sectors:**

- The **general merchandise/miscellaneous retail** sector was **up 3.3 percent** compared to 2010 largely due to a large one-time receipt received in early 2011.
- The **auto/gas retail** sector was **up 4.1 percent** compared to 2010. This category had the second largest dollar increase in 2011.
- The **retail eating/drinking** sector performance was **up 7.6 percent** compared to 2010. The opening of a few new restaurants in early 2011 and revenue from the new neighborhoods impacted the comparison.
- **Other retail** in 2011 was **up 5.0 percent** compared to 2010, primarily due to positive performance in the food and beverage and building and garden categories.
- The **miscellaneous** sector was **up 15.1 percent** compared to 2010, due to one-time amnesty program revenue and a distribution of pooled sales tax revenue related to some large audits. Factoring out one-time revenues, this category would be up 0.5 percent.
- The **communications** sector was **up 8.3 percent** compared to 2010, due to the significant development related activity from telecommunications companies in early 2011.
- The **services** sector was **up 5.1 percent** compared to 2010, largely due to one-time corrections to the repairs and maintenance category. The accommodations category was up 4.2 percent or about \$11,200.
- The **contracting** sector was **up 0.5 percent** compared to 2010. The construction of buildings category continued to be down due to the completion of several large projects that generated significant tax revenues in 2010. Significant increases in 2011 in the specialty trade category helped this sector recover.
- **Wholesale** was **down 2.1 percent** compared to 2010, this is the only category that ended with negative a performance for the year.



**Streamlined Sales Tax**

Washington State implemented new local coding sales tax rules as of July 1, 2008 as a result of joining the national Streamlined Sales Tax Agreement. Negative impacts from this change are mitigated by the State of Washington. In 2011, a little more than \$105,000 was received, almost \$10,000 less than budget.

**Neighboring Cities**

Belleuve and Redmond 2011 sales tax revenue through December was up 5.5 percent and 36.4 percent respectively compared to the same period in 2010. Redmond was much higher due to \$4.6 million in field recoveries received in February and March. Excluding field recoveries Redmond was up 9.9 percent.

**City of Kirkland Actual Sales Tax Receipts**

| Business Sector Group  | January-December  |                   | Dollar Change  | Percent Change | Percent of Total |               |
|------------------------|-------------------|-------------------|----------------|----------------|------------------|---------------|
|                        | 2010              | 2011              |                |                | 2010             | 2011          |
| Services               | 1,609,846         | 1,692,708         | 82,862         | 5.1%           | 12.6%            | 12.6%         |
| Contracting            | 1,739,823         | 1,748,813         | 8,990          | 0.5%           | 13.6%            | 13.1%         |
| Communications         | 439,692           | 476,189           | 36,497         | 8.3%           | 3.4%             | 3.6%          |
| Auto/Gas Retail        | 3,038,615         | 3,161,851         | 123,236        | 4.1%           | 23.7%            | 23.6%         |
| Gen Merch/Misc Retail  | 1,745,038         | 1,802,876         | 57,838         | 3.3%           | 13.6%            | 13.5%         |
| Retail Eating/Drinking | 1,063,913         | 1,145,123         | 81,210         | 7.6%           | 8.3%             | 8.6%          |
| Other Retail           | 1,614,016         | 1,694,262         | 80,246         | 5.0%           | 12.6%            | 12.7%         |
| Wholesale              | 725,093           | 709,686           | (15,407)       | -2.1%          | 5.7%             | 5.3%          |
| Miscellaneous          | 830,820           | 956,682           | 125,862        | 15.1%          | 6.5%             | 7.1%          |
| <b>Total</b>           | <b>12,806,856</b> | <b>13,388,190</b> | <b>581,334</b> | <b>4.5%</b>    | <b>100.0%</b>    | <b>100.0%</b> |

*Kirkland's sales tax base is comprised of a variety of businesses which are grouped and analyzed by business sector (according to NAICS, or "North American Industry Classification System"). Nine business sector groupings are used to compare 2010 and 2011 year-to-date sales tax receipts in the table to the left.*

**City of Kirkland Actual Monthly Sales Tax Receipts**

| Month        | Sales Tax Receipts |                   | Dollar Change  | Percent Change |
|--------------|--------------------|-------------------|----------------|----------------|
|              | 2010               | 2011              |                |                |
| January      | 945,992            | 1,082,225         | 136,233        | 14.4%          |
| February     | 1,364,023          | 1,366,850         | 2,827          | 0.2%           |
| March        | 937,460            | 942,887           | 5,427          | 0.6%           |
| April        | 953,914            | 899,425           | (54,489)       | -5.7%          |
| May          | 1,094,845          | 1,154,252         | 59,407         | 5.4%           |
| June         | 1,009,111          | 1,046,570         | 37,459         | 3.7%           |
| July         | 1,035,279          | 1,047,452         | 12,173         | 1.2%           |
| August       | 1,136,223          | 1,181,633         | 45,410         | 4.0%           |
| September    | 1,142,588          | 1,144,307         | 1,719          | 0.2%           |
| October      | 1,053,781          | 1,148,556         | 94,775         | 9.0%           |
| November     | 1,089,394          | 1,236,264         | 146,870        | 13.5%          |
| December     | 1,044,246          | 1,137,769         | 93,523         | 9.0%           |
| <b>Total</b> | <b>12,806,856</b>  | <b>13,388,190</b> | <b>581,334</b> | <b>4.5%</b>    |

- Monthly revenue performance in 2011 maintained the improvements seen in 2010 after the mostly double digit declines experienced throughout 2009.
- January 2011 was substantially ahead of January 2010. However, a significant portion of the gain was one-time. Field recoveries and large one-time receipts accounted for almost half of the gain. The increase was 7.8 percent after factoring out these one-time events.
- Receipts for April were skewed by a large field recovery received in April 2010. Excluding the field recovery would result in April 2011 being down 2.3 percent.
- May, June and July were skewed due to one-time amnesty revenues. Excluding these revenues would result in May being down 1.0 and June and July being up 0.4 and 7.6 percent respectively.
- August was skewed by a one-time distribution resulting from certain audits being completed. Excluding this distribution would result in August being up 0.8 percent.
- October, November and December revenues include revenues from the new neighborhoods.
- 2011 sales tax revenue (excluding the new neighborhoods) was higher than budgeted and offset the shortfall in sales tax revenues in the new neighborhoods. Staff is undertaking further analysis to determine whether there are revenues that King County identified that the City has yet to receive.

When analyzing monthly sales tax receipts, there are two items of special note: First, most businesses remit their sales tax collections to the Washington State Department of Revenue on a monthly basis. Small businesses only have to remit their sales tax collections either quarterly or annually, which can create anomalies when comparing the same month between two years. Second, for those businesses which remit sales tax monthly, there is a two month lag from the time that sales tax is collected to the time it is distributed to the City. For example, sales tax received by the City in December is for sales activity in October. Monthly sales tax receipts through December 2010 and 2011 are compared in the table above.

*Kirkland's sales tax base is further broken down by business district (according to geographic area), as well as "unassigned or no district" for small businesses and businesses with no physical presence in Kirkland.*

**Comparing to the same period last year:**

**Totem Lake**, which accounts for about 29 percent of the total sales tax receipts, is **down 2.4 percent** in 2011 primarily due to negative performance in several of the retail sales categories. About 68

percent of this business district's revenue comes from the auto/gas retail sector.

**NE 85<sup>th</sup> Street**, which accounts for over 15 percent of the total sales tax receipts, is **down 2.1 percent** primarily due to declines in the retail eating and drinking category and slow performance in the automotive/gas retail sales. The automotive/gas retail sector contributes almost 39 percent of this business district's revenue.

**Downtown**, which accounts for over 7 percent of the total sales tax receipts, is **up 11.1 percent** due to positive performance in the retail apparel/general merchandise category and retail eating/drinking category. The retail eating/drinking sector, accommodations and other retail provide almost 73 percent of this business district's revenue.

**Carillon Point & Yarrow Bay**, which account for more than 3

percent of the total sales tax receipts, are **up 26.8 percent** compared to last year primarily due to other retail and the accommodations sectors. About 60 percent of this business district's revenue comes from business services, retail eating/drinking and accommodations.

**Houghton & Bridle Trails**, which account for more than 2 percent of the total sales tax receipts, are **up 11.8 percent** collectively due to strong performance in the retail food stores and misc retail categories. The retail sectors provide about 74 percent of these business districts' revenue.

**Juanita**, which accounts for about 2 percent of the total sales tax receipts, is flat with no change from 2010. Increases in the sporting goods/misc. retail and retail eating/drinking are offset by poor performance in the business services category. These sectors provide almost 76 percent of this business district's revenue.

**North Juanita, Kingsgate, & Finn Hill** account for less than 1 percent of the total sales tax receipts. Sales tax receipts for these business districts finished the year at 29 percent of the 2011 annexation sales tax budget. Retail eating/drinking and food retail sectors provide about 70 percent of these business districts sales tax revenues.

*Year-to-date sales tax receipts by business district for 2010 and 2011 are compared in the table on the next page.*

When reviewing sales tax receipts by business district, it's important to point out that more than 42 percent of the revenue received in 2011 is in the "unassigned or no district" category largely due to contracting and other revenue, which includes revenue from Internet, catalog sales and other businesses located outside of the City.

City of Kirkland Sales Tax by Business District

| Business District          | Jan-Dec Receipts  |                   | Dollar Change  | Percent Change | Percent of Total |               |
|----------------------------|-------------------|-------------------|----------------|----------------|------------------|---------------|
|                            | 2010              | 2011              |                |                | 2010             | 2011          |
| Totem Lake                 | 3,957,271         | 3,863,496         | (93,775)       | -2.4%          | 30.9%            | 28.9%         |
| NE 85th St                 | 2,061,166         | 2,016,877         | (44,289)       | -2.1%          | 16.1%            | 15.1%         |
| Downtown                   | 886,127           | 984,079           | 97,952         | 11.1%          | 6.9%             | 7.4%          |
| Carillon Pt/Yarrow Bay     | 356,531           | 452,195           | 95,664         | 26.8%          | 2.8%             | 3.4%          |
| Houghton & Bridle Trails   | 312,417           | 349,375           | 36,958         | 11.8%          | 2.4%             | 2.6%          |
| Juanita                    | 257,714           | 257,754           | 40             | 0.0%           | 2.0%             | 1.9%          |
| Kingsgate                  | -                 | 40,016            | 40,016         | N/A            | 0.0%             | 0.3%          |
| North Juanita              | -                 | 43,892            | 43,892         | N/A            | 0.0%             | 0.3%          |
| Finn Hill                  | -                 | 20,814            | 20,814         | N/A            | 0.0%             | 0.2%          |
| Unassigned or No District: |                   |                   |                |                |                  |               |
| Contracting                | 1,739,819         | 1,749,111         | 9,292          | 0.5%           | 13.6%            | 13.1%         |
| Other                      | 3,235,811         | 3,610,582         | 374,771        | 11.6%          | 27.3%            | 29.5%         |
| <b>Total</b>               | <b>12,806,856</b> | <b>13,388,190</b> | <b>581,334</b> | <b>4.5%</b>    | <b>100.0%</b>    | <b>100.0%</b> |

**Sales Tax Revenue Outlook** Sales tax receipts were mostly positive for 2011 compared to 2010, as illustrated in the monthly chart on the previous page and exceeded budget expectations. The services, general merchandise/miscellaneous retail, automotive/gas retail and miscellaneous sectors contributed the largest amount of gain, but these sectors are very sensitive to economic conditions. Communications and contracting sectors have shown small signs of recovery. The impact from streamlined sales tax sourcing rule changes has negatively impacted some sectors, but is offset by gains in others. The shaky economic recovery poses significant risk to the City's ability to maintain services, since sales tax is one of the primary sources of general fund revenue. As noted earlier, staff is working with the Department of Revenue and King county to determine whether the City is receiving all of the revenues generated from the newly annexed areas.

**OFFICE VACANCIES:**

According to CB Richard Ellis Real Estate Services, the Eastside office vacancy rate was 15.5 percent for the fourth quarter of 2011 compared to 18.0 percent for the fourth quarter of 2010. Kirkland's 2011 vacancy rate is 7.9 percent, significantly lower than the 2010 rate of 24.2 percent.

The Puget Sound regional market recovery has been one of the strongest in the country with 1,876,754 square feet of positive absorption in 2011, 44 percent occurring on the Eastside. This is the seventh straight quarter of positive absorption. Positive absorption occurs when the total amount of available office space decreases during a set period.

Looking ahead to 2012 it is expected that vacancy rates will continue decreasing, but at varying rates around the Puget Sound.

**LODGING TAX REVENUE:**

Lodging tax 2011 revenue ended the year at 111.1 percent of the budget and 8.9 percent more than 2010.

**Economic Environment Update** Washington State's economy performed close to expectations in 2011 and is expected to continue marginally outperforming the United States in recovery. Washington is not immune to uncertainty in the global economy. The greatest risks to continued growth are the lack of progress in the European debt crisis, continued uncertainty with U.S. fiscal policies, the slowdown of growth in Asia and slow job growth. All of these factors are contributors to the projected prolonged period of slow growth according to the latest update from the Washington State Economic and Revenue Forecast Council. Employment rose slightly from August to November 2011 with 7,900 net new jobs in Washington, mostly in the private sector. Even with some gains in employment the state remained down more than 130,000 jobs from the start of the recession. The State Legislature continues to struggle to finalize a balanced state budget creating some uncertainties for 2012 and beyond. The projected state budget shortfall is \$1.05 billion for the 2012 supplemental operating budget. The State's challenge to close its own budget deficit and some options presented could negatively impact cities, such as changes in the liquor profits/tax apportionments or cost shifting for programs such as the basic law enforcement academy. *The side bar on page 9 presents information on the national forecast based on a survey done by the Federal Reserve Bank of Philadelphia.*

The U.S. **consumer confidence index** improved considerably (nearly 25 points) the last three months of 2011, bringing levels in December back up to those not seen since April 2011. The Index now stands at **64.5** up from 55.2 in November. Lynn Franco, Director of The Conference Board Consumer Research Center, said "Looking ahead, consumers are more optimistic that business conditions, employment prospects, and their financial situations will continue to get better. While consumers are ending the year in a somewhat more upbeat mood, it is too soon to tell if this is a rebound from earlier declines or a sustainable shift in attitudes." Even with recent improvements, the index has been volatile and has not reached, or maintained, levels which indicate a stable economy since 2007. An index of 90 indicates a stable economy and one at or above 100 indicates growth.

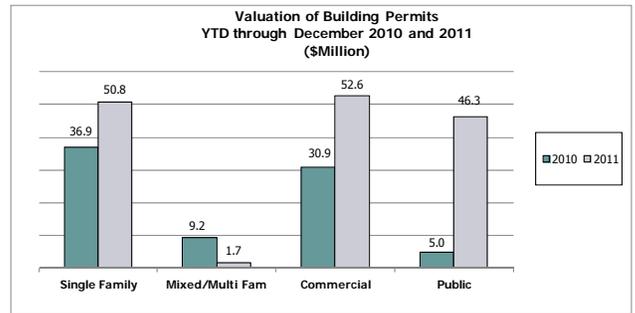
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**Economic Environment Update *continued***

King County's **unemployment rate** was **7.2 percent** in December 2011 compared to 8.4 percent in December 2010, the lowest since January 2009. King County's unemployment rate is lower than the Washington State and national rates, which were 8.6 and 8.5 percent.

The Institute for Supply Management-**Western Washington Index** saw a decline in December to 70.3, from 71.4 in November. While the national survey index increased to 53.9 in December from 52.7 in November. An index reading greater than 50 indicates a growing economy, while scores below 50 suggest a shrinking economy.

Local **development activity** through December comparing 2010 to 2011 as measured by the valuation of City of Kirkland building permits is illustrated in the chart to the right. Activity has improved in the single family, commercial and public sectors. However, activity in the mixed use/multifamily sectors has been slow in 2011. Through December 2011, building permit valuation was up 84.7 percent compared to December 2010. This increase is largely due to Lake Washington School District permits for school renovations.



Closed sales of **new and existing single-family homes** on the Eastside were down 0.4 percent in December 2011 compared to December 2010. The median price of a single family home decreased 13.2 percent (\$460,000 from \$530,000). Closed sales for condominiums were down 4.2 percent and the median price dropped 3.6 percent (to \$239,500 from \$248,500). Countywide, closed sales for single-family homes increased 0.5 percent compared to December 2010. The countywide median home price fell 13.5 percent year-over-year.

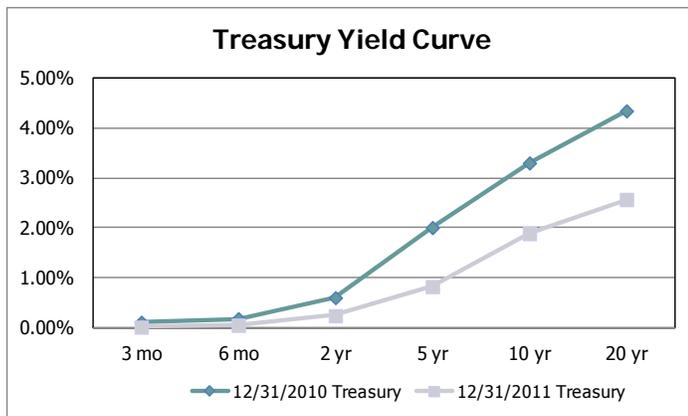
**Seattle metro consumer price index (CPI)** in December was at 3.8 percent, the Seattle metro CPI fluctuated throughout the year averaging 3.2 percent. The Seattle index is calculated on a bi-monthly basis. The national index ended the year at 3.9 percent in December and averaged 3.6 percent in 2011. Both indexes increased more than 1.5 percent from 2010 to 2011. This increase was impacted largely by higher prices for energy, including gasoline and food. The CPI in Seattle and nationally remain the highest since October 2008.

**Investment Report**

**MARKET OVERVIEW**

Throughout 2011 investment earning opportunities declined even further from historical lows in 2010. The Fed Funds rate remained in the range of 0.00 percent to 0.25 percent for all of 2011. As can be seen in the accompanying graph, the Treasury yield curve dropped along all points of the curve to nearly zero on the short end of the curve and dropped nearly two percent at the long end of the curve.

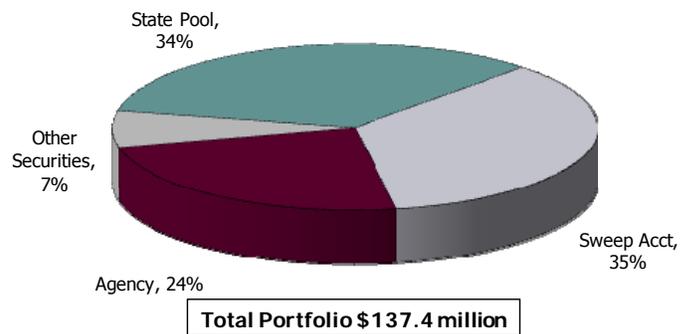
**CITY PORTFOLIO**



It is the policy of the City of Kirkland to invest public funds in a manner which provides the highest investment return with maximum security while meeting the City's daily cash flow requirements and conforming to all Washington state statutes governing the investment of public funds.

The primary objectives for the City of Kirkland's investment activities are: legality, safety, liquidity and yield. Additionally, the City diversifies its investments according to established maximum allowable exposure limits so that reliance on any one issuer will not place an undue financial burden on the City.

**Investments by Category**



The City's portfolio totaled \$137.4 million at the end of 2011. The following are some of the factors contributing to the portfolio increasing about \$19 million since the beginning of the year: annexation resulted in a transfer of \$5.7 million from Fire District 41, including \$4 million in debt proceeds for the construction of the consolidated fire station; \$1.9 million increase in the Street fund balance reflecting the receipt in 2011 of \$1.3 million in County Road levy revenues budgeted in 2012; annexation-related asset transfer of \$1.7 million from Woodinville Fire & Life, also budgeted in 2012; a \$3.6 million increase in utility fund balances; \$1.5 million increase in the Health Benefits Reserve fund balance; \$2 million increase in the internal services funds balance; and \$2.2 million in General Fund balance, net of 2011 revenue shortfall and under expenditures, \$1.2 million of which will be used for 2011 costs that will occur in 2012. Note that the balance includes \$20.9 million in bond proceeds for the Public Safety Building and \$25 million in funded capital project balances.

**2012 ECONOMIC OUTLOOK and INVESTMENT STRATEGY**

The professional forecasters of the Federal Reserve Bank of Philadelphia expect economic growth of 2.3 percent in 2012 and that CPI inflation for 2012 will be 2.0 percent. The unemployment rate in 2012 is expected to average 8.3 percent. The Fed Funds rate, currently 0.00 to 0.25 percent is expected to stay at this level through the end of 2014.

Investment opportunities which provide greater yield are limited during this period of very low interest rates. The goal for 2012 will be to watch the movement of the interest rates and determine the best time to begin increasing the duration of the portfolio by purchasing longer term, higher yielding securities. Total investment income for 2012 is estimated to be \$653,000, about half of the interest income for 2011 which was \$1,262,918.

**Investment Report *continued***

**Diversification**

The City's current investment portfolio is composed of Government Sponsored Enterprises (GSEs) bonds, State and Local Government bonds, the State Investment Pool and an overnight bank sweep account. Kirkland's investment policy allows up to 100 percent of the portfolio to be invested in U.S. Treasury or U.S. Government Sponsored Enterprises (GSEs) securities with a limit of 30 percent of the portfolio invested in any one agency.

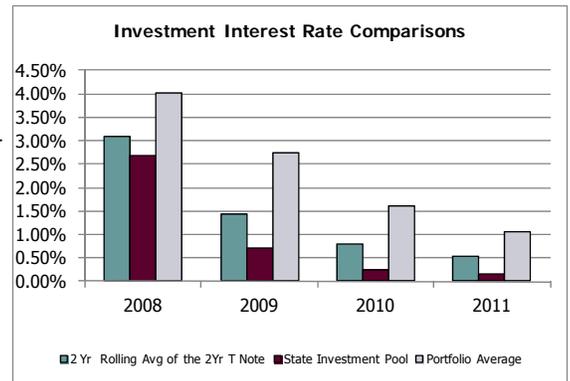
**Liquidity**

During 2011, the average maturity of the City's investment portfolio decreased from 1.07 years to 0.79 years. This was a result of securities with higher interest rates maturing or being called. A shorter duration in times of low interest is preferable so that the portfolio is positioned to invest as rates increase.

| Benchmark Comparison         | December 31, 2010 | December 31, 2011 |
|------------------------------|-------------------|-------------------|
| City Yield to Maturity (YTM) | 1.00%             | 0.79%             |
| City Average YTM             | 1.61%             | 1.05%             |
| City Year to Date Cash Yield | 1.75%             | 1.02%             |
| State Pool Average Yield     | 0.26%             | 0.17%             |
| 2 yr T Note 2 Yr Avg YTM     | 0.80%             | 0.54%             |

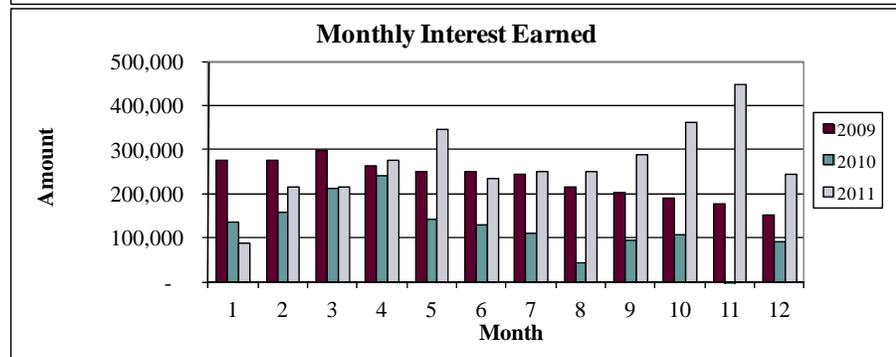
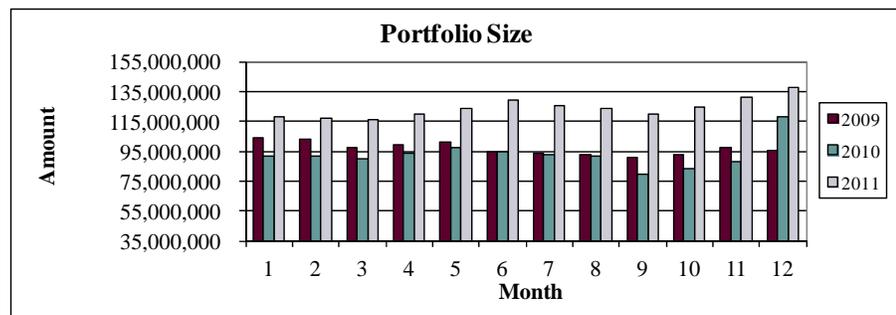
**Yield**

The City Portfolio yield to maturity decreased from 1.00 percent on December 31, 2010 to 0.79 percent on December 31, 2011. Through December 31, 2011, the City's annual average yield to maturity was 1.05 percent, which significantly outperformed the State Investment Pool annual average yield at 0.17 percent as well as the 2 Year Treasury Note 2 year rolling average at December 31 which was 0.54 percent.



The City's practice of investing further out on the yield curve than the State Investment Pool results in earnings higher than the State Pool during declining interest rates and lower earnings than the State Pool during periods of rising interest rates. This can be seen in the above graph.

The charts below compare the monthly portfolio size and interest earnings for 2009 through December 2011.



**Reserves** are an important indicator of the City's fiscal health and effectively represent "savings accounts" that are established to meet unforeseen budgetary needs (general purpose reserves) or are dedicated to a specific purpose. The reserves are listed with their revised estimated balances at the end of the biennium as of December 31, 2011.

**Reserve Analysis**

**General Purpose Reserves**

- **The Revenue Stabilization Reserve** was used almost in its entirety during the 2009-10 biennium as part of the budget balancing strategy to address the severe economic downturn, which allowed the City to mitigate some negative impacts to services. General Fund 2010 year-end cash was used to replenish this reserve in the amount of \$600,000 in 2011 and an additional \$500,000 replenishment was made as part of the Mid-Biennial budget process. Further replenishment will remain a high priority.
- **The Building and Property Reserve** has been identified as an available funding source for facility expansion and renovation projects, which include the new Public Safety Building, and possibly the Eastside Rail Corridor purchase.

**General Capital Reserves**

- The downturn in real estate transactions over the last few years has significantly impacted **Real Estate Excise Tax (REET)** collections resulting in adjustments to capital project planning to reflect available funding. REET ended the year 18.4 percent ahead of 2010 and exceeded budget 71.3 percent or about \$1.4 million in 2011. However, it is less than half of the revenue received in 2007.
- **Impact fees** have also been significantly reduced as a result of the severe downturn in development activity, resulting in adjustments to capital projects plans. 2011 revenue ended the year 59 percent ahead of the same period in 2010 with increases in both transportation and park impact fees. However, transportation fees ended the year at 38.5 percent of the 2011 budget, or about \$520,000 under budget. Whereas, park fees came in over budget 126 percent or about \$126,000. There is no planned use for capital projects in the current budget cycle, since these revenue sources are expected to remain extremely low compared to historical trends until development activity improves.

**General Government & Utility Reserves Targets Summary**

| Reserves                                     | 2011 Beginning Balance | Adopted 2012 Ending Balance | Revised 2012 Ending Balance | 2011-12 Target    | Revised Over (Under) Target |
|--|------------------------|-----------------------------|-----------------------------|-------------------|-----------------------------|
| <b>GENERAL PURPOSE RESERVES WITH TARGETS</b> |                        |                             |                             |                   |                             |
| General Fund Reserves:                       |                        |                             |                             |                   |                             |
| General Fund Contingency                     | 50,000                 | 50,000                      | 50,000                      | 50,000            | 0                           |
| General Oper. Reserve (Rainy Day)            | 2,806,513              | 2,806,513                   | 2,806,513                   | 4,127,496         | (1,320,983)                 |
| Revenue Stabilization Reserve                | 131,431                | 731,431                     | 1,231,431                   | 2,279,251         | (1,047,820)                 |
| Council Special Projects Reserve             | 201,534                | 251,534                     | 196,534                     | 250,000           | (53,466)                    |
| Contingency                                  | 2,051,870              | 2,201,870                   | 2,201,870                   | 4,016,232         | (1,814,362)                 |
| General Capital Contingency:                 | 4,844,957              | 4,669,463                   | 3,919,463                   | 6,766,320         | (2,846,857)                 |
| <b>General Purpose Reserves with Targets</b> | <b>10,086,305</b>      | <b>10,710,811</b>           | <b>10,405,811</b>           | <b>17,489,299</b> | <b>(7,083,488)</b>          |
| <b>ALL OTHER RESERVES WITH TARGETS</b>       |                        |                             |                             |                   |                             |
| General Fund Reserves:                       |                        |                             |                             |                   |                             |
| Litigation Reserve                           | 70,000                 | 70,000                      | 55,000                      | 50,000            | 5,000                       |
| Firefighter's Pension Reserve                | 1,595,017              | 1,734,215                   | 1,734,215                   | 1,568,207         | 166,008                     |
| Health Benefits Fund:                        |                        |                             |                             |                   |                             |
| Claims Reserve                               | 0                      | 1,424,472                   | 1,424,472                   | 1,424,472         | 0                           |
| Rate Stabilization Reserve                   | 0                      | 500,000                     | 500,000                     | 500,000           | 0                           |
| Excise Tax Capital Improvement:              |                        |                             |                             |                   |                             |
| REET 1                                       | 1,530,280              | 1,019,907                   | 870,520                     | 1,035,000         | (164,480)                   |
| REET 2                                       | 7,121,695              | 4,975,718                   | 4,692,465                   | 11,484,000        | (6,791,535)                 |
| Water/Sewer Operating Reserve:               | 1,979,380              | 1,979,380                   | 1,939,380                   | 1,979,380         | (40,000)                    |
| Water/Sewer Debt Service Reserve:            | 822,274                | 508,717                     | 508,717                     | 508,717           | 0                           |
| Water/Sewer Capital Contingency:             | 1,793,630              | 1,793,630                   | 1,793,630                   | 250,000           | 1,543,630                   |
| Surface Water Operating Reserve:             | 412,875                | 412,875                     | 412,875                     | 412,875           | 0                           |
| Surface Water Capital Contingency:           | 858,400                | 858,400                     | 858,400                     | 758,400           | 100,000                     |
| <b>Other Reserves with Targets</b>           | <b>16,183,551</b>      | <b>15,277,314</b>           | <b>14,789,674</b>           | <b>19,971,051</b> | <b>(5,181,377)</b>          |
| <b>Reserves without Targets</b>              | <b>30,815,305</b>      | <b>36,462,059</b>           | <b>36,241,927</b>           | <b>n/a</b>        | <b>n/a</b>                  |
| <b>Total Reserves</b>                        | <b>57,085,161</b>      | <b>62,450,184</b>           | <b>61,437,412</b>           | <b>n/a</b>        | <b>n/a</b>                  |

*The target comparison reflects revised ending balances to the targets established in the budget process for those reserves with targets.*

*General Purpose reserves are funded from general revenue and may be used for any general government function.*

*All Other Reserves with Targets have restrictions for use either from the funding source or by Council-directed policy (such as the Litigation Reserve).*

*The summary to the right details all Council authorized uses and additions through the end of 2011.*

**USES AND ADDITIONS HIGHLIGHTS**

| RESERVE                                  | AMOUNT    | DESCRIPTION                                |
|--|-----------|--|
| <b>2011 Council Authorized Uses</b>      |           |  |
| 2011 First Quarter Total Uses            | \$248,253 |  |
| 2011 Second Quarter Total Uses           | \$13,000  |  |
| 2011 Third Quarter Total Uses            | \$342,352 |  |
| Litigation Reserve                       | \$15,000  | Outside Counsel                            |
| REET 1                                   | \$54,853  | Parks Operating and Maintenance            |
| REET 2                                   | \$100,000 | Street Operating and Maintenance           |
| General Capital Contingency              | \$750,000 | Juanita Beach Park                         |
| <b>2011 Council Authorized Additions</b> |           |  |
| Council Special Projects Reserve         | \$3,000   | CDBG Funding Request Withdrawn             |
| Revenue Stabilization Reserve            | \$500,000 | Replenishing Revenue Stabilization Reserve |
| Radio Reserve                            | \$7,686   | Reimbursement from NORCOM                  |

*General Fund and Contingency reserves are funded from general purpose revenue and are governed by Council-adopted policies.*

*Note: Fund structure changes required by new accounting standards moved many of the General Purpose reserves out of the Parks & Municipal Reserve Fund (which was closed) and to the General Fund.*

*Special Purpose reserves reflect both restricted and dedicated revenue for specific purpose, as well as general revenue set aside for specific purposes.*

*General Capital Reserves provide the City the ability to respond to unexpected changes in costs and accumulate funds for future projects. It is funded from both general revenue and restricted revenue.*

*Utility reserves are funded from utility rates and provide the utilities with the ability to respond to unexpected costs and accumulate funds for future replacement projects.*

*Internal service funds are funded by charges to operating departments. They provide for the accumulation of funds for replacement of equipment, as well as the ability to respond to unexpected costs.*

| Reserves                                    | Description  | 2011 Beginning Balance | Adopted 2012 Ending Balance | Additional Authorized Uses/Additions | Revised 2012 Ending Balance |
|---|--|------------------------|-----------------------------|--------------------------------------|-----------------------------|
| <b>GENERAL FUND/CONTINGENCY</b>             |  |                        |                             |                                      |                             |
| General Fund Reserves:                      |  |                        |                             |                                      |                             |
| General Fund Contingency                    | Unexpected General Fund expenditures                         | 50,000                 | 50,000                      | 0                                    | 50,000                      |
| General Oper. Reserve (Rainy Day)           | Unforeseen revenues/temporary events                         | 2,806,513              | 2,806,513                   | 0                                    | 2,806,513                   |
| Revenue Stabilization Reserve               | Temporary revenue shortfalls                                 | 131,431                | 731,431                     | 500,000                              | 1,231,431                   |
| Building & Property Reserve                 | Property-related transactions                                | 2,137,598              | 2,137,598                   | 0                                    | 2,137,598                   |
| Council Special Projects Reserve            | One-time special projects                                    | 201,534                | 251,534                     | (55,000)                             | 196,534                     |
| Contingency                                 | Unforeseen expenditures                                      | 2,051,870              | 2,201,870                   | 0                                    | 2,201,870                   |
| <b>Total General Fund/Contingency</b>       |  | <b>7,378,946</b>       | <b>8,178,946</b>            | <b>445,000</b>                       | <b>8,623,946</b>            |
| <b>SPECIAL PURPOSE RESERVES</b>             |  |                        |                             |                                      |                             |
| General Fund Reserves:                      |  |                        |                             |                                      |                             |
| Litigation Reserve                          | Outside counsel costs contingency                            | 70,000                 | 70,000                      | (15,000)                             | 55,000                      |
| Labor Relations Reserve                     | Labor negotiation costs contingency                          | 70,606                 | 70,606                      | 0                                    | 70,606                      |
| Police Equipment Reserve                    | Equipment funded from seized property                        | 50,086                 | 50,086                      | 0                                    | 50,086                      |
| LEOFF 1 Police Reserve                      | Police long-term care benefits                               | 618,079                | 618,079                     | 0                                    | 618,079                     |
| Facilities Expansion Reserve                | Special facilities expansions reserve                        | 800,000                | 800,000                     | 0                                    | 800,000                     |
| Development Services Reserve                | Revenue and staffing stabilization                           | 486,564                | 636,564                     | (57,000)                             | 579,564                     |
| Tour Dock                                   | Dock repairs   | 81,745                 | 81,745                      | 0                                    | 81,745                      |
| Tree Ordinance                              | Replacement trees program                                    | 29,117                 | 29,117                      | (10,000)                             | 19,117                      |
| Donation Accounts                           | Donations for specific purposes                              | 185,026                | 185,026                     | 0                                    | 185,026                     |
| Revolving Accounts                          | Fee/reimbursement for specific purposes                      | 436,386                | 436,386                     | (2,318)                              | 434,068                     |
| Lodging Tax Fund                            | Tourism program and facilities                               | 146,384                | 123,566                     | (15,000)                             | 108,566                     |
| Cemetery Improvement                        | Cemetery improvements/debt service                           | 439,415                | 439,415                     | 0                                    | 439,415                     |
| Off-Street Parking                          | Downtown parking improvements                                | 10,776                 | 10,776                      | (1,500)                              | 9,276                       |
| Firefighter's Pension                       | Long-term care/pension benefits                              | 1,595,017              | 1,734,215                   | 0                                    | 1,734,215                   |
| <b>Total Special Purpose Reserves</b>       |  | <b>5,019,201</b>       | <b>5,285,581</b>            | <b>(100,818)</b>                     | <b>5,184,763</b>            |
| <b>GENERAL CAPITAL RESERVES</b>             |  |                        |                             |                                      |                             |
| Excise Tax Capital Improvement:             |  |                        |                             |                                      |                             |
| REET 1                                      | Parks/transportation/facilities projects, parks debt service | 1,530,280              | 1,019,907                   | (149,387)                            | 870,520                     |
| REET 2                                      | Transportation capital projects                              | 7,121,695              | 4,975,718                   | (283,253)                            | 4,692,465                   |
| Impact Fees                                 |  |                        |                             |                                      |                             |
| Roads                                       | Transportation capacity projects                             | 525,095                | 1,112,245                   | 0                                    | 1,112,245                   |
| Parks                                       | Parks capacity projects                                      | 2,033                  | 3,038                       | 0                                    | 3,038                       |
| Street Improvement                          | Street improvements  | 1,092,258              | 1,092,258                   | (42,000)                             | 1,050,258                   |
| General Capital Contingency                 | Changes to General capital projects                          | 4,844,957              | 4,669,463                   | (750,000)                            | 3,919,463                   |
| <b>Total General Capital Reserves</b>       |  | <b>15,116,318</b>      | <b>12,872,629</b>           | <b>(1,224,640)</b>                   | <b>11,647,989</b>           |
| <b>UTILITY RESERVES</b>                     |  |                        |                             |                                      |                             |
| Water/Sewer Utility:                        |  |                        |                             |                                      |                             |
| Water/Sewer Operating Reserve               | Operating contingency  | 1,979,380              | 1,979,380                   | (40,000)                             | 1,939,380                   |
| Water/Sewer Debt Service Reserve            | Debt service reserve   | 822,274                | 508,717                     | 0                                    | 508,717                     |
| Water/Sewer Capital Contingency             | Changes to Water/Sewer capital projects                      | 1,793,630              | 1,793,630                   | 0                                    | 1,793,630                   |
| Water/Sewer Construction Reserve            | Replacement/re-prioritized/new projects                      | 7,870,665              | 9,871,542                   | (100,000)                            | 9,771,542                   |
| Surface Water Utility:                      |  |                        |                             |                                      |                             |
| Surface Water Operating Reserve             | Operating contingency  | 412,875                | 412,875                     | 0                                    | 412,875                     |
| Surface Water Capital Contingency           | Changes to Surface Water capital projects                    | 858,400                | 858,400                     | 0                                    | 858,400                     |
| Surface Water-Transp. Related Rsv           | Replacement/re-prioritized/new projects                      | 2,483,250              | 3,666,250                   | 0                                    | 3,666,250                   |
| Surface Water Construction Reserve          | Trans. related surface water projects                        | 2,848,125              | 3,376,431                   | 0                                    | 3,376,431                   |
| <b>Total Utility Reserves</b>               |  | <b>19,068,599</b>      | <b>22,467,225</b>           | <b>(140,000)</b>                     | <b>22,327,225</b>           |
| <b>INTERNAL SERVICE FUND RESERVES</b>       |  |                        |                             |                                      |                             |
| Health Benefits:                            |  |                        |                             |                                      |                             |
| Claims Reserve                              | Health benefits self insurance claims                        | 0                      | 1,424,472                   | 0                                    | 1,424,472                   |
| Rate Stabilization Reserve                  | Rate stabilization   | 0                      | 500,000                     | 0                                    | 500,000                     |
| Equipment Rental:                           |  |                        |                             |                                      |                             |
| Vehicle Reserve                             | Vehicle replacements   | 7,718,221              | 8,047,063                   | 0                                    | 8,047,063                   |
| Radio Reserve                               | Radio replacements   | 0                      | 0                           | 7,686                                | 7,686                       |
| Information Technology:                     |  |                        |                             |                                      |                             |
| PC Replacement Reserve                      | PC equipment replacements                                    | 258,311                | 318,646                     | 0                                    | 318,646                     |
| Technology Initiative Reserve               | Technology projects  | 690,207                | 690,207                     | 0                                    | 690,207                     |
| Major Systems Replacement Reserve           | Major technology systems replacement                         | 245,500                | 84,900                      | 0                                    | 84,900                      |
| Facilities Maintenance:                     |  |                        |                             |                                      |                             |
| Operating Reserve                           | Unforeseen operating costs                                   | 550,000                | 550,000                     | 0                                    | 550,000                     |
| Facilities Sinking Fund                     | 20-year facility life cycle costs                            | 1,039,858              | 2,030,515                   | 0                                    | 2,030,515                   |
| <b>Total Internal Service Fund Reserves</b> |  | <b>10,502,097</b>      | <b>11,721,331</b>           | <b>7,686</b>                         | <b>11,729,017</b>           |
| <b>Grand Total</b>                          |  | <b>57,085,161</b>      | <b>62,450,184</b>           | <b>(1,012,772)</b>                   | <b>61,437,412</b>           |



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The Financial Management Report (FMR) is a high-level status report on the City's financial condition that is produced quarterly.

- It provides a **summary budget to actual comparison** for year-to-date revenues and expenditures for all operating funds.
- The **Sales Tax Revenue Analysis** report takes a closer look at one of the City's larger and most economically sensitive revenue sources.
- **Economic environment** information provides a brief outlook at the key economic indicators for the Eastside and Kirkland such as office vacancies, residential housing prices/sales, development activity, inflation and unemployment.
- The **Investment Summary** report includes a brief market overview, a snapshot of the City's investment portfolio, and the City's year-to-date investment performance.
- The **Reserve Summary** report highlights the uses of and additions to the City's reserves in the current year as well as the projected ending reserve balance relative to each reserve's target amount.

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***Economic Environment Update References:***

- Carol A. Kujawa, MA, A.P.P., *ISM-Western Washington, Inc. Report On Business*, Institute for Supply Management-Western Washington, December, 2011
- Eric Pryne, *King County median home price falls by double digits again*, The Seattle Times, January 4, 2012
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- CB Richard Ellis Real Estate Services, Market View Puget Sound, Fourth Quarter 2011
- Economic & Revenue Update—Washington State Economic & Revenue Forecast Council
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- U.S. Bureau of Labor Statistics
- Washington State Employment Security Department
- Washington State Department of Revenue
- Washington State Department of Labor & Industries
- City of Kirkland Building Division
- City of Kirkland Finance & Administration Department

## February 2012 Financial Dashboard Highlights

March 12, 2012

- The dashboard report reflects the 2012 annual budget adopted by the City Council on December 7, 2010 and budget adjustments adopted in March, July and December 2011. The actual revenues and expenditures summarized in the dashboard reflect two months of data, which represents 16.67 percent of the calendar year.
- Total General Fund revenues are slightly below expectations due to the following:
  - Revenues received through February are at 12.6 percent of budget. Note that \$1.7 million of revenue received in December 2011 is revenue from Woodinville Fire and Rescue budgeted for receipt in 2012. Including this amount, the total revenue received through February would be at 14.76 percent of budget.
  - Revenues through February do not reflect all planned transfers into the General Fund, many of which are done on a quarterly basis. In addition, selected large General Fund revenues are received in periodic increments including property tax (mostly received in April/May and October/November) and King County EMS payments (quarterly or semi-annually).
  - Sales tax receipts through February are up 2.8 percent over the same period last year. However, 2012 revenue from the new neighborhoods and one-time field recoveries in both years skew the comparison. Normalizing for these two factors, year-to-date revenue would be up about 1.8 percent. Sales tax revenue from the new neighborhoods continues at dramatically lower levels than were originally budgeted (projection of about \$0.77 million under budget in 2012). The budget was based on estimates provided by King County and staff is working with the County to identify reasons for the significant variance, and the Department of Revenue to ensure that Kirkland is receiving all of the revenue due from the new neighborhoods.
  - Utility tax receipts for 2012 are on target with budget expectations at 16.8 percent. The shortfall in telecommunication and cable utility tax revenues experienced in 2011 continues through February 2012 with revenues under expectations approximately 4 percent or \$200,000. These shortfalls are offset by gas and electric utility taxes exceeding budget expectations. Efforts continue to ensure telecommunications providers are properly remitting utility tax from the newly annexed areas.
  - Business license revenues are on target with budget expectations at 17.6 percent of budget.
  - In aggregate, development revenues through February are short of the 2012 budget 3.4 percent or \$150,000. More information about development activity through February is available at the end of the dashboard report.
  - Gas tax revenues continue falling short of expectations (15.3 percent) in 2012 due to reduced usage resulting from increased prices (gas tax is collected on a per gallon basis).
- Total General Fund expenditures are also below expectations.
  - Overall, General Fund expenditures are slightly trailing the budget at 15.6 percent.
  - Fire Suppression overtime and jail contract costs through February 2012 are below budget expectations.
  - Fuel costs continue exceeding budget expectations by almost 7 percent or \$30,000. The average price per gallon through February is \$3.58 and the 2012 budget is based on an average of \$3.10 per gallon.

