CITY OF KIRKLAND

CITY COUNCIL

Joan McBride, Mayor • Doreen Marchione, Deputy Mayor • Dave Asher
Shelley Kloba • Toby Nixon • 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.

2013 KIRKLAND CITY COUNCIL RETREAT II
Monday, June 17, 2013
9:00 a.m.

Kirkland City Hall - Peter Kirk Room
123 5th Avenue
Kirkland, Washington

AGENDA

1.	Call to Order	9:00 a.m.
2.	Roll Call	
3.	Agenda Overview and Housekeeping	9:00 – 9:10 a.m.
4.	Financial Planning	9:10 – 10:45 a.m.
5.	Break	10:45 – 11:00 a.m.
6.	Strategic Planning and Performance Management	11:00 a.m. – 12:00 p.m.
7.	Lunch	12:00 – 1:00 p.m.
8.	Public Disclosure Ordinance Follow-up	1:00 – 2:00 p.m.
9.	Capital Project Management Improvements	2:00 – 3:00 p.m.
10.	Break	3:00 – 3:15 p.m.
11.	Discussion on Topics of Interest to the Council	3:15 p.m.
12.	Adjournment	

Times provided are our best estimate.
The order of items is subject to change during the Retreat.

CITY OF KIRKLAND
Department of Finance & Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3100
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

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

Date: June 7, 2013

Subject: CITY COUNCIL RETREAT – FINANCIAL PLANNING

The purpose of this memo is to provide a brief recap of the year-to-date 2013 financial results, an overview of the mid-year budget adjustments on the June 18 regular meeting agenda, present the 10-year (2013-2022) financial forecast, and provide a discussion of a variety of long-range financial planning and budget considerations.

FINANCIAL STATUS

The Financial Management Report (FMR) provides a review of revenue and expenditure performance for the first quarter of 2013 (Attachment A). The second quarter report should be available in mid-August.

The March/April dashboard report provides high level monitoring of the General Fund revenues and expenditures status and a few key revenue and expenditure indicators across funds that are especially important to watch. The following are a few highlights from the March/April dashboard report (Attachment B):

- Total **General Fund revenues** are at 37 percent of the budget through April, one third of the way through the year. Sales tax and utility tax revenues are slightly ahead of expectations so far, while development fees and business license fees are well ahead of last year's results. Gas taxes, which are collected on a per gallon basis, are below target at 30.4 percent of budget, likely reflecting the high price of gasoline on overall usage. While overall revenue trends are positive, the continuing volatile global economic conditions and national fiscal policy gridlock remain causes for concern.

- Overall, **General Fund expenditures** are slightly trailing the budget at 27.9 percent of budget through April. Under-expenditures are largely due to ramping up of the remaining annexation hiring, position vacancies, firefighter overtime seasonal variation and implementation delays in staffing Station 24, and jail contract savings. The rate of expenditure is expected to increase as vacant positions are filled.

The May sales tax memo (Attachment C) includes an analysis of sales tax revenue trends by business sectors and compares monthly and year-to-date data to last year. Year-to-date revenue is up 16.5 percent compared to the same period in 2012, with substantial increases in the service, contracting, and retail sectors (particularly automotive sales), and positive growth

in all major sectors. Those sectors with significant growth are also economically sensitive and inherently volatile, however, year-to-date results are encouraging.

Development fees year-to date have exceeded budget expectations, with revenues through April at 49.4 percent of budget. This is a significant improvement over last year's performance, which was at 27 percent of budget over the same period. While the current trend is impressive, the volatile nature of building permits is tied to the construction market and can lead to spikes and drops in revenue throughout the year.

The Council Finance and Administration Committee has requested a simple, one-page "financial scorecard" for 2012 that can be posted on the City's website and used in other media and at community events. A draft of the format was reviewed by the Committee on May 28 and the recommended format is included as Attachment D.

MID-YEAR BUDGET ADJUSTMENTS

At the June 18 City Council meeting, the Council will be considering mid-year budget adjustments to:

- Adjust appropriations to reflect unanticipated revenues that have been identified that may be expended;
- Finalize the resources forward (cash) balances;
- Recognize positions, projects, or programs authorized since the last amendment;
- Incorporate housekeeping adjustments.

The mid-year adjustments are summarized as follows (further detail is included in the June 18 Council meeting packet):

Council Directed/Other Requests and Previously Approved Adjustments ($4.7 million) – This category includes any additional changes identified by Council and formalizing previously approved actions (fiscal notes, etc.), such as:

- New capital projects totaling $3.1 million, of which $2.55 million is new external funding (such as grants) and $556,000 is City funding;
- Additional funding for the Public Safety Building construction bid award ($259,031);
- Funding for the Totem Lake Park Master Plan ($120,000); and
- Approximately $300,000 from the development services staffing reserve is being used for additional staffing and contracted services, including a construction inspector, plans examiners, planners and contracted plan review services.

Resources Forward Reconciliation ($3.4 million) – Beginning fund balance (cash) has been reconciled to reflect actual cash balances now that the books for 2012 have been closed. Adjustments are primarily due to differences in capital project carryovers estimates to actual carryovers. The majority of these funds were planned to be spent in 2012 are now being carried over to be spent in 2013 and therefore are already obligated. Further discussion of this adjustment is contained in the staff report for the June 18 City Council meeting.

Housekeeping Items ($1.1 million) – This category of adjustments are needed to adjust budget accounts, fund balances, etc., such as:

- Correcting utility depreciation transfers in the utility capital funds to reflect the actual transfer from the operating funds (approximately $800,000).

- Adjusting the replenishment to the Contingency Fund from the General Fund to reflect final budget decisions (approximately $175,000, which was already budgeted in the General Fund).

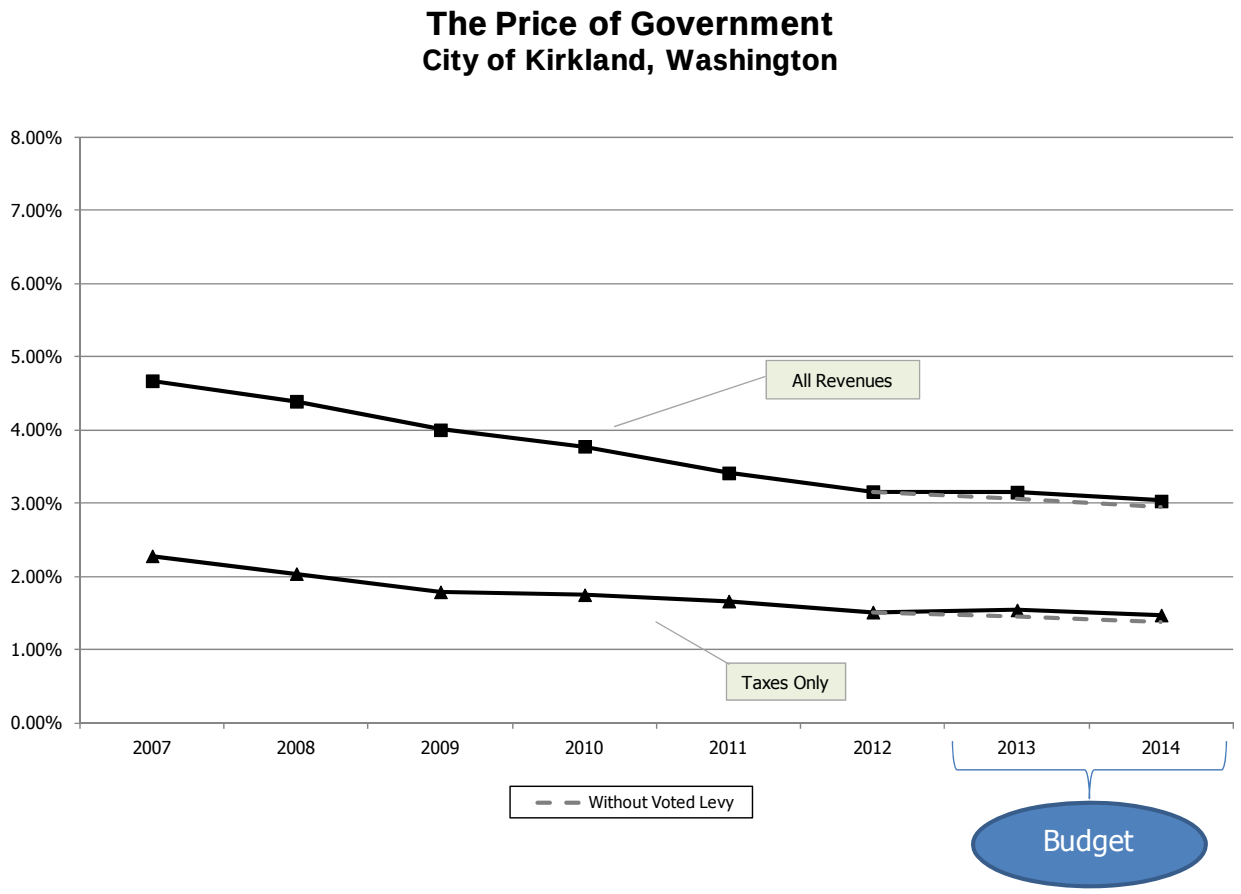
Total appropriation adjustments result in a net budget increase of $8,212,067. The next opportunity for budget adjustments will occur as part of the mid-biennial budget update at the end of 2013.

PRICE OF GOVERNMENT UPDATE

One of the strategic anchors used in the 2013-2014 budget process was the concept of affordability, as indicated by the "Price of Government". The "Price of Government" concept is defined in the book "The Price of Government" by David Osborne & Peter Hutchinson. It is a comparison of the revenues from taxes and fees of the government to the aggregate personal income level of the City's residents. In general terms, the calculation is used to help define a band in which residents are willing to pay for government services. The typical range for local governments is between 5 percent and 6 percent.

Kirkland's Price of Government (POG) graph in the Budget Message reflected actual revenue data for 2007-2011, 2012 estimates, and the 2013-2014 preliminary budget. The personal income data reflected actuals published by the U.S. Census Bureau (American Community Survey) for 2007-2010 and projections based on the Washington State Economic and Revenue Forecast Council personal income growth forecast.

The adopted 2013-2014 budget and 2012 actual revenues are now available, as well as actual 2011 personal income figures, and a new personal income growth forecast. The POG graph has been updated with this new information and the revised graph is presented below.



The overall result has not changed significantly. 2011 is still an anomaly because the annexation occurred mid-year. The POG projections remain just above 3 percent, well below the 5 to 6 percent norm cited in the book. Note that if actual revenues exceed the budget due to economic recovery, the price of government will go up without any increase in tax rates or fees. Similarly, if personal income growth exceeds revenue growth the price of government will go down. As a result, this broad metric should be viewed as a trend indicator and in context with other measures, such as the "Kirkland Quad" quadrant chart and the financial forecast. The relationship of these three strategic anchors will be discussed further in the Performance Management segment of the retreat.

FINANCIAL FORECAST

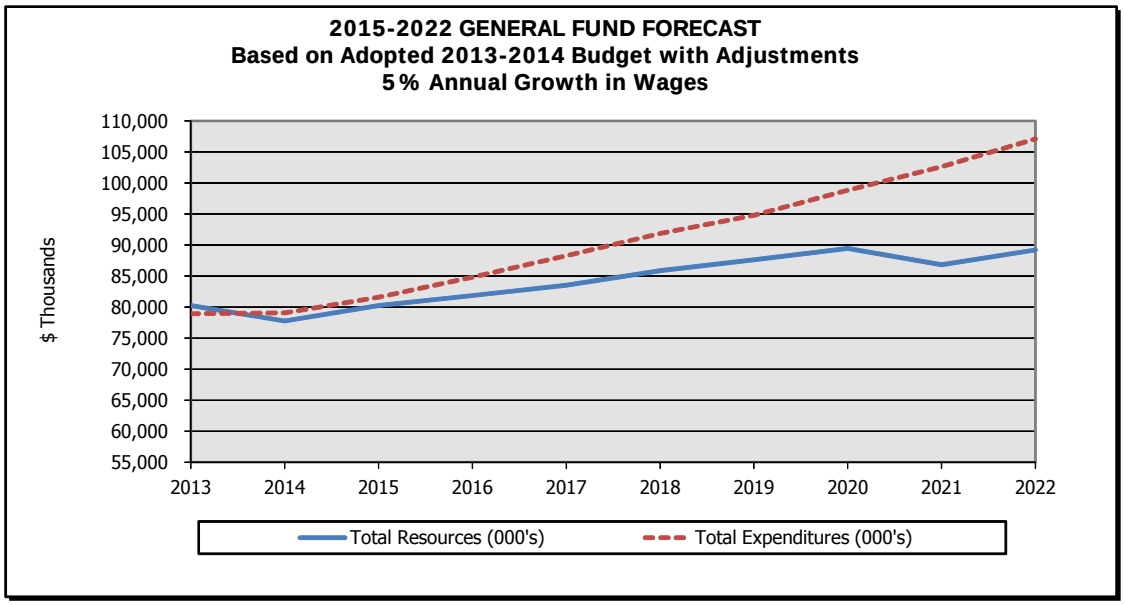
The 6-year financial forecast has been updated to reflect the adopted 2013-2014 budget and has been extended to 10 years to illustrate the impacts of the expiration of the annexation sales tax credit in 2021. The forecast includes the annexation state sales tax credit at $3.4 million in 2013 and 2014, rising at 4% per year in future biennia in line with the forecast for other sales tax revenues. 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.

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

The key assumptions in the Baseline Forecast include:

- Revenues
    - Based on 2012 actuals and 2013-14 adopted budget - plus adjustments made by May 2013
    - 4% growth in utility taxes in 2018 and 2022. No other growth in utility taxes in 2015-2022
    - Sales tax growth of 4%
    - Annexation sales tax growth of 4%
    - No diversion of current revenue sources to CIP
    - No use of reserves in 2015-2022
    - 1% optional property tax and 1% annual growth in new construction property tax in 2015-2022
    - 1% growth in other taxes (revenue generating regulatory license and gambling taxes) over 2011 reflected in 2012; 2% annual growth in 2015-2022
    - 2% annual growth in other revenue in 2015-2022

- Expenditures
    - Based on 2012 actuals and 2013-14 adopted budget
    - 5% annual growth in wages in 2015-2022 (assumes 2.5% raises, 1.5% steps & longevity, 1% market and other adjustments)
    - 7% annual increase in total benefits in 2015-2022
    - No annual growth in supplies, services & capital in 2015-22
    - Annexation-related expenditures in 2012 continue at adopted service levels
    - 1% planned reserve replenishment until 2018 when reserves will be at 80% target



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Resources (000's)	80,255	77,764	80,242	81,866	83,539	85,851	87,623	89,448	86,832	89,202
Total Expenditures (000's)	78,954	79,065	81,599	84,845	88,266	91,883	94,786	98,826	102,632	107,107
Net Resources (000's)	**1,301**	**(1,301)**	**(1,357)**	**(2,979)**	**(4,728)**	**(6,032)**	**(7,163)**	**(9,379)**	**(15,801)**	**(17,906)**
Biennium Total (000's)	**0**		**(4,336)**		**(10,760)**		**(16,541)**		**(33,706)**	

Extending the forecast to 10 years highlights a number of policy issues:

- The cumulative impact of 5 percent growth in salaries and 7 percent growth in benefit costs still causes the gap to grow throughout the forecast period. Closing the gap by just adjusting the wage growth assumption would require the annual growth rate to drop to 1.5% (see the top graph on page 7). One of the continuing items on the City's work plan is to "Continue partnership initiatives with employees to achieve sustainability of wages and benefits". Compensation strategies will continue to be a focus in these efforts.
- Closing the gap solely with revenue would require that sales tax grows by 12% per year throughout the forecast period (see the second graph on page 7).
- The impact of the expiration of the Annexation Sales Tax Credit (ASTC) in 2021 can be seen at the end of the projection period. Measures that have been taken to help the City adjust to the revenue reduction include:
    - The overall non-voted general fund debt service, including the bonds used to finance the Public Safety Building, decreases by $450,000 in 2014 and by another $450,000 in 2021. Funds freed up from these decreases are intended to offset the loss of the ASTC upon expiration and should not be re-appropriated to fund additional on-going expenditures. However, funds from these sources accumulated before the ASTC expiration could be set aside toward one-time uses, such as the public safety sinking fund, capital improvements or recouping the annexation costs incurred by the City prior to the effective date. A summary of the City's outstanding debt is included below.
    - The City of Kirkland currently has $36,325,000 in Councilmanic bonds, with a further $9,140,000 in Unlimited Term General Obligation bonds.

Limited Term General Obligation (Councilmanic) Debt

Debt	Paid from	Expires	Biennial Payment 2013/14	2015/16	2017/18	2019/20	2021/22	Average Biennial Payment 2023-2040	Purpose
2010 Facilities Debt	General Fund/BAB Credit	2040	4,716,085	5,361,050	5,327,820	5,375,735	4,746,200	4,482,663	Public Safety Building & Maintenance Center
Teen Center	REET/Impact Fees	2019	121,972	120,694	119,088	121,754	123,850		1995 Teen Center
City Hall	General Fund	2014	662,639	-	-	-	-		1994 City Hall Expansion
Library Garage	General Fund	2014	775,617	-	-	-	-		Library Garage
McAuliffe	REET/Impact Fees	2021	494,872	429,396	369,012	363,046	360,450		McAuliffe Park
		Total	6,771,185	5,911,140	5,815,920	5,860,535	5,230,500	4,482,663	
	Contribution per fund								
	General Fund		4,958,711	4,184,683	4,189,333	4,286,978	3,688,217	3,406,514	
	BAB Credit		1,195,630	1,176,368	1,138,487	1,088,757	1,057,984	591,849	
	REET		616,844	550,090	488,100	484,800	484,300	484,300	

Unlimited Term General Obligation Debt

Debt	Paid from	Expires	Biennial Payment 2013/14	2015/16	2017/18	2019/20	2021/22	Purpose
2003 Parks Bonds	Excess Property Tax Levy	2022	1,284,910	1,293,320	1,312,520	1,276,960	1,272,820	Park Acquisition
1995 Public Safety Bond	Excess Property Tax Levy	2014	179,250					Forbes Creek Fire Station Construction
Fire District 41*	Property Tax		941,144	941,144	941,144	941,144	941,144	Fire Station Consolidation
		Total	2,405,304	2,234,464	2,253,664	2,218,104	2,213,964	
	Contribution per fund							Excess levy expires when debt is paid off.
	Excess Property Tax Levy		1,464,160	1,293,320	1,312,520	1,276,960	1,272,820	
	Fire District 41 Property Tax		941,144	941,144	941,144	941,144	941,144	

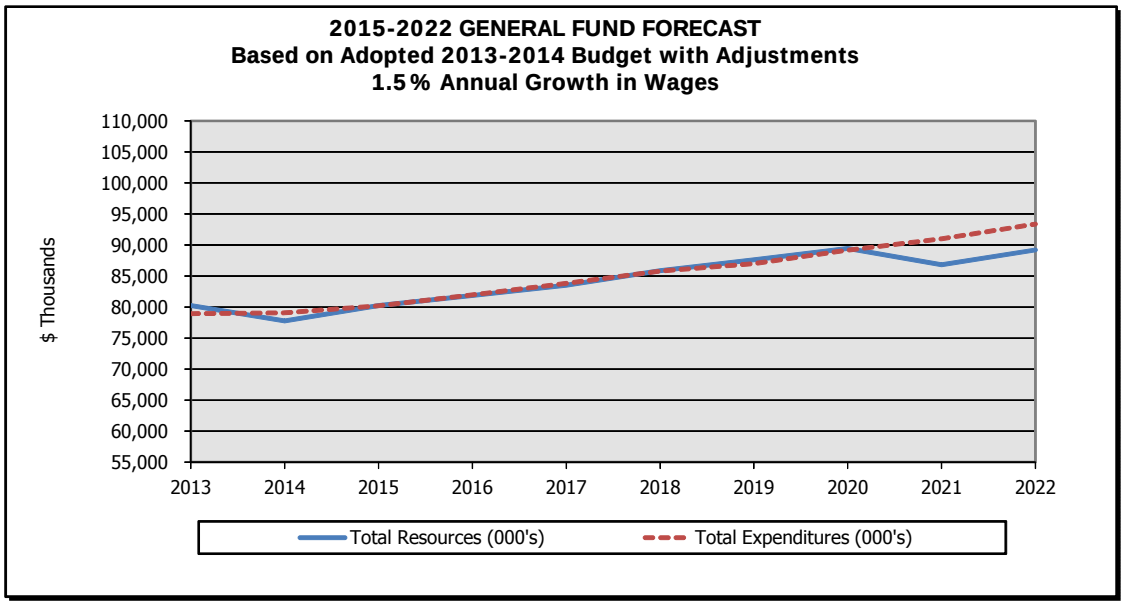
* While not precisely an excess levy, this debt service is paid from property tax assessed on only those properties formely within the District. This tax revenue ceases when the debt is retired

The City's ten-year debt profile shows a decline in obligations, particularly from the General Fund. Savings of approximately $450,000 are realized at the end of the current biennium and an additional $450,000 at the end of 2020. As described previously, staff recommends that these funds, freed up in 2014, should only be used for one-time purposes such as sinking funds, capital improvements or reserve replenishments.

Beyond 2022 the City's only outstanding obligation is the Facilities Bond (Build America Bond) which runs until 2040 with an average annual payment of $4,482,663 per biennium.

- Consistent with the Council's financial policies, the adopted budget assumes that 1% of revenues would go toward reserve replenishment until reserves reach their targets, which is projected in 2018. By 2018 this will amount to approximately $1 million a year. Once these reserves are replenished, these revenues can be applied to offset the loss of the ASTC.

- Even given these measures, the forecast would indicate that the loss of the ASTC would add $4.2 million per year to the gap annually, by the time it expires in 2021. Closing this remainder is discussed further in the next section.



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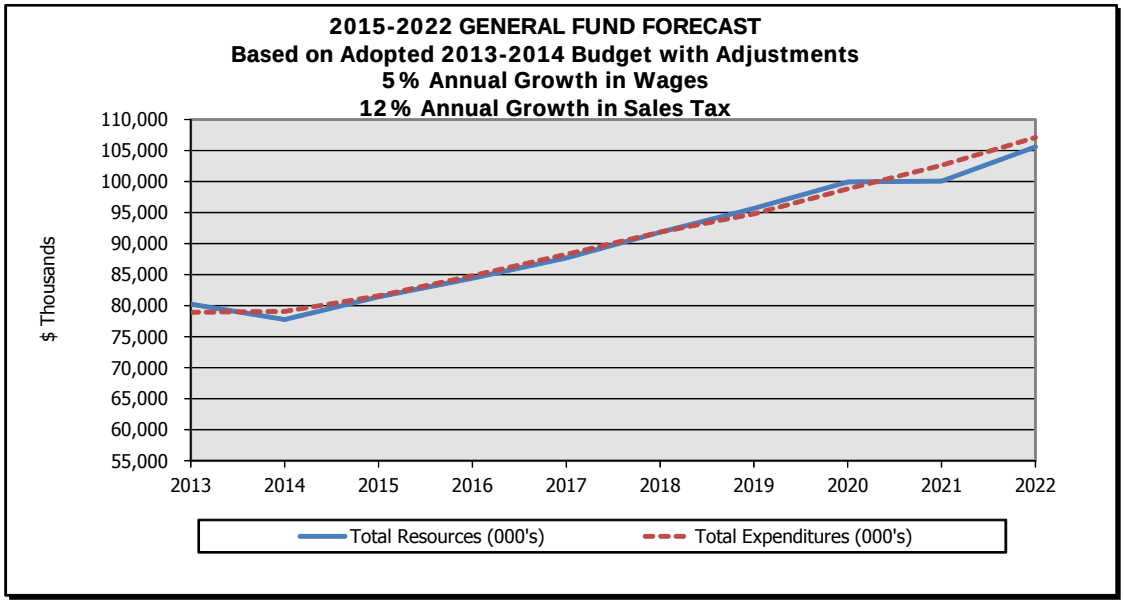
Total Resources (000's)	80,255	77,764	80,242	81,866	83,539	85,851	87,623	89,448	86,832	89,202
Total Expenditures (000's)	78,954	79,065	80,216	81,989	83,842	85,791	86,999	89,175	91,001	93,375
Net Resources (000's)	**1,301**	**(1,301)**	**26**	**(122)**	**(303)**	**60**	**624**	**272**	**(4,170)**	**(4,173)**
Biennium Total (000's)	**0**		**(96)**		**(243)**		**896**		**(8,343)**	



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Resources (000's)	80,255	77,764	81,427	84,426	87,687	91,830	95,705	99,941	100,084	105,604
Total Expenditures (000's)	78,954	79,065	81,599	84,845	88,266	91,883	94,786	98,826	102,632	107,107
Net Resources (000's)	**1,301**	**(1,301)**	**(172)**	**(419)**	**(579)**	**(54)**	**920**	**1,115**	**(2,548)**	**(1,504)**
Biennium Total (000's)	**0**		**(592)**		**(633)**		**2,035**		**(4,052)**	

FINANCIAL CONTEXT LOOKING AHEAD

Long-range Strategies to Address the End of the ASTC

Two clear ways to close the remaining gap at the end of the ASTC are:

- To begin to reduce reliance on the credit slowly over the remaining period by reducing the amount assumed for budget purposes. Some of this could happen naturally if the growth in annexation revenues exceeded the growth in annexation expenses. In the absence of that occurring, narrowing the gap would require growth in pre-annexation revenues to fund a portion of the expenses or by slowing expense growth. However, this also leaves available funds "on the table" that could be put to beneficial use.

  The General Fund forecast assumes a 4% annual growth in ASTC. ***For budget discussion purposes, should the forecast include an un-inflated or baseline ASTC amount of $3.4 million?*** The ultimate gap to be filled upon expiration will be smaller if we assume the revenues remain at the current level.

- To set aside a portion of non-annexation on-going revenue growth equivalent to the gap for one-time uses until the expiration date. At that time, the on-going funds would be available to fund the on-going costs that continue after the expiration of the ASTC. One of those uses is to reimburse the costs incurred by the City prior to the annexation effective date, which would take the form of reserve replenishment. Other potential one-time uses for the funds that are set aside could include increased funding for sinking funds and capital projects, concepts that will be discussed further in the next section.

Other, more complex, options could include:

- If the City pursues forming a Regional Fire Authority (RFA), a decision will need to be made in terms of whether and how much the new tax imposed by the RFA would be offset by reducing the City's existing taxes. One argument for leaving a portion of the existing tax revenue in place (resulting in an overall increase in tax revenues) would be to offset the loss of the ASTC revenue. How much net taxes increase must be weighed carefully against the public's response, which may impact the outcome of an RFA vote.
- Pursuing a voted tax option, which might include a levy lid lift for public safety purposes (a large cost driver in the annexation) or establishing a fire benefit charge as authorized by RCW 35.13.256 reflecting the 2012 state legislature's approval of HB 2767. Both of these options would require that the impacts of the ASTC revenue loss would be sufficiently compelling to result in a positive outcome.

As future budgets are developed and funding decisions are made, opportunities for addressing the impacts of the ASTC expiration should be identified and considered in the decision-making criteria.

Reprioritizing in the Rebound

The City Council requested a discussion of how to proactively plan what to do with new revenues as the economy recovers. To begin discussion of this topic, the following quote seems appropriate:

"Fiscal discipline is not the enemy of our good intentions but the basis for realizing them"
– Governor Jerry Brown, California State of State address, January 2013

The City has a strong fabric of fiscal policies to help guide this discussion. A few of the relevant policies are excerpted below.

OPERATING BUDGET POLICIES

The municipal budget is the central financial planning document that embodies all operating revenue and expenditure decisions. It establishes the level of services to be provided by each department within the confines of anticipated municipal revenues.

- *The City Council will adopt a biennial budget which will reflect estimated revenues and expenditures for the ensuing two years. A mid-biennium review and update will take place as prescribed by law during the first year of the biennium.*
- *The City Council will establish municipal service levels and priorities for the ensuing two years prior to and during the development of the preliminary budget.*
- *The City Manager shall incorporate the Council's priorities in the formulation of the preliminary and final budget proposal.*
- *Adequate maintenance and replacement of the City's capital plant and equipment will be provided for in the biennial budget.*
- *The biennial budget will be balanced with resources in that biennium.*

REVENUE AND EXPENDITURE POLICIES

Annual revenues are conservatively estimated as a basis for preparation of the biennial budget and City service programs.

Expenditures approved by the City Council in the biennial budget define the City's spending limits for the upcoming biennium. Beyond legal requirements, the City will maintain an operating philosophy of cost control and responsible financial management.

- *The City will maintain revenue and expenditure categories according to state statute and administrative regulation.*
- *Current revenues will be sufficient to support current expenditures.*
- *All revenue forecasts will be performed utilizing accepted analytical techniques.*
- *All fees for services shall be reviewed and adjusted (where necessary) at least every three years to ensure that rates are equitable and cover the total cost of service, or that percentage of total service cost deemed appropriate by the City.*
- ***Revenues of a limited or indefinite term will be used for capital projects or one-time operating expenditures to ensure that no ongoing service program is lost when such revenues are reduced or discontinued. (emphasis added for 6-17-13)***

RESERVE AND FUND BALANCE POLICIES

Reserve Replenishment (excerpt)

- *Reserve replenishments occur in two ways during periods of economic recovery:*
  - *Planned - A specific amount is included in the adopted budget, and*
  - *Unplanned - Ending fund balances are higher than budgeted, either due to higher than budgeted revenues or under-expenditures.*
- *Planned amounts are included as part of the adopted budget. Planned replenishments toward 80% of the target level shall be set to at least 1% of the General Fund adopted budget.*
- *Unplanned amounts available at the end of each biennium (if any) should help replenish to target faster. A high percentage (up to all) uncommitted funds available at the end of a biennium should be used for reserve replenishment until reserves meet 80% of target and the revenue stabilization reserve is at 100% of target. Some or all of those unplanned funds may be used in place of planned (budgeted) amounts in the following biennium to the extent it meets or exceeds the 1% budgeted amount.*
- *Once reserves reach 80% of target and revenue stabilization reserve is at 100%, funds may be used to meet other one time or on-going needs. Additional funds should be used to fund a variety of needs, based on the following process:*
  - *Set 50% of available cash toward reserves until they are at 100% of target.*
  - *The remaining 50% shall be available for one or more of the following needs, depending on the nature of the funds available (one-time or on-going) and in the following order of priority:*
    - *Fund liabilities related to sinking funds for public safety and information technology equipment,*
    - *Maintain current service levels,*
    - *Fund one-time projects or studies,*
    - *Increase funding for capital purposes,*
    - *Restore previous program service reductions,*
    - *Potential program and service enhancements.*

Taken as a whole, these policies provide a roadmap for evaluating decisions on how to prioritize investments and determine what performance the Council wants to buy as revenue becomes available, both one-time and ongoing. Reserve replenishment is clearly a high priority as additional revenues become available, as illustrated by the fiscal policy above. After reserves, the bullets on the list above relate directly to reprioritizing in the rebound as follows:

- **Equipment Sinking Funds** – As part of the 2013-2014 budget, the Council established new sinking funds for the replacement of public safety equipment and information technology infrastructure based on an assessment of needs over a 10 year period. The supporting analysis highlighted that some of the assets included had a life up to 20 years and that additional contributions would be necessary to fully fund the identified needs. An addition of $1.1 million in initial contribution plus an additional annual contribution of approximately $100,000 per year would be needed to fund the 20 year horizon. Finally, as new, incremental systems or equipment are purchased in the future, the required funding may increase.

In addition to the equipment sinking funds, the amount set aside in the facilities sinking funds is likely to increase with completion of the Public Safety Building. Additional contributions would be from General Fund sources, since the expanded square footage and the relocating functions are General Fund supported.

- **Current Service Levels** – As illustrated by the forecast discussion above, additional revenues are needed each year just to maintain current service levels. This dynamic represents the first call on new on-going revenues. In addition, the expiration of the Annexation Sales Tax Credit described earlier creates an additional on-going revenue need in 2022 to support current service levels.
- **One-time Projects or Studies** – As has been the case for many years, there are a number of needs that have been funded historically with one-time cash, but in reality represent on-going commitments. Examples include funding for A Regional Coalition for Housing (ARCH) and a portion of the funding for Human Services. In addition to the need to fund these activities reliably, the City routinely has one-time projects or periodic studies that represent calls on one-time cash. Examples include strategic/master/comprehensive plan updates, changes to technology, etc.
- **Funding for Capital Purposes** – The 2013-2018 Capital Improvement Program reflects total capital needs of $607 million, of which $158 million are funded and $449 million (74%) are unfunded. Over time, a variety of resources have been pursued to make progress on funding these needs, most recently, the approval of Propositions 1 and 2 of which both include significant capital components. However, needs can be expected to increase as the numerous plan updates that are currently in progress (Comprehensive Plan, Parks, Recreation, and Open Space Plan, Transportation Master Plan, Surface Water Master Plan, etc.) incorporate the needs of the areas annexed in 2011 and update the needs previously identified.

  Linking CIP to Master Plans in 2015 - Staff is evaluating the concept of changing the timing of the full-scale development of the next CIP from 2014 (developing the 2015-2020 CIP) to 2015 (developing the 2016-2021 CIP) in order to better incorporate the projects identified through the various plan updates. If the CIP development timeline is changed, a more modest update to the City's CIP would be undertaken in 2014 to update project costs and timing with an emphasis on the projects planned for 2015.

  At prior retreats, the Council has received information regarding the level of capital investment by our immediate neighbors (Bellevue and Redmond) that illustrates that their more robust investment in capital purposes is due to per capita tax revenues that are at least 20% higher than those in Kirkland. This provides more General Fund resources that those cities can dedicate to capital purposes. For example, Redmond has two specific fiscal policies addressing the amount of General Fund revenue transferred to the CIP:

  - *"The City will transfer, annually, at least five percent (5%) of General Fund revenues (excluding development and significant one-time revenues), available one-time money and the pavement management contribution to the capital investment program as part of the City's biennial budget."*
  - *"A contribution ($1.1 million) from sales tax on construction, adjusted annually for inflation, will be transferred into the capital investment program".*

  Using the same calculation as Redmond, Kirkland currently places 2.8% of General Government revenues into the CIP. Kirkland could consider phasing in a higher level of funding from general tax revenues over time. One approach would be to set aside a portion of sales tax revenues from contracting and services, which are highly volatile sectors related

to development activity, toward capital needs. For example, a base level of revenues could be established using the low point in receipts in recent years (2010) where sales tax revenues in those two categories totaled $3.35 million. Receipts in those categories over the baseline would be set aside toward CIP needs and those funds would be programmed into the next CIP. If this policy had been in place in 2011, $100,000 would have been set aside toward capital. It is important to recognize, however, that these funds would not have been available to fund operations.

This topic will continue to be a focus area as the capital needs are identified through the current master planning process.

- **Restore Previous Program Service Reductions** – During the past several years, the City made a number of service level reductions in response to revenue declines. Some of those reductions were restored through Propositions 1 and 2, such as pedestrian safety and parks maintenance funding, however, the lower service levels are still in place in most areas. Consideration of whether any of these programs or service levels should be restored is likely to be a topic if overall revenues improve.
- **Potential Program and Service Enhancements** – As discussed above, the City is actively engaged in updating many of its important long range planning documents. Those updates will identify service level needs and enhancements that far exceed the City's financial resources. The question of how to prioritize those needs and make progress on funding at least a portion of them is part of the discussion of the performance management framework that will also be reviewed as part of this retreat. The further development and application of those principles will provide additional guidance on how to prioritize needs as revenues rebound.

While this memo does not provide a definitive framework, it illustrates that the Council has adopted policy language on how to prioritize funding and that there are a variety of needs to consider. This topic will continue to be a focus during the budget processes and there will be opportunities to refine the criteria further.

Mid-Biennial Budget Preview

While overall revenues are improving, there are a number of major issues and uncertainties facing the City as it moves toward the mid-biennial budget update:

- **Health Benefits Costs** – Final 2012 results used $300,000 of the $1 million set aside in the health benefits fund for rate stabilization purposes, due to a higher than average claims pattern that was discussed as part of the budget development process. The 2013 rate included an additional 13% be set aside toward potential claims liability. As noted at that time, if claims return to a more expected level, the additional funds set aside could add to the rate stabilization reserve. However, if claims continue at an elevated level, some use of the rate stabilization reserve may be required. Year-to-date, claims are continuing at an elevated level and we are projecting that at least $500,000 of the rate stabilization reserve may be used in 2013 if the trend continues. The 2014 budget was set assuming an additional increase in benefit rates of 7 percent; depending on the results for the rest of this year, an additional increase may be required as part of the mid-biennial budget update. The Employee Benefits Advisory Committee is actively reviewing claims patterns and evaluating recommended program changes to help manage costs. Staff is also working diligently to understand, react to, and implement the provisions of the Affordable Care Act. Further updates on these issues will occur during the budget update in the Fall.

- **Telecommunications Utility Tax One-Time Recoveries** – The City did not realize as large an increase as expected in telecommunications utility tax revenues after the annexation was completed, despite early and frequent notification of the providers. Other agencies recommended using a contract auditor to evaluate whether the providers were correctly reporting their revenues and the City Manager authorized $10,000 for a contract auditor to review the filings of the top 10 providers (who constitute over 90 percent of the revenues). To date, the auditor has confirmed that 6 of these providers are currently paying on the expanded service area, but delays in implementation resulted in back taxes owed by some providers. As of this time, back billings totaling over $120,000 will be billed to providers, with more in the pipeline. Staff recommends that any one-time recoveries be set aside in a reserve until the current, unrelated utility tax refund claims by two providers, one of which is currently in litigation, are resolved. Given the results to date, staff is planning to expand the auditor's scope to include cable utility tax revenues and cable franchise fees, at an additional cost of $10,000 from funds previously budgeted for franchise audit purposes in the IT department.
- **Needs to Meet Demands of Increased Development Activity** – If the level of development activity continues to grow, there may be need to adjust resources to maintain service standards. Some short-term adjustments have been made using Development Services reserves set aside for that purpose, but if the trend appears to last longer than the current year, additional adjustments may need to be made for 2014.
- **Needs for 2013-2014 Work Plan Items** – The City's adopted work plan for the biennium includes progress on implementation of a number of initiatives, including results of the Fire Strategic Plan and the Development Services Organizational Study. As work proceeds on these activities, supplemental funding requests are anticipated. For example, the Development Services Study called for enhancements to the website and integration of the materials developed by the departments to provide more of a "one-stop shopping" experience for the customer. Consultant services and one-time resources are anticipated to be needed to bring this recommendation into reality.

CONCLUSION

It is good to be able to report that revenues are recovering, but it is sobering to recognize that there are a variety of unmet needs that represent a call on those resources. It is also important to recognize that we are recovering from a particularly low point as illustrated by the fact that sales tax revenues ($14.8 million in 2012) have not yet recovered to the 2007 peak level of $16.5 million, even with the addition of the annexation areas in 2011.

Staff believes that completion of the long range planning updates will provide a strong context for assessing funding needs. Implementing the performance management framework should provide an approach to assist in prioritizing those needs and determining how effective our efforts are at meeting the Council's goals.

The next major financial review by the Council will be the mid-biennial budget process that will begin in September and result in an amendment to the budget by the end of 2013.

Financial Management Report as of March 31, 2013

AT A GLANCE:

Kirkland voters approve Propositions 1 and 2 to support City Streets and Parks

(page 2 sidebar)

2013 revenues through March increased over 2012 (page 3)

Sales tax revenue increased significantly in the first quarter. (page 5)

The economy continues to recover and the housing market is heating up. (pages 7-8)

Inside this issue:

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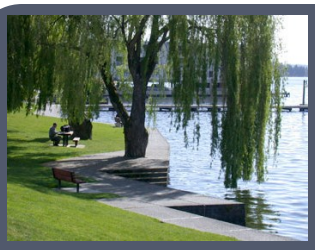
Summary of All Operating Funds: *Revenue*

- **General Fund** actual 2013 revenue ended the first quarter **12.1 percent ahead** of the same period last year, an increase of over $1.85 million. This revenue growth has been driven by improved sales tax revenues and strong growth in development services fees. The fund is at **22.4 percent of budget**, this will rise when first half property taxes are collected in the next two months. 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 2013 revenue is **8.5 percent higher** than it was through the same period in 2012, growing more than $300,000. Most funds increased their revenues with the only drop coming in cemetery operating revenues. Growth in revenues over 2012 can be attributed to an adjusted appropriation of funds to Parks Maintenance and increased property tax collections for Street maintenance. These funds have collected only **16.4 percent of budget** because Proposition 1 & 2 levy funds have not yet been collected and are not reflected in this quarter's revenue figures.

There were internal accounting changes for revenues of Water/Sewer, Surface Water, and Solid Waste utilities that contributed to the increases in revenues when comparing 2013 to 2012.

- The **Water/Sewer Operating Fund** actual 2013 revenue is **up 12.2 percent** over the same period last year due to the accounting change and rate increases, and **23.5 percent of budget** has been collected. This is slightly low because of seasonal variations.
- **Surface Water Management Fund** has received **6.9 percent of budgeted revenues**. Surface water charges are paid with property taxes which are primarily received in April and October. Some revenue came in early in 2013 and the majority of the funds are yet to be collected. This year's revenues thus far are **79.9 percent higher** than they were at the end of March 2012, primarily due to timing issues.
- **Solid Waste Fund** actual 2013 revenue is **4.2 percent ahead** compared to the same period last year, which is at **22.8 percent of budget**. Rate increases and the accounting change factored into this growth, and as with other utilities, revenues are slightly lower than budget because of the timing of billing.

	Year-to-Date Actual			Budget			% of Budget	
Resources by Fund	**3/31/2012**	**3/31/2013**	**% Change**	**2012**	**2013**	**% Change**	**2012**	**2013**
General Gov't Operating:								
General Fund	15,409,090	17,275,056	12.1%	76,241,634	77,213,977	1.3%	20.2%	22.4%
Other General Gov't Operating Funds	3,537,667	3,840,105	8.5%	18,954,113	23,486,790	23.9%	18.7%	16.4%
Total General Gov't Operating	**18,946,757**	**21,115,161**	**11.4%**	**95,195,747**	**100,700,767**	**5.8%**	**19.9%**	**21.0%**
Utilities:								
Water/Sewer Operating Fund	4,984,834	5,593,827	12.2%	20,540,187	23,794,608	15.8%	24.3%	23.5%
Surface Water Management Fund	354,011	636,747	79.9%	8,391,990	9,224,823	9.9%	4.2%	6.9%
Solid Waste Fund	3,176,461	3,310,694	4.2%	13,228,950	14,495,498	9.6%	24.0%	22.8%
Total Utilities	**8,515,306**	**9,541,268**	**12.0%**	**42,161,127**	**47,514,929**	**12.7%**	**20.2%**	**20.1%**
Total All Operating Funds	**27,462,063**	**30,656,429**	**11.6%**	**137,356,874**	**148,215,696**	**7.9%**	**20.0%**	**20.7%**



Kirkland Voters Approve Street and Parks Levies

Citizens of Kirkland voted to invest in the City's infrastructure and amenities when two permanent levy lid lifts to improve city streets and parks were passed in the November 6, 2012 general election. The Street Levy was proposed by City Council to address the declining condition of the City's streets, and the Parks Levy was initiated by a citizen group and then proposed by the City Council to address the recession-related maintenance reductions and emerging capital needs.

The people of Kirkland voted 54.8% in favor of the Street Levy and 57.9% in favor of the Parks Levy. The Street Levy implements a property tax increase $0.204 per $1000 of assessed valuation, and the Parks Levy increases property taxes by $0.16 per $1000 of assessed valuation. These levies will raise approximately $3 million and $2.4 million in annual revenues, respectively.

The additional revenues are already being put to work. Funds from the Street Levy are available to be spent on street maintenance, pedestrian safety improvements, and school walk-routes, and the Parks Levy can be spent on park maintenance, park facilities renovations and land acquisition.

Summary of All Operating Funds: *Expenditures*

- **General Fund** actual expenditures finished March **up 5.7 percent** over last year. Most general fund departments have increased expenditures in order to meet the expanded service needs of the City after annexation. The budget has taken this growth into account, and expenditures are at **24.1 percent of budget** a quarter through the year. A more detailed analysis of General Fund expenditures by department is found on page 4.
- **Other Operating Funds** actual expenditures were up **9.3 percent** due to rising expenditures for equipment rental, parks maintenance, and facilities maintenance. These particular increases totaled nearly $330,000 but were largely offset by savings of $225,000 in street operating and information technology expenditures. The overall increase in other operating funds was nearly $350,000 and most of that can be attributed to increased spending on vehicle replacement. Vehicle replacement costs were lower than expected in 2012, so expenditures on vehicles has increased in 2013 as more vehicles are being replaced and annexation related vehicles are added to the fleet. This rise in expenses was anticipated in the budget, and these funds have kept expenditures **lower than budget at 19.8 percent.**

Expenditures in the Water/Sewer, Surface Water, and Solid Waste utility funds have increased mostly due to the internal accounting change, with the taxes now flowing through the utility fund. This results in an expenditure in the utilities as the funds are moved to the general fund, offset by tax revenues appearing in the utilities, resulting in zero net effect to ratepayers.

- **Water/Sewer Operating Fund** actual expenditures finished the quarter **29.3 percent higher** than they did in 2012, and they were slightly **above budget at 26.2 percent**. The majority of this increase is due to the accounting change, which has amounted to more than $500,000 of new flow-through expenditures from this fund.
- **Surface Water Management Fund** actual first quarter expenditures were **20.8 percent higher** than last year. These expenditures have grown as a result of hiring annexation-related positions that were postponed in 2012 and due to the new accounting of utility taxes. This growth was anticipated and is reflected in the budget. Expenditures through March are at **13.8 percent of budget**.
- **Solid Waste Fund** has spent **19 percent more** so far in 2013 than it did in 2012, also due to the accounting change. With **24.8 percent of budget spent**, expenses have been in line with budget expectations.

	Year-to-Date Actual			Budget			% of Budget	
Expenditures by Fund	**3/31/2012**	**3/31/2013**	**% Change**	**2012**	**2013**	**% Change**	**2012**	**2013**
General Gov't Operating:								
General Fund	15,571,111	16,454,835	5.7%	67,876,117	68,371,367	0.7%	22.9%	24.1%
Other General Gov't Operating Funds	3,922,683	4,287,010	9.3%	18,821,044	21,605,796	14.8%	20.8%	19.8%
Total General Gov't Operating	**19,493,794**	**20,741,845**	**6.4%**	**86,697,161**	**89,977,163**	**3.8%**	**22.5%**	**23.1%**
Utilities:								
Water/Sewer Operating Fund	4,069,644	5,260,029	29.3%	17,325,319	20,071,914	15.9%	23.5%	26.2%
Surface Water Management Fund	1,036,394	1,251,707	20.8%	5,495,211	9,082,998	65.3%	18.9%	13.8%
Solid Waste Fund	3,177,029	3,779,557	19.0%	13,135,052	15,237,469	16.0%	24.2%	24.8%
Total Utilities	**8,283,067**	**10,291,293**	**24.2%**	**35,955,582**	**44,392,381**	**23.5%**	**23.0%**	**23.2%**
Total All Operating Funds	**27,776,861**	**31,033,138**	**11.7%**	**122,652,743**	**134,369,544**	**9.6%**	**22.6%**	**23.1%**

General Fund Revenue

- **Sales tax** revenue allocated to the General Fund is **18.9 percent higher** than it was last year. This is **ahead of budget projections,** with **28.6 percent of budget** collected thus far. A detailed analysis of total sales tax revenue can be found starting on page 5.
- **Property tax** is ahead of last year with **27.5 percent more** collected in the first quarter. However, most property tax is collected in April and October so this category is currently sitting at **6.7 percent of budget** and a true assessment of performance will not be possible until the second quarter report.
- **Utility tax** revenue collection is **up 3.2 percent** compared to the first quarter of 2012 mostly due to moderately higher electric and telephone utility collections. Collections are **above budget at 26.6 percent.**
- **Other taxes** actual revenue is **5.0 percent higher** than the same period in 2012 due to rising gambling and leasehold excise tax revenue. This is at **44.4 percent of budget** since gambling taxes are collected twice a year**.**
- The **business licenses (base fee) and franchise fees** have collected **1.1 percent more** than they did at this point last year and are **above budget at 25.7 percent.**
- The **revenue generating regulatory license fee** has brought in **5.8 percent less** than it did in 2012. This is the tax the city charges employers on a per-employee basis, and it can fluctuate based on the timing of when businesses submit their payments. These revenues are healthy at **26.9 percent of budget** and should normalize compared to 2012 as the year goes on.
- The **development-related fee** revenues, collectively, are **up 38.1 percent** and are ahead of projections at **32.7 percent** of their budgeted revenue. **Building, Structural & Equipment permits** are **up 23.7 percent** over last year. **Engineering services** has collected **79.6 percent more** than last year. **Plan check fees** are **up 70.8 percent. Planning fees** revenue has risen **5.0 percent.** The increased revenues indicate that building and development is increasing in the City. Note that a portion of this additional revenue is for work to be done in subsequent years and will be set aside in reserve for that purpose.
- **Fines and Forfeitures** are **up 51.6 percent** due to the increase of parking and traffic fines being collected. Parking fines have particularly grown because the parking enforcement officer position that was vacant last year has now been filled, but they still **below budget at 21.4 percent**.
- The **other financing sources** category in 2012 reflected the one-time asset transfer from Woodinville Fire & Rescue. Budgeted interfund transfers were decreased in 2013, but no actuals have posted so far this year.

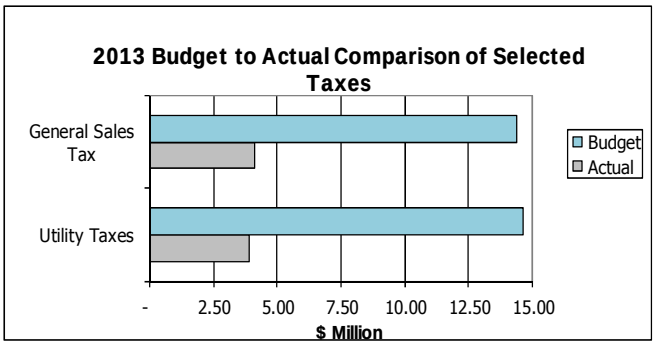
General Fund 2013 revenues ended the first quarter $1,865,966 higher than the same period last year largely due to growth in sales tax, property tax, and permits and fees.

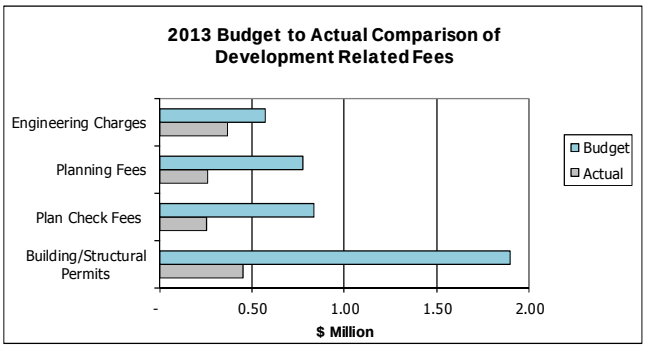
The General Fund is the largest of the General Government Operating funds. It is primarily tax supported and accounts for basic services such as public safety, parks and recreation, and community development.

- ***Many significant General Fund revenue sources are economically sensitive, such as sales tax and development–related fees.***
- ***In 2013 about 424 of the City's 544 regular employees are budgeted within the general fund.***

General Fund Resource Category	Year-to-Date Actual			Budget			% of Budget	
	3/31/2012	3/31/2013	% Change	2012	2013	% Change	2012	2013
Taxes:								
Retail Sales Tax: General	3,454,796	4,109,153	18.9%	13,972,010	14,368,962	2.8%	24.7%	28.6%
Retail Sales Tax Credit: Annexation	830,130	978,797	N/A	3,409,791	3,415,626	N/A	N/A	28.7%
Retail Sales Tax: Criminal Justice	410,139	451,682	10.1%	1,568,112	1,634,287	4.2%	26.2%	27.6%
Property Tax	866,887	1,105,695	27.5%	16,049,865	16,619,200	3.5%	5.4%	6.7%
Utility Taxes	3,763,958	3,883,235	3.2%	14,468,333	14,618,866	1.0%	26.0%	26.6%
Rev Generating Regulatory License	665,333	626,913	-5.8%	2,386,300	2,328,005	-2.4%	27.9%	26.9%
Other Taxes	452,441	474,948	5.0%	1,005,488	1,068,775	6.3%	45.0%	44.4%
Total Taxes	**10,443,684**	**11,630,423**	**11.4%**	**52,859,899**	**54,053,721**	**2.3%**	**19.8%**	**21.5%**
Licenses & Permits:								
Building, Structural & Equipment Permits	363,762	450,124	23.7%	2,423,612	1,900,182	-21.6%	15.0%	23.7%
Business Licenses/Franchise Fees	1,078,295	1,090,383	1.1%	4,109,869	4,244,605	3.3%	26.2%	25.7%
Other Licenses & Permits	108,390	142,557	31.5%	217,579	317,128	45.8%	49.8%	45.0%
Total Licenses & Permits	**1,550,447**	**1,683,064**	**8.6%**	**6,751,060**	**6,461,915**	**-4.3%**	**23.0%**	**26.0%**
Intergovernmental:								
Grants and Federal Entitlements	111,127	10,662	-90.4%	137,835	13,597	-90.1%	80.6%	78.4%
State Shared Revenues & Entitlements	260,435	239,440	-8.1%	909,967	1,033,781	13.6%	28.6%	23.2%
EMS	-	-	N/A	866,729	884,645	N/A	N/A	N/A
Other Intergovernmental Services	12,887	137,978	970.7%	186,597	500,455	168.2%	6.9%	27.6%
Total Intergovernmental	**384,449**	**388,080**	**0.9%**	**2,101,128**	**2,432,478**	**15.8%**	**18.3%**	**16.0%**
Charges for Services:								
Internal Charges	1,331,273	1,322,621	-0.6%	5,894,286	5,208,912	-11.6%	22.6%	25.4%
Engineering Services	206,632	371,043	79.6%	555,852	574,093	3.3%	37.2%	64.6%
Plan Check Fee	147,862	252,620	70.8%	814,484	836,864	2.7%	18.2%	30.2%
Planning Fees	248,418	260,918	5.0%	544,619	776,347	42.5%	45.6%	33.6%
Recreation	329,273	360,817	N/A	1,152,963	1,160,300	N/A	N/A	31.1%
Other Charges for Services	384,038	481,303	25.3%	2,187,273	3,084,228	41.0%	17.6%	15.6%
Total Charges for Services	**2,647,496**	**3,049,322**	**15.2%**	**11,149,477**	**11,640,744**	**4.4%**	**23.7%**	**26.2%**
Fines & Forfeits	269,879	409,113	51.6%	2,781,169	1,907,925	-31.4%	9.7%	21.4%
Miscellaneous	113,135	115,053	1.7%	598,901	717,194	19.8%	18.9%	16.0%
Total Revenues	**15,409,090**	**17,275,056**	**12.1%**	**76,241,634**	**77,213,977**	**1.3%**	**20.2%**	**22.4%**
Other Financing Sources:								
Transfer of FD 41 & WFR Balances	-	-	N/A	1,426,568	-	N/A	N/A	N/A
Interfund Transfers	-	-	N/A	153,560	302,228	N/A	N/A	N/A
Total Other Financing Sources	**-**	**-**	**N/A**	**1,580,128**	**302,228**	**N/A**	**N/A**	**N/A**
Total Resources	**15,409,090**	**17,275,056**	**12.1%**	**77,821,762**	**77,516,205**	**-0.4%**	**19.8%**	**22.3%**

General Fund Revenue *continued*





General Fund Expenditures

General Fund Department Expenditures	Year-to-Date Actual			Budget			% of Budget	
	3/31/2012	3/31/2013	% Change	2012	2013	% Change	2012	2013
Non-Departmental	183,685	218,733	19.1%	1,043,302	1,205,748	15.6%	17.6%	18.1%
City Council	130,066	202,520	55.7%	443,849	399,928	-9.9%	29.3%	50.6%
City Manager's Office	418,802	415,714	-0.7%	1,901,282	2,036,269	7.1%	22.0%	20.4%
Municipal Court	498,176	520,616	4.5%	2,630,719	2,237,466	-14.9%	18.9%	23.3%
Human Resources	298,219	312,937	4.9%	1,274,208	1,269,431	-0.4%	23.4%	24.7%
City Attorney's Office	325,445	337,877	3.8%	1,365,836	1,359,357	-0.5%	23.8%	24.9%
Parks & Community Services	1,600,689	1,568,882	-2.0%	7,313,947	7,336,422	0.3%	21.9%	21.4%
Public Works (Engineering)	880,734	993,538	12.8%	3,944,808	4,441,370	12.6%	22.3%	22.4%
Finance and Administration	986,424	1,049,097	6.4%	4,635,007	4,103,262	-11.5%	21.3%	25.6%
Planning & Community Development	742,234	794,950	7.1%	3,319,899	3,459,356	4.2%	22.4%	23.0%
Police	4,716,704	4,961,485	5.2%	20,049,726	20,048,918	0.0%	23.5%	24.7%
Fire & Building	4,789,934	5,078,485	6.0%	19,953,534	20,473,840	2.6%	24.0%	24.8%
Total Expenditures	**15,571,111**	**16,454,835**	**5.7%**	**67,876,117**	**68,371,367**	**0.7%**	**22.9%**	**24.1%**
Other Financing Uses:								
Interfund Transfers	1,436,295	1,740,297	21.2%	9,814,528	11,707,259	19.3%	14.6%	14.9%
Total Other Financing Uses	**1,436,295**	**1,740,297**	**21.2%**	**9,814,528**	**11,707,259**	**19.3%**	**14.6%**	**14.9%**
Total Expenditures & Other Uses	**17,007,406**	**18,195,132**	**7.0%**	**77,690,645**	**80,078,626**	**3.1%**	**21.9%**	**22.7%**

Comparing 2013 actual expenditures to the same period last year:
Overall, excluding interfund transfers, General Fund expenditures are **7.0 percent** higher than 2012, but are within the budgeted amount. So far in 2013 the City has spent **24.1 percent** of total budgeted expenditures, one quarter through the budget year. The table above illustrates that most gains have been moderate and some of the biggest increases in dollar terms have been in response to increased demand for services.

2013 General Fund actual expenditures (excluding "other financing sources") are 5.7 percent higher than they were in 2012.

- Expenditures for **Non-departmental** are **up 19.1 percent** largely due to an increase in retiree medical benefit costs. This was budgeted for and spending is **below budget at 18.1 percent.**
- Actual 2013 expenditures for the **City Council** have **grown 55.7 percent** because of a nearly twofold increase in the costs of dues and memberships, and this amount is at **50.6 percent of budget** because the cost of the annual memberships was paid at the beginning of the year.
- The **City Manager's Office** costs are **down 0.7 percent** compared to 2012 due to continued savings in salaries and benefit expenses. These expenses are below planned spending at **20.4 percent of budget.**
- The **Municipal Court** actuals are **up 4.5 percent** due to increased personnel costs, but it is below projections at **23.3 percent of budget**.
- Actual 2013 expenditures for **Human Resources** are **up 4.9 percent** over last year, this can be attributed mostly to salary and wage increases, and is at **24.7 percent of budget**.
- **The City Attorney's Office** expenditures are **up 3.8 percent** above 2012 due to small increases in salaries and wages, along with increased payments for contracted legal services. This is in line with projections at **24.9 percent of budget.**
- First quarter 2013 expenditures for the **Parks & Community Services Department** are **down 2.0 percent** versus the same period last year. This is due to seasonal variations in salaries, wages and benefits, along with the cost for supplies, keeping expenses **below budget at 21.4 percent**.

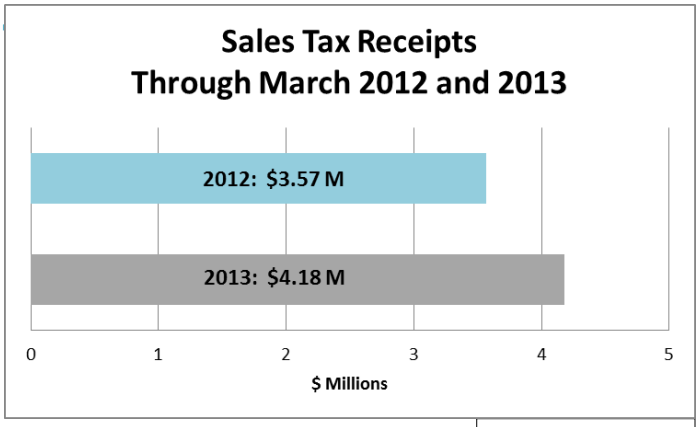
Continued on page 5

- **Public Works** expenditures have used **22.4 percent of budget,** which is **12.8 percent higher** than first quarter 2012 due to growth in wages, salaries, and benefits as new employees have been hired to accommodate post-annexation community needs.
- The **Finance and Administration Department** expenditures are at **25.6 percent of budget**, **rising 6.4 percent** in dollar terms versus last year due to increases in spending on salaries, wages and benefits.
- Actual first quarter expenditures for the **Planning and Community Development Department** finished **up 7.1 percent** over last year because of increased personnel costs due to filling positions that were empty in 2012; **23 percent of this budget** has been spent.
- The **Police Department** has spent **5.2 percent more** than it had at this point last year; the department has increased personnel costs because annexation - related positions have been filled. Spending is at **24.7 percent of budget** so far this year. Jail costs continue to be under budget 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 as alternatives to jail time.
- Expenditures for the **Fire & Building Department grew 6 percent** over last year. As with the other general fund departments, most of this increase can be attributed to higher personnel costs and is within projections at **24.8 percent of budget.**

Rendering of Kirkland's new Public Safety Building. Construction is expected to begin in mid-2013 and take 12 months to complete.

Sales Tax Revenue Analysis

Year-to-date revenue is **up 16.9 percent** compared to the same period last year. Strong performance continues in the contracting, auto/gas retail, and services sectors. The sales tax revenue received in the first quarter is from November 2012-January 2013 sales.



Review by business sectors:

- **Contracting is up 43 percent** over the same period in 2012. This is the result of several large projects and improvements in residential construction.
- Retail sectors sales tax revenue collectively are **up 11.4 percent** compared to 2012.
- The **auto/gas retail** sector is **up 19.4 percent** compared to last year due to positive performance by all of the dealerships, along with the addition of one new dealership.
- The **general merchandise/miscellaneous retail** sector is **up 8.4 percent** compared to 2012 largely due to positive performance by one key retailer.
- The **retail eating/drinking** sector performance is **up 4.7 percent** compared to last year. Higher tax receipts can be attributed to many established restaurants posting improved sales along with the opening of three new restaurants late last year.
- **Other retail** is **up 5.4 percent** compared to last year due to positive performance in most categories with the exception of food and beverage stores.
- The **services** sector is **up 18.5 percent** compared to last year primarily due to publishing and software services.
- **Wholesale** is **up 17.8 percent** compared to last year due to strong sales in durable goods such as medical equipment and construction materials.
- The **miscellaneous** sector is **up 17.4 percent** compared to last year due to positive performance in the finance, manufacturing, and utilities categories along with the allocation of uncoded sales tax revenue by the Department of Revenue.
- The **communications** sector has only slightly improved, **up 1 percent** compared to last year due to weak performance by a few large retailers.

Neighboring Cities Sales Tax
Bellevue was up 5.9 percent and Redmond was down 2.2 percent through March compared to the same period in 2012. Redmond's decrease is skewed due to a tax recovery in 2012.

King County Sales Tax
King County's sales tax receipts are 7.9 percent higher than they were through the first quarter of 2012.

City of Kirkland Actual Sales Tax Receipts

Business Sector Group	January-March		Dollar Change	Percent Change	Percent of Total	
	2012	2013			2012	2013
Services	460,554	545,702	85,148	18.5%	12.9%	13.1%
Contracting	485,910	694,630	208,720	43.0%	13.6%	16.6%
Communications	106,163	107,177	1,014	1.0%	3.0%	2.6%
Auto/Gas Retail	838,524	1,000,789	162,265	19.4%	23.5%	24.0%
Gen Merch/Misc Retail	512,914	556,185	43,271	8.4%	14.4%	13.3%
Retail Eating/Drinking	297,981	312,010	14,029	4.7%	8.3%	7.5%
Other Retail	517,254	545,142	27,888	5.4%	14.5%	13.1%
Wholesale	169,954	200,148	30,194	17.8%	4.8%	4.8%
Miscellaneous	183,039	214,865	31,826	17.4%	5.1%	5.1%
Total	**3,572,293**	**4,176,648**	**604,355**	**16.9%**	**100.0%**	**100.0%**

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 2012 and 2013 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
	2012	2013		
January	1,104,022	1,333,112	229,090	20.8%
February	1,413,586	1,618,026	204,440	14.5%
March	1,054,685	1,225,510	170,825	16.2%
Total	**3,572,293**	**4,176,648**	**604,355**	**16.9%**

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 March is for sales activity in January. Monthly sales tax receipts through March 2012 and 2013 are compared in the table above.

- Monthly sales tax revenues have maintained a strong growth trend so far in 2013 with gains over the same months in 2012 averaging in the high teens.
- January's revenues rose 20.8 percent year-over-year on the strength of improved performance from the contracting, services, and auto retail sectors.
- February revenues reflect December 2012 sales activity, and improved 14.5 percent over last year on the strength of contracting, auto retail, and general retail.
- March continued the year's trend of sales tax growth, with an increase of 16.2 percent, with the primary drivers of growth coming from the same sectors as in earlier months.
- A boom in revenues from the contracting, auto retail, and service sectors has driven the City's sales tax revenues higher, and the growth has been impressive, but these sectors are economically sensitive. Their growth could taper off as pent up demand for housing and durable goods is met, or revenues could drop if there is a downturn in the economy.

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 30 percent of the total sales tax receipts, was **up 13.8 percent** due to continued improvements in automotive/gas retail and improvements in most retail categories. Fifty seven percent of this business district's revenue comes from the auto/gas retail sector.

NE 85th Street, which accounts for 14 percent of the total sales tax receipts, was **up 7.8 percent** primarily due to increases in automotive and apparel retail categories. These retail sectors contribute 78.5 percent of this business district's revenue.

Downtown, which accounts for more than 6 percent of the total sales tax receipts, was **up 13.6 percent** largely due to the return of information services revenues (which were low in 2012 because of a one-time taxpayer refund that reduced the City's receipts).

Carillon Point & Yarrow Bay, which account for about 2 percent of the total sales tax receipts, were **up 2.1 percent** compared to last year. About 68 percent of this business district's revenue comes from business services, retail eating/drinking and accommodations.

Houghton & Bridle Trails, which account for about 2.5 percent of the total sales tax receipts, were **up 4.0 percent** due to modest growth in amusement/recreation and restaurant revenues.

Juanita, which accounts for 1.5 percent of the total sales tax receipts was **down 1.4 percent**. Increases in the retail eating/drinking were offset by decreases from the amusement/recreation & theater category. These sectors, make up about 54 percent of this business district's revenue.

North Juanita, Kingsgate, & Finn Hill account for more than 3 percent of the total sales tax receipts and were **up 4.7 percent** over 2012. Much of this growth came from the general merchandise retail category.

Year-to-date sales tax receipts by business district for 2012 and 2013 are compared in the table on the next page.

When reviewing sales tax receipts by business district, it's important to be aware that 46.4 percent of the revenue received so far in 2013 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 - Mar Receipts		Dollar Change	Percent Change	Percent of Total	
	2012	2013			2012	2013
Totem Lake	1,077,944	1,226,819	148,875	13.8%	30.2%	29.4%
NE 85th St	534,424	575,879	41,454	7.8%	15.0%	13.8%
Downtown	228,231	259,355	31,125	13.6%	6.4%	6.2%
Carillon Pt/Yarrow Bay	73,498	75,027	1,529	2.1%	2.1%	1.8%
Houghton & Bridle Trails	95,468	99,256	3,788	4.0%	2.7%	2.4%
Juanita	62,519	61,633	(886)	-1.4%	1.8%	1.5%
Kingsgate	44,504	44,318	(186)	-0.4%	1.2%	1.1%
North Juanita	55,234	60,550	5,316	9.6%	1.5%	1.4%
Finn Hill	27,027	27,873	846	3.1%	0.8%	0.7%
Unassigned or No District:						
Contracting	485,283	694,003	208,720	43.0%	13.6%	16.6%
Other	888,161	1,051,935	163,774	18.4%	30.0%	29.8%
Total	**3,572,293**	**4,176,648**	**604,355**	**16.9%**	**100.0%**	**100.0%**

Sales Tax Revenue Outlook Sales tax receipts for the first quarter of 2013 posted strong gains in revenues for the City as spending on big-ticket items such as home building and car sales grew substantially. The contracting and automotive/gas retail sectors have contributed 61.4 percent of 2013's overall sales tax gains over 2012, but both of these sectors are highly sensitive to economic conditions and can be volatile sources of revenue (contracting is up 43 percent compared to 2012, and auto/gas retail is up 19.4 percent, indicating a strong positive response to an improving local and national economy). All other major sectors in the City have experienced growth compared to the first quarter of 2012, with increases of 18.5 percent for services, 17.8 percent for wholesale, and 17.4 percent for miscellaneous. Total sales tax receipts ended the first quarter 16.9 percent higher than they did in 2012.

OFFICE VACANCIES:

According to CB Richard Ellis Real Estate Services, the Eastside office vacancy rate fell to 13.4 percent in the first quarter of 2013 and had the strongest performance in the Puget Sound region. The corresponding figure for the first quarter of 2012 was 14.5 percent. Kirkland's vacancy rate was 7.5 percent, lower than the Puget Sound average, but higher than the 6.4 percent vacancy rate in the first quarter of 2012.

Performance across the Puget Sound region eased off in the first quarter of 2013 following a very strong 2012. The overall vacancy rate grew slightly to 15.5 percent.

The region currently has 852,955 SF of projects under construction, including large projects on the Eastside and the continued expansion of Amazon near their current South Lake Union headquarters.

LODGING TAX REVENUE:

Lodging tax revenue remained nearly flat compared to the first quarter of 2012, finishing the first quarter of 2013 down 0.4 percent, a difference of less than $250.

Economic Environment Update The Washington State economy is expected to grow and pick up momentum as the year progresses according to the March 2013 data from the Washington State Economic and Revenue Forecast Council. The economy in Washington State is also expected to outperform the national economy throughout 2013, with the housing sector providing a particularly positive outlook. Permits for new single family homes have increased, and there has also been a rise in house prices in the state. However, there is considerable uncertainty surrounding federal fiscal policy. While a deal was reached to avoid most of the tax increases and budget cuts that made up the fiscal cliff, automatic sequester spending cuts began on March 1st consisting of $1.2 trillion in spending cuts over 9 years. The ongoing financial crisis in Europe also continues to pose a significant threat to the US economy. The EU has now posted five consecutive quarters of negative growth.

The Conference Board **Consumer Confidence Index***,* declined from 68.0 in February to 59.7 in March, due to a sharp decline in consumer's expectations and increased pessimism about the short-term economic outlook. According to The Conference Board "the recent [Federal] sequester has created uncertainty regarding the economic outlook and as a result, consumers are less confident." An index of 90 indicates a stable economy an index of above 100 indicates growth.

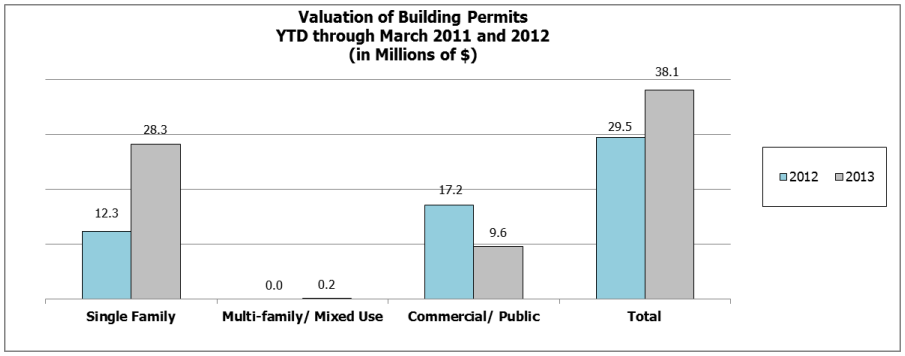
King County's **unemployment rate** was **5.1 percent** in March 2013 compared to 7.2 percent in March 2012. The unemployment rate nationally and in the state of Washington is higher than in King County. US unemployment for March 2013 was 7.6 percent, while Washington State reported a 7.5 percent unemployment rate. These rates are down from 8.4 percent nationally and 8.5 percent in Washington in March 2012. The unemployment rate in Kirkland was lower that the County, State and Country with preliminary numbers for March reporting an unemployment rate of 4.3 percent in March 2013, down from 6.0 percent in March 2012.

The Western Washington Purchasing Manager Index saw a healthy growth in March 2013. The index was at 62.0, up 6.9 from February. Index numbers less than 50 indicate a shrinking econo-

(Continued on page 8)

Economic Environment Update *continued*

my, while those over 50 signal an expanding economy. Although the score has increased it remains below a "high confidence" score that would be 70 or above.



Local **development activity** through March comparing 2012 to 2013, as measured by the valuation of City of Kirkland building permits, is illustrated in the chart to the right. This rise has been almost entirely driven by a large increase in the value of single family permits issued. There has actually been a decrease in the value of commercial/public permits and very little activity for multi-family/mixed use developments.

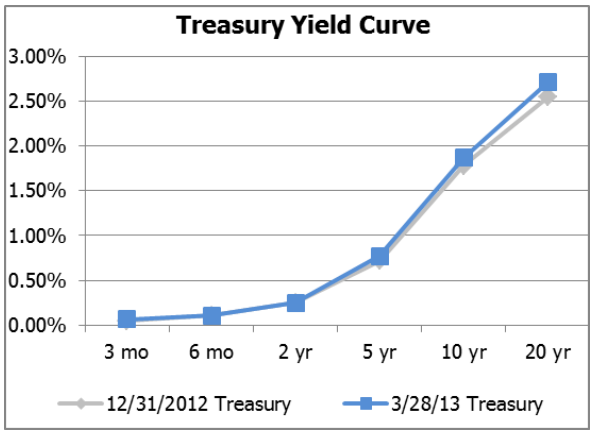
Closed sales of **new and existing single-family homes** on the Eastside were up 17.3 percent in March 2013 compared to March 2012. The median price of a single family home also increased from $470,000 in March 2012 to $552,415 in March 2013. Closed sales of houses across King County were also up 11.1 percent. Closed sales of condos on the Eastside also increased 9 percent between March 2012 and March 2013. The median price of a condo on the Eastside rose 11.4 percent during this time. Across King County the median price of a condo was $225,000 in March 2013, a 28.6 percent increase from March 2012.

Seattle metro consumer price index (CPI) is calculated bi-monthly and the most recent index from February 2013 was 1.9 percent. This is higher than it was in December 2012, but lower than the 2.66 percent average for 2012. The national CPI was 1.5 percent in March, the lowest level since July 2012 and lower than the 2.12 percent average for 2012.

Investment Report

MARKET OVERVIEW

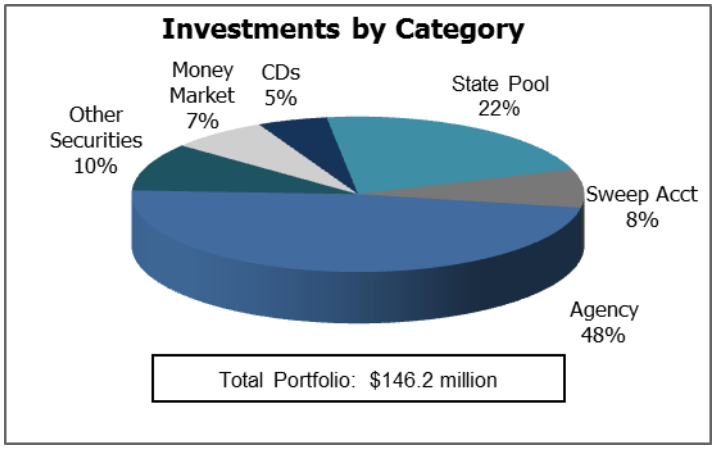
The economy gave some minor indications of accelerating performance in the beginning of the quarter then settled back into the slow recovery trend that we have seen in the last several years. The Fed Funds rate continued to remain at 0.25 percent, where it is expected to stay until mid-to-late 2015. The yield curve was unchanged at the short end and rose slightly at the long end of the curve



CITY PORTFOLIO

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.

The City's portfolio decreased in the 1st quarter of 2013 to $146.2 million compared to $148.6 million on December 31, 2012. The decrease in the portfolio is related to the normal cash flows of the first quarter, as the first half of property taxes is received at the end of April.



Diversification

The City's current investment portfolio is composed of Government Sponsored Enterprises (GSEs) bonds, US Government Obligations, State and Local Government bonds, Bank CDs, Money Market Account, the State Investment Pool and an overnight bank sweep account. City investment procedures allow for 100% of the portfolio to be invested in U.S. Treasury or Federal Government obligations.

2013 ECONOMIC OUTLOOK and INVESTMENT STRATEGY

The outlook for growth in the U.S. economy is mostly unchanged from three months ago, according to 46 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The U.S. economy is expected to grow at an annual rate of 1.9 percent in 2013. CPI inflation is expected to average 2.0 percent in 2013 and 2.2 percent in 2014. The unemployment rate is expected to average 7.7 percent in 2013 and fall to 7.2 percent in 2014. The Fed Funds rate, currently at 0.25 percent, is expected to remain at this level throughout 2013 and into 2015.

The duration and earnings of the portfolio has increased with the purchase of longer term securities in the last quarter of 2012. The focus on the next 2 quarters will be purchasing shorter term securities to reduce the duration. The opportunities for increasing portfolio returns are scarce as short term interest rates continue at historically low levels. During periods of low interest rates the portfolio duration should be kept shorter with greater liquidity, so that the City is in a position to be able to purchase securities with higher returns when interest rates begin to rise. The State Pool is currently at 0.18 percent and will continue to remain low as the Fed Funds rate remains at 0.00 to 0.25 percent. Total estimated investment income for 2013 is $500,000.

Investment Report *continued*

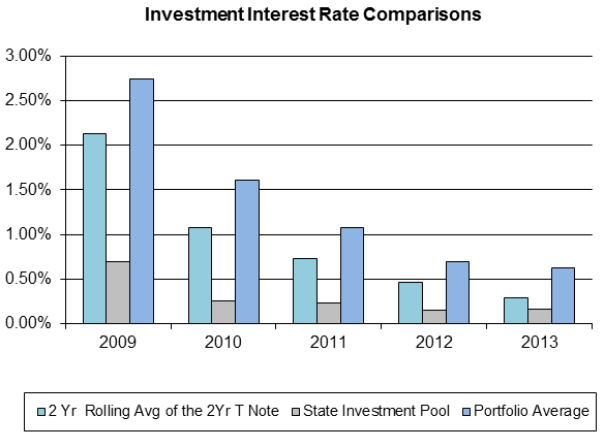
Liquidity

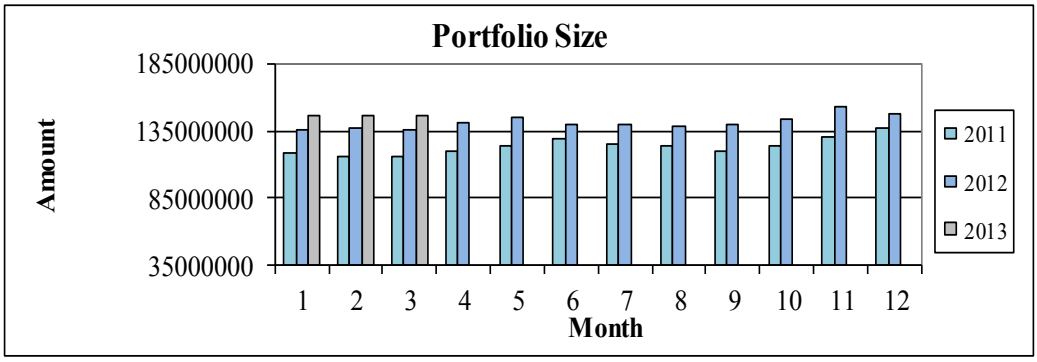
The target duration for the City's portfolio is based on the 2 year treasury rate which remained level at 0.25 percent on December 31, 2012 and March 28, 2013. The average maturity of the City's investment portfolio increased from 2.16 years on December 31, 2012 to 2.52 years on March 31, 2013, with the purchase of longer term securities as the interest rates moved higher at the end of 2012.

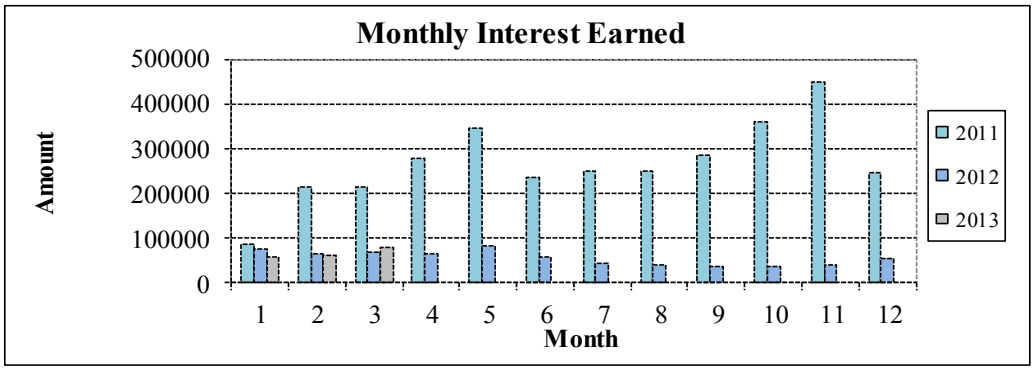
Yield

The City Portfolio yield to maturity remained unchanged at 0.64 percent on December 31, 2012 and March 31, 2013. Through March 31, 2013, the City's annual average yield to maturity was 0.63 percent. The City's portfolio benchmark is the range between the 90 day Treasury Bill and the 2 year rolling average of the 2 year Treasury Note. This benchmark is used as it is reflective of the maturity guidelines required in the Investment Policy adopted by City Council. The City's portfolio outperformed both the 90 day T Bill and the 2 year rolling average of the 2 year Treasury Note, which was 0.29 percent on March 31, 2013.

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 adjacent graph.







***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 as of March 31, 2013. This presentation will be updated to reflect actual 2013 beginning cash balances after the resource forward budget adjustments are adopted in June.*

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. Contributions have been made to replenish the reserves since then and with planned contributions in 2013 and 2014, the reserve is expected to be at target by the end of 2014.
- The **Building and Property Reserve** has been identified as an available funding source for facility expansion and renovation projects and a significant portion is planned to be used during the current biennium, which will bring the reserve just slightly below target.
- The **General Capital Contingency Reserve** was used to fund project cost over-runs in the previous biennium, so replenishment from General Fund 2012 year-end cash is planned in 2013.

General Capital Reserves

- A sign of the improving economy, **Real Estate Excise Tax (REET)** collections are 30 percent ahead of the same period last year. Revenue in 2013 is trending above budget, so the current budgeted ending balance is conservative and will be reviewed later in the year for potential adjustment. REET 2 reserves were used in 2012 to assist in the re-payment of the loan from the utilities for the purchase of the Cross Kirkland Corridor in 2011.
- **Impact fees** have also experienced improvement due to the increased development activity and are trending above budget. Transportation impact-fees are slightly behind the same period last year, but park impact fees are more than double. There is minimal planned use of transportation impact fees for capital projects and no planned use of park impact fees for park capital projects in the current budget cycle except for debt related to parks.

Reserves	Est. 2013 Beginning Balance	Adopted 2014 Ending Balance	Revised 2014 Ending Balance	2013-14 Target	Revised Over (Under) Target
GENERAL PURPOSE RESERVES WITH TARGETS					
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	4,219,482	(1,412,969)
Revenue Stabilization Reserve	1,231,431	2,468,068	2,468,068	2,468,068	0
Building & Property Reserve	2,137,598	571,579	571,579	600,000	(28,421)
Council Special Projects Reserve	250,000	178,372	178,372	250,000	(71,628)
Contingency	2,201,870	2,426,425	2,426,425	4,275,442	(1,849,017)
General Capital Contingency*	2,686,557	4,810,795	4,810,795	5,735,330	(924,535)
General Purpose Reserves with Targets	**11,363,969**	**13,311,752**	**13,311,752**	**17,598,322**	**(4,286,570)**
ALL OTHER RESERVES WITH TARGETS					
General Fund Reserves:					
Litigation Reserve	350,000	350,000	350,000	50,000	300,000
Firefighter's Pension Reserve	1,745,549	1,484,209	1,484,209	1,568,207	(83,998)
Health Benefits Fund:					
Claims Reserve	2,297,149	2,825,758	2,825,758	1,424,472	1,401,286
Rate Stabilization Reserve	1,000,000	1,000,000	1,000,000	500,000	500,000
Excise Tax Capital Improvement:					
REET 1	3,306,765	4,336,329	4,298,329	1,035,000	3,263,329
REET 2	2,206,398	2,240,684	1,976,684	2,716,983	(740,299)
Water/Sewer Operating Reserve:	2,414,471	2,414,471	2,414,471	1,979,380	435,091
Water/Sewer Debt Service Reserve:	829,816	840,207	840,207	508,717	331,490
Water/Sewer Capital Contingency:	1,107,600	1,107,600	1,107,600	250,000	857,600
Surface Water Operating Reserve:	706,364	706,364	706,364	412,875	293,489
Surface Water Capital Contingency:	816,480	816,480	816,480	758,400	58,080
Other Reserves with Targets	**16,780,592**	**18,122,102**	**17,820,102**	**11,204,034**	**6,616,068**
Reserves without Targets	**34,872,063**	**32,310,895**	**32,331,895**	**n/a**	**n/a**
Total Reserves	**63,016,624**	**63,744,749**	**63,463,749**	**n/a**	**n/a**

*Includes replenishments adopted in early April 2013

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).

Current budgeted reserves are based on estimates for 2012 year-end balances. Now that the books have closed for 2012, reconciliation to recognize actual cash balances may result in adjustments to reserves in June; in most cases increases to the 2013 beginning balance. These changes will be reflected in the June FMR.

The summary to the right details all Council authorized uses and additions through March 31, 2013.

USES AND ADDITIONS HIGHLIGHTS

RESERVE	AMOUNT	DESCRIPTION
2013-14 Council Authorized Uses		
Real Estate Excise Tax 2 - Transp.	$214,000	NE 112th Street Sidewalk
Real Estate Excise Tax 2 - Transp.	$50,000	Central Way Pedestrian Enhancements
Real Estate Excise Tax 1 - Gen. Govt.	$38,000	Totem Lake Park Master Plan
2013-14 Council Authorized Additions		
Surface Water Transportation Reserve	$21,000	Central Way Pedestrian Enhancements

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

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	Est. 2013 Beginning Balance	Adopted 2014 Ending Balance	Additional Authorized Uses/Additions	Revised 2014 Ending Balance
GENERAL FUND/CONTINGENCY					
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	1,231,431	**2,468,068**	**0**	**2,468,068**
Building & Property Reserve	Property-related transactions	2,137,598	**571,579**	**0**	**571,579**
Council Special Projects Reserve	One-time special projects	250,000	**178,372**	**0**	**178,372**
Contingency	Unforeseen expenditures	2,201,870	**2,426,425**	**0**	**2,426,425**
Total General Fund/Contingency		**8,677,412**	**8,500,957**	**0**	**8,500,957**
SPECIAL PURPOSE RESERVES					
General Fund Reserves:					
Litigation Reserve	Outside counsel costs contingency	350,000	**350,000**	**0**	**350,000**
Labor Relations Reserve	Labor negotiation costs contingency	69,196	**69,196**	**0**	**69,196**
Police Equipment Reserve	Equipment funded from seized property	67,334	**67,334**	**0**	**67,334**
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	**-**	**0**	**0**
Development Services Reserve*	Revenue and staffing stabilization	552,561	**985,435**	**0**	**985,435**
Development Svcs. Technology Reserve	Permit system replacement	264,810	**404,810**	**0**	**404,810**
Tour Dock	Dock repairs	130,502	**163,002**	**0**	**163,002**
Tree Ordinance	Replacement trees program	29,117	**29,117**	**0**	**29,117**
Revolving/Donation Accounts	Fees/Donations for specific purposes	486,115	**578,915**	**0**	**578,915**
Lodging Tax Fund	Tourism program and facilities	224,316	**205,272**	**0**	**205,272**
Cemetery Improvement	Cemetery improvements/debt service	662,614	**690,564**	**0**	**690,564**
Off-Street Parking	Downtown parking improvements	147,016	**212,836**	**0**	**212,836**
Firefighter's Pension	Long-term care/pension benefits	1,745,549	**1,484,209**	**0**	**1,484,209**
Total Special Purpose Reserves		**6,147,209**	**5,858,769**	**0**	**5,858,769**
GENERAL CAPITAL RESERVES					
Excise Tax Capital Improvement:					
REET 1	Parks/transportation/facilities projects, parks debt service	3,306,765	**4,336,329**	**(38,000)**	**4,298,329**
REET 2	Transportation and other capital projects	2,206,398	**2,240,684**	**(264,000)**	**1,976,684**
Impact Fees					
Roads	Transportation capacity projects	1,561,901	**1,568,098**	**0**	**1,568,098**
Parks	Parks capacity projects	342,708	**255,004**	**0**	**255,004**
Street Improvement	Street improvements	1,050,258	**1,050,258**	**0**	**1,050,258**
General Capital Contingency*	Changes to General capital projects	2,686,557	**4,810,795**	**0**	**4,810,795**
Total General Capital Reserves		**11,154,587**	**14,261,168**	**(302,000)**	**13,959,168**
UTILITY RESERVES					
Water/Sewer Utility:					
Water/Sewer Operating Reserve	Operating contingency	2,414,471	**2,414,471**	**0**	**2,414,471**
Water/Sewer Debt Service Reserve	Debt service reserve	829,816	**840,207**	**0**	**840,207**
Water/Sewer Capital Contingency	Changes to Water/Sewer capital projects	1,107,600	**1,107,600**	**0**	**1,107,600**
Water/Sewer Construction Reserve	Replacement/re-prioritized/new projects	9,093,871	**5,465,943**	**0**	**5,465,943**
Surface Water Utility:					
Surface Water Operating Reserve	Operating contingency	706,364	**706,364**	**0**	**706,364**
Surface Water Capital Contingency	Changes to Surface Water capital projects	816,480	**816,480**	**0**	**816,480**
Surface Water-Transp. Related Rsv	Replacement/re-prioritized/new projects	3,794,629	**4,580,229**	**21,000**	**4,601,229**
Surface Water Construction Reserve	Trans. related surface water projects	1,990,125	**2,203,725**	**0**	**2,203,725**
Total Utility Reserves		**20,753,356**	**18,135,019**	**21,000**	**18,156,019**
INTERNAL SERVICE FUND RESERVES					
Health Benefits:					
Claims Reserve	Health benefits self insurance claims	2,297,149	**2,825,758**	**0**	**2,825,758**
Rate Stabilization Reserve	Rate stabilization	1,000,000	**1,000,000**	**0**	**1,000,000**
Equipment Rental:					
Vehicle Reserve	Vehicle replacements	9,235,043	**8,642,488**	**0**	**8,642,488**
Radio Reserve	Radio replacements	7,686	**7,686**	**0**	**7,686**
Information Technology:					
PC Replacement Reserve	PC equipment replacements	339,560	**351,914**	**0**	**351,914**
Technology Initiative Reserve	Technology projects	690,207	**301,417**	**0**	**301,417**
Major Systems Replacement Reserve	Major technology systems replacement	245,500	**656,200**	**0**	**656,200**
Facilities Maintenance:					
Operating Reserve	Unforeseen operating costs	550,000	**550,000**	**0**	**550,000**
Facilities Sinking Fund	20-year facility life cycle costs	1,918,915	**2,653,373**	**0**	**2,653,373**
Total Internal Service Fund Reserves		**12,986,911**	**13,163,078**	**0**	**13,163,078**
Grand Total		**63,016,624**	**63,744,749**	**(281,000)**	**63,463,749**

*Includes replenishments adopted in early April 2013

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 and year over year comparisons** 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.