Attachments: February Dashboard  
Development Services Highlights for January and February

**City of Kirkland Budget Dashboard**

3/12/2012

**Annual Budget Status as of**      **2/29/2012** (Note 1)  
**Percent of Year Complete**      **16.67%**

|                     | 2012<br>Budget | Year-to-Date<br>Actual | % Received/<br>% Expended | Status            |                | Notes                             |
|---------------------|----------------|------------------------|---------------------------|-------------------|----------------|-----------------------------------|
|                     |                |                        |                           | Current<br>Report | Last<br>Report |                                   |
| <b>General Fund</b> |                |                        |                           |                   |                |                                   |
| Total Revenues (2)  | 78,327,155     | 9,838,524              | 12.6%                     |                   |                | Property tax/FD41/EMS spike in 2Q |
| Total Expenditures  | 75,912,300     | 11,832,749             | 15.6%                     |                   |                |                                   |

**Key Indicators (All Funds)**

|                           |            |           |       |  |  |                                    |
|---------------------------|------------|-----------|-------|--|--|------------------------------------|
| <i>Revenues</i>           |            |           |       |  |  |                                    |
| Sales Tax                 | 14,442,010 | 2,517,609 | 17.4% |  |  | Prior YTD = \$2,449,070            |
| Utility Taxes             | 14,460,833 | 2,428,701 | 16.8% |  |  |                                    |
| Business License Fees     | 2,880,710  | 507,407   | 17.6% |  |  |                                    |
| Development Fees          | 4,444,828  | 589,244   | 13.3% |  |  |                                    |
| Gas Tax                   | 1,704,588  | 261,168   | 15.3% |  |  |                                    |
| <i>Expenditures</i>       |            |           |       |  |  |                                    |
| GF Salaries/Benefits      | 51,142,503 | 7,845,432 | 15.3% |  |  | Excludes Fire Suppression Overtime |
| Fire Suppression Overtime | 611,588    | 55,677    | 9.1%  |  |  |                                    |
| Contract Jail Costs       | 1,850,729  | 87,833    | 4.7%  |  |  |                                    |
| Fuel Costs                | 453,192    | 106,442   | 23.5% |  |  |                                    |

**Status Key**

Revenue is higher than expected or expenditure is lower than expected

Revenue/expenditure is within expected range

WATCH - Revenue/expenditure outside expected range



Note 1 - Report shows annual values during the second year of the biennium (2012).

Note 2 - Total budgeted revenues exceed expenditures in 2012 and are offset by expenditures exceeding revenues in 2011, due to the biennial budget.

n/a - not applicable

## Development Services Report – January, 2012

Development Services is comprised of the Fire and Building, Public Works and Planning Departments. The Building Department reports on all building construction related permits including electrical, mechanical and plumbing trade permits, signs and grading permits. Fire permits are not reported on since they are tracked separately from the Building Department budget. Public Works Department revenue is generated from infrastructure improvement permits and Planning Department revenue is the result of land use permits. A review of the January, 2012 permit data allows us to offer the following:

- New single-family residential permit applications for January were up significantly with 16 applications received compared to 10 in January of last year. There was also a 55% increase in commercial tenant improvement permits and single-family remodel permits with 32 applications this January compared to 20 last year.
- The monthly average of total permits received so far this year continues to exceed the monthly average for 2011 (292), with the total number of permits received in January 2012 (306) exceeding January 2011 (301). This month the New Neighborhoods generated 86 permits applications and the remaining 220 were from pre-annexation Kirkland. Since last June, permit applications in the New Neighborhoods have constituted about 38% increase of the permit volume.
- Building Department revenue for January was \$129,302 or 4% of the budget of \$3,231,698 and 48% the average monthly projected revenue of \$269,308. The 2012 budget includes \$734,290 in revenue for the redevelopment of Parkplace which is still on hold. By excluding this potential revenue, the budget would be \$2,497,408 for the year with an average monthly projected revenue of \$208,117. January revenue would be 62% of this adjusted average.
- Public Works Department development revenue for January 2012 was \$59,559 which is 9% of the budgeted revenue of \$673,152 for 2012 and \$3,463 more than the average monthly projected revenue of \$56,096. 2012 is off to a good start considering that most of the major projects that have helped generate the large revenue totals in 2011 will continue to be under construction through 2012 and will require Public Works engineering and inspection services until the projects are complete.
- Planning Department revenue for January 2012 was \$78,956 which is \$38,939 above the monthly projected revenue average of \$40,017 for 2012. Process IIA permit and Design Board Review are the highest fee line items for the month.

## Development Services Report – February, 2012

A review of the February, 2012 permit data allows us to offer the following:

- New single-family residential permit applications for February were up with 13 applications received compared to 8 in February of last year. There was also a 71% increase in commercial tenant improvement permits and single-family remodel permits with 41 applications this February compared to 24 last year.
- The monthly average of total building related permits received so far this year (310) continues to exceed the monthly average for 2011 (292), with the total number of permits received in February 2012 (315) exceeding February 2011 (188). This month the New Neighborhoods generated 99 permits applications and the remaining 216 were from pre-annexation Kirkland. Since last June, permit applications in the New Neighborhoods have constituted about 39% of the permit volume.
- Building Department revenue for February was \$173,059 or 5% of the budget of \$3,231,698 and 64% of the average monthly projected revenue of \$269,308. The 2012 budget includes \$734,290 in revenue for the redevelopment of Parkplace which is still on hold.
- Public Works Department development revenue for February 2012 was \$75,769 which is \$19,673 more than the average monthly projected revenue of \$56,096. 2012 is off to a good start considering that most of the major projects that have helped generate the large revenue totals in 2011 will continue to be under construction through 2012. Funds have been set aside for Public Works engineering and inspection services on projects that paid fees in 2011 until the projects are complete.
- Planning Department revenue for February 2012 was \$61,988 which is \$21,971 above the monthly projected revenue average of \$40,017 for 2012. Planning Official Decisions (mostly for wireless permit applications) is the highest fee line item for the month.



## CITY OF KIRKLAND

Department of Finance & Administration

123 Fifth Avenue, Kirkland, WA 98033 425.587.3100

[www.kirklandwa.gov](http://www.kirklandwa.gov)

### MEMORANDUM

**To:** Kurt Triplett, City Manager

**From:** Tracey Dunlap, Director of Finance & Administration  
Karen Terrell, Budget Analyst

**Date:** March 12, 2012

**Subject:** February Sales Tax Revenue Analysis

February sales tax revenue is **up 3.4 percent** compared to February 2011. **Year-to-date** revenue performance is **up 2.8 percent** compared to the same period last year. Two factors complicate this comparison: (1) February 2012 data includes revenues from the new neighborhoods (contributing about sixty percent of the monthly gain), and (2) February 2011 receipts included a large one-time adjustment in the communications category. For the month of February, factoring out these two events results in an increase of 6.2 percent. Factoring out revenue from the new neighborhoods and one-time field recoveries, year-to-date sales tax revenue results in an increase of 1.8 percent. Sales tax revenue received this month is for activity in December.

**Comparing February 2012 performance to February 2011**, the following business sector trends are noteworthy:

- **Other retail is up 28.9 percent** (about \$48,600), primarily due to positive performance in the electronics, food and beverage, health and personal care, clothing, and the non-store retailers categories. Revenue from establishments in the new neighborhoods make up about thirty percent of the increase.
- **Retail eating/drinking sector is up 16.6 percent** (about \$16,700) primarily due to a one-time field recovery from one establishment and revenues from the new neighborhoods.
- The **miscellaneous** sector performance is **up 12.0 percent** (about \$8,200), due to positive performance in the public administration, transportation, finance and administration and real estate categories.
- **Contracting** sector performance is **up 8.5 percent** (about \$14,200), some of the gain in this category can be attributed to the construction of two new elementary schools in the new neighborhoods.
- The **general merchandise/miscellaneous retail** sector is **up 5.0 percent** (about \$11,000), due to strong performance by a key retailer.
- **Auto/gas retail** sector is **up 2.3 percent** this month (about \$7,000), most of the gains in this category can be attributed to the addition of a new dealership in March of last year.
- The **services** sector is **down 0.4 percent** (about \$700), primarily due to negative performance in the professional scientific category.
- **Wholesale** is **down 4.4 percent** (about \$2,800), due to decreases in sales of non-durable goods.
- **Communications** is **down 59.1 percent** (almost \$55,500), due to one-time revenues in the telecommunications category in February of 2011. Factoring out the one-time revenues, this category would be up 21.3 percent.

**2011-2012 Sales Tax Receipts by Business Sector-Monthly Actual**

| Business Sector Group  | February         |                  | Dollar Change | Percent Change | Percent of Total |               |
|------------------------|------------------|------------------|---------------|----------------|------------------|---------------|
|                        | 2011             | 2012             |               |                | 2011             | 2012          |
| Services               | 185,543          | 184,854          | (689)         | -0.4%          | 13.6%            | 13.1%         |
| Contracting            | 166,731          | 180,951          | 14,220        | 8.5%           | 12.2%            | 12.8%         |
| Communications         | 93,905           | 38,449           | (55,456)      | -59.1%         | 6.9%             | 2.7%          |
| Auto/Gas Retail        | 299,099          | 306,114          | 7,015         | 2.3%           | 21.9%            | 21.7%         |
| Gen Merch/Misc Retail  | 219,941          | 230,877          | 10,936        | 5.0%           | 16.1%            | 16.3%         |
| Retail Eating/Drinking | 100,870          | 117,612          | 16,742        | 16.6%          | 7.4%             | 8.3%          |
| Other Retail           | 167,925          | 216,502          | 48,577        | 28.9%          | 12.3%            | 15.3%         |
| Wholesale              | 64,258           | 61,423           | (2,835)       | -4.4%          | 4.7%             | 4.3%          |
| Miscellaneous          | 68,578           | 76,805           | 8,227         | 12.0%          | 4.9%             | 5.5%          |
| <b>Total</b>           | <b>1,366,850</b> | <b>1,413,587</b> | <b>46,737</b> | <b>3.4%</b>    | <b>100.0%</b>    | <b>100.0%</b> |

**Year To Date Business Sector Review:**

- Retail sectors sales tax revenue collectively are up 6.7 percent compared to 2011.
  - The **general merchandise/miscellaneous retail** sector is **down 9.0 percent** compared to last year due to the one-time large receipt received last year from development-related activity from one key business. Factoring out last year's large one-time receipt, the gain would be 7.6 percent.
  - The **auto/gas retail** sector is **up 4.0 percent** compared to last year, largely due to the addition of a new dealership early last year and positive performance by a few key retailers.
  - The **retail eating/drinking** sector performance is **up 16.4 percent** compared to last year. Primarily due to a one-time field recovery and the addition of eating and drinking establishments in the new neighborhoods.
- **Other retail** is **up 27.9 percent** compared to last year. About 35 percent or \$28,623 of the increase is revenue from retail establishments in the new neighborhoods.
- The **services** sector is **up 2.5 percent** compared to last year, largely due to positive performance in the repairs and maintenance, administrative support, health care, arts and entertainment, and accommodations categories. The accommodations sector is up 12.4 percent or about \$12,000.
- **Wholesale** is **up 0.05 percent** compared to last year.
- The **communications** sector is **down 43.0 percent** compared to last year due to one-time revenues in February 2011 in the telecommunications category.
- The **contracting** sector is **up 4.1 percent** compared to last year. Some of the gain in this category can be attributed to the construction of two new elementary schools in the new neighborhoods. The completion of several large projects last year and a one-time field recovery last year skew the comparison in this category. Factoring out the one-time field recovery, this sector would be up 7.5 percent.
- The **miscellaneous** sector is **up 3.4 percent** compared to last year due to increases in the manufacturing category.

## City of Kirkland Actual Sales Tax Receipts

| Business Sector Group  | January-February |                  | Dollar Change | Percent Change | Percent of Total |               |
|------------------------|------------------|------------------|---------------|----------------|------------------|---------------|
|                        | 2011             | 2012             |               |                | 2011             | 2012          |
| Services               | 306,128          | 313,718          | 7,590         | 2.5%           | 12.5%            | 12.5%         |
| Contracting            | 318,813          | 332,035          | 13,222        | 4.1%           | 13.0%            | 13.2%         |
| Communications         | 125,754          | 71,622           | (54,132)      | -43.0%         | 5.1%             | 2.8%          |
| Auto/Gas Retail        | 567,772          | 590,465          | 22,693        | 4.0%           | 23.2%            | 23.5%         |
| Gen Merch/Misc Retail  | 417,242          | 379,592          | (37,650)      | -9.0%          | 17.0%            | 15.1%         |
| Retail Eating/Drinking | 178,994          | 208,332          | 29,338        | 16.4%          | 7.3%             | 8.3%          |
| Other Retail           | 296,939          | 379,920          | 82,981        | 27.9%          | 12.1%            | 15.1%         |
| Wholesale              | 108,181          | 108,232          | 51            | 0.05%          | 4.4%             | 4.3%          |
| Miscellaneous          | 129,252          | 133,694          | 4,442         | 3.4%           | 5.3%             | 5.3%          |
| <b>Total</b>           | <b>2,449,075</b> | <b>2,517,610</b> | <b>68,535</b> | <b>2.8%</b>    | <b>100.0%</b>    | <b>100.0%</b> |

**Conclusion**

Sales tax receipts in 2012 continue to indicate a slow recovery and the normal revenue volatility associated with sales tax revenues. In addition to one-time activity that can skew year-to-year comparisons, the annexation of Juanita, Finn Hill, and Kingsgate neighborhoods on June 1, 2011 results in sales tax revenue from these areas that was not part of the City's receipts for the first eight months of 2011. The budget adopted in 2010 included a 3 percent growth in 2012 in the existing city's sales tax revenue over 2011, which is consistent with the 2011 actual results.

Sales tax revenue from the new neighborhoods continues to be considerably lower than budgeted (projection of \$0.77 million under budget in 2012). The budget was based on information provided by King County. Staff is currently working with King County and the Department of Revenue to ensure Kirkland is receiving all sales tax revenue from the new neighborhoods.

The February economic forecast for the United States did not substantially change from the November forecast and indicates a continued expectation of a slow-growth. Although there are some signs of an improving economy, the high level of uncertainty identified in the November forecast remains. This uncertainty is due to risks associated with the on-going European debt crisis, concerns about slow growth in Asia, and the potential for Iran to block oil supplies in response to international sanctions. There is also uncertainty as to the upcoming elections in the U.S., Russia, France and anticipated leadership changes in China. In addition, the weak housing market continues to slow the economy. The January employment data, showing an increase of 243,000 jobs and a reduction in the unemployment rate from 8.5 percent to 8.3 percent were much better than expected. Despite this positive data, the labor market remains weak.

Washington's economy is continuing to benefit from solid performances by aerospace and software companies. The aerospace sector added 11,500 jobs since May 2010, while the software sector has added 1,800 jobs since December 2009. The private sector added 7,800 jobs but the public sector lost 1,300 jobs. Government employment continues to decline, especially at the state and local level. Export growth is slowing but total exports in the fourth quarter were up by 15 percent over last year. Exports of transportation equipment (mostly Boeing planes) account for nearly 50 percent of the state's exports and were up 27 percent from the previous year. The outlook for single-family construction for 2012 is flat even though there was stronger performance in the fourth quarter of 2011. Washington's economy is slightly outperforming the national economy thanks to aerospace, software, and exports, but the recovery remains unusually slow and the risks remain high.

State Budget Estimated Impacts Comparison of Proposals as of March 8, 2012 -- DRAFT

UD = Under development

n/a = not applicable

| Revenue (Negative Impacts)/Positive Impacts          | Governor's Budget Proposal |                       |                       | House Bill 2127 |                       |                       | Senate Bill Original 5967 |                       |                       | Senate Bill Revised 5967 |                       |                       |
|--|----------------------------|-----------------------|-----------------------|-----------------|-----------------------|-----------------------|---------------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
|  | Effective                  | Estimated 2012 Impact | Estimated 2013 Impact | Effective       | Estimated 2012 Impact | Estimated 2013 Impact | Effective                 | Estimated 2012 Impact | Estimated 2013 Impact | Effective                | Estimated 2012 Impact | Estimated 2013 Impact |
| Sales Tax Credit (maximum impact)                    | 1/1/2012                   | (663,000)             | (1,055,700)           | n/a             | -                     | -                     | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| Streamlined Sales Tax Mitigation                     | 7/1/2012                   | (5,699)               | (11,800)              | n/a             | -                     | -                     | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| Criminal Justice Assistance                          | n/a                        | -                     | -                     | 41275           | -                     | (20,209)              | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| Liquor Excise Tax                                    | 7/1/2012                   | (202,674)             | (404,988)             | 1/1/2013        | -                     | (404,988)             | 7/1/2012                  | (202,674)             | (404,988)             | 7/1/2012                 | (202,674)             | (404,988)             |
| Judicial Contributions                               | n/a                        | -                     | -                     | 41275           | -                     | (45,440)              | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| Liquor Distribution Center sale <sup>1</sup>         | n/a                        | -                     | -                     | n/a             | -                     | -                     | 2012                      | UD <sup>1</sup>       | UD <sup>1</sup>       | n/a                      | -                     | -                     |
| <b>Subtotal Reductions</b>                           |                            | <b>(871,373)</b>      | <b>(1,472,488)</b>    |                 | <b>-</b>              | <b>(470,637)</b>      |                           | <b>(202,674)</b>      | <b>(404,988)</b>      |                          | <b>(202,674)</b>      | <b>(404,988)</b>      |
| Expenditures (Negative Impacts)/Positive Impacts     | Effective                  | Estimated 2012 Impact | Estimated 2013 Impact | Effective       | Estimated 2012 Impact | Estimated 2013 Impact | Effective                 | Estimated 2012 Impact | Estimated 2013 Impact | Effective                | Estimated 2012 Impact | Estimated 2013 Impact |
| Basic Law Enforcement Academy <sup>2</sup>           | 1/1/2012                   | (50,000)              | (25,000)              | 7/1/2012        | (50,000)              | (50,000)              | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| Basic Corrections Academy                            | n/a                        | -                     | -                     | 7/1/2012        | (9,419)               | (18,837)              | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| Other Police Training                                | n/a                        | -                     | -                     | 7/1/2012        | (3,300)               | (6,600)               | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| State Crime Lab                                      | 1/1/2012                   | (10,000)              | (10,000)              | 7/1/2012        | (5,000)               | (10,000)              | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| Audit every 3 years <sup>3</sup>                     | n/a                        | -                     | -                     | 1/1/2013        | -                     | 39,190                | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| LEOFF Plan 2 Contribution 20% Reduction              | n/a                        | -                     | -                     | n/a             | -                     | -                     | n/a                       | -                     | -                     | 7/1/2012                 | 104,681               | 209,361               |
| Storm Water Permitting <sup>4</sup>                  | n/a                        | -                     | -                     | 1/1/2013        | UD <sup>4</sup>       | UD <sup>4</sup>       | 1/1/2013                  | UD <sup>4</sup>       | UD <sup>4</sup>       | n/a                      | -                     | -                     |
| <b>Total Expenditure Impact</b>                      |                            | <b>(60,000)</b>       | <b>(35,000)</b>       |                 | <b>(67,719)</b>       | <b>(46,247)</b>       |                           | <b>-</b>              | <b>-</b>              |                          | <b>104,681</b>        | <b>209,361</b>        |
| <b>Net Impact</b>                                    |                            | <b>(931,373)</b>      | <b>(1,507,488)</b>    |                 | <b>(67,719)</b>       | <b>(516,884)</b>      |                           | <b>(202,674)</b>      | <b>(404,988)</b>      |                          | <b>(97,993)</b>       | <b>(195,627)</b>      |
| Local Revenue Options HB 2801                        | Effective                  | Estimated 2012 Impact | Estimated 2013 Impact | Effective       | Estimated 2012 Impact | Estimated 2013 Impact | Effective                 | Estimated 2012 Impact | Estimated 2013 Impact | Effective                | Estimated 2012 Impact | Estimated 2013 Impact |
| Sales Tax 0.1% (50/50 split)                         | n/a                        | -                     | -                     | *               | -                     | 803,809               | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| Restaurants Max 0.5%                                 | n/a                        | -                     | -                     | *               | -                     | 699,204               | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| Property Tax Additional 1.0%                         | n/a                        | -                     | -                     | *               | -                     | 146,721               | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| Motor Vehicle Excise Tax (low end est.) <sup>5</sup> | n/a                        | -                     | -                     | *               | -                     | 994,543               | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| Transportation Benefit District <sup>5</sup>         | n/a                        | -                     | -                     | *               | -                     | 750,000               | n/a                       | -                     | -                     | n/a                      | -                     | -                     |
| <b>Subtotal Local Revenue Options</b>                |                            | <b>-</b>              | <b>-</b>              |                 | <b>-</b>              | <b>3,394,277</b>      |                           | <b>-</b>              | <b>-</b>              |                          | <b>-</b>              | <b>-</b>              |

\*Council discretion, assumes implementation as of 1/1/2013

<sup>1</sup> Half of the proceeds from sale of the liquor distribution center would be shared with local governments (\$6 million allocation to local government)

<sup>2</sup> Impact to City of Governor's Proposal on BLEA subsequently revised downward / Revised SB 5967 reduces BLEA appropriation through reduced expenses (no impact to cities)

<sup>3</sup> Assumes annual costs in off-years reduced by half since annual CAFR and federal audit are required

<sup>4</sup> Impact of storm water program changes on utility budget are under evaluation

<sup>5</sup> Senate Bill 6582-MVET: \$60 million option-62.5%/37.5% split / Raise Councilmanic TBD from \$20 to \$40 (estimates range between \$750,000 to \$1.1 million depending on implementation timing, etc.)

**Notes:**

2013 estimated impact based on 2012 budget or estimates

Negative numbers indicate negative impact (decrease in revenue and increase in expenditures)

House proposal makes reductions to state-shared revenues permanent. Senate proposal targets only liquor excise tax and only for the current biennium.

Liquor Revolving Fund (Profits): Current shared revenue preserved due to I-1183, so City should receive approximately the same revenue. The State will keep "excess"

revenue under House, original and revised Senate proposals; so local government will not receive any benefit from potential additional liquor profits following privatization.

House and revised Senate proposals are permanent while the original Senate proposal is for current biennium only.

**2012 CALENDAR**  
**2013-14 Budget & 2013-18 CIP**

DRAFT – 3/14/12

**FEBRUARY**

CIP Timeline to Finance Committee February 28  
 Council Retreat – Packet due to CMO February 28

**MARCH**

CIP Kickoff March 1  
 Council Retreat Packet Distributed March 8  
 CIP Materials Due March 23  
 City Council Retreat March 23-24

**APRIL**

CIP Meetings with CMO April 9-13  
 Final CIP Materials Due April 20  
 CIP Document Production April 23-May 9  
 Internal Service Fund Kickoff April 25

**MAY**

CIP Document Distribution May 10  
 Study Session - CIP Presentation to Council May 15  
 Draft Internal Service Fund Rates Due May 24  
 Internal Service Rates Meetings May 31

**JUNE**

Internal Service Rates Meetings June 1 & 4  
 Final Internal Service Rates Due June 15  
 Budget Adjustments to Council June 19  
 Budget Kickoff June 27

**JULY**

Revenue Estimates Due July 20

**AUGUST**

Basic Budget Due: August 8  
 Department Org Charts Due August 8  
 Preliminary Service Package List Due August 8  
 Department Overviews Due August 15

Basic Budget Meetings August 20-24

- Review Basic budget Analysis
- Identification of Policy Issues
- Review Service Packages/Reductions

Service Packages Due August 24

Outside Agency Requests Due August 31

**SEPTEMBER**

Estimated Carryover Requests Due September 7  
 (Fund 010 Only)

Basic Budget/Service Packages/  
 Expenditure Reductions Meetings  
 with City Manager September 10-14

- Discussion of Policy Issues
- Review Service Packages/Reductions

Department Issue Papers Due September 14

Public Hearing – Proposed  
 Revenue Sources September 18

Public Hearing – Preliminary  
 2013-18 CIP September 18

Final City Manager Decisions September 21

Budget Document Production September 24-28

**OCTOBER**

Budget Document Production October 1-12

Finance Committee Review of Budget  
 Issues & Process (Special Meeting) October 9

City Manager's Proposed Budget to  
 City Council & Public October 16

Council Budget Work Session (3-9pm) October 25

**NOVEMBER**

Council Study Session – Budget November 7  
 Public Hearing – Budget Input November 7

Special Study Session – Budget  
 (if needed) November 13

Presentation to Council – Changes to  
 2013-2018 CIP November 20

Public Hearing – Budget November 20

Preliminary Property Tax Levy November 20

Public Hearing – Prelim Property Tax November 20

**DECEMBER** (date subject to change)

Budget Adoption December 4

Final CIP Adoption December 4

Final Property Tax Levy Adoption December 4



**CITY OF KIRKLAND**  
Department of Parks & Community Services  
505 Market Street, Suite A, Kirkland, WA 98033 425.587.3300  
www.kirklandwa.gov

## MEMORANDUM

**To:** Kurt Triplett, City Manager

**From:** Jennifer Schroder, Parks and Community Services Director

**Date:** March 16, 2012

**Subject:** 2012 Ballot Measure - Park Funding Exploratory Committee Recommendation

On March 6<sup>th</sup> the City Council received an overview of the Park Funding Exploratory Committee's (PFEC) recommendation for Council to evaluate going to the November 2012 ballot with two measures:

- ❖ A \$10 million 9-Year Levy Lid Lift for Capital Investments
- ❖ A \$1.095 million Permanent Levy for Maintenance and Operations.

To assist the Council in their discussion, attached is a copy of the full Park Funding Exploratory Committee report that was included in the March 6<sup>th</sup> Study Session agenda packet.

### PFEC Recommended Ballot Measures A 9-Year Levy Lid Lift for Capital and a Permanent Levy Lid Lift for M & O

| Category/Project                     | Project Cost      | Annual Cost to Homeowner | M&O Levy         | Annual Cost to Homeowner | Annual Cost to Homeowner | Rate per \$1,000 AV | Additional Annual Cost to Homeowner |
|--------------------------------------|-------------------|--------------------------|------------------|--------------------------|--------------------------|---------------------|-------------------------------------|
| <b>TIER 1</b>                        |                   |                          |                  |                          |                          |                     |                                     |
| Restore M & O                        | -                 | -                        | 600,000          | 19.68                    | 19.68                    | 0.0410              |                                     |
| Denny Park Maintenance               | -                 | -                        | 137,500          | 4.51                     | 4.51                     | 0.0094              |                                     |
| Forest/Habitat Restoration           | -                 | -                        | 192,500          | 6.31                     | 6.31                     | 0.0132              |                                     |
| Waverly Beach Renovation             | 500,000           | 2.05                     | -                | -                        | 2.05                     | 0.0043              |                                     |
| Dock and Shoreline Renovations       | 800,000           | 3.28                     | -                | -                        | 3.28                     | 0.0068              |                                     |
| Moulton Park Renovation              | 1,000,000         | 4.10                     | 27,500           | 0.90                     | 5.00                     | 0.0104              |                                     |
| City-School Partnership Projects     | 1,000,000         | 4.10                     | 27,500           | 0.90                     | 5.00                     | 0.0104              |                                     |
| Neighborhood Park Land Acquisition   | 2,500,000         | 10.25                    | -                | -                        | 10.25                    | 0.0214              |                                     |
| Develop Eastside Rail Corridor Trail | 3,000,000         | 12.30                    | 110,000          | 3.61                     | 15.91                    | 0.0331              |                                     |
| Juanita Beach Bathhouse              | 1,200,000         | 4.92                     | -                | -                        | 4.92                     | 0.0103              |                                     |
|                                      | -                 | -                        |                  |                          |                          |                     |                                     |
|                                      | <b>10,000,000</b> | <b>41.00</b>             | <b>1,095,000</b> | <b>35.92</b>             | <b>76.92</b>             | <b>0.1602</b>       | <b>76.92</b>                        |
| <b>TIER 2</b>                        |                   |                          |                  |                          |                          |                     |                                     |
| Lee Johnson Field Turf & Lighting    | 1,500,000         | 6.15                     | -                | -                        | 6.15                     | 0.0128              | <b>83.07</b>                        |

All costs noted are preliminary estimates subject to refinement  
 Note 1: Annual cost to a home with an assessed valuation of \$480,000  
 Note 2: Amounts Include 10% Inflationary Adjustment

Staff is seeking direction from Council at the retreat on whether additional information is needed and if the Council has potential changes to the capital projects list or the maintenance and operations list.

If the Council has continued interest in pursuing a November 2012 ballot measure, PFEC recommends that a next step should be to research the attitudes of residents through a statistically-valid random sample telephone survey. Preliminary work on a survey was initiated after the Council study session. If the Council provides direction to proceed at the retreat, a survey could be commissioned and conducted during the month of April, with results shared with the committee and Council in May/June. Funding for a survey could be included as part of the Parks Recreation and Open Space Plan project that is within the current year budget.

It is important to note, that should a ballot measure be placed on the November 6th, general election, the deadline to file with King County is August 7, 2012.



**CITY OF KIRKLAND**  
Department of Parks & Community Services  
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## MEMORANDUM

**To:** Kurt Triplett, City Manager

**From:** Jennifer Schroder, Director  
Michael Cogle, Deputy Director

**Date:** February 24, 2012

**Subject:** PARK FUNDING EXPLORATORY COMMITTEE RECOMMENDATION

## RECOMMENDATION

Staff recommends that the City Council receives the attached report from the Park Funding Exploratory Committee and requests additional information as needed prior to the City Council retreat.

## BACKGROUND

Since 2008 the Parks and Community Services Department has experienced a 20% reduction in park maintenance staffing. This has resulted in an unprecedented drop in the level of care for the community's extensive park system. The City has responded in a number of ways to minimize the effects of these budget cuts. For example, through its innovative contract with Waste Management the City has been able to return garbage service to neighborhood parks and thus alleviate wide-spread citizen complaints about this issue. Temporary funding from Real Estate Excise Tax (REET) has been used to help the Parks Department begin to respond to a backlog of preventative maintenance tasks and temporarily restore lifeguarding to swimming beaches. Volunteer activities by citizens and community groups to improve the appearance and safety of parks have been intensified to soften the impacts. But despite these efforts, residents continue to experience parks that are less attractive and less responsive to their needs, and there is increasing concern that the (thus far) hidden impacts of deferred maintenance will soon become more visible and, in long run, more costly to resolve.

Likewise, the City's capital investments in its park system have been negatively impacted by the economic downturn. The primary funding source for park capital improvements – REET – has declined to the extent that annual funding in the Parks CIP has dropped by over 38% in the past several years. Currently the City's adopted 2011-2016 CIP identifies nearly \$77 million in unfunded projects, not including new projects associated with the recent annexation. Historically the City's capital funding for park improvements and expansion has been supplemented by periodic voter-approved park funding ballot measures; however, the last park ballot measure approved by voters was nearly a decade ago, in 2002.

The City's recent annexation of the Juanita, Finn Hill, and Kingsgate neighborhoods brings these issues into even sharper focus. While some additional funding has been allocated to help the City manage five new parks inherited from King County, we have had to acknowledge to new residents that at this point in time the City is not able to provide the same level of service in these parks that we had intended when

the City chose to proceed with the annexation. There is pent up demand from new residents to see their neighborhood parks restored, improved, and even expanded. The annexation has also brought with it the dynamic of the Finn Hill Park and Recreation District, which was established by some (now) Kirkland residents to provide funding to care for O.O. Denny Park, an important civic asset on Lake Washington. The District's maintenance levy will expire at the end of 2014, with the future of a levy renewal, the District, and O.O. Denny Park itself in some doubt.

Counterbalancing these difficult issues are some exciting opportunities. The City's pending acquisition of the Kirkland segment of the Eastside Rail Corridor has spurred wide-spread community interest and the potential to finally realize the long-desired Cross Kirkland Trail. The Green Kirkland Partnership has been a tremendous success story in the community, with great potential to leverage current energy and interest into a lasting legacy of environmental sustainability. The Lake Washington School District's continued school modernization program has invested tens of millions of dollars in vital school properties, with more on the horizon, offering opportunities to expand the innovative and cost-effective City-School Partnership Program.

In response to these issues and opportunities, at their regular meeting of July 19, 2011 the City Council established a citizen committee to consider the possibility of a future park funding ballot measure. This initiative was responsive to the 2011 City Work Program adopted via Resolution R-4864 (i.e. "*9. Exploring new revenue options authorized by the State Legislature or requiring voter approval.*").

Termed the "Park Funding Exploratory Committee" (PFEC), the group was asked to consider and make recommendations regarding funding to help meet the capital, maintenance, and operational needs of the Kirkland's park, open space and recreation system. Nearly 50 stakeholders representing a broad array of key community interests were invited to participate, and the Council selected Councilmember Amy Walen to serve as chair. The committee began meeting in September of 2011 and met a total of 8 times, collectively contributing over 350 hours of volunteer effort to the project.

The Committee process involved gathering and interpreting information about the goals, issues, needs, and priorities of Kirkland's park, open space and recreation system; directing public outreach strategies such as citizen surveys and open houses; exploring funding alternatives such as a park bonds and levies; and preparing conclusions and recommendations for Council consideration.

Included with this staff memo is a report from the PFEC.

### **PFEC Recommendation**

The PFEC recommendation is presented in detail in the PFEC report. In summary, their recommendation is to evaluate going to the November 2012 ballot with two measures. The first would be a nine year levy lid lift for approximately \$10 million in capital projects. There would also be a companion permanent levy lid lift with a little over \$1 million per year for maintenance and operations. The total recommended amount (average annual impact to the average homeowner) is \$76.92 per year (or about \$6.40 per month) for the average homeowner. The committee believes that this is a reasonable amount to put before the voters if the Council decides to proceed with a ballot measure in 2012.

The proposed nine year capital project levy would expire at about the same time that the 2002 park bond measure would expire and the City would then be in a position to pursue a larger bond measure towards a major investment such as an indoor recreation center and pool. The specific projects included in the PFEC recommendation were based on a staff recommendation requested by the PFEC.

Although a majority of committee members supported the 2012 ballot measures, there was a strong sense of caution among many members about the advisability of taking a measure to the voters in a time

of economic hardship and uncertainty. All agreed that more information was needed about likely community acceptance for any 2012 ballot measures and the number and type of competing measures that would be on the ballot in November.

The purpose of the March 6 study session is for the City Council to receive the PFEC's recommendation and ask any questions. At that time, the Council can identify any further information on any of the identified project proposals/components of the Committee's recommended funding package.

The City Council is scheduled to discuss the Committee recommendation in more detail at their upcoming March retreat. Following the retreat, staff will be requesting Council direction for the following:

- Should the Committee and staff continue to explore the viability of a November 2012 park funding ballot measure?
- Should the City proceed with research (specifically a random sample telephone survey) to determine citizen priorities for Kirkland's park, open space and recreation system?

### **Indoor Recreation Facility Issues**

The PFEC identified an indoor recreation facility as an important community need, but it was agreed that absent further information, particularly regarding an identified site, the project is not "ballot ready" and it is not included in the PFEC preferred funding package. However, the PFEC is recommending that the City continue to actively pursue regional partners and a suitable site for a new indoor recreation facility to serve the community.

The Kirkland Indoor Recreation Facility plan was presented to the City Council in 2007. Working with a consultant team, development of the plan involved community and stakeholder input, market analysis, a financial analysis, and the creation of a prototype facility plan.

The prototype plan for a new facility indicated a 93,000 square foot multi-purpose recreation facility on a site of up to 8 acres. The plan provided for a number of amenities, including an indoor pool, two full court gymnasiums, elevated walking track, fitness/cardio areas, multi-purpose activity rooms, a community hall, and other related amenities. Based on the prototype, the estimated construction cost of the facility, in 2006 dollars, was \$36,566,000. This figure did not include costs for site acquisition if necessary.

In an effort to identify possible sites and partnerships for the facility, staff has engaged in discussions with a number of potential regional partners, including Evergreen Hospital, Bastyr University, Northwest University, Lake Washington Institute of Technology, Lake Washington School District, and the cities of Kenmore, Bothell, Woodinville and Redmond. Although each agency supported the merits of the project and expressed some degree of interest to partner, staff found that the lack of an identified site became a barrier to committing specific partnership opportunities.

Given that nearly five years have gone by since the 2007 plan was developed, staff would recommend that this issue be referred to the Park Board and staff for reconsideration, with a set of further recommendations and next steps presented to the City Council later in the year.

### **Possible Next Step: Survey**

If the Council has continued interest in pursuing a November 2012 ballot measure, the PFEC recommends that a suitable next step would be to research the attitudes of residents through a statistically-valid random sample telephone survey. Such a survey was conducted as part of the process leading up to the

last Kirkland park ballot measure in 2002 and helped determine citizen priorities. Information gathered through the survey might include:

- Citizen willingness to consider a ballot measure for parks in 2012.
- Citizen priorities for recommended park levies at the recommended amounts;
- Citizen priorities for specific funding needs and projects proposed in the PFEC recommended package.

If directed by Council at the retreat, a survey could be commissioned and conducted during the month of April, with results shared with the committee and Council in May/June.

### **Summary and Conclusions**

The March 6 study session will provide an opportunity to receive additional information and ask questions about the PFEC report and recommendation. The City Council will discuss whether or not to proceed with a ballot measure in 2012 at the City Council retreat. However, the study session provides an opportunity for Council to identify any additional information the Council would like to have about the PFEC recommendation for the retreat.

Staff would like to acknowledge the hard work and investment of time by the many committee members involved with this effort under the leadership of Councilmember Walen. Members of the committee will be present at the study session to answer questions.



City of Kirkland

**Park Funding Exploratory Committee**  
Councilmember Amy Walen, Chair

**Report to City Council**

**March 2012**

## Introduction

The Parks Funding Exploratory Committee (PFEC) was convened by the City Council to discuss and make recommendations about funding for parks and recreation facilities and maintenance. The PFEC was to consider the advisability and content of a possible future ballot measure. The purpose of this memo is to present the recommendations of the PFEC for further consideration by the City Council. Through the PFEC meeting process, the committee developed a consensus recommendation for a possible ballot measure. Equally important are a series of underlying principles and important considerations that the City Council should take into consideration in any future decisions about parks funding.

## Committee Process

The PFEC met eight times between September of 2011 and February 2012. During that time, the PFEC received numerous presentations from staff about a variety of topics as background for the committee's discussions. Early in the process, the committee received presentations about the history of Kirkland's park ballot measures and learned about the goals and objectives of the park system as identified in the City's Park, Recreation, and Open Space Plan (PROS). The committee also received presentations on specific projects/issues identified by Council, including Totem Lake Park, the Kirkland Cannery Building, the Finn Hill Park and Recreation District, indoor recreation center, Green Kirkland, and the Eastside Rail Corridor.

In October an online survey and two public open houses were conducted to assist the committee in better understanding the park and recreation needs and interests of citizens (see Attachment A). As a follow up to the survey, the committee was polled to ascertain potential support for additional funding for specific projects (see Attachment B).

The committee was provided with a list of 45 projects identified for potential consideration (Attachment C). The list of projects was derived from those projects identified in the PROS Plan, CIP, and those projects suggested by the Committee.

In December, the PFEC was assisted by a facilitator to help the committee assimilate all of the information and to work toward a recommendation. One of the first steps was to adopt a framework for categorizing projects and for organizing the many potential projects that could be considered. Three categories were identified:

- Preserve – Renovating and maintaining the community's existing park system
- Enhance – Redeveloping and improving the community's existing park system
- Expand – Adding new facilities and purchasing new property to expand the system as envisioned in the Parks, Recreation and Open Space Plan.

It was agreed that a ballot measure could have projects from each category but that it would be important that preservation (taking care of what we have) be reflected as a high priority. The PFEC Project List was developed and organized into these categories as an inventory of possible projects to include in the recommendation.

Timing and Size of Ballot Measure

The committee was also reminded of the time frame and process for presenting a measure to the voters. Using the November 2012 general election as a potential target date, a list of activities and due dates were provided:

|  |             |
|--|-------------|
| PFEC Recommendation to City Council                                      | March 6     |
| Project Definition, Outreach and Public Survey                           | March - May |
| Survey and Outreach Results and Development of Final PFEC recommendation | May - June  |
| PFEC Report Complete   | June 21     |
| City Council Study Session   | July 3      |
| City Council Approval of Ballot Title                                    | July 17     |
| Deadline for Filing Resolution with King County                          | August 7    |
| General Election   | November 6  |

Given the compressed time frame, the PFEC was polled as to whether or not the committee should recommend that a ballot measure be presented to the voters in November 2012. If the consensus of the committee was to recommend the 2012 general election, timely development of a recommendation would be important.

The committee was also given three potential levels of tax impact (annual cost to the average homeowner). Members were asked to share their individual opinions about the amount of additional tax burden the public might be willing to approve. The results would be used as a starting point for developing a recommendation to the City Council.

The members were asked two questions:

1. Should the City Council present a park funding measure to voters in November 2012.
2. How much should the total impact to an average homeowner be? [Three levels were presented for consideration]:
  - a. \$12 per year (\$0.83 per month)
  - b. \$60 per year (\$ 5.00 per month)
  - c. \$120 per year (\$10.00 per month)

The majority of the group recommended a November 2012 ballot measure with an impact of approximately \$60 per year (see results in Attachment D). At the same time, some members of the committee were concerned about taking any measures to the voters in 2012 given the state of the economy and the number of people struggling financially. This was also a factor in the

sizing of the measure .The committee recommended that the City Council seek advice about how to take a successful ballot measure to the voters in 2012.

### Principles

Throughout the meetings, the PFEC agreed to a number of key principles that they believed were important to communicate to the City Council. With each successive meeting, these principles were added to, edited and expanded upon. Some of the principles related more to general park planning principles. Others related specifically to a possible ballot measure. While there was general consensus on these key principles, there were also concerns and opinions expressed by individuals that were just as important in understanding the entire community's interests. The following principles are presented with a discussion of the range of perspectives offered by committee members.

### Principles to consider in developing an updated Parks, Recreation and Open Space Plan (PROS):

- **Kirkland parks should be safe, clean, in good repair and reflect the values of environmental sustainability** – There was some discussion about whether parks should be "green" both in terms of sustainable practices and/or color. The committee was less concerned about having all lawns green all summer than using maintenance methods and products that are good for the environment.
- **Preservation of natural areas and parks through reforestation and removal of invasive species should be a component of the City's ongoing maintenance program.**
- **Parks and recreation facilities should be accessible and support healthy living for all citizens.**
- **Parks and open spaces are essential elements of vibrant neighborhoods and business districts.**
- **The City should pursue a balance of natural and active areas.**
- **Parks should be seen as community gathering places that everyone has a responsibility to help maintain** – Kirkland parks are and should continue to be a place where the community can come together, work together and take responsibility for their parks and open spaces.

### Principles to consider in developing a ballot measure:

- **Providing stable funding for maintaining and repairing existing parks and facilities is a high priority** – Both the on-line survey and PFEC survey placed high importance on taking care of our existing parks. Approximately 50% of the levy lid lift recommendation provides for maintenance, repair and restoration of existing parks, recreation facilities and natural spaces in Kirkland. Similarly, the development of any new facilities recommended is accompanied by a companion maintenance levy.