- Tracey Dunlap, Director of Finance & Administration
- Michael Olson, Deputy Director of Finance & Administration
- Sri Krishnan, Financial Planning Manager
- Neil Kruse, Senior Financial Analyst
- Kyle Butler, Budget Analyst
- George Dugdale, Budget Analyst

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Economic Environment Update References:

- The Conference Board Consumer Confidence Index Press Release March 26, 2012
- Carol A. Kujawa, MA, A.P.P., *ISM-Western Washington, Inc. Report On Business*, Institute for Supply Management-Western Washington, March, 2013
- Economic & Revenue Update March 2013—Washington State Economic & Revenue Forecast Council
- CB Richard Ellis Real Estate Services, Market View Puget Sound, First Quarter 2013
- Northwest Multiple Listing Service
- 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

March/April 2013 Financial Dashboard Highlights

May 17, 2013

- The dashboard report reflects the 2013 share of the biennial budget adopted by the City Council on December 11, 2012, as amended on April 2, 2013. The actual revenues and expenditures summarized in the dashboard reflect four months of data, which represents 33.3 percent of the calendar year.
- Total General Fund revenues received through April were at 37 percent of budget; 2012 receipts were at 33.5 percent of budget at this time last year.
  - Some sizable elements of General Fund revenues are received only periodically, including property tax (which is mostly received in April/May and October/November) and King County's semi-annual EMS payments. The first half property taxes collected in April are reflected in General Fund revenues.
  - Utility tax receipts were at 32.6 percent of budget at the end of April. In 2012, these revenues were at 34.6% through April.
  - Sales tax revenues at the end of March were at 28.5 percent of budget, and it finished April at 36.6 percent of budget. Year to date sales tax revenue is up 15 percent compared to April last year, a $699,492 increase. This increase has been largely due to improved performance in the contracting, auto/gas retail, and service sectors. The year to date sales tax revenue is from activity from November, 2012 through February, 2013.
  - Business license revenues through April are at 38.5 percent of budget, which is ahead of last year's performance at this point.
  - Development fees for March exceeded budget expectations, coming in at 28.6 percent of budget. This trend strengthened in April with development fees finishing the month at 49.4 percent of budget. This is a significant improvement over last year's performance, which was at 27 percent of budget over the same period. While the current trend is impressive, the volatile nature of building permits is tied to the construction market and can lead to spikes and drops in revenue throughout the year.
  - Gas taxes are slightly below target at 30.4 percent of budget in April. This is comparable to 2012's numbers, when gas tax had been 31 percent of budget at the end of April. Gas tax is collected per gallon, so changes in consumption due to high gas prices and more efficient vehicles could be contributing to this decline.
- Total General Fund expenditures were under budget expectations at 27.9 percent through April.
  - General fund salaries and benefits are on budget at 32.9 percent of budget as of April.
  - Contract jail costs are below budget expectations at 13.6 percent of budget. Much of this savings is from the use of lower-cost electronic home detention and other sentencing measures as alternatives to jail time.
  - Fire suppression overtime costs are below budget at 23.6 percent of budget, but overtime costs tend to increase during the summer and holiday months. This rate is slightly higher than 2012 when 21.6 percent of budget had been used through April. Note the 2013 addition of the Finn Hill Station one-time service package for $253,230 of additional overtime at Fire Station #24, which is shown separately on the dashboard. Staffing at Station #24 has not yet been implemented.
  - Fuel costs are under budget expectation at 23.4 percent of budget. Fuel costs reported in the dashboard document reflect bulk fuel bills as they have been paid and do not reflect fuel used at the pump.

Attachments: March/April Dashboard
March and April Development Services Revenues

City of Kirkland Budget Dashboard 5/17/2013

Annual Budget Status as of **4/30/2013** (Note 1)

Percent of Year Complete **33.33%**

	2013 Budget	Year-to-Date Actual	% Received/ % Expended	Status: Current Report	Status: Last Report	Notes
General Fund						
Total Revenues (2)	76,069,024	28,147,818	37.0%			Property tax/FD41/EMS spike in 2Q
Total Expenditures	82,739,483	23,111,606	27.9%			
Key Indicators (All Funds)						
Revenues						
Sales Tax	14,638,962	5,358,636	36.6%			Prior YTD = $4,659,144
Utility Taxes	14,618,866	4,762,886	32.6%			
Business License Fees	2,824,117	1,088,693	38.5%			
Development Fees	4,360,535	2,155,821	49.4%			
Gas Tax	1,696,178	516,372	30.4%			
Expenditures						
GF Salaries/Benefits	50,386,282	16,591,014	32.9%			Excludes Fire Suppression Overtime
Fire Suppression Overtime	677,895	159,895	23.6%			
F.S. #24 Overtime Staffing	253,230	-	0.0%			
Contract Jail Costs	1,611,741	218,626	13.6%			
Fuel Costs	794,758	186,154	23.4%			

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 first year of the biennium (2013).

Note 2 - Total budgeted expenditures in 2013 and 2014 exceed budgeted revenues due to planned use of reserves (ex: funding of CIP sinking fund reserves and use of Building and Property Reserve).

n/a - not applicable

Development Services Report – March 2013

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 March, 2013 permit data allows us to offer the following:

- The March, 2013 Building Permit related statistics continue the upward trend that we witnessed throughout 2012. New single-family residential permit applications for March were up significantly with 25 applications received compared to 16 last year. We received 84 applications this year compared to 58 last year which is a 45% increase in new single-family permit activity. In contrast, there was a slight increase in commercial tenant improvement permits and single-family remodel permits with 32 applications received compared to 29 last March.

- The monthly average of total building related permits received so far this year (335) continues to lag the monthly average for 2012 (451), with the total number of permits received in March (296) lagging behind March 2012 (367).

- Although Building Department revenue for March was only $217,746 which is 8% of our budgeted $2,822,576 and 92% of the average monthly projected revenue of $235,215, year to date revenue of $731,318 has exceeded budget by $25,673 (26% of the budgeted annual revenue has been collected).

- Public Works Department development revenue for March, 2013 was $258,551 which is $189,562 more than the average monthly projected revenue of $68,989 and year-to-date revenue is ahead by $267,492 (57% of the budgeted annual revenue has been collected). The sustained permit activity has exceeded our workload capacity and permit review times for large projects has fallen below our target review times. Public Works will be seeking approval to hire an Engineering Consultant to assist with plan review.

- Planning Department revenue for March, 2013 was $82,536 which is $28,374 above our adjusted monthly projected revenue average of $54,162 for 2013. Year-to-date revenue is ahead by $29,456 (30% of the budgeted annual revenue has been collected). Design Review Board, Process I (i.e. short plats) and Process IIA (i.e. variance) applications are the highest line items for the month.

Development Services Report – April 2013

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 April, 2013 permit data allows us to offer the following:

- The April, 2013 Building Permit related statistics continue the upward trend that we witnessed throughout 2012. New single-family residential permit applications for April were up significantly with 34 applications received compared to 15 last year. We received 118 applications this year compared to 73 last year which is a 62% increase in new single-family permit activity. In contrast, there was a 58% decrease in commercial tenant improvement permits and single-family remodel permits with 28 applications received compared to 67 last April.

- The monthly average of total building related permits received so far this year (338) continues to lag the monthly average for 2012 (451), with the total number of permits received in April (347) lagging behind April 2012 (428).

- Building Department revenue for April was $480,310 which is 17% of our budgeted $2,822,576 and 204% of the average monthly projected revenue of $235,215. Year to date revenue of $1,211,628 has exceeded year-to-date budget by $270,769 (43% of the budgeted annual revenue has been collected).

- Public Works Department development revenue for April, 2013 was $195,211 which is $126,222 more than the average monthly projected revenue of $68,989 and year-to-date revenue is ahead by $393,714 (81% of the budgeted annual revenue has been collected). The sustained permit activity has exceeded our workload capacity and permit review times for large projects has fallen below our target review times. Public Works has received approval to hire an Engineering Consultant to assist with plan review.

- Planning Department revenue for April, 2013 was $54,425 which is $240 above our adjusted monthly projected revenue average of $54,184 for 2013. Year-to-date revenue is ahead by $29,629 (38% of the budgeted annual revenue has been collected). Process I permits (i.e. short plats) are the highest line item for the month.

CITY OF KIRKLAND
Department of Finance & Administration
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Tracey Dunlap, Director of Finance & Administration
Kyle Butler, Budget Analyst

Date: May 28, 2013

Subject: May Sales Tax Revenue Analysis

May sales tax revenue is **up 22.5 percent** over May 2012. **Year-to-date** revenue is **up 16.5 percent** compared to the same period last year. Sales tax revenue from the service, contracting, and retail sectors has increased substantially, with positive growth in all major sectors. The sales tax revenue received in May comes from March sales.

Comparing May 2013 sales tax collections to May 2012, the following trends are notable:

- The **services** sector is **up (a very skewed) 501.2 percent** over May 2012 or about $146,871. This figure is skewed because of a $124,800 sales tax refund to a business in 2012. If this refund is **factored out**, the total dollar gain is $20,050, which amounts to **an increase of 12.9 percent**.
- The **miscellaneous** sector is **up 15.6 percent** from May 2012 or about $10,400. These increases reflect a rebound from negative performance in April, and were driven by improved receipts from finance & insurance, utilities and manufacturing.
- The **retail** sectors are collectively **up 12 percent** compared to the same month in 2012 which amounts to growth of nearly $86,550.
    - **Auto/gas retail's** receipts **increased 15.7 percent** over last May's numbers, totaling approximately $49,200.
    - The **retail eating/drinking** sector is **up 15.4 percent** versus May 2012, an increase of $10,400.
    - The **General merchandise/miscellaneous retail** sector is **up 14.6 percent** over May 2012 or about $19,500 due to improved performance by major retailers.
    - **Other retail** performance is **up 1 percent** or about $1,650 compared to May 2012. Growth was flat or slow for many sub-sectors, and some of the gains were offset by lower revenues from electronics, health, and food & beverage retailers.
- **Contracting** continues to grow compared to 2012, as the City has seen an increase in both commercial and residential building. The sector is **up 4.2 percent** over last May, about $8,200.
- The **communications** sector is **up 4 percent** or about $1,400.
- **Wholesale** is **up 1.9 percent** over May 2012 or about $1,500.

Year-to-date business sector review:

- The **services** sector is **up 43.8 percent** compared to 2012; this sector has grown the most in dollar terms out of all business sectors in the City. This growth can be attributed to growth from publishing, information, broadcasting, arts & entertainment, software and information services, but they are also skewed because of the large sales tax refund that was paid out to a business in May 2012. If that amount is factored out, the services sector is still up 22.8 percent over last year.

- Gains in **contracting** sales tax continue to be strong as the sector enters the building season, **up 29.4 percent** over the same period in 2012. This has been driven by an increase in large projects and an upswing in residential construction.
- **Retail** sales tax revenue is collectively **up 10.8 percent** compared to last year.
    - The **auto/gas retail** sector is **up 16.3 percent** versus 2012 due to the addition of one new dealership and improved revenues at the established dealerships. This sector has posted gains for twenty consecutive months.
    - **General merchandise/miscellaneous retail** sales taxes are **up 9.7 percent** from increased revenues across the sector and at two primary retailers in particular.
    - **Other retail** is **up 5.5 percent** compared to last year due to positive performance in most categories, but there have been declines in revenue from food & beverage stores, health & personal care stores, and electronics retailers. Items from these categories can be purchased at some of the large general merchandise stores, so those dollars may be transitioning to the general merchandise sector.
    - **Retail eating/drinking** performance is **up 5.7 percent** compared to 2012. Revenue increases can be attributed to many established restaurants posting improved sales along with the opening of several new restaurants late last year.
- **Wholesale** is **up 7.3 percent** compared to last year, but early gains in the teens have been offset by slower growth in March, April, and May.
- The **miscellaneous** sector is **up 10.5 percent** compared to last year due to higher revenues from the "unknown" category and improvements in the transportation, finance, and utilities categories.
- The **communications** sector continues to post small gains, **up 1.6 percent** compared to last year.

City of Kirkland Actual Sales Tax Receipts

Business Sector Group	January-May		Dollar Change	Percent Change	Percent of Total	
	2012	2013			2012	2013
Services	604,716	869,740	265,024	43.8%	10.4%	12.9%
Contracting	841,396	1,089,079	247,683	29.4%	14.5%	16.1%
Communications	177,670	180,530	2,860	1.6%	3.1%	2.7%
Auto/Gas Retail	1,436,750	1,670,354	233,604	16.3%	24.8%	24.8%
Gen Merch/Misc Retail	777,343	852,609	75,266	9.7%	13.4%	12.6%
Retail Eating/Drinking	501,594	530,309	28,715	5.7%	8.7%	7.9%
Other Retail	832,082	878,036	45,954	5.5%	14.4%	13.0%
Wholesale	303,773	325,938	22,165	7.3%	5.2%	4.8%
Miscellaneous	316,594	349,836	33,242	10.5%	5.5%	5.2%
Total	**5,791,918**	**6,746,431**	**954,513**	**16.5%**	**100.0%**	**100.0%**

National and State Context

Consumer confidence has continued to improve, with the Conference Board's Consumer Confidence Index rising from April's score of 68.1 to a five year high of 76.2 in May. When describing the results of this month's survey, Lynn Franco of the Conference Board said that "consumers' assessment of current business and labor-market conditions was more positive and they were considerably more upbeat about future economic and job prospects." The Conference Board also noted that this trend is overcoming some of the year's earlier challenges to consumer confidence, stating that "back-to-back monthly gains suggest that consumer confidence is on the mend and may be regaining the traction it lost due to the fiscal cliff, payroll-tax hike, and sequester."

National and state unemployment data is reported by the Bureau of Labor Statistics (BLS) on a one month lag, and according to the BLS' preliminary April 2013 data Washington State's unemployment rate has decreased to 6.5 percent while the national rate has decreased to 7.1 percent. More localized numbers are not yet available for April as BLS data for counties and cities are reported on a two month lag. The March data show that King County's unemployment for was 5.1 percent while the City of Kirkland's unemployment was 4.3 percent.

The Washington State Economic Forecast Council (WSEFC) reports that there has been some volatility in the Washington job market over the past month, but that employment has been trending up overall as payroll employment has increased 1.7 percent over the last year. The WSEFC states that exports have been increasing with non-transportation exports being up 8.3 percent so far in 2013.

Housing construction in the state has continued to improve, with permits applications coming in above the WSEFC's projections. The WSEFC projects that the housing recovery will continue to be spurred by demand for single-family homes and record affordability of housing costs relative to median incomes. The re-sale housing market has heated up lately, with first quarter home sales increasing 14.7 percent in 2013 compared to the same period in 2012 and the median price of existing homes in the state increasing by 14.1 percent. The Seattle Times reports that King County housing prices have increased nearly 20 percent as high demand and a "severe shortage of homes for sale" is creating an environment where the homes that are for sale are selling quickly with multiple offers.

As of late May the national average for a gallon of gas is $3.65 per gallon and in Washington the average is $3.95 per gallon.

Conclusion

May sales tax revenues continued 2013's upward trend with growth in every major sales sector in Kirkland and the City is on track to surpass budgeted revenues by double digits. However, much of the growth in sales tax revenues from 2012 to 2013 has come from three sectors that are economically sensitive and therefore inherently volatile: services, contracting, and automotive/gas sales. The service sector has accounted for 28 percent of this year's gains, while contracting has contributed 26 percent toward the increase and automotive/gas sales have accounted for 24.5 percent of the revenue growth. Any drop in these three sectors could dramatically change this year's prevailing revenue trends.

As a reminder, the City uses the one-year "lag" method when budgeting for expected sales tax revenue, meaning that the 2013 budget is based off of estimates for 2012 tax revenue. When comparing actual 2013 revenues with budgeted revenues, please be aware that budgeted revenues are conservative figures and that actual 2013 revenues are expected to exceed budgeted amounts, which has been the case so far this year.

FINANCIAL STABILITY Meeting community needs with quality services.

ON target

With national awards for budgeting and financial reporting, along with a track record for clean audits, Kirkland's leaders ...

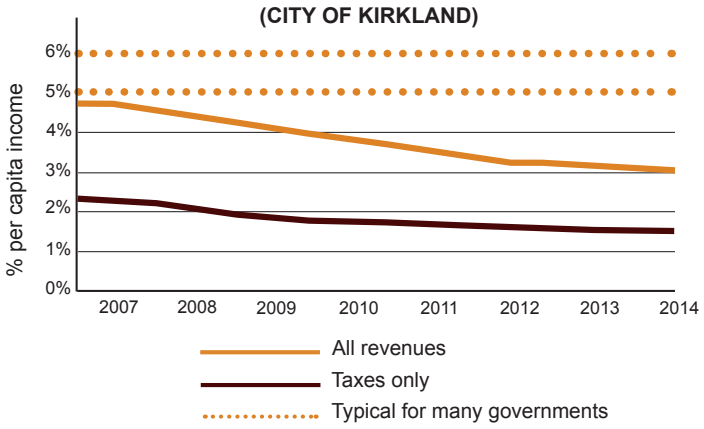
- Maintained the City of Kirkland's AAA credit rating
- Funded residents' highest priority services, such as police and fire protection
- Continued replenishing the City's reserve funds
- Held price of City government to less than 3.5%
- Increased resources for street and parks by earning voter approval for levy lid lifts
- Balanced the 2013-2014 biennial budget

UNDER budget

The 2012 budget required tough choices from City leaders. They met those challenges without compromising Kirkland's fiscally conservative values.

THE PRICE OF GOVERNMENT*

(CITY OF KIRKLAND)



**The "Price of Government is a measure of affordability. It compares revenues from taxes and fees to the aggregate personal income level of the City's constituents. The typical range is between 5% and 6%.*

EXPENDITURES

What we budgeted to spend | What we actually spent

$73 million **$68 million**

* 1 penny = $2 million

CITY OF KIRKLAND
Human Resources Department
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MEMORANDUM

To: Kurt Triplett, City Manager

From: James Lopez, Director of Human Resources and Performance Management

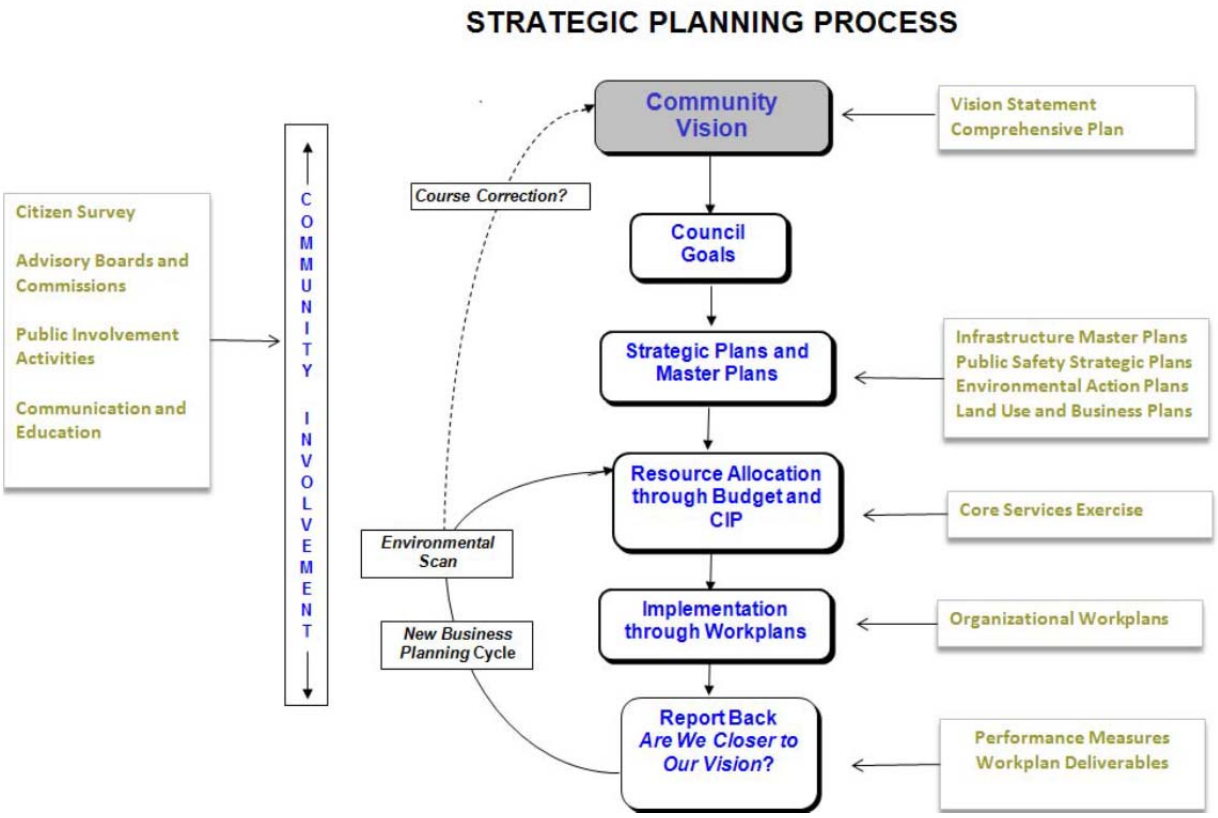
Date: June 11, 2013

Subject: Strategic Planning and Performance Management

The City Council will be discussing the performance management in the context of City Council goals, priorities and the strategic planning process at the second half of the June 17 retreat. The purpose of this memorandum is to provide background information for the City Council's discussion as well as provide an overview of how the existing strategic planning process could evolve into a more effective performance management system that identifies, develops and prioritizes strategies and actions to achieve the City's vision. In developing this system, our view is that in order to be successful, the City must implement a process that measures what we do, communicates what we do, informs decision making at all levels of government and facilitates the development of an active, engaged workforce.

BACKGROUND

In 2011, the Council received a memorandum outlining the strategic planning process of the City. As noted in the memorandum, in recent years, the City Council has taken a more strategic approach to planning through the development of Council goals, performance measures and work plans. A copy of the diagram depicting the City's planning process is included below.



In September of 2012, the Director of Human Resources and Performance Management, the Director of Finance and Administration and a graduate level intern from the University of Washington's Evans School of Public Affairs undertook an initiative to refine the City's strategic management framework by building on the existing structure outlined in 2011. A copy of this report is provided in the Council packet (Attachment A). The project lasted over six months, ending in March of 2013. Recognizing that performance management "is not so much a set of single, independent processes; rather, … is a series of interrelated processes, the combination of which is critical to the achievement of organizational and individual performance"[1] our team set out to review the City's existing strategic planning process with an eye toward finding ways to better align each stage of the process, effectively breaking down silos of information and making key performance criteria available to everyone.

As noted in the report, in undertaking this work we were guided by three core principles. First, we adopted an approach that leveraged existing systems rather than implementing an entirely new way of doing things. This decision was made easier by the fact that the City has an effective process already in place, including an award winning performance report that has been modeled by other cities across the country. Second, we focused on information (objectives, performance measures, targets) that is immediately relevant to decision makers

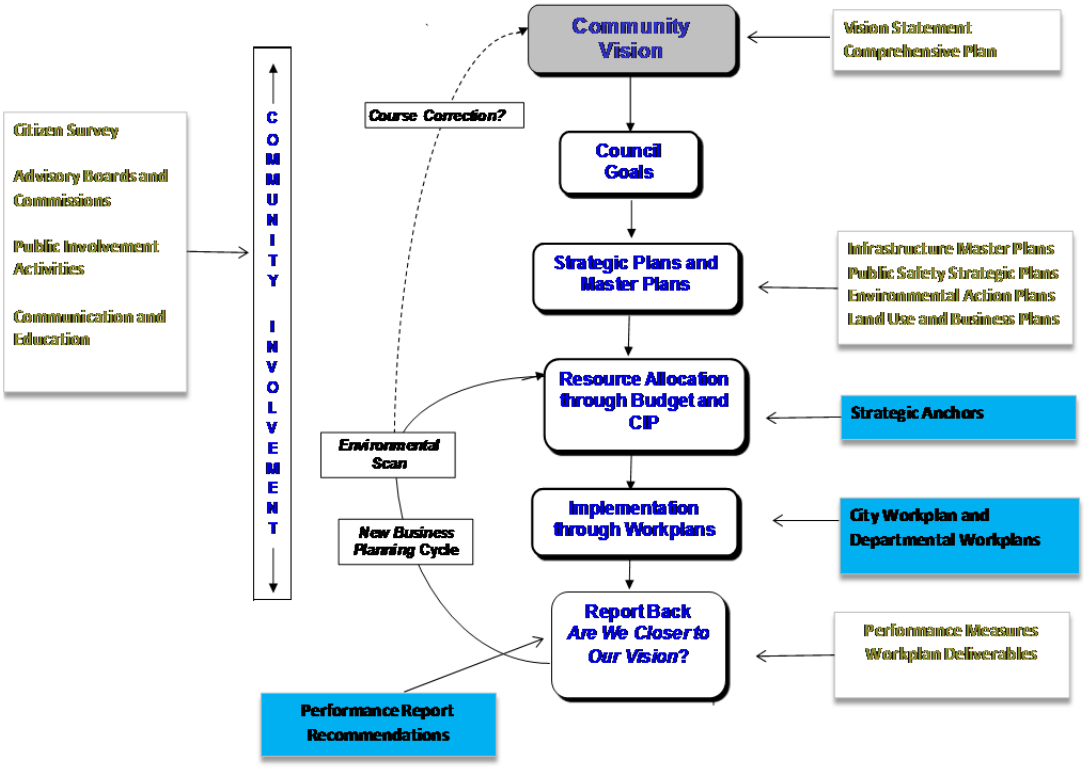
[1] Stiffler, Mark A. (2006). Performance: Creating the Performance Driven Organization (p. 9). John Wiley and Sons, Inc.

and residents evaluating the work of the City. As noted in the report, "[s]ystems to measure and evaluate overall performance can often be time consuming, requiring large commitments of resources to track metrics and often track irrelevant metrics, giving meaningless data." [2]

Put another way, we were careful to structure our approach so as to help *improve the business of government, not get in the way of it.* Finally, wherever possible we sought to provide context to our work by citing a wide variety of the established literature on a given topic under consideration. As such, the report contains a significant amount of research, opinion and hopefully the latest thinking on many of the subjects discussed.

What follows is a brief summary of several of our key initial observations and recommendations found in the report. Most of the initial recommendations involve proposed improvements to the last phase of the City's strategic planning process, titled "Reporting Back, Are We Closer to our Vision?" It is the intent of the performance management team to provide the Council with recommendations on an ongoing basis.

STRATEGIC PLANNING PROCESS



[2] Dugdale, George. Clear, Comprehensive and Concise: towards a new strategic management framework in Kirkland WA (2013). Evans School of Public Affairs.

OBSERVATIONS AND RECOMMENDATIONS

1. STRATEGIC ANCHORS

Perhaps the most significant observation of our work is the acknowledgement that, for the last several years, the City has been guided by three key performance measures that have served as "strategic anchors", or a lens to every major decision put before it. Importantly, however, until the recent publication of the 2013 budget where each of the three strategic anchors was prominently displayed in the first chapter of the document, these measures have remained in the background of the City's performance measurement process.

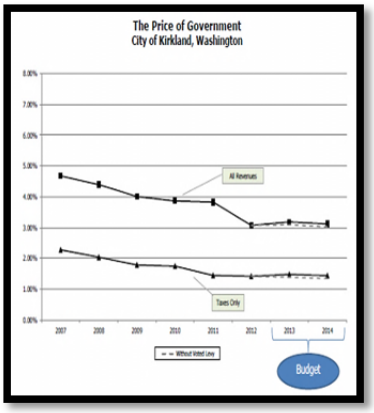
As noted by author Patrick Lencioni[3], strategic anchors answer the question "how will we succeed" and for the City these anchors consider whether the City remains ***affordable***, whether it is ***responsive to the needs of its residents*** and whether it is ***financially sustainable*** both in the near and long term. The significance of this practice should not be underestimated. Guided by these three specific inquiries, the City has been able to manage the tension of setting policies and delivering services that the community prioritizes. While the recommendations at the end of this section focus on the last phase of the strategic planning cycle, the influence of the anchors is found in at least 4 phases of the planning cycle, especially phase during the budgeting process (phase 4), with only phase 1 --vision development and phase 2 --the establishment of the City's long term goals not currently applying.

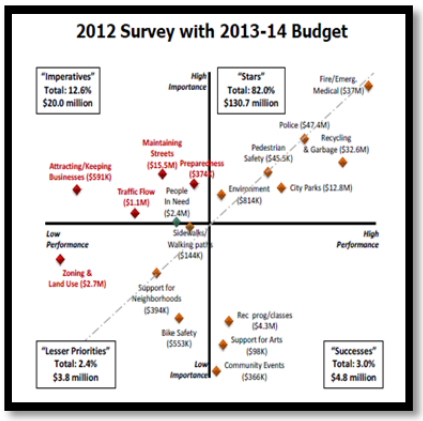
As noted above, each anchor is explained in detail in the first chapter of the 2013 budget report (Attachment B). It is fair to say that by utilizing these anchors in major policy decisions, the City has been able to strategically manage an effective path toward its vision.

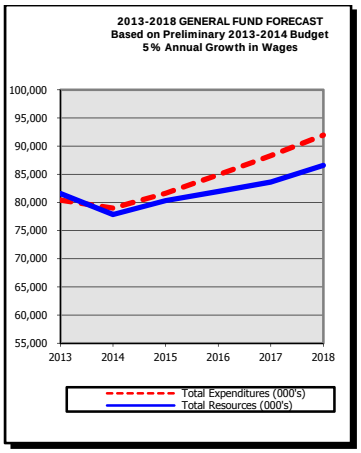
Below are graphical examples of each strategic anchor:

Price of Government (affordable)
Kirkland Quadrant (responsive)
Diverging Lines (financially sustainable)

[3] Lencioni, Patrick. (2012). The Advantage: Why Organizational Health Trumps Everything Else in Business. Jossey-Bass.







Recommendation:

- **Council should accept the three anchors as key decision making criteria to be used throughout the strategic planning process including establishing a more prominent place for these measures in the development of the annual performance report.**

2. REVIEW OF PRIORITY AREAS ESTABLISHED IN THE KIRKLAND QUADRANT

As noted above, the Kirkland Quadrant is one of the three strategic anchors the City relies upon to help evaluate key decisions at nearly every phase of its strategic planning process. The Quadrant, first published in its current form in 2008, communicates the results of a community-wide survey that asks specific questions regarding the *importance* and the *performance* of several key policy areas identified by the Council. These key policy areas, known by staff as Council "Priority Areas" can be organized by Goal area and range in scope from very specific i.e. "Pedestrian Safety" to very general i.e. "Police". Each Priority Area gives the Council important community insight on areas of concern and supports the idea that the City is especially ***responsive*** to the needs of its residents.

While the Kirkland Quadrant continues to be a critical part of the decision making process of the City, staff has recognized at least two key areas in which the metric could be improved. First, with respect to some of the broader Priority Areas, it is not clear exactly what the community is evaluating when it is responding to the survey. For example, when considering the Priority Area "Environment" the community is faced with a term so broad it is not clear exactly what criteria is being used when evaluating the City's performance. In addition, the Council may want to revisit the number of Priority Areas it seeks to get community feedback on, without losing the ability to track progress over time. Given that the Council's perception of the community's priorities may change over time, it might be helpful to include more measures or at least refine a process by which the Priority Areas are re-evaluated to ensure they maintain sufficient priority to remain on the survey.

Recommendations:

- **Each Priority Area should be evaluated to ensure that its meaning is clearly communicated to community.**
- **City should evaluate whether there are a sufficient number of Priority Areas to most effectively inform the Council on the City's performance.**

3. REVIEW OF PERFORMANCE MEASURES IN THE PERFORMANCE REPORT

First established in 2006, the City's annual performance report is a primary mechanism to measure how well the City is performing against each established goal area set by the Council. A copy of the recently published 2012 Performance Report is included in this Council packet (Attachment C). Because the report is organized by goal area, it provides a direct road map of how the City is doing against the highest level expectations of the council, essentially aligning yearly performance to long term vision. The report is also presented in such a way as to emphasize not only metrics and other quantitative information, but it also illustrates through narratives of how the City is working to achieve its goals, in many cases in partnership with the community it serves.

As staff begins planning for next year's version of the performance report, two significant proposed changes need to be brought to the Councils attention. First, it appears that several of the performance measures used to define success under each goal area might not be the most accurate reflection of what it means to be successful under each measure. For example, several of the measures such as the BIBI index[4]-- used to monitor the health of our streams-- reflect a regional concern of which the City is one contributor.

These measures, known as "population measures"[5] have their place in the report, but do not necessarily give the most meaningful information as to how well the City is doing to address a specific issue, given the limitations of what the City actually does to affect the solution. In the case of the BIBI index, most of the solutions involve regional efforts to keep our watershed clean. It might be more effective for the performance report to indicate how well the City is doing on each of the specific strategies it is undertaking to increase the BIBI index in addition to publishing the index itself, so that the Council can see if the City is pulling its weight on the issue. For example, in the future the City will likely be repairing culverts along the newly purchased Cross Kirkland Corridor, which will over time improve fish passage and help restore the health of streams. Measuring progress against discrete, shorter term, goals such as this can help to show that the City is making short term improvements that will help lead towards the long term vision of clean, environmentally sound, streams across Kirkland.

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[4] Benthic Index of Biotic Integrity

[5] Freidman, Mark. Trying Hard is Not Good Enough: How to Produce Measurable Improvements for Customers and Communities (2005). Trafford.

Second, it appears the type of measures used during the report could be adjusted to place a greater emphasis on ***outcome*** measures. Staff recognizes that ***quantity based (output) measures*** that answer questions such as "how much did we do?", as well as ***efficiency measures*** that answer questions such as "how well did we do it?" are critical to the performance evaluation process. However, in many cases the most meaningful community measures are ***outcome measures*** which answer the question "is anyone better off?" As such Council should consider evaluating the performance report to ensure that there is an appropriate balance between ***output***, ***efficiency*** and ***outcome measures***.[6]

Recommendation:

- **Each performance measure should be evaluated in terms of its effectiveness with an eye toward prioritizing measures that reflect community outcomes and answer the question "is anyone better off?"**

4. ALIGNING THE PERFORMANCE REPORT WITH THE STRATEGIC PLANS AND MASTER PLANNING PROCESSES

Consistent with the City's strong emphasis on being a community centric, responsive organization (see Strategic Anchors section above) the City is currently engaged in an unprecedented series of City-wide collaborative planning processes. These include the 10 year update to the City's Comprehensive Plan, the first ever City Multi-modal Transportation Master Plan, the implementation of the Fire Strategic Plan and an update to the Surface Water Master Plan to name only a few. While each of these plans offer some form of performance measurement as a component of its content, there exists an opportunity to better connect what drives performance in each of these plans to what is being reported in the annual Performance Report. While the time frame associated with many of these plans usually lands in the mid to long term horizon, it is still possible to provide qualitative, narrative updates on the development of these plans as part of the annual performance reporting process. Such an effort could help to better align the decisions, actions and performance measures found in each plan with the overall direction of the City. The City Manager's Office is the central organizing entity overseeing each of these initiatives. Performance management staff could work closely with the CMO to incorporate these updates into the annual performance report.

Request for Guidance:

- **Council direction is needed to determine if the Performance Report should be revised to include narrative updates from the many strategic planning documents in development across the City.**

[6] See Freidman at 65-96 (discussing performance measurement categories).

5. CREATING AND MAINTAINING THE ENGAGED WORK FORCE

As Council is aware, one of the great strengths of our City government is its active and engaged workforce. While the development workforce engagement programs is beyond the scope of this memorandum, the reality that performance in any organization is more than just the strategies, measures and processes put in place to deliver results must be noted.[7] Specifically, you can't have a high performing organization without a high performing workforce.

In response to several requests from the 2012 management retreat, Human Resources developed an innovative training program for managers and supervisors designed to provide the materials, tools and information necessary to succeed in the critical task of managing employees. The program, titled "Managing to Excellence" is made up of 7 modules and is given incrementally throughout the year. One of the essential components of the program is to see the supervisory process through the eyes of the employee, and for each manager and supervisor to reflect back on several key questions designed to ensure our workforce remains actively engaged in delivering positive outcomes for our community. The next phase of the Managing to Excellence program will involve a detailed look at best practices in the performance evaluation process. Linking performance evaluations directly to higher level goals of the organization can be an effective way to align critical resources at all levels of an organization. Such an approach recognizes the need to measure, report, acknowledge excellence and improve individual performance as a key part of the engine that drives the entire organization's performance. While creating and maintaining a high performing work force is primarily a management function, some of the key tools by which excellence is achieved require Council action such as the approval of labor contracts and departmental budgets. The Council may wish to receive regular updates on the City Manager's initiatives to create and maintain an engaged workforce. In addition it is worth noting that there are currently no metrics in the performance management report related to employee performance. The Council might want staff to develop some potential employee measures for Council review and approval.

Request for Guidance:

- **Council direction is needed regarding the frequency and extent it desires to receive information on workplace engagement initiatives.**
- **Should staff develop some employee engagement and performance metrics for inclusion in the annual performance management report?**

CONCLUSION

An effective performance management system must be, at its core, simple: simple to use, simple to understand and simple to communicate. At the same time such a system must be

[7] See Huwe, Ruth A. Metrics 2.0: Creating Scorecards for High-Performance Teams and Organizations (2010) (pp. 241-266 (for a detailed discussion on Metrics and Motivation).

sufficiently complex to facilitate critical functions such as informing decision making at all levels of government, providing critical feedback on how the City is performing, and focusing critical resources on those issues that are most pressing. Fortunately, the City of Kirkland has many of the building blocks of a highly effective performance management system already in place. In many ways, the work of the performance management team is to make sure all City initiatives are integrated and aligned as we continue to grow as an affordable, responsive and financially sustainable organization that implements the Council's Goals. Such an endeavor is an ongoing process and City staff looks forward to working closely with the Council to ensure the City continues on the right path into the future.

CLEAR, COMPREHENSIVE & CONCISE: towards a new strategic management framework in Kirkland, WA

George Dugdale, Evans School of Public Affairs

Acknowledgements

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Introduction

Kirkland is a city of approximately 81,700 people in King County, WA, situated on the east side of Lake Washington, about 10 miles from downtown Seattle. Founded by British born engineer Peter Kirk in 1888, to house a steel mill, the city has grown substantially throughout its history, largely through the annexation of neighboring communities. While Kirkland is considered a suburb of Seattle many residents also work in nearby Redmond, at the headquarters of Microsoft, or for various organizations within the City. As with many of its Eastside neighbors Kirkland has a high per capita income; citizens of Kirkland have the 13th highest household income ($60,322) among 522 ranked cities in Washington.

At the 2010 census Kirkland's population was estimated to be 48,787, however, following a public vote the City annexed the North Juanita, Finn Hill and Kingsgate neighborhoods in 2011 (Figure 1), which significantly increased the population and area of the City. Kirkland's population is now estimated to be 81,787 with an additional 7 square miles of total area, a 64% increase from 2010. That the City now has to serve a far larger population and area makes this an appropriate time for the City to develop a new strategic framework.

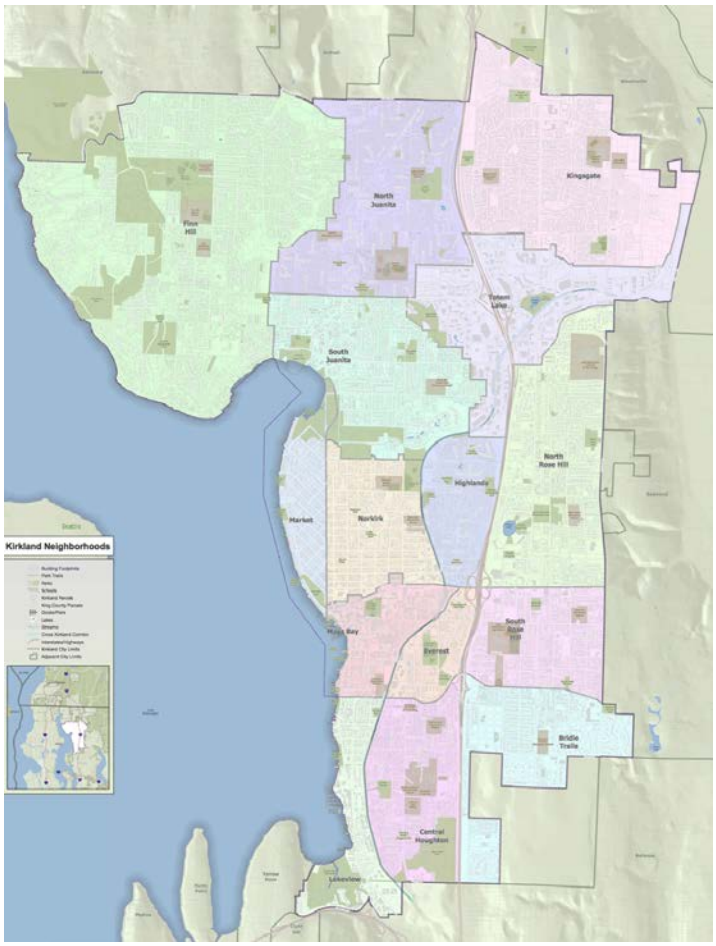


Figure 1. Map of Kirkland with annexed neighborhoods

Kirkland has a council-manager form of government. The City elects seven non-partisan council members every two years who serve four year terms for the city at large, rather than serving districts. The City Council then elects a Mayor and Deputy Mayor from among the members, who serve two year terms. The City Manager serves as the professional administrator of the City and is responsible for coordinating day-to-day operations.

The mission and strategic guidelines for the City are set by the Council and carried out by the City Manager. As citizens elect the Council Members this

ultimately puts the citizens of Kirkland in charge of strategic direction of the City.

Kirkland is a successful and well-managed city. The city has a relatively low crime rate, a thriving downtown core and a well-managed parks system. In addition a recent citizen survey found that 85% of residents rated Kirkland as either excellent or very good as a place to live.

The Challenge

The City wants to build on this strong base and refine its strategic management framework in a way that incorporates the city's existing goals, comprehensive plans, performance reports and budget process into one cohesive system. Once created this system would inform decision-making at all levels of government, creating a healthy organization that enables all employees to see their value to the city and, most importantly, presents the citizens of Kirkland with an affordable, responsive and sustainable local government.

Currently Kirkland has a number of strategic and performance frameworks. These range from overall strategic plans – such as the overall Comprehensive Plan – through long term departmental planning – including the recently released Fire Strategic Plan. In addition there are a range of annual plans such as the City Work Program and the annual Performance Report. Additionally, the biennial budget has a key strategic role, particularly in resource allocation making it a key component of strategic planning. While individually these documents help dictate strategy for some of the City's work, they do not always work together in a single cohesive framework. This can make internal planning more difficult and can make it more challenging for citizens to clearly see the performance of their government.

Developing a cohesive framework that incorporates short term-term and long-term departmental planning, the budget, and the overall Comprehensive Plan is the next major milestone in creating a good performance management system for Kirkland. Success would lead to increased effectiveness of each individual plan without radically altering the existing goals of the City. In recent years significant time and effort has already been invested in this process, developing strategic goals and desired outcomes, so the challenge is not to render this work redundant. In fact, no strategic framework can be successful without buy in at every level, so simply removing one set of goals and strategies and replacing them with another would be unlikely to succeed. Therefore, it is essential that the City's existing goals, Comprehensive Plans, Performance Reports and Budget are kept at the forefront of the new planning process.

Central to this challenge is creating a system that is simple for staff to use and easy for citizens to track. In recent years there have been a number of popular performance management systems, such as performance based budgeting, that have required an enormous amount of planning and development. Much of that work has already been done

in Kirkland, so that challenge is not to create, but to effectively represent, with the aim that citizens can be easily engaged in their government, making it as accountable as possible. However, it is unrealistic to expect the day to day activities of every staff member to have a noticeable impact on the highest level indicators. Therefore it is also crucial that there is a clear progression from the highest level, city wide, indicators down to individual performance measures within individual departments. Balancing departmental work and strategic plans will play an essential role in this. If successful the performance management system will enable people to have an at a glance view of how effectively the City is working, while also enabling departments to understand what is driving performance in their departments and how they can best use resources.

Establishing buy in from City staff is the final major challenge facing this work. The aim is to create a system that not only accurately represents the goals and activities of the City, but also helps directors to plan the future activities of their department while helping individual staff members to see their efforts reflected in the framework. Given the governance structure of Kirkland there is an additional challenge of balancing the strategic direction given by the Council with the day-to-day management requirements of the City Manager.

The Questions

Given the aims and objectives set out above this paper will seek to answer the following four questions:

1. How can the strategy and performance documents currently in place be better organized to create a single strategic framework?
2. What is the simplest and most effective way to represent the achievements of the City for both citizens and staff?
3. How can we ensure that the system effectively moves from the highest level metrics, down to measures that are reflected in individual staff member's day to day activities?
4. How can this be achieved with minimal burden on staff in terms of reporting, collecting and managing data?

Providing comprehensive answers to all four of the main questions is a long term process that will continue beyond the lifespan of this report. Therefore the major goals for this report are to start the process of answering these questions and to create the conditions under which more comprehensive answers can be found.

Methodology

This project ran over six months from September 2012 until March 2013. As mentioned, redesigning the strategic management framework at the City of Kirkland is a longer term process, of which this is a section. The methodology involved four steps: a review of City documentation to understand the current situation in Kirkland and the development of that system; a literature review of relevant academic work on performance management and process improvement; regular meetings with key staff contacts; and, interviews with department directors.

In order to understand the current framework in Kirkland and how it had developed a number of steps were taken. First a review of internal memoranda and other internal communications that referred to Council retreats and staff meetings that dealt with performance management. Secondly, investigation into current performance documents, in particular the 2013-2014 Preliminary Budget and the 2011 Performance Measures Report. The Budget Message contained the most up to date strategic thinking available, while the Performance Report combined the existing City Council Goals with the individual performance measures currently used.

Understanding past iterations of these documents was also necessary. For example, seeing the progression from the 2011-2012 Budget to the current biennium enabled me to see the development of the City's strategic thinking. Past performance reports and departmental plans provided similarly useful information.

While digesting the existing framework a literature review was also carried out. Some of the documents covered were signposted by the City of Kirkland, while other pieces were new materials relevant to ongoing discussions. As the direction of this project too shape several of these documents became focal points the new framework was built around. The literature review is split into three parts that three essential ingredients of a successful strategic framework. The review goes beyond the questions answered within this report to provide and academic grounding for future work at the City.

Regular meetings with the Director of Finance & Administration and the Director of Human Resources and Performance Management provided a significant proportion of the direction for the project. These meetings were, in essence, a steering committee for the project and provided not only direction on the City's ongoing activities, but constant feedback on the project thus far. The meetings also provided an opportunity to share information gathered from other sources. For example, throughout the process I spoke to a number of different faculty members at the Evans School and in turn reported back on these meetings to the steering group.

Finally, interviews with many of the Directors at the City (Table 1) were carried out. These meetings enabled a discussion on performance management within individual departments

to take place, and provided the opportunity to discuss overall strategic performance at the City from several points of view.

Table 1. Interviews conducted with Directors

Director	Department
Chief Eric Olsen	Kirkland Police
Eric Shields	Planning & Community Development
Jenny Schroder	Parks and Community Services
Ray Steiger	Public Works
Brenda Cooper	Information Technology

All interviewees were asked the same six questions (Table 2). These questions provided structure to the interview and ensured the same topics were covered. However, given the range of opinions and expertise among the directors, each of the conversations had a different emphasis, and different follow up questions were asked. The specific questions were chosen in consultation with academic advisor Justin Marlowe, as well as the steering group at the City of Kirkland.

The overall aim of the questions was to understand what drives performance management in each department. By asking about internal and external opinions of the department the aims was to understand not just how performance is measured in theory, but how that interacts with perceptions of the department, and where there might be gaps.