- **Volunteers should continue to be used to sustain existing parks and open spaces** – The financial challenges experienced in recent years have highlighted the importance of volunteers for maintaining parks and open spaces. The recommendation to fund maintenance with the new levy is not intended to replace volunteer efforts but to maintain and enhance community involvement.
- **Open and honest communication will be critical to the success of this effort**
  - **Wise use of resources should be emphasized** – The public wants to be assured that the City is making the best use of the resources it has now before they approve new resources. The community needs to be assured that the Parks Department is making the best, most efficient, use of resources. Specific examples should be provided.
  - **The community should be reminded that we followed through on all projects in the last bond measure** – All of the projects approved on the previous park bond measure were completed and all of the bond proceeds were expended. It will be important to remind the community about the new and improved facilities that they now have as a result of the last park measure. At the same time, some members were concerned that we have many unfinished projects, such as development of McAuliffe Park and the north portion of Juanita Beach Park, which the public may want to pursue before any new facilities or purchases are made.
  - **Voter education will be a key to the success of programs such as Green Kirkland, maintenance of OO Denny Park and development of the Eastside Rail Corridor** – These projects are important but not well-understood by a majority of residents. There seems to be a great deal of confusion about the ERC purchase versus the proposed development. Careful and clear explanations will be important.
  - **Descriptions of principles, projects and written materials should use phrases and terms that are familiar to the average citizen and that speak to a need they can identify with** (e.g. use “parks” instead of “facilities” and “parks within walking distance” instead of “level of service”) – Communication materials should be couched in terms that most people can relate to and understand. They need to speak to a basic need or desire of the public. The Juanita Beach Bathhouse should also mention the boat house element to draw in another interest group.
  - **There should be an overall theme for the measure** – Messaging will be important and an overarching theme will be helpful.
  - **We are excited about the annexation area and want to see parks distributed throughout the new City** – It will be important to have projects in the new neighborhoods.

- **The public needs to be educated about property taxes** – The public should have a better understanding of how much of their property taxes go to the City.
- **The content of the ballot measure should be developed with thought to several underlying principles:**
  - **Proposed projects should reflect geographic distribution throughout the community** – The committee agreed that we need to consider Kirkland as one community as opposed to “the annexation area” and “old Kirkland.” Although an equal distribution between those two areas shouldn’t be a requirement, the committee agreed that it still an important consideration. There was an acknowledgement that the specific project locations (see Attachment E) in the recommendation do not cover all areas of the City. However, it was noted that geographic equity could be achieved through strategic application of the “Neighborhood Park Acquisition” and “City/School Partnership” projects. The Neighborhood Park Acquisition project should be large enough to make a real difference over as wide of an area as possible. The current real estate market presents an opportunity to purchase properties at a lower cost.
  - **New capital facilities should be accompanied by a companion operating levy that provides ongoing maintenance funding.**
  - **Projects should have a broad-based appeal and spark excitement and imagination** – Projects should not only represent a variety of locations in the City, but they should appeal to a variety of interests and needs. Also important was the notion of one or two projects could really excite the public. Some members believed that the development of the Eastside Rail Corridor could pique the interest of many residents.
  - **Projects should meet an important need or opportunity** – Projects should relate a sense of urgency to motivate the community. Again, the Eastside Rail Corridor, if presented correctly, could be seen as an urgent need as would the need to improve funding for parks maintenance. The community is aware of the recent reductions in parks maintenance and has reiterated this as a priority.
  - **Inclusion of Peter Kirk Park Artificial Turf and Lighting project could be a strong selling point or a detractor** -- The committee had several discussions about the installation of artificial turf at Peter Kirk Park. For some, natural turf is more traditional and conducive to baseball. They are concerned that some people would see the loss of natural grass as a downgrade for the field which is an icon for Kirkland parks. If individuals felt strongly about this issue, they may not vote for the package of projects.

For others, the advantages of a turf field could appeal to a broad base of the community and bring out more voters. The artificial turf would provide a longer playing season and allow other sports, such as soccer and lacrosse, to play on the field when the baseball season has ended. Artificial turf has a lower

maintenance needs.

The committee was also reminded that the lighting component of the project would be supported by nearby residents as it would reduce the impact of the lights on the surrounding area.

- **A nine-year levy is preferred over an excess bond measure**
  - **The 50% approval threshold is more realistic to attain this year** – Some committee members questioned the advisability of taking a measure to the voters in 2012 given the challenging economic environment. The measure should be sized to have a good chance of success.
  - **The nine-year levy will allow us to retire the 2002 outstanding debt and the 2012 debt at about the same time** – This presents the opportunity to do a larger, more ambitious measure in the future.
- **Indoor Recreation Facility** – The committee wanted to send a strong message to the City Council that they should continue to actively pursue regional partners for an indoor recreation facility. A long term plan is needed including identification of a location. The committee was cautioned to not assume that the school district would continue to fund an indoor pool at Juanita High School. More details about this project are included in the staff memo that accompanies this report.
- **A citizen survey should be conducted** – Messages and projects to test should include those identified in the committee's preferred funding package, the amount of taxes the public might be willing to consider for parks, public perception about artificial turf at Lee Johnson Field and public interest in an indoor recreation facility.

#### RECOMMENDED BALLOT MEASURES

Given the large number of potential projects and wide range of needs, the PFEC asked the Parks and Community Service staff to develop a few scenarios that generally reflected the principles expressed by the committee and that met some of the highest priority recommendations of the staff. The PFEC was provided a briefing by the City's Director of Finance and Administration about the options and implications of the available approaches to a ballot measure (see presentation slides in Attachment F for content). Staff developed two scenarios based on two different types of ballot measures – a bond measure with a companion operation levy and a levy lid lift with a bond and a companion maintenance component. The key differences are related to the approval threshold and limits with regard to uses. The sixty percent approval requirement of a bond measure is harder to achieve, but has greater potential for capital investment because of the ability to amortize costs over twenty years or more. A levy lid lift only requires a fifty percent approval but limits debt issuances to a nine year term, resulting in a smaller amount of capital investment for the same annual tax impact. The two scenarios presented to the PFEC by staff are labeled "Scenario A: Bond Measure with Companion Operating Levy" and "Scenario B: Levy Lid Lift" and are included as Attachment G.

Based on those scenarios, the PFEC worked in small groups to develop individual recommendations that were then consolidated into one consensus recommendation. The recommendation includes the proposed type of ballot measures, the projects to be included and the total amount. The following table summarizes the recommendation. More detailed descriptions of projects are included in Attachment H. The recommendation reflects a balance of maintenance and operations ("Preserve") and capital projects ("Enhance" and "Expand").

**PFEC Recommended Ballot Measures**  
**A 9-Year Levy Lid Lift for Capital and a Permanent Levy Lid Lift for M & O**

| Category/Project                     | Annual Cost to Homeowner |              | Annual Cost to Homeowner |              | Annual Cost to Homeowner | Rate per \$1,000 AV | Additional Annual Cost to Homeowner |
|--------------------------------------|--------------------------|--------------|--------------------------|--------------|--------------------------|---------------------|-------------------------------------|
| <b>TIER 1</b>                        |                          |              |                          |              |                          |                     |                                     |
| Restore M & O                        | -                        | -            | 600,000                  | 19.68        | 19.68                    | 0.0410              |                                     |
| Denny Park Maintenance               | -                        | -            | 137,500                  | 4.51         | 4.51                     | 0.0094              |                                     |
| Forest/Habitat Restoration           | -                        | -            | 192,500                  | 6.31         | 6.31                     | 0.0132              |                                     |
| Waverly Beach Renovation             | 500,000                  | 2.05         | -                        | -            | 2.05                     | 0.0043              |                                     |
| Dock and Shoreline Renovations       | 800,000                  | 3.28         | -                        | -            | 3.28                     | 0.0068              |                                     |
| Moulton Park Renovation              | 1,000,000                | 4.10         | 27,500                   | 0.90         | 5.00                     | 0.0104              |                                     |
| City-School Partnership Projects     | 1,000,000                | 4.10         | 27,500                   | 0.90         | 5.00                     | 0.0104              |                                     |
| Neighborhood Park Land Acquisition   | 2,500,000                | 10.25        | -                        | -            | 10.25                    | 0.0214              |                                     |
| Develop Eastside Rail Corridor Trail | 3,000,000                | 12.30        | 110,000                  | 3.61         | 15.91                    | 0.0331              |                                     |
| Juanita Beach Bathhouse              | 1,200,000                | 4.92         | -                        | -            | 4.92                     | 0.0103              |                                     |
|                                      | -                        | -            |                          |              |                          |                     |                                     |
|                                      | <b>10,000,000</b>        | <b>41.00</b> | <b>1,095,000</b>         | <b>35.92</b> | <b>76.92</b>             | <b>0.1602</b>       | <b>76.92</b>                        |
| <b>TIER 2</b>                        |                          |              |                          |              |                          |                     |                                     |
| Lee Johnson Field Turf & Lighting    | 1,500,000                | 6.15         | -                        | -            | 6.15                     | 0.0128              | If Project is Added...<br>83.07     |

*All costs noted are preliminary estimates subject to refinement*  
*Note 1: Annual cost to a home with an assessed valuation of \$480,000*  
*Note 2: Amounts Include 10% Inflationary Adjustment*

Some of the key considerations and discussion points underlying the recommendation follow:

### Type of Measures

The consensus of the PFEC was to recommend two separate levy lid lifts rather than a bond measure and companion maintenance levy. The rationale was based on the perceived mood of the public toward tax increases in a challenging economic environment. The sixty percent threshold of a bond measure was felt to be too difficult to attain and that a more modest proposal for a levy lid lift was more realistic even though it provides less capital investment. There was an emphasis on putting forth a ballot measure that had a good chance of success because of the cost and effort involved. Ultimately, the consensus of the PFEC was to recommend levy lid lift.

### Tier One Projects

Most of the projects provided in the staff scenario are retained in the PFEC recommendation. In particular, there was a high degree of consensus on:

- **Restore parks maintenance** – Included within this project is restoration to historic maintenance standards including restroom operations in neighborhood parks and restoration of lifeguards at Houghton Beach and Waverly Beach parks. This project also restores lifeguards to Juanita Beach Park which have not been funded in the past by the City but were funded by King County prior to the City assuming responsibility for the park.
- **Assume maintenance of OO Denny Park** – This was felt to be important for Finn Hill area voters and because it was not clear what would happen to the Finn Hill Park District levy in the future.
- **Provide ongoing funding for natural area restoration (“Green Kirkland”)** – The majority of the committee believes this should continue to be primarily a volunteer-supported activity but that ongoing program coordination should be included in the Parks budget.
- **Waverly Beach Renovation** – This project was reduced from the staff recommendation and is intended to address needed repairs and shoreline restoration rather than any enhancement of the park at this time.
- **Dock and Shoreline Renovations** – This project was reduced from the staff recommendation to maintain the total measure to \$10 million. Staff believes that a meaningful amount of shoreline restoration can be accomplished with this level of funding.
- **Edith Moulton Park Renovation** – This park in north Juanita was felt to provide geographic balance. Edith Moulton Park is heavily used and has great potential.
- **City/School Partnerships** – This project is also thought to be of citywide interest, although specific locations have not been identified. More specifics about location and types of improvements would need to be identified.
- **Neighborhood Park Land Acquisition** – The amount of this project was based on a desire to provide enough funding to address neighborhood park needs in multiple, geographically-dispersed neighborhoods. It was important to have sufficient funds in this project to make meaningful investments.
- **Development of Eastside Rail Corridor (ERC)** -- This project was the topic of much discussion as committee members were also considering whether to place the ERC acquisition project on the ballot instead or in addition to the development. Another approach suggested placing both the acquisition and development projects on a 2014 ballot to allow time better understanding of the project. In the end, the committee was very positive about the ERC project and believed that the development of the corridor for basic pedestrian and bike access was a project that would appeal to a wide range of voters.

- **Juanita Beach Bathhouse** – The committee believes that this project will also be attractive to a wide range of park users, especially if the project description clearly calls out the boat house element.

### Tier Two Projects

There was one project recommended for “Tier Two” which should be considered for addition to a ballot measure.

Lee Johnson Field Turf and Lighting Improvements – As noted in the earlier discussion under “principles,” there were two diverse lines of thinking about this project. On the one hand, the project was thought to be attractive to sports groups that would have access to the facility for more types of team sports and for a longer portion of the year. Others on the committee believe that replacing the natural turf with artificial turf would concern some long-standing members of the community and those that prefer natural turf. The committee believes that more input is needed through the survey to better understand community perceptions about this project.

### Projects Not Recommended

Several projects that were included as potentials in the staff recommendation did not receive enough support from the PFEC to include as either Tier One or a Tier Two project. Those include:

**Totem Lake Park** – This project was believed to be less important until the Totem Lake retail area begins redevelopment.

**Neighborhood Project Opportunity Fund** – This project was similar to the Neighborhood Connections project that was eliminated due to budget constraints. This project would have provided for small neighborhood improvements that would be done in partnership with neighborhood associations.

**Open Space Acquisition Opportunity Fund** – This project would have an opportunity fund for unspecified open space purchases as they became available.

### Amount

The total recommended amount (average annual impact to the average homeowner) is \$76.92 per year, or about \$6.40 per month for the average homeowner. The committee believes that this is a reasonable amount to put before the voters if the Council decides to proceed with a ballot measure in 2012.

### SUMMARY

The PFEC represents a wide range of interests and expertise which were brought to bear in their meetings and that are reflected in their recommendation. Preservation of existing assets was a strong underlying theme as was the need to consider ongoing costs of new facilities. Although a majority of committee members supported a 2012 ballot measure, there was a

strong sense of caution among many members about the advisability of taking a measure to the voters in a time of economic hardship and uncertainty. All agreed that more information was needed about likely community acceptance for a 2012 ballot measure and the number and type of competing measures that would be on the ballot in November.

**Kirkland Parks and Recreation Public Opinion Survey - October 2011****Conducted via City of Kirkland Website [www.kirklandwa.gov](http://www.kirklandwa.gov)**

The City of Kirkland Department of Parks and Community Services conducted an online open access poll on the City's website from October 17 to October 28, 2011. The questionnaire was promoted via a news release issued to local media, blogs, neighborhood leaders, and other community groups. The purpose of the opinion survey was to assist the City in its long-range planning for Kirkland's park and recreation system. Survey questions were developed with the assistance of the non-profit organization Trust for Public Land, the Kirkland Park Board, and the Park Funding Exploratory Committee, an ad-hoc group of citizens appointed by the City Council. The survey had a total of 725 responses.

The advantages of conducting an online opinion survey are that it is inexpensive and provides relatively quick feedback. However, the results of the survey are non-scientific. As a self-selected group, the opinions of survey respondents cannot be construed as being necessarily representative of those of the citizens of Kirkland.

**Summary of Key Findings:**

- Nearly 9 of every 10 respondents (89%) live within walking distance of a park in Kirkland;
- Over 4 out of every 5 respondents (85%) believe it is somewhat important or very important for Kirkland to have a park within a quarter-mile of every household;
- Two-thirds (67%) of respondents visit a park in Kirkland at least once a week, and 94% stated that they visit a park in Kirkland at least once per month;
- Nearly two-thirds (65%) of respondents state that they are mostly satisfied with the parks in Kirkland compared to the parks they have experienced in other cities, and only 5% said that they are not satisfied;
- 95% of survey participants believe that parks are important to the community's quality of life;
- 59% believe that Kirkland parks are very well maintained, while a lesser percentage (47%) believe that natural areas, including forests and wetlands, are very well maintained;
- Only 1% of respondents believe that Kirkland parks are poorly maintained;
- When asked about relative level of importance for adding more park facilities, survey participants placed a higher priority on bike and pedestrian trails as well as park amenities such as benches, tables, and restrooms;
- Slightly over half (55%) of respondents have participated in a Kirkland recreation program within the past year;
- Slightly over half (54%) of respondents stated that they are mostly satisfied with the recreation programs offered by the City, but only half as many (27%) stated that they

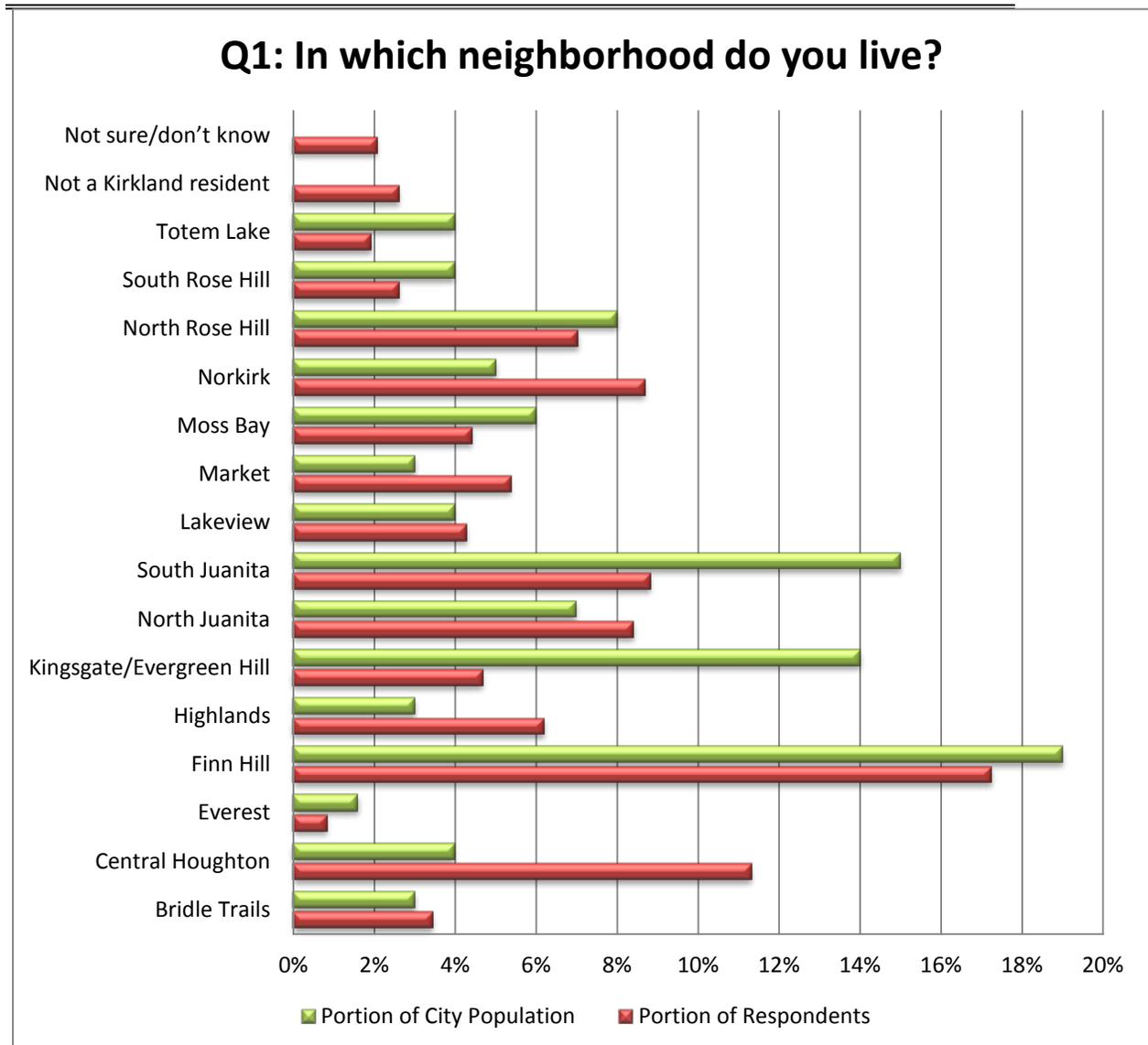
are mostly satisfied with Kirkland's public indoor recreation facilities;

- Only 1% of respondents expressed dissatisfaction with the City's recreation program offerings;
- 85% of survey participants believe that City indoor recreation facilities are important to the community's quality of life;
- When asked to select the types of indoor recreation facilities that are needed in Kirkland (if any), the most frequently selected option was one for an indoor pool/aquatic center.
- When asked about relative level of importance, survey participants placed a higher priority on maintenance and renovation of existing parks and facilities compared to acquisition and development of new parks or indoor facilities;
- When asked about whether they would support or oppose raising local taxes for various purposes, survey respondents expressed strongest support for (1) maintaining, renovating, and/or upgrading existing parks and facilities and (2) acquisition of the Eastside Rail Corridor and development of a portion of the corridor as a bike and pedestrian trail system.
- Survey participants expressed the least support in raising local taxes for (1) more parks in the newly-annexed neighborhoods, and (2) preservation of the historic Kirkland Cannery Building. A relatively high proportion of survey participants responded "don't know" regarding their support or opposition for raising local taxes for the purposes of (1) improving Totem Lake Park, (2) maintaining O.O. Denny Park, and (3) preservation of the Kirkland Cannery Building.

**SURVEY QUESTIONNAIRE AND RESULTS**

**Q1: In which neighborhood do you live?**

| <u>Neighborhood</u>      | <u>Total</u> | <u>Neighborhood</u>      | <u>Total</u> |
|--------------------------|--------------|--------------------------|--------------|
| Bridle Trails            | 25           | Market                   | 39           |
| Central Houghton         | 82           | Moss Bay                 | 32           |
| Everest                  | 6            | Norkirk                  | 63           |
| Finn Hill                | 125          | North Rose Hill          | 51           |
| Highlands                | 45           | South Rose Hill          | 19           |
| Kingsgate/Evergreen Hill | 34           | Totem Lake               | 14           |
| North Juanita            | 61           | Not a Kirkland resident* | 19           |
| South Juanita            | 64           | Not sure/don't know      | 15           |
| Lakeview                 | 31           |                          |              |
| <b>TOTAL</b>             |              |                          | <b>725</b>   |



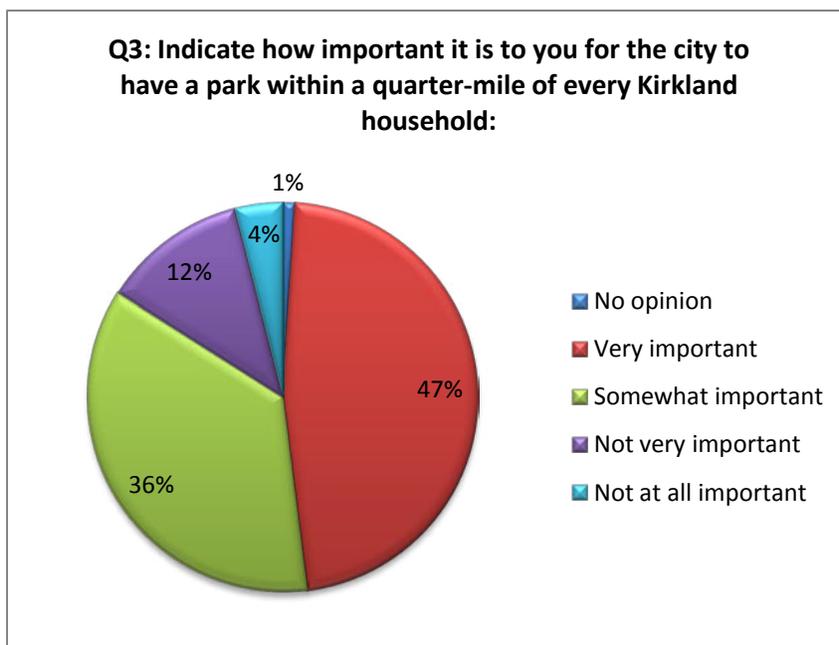
**Q2: Do you live within walking distance of a park in Kirkland?**

| Response   | #   |
|------------|-----|
| Yes        | 641 |
| No         | 68  |
| Don't know | 11  |



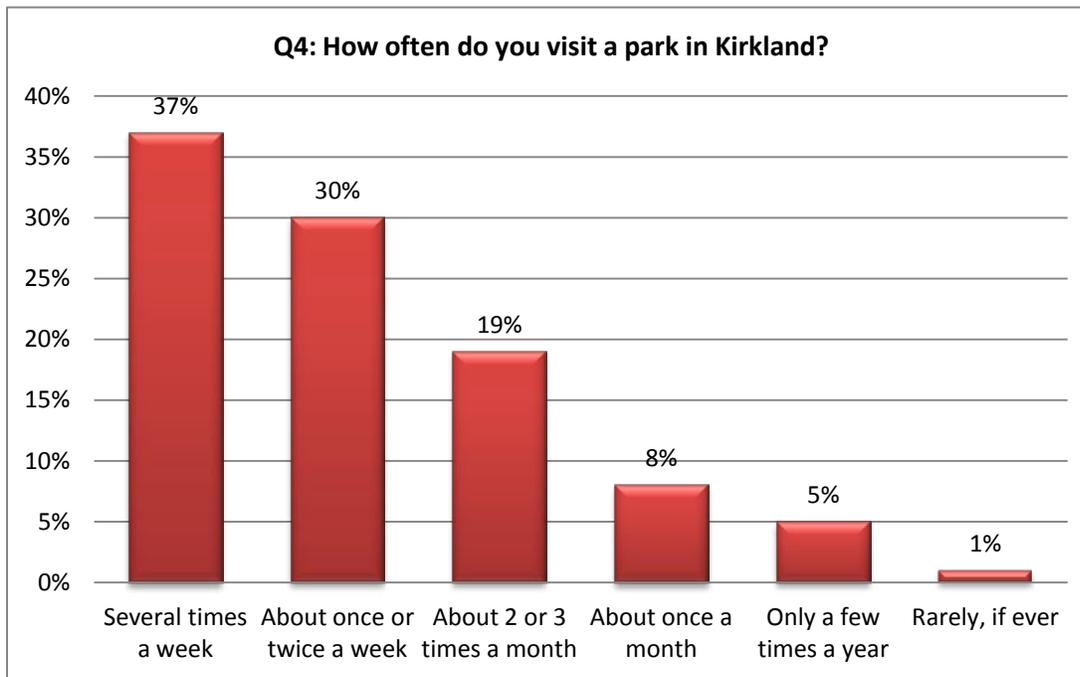
**Q3: Please indicate how important it is to you for the city to have a park within a quarter-mile of every Kirkland household:**

| Response             | #   |
|----------------------|-----|
| No opinion           | 9   |
| Very important       | 337 |
| Somewhat important   | 261 |
| Not very important   | 84  |
| Not at all important | 29  |



**Q4: How often do you visit a park in Kirkland?**

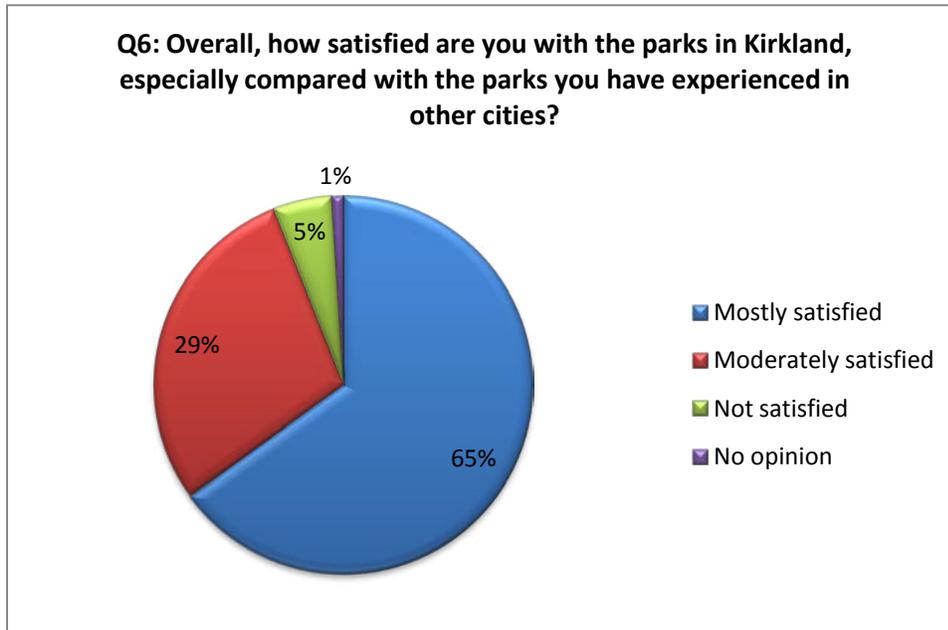
| Response:                  | #   |
|----------------------------|-----|
| Several times a week       | 268 |
| About once or twice a week | 213 |
| About 2 or 3 times a month | 137 |
| About once a month         | 58  |
| Only a few times a year    | 39  |
| Rarely, if ever            | 6   |

**Q5: What features and facilities do you appreciate most in the parks that you visit in Kirkland? (Please list up to 3)**

Please refer to Appendix A for a compilation of responses to this question.

**Q6: Overall, how satisfied are you with the parks in Kirkland, especially compared with the parks you have experienced in other cities?**

| Response:            | #   |
|----------------------|-----|
| Mostly satisfied     | 469 |
| Moderately satisfied | 209 |
| Not satisfied        | 37  |
| Don't know           | 4   |



**Q7: Which of the following statements comes closest to the way you feel about the parks in Kirkland?**

| Response:   | #   | %   |
|---|-----|-----|
| Members of my household frequently use city parks, and I believe that these facilities are important to my community's quality of life.             | 533 | 75% |
| Although members of my household do not frequently use city parks, I believe that these facilities are important to my community's quality of life. | 140 | 20% |
| Parks are nice, but they should be a lower priority for the city in tough economic times.   | 37  | 5%  |

**Q8: Do you believe that parks maintained by the City of Kirkland are:**

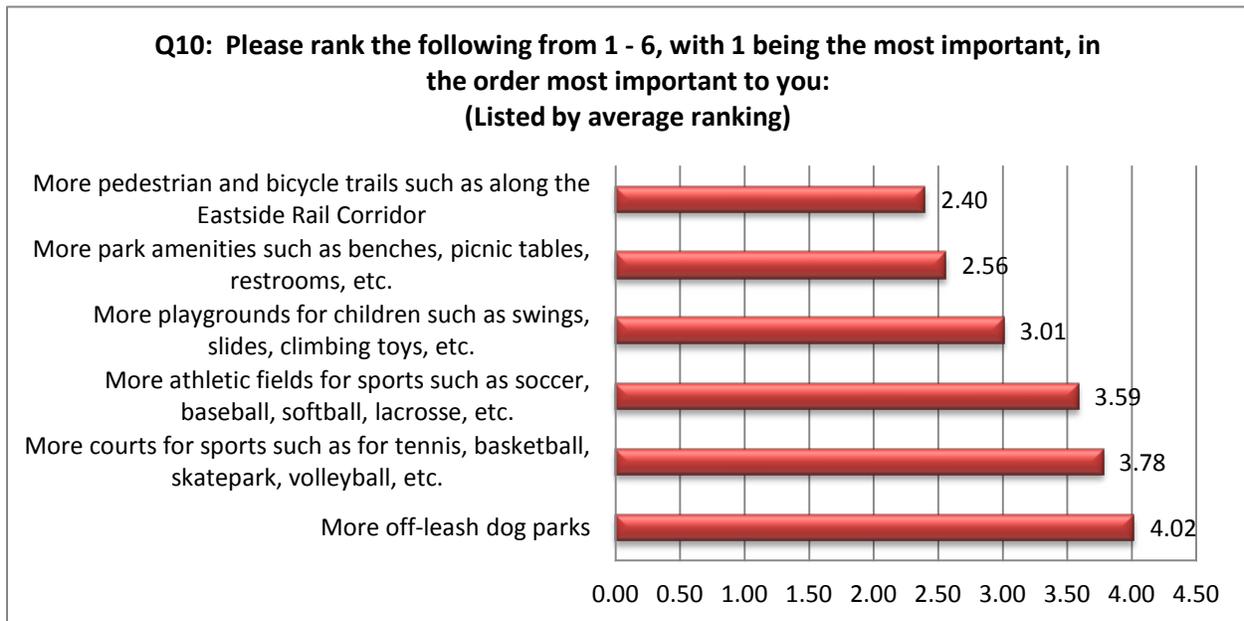
| Response:  | #   | %   |
|--|-----|-----|
| Very well maintained - keep doing what you're doing.   | 419 | 59% |
| Somewhat well maintained - some improvement is needed. | 283 | 40% |
| Poorly maintained - significant improvement is needed. | 10  | 1%  |

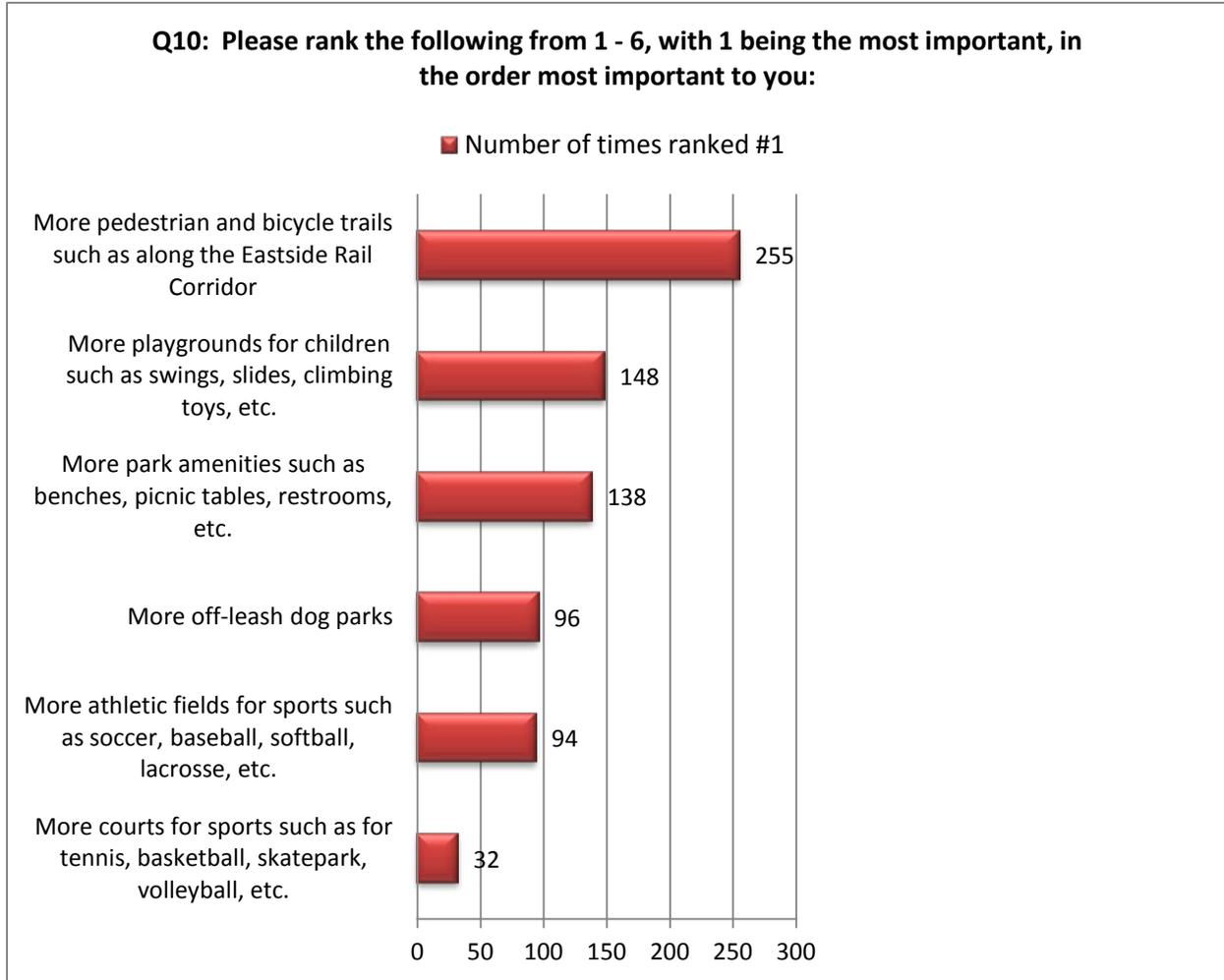
**Q9: Do you believe that Kirkland’s natural areas, including undeveloped parklands, urban forests, and wetlands, are:**

| <b>Response:</b>                                       | <b>#</b> | <b>%</b> |
|--|----------|----------|
| Very well maintained - keep doing what you're doing.   | 342      | 47%      |
| Somewhat well maintained - some improvement is needed. | 320      | 44%      |
| Poorly maintained - significant improvement is needed. | 23       | 3%       |
| No response  | 40       | 6%       |

**Q10: Please rank the following from 1 - 6, with 1 being the most important, in the order most important to you:**

| <b>Item:</b>   | <b>Average rank:</b> |
|--|----------------------|
| More playgrounds for children such as swings, slides, climbing toys, etc.          | 3.01                 |
| More athletic fields for sports such as soccer, baseball, softball, lacrosse, etc. | 3.59                 |
| More courts for sports such as for tennis, basketball, skatepark, volleyball, etc. | 3.78                 |
| More off-leash dog parks   | 4.02                 |
| More park amenities such as benches, picnic tables, restrooms, etc.                | 2.56                 |
| More pedestrian and bicycle trails such as along the Eastside Rail Corridor        | 2.40                 |



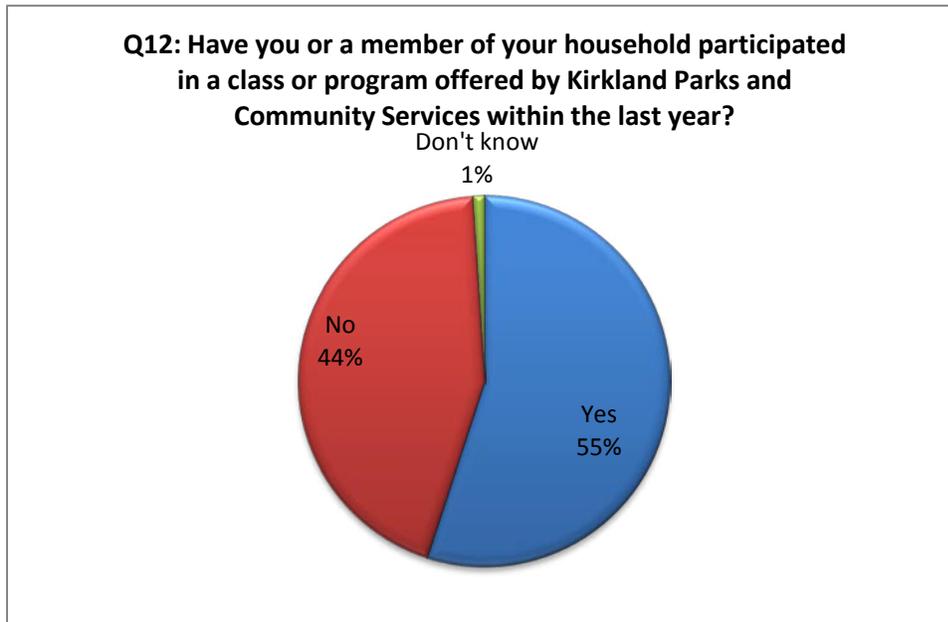


**Q11: What types of additional outdoor park and recreation facilities are needed in Kirkland, if any?**

Please refer to Appendix A for a compilation of responses to this question.

**Q12: Have you or a member of your household participated in a class or program offered by Kirkland Parks and Community Services (preschool/youth programs, adult programs, senior programs/ family programs) within the last year?**

| Response   | #   |
|------------|-----|
| Yes        | 394 |
| No         | 311 |
| Don't know | 7   |

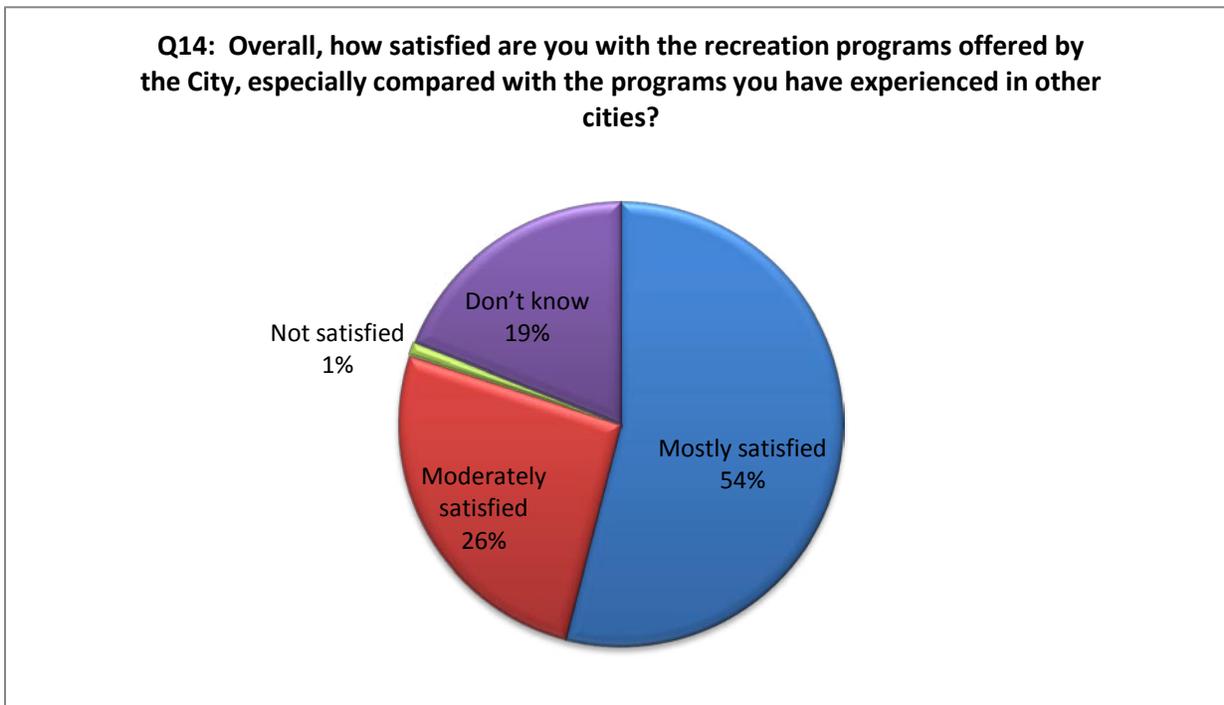


**Q13: What programs, activities or classes provided by the City have you participated in? (please check all that apply)**

| # of Responses: | Program, activity, or class:         |
|-----------------|--------------------------------------|
| 134             | Parent-Child programs                |
| 122             | Preschool programs                   |
| 195             | Youth sports programs                |
| 52              | Youth/teen special interest programs |
| 183             | Swim lesson/aquatic programs         |
| 127             | Adult fitness programs               |
| 39              | Adult dance programs                 |
| 41              | Adult sports programs                |
| 112             | Adult special interest programs      |
| 59              | Programs for adults 50+              |
| 20              | Other                                |

**Q14: Overall, how satisfied are you with the recreation programs offered by the City, especially compared with the programs you have experienced in other cities?**

| Response:            | #   |
|----------------------|-----|
| Mostly satisfied     | 372 |
| Moderately satisfied | 179 |
| Not satisfied        | 9   |
| Don't know           | 128 |



**Q15: What new or improved classes, activities or programs are needed in Kirkland, if any? (Please list up to 3)**

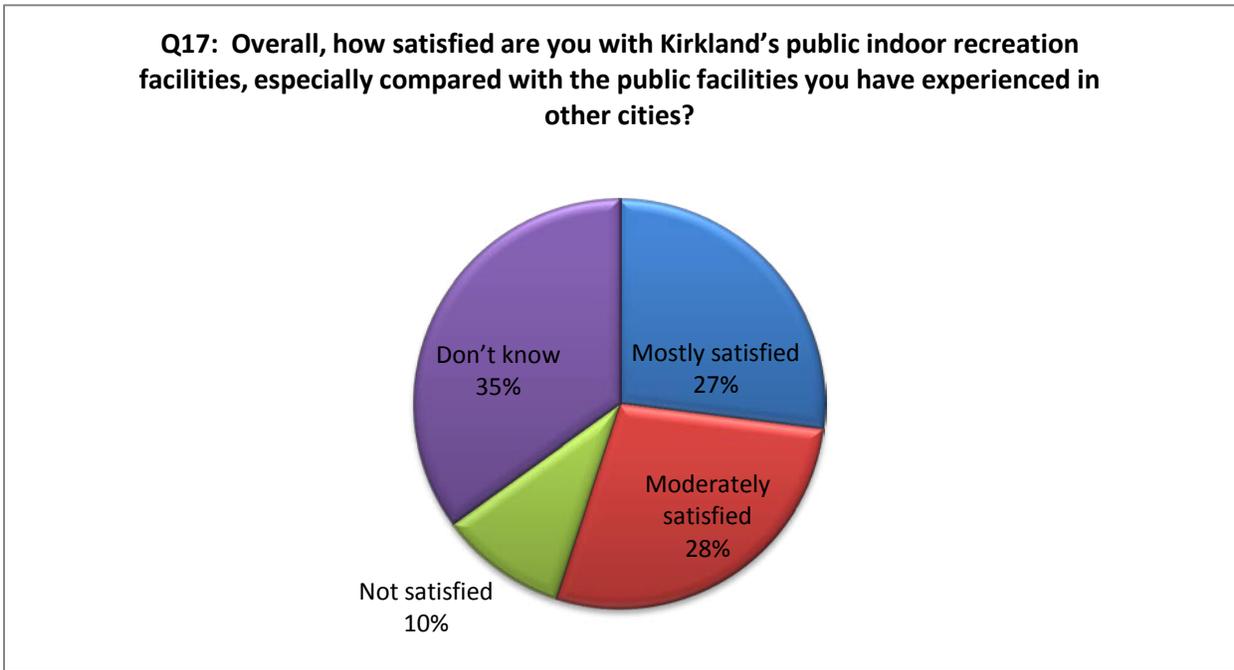
Please refer to Appendix A for a compilation of responses to this question.