Table 2. Questions Asked to Directors

	Questions asked to each Director interviewed
1	What drives internal performance management in your department?
2	What kind of information don't you have that you would like to have in order to evaluate your staff and department?
3	How do you know when there's a performance problem in your department? What signals and mechanisms are there?
4	Can you give me an example of a situation in which you felt someone – a citizen, Council Member, or other department head – reached an incorrect assumption about your department. What do you think drove that assumption?
5	The converse – can you give me an example of a time someone reached the correct assumption about your department? What drove that assumption?
6	What information is useful to you when thinking about the future performance of your department?

Literature Review

The aim of this literature review was to identify the factors that make a performance management system work in practice. As the City of Kirkland has already taken steps to create a framework this review sought out best practice and management theories that could be applied to this situation[1]. The review is divided into three sections; the first looks at the conditions that need to exist within an organization in order for a performance framework to be successful, the second focuses on developing strategy, and the third reviews literature on how to create individual performance measures.

Organizational Health and Culture

Performance management in the public sector is often perceived in a negative light. Systems to measure and evaluate overall performance can often be time consuming, requiring large commitments of resources to track metrics and often track irrelevant metrics, giving meaningless data. These problems have led to a perception that such systems are meaningless and exist to make senior management happy. As one scholar in the 1990's wrote performance management is "…merely to decorate a budget document" (Bouckaert and Halachmi 1996).

Academics have suggested that the problem is often the underlying assumptions of performance management frameworks do not translate into the real world (R. D. Behn 2007). As governance decisions are made in real time, and not with reference to ideal circumstances, performance management efforts aimed at a perfect decision making environment proved unrealistic. This, in turn, breeds cynicism among public employees who believe that reform is habitual and passing (Moynihan 2005).

However, most scholars agree strategic performance management should be a vital component of any organization (Moore 1995). Developing a clear method of understanding exactly how activities and policies are impacting residents lives is the most effective way to ensure that citizens are getting value for the taxes they pay. Furthermore, successful performance management can help those working within an organization to properly understand their role in the overall picture, helping to drive employee morale and lead to better outcomes. (Levy 2012)

This long-held desire to see good performance management processes implemented in the public sector has led to a sustained effort at local, state and federal level to make government more results orientated. The federal Government Performance and Results Act implemented in the late 1990s was one significant milestone, and more recently systems such as performance based budgeting and Managing for Results (MFR) have also developed. The idea behind the more recent wave of performance is that by organizing around an

[1] An excellent introduction into the importance of strategic management can be found in: Moore, Mark H *Creating Public Value: strategic management in government.* Harvard University Press, 1995.

evaluation of long-term goals, and by learning through performance, organizations will become smarter (Moynihan 2005) (Walters, Abrahams and James 2003).

While systems such as MFR have documented success stories (Walters, Abrahams and James 2003) some have argued that they are also ineffective, in part because they can become a control mechanism for demanding compliance, rather than a tool for improvement (Franklin 2000). The critique is that there is a lack of compliance between senior management and staff, creating a disconnect that prevents overall improvement.

Moynihan argues that this disconnect stems from a lack of understanding about how organizational learning takes place (Moynihan 2005). Organizational learning is based on shared experiences and goals of employees and needs to predate the approach to reform (Senge 1990). Good organizational learning therefore thrives in an organization with a strong organizational culture. Academic literature has long stressed the importance of organizational culture (Schein 1992) and has argued that the most important movement towards strong organizational performance is to have "the right people on the bus" (Collins 2001). The idea being that without the right people in place, who are moving towards the same goal, no performance management system is going to have the desired approach.

This concept can be defined as Organizational Health. Health within an organization is defined by Patrick Lencioni as "when it is whole, consistent and complete, that is, when its management, operations, strategy, and culture fit together and make sense." (Lencioni 2012). In this context a healthy organization is one that minimizes politics, internal confusion, staff turnover, while maximizing morale and productivity. Achieving this is seen by many as essential to having a performance system that works (Lencioni 2012) (Collins 2001).

In addition employees need to have ownership of the measures being created (Lencioni 2012). Managers cannot motivate employees that do not want to be motivated; rather they need to foster the circumstances under which staff can channel their own motivation toward achievable goals (Nicholson 2003). These circumstances require the identification of an organization's core values (Lencioni 2012).

Values can be defined as fundamental beliefs and unwritten standards that guide behavior and judgments across situations (Rokeach 1973). In an organizational context they are the beliefs and attitudes that shape individual decisions and are considered a major component of organizational culture (Hatch and Schultz 1997), the "glue that holds an organization together as it grows" (Collins 2001). Identifying core values is one of the most important elements to creating organizational health (Lencioni 2012).

Organizations express values through their ideology and their actions (Abravanel 1983), therefore core values should already exist within an organization, and are not handed down by management (Van Rekom, Cees and Wierenga 2006). There are various methods for identifying core values (Lencioni 2012) (Van Rekom, Cees and Wierenga 2006), but most

importantly values should reveal themselves rather than being imposed. Understanding these values, and how they can relate to outcomes and goals is essential to an effective performance management strategy (Wood 2012).

Effective Strategy

Along with organizational health, understanding how to succeed requires an awareness of the organization's long term outcomes (T. H. Poister 2003). Long term outcomes should be descriptions of a desired state and are distinct from program outputs. Long term outcomes are also different from shorter term outcomes, otherwise known as goals (Guajarado and McDonnell 2000). For example, a long term outcome would be "a crime free neighborhood" whereas a goal is "a 50% reduction in violent crime in the next 10 years."

Managers who are concerned with overall performance must look at long term outcomes, because they represent program effectiveness. However, outcomes are generally influenced by a range of other factors beyond the control of individual managers (T. H. Poister 2003). For this reason it is important to track the right outcomes, and governments should only measure outcomes they have at least some control over (Hatry 2006). Finding the right outcomes requires a process of planning and should involve citizens, staff and an assessment of the core principles of government (Hatry 2006).

Choosing medium-term outcomes, or goals, allows a government to bridge the gap between long term outcomes and program outputs (Guajarado and McDonnell 2000). To make the link between individual programs and the desired long term outcomes, a planning tool such as a logic model or program theory can be used. If performed correctly, these tools demonstrate the theory and assumptions underlying organizational activities and help to illustrate pathways to success, as well as highlighting any fallacies in the assumptions (W.K Kellogg Foundation 2004).

Linking short term outputs to these medium term goals requires the development of a strategy. Tools such as a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) enable an organization to assess both the internal and external environment they are operating in (Humphrey 2004). Understanding the external as well as the internal environment is essential for understanding to what extent a strategy can be expected to work for any given program. (Porter 1979).

For a local government strategies should not only reflect the operational aims of the municipality, but must also reflect the values of the citizens (Bryson and Roering 1987). As citizens are both the clients and customers of City Government and elect the leaders of that government, they are essential stakeholders in strategy. Citizens reveal their tastes and preferences in part through direct Council elections, referendums and other forms of participation; however, involving citizens as stakeholders is also an essential part of developing strategy (Martin 2003).

Literature on strategy is primarily taken from the for profit sector, but with some adaptations much of what is written can be applied to the public sector (Bryson and Roering 1987). Moore writes that all organizations, regardless of sector, will benefit from committing themselves to a strategy that describes the values of the organization (Moore 2000). Combining values and strategy enables an organization to establish its 'strategic anchors'. These strategic anchors provide the filter or lens through which every decision is made as well as answering the question "how will we succeed?" (Lencioni 2012).

Identifying strategic anchors can be done in a number of ways. A common method is to map all the activities an organization does and then to link them together to see which activities are the most frequently used (Porter 1996). For governments this process should also include citizens. Once the three most important have been chosen they should be viewed strategies for long term success (Lencioni 2012). Unlike core values, these strategic anchors can change over time if the internal or external environment changes, but while they are current they should be the lens through which decisions are made.

Measuring Performance

The third aspect of a performance management framework is relevant and accurate performance measures that enable an organization to track progress. Measures can be broadly construed into four categories: inputs, outputs, efficiency measures and outcomes (Hatry 2006) (Friedman 2005). Outcomes are changes to circumstances, attitudes or behaviors of an external group; efficiency measures essentially answer the question "how well did we do?"; while inputs and outputs refer to the activities of the program or organization itself (Friedman 2005) (W.K Kellogg Foundation 2004).

Attempts to measure performance in government have existed for at least sixty years, but took on renewed impetus as taxpayer revolts, privatization and spending curbing initiatives took place in the 1990s. (Poister and Streib 1999). As these forces have continued throughout the past decade there has been an increasing attention placed on adapting performance measurement techniques from the private sector into government (Miller 2010).

In the for profit world measuring performance can be as simple as measuring units sold and profit made. Government has traditionally not thought of its performance in those terms as government programs are often conceptualized as being too broad based and intangible to effectively measure. However, understanding that government does make widgets and deliver for customers can help to start the process of what to measure (Miller 2010). These widgets are the basic outputs of government and form the backbone of measuring "how many did we do?" (Friedman 2005).

While essential to understanding what is provided counting widgets is only a first step in performance measurement. Academic literature also focuses on the importance of measuring the efficiency with which the widgets are delivered (Poister and Streib 1999).

Efficiency measures help to highlight the effectiveness of a program and provide important information about how effective the use of resources has been (Friedman 2005). Efficiency measures are how well a program was delivered, for example the percentage of students that graduated from high school (Friedman 2005).

It is also essential to measure whether a program is impacting the long term desired outcomes (Friedman 2005). Without this the inevitable conclusion will be a focus on what is being measured rather than on the desired outcome, something has happened in schools with 'teaching to the test'. (R. D. Behn 2004). Many whose work focuses on performance measurement argue that the clearest way to measure long term outcomes is to focus on a relatively small number of key indicators, and to show the outcomes as trend lines (Friedman 2005) (R. D. Behn 2004). This enables an organization to focus on the outcomes that really matter, and allows for clear and easily accessible representation of outcomes.

Finally, performance measurement literature stresses the importance of understanding the impacts a program is directly responsible for, and to draw the correct logical progression from one stage to the next (W.K Kellogg Foundation 2004). This can be viewed as the difference between performance accountability and population accountability (Friedman 2005). Population accountability refers to a geographic area, e.g. all the citizens of Kirkland, while performance accountability refers to how well individual operations are run. If the right performance measures are chosen then population measures can shift over the long term, but it requires an effective understanding of the links between programs and population (T. H. Poister 2003).

Current Planning and Performance in Kirkland

As the existing vision, comprehensive plan, performance documents, and departmental plans will remain an integral part of the new performance management framework it is important to understand the current system in Kirkland. The development is particularly important because the process of development reveals the thinking and aims behind the system, something that helps to identify core values and strategic anchors.

The Strategic Planning Process

Strategic plans have existed in Kirkland for some time. For example, in 2003 a Natural Resource Management Plan was developed with long term goals for the City around air, land, water and other environmental factors. This kind of individual area strategic plan has remained common and has included plans such as the Police Services Strategic Plan (2004), Downtown Strategic Plan (2007) and most recently a Fire Strategic Plan (2012). Many of these are renewed every 5-10 years as needs change within the City.

In theory all of these individual plans align with the 20-year plan Comprehensive Plan for the city, which is reviewed and updated annually. The Comprehensive Plan contains the vision statement for the City of Kirkland called Kirkland 2022 (Appendix A). This statement was an outgrowth of a "community visioning process" that began in 1992 and was updated in 2002. Although long, this statement provides a vision of how citizens want Kirkland to look in 2022, and enables the City to set its policy direction.

In 2009 the City Council began to take a more strategic approach to planning by committing to the following strategic planning process:

1. Identification of mission/vision
2. Internal and external environmental scan
3. Agreement on broad goals
4. Development of strategies to achieve the goals
5. Development of an action plan
6. Implementation of the action plan
7. Monitoring and measurement of progress

Identification of mission/vision

As mentioned, Kirkland had developed a vision statement over a number of years through consultation with citizens. The vision statement is a "verbal snapshot of the desired character and characteristics of the city in the year 2022". The statement is written as if from the year 2022, with someone describing the ideal version of Kirkland that has been created. As part of Kirkland's process to make all planning more strategic a shortened version of this statement was adopted for publication on the website and on every council agenda.

"*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.*"[2]

The shortened version remains written from the perspective of 2022, and also retains many of the substantial goals present in the long form version.

Internal and external environmental scan

In 2008 members of the City's executive team carried out a number of SWOT analyses on six priority areas that had been identified by the Council. Since then additional analysis have been done on other priority areas. These analyses enabled staff to step back from the day to day activities and see whether there is anything in the internal or external environment that warrants changes to the City's short or long term plans. As an example, the SWOT analysis for Economic Development is shown in Appendix B.

City Council Goals

The cornerstone of the current strategic framework is the City Council Goals. Between March and September 2009 the City Council identified 10 goal areas for the City's long term focus (Table 3). These correlate closely with the vision statement laid out above and contain a goal as well as a value statement that serves as a long term outcome. In addition the goals were designed to be dynamic and have been refined since their creation.

Table 3. Kirkland Council Goals

Goal Area	Value Statement	Council Goal
Neighborhoods	The citizens of Kirkland experience a high quality of life in their neighborhoods.	Achieve active neighborhood participation and a high degree of satisfaction with neighborhood character and infrastructure.
Public Safety	Ensure that all those who live, work and play in Kirkland are safe.	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.	Support a regional coordinated system of human services designed to meet the basic needs of our community and remove barriers to opportunity.
Balanced	Kirkland values an integral multi-modal system of	Reduce reliance on single occupancy vehicles and improve connectivity and multi-modal

[2] The full statement can be found in Appendix A

Transportation	transportation choices.	mobility in Kirkland in ways that maintain and enhance travel times, safety, health and transportation choices.
Parks and Recreation	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.	Provide and maintain natural areas and recreational facilities and opportunities that enhance the health and well being of the community.
Housing	The City's housing stock meets the needs of a diverse community by providing a wide range of types, styles, size and affordability.	Ensure the construction and preservation of housing stock that meets a diverse range of income and needs.
Financial Stability	Citizens of Kirkland enjoy high quality services that meet the community's priorities.	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.	Protect and enhance our natural environment for current residents and future generations.
Economic Development	Kirkland has a diverse, business-friendly economy that supports the community's needs.	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.	Maintain levels of service commensurate with growing community requirements at optimum life-cycle costs.

Development of strategies to achieve the goals

The large number of existing strategic plans, ranging from the overall comprehensive plan through to individual departmental plans, have largely been left in place as the strategic planning process has taken shape. Some Directors believe that shifting priorities that have happened as part of this process has caused inefficiencies as plans their department had started to implement no longer reflect overall strategic aims.

Some of these departmental plans such as the Fire Strategic Plan, have been updated since the planning stage started. However, this plan did not mention the City Council Goals, or the overall strategic plan for the City. This indicates that while the City has set some overall direction, this does not necessarily permeate all areas of planning.

Development of an action plan

The City currently has two major action plans. The first is the City Work Program and the second is the biennial budget.

The annual City Work Program is adopted by the City Council via a resolution and gives the City Manager discretion to set targets and goals for the year against the resolutions contained in the plan. This potentially serves three purposes. The first is to set Council priorities in advance of the budget so the budget can reflect those priorities. The second is to implement decisions already adopted in the budget. Finally, the work plan can operate as a hybrid of the first two models. Currently a draft work plan is presented during the budget process and revised to reflect final council direction in the budget process

The biennial budget is the other major action plan for the City. The major focus of any budget is resource allocation, but in recent decades as money has become scarcer in government it has become an increasingly important planning document. This process has accelerated since the start of the 2007-2008 financial crisis. Some governments have gone as far as to formalize their strategic planning around the budget process, using formats such as Results Based Budgeting. However, Kirkland has decided that following this or another scheme that uses a zero-based budget system is enormously time consuming and does not guarantee results.

As part of the new strategic planning process the budget message for the most recent 2013-14 budget has been significantly altered to reflect how the budget reflects "community priorities and council goals." This includes how money has been spent on each goal area, and sets out recommendations for how money can be allocated in the next biennium.

Monitoring and measurement of progress towards goals

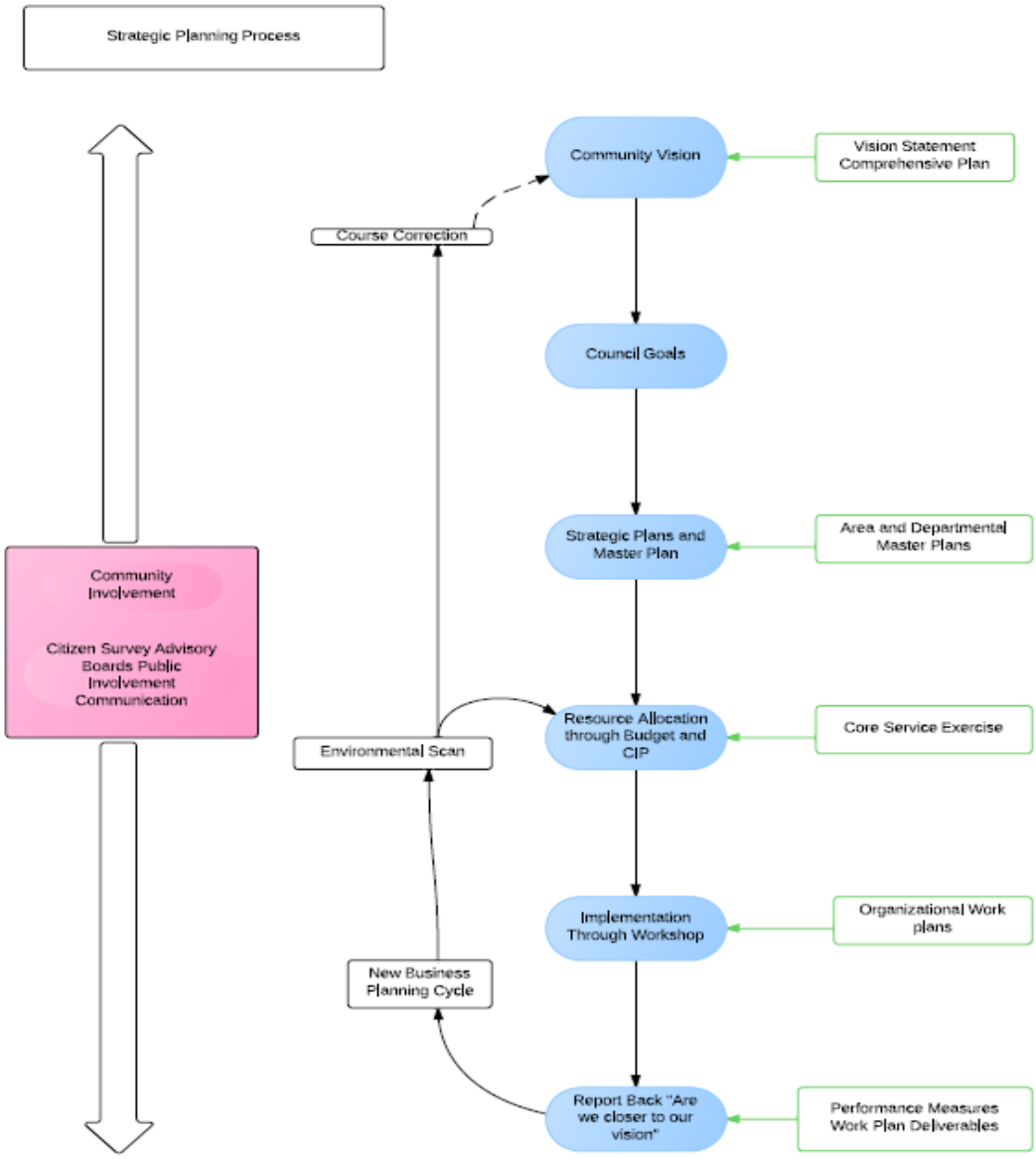
The final element of the strategic planning process is monitoring how the city is doing against the targets set out above. Currently there are two primary ways this is happening. The first is via the annual Performance Measures Report, and the second is the Citizen Survey that the City conducts every two years.

The annual Performance Measures Report is a short report published by the City that tracks progress against stated performance measures for each Council goal area. The performance measures were developed by Commissions, Boards, Council Committees and one staff committee before being passed by the City Council. The measures include funding, staff numbers, indicators of engagement and efficiency as well as citizen attitudes and some short term outcome data. These measures are discussed in greater detail in the next section.

The Citizen Survey is the primary tool by which the City gets feedback on performance from citizens. The survey is a biennial telephone survey of 500 registered voters in the City of Kirkland. The survey contains 38 questions including demographic information, concerns about the city, and how residents think the city is achieving in certain areas. The 2012 survey was the fourth iteration. Currently the only way to track changes in attitudes over time is to look at different versions of the quadrant side by side.

Figure 2 shows how the stages described above work in practice moving from the vision down to the tracking of individual measures.

Figure 2. Strategic Management Process in Kirkland



Analysis of the Current Planning and Performance System

The current system has provided a strong base for strategic planning. The council and the citizens of Kirkland have been closely involved, and the system is particularly strong with regard to long term planning. However, improvements are needed in three areas in particular:

- Linking the short and long term goals together.
- Providing a simple layout that enables citizens and staff to see progress.
- Choosing the right performance measures and representing these measures with a trend line.

While the system does in theory move from the vision down to individual metrics the different elements do not always tie together perfectly. This is particularly evident with the departmental strategic plans. As these are developed to fit the needs of individual departments they are not written with the overall strategic aims in mind. This means that the targets do not always correspond to the City Council goals.

This problem is understandable when there is no central point that each department and goal area planning process can look to when making strategic decisions. Developing a clear, easy to access, representation of performance that is widely available would make it possible for every new plan to be made with consistent goals in mind. If each department can see how they have performed against specific targets, how those targets drive progress towards a goal area, and how progress towards those goal areas fits into the City's long term strategic aims, then they can plan according to those aims.

The third important element is ensuring the right measures are chosen. Currently there are a number of measures under each goal area which have been chosen to show progress about that goal area. However, these metrics do not always fit together to show a complete picture of what success for that goal area means. Additionally, there is not enough emphasis on trend lines for measuring outcomes. Developing this will enable the city to more clearly show how conditions are improving for residents of Kirkland.

While the Council goals provide good strategic direction, much of the literature on performance management finds that to be most effective the number of goals should be kept to a minimum. With this in mind the City could consider focus on fewer goal areas. Additionally, the values statements within in each goal area are not all consistent. Some are statements of intent and represent a vision of Kirkland's future, while others are statements of what the city values. Making this more consistent would help create a more cohesive framework.

Developing a New System

Along with providing solutions to the three problems set out above, the new strategic management framework is guided by the principles of being relevant to staff and citizens, and relying heavily on what already exists. Everything within the new system needs to reflect these concepts, and as the system is being developed these twin lenses should be at the forefront of decision making.

"Relevant" refers to measures, targets and goals, which Council Members, staff, and citizens can look at and immediately and understand both the measure and how it relates to them. For council members, this refers to how the framework helps the City to reach the City Council Goals. For staff, it means they should be able to relate the framework to their work. For citizens, it should provide immediate answers as to what the City is doing for them, and where their tax money is spent.

The emphasis placed on using existing measures acknowledges the work that has already been done in Kirkland. The majority of citizens of Kirkland are very positive about the job the City government is doing and so the new strategic framework should focus on building on this rather than trying to launch in a new direction. Additionally, as described above there has already been significant time and effort invested in developing strategic plans, council goals and shorter term measures. Attempting to start over again would not only be an unnecessary use of time, but runs the significant risk of alienating staff who have invested time and effort in developing plans.

Strategic Anchors

The most important progression in the newly developed framework is the use of three 'strategic anchors' as the headline measures of how Kirkland is performing. These anchors reflect the strategies that the City uses in successful decisions and over time the use of these three anchors will help Kirkland reach its vision.

In 'The Advantage' Patrick Lencioni describes the process of identifying key strategic anchors. These strategic anchors answer the fundamental question of "how will we succeed?" Strategic anchors are the common thread in everything that an organization does well. Essentially, given the twin lenses set out above, Lencioni says that these anchors should already exist in an organization. The process of identifying them is not by writing down an ideal decision, but rather by listing all the activities of an organization and seeing which key themes emerge as the common link. This means that the anchors are values that staff within an organization already have. If Kirkland could choose the right strategic anchors they should immediately be both relevant and existing to staff.

Because recent budgets have been created in difficult financial circumstances, tough decisions have had to be made, which provides an ideal opportunity to identify Kirkland's strategic anchors. The criteria that form the basis of decision making in difficult circumstances are the fundamental principles of the City of Kirkland. In looking at both high

level and individual departmental decisions over the past few years the following strategic anchors revealed themselves.

The first anchor is a clear commitment to long term financial stability. As with most local governments Kirkland has suffered through significantly reduced revenues in recent budget cycles. However, a strong emphasis on long term financial stability has remained a priority. In 2011 the City transitioned to a self-insured medical program to gain more direct control over health benefit costs. Additionally, the city has a commitment to having a strong level of reserves and began rebuilding general reserves as soon as revenues could cover basic city services. This strategic anchor also exists at the council level, where one of the 10 goals is financial stability, and is valued highly by the citizens of Kirkland, who rated how the city is managing the public's money is the third most commonly chosen concern. Additionally, when asked if they would support cutting services or raising taxes to keep current service levels, more citizens supported cutting services.

This does not indicate that the citizens or City of Kirkland is simply seeking to keep government costs as low as possible. Rather, that financial sustainability is one of the core values supported. Further analysis of citizen attitudes to spending helped to reveal the second strategic anchor: affordability. In the survey of residents, when revenue rises were tied to a specific area there was far more support for raising taxes. This support for affordable increases in spending was confirmed in the November 2012 election, as citizens voted for two property tax levy lid lifts to support improved street infrastructure and for city parks. As the city and its citizens believed the increases were both necessary and affordable both ballot measures passed allowing extra spending for important government services.

Conversations with department directors within the city made the third value very clear: Kirkland is a community centric government, which is responsive to citizen needs. As with sustainability and affordability, responsiveness is not something that one department focuses on, or a culture the city is trying to foster, it is something that already exists. From the physical space inside Kirkland City Hall in which all departments are easily accessible to citizens, to the biannual survey of citizens – responsiveness to citizens is something employees feel passionate about. A number of departments spoke about responding to complaints and comments of individual citizens, and when asked what dictates performance management within the department every single department head mentioned, "we hear from citizens."

So, the three measures that were chosen are the perception of the community, the affordability of city government to its citizens and the financial sustainability of Kirkland. These strategic anchors represent the decision making process that precedes all major government policy decisions. Vitally, these are not new values handed down by the current city manager and they do not represent a departure from established thinking within

Kirkland. Instead they embody the thinking behind the best decisions that are made in Kirkland.

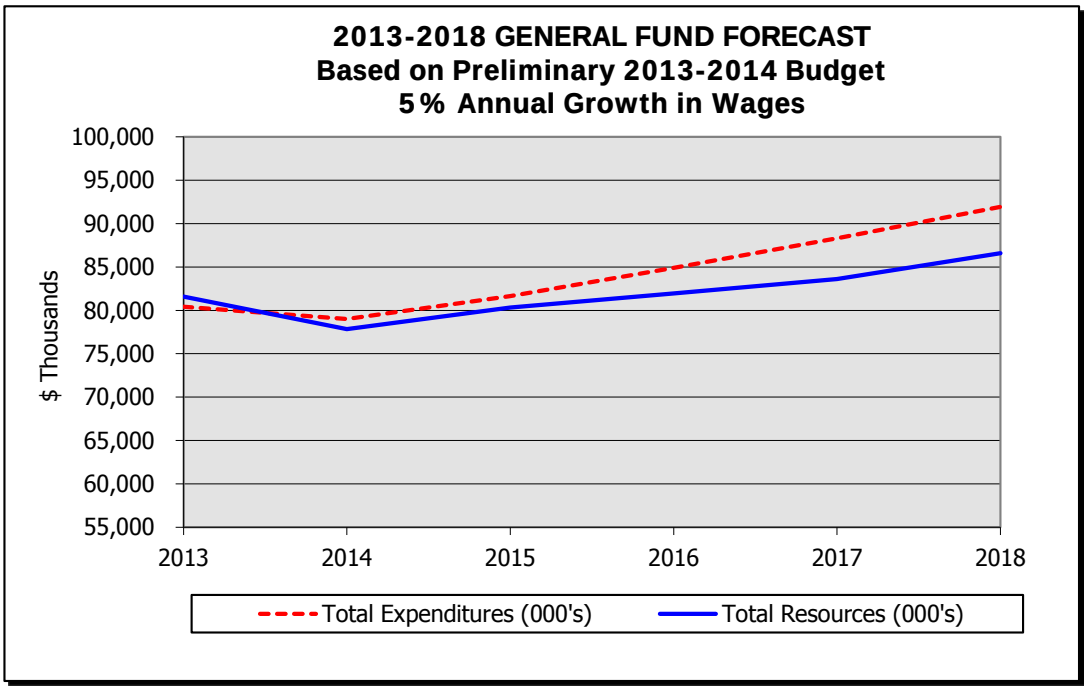
Representing the Three Strategic Anchors

In order for the progress and performance to be immediately relevant to staff, council members and citizens the data needs to be represented in a clear and accessible way. As the three strategic anchors already exist as essential decision making tools for the City of Kirkland, data is already collected and thought has been given to how to best to identify them. The Budget Message for 2013-2014 carries simple graphical representations of all three anchors, and given they are both existing and relevant these are the diagrams that should be used.

Financial Sustainability

For long-term financial sustainability there are two easily available measures that indicate good health. One is the bond rating, and the second is revenue and expenditure forecasts (Figure 3).

Figure 3. Five Year Revenue Forecasts



	2013	2014	2015	2016	2017	2018
Total Resources (000's)	81,572	77,842	80,323	81,950	83,625	86,584
Total Expenditures (000's)	80,420	78,994	81,640	84,889	88,320	91,940
Net Resources (000's)	**1,152**	**(1,152)**	**(1,317)**	**(2,938)**	**(4,694)**	**(5,356)**
Biennium Total (000's)	**0**		**(4,255)**		**(10,050)**	

Forecasts of future revenue and expenditures provide an easy "at a glance" metric and have the additional advantage of being a trend line, something Mark Friedman, author of Results Based Accountability, highlights as important for performance measures. The fact that expenditures rise above revenues in future years is indicative of the tax system in Washington State, rather than of financial profligacy on the part of the City. However, this is a concern because it means that external forces are at least partially responsible for the trend line.

In addition, each budget process balances the upcoming biennium through a series of decisions and actions on revenues, expenditures and service levels. The intent is to make decisions that help not just to balance the current balance but narrow the gap in the forecasted years. Therefore, the forecasted relative growth of revenues and expenditures facilitates an easy look at how effective current practices have been.

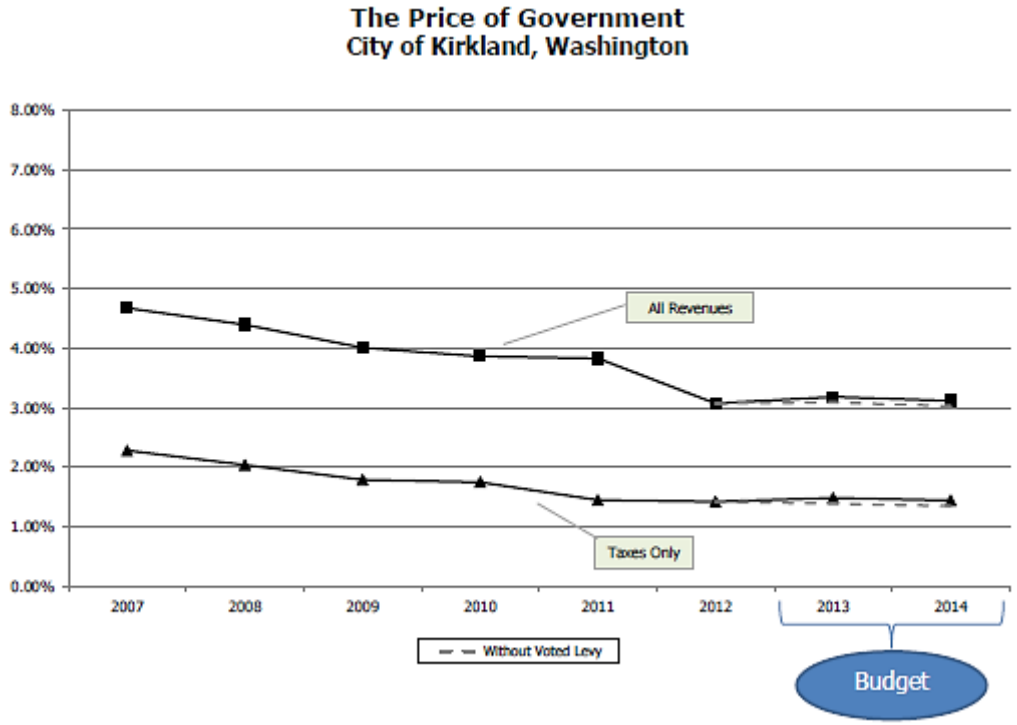
The impact of external forces on both the revenue and expenditures forecast necessitates the use of an external metric that measures how well the City's financial management practices work. Currently the best available metric for this is the City's bond rating. Bond ratings are essentially a measure of how stable a City's finances are and are built using a range of factors, including best practices in financial management. The ratings are not perfect and recent studies have indicated that bond rating can be explained in large part by wealth within a community (Marlowe 2005), while the Washington State Legislature is currently considering a more comprehensive measure of how well a city's finances are managed[3]. However, this has not yet been created so, although imperfect, bond ratings remain the most widely recognized and understood measure of financial health. Bond ratings are also externally produced, making them transparent and trustworthy for citizens.

The Price of Government

For current affordability, the best available representation is the current price of government (Figure 4). The Price of Government is a model that shows the total taxes and fees a municipality collects divided by the aggregate personal income of that municipality (Osborne and Hutchinson 2004).

[3] http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1828

Figure 4. The Price of Government



This calculation helps to define a band within which citizens are willing to pay for services. The idea is not to have a consistently downward trend in spending, but rather to establish a range that makes government affordable. For this reason the data is best used a comparison over time within the same government, rather than across different governments.

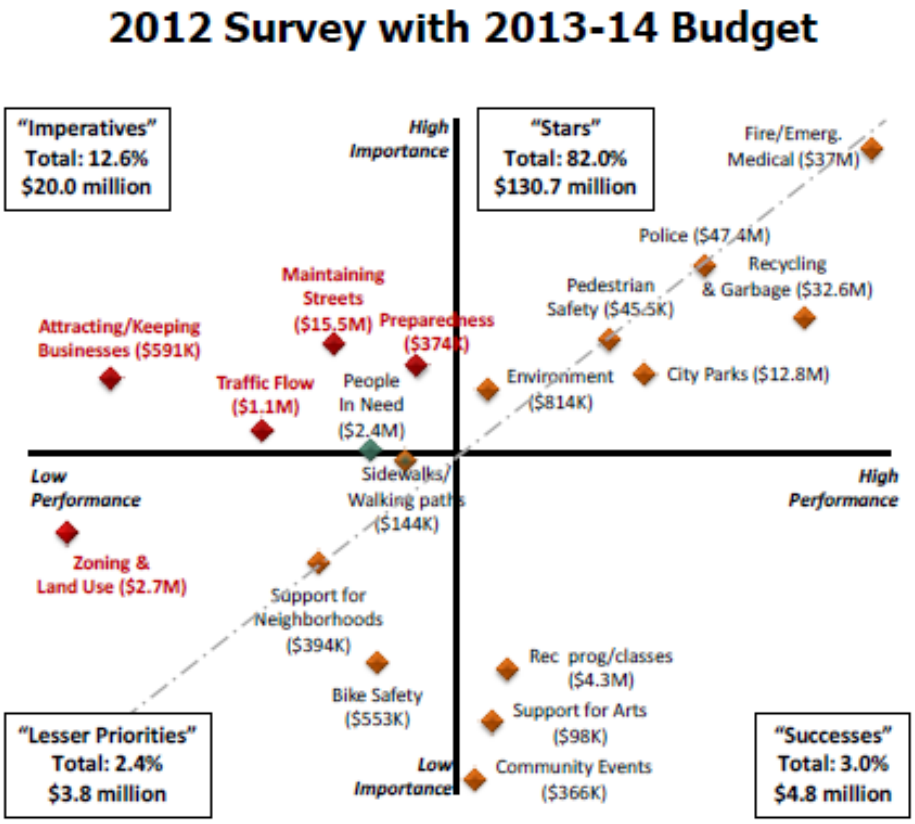
The Kirkland Quadrant

As part of the Citizen Survey a quadrant was developed to show how citizens think the City is doing against a range of outcomes (Figure 5). By mapping performance on the x-axis and importance on the y-axis the quadrant divides the areas shown into four categories.

- Stars – Those that are both high importance and high performance
- Imperatives – High importance but low performance
- Successes – High performance but low importance
- Lesser priorities – Low performance and importance

This quadrant provides an ideal representation of community perception. In the 2013-2014 Budget the City reported the amount of money that was spent on each area as well as the percentage of funds that were spent in each quadrant. This allows the City to use the quadrant to plan future improvements. In the diagram below, the areas that the quadrant shows could be improved are shown in red.

Figure 5. The Kirkland Quadrant



Interaction of the three anchors

These three strategic anchors are powerful drivers of policy and performance in Kirkland. As the strategic anchors they are essential decision making tools, and the city does not make decisions unless it conforms to the three outcomes above. However, their real power lies in the interaction between them.

At times the three anchors will align and will point towards the same strategic decision (Table 4). However, there will be occasions when each anchor will suggest a different course and the central challenge is keeping this healthy tension in balance. The success of Kirkland as a Government will be dependent on keeping these three priorities in balance. For instance, if the citizens rate the City as performing poorly on a particular service, but are not willing to fund a tax increase, the City would then have to decide whether long term financial risk or community perception is what should drive the decision.

On a regular basis the interaction between the three also help serve as a system of checks and balances. The City could protect long term stability and reduce the price of government by making enormous cuts to services and taxes, but this would leave citizens without the services they consider important. Given that 94.6% of the 2013-2014 Budget was committed to services citizens rated as either high importance and high performance, or high importance and low performance, this would not be possible. Similarly while maintaining streets was rated as below average performance there was already over $15m allocated for this in the budget, it would not have been possible to make improvements from existing revenues without compromising Kirkland's long term stability.

Table 4. Using Strategic Anchors to Make Decisions

Proposition 1: Levy for City Street Maintenance and Pedestrian Safety
The 2012 Citizen Survey revealed that citizens rated street maintenance as an important goal but they did not consider the City to be performing well. The City's desire to be a community responsive government mean something needed to be done. Over the past six years the price of government had fallen in Kirkland from over 4% to approximately 3%. This indicated that citizens would accept a tax increase in order to receive a better service in area they considered high importance, but low performance. Therefore the City opted to put an initiative on the November 2012 ballot to increase property taxes, with the money to be spent on road improvement. Raising money from voters would also not require any debt financing from the City, protecting its long term financial stability. Through analysis of the three strategic anchors, the City was able to identify a need and a route to improvement that they believed would be acceptable to the citizens of Kirkland. This analysis proved correct as the voter initiative passed, providing a stable long term funding source for street improvement in Kirkland.

The Council Goals and Performance Measures

The three anchors outlined above are the highest level performance metrics and represent the three strategies that will help the City overall to reach its long term vision. They can also help the City make large strategic decisions, such as the recently passed voter initiatives. However, they only indicate performance at the highest level. They do not help the City measure its progress against all of the City goals and do not help dictate short term progress against specific measures. In order to achieve these aims, the next level of the framework is the 10 council goals.

The City Council Goals (Table 3) have been developed over a number of years and contain both a value statement as well as a specific goal, defined in an internal memo as: "a broad statement of purpose or direction based on community needs." While these goals were designed to be dynamic and reviewed by the Council each year, they have proved fairly stable and will remain largely unchanged in the short term.

There are also specific performance measures under each goal. These cover inputs such as funding, outputs such as construction, efficiency measures such as emergency response times and some outcomes, such as citizen attitudes and traffic accidents. These measures are published in the annual Performance Measures Report and form an essential aspect of how the citizens know if their government is delivering. For this reason, the annual report is essential to the overall framework for the City.

The performance measures used were chosen by the City Council in consultation with City staff. However, the fact that they were not chosen by staff in a larger process that involves a comprehensive outlook and their activities is potentially problematic. In discussions with Directors some expressed frustration that the measures in the report did not accurately represent their work. This is something that can be developed better by following the method set out below.

Choosing a new set of performance measures for this report would not solve that problem, it is a process that must take place with staff over time. However, to ensure that the metrics are measuring the right thing, and to ensure consistency across the goal areas a format for these measures should be chosen.

Among the simplest formats is the Results Based Accountability Framework (RBA) developed by Mark Friedman (Friedman 2005). Friedman argues that all performance metrics measure one of three things

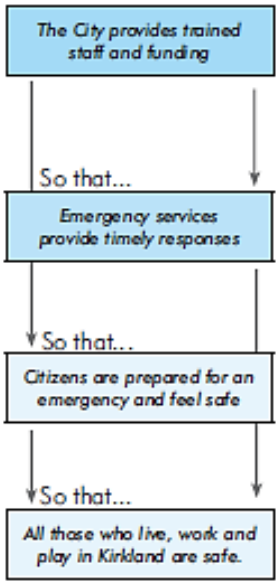
1. How many did we do?
2. How well did we do them?
3. Is anybody better off?

As they contain outputs, efficiency and outcomes these three questions go a long way to accurately assessing performance. All three questions are important, and the first two

should not be forgotten, but the ultimate aim is to ensure that you can answer yes to question three. Importantly, these outcomes should also be represented by trend lines to enable easy comparison over time.

The work to change the performance measures report into a new format that effectively uses the RBA method to achieve the best possible measures is still to come, and could be completed in time for performance reports in future years. However, using the public safety goal area as an example allows illustration of what the new design could look like and achieve[4]. Figure 6 shows how the data is presented in the current format.

Figure 6. Public Safety Goal Area



MEASURE	2008	2009	2010	2011	Target
Total Police Services Funding	$15,021,285	$16,557,994	$15,613,828	$22,763,553	N/A
Total Fire and Emergency Managment Services Funding	$14,363,299	$15,665,379	$15,480,119	$18,119,738	N/A
Sworn Police FTE's (authorized)[1] per 1,000 population	1.38	1.37	1.33	1.23	N/A
Paid fire and EMS staffing per 1,000 population served[2]	1.07	1.08	1.21	1.20	N/A
EMS response times under 5 minutes	50%	48%	53%	51%	90%
Fire response times under 5.5 minutes	53%	51%	52%	52%	90%
Building fires contained to area of origin	80%	70%	82%	84%	60%
Citizens have at least two working smoke detectors in their residence	**	*	93%	**	100%
Citizens are prepared for a three day emergency	69%	*	70%	**	90%
Citizens feel safe walking in their neighborhoods after dark	79%	*	78%	**	80%
Citizens feel safe walking in their neighborhoods during the day	98%	*	98%	**	90%

[1] The number of police officers hired
[2] Includes King County Fire District 41 because City of Kirkland has contracted with King County to provide fire services
*Community survey occurs in even years
**Not included in 2008 survey

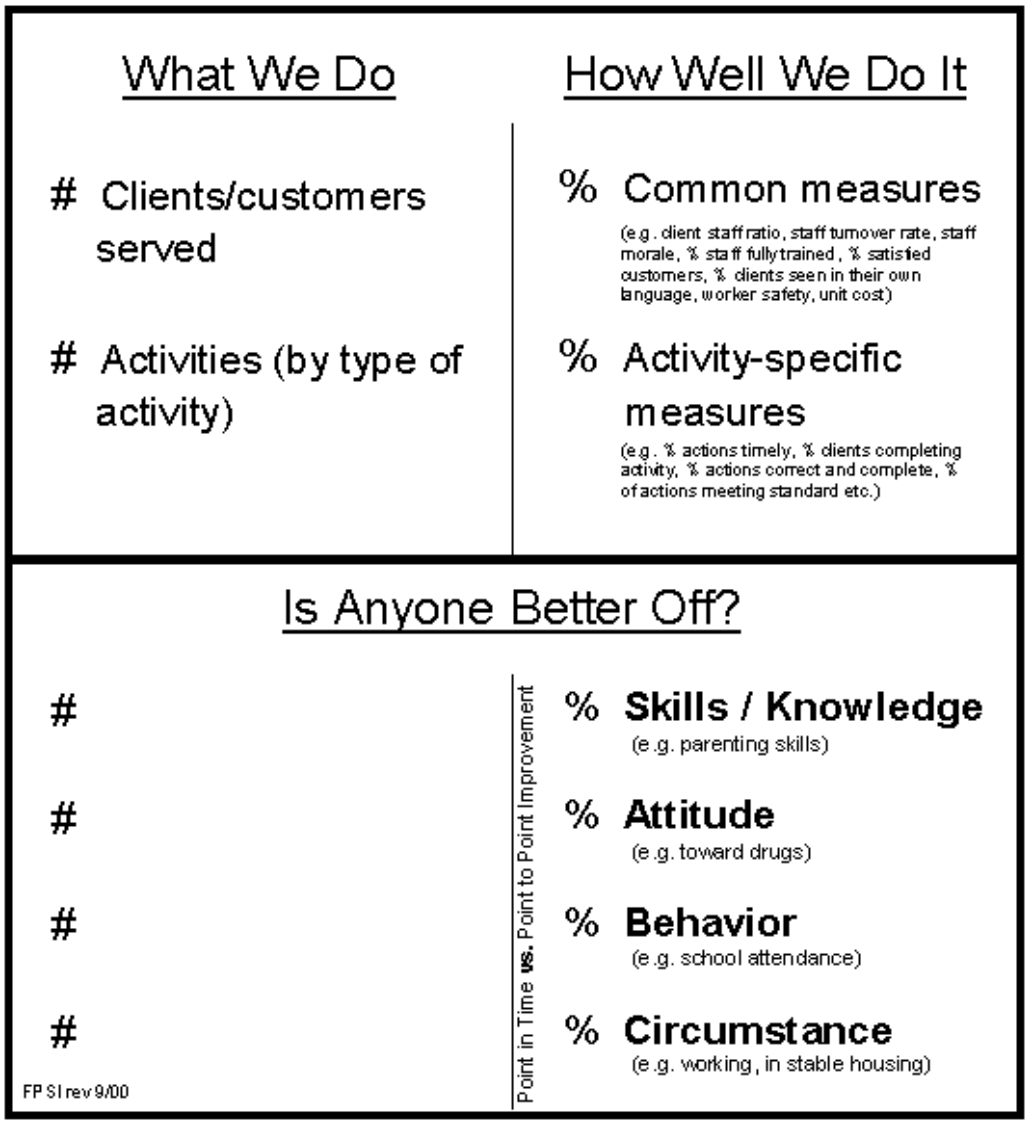
A logic model menu on the left hand side explains the progression from inputs through to outcomes. This logic model works well as statement of aims and intent, however, the measures do not always corresponded with model. Additionally, the progression from stage to stage is not always consistent and does not always accurately represent reality. For example, the City has a target of 90% of Fire and EMS response times within 5.5 minutes

[4] Public safety has been chosen because most of the measures used already correspond well with the new framework, making it a good example. To see the other performance measures, the complete report can be found at: http://www.kirklandwa.gov/depart/CMO/Performance_Measures.htm

and have not been above 53% at any time since 2008. However, in the quadrant Fire and EMS is the highest performing area according to citizens. Therefore, the metrics chosen are not what's driving public perception.