**Q16: If you have not participated recently in a Kirkland Parks and Community Services recreation class or program, why not? (please check all that apply)**

| # of Responses: | Program, activity, or class:   |
|-----------------|--|
| 73              | I'm not aware or familiar with the programs/classes that are being offered by City |
| 65              | The City does not offer programs/classes of which I'm interested                   |
| 114             | Programs/classes are not scheduled at a convenient time for me                     |
| 19              | Programs/classes offered by the City are not affordable for me                     |
| 14              | Inadequate facilities  |
| 134             | Other  |

**Q17: Overall, how satisfied are you with Kirkland's public indoor recreation facilities, especially compared with the public facilities you have experienced in other cities?**

| Response:            | #   |
|----------------------|-----|
| Mostly satisfied     | 185 |
| Moderately satisfied | 196 |
| Not satisfied        | 68  |
| Don't know           | 240 |



**Q18: Which of the following statements comes closest to the way you feel about Kirkland’s public indoor recreation facilities?**

**Response:**

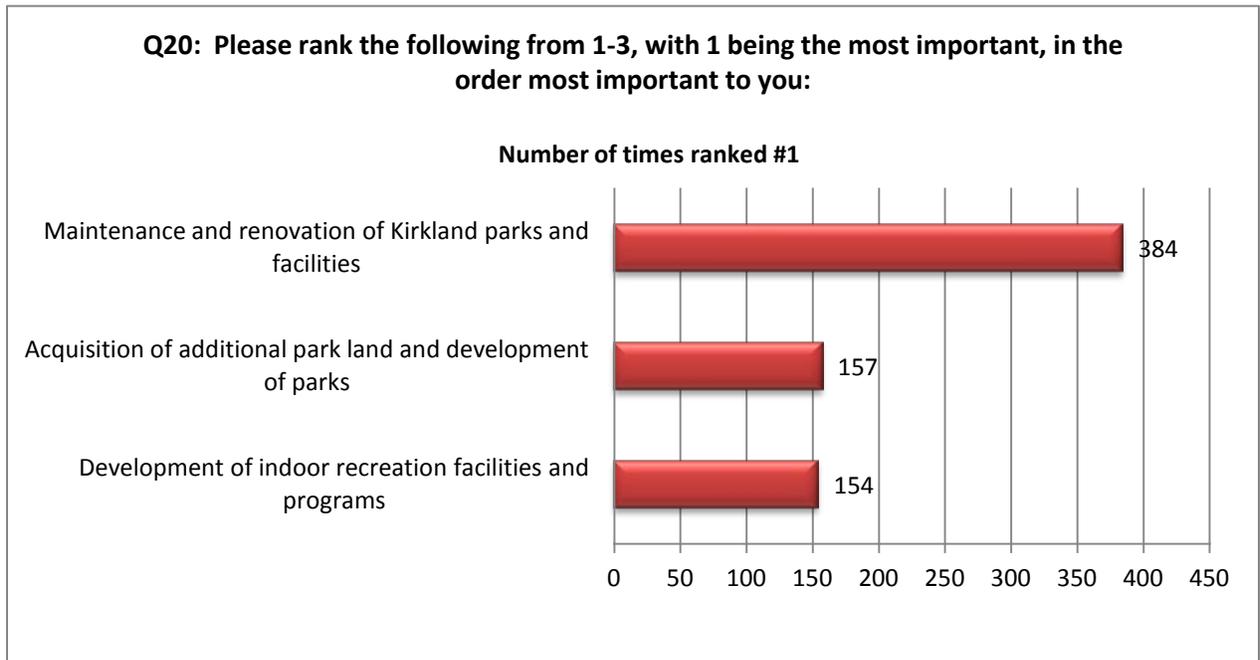
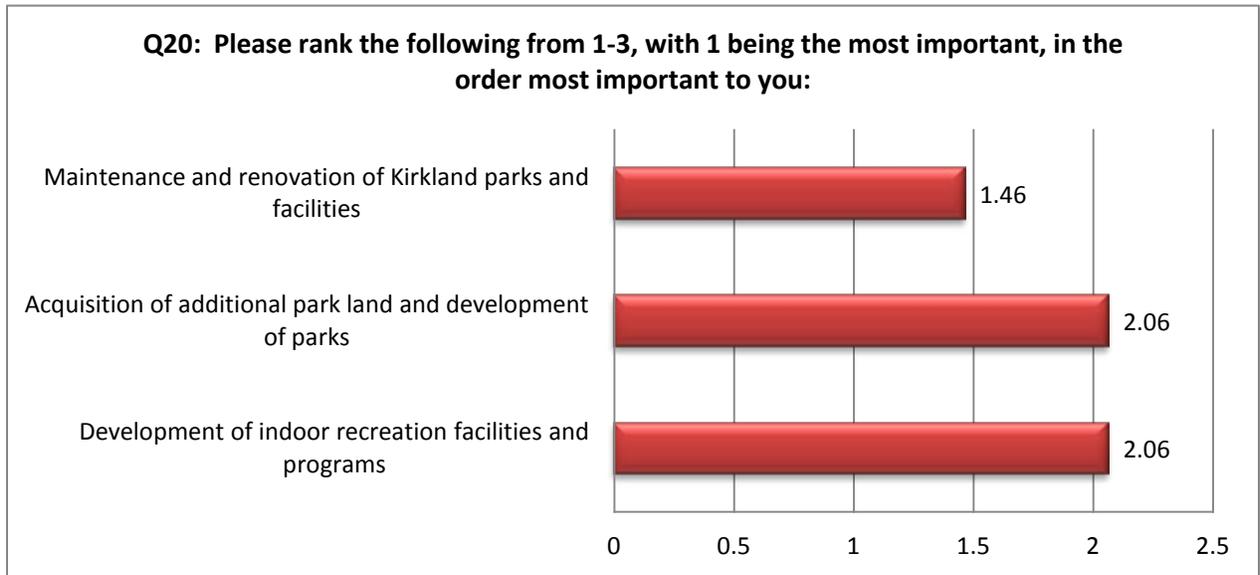
|  | #   | %   |
|--|-----|-----|
| Members of my household frequently use City indoor recreation facilities, and I believe that these facilities are important to my community’s quality of life.             | 144 | 22% |
| Although members of my household do not frequently use city indoor recreation facilities, I believe that these facilities are important to my community’s quality of life. | 415 | 63% |
| Indoor recreation facilities are nice, but they should be a lower priority for the city in tough economic times.   | 103 | 15% |

**Q19: What types of additional public indoor recreation facilities are needed, if any? (please check all that apply)**

| # of Responses: | Facility type:  |
|-----------------|---|
| 199             | Multi-purpose community recreation center                             |
| 171             | Gymnasium/athletic space  |
| 208             | Fitness facilities (cardio, strength-building, fitness classes, etc.) |
| 110             | Classrooms, meeting space, event space, etc.                          |
| 375             | Indoor pool/aquatics center   |
| 16              | Other   |
| 123             | No additional indoor recreation facilities are needed at this time    |

**Q20: Please rank the following from 1-3, with 1 being the most important, in the order most important to you:**

| Item:  | Average rank: |
|--|---------------|
| Maintenance and renovation of Kirkland parks and facilities  | 1.46          |
| Development of indoor recreation facilities and programs     | 2.06          |
| Acquisition of additional park land and development of parks | 2.06          |



**Q21: Would you support or oppose increasing local taxes for the following purposes?**✓ **Maintenance of existing City parks and facilities**

| Strongly Support | Support | Oppose | Strongly Oppose | Don't Know |
|------------------|---------|--------|-----------------|------------|
| 193              | 319     | 80     | 50              | 52         |

✓ **More parks in the newly-annexed neighborhoods**

| Strongly Support | Support | Oppose | Strongly Oppose | Don't Know |
|------------------|---------|--------|-----------------|------------|
| 112              | 233     | 154    | 91              | 106        |

✓ **Sustainable funding for restoration of urban forests and wetlands, such as the Green Kirkland initiative**

| Strongly Support | Support | Oppose | Strongly Oppose | Don't Know |
|------------------|---------|--------|-----------------|------------|
| 143              | 272     | 108    | 77              | 88         |

✓ **Acquisition of the Eastside Rail Corridor and development of a portion of the corridor as a pedestrian and bicycle trail**

| Strongly Support | Support | Oppose | Strongly Oppose | Don't Know |
|------------------|---------|--------|-----------------|------------|
| 307              | 193     | 61     | 65              | 71         |

✓ **A community indoor recreation center**

| Strongly Support | Support | Oppose | Strongly Oppose | Don't Know |
|------------------|---------|--------|-----------------|------------|
| 146              | 256     | 121    | 51              | 115        |

✓ **Maintenance of O.O. Denny Park, currently operated by the Finn Hill Park and Recreation District**

| Strongly Support | Support | Oppose | Strongly Oppose | Don't Know |
|------------------|---------|--------|-----------------|------------|
| 96               | 218     | 122    | 57              | 192        |

**Q21: Would you support or oppose increasing local taxes for the following purposes? (cont.)**✓ **Preservation of the historic Kirkland Cannery Building**

| Strongly Support | Support | Oppose | Strongly Oppose | Don't Know |
|------------------|---------|--------|-----------------|------------|
| 49               | 163     | 143    | 71              | 259        |

✓ **Improving the Totem Lake Park property**

| Strongly Support | Support | Oppose | Strongly Oppose | Don't Know |
|------------------|---------|--------|-----------------|------------|
| 132              | 211     | 107    | 42              | 193        |

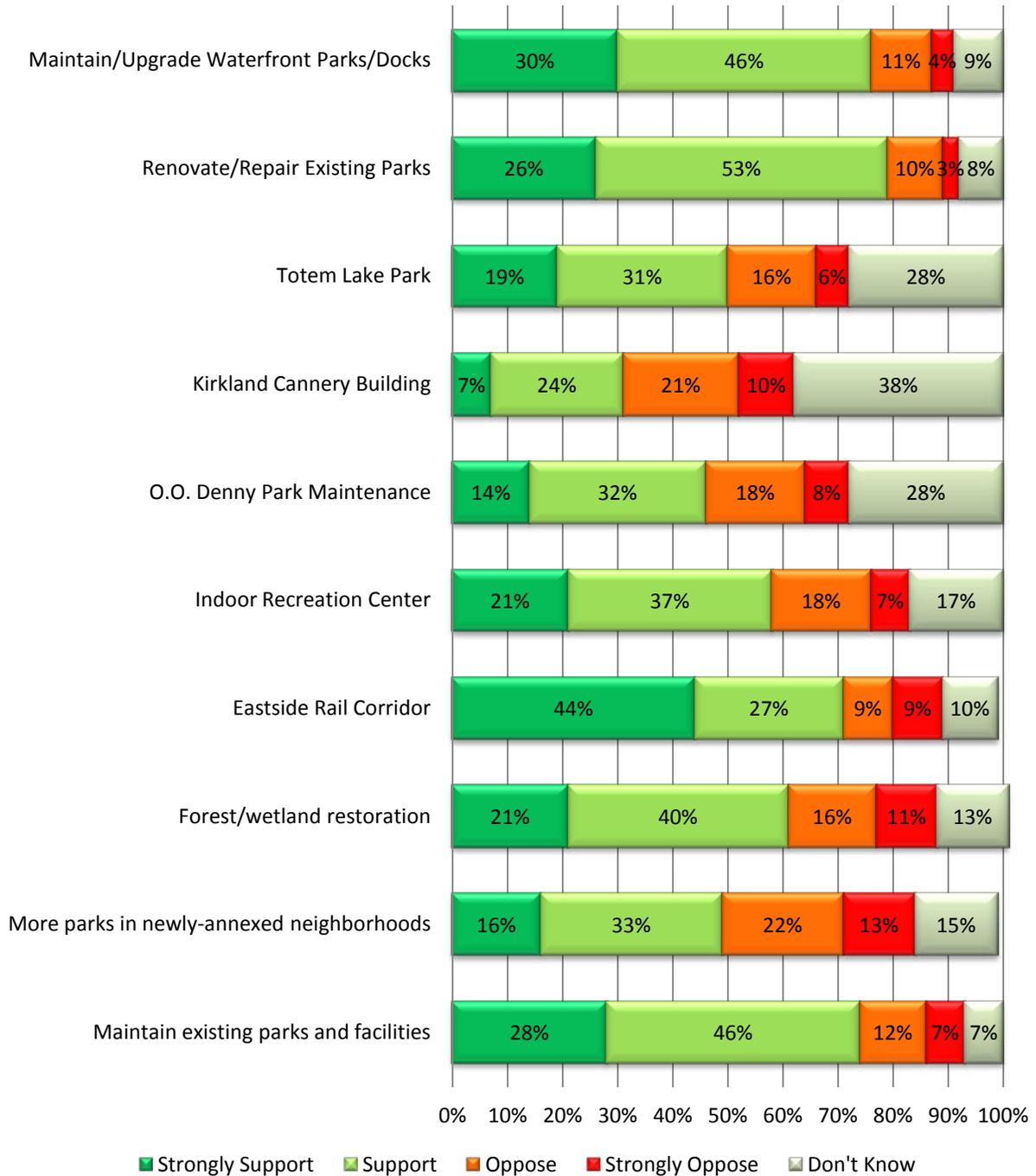
✓ **Renovating and repairing existing parks in Kirkland**

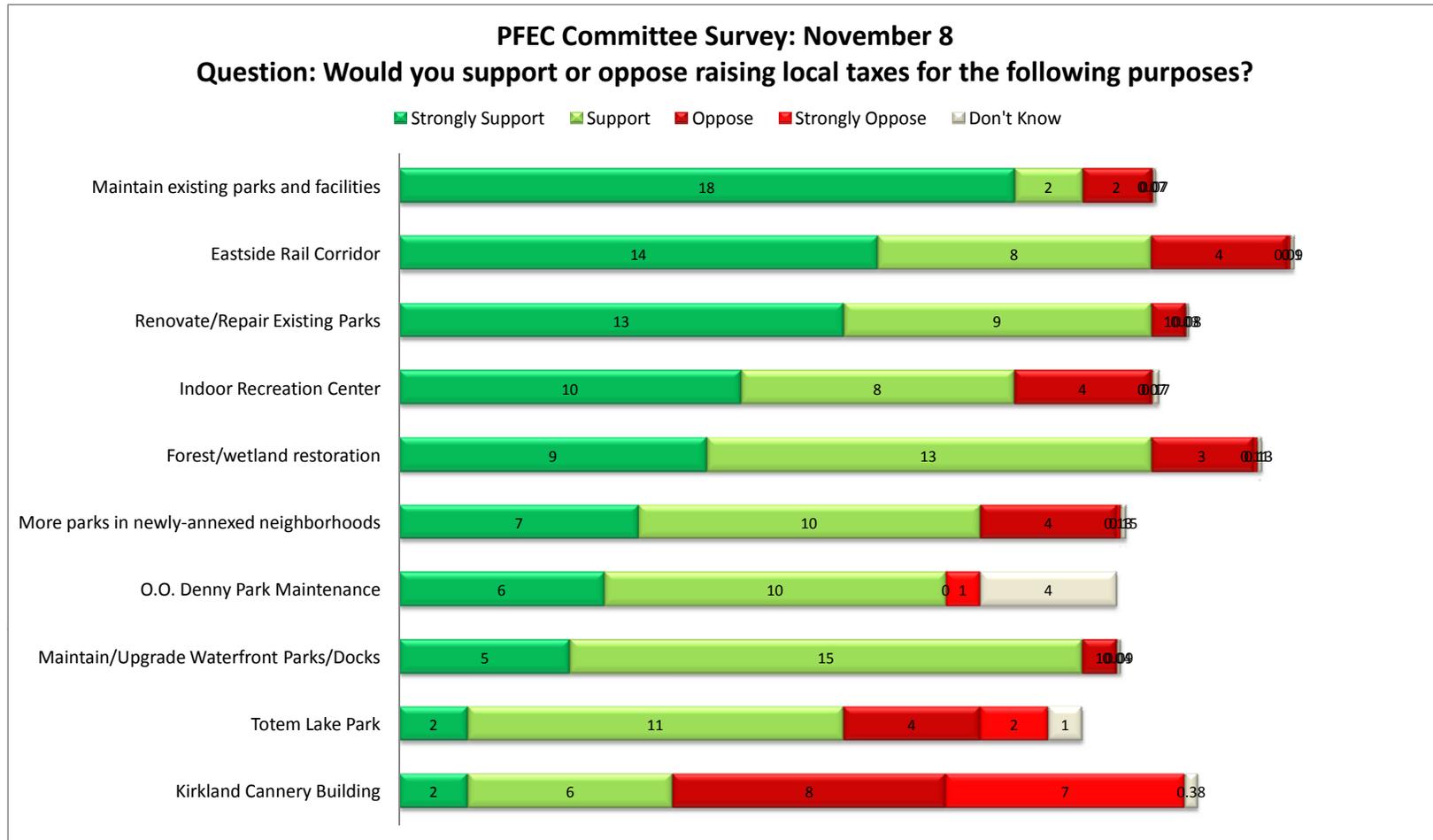
| Strongly Support | Support | Oppose | Strongly Oppose | Don't Know |
|------------------|---------|--------|-----------------|------------|
| 178              | 364     | 68     | 24              | 56         |

✓ **Maintaining and upgrading waterfront parks and docks in Kirkland**

| Strongly Support | Support | Oppose | Strongly Oppose | Don't Know |
|------------------|---------|--------|-----------------|------------|
| 205              | 318     | 76     | 29              | 64         |

### Q21: Would you support or oppose raising local taxes for the following purposes?





## ATTACHMENT C

## PFEC Project List #

**Category: PRESERVE – Renovating and maintaining the community's existing park system.**

| <i>Note: projects not listed in priority order</i> |   |   |                 | COSTS                |                     |                                   |                                  | Notes   |
|--|---|---|-----------------|----------------------|---------------------|-----------------------------------|----------------------------------|---|
| #  | Project Name                              | Project Description   | Neighborhood    | Capital Construction | Capital Acquisition | Maintenance & Operations One-time | Maintenance & Operations Ongoing |   |
| 1  | Waverly Beach Park Renovation             | Renovation may include: dock repair, shoreline restoration, drainage, irrigation, parking, playground and pedestrian safety | Market          | \$745,000            |                     |                                   |                                  | Funded in CIP (2012); Up to \$500K of amount may be repurposed for Eastside Rail Corridor acquisition |
| 2  | Spinney Homestead Park Renovation         | Renovation may include: drainage, irrigation, play area enhancement fencing, playfield                                      | Highlands       | \$400,000            |                     |                                   |                                  | Funded in CIP (2012); Up to \$350K of amount may be repurposed for Eastside Rail Corridor acquisition |
| 3  | Terrace Park Renovation                   | Renovation may include: drainage, irrigation, play area, fencing, playfield   | Lakeview        | \$400,000            |                     |                                   |                                  | Funded in CIP (2014)  |
| 4  | Reservoir Park Renovation                 | Renovation may include: drainage, irrigation, play area   | Norkirk         | \$500,000            |                     |                                   |                                  |   |
| 5  | Mark Twain Park Renovation                | Renovation may include: drainage, irrigation, play area, playfield, parking, fencing  | North Rose Hill | \$750,000            |                     |                                   |                                  |   |
| 6  | David E. Brink Park Shoreline Restoration | Bulkhead repair, shoreline restoration  | Moss Bay        |                      |                     |                                   |                                  |   |
| 7  | Everest Park Restroom Replacement         | Replace restroom/storage building in same location  | Everest         |                      |                     |                                   |                                  |   |
| 8  | Peter Kirk Park Restroom Renovation       | Interior renovation of restroom serving Lee Johnson Field and park  | Moss Bay        | \$250,000            |                     |                                   |                                  |   |
| 9  | Marsh Park Restroom Renovation            | Renovation may include new mechanical/ventilation systems, lighting, fixtures, painting, etc.                               | Lakeview        |                      |                     |                                   |                                  |   |

## PFEC Project List #

| <i>Note: projects not listed in priority order</i> |   |   |               | COSTS             |             |                          |           |   |
|--|---|---|---------------|-------------------|-------------|--------------------------|-----------|---|
| #  | Project Name  | Project Description   | Neighborhood  | Capital           |             | Maintenance & Operations |           | Notes   |
|  |   |   |               | Construction      | Acquisition | One-time                 | Ongoing   |   |
| 10   | Houghton Beach Restroom Renovation                        | Renovation of existing building to include new mechanical/ventilation systems, lighting, fixtures, painting, etc. | Lakeview      |                   |             |                          |           |   |
| 11   | Juanita Beach Park Bathhouse Replacement                  | Replacement of existing structure to provide restrooms, concessions, storage                                      | South Juanita |                   |             |                          |           |   |
| 12   | Marina Park Bulkhead Repair                               | Repair of concrete bulkhead   | Moss Bay      |                   |             |                          |           |   |
| 13   | Green Kirkland Forest Restoration Program                 | Restoration of urban forested areas in parks per 20-year action plan  | Various       | \$50,000 annually |             |                          |           | Funded in CIP (annual)  |
| 14   | Playground Replacement Program                            | Replacement of playground equipment to ensure safety, accessibility, usability and attractiveness                 | Various       | \$50,000 annually |             |                          |           | Funded in CIP (annual)  |
| 15   | O.O. Denny Park Maintenance and Operations                | Assumption of maintenance and operations from Finn Hill Park District   | Finn Hill     |                   |             |                          | \$125,000 | Preliminary M&O budget  |
| 16   | Renovation of select parks in newly-annexed neighborhoods | Renovation of parks in newly-annexed neighborhoods (scope to be determined)                                       | Various       |                   |             |                          |           | Parks could include 132 <sup>nd</sup> Square, Kingsgate, Edith Moulton, Windsor Vista, and/or Juanita Heights |
| 17   | Dock Renovations  | Repair and renovate docks at various parks. Structural assessments, replace decking, beams, lighting, etc.        | Various       | \$250,000         |             |                          |           | Parks include   |

## PFEC Project List #

**Category: ENHANCE – Redeveloping and improving the community’s existing park system.**

| <i>Note: projects not listed in priority order</i> |   |   |               | COSTS        |             |                          |           |   |
|--|---|---|---------------|--------------|-------------|--------------------------|-----------|---|
| #  | Project   | Project   | Neighborhood  | Capital      |             | Maintenance & Operations |           | Notes   |
|  | Name  | Description   |               | Construction | Acquisition | One-time                 | Ongoing   |   |
| 18   | Juanita Beach Park Redevelopment Phase 2                      | Improvements to north side of park selected from among parking, skate park, landscaping, playfields, restroom   | South Juanita | \$561,000    |             |                          |           | Funded in CIP, intended to serve as matching funds for potential grants; improvements identified in 2005 park master plan |
| 19   | Snyder’s Corner Park Site Development                         | Improvements to be determined based on community planning process   | Bridle Trails | \$443,000    |             |                          | \$55,400  | Funded in CIP (2014)  |
| 20   | Heritage Park Redevelopment Phases 3 and 4                    | Improvements to include restroom, parking, street improvements, stairway to Lake Ave. W.  | Market        | \$2,500,000  |             |                          | \$50,000  | Master plan completed in 2003   |
| 21   | Ohde Avenue Park Development                                  | Improvements include landscaping, pea patch program, play area, parking, irrigation, drainage, utilities  | Everest       | \$250,000    |             |                          | \$7,000   |   |
| 22   | McAuliffe Park Development                                    | Improvements include renovation of structures for meeting/rental/concession space, parking, traffic/pedestrian circulation, landscaping, irrigation, site utilities | South Juanita | \$7,000,000  |             |                          | \$100,000 | Master plan completed in 2005   |
| 23   | Peter Kirk Park Lee Johnson Field Synthetic Turf and Lighting | Installation of synthetic turf and improved field lighting for year-round multi-purpose sports activities   | Moss Bay      | \$1,500,000  |             |                          |           |   |
| 24   | Lake Avenue West Park Site Development                        | Shoreline restoration, landscaping, installation of benches, viewing features   | Market        | \$100,000    |             |                          | \$5,000   |   |
| 25   | Kiwanis Park Development                                      | Shoreline restoration, trails, interpretive features, parking, landscaping, irrigation  | Market        | \$1,100,000  |             |                          |           | Master plan required  |

PFEC Project List #

| <i>Note: projects not listed in priority order</i> |  |  |                  | COSTS        |             |                          |          |  |
|--|--|--|------------------|--------------|-------------|--------------------------|----------|--|
| #  | Project  | Project  | Neighborhood     | Capital      |             | Maintenance & Operations |          | Notes  |
|  | Name   | Description  |                  | Construction | Acquisition | One-time                 | Ongoing  |  |
| 26   | Yarrow Bay Wetlands Development                              | Shoreline restoration, trails and boardwalks, interpretive features, parking   | Lakeview         | \$1,600,000  |             |                          |          | Master plan required   |
| 27   | Heronfield Wetlands Development                              | Wetland restoration, trails and boardwalks, interpretive features, parking     | South Juanita    | \$1,600,000  |             |                          |          | Master plan required   |
| 28   | Watershed Park Development                                   | Parking, trails, interpretive features, landscaping, forest restoration        | Central Houghton | \$1,100,000  |             |                          |          | Master plan required   |
| 29   | Forbes Lake Park Development                                 | New trails/boardwalks, interpretive features, wetland restoration, parking     | North Rose Hill  | \$1,800,000  |             |                          | \$25,000 | Funded in CIP (\$950,000) for 1 <sup>st</sup> phase (2012); Up to \$200K of amount funded may be repurposed for Eastside Rail Corridor acquisition |
| 30   | Redevelopment of select parks in newly-annexed neighborhoods | Redevelopment of parks in newly-annexed neighborhoods (scope to be determined) | Various          |              |             |                          |          | Parks could include 132 <sup>nd</sup> Square, Kingsgate, Edith Moulton, Windsor Vista, and/or Juanita Heights                                      |

## PFEC Project List #

**Category: EXPAND – Meeting Level of Service commitments and pursuing important new opportunities**

| <i>Note: projects not listed in priority order</i> |   |   |                 | COSTS                    |             |                          |          |   |
|--|---|---|-----------------|--------------------------|-------------|--------------------------|----------|---|
| #  | Project   | Project   | Neighborhood    | Capital                  |             | Maintenance & Operations |          | Notes   |
|  | Name  | Description   |                 | Construction             | Acquisition | One-time                 | Ongoing  |   |
| 31   | Indoor multi-purpose community recreation center                    | Development of new multi-purpose recreation facility to include aquatics, gymnasium, fitness, classroom and meeting space         | Unknown         | \$42,000,000             |             |                          |          | Does not include land acquisition; net ongoing M&O costs to be determined based on facility operational model and revenue projections |
| 32   | Eastside Rail Corridor (Cross Kirkland Trail)                       | Acquisition and development of a portion of corridor for pedestrian/bikes   | Various         | \$420,000 - \$20,000,000 | \$5,000,000 |                          |          | Includes segment between S. Kirkland Park/Ride and Totem Lake; Construction ranges from gravel trail to paved trail with transit way  |
| 33   | Kirkland Cannery Building   | Acquisition, preservation, and re-use of historic structure   | Norkirk         | \$2,400,000              | \$750,000   |                          |          | Construction costs from 2006 study; acquisition cost estimated from KC Assessor appraisal   |
| 34   | Totem Lake Park Development   | Improvements to include trail/boardwalk, interpretive features, wetland restoration, flood control, habitat enhancements, parking | Totem Lake      |                          |             |                          |          | Master plan process in 2012 proposed by Park Board  |
| 35   | New Neighborhood Park: North Juanita (east of Juanita High School)  | Acquisition and development of land for neighborhood park to meet ¼-mile LOS  | North Juanita   | \$500,000                | \$2,000,000 |                          | \$50,000 | Costs are estimated; no properties identified   |
| 36   | New Neighborhood Park: North Juanita (north of Juanita Beach)       | Acquisition and development of land for neighborhood park to meet ¼-mile LOS  | North Juanita   | \$500,000                | \$2,000,000 |                          | \$50,000 | Costs are estimated; no properties identified   |
| 37   | New Neighborhood Park: Totem Lake neighborhood                      | Acquisition and development of land for neighborhood park to meet ¼-mile LOS  | Totem Lake      | \$500,000                | \$2,000,000 |                          | \$50,000 | Costs are estimated; no properties identified   |
| 38   | New Neighborhood Park: North Rose Hill (north part of neighborhood) | Acquisition and development of land for neighborhood park to meet ¼-mile LOS  | North Rose Hill | \$500,000                | \$2,000,000 |                          | \$50,000 | Costs are estimated; no properties identified   |

PFEC Project List #

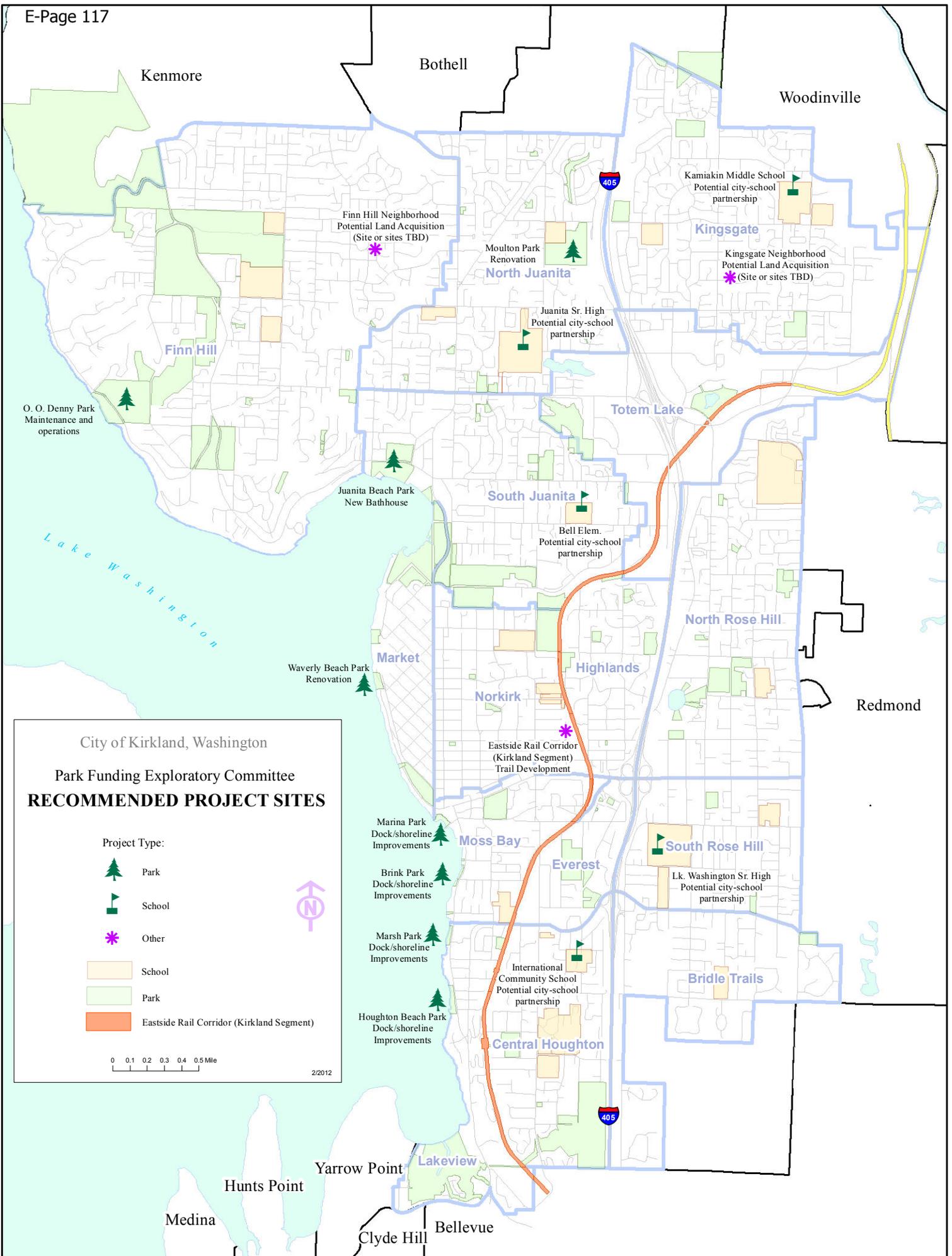
| <i>Note: projects not listed in priority order</i> |   |  |                  | COSTS        |             |                          |          |   |
|--|---|--|------------------|--------------|-------------|--------------------------|----------|---|
| #  | Project Name  | Project Description  | Neighborhood     | Capital      |             | Maintenance & Operations |          | Notes   |
|  |   |  |                  | Construction | Acquisition | One-time                 | Ongoing  |   |
| 39   | New Neighborhood Park: Market Neighborhood (north part of neighborhood) | Acquisition and development of land for neighborhood park to meet ¼-mile LOS                                 | Market           | \$500,000    | \$2,000,000 |                          | \$50,000 | Costs are estimated; no properties identified |
| 40   | New Neighborhood Parks: Newly-annexed neighborhoods                     | Acquisition and development of land for neighborhood parks to meet ¼-mile LOS in newly-annexed neighborhoods | Various          |              |             |                          |          |   |
| 41   | McAuliffe Park Expansion  | Acquisition of land to support parking and provide residential buffer from active uses                       | South Juanita    |              |             |                          |          |   |
| 42   | Waterfront park land acquisition  | Acquisition of waterfront on Lake Washington as opportunities arise  | Various          |              |             |                          |          |   |
| 43   | Bell Elementary School Playfield Improvements                           | Renovation and/or expansion of school playfields to improve safety and performance                           | South Juanita    | \$200,000    |             |                          | \$50,000 |   |
| 44   | ICS School Playfield Improvements                                       | Renovation and/or expansion of school playfields to improve safety and performance                           | Central Houghton | \$300,000    |             |                          | \$50,000 |   |
| 45   | Dog Off-Leash Areas   | Development of new areas for dog off-leash activity  | Various          |              |             |                          |          |   |

**Parks Funding Exploratory Committee -- Ballot Results  
Tuesday, January 10, 2012**

**ATTACHMENT D**

|  | Yes   | No    | Total<br>Votes |
|--|-------|-------|----------------|
| Based on what you know now, should the City Council present a parks funding measure to Kirkland voters on the November 6, 2012 ballot? | 21    | 5     | 26             |
|  | 80.8% | 19.2% |                |

| If yes, how much do you believe voters would be willing to pay for the right projects? |     |    |                |       |       |                             |                                       |  |
|--|-----|----|----------------|-------|-------|-----------------------------|---------------------------------------|--|
| Estimated Increase to Property Tax Bill  | Yes | No | Total<br>Votes | Yes   | No    | Annual Revenue<br>Generated | Project Bonding<br>Potential (9-year) | Project Bonding<br>Potential (20-year) |
| \$10 per year (\$0.83 per month)   | 12  | 2  | 14             | 85.7% | 14.3% | \$ 305,000                  | \$ 2,400,000                          | \$ 4,400,000                           |
| \$60 per year (\$5.00 per month)   | 15  | 5  | 20             | 75.0% | 25.0% | \$ 1,830,000                | \$ 14,400,000                         | \$ 26,400,000                          |
| \$120 per year (\$10.00 per month)   | 2   | 12 | 14             | 14.3% | 85.7% | \$ 3,660,000                | \$ 28,800,000                         | \$ 52,800,000                          |



Kenmore Bothell Woodinville

Finn Hill Neighborhood Potential Land Acquisition (Site or sites TBD)

Moulton Park Renovation

North Juanita

Kamiakin Middle School Potential city-school partnership

Kingsgate

Kingsgate Neighborhood Potential Land Acquisition (Site or sites TBD)

Juanita Sr. High Potential city-school partnership

O. O. Denny Park Maintenance and operations

Finn Hill

Totem Lake

South Juanita

Bell Elem. Potential city-school partnership

Juanita Beach Park New Bathhouse

Market

North Rose Hill

Waverly Beach Park Renovation

Norkirk

Highlands

Redmond

Eastside Rail Corridor (Kirkland Segment) Trail Development

Marina Park Dock/shoreline Improvements

Moss Bay

Everest

South Rose Hill

Lk. Washington Sr. High Potential city-school partnership

Bridle Trails

Central Houghton

International Community School Potential city-school partnership

Houghton Beach Park Dock/shoreline Improvements

Yarrow Point

Lakeview

Hunts Point

Medina

Clyde Hill

Bellevue

City of Kirkland, Washington

Park Funding Exploratory Committee

**RECOMMENDED PROJECT SITES**

Project Type:

-  Park
-  School
-  Other
-  School
-  Park
-  Eastside Rail Corridor (Kirkland Segment)



0 0.1 0.2 0.3 0.4 0.5 Mile

2/2012

ATTACHMENT F

Parks Funding Exploratory Committee  
Funding Options

January 10, 2012  
Presented by Tracey Dunlap

Agenda

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- ▶ Overview of Property Taxes
- ▶ Property Tax Funding Options
  - ▶ “Original Flavor” Levy Lid Lift
  - ▶ Multiyear Levy Lid Lift
  - ▶ Excess Levy
  - ▶ Metropolitan Park District (MPD)
- ▶ Applicability to Parks Needs
- ▶ Potential Impacts on Average Household

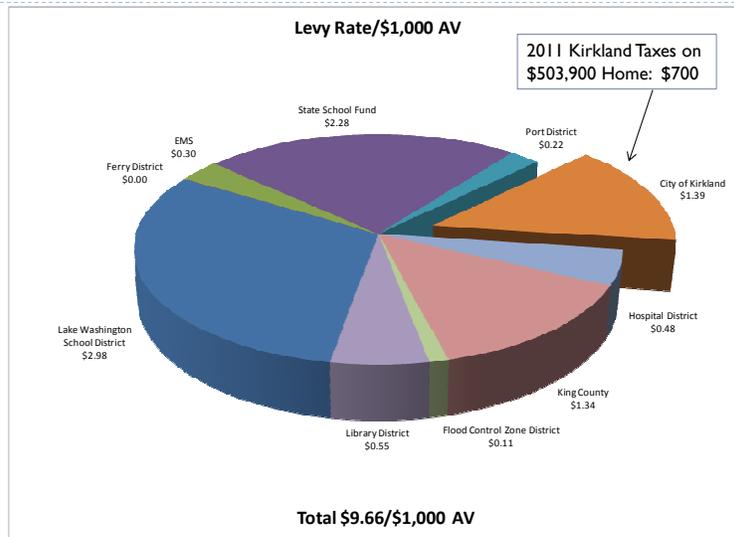


## Overview of Property Taxes

- ▶ Annual tax levied on real and personal property
- ▶ How it works:
  - ▶ County Assessor establishes the assessed value (AV) of real and personal property at fair market value annually
  - ▶ Taxing districts set annual levy to be collected (in dollars)
  - ▶ Rate is result of dividing the levy by AV/\$1,000
  - ▶ County collects property taxes and distributes to City and other taxing districts

3

## 2011 Property Tax Distribution



4

## Types of Property Tax Levies

- ▶ **Regular Levy:**
  - ▶ Ongoing resource for annual operating and maintenance costs (and any other general government costs, including debt service)
  - ▶ Annual increase limited to new construction and optional increase (lesser of 1% or the implicit price deflator)
  - ▶ Subject to statutory maximum of \$3.10 per \$1,000 AV
  - ▶ Voter approval required for increases above annual limit – **Levy Lid Lift**
- ▶ **Excess Levy:**
  - ▶ Funds voter-approved debt payments for capital projects and expires when debt is repaid
  - ▶ Based on annual debt service payments and in place for the life of the bonds

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## Components of 2011 Kirkland Rate

| REGULAR LEVY                                  |                     |                     |
|---|---------------------|---------------------|
| Operating Fund                                | Levy                | Rate per \$1,000 AV |
| General Fund and Street Operating             | \$13,121,800        | \$1.22520           |
| Parks Maintenance Fund (approved Nov. 2002)   | \$840,687           | \$0.07850           |
| <b>Total 2011 Regular Levy</b>                | <b>\$13,962,487</b> | <b>\$1.30370</b>    |
| EXCESS LEVY                                   |                     |                     |
| Unlimited General Obligation Bond Issue       | Levy                | Rate per \$1,000 AV |
| 1995 Unlimited G.O. (Public Safety)           | \$87,528            | \$0.00817           |
| 2001 Unlimited G.O. Refunding (Public Safety) | \$186,253           | \$0.01739           |
| 2003 Unlimited G.O. (Parks)                   | \$640,205           | \$0.05978           |
| <b>Total 2011 Excess Levy</b>                 | <b>\$913,986</b>    | <b>\$0.08534</b>    |
| TOTAL LEVY                                    |                     |                     |
|   | Levy                | Rate per \$1,000 AV |
| <b>Total 2011 Levy</b>                        | <b>\$14,876,473</b> | <b>\$1.38904</b>    |

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## Property Tax Funding Options

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- ▶ **“Original Flavor” Levy Lid Lift**
  - ▶ Can be for any purpose
  - ▶ Can be for any amount of time or permanent
    - ▶ Unless proceeds used for debt service on bonds, which has maximum period of nine years
  - ▶ Initial “lift” occurs in first year, with annual increases in subsequent years limited to 1%
  - ▶ Simple majority vote on any election date
  - ▶ Example: November 2002 Parks Maintenance Levy



7

## Property Tax Funding Options

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- ▶ **Multiyear Levy Lid Lift**
  - ▶ Purpose must be stated in ballot measure title
    - ▶ If used for debt service on bonds, maximum period of nine years applies
  - ▶ New funds raised cannot supplant existing funds
  - ▶ Lid can increase each year for up to six years
    - ▶ After first year, lift can increase by a percentage specified for each year
    - ▶ If final year is designated as the base amount after six years on ballot, increase is limited to 1% thereafter
  - ▶ Simple majority vote at primary or general election



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## Property Tax Funding Options

- ▶ **Excess Levy**
  - ▶ For capital purposes only
  - ▶ Term is determined by the life of the proposed bonds
  - ▶ Requires a supermajority (60% approval)
    - ▶ Plus minimum 40% turnout based on last general election (validation)
  - ▶ Election can occur on any election date
  - ▶ Example: 2003 Park Bond (ends in 2022)

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## Property Tax Funding Options

- ▶ **Metropolitan Parks District (MPD)**
  - ▶ Separate taxing authority formed by:
    - ▶ Simple majority vote or
    - ▶ Petition signed by 15% of registered voters in proposed area
  - ▶ Governing body can be:
    - ▶ Five elected commissioners or
    - ▶ Governing body if contained within city
  - ▶ Maximum tax rate is \$0.75 per \$1,000 AV (up to \$11 million annually)
    - ▶ Subject to 1% levy increase limit
    - ▶ Junior taxing district, which can be limited to less than maximum if statutory limits are reached by senior districts
  - ▶ Can issue non-voted or voted debt (subject to supermajority) within set limits