To help improve the City should spend time using the outline below (Figure 7) to develop RBA measures for each goal area. Many of the same measures would fit into the new system. For example, "citizens feel safe walking in their neighborhoods during the day" is a change of circumstance measure. However, completing this process will help to categorize the measures and clarify outcomes. If the efficiency measures in the top right of the box are improving, but people are not better off then it becomes clear that the measures are not right.

Figure 7. Results Based Accountability Performance Measures



Taken from Friedman, Mark (2005) Trying Hard is Not Good Enough

An example of how the Public Safety goal area could look is shown in Figure 8. This box makes it easier to see quickly if people are better off because of the actions of the City. Furthermore it helps to draw a direct line from inputs, in this case funding, through outputs, number of officers, to desired outcomes. The example box shown keeps the current metrics, however, work could be done on whether those metrics most accurately represent reality. For example, the City has been consistently over target in keeping fires contained to the building of origin, but is below target in response times. This suggests that either the response time target is too low or that response time is not an accurate measure of whether people are better off.

Figure 8. Example Results Based Accountability Box for Public Safety Goal Area

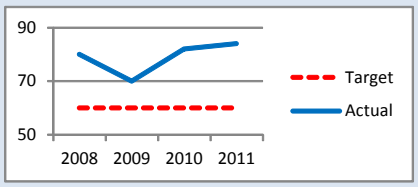
What Do We Do?/ How Many Units?

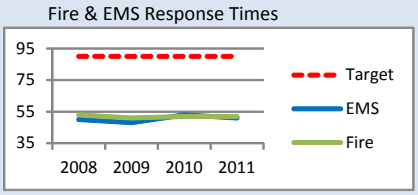
	2008	2009	2010	2011
Total Police Services Funding	$15m	$16.5m	$15.5m	$22m
Fire & EMS Funding	$14m	$15.5m	$15.5m	$18m

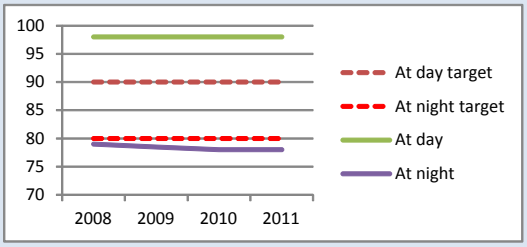
How Well Did We Do?

	2008	2009	2010	2011
Sworn Police Officers per 1000	1.38	1.37	1.33	1.23
Fire& EMS per 1000	1.07	1.08	1.21	1.2

Is Anyone Better Off?







In addition to asking the three questions, is anyone better off is represented by a trend line to enable a clear analysis of outcomes, based on past data. “Bending the trend” is one of the core principles in RBA as it provides enables comparison over time to tracked as well as allowing an organization to see what made a difference.

The box also makes it easier to see which performance measures do not directly relate to outcomes and are therefore, not necessarily useful to the City. This process of drawing a line from inputs to a trend line should help make the process of choosing and refining performance measures clearer.

Planning Documents

The Budget

The biennial budget is one of the most important documents in the new strategic framework. Two of the three strategic anchors are dependent on sound financial planning, and as the resource allocation mechanism the budget planning process is the time that most substantial changes can be made to the "how many did we do?" element of the performance measures. As different elements of the framework become integrated the importance of the budget is likely to grow therefore the budget features prominently in the framework. For example, the Financial Stability goal areas has been separated out from the other Council Goals to reflect the fact the budget is directly related to both sustainability and affordability. However, there is still work that needs to be done on integrating the budget with the other goal areas.

Give its importance the budget has a larger communication role within the new system. The 2013-2014 Budget established a significant amount of the information contained in the new framework. The City recognizes this and has produced a 2013-2014 Budget in Brief document. In future years this document should be better integrated with the annual performance measures report. This will create a simpler way for citizens to see the progress of the City.

The City Work Program

In 2012 the City began to integrate the Work Program with the Council Goals. This was done through discussion with Council Members who identified priorities. However, assuming the new strategic framework is established the decision on which areas to prioritize should be made with regard to performance and feedback from citizens. This means that the top level measures, the three strategic anchors, are not only the aim of the system, they also feedback into the annual plans.

Departmental Work Plans

While speaking to Directors it was clear that for many departments the work plans set between the City Manager and the Director are among the most important factors in performance management. Directors meet regularly with the City Manager to report against the goals set in the work plans, in turn they often measure their staff's performance against goals set in the plan. For this reason it essential that the links between the performance measures chosen for the goal areas and the individual work plans are strong.

The New Strategic Framework

Figure 9 shows a diagram of the potential new performance framework, which will sit within the already existing system (Figure 2). The new system does not supersede the work that already exists, but by improving reporting and analyzing of progress against those long term goals, helps to make the City more efficient.

The central insight offered is the identification of the three strategic anchors: affordable, responsive and sustainable. These three anchors are already present in the best decisions made in Kirkland, and should not be a new introduction. They have been identified by staff, through looking at City documents and through analysis of decisions such as Proposition 1 in November 2012. The representation of each anchor, described above, is also shown. Essential to the new system is that balancing these three strategies will enable the City to meet its long-term vision. Because of this the anchors can be placed in stages four through six on the overall City framework, with a particular focus on stage four, "resource allocation".

In biggest changes to the current system appear in the "report back" box. An enlarged version of this stage is shown in Figure 9. Within this box the strategic anchors compliment the council goals and individual performance measures, as well as the departmental work plans. This diagram shows a potential structure for the future performance report. The report already serves as the primary external method of reporting back and by making it more integrated with the existing framework, can help to streamline the process.

Although not shown on the diagram, the system should be considered a loop rather than a hierarchical system. The strategic anchors measure both the effectiveness of current policies but also as guiding principles for future decision making. Because of this dual purpose the anchors provide a clear way of reporting progress as well as being an essential decision making tool.

For example, the teams within the city responsible for transportation have an overall transportation strategic plan. Following the resource allocation process a work plan is developed. The three central questions when developing the work plan should be:

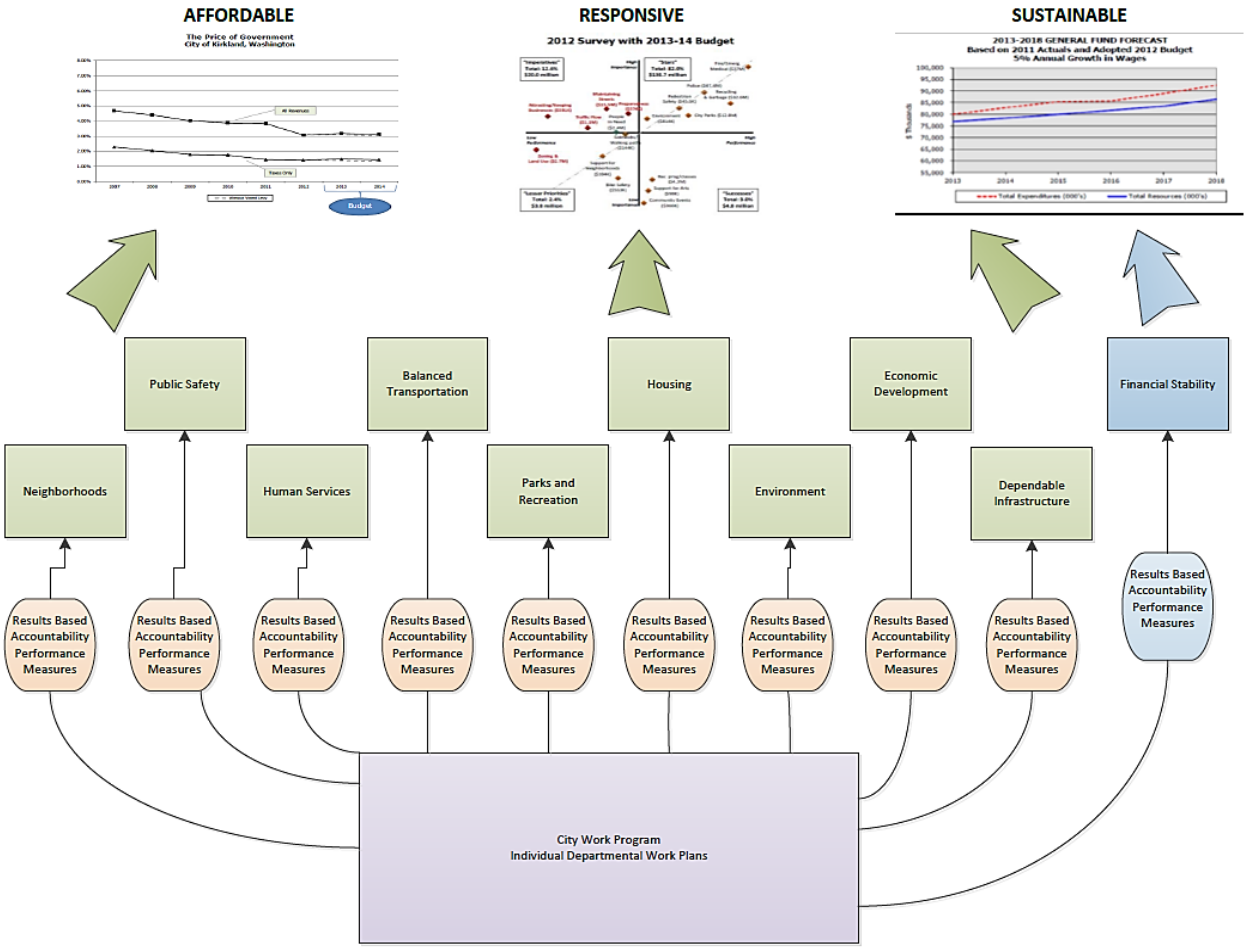
- Is this affordable?
- Is this sustainable?
- Is this responsive to the community's needs?

Once these questions have been answered and the work plan developed it will then have specific goals attached to it. Rather than measuring simply inputs or outputs, these measures should be developed with the Results Based Accountability framework in mind, and should ultimately end with, "is anyone better off?" Over time these short term goals should help the City work towards the Council's goal of "Balanced Transportation." Performance against these goals should be reported back in the annual performance report. Once this report has been published there is an opportunity to reassess progress with the

three strategic anchors in mind. Has the work been sustainable/responsive/affordable? At this point changes can be made to the work plan and, if necessary, the individual performance measures.

As Figure 9 shows, nine of the goals lead up to the three anchors in general, indicating that success on these measures helps the City achieve its strategic aims. Financial Stability is treated differently because measures underneath that goal area directly impact the sustainability and affordability of the City. It's unique position reflects the overall importance of the City's budget which is one of the primary planning and performance measuring tools the City has.

Figure 9. The New Performance Framework



Recommendations

This document and the strategic framework it presents are just one stage of a larger strategic planning process in Kirkland that will move the City toward being a high performing organization. Along with adopting the framework set out above, there are other steps the City should follow.

1. **Use Results Based Accountability Framework to Craft Performance Measure**

The current performance measures need to be looked at again and set against the Results Based Accountability model. Many of the existing measures will transfer across and will remain useful measures. However, some new measures that are relevant to departmental work will also need to be developed. If new measures are being developed it is crucial that different departments are involved for two reasons. Measures need to be relevant to those who are delivering against them as it will help to ensure buy in from staff.

2. **Create a 'Healthy Organization'**

Kirkland is a successful and well run city and recommending the creation of a healthy organization does not suggest otherwise. Rather, as the literature review set out, all organizations need to externalize their core values and work to ensure that decisions are made based on those values. Core values should already permeate everything good that happens inside an organization and so the only way to identify them is through discussion among organizational leaders. The City has a Director meeting schedules for late Spring 2013 to discuss this issue.

3. **Treat the Performance System as Dynamic**

With the exception of the vision statement, which is set for the next decade, every element of performance management should be treated as a dynamic and flexible tool. This includes the strategic anchors and the Council goals which can change based on time and circumstance. Kirkland should set up a system that ensures these things are looked at regularly.

In particular the City should consider whether 10 Council goals is too many, and whether the values statements are consistent. Some of the goals cover areas in which the City has little direct role, meaning it is hard to choose outcomes and hard to measure the City's impact. These areas could potentially be combined into a more general area that looks at indicators the City is interested in, but has no direct control over.

4. **Integrate Citizen Survey with Council Goals**

When talking to Directors one of the most common queries was around what the quadrant was specifically revealing about attitudes. For example, what exactly do citizens think about when asked about "Zoning and Land Use". To avoid this problem Kirkland should consider integrating the Council goals into the Citizen Survey. If citizens rate one of the goal areas as "low performing" then efforts can be directed into the specific measurements under that goal area to rectify the situation. This will further streamline the framework.

Additionally, if highlighting those performance measures in the budget or annual Work Program does not have an impact, then the City will know the performance measures are not accurately assessing what drives perception of that area. This is essential for becoming truly responsive to citizens.

5. Further Integration of the Budget Message with Performance Plan

As the Budget is one of the key drivers of both strategy and performance reporting, the budget message should be one of the City's key communication tools. The City has already recognized this with the publication and distribution of the "Budget in Brief" booklet. However, this could be taken further and the City should assess whether integrating the Budget in Brief and the performance report is feasible.

6. Departmental Strategic Plans

This phase of the strategic planning process did not look at the existing long term departmental plans and how they fit into the new framework. The hope is that by using the same strategic anchors, and working toward the same Council goals, future departmental planning can be integrated better into the newly developed framework. However, the City needs to look at exactly how they feed into the planning.

7. **Change Over Time for the Kirkland Quadrant**

In the Kirkland Quadrant the City has a powerful tool that integrates citizen priorities with resource allocation. However, it currently does not show change over time. This would be helpful for both citizens and staff, as it would make it easier to track progress from one year to the next. It would also make the quadrant more in keeping with the trend lines of the other two strategic anchors. Developing this mechanism should be a short term priority for the City.

By embedding the framework set out above and following the recommendations for next stages, the City of Kirkland can continue to improve both its strategic planning, and the measurement of that planning.

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Appendix A: Vision 2022

"The Vision Statement is a verbal snapshot of Kirkland in the year 2022. It summarizes the desired character and characteristics of our community. It provides the ultimate goals for our community planning and development efforts.

The Vision Statement is an outgrowth of a community visioning process that occurred in 1992 and then again in 2002. The process in 1992 involved a series of community workshops in which approximately 250 Kirkland citizens worked to articulate commonly held desires for the Kirkland of the future. In 2002, the City sponsored an outreach program called "Community Conversations – Kirkland 2022." The program centered around a video produced by the City about Kirkland's past, present and future with three questions focusing on a preferred future vision. Nearly 1,000 people participated in one of the 51 conversations held by a wide range of groups in the community to discuss their preferred future in 20 years. In addition, individuals participated by viewing the video program on the City's cable channel or on the City's Internet web site and responding to the questions by mail or e-mail to the City. The responses from all three formats were summarized into major themes reflecting commonly held desires and formed the basis for the Vision Statement. The community visioning program was awarded the Puget Sound Regional Council's 2020 Vision Award for its high level of innovation, creativity and success.

The Vision Statement is intended to set a direction instead of being a mere prediction. Rather than describing the features of Kirkland as we think they are likely to be, it expresses what we would like our community to become and believe we can achieve. It acknowledges past and current trends and Kirkland's relationship to external factors, but also assumes an ability to shape the future in a positive way. The Vision Statement, therefore, is optimistic, affirming and enhancing the best of our attributes, past and existing, and aspiring for those we hope to have.

A Vision for Kirkland

Kirkland in 2022 is an attractive, vibrant, and inviting place to live, work and visit. Our lakefront community, with its long shoreline, provides views and access to the lake and is a destination place for residents 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.

The City is a place where people are friendly and helpful, ideas are respected and action is taken based on collaborative decisions. We have a diverse population made up of various income and age groups from various ethnic and educational backgrounds. We are committed to developing and strengthening a healthy community by creating programs that assist those in need, encourage individual expressions, provide enrichment opportunities for an increasingly diverse population, and promote healthy lifestyles. High quality local

schools are important to us. Our neighbor- hood, business, and civic associations; our faith-based groups; and our school organizations have strong citizen involvement.

Our neighborhoods are secure, stable and well-maintained, creating the foundation for our high quality of life. Each neighborhood has its own character which is a community asset. People from all economic, age, and ethnic groups live here in a variety of housing types. Our residential areas are well-maintained with single-family and multifamily homes and include traditional subdivisions, waterfront-oriented neighbor- hoods, urban villages and an equestrian community. We have worked to increase diversity and affordability, such as smaller homes on smaller lots, compact developments and accessory housing units. Mixed land uses in neighborhoods help to minimize driving. Many of our apartments and condominiums are close to commercial areas and transportation hubs.

Kirkland's economy is strong and diverse. A healthy mix of businesses provides valuable economic returns including varied employment opportunities and high wages, a strong tax base with sustainable revenues that help fund public services, and a broad range of goods and services. Our business districts are attractive, distinctive and integral to the fabric of the City. Many serve as community gathering places and centers of cultural activity. Businesses choose to locate in Kirkland because of our innovative and entrepreneurial spirit and because they are regarded as valued members of the community.

Downtown Kirkland is a vibrant focal point of our hometown with a rich mix of commercial, residential, civic, and cultural activities in a unique waterfront location. Our Downtown maintains a human scale through carefully planned pedestrian and transit-oriented development. Many residents and visitors come to enjoy our parks, festivals, open markets and com- munity events.

Totem Lake Urban Center is an economic and employment center with a wide range of retail, office, industrial and light manufacturing uses as well as a regional medical center surrounded by related services. It is a compact mixed-use urban village with extensive pedestrian- and transit-oriented amenities, higher intensity residential development, public gathering places and cultural activities.

We accommodate growth and change while maintaining strong linkages with our past. Important historic landmarks are preserved, and new development occurs in a manner that is compatible with and respectful of its historic context.

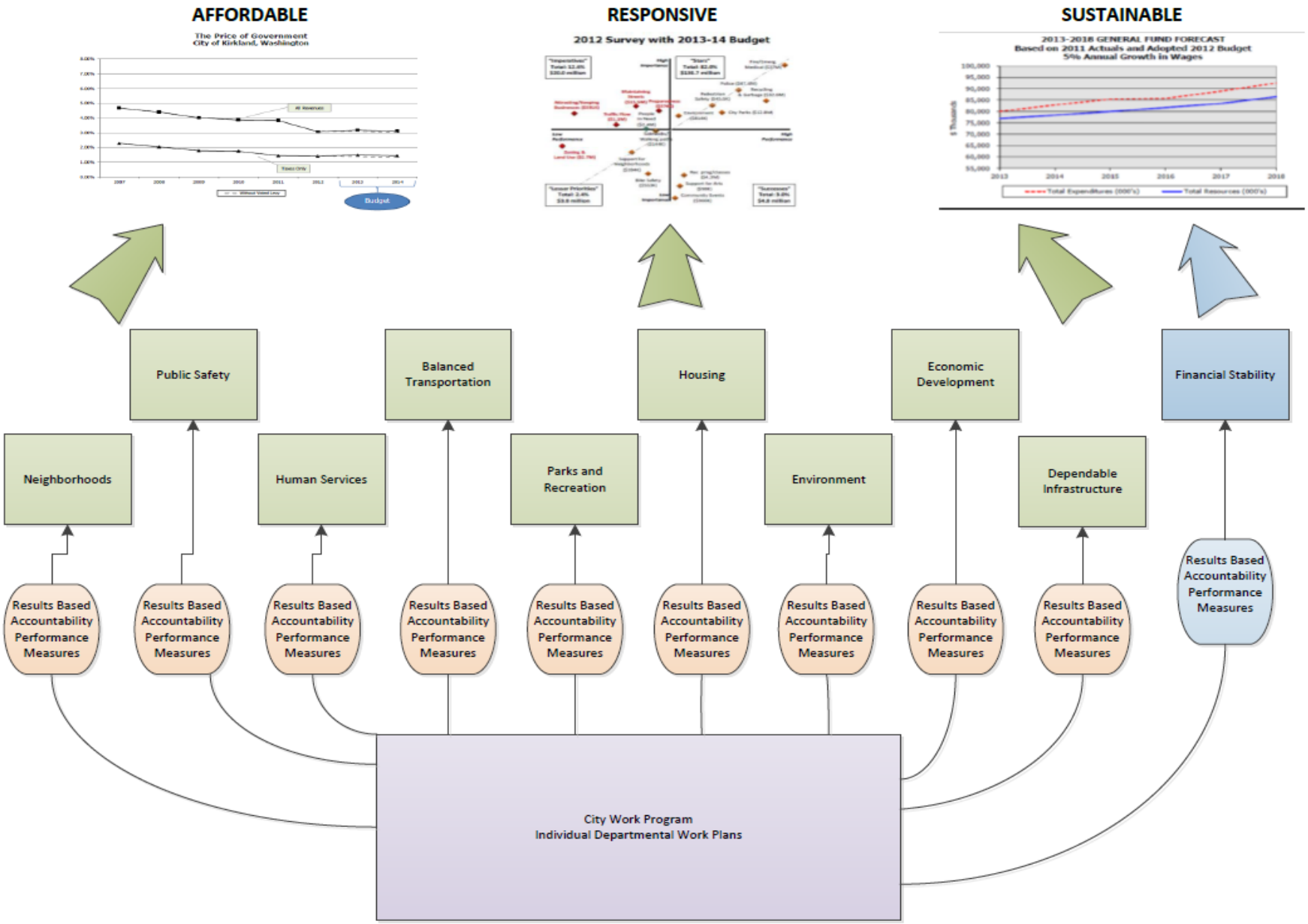
Appendix B: Economic Development SWOT Analysis

Completed 2008

ECONOMIC DEVELOPMENT

Strength	Council support – has council's attention Teamwork (Totem Lake Mall) Zoning starting to change to support economic development (e.g. NE 85th corridor
Weaknesses	We're still not sure what we want to be when we grow up Picky – we may be too selective in businesses we're trying to attract Lack of funding Training of staff No coherent plan Zoned commercial area is limited
Opportunities	Strong technology sector Attractiveness of Kirkland Unique niche Demographics Attract upscale companies 405 improvements New Microsoft employees coming in
Threats	Perception of parking problem downtown Neighborhoods versus business interests Neighboring cities Land availability Land values Transportation system Affordability to live here – limited labor pool due to cost of living

Appendix C: The New Performance Framework



CITY OF KIRKLAND

2013-2014 BUDGET

BUDGET MESSAGE

Dear Council Members and Citizens of Kirkland,

We are proud to present to you the City Manager's proposed 2013-2014 budget. Despite the continued economic challenges faced by the City, the proposed budget is balanced, financially sound and all financial elements necessary to retain our AAA credit rating are funded. All basic government operations are backed with on-going, predictable revenues, significant contributions are made to our reserves, and prudent sinking funds for public safety and technology equipment are established. This budget funds the priorities and vision of our citizens as identified by our community survey and achieves progress on the Goals adopted by the City Council. The City Manager's proposal enhances core public safety programs by funding the construction and operation of our new Public Safety Building for Police and Court services, as well as making significant initial investments in our Fire Strategic Plan. The budget protects our quality of life and the environment while also investing in job creation and economic development. The City Manager's proposal also identifies the street, park, sidewalk and pedestrian safety investments that will be made if the citizens of Kirkland approve Propositions 1 and 2 on November 6th.

These accomplishments are detailed in the budget for every department and program, but we have also organized the summary information much differently than in past budgets. We have done so to respond to requests from the Council to ensure the documents identify how the budget implements community priorities and Council Goals, and also to provide the Council with better information to make trade-offs between program budgets. In the introduction that follows we highlight revenues and expenditures (both reductions and increases), and then categorize all notable investments under the appropriate Council Goal. We also show how the proposed budget addresses the "improvement opportunities" identified in the 2012 community survey. We believe this new structure helps demonstrate to the Council and the public that this budget is responsive, sustainable and moves the City towards achieving the community's vision of Kirkland as an "attractive, vibrant, and inviting place to live, work and visit".

INTRODUCTION

The 2011-2012 biennium represented a time of unprecedented change at the City of Kirkland. Foremost among those changes was the annexation of the Juanita, Finn Hill, and Kingsgate neighborhoods, which increased the City's population and the geographic area served by over 60%. In addition, the 2011-2012 budget reflected continued service level reductions in response to economic conditions, implementation of a number of fund consolidations required by changes in government accounting standards, and included the City's decision to become self-insured for medical benefits. All of these changes render comparisons with past budgets of limited use. Instead, the 2013-2014 budget will set a new baseline for the City of Kirkland looking into the future.

This budget provides the opportunity to recalibrate the projected revenues and service needs, now that the City has been operating in the new neighborhoods since June 1, 2011. In addition, during the upcoming biennium, the City will update a number of strategic planning documents to incorporate the new neighborhoods and set a path for the new, larger City.

FINANCIAL STABILITY

This budget was developed under the broad guidance of the 2012 City Work Program item:
Adoption of a 2013-2014 budget that demonstrates efficient, cost effective services.

This item links directly to the Council's goal of **Financial Stability**:
Provide a sustainable level of core services that are funded from predictable revenue.

There are three elements of the proposed budget that reflect policy implementation to further the objective of financial stability and sustainability during this time of slow economic recovery:

- The proposed 2013-2014 budget further implements the 2011 City Work Program item: *Explore **new revenue options** authorized by the state or requiring voter approval.* As part of the pursuit of more reliable revenue sources to support core services and based on community priorities and feedback, the City Council has placed two property tax levy lid lift propositions on the November 2012 ballot: Proposition 1 – Levy for City Street Maintenance and Pedestrian Safety and Proposition 2 – Levy for City Parks Maintenance, Restoration, and Enhancement. The preliminary budget has been constructed assuming that those levies pass, to provide a detailed look at how the funds would be spent.

- In late 2011, the City Council adopted Resolution R-4900 regarding **reserve replenishment** to provide a framework for replacing reserve funds that were used to help mitigate the impacts of the recession. This policy calls for 1% of the General Fund operating budget to be set aside toward reserve replenishments until reserves reach 80% of target (100% for revenue stabilization), which was projected at that time to take at least 7 years to accomplish. The on-going contribution helps make progress on the replenishment, taking the revenue stabilization reserve to 100% of target and the overall General Purpose Reserves to 71.6% of target.
  Staff is recommending that the reserve fiscal policies be amended to exclude the proposed levies from the reserve target calculation. The basis for this recommendation is that the levies are not intended to burden the General Fund and would be expected to absorb capital over-runs or unexpected operating expenses from levy proceeds.

  Staff is also recommending that the Council pass a resolution to suspend the replenishment element restricting the use of unplanned funds until 80% of all targets are met due to the following special conditions:
  - Continuation of the past practice of funding of some programs with one-time funds (ARCH Trust Fund, Kirkland Performance Center support, and others) given the discretionary nature of the funding levels and the absence of reliable ongoing resources for those purposes,
  - One-time investment needed to establish the Public Safety/Information Technology sinking funds, and
  - The objective of addressing some of the high-priority recommendations from the recently completed Fire Strategic Plan.

  The Finance Committee supports both of these recommendations.

  One of the benefits of building reserve replenishment into the operating budget is that it provides a hedge against the eventual expiration of the 10-year annexation sales tax credit in 2021. Assuming reserves will be at target by that time, the operating component of reserve replenishment can be discontinued. This action, taken with the drop in debt service requirements scheduled to occur at that time, should help the City continue current operations, despite the loss of a revenue source that currently generates over $3.4 million per year.

- A need recognized during the 2011-2012 budget process was the establishment of **sinking funds** for the periodic replacement of public safety and information technology infrastructure equipment. In the past, this need has been met using one-time funds and capital improvement program funds, however, it had competed with other priorities even though it represents a predictable and on-going need. **The preliminary budget reflects the establishment of a sinking fund for these needs, which is described further in an issue paper.**

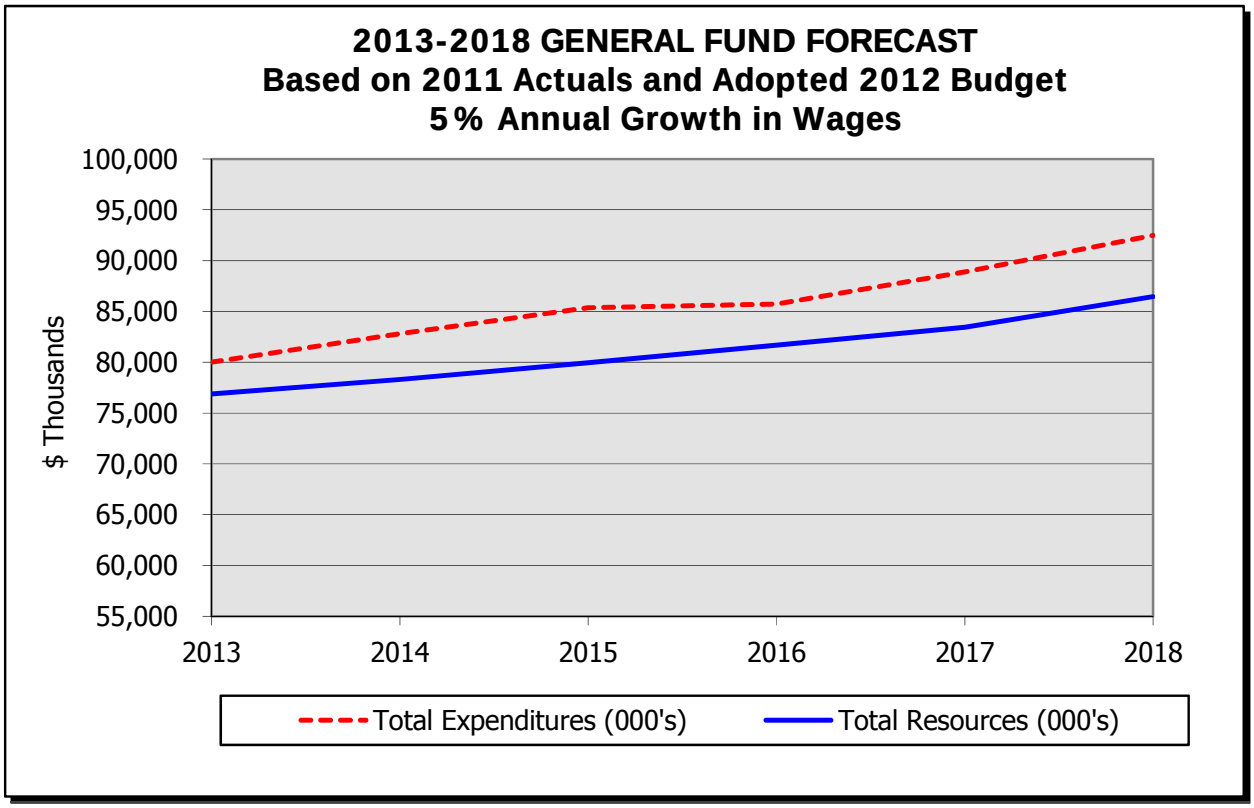
This budget also provides the opportunity to present recommendations in the context of the City Council goals, originally established in late 2009 and updated and reaffirmed in October 2011. The structure of the budget decision-making process and the document itself has been modified to better integrate the

goals and performance measures, with the end result being a suggested preliminary City Work Plan for the upcoming biennium.

Despite these steps to help ensure financial stability, there are always unknowns and uncertainties in any financial projection. The major risk to the sustainability of the proposed budget is the overall health of the U.S. and local economy. On the downside, the City's economic health would be jeopardized if the U.S. economy is thrown back into recession by the impacts resulting from the expiration of tax rate reductions and extended unemployment benefits at the end of 2012, along with the impacts of the looming Federal sequestration. The sequestration is a series of automatic across-the-board spending cuts to certain elements of the Federal budget, scheduled to take effect on January 2, 2013. Potential impacts from these actions on the City may include the reduction of the Build America Bond subsidy by 7.6% (about $45,000 per year), reduced Federal grant programs including Community Development Block Grants and other public safety and environmental programs, and potential shifts in service provision due to reductions in State funding that would trickle down to local governments. On the positive side, the City's financial outlook could be positively impacted by proposed major developments, such as Park Place and Totem Lake Mall, and decisions of major employers to increase their local presence.

GENERAL FUND TRENDS

The General Fund forecast presented at the City Council Retreat in March 2012 projected a $7.7 million shortfall for the 2013-2014 biennium.



	2013	2014	2015	2016	2017	2018
Total Resources (000's)	76,882	78,302	79,964	81,677	83,441	86,453
Total Expenditures (000's)	80,026	82,814	85,376	85,742	88,900	92,481
Net Resources (000's)	**(3,144)**	**(4,512)**	**(5,412)**	**(4,065)**	**(5,459)**	**(6,027)**
Biennium Total (000's)	**(7,656)**		**(9,477)**		**(11,486)**	

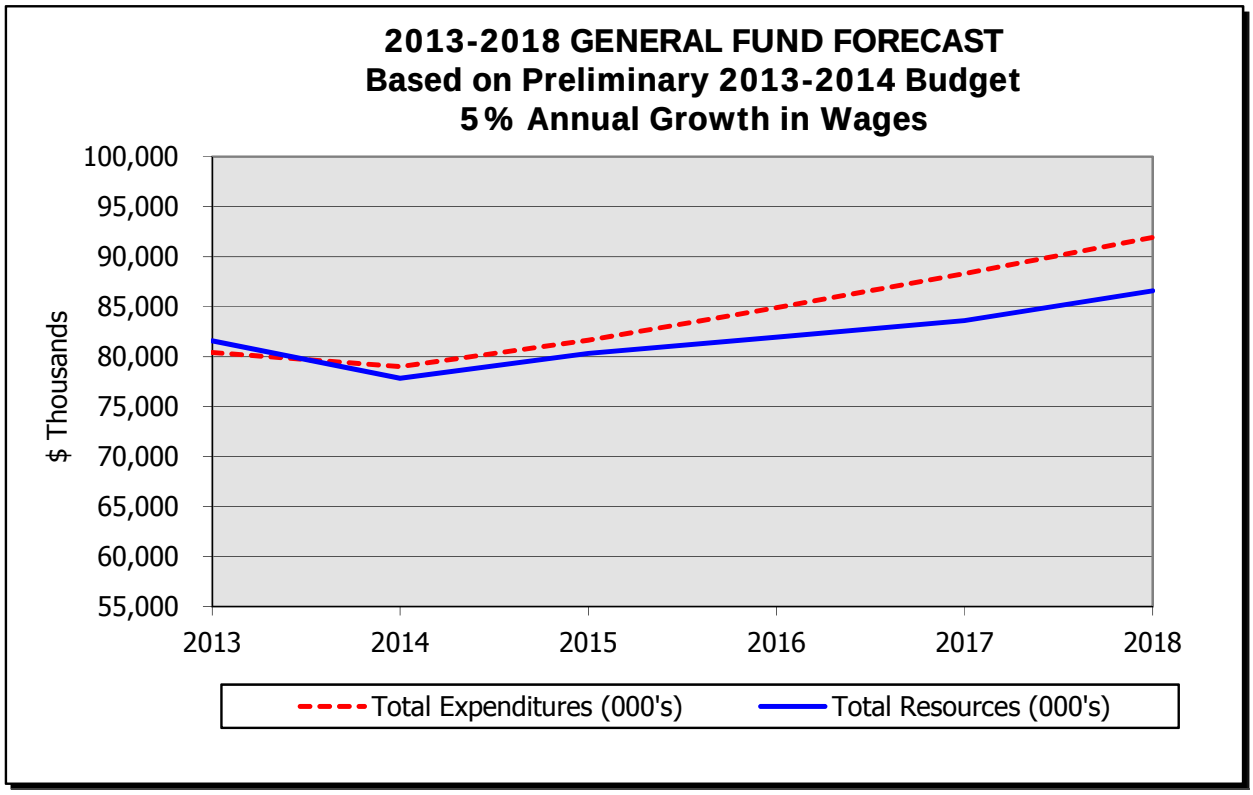
The 2013-2014 shortfall projected at that time was driven by the following major assumptions:

- Revenue collections from the new neighborhoods falling significantly below projections, especially in the area of sales taxes, where actual receipts were approximately one-third of the estimated amount that King County had provided during the annexation process.
- Telecommunications utility taxes falling below expectations, both in revenues from the new neighborhoods and the continuing decline due to changes in usage patterns and exemptions of certain services legislated by the Federal government.
- Assumed growth in salaries at 5% (2.5% for raises, 1.5% for steps/longevity, and 1% for market/other adjustments) and benefit cost growth of 7%. These assumptions were reduced from past forecasts to recognize the City's focus on controlling wage and benefit cost growth.
- Reserve replenishment at 1% of the General Fund budget, consistent with the City's fiscal policies.
- All vacant positions approved for annexation would be filled.

In developing this proposed budget, a number of actions were taken to address the projected shortfall and present a balanced budget for 2013-2014:

- Revise revenue projections, which closes the gap by approximately $2.4 million, reflecting improvements in economic activity,
- Recalibrate new neighborhood public safety service level requirements based on actual experience, a reduction of $1.9 million and 6.5 vacant FTEs,
- Reprioritize service levels in selected areas, with a focus on maintaining as much direct service to the public as possible, resulting in a reduction of $1.6 million and 7.1 FTEs (5.6 vacant positions and 1.5 filled positions),
- Identify efficiencies, process improvements, and other refinements within the existing budget, resulting in a savings of $1.0 million,
- Move away from inflation-based salary increases in selected labor contracts, resulting in slower cost growth, reducing the projection by approximately $0.5 million,
- Recognize funds available from savings in 2011-2012, primarily due to positions held vacant throughout the City and lower than projected jail contract costs for inmate housing.

The revised forecast on the following page reflects a balanced budget for 2013-2014, although there is still a structural imbalance in subsequent years due to the underlying mismatch between predictable growth in revenues and the rate of cost increase to provide City services. The gap is smaller than it was in the prior forecast, due to actions taken to balance this budget and the City's continued focus on "bending the cost growth curve" to a more sustainable level.



	2013	2014	2015	2016	2017	2018
Total Resources (000's)	81,572	77,842	80,323	81,950	83,625	86,584
Total Expenditures (000's)	80,420	78,994	81,640	84,889	88,320	91,940
Net Resources (000's)	**1,152**	**(1,152)**	**(1,317)**	**(2,938)**	**(4,694)**	**(5,356)**
Biennium Total (000's)	**0**		**(4,255)**		**(10,050)**	

BUDGET SUMMARY

In keeping with the biennial budget format, most of the descriptions and comparisons presented in the budget reflect two-year totals. In some cases, annual changes are shown to illustrate trends.

The total biennial budget for 2013-2014 is $540.4 million which is a 13.5% increase from the 2011-2012 budget of $476.1 million. Factors contributing to the change include:

- The full two-year cost of providing services in the new neighborhoods,
- Increases in health benefit costs, which appear both in the operating funds and the medical self insurance internal service fund,
- The assumed program enhancements that would be funded by the proposed Street and Park voted levy lid lifts, if successful, which are budgeted in both the operating and capital funds and account for the large percentage increase in "Other Operating",
- Construction of the Public Safety Building and occupancy in mid-2014,
- Costs associated with setting up sinking funds for Public Safety and Information Technology equipment, which appear in both the General Fund and the Non-Operating capital fund,
- Increases in expected revenues from Real Estate Excise Tax (REET), impact fees, and lodging tax due to the improving economy,

- Water, sewer, and solid waste rate increases and a full year of revenues from the new neighborhoods in the surface water and solid waste utilities,
- An accounting change that results in the City utility tax appearing in both the utility funds and the General Fund, which duplicated the revenues in the budget but did not increase costs to ratepayers.

The following table shows the relative change in the budget's major components:

	2011-12 Budget	2013-14 Budget	% Change
GENERAL GOV'T			
General Fund	161,231,911	171,895,906	6.6
Other Operating	18,604,602	27,609,860	48.4
Internal Service Funds	57,181,149	68,510,621	19.8
Non-Operating Funds	113,823,171	121,974,625	7.2
UTILITIES			
Water/Sewer	66,961,952	77,839,643	16.2
Surface Water	33,193,878	39,895,988	20.2
Solid Waste	25,102,501	32,634,724	30.0
TOTAL BUDGET	**476,099,164**	**540,361,367**	13.5

The general fund budget totals $171.9 million, which represents a two-year increase of 6.6% over the previous two-year period. Much of the increase in the General Fund is driven by the full two-year cost of serving the new neighborhoods, growth in wage and benefit costs, establishing equipment sinking fund reserves for public safety and information technology, and funding service packages.

The typical focus for the Council's budget discussion relates to the operating budget which accounts for basic services to the public. The most important (and largest) component of the operating budget is the General Fund which accounts for the majority of general government services and most of the City's general purpose revenue sources. The following sections describe overall revenue and expenditure trends that influenced this budget recommendation and provide a context for understanding this budget and for future financial planning decisions.

REVENUE TRENDS

The revenue trends in 2011-2012 reflected two dynamics:

- The stabilizing of base revenues after the steep decline during the "Great Recession", albeit at a considerably lower level than the peak in 2007, and
- The addition of the revenues from the new neighborhoods, which began slowly after the effective date in June 2011, with the majority of revenue sources not reaching predictable levels until the early part of 2012.

The addition of those revenues made property taxes the largest General Fund revenue source. Given uncertainties in the economy, the assumptions for revenue growth reflect caution, but assume a return to moderate growth after several years of decline.

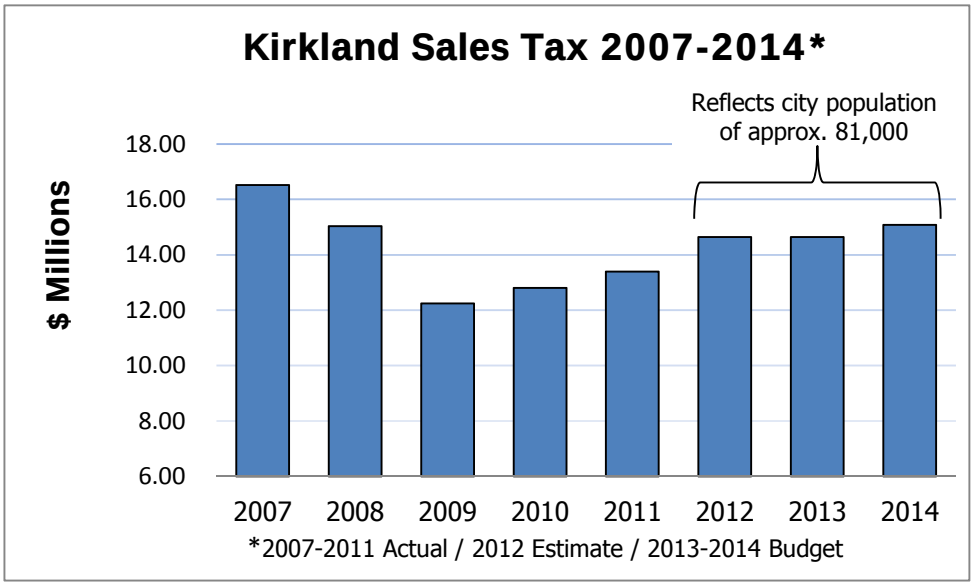
No increases in tax rates are reflected in the preliminary budget, except for the 1% optional increase in property tax and the voted levy lid lifts described below. Selected fee increases recommended by staff are highlighted later in this section. The budget also reflects proposals to extend the suspension of impact fees for changes in use and to provide some level of relief from the City's revenue generating regulatory license fee for new small businesses, as discussed further below. Implementation would require action by the full City Council.

Property tax is currently the largest source of revenue for the operating budget and supports services in the General Fund, Street Operating Fund (117) and the Parks Maintenance Fund (125). A one percent increase in new construction is assumed along with a one percent optional increase in the levy, consistent with the assumptions used in the long-term forecasting model. Note that with the annexation, three City property tax rates apply to different areas of the City, with the pre-annexation City paying for existing voted debt, those previously served by Fire District 41 paying a tax component toward the District's remaining debt, and those previously served by Woodinville Fire and Rescue paying only the base rate.

For the Parks Maintenance Fund, property tax is the sole source of income which is legally restricted to new construction growth plus one percent. Historically, the growth in revenues has not been sufficient to offset the growth in costs, resulting in service level adjustments and/or some level of general fund subsidy. The maintenance of parks in the new neighborhoods is budgeted in this fund in recognition that the existing base levy paid throughout the City includes this component.

In addition, the preliminary budget assumes that the two ballot propositions on the November General Election ballot are successful. Passage of the measures would add $0.204 per $1,000 of assessed valuation to the property tax rate for street maintenance and pedestrian safety and $0.16 per $1,000 of assessed valuation for parks maintenance, restoration, and enhancement. If the levies pass, the street levy revenues will be accounted for in the City's existing Street Operating Fund (117) and a new 2012 Parks Levy Fund (128) will be created to account for the new parks operations and maintenance revenues. The capital projects funded with the Parks Levy are shown in the capital funds (310/320) in the preliminary budget; however, the final budget may change to reflect the revenues passing through Fund 128 for ease of reporting. Note that the Parks Levy includes funding to allow the Finn Hill Park District to cease operations, which would eliminate that component or portion of property tax in that area of the City. In the event that the levies do not pass, the assumed revenues and program costs would be removed in the final budget adopted by the Council.

Sales tax revenue has been volatile over the past few years, but appears to be stabilizing and shows signs of improvement. The following chart shows a comparison of sales tax revenue from the high point in 2007 through the budget projections for 2014. Note that the decrease in revenues from the 2007 peak of $16 million to the 2010 trough of $12 million represents a $4 million dollar decline. The increase in 2012 and subsequent projections is due in part to the addition of revenues from the new neighborhoods.



The 2013 budgeted revenues reflect the City's one-year "lag" budget strategy, which sets 2013 sales tax revenues equal to expected 2012 revenues. For 2014, we are projecting a modest increase of 3% from 2013. While this is lower than the State's sales tax forecast that is projecting growth in the 4-5% range, the sustainable budget strategy would argue for caution in assuming such a significant turnaround during these uncertain economic times. At one point in time, the City employed a two-year lag strategy, which represents an even more conservative approach. Returning to the two-year lag would result in removing $440,000 from the revenue assumptions for 2014. This strategy would be challenging given the changes in revenues during 2011-2012 related to annexation and might be best considered if revenues significantly stabilize and once the overall financial picture improves.