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## Applicability to Parks Needs

| Tool                            | Vote Required               | Could be used for: |                      | Comments   |
|---------------------------------|-----------------------------|--------------------|----------------------|--|
|                                 |                             | O&M                | Capital              |  |
| "Original Flavor" Levy Lid Lift | 50% + 1                     | X                  | X<br>(max 9 yr debt) | After year 1, increases limited to 1%  |
| Multi Year Levy Lid Lift        | 50% + 1                     | X                  | X<br>(max 9 yr debt) | Subject to non-supplanting<br>Can increase by more than 1% for up to 6 years |
| Excess Levy                     | 60% with validation         |                    | X                    | Can only be used for capital   |
| MPD                             | 50% + 1 or Petition to form | X                  | X*                   | *subject to 60% w/validation<br>Overlapping junior taxing district           |

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## Potential Impacts on Average Homeowner

- ▶ Estimated average assessed valuation of single family home (2011 value reduced by 4.1% AV decline): \$483,000
- ▶ 2012 total levy rate: \$1.456 per \$1,000 AV (regular levy of \$1.367 plus excess levy of \$0.089)
- ▶ Current total property tax bill paid to Kirkland for \$483,000 household is about \$704 per year
- ▶ For simplicity, examples are based on \$480,000 average household

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## Potential Impacts on Average Homeowner

- ▶ 2012 regular levy rate: \$1.367 per \$1,000 AV
  
- ▶ Each 1% increase to regular levy:
  - ▶ Equates to \$0.01367 per \$1,000 AV
  - ▶ Generates \$200,000 in additional annual revenue which can support:
    - ▶ 2-3 staff positions or
    - ▶ \$1.6 million in debt (9 years at 2.0%) or
    - ▶ \$2.9 million in debt (20 years at 3.25%) – *if excess levy*
  - ▶ Impact on \$480,000 household: \$6.56 per year

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## Operations and Maintenance Example

| OO Denny Park Maintenance        |                          |
|----------------------------------|--------------------------|
| Ongoing Operating Cost           | \$125,000                |
| Multi-year Levy Lid Lift (0.63%) | \$ .0085 per \$ 1,000 AV |
| Annual Cost for a \$480,000 Home | \$4.10                   |

Notes:

- Would need to evaluate supplanting issue

## Capital Only - "Preserve"

| Waverly Beach Park Renovation    |                        |
|----------------------------------|------------------------|
| Capital Cost                     | \$745,000              |
| Multi-year Levy Lid Lift (3.73%) | \$.0509 per \$1,000 AV |
| Annual Cost for a \$480,000 Home | \$24.45                |

Notes:

- Assumes cost is covered by levy funds versus debt



## Capital Only - "Enhance"

| Peter Kirk Park Field Synthetic Turf | Option I – Lid Lift    |
|--------------------------------------|------------------------|
| Capital Cost                         | \$1,500,000            |
| Multi-year Levy Lid Lift (0.94%)     | \$.0128 per \$1,000 AV |
| Annual Cost for a \$480,000 Home     | \$6.15                 |

Notes:

- Assumes 9-year bond funded by multi-year levy lid lift at 2.0%
- Annual debt service of \$187,500



## Capital Only - "Enhance"

| Peter Kirk Park Field Synthetic Turf | Option 2 – Excess Levy |
|--------------------------------------|------------------------|
| Capital Cost                         | \$1,500,000            |
| Excess Levy                          | \$.0071 per \$1,000 AV |
| Annual Cost for a \$480,000 Home     | \$3.40                 |

Notes:

- Assumes 20-year bond funded by excess levy at 3.25%
- Annual debt service of \$103,500



## Combined Capital & Operating - "Expand"

|           |   | New Neighborhood Park            |                        |
|-----------|---|----------------------------------|------------------------|
| Capital   | } | Capital Cost                     | \$2,500,000            |
|           |   | Excess Levy                      | \$.0118 per \$1,000 AV |
|           |   | Annual Cost for a \$480,000 Home | \$5.66                 |
| Operating | } | Ongoing Operating Costs (annual) | \$50,000               |
|           |   | Levy Lid Lift (0.25%)            | \$.0034 per \$1,000 AV |
|           |   | Annual Cost for a \$480,000 Home | \$1.64                 |
|           |   | <b>TOTAL ANNUAL IMPACT</b>       | <b>\$7.30</b>          |

Notes:

- Assumes 20-year capital bond funded by excess levy
- Annual debt service of \$172,500
- Similar structure to 2002 Election Process (\$8.4 million 20-year bond funded with excess levy plus \$0.10/\$1,000 AV maintenance levy)



## Rules of Thumb for Evaluating Projects

**Each \$10 per year for a \$480,000 household supports:**

|  |    |               |
|--|----|---------------|
| Annual Funding for O&M or<br>Pay-as-you-go Capital |    | \$305,000     |
|  | OR |               |
| 9-year Bond for Capital                            |    | \$2.4 million |
|  | OR |               |
| 20-year Bond for Capital                           |    | \$4.4 million |

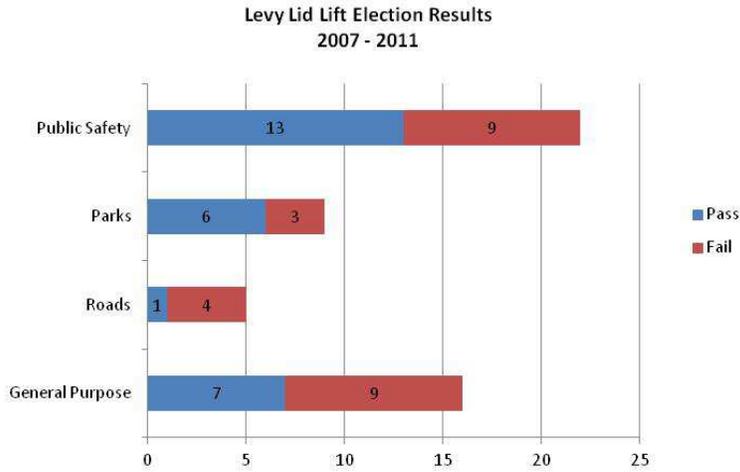
19

## Other Considerations

- ▶ Relationship to Finn Hill Park District Levy and existing Kirkland Parks Maintenance Levy
- ▶ Voted tax measures on the ballot for other jurisdictions
- ▶ Recent results for levy lid lifts for other jurisdictions

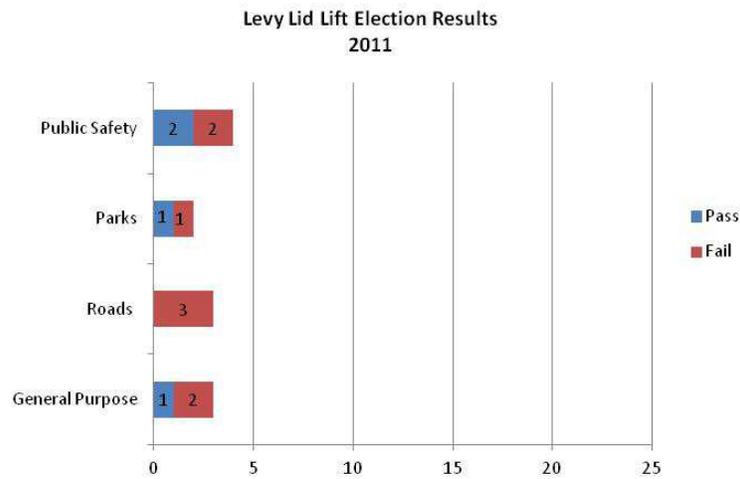
20

## Results for Other Jurisdictions



21

## Results for Other Jurisdictions



22

## Other Issues/Questions

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- ▶ Final configuration dependent on types and scale of projects selected
- ▶ Questions?



**SCENARIO A: Park Bond and Companion Maintenance Levy**  
 Two Ballot Measures: Excess Levy 20-Year Bond (Requires 60% Approval) AND Permanent Levy Lid Lift (Requires 50% Approval)

| A  | B  | C                           | D                             | E                     | F                             | G                                   | H                               |
|--|--|-----------------------------|-------------------------------|-----------------------|-------------------------------|-------------------------------------|---------------------------------|
| Category/Project   | Description  | 20-Year Bond Project Amount | Annual Cost to \$480,000 home | Levy M&O Amount       | Annual Cost to \$480,000 home | Total Annual Cost to \$480,000 home | Total Annual Cost per \$1000 AV |
| <b>PRESERVE - Maintaining and renovating the community's existing park system</b>                      |  |                             |                               |                       |                               |                                     |                                 |
| 1  | RESTORE PARK MAINTENANCE AND OPERATIONS LEVEL OF SERVICE |                             | \$0                           | \$500,000             | \$16.40                       | \$16.40                             | \$0.0342                        |
| 2  | O. O. DENNY PARK MAINTENANCE                             |                             | \$0                           | \$125,000             | \$4.10                        | \$4.10                              | \$0.0085                        |
| 3  | URBAN FOREST AND HABITAT RESTORATION                     |                             | \$0                           | \$175,000             | \$5.74                        | \$5.74                              | \$0.0120                        |
| 4  | WAVERLY BEACH PARK                                       | \$1,000,000                 | \$2.26                        | \$0                   | \$0.00                        | \$2.26                              | \$0.0047                        |
| 5  | WATERFRONT DOCKS AND SHORELINE RENOVATIONS               | \$1,000,000                 | \$2.26                        | \$0                   | \$0.00                        | \$2.26                              | \$0.0047                        |
| <b>ENHANCE - Redeveloping and enhancing the community's existing park system</b>                       |  |                             |                               |                       |                               |                                     |                                 |
| 6  | EDITH MOULTON PARK                                       | \$1,000,000                 | \$2.26                        | \$25,000              | \$0.82                        | \$3.08                              | \$0.0064                        |
| 7  | CITY-SCHOOL PARTNERSHIP PROJECTS                         | \$1,000,000                 | \$2.26                        | \$25,000              | \$0.82                        | \$3.08                              | \$0.0064                        |
| <b>EXPAND - Meeting facility level of service commitments and pursuing important new opportunities</b> |  |                             |                               |                       |                               |                                     |                                 |
| 8  | EASTSIDE RAIL CORRIDOR                                   | \$3,000,000                 | \$6.78                        | \$100,000             | \$3.28                        | \$10.06                             | \$0.0210                        |
| 9  | NEIGHBORHOOD PARK ACQUISITION AND DEVELOPMENT            | \$2,000,000                 | \$4.52                        | \$50,000              | \$1.64                        | \$6.16                              | \$0.0128                        |
| 10   | TOTEM LAKE PARK  | \$2,500,000                 | \$5.65                        | \$50,000              | \$1.64                        | \$7.29                              | \$0.0152                        |
|  | SUBTOTAL:  | \$11,500,000                | \$25.99                       | \$1,050,000           | \$34.44                       |                                     |                                 |
| 11   | MAINTENANCE AND OPERATIONS INFLATIONARY ADJUSTMENT       |                             |                               | \$105,000             | \$3.44                        | \$3.44                              | \$0.0072                        |
|  | <b>***** TOTAL:</b>                                      | <b>\$11,500,000</b>         | <b>\$25.99</b>                | <b>\$1,155,000.00</b> | <b>\$37.88</b>                | <b>\$63.87</b>                      | <b>\$0.13</b>                   |
| <b>ADDITIONAL INVESTMENT OPTIONS:</b>  |  |                             |                               |                       |                               |                                     |                                 |
| 12   | LEE JOHNSON FIELD SYNTHETIC TURF AND LIGHTING            | \$1,500,000                 | \$3.39                        | \$0                   | \$0.00                        | \$3.39                              | \$0.0071                        |
| 13   | NEIGHBORHOOD PROJECT OPPORTUNITY FUND                    | \$0                         | \$0.00                        | \$200,000             | \$6.56                        | \$6.56                              | \$0.0137                        |
| 14   | OPEN SPACE ACQUISITION OPPORTUNITY FUND                  | \$1,000,000                 | \$2.28                        | \$0                   | \$0.00                        | \$2.28                              | \$0.0048                        |
| 15   | JUANITA BEACH PARK BATHHOUSE                             | \$1,200,000                 | \$2.71                        | \$0                   | \$0.00                        | \$2.71                              | \$0.0057                        |
| 16   | JUANITA BEACH LIFEGUARDS                                 | \$0                         | \$0.00                        | \$35,000              | \$1.15                        | \$1.15                              | \$0.0024                        |

**SCENARIO B: Capital Levy and Companion Maintenance Levy**  
**Two Ballot Measures: 9-Year Levy Lid Lift (Requires 50% Approval) AND Permanent Levy Lid Lift (Requires 50% Approval)**

| A  | B  | C                          | D                             | E                     | F                             | G                                   | H                               |
|--|--|----------------------------|-------------------------------|-----------------------|-------------------------------|-------------------------------------|---------------------------------|
| Category/Project   | Description  | 9-Year Levy Project Amount | Annual Cost to \$480,000 home | Levy M&O Amount       | Annual Cost to \$480,000 home | Total Annual Cost to \$480,000 home | Total Annual Cost per \$1000 AV |
| <b>PRESERVE - Maintaining and renovating the community's existing park system</b>                      |  |                            |                               |                       |                               |                                     |                                 |
| 1  | RESTORE PARK MAINTENANCE AND OPERATIONS LEVEL OF SERVICE | \$0                        | \$0.00                        | \$500,000             | \$16.40                       | \$16.40                             | \$0.0342                        |
| 2  | O. O. DENNY PARK MAINTENANCE                             | \$0                        | \$0.00                        | \$125,000             | \$4.10                        | \$4.10                              | \$0.0085                        |
| 3  | URBAN FOREST AND HABITAT RESTORATION                     | \$0                        | \$0.00                        | \$175,000             | \$5.74                        | \$5.74                              | \$0.0120                        |
| 4  | WAVERLY BEACH PARK                                       | \$1,000,000                | \$4.10                        | \$0                   | \$0.00                        | \$4.10                              | \$0.0085                        |
| 5  | WATERFRONT DOCKS AND SHORELINE RENOVATIONS               | \$1,000,000                | \$4.10                        | \$0                   | \$0.00                        | \$4.10                              | \$0.0085                        |
| <b>ENHANCE - Redeveloping and enhancing the community's existing park system</b>                       |  |                            |                               |                       |                               |                                     |                                 |
| 6  | EDITH MOULTON PARK                                       | \$1,000,000                | \$4.10                        | \$25,000              | \$0.82                        | \$4.92                              | \$0.0103                        |
| 7  | CITY-SCHOOL PARTNERSHIP PROJECTS                         | \$500,000                  | \$2.05                        | \$25,000              | \$0.82                        | \$2.87                              | \$0.0060                        |
| <b>EXPAND - Meeting facility level of service commitments and pursuing important new opportunities</b> |  |                            |                               |                       |                               |                                     |                                 |
| 8  | EASTSIDE RAIL CORRIDOR                                   | \$3,000,000                | \$12.30                       | \$100,000             | \$3.28                        | \$15.58                             | \$0.0325                        |
| 9  | NEIGHBORHOOD PARK LAND ACQUISITION                       | \$500,000                  | \$2.05                        | \$0                   | \$0.00                        | \$2.05                              | \$0.0043                        |
|  | SUBTOTAL:  | \$7,000,000                | \$28.70                       | \$950,000             | \$31.16                       |                                     |                                 |
| 10   | MAINTENANCE AND OPERATIONS INFLATIONARY ADJUSTMENT       |                            |                               | \$95,000              | \$3.12                        | \$3.12                              | \$0.0065                        |
|  | <b>***** TOTAL:</b>                                      | <b>\$7,000,000</b>         | <b>\$28.70</b>                | <b>\$1,045,000.00</b> | <b>\$34.28</b>                | <b>\$62.98</b>                      | <b>\$0.13</b>                   |
| <b>ADDITIONAL INVESTMENT OPTIONS:</b>  |  |                            |                               |                       |                               |                                     |                                 |
| 11   | TOTEM LAKE PARK  | \$2,500,000                | \$10.25                       | \$50,000              | \$1.64                        | \$11.89                             | \$0.0248                        |
| 12   | LEE JOHNSON FIELD SYNTHETIC TURF AND LIGHTING            | \$1,500,000                | \$3.39                        | \$0                   | \$0.00                        | \$3.39                              | \$0.0071                        |
| 13   | NEIGHBORHOOD PROJECT OPPORTUNITY FUND                    | \$0                        | \$0.00                        | \$200,000             | \$6.56                        | \$6.56                              | \$0.0137                        |
| 14   | OPEN SPACE ACQUISITION OPPORTUNITY FUND                  | \$1,000,000                | \$2.28                        | \$0                   | \$0.00                        | \$2.28                              | \$0.0048                        |
| 15   | JUANITA BEACH PARK BATHHOUSE                             | \$1,200,000                | \$2.71                        | \$0                   | \$0.00                        | \$2.71                              | \$0.0057                        |
| 16   | JUANITA BEACH LIFEGUARDS                                 | \$0                        | \$0.00                        | \$35,000              | \$1.15                        | \$1.15                              | \$0.0024                        |

# PFEC Recommended Funding Package

| Category/Project                     | Project Cost      | Annual Cost to Homeowner | M&O Levy         | Annual Cost to Homeowner | Annual Cost to Homeowner |
|--------------------------------------|-------------------|--------------------------|------------------|--------------------------|--------------------------|
| <b>TIER 1</b>                        |                   |                          |                  |                          |                          |
| Restore M & O                        | -                 | -                        | 600,000          | 19.68                    | 19.68                    |
| Denny Park Maintenance               | -                 | -                        | 137,500          | 4.51                     | 4.51                     |
| Forest/Habitat Restoration           | -                 | -                        | 192,500          | 6.31                     | 6.31                     |
| Waverly Beach Renovation             | 500,000           | 2.05                     | -                | -                        | 2.05                     |
| Dock and Shoreline Renovations       | 800,000           | 3.28                     | -                | -                        | 3.28                     |
| Moulton Park Renovation              | 1,000,000         | 4.10                     | 27,500           | 0.90                     | 5.00                     |
| City-School Partnership Projects     | 1,000,000         | 4.10                     | 27,500           | 0.90                     | 5.00                     |
| Neighborhood Park Land Acquisition   | 2,500,000         | 10.25                    | -                | -                        | 10.25                    |
| Develop Eastside Rail Corridor Trail | 3,000,000         | 12.30                    | 110,000          | 3.61                     | 15.91                    |
| Juanita Beach Bathhouse              | 1,200,000         | 4.92                     | -                | -                        | 4.92                     |
|                                      | -                 | -                        |                  |                          |                          |
|                                      | <b>10,000,000</b> | <b>41.00</b>             | <b>1,095,000</b> | <b>35.92</b>             | <b>76.92</b>             |
| <b>TIER 2</b>                        |                   |                          |                  |                          |                          |
| Lee Johnson Field Turf & Lighting    | 1,500,000         | 6.15                     | -                | -                        | 6.15                     |

*All costs noted are preliminary estimates subject to refinement*  
*Note 1: Annual cost to a home with an assessed valuation of \$480,000*  
*Note 2: Amounts Include 10% Inflationary Adjustment*

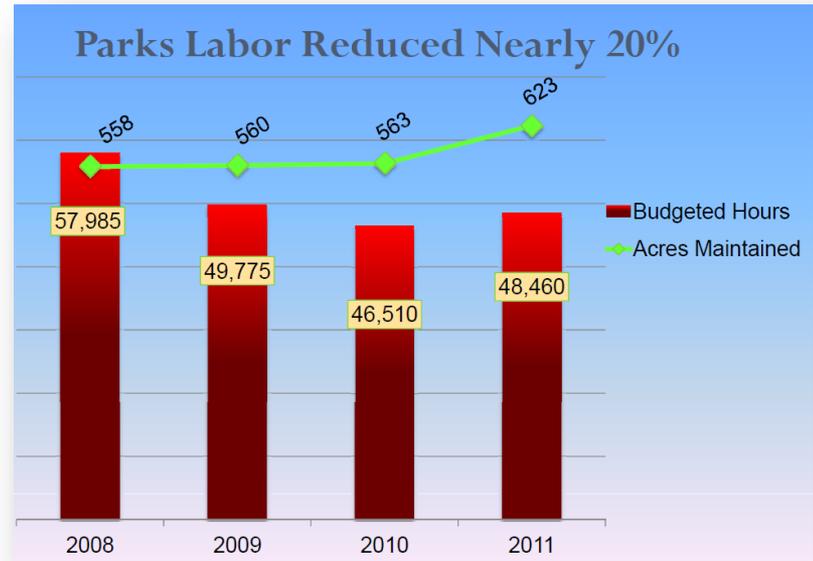
# PFEC Recommended Funding Package

## Restore Maintenance and Operations

**Amount: \$600,000**

Provides annually for:

- ✓ 2.5 FTE Maintenance Staff
- ✓ 7 Seasonal Maintenance Staff
- ✓ Lifeguards at Houghton, Waverly and Juanita Beaches
- ✓ Reopen restrooms at neighborhood parks
- ✓ Restore preventative maintenance tasks
- ✓ Restore landscape and tree maintenance
- ✓ Restore irrigation at high-use community/neighborhood parks
- ✓ Restore responsiveness to citizen requests/complaints



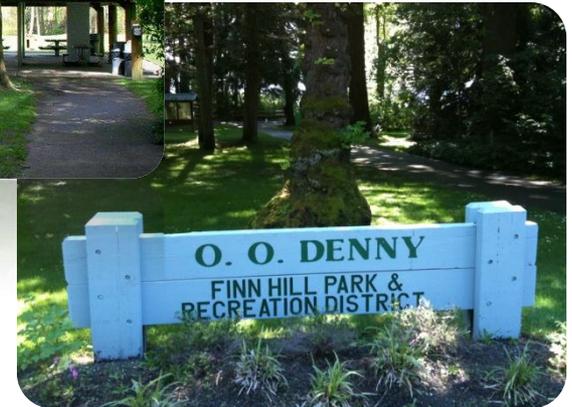
# PFEC Recommended Funding Package Maintain O. O. Denny Park

**Amount: \$137,500**

Provides annually for:

- ✓ 2.25 FTE Maintenance Staff
- ✓ Daily maintenance of park amenities and features including restrooms, picnic areas, garbage, landscaping, lawns, parking lots, trails, and waterfront.
- ✓ Park is 46 acres and is owned by City of Seattle

The Finn Hill Park District maintenance levy will expire in 33 months (end of 2014). Approximately 19% of Kirkland's population lives within the District's boundaries.



# PFEC Recommended Funding Package Forest and Habitat Restoration

**Amount: \$192,500**

Provides annually for:

- ✓ 2.25 FTE Staff
- ✓ Stable, on-going funding to support Green Kirkland Partnership's 20-year forest restoration plan
- ✓ Expanding volunteer stewardship to 1 new site per year (6 currently in restoration)
- ✓ Protecting and gradually expanding community investment of over 8,000 hours of volunteer restoration activities



# PFEC Recommended Funding Package

## Waverly Beach Park Renovation

**Capital Investment:**  
**\$500,000**

Funding for:

- ✓ Developing a long-range renovation and phasing plan with community input
- ✓ Implementing first phase of renovation tasks
- ✓ Priorities include:
  - Shoreline restoration
  - Drainage/irrigation upgrades
  - Pedestrian safety
  - Parking improvements
  - Landscape upgrades

*“I can best describe this beach as Juanita Beach's gorgeous little step-sister... Even when it's crowded, you still feel like you're enjoying a hidden little gem.”*

*- Park user comment from Yelp.com*



# PFEC Recommended Funding Package

## Shoreline and Dock Renovations

**Capital Investment:**  
**\$800,000**

Funding for:

- ✓ Structural engineering assessments of City docks and piers
- ✓ Re-decking of dock surfaces at Marina, Marsh, Brink, and Houghton Beach Parks
- ✓ Soft shoreline enhancements at Brink Park

**Kirkland Shoreline Master Program**

**Policy SA-20.1:** Incorporate salmon friendly dock design for new or renovated docks and environmentally friendly methods of maintaining docks in its shoreline parks.

**Policy SA-20.7:** Reduce or modify existing shoreline armoring within Kirkland's shoreline parks to improve and restore the aquatic environment.



# PFEC Recommended Funding Package Edith Moulton Park Renovation

## Capital Investment:

**\$1,000,000**

## Annual maintenance:

**\$27,500**

### Funding for:

- ✓ Developing a long-range park master plan and phasing plan with community input
- ✓ Implementing first phase of renovation tasks
- ✓ Priorities include:
  - Parking improvements
  - Drainage/irrigation upgrades
  - Creek restoration and protection
  - Trail improvements
  - Other improvements as identified through community process
  - Landscape upgrades

In the 1960s, [Edith Moulton] donated her land to the county for a park, wanting to "save some nature spots for posterity before it is too late," so that "small children could have a place to play other than the street."

- *Seattle Times Article January 2000*



# PFEC Recommended Funding Package City-School Partnership Projects

**Capital Investment:**  
**\$1,000,000**

**Annual maintenance:**  
**\$27,500**

## Funding for:

- ✓ Expanding City-School partnership activities by investing in school playfields as LWSD schools are renovated
- ✓ Sites to be determined but may include Bell Elementary, Kamiakin Middle School, International Community School, and Juanita and Lake Washington High Schools

*"A cooperative effort on the part of the School District and the City to renovate existing playing fields on school sites should be continued as a step to providing additional needed playfield space for soccer, softball, and baseball. Independent sports organizations are experiencing a shortage of practice times and space. With facility upgrades and ongoing maintenance, facilities can be more playable and safer to use."*

**Kirkland Park, Recreation, and Open Space Plan 2010**



# PFEC Recommended Funding Package

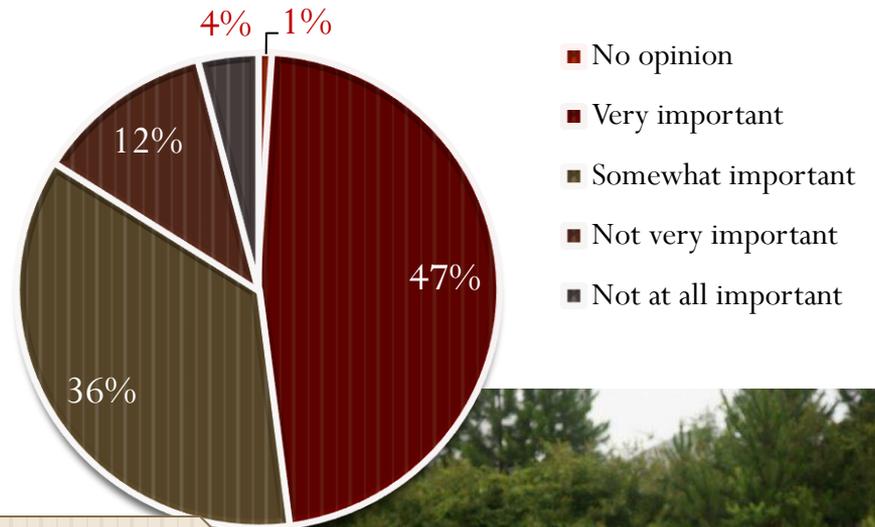
## Neighborhood Park Land Acquisition Fund

**Capital Investment:**  
**\$2,500,000**

Funding for:

- ✓ Land acquisition to help Kirkland move closer to the goal of providing a park within walking distance of every household
- ✓ Priority locations include Finn Hill and Kingsgate neighborhoods
- ✓ Specific properties have not been identified

**Q3: Indicate how important it is to you for the city to have a park within a quarter-mile of every Kirkland household:**



Over 4 out of every 5 respondents (83%) believe it is somewhat important or very important for Kirkland to have a park within a quarter-mile of every household (2011 Online Survey)



# PFEC Recommended Funding Package

## Develop Eastside Rail Corridor Trail

**Capital Investment:**  
**\$3,000,000**

**Annual maintenance:**  
**\$110,000**

### Funding for:

- ✓ Removal of existing rails and construction of continuous gravel trail for hiking and mountain biking
- ✓ On-going maintenance of trail corridor

“For a city that touts pedestrian-friendly with yellow flags at many crosswalks, the trail would also improve the city’s pedestrian landscape. And in a community as active as Kirkland, a new dedicated biking/hiking trail would provide more safety for many bicyclists and pedestrians.”

- Kirkland Reporter Editorial December 2011



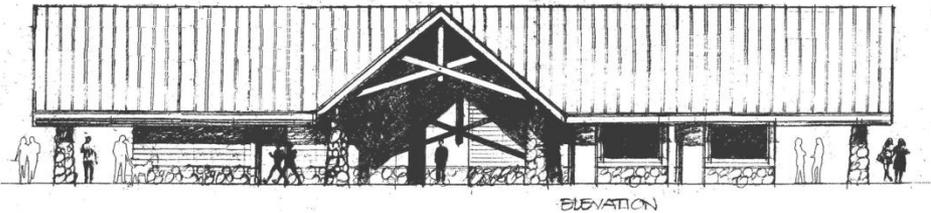
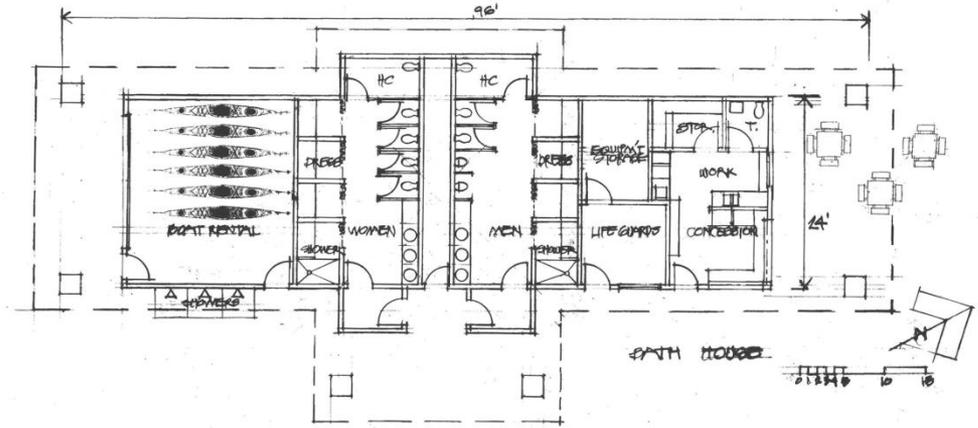
# PFEC Recommended Funding Package

## Juanita Beach Bathhouse Replacement

**Capital Investment:**  
**\$1,200,000**

### Funding for:

- ✓ Replacement of existing structure at Juanita Beach Park as identified in park master plan
- ✓ New 2,800 – 3,000 sq. ft. building with restrooms, showers, lifeguard and maintenance space, and concession space for non-motorized boating concession
- ✓ Facility prototype shown in park master plan



BATHHOUSE PLAN AND ELEVATION

JUANITA BEACH PARK MASTER PLAN  
CITY OF KIRKLAND PARKS AND COMMUNITY SERVICES



## Park Funding Exploratory Committee Roster

### Board/Advisory Group

| <b>Name</b>      | <b>Organization Represented</b> |
|------------------|---------------------------------|
| Amy Walen, Chair | City Council                    |
| Bhaj Townsend    | Cultural Council                |
| Nona Ganz        | Green Kirkland Partnership      |
| Robert Kamuda    | Park Board                      |
| Barbara Ramey    | Park Board                      |
| Jay Arnold       | Planning Commission             |
| Lauren Bolen     | Senior Council                  |
| Sandeep Singhal  | Transportation Commission       |
| Chris Norwood    | Youth Council                   |

### Institution/Business Group

|                    |                                      |
|--------------------|--------------------------------------|
| Laurene Burton     | Evergreen Hospital Medical Center    |
| Rick Smith         | Finn Hill Park & Recreation District |
| Vince Armfield     | First Baptist Church of Kirkland     |
| Val Gurin          | Greater Kirkland Chamber of Commerce |
| Loita Hawkinson    | Kirkland Heritage Society            |
| Don Jury           | Kirkland Kiwanis Club                |
| Rick Ostrander     | Kirkland Rotary Club                 |
| Jackie Pendergrass | Lake Washington School District      |
| Paul Banas         | Northwest University                 |

### Neighborhood Group

|                 |   |
|-----------------|---|
| Lisa McConnell  | Central Houghton Neighborhood Association |
| Scott Morris    | Denny Creek Neighborhood Alliance         |
| Jill Keeney     | Everest Neighborhood Association          |
| Kathy Schuler   | Finn Hill Neighborhood Association        |
| Mary Shular     | Highlands Neighborhood Association        |
| Mark Dunphy     | Juanita Neighborhood Association          |
| Kevin Hanefeld  | Juanita Neighborhood Association          |
| Craig Dulis     | Kingsgate Neighborhood Association        |
| Georgine Foster | Lakeview Neighborhood Association         |
| Tom Reichert    | Market Neighborhood Association           |
| Bonnie McLeod   | Moss Bay Neighborhood Association         |
| Don Schmitz     | North Rose Hill Neighborhood Association  |

## Attachment I

**Neighborhood Group (cont.)**

| <b>Name</b>   | <b>Organization Represented</b>                        |
|---------------|--|
| Suzanne Kagen | South Rose Hill/Bridle Trails Neighborhood Association |
| Anne Anderson | South Rose Hill/Bridle Trails Neighborhood Association |
| Lynda Haneman | Totem Lake Neighborhood Association                    |

**Park User/Advocate Group**

|                 |  |
|-----------------|--|
| Sants Contreras | Citizen at-large                         |
| Lynn Stokesbary | Citizen at-large                         |
| Laura Caron     | Citizen at-large                         |
| Cindy Balbuena  | Eastside Audubon                         |
| John Rudolph    | Kirkland American Little League          |
| Chuck Bartlett  | Kirkland Dog Off-Leash Group             |
| Steve Lytle     | Kirkland Lacrosse                        |
| Ken McCumber    | Kirkland National Little League          |
| Curt Bateman    | Lake Washington Youth Soccer Association |

**City Staff**

|                   |  |
|-------------------|--|
| Kurt Triplett     | City Manager                           |
| Marilynne Beard   | Assistant City Manager                 |
| Jennifer Schroder | Director of Parks & Community Services |
| Tracey Dunlap     | Director of Finance & Administration   |
| Michael Cogle     | Deputy Director                        |
| Linda Murphy      | Recreation Manager                     |
| Jason Filan       | Park Operations Manager                |
| Cheryl Harmon     | Administrative Assistant               |



**CITY OF KIRKLAND**  
**Public Works Department**  
 123 Fifth Avenue, Kirkland, WA 98033 425.587.3800  
 www.kirklandwa.gov

**MEMORANDUM**

**To:** Kurt Triplett, City Manager  
**From:** Ray Steiger, P.E., Public Works Director  
**Date:** March 20, 2012  
**Subject:** CONSIDERATION OF A TRANSPORTATION BENEFIT DISTRICT OR A STREET PRESERVATION BALLOT MEASURE

The purpose of this memo is to provide an update on potential state changes to the Transportation Benefit District (TBD) and to summarize options for the Council to consider in discussions regarding potential new revenue for the Street Preservation Program.

During the current special session of the State legislature, consideration is being given to allow local agencies to raise the limit on the Councilmanic option TBD funding from \$20 per license fee to \$40 per license fee to increase the ability of local jurisdictions to address local needs. Many Washington cities have implemented TBD funding for transportation funds. As of March, 2012, 15 cities have implemented \$20 car tab TBD's, one has implemented \$10 fees, one a special gas tax, and nine have implemented a 0.2% sales tax fee (Attachment A).

Staff estimate that a \$40 car tab would generate approximately \$2.4 M for Kirkland were it enacted and would allow the City to attain its currently adopted level of service of a PCI of 70 for arterials and exceed the adopted level of service of a PCI of 65 for non-arterials by approximately 2021 (Figure 1).

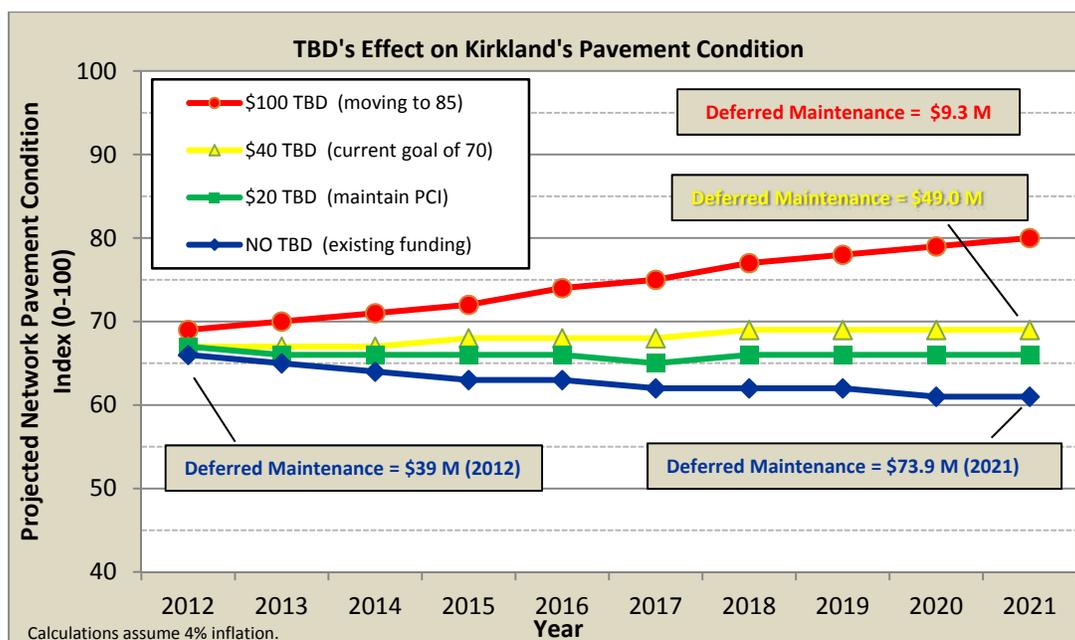


Figure 1: \$40 TBD's effect on Kirkland's Pavement Condition

The existing \$20 Councilmanic limit, if applied to the arterial system first as recommended by staff at the Council’s January 17, 2012 meeting, would allow the City to attain its PCI goal of 70 on the arterials, but be significantly below the PCI goal of 65 on the non-arterials (Figure 2).

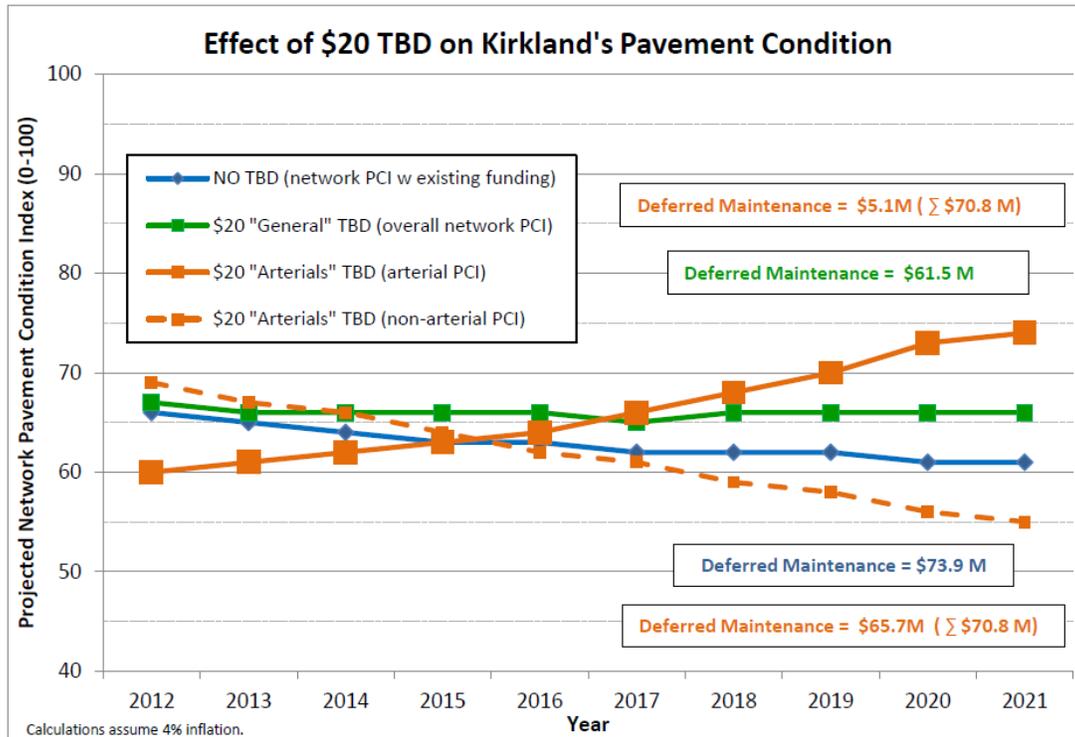


Figure 2. Effect of \$20 TBD on Kirkland’s Pavement Condition

At the January 17, 2012, Council meeting staff presented a summary of the TBD public outreach process that was undertaken in the summer and fall of 2011 (Attachment B). From the community feedback that was received, citizens continue to hold street maintenance as an important service to be provided by the City. This was again substantiated by the 2012 community survey just recently completed. The survey concludes that street maintenance is highly important and yet the observations are that performance is lagging. To that end, the recent outreach to the community has centered on measuring the support for added revenue for street maintenance. City Council asked that staff return with additional information regarding other Cities and their revenue make up, particularly Bellevue and Redmond where Pavement Condition Indexes tend to be higher than in Kirkland (Attachment C). This information is being prepared by City staff and will be distributed at the City Council retreat.

**2012 Street Preservation Ballot Measure**

If the Council elects not to implement a Council-approved TBD \$20 or \$40 car tab fee, there are several ballot options available for 2012. The TBD itself contains different voter approved options. The Council can place any amount of car tab license fee on the ballot up to \$100. The Council could also place a \$.002 sales tax on the ballot.

As an alternative to the potential TBD ballot measures, the Council could also place a property tax bond or levy measure on the ballot. Staff has not done a great deal of work on a potential roads property tax measure but wanted to provide some basic information and assumptions to inform the Council retreat discussion.

Using the Park Funding Exploratory Committee (PFEC) recommendations as a starting point, a potential 2012 ballot measure should be a levy request which requires a 50% voter approval rather than a bond measure which requires 60% approval. The maximum time allowed for a capital levy is 9 years.

Assuming the goal of a property tax ballot measure would be to eliminate the maintenance backlog; staff is using the \$39,000,000 backlog as the levy amount. In the first scenario of the chart below the ballot measure would be a \$39,000,000 debt-financed levy lid lift for 9 years. Overall costs are higher, but more work would be done sooner since all the money would be available upfront. In the second scenario the measure would be a "pay as you go" \$4,300,000 annual levy lid lift. Costs are lower but the projects would take longer to complete. The rate per thousand AV, the annual cost, and the 9-year cost to a Kirkland home of \$480,000 are also included in the chart.

| <b>Project</b>   | <b>Debt<br/>9-year</b> | <b>Annual Levy<br/>Lid Lift</b> | <b>Cost to<br/>\$480,000<br/>Home</b> | <b>Rate per<br/>\$1,000<br/>AV</b> | <b>Cost to<br/>\$480,000<br/>Home (9-Year)</b> |
|--|------------------------|---------------------------------|---------------------------------------|------------------------------------|--|
| \$39 million Funded with 9-year Levy Lid Lift Bond (50% Approval)      | \$39,000,000           |                                 | \$ 159.90                             | \$0.3331                           | \$ 1,439                                       |
| OR   |                        |                                 |                                       |                                    |  |
| \$4.3 million per year Funded with 9-year Levy Lid Lift (50% Approval) |                        | \$ 4,300,000                    | \$ 141.04                             | \$0.2938                           | \$ 1,269                                       |

If the Council wishes to pursue a property tax measure, staff could develop several other scenarios such as a two-phased measure over 18 years, less money per year, a shorter time frame for the levy, or a permanent levy option. Corresponding capital and operating project lists could be developed reasonably quickly.