Utility taxes represent another large General Fund revenue source. Changes in budget estimates from one year to the next reflect anticipated changes in utility rates and potential variations in consumption. Revenue changes in this category vary by sector. In general, electric and gas revenues have been relatively stable to growing, while telecommunications revenues have been declining. Electric, gas, and water utility taxes are also significantly impacted by weather conditions. The telecommunications and cable sectors continue to be worth watching as the regulatory environment (and potentially taxing authority) changes to reflect current technology and consumer usage patterns respond to economic conditions.

Business license fees consist of a base fee of $100 that is shown in the license and permit category and the revenue generating regulatory license fee of $100 per full time equivalent employee (FTEs), which is shown in the tax category. The revenue for 2013 and 2014 assumes a 2% annual increase in FTEs over 2012 estimated revenues, which is consistent with recent experience. The recommendation of the Finance and Economic Development Committees to provide some level of relief from the City's revenue generating regulatory license fee for new small businesses (10 FTEs or less) for the first year after they open in Kirkland is also reflected in the preliminary budget, effective January 1, 2013. The one-year revenue impact of the change is assumed to be offset by year-end 2012 cash. If the full Council concurs with this recommendation, ordinances will be brought forward to implement this program and to extend the suspension of impact fees for changes in use through 2014.

Development fee revenues in the second half of 2012 have shown significant signs of improvement. The 2012 projections are expected to exceed the 2012 budget, despite the fact that the permits for redevelopment of Park Place did not occur as planned. At the end of 2005, the City established the Development Services reserve to recognize that development revenues associated with building and other activities are often collected in advance of the time that the work is conducted (for example, required inspections may occur in a subsequent budget period). In periods where revenues are reduced, the reserve has been used to help maintain staff to get the work completed and to help retain critical skills. The reserve has been used to backfill shortfalls in 2008 ($400,000) and 2009 ($425,000). The preliminary budget assumes that approximately $1 million in revenues received in 2012 will be set aside for work to be done in 2013 and beyond. The current budget assumes that about $600,000 of that amount will be expended in 2013-2014 as needed. The reserve has also been augmented with General Fund cash to fund the upcoming development fee and impact fee studies in the next biennium.

Interest income is expected to decline in the next biennium due to the continuation of historically low interest earnings rates. Interest earnings in the 2007-2008 biennium totaled $9.4 million. Since that time, earnings have declined due to declining interest rates, with 2009-2010 earnings totaling $4.6 million, and 2011-2012 earning projected at $2.1 million. Given the Federal Reserve's recent announcement that they expect interest rates to remain at historic lows through 2015, the 2013-2014 budget assumes that interest rates will be between 0.50% and 0.42% for 2013-2014, which is still well above the rate earned in the State Investment Pool (currently 0.18%). Interest income is estimated at $0.56 million in 2013 and $0.43 million in 2014, for a total of $0.99 million for the biennium.

Revenues from **user fees** were evaluated in developing the proposed budget. Consistent with adopted policies, the budget assumes that development and impact fees are increased with inflation. In addition, an inflation-related adjustment to the City's EMS transport fees was approved in October 2012. A new

right-of-way construction inspector position is funded through the extension of the right-of-way use fees through the inspection process of road cuts and repairs made by utility companies and new development. This change is part of the overall City effort to protect the road pavement condition index, which can be negatively impacted by inadequately restored road cuts, which are not currently inspected on a routine basis. **Further discussion of this topic is contained in an issue paper.**

Real Estate Excise Tax (REET) is generated by the sale of real property. During the economic downturn, the State Legislature provided for the use of REET funds for the operations and maintenance of facilities constructed with REET funds for a period of six years. The budget reflects using REET revenues to support some street and parks maintenance during the upcoming biennium.

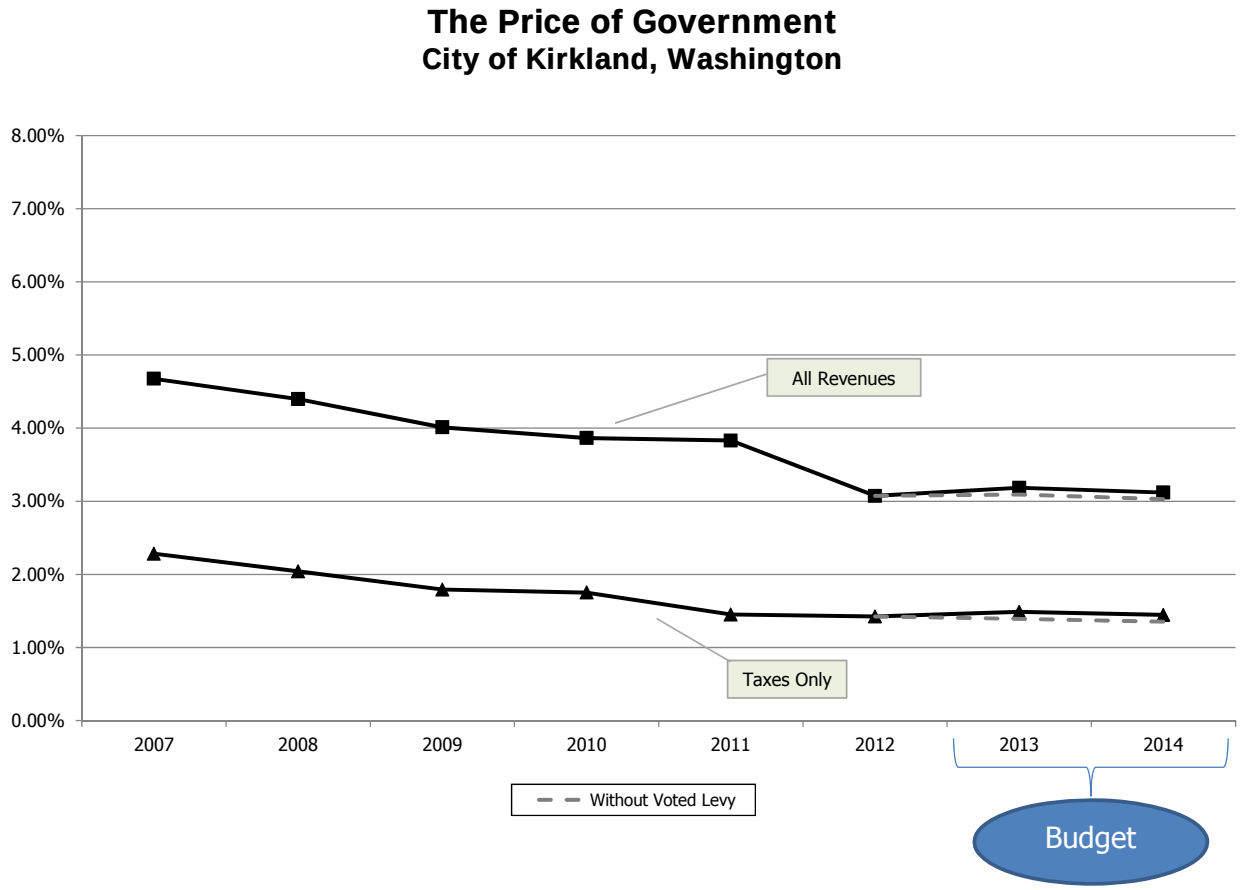
THE KIRKLAND "PRICE OF GOVERNMENT"

In evaluating these revenue assumptions, one question raised by taxpayers is "how affordable is government"? The "Price of Government" is a measure of this concept used by some jurisdictions as a comparison of the revenues from taxes and fees of the government to the aggregate personal income level of the City's constituents. In general terms, the calculation is used to help define a band in which residents are willing to pay for government services.

The graph that follows shows Kirkland's Price of Government over the past 6 years and the projection for the proposed budget. Over that period, total revenues as a percentage of personal income has slowly decreased from over 4% to approximately 3% in the proposed budget, including the proposed voted levies. The steeper decline in 2011 reflects that the tax and fee revenues that resulted from the annexation did not increase in proportion to the total personal income added.

To provide some context, since this is Kirkland's first time evaluating this measure, the City of Redmond has been tracking its Price of Government and provided the following observations.

> *"The City of Redmond's total "price of government" has consistently been between 5% and 6%, which is typical for local governments. This approach also illustrates that there can be a deliberate choice about how a community pays for service from the city. If user fees become too large, taxes should be reduced to retain the total target price. Likewise if taxes become too high, there may be resistance by the community to further increases in user fees. This approach does not provide a tool for universal evaluation across cities (even similar cities) as to the "correct" price. Differences in service delivery approaches and expectations make cross city comparisons virtually impossible. The value of this approach is largely with respect to the city's own history."*



EXPENDITURE TRENDS

Salary and benefit costs comprise over 64% of the General Fund budget. **Salary cost** increases for two of the City's collective bargaining units, AFSCME and Teamsters, are set for the biennium at 2.5% in 2013 and 0% in 2014. The Police Guild contract is closed in 2013 but open in 2014; all other collective bargaining agreements are open for the biennium. Funds have been set aside in the Nondepartmental budget to be distributed for personnel increases on closed contracts and management & confidential employee (MAC) and in anticipated settlement of the open contracts. The City Manager recommends that the MAC increases be implemented consistent with the AFSCME and Teamsters contracts and the budget reflects that assumption.

Benefit cost increases have grown well in excess of inflation for a number of years. In 2011, the City transitioned to a self-insured medical program to gain more direct control over health benefit costs through proactive health promotion activities and to do so at an affordable price. The City experienced a one-time decrease in cost at the outset of the program, which allowed a separate rate stabilization reserve to be established for the Health Benefits Fund of $1 million. In 2011, the City's experience resulted in an increase in "per employee per month" costs of 7%, below the former program's increase of 11%. However, in 2012, the program has experienced a higher than average claims pattern, which requires that an additional 13% be set aside toward potential claims liability. This experience is driven in part by a larger number of births to City employees than in prior years, which in turn reflects the hiring of many younger employees to serve the newly larger City. If claims return to a more expected level, the additional funds set aside could add to the rate stabilization reserve. However, if claims continue at an elevated level, some use of the rate stabilization reserve may be required. Now that the City has over 18 months of claims history, an Employee Health Benefits Committee will be convened to help with evaluating patterns and recommending program changes to help manage costs. **More information about this topic is contained in an issue paper.**

One of the objectives of this budget process was to ensure that the City provides efficient, cost effective services supported by predictable revenues. As described earlier, a number of actions were taken to address the projected shortfall and present a balanced budget for 2013-2014, consisting of recalibrations based on actual experience in the new neighborhoods, program reductions in lower priority areas, and efficiencies and process improvements within the base budget. **Specific reductions** are summarized as follows:

- Recalibrate new neighborhood public safety service level requirements based on actual experience, a reduction of $1.9 million and 6.5 vacant FTEs. The Court and Police Department budgets were based on the assumption that the new neighborhoods would generate an additional 26,000 dispatched calls for service, which would generate a proportionate increase in court cases. In reality, the calls for service increased about 10,500. The following recalibrations are recommended as a result:

    - Reduce second Judicial position (1.0 FTE) and 2.5 FTE Judicial Support Associates and related costs at the Municipal Court ($723,035)
    - Reconcile projected NORCOM expenses with actual call volumes ($382,000)
    - Eliminate the additional Narcotics Task Force detective (1.0 FTE), K-9 Officer (1.0 FTE), and Administrative Support Associate (1.0) FTE ($812,257)

- Reprioritize service levels in selected areas, with a focus on maintaining as much direct service to the public as possible, resulting in a reduction of $1.6 million and 7.1 FTEs (5.6 vacant positions and 1.5 filled positions):

    - Reduce additional vacant Neighborhood Outreach Coordinator from 0.5 FTE to 0.1 FTE (0.4 FTE reduction) - $95,045
    - Reprioritize Economic Development resources to higher priority tasks by changing the Kirkland First model to function as a listserv and discontinue the quarterly dashboard report for the Business Roundtable ($32,000)
    - Eliminate the Parks Business Services Manager position (1.0 FTE) and redistribute responsibilities ($257,421)
    - Eliminate vacant 0.5 FTE Urban Forester in Planning and Community Development ($112,805)
    - Eliminate 0.3 FTE Senior Planner ($72,888)
    - Sunset the Parking Advisory Board and eliminate the 0.5 FTE Parking Coordinator position ($126,043)
    - Reduce 2.0 FTE unfilled Police ProAct unit positions on hold from the 2011-2012 budget ($516,266)
    - Eliminate Fire Wildland Response specialized training ($23,142)
    - Eliminate the Field Arborist (1.0 FTE) in Parks Maintenance and fund one-time with REET flexibility funds ($190,040)
    - Eliminate 0.9 FTE Grounds Technician position and the 0.5 FTE Locator positions in the Street Fund ($215,722) – note that a Laborer position is recommended to be added one-time using REET flexibility revenues

- Identify efficiencies, process improvements, and other refinements within the existing budget, resulting in a savings of $1.0 million:

    - Rearrange workload and reclassifying positions to lower classifications as circumstances allow, resulting in savings in Finance and Administration of $50,189 and $51,503 in Human Resources,
    - Line item expense reductions to reflect efficiencies, changes in business practices, or line item reconciliation:
        - City Council - $32,610

  - Public Works - $65,015
  - Finance and Administration - $28,816
  - Police - $83,187
  - Streets - $182,250
  - Information Technology - $169,636
  - Facilities - $237,024
- Ensure the Cemetery fund administrative costs are charged to that fund - $39,120,
- Additional Planning fee revenues due to the assumed increase in fees of 2.7% based on CPI - $35,995.

As part of the budget process, the City Manager requested that each General Fund department identify ongoing reductions or new ongoing revenues equivalent to 2% and 5% of their normalized budget (excludes internal service charges). The internal service departments and other operating funds, excluding utilities, identified reductions as well. The reductions recommended by the City Manager were taken from this list to present the City Council with a sustainable budget. The recommended reductions total approximately 3.2% of the amount identified on the lists. The full lists are presented in the budget document, to provide a tool for evaluating options and trade-offs based on the Council's deliberations. The City Manager will continue to evaluate each position that becomes vacant to ensure that it is necessary to provide efficient, cost effective services.

Departments also developed 2% and 5% additions (or service packages), so that the City Manager and the Council could evaluate the best use of resources to achieve the City's goals in the short and long-term. The City Manager's recommendations regarding these service packages are summarized in the following sections, including a limited number of one-time funded service packages. The full list and recommendations are summarized later in the budget document.

COMMUNITY AND COUNCIL PRIORITIES

One of the main tools used to assess the **community's priorities** is through the Citizen Survey that the City conducts every two years. The results of the most recent survey (January 2012) were presented to the City Council at the March retreat. The overall results indicated that 85% of those surveyed rated Kirkland as a "very good" or "excellent" place to live. An additional 12% rated the City as "satisfactory". One of the key graphics from that survey is the "Quadrant" analysis, which provides an important basis for prioritizing the proposed budget recommendations. The survey report describes the Quadrant analysis as follows:

> *"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.*

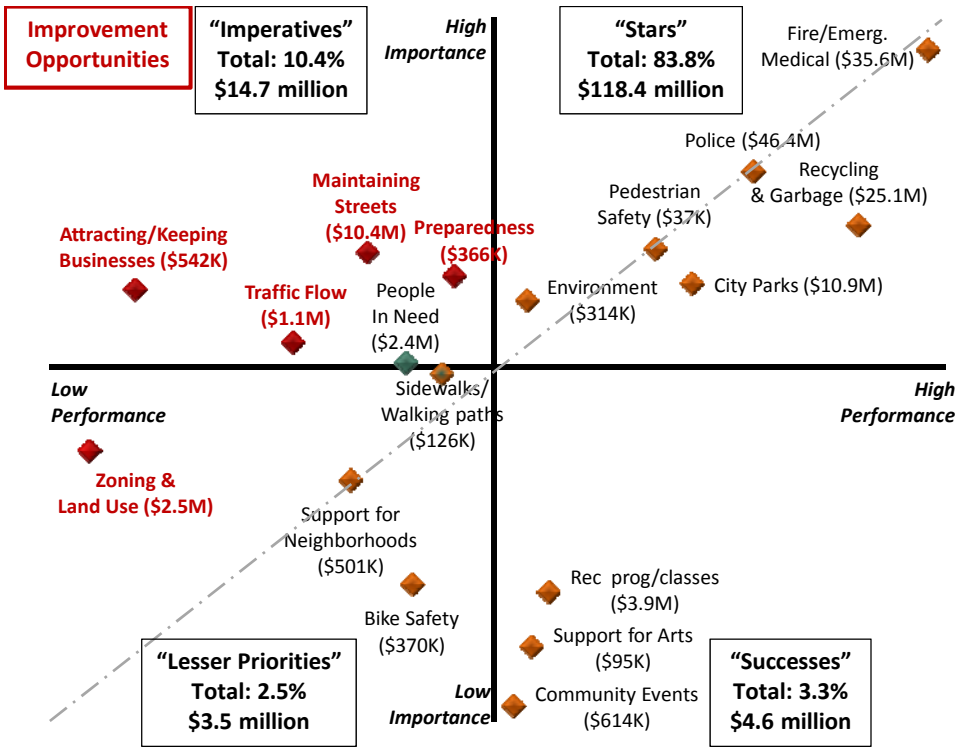
4) Low Importance, High Performance (bottom-right quadrant) *– This quadrant represents services that citizens think the City is doing well with but are believed to be less important. While items in this quadrant can be considered successes with certain niche groups, for most citizens, they are not major 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."***

These four quadrants can also be referred to as "Stars", "Imperatives", "Lesser Priorities", and "Successes". The Quadrant chart from the 2012 survey is shown below, augmented by the estimated expenditures on the surveyed services in the 2011-2012 budget.

2012 Survey with 2011-12 Budget



This Quadrant chart provided key guidance on the areas that were opportunities for improvement identified by the community. Many of the recommendations that are summarized below focus directly on those priorities, for example:

High Importance/Low Performance Quadrant	
Attracting and Keeping Businesses	• Totem Lake Action Plan items, including further capital investments • Continued review of the tax and regulatory environment to remove barriers to new businesses, for example, the continued suspension of impact fee for change of use and waiver of the RGRL in the first year for small start-up businesses, and zoning changes • Continued investment in the economic development program and in capital projects in the City's business districts
Managing Traffic Flow	• Adding resources to focus on implementation of the City's Intelligent Transportation System (ITS) to help improve traffic flow • Additional investments in neighborhood traffic control and pedestrian safety through the proposed Proposition 1 Street Levy
Human Services/People in Need	• No reduction to Human Services funding levels • Increased ARCH funding
Emergency Preparedness	• Funding of an on-going Emergency Preparedness Manager position
Street Maintenance	• Additional investments in street maintenance through the proposed Proposition 1 Street Levy • Addition of the ROW inspector position • Continuation of REET funded maintenance activities, including median upkeep
Low Importance/Low Performance Quadrant	
Zoning and Land Use	• Growth Management GMA/EIS Comprehensive Plan update

Another important element of the budget process has been **educating the public and providing opportunities for public feedback**. Earlier in 2012, the City offered a five part Civics Academy to provide information and an interactive forum for participants to ask questions and provide input. In addition, the City is in the process of rolling out a series of videos on City services entitled "KirklandWorks". The most recent video addresses Financial Stability, reflecting how the community's values are reflected in the City's financial management. A new feature on the budget webpage, Budget Bylines, has been introduced to provide easy-to-read summaries of budget-related information and deliberations in a newspaper article style after each Council meeting where the budget is discussed. The City Update newsletter continues to be a resource for addressing frequently asked questions and provide educational information. Public Hearings provide a formal time for the public to provide the City Council with input on the budget. A series of hearings are scheduled, with the first already completed in September and two further opportunities at the November City Council meetings.

KEY RECOMMENDATIONS BY GOAL AREA

The City Manager's recommendations were crafted to address the community and City Council priorities within the context of the City Council goals. The funded service packages, key policy recommendations, and major capital investments are presented within the goal area they primarily support, although many of the recommendations support multiple goals.

NEIGHBORHOODS

The citizens of Kirkland experience a high quality of life in their neighborhoods.

Goal: Achieve active neighborhood participation and a high degree of satisfaction with neighborhood character, services and infrastructure.

- Ongoing funding for Neighborhood Traffic Control program through the Proposition 1 Streets Levy (if passed) - $300,000
- Filling the additional 0.5 FTE CIP outreach position to enhance communication about projects
- Updating Growth Management Act (GMA) Comprehensive Plan and Environmental Impact Statement (EIS), $326,000, which includes neighborhood planning
- Establishing opportunity funds for improvements in the new neighborhoods for sidewalks and pedestrian safety

PUBLIC SAFETY

Ensure that all those who live, work and play in Kirkland are safe.

Goal: Provide for public safety through a community-based approach that focuses on prevention of problems and a timely response.

- Completing the Public Safety Building CIP project ($27.4 million in 2013-2014)
- Commencing operation of the Public Safety Building (One-time and Ongoing)
    - Jail Operations, 3.00 FTE, $787,102
    - Public Safety Building operations and maintenance (O&M), 1.0 FTE, $719,583
    - Help Desk Staffing for the Public Safety Building and Network Support, 0.20 FTE, $51,349
    - **See issue paper for further discussion of the on-going costs for full year operations commencing in 2015**
- Police Strategic Plan, $100,000
- Establish Police equipment sinking fund, $250,000 one-time and $250,000 ongoing
- Municipal Court Security, $86,076
- Fire Strategic Plan implementation actions:
    - Finn Hill Fire Station Staffing (50% of 12-hour aid car coverage), $649,130 one-time *[This funding is an opportunity fund to create an initial partnership with Northshore Fire District. The staffing is not likely to be financially sustainable beyond 2014 without a strong economic recovery or some sort of voter approved revenue.]*
    - Policy & Procedure Manual, $17,000 one-time
    - City Emergency Manager, 1.0 FTE, $322,814 - Ongoing
    - Senior Financial Analyst to help meet budgeting, financial analysis, and administrative needs in the Fire & Building Department, $235,781 - One-time
    - Administrative Assistant Reclassification to Administrative Supervisor to help to meet the administrative and supervisory needs of the Fire & Building Department, $12,089 - Ongoing
- Fire Records Specialist, 0.25 FTE one-time in 2013 to support the EMS transport fee program, $24,716
- Consolidated Fire Station CIP Project ($3.9 million in 2013-2014)
- Fire equipment CIP projects ($431,200 on 2013-2014)
- Establish Fire equipment sinking fund, $750,000 one-time and $750,000 ongoing
- Increase EMS Transport Fee with inflation

HUMAN SERVICES

Kirkland is a diverse and inclusive community that respects and welcomes everyone and is concerned for the welfare of all.

Goal: To support a regional coordinated system of human services designed to meet the special basic needs of our community and remove barriers to opportunity.

- Maintained on-going funding levels for human service agencies at $1.3 million
- Continued staffing for participation in regional human services initiatives

BALANCED TRANSPORTATION

Kirkland values an integrated multi-modal system of transportation choices.

Goal: To reduce reliance on single occupancy vehicles and improve connectivity and multimodal mobility in Kirkland in ways that maintain and enhance travel times, safety, health and transportation choices.

- Non-motorized Transportation CIP projects totaling $5.2 million for 2013-2014, including $3.9 million for the Cross Kirkland Corridor interim trail and Master Plan, sidewalks, and pedestrian safety
- Transportation Engineer, 0.85 FTE, $186,620 – Funded ongoing from permit revenues and expenditure offsets
- Transportation Engineer - Traffic Signal Operations, 0.75 FTE, $178,074 to provide ongoing resources to maximize the investment in intelligent transportation system (ITS) technology to improve traffic flow
- Intelligent Transportation System (ITS) Software Support, $50,000 – Ongoing cost of ITS system,
- Transportation CIP projects totaling $1.2 million in 2013-2014
- Ongoing funding for Pedestrian Safety improvements through the Proposition 1 Streets Levy (if passed) - $300,000

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.

Goal: To provide and maintain natural areas and recreational facilities and opportunities that enhance the health and well being of the community.

- Parks CIP projects totaling $3.6 million in 2013-2014, including $2 million from the Proposition 2 Parks Levy (if passed)
- Boat Launch Pay Station, $19,500 ($3,000 – Ongoing)
- Parks Operations and Maintenance (REET Funded) - $299,928
    - Add a Senior Groundsperson position one-time funded with REET
    - Open restrooms at neighborhood parks
    - Provide seasonal labor to care for the City Cemetery and parks amentiies
- Kirkland Performance Center one-time funding, $68,000
- Ongoing Parks Operations & Maintenance service levels funded from the Proposition 2 Parks Levy (if passed)
    - Restore Maintenance and Operations, 2.5 FTE, $1,111,575
    - Lifeguards, $203,182
    - Forest Restoration, 3.0 FTE, $712,484
    - OO Denny Park Maintenance, 1.0 FTE, $261,181
    - Edith Moulton Park Renovation, $5,660 (O&M only)
    - City-School Partnership Projects, $5,960 (O&M only)
    - Cross Kirkland Corridor Trail Maintenance, 0.75 FTE, $197,669

HOUSING

The City's housing stock meets the needs of a diverse community by providing a wide range of types, styles, size and affordability.

Goal: To ensure the construction and preservation of housing stock that meets a diverse range of incomes and needs.

- Increasing ARCH Housing Trust Fund contribution from $432,000 to $630,000
- Continued support of affordable housing projects in the City, specifically the Transit-Oriented Development at the South Kirkland Park & Ride

FINANCIAL STABILITY

Citizens of Kirkland enjoy high quality services that meet the community's priorities.

Goal: Provide a sustainable level of core services that are funded from predictable revenue.

- No basic operations funded by one-time revenues
- Incorporating a component into the on-going budget for replenishment based on 1% of the General Fund budget
- Restoring the revenue stabilization reserve to 100% of target. The table below summarizes the recommended replenishments and target status:

2013-2014 General Purpose Reserves with Targets

Reserve	Preliminary 2013-2014 Budget Target	2012 Estimated Ending Balance	Planned Additions to/(Use of) Reserves	2014 Estimated Ending Balance	(Under)/Over Target	2014 Ending Balance as % of Target
Contingency	4,401,617	2,201,870	224,555	2,426,425	(1,975,192)	55.1%
General Capital Contingency	5,318,355	3,919,463	-	3,919,463	(1,398,892)	73.7%
General Operating Reserve (Rainy Day Reserve)	4,333,295	2,806,513	-	2,806,513	(1,526,782)	64.8%
Revenue Stabilization Reserve	2,468,068	1,231,431	1,236,637	2,468,068	-	100.0%
Council Special Projects	250,000	189,534	60,466	250,000	-	100.0%
Building and Property Reserve	600,000	2,137,598	(1,566,019)	571,579	(28,421)	95.3%
TOTAL	**17,371,335**	**12,486,409**	**(44,361)**	**12,442,048**	**(4,929,287)**	**71.6%**

Note: Excluding the planned use of the Building and Property Reserve toward the Public Safety Building project would result in the 2014 Ending Balance for General Purpose Reserves being at 80.6% of Target.

- Establishing sinking funds for Public Safety and Information Technology equipment ($1.5 million one-time and $950,000 per year on-going), plus setting aside funding for major IT systems replacement ($500,000 one-time)
- Pursuing new on-going revenue sources to stabilize support of on-going programs, through placement of the levy propositions on the November 2012 ballot for Streets and Parks
- Investing in development of a Performance Management System, $50,000

ENVIRONMENT

We are committed to the protection of the natural environment through an integrated natural resource management system.

Goal: To protect and enhance our natural environment for current residents and future generations.

- Establish adequate rates to support the needs of the Sewer, Surface Water, and Solid Waste utilities, resulting in:
    - 6.82% rate increase in 2013 and no increase in 2014 for Sewer
    - No rate increase for Surface Water
    - 12.89% rate increase for 2013 and no increase in 2014 for Solid Waste
- Financing Sewer utility CIP projects totaling $5.0 million for 2013-2014
- Financing Surface Water utility CIP projects totaling $7.1 million for 2013-2014, including a $5.7 million investment in Totem Lake

- Rain Garden Program (offset with hourly reductions), $60,000 - Ongoing
- Maintenance Center Office Specialist (offset with reduction), 0.50 FTE, $88,538 - Ongoing
- Surface Water Equipment, $79,966 ($18,880 – Ongoing)
- Ongoing funding for the Green Kirkland program through the Proposition 2 Parks Levy (if passed)

ECONOMIC DEVELOPMENT

Kirkland has a diverse, business-friendly economy that supports the community's needs.

Goal: To attract, retain and grow a diverse and stable economic base that supports city revenues, needed goods and services and jobs for residents.

- Continued implementation of the Totem Lake Action Plan, including:
    - Market Study of Totem Lake – Comprehensive Plan Update, $25,000
    - Totem Lake Surface Water capital projects ($5.2 million in 2013-2014)
    - An additional $2.9 million in 2013-2014 toward the 120th Avenue road improvement CIP project
- Ongoing Cultural Arts Commission support - $30,000
- As part of the tax and regulatory review to remove barriers to new businesses:
    - Continued suspension of impact fee for change of use
    - Waiver of the per FTE revenue generating regulatory license fee for new small businesses (less than 10 FTEs) during their first year of operation in Kirkland
- Continued 85th Street Corridor capital investments ($2.4 million in 2013-2014)
- Setting funds aside to conduct development fee and impact fee studies to reflect the results of the Development Services Organizational Study and the Comprehensive Plan update
- Continued funding of programs with business and development interests, including the Kirkland Business Roundtable and the business retention program
- Lodging tax funding for special events, $50,000 for 2013

DEPENDABLE INFRASTRUCTURE

Kirkland has a well-maintained and sustainable infrastructure that meets the functional needs of the community.

Goal: To maintain levels of service commensurate with growing community requirements at optimum life-cycle costs.

- Establishing adequate rates to support the needs of the Water utility, resulting in a 3.37% rate increase in 2013 and 4.87% increase in 2014
- Financing Water utility CIP projects totaling $5.5 million for 2013-2014
- Financing Street CIP projects totaling $14.6 million for 2013-2014, including $6 million from the proposed Roads Levy
- Right-of-way Construction Inspector, 1.0 FTE, $236,566 – Ongoing from ROW permit fees
- Temporary Laborer (REET Funded), $200,116 to continue maintenance activities
- Median Maintenance (REET Funded), $120,000
- Ongoing funding for increased Street Overlay through the Proposition 1 Streets Levy (if passed) - $5.4 million (includes 1.0 FTE CIP Engineer to manage programs)

In addition to recommendations directly related to the Goal areas, the following service packages are recommended:

Council/City Manager

- State Legislative Advocacy Services, $96,000 - One-time
- Council Training, Travel & Subsistence, $26,610 - Ongoing
- Administrative Transition City Manager's Office, $8,684 - One-time
- Financing initial activities for the City Hall Renovation project totaling $2.1 million for 2013-2014

Information Technology

- Temporary Service Desk Analyst, $144,441 - One-time

- Copier & Plotter Replacements, $131,000 - One-time
- Senior Applications Analyst, $267,033 - One-time
- IT Network Security staff, $265,598 - One-time
- Financing Information Technology CIP projects totaling $2.3 million for 2013-2014
- Establish IT equipment sinking fund, $500,000 one-time and $900,000 ongoing

PRELIMINARY WORK PLAN

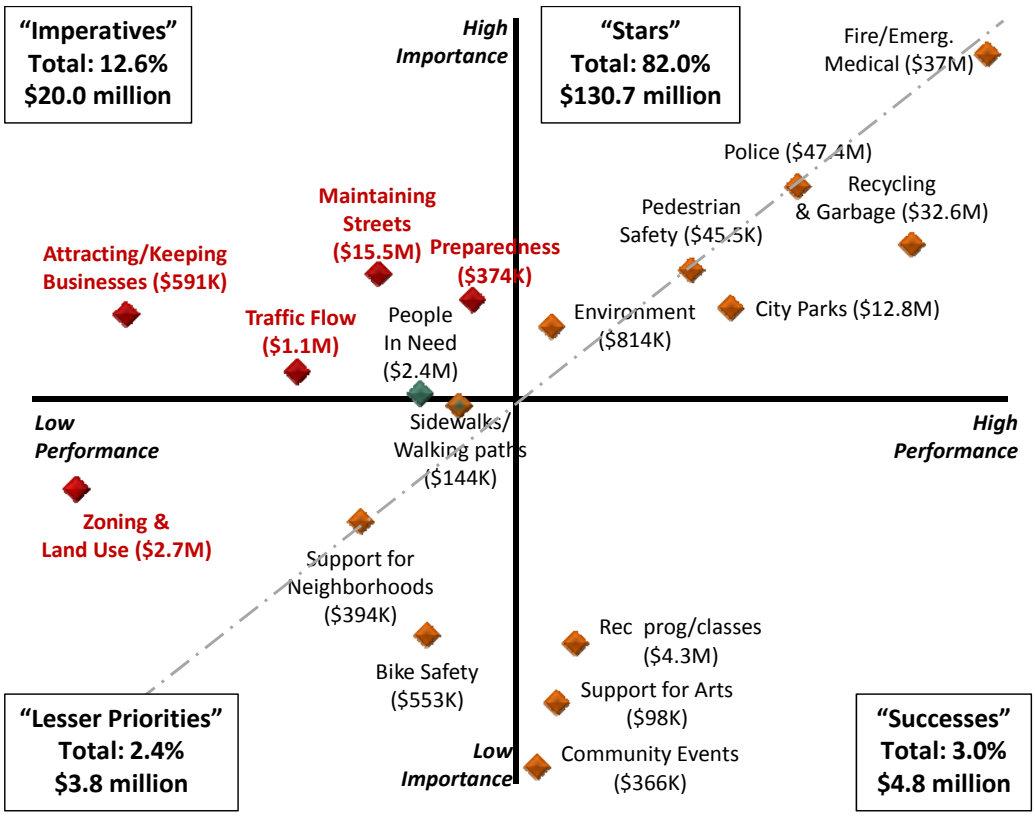
The recommendations suggest the following draft City work plan for the 2013-2014 biennium:

- Complete Master Plan and interim trail on Cross Kirkland Corridor (Council Goals: Balanced Transportation, Parks and Recreation, Economic Development, Neighborhoods).
- Complete construction of the Public Safety Building and bring to full operating capacity (Council Goals: Public Safety).
- Continue implementation of the Fire Strategic Plan recommendations, particularly those related to opportunities for regional cooperation (Council Goals: Public Safety).
- Update City planning documents to incorporate the new neighborhoods and set a course for the new, larger City (Council Goals: Neighborhoods, Balanced Transportation, Parks and Recreation, Diverse Housing, Economic Development, Dependable Infrastructure).
- Develop a City-wide multimodal Transportation Master Plan that defines and prioritizes investments in intelligent transportation systems (ITS), roads, sidewalks, and bicycle paths and redefines traffic concurrency (Council Goals: Balanced Transportation, Infrastructure, Economic Development, Neighborhoods).
- Begin implementation of the results of the Development Services Organizational study and evaluate the impact on development fees (Council Goals: Economic Development).
- Continue partnership initiatives with employees to achieve sustainability of wages and benefits (Council Goals: Financial Stability).
- Continue emphasis on Totem Lake revitalization through the Totem Lake Action Plan (Council Goals: Economic Development, Financial Stability).

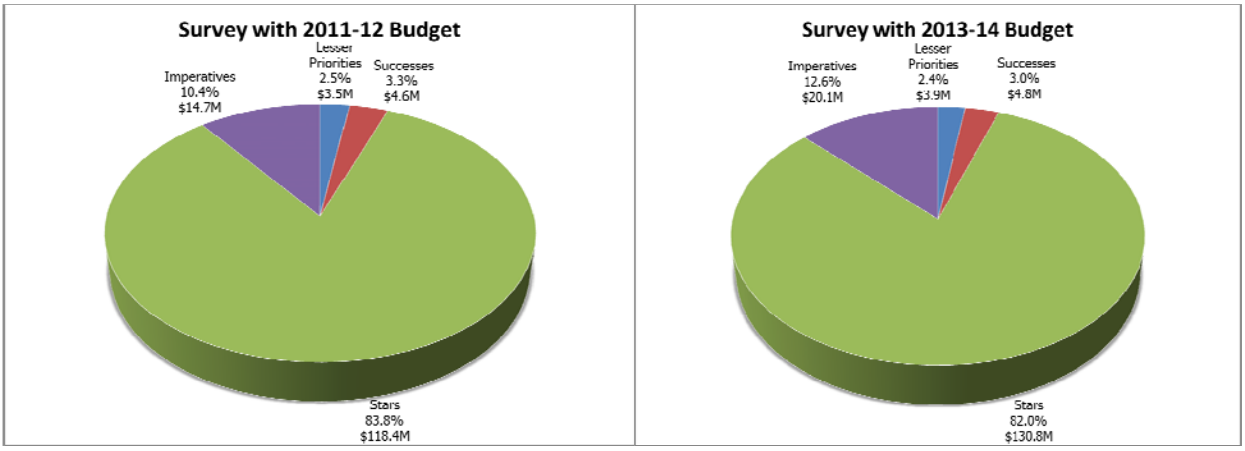
CONCLUSION

The proposed budget is focused on the City Council goals and community priorities. The recommended decisions result in proposed 2013-2014 investments in the services on the "Quadrant" analysis as summarized below.

2012 Survey with 2013-14 Budget



The pie charts on the below show the investments in each quadrant in the 2011-2012 budget versus the proposed 2013-2014 budget. The comparison shows that we have made progress in addressing the "imperatives" in the upper left quadrant, with the share of funding for the surveyed items in this quadrant increasing from 10.4% to 12.6%, or $14.7 million to $20.1 million. Although the percentage invested in "stars" decreased from 83.8% to 82.0%, the total dollars invested increased from $118.4 million to $130.8 million.



The budget reflects the service levels that will be provided if Proposition 1 – Levy for City Street Maintenance and Pedestrian Safety and Proposition 2 – Levy for City Parks Maintenance, Restoration, and Enhancement pass in the November 6, 2012 election. If those levy lid lifts are unsuccessful, the final budget will be adjusted to remove those revenues and expenditures.

Balancing the 2013-2014 budget required recalibrating the service needs and revenues from the new neighborhoods and prioritizing services to best meet the community's needs within financial constraints. In addition, continuing to replenish reserves that were used during the "Great Recession" and establishing sinking funds for periodic replacement of public safety and IT equipment are measures that help place the City on a more sustainable budget footing. The reductions and service packages identified during the process provide a basis for contingency planning if results are better or worse than projected.

As always, we expect that we will be discussing the budget with the City Council frequently during the biennium and making adjustments as conditions warrant. At a minimum, we expect to provide an update at the Council Retreat in March, with the mid-year budget report in June, and with the mid-biennium budget update in November 2013.

The development of the preliminary budget requires an enormous commitment by the City staff, especially the Financial Planning staff. We have every reason to be proud of the work done day in and day out by all City staff. With the support of the City Council, it is their efforts that make the City work for our citizens and make Kirkland an exceptional place to live.

Respectfully Submitted,

Kurt Triplett
City Manager

Tracey Dunlap
Director of Finance and Administration

CITY OF KIRKLAND

performance measures 2012

CITY OF KIRKLAND WASHINGTON

Acknowledgements

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Human Resources
Economic Development Program
Finance & Administration
Fire & Building Department
Neighborhood Services Division
Parks & Community Services
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Mayor's Introduction

I am pleased to announce the publication of the City of Kirkland's 2012 Performance Measures Report.

The report is designed around the City Council's 10 goals for Kirkland—Balanced Transportation, Dependable Infrastructure, Economic Development, Human Services, Neighborhoods, Public Safety, Parks, Recreation and Open Space, Financial Stability and the Environment—and the long-term goals associated with each of those goal-areas.

The following pages illustrate the City's progress toward those 10 goals.

Our hope is that you will use this report to not only stay connected to City programs and services, but also to connect to other members of the community and get involved with the City's community-based initiatives. One of those initiatives is Kirkland's public involvement campaign: "Kirkland 2035: Your Voice. Your Vision. Your Future." City leaders are developing that outreach campaign to hear how they would steer Kirkland into the next two decades. The contents of this report provide some context about where we are now as a City and how we should grow into the future.

The City Council and staff use this report to budget, develop business strategies, and to prioritize work projects. From public works to information technology, these measures stretch across all of our departments and service areas. Every City budget includes a copy of the performance measure report.

The Performance Measures Report is compiled each year to assess how the City is doing as we work to achieve the community's vision of being "an attractive, vibrant, and inviting place to live, work and visit."

As I noted last year, we are excited to share our report card with you and look forward to improving every day to enhance Kirkland as a wonderful place to live, work and play.

Joan McBride
Mayor, City of Kirkland

City Council Values and Goals

The purpose of the City Council Goals is to articulate key policy and service priorities for Kirkland. Council goals guide the alocation of resources through the budget and capital improvement program to assure that organizational work plans and projects are developed that incrementally move the community towards the stated goals. Council goals are long term in nature. The City's ability to make progress towards their achievement is based on the availability of resources at any given time. Implicit in the allocation of resources is the need to balance levels of taxation and community impacts with service demands and the achievement of goals. In addition to the Council goal statements, there are operational values that guide how the City organization works toward goal achievement:

- Regional Partnerships – Kirkland encourages and participates in theregional approaches to service delivery to the extent that a regional model produces efficiencies and cost savings, improves customer service and furthers Kirkland's interests beyond our boundaries.
- Efficiency – Kirkland is committed to providing public services in the most efficient manner possible and maximizing the public's return on their investment. We believethat a culture of continuous improvement is fundamental to our responsibility as good stewards of public funds.
- Accountability – The City of Kirkland is accountable to the community for the achievement of goals. To that end, meaningful performance measures will be developed for each goal area to track our progress toward the stated goals. Performance measures will be both quantitative and qualitative with a focus on outcomes. The City will continue to conduct a statistically valid citizen survey every two years to gather qualitative data about the citizen's level of satisfaction. An annual Performance Measure Report will be prepared for the public to report on our progress.
- Community – The City of Kirkland is one community composed of multiple neighborhoods. Achievement of Council goals will be respectful of neighborhood identity while supporting the needs and values of the community as a whole.

The City Council Goals are dynamic. They should be reviewed on an annual basis and updated or amended as needed to reflect citizen input as well as changes in the external environment and community demographics.

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.

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: Support a regional coordinated system of human services designed to meet the basic needs of our community and remove barriers to opportunity.

BALANCED TRANSPORTATION

Kirkland values an integrated multi-modal system of transportation choices.

Council Goal: Reduce reliance on single occupancy vehicles and improve connectivity and multi-modal mobilty in Kirkland in ways that maintain and enhance travel times, safety, health and transportation choices.

PARKS AND RECREATION

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: Provide and maintain natural areas and recreational facilities and opportunities that enhance the health and well being of the community.

HOUSING

The City's housing stock meets the needs of a diverse community by providing a wide range of types, styles, size and affordability.

Council Goal: Ensure the construction and preservation of housing stock that meets 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: Protect and enhance 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: 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: Maintain levels of service commensurate with growing community requirements at optimum life-cycle costs.

Why Measure Our Performance?

Measuring performance provides a quantifiable way in which to see successes and areas in need of improvement. The City's progress is measured against data from previous years, targets set in master plans and benchmarks with other communities. By measuring our programs using a variety of data, we can see how Kirkland's present state relates to its past indicators and future plans.

Ultimately, the measures provide direction for resource allocation and help determine which policies and programs most effectively serve the community's needs.

Performance measures offer transparency and allow the public to hold the City accountable. The report highlights important City programs and services to inform the community what the City is doing for you. The report provides insight into costs, successes, areas of improvement, and citizen satisfaction as determined by the biennial community survey.

Format of Report

Performance measures provide a logical connection between City resources and desirable community outcomes through a "so that" format. If the City devotes resources to a service area, then they should be able to achieve desired outcomes in line with the Council goal.

Each service area includes a performance measures chart of City inputs, outputs, results and outcomes, and an analysis of the measures based on benchmarks and targets. Each section provides a description of why the specific measures were chosen, how the City is performing, and how the City is working towards achieving the goals.

Data comes from budgeted funding in final budget and Capital Improvement Program documents, department program tracking, master plans, and community and business surveys in even years. Because of the expanded scope of this report, some measures have been developed this year or are being developed for future reports, and have not had data collected. Goals and performance measures will be reviewed annually.

The Future of the Report

In recent years the City has been working to develop its performance management framework to create greater consistency across all strategic documents, while measuring performance in a clear and concise manner that allows citizens to track how their city is doing.

This system will lead to changes in format, and potentially content, in next year's performance report.
These changes will include an at a glance graphical representation of how the City is working to be affordable, sustainable and responsive to community needs. These graphics can currently be found in the 2013-2014 Budget message and their inclusion in future performance reports represents the increased consistency across different City reports.

The fundamental basis on which this report is built will not change. The 10 goal areas will remain the same and many of the same performance measures will continue to be used. Tracking the same performance measures over time is essential as it allows departments and citizens to see how performance has changed against a prior standard.

Key Findings

The 2012 Performance Measures Report serves as a report card on the City's progress toward the ten goal areas adopted by the City Council in 2009. The report shows the relative resources devoted to each area, the volume of outputs for each area and the outcomes or actual results. Measuring program outcomes can be the most challenging exercise but is the most meaningful as it expresses whether our efforts are accomplishing the intended results.

During the most recent reporting period from 2010 to 2012, the City experienced a series of financial challenges that required the City Council to make budget cuts in several priority areas. However, the City has worked hard to find ways to maintain levels of service despite reduced resources.

The annexation of the North Juanita, Finn Hill and Kingsgate neighborhoods in June 2011 has increased the population of the City from 48,000 to 81,000. This large population growth means the City now provides services to a larger area and population, while bringing additional revenue.

During the most recent reporting period from 2009 to 2011, the City experienced a series of financial challenges that required the City Council to make budget cuts in several priority areas. However, the City has worked hard to find ways to maintain levels of service despite reduced resources. The resulting cuts are evidenced in the changes in resource allocations in some areas.

Neighborhoods continue to evidence a high degree of satisfaction and participation in neighborhood programs. Communication channels such as listserv subscriptions and interactive websites have seen an increase in the number of subscribers. There was a decline in attendance and questions at City Council meetings in 2012. This followed a large increase in 2011 as citizens were engaged in the annexation process.

Public Safety services consistently rate as a high priority service and citizen surveys indicate that residents feel safe walking in their neighborhoods during the day and at night. Fire and EMS response times fall below the targets, although improved 911 dispatch and turn out protocols are improving response times.

Human Services has worked to maintain its level of spending per capita for human services, which are largely provided through contracts with non-profit agencies and coordinated through a series of regional efforts. Funded agencies have continued to meet the goals set out for them in City contracts.