#### **Questions to be considered at the Council Retreat**

- Does the Council have comments or input on the "arterials first" strategy?
- Are there other projects or programs the Council would like to see included in a \$20 car tab proposal?
- Is the Council willing to consider a \$40 car tab fee if authorized by the legislature?
- If so, are there specific projects or programs the Council would like to see included?
- Does the Council want to see options developed for a street preservation ballot measure?
- If so, does the Council have a preference as to the size, duration or type of measure?
- What additional information does the Council need to be able to provide final direction regarding street preservation in April so that staff may develop the CIP for the 2013-2014 budget?

| Jurisdiction  | Vehicle License Fee           | Sales Tax   |
|---|-------------------------------|---|
| <b>TBDs Passed in 2011</b>                            |                               |   |
| <a href="#">Ferndale</a>                              |                               | \$0.002 sales tax (passed, election 02/14/2012)                     |
| <a href="#">Grandview</a>                             | \$20 (02/01/2012)             |   |
| <a href="#">Mabton</a>                                | \$20 (12/01/2011)             |   |
| <a href="#">Mountlake Terrace</a>                     | \$20 (passed 12/05/2011)      |   |
| <a href="#">North Bend</a>                            |                               | \$0.002 sales tax (passed, election 11/08/2011)                     |
| <a href="#">Snohomish County</a>                      |                               | \$0.002 sales tax (passed 08/16/2011)                               |
| <a href="#">Spokane</a>                               | \$20 (09/01/2011)             |   |
| <a href="#">Walla Walla</a>                           |                               | \$0.002 sales tax (passed, election 02/14/2012)                     |
| <a href="#">Wenatchee</a>                             | \$20 (passed 01/26/2012)      |   |
| <b>TBDs Passed in 2010</b>                            |                               |   |
| <a href="#">Bellingham</a>                            |                               | \$0.002 sales tax on car dealers and leasing companies (04/01/2011) |
| <a href="#">King County</a>                           |                               |   |
| <a href="#">Leavenworth</a>                           |                               | \$0.002 sales tax (04/01/2011)                                      |
| <a href="#">Lynnwood</a>                              | \$20 (07/01/2011)             |   |
| <a href="#">Seattle</a>                               | \$20 (05/01/2011)             |   |
| <a href="#">Snohomish</a>                             |                               | \$0.002 sales tax (01/01/2012)                                      |
| <a href="#">Snoqualmie</a>                            | \$20 (03/01/2011)             |   |
| <b>TBDs Passed in 2009</b>                            |                               |   |
| <a href="#">Bremerton</a>                             | \$20 (12/07/2011 res. passed) |   |
| <a href="#">Burien</a>                                | \$10 (02/01/2010)             |   |
| <a href="#">Prosser</a>                               | \$20 (11/01/2009)             |   |
| <a href="#">Shoreline</a>                             | \$20 (02/01/2010)             |   |
| <a href="#">University Place</a>                      |                               |   |
| <b>TBDs Passed in 2008</b>                            |                               |   |
| <a href="#">Des Moines</a>                            | \$20 (09/01/2009)             |   |
| <a href="#">Edmonds</a>                               | \$20 (09/01/2009)             |   |
| <a href="#">Lake Forest Park</a>                      | \$20 (09/01/2009)             |   |
| <a href="#">Olympia</a>                               | \$20 (10/01/2009)             |   |
| <a href="#">Ridgefield</a>                            |                               | \$0.002 sales tax (04/01/2009)                                      |
| <a href="#">Sequim</a>                                |                               | \$0.002 sales tax (04/01/2010)                                      |
| <b>TBDs Passed Prior to 2008</b>                      |                               |   |
| <a href="#">Liberty Lake</a> (2002)                   |                               |   |
| <a href="#">Point Roberts</a> , Whatcom County (1992) |                               | Special gas tax \$0.01/gallon (1992)                                |



**CITY OF KIRKLAND**  
**Public Works Department**  
**123 Fifth Avenue, Kirkland, WA 98033 425.587-3800**  
**www.kirklandwa.gov**

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**MEMORANDUM**

**To:** Kurt Triplett, City Manager  
**From:** Ray Steiger, P.E., Public Works Director  
**Date:** January 6, 2012  
**Subject:** Transportation Benefit District Update

RECOMMENDATION:

It is recommended that the City Council:

- Reviews the public input received regarding the formation of a Transportation Benefit District (TBD);
- Receives a briefing and provides feedback on a focused "arterials first" proposal for a \$20/vehicle TBD;
- Concurs with the staff recommendation that formation and implementation of a TBD be a significant element of the March Council retreat agenda;
- Provides final direction to staff regarding the formation of a TBD or an alternative street preservation funding strategy in April of 2012.

BACKGROUND DISCUSSION:

The issue of additional street preservation funding has been an on-going one for the past three years. As the 2013/2014 budget is developed, a final decision on whether to proceed with a Transportation Benefit District or some other voter-authorized funding option is necessary. What follows is a brief history of the discussion to set the stage for the current decisions facing the Council.

On February 14, 2009, Public Works staff presented the 2008 State of the Streets report to the City Council outlining the funding deficiencies in the Street Preservation Program and recommending several options to provide additional funding; one option was a TBD (Attachment A). After reviewing and discussing the Report, Council recommended that staff develop the options more fully and bring back more information regarding the various proposed fees and other options; follow up was presented to Council on February 16, 2010 and is summarized in the following narrative.

*2009 Follow-up*

Staff worked on developing the Street Preservation Program options throughout 2009, and in addition, presented draft proposals at three Transportation Commission meetings during 2009; each time staff was provided with useful feedback and direction. In July 2009, staff updated the City Council Finance Committee with information on the components and requirements of a TBD. At that time, the Finance Committee asked that staff wait and present the TBD option to the full Council in context of the full array of funding options. Staff was asked to continue to work with the Transportation Commission on developing the options.

The options were presented to the full Council at their February 2010 meeting. There were several recommendations the Transportation Commission noted which were incorporated into the report to Council including recommendations aligned with the Commission's 'Transportation Conversations' document and consideration of the Council goals of Financial Stability and Dependable Infrastructure.

Staff follow-up was summarized in tabular form with a number of discrete elements identified to increase the street preservation program to higher investment levels (Investment Alternatives). The following narrative is most easily understood read alongside Attachment B – Street Maintenance Strategy.

- The Annual revenue required to attain and sustain a PCI of 70, Council's adopted LOS since approximately 2006, is highly dependent upon the prevailing inflation rate. In general terms, staff estimates approximately \$5-7 M/year, depending on the rate of inflation. Given the long-term nature of investment in the street network, the inflation rates dramatically change the annual cost requirements.
- Currently the City has \$2.8 M available in annual preservation funds. This includes \$2.0 M for the Annual Preservation Program, \$400 K for the Street Maintenance Division's pavement program, and an estimated \$400 from other various roadway restoration projects (i.e. grant projects).
- The funding gap, therefore, is between \$2.2 M and \$4.2 M/yr.
- It was assumed there will be no single source of revenue in the near future to close that gap.
- Staff developed a four-tiered strategy for increasing funding levels. The details of each tier are included in the attached spreadsheet. The Tiers are:
  - Efficiencies
  - Regulatory and Policy Changes
  - Partnerships
  - New Revenue Sources
- In addition, staff reviewed each of the strategies and placed them in four somewhat additive alternatives based on their relative ease of implementation. These are color-coded on the attached spreadsheet. The alternatives are:
  - Base Program (existing 2009-2014 CIP in the beige column)
  - Administrative Changes made with Council knowledge (recommended in the 2011-2016 CIP in the green column)
  - Changes requiring Council decisions and/or financial impacts to third parties (in the yellow column)

- Changes requiring State Legislative Action or third party agreements (red column)
- At the February 2010 meeting, Staff recommended and Council approved proceeding with the administrative changes identified in Alternative 1 and of developing a community outreach/involvement strategy for pursuing Alternative 2 – namely the TBD. Input gained from the community outreach could also be applicable in the event legislation is passed for the Street Utility.

In June of 2010, after detailed information regarding the TBD and a recommended community outreach process was developed, staff presented the following proposal to Council.

*Community outreach for the Transportation Benefit District*

Kirkland City Councils have historically supported the preservation and maintenance of existing infrastructure with periodic increases in funding for the street preservation program. These values are reflected by the community in surveys and in various public forums. What had not yet been discussed directly with the Kirkland community however was the need for additional funding toward the preservation of the existing street system. As the decision to implement a TBD was being contemplated by the Kirkland City Council, informing the Community of this need was imperative for their understanding.

Staff proposed the following approach consistent with the “consult” level of Public Participation. This level would afford opportunities for the Community to engage, learn about the importance of the various street maintenance programs and the consequences of not investing in robust maintenance funding levels. It would also provide a sense of the level to which the Community was financially willing to participate in the maintenance of that infrastructure in the event a voted TBD was in Kirkland’s future or in the event that state-wide legislation was approved to create Street Utilities. The recommended participation was as follows:

- Staff was to develop a community web page with information on the City’s street preservation program:
  - Identify current funding strategies and history
  - Describe the nature of pavement degradation and its long term impacts to the community
  - Outline community surveys and feedback regarding street maintenance priorities
  - Describe the TBD mechanism and anticipated outcomes
- Address various stakeholders including neighborhood associations, Chamber of Commerce, others with public meetings/open house
- Assemble a public service message for the Kirkland TV channel
- Solicit additional feedback through list serve survey feedback

This outreach was to be undertaken with a goal of returning to the Council in the Fall of 2010 with recommendations on a funding level for the TBD. In the fall of 2010, during the final 2011-2012 Budget deliberations based on feedback from a struggling business community, concerns of a “tax weary” public, and the uncertainties associated with the upcoming annexation, the City Council concluded that proceeding with a Transportation Benefit District (TBD) was not appropriate at the

time. The Council removed the assumption of TBD revenues from 2010 and eventually 2011 but requested that staff return after annexation in order to allow them to reconsider the option of a TBD for supplemental transportation funding. Recall that the City Council may adopt a \$20/vehicle license fee without a public vote; any amount over that, up to the statute authorized \$100 license fee limit or 0.2% local sales tax option, requires a public vote. The TBD outreach was limited to a City web-page development; the presentation and survey were delayed until after the annexation results.

### *2011 Post Annexation*

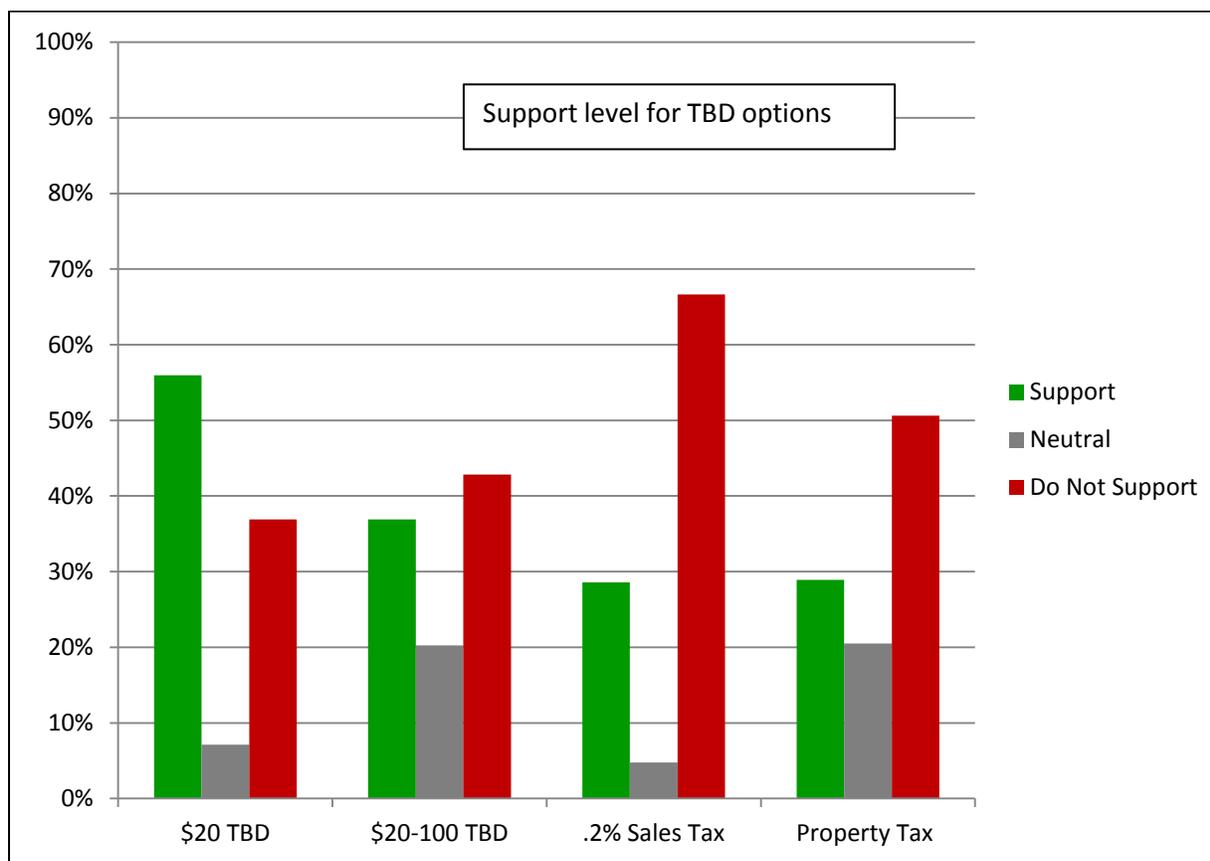
In July 2011, the City Council approved staff moving forward with remaining elements of the Community outreach, specifically addressing various stakeholders including neighborhood associations, the Chamber, and the general public. Staff presented to a number of groups and has received significant feedback as a result of a survey that was provided to those attending the meetings and for those visiting the City web-site (Attachment C). Due to scheduling conflicts, not all neighborhoods were able to participate in the presentation, however survey results have now been received and tabulated for nearly 90 participants. Additionally, editorial and specific comments collected from the stakeholders are now available and have been incorporated into Staff's recommendation to the City Council. In the fall of 2011, the Council also removed the assumption of TBD revenues from the 2012 budget.

### *Conclusions*

Survey results indicate the respondents put a very high level of importance on maintaining the Street network; this confirms previous community surveys. Additionally, the feedback suggests that there is a high level of importance to seek new revenue dedicated to the Street Preservation Program. Many of the stakeholders were not convinced that the City had fully considered other efficiencies and utilization of existing funding prior to seeking additional "taxes" from the community; feedback suggests that, to some degree, priorities of the City should be reevaluated such that existing funds be spent on maintenance of existing facilities.

An additional theme that was raised (in particular by business groups) was to also consider maximum "bang for the buck" and show specific outcomes in any proposal. The concern expressed was that a \$20 car tab spread throughout the entire city might be perceived to provide little real impact to the backlog and it would be more difficult to demonstrate what residents received for the money invested. The suggestion was to develop a specific project list with a sunset date that served the largest number of people.

Although a variety of responses were received, all 84 respondents provided responses to their level of support for various options. A \$20 TBD received nearly 55% support when the survey was completed (Question 5 of the survey):



*Figure A – TBD funding level support comparison*

Support for increasing revenue levels beyond \$20 fell appreciably, and correspondingly, the number of those that “do not support” the revenue grew.

When applied to the entirety of the “new” City, a \$20 TBD is estimated to generate \$1.1 million annually in revenue as it becomes fully implemented. Application of this revenue to the entire City roadway network is projected to maintain the overall PCI, however the deferred maintenance (the backlog) would grow from its current approximately \$39 million to approximately \$62 million (Figure B).

#### *“Arterials First” Strategy*

As a result of the public feedback and additional analysis, staff is proposing that if the Council proceeds with a \$20 car tab, the additional \$1.1 million should be focused on the arterials in Kirkland as part of a “restore and protect” strategy. The arterials currently have the lowest PCI in the “old” city and are the most heavily used roadways in both the old and new neighborhoods. Dedicating this new money to the arterials would dramatically increase the current PCI in the old city, protect and preserve the high PCI in the new neighborhoods and provide benefit to the largest number of users. Projects would be specific and residents and businesses could see the direct benefit of their fees. Local streets would continue to receive repair and replacement, but measures such as slurry seal would be more widely utilized. The

chart below shows the PCI impact on this investment for both arterials and local roads. Note that with an "arterials first" strategy, local roads would see a degradation in their overall condition. But success with an arterials strategy could set the stage for a second round of TBD investment in local roads.

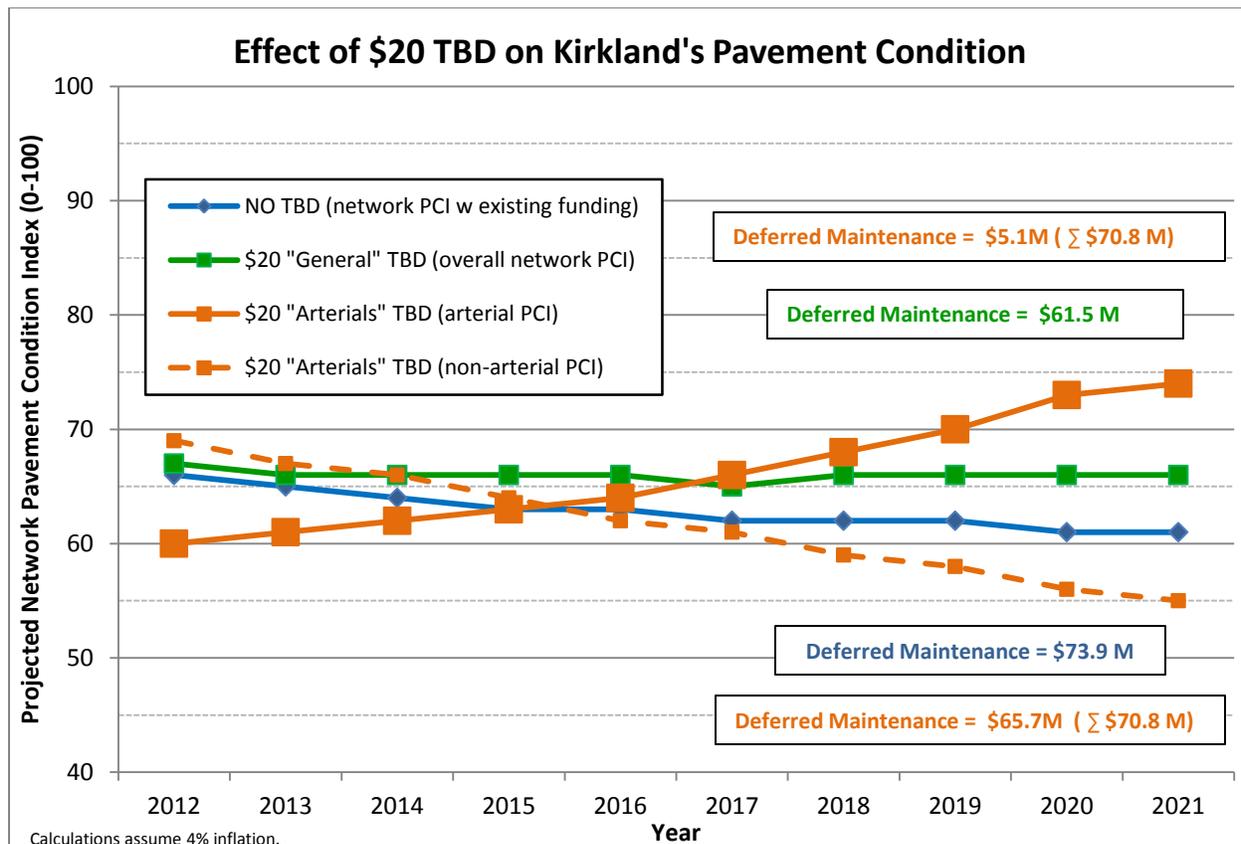


Figure B – Effect of \$20 TBD

New revenues alone are not the only option. Based on feedback received from the community that includes maintaining the existing system, limiting the increased taxes to \$20 (or not increasing them at all), and providing benefit for the largest number of users, a focus on Kirkland’s arterial network over the next few years could be accomplished with several different options:

1. Reduce non-motorized funding (currently programmed at \$750K annually) and reprioritize those funds to arterial street preservation;
2. Implement a \$20 TBD and dedicate the funds for arterials only;
3. Implement up to a \$20 TBD plus reprioritize funding for non-motorized improvements for a set period of time with all funds would be dedicated to arterials. This would allow the arterial strategy to be accomplished in a shorter period of time, but at the expense of sidewalks and other non-motorized projects.

These options would all generate somewhat different revenues, however under Option 2 it is likely that a 10-year Arterial TBD would provide sufficient funds to address many critical Kirkland arterials (Attachment D) while still preserving the non-motorized investments. Using King County pavement assessment data from 2009, likely JFK arterials that would be completed (not yet shown on Attachment D) are: 100<sup>th</sup> Ave from NE 132<sup>nd</sup> Street north to Juanita-Woodinville Road, Simonds Road NE, portions of 132<sup>nd</sup> Ave NE in Kingsgate, and Juanita-Woodinville Road north of NE 139<sup>th</sup> Place. The final scope of arterial improvements will be cost estimated and finalized before the final creation of the TBD.

*Staff recommendation for a \$20 car tab*

Staff recommends proceeding with Option 2 if the Council chooses to implement a \$20 car tab TBD. Under this scenario, in order to begin generation of revenue in 2013 (Attachment E), staff would begin the process needed to create the TBD as outlined below:

- Define the boundaries of the TBD; staff is proposing that the boundary be defined as the entire Kirkland City Limits;
- Define the transportation improvements; staff will develop language consistent with the RCW's and that used by other local Cities retaining flexibility within the City's current identified programs but focusing on the arterials;
- Define the sources of revenue that will be utilized to fund the improvements;
- By resolution, establish a date for a public hearing for the adoption of a TBD;
- Prepare notification at least 15 days in advance of the hearing;
- Conduct the public hearing;
- Adopt an ordinance creating the TBD;
- File notice with the Washington State DOL (collections will not start for 6 months after this notice and will then be monthly to the City);
- Amend the Municipal Code regarding creation of the TBD;

*Street Preservation and the TBD at the Council Retreat*

In addition to the \$20 Council-enacted car tab TBD option, there are also several voter approved options under a TBD. Some members of the public and some Councilmembers have advocated that it is better to bring a larger package to the voters that fixes the entire roads maintenance problem, rather than only portions of it. Staff suggests that the Council should debate the merits of both the \$20 car tab and the voter-approved options at the Council retreat in late March. This decision should be evaluated in the context of other potential 2012 ballot measures and the financial environment facing the City after the legislature adjourns.

*Final Street Preservation Decision Timeline*

Whether or not the Council takes up the issue of the TBD at the Council retreat, the 2013/2014 budget process and the implementation timeline for a TBD both require that a decision about whether to proceed with a TBD or a ballot measure be made sometime in April of 2012.

Under the 2013/2014 budget process, April is when the initial capital project list development occurs with the goal of finalizing the CIP in May to bring to the Council in the summer.

Currently there is still an assumption of car tab revenues in the CIP budget for 2013 and beyond. It will be important to know whether to confirm those revenues or remove them in order to properly prioritize the street maintenance projects with the revenue available.

In addition, the TBD Vehicle License fee is administered by the Washington State Department of Licensing (DOL) and cannot be collected until 6 months after the fee is authorized by the TBD governing board (Council). The fee is collected by DOL on vehicle renewals, remitted to the State Treasurer who will then remit the proceeds to the City (TBD) monthly. Therefore, in order to begin collecting revenues by January of 2013, the TBD would need to be established by June of 2012. Even with Council authorization in April it will be difficult to create and implement a TBD by June.

If a 2012 ballot measure is selected as the preferred path, staff would remove the revenue assumptions from the 2013/2014 CIP and would revise the CIP budget in December or January if the measure passes. If the measure were a property tax measure, revenue could be collected starting in 2013. If the ballot measure was for the creation of a TBD, implementation would not occur until mid-2013 and revenue would most likely not be collected until late 2013 or January of 2014.

*Feedback and Direction from Council*

- Does the Council have comments or input on the "arterials first" strategy?
- Does the Council need more information regarding the strategy?
- Should staff continue to refine the arterials strategy as the preferred option for a \$20 car tab should the Council elect that option?
- Are there other projects or programs the Council would like to see evaluated in a \$20 car tab proposal?
- Does the Council concur with the proposal to make street preservation a Council retreat topic?
- Does the Council concur with the April timeline for a final decision on street preservation revenues?

Figure 45.1

| Pavement Condition Rating for King County Arterials |   |  |                               |                     |                     |                        |
|---|---|--|-------------------------------|---------------------|---------------------|------------------------|
| Jurisdiction  | 2006<br>Arterial<br>Centerline<br>Miles | 2006<br>Weighted<br>Overall PCI<br>Score | Pavement Condition Categories |                     |                     |                        |
|   |   |  | Good/Exc<br>(PCI 71-100)      | Fair<br>(PCI 50-70) | Poor<br>(PCI 25-49) | Very Poor<br>(PCI <25) |
| Algona  | 6.0                                     | 63                                       | 45%                           | 45%                 | 10%                 | 0%                     |
| Auburn  | 82.8                                    | 60                                       | 53%                           | 13%                 | 13%                 | 21%                    |
| Beaux Arts  | 0.3                                     | 80                                       | 64%                           | 0%                  | 36%                 | 0%                     |
| Bellevue  | 124.1                                   | 79                                       | 66%                           | 13%                 | 18%                 | 3%                     |
| Black Diamond                                       | 5.0                                     | 63                                       | 90%                           | 10%                 | 0%                  | 0%                     |
| Bothell   | 28.0                                    | 72                                       | 59%                           | 25%                 | 12%                 | 4%                     |
| Burien  | 29.3                                    | 69                                       | 40%                           | 51%                 | 7%                  | 2%                     |
| Clyde Hill  | 4.2                                     | 72                                       | 56%                           | 33%                 | 11%                 | 0%                     |
| Covington   | 8.0                                     | 61                                       | 22%                           | 55%                 | 23%                 | 0%                     |
| Des Moines  | 19.4                                    | 70                                       | 60%                           | 21%                 | 10%                 | 9%                     |
| Duvall  | 1.5                                     | 88                                       | 100%                          | 0%                  | 0%                  | 0%                     |
| Enumclaw  | 11.5                                    | 59                                       | 27%                           | 40%                 | 33%                 | 0%                     |
| Federal Way   | 43.6                                    | 83                                       | 83%                           | 13%                 | 4%                  | 0%                     |
| Hunts Point   | 1.1                                     | 95                                       | 100%                          | 0%                  | 0%                  | 0%                     |
| Issaquah  | 21.0                                    | 68                                       | 53%                           | 28%                 | 12%                 | 7%                     |
| Kenmore   | 12.4                                    | 78                                       | 70%                           | 28%                 | 2%                  | 0%                     |
| Kent  | 119.0                                   | 84                                       | 80%                           | 10%                 | 6%                  | 4%                     |
| Kirkland  | 54.7                                    | 64                                       | 40%                           | 39%                 | 17%                 | 4%                     |
| Lake Forest Park                                    | 5.3                                     | 64                                       | 41%                           | 37%                 | 22%                 | 0%                     |
| Maple Valley  | 4.1                                     | 70                                       | 64%                           | 25%                 | 11%                 | 0%                     |
| Medina  | 5.8                                     | 79                                       | 66%                           | 34%                 | 0%                  | 0%                     |
| Mercer Island                                       | 24.3                                    | 79                                       | 76%                           | 23%                 | 1%                  | 0%                     |
| Milton  | 6.5                                     | 46                                       | 10%                           | 55%                 | 3%                  | 32%                    |
| Newcastle   | 9.2                                     | 59                                       | 26%                           | 42%                 | 32%                 | 0%                     |
| Normandy Park                                       | 8.1                                     | 64                                       | 36%                           | 34%                 | 30%                 | 0%                     |
| North Bend  | 5.0                                     | 50                                       | 28%                           | 25%                 | 32%                 | 15%                    |
| Pacific   | 7.1                                     | 53                                       | 15%                           | 35%                 | 50%                 | 0%                     |
| Redmond   | 50.0                                    | 81                                       | 74%                           | 13%                 | 9%                  | 4%                     |
| Renton  | 81.7                                    | 73                                       | 61%                           | 16%                 | 11%                 | 12%                    |
| Sammamish   | na                                      | na                                       | na                            | na                  | na                  | na                     |
| SeaTac  | 18.6                                    | 76                                       | 51%                           | 22%                 | 16%                 | 11%                    |
| Seattle   | 480.0                                   | 67                                       | 51%                           | 26%                 | 18%                 | 5%                     |
| Shoreline   | 33.5                                    | 72                                       | 64%                           | 16%                 | 11%                 | 9%                     |
| Skykomish   | 1.0                                     | 26                                       | 10%                           | 0%                  | 13%                 | 77%                    |
| Snoqualmie  | 1.8                                     | 49                                       | 30%                           | 47%                 | 18%                 | 5%                     |
| Tukwila   | 30.3                                    | 63                                       | 30%                           | 47%                 | 18%                 | 5%                     |
| Woodinville   | 12.0                                    | 56                                       | 30%                           | 33%                 | 19%                 | 18%                    |
| Yarrow Point  | 1.2                                     | 60                                       | 30%                           | 51%                 | 19%                 | 0%                     |
| Unincorporated KC                                   | 541.0                                   | 83                                       | 82%                           | 8%                  | 3%                  | 7%                     |
| <b>King County Total</b>                            | <b>1,898.4</b>                          | <b>74</b>                                | <b>64%</b>                    | <b>19%</b>          | <b>11%</b>          | <b>6%</b>              |

source: King County Department of Transportation



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## MEMORANDUM

**To:** Kurt Triplett, City Manager

**From:** Marilynne Beard, Assistant City Manager  
 Tracey Dunlap, Director of Finance and Administration  
 Marie Stake, Communications Program Manager

**Date:** March 2, 2012

**Subject:** FOLLOW-UP FROM 2011 CITY COUNCIL RETREAT AND PROPOSED BUDGET PROCESS IMPROVEMENTS

The purpose of this memo is to update the City Council on the current and planned activities related to enhancing public understanding of and participation in the City's budget. At the 2011 City Council retreat, a number of action items were identified that were the basis of a work program going forward. Following are excerpts from the 2011 retreat follow-up report (shown in *italics*) and discussion of the status of each item.

### **Status of 2011 Council Retreat Follow-up**

#### *STRATEGIC PLANNING AND COUNCIL GOALS*

- *Environmental Scan -- The Executive Team will conduct a SWOT analysis using the City Council goals as a framework. The SWOT will be available for the 2012 City Council retreat as means to evaluate the Council goals against the existing environment and to plan for the 2013-2014 Biennial Budget. Estimated completion: March 2012.*

The Executive Team completed a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) for each of the ten Council Goals. The results are included as Attachment A to this memo.

- *Council Goals and Performance Measures -- Council goals and performance measures will be amended per Council input. Further work is needed on the Human Services, Balanced Transportation and Public Safety measures. Council members Sternoff, Asher and Sweet will work with staff on the Balanced Transportation performance measures. Once performance measures are finalized, data fields will be populated and the performance measure report will be completed.*

The City Council goals were reaffirmed as directed and adopted by Council resolution in September 2011. The 2010 Performance Measure Report was completed and transmitted to the City Council in January 2012. The report was expanded to include all ten of the Council Goals and supplemented with additional performance measures. The

updated 2011 Performance Management Report is nearly complete and will be distributed at the 2012 City Council retreat.

- *Program Reviews -- The City Council supported the staff recommendation for conducting program reviews during the off-budget year of the planning cycle. Priorities for program reviews may emerge from the citizen advisory committee process, recommendations from the City Manager or requests from the City Council. For 2011, the Budget Process and Citizen Involvement are the focus for the program review. Program review options for the City Council to consider will emerge from the citizen budget task force process and will be presented at the City Council retreat.*

The staff has spent the past year identifying ways to improve budget communications and budget process to meet the objectives of the City Council. The results of those efforts are presented later in this memo.

In November 2011, staff initiated a department review and strategic planning process for the Fire and Building Department. The study is underway and the results will be available in the second quarter of 2012. The City Manager is recommending that a study of the development services functions be undertaken in the latter part of 2012 as the next organizational review and this item is included in the proposed work program for 2012.

#### FINANCIAL PLANNING AND BUDGET PROCESS

- *Focus Groups – Focus groups can be a useful means of understanding what people know about the City budget and what they want to see happen. Focus groups have the advantage of reflecting the attitudes of the general population because participants are solicited from the general populace. Focus groups were used several years ago to prepare for the budget process and those results can be reviewed to better define areas where new focus groups would be useful.*

Two focus groups were conducted in September 2011 (see discussion under “Budget Communications” section of this memo. The results were provided to the City Council in [video format](#) and summarized in a report. The results of the focus groups helped guide the recommended activities described below (see Attachment B for full report).

- *Contingency Planning -- Staff will work with the Council . . .to prepare a financial contingency plan that would outline the steps the Council would take in light of a variety of budget scenarios. The plan would include a process for evaluating the nature of imbalance between resources and requirements (such as whether it is positive or negative, short term or long term, localized or global). Depending on the nature of the imbalance, a series of options will be available that will match the appropriate tools to the situation and the factors causing an imbalance. Tools can include use of reserves, expenditure and/or service level changes and changes in revenue policy, each of which would be appropriate in differing scenarios. Within the category of expenditures, priorities will be articulated with regard to how to approach reductions or enhancements (e.g. mandatory versus of quality of life services, regional versus local, etc.). The objective would be to plan ahead for both negative and positive budgetary environments so that policy is made outside of a crisis.*

The Finance Committee and City Council received a series of reports and recommendations analyzing the City's reserves as they relate to defining targets and addressing contingencies. The City Council approved a resolution in November 2011 describing the process for replenishing reserves and reserve targets were presented at the March 6, 2012 City Council meeting.

Staff is recommending a change to the budget development process that will allow the City Council to reconsider the "base budget" in addition to incremental changes needed to respond to financial conditions and community needs. This methodology is discussed later in this memo.

- *Citizen Advisory Group* -- Staff will prepare a more detailed plan for convening the Kirkland Budget Advisory Team. The KBAT will work with staff and the City Council to evaluate the sustainability of the City's budget and to assist in identifying priorities. The plan for convening the group will be presented to the City Council in July 2011 with a goal of convening the KBAT in September.

In July 2011, the City Council agreed to convene a Park Funding Exploratory Committee to make recommendations regarding sustainable funding for parks and to study the feasibility of a park bond measure for consideration in 2012 or later. Undertaking that effort would conflict with convening a budget advisory group and the City Council agreed to defer the budget advisory group indefinitely.

#### COMMUNITY EDUCATION AND ENGAGEMENT

- *Education* -- Staff will develop a plan for educating the public about City government and, in particular, the City's budget and financial challenges. The plan will involve a multi-media approach and focus on reaching the community in a variety of venues.

A "Civics Academy" will be presented in 2012. Similar to the Citizen's Police Academy, classes will offer information, be interactive and provide opportunities for participants to provide input to the City Council. A five-part Civics Academy is scheduled to take place in May/June 2012. In addition a series of videos highlighting city services and providing the opportunity for public feedback are being developed. The videos are described in more detail later in the memo.

- *Engagement* – The City Council expressed an interest in exploring alternatives for engaging the public in the budget development and review process. The Kirkland Budget Advisory Team is one way to engage a selected group of individuals in evaluating the City's budget. However, there is still a desire to provide avenues for the general public to become involved. Over the years, staff has used a number of different methods to both inform and involve the public with regard to the budget with limited success (if success is measured by the number of individuals that participated). Experience indicates that individuals and groups tend to become involved when there is a specific issue that is impacting them (e.g. service level reduction, elimination of a service, tax and fee increases that affect a particular sector of the community). The City is currently recruiting for an intern to conduct research about successful efforts of other cities around the country. Specific recommendations and an outreach plan will be presented to the City Council once this research is complete.

The results of the staff research and recommendations are presented in the following sections of this report.

## **2013-2014 Budget Process Refinements and Outreach Improvements**

At its 2011 retreat, the City Council asked staff to conduct a variety of activities aimed at enhancing public engagement in and understanding of the City's budget. Throughout the past year, staff has been examining ways to modify the budget process and presentation to incorporate some of the key elements of other cities' processes that were of particular interest. The following narrative and attachments describe the proposed budget process refinements and the various outreach activities recommended for the 2013-2014 Budget.

### **Recommended Changes Not Requiring Additional Funding**

#### **Budget Document and Process Input**

In addition to the outreach and communication activities, Finance staff is working to evolve the budget process to better integrate the Council goals and public input and revamp the budget document to better align with Council goals. Changes contemplated to the budget document include redesigning the budget message to focus on how the budget aligns with Council goals and refining the department overviews to incorporate how the department budgets support the Council goals and related performance measures (see Attachment C for a sample mock-up).

In addition to the changes to the document, staff is also working to incorporate other benchmarks into the budget development process, including the "Price of Government" calculation used by the City of Redmond (see sample in Attachment D) and the survey "Quadrant Chart" with budget figures added (see Attachment E).

One of the key aspects of the 2013-2014 budget process will be to evaluate the post-annexation needs and reflect actual revenues and service needs from the new areas. This assessment is part of the larger process for defining the right base budget as it relates to priorities as identified with the goals. At last year's retreat, Council expressed that they would like to develop a contingency plan that predetermines actions if budget shortfalls occur. To accomplish these objectives, the City Manager will be requesting that departments submit their base budget with alternative service levels reflecting potential 2 and 5% reductions (reduction packages) and 2 and 5% additions (service packages). The reductions and additions will focus on identifying potential changes to allow for program adjustments to better focus investments that support Council goals and to provide tradeoffs to respond to economic conditions.

As part of the 2012 retreat discussion, staff would like to get further feedback from the Council on how the work plan process should be integrated into the budget process. One option would be to develop a draft work plan for the biennium as part of the preliminary budget, which could be refined based on Council's budget direction. This is the City Manager's recommended option. Another approach would be that the work plan is developed as part of the final budget presentation as the implementation plan embodying the outcome of the budget process.

## Budget Communications

The focus groups and the 2012 community survey provided feedback to consider in development of public information and outreach relative to the budget process. Two focus groups were conducted in September 2011. The results were provided to the City Council in [video format](#) and summarized in a report (see Attachment B). The results of the focus groups helped guide the recommended activities described below. Highlights include:

- Most participants were not aware of the budget process or the City Council goals.
- The participants agreed that the adopted goal statements reflect their service needs and prioritized them as follows:
  - Public Safety
  - Financial Stability
  - Economic Development
  - Dependable Infrastructure
  - Parks, Open Spaces and Recreation Services
- Participants indicated a very low level of involvement in the budget and there were differing levels of interest in how much more involved they wanted to be. Some were satisfied with a low level because they felt that the City Council's decisions and financial management reflected their needs. Others would be more involved but cited lack of time and easy-to-access information as barriers.
- Participants suggested placing City Council goal and budget information in places where they already get information such as the Kirkland Reporter and Facebook. They also suggested that the City provide easy ways to provide input.
- Participants appreciate informal opportunities to interact with the City and suggested that individual Council members invite residents to drop in to a local fire station on weekends to chat about whatever people want to chat about. This concept needs more discussion so that Council has appropriate support and communication about meetings and the public is aware of the time and place.

The 2012 citizen survey conducted by EMC Research provided additional insight about the community's sources for news about the City.

- 62% of respondents indicated that the City is doing a good or excellent job of keeping the public informed.
- However, only 11 percent of respondents indicated that they were "well informed" about City government and 89% indicated they were "somewhat informed or not very informed." Clearly, there is an opportunity to better educate Kirkland citizens. On the other hand, the most common response to the question about what concerns respondents had about Kirkland was "nothing." High levels of concern tend to generate more attention to City government. The focus groups seemed to indicate that the desire to be involved in City government is low when there are few concerns.

- When asked about where they got information about the City, respondents indicated the Kirkland Reporter (with 31% and historically the most frequently cited source), City Update (16%) and the City's website (10%). Focus group participants indicated that City efforts to increase public awareness should be focused on sources they already access. Email was also mentioned as a good source, which indicates an opportunity to expand list serv subscriptions.
- When asked to rate the City's performance overall, respondents gave the City high marks for "the job the City is doing overall" and "the job the City is doing delivering services efficiently." In contrast, the lowest rating was in "the job the City is doing managing the public's money," with more than a third unable to rate the City's performance in this area, indicating an opportunity for education. This may also indicate that the community doesn't correlate providing services efficiently and generally doing a good job with how the city's money is managed. This too provides an opportunity to draw a relationship between quality of life and the City's financial management practices.

Based on these observations and Council's comments from the last retreat a variety of activities and products are planned or are underway. Additional opportunities are also presented.

## **Videos**

City staff is in the process of producing a series of seven "Kirkland Works" videos focusing on the Council goals. The purpose is to highlight the goals (responding to feedback that the public is not generally aware of the Council goals), to educate the public about City services and the underlying values of efficiency, stewardship and responsiveness, and to offer the public a chance to provide input and feedback. The videos currently (or planned to be) in production include:

- Council Goals
- Public Safety
- Financial Stability
- Parks, Recreation, Open Space and Environment
- Dependable infrastructure and balanced transportation
- Quality of life – human services, housing and neighborhoods
- Economic Development

Each video is written to be 7 to 9 minutes long. When completed, they will air on the City's public access channel and be available on the City's website. As each video is completed, it will be presented to the City Council at a Council meeting. Production of all six videos will be completed during 2012. The City Council Goals video will be previewed at the City Council retreat.

## **Civics Academy**

The first Kirkland Civics Academy will be offered in May/June 2012. The five-part series will feature staff presentations, interactive learning opportunities and question/answer periods. Enrollment is limited to 25-30 participants. Community members interested in attending one or all of the sessions will be able to sign up on-line. The academy will be marketed through neighborhood associations, City list servs, media releases and on the City's cable TV channel. If

enrollment demand is high, a second set of sessions may be held in the fall. An outline of the session topics is included as Attachment F. Session topics include:

- Session One – “Kirkland 101: How the City Works”
- Session Two – Demystifying the Mysteries of City Finance and Budgets
- Session Three – Public Safety Services are a Top Priority
- Session Four – How You Can Influence Land Use, Zoning, and Capital Project Planning
- Session Five – Experience Kirkland’s Parks, Recreation and Open Space and Preserving the Environment

The Kirkland Alliance of Neighborhoods has agreed that the Civics Academy will be offered in place of Neighborhood U for 2012.

### **City Website Additions**

In the coming months, the City intends to expand its social media presence by activating a City blog. Currently, the City has a tourism and environmental Facebook page, a City and environmental news Twitter account, and a You Tube channel for Kirkland TV.

One communications strategy used for the 2011-2012 Budget included a Budget Blog. The Budget Blog posed budget-related topics, provided explanations, and helped to answer questions so that residents and businesses better understood the various aspects of the City’s biennial budget. The site did not receive much response most likely because the content emphasized the budget document more than the how budget process was impacting levels of service.

The Information Technology Department has created a City of Kirkland blog site that can be activated fairly quickly. The City blog would be intended to engage residents in city-wide issues, including issues around levels of service to be established through the 2013-2014 Budget adoption process.

Staff is also intending to add a “Frequently Asked Questions” page to the budget page that answers questions such as “How does the property tax work?”

### **Potential Changes Requiring Additional Funding**

#### **Budget Communications: City Partnership with Kirkland Reporter**

Kirkland residents consistently indicate that the “Kirkland Reporter” newspaper is their number one source of City information. The telephone survey commissioned by the City Council every two years has reflected this opinion. Attendees at recent neighborhood meetings reflected the same answer. A 2010 online survey for annexation area residents echoed the same.

The City has a positive relationship with the Kirkland Reporter and has discussed ways for residents to receive more City information through the newspaper. The Kirkland Reporter is

printed weekly; with delivery every Friday. The online version is constantly updated. The Reporter staff welcomes editorials from the City Council. In a recent conversation with the Reporter, the following ideas were explored as ways to enhance the City's presence within the newspaper.

#### Link to City Blog Site from Online Newspaper

The Kirkland Reporter is willing to link to the City's blog directly from its online newspaper. The link would be added to the "Kirkland Reporter Blog Roll" located on the ["Blogs" webpage](#).

#### Paid Advertisement : Display and Online

Another way to communicate to Kirkland residents about the budget process is to place paid advertising in the Kirkland Reporter directing readers to City publications, public meetings and hearings, and other ways to receive and give input on the 2013-2014 Budget.

Quick Response (QR) Codes are the square patterned "bar codes" that are encrypted with a url that can be scanned by a device that has a code-scanning standard application (e.g. smart phone, tablet). Users with a camera phone equipped with the right reader application can scan the QR code to connect to a webpage. For the City's purpose, a QR Code published in the newspaper could direct a citizen to an informational webpage or an online survey on the City's website. The IT Department would need to research the best options to create the QR codes.