Balanced Transportation efforts continued in 2012 with the purchase of 5.75 miles of the BNSF railroad right of way, creating the Cross Kirkland Corridor a trail from the South Kirkland Park and Ride to the City's northern boundary in the Totem Lake Business District.

Parks and Recreation funding increased in 2012 following three years of budget declines. This was made possible after voters passed Proposition 2 in November elections.

Housing diversity and affordability are a function of local zoning regulations and regional investments made through A Regional Coalition for Housing (ARCH). The City has been able to maintain its annual contributions to ARCH at a level commensurate with other local jurisdictions. Local affordable housing options continue to be added at a slow but steady pace.

Financial Stability is measured by the City's bond rating and reserve balances. The City Council used reserves to balance the 2009 and 2010 Budget in order to maintain services. Beginning in 2011, the City was able to begin replenishing reserves. General purpose reserve balances remain strong and the City's underlying financial policies and practices were strongly endorsed by Standard and Poor's AAA rating of the City's credit.

Environment is a consideration in many of the City's policies and operational practices. The City has established ambitious targets for reducing greenhouse gas emissions, reducing waste to the landfill and improving natural habitat. Kirkland continues to have the highest solid waste diversion rate in King County due to its innovative and readily-accessible recycling programs.

Economic Development is most important during economically challenging times but also most difficult. The high rate of office vacancies and decreased employment directly reflect the recession's impact on Kirkland. Citizens and businesses are satisfied with Kirkland as a place to do business and a place where residents have access to many of the goods and services they need.

Dependable Infrastructure is basic to a city's purpose. In 2012 the citizens of Kirkland voted to pass Proposition 1, which provides funds for the City to improve the condition of streets. The City will proactively complete projects that will achieve the goals of the Levy as soon as possible.

The City Council will review the City's performance on a regular basis to ensure they continue to express the community's needs and measure the community's progress towards the adopted goals and vision.

Neighborhoods

GOAL

Achieve active neighborhood participation and a high degree of satisfaction with neighborhood character, services and infrastructure

	MEASURE	2009	2010	2011	2012	Target
City provides funding and outreach for neighborhood participation	*Subscriptions/number of e-bulletins sent out*	*802/161*	*917/139*	*1086/137*	*1154/340*	*N/A*
	Neighborhood CIP funding	*0*	*$25,000*	*0*	*0*	*N/A*
	Number/amount of neighborhood matching grants	*7/$22,547*	*9/$5,493*	*11/$11,130*	*13/14,570*	*N/A*
Citizens participate in their neighborhoods and citywide forums	*Volunteer hours in neighborhood projects*	*$75,170*	*$62,162*	*$31,776*	*$30,836*	*N/A*
	*Number of attendees at City Council neighborhood meetings**	*141*	*68**	*262**	*67*	*50+ per meeting*
	Number of questions submitted to City Council neighborhood meetings	*95*	*21*	*100*	*34*	*N/A*
	*KAN Neighborhood U attendees**	*45*	***	*130*	*20*	*N/A*
Citizens are satisfied with City services and the quality of life in their neighborhoods	*Citizens surveyed are satisfied with neighborhood growth and character (satisfactory or better)*	*No survey in 2009*	*54%*	*No survey in 2011*	***	*90%*
	Citizens surveyed are satisfied with neighborhood infrastructure and maintenance (satisfactory or better)		***	*90%*	*81%*	*90%*

*There was one less City Council meeting with the neighborhoods in 2010 and 2012.
**Neighborhood U postponed from Fall 2010 to after Annexation May 2011.
*** Question not included in the 2012 Survey

How do we measure neighborhood services?

E-bulletin communications, neighborhood funding and outreach programs demonstrate how the City actively connects residents with resources and stimulates participation in local government.

Rates of citizen participation in neighborhood activities reflect the neighborhood organizing work done through the Neighborhood Services Division.

Citizen satisfaction with neighborhood services and infrastructure demonstrates how well the City understands the needs of residents and subsequently invests in neighborhood planning and capital improvements.

WHY DID WE CHOOSE THESE MEASURES?

These measures account for the neighborhood organizing work done through the Neighborhood Services Division of the City Manager's Office. This is only one element of what influences a citizen's satisfaction with government and their neighborhood. E-bulletin communications, neighborhood association funding, and outreach programs demonstrate how the City actively connects residents with resources and stimulates participation in local government.

WHAT IS THE CITY OF KIRKLAND'S ROLE?

The City is committed to supporting neighborhoods by:

- Providing neighborhoods with resources to address needs;
- Strengthening the relationship between City Hall and the neighborhoods;
- Supporting the neighborhood associations in expanding their membership;
- Increasing awareness of City services; and
- Building partnerships to improve Kirkland's neighborhoods.

The Neighborhood Services staff provides outreach and resources through personal contact, **e-bulletins and the City website**. The City distributes **neighborhood matching grants** for neighborhood projects. Project creation and volunteerism enable residents to actively participate local government, build community and improve the quality of life in their neighborhood.

Neighborhood Services connects residents with citywide issues by coordinating **City Council meetings** in four neighborhoods per year. Citizens can talk directly to City Council members and ask questions regarding neighborhood and citywide issues.

The Kirkland Alliance of Neighborhoods (KAN), with the help of the City, leads yearly Neighborhood University sessions. These classes teach residents about city government, neighborhood organizing, and leadership. KAN meets five times a year to exchange information about neighborhood issues, network, provide educational opportunities for neighborhood leaders, and connect with city services.

WHAT ELSE INFLUENCES THESE MEASURES?

The City's annual funding for Neighborhood Matching Grants has varied significantly over the past few years (from $3,500 to $615 to roughly $1,000 per neighborhood). Regardless of this variation, the neighborhood volunteer match has remained relatively constant and more than doubled the City's funds. There was one less City Council Meeting in the neighborhoods in 2012 because of scheduling issues.

The new neighborhoods are actively participating in Neighborhood U, Civics Academy, Kirkland Alliance of Neighborhoods meetings and City Council meetings with the Neighborhoods.

Success Story

Construction of asphalt walkway connecting a neighborhood to the Rose Hill Business District and Lake Washington High School.

Without Neighborhood Connection Program funding, staff looks for creative ways to bring scarce resources together to address community concerns.

A group of neighbors in the South Rose Hill Neighborhood worked with the City to create a safe walking route on a busy street adjacent to the Rose Hill Business District. 122nd Avenue NE south of NE 85th Street is a cut through for Lake Washington High School and connection to the busy NE 85th Street Corridor. Spill over parking from nearby retail businesses often blocked the social trail along the road and forced pedestrians onto the street.

Street Improvement Opportunity Funds were used to pay for inhouse crews to install an asphalt walkway creating a continuous safe walking path from NE 80th Street to NE 85th Street.

Neighborhood Work Party at Cotton Hill Park

First Neighborhood Meeting in the Community Gathering Place at 132nd Square Park

Neighborhood Work Party at Edith Moulton Park

PUBLIC SAFETY

GOAL

Provide for public safety through a community-based approach that focuses on prevention of problems and a timely response

The City provides trained staff and funding

So that...

Emergency services provide timely responses

So that...

Citizens are prepared for an emergency and feel safe

So that...

All those who live, work and play in Kirkland are safe.

MEASURE	2009	2010	2011	2012	Target
Total Police Services Funding	*$16,557,994*	*$15,613,828*	*$22,763,553*	*$24,139,113*	*N/A*
Total Fire and Emergency Managment Services Funding	*$15,665,379*	*$15,480,119*	*$18,119,738*	*$18,137,506*	*N/A*
Sworn Police FTE's (authorized)[1] per 1,000 population	*1.37*	*1.33*	*1.23*	*1.23*	*N/A*
Paid fire and EMS staffing per 1,000 population served[2]	*1.08*	*1.21*	*1.20*	*1.11*	*N/A*
EMS response times under 5 minutes	*48%*	*53%*	*51%*	*52%*	*90%*
Fire response times under 5.5 minutes	*51%*	*52%*	*52%*	*50%*	*90%*
Building fires contained to area of origin	*70%*	*82%*	*84%*	*57%*	*60%*
Citizens have at least two working smoke detectors in their residence	*	*93%*	*	*96%*	*100%*
Citizens are prepared for a three day emergency	*	*70%*	*	*70%*	*90%*
Citizens feel safe walking in their neighborhoods after dark	*	*78%*	*	*79%*	*80%*
Citizens feel safe walking in their neighborhoods during the day	*	*98%*	*	*98%*	*90%*

[1] The number of police officers hired
[2] Includes King County Fire District 41 because City of Kirkland has contracted with King County to provide fire services
*Community survey occurs in even years

HOW DO WE MEASURE PUBLIC SAFETY?

Staffing and funding help the City to provide timely responses to emergencies. Response times and containing fires to the area of origin are proxy measures for good performance. The likelihood of a successful outcome is higher the faster emergency services can reach the site of the emergency. Factors that affect response times include the distances between a station and the incident, geographical barriers and traffic.

Measures from the Community Survey provide standard indicators of how citizens feel about public safety and how well they are prepared for emergencies.

HOW ARE WE DOING?

Overall, public safety was rated as both the most important, and highest performing area, by citizens of Kirkland. This rating reflects both the standards of law enforcement and fire services as well as the fact that these areas remain a community priority.

Funding and staffing levels remained mostly consistent between 2011 and 2012, although there was a slight decrease in fire and EMS staffing per 1,000 people.

In 2012 the percentage of residents that reported feeling safe walking their neighborhoods during the day (98%) and at night (79%) was at or above target.

EMS response times remain at the same level as in 2011, and are below target. There was also a reduction in the percentage of fires that were contained to the building of origin.

There has been a slight increase in the percentage of Kirkland residents who have at least two working smoke detectors in their house, although there has been no increase in the percentage of residents prepared for a three day emergency.

WHAT IS THE CITY DOING?

In 2012 the Police Department continued its commitment to community-based, high visibility strategies to reduce crime and maintain a high level of confidence in public safety. By utilizing many resources from Federal, State and locally funded programs the department is able to proactively address safety concerns from traffic and pedestrian safety to motor vehicle and identity theft.
The department continues to operate with a high degree of efficiency by utilizing accurate localized data to drive operations towards a more effective deployment of resources.

The City also finalized plans for a new public safety building. The new location will be more centrally located to the new outline of the City. The Police Department, Court and Jail operations will all be located in one facility, naturally aligning efficiencies.

The Kirkland Fire Department is a highly trained and well equipped organization, with the protection of our resident's lives, property and the environment as its focus. The Fire Department provides fire prevention inspections of commercial properties, fire related plan checks, fire investigations activities, emergency medical response and transport, fire suppression, hazardous material release responses, and emergency management to the over 80,000 residents of Kirkland. The members of the Kirkland Fire Department provide these services with the very highest degree of dedication and professionalism.

Community Emergency Response Team

The Community Emergency Response Team (CERT) program teaches citizens how to be prepared and trains them to be able to help others after a disaster. The 26-hour CERT course is taught by a trained team of first responders and other professionals. Training covers the Incident Command System, disaster preparedness, fire suppression, basic medical assessment and first aid, light search & rescue operations, and disaster psychology. The 8 week course is completed with a 4 to 5 hour drill that tests the CERTs on all aspects of the course.

CERT members understand the risks disasters pose to people and property. They have taken steps to reduce hazards and lessen the impact of disasters once they have occurred. When disasters overwhelm local response capability, they are trained to take care of themselves and give critical support to their family members, neighbors, and others in their immediate area until professionals arrive. When first responders arrive, CERT's will be able

▼ Continued

to provide them with useful information and support. Later, they will be able to help City reestablish stability to the community. CERTs may also help with non-emergency projects that help improve the safety of their community.

The CERT program is administered by the City of Kirkland Office of Emergency Management and the Kirkland Fire Department. Our first class of CERTs graduated in early 2006 with close to 300 citizens having participated in the course since then, this includes 3 present City Council members. In 2012 the CERT Program graduated 42 citizens as CERT members. The program is primarily CERT Volunteer driven and we have a very active "Leadership Team" to take the Kirkland CERT program into the future.

There are generally two classes a year Spring and Fall. To sign up or ask questions please call the Volunteer Services Coordinator, Patrick Tefft at (425) 587-3012.

Human Services

GOAL

Support a coordinated regional system of human services designed to meet the basic needs of our community and remove barriers to opportunity.

City funds human service agencies

So that...

The City supports programs that help people meet basic needs

So that...

Kirkland meets the needs of our community

MEASURE	2009	2010	2011	2012	Target
Total human services funding[1]	*$2,440,583*	*$2,440,583*	*$2,202,081*	*$2,513,170*	*N/A*
Human services funding per capita	*$49.80*	*$50.02*	*$32.29*	*$30.84*	*N/A*
Number of programs funded in each community goal area: *1. Food to Eat and Roof Overhead*	*14*	*14*	*18*	*18*	*N/A*
2. Supportive Relationships within Families, Neighborhoods and Communities	*13*	*13*	*13*	*13*	*N/A*
3. Safe Haven from All Forms of Violence and Abuse	*8*	*8*	*9*	*9*	*N/A*
4. Health Care to Be as Physically and Mentally Fit as Possible	*8*	*8*	*10*	*10*	*N/A*
5. Education and Job Skills to Lead an Independent Life	*4*	*4*	*6*	*6*	*N/A*
Percent of Eastside residents requesting assistance that agencies were able to serve	*	*	*	*	*
Funded agencies meet or exceed human services contract goals	*96%*	*96%*	*95%*	*94%*	*100%*
Percent of applicant programs receiving funding from the City	*81%*	*81%*	*77%*	*74%*	*100% of eligible programs*

[1]Includes all human services funding as listed in the budget.
*Measure being developed for future reports

How do we measure human services?

The City contracts with a range of non-profit agencies that have multiple funding sources. The City uses measures such as funding level, and funding per capita to help measure our commitment to the non-profits we work with. In addition, the non-profits have service delivery goals they are held accountable for meeting and the City tracks these outcomes.

Human services needs are not tied by City boundaries and the need for these services outpaces all cities' ability to pay for them. To help manage this problem the City collects anecdotal reports from agencies about the level of need and looks at numbers of people turned away to help determine the level of need at different organizations.

HOW ARE WE DOING?

Demand for human services in Kirkland remains high. Programs supported by grant funding deliver numerous essential services to provide a safety net for Kirkland residents.

The City's investment in human services has continued to increase. The number of funded programs has grown from seven in 1987 to 56 in the 2011-2012 biennium. The amount of funding has also increased to $2,513,170; a rise of $311,089 since 2011. The 2012 annexation of 31,718 new residents to the city did cause a fall in per capita funding for Human Services.

The percentage of funded agencies reaching or exceeding their targets remained high at 94%. The City will continue to work with funded agencies to ensure this number gets to the target of 100%.

The City collects regular reports from the agencies about the difference they make in Kirkland, including the case study on this page. We are working on measures that will help to capture to quantify this impact in the future.

WHAT IS THE CITY DOING?

The City of Kirkland acts as a catalyst for local human services organizations by providing funding, leadership and other assistance to those making a difference in the lives of Kirkland residents. The City works both on its own and with other cities in King County to enable human services agencies to access funding and to evaluate their progress and the value they deliver to the city and region.

This support includes

- Participation in a pooled funding program where cities' funds are placed in a common account to streamline the application and reporting process for each program the cities jointly fund.
- Launching a regional outline data collection system that allows for consistent information and a better alignment of programs and funding.
- Coordination of a neighborhood food drive each fall, where food and cash donations are raided to benefit local food banks. Members of the Youth Council host their own food drive after the community food drives each year.Launching a regional outline data collection system that allows for consistent information and a better alignment of programs and funding.

REGIONAL PARTNERSHIPS

The Human Services Division staff represents Kirkland on a number of regional collaborative efforts.

- Eastside Human Services Forum
- Alliance of Eastside Agencies
- Eastside Homelessness Advisory Committee
- King County Alliance for Human Services
- North/East King County Funders Group
- Eastside Healthy Start
- Eastside Winter Shelter Task Force
- Committee to End Homelessness
- King County Community Development Block Grant Consortium
- Eastside Easy Rider Collaborative
- Eastside Refugee and Immigrant Coalition
- Kirkland Nourishing Network

Additionally, the City helps to coordinate neighborhood food drives each fall, where food and cash donations are raided to benefit local food banks. Members of the Youth Council host their own food drive after the community food drives each year.

Human Services Case Study

Testimonial – Tyler
March 2013

When Tyler first came to Friends of Youth, he had been couch surfing for years while working to graduate from Mount Si High School. After he lost his access to friends' couches, he tried sleeping in a tent in the woods. But when it got too cold, he got on a bus and ended up in Bellevue. There, he asked about a place to sleep at Friends of Youth's emergency shelter for young adults. Without the help he found, Tyler would have had no other option but to remain in the woods and go hungry.

Instead, he found a welcoming staff, warm meals cooked by volunteers, and a safe place to sleep and recover from the stress of being homeless before talking to counselors about the full range of housing, treatment and employment programs offered at Friends of Youth. Staff were able to find him a space in one of the non-profit organization's 80-plus housing units, New Ground Kirkland, for single adults ages 18-21. Through supportive case management services at New Ground, Tyler found a job and started work in September 2012 at a local pizza restaurant in Bellevue. He proved to be such a diligent worker that within a month, he was promoted to a managerial position.

At age 22, Tyler has recently "graduated" from Friends of Youth programs. His "diploma" is the satisfaction of moving into his own apartment.

"It feels amazing to have a place of my own," Tyler said. "It's a lot of paperwork you have to go through, though, to get an apartment," and that is what makes the assistance of Friends of Youth programs so valuable in helping young people achieve self-sufficiency.

For Tyler, the guidance and encouragement he found at Friends of Youth made all the difference. "Honestly, I don't think I would have made it this far without getting help from Friends of Youth."

BALANCED TRANSPORTATION

GOAL

Reduce reliance on single occupancy vehicles and improve connectivity and multi-modal mobility in Kirkland in ways that maintain and enhance travel times, safety and transportation choices.

City funds active transportation options

So that...

City can implement the adopted Active Transportation and Intelligent Transportation System Plans

So that...

Kirkland has an integrated multi-modal system of transportation that provides mobility and safe travel

MEASURE	2009	2010	2011	2012	Target
Percent of Capital Improvement Program Transportation funding devoted to Active Transportation	*28.76%*	*34.48%*	*21%*	*29%*	*33%*
Percent of proposed Intelligent Transportation Systems projects completed	*	*4%*	*6%*	*9%*	*100% of ITS Strategic Plan*
Complete sidewalk construction on at least one side of all school walk routes	*	*81.1%*[2]	*83%*[2]	*88%*[2]	*100% by 2019*
Percent of bicycle network construction improvement projects completed	*	*50%*	*50%*	*50%*	*100% by 2018*
Percentage of arterials that are complete streets	*	*58%*	*58%*	*59%*	*100%*
Residents surveyed are satisfied with maintenance of active transportation facilities[1]	**	*84%*	**	*No Data*	*90%*
Automobile crashes involving bikes	*8*	*17*	*14*	*10*	*0*
Automobile crashes involving pedestrians	*13*	*16*	*20*	*15*	*0*
Percent of total trips using active transportation mode (transit, pedestrian, bicycle)	***	***	***	***	*35% of trips in transit/other mode by 2022*
Major arterial travel times	***	***	***	***	***

[1] Active Transportation Facilities include sidewalks, bike lanes, pedestrian flags, in-pavement lights, etc
[2]Does not include new neighborhoods
*No data available
**Community Survey occurs in even years
***Measure being developed for future reports

HOW DO WE MEASURE BALANCED TRANSPORTATION?

Kirkland's Intelligent Transportation System (ITS) Strategic Plan and Active Transportation Plan establish specific transportation goals.

Measuring funding level and the rate of project completion demonstrates the City's progress providing the infrastructure needed to create a balanced and mobile transportation system.

Measuring the number of crashes and residents satisfaction with the level of active transportation facilities reveals the difference these changes are making for residents.

HOW ARE WE DOING?

A second grant of $2.2m has enabled the second phase of Kirkland's ITS to move forward, centered around the Totem Lake area. This should help further reduce congestion and improve travel times on roads. The City has now completed 9% of proposed ITS improvements.

The percentage of school walk routes with completed sidewalk construction on at least one side has improved from 83% in 2011 to 88% in 2012. The percentage of completed bicycle network improvements and arterials has remained the same.

Automobile crashes involving bikes and pedestrians declined from 2011 to 2012. However, previous year's data shows variation in these numbers, suggesting this is likely to be random fluctuation rather than a downward trend.

WHAT IS THE CITY DOING?

Providing a reliable, safe and efficient transportation system in Kirkland is achieved by maximizing the efficiency of the existing transportation network and encouraging alternative modes of transportation that help reduce congestion.

The City monitors traffic and increases mobility through intelligent transportation systems that use tools such as signal timing, traffic monitoring, real-time traffic information and transit signal priority. Since 2009 the City has received $4m in grant money to partially fund the first and second phases of the Intelligent Transportation Systems technology being deployed in Kirkland.

The City purchased 5.75 miles of the BNSF railroad right-of-way through Kirkland in 2012 to create the Cross Kirkland Corridor. The first phase involves creating an interim trail and Master Plan, both of which are in progress at the start of 2013.

Kirkland's Active Transportation Plan will be absorbed into the new Transportation Master Plan as it is developed and written during 2013-14. The Transportation Master Plan is part of the City's Comprehensive Plan and gives targets and goals as the City moves forward in seeking to improve traffic and pedestrian safety.

Master Plan development has begun on the Cross Kirkland Corridor. A consultant has been hired to develop the Master Plan according to our citizens' desires and wishes. The Corridor is a valuable component of balanced transportation in Kirkland and may encompass trail and transit options in the future. For now, development of an interim trail is a top priority as well as completing a comprehensive Master Plan for the public's valuable resource.

In 2012, the Proposition 1 Streets Maintenance Levy was passed by a majority of our residents. In addition to street maintenance, the Levy will generate approximately $300,000 of funding per year for pedestrian and biking safety, including safe routes to school and repairing up to 14 crosswalks with new highly visible warning lights.

Intelligent Transportation Systems (ITS) – Technology "drives" traffic improvements

Traffic flow is nearly always a topic of conversation when you live in one of the favorite cities in the Puget Sound. Kirkland's proximity to Lake Washington, with its beautiful shoreline, parks, and trails, attracts residents and businesses alike. And with that comes snarled traffic and frustration with long drive times to important destinations.

Kirkland is incorporating the latest ITS technology to monitor traffic in order to keep up with the demands of drivers, bikers, and pedestrians in Kirkland for safer streets and improved traffic flow. This technology makes it possible to monitor traffic real-time and to make adjustments to traffic signals in order to alleviate problems when and where they occur. Drivers will also be able to access driver information in a real-time environment.

▼ Continued

ITS involves implementation of technology to improve traffic flow. It has several components, including advanced traffic signal controllers (the 'brain' of the traffic signal) , closed-circuit video cameras, video detection, APS (Accessible Pedestrian Signals), changeable lane assignment , traveler's information, and other applications. All of the field devices are monitored and adjusted in a "Traffic Management Center" in a real-time environment. Approximately 87% of funding comes from federal grants and 13% is contributed by the City. Because of a second grant, it will be possible to partially fund the second phase in the Totem Lake area. The goal is for all of Kirkland to experience a smooth ride home.

PARKS AND RECREATION

GOAL

Provide and maintain natural areas and recreational facilities and opportunities that enhance the health and well-being of the community.

Staff and volunteers maintain parks and run recreation programs

So that...

City invests in parks and recreational programs

So that...

City progresses on the Park, Recreation and Open Space Plan

So that...

Kirkland has an exceptional parks and recreation system

MEASURE	2009	2010	2011	2012	Target
FTE staff for parks maintenance and recreation programs	*51.38*	*47.72*	*48.3*	*49.43*	*N/A*
Park maintenance FTE's per 100 acres developed land	*5.719*	*5.156*	*4.72*	*4.65*	*N/A*
Number of volunteers	*1,639*	*3,112*	*1,909*	*2,439*	*N/A*
Volunteer hours	*16,006*	*21,865*	*14,751*	*13,901*	*N/A*
Parks Capital Improvement Program	*$2,518,500*	*$1,220,500*	*$888,000*	*$1,028,000*	*N/A*
Parks Operating & Maintenance Funding	*$3,835,398*	*$3,754,612*	*$3,726,109*	*$4,135,489*	*N/A*
Recreation Operating & Maintenance Funding	*$2,209,598*	*$2,072,283*	*$1,879,750*	*$2,067,630*	*N/A*
Residents with neighborhood park within 1/4 mile radius	*76%*	*76%*	*68%*	*68%*	*100%*
Acres of natural area in restoration	*25.4*	*30.01*	*38*	*40.3*	*379 acres by 2028*
Percent of recreation classes meeting minimum enrollment	*76%*	*79.8%*	*78%*	*83%*	*80%*
Citizens rate City parks as satisfactory or *better*	*	*95%*	*	*96%*	*95%*

*Community survey occurs in even years

HOW DO WE MEASURE PARKS AND RECREATION SERVICES?

The budget and the number of FTE staff available to the Parks Department helps measure how often the City is able to maintain the parks. Given the important contribution that volunteers make to City's work, the number of volunteers and their total number of hours is also tracked.

The Comprehensive Park, Recreation and Open Space (PROS) Plan sets targets that provide benchmarks by which to measure the development and maintenance of Kirkland's parks and natural spaces, including:

- Residents should have access to a neighborhood park within a quarter mile of their home.
- All 379 acres of natural areas should be restored to their natural state by 2028.

Recreation services are measured by subscription rates. Tracking recreation class attendance demonstrates how well they match residents' preferences.

Citizen satisfaction with the parks, as determined by the Community Survey, provides another measure of how well the park system meets the community's needs.

HOW ARE WE DOING?

Following voter approval, Proposition 2 will enable levels of maintenance to be restored in 2013. Despite the reductions in services incurred between 2009 and 2012, citizens continue to be satisfied with their parks.

83% of recreation classes met the minimum enrollment target, an improvement from 2011 and a good indication that the classes offered meet the demands of citizens.

Annexation decreased the percentage of residents with a park within a ¼ mile radius in 2011. This number remained unchanged in 2012.

WHAT IS THE CITY DOING?

Parks and recreation services enhance the quality of life and health in a community. Despite its importance to the community, parks and recreation services have had to face the reality of shrinking resources. Maintenance standards in some parks were reduced as have some of the programs offered by the department.

For much of 2012, department leadership worked with community members to determine the most immediate needs in the parks system. The Park Funding Exploratory Committee developed a levy package to address reductions in maintenance and recreation programming, to ensure ongoing care and restoration of the City's urban forests through the Green Kirkland Partnership, to provide for needed renovation of the City's aging park facilities such as Edith Moulton Park, Waverly Beach Park and the Juanita Beach Park Bathhouse, to develop an interim bicycle and pedestrian trail on the Cross Kirkland Corridor and to acquire land for future neighborhood parks in areas of the city where new parks are needed.

In November, 2012, Kirkland voters approved this park funding package and will begin to see the positive impact on its park system in early 2013.

In 2012, the Green Kirkland Partnership collaborated with Pearl Jam to offset the band's carbon footprint from world touring by funding a 9-acre forest restoration in Crestwoods Park. This project accounted for a significant increase in the total number of trees planted annually in restoration projects: from 837 trees in 2011 to 3,538 trees in 2012. The City also installed rain gardens in Juanita Beach Park that allow water to soak into the ground while providing beautiful landscape features.

Marina Park

Pee Wee Soccer in Kirkland!

The pee wee soccer league, now in its third year, has been a great addition to the city's fall and spring course offerings. The program is designed to develop and improve soccer skills for ages 3 to 6, while focusing on sportsmanship, socialization and having fun.

For its inaugural season, in fall of 2010, the goal was to attract a total of 40 youth; over 90 registered. Following annexation in 2011, the program expanded from its original location at Emerson High School field to 132nd Square Park in the city's new Evergreen Hill (Kingsgate) neighborhood. The league is currently offered at both locations, over 250 children expected to participate each season.

Children are placed on teams and are assigned a volunteer coach. The program meets for seven weeks with the activities including practices and games. Allowing participants to play a "real" game with referees, substitutions and a running clock sets this program apart from other pee wee soccer offerings in the area. This gives children an opportunity to thoroughly "Experience It!"

HOUSING

GOAL

Ensure the construction and preservation of housing stock that meets a diverse range of incomes and needs.

City funds affordable housing

So that...

City has a sufficient stock of affordable housing to meet the needs of the community

MEASURE	2009	2010	2011	2012	Target
City contributions to ARCH Housing Trust Fund (A Regional Coalition for Housing)[1]	*$286,570*	*$282,301*	*$294,337*	*$442,098*	*$159,000 to $269,000 [2]*
Percent of annual average Growth Management Act low income housing target met (units affordable to those earning less than 50% of King County median income)	*44%*	*0%*	*56%**	*84%**	*100% (based on 69 units per year)*
Percent of annual average Growth Management Act moderate income housing target met (units affordable to those earning between 50-80% of King County median income)	*50%*	*14%*	*24%**	*2%**	*100% (based on 49 units per year)*
Total number of low and moderate income units brought online	*59*	*7*	*51**	*59**	*118 units per year*

[1]Includes General Funds, Community Development Block Grant Funds, and reallocation of affordable housing loans that have been repaid.
[2]The City's target range after the 2011 annexation increased to $280,000 - $350,000.
*ADU and housing market survey units not included.

HOW DO WE MEASURE HOUSING?

King County's Countywide Planning Policies determine the affordable housing targets for cities based on a variety of factors, including the projected affordable housing needs of low and moderate income households, the existing stock of market rate and subsidized housing, and the number of jobs by wage level and location.

Kirkland's progress towards meeting those targets include affordable housing units that have been built as a result of:

- Housing Trust Fund contributions
- Housing regulations that the City has adopted, such as Accessory Dwelling Units, density bonuses and tax exemptions.
- Private housing development with market rents at affordable levels.

HOW ARE WE DOING?

In 2011 the City made total contributions to ARCH of $294,337.
In 2012 contributions rose significantly to $442,098.

The high ARCH contribution in 2012 included both an increase in City contributions due to the annexation of North Juanita, Finn Hill and Kingsgate neighborhoods, as well as a one-time increase in Community Development Block Grant (CDBG) consortium funds allocated to ARCH.

The City continues to move closer to meeting the affordable housing targets established in the Countywide Planning Policies. In particular, there has been constant progress toward the low income housing goals. In 2012 the City reached 84% of the low income housing target.

WHAT IS THE CITY DOING?

Kirkland continues to take a multi-faceted approach to creating a diverse housing stock that meets a variety of income ranges and needs. In 2012, the City amended the transportation and park impact fee exemptions for affordable housing. The amendments enacted state legislation for which the City had lobbied for several years. The changes allow the City to exempt 80% of the transportation and park impact fees for units targeted to those earning 80% or less than King County median income without having to repay those fees from City funds, as was previously required. This adds another tool to the City's growing list of regulations to encourage and enable affordable and diverse housing. Previously adopted tools include:

- Accessory Dwelling Units
- Small lot single family allowances
- Cottage and carriage housing regulations
- Affordable housing requirements with offsetting density bonuses
- Multifamily residential tax exemptions
- Standards for transit-oriented development at South Kirkland Park and Ride (see case study)

In addition, the City sees a significant return on its annual investment in the ARCH Housing Trust Fund. All of the low income units and about 10% of the moderate income units that the City has been given credit for producing are a result of financial contributions made by the City to affordable housing projects within Kirkland and other ARCH cities through the ARCH Housing Trust Fund.

AFFORDABLE & INNOVATIVE HOUSING LOCATED in KIRKLAND

Transit-Oriented development comes to South Kirkland Park and Ride

The city made significant progress on the South Kirkland Park and Ride transit-oriented development in 2012. This project includes:

- Development of 58 affordable apartments by Imagine Housing;
- Development of 186 market rate apartments and 6,700 square feet of commercial space by Polygon Northwest; and
- Construction of a 530 stall parking garage and new transit center by King County METRO.

In early 2012, the affordable housing portion of the project was awarded nearly $1,000,000 in funding from the ARCH Housing Trust Fund, including contributions from Kirkland and 10 other member cities. The project also received federal, state and county funding. In April of 2012, the Design Review Board approved the residential and commercial portion of the project in Kirkland. (The new METRO parking garage is located on the Bellevue portion of the property.) Approval was granted for a four story building for the affordable housing and a five story building for the mixed use building with market rate housing over ground floor commercial. King County METRO has begun construction of the park and ride garage and it is expected to be completed by the middle of 2013. The residential portion of the project is anticipated to be complete by late 2014.

This project is the culmination of over a decade of policy and planning work, from the vision for a transit-oriented development at a Kirkland park and ride identified by the City's Housing Task Force in 2002, through Comprehensive Plan amendments approved by the City Council in 2008 to allow mixed use buildings to be part of the South Kirkland Park and Ride redevelopment, to new zoning and design regulations for the Yarrow Bay Business District adopted by the City Council and Houghton Community Council in 2011.

FINANCIAL STABILITY

GOAL

Provide a sustainable level of core services that are funded from predictable revenue.

City is fiscally responsible

So that...

City can invest in community priorities

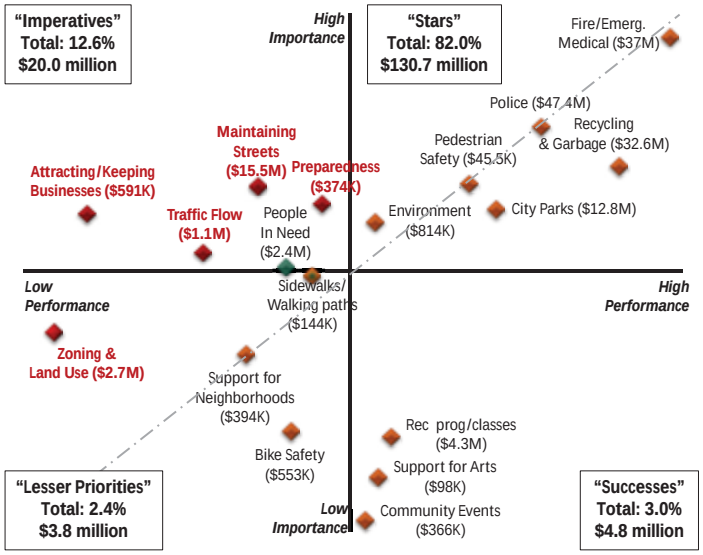
So that...

The citizens of Kirkland enjoy high quality services that meet the community's priorities

MEASURE	2009	2010	2011	2012	Target
Minimum balance in General Purpose Contingency Reserves	*55%*	*55%*	*72%*	*74%*	*80% of budgeted reserve target*
Credit Rating	*AAA*	*AAA*	*AAA*	*AAA*	*AAA*
Percent of funding allocated to high priority services (Stars and Imperatives)[1]	*	*93%*	*	*94.2%*	*80% of rated services*

[1] 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

2012 Survey with 2013-14 Budget



HOW DO WE MEASURE FINANCIAL STABILITY?

Standard and Poor's credit rating provides an external assessment of the City's financial stability, and this measure is used in partnership with revenue and expenditure forecasts to create a picture of the City's stability.

The City also maps the percentage of money that goes to priority areas the citizens have chosen as the most important. Demonstrated in the Kirkland Quadrant, the "stars" and "imperatives" are the areas citizens have rated as "high performance, high importance" or "high importance, low performance."

The City also closely monitors available funding for reserves, which demonstrates the City's ability to respond to basic services through economic cycles and meet unforeseen needs.

HOW ARE WE DOING?

Contingency reserves were used to help balance the budget during the economic downturn, leading to a decrease in the minimum balance in the reserves. The Council began replenishing reserves with the start of the economic recovery in 2011. Replenishment to target will be a focus over the next several budget cycles.

Standard and Poor's AAA credit rating is the highest rating that can be achieved by a municipality and saves Kirkland taxpayers money through lower interest rates when borrowing. Kirkland has retained its AAA rating in recent years. The rating reflects factors including community demographics, use of best practices and financial strength.

Despite constrained budgets the City has continued to invest in areas that the community has highlighted as a priority. The most recent data shows that 94.2% of spending on the areas surveyed was allocated to high priority areas. Further, the City has also made long term decisions, such as the voter enacted 2012 Streets and Parks Levies, to facilitate greater spending on areas citizens have highlighted as important.

Balancing affordability, sustainability and responsiveness to citizen needs means that the City is able to ensure improvements are made in a financially responsible manner, while sufficiently prioritizing areas citizens are most concerned about.

WHAT IS THE CITY DOING?

Financial stability is essential to the City of Kirkland. The City prioritizes maintaining a stable financial base from which to fund core services, and ensures all major decisions are affordable. Kirkland establishes strong financial management policies by:

- Realistically estimating revenues and expenditures
- Consistently monitoring and amending the budget based on actual performance
- Creating a long-term financial plan
- Ensuring long-term capital improvement funding
- Managing investments and debt
- Maintaining reserves to offset economic downturns

The City's biennial budget is an essential planning document and provides strategic insight into current spending allocations and future spending priorities. The City is also working to further integrate the budget with the overall performance management framework to ensure that the spending decisions are responsive to citizen needs and council priorities, as well as sustainable and affordable.

Finance Case Study

Property Tax Levies

In 2012, two property tax levy lid lift measures were passed in Kirkland. Proposition 1 will provide funding for Street Maintenance and Pedestrian Safety, while Proposition 2 will help fund maintenance, restoration, and enhancement of the City's Parks. The streets measure was initiated internally through discussions of the slow decline in the city's pavement condition index (PCI) and the impacts of budget cuts on transportation programs during the Great Recession. The parks measure was initiated by a group of citizens concerned that the significant budget reductions to the parks & community services budget necessitated by the economic downturn, including a 20% reduction in parks maintenance staffing, would jeopardize parks in Kirkland.

Once these two priority areas had been identified, the City sought to establish the most effective way to fund improvements. As the general fund reserves were still being replenished and over 90% of spending on the areas surveyed was already committed to high importance services, it would not have been possible to use existing revenues to fund these needs. In addition, to maintain a stable financial outlook and protect Kirkland's AAA bond rating, new on-going revenues needed to be added to support the higher levels of on-going service being proposed. Therefore, the City decided to ask voters to approve a property tax levy lid lift to fund these two improvements.

In November 2012, both measures passed providing money that will help to improve the condition of streets in Kirkland and to continue funding Kirkland's renowned parks system and the attendant quality of life it provides. By seeking funding for areas that the citizens consider important and by carefully assessing the financial situation in Kirkland before making these decisions, the City was able to create a funding stream that does not jeopardize future financial stability.

ENVIRONMENT

GOAL

Protect and enhance our natural environment for current residents and future generations

City implements comprehensive natural resource management system

So that...

Kirkland protects and enhances its natural environment

So that...

Current and future citizens of Kirkland enjoy a healthy natural environment and resources

MEASURE	2009	2010	2011	2012	Target
Compliance with NPDES Stormwater Permits	100%	100%	100%	100%	100%
Diversion rate[1]	49.3%	50.1%	52%	53.3%	Increase
City building electricity use (kilowatt/hour)	2,875,575 kWh -5% change	2,581,213 kWh -10% change	2,674,348 kWh	2,669,158 kWh	Decrease
City building natural gas usage (therm)	68,507 therm +16% change	55,557 therm -19% change	66,795 therm	61,944 therm	Decrease
Tree canopy coverage	*	36%	40.7%		40%
Benthic Index of Biotic Integrity in Forbes Creek[2]	17.3	16	18	17	Increase
Benthic Index of Biotic Integrity in Juanita Creek[2]	20.5	19.5	20.5	22.5	Increase
Waste entering landfill from residences	14,320 tons (0%)	13,726 tons (-4.1%)	17,861 tons (+30.0%)	22,109 tons (+23.8%)	Annual 2.5% decrease
Annual reduction in City's greenhouse gas emissions as a percent of 2005 levels	23.4%	*	38%	*	80% below 2005 levels by 2050

[1] Diversion rate-percent of waste materials diverted from the landfill to be recycled, composted or reused. Includes single family and multi-family residences.
[2] BIBI scores of 10-15 indicate very poor, 18-26 indicate poor stream conditions. Scores are an average of the 3-4 testing sites' scores in each creek.
* No data available due to data collection occurring less than annually.

HOW DO WE MEASURE ENVIRONMENTAL STEWARDSHIP?

National Pollutant Discharge Elimination System (NPDES) stormwater permit compliance encompasses the wide range of actions the City undertakes to improve surface water quality.

The Benthic Index of Biotic Integrity (B-IBI) provides a standard measure for the health of streams, which are vital ecosystems. This index is a measurement of human impact on a stream. The score can range from 10 to 50. A value of 50 indicates that a stream's biology is equivalent to what would be found in a "natural" stream in the region with little or no human impact (ecologically intact, able to support the most sensitive organisms); 10 indicates poor biological conditions within the stream (unable to support a large proportion of once-native organisms).

Recycling diversion rates and waste entering the landfill measure the effect of the City's waste reduction efforts.

High-resolution satellite imagery and remote sensing and geographic information system (GIS) mapping is used to determine the amount of tree leaf surface covering a large area. Urban tree canopy coverage is a gauge of growth balanced with development and natural resource protection. Low canopy coverage is linked to increased flooding, energy use and urban heat island effects and a decline in air quality.

The annual greenhouse gas emissions inventory of City operations measures our progress towards reducing emissions to 80% of 2005 levels by 2050.

HOW ARE WE DOING?

Since the NPDES Phase II Stormwater Permit became effective in 2007, Kirkland has maintained 100% compliance. B-IBI scores remain in the poor to very poor range in Juanita and Forbes Creek. However, these conditions are "population measures" therefore improvement requires concerted long term effort by multiple jurisdictions in our region. The City will work long term to improve the conditions in both creeks.

In 2012, for the sixth consecutive year, Kirkland single family residents achieved the highest recycling diversion rate among cities in King County at 66%. While the multifamily sector continues to be a challenge for many cities, the multifamily diversion rate increased to 17.9% which contributed to the increase in the city's combined residential diversion rate to 53.3% in 2012. Kirkland's tree canopy coverage increased from 2002 to 2010 and following annexation has reached its 40% target.

The City has made substantial progress towards meeting its long term emissions goal. We are pleased to report that an interim goal of a 10% reduction by 2012 was met despite the service area expanding from 11 to 18 miles, an additional 30,000 new citizens, an increase in City streets from 149 miles to 265 miles, and a 17% increase in City employees as a result of recent annexation. The City has continued to decrease its building electricity usage and its natural gas usage in 2012. Both of these numbers have declined each year since at least 2009.

These reductions have been made possible through increasing energy efficiency, reducing waste and increasing recycling, encouraging alternative commute options and enhancing the fleet's fuel efficiency.

WHAT IS THE CITY DOING?

In 2012 the City supported installation of Low Impact stormwater development features such as rain gardens, cisterns, green roofs and permeable pavement. 15,039 tons of material were removed from the City stormwater system, protecting streams and lakes from pollution that runs off of streets and parking lots. Flood reduction and response was also a priority in 2012, as the City set up a sand bag filling station to help citizens protect themselves from flood waters, and developed plans for new culverts to relieve flooding in the Totem Lake area. A tributary of Juanita Creek (informally known as Billy Creek) was restored to reduce sediment delivery to downstream properties which will help to reduce flooding and property damage.

The Planning Department along with Public Works, Fire and Building Departments worked to formulate zoning codes that encourage sustainable actions by all citizens including the development community. These Green Codes promote electric cars and their infrastructure, solar panels, energy efficiency, allow clustering of houses and give density credits for use of Low Impact stormwater facilities. The City is one of the first in the State of Washington to use Green Codes, which have been successful and well used.

The City continued to expand its food scrap and recycling programs to businesses and multi-family residences by providing collection services at no extra cost and offering recycling materials and educational outreach to participants. Through special recycling events and programs in 2012, Kirkland diverted from the landfill 19 tons of electronic waste, 13,670 pounds of batteries, and 114 tons of reusable and hard-to-recycle materials including 2,450 pounds of polystyrene foam.

Kirkland remains committed to building its successful recycling program. In 2012, 160 businesses participated in Kirkland's Commercial Organics Program, recycling 330 tons of food scraps and compostable service ware. The City continues to reduce waste through its biannual recycling collection events and by increasing opportunities for Kirkland residents to divert materials, such as the new 'Used Cooking Oil Recycling Station' established at the North Kirkland Community Center in 2012.

Having met the 40% tree canopy goal with annexation, the City drafted an Urban Forest Strategic Management Plan in 2012. This document provides a sustainable framework for efficient and consistent management of Kirkland's urban forest.

Neighborhood Rain Garden Program

Rain gardens are a beautiful and effective means of reducing the volume and improving the quality of stormwater runoff. They are shallow depressions planted with a variety of plants that function like native forests to help slow and filter polluted runoff from downspouts, driveways and other hard surfaces.

The purpose of the City of Kirkland's rain garden program is threefold: to reduce stormwater runoff, to educate our citizens about stormwater issues and to involve them in stormwater management by installing rain gardens on existing residential properties.

Constructing rain gardens to serve existing residential properties is a win-win proposition: The City receives the benefit of reduced stormwater flow at a very low cost compared to traditional flow control facilities in the city right of way, while the homeowner receives a beautiful garden that will complement their home. The project also educates residents about stormwater problems, and involves them in a solution to those problems.

The specific goal of the program is to install a cluster of 6-8 rain gardens on residential properties in a different neighborhood each year. Property owners agree to maintain the rain gardens.

2012 was the pilot year of the rain garden program. Seven rain gardens were constructed on six properties in October 2012. The City of Kirkland worked with a group of NE 138th Street homeowners along with Rain Dog Designs, a landscape design company, to design, construct and plant the gardens.

Economic Development

GOAL

Attract, retain and grow a diverse and stable economic base that supports city revenues, needed goods and services and jobs for residents.

City provides welcoming, supportive environment for businesses

So that...

Kirkland has a healthy business and tourism economy

So that...

Kirkland has a diverse, business-friendly economy that supports the community's needs

MEASURE	2009	2010	2011	2012	Target
Number of businesses helped with consultant services	*148*	*161*	*173*	*183*	*N/A*
Office space vacancy rate	*30.4%*	*24.2*	*7.9%*	*8.4%*	*Eastside: 18%*
Lodging tax revenue	*$235,000*	*265,000*	*$205,583*	*$220,145*	*Increase*
Net new businesses	*606*	*469*	*1,475*	*471*	*Increase*
Visits to ExploreKirkland.org	*148,442*	*	*N/A*	*105,570*	*Increase*
New Green Businesses	*30*	*12*	*12*	*9*	*Increase*
Annual number of jobs	*30,631*	*30,492*	*N/A*	***	*Increase*
Businesses are satisfied with Kirkland as a place to do business	**	*75%*	**	***	*80%*
Residents are satisfied with the availability of goods and services in Kirkland	**	*76%*	**	*81%*	*80%*

* No data available due to website server crash
**Community survey occurs in even years
*** No data available

How do we measure economic development?