Costs vary between paid display (print) and online advertising in the Kirkland Reporter. Examples for cost comparison purposes are included in the tables below:

| Display (Print) Advertising | Frequency          | Size   | Cost Per Year |
|-----------------------------|--------------------|--------|---------------|
| Black/White                 | Quarterly (4/year) | ½ page | \$3,000       |
| Color                       | Quarterly (4/year) | ½ page | \$4,400       |
| Black/White                 | Quarterly (4/year) | ¼ page | \$1,652       |
| Color                       | Quarterly (4/year) | ¼ page | \$2,432       |

| Online Advertising | Frequency | Cost Per Week | Comment                                  |
|--------------------|-----------|---------------|--|
| Floating Ad        | Weekly    | \$299         | Appears on homepage. Click X to close ad |
| Wallpaper Ad       | Weekly    | \$499         | Ad placed along the sides of the webpage |
| Peel Down Ad       | Weekly    | \$299         | Ad appears on top half of webpage        |

#### **Budget Communications: City newsletter**

*City Update* is the City's newsletter. It is published quarterly and posted on the City's website by the end of each of the following months: March, June, September, and December. The content is written by the Communications Program Manager, reviewed by the appropriate staff member, and approved by the City Manager and Assistant City Manager. Design and layout is done by the Graphics Designer in MultiMedia Services. Each issue is a full color, 8-page publication.

A limited number of printed copies are produced in-house and made available at public buildings (City Hall, Community Centers, libraries), public and neighborhood meetings, and organization meetings (Chamber of Commerce).

When a new issue is posted to the website, over 1,300 "page watch" subscribers are notified via email to view the publication online. Additionally, the more than 1,000 subscribers to the Neighborhood News list serv are notified.

In past years, the September edition is typically dedicated to articles surrounding the budget. As the City Council begins the 2013-2014 Budget Adoption Process and desires to enhance city communications around the process, it may want to consider the following options regarding *City Update*. Given the number of people indicating that *City Update* is their main source of City information, Council may want to consider reinstating the practice of distributing one issue per year either through direct mail or as an insert to the City's recreation guide or to the Kirkland Reporter. As an alternative, using the recreation guide and/or the Kirkland Reporter as a way to advertise the availability of an edition of *City Update* on line may be a less expensive option as described below.

#### Possible Options for City Update

| Option | Type  | Print Cost   | Postage Cost                 | Total Cost   | Comments   |
|--------|---|--|------------------------------|--|--|
| A      | Direct Mail   | \$2,500  | \$5,900                      | \$8,400  | Publication could reach homes & businesses in 98033 & 98034 zip codes  |
| B      | Insert in Center of Semi-annual Recreation Guide  | \$2,500  | \$1,000                      | \$3,500  | Difficult to determine the exact amount of postage due to the "extra weight" of the newsletter but one vendor estimated that it should not exceed \$1,000. This publication is mailed to all "postal addresses" in 98033 & 98034 zip codes |
| C      | Utility Insert (4 color)<br><br>1-sided full<br>2-sided full<br><br>1-sided 1/3 sheet<br>2-side 1/3 sheet | <br><br>\$3,225<br>\$5,775<br><br>\$1,150<br>\$2,125 | N/A if paper is light weight | <br><br>\$3,225<br>\$5,775<br><br>\$1,150<br>\$2,125 | Print & postage depends on size & weight. Utility inserts reach 25,000 customers.  |
| D      | Insert Newspaper  | \$4,700  | N/A                          | \$4,700  | Citizen surveys often reflect that the Reporter is a primary source of city information for Kirkland residents. The Reporter is distributed to 26,000 addresses.   |

#### Option A: Direct Mailing

Based upon two bids from print vendors to directly mail an edition of City Update to homes and businesses within the 98033 and 98034 zip codes (39,000+ pieces), the total average cost is \$8,400. Printing averages about \$2,500; postage averages around \$5,900. Additional copies could be ordered to have available at public places and meetings.

*Option B: Insert in the City's Recreation Guide*

The City's Recreation Division produces a Spring/Summer (88 pages) and Fall/Winter (80 pages) Recreation (Rec) Guide that is mailed to homes and business within the 98033 and 98034 (39,385 pieces). The Spring/Summer Guide is mailed in March; the Fall/Winter Guide is mailed in August. Postage is based upon a "per piece" rate for a saturation mailing (each piece is not individually addressed). The average total cost to produce an 80-88 page recreation guide is \$23,400 (\$4,200/design; \$13,500/printing; \$5,700/postage).

It is possible to include City Update as an insert to the Recreation Guide either stapled in the center of the publication or included as a loose insert. In either option, the printing of the newsletter would be done separately with a charge to have it "stitched in" or inserted.

The Parks Department prefers that the Recreation Guide maintain its primary purpose as a recreation catalog and not to dedicate inside pages of the guide to "City Update." One way to give recognition to the September edition of City Update is to place a paid advertisement in the Fall Recreation Guide which is delivered to mail boxes in August. Ad sizes range from 1/8 page (\$119), 1/4 page (\$209), 1/2 page (\$300) or a full page advertisement (\$600). A full page ad could be used to highlight some features stories and direct readers to the online version.

*Option C: Utility Bill Insert*

It is possible to insert a modified version of City Update (full sheet) in utility bills or a 1/3 sheet insert announcing that the newsletter is available online. Utility insert printing is often done by a third party vendor and not by the City due to the high number of pieces required. The print vendor estimates the following printing costs. If the insert is printed on average paper, the postage cost should not increase.

| <b>Size of Insert</b>           | <b>Print Costs<br/>(for 25,000)</b> |
|---------------------------------|-------------------------------------|
| 1-sided full sheet (8 1/2 x 11) | \$3,225                             |
| 2-sided full (8 1/2 x 11)       | \$5,775                             |
| 1-sided 1/3 sheet (3.66 x 11)   | \$1,150                             |
| 2-side 1/3 sheet (3.66 x 11)    | \$2,125                             |

There are mixed thoughts on whether utility inserts are an effective means of communications. Other cities have reported success with them if the publication is printed on a regular basis. A slight disadvantage to a utility insert is that statements are mailed in 6 cycles, over a two month period. Residents would not receive the information at the same time.

*Option D: Insert in the Kirkland Reporter Newspaper*

The Kirkland Reporter newspaper provides for inserts into its weekly publication. Its distribution number is 26,000 addresses which does not have the same reach as a direct mailing. The newspaper is not delivered to as many multi-family addresses. The estimated print and insertion cost for an 8-page city newsletter is \$4,700.

There is concern that many readers would ignore the insert and immediately toss it out with sales ads. An option to help readers know the newsletter is included is to purchase a front

page advertisement. Prices range, depending on the size of the ad and the number of times is it published, from \$150 to \$500 per print.

### **On-Line Interactive Tools**

The City of Kirkland currently uses a [product created by Granicus](#) that captures meeting actions and indexes video live from the City Council and other meetings. Granicus has two other "civic engagement" products called "[Civic Ideas](#)" and "[e-Comment .](#)" These products come "bundled" at a cost of \$500 per month (through April 30, 2012). Further research into the product would need to be performed by the IT Department who manages the current contract with Granicus and whether other products could perform the same functions at a lower cost. Below is a general description of these two products for the Council's consideration as possible tools to further engage residents in the budget process.

#### *Civic Ideas*

Civic Ideas has two primary features: Ideas Forum and a Discussion Forum. In very basic terms, **Ideas Forum** allows for citizen-suggested ideas to be posted online and others can vote on the idea. The **Discussion Forum** allows for the City to put out topics so that citizens can have a virtual conversation.

#### Features:

- Multiple employees can be administrators (post topics, monitor comments, answer questions, get reports)
- There is a Facebook integration with Civic Ideas that allows citizens to "engage" from their Facebook accounts. Granicus is also working on a Twitter integration.
- The system interprets various languages. If someone posts a comment in Spanish, the system will translate it to English.
- There is a polling feature on both forums. Granicus is working with a vendor to improve the statistical validity of the online survey function. Right now there is only an address authentication feature. The polling feature allows you to invite certain Forum Members to participate in a particular poll.

The City of Austin, Texas uses the Civic Ideas product for its "[Speak Up Austin](#)" (<https://austintexas.icanmakeitbetter.com/all>). The Ideas Forum asks "How can we make it better?" Online participants submit their ideas and other participants can vote and comment on the idea. The Discussion Form poses topics regarding transportation, housing, and future development.

#### *e-Comment*

The "e-Comment" product is described by Granicus as "the alternative to attending a Council meeting" as it allows citizens to comment online on issues on an upcoming agenda. The product can produce a report of all comments that can be shared with the City Council.

If the City Council were interested in pursuing these tools further, a more detailed discussion of how they would relate to a blog and other on-line surveys would need to be developed. In addition, costs would need to be clearly understood. The advantage of these tools is that they address the community's preference for on-line, easy to access ways to receive information and to comment.

### **Summary and Recommendation**

Staff will continue with development of the revised budget presentation, videos, Civics Academy and City Blog. Direction is requested regarding Council's concurrence with these strategies (i.e. proposed budget presentation and process refinements) and whether they want to undertake any additional activities. Staff is also asking Council to indicate if it wishes to devote additional funding support to wider distribution of the City newsletter or purchase of software to allow for more on-line public discourse. A recap of the range of costs is provided in the table below:

| <b>Option</b>   | <b>Range of Annual Cost</b>                                     |
|---|---|
| Quarterly display ad in printed version of Kirkland Reporter          | \$1,652 - \$3,000   |
| On-line advertisement in Kirkland Reporter                            | \$299 - \$499   |
| Printed City Update – One edition, direct mail                        | \$8,400   |
| Printed City Update inserted in Recreation Guide or Kirkland Reporter | \$3,500 to \$4,700  |
| Utility Bill Insert   | \$1,150 - \$5,775   |
| On-Line interactive Granicus products                                 | Up to \$6,000<br>(more research needed on alternative products) |

## ATTACHMENT A

## NEIGHBORHOODS

| Strengths   | Weaknesses   |
|---|--|
| <ul style="list-style-type: none"> <li>• Organized neighborhood associations</li> <li>• Strong neighborhood identity</li> <li>• Volunteer efforts</li> <li>• Picnics</li> <li>• Sense of pride in neighborhood</li> <li>• Communication with Council</li> <li>• Beautiful neighborhoods</li> <li>• Connectivity</li> <li>• Walkable</li> <li>• Communications outreach</li> <li>• Strong property values</li> </ul>   | <ul style="list-style-type: none"> <li>• Inconsistent level of organization and participation in neighborhood associations</li> <li>• Hard to get leadership</li> <li>• Neighborhood vs. business</li> <li>• Power inequity (size/ political sophistication discrepancy in neighborhoods)</li> <li>• NIMBY/balkanization</li> <li>• Not everyone connected through neighborhood association</li> <li>• Neighborhood association may not represent consensus neighborhood views</li> <li>• Funding</li> <li>• Consistent internal communications</li> </ul> |
| Opportunities   | Threats  |
| <ul style="list-style-type: none"> <li>• More self-sufficient</li> <li>• Electronic communications</li> <li>• Social media</li> <li>• Increase staff interaction</li> <li>• Increase Council interaction</li> <li>• Restore funding</li> <li>• Double size</li> <li>• Rethinking neighborhood boundaries (or geographic areas within which to focus City services (neighborhood services, planning)</li> <li>• HOA's</li> <li>• New way to do neighborhood plans</li> <li>• More localized decision making</li> <li>• Safe Neighborhoods – Crime Watch</li> </ul> | <ul style="list-style-type: none"> <li>• Elimination of neighborhood connections program</li> <li>• Balkanization of community</li> <li>• Divisive issues harms relations with City --polarizing effect</li> <li>• Increased size of City makes coordination with neighborhoods more challenging</li> <li>• Less funding for Neighborhood Services</li> <li>• Elimination of neighborhood plans or planning at a larger sub-area scale</li> <li>• Localized decision making may conflict with desire to have city-wide approaches</li> </ul>               |

**PUBLIC SAFETY**

| <b>Strengths</b>   | <b>Weaknesses</b>   |
|--|---|
| <ul style="list-style-type: none"> <li>• High level of citizen satisfaction</li> <li>• Good regional reputation</li> <li>• High quality services</li> <li>• Support from Council</li> <li>• Highly professional</li> <li>• Good equipment</li> <li>• Good outreach (e.g. Neighborhood Resource Office, CERT, Map Your Neighborhood, Citizen Academy)</li> <li>• Good outcomes,</li> <li>• Safe City</li> </ul>   | <ul style="list-style-type: none"> <li>• Waterfront coverage</li> <li>• Dog enforcement</li> <li>• Response times</li> <li>• Low officer per thousand ratio</li> <li>• Service cuts dues to budget (ProAct)</li> </ul>  |
| <b>Opportunities</b>   | <b>Threats</b>  |
| <ul style="list-style-type: none"> <li>• Regionalization</li> <li>• Connect more through neighborhood associations</li> <li>• Improve emergency preparedness, response, recovery</li> <li>• Stabilized staffing</li> <li>• Management support for drills and education</li> <li>• Increase public education (more eyes and ears on the street)</li> <li>• On-line availability of information on calls for service</li> <li>• Facilities (Justice Center, Fire Station)</li> <li>• Unified communication system</li> <li>• Grants</li> </ul> | <ul style="list-style-type: none"> <li>• Cost of service increasing</li> <li>• Limited resources</li> <li>• Disaster</li> <li>• PSB remote location of Police from City Hall may isolate police</li> <li>• Unstable NORCOM</li> <li>• Regional competition for dollars</li> <li>• Radio system – unfunded unified communication system</li> </ul> |

**HUMAN SERVICES**

| <b>Strengths</b>  | <b>Weaknesses</b>  |
|---|--|
| <ul style="list-style-type: none"> <li>• Regional cooperation , shared resources and efficiencies</li> <li>• Pooled funding and reporting</li> <li>• Clearly identified priorities</li> <li>• Commitment of Human Services Advisory Committee</li> <li>• Good process</li> <li>• Caring Community</li> <li>• Openness to hosting Tent City</li> <li>• Council commitment</li> <li>• KFFBA/Volunteerism</li> <li>• ARCH</li> <li>• Established committees – Youth Council, Senior Council, Human Services</li> </ul> | <ul style="list-style-type: none"> <li>• Funding levels compared to need</li> <li>• Lack of public understanding</li> <li>• NIMBY</li> <li>• Shelter facilities</li> <li>• Too reactionary (e.g. homelessness)</li> <li>• Understanding annexation area needs</li> <li>• Public awareness of resources available to all residents</li> </ul> |
| <b>Opportunities</b>  | <b>Threats</b>   |
| <ul style="list-style-type: none"> <li>• Faith community</li> <li>• Volunteerism</li> <li>• Increased service collaboration</li> <li>• New Initiatives (e.g. Nourishing Networks)</li> <li>• Community resources</li> </ul>   | <ul style="list-style-type: none"> <li>• Continued economic downturn</li> <li>• Number of people in need</li> <li>• Static or decreased funding</li> <li>• Constant threat of funding cuts</li> <li>• Mortgage defaults</li> <li>• Lack of jobs</li> <li>• Limited resources/competition for City funds</li> </ul>                           |

**BALANCED TRANSPORTATION**

| <b>Strengths</b>  | <b>Weaknesses</b>   |
|---|---|
| <ul style="list-style-type: none"> <li>• Walkable city</li> <li>• Council support for alternative modes</li> <li>• Bike paths</li> <li>• Active transportation plan</li> <li>• Bike light changes</li> <li>• Metro</li> <li>• Generally well-developed transportation networks</li> <li>• Park and Ride development</li> </ul>  | <ul style="list-style-type: none"> <li>• Metro funding</li> <li>• Safety (pedestrians/bikes)</li> <li>• Connectivity</li> <li>• Funding</li> <li>• Some people don't want to ride a bus</li> <li>• Congestion</li> <li>• Lack of sidewalks in many locations</li> <li>• Limited road capacity to handle additional traffic (without additional congestion)</li> <li>• Failing infrastructure</li> </ul> |
| <b>Opportunities</b>  | <b>Threats</b>  |
| <ul style="list-style-type: none"> <li>• Eastside Rail Corridor (ERC)</li> <li>• Transit Oriented Development (TOD)</li> <li>• Tolling/congestion</li> <li>• Transportation Benefit District (TBD)</li> <li>• Increase use of bikes</li> <li>• Intelligent Transportation System</li> <li>• Mixed use/higher density in City centers to facilitate walking and alternative modes</li> <li>• Metro</li> <li>• 520 traffic diversion</li> </ul> | <ul style="list-style-type: none"> <li>• Tolling</li> <li>• Lack of funding</li> <li>• Reduction in Metro funding</li> <li>• 520 traffic diversion</li> <li>• Aversion to density—auto oriented</li> </ul>  |

**PARKS, OPEN SPACE AND RECREATIONAL SERVICES**

| <b>Strengths</b>   | <b>Weaknesses</b>  |
|--|--|
| <ul style="list-style-type: none"> <li>• High level of citizen satisfaction with parks system</li> <li>• Recreation program/classes</li> <li>• Beautiful parks</li> <li>• Community sense of stewardship</li> <li>• Waterfront parks</li> <li>• Green Kirkland Partnership</li> <li>• Volunteers</li> <li>• Historic maintenance levels</li> <li>• Community reputation</li> <li>• New dog park</li> <li>• Community events</li> </ul> | <ul style="list-style-type: none"> <li>• Maintenance funding</li> <li>• Deficiency of neighborhood parks in Juanita, Kingsgate and Finn Hill</li> <li>• No indoor recreation facility</li> <li>• Funding not sustainable</li> <li>• Age of facilities</li> <li>• Cuts in community events</li> </ul> |
| <b>Opportunities</b>   | <b>Threats</b>   |
| <ul style="list-style-type: none"> <li>• Parks funding measure</li> <li>• Update of Parks, Recreation and Open Spaces plan</li> <li>• Indoor recreation center</li> <li>• Eastside rail corridor</li> <li>• Junior World Series</li> <li>• School District partnership</li> <li>• Expand wireless in parks</li> <li>• Aging population changes community needs</li> <li>• Events</li> </ul>  | <ul style="list-style-type: none"> <li>• Economic downturn and voter sentiment</li> <li>• Aging infrastructure</li> <li>• Changing demographics</li> <li>• Smart phones discourage active living</li> <li>• Limited land available for new park land</li> </ul>                                      |

**HOUSING**

| <b>Strengths</b>   | <b>Weaknesses</b>  |
|--|--|
| <ul style="list-style-type: none"> <li>• ARCH</li> <li>• Council Commitment</li> <li>• Incentives</li> <li>• Diverse housing types</li> <li>• Experienced staff</li> <li>• Regional leadership</li> <li>• Inclusionary housing requirements</li> <li>• Regulations allow alternative housing types</li> </ul>              | <ul style="list-style-type: none"> <li>• Lack of inexpensive housing (generally high-end housing market)</li> <li>• Cost of real estate</li> <li>• Lack of buildable land</li> <li>• Funding levels</li> </ul> |
| <b>Opportunities</b>   | <b>Threats</b>   |
| <ul style="list-style-type: none"> <li>• Transit Oriented Development (TOD)</li> <li>• Legislation exempting impact fees</li> <li>• Redevelopment opportunities especially in Juanita, Finn Hill, and Kingsgate</li> <li>• Real estate market (cheaper)</li> <li>• Preservation of older less expensive housing</li> </ul> | <ul style="list-style-type: none"> <li>• Increasing land/housing costs</li> <li>• NIMBY</li> <li>• Reduction of federal, state and county funding for affordable housing</li> </ul>                            |

**FINANCIAL STABILITY**

| <b>Strengths</b>  | <b>Weaknesses</b>  |
|---|--|
| <ul style="list-style-type: none"> <li>• AAA Bond rating</li> <li>• Good adopted policies</li> <li>• Economic demographics (e.g. land values, income)</li> <li>• Good conservative management</li> <li>• Diverse revenue base</li> <li>• Good school system attracts businesses</li> <li>• Council support</li> </ul> | <ul style="list-style-type: none"> <li>• Too dependent on auto sales and new construction</li> <li>• State tax system</li> </ul>   |
| <b>Opportunities</b>  | <b>Threats</b>   |
| <ul style="list-style-type: none"> <li>• Economic development</li> <li>• Ballot measures</li> <li>• New legislation (fire benefit charge, TBD)</li> </ul>   | <ul style="list-style-type: none"> <li>• Initiatives and legislation changes</li> <li>• Local/national/global economies</li> <li>• Unsustainable growth in costs</li> <li>• Political change</li> <li>• Employee wages/benefits</li> </ul> |

**ENVIRONMENT**

| <b>Strengths</b>  | <b>Weaknesses</b>   |
|---|---|
| <ul style="list-style-type: none"> <li>• Natural resource management plan</li> <li>• Green Team</li> <li>• Green Kirkland volunteers</li> <li>• Lake Washington</li> <li>• Sustainable policies (TOD/ERC/LEED/electric car/density)</li> <li>• Community and business commitment (strong local value)</li> <li>• Strong regulation</li> <li>• Recycling</li> <li>• Land use planning</li> <li>• State support for sustainability initiatives</li> </ul> | <ul style="list-style-type: none"> <li>• Plan needs to be updated</li> <li>• Built out community makes open space reclamation difficult</li> <li>• Funding</li> </ul>               |
| <b>Opportunities</b>  | <b>Threats</b>  |
| <ul style="list-style-type: none"> <li>• Innovative companies in Kirkland (e.g. INRIX, Google)</li> <li>• Eastside Rail Corridor (ERC)</li> <li>• Use of alternative construction materials</li> <li>• Size of community allows us try new technologies</li> <li>• Grants</li> <li>• Environmental Technologies and Sustainable degree program as Cascadia</li> <li>• Environmentally sustainable cities may attract people and businesses</li> </ul>   | <ul style="list-style-type: none"> <li>• Green Team leadership in flux</li> <li>• Climate change</li> <li>• Business climate</li> <li>• Funding to pursue new technology</li> </ul> |

**ECONOMIC DEVELOPMENT**

| <b>Strengths</b>   | <b>Weaknesses</b>  |
|--|--|
| <ul style="list-style-type: none"> <li>• Council support for economic development</li> <li>• Kirkland assets as a place to do business</li> <li>• Eastside Rail Corridor (ERC)</li> <li>• Waterfront provides attraction</li> <li>• Desirable neighborhoods</li> <li>• Business Roundtable</li> <li>• High profile businesses</li> <li>• Safe community</li> <li>• Public wireless downtown</li> <li>• Regionally good location</li> <li>• Evergreen Hospital</li> <li>• Transit</li> <li>• School district</li> <li>• Labor pool</li> <li>• Higher education</li> </ul> | <ul style="list-style-type: none"> <li>• Totem Lake is not yet attractive for redevelopment</li> <li>• Lack of space for new big development</li> <li>• Downtown parking</li> </ul>  |
| <b>Opportunities</b>   | <b>Threats</b>   |
| <ul style="list-style-type: none"> <li>• Enhance/grow existing desired businesses</li> <li>• Eastside Rail Corridor</li> <li>• Totem Lake</li> <li>• Parkplace</li> <li>• Regulatory changes/simplification</li> <li>• Transit</li> <li>• Pay parking downtown</li> <li>• Development services turnaround time</li> </ul>  | <ul style="list-style-type: none"> <li>• Continued economic downtown</li> <li>• Price of real estate</li> <li>• Availability of developable land</li> <li>• NIMBY</li> <li>• Competition</li> <li>• Pay parking</li> </ul> |

**DEPENDABLE INFRASTRUCTURE**

| <b>Strengths</b>  | <b>Weaknesses</b>  |
|---|--|
| <ul style="list-style-type: none"> <li>• Established CIP process</li> <li>• Dedicated funding</li> <li>• Strength of utilities</li> <li>• Good policies and planning</li> <li>• GIS</li> <li>• Good equipment and tools to support</li> <li>• High development standards</li> <li>• Utility rate support</li> <li>• Good water/sewer infrastructure</li> <li>• Good facilities (buildings)</li> <li>• Amount of conduit</li> <li>• Community Connectivity Consortium</li> <li>• EGov City Alliance</li> </ul> | <ul style="list-style-type: none"> <li>• Street condition</li> <li>• Storm water rehabilitation needed in Juanita, Finn Hill, and Kingsgate</li> <li>• Road maintenance funding</li> <li>• Sidewalks</li> <li>• Major IT systems replacement unfunded</li> <li>• IT infrastructure</li> <li>• Fiber in ground not mapped well</li> </ul>   |
| <b>Opportunities</b>  | <b>Threats</b>   |
| <ul style="list-style-type: none"> <li>• Transportation benefit district</li> <li>• IT infrastructure</li> <li>• Eastside Rail Corridor (ERC)</li> <li>• High expectations of public</li> <li>• Lack of planning in annexation area</li> <li>• Emergency Sewer Program</li> <li>• More conduit in ground</li> </ul>   | <ul style="list-style-type: none"> <li>• New regulations from state/federal government</li> <li>• High expectations of public</li> <li>• Congestion</li> <li>• Diversion</li> <li>• Tax and fee aversion/fatigue</li> <li>• Lack of control of special districts</li> <li>• Septic Systems</li> <li>• Lack of ability to regulate Frontier and Comcast in ROW as services switch to digital</li> </ul> |



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**CITY OF KIRKLAND  
BUDGET FOCUS GROUPS  
FINAL REPORT**

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**September 2011**

Prepared by

 **EnviroIssues**

101 Stewart St, Suite 1200  
Seattle, WA 98101

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## Executive Summary

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The City of Kirkland City Council conducted two focus groups of Kirkland citizens in September 2011 to determine how well residents understand and agree with the current goal setting approach City Council uses to guide budget decisions. Eighteen Kirkland citizens, reflecting Kirkland's age demographics, participated in the focus groups. The City Council will use data from the focus groups to make information about the budgeting process easier to access, as well as to increase public engagement in the process.

Most focus group participants were unaware of the City Council's budget process and system of setting goals. Once participants were given more information on the goals, they indicated that current policy and service priorities accurately reflect their needs. Several participants wanted additional information on if or how the goals were prioritized by the City Council. The majority of participants selected Public Safety, Economic Development, Financial Stability, Dependable Infrastructure, and Parks, Open Spaces, and Recreational Services as their top priorities within the goals. A few participants commented that they prefer reductions to programs and services before reducing staff positions.

The majority of participants assessed their level of involvement in the budgeting process as very low. A couple participants were uncomfortable with their low level of involvement and were interested in becoming more involved. Other participants indicated they were okay with their level of involvement because the City Council has been making balanced decisions, but they would also be comfortable being more involved. Participants agreed that a lack of time and easily available information were barriers to their involvement in the budgeting process. Also, participants suggested posting information on the budget in places where people already look, such as Facebook and newspapers, to make it easier for people to access.

As the City Council approaches upcoming budget decisions, the results of the focus group support making the information readily available from sources people already use, such as Facebook and the newspaper. When public comment is required, the budget information should be accompanied by simple ways to provide input. A list of key findings and recommendations from the focus groups begins on page 11 of this report.

## Introduction

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### ***Background***

The City of Kirkland's City Council has been making difficult budget decisions in the last few budget cycles. The Council has been basing their budget decisions on goals developed to guide City services and programs in 2009 as well as input received from the community during budget hearings, neighborhood briefings, one-to-one discussions, and emails and letters. The City Council wants to ascertain whether or not the current method of prioritizing services and programs through budget decisions aligns with the citizens of Kirkland's values and if citizens have confidence in the choices being made.

Focus groups with Kirkland citizens were intended to identify means by which the City Council can ascertain if they are reflecting citizens' priorities. Additionally, the City Council wished to identify if there is pent-up desire to get involved in the City's budgeting process and if there are any barriers to that involvement.

The City conducted two focus groups with Kirkland citizens on September 26, 2011. EnviroIssues moderated two 90-minute sessions at 5:30 p.m. and 7:30 p.m. The sessions were held at the following location:

Fieldworks Kirkland  
5150 Carillion Point  
Kirkland, WA 98033

This report summarizes the results of both focus groups and combines the responses of both groups for the purpose of capturing key comments and issues.

### ***Objectives***

The purpose of the focus groups was to help the City of Kirkland gauge citizens' awareness and approval of the goals the City Council has used to guide policy and service priorities. Another objective for the focus groups was to identify means by which City Council can determine if citizens' priorities are being reflected in budget setting. The data derived from the focus groups will allow the City Council to communicate more clearly with their citizens about budget decisions and increase citizen involvement in the budgeting process.

Focus groups are valuable because, unlike a survey or other individually-oriented method, a focus group allows participants to react to each other's ideas and opinions. This approach often generates additional ideas and conclusions that would not be generated by individuals.

The specific goals of this focus group research were to:

1. Determine awareness of and agreement with City Council's goals used to guide policy and service priorities
2. Determine if recent years' budget decisions reflect citizens' priorities
3. Identify means by which City Council can ascertain if they are reflecting citizens' priorities in budget-setting

4. Identify if there is a pent-up desire for more involvement in the city's budget process and what, if any, are barriers to that involvement

## **Who participated?**

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### ***Participant Demographics***

Focus group participants were recruited randomly from citizens of the City of Kirkland. Participants were selected to match the demographics of the City of Kirkland in terms of age and gender. Participants were also selected to include as many homeowners in the City of Kirkland as possible. Additionally, participants were selected to represent homeowners in Kirkland's recently annexed area and within the previously defined City limits.

Most of the participants were homeowners in the City of Kirkland, while 1 participant was a renter in the City. A total of 18 people participated in the two focus groups—8 men and 10 women. Their ages ranged from 22 years old to more than 65 years old, with a mix approximating the demographics of the City. There were 6 residents from the recently annexed area of Kirkland and 12 from the previously incorporated area.

### ***Selection Criteria***

All participants met the following selection criteria:

- Resident of the City of Kirkland
- Not employed by the City of Kirkland
- Does not have a relative employed by the City of Kirkland
- Has not attended a City of Kirkland council, board or commission meeting in the last year
- Has not participated in a focus group in the last year

## **What did we ask?**

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### ***Background***

Participants were given minimal information about the topic of the focus group before arriving at their session. At the beginning of each session, the moderator introduced herself and shared the purpose of the focus groups with participants. They were informed that the City of Kirkland was sponsoring the focus groups and the purpose was to learn more about how Kirkland citizens understand the City Council's current budgeting goals and how well those align with citizens' priorities. Additionally, they were informed that the focus groups were intended to discern how residents want to give input on budgeting decisions and if they want to, which venues would be best for enlisting residents' feedback.

After introducing the topic and explaining the logistics of the focus group, including that the sessions were being recorded and could be viewed by City staff, the moderator began guiding the group through discussion questions.

### ***Questions and Discussion Tools***

The moderator guided the group through the following discussion format, beginning with a general question to be answered by each participant. A recorder was present in the observation

room taking notes and the focus groups were recorded on DVDs. The first questions were as follows:

1. How much do you know about the last City of Kirkland budget and how budget cuts were prioritized?
2. Are you are of the City Council's goals?

After these opening questions, the moderator read aloud an overview of Kirkland's budget and how goals were set to guide decisions about the City's budget. Participants were then given a copy of the City of Kirkland's City Council Budget Goals. (For the complete Kirkland City Council Goals Handout, see Appendix A). After having a chance to read the goals, participants were asked to respond to the following questions.

3. Is there anything you don't understand? Do you have any questions about the goals? What do you think of the goals? Do these goals align with how you think about the Kirkland and the City Council's budgeting priorities?
4. Is setting priorities based on these goals a good way to approach the budget?
5. How would you prioritize these goals?

Next, participants were asked to rank from 1 to 4 the goals that they found to be the most important to fund. The moderator recorded tallies for the top ranking goals and participants discussed their choices. (For the Prioritization Results, see Appendix B).

After the goals discussion, the moderator distributed copies of the External Service Reduction Summary, explaining that the document provided details about the specific cuts made to various goal areas. (For External Service Reduction Summary, see Appendix C). She then asked the subsequent questions.

6. Looking at these decisions that were made over the last three budget periods, how do these cuts align with how you prioritized the goals?
7. Is the city on the right course in terms of providing important services and programs for the residential, commercial, and industrial sectors of the city, especially in light of diminishing tax revenues and state funding support?

After responses were made, the moderator transitioned into opinions about feedback for the council. The moderator continued by asking questions to evaluate satisfaction with residents' current level of involvement.

8. Because every-day citizens rarely get involved in city budgeting processes, how can the City Council be confident they are reflecting the community's priorities?
9. How would you want to let the council know how you feel about their decisions?
10. What signals should the council be looking for?
11. Does silence indicate approval of goals?
12. If you were on City Council, how would you want to hear from the people?
13. How confident are you that the council is using sound financial practices to make budgeting decisions?
14. How confident are you that the Council is considering the community's input on the difficult budget issues facing the city?

The moderator asked participants to do a self check, assessing current levels of awareness and involvement in the City Council's budgeting process. Following the self assessment, she asked a closing question.

15. Are you okay with your current awareness and involvement?

The moderator concluded by explaining that a summary of both focus groups will be provided to the City Council, to assist their current budget process for the next biennium. Finally, the moderator asked any participants associated with a neighborhood group or other organization that may want a presentation on the budget to contact City staff to schedule a speaker. City staff also came into the focus group room to address some questions that were raised and to thank the participants for their time and ideas.

### **What did they say?**

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#### ***Background Knowledge***

Most participants said they knew little or nothing about the City of Kirkland's budget or budgeting priorities at the start of the focus group. A few participants had some information on the impact budget cuts had on parks services. After hearing more about the budget and the goals the City Council uses to make budgeting decisions, participants did not need additional clarification, and most participated significantly in the discussions.

#### ***General Perspectives***

Below is an overview of responses from the two focus group sessions. Please note that the statements added below are not verbatim, but are paraphrased to help present a general idea of the input from the participants. The bullets below highlight common themes that emerged as the groups discussed budgeting priorities and how the City Council could elicit input from citizens about these topics.

- **Most participants did not know much about the budget and how the City Council prioritizes budget cuts before attending the focus group.** Many participants said they knew "little" about the City Council's budgeting process. Some participants indicated they had heard of specific cuts, but did not know much.

*I remember hearing something about schools, but I know very little.*

*I live in the recently annexed area, so I know nothing.*

- **Once participants were informed of the City Council's budgeting goals, most agreed that the goals reflect the right priorities.** Several participants expressed satisfaction with the City of Kirkland, one saying goals like these are the reason why she lives in Kirkland. Some participants acknowledged the wide scope of the goals.

*It's a broad agenda with a lot of issues and responsibilities.*

*The goals make me want to live in Kirkland if I was looking for somewhere to live.*

- **Several participants expressed interest in learning how the goals are prioritized.** Although they agreed the goals chosen are the right ones, participants wanted to know if there was a system in place for ranking the most important goals and measuring achievement

*There isn't a way to rate success – it is rather subjective.*

*Which ones have a higher priority and which do you leave out when the money runs out?*

- **Participants agreed that using goals to approach making tough budget decisions was a good method.** Some participants recognized the importance of having an agreed upon strategy. One participant recommended a Citizen Advisory Committee to give input as to what is most important to the different communities.

*You need to have a mission statement, you can't just give money wherever.*

*It's good to have an agreed upon strategy to make budget cuts and the goals provide a good baseline.*

- **When asked for their top four priority areas from the City Council goals, most participants noted the following priorities as one of their top four:**
  1. Public Safety
  2. Financial Stability
  3. Economic Development
  4. Dependable Infrastructure
  5. Parks, Open Spaces, and Recreational Services

Some participants commented that if the economy were in a different place, the top goals might be different. Participants seemed to recognize how many of the different areas were related. Although Parks Services were not chosen as a first or second priority for most, participants expressed an interest in maintaining parks and aesthetics.

*All these goals are important and they address many different areas of life.*

*Except for public safety, the top goals seem to be economically driven.*

- **Many participants felt the reductions made by the City Council over the last three years aligned with how they prioritized the goals.** A few participants expressed an interest in how the revenue increases that came with the annexation impacted the budget.

*I think they did a pretty good job. Nothing looks unreasonable or severe.*

- **Generally, participants felt the City Council was on the right track in terms of providing important services and programs.** Most participants seemed to find the cuts balanced. Several participants did think there was too much emphasis on reducing people and recommended City Council look into alternative ways to save money, such as cutting programs. A few participants expressed concern about specific spending choices, such as electronic reader boards in front of the Fire Department or the new police cars.

*They have to make cuts. There isn't any money.*

*I think they are on the right course. What I appreciate is that there seems that there are some government structures that will cut funds to attract attention, but Kirkland seems more reasonable in going about cuts.*

- **Participants expressed interest in transparency in the City Council's budgeting process.** If the information was easier to access, such as if it were in the newspaper or posted on social media sites, many participants said they were more likely to engage.

*If you can package the information and the means to give feedback, more people might give input.*

- **Most participants admitted what they *did* know of Kirkland's budget came from when they were adversely affected by a service or program reduction.** Several participants cited an instance when a reduction impacted them personally, like when trash cans were eliminated from the parks.

*Honestly, I don't think about these things very often. That's probably not very good, but reality is that if I am not affected in an adverse way, I am very happy to enjoy the benefits of living in Kirkland.*

- **A majority of the participants were confident that the City Council is using sound financial practices.** A few participants expressed interest in know the numbers for the cuts made. Most participants said that they had not been too affected by a decrease in services.

*The City seems to be living within their means.*

*I feel very confident in the City's budgeting. It sounds like Kirkland has been very stable.*

- **Most participants were pleased that the City Council was open to receiving feedback on the budget.** Several mentioned that the fact that the City held the focus groups is proof that the Council wants to receive feedback. However, the issue appeared to be how to make the information more available to the public in an easily understandable way.

*As a citizen, I really appreciate them doing this tonight so our voices can be heard.*

*It sounds like the City Council is more concerned about how they are doing than we are.*

- **All participants assessed their awareness of the City Council's budgeting process as very low.** A few expressed that they were not comfortable with their level of engagement. One participant expressed that guilt was the reason she felt she should be more involved. However, many were satisfied with their level of involvement.

*I'm okay with it. If I see something I don't like, I'll voice my opinion. Otherwise, I don't mind the small stuff.*

*I'm not comfortable where I am. In a democracy, the concept is that we're engaged. I should be more engaged.*

*I'm okay with where I am, but I would be comfortable being a little more involved if my opinion was sought out.*

- **In order to increase their level of engagement in the budget process, participants agreed that they would need more information available in convenient locations.** Many participants mentioned that they would be more involved if they could encounter information where they usually get it, like online or in the newspaper. Some participants said a negative experience would get them more involved.

*Finding the information takes time, time people don't have.*

*Information isn't easily accessible and I don't have time to seek it out.*

*What if there was a communications person added to keep the public informed about budget decisions?*

- **Most participants recommended *The Kirkland Reporter*, social networking sites, blogs, and email communications as ways to engage the public in the budgeting process.** Many participants said email would be a good way to reach people, but recognized that it might only reach a certain demographic. A few participants suggested having a series of signs in areas with QR (quick response) codes that people can scan with their phones and will direct them to a website to give input on the spot. One participant suggested having meetings at public places, like the Fire Station, on Saturdays, and inviting people to give feedback.

*Email summaries of council meetings would be nice since it is hard to get to meetings.*

*Using social networking sites would be a good way to catch people's eye. For example, there could be a question like, "Are you tired of XYZ in your neighborhood? Respond here."*

## **Key Findings & Recommendations**

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Results from the Kirkland focus groups will help the City identify means by which the City Council can ascertain if they are reflecting citizens' priorities in setting the budget. Participants' responses and suggestions will help the City Council increase involvement in the budgeting process through the exploration of new avenues for communicating budget information and enlisting feedback from the public.

### ***Key Findings***

The following key findings summarize the main ideas heard from focus group participants:

- A few participants were mildly aware of the City Council's budgeting priorities, while most participants said they did not know about the Council's budgeting process or budgeting goals.
- Many participants said what information they did know about the budget came from an experience when budget reductions adversely impacted them.
- Participants agreed that setting City goals is a good method to approaching tough budgeting decisions and most participants indicated that recent years' budgeting decisions aligned with their priorities.
- Some participants expressed interest in prioritizing cuts to programs and services offered before making cuts to people employed by the City.
- Based on high levels of confidence with the City Council's recent financial decisions, participants were generally satisfied with their low level of involvement in the budgeting process. However, if information were more accessible, several participants indicated they would be more involved.
- Participants indicated lack of time was a significant barrier to their involvement, expressing that they do not have time to seek out information on the City Council's budgeting process. They suggested that more people would be involved if the information was made easily accessible and if it was clearer how to give input.

### ***Recommendations***

Future communications with Kirkland citizens about the City Council's budgeting process could be made available in locations where people are already looking and written in language that is easy to understand. If feedback is desired, the feedback mechanism should be combined with the information, making it simple to respond right away. The following strategies are recommended:

- In communications prior to budgeting decisions, lead with the real-life impacts of decisions being weighed, so as to catch people's attention. Example: For park service garbage collection – "Budget choice would remove all trash cans from our parks – what do you think about that?" Then provide the rest of the story to help provide context.
- Provide plain-talk stories to community blogs and local neighborhoods for placement in their communications tools to help reach people where they are already seeking information. Frame budget issues in a conversational voice to encourage responses, and include an email address or clickable link to encourage "at the moment" feedback. Pose questions in the stories to help people understand how they could weigh in.
- Continue to explore alternative forms of communicating budget information to the public, diversifying the contact through various methods in order to reach the largest audience, such as social media, email communications, blogs, newspaper articles, and public signage.
- If possible, package information on the budget with means to give feedback, like a mailer with a detachable comment card. Supplying an easy way to provide input makes it more likely that residents will respond.

- Develop relationships with reporter(s) for print and online media, and involve them in the challenge of reaching and engaging more people in budgeting processes. Provide them with easily digestible, plain-talk examples of choices being made, budgeting context, etc.
- Consider purchasing space in the *Kirkland Reporter* via display ad rates, and using that space to invite input on budgeting decisions.

## **Appendix A – Kirkland City Council Budget Goals Handout**

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### **☑ Neighborhoods**

*The citizens of Kirkland experience a high quality of life in their neighborhoods.*

Council Goal: Achieve active neighborhood participation and a high degree of satisfaction with neighborhood character, services and infrastructure.

### **☑ Public Safety**

*Ensure that all those who live, work and play in Kirkland are safe.*

Council Goal: Provide for public safety through a community-based approach that focuses on prevention of problems and a timely response.

### **☑ Human Services**

*Kirkland is a diverse and inclusive community that respects and welcomes everyone and is concerned for the welfare of all.*

Council Goal: To support a coordinated system of human services designed to meet the special needs of our community and remove barriers to opportunity.

### **☑ Balanced Transportation**

*Kirkland values an integrated multi-modal system of transportation choices.*

Council Goal: To reduce reliance on single occupancy vehicles.

### **☑ Parks, Open Spaces and Recreational Services**

*Kirkland values an exceptional park, natural areas and recreation system that provides a wide variety of opportunities aimed at promoting the community's health and enjoyment.*

Council Goal: To provide and maintain natural areas and recreational facilities and opportunities that enhance the health and well being of the community.

### **☑ Diverse Housing**

*The City's housing stock meets the needs of a diverse community by providing a wide range of types, styles, sizes and affordability.*

Council Goal: To ensure the construction and preservation of housing stock that meet a diverse range of incomes and needs.

### **☑ Financial Stability**

*Citizens of Kirkland enjoy high quality services that meet the community's priorities.*

Council Goal: Provide a sustainable level of core services that are funded from predictable revenue.

### **☑ Environment**

*We are committed to the protection of the natural environment through an integrated natural resource management system.*

Council Goal: To protect our natural environment for current residents and future generations.

### **☑ Economic Development**

*Kirkland has a diverse, business-friendly economy that supports the community's needs.*

Council Goal: To attract, retain and grow a diverse and stable economic base that supports city revenues, needed goods and services and jobs for residents.

### **☑ Dependable Infrastructure**

*Kirkland has a well-maintained and sustainable infrastructure that meets the functional needs of the community.*

Council Goal: To maintain levels of service commensurate with growing community requirements at optimum life-cycle costs.

### Appendix B – City Council's Budget Goals Prioritization Results

|            | Focus Group 1  | Focus Group 2  |
|------------|--|--|
| Priority 1 | Financial Stability: 5<br>Public Safety: 4<br>Economic Development: 1  | Financial Stability: 1<br>Public Safety: 7   |
| Priority 2 | Parks, Open Spaces, and<br>Recreational Services: 2<br>Financial Stability: 1<br>Public Safety: 4<br>Dependable Infrastructure: 2<br>Transportation: 1   | Parks, Open Spaces, and<br>Recreational Services: 2<br>Financial Stability: 3<br>Economic Development: 2<br>Environment: 1   |
| Priority 3 | Economic Development: 2<br>Human services: 1<br>Financial Stability: 3<br>Environment: 1<br>Neighborhoods: 2<br>Parks, Open Spaces, and<br>Recreational Services: 1                              | Economic Development: 4<br>Human Services: 1<br>Public Safety: 1<br>Environment: 1<br>Dependable Infrastructure: 1   |
| Priority 4 | Dependable Infrastructure: 2<br>Neighborhoods: 1<br>Economic Development: 2<br>Parks, Open Spaces, and<br>Recreational Services: 1<br>Transportation: 1<br>Human Services: 1<br>Public safety: 2 | Dependable Infrastructure: 3<br>Neighborhoods: 1<br>Economic Development: 1<br>Parks, Open Spaces, and<br>Recreational Services: 1<br>Financial Stability: 1<br>Environment: 1 |

This table indicates number of 'votes' cast by each participant for their top four priorities.

## Appendix C – External Services Reductions Summary

### Summary of 2009, 2010 and 2011-12 External Service Reductions City of Kirkland [www.ci.kirkland.wa.us/budget](http://www.ci.kirkland.wa.us/budget)

| 2009  | 2010  | 2011-2012 (Adopted)   |
|---|---|---|
| <p><b>Parks, Recreation &amp; Community Services</b></p> <ul style="list-style-type: none"> <li>Eliminated or reduced special events: Eliminated Outdoor Movie at Juanita Beach Park, Polar Bear Plunge, Easter Egg Hunt and reduced the number of summer concert performances from 21 to 14.</li> <li>Eliminated watering of lawns in non-waterfront parks.</li> <li>Reduced seasonal parks maintenance staff by approximately 30% resulting in lower maintenance levels in non-waterfront parks.</li> <li>Reduced landscaping services in City parks and the Kirkland Cemetery.</li> <li>Reduced lifeguard hours at City beaches by 2 hours per day (from 11am - 7pm to 1 - 7 pm).</li> </ul> | <p><b>Parks, Recreation &amp; Community Services</b></p> <ul style="list-style-type: none"> <li>Eliminated City funding for staff support of the Juanita Bay Ranger Volunteer Program.</li> <li>Reduced staff support for youth and senior programs and special events coordination.</li> <li>Eliminated garbage receptacles and pick-up at the following neighborhood parks: Brookhaven, Forbes Creek, Highlands, Phyllis Needy Houghton, South Juanita, Mark Twain, South Rose Hill, Rose Hill Meadows, North Kirkland Community Center playground, Spinney Homestead, Terrace, Tot Lot, Van Aalst, Woodlands, Cedar View and Watershed.</li> <li>Eliminated portable toilets at the following parks: Juanita Bay, Juanita Beach, Waverly Beach, Marsh Park, Tot Lot, North Kirkland Community Center playground, Terrace, Spinney Homestead, and Woodlands.</li> <li>Closed restrooms (year-round) at the following neighborhood parks: North Kirkland Community Center playground, Phyllis Needy Houghton, and South Rose Hill Parks.</li> <li>Eliminated Mutt Mitts in all parks unless subsidized through donations or grants.</li> <li>Further reduced maintenance in parks and athletic fields (weeding, irrigation, planting)</li> <li>Further reduced lifeguard hours:                             <ul style="list-style-type: none"> <li>Waverly Beach, Monday – Friday 1pm - 5pm, Saturday &amp; Sunday 2pm – 6pm</li> <li>Houghton Beach, Monday – Sunday 1pm – 6pm</li> </ul> </li> <li>Reduced parks capital project support.</li> </ul> | <p><b>Parks, Recreation &amp; Community Services</b></p> <ul style="list-style-type: none"> <li>Eliminate Human Services Manager position, resulting in:                             <ul style="list-style-type: none"> <li>Reduced staff support for Senior Council.</li> <li>Inability to continue to be represented in several regional initiatives including Committee to End Homelessness, King County Human Services Alliance, King County committees for Mental Illness/Drug Dependency and Veterans/Human Services allocations.</li> </ul> </li> <li>Reduced Youth Council support and projects.</li> <li>Consolidate Senior Programs van driver service with Northshore Senior Center program.                             <ul style="list-style-type: none"> <li>Current riders will notice no difference.</li> <li>New riders beginning January 1, 2011 will have to be eligible for Metro's Access transportation program in order to request service.</li> </ul> </li> <li>Eliminate remaining seasonal parks maintenance hours.                             <ul style="list-style-type: none"> <li>Reduce frequency of garbage removal from community parks and waterfront parks between 5:00 pm and close.</li> <li>Reduce frequency in servicing restrooms at same parks.</li> <li>Reduce service level of ball field maintenance and landscape maintenance throughout the parks system.</li> </ul> </li> </ul> |
| <p><b>Neighborhood Services</b></p> <ul style="list-style-type: none"> <li>Eliminated Neighborhood Connections Program (funds small capital improvement projects in neighborhoods) and reduced funding by 75% (\$75,000) in 2010.</li> </ul>  | <p><b>Neighborhood Services</b></p> <ul style="list-style-type: none"> <li>Eliminated neighborhood sign repair and replacement.</li> <li>Reduced Neighborhood Matching Grant Program from \$3,500 per neighborhood to \$615.</li> </ul>   | <p><b>Neighborhood Services</b></p> <ul style="list-style-type: none"> <li>Eliminate the Neighborhood Connections capital improvement program and using the remaining funding of \$50,000 (\$25,000 per year) as follows:                             <ul style="list-style-type: none"> <li>increase neighborhood grants from \$615 to \$1,000 (use of \$6,545 per year);</li> <li>purchase insurance for neighborhood events at an annual cost of \$3,500;</li> <li>use \$14,955 for Human Services funding in 2011; and</li> <li>set-aside \$14,955 in a reserve in 2012.</li> </ul> </li> </ul>   |
| <p><b>Public Works Services</b></p> <ul style="list-style-type: none"> <li>Reduced seasonal road maintenance staff by 70% resulting in less maintenance of right-of-way, weeding and trimming public landscape areas, curb painting, path/trail maintenance and ground maintenance at City facilities.</li> <li>Reduced janitorial supplies and services for city facilities and energy costs by 10%.</li> <li>Reduced street paving and maintenance staffing by one FTE resulting in delayed response to non-safety related maintenance requests and increases in time necessary to complete paving tasks.</li> </ul>  | <p><b>Public Works Services</b></p> <ul style="list-style-type: none"> <li>Eliminated 0.5 FTE Neighborhood Traffic Control Program staffing resulting in substantial reductions in City response to non-safety related parking, vegetation growth and traffic complaints.</li> <li>Eliminated capital funding for traffic control devices that reduce speeds on local streets such as traffic circles and speed humps.</li> <li>Eliminated "on-call" staff resulting in the inability to add new pedestrian flag locations and the ability to proactively inspect in-pavement lighted crosswalks.</li> <li>Reduced downtown and parking garage maintenance, sidewalk cleanup and extra disposal of trash during the summer and at special events.</li> <li>Reduced management of vegetation in roadside planting areas and medians.</li> <li>Reduced maintenance for non-safety related preservation of paths and trails, red-curb side painting, and grounds maintenance at all City-owned facilities (e.g. City Hall, fire stations).</li> </ul>  | <p><b>Public Works Services</b></p> <ul style="list-style-type: none"> <li>Eliminate remaining Neighborhood Traffic Control Program staffing resulting in elimination, reduction or delay of evaluation and response to neighborhood traffic issues including:                             <ul style="list-style-type: none"> <li>Gathering speed and volume data to assess traffic conditions.</li> <li>Responding to requests for signs and markings to address speed or access, parking or congestion.</li> <li>Requests for trimming obstructions</li> <li>Reduction of support to pedestrian flag program and other neighborhood traffic issues.</li> </ul> </li> <li>Reduce 0.5 FTE Program Assistant position resulting in limited staff support of pedestrian flag program.</li> <li>Streets Department reductions to operating supplies, inventory, repairs &amp; maintenance                             <ul style="list-style-type: none"> <li>Eliminate Central Business District Spring Cleaning.</li> <li>Limit funds for projects and general maintenance and operations.</li> <li>Reduce On-site inventory.</li> </ul> </li> <li>Partial reduction of Transportation Engineer will result in reduction or delays in responses to evaluation and response to traffic issues including: traffic signals, pedestrians, transit, and bicycle issues.</li> </ul>   |

**Summary of 2009, 2010 and 2011-12 External Service Reductions City of Kirkland**  
[www.ci.kirkland.wa.us/budget](http://www.ci.kirkland.wa.us/budget)

| 2009   | 2010  | 2011-2012 (Adopted)   |
|--|---|---|
| <p><b>Public Safety Services</b></p> <ul style="list-style-type: none"> <li>Closed Fire Station 24 during daytime hours (manned in evening by volunteers).</li> </ul>  | <p><b>Public Safety Services</b></p> <ul style="list-style-type: none"> <li>Eliminated one Police Sergeant position resulting in reduction of community services functions.</li> <li>Dissolved ProActive Policing Unit for 2010 resulting in significant reduction in targeted crime investigations.</li> <li>Imposed an annual "cap" on total firefighter overtime expenses.</li> </ul>  | <p><b>Public Safety Services</b></p> <ul style="list-style-type: none"> <li>Eliminate Police ProActive Unit resulting in significant reduction in targeted crime investigations. (City Council approved recommendation to set aside liquor profits until after legislative session. If funds are not needed to fund State or County unfunded mandates, funds would be considered for partial restoration of Police ProAct unit.)</li> <li>Eliminate Corrections officer position. Transfer some functions such as booking and transport to police officers which will make them unavailable for calls for service.</li> <li>Eliminate remaining Community Education and Information Specialist position (Fire Department)</li> <li>Institute "rolling brown outs" of Fire Stations resulting in taking a unit out of service when fire staffing falls below minimum levels. This will increase response times. (City Council approved use of contingency reserve to backfill overtime until EMS transport fee implementation [planned 3/1/11] resulting in no rolling brown outs.)</li> </ul> |
| <p><b>Development Services</b></p> <p>Reduced inspection, planning and plan review staff by 6.5 positions in response to low levels of development activity and permit fee revenues.</p>   | <p><b>Development Services</b></p> <p>Potential for further staffing reductions if development activity does not increase.</p>  | <p><b>Development Services</b></p> <p>Potential for further staffing reductions if development activity does not increase or major projects do not occur.</p>   |
| <p><b>Customer Services</b></p> <ul style="list-style-type: none"> <li>Reduced City Hall reception and passport acceptance hours by 25%.                             <ul style="list-style-type: none"> <li>Reception hours were reduced from 8 am to 5 pm to 9 am to 4 pm, Monday-Friday.</li> </ul> </li> </ul> <p>Passport hours were reduced from 9 am to 4 pm to 10 am to 3:30 p.m., Monday-Friday.</p> | <p><b>Customer Services</b></p> <ul style="list-style-type: none"> <li>City facilities closed or reduced hours in 2010:                             <ul style="list-style-type: none"> <li>City Hall closed due to furlough days: March 12, May 28, July 2, September 7, October 11, November 24, December 23 and December 30</li> <li>Human Resources and Parks Department Administrative Offices (505 Market St) closed at 4 pm.</li> </ul> </li> <li>Reduced hours for MultiMedia Services Manager will result in longer response time to public complaints about telecommunications franchise agreements.</li> </ul>  | <p><b>Customer Services/ Finance</b></p> <ul style="list-style-type: none"> <li>Reduced City Hall reception and passport acceptance hours by 25%                             <ul style="list-style-type: none"> <li>Passport hours will be reduced to match scheduled work hours of position which may result in more calls going to phone tree and additional impacts to other front desk staff.</li> </ul> </li> <li>Scale back budget document and discontinue participation in GFOA Distinguished Budget Award program.</li> </ul>  |
|  | <p><b>Board/Commission Staff Support</b></p> <ul style="list-style-type: none"> <li>Reduced staff support to the Kirkland Senior Council and the Kirkland Cultural Council.</li> </ul>  | <p><b>City Manager's Office</b></p> <ul style="list-style-type: none"> <li>Eliminate 0.75 FTE Administrative Assistant II, reducing support for the CM and Council, increasing the likelihood that customers would reach a recorded message.</li> <li>Reduction of \$6,000 per year to Kirkland Downtown Association support.</li> <li>Eliminate the mailed issue of City Update (all issues will be electronic). Reliance on electronic version only may reduce accessibility for readership.</li> </ul>   |
| <p><b>Staff Reductions</b></p> <p><i>Summary: The City workforce was reduced by the equivalent of 36 full-time employees (FTEs).</i></p>   | <p><b>Staff Reductions</b></p> <p><i>Summary: With the failure of the voted private utility tax increase in the November 3, 2009 election, the equivalent of an additional 12 full-time positions will be eliminated by January 1, 2010.</i></p> <p><i>In addition, 4 full-time positions (3 in the Police Department and 1 in the Public Works Department) will be left vacant in 2010.</i></p> <p><i>Most City staff will forego cost of living increases in 2010. In addition, wage decreases were requested resulting in salary reductions, lay-offs, and furloughs. Two units and management have agreed to furlough days which will result in the closure of City Hall and possibly other city facilities for up to 7 days in 2010.</i></p> | <p><b>Staff Reductions</b></p> <p><i>Summary: In total, 16.13 FTEs are reduced or eliminated, impacting the service levels in the existing City. Annexation provides the opportunity to keep some of the skilled individuals that can fill positions needed to serve the annexation area. 11.65 of the 16.13 FTEs are proposed to move to annexation or other positions as they become available.</i></p> <p><i>In addition to regular full time employee reductions there will be a reduction or elimination of 3,350 seasonal hours, 240 Probation On-Call hours, 300 Human Resources On-Call hours and 1,664 Court intern hours, roughly equivalent to 3.0 FTEs.</i></p>   |

## FINANCE AND ADMINISTRATION

### MISSION

The Department of Finance and Administration is committed to excellence in the provision of financial, human resources, records, multimedia, and judicial services. We work as a team to provide services and information to the public, the City Council, and our fellow employees that are timely, impartial, supportive, and consistent with professional standards, legal requirements, and Council policy.

### DEPARTMENT FUNCTIONS

The **Financial Planning and Administration Division** oversees all department activities, coordinates the preparation of the City's Budget and Capital Improvement Program, and provides financial planning and analysis support to other City departments, the City Manager, and the City Council.

The **Treasury Division** manages the activities of the Treasurer's office as prescribed by state law, oversees all debt administration, banking services, and invests City money. The division is also responsible for the City's cash receipts, accounts receivable, and the billing and collection functions associated with the water and sewer utility, solid waste service, business and animal licensing, and utility taxes. This division also provides administrative services for the City's cemetery, the False Alarm Reduction program, passport application acceptance, and staffs the City Hall information desk.

The **Financial Operations Division** manages the accounting activities for the City and is responsible for payroll, accounts payable, purchasing services, and financial reporting. This division is also responsible for coordinating internal and external audits.

Many of the responsibilities within the **City Clerk's Division** are governed by state or municipal regulations and include public disclosure, legal notices, records management, service of process, City Council meeting support, advisory board recruitments and mail services.

### RELATIONSHIP TO COUNCIL GOALS

**Council Goal:** Provide a sustainable level of core services that are funded from predictable revenue.

#### Financial Stability

- Focus on replenishing reserves
- Implement additional sinking funds for equipment needs of Public Safety and Information Technology
- 
- 

#### Economic Development

- Support discussions with major redevelopment projects including Totem Lake and Park Place
- Work towards on-line renewal of business licensing
- 
- 

#### Infrastructure

- CIP development and financing
- Pursue external funds for development of Eastside Rail Corridor
- 
-

**BUDGET HIGHLIGHTS**

- System upgrades to improve customer service
- Additional utility billing resources to ensure timely solid waste customer response
- Reduced costs by \_\_\_\_\_
- Created efficiencies by \_\_\_\_\_
- Program changes
- Full-time equivalent (FTE) changes
- Changes from 2011-12 budget and reasons why
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**PERFORMANCE MEASURES**

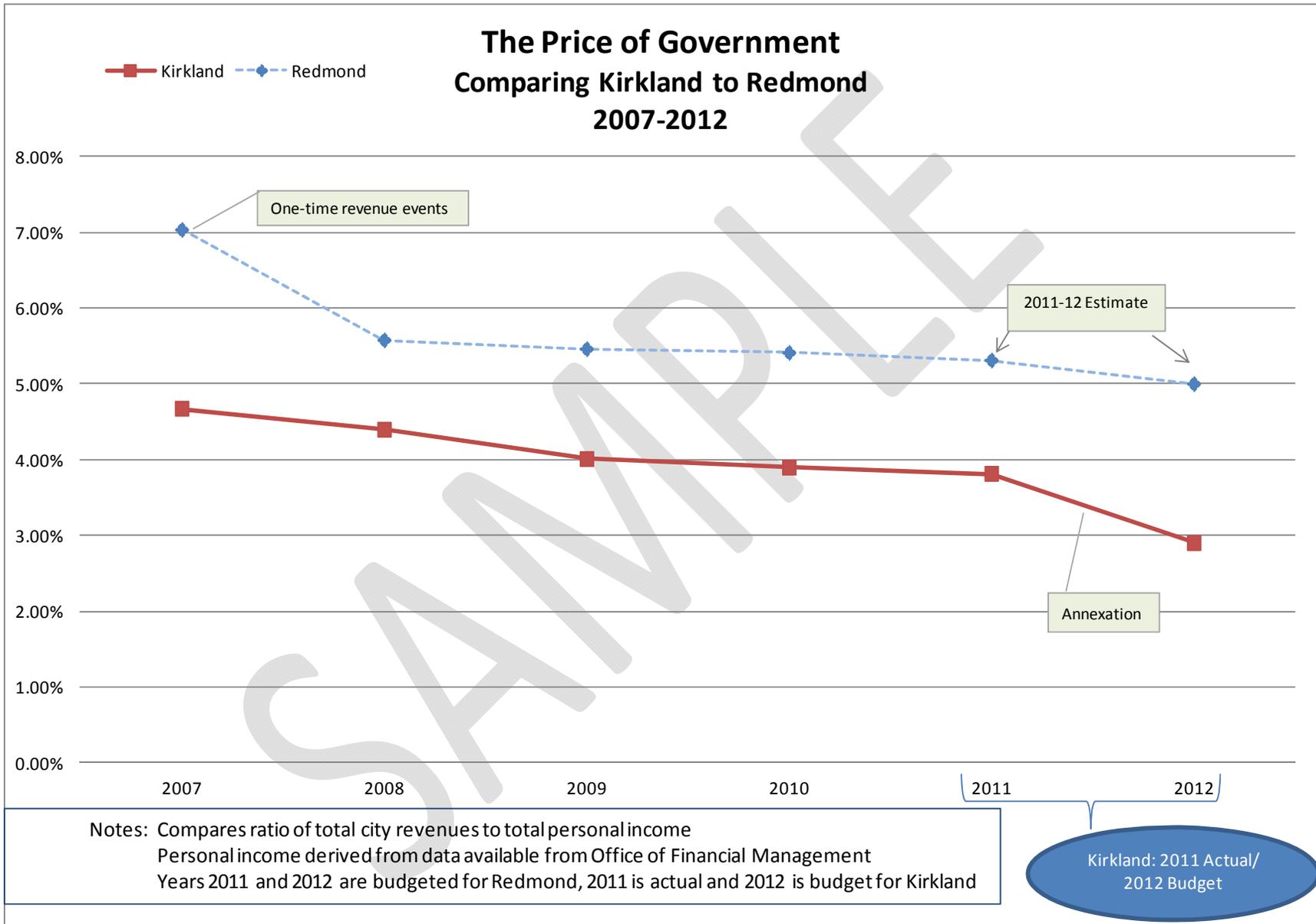
**FINANCIAL STABILITY**

**Council Goal:** Provide a sustainable level of core services that are funded from predictable revenue.

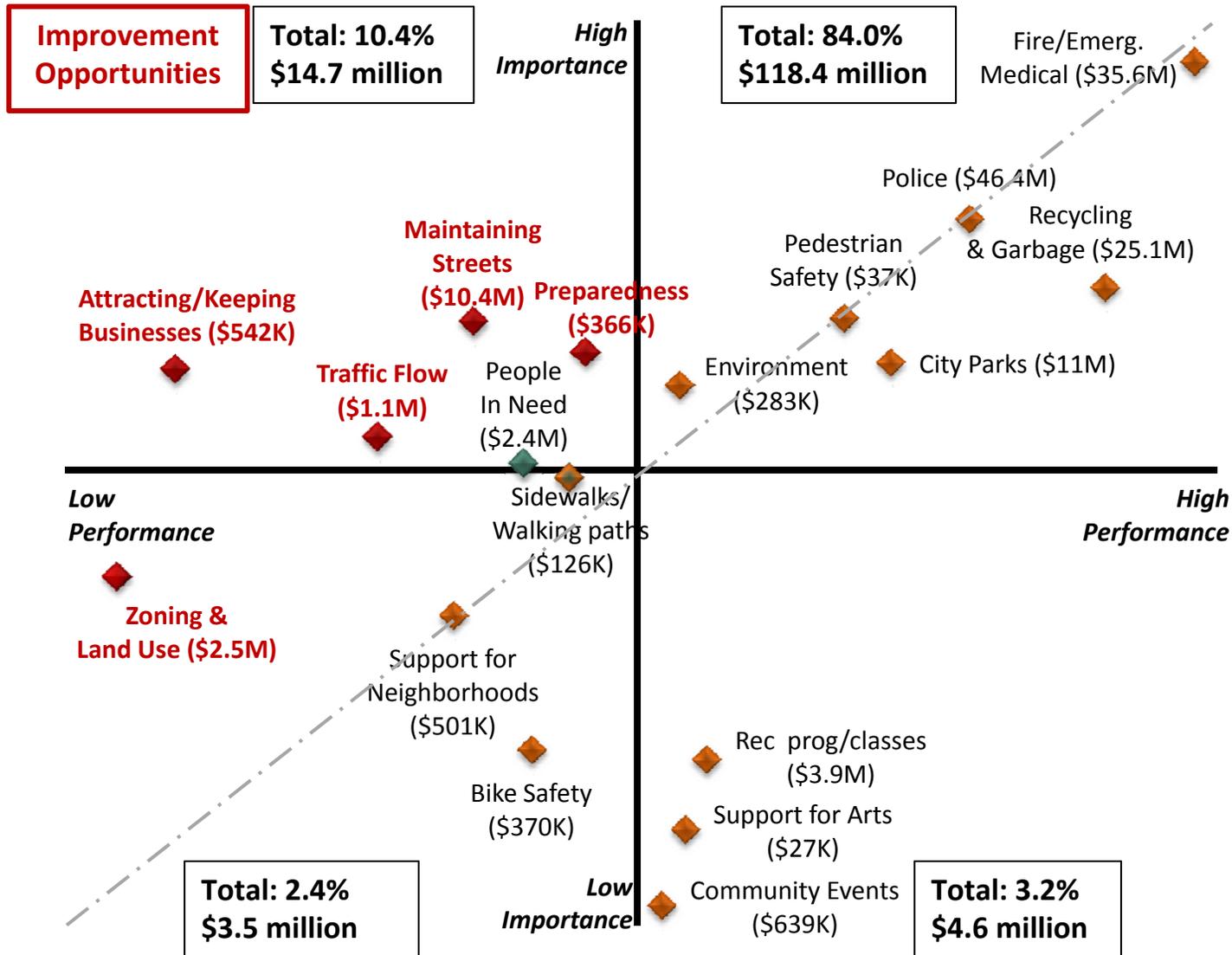
|   | MEASURE   | 2007 | 2008 | 2009 | 2010 | Target                         |
|---|---|------|------|------|------|--------------------------------|
| <p>City is fiscally responsible</p> <p>↓</p> <p>So that...</p> <p>City can invest in community priorities</p> <p>↓</p> <p>So that...</p> <p>The citizens of Kirkland enjoy high quality services that meet the community's priorities</p> | Minimum balance in General Purpose Contingency Reserves                                     | 89%  | 89%  | 55%  | 55%  | 80% of budgeted reserve target |
|   | Credit Rating   | AA   | AAA  | AAA  | AAA  | AAA                            |
|   | Percent of funding allocated to high priority services (Stars and Imperatives) <sup>1</sup> | *    | 94%  | *    | 93%  | 80% of rated services          |

<sup>1</sup>Citizens rated City services by their importance and how well the City provided them. "Stars" have high importance and high performance ratings; "Imperatives" have high importance and lower performance ratings.  
 \*Community survey occurs in even years

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# Quadrant Analysis with 2011-2012 Budget



### Kirkland Civics Academy

- Goal:** To build the capacity of Kirkland community members to effectively engage their local government.
- Objectives:** Through a five series educational and interactive learning course, Kirkland community members will learn about their City government, how it works and how they can become involved with their City.
- Dates:** Wednesdays May 2, 16, 23 & 30; June 6, 2012, 7:00-8:30 p.m.
- Session Format:** Educational presentation + Interactive Activity + Q&A
- Class size limit:** 25 (reservations encouraged)

#### **Session One – “Kirkland 101: How the City Works”**

Wednesday, May 2, Council Chambers

- **Overview of Kirkland’s City Government**  
Presenter: Kurt Triplett, City Manager
  - Kirkland’s form of government
  - About Your City Council
  - About the City Manager
  - City’s organizational overview
  - How legislative decisions become reality
- **How You Can Be Involved & Informed: Get Your Voice Heard**  
Presenter: Marie Stake, Communications Program Manager
  - How advisory boards and commissions lay the groundwork
  - How City volunteers truly make a difference
  - How you can be involved in the City’s outreach efforts (meetings, workshops)
  - The importance of being involved with your neighborhood association
  - Why your participation in ad hoc communities and opinion surveys is important
  - Making contact with City officials and staff
  - Making your voice heard
  - Making sure you get the information you want
- ***Interactive Opportunity (Facilitated by Marilynne Beard):*** Mock Budget Public Hearing. Participants to play City Council members and staff to play “citizens” expressing competing interests using effective and non-effective communications styles.

## **Session Two – Demystifying the Mysteries of City Finances and Budgets**

Wednesday, May 16, Peter Kirk Room

Presenter: Tracey Dunlap

- **True or False: Budget Basics**
  - Our budget is like your budget
  - Balancing revenues with expenses
  - Budget process and timeline
- **Art or Science: City Finances**
  - Budget forecasting
  - Saving for that rainy day
  - Taxes imposed by the City & by other agencies
- **Fact or Fiction: Your Property Taxes**
  - How assessed valuation is determined
  - How the property tax levy is determined
  - What factors affect your property taxes
  - How much of your property tax the City gets
- **Essential or Discretionary: Setting Levels of Service**
  - How levels of service are set
  - Span of city services
- **How You Can Be Involved and Make a Difference**
  - Address the Council at budget meetings and public hearings
  - Submit comments to the City Council via letter, email
  - Participate in surveys, focus groups
  - Subscribe to Budget List Serv
- ***Interactive opportunity (Facilitated by Marilynne Beard):*** Divide into mock City Councils and have them balance the budget after receiving mock testimony (from Session 1) resulting is a sense that participants have set a certain level of service for certain services.

## **Session Three – Public Safety Services are a Top Priority**

Wednesday, May 23, Peter Kirk Room

- **Overview of Public Safety Services**

Presenter: Marilynne Beard, Assistant City Manager

  - What services are provided by City (versus any other government)
  - How public safety services are funded
    - Amount of the budget as percent of total and reason
    - Concept of availability versus use (who benefits)
- **Behind the Scenes of the Kirkland Police Department**

Presenter: Captain Cherie Harris + Lt. \_\_\_\_\_

- C.O.P. Talk: Community Oriented Policing
  - Tracing the roots of the department
  - KPD Line Up: Patrol districts and coverage
  - Kirkland's crime scene (demo crime mapping)
  - Crime Stoppers: reporting suspicious activity and in-progress crime
  - If you do the crime: Kirkland's Department of Corrections
- **Having Your Day in Court at the Kirkland Municipal Court**  
Presenter: \_\_\_\_\_
    - When jury duty calls: Answer the call
    - Case hearing:
    - Docket:
- **What You May Not Know about Fire and Emergency Medical Services**  
Presenter: \_\_\_\_\_
    - Fully Involved: Fire prevention services + building services unique partnership to ensure building safety through design and construction
    - When There's Smoke: Apparatus response (engine + aid car) and response times
      - Mutual Aid: In and outside city limits
    - Answering the calls: Emergency Medical Services types of calls
- **Prepare to Learn Something New about Emergency Management**  
Presenter: \_\_\_\_\_
    - How the City is ready for a local & regional disaster
    - Why and how you should be ready
- **How you can get involved in public safety**  
Presenter: \_\_\_\_\_
    - Educational learning opportunities: CERT, Citizen's Police Academy
    - Career building experiences: Police Explorer Program, Fire Corps, D.A.R.T., Speed Watch Program
    - Group Efforts: Map Your Neighborhood, Block Watch
  - **Interactive Opportunity:** Option A: Triage & Treatment Demo from CERT members.  
Option B: Meet Max the K-9 Dog Option C: Role play being stopped by a Police Officer

**Session Four – An Introduction to Land Use, Zoning, and Capital Project Planning**  
Wednesday, May 30, Peter Kirk Room

- **Why growth management laws exist & how they impact local planning**  
Presenter: Eric Shields, Director, Planning & Community Development
  - Manage urban sprawl; protect the environment

- GMA is starting point for Comprehensive Plan
- GMA Requirements
  - Growth targets
  - Affordable housing targets
  - Capital facilities planning
- **Why you should care about land use planning**  
Presenter: Eric Shields, Director, Planning & Community Development
  - What is the Comprehensive Plan?
  - What is Neighborhood Planning?
  - How Comprehensive Plan Policies become regulations in the Zoning Code
  - How you and your neighborhood can get involved in land use planning
- **GMA requires capital facilities planning**  
Presenters: Dave Snider, CIP Manager & Kari Page, Neighborhood Outreach Coordinator
  - Relation to land use and growth
  - Kirkland's Capital Improvement Program (CIP)
    - Objectives
    - Funding sources
    - Priorities
    - How to get involved: Suggest a project, comment on an active project, give feedback on a completed project
- **The Development Process**  
Presenter: Eric Shields, Director, Planning & Community Development
  - The steps to a development project: Define project, site information, review, permits & approvals, inspection and occupancy.
- ***Interactive opportunity (Facilitated by Marilynne Beard):*** Small workgroups to talk about what citizens would like to get from the neighborhood planning process.

## **Session Five – Experience Kirkland's Parks, Recreation and Open Space and Preserving the Environment**

Wednesday, June 6, City Council Chambers

- **Parks & Open Space**
  - Strategic Planning: Future visions and goals
    - PROS Plan Update
    - Citizen Involvement (PFEC)
  - Master Planning: Turning visions into realities
  - Maintenance Planning: Caring for what we have
- **Recreation: Active and Healthy Living in Kirkland**
  - Unique recreation for all seasons
  - \_\_\_\_\_
  - \_\_\_\_\_

- **Water Quality**

- How the City monitors water quality
- How you can keep waterways clean

- **Environmental Stewardship**

- City's role in environmental stewardship
- Citizen's role in environmental stewardship
- How to get involved
  - Green Kirkland Partnership
  - Adopt a Storm Drain
  - Green Business Program

- **Recycling Basics**

Presenters: Kelly Ferron & Romina Rivera, Public Works, Solid Waste Division

- The Do's and Don'ts of Recycling in Kirkland
- Food Scrap Recycling
- Addition recycling services available (i.e. batteries, electronics, CFLs)

- ***Interactive Opportunity:*** Participants take survey about ERC development, PROS Plan Update or other park issue using pulse pad voting devices.

HANDOUTS  
(not listed in order)

- City wide org chart
- City Council Goals
- Opportunities to Get Involved
- How Do I? handout
- Publications
  - 2011 Performance Measure Report
  - Latest edition of City Update
  - Latest edition of Recreation Guide
  - Budget in Brief

3/12/12

**CITY OF KIRKLAND**

123 Fifth Avenue, Kirkland, WA 98033 425.587.3000  
www.kirklandwa.gov

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**MEMORANDUM**

**To:** City Council  
**From:** Kurt Triplett, City Manager  
**Date:** March 17, 2012  
**Subject:** DRAFT 2012 CITY WORK PROGRAM

**RECOMMENDATION:**

That the City Council provides direction on: the purpose of the City Work Program; the draft 2012 City Work Program of major policy and administrative items to be accomplished by the City in 2012; and the draft Resolution setting Council Goal priorities for 2012.

**BACKGROUND DISCUSSION:**

The City Manager recommends that the Council adopts a City Work Program each year. The intent of the Work Program is that it establishes the "action plan" by which the public can measure the City's success in accomplishing its major policy and administrative goals. The Work Program also communicates to Kirkland's Boards and Commissions the "action plan" priorities.

**Purpose of Work Program: Inform Budget or Implement Budget?**

There are two potential purposes for the City Work Program. The first is to set the priorities of the Council in advance of the budget and then have the budget reflect those priorities. The second is to use the Work Program to implement the budget as already adopted by the Council. The original 2011 Work Program was a hybrid of these two options. It was developed after the 2011-2012 Budget was adopted. It implemented many of the budget priorities (such as annexation) but also set some new priorities (such as Totem Lake) and mid-year budget corrections were made to reprioritize funds to implement elements the Work Program. The City Manager is proposing that the Work Program set the priority focus and that the budget priorities follow. Staff is looking for direction from the Council at the retreat on which framework the Council prefers for the Work Program.

**2011 City Work Program**

The adoption of the 2011-2012 Budget set the broad policy and financial resource framework for the current biennium. On February 1, 2011, the City Council passed **Resolution R-4864** adopting the 2011 City Work Program. The purpose of the Work Program was to identify for the Council, City employees and the public the priority focus of Kirkland's staff and resources within that budgetary framework.

The themes of the 2011 Work Program fell into four main categories:

- Successfully annexing the 31,000 residents of Juanita, Finn Hill and Kingsgate
- Spurring job growth, economic development and revitalization
- Retaining a high quality of life in Kirkland in the midst of the recession
- Providing efficient, cost-effective City services to an informed and engaged public

The adopted 2011 Work Program was a synthesis of both the adopted budget and these themes, resulting in the twelve key initiatives to be accomplished in 2011. Completion or substantial progress was made on seven of the twelve items. Six are proposed to be carried over into the 2012 Work Program.

### **Work Program Link to Council Goals**

The 2011 Work Program was adopted without a clear link to the Council's adopted Goals for the City of Kirkland. To be most effective the annual Work Program should implement the Goals the Council chooses to prioritize in that year and in the biennial budget process. Toward that end, the City Manager has met with each member of the City Council and discussed Council priorities and goals for 2012. Three common themes emerged from those discussions:

- the need for a "nimble" City with a continued focus on economic recovery and vitality;
- continued emphasis on providing efficient, cost-effective City services while providing excellent customer service;
- informing and engaging the public on City decisions and actions;

These themes correspond to the following Council Goals:

**Economic Development:** To attract, retain and grow a diverse and stable economic base that supports city revenues, needed goods and services and jobs for residents.

**Financial Stability:** Provide a sustainable level of core services that are funded from predictable revenue.

**Neighborhoods:** Achieve active neighborhood participation and a high degree of satisfaction with neighborhood character, services and infrastructure.

### **Potential 2012 Work Program Items**

Based on these Goals and the Council discussions, the City Manager brought nine potential items to the March 6, 2012 Council for review. The Council directed that development of the Eastside Rail Corridor be added as a tenth item. The Council also requested that the 2012 Work Program be discussed at the Council retreat, since the retreat might result in one or two additional work plan items if the Council chooses to pursue either a Transportation Benefit District (TBD) either Councilmanic or by ballot, a parks funding ballot measure, or both.

Therefore, for purposes of discussion at the retreat, the City Manager has proposed the following eleven items and included the Goals those items implement. (A separate document containing just the Draft 2012 Work Program is included as Attachment B)

1. Continued emphasis on Totem Lake revitalization through the Totem Lake Action Plan. (Goal: **Economic Development**)
2. Completing a Development Agreement and facilitating the permit process for Park Place redevelopment. (Goal: **Economic Development**)
3. Completing design and permitting of the Public Safety Building and initiating construction bidding. (Goals: **Public Safety, Dependable Infrastructure**)
4. Completing property acquisition and Phase I utility undergrounding of the 85<sup>th</sup> Street Corridor Project. (Goal: **Economic Development, Dependable Infrastructure**)
5. Successfully resolving each of the four Collective Bargaining Agreements currently open in 2012. (Goal: **Financial Stability**)
6. Developing partnership initiatives with employees to achieve sustainability of wages and benefits. (Goal: **Financial Stability**)
7. Adopting a 2013-2014 budget that demonstrates efficient, cost-effective services. (Goal: **Financial Stability**)
8. An evaluation of Kirkland's tax and regulatory environment to identify and remove barriers and spur jobs and economic recovery. (Goal: **Economic Development**)
9. A programmatic review of Kirkland's planning, building and development services to ensure the City is structured appropriately to facilitate predictable, effective planning and permitting for economic growth while protecting Kirkland's environment and quality of life. (Goals: **Economic Development, Neighborhoods**)
10. Initiate a Master Plan, community visioning, and initial development of the Eastside Rail Corridor (Goals: **Economic Development, Neighborhoods, Parks, Balanced Transportation**)
11. Implement a TBD (Goal: **Dependable Infrastructure**) and/or Parks Ballot measure (Goal: **Parks, Open Space, Recreation**) as determined by Council.

### **Resolution to Include Goal Priority Setting**

To further strengthen the linkage between the Goals and the Work Program, the City Manager suggests that the Resolution adopting the Work Plan highlight the Goals that the Council intends to prioritize for the year and the biennial budget. A draft Resolution that sets the Goal priorities is included as Attachment A.

### **Council Direction**

Staff is seeking direction at the retreat on whether the Council concurs with these 2012 tasks or has alternative 2012 priority topics they wish to include. Staff is also seeking direction whether the Council concurs with the City Manager's recommendation that the Work Plan informs the budget and on the Goal setting in the Resolution.

### **Next steps**

After Council has reviewed and revised the Draft Work Program and Resolution to adopt the 2012 City Work Program, the updated Resolution will be presented at a future Council meeting, most likely the meeting of April 3, 2012. Once the 2012 Work Program is adopted by the Council, the City staff will develop implementation steps, prioritize resources and efforts to achieve the work program, and periodically update the Council on these efforts.

Throughout the year other issues may arise that also require staff resources and City Council review. The intent of the Work Program is not to preclude new items but to allow the Council and the City Manager to proactively identify the impact of new initiatives on established priorities. Decisions can then be made whether to attempt to accommodate new items or reprioritize the Work Program.

## RESOLUTION R-\_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND SETTING PRIORITY GOALS FOR 2012 AND ADOPTING THE 2012 CITY WORK PROGRAM.

WHEREAS, the City Council has adopted ten Goals for the City that articulate key policy and service priorities and guide the allocation of resources for Kirkland through the budget and capital improvement programs; and

WHEREAS, in a era of scarce financial resources progress cannot be made on all City Goals at all times and the City Council must prioritize certain Goals at certain times; and

WHEREAS, the City Council desires to spur job growth and economic development, retain a high quality of life in Kirkland, and provide efficient, cost-effective City services to an informed and engaged public; and

WHEREAS, to help achieve these priorities in 2012, the Council prioritizes the Goals of Public Safety, Economic Development, Financial Stability, and Dependable Infrastructure (and Parks if Parks levy moves forward)

WHEREAS, the City Council feels it is appropriate to adopt a 2012 City Work Program to help implement these priority Goals, identify the priority focus of the City of Kirkland's staff and resources, and enable the public to measure the City's success in accomplishing its major policy and administrative goals; and

WHEREAS, the 2012 Work Program is a list of high priority major cross-departmental efforts involving significant financial resources designed to maintain public safety and quality of life in Kirkland, as well as an effective and efficient City government; and

WHEREAS, when new issues require substantial staff resources and City Council review, the adopted 2012 Work Program shall be used to proactively determine whether emerging items can be accommodated, deferred, or if the Work Program must be reprioritized;

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The 2012 City Work Program consisting of the following initiatives is adopted:

1. Continued emphasis on Totem Lake revitalization through the Totem Lake Action Plan. (Goal: **Economic Development**)
2. Completing a Development Agreement and facilitating the permit process for Park Place redevelopment. (Goal: **Economic Development**)
3. Completing design and permitting of the Public Safety Building and initiating construction bidding. (Goals: **Public Safety, Dependable Infrastructure**)
4. Completing property acquisition and Phase I utility undergrounding of the 85<sup>th</sup> Street Corridor Project. (Goal: **Dependable Infrastructure**)
5. Successfully resolving each of the four Collective Bargaining Agreements currently open in 2012. (Goal: **Financial Stability**)
6. Developing partnership initiatives with employees to achieve sustainability of wages and benefits. (Goal: **Financial Stability**)
7. Adopting a 2013-2014 budget that demonstrates efficient, cost-effective services. (Goal: **Financial Stability**)
8. An evaluation of Kirkland's tax and regulatory environment to identify and remove barriers and spur jobs and economic recovery. (Goal: **Economic Development**)
9. A programmatic review of Kirkland's planning, building and development services to ensure the City is structured appropriately to facilitate predictable, effective planning and permitting for economic growth while protecting Kirkland's environment and quality of life. (Goals: **Economic Development, Neighborhoods**)
10. Initiate a Master Plan, community visioning, and initial development of the Eastside Rail Corridor (Goals: **Economic Development, Neighborhoods, Parks, Balanced Transportation**)
11. Implement a TBD (Goal: **Dependable Infrastructure**) and/or Parks Ballot measure (Goal: **Parks, Open Space, Recreation**) as determined by Council.

Section 2. The City Manager is hereby authorized and directed to develop implementation steps and benchmarks for each initiative in the 2012 City Work Program, prioritize resources and efforts to achieve those benchmarks, and periodically update the Council regarding progress on these efforts.

Passed by majority vote of the Kirkland City Council in open meeting this \_\_\_\_ day of \_\_\_\_\_, 2012.

Signed in authentication thereof this \_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
MAYOR

Attest:

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

### Potential 2012 Work Program Items

The eleven potential 2012 City Work Program items listed below are based on the City Manager's discussion with the City Council about 2012 priority goals and tasks. The corresponding adopted Council Goal for each of the eleven items is included in brackets.

1. Continued emphasis on Totem Lake revitalization through the Totem Lake Action Plan. (Goal: **Economic Development**)
2. Completing a Development Agreement and facilitating the permit process for Park Place redevelopment. (Goal: **Economic Development**)
3. Completing design and permitting of the Public Safety Building and initiating construction bidding. (Goals: **Public Safety, Dependable Infrastructure**)
4. Completing property acquisition and Phase I utility undergrounding of the 85<sup>th</sup> Street Corridor Project. (Goal: **Dependable Infrastructure**)
5. Successfully resolving each of the four Collective Bargaining Agreements currently open in 2012. (Goal: **Financial Stability**)
6. Developing partnership initiatives with employees to achieve sustainability of wages and benefits. (Goal: **Financial Stability**)
7. Adopting a 2013-2014 budget that demonstrates efficient, cost-effective services. (Goal: **Financial Stability**)
8. An evaluation of Kirkland's tax and regulatory environment to identify and remove barriers and spur jobs and economic recovery. (Goal: **Economic Development**)
9. A programmatic review of Kirkland's planning, building and development services to ensure the City is structured appropriately to facilitate predictable, effective planning and permitting for economic growth while protecting Kirkland's environment and quality of life. (Goals: **Economic Development, Neighborhoods, )**
10. Initiate a Master Plan, community visioning, and initial development of the Eastside Rail Corridor (Goals: **Economic Development, Neighborhoods, Parks, Balanced Transportation**)
11. Implement a TBD (Goal: **Dependable Infrastructure**) and/or Parks Ballot measure (Goal: **Parks, Open Space, Recreation**) as determined by Council.