Net new businesses and office space vacancy rates are both indicators of the health of the local business economy. Kirkland's vacancy rates have decreased as the economy continues to recover from the recession. Lodging tax revenue measures the vitality of the hospitality industry, which in turn supports other tourism assets such as restaurants and retail shops. Internet visits to the ExploreKirkland.com website demonstrate the public's interest in Kirkland and often translate to actual visits and extended stays in our city. The City's Green Business Program promotes business adoption of efficient and environmentally sound practices, hopefully resulting in more sustainable businesses that can weather difficult economic times and perpetuate stable City services.

HOW ARE WE DOING?

The City helps to grow the Kirkland economy by recruiting and retaining businesses, promoting Kirkland as a business location, and supporting arts and tourism. Together, these activities enhance the quality of life that residents of Kirkland enjoy and have come to expect.

The program ministers to small and large businesses. It has invested in a Retention Consultant who provides free services to small businesses in the areas of permitting, marketing, networking and expansion. New businesses are welcomed and can take advantage of a monthly orientation program. Technical assistance is provided one-on-one or through seminars and other educational and networking opportunities. By the same token, the City facilitates CEO-level networking and input on City policy through a quarterly Kirkland Business Roundtable. In past years, the Roundtable has weighed in on Totem Lake redevelopment policy and supported the Cross Kirkland Corridor.

Tourism programs promote the recreational and leisure opportunities in Kirkland, and bring revenues from outside of Kirkland into the City. Moreover, exposure to Kirkland through a business trip or attendance at an event may lead to a decision to relocate a home or business here. This past year the City developed a short tourism video that has been widely distributed throughout the region, and is used by many Kirkland businesses to promote themselves. The City has overhauled the ExploreKirkland.com website so that it is easier to use and better showcases the beauty that is Kirkland. In addition, the Tourism Development Committee funds events year-round that bring tourists and their dollars to Kirkland.

WHAT IS THE CITY DOING?

The City helps develop the economy of Kirkland through supporting businesses and promoting tourism. Kirkland's Economic Development Program promotes a quality business climate for Kirkland businesses, assists businesses in locating in Kirkland and provides a liaison with City departments. The success of economic development efforts is highly dependent on the general economic climate, regional policies and competing cities' policies regarding business. Local programs help sustain businesses through economic cycles by being responsive to business needs.

In the most recent survey, businesses highlighted room for improvement in taxes and licensing fees, parking, signage requirements, networking opportunities and outreach about City business services. To address businesses' concerns, the Business Retention Consultant provides outreach services to current businesses in the areas of real estate searches, zoning, permitting and business planning, including:

- Referrals to City staff, networking organizations and professional services
- One-on-one technical assistance
- Educational seminars
- Issue resolution between business and the City

The Kirkland Business Roundtable facilitates CEO-level discussion of economic challenges, opportunities and strategies for economic development in Kirkland. The City initiated KirklandFirst.org, encouraging residents to support local, Kirkland-based businesses and products while the Green Business program aids businesses in adopting environmentally-friendly practices and other cost-saving measures.

Tourism programs and events are promoted through the ExploreKirkland.org website, Facebook page and advertising in local and national publications. The City also offers networking opportunities to tourism purveyors.

O'Brien Auto Group

The O'Brien Auto Group is making a major investment in the Totem Lake Business District. Its Toyota of Kirkland dealership will be moving into a new 125,000 square foot space at the site of the derelict former Graham Steel building on NE 124th Street. A new dealership, Volkswagen of Kirkland, will move into a renovated space at the original Toyota dealership location.

In October 2012, at the City's Second Totem Lake Symposium, Michael O'Brien, Principal of the O'Brien Auto Group announced plans to invest $20 million in constructing a state-of-the-art new facility for Toyota sales and service. The plans also include hiring 30 additional employees which brings total employment at the dealership to 160. Mr. O'Brien projects $110 million in annual revenues from selling 1,900 new and 1,500 used vehicles per year. Once the new Toyota facility is completed, the O'Brien Group will also invest $2 million to remodel the existing Toyota facility to allow the new Volkswagen dealership to open for business. The Volkswagen dealership will employ 100 people with projected annual revenues of $60 million from selling 1,200 new and 1,200 used vehicles per year. Operating expenses at both dealerships will create revenue for area businesses providing gasoline, supplies, maintenance, dining and entertainment.

Mr. O'Brien noted that the resurgence in demand for automobiles, coupled with public infrastructure investments and zoning and regulatory changes, have helped to make the time right to expand his operations in Totem Lake.

The regulatory and infrastructure investments Mr. O'Brien alludes to include: Amendments to the 2011-2016 Capital Improvement Plan to address flooding problems (that had in the past negatively impacted Toyota's business Culvert replacement and beaver dam removal have greatly reduced the frequency and severity of roadway closures due to flooding. A new connecting roadway between Slater Ave NE and 124th Ave NE will be constructed to help improve circulation and access to many of the car dealerships that are so critical to the Kirkland economy.

DEPENDABLE INFRASTRUCTURE

GOAL

Maintain levels of service commensurate with growing community requirements at optimum life-cycle costs.

City funds and staffs infrastructure maintenance

So that...

Infrastructure monitoring indicates good conditions

So that...

Kirkland has well maintained and sustainable infrastructure that meets the functional needs of the community

MEASURE	2009	2010	2011	2012
Transportation Capital Projects Funding	*$6,666,200*	*$5,456,000*	*$11,515,600*	*$10,708,580*
Water/Sewer Capital Project Funding	*$4,547,900*	*$2,001,300*	*$1,450,000*	*$2,850,000*
Street Maintenance FTE	*12.3*	*12.3*	*19.3*	*16.25*
Water/Sewer Maintenance FTE	*16.2*	*16.2*	*20.3*	*19.81*
*Pavement Condition Index[1] for Major and Minor Arterial Streets**	*52*	*50.3*	*60.8*	*60.8*
*Pavement Condition Index for Collectors and Neighborhood Streets**	*68*	*68*	*76.1*	*76.1*
Citizens surveyed rate street maintenance as satisfactory or better	**	*94%*	**	*89%*
Sewer inflow and infiltration rate	***	***	***	***
Water Main Breaks	*0*	*1*	*1*	*2*
Sewer Obstructions	*3*	*3*	*0*	*0*

*Pavement Condition Index (PCI) is a rating of the general condition of pavements based on a scale of 0 to 100. A PCI of 100 represents a newly constructed road with no distresses; a PCI below 10 corresponds to a failed road requiring complete reconstruction; a PCI of 41 or better equates to "fair or better". Data: 2009 PCI based on 2008 survey; 2010 Collector PCI based on 2010 Collector survey and 2008 Neighborhood Street survey
**Community survey occurs in even years
***Measure being developed for future reports

HOW IS OUR PERFORMANCE?

The level of maintenance the City can perform is dictated by the Capital Projects Funding and the number of man hours, measured in full time equivalent (FTE) positions.

The pavement condition index (PCI) and the number of water main breaks and sewer obstructions demonstrate if the City is successfully maintaining infrastructure at required levels of service. The amount of storm water infiltration into the sanitary sewer system provides a picture of the state of repair of the sewer system.

Citizen satisfaction with streets helps determine if the City is meeting the community's infrastructure needs.

HOW ARE WE DOING?

In 2010, the Pavement Condition Index (PCI) for major and minor arterial streets fell below the target level of service and the PCI for collectors and neighborhood streets was close to the target level of service. Both measures improved with the addition of the annexation area but remained unchanged from 2011 and 2012.

Recent citizen surveys have indicated a gap between performance and importance ratings, for street maintenance. To close this gap and to improve the PCI index the City proposed a streets levy, which provides funding to improve the PCI and should close the gap between performance and importance in future years.

WHAT IS THE CITY DOING?

The Public Works Department maintains a comprehensive system of roads and sidewalks. The Prop 1 Levy will provide additional resources to address the gap between the priority and performance of well-maintained streets expressed by the citizens of Kirkland in the annual survey. Streets Levy funding will be used to leverage State and Federal government grants to improve safe walking routes to elementary and middle schools. An example of a completed project is the sidewalk improvements and new flashing crosswalk near Lakeview Elementary School in 2013. As more walk route needs are identified and improved, walking will become a more viable option in all school areas.

Professional personnel and reliable facilities ensure that citizens do not experience lapses in water or sewer service. When possible, improvements are made in conjunction with other projects in order to keep costs down. For example, with the construction of the new bridge at NE 116th and 120 Ave NE, water main replacements were completed as well.

Wastewater and Storm Drain personnel not only maintain a safe and effective sewer system, they also improve the infrastructure in ways that should improve business vitality and growth. One such project is the culvert replacement project currently underway in Totem Lake that will reduce flooding and control groundwater runoff.

All improvement projects are managed by a team of engineering professionals in the Capital Improvement Program which are currently working on high profile projects such as the Cross Kirkland Corridor Interim Trail and the construction of the new Public Safety Building in Totem Lake.

The City Council continues to explore and implement ways to help the City keep pace with infrastructure needs. Kirkland citizens can expect to maintain a high quality of life because of professional, reliable, and cost effective management of the City's infrastructure resources.

Prop 1 Streets Levy Projects for 2013-14

Kirkland taxpayers confirmed their priority to increase street maintenance and enhance pedestrian safety by passing the Proposition 1 Streets Levy in November of 2012 by a margin of nearly 55%. Now the real work begins to implement projects that address the concern voters feel about street maintenance and pedestrian safety in Kirkland. The City intends to proactively complete projects that will achieve the goals of the Levy as soon as possible. Here are some of the projects coming in 2013-14.

Street Preservation

Kirkland Public Works Department will double preventative maintenance on residential streets by applying "slurry seal" to the roads to prevent further erosion and restore a smooth driving surface. In addition, proactive pothole repair will reduce future road failures. Resurfacing of arterial streets will be doubled in 2013-14, reducing the backlog of deferred street maintenance.

2013 Crosswalk Initiative

As many as 14 existing pedestrian crosswalks will be upgraded to state of the art flashing light crossings which have been proven to be more visible to drivers. Also, ADA-compatible wheelchair ramps added with new construction projects will make walking a more viable option for people. Ultimately, as people feel comfortable and safe, they may add more pedestrian and biking options to their daily errands and routine.

Data Sources

Neighborhoods

Neighborhoods Services Division
2010 and 2012 Citizen Surveys

Public Safety

Fire & Building Department
Police Department
2010 and 2012 Citizen Surveys

Human Services

Human Services Division
Agency Reports

Parks and Recreation

Parks & Community Services Department
Comprehensive Parks, Recreation and Open Spaces Plan, City of Kirkland
2010 and 2012 Citizen Surveys

Balanced Transportation

Transportation Division
Active Transportation Plan, City of Kirkland
ITS Strategic Plan, City of Kirkland
2010 Citizen Survey
Capital Improvement Projects Division

Housing

Planning Department
A Regional Coalition for Housing (ARCH)

Data Sources

Financial Stability

Finance and Administration Department
Standard and Poor's Credit Rating
2010 and 2012 Citizen Surveys

Environment

Public Works Department

Economic Development

Economic Development Program
Finance and Administration Department
2010 and 2012 Citizen Surveys
2010 Business Satisfaction Survey
O'Brien Auto Group
CB Richard Ellis Real Estate Services, Market View Puget Sound, 4th Quarter 2008-2012
Washington State Employment Security Division, Puget Sound Regional Council, WA, Covered Employment by City, 2008-2011

Dependable Infrastructure

Public Works Department
Capital Improvement Program
2010 and 2012 Citizen Surveys

All financial numbers are based on budgeted amounts in revised budget and Capital Improvement Program documents. Budgeted amounts show how the Council is allocating funding to priority services.

Notes

Notes

ENVIRONMENT

HUMAN SERVICES

PARKS, OPEN SPACES AND RECREATIONAL SERVICES

FINANCIAL STABILITY

ECONOMIC DEVELOPMENT

BALANCED TRANSPORTATION

HOUSING

NEIGHBORHOODS

PUBLIC SAFETY

DEPENDABLE INFRASTRUCTURE

Produced by the City of Kirkland City Managers Office in cooperation with:

Parks and Community Services
Fire and Building
Police
Public Works
Information Technology

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MEMORANDUM

To: Kurt Triplett, City Manager

From: Robin Jenkinson, City Attorney
Tracey Dunlap, Director of Finance & Administration
Kathi Anderson, City Clerk

Date: June 7, 2013

Subject: DRAFT PUBLIC DISCLOSURE ORDINANCE – FOLLOW UP

RECOMMENDATION:

City Council reviews the revised draft Public Disclosure Ordinance and Public Records Act Rules and provides feedback on the language and next steps.

BACKGROUND DISCUSSION:

At the February 8, 2013 Council retreat, the Council reviewed a draft Public Disclosure Ordinance to further define the City's process to help ensure compliance with the Public Records Act and to prevent excessive interference with other essential functions of the City. The packet from that meeting can be accessed at this link. Key elements of the proposed ordinance included:

- Establishing "reasonable" public records resources during the budget.
- Defining public records categories and broad response time guidelines.
- Designating two staff committees to oversee implementation of the policies and procedures: the Public Disclosure Steering Team and the Public Disclosure Coordinating Team.
- Setting expectations on communications, including the posting of logs and queues on the City's website and providing semi-annual reports.

The Council provided direction to staff to distribute the draft ordinance to interested organizations for comment and feedback.

Feedback and Proposed Revisions

Requests for comment on the draft ordinance were sent on March 13, 2013 to 24 organizations and individuals (see Attachment 1 for the request and list of recipients). Comments were requested by April 12. A reminder was sent on April 4, 2013 and the draft was also posted to Kirknet so that City staff could comment. Comments were received from five organizations/individuals (the actual responses are included in Attachment 2). In addition, verbal feedback was received at the recent Washington Coalition for Open Government (WCOG) and Washington Public Records Officers (WAPRO) conferences.

The feedback received was reviewed by the City Manager, City Attorney, Director of Finance & Administration, and the City Clerk (referred to hereafter as the proposed Steering Team) and the Deputy City Clerk. Based on the feedback and further staff research, Steering Team is recommending that the following revisions to the proposed ordinance be considered:

- Focus the ordinance on the findings and policy guidance and place the detailed process-related components in the Public Records Act (PRA) Rules. This simplified version of the ordinance (Attachment 3) provides staff with Council direction, while recognizing that, as a new program, there will likely be adjustments that will be required as it is implemented. Because so much text was moved from the draft ordinance to the Rules, staff is presenting the recommended second draft ordinance as a new document, rather than one in track changes mode.

- The proposed process elements have been moved into the draft update to the PRA Rules (Attachment 4). The changes to the Rules are shown in track changes. If the Council agrees with the change, this version of the revised Rules would be adopted by a new resolution (superseding Resolution 4669). The draft contemplates the Public Disclosure Steering Team as the body to consider future revisions to the Rules and includes a provision that changes approved by the City Manager will be provided to the City Council. Various technical and grammatical changes have also been included in the new Rules and are shown in track changes mode.

- Refinements to the discussion of the allocated resources (see Section 3.15.010).

- Further clarification of the ten hour per month limitation on non-records employees (see Section 3.15.130).

At the Retreat, staff is requesting Council feedback on the proposed revisions to the ordinance and the PRA Rules.

Update on Other Elements

Legislation

The February 8 staff report noted that House Bill 1128 had been introduced into the Washington State Legislature. Section 2 of that bill addressed the same issue of ensuring that responding to public records requests does not interfere with other essential functions of the agency. This legislation failed to move forward in the Legislature.

Log and Queue Samples

The draft process contemplates posting logs of the completed requests online and establishing queues for the more complex and/or time-consuming requests, which will contain more active status information on pending or active requests. The logs for requests received and completed in 2013 by the City Clerk's Office are attached for reference (Attachment 5). The queues for current open requests managed by the City Clerk's Office are included in Attachment 6. The City Clerk's Office is continuing to work with the other departments that receive requests to refine their logs and ensure that the responsible departments are actively keeping them up-to-date.

Identifying Potential Tools to Support the New Process

The City Clerk's Office and Information Technology Department have been researching tools to help manage the new process and provide more transparency. System requirements have been developed and discussions with a preferred vendor are underway. The internet-based tool offered by a vendor known as "FOIA Systems," currently used by the City of Olympia, provides a back office management tool and an on-line portal. The initial implementation of the software is expected to cost between $5,000 and $10,000 and the on-going annual cost of the web-based product is $5,000. The implementation process would be expected to take two to three months from when the purchase decision is made. That decision would be made after the Council's approval of the ordinance and rules. If the decision to purchase the solution were made by mid-July, it would be expected to be live by November 1. Note that it is possible that some adjustments to the rules may be necessary to reflect the software's capabilities.

In addition, a request for proposals for a tool for e-mail archiving and retrieval was issued in April 2012 and the evaluation process identified the software available from the Network Replacement and Storage vendor (CommVault) was the preferred solution. Purchase of this e-mail archiving module was most cost effective if carried out in conjunction with the Network Replacement and Storage project, so the purchase of the e-mail archiving system was added to that contract, pending identification of funding sources. The cost of the software module is $129,631 and staff recommends adding additional consulting support of implementation of $20,000. Staff has identified the following resources as available to fund the e-mail archiving costs:

- The City has not yet accepted the permitting software upgrade to Energov, resulting in savings in annual maintenance payments in 2012 ($70,000). A portion of these funds has been used to address Energov implementation issues, but approximately $40,000 can be repurposed to the e-mail archiving software.

- As part of the mid-year adjustments, the draft Information Technology internal service rates have been reconciled with the final 2013-2014 budget decisions. This reconciliation results in reducing the General Fund share of these costs by $77,000 in 2013 and $92,000 in 2014. Staff recommends using these funds toward the project cost, with the remainder of the 2014 funds ($59,369) set aside in the litigation reserve toward data retention requirements associated with litigation holds.

Approval of the funding for the e-mail archiving software is included as part of the June budget adjustments and if Council approves, work on that element is expected to begin in July and be completed before the end of the year. Staffing resources in the City Clerk's Office to support the implementation of these tools is discussed below.

Resources to Support the New Process

As part of the March budget adjustments, the City Council set aside $75,000 toward supporting continued development and implementation of the provisions of this draft Ordinance. Of those resources, staff has made the following funding commitments or recommendations:

- $40,000 for on-call clerical/paralegal support consisting of clerical support ($30,000) of up to 20 hours per week through the end of the year to provide capacity for the City Clerk's Office to support this process while keeping up with other responsibilities and contract paralegal support to assist with review and exemption log preparation for Category 5 requests as they occur ($10,000).

- $20,000 for Public Records software, consisting of up to $10,000 for implementation and up to $10,000 for the maintenance fees of FOIA in the 2013-2014 biennium, as described above.

- $5,000 to fund additional hours for the Deputy City Clerk (currently a 0.8 FTE) to support implementation of the public records and e-mail archiving software.

- The remaining $10,000 is being held as a contingency against emerging needs.

In evaluating the on-going resource needs of this function, one model has been identified that staff would like Council to consider during the mid-biennial budget discussion in the Fall. The City Clerk's Office currently expends approximately 0.5 FTE of the City Clerk's time responding to public disclosure requests and the related training and management of the City-wide process. The level of staffing in the City Clerk's Office has not increased in several years, despite increases in the volume and complexity of public records requests and the annexation in 2011. The City of Bellevue has a full-time Public Disclosure Analyst with a paralegal background who reports to the Public Records Manager (who in turn reports to the Bellevue City Clerk). Staff is evaluating creating a similar paralegal Public Disclosure Analyst.

If Kirkland were to consider this approach, the City Clerk would continue to be the City's Public Records Officer responsible for policy implementation and providing backup, but the new position would be responsible for maintaining the software and responding to the bulk of the public records requests. This position would also be responsible for on-going training to ensure that the new, more complex procedures are followed consistently throughout the City. This would free up about a third of the City Clerk's time to focus on refining and formalizing the City's legislative support process (a priority of the City Manager) and supporting the Council and the City Manager. If the person in the position has paralegal training, they could also assist the City Attorney's Office with document review and exemption log preparation, one of the cited benefits of the Bellevue position. This recommendation will likely be brought forward as a mid-biennial budget service package for Council consideration.

Timetable

Based on the feedback received at the Retreat, a date can be set for bringing the revised ordinance and rules for Council consideration and adoption. In the meantime, staff will continue to work on the tools required to implement its provisions. Elements of the ordinance have already been implemented, including the creation of queues, the maintenance of logs City-wide and initial meetings of the Public Disclosure Steering Team and the Public Disclosure Coordinating Team. Assuming that the ordinance is approved in July and based on software implementation timelines, staff expects that the on-line reporting could be available by November 1.

Dear Colleagues and Other Interested Parties,

The Kirkland City Council is considering a draft ordinance to manage the increasing demands of public records disclosure. We recognize that responding to public records requests is one of the unique and core essential functions of government and is the responsibility of every employee.

Similar to other essential functions, the staffing and resources that an agency can devote to responding to public records requests are necessarily limited. In order to avoid excessive interference with other essential functions, agencies need to establish the appropriate level of effort to be devoted to responding to public records requests and the level of resource to be allocated. In addition, we believe that this process will also increase predictability and transparency for requestors.

We are forwarding you the draft ordinance to solicit your feedback. We are not looking for detailed edits in "track changes" mode; instead, we would like your input on the following questions:

- What policy and legal questions, comments, or concerns that you would like to share?
    - Do you have suggestions to address them?
- Are there implementation concerns and if so, do you have alternate ideas?
- Might this framework work for you and what clarifications might be helpful?
- What are you doing to try to get a handle on this issue?
- Do you have suggestions about additional review or process we should consider?

We are asking that you provide your feedback via e-mail at PDOFeedback@kirklandwa.gov. If your organization has a listserv, please feel free to distribute this draft to its members. For reference, we are attaching a list of the organizations that are receiving this request.

We are looking forward to receiving your input. Please provide your feedback no later than April 12, 2013.

Thank you,

Kurt Triplett
City Manager

Public Disclosure Ordinance Feedback email address: PDOFeedback@kirklandwa.gov	
MRSC	Executive Director Tracy Burrows tburrows@mrsc.org Senior Legal Consultant Pat Mason pmason@mrsc.org
State Auditor's Office	Director for Legal Affairs Jan Jutte, CPA, CGFM juttej@sao.wa.gov Local Government Liaison Mike Murphy murphym@sao.wa.gov
AWC	CEO Mike McCarty mikem@awcnet.org General Counsel Sheila Gall sheilag@awcnet.org Director of Government Relations Dave Williams davew@awcnet.org
WCOG Washington Coalition for Open Government	Care of Kirkland Councilmember Toby Nixon TNixon@kirklandwa.gov
WMCA Washington Municipal Clerks Association	President Sandy Paul sandydmpmpd@gmail.com
WAPRO Washington Association of Public Records Officers	President Kelli Williams kelli.williams@kingcounty.gov
WCMA Washington City/County Management Association	President Doug Schulze City Manager, Bainbridge Island dschulze@bainbridgewa.gov
WSAMA Washington State Association of Municipal Attorneys	President Lori Riordan City Attorney of Bellevue LRiordan@bellevuewa.gov

WFOA Washington Finance Officers Association	President Marilou Moore mamoore@everettwa.gov
WAPA Washington Association of Prosecuting Attorneys	Executive Secretary Tom McBride tmcbride@waprosecutors.org Staff Attorney Pamela B. Loginsky pamloginsky@waprosecutors.org
WSAC Washington State Association of Counties	Executive Director Eric Johnson ejohnson@wacounties.org
WSSDA Washington State School Directors' Association	Executive Director Dr. Jonelle Adams j.adams@wssda.org Director Governmental Relations Marie Sullivan M.Sullivan@wssda.org
WPPA Washington Public Ports Association	Executive Director Eric D. Johnson ericj@washingtonports.org
WSAB Washington State Association of Broadcasters	President & CEO Mark Allen wa-broadcasters@earthlink.net
Washington Newspaper Publishers Association	Executive Director Bill Will bwill@wnpa.com
Allied Daily Newspapers of Washington	Executive Director Rowland Thompson anewspaper@aol.com
City of Lakewood	City Attorney/Interim City Manager Heidi Ann Wachter hwachter@cityoflakewood.us
City of Everett	Mayor Ray Stephanson KReardon@everettwa.gov
City of Duvall	Mayor Will Ibershof will.ibershof@duvallwa.gov

City of Pasco	City Manager Gary Crutchfield citymanager@pasco-wa.gov
City of Gold Bar	Mayor Joe Beavers j.beavers@cityofgoldbar.us
Washington State Attorney General	Washington State Assistant Attorney General Timothy D. Ford timf@atg.wa.gov
City of Seattle	Seattle City Attorney Pete Holmes Peter.Holmes@seattle.gov
Secretary of State's Office	Washington State Archivist Steve Excell archives@sos.wa.gov

Comments on Kirkland's Proposed PRA Ordinance by the
Washington Association of Public Records Officers
April 11, 2013

The Washington Association of Public Records Officers applauds the City of Kirkland for taking a proactive and transparent approach to balancing Public Records Act compliance with the City's other essential functions. With the increase in PRA requests, the challenges posed by electronic records, and the consequences for even innocent mistakes in PRA compliance, agencies in this state are all facing the challenges of large and burdensome requests. Kirkland's efforts will add a significant option to those other agencies exploring how to meet these challenges and will serve as a useful example others may model. Therefore, WAPRO also appreciates the opportunity to provide input.

WAPRO thinks certain elements of Kirkland's proposal are excellent. Rules covering procedures for processing requests that go beyond the minimal requirements of the PRA are important. Adding PRA compliance costs to the City budget, mandating regular reviews and evaluations of PRA compliance, and requiring rules for resource allocation and queue management are ideal subjects for an ordinance.

WAPRO does have several concerns with the proposal however.

First, we do not think an ordinance is the best tool for much of this proposal. PRA processing procedures are most commonly found in agency rules, which can be updated quickly and efficiently. We expect that the more specific provisions will need to be revised, and an ordinance is significantly less flexible. As noted, a general ordinance directing the Public Records Officer (or a committee) to develop rules for queue management and resource allocation would make more sense.

Second, for the categories of requests for queue management, our experience tells us that it is not realistic to group requests in the manner described for categories 3, 4 and 5, and doing so may end up harming public confidence. A requestor looking at these categories will likely believe that if he frames his request based on the listed factors, he will get a response in the predicted time frame. While this may be true in some circumstances, the effort needed to fulfill PRA requests can often be unpredictable. Thus, by creating these factors with the predicted response times, the City will likely have a lot of disappointed requestors.

While linking the factors to specific time frames may be counterproductive, we think informing requestors about the types of things that will slow down response it a good idea. We also think grouping requests based on estimated response times for queue management is a good idea.

Rather than set potentially unrealistic expectations with very specific categories, the Model Rules have a suggested a provision that would provide agencies with the needed flexibility. The rules provide:

> However, treating requestors similarly does not mean that agencies must process requests strictly in the order received because this might not be providing the "most

> timely possible action" for all requests. A relatively simple request need not wait for a long period of time while a much larger request is being fulfilled. Agencies are encouraged to be flexible and process as many requests as possible even if they are out of order.

WAC 44-14-04003(1). A rule based on this guidance informs the requestor that requests may be handled out of order, but it does not set any expectations. This type of provision, however, could be supplemented with many of the factors listed in the proposal's three categories to provide requestors with additional information about what type of requests may take more time than others.

Third, we applaud the efforts to budget for PRA compliance and set reasonable limits on how resources will be allocated, but think the proposal is too specific. We think that the 10-hour maximum for non-PRA compliance employees makes sense in many situations, but our concern is that if that is expressed in a rule or ordinance, it could create the impression that as long as some employee is spending less than 10 hours, the City is not complying with its obligations. We recognize that the ordinance attempts to dispel this suggestion later in the ordinance, but this could be made a lot clearer. Moreover, there may be a time when more than 10 hours in a month is appropriate. Thus, we suggest acknowledging the concept that most employees can only be expected to spend a limited amount of time but not include an actual amount. How much time should be addressed on a case-by-case basis.

While PRA compliance is an essential function for every public agency in this state, it is only one of many essential functions. The PRA mandates that agencies adopt rules to prevent the excessive interference with other essential functions and we applaud the City's efforts to meet this mandate. We just encourage the City to take a more flexible approach, both by using rules rather than an ordinance for most of the provisions and by not including specific time frames as indicated above.

Thank you again for your efforts and the opportunity to provide input. We look forward to your completed work to see how it may serve as a model for other agencies.

From: David Alvarez [mailto:dalvarez@co.jefferson.wa.us]
Sent: Thursday, March 14, 2013 9:34 AM
To: Public Disclosure Ordinance Feedback
Cc: Pamloginsky@waprosecutors.org
Subject: Kirkland Public Disclosure Ordinance Feedback

Mr.Triplett:

Several comments.

First, a possible math error in Section 3.15.010 where the phrase is "approximately 0.247 percent of the city's total expenses." If that statement is true, then PRA requests are consuming ¼ of one percent of the city's budget. That would mean $1 out of every $400 in the city budget is being spent on the PRA. Is that what you intended or did you mean ".247 of the city's total expenses" which would be $24 out of every $100 in the city budget is being spent on public records? If the correct formula is only $1 out $400 you have a system that isn't broken and doesn't need fixing.

Second, the Ordinance needlessly imposes on the city two burdens not found in the PRA-the first is to categorize the PRA requests into five categories and the 2nd is to have a "queue." If you impose these two duties on yourself and don't meet them or comply with them, then that might show lack of proper PRA training of city staff and that is a ***Yousoufian*** aggravating factor. The PRA already grants local governments the right to ask for more time on a case-by-case basis with a reasonable explanation. You are aware of the reasons that support an extension of time, all of which you have cited in your fine distinctions between the five categories. As for the queue, litigation could arise as to why a certain PRA request was placed in the queue where it was placed-was it placed there to punish a frequent requester, etc. Deciding where to put a PRA request in the queue will be more difficult than one thinks.

Third, the Ordinance assumes a great deal of training, spread across all the city departments, including understanding the 5-category system, the queue system, keeping a log in each department etc. You will hope it sinks in and that the system works for everyone, but some supervisor who has been at his or her job for years and has handled the PRA successfully in the past is going to be reluctant to do all the paperwork the Ordinance requires. In that same regard the Ordinance assumes consistent application across all departments from Public Works to the Office of the City Clerk. All of this can only trip up the City.

Fourth, and this how we do it at Jefferson County, the Clerk to the Legislature, for you the City Clerk, keeps the log, follows up with the various departments that might have responsive records and is well-trained. The Clerk's Office is made aware of all PRA requests regardless of which department was or is the entry point for a particular PRA request. The Clerk to the County Commission does the baby-sitting in many cases. In reality, the various departments don't really have a stake in the PRA game because it is the City of Kirkland not its departments that has to comply with the PRA and that will pay the penalties.

I suppose you could charge back the costs to the various departments if you get hit with PRA costs and penalties but that is just internal number-crunching. It is your elected officials that want to be known as having a transparent city government and full compliance with the PRA.

That's all for now.

David Alvarez. Chief Civil DPA, Jefferson County (360) 385-9219

From: Toby Nixon [mailto:president@washingtoncog.org]
Sent: Wednesday, March 13, 2013 11:14 PM
To: Public Disclosure Ordinance Feedback
Subject: FW: [WCOG Government] FW: Kirkland Public Disclosure Ordinance Feedback

Here's a suggestion from my friend Gerry Pollet, who is state representative for the 46th District, executive director of Heart of America Northwest, a board member of WCOG, and a frequent user of the PRA. I think he makes a good point about time-critical records needed to prepare for a public hearing or comment period. Which category would such requests go into?

Thanks!

-- Toby

From: Gerry Pollet [mailto:gerry@heartofamericanorthwest.org]
Sent: Wednesday, March 13, 2013 11:04 PM
To: Toby Nixon
Subject: re: [WCOG Government] FW: Kirkland Public Disclosure Ordinance Feedback

Toby, one immediate thought on the priority categories: there should be a top category alongside "immediate - public safety" for requests that relate to public ability to comment on a pending proposal with a comment or public hearing deadline. In event records are not available on time, the City can choose to extend the comment period or hearing date, if practicable.

Gerry Pollet, JD;
Executive Director,
Heart of America Northwest
"The Public's Voice for Hanford Clean-Up"
(206)382-1014
gerry@hoanw.org

From: Leanne Finlay [mailto:lfinlay@halcyon.com]
Sent: Wednesday, March 13, 2013 4:57 PM
To: Toby Nixon
Cc: Public Disclosure Ordinance Feedback; Toby Nixon
Subject: comments on Kirkland Public Disclosure ordinance proposal

Toby,

I especially like this section: *Queues of pending and active requests, and a log of completed requests, will be posted on the city web site, including estimated completion dates, thereby providing improved transparency for requesters.*

I a I also think there is a need for 'ordinary and routine' requests, and the specific copies of the documents requested, to be posted on the city web site, which will of course provide transparency for everyone.

Today, we have more capacity for open public records than ever before, and it's time to utilize that capacity so the public can read and understand better what all of their agencies are doing. I'm not certain that it is fair for cities to establish a very low percent of the overall operating budget for public records requests, since the intent is to make certain all legal public records requests are met. It used to be that charging per page helped offset costs, but today, most records are transmitted via email, which other than staff time, is nearly free. Perhaps the legislators need to consider a flat fee per hour rate for large requests to be handled, something reasonable.

I understand the perception that there are/have been abuses in public records requests, but I hesitate to consider anything that limits, or threatens the true access by the public to all legal public records.

Thanks for the opportunity to read this information.

Leanne Finlay
Windermere Real Estate/East, Inc.
3933 Lake Washington Blvd. NE #100
Kirkland, WA 98033

From: Toby Nixon
Sent: Wednesday, March 13, 2013 4:16 PM
To: wcogmembers@washingtoncog.org
Cc: wcogadvisory@washingtoncog.org ; wcoggovernment@washingtoncog.org ; WCOG Board News ; wcoglegal@washingtoncog.org
Subject: [WCOG Members] FW: Kirkland Public Disclosure Ordinance Feedback

Dear Friends,

As many of you know, in addition to serving as president of WCOG and working at Microsoft, I'm also a member of the Kirkland City Council. Mindful of the situations that occurred in cities such as Mesa and Gold Bar, and not wanting Kirkland to get into a situation where decisions on how to handle numerous, large, or complex public records requests need to be made "on the fly", I've been working with the city manager and staff since I joined the Council at the beginning of 2012 on development of an ordinance governing how Kirkland would handle public records requests for which the anticipated workload would exceed allocated staff resources. The intent is to ensure that the city can manage its resources and continue to provide all of the essential services its citizens expect, including responding to routine public records requests promptly without the system becoming congested by one or more large requests. If successful, the ordinance will demonstrate that onerous legislation like HB 1128 is *not necessary*, and that existing law provides ample

ability for cities and other agencies to manage their resources without resorting to injunctions against requesters or arbitrary caps on resources available for handling public records requests. We hope that the Kirkland ordinance can become a model for other agencies to emulate.

In order for this to be truly model ordinance, it needs review and feedback by all stakeholders. The city is therefore actively seeking review and feedback on the proposed ordinance from **everyone**. In addition to WCOG, this draft has been sent to Washington State Association of Broadcasters, Allied Daily Newspapers of Washington, Washington Newspaper Publishers Association, the State Attorney General, the State Auditor, the Secretary of State, Association of Washington Cities, Washington State Association of Counties, Washington State School Directors Association, Washington Public Ports Association, Washington Municipal Clerks Association, Washington Association of Public Records Officers, Washington City/County Management Association, Washington State Association of Municipal Attorneys, Washington Finance Officers Association, Washington Association of Prosecuting Attorneys, and the cities of Seattle, Lakewood, Everett, Duvall, Pasco, and Gold Bar – all of whom have expressed an interest in the ordinance at one time or another.

Here's a high-level overview of the major elements of the ordinance:

- Establishes five categories of public records requests and associated work queues for each – (1) immediate (public safety issue), (2) routine and readily filled, (3) routine but large, not easily identified, or requiring interdepartmental coordination, (4) large or complex requests that require review for exemptions, and (5) large or complex requests that require legal review or third-party assistance.

- All five request queues must be allocated resources, so that large or complex requests do not crowd out routine requests.

- Requests in each category would be processed in the order received. Work on requests lower in a work queue will be deferred until previously received requests are processed or work is suspended on earlier requests for any of a variety of reasons (such as awaiting records to be retrieved from storage, or waiting for a response from the requester). Several requests in a queue can be worked on simultaneously while work on others is suspended.

- Queues of pending and active requests, and a log of completed requests, will be posted on the city web site, including estimated completion dates, thereby providing improved transparency for requesters.

- All city employees are required to receive training on their obligations under the PRA.

- Establishes the resources dedicated to handling PRA requests for the current fiscal biennium as 0.247 percent of the city operating budget.

- The city council must set the budget amount for the public records disclosure function in each biennial budget. The council must hold at least one public work session or hearing to receive public input on the allocation before the budget is finalized.

- The Public Records Officer must provide a report to the council every six months on the status of requests and performance of the public records function, including items such as number of requests processed, number of requests outstanding, average time for handling, etc., so the council can adjust the budget to maintain appropriate performance levels.

Please see the text of the ordinance in the attached Word file for details.

The effect of the ordinance is to formally establish the handling of public records requests as an essential function of the city, and to manage the workload, budget, and performance of public records disclosure in the same formal way as other essential city functions.

Please feel free to forward this draft to others. Kirkland would like to get as much feedback on the ordinance as possible. Feedback can be sent to pdofeedback@kirklandwa.gov. If you have any questions, I'm happy to try my best to answer. Please also see the email below from the Kirkland city manager for additional information. Note that the city would like to receive feedback by **April 12, 2013.**

Finally, I should make clear that **WCOG has not endorsed this draft ordinance**. While I have personally been involved in it in my role as a city council member, WCOG has received it just today for formal review. Any WCOG position on the ordinance, or feedback we provide as an organization, is yet to be determined. You're welcome to send comments to WCOG as well (to president@washingtoncog.org and info@washingtoncog.org) to assist in WCOG's review, but please feel free to also provide your feedback directly to Kirkland.

Best regards,

-- Toby

From: Heidi Hiatt
Sent: Wednesday, March 13, 2013 1:06 PM
To: Public Disclosure Ordinance Feedback
Subject: Public disclosure ordinance

I do not handle public disclosure requests in my current job at all but did for more than eight years at a municipal police department. I have a B.A. in criminal justice and M.A. in forensic psychology. A major concern I have about public disclosure is that many public agencies no longer make a distinction between obtaining records to assess the conduct of government versus the conduct of the individual. That difference was addressed in the original Public Disclosure Act (now PRA) back in the early 1970s.

Municipal attorneys now routinely consider names, addresses, phone numbers, DOBs, vehicle information, insurance information, summaries of medical information, photographs, and so on public domain. They often do not believe that the two-pronged privacy test in the PRA applies to personal information or release it when faced with litigation. Many lawmakers and citizens assume that some personal information is routinely redacted from public records when that's not necessarily the case.

It is ironic that government agencies put so much money and time into fighting identity theft but their own records constitute one of the biggest sources of information on individuals that is mined for data. The data mining industry can often access personal information contained within public records for free and then sell it indiscriminately for profit. This has been the case with traffic accident reports for years even though individual components of such reports are exempt from disclosure. Vehicle registration, for example, is supposed to be exempt from disclosure; you can't call the police and ask them to run the plate of the guy who cut you off to obtain his home address. But that same information appears in traffic accident reports that are publicly released, including in large batches upon request by profiteers.

This can be highly dangerous for crime victims including domestic violence victims. It is arguable that no one should be able to obtain photos of a rape victim's injuries, a stalking victim's address, personal details on their next door neighbor, or enough information to commit identity theft (which isn't much), but because many of these items are not specifically exempted in the PRA, they can be considered public domain. I was involved with the legislation to exempt public employees' personal information from public disclosure and have testified in Olympia about these issues in the past. As a public employee my phone number cannot be released to the public by the City because the language specifically says that. The same does not apply to crime victims.

I am a huge proponent of governmental transparency but do not believe that individual information contained within government documents should be automatically subject to the same level of access. Public records law, again, was not created to monitor the conduct of individuals. For that reason I'm against noting the names of people who've requested records in the log that the City is creating. The log is an intriguing idea and lets citizens know what their government is working on. But I see no reason that the requestor's name needs to be noted there, especially when it's a victim, complainant, or witness requesting records. I've been out of the loop for a while, but there's no legal requirement to include their name that I am aware of.

Please note that I already read the City's proposed ordinance and related materials on my own time. I saw a request for input on Kirknet and am therefore responding from my work email address.

Heidi Hiatt, MAFP
City of Kirkland Public Works Department
Caring for your infrastructure to keep our city healthy, safe and vibrant
Direct: 425/587-3912
Main: 425/587-3900
hhiatt@kirklandwa.gov

ORDINANCE _____

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE ESTABLISHMENT OF A NEW CHAPTER 3.15 IN THE KIRKLAND MUNICIPAL CODE, ACCESS TO PUBLIC RECORDS.

WHEREAS, open government leads to a better informed electorate, greater public participation, better government, and more effective use of public resources; and

WHEREAS, the Public Records Act expressly provides that, "mindful of the right of individuals to privacy and of the desirability of the efficient administration of government, full access to information concerning the conduct of government on every level must be assured as a fundamental and necessary precondition to the sound governance of a free society" (RCW 42.17A.001(11); and

WHEREAS, under the Public Records Act, agencies are "to provide full access to public records". . ."the fullest assistance to inquirers and the most timely possible action on requests for information"(RCW 42.56.100); and

WHEREAS, it is the policy of the City of Kirkland that all persons are entitled to the greatest possible information regarding the affairs of City government and the official acts of those officers and employees who serve them; and

WHEREAS, providing persons with such information is a core principle of the City and an integral responsibility of every City employee; and

WHEREAS, RCW 42.56.100 obligates the City to prevent public disclosure demands from causing excessive interference with other essential City functions; and

WHEREAS, to prevent excessive interference with the other essential functions of the City, it is necessary to determine a reasonable level of effort to devote to responding to requests for public records commensurate with the available resources and staffing.

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

Section 1. Access to Public Records is established as Chapter 3.15 of the Kirkland Municipal Code to read as follows:

3.15.010 Findings.

(a) Responding to public records requests is one of the city's unique and core essential functions and is also the responsibility of every city employee.

(b) Similar to the city's other essential functions, the staffing and resources that the city can devote to responding to public records requests are necessarily limited.

(c) In order to avoid excessive interference with other essential functions of the city, the city needs to establish the appropriate level of effort to be devoted to responding to public records requests and the level of resource to be allocated.

(d) The level of resource allocated to public records requests must be reasonable and needs to be established during the biennial budget process when the city council evaluates the available resources to perform all of the city's essential functions and establishes levels of service.

(e) As part of its audit report, the Washington State Auditor's Office provides a benchmark in terms of the audit cost as a percentage of the jurisdiction's total expenses.

(f) The Washington State Auditor's Office cost analysis for the City's 2011 financial audit determined that the audit cost as a percentage of the City's total expenses was 0.049 percent.

(g) The city's current level of effort in responding to public records requests was adopted as part of the 2013-2014 budget and represents nearly five times the amount spent on audits.

(h) Starting with the 2015-2016 biennial budget process, the city council will establish the level of effort to be devoted to responding to records requests and the amount of resource to be allocated.

(i) Using the audit cost analysis by the Washington State Auditor's Office for the audit of the city and the city's current level of public records response effort as the baseline resource allocation rationale, the city council will determine the future levels of effort to be devoted to responding to public records request and the level of resources to be allocated during the biennial budget process.

(j) A semi-annual report on public records requests and the status of requests will be made to the city council and the public.

(k) The city clerk has been designated as the Public Records Officer for the entire city, as required by RCW 42.56.580, and is responsible for overseeing the city's compliance with the public records disclosure requirements.

3.15.020 Procedural information.

As required by the Public Records Act, chapter 42.56 RCW, the city has separately established Public Records Act Rules ("Rules") governing the process for requesting public records and responding to requests for public records. These Rules are posted on the city's website at kirklandwa.gov. Consistent with the findings of this chapter, the public disclosure steering team, as established in Section 3.15.030, shall promulgate rules to implement this chapter.

3.15.030 Public Disclosure Steering Team.

(a) There is established a public disclosure steering team composed of the city manager or his or her designee, the director of finance and administration, city clerk, and city attorney. The public disclosure steering team shall provide guidance to the public disclosure coordinating team, as needed.

(b) The public disclosure steering team is the body designated by the city to conduct reviews when any person objects in writing (including email) to the initial denial or partial denial of their records request.

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(c) The public disclosure steering team may also manage the records request queues if necessary based on adopted criteria or extraordinary circumstances.

(d) The public disclosure steering team, in addition to other duties, may recommend changes to this chapter to the city council.

(e) The public disclosure steering team may add members, as needed.

3.15.040 Public Disclosure Coordinating Team.

(a) There is established a public disclosure coordinating team. The city clerk and deputy city clerk are designated as the lead staff for the team.

(b) Each city department shall designate a staff member or members to facilitate the disclosure of public records. The designated staff members will serve on the public disclosure coordinating team and assist the city clerk and deputy city clerk in implementing this chapter.

(c) The public disclosure coordinating team shall be responsible for managing the records request queues based on criteria set forth in the Rules.

3.15.050 Categories of requests.

(a) When a public records request is received, the department receiving the request will categorize the request according to the nature, volume, and availability of the requested records as set forth in Rules. The categories of public records requests will be established based on criteria such as:

(1) The immediacy of the required response in the interest of public safety (imminent danger).
(2) The complexity of the records request in terms of the breadth, ease of identification, and accessibility.
(3) The amount of coordination required between departments
(4) The number of records requested.
(5) The extent of research required by city staff that is not primarily responsible for public disclosure.
(6) The need for legal review and/or additional assistance from third-parties in identification and assembly.
(7) Other the criteria the Public Disclosure Steering Team deems appropriate.

(b) The city shall ensure that all categories of records requests receive an allocation of resources for response throughout the year.

3.15.060 Standard time periods for response.

The city must make public records available promptly when requested under the Public Records Act. If records cannot be made available within five business days, the Act requires a written response to the requestor. The city may acknowledge receipt and provide a reasonable estimate of the time necessary to make the record available. The Rules shall establish goals for standard response periods for all categories of records requests.

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3.15.070 Records requests log.

(a) Each department shall maintain an electronic log of all records requests received by that department and shall provide access to the log to the city clerk who shall maintain a citywide records requests log.

(b) The city clerk shall establish policies for what information shall be included in the logs and how the logs shall be made publicly available.

(c) The city recognizes that in limited circumstances, processing a request for records may result in more expense to the city than merely copying and providing the records to the requestor. Each city department may designate, within its own department, certain routine records available to the public for immediate inspection without the requirement of a formal records request. However, each of the records requests must be maintained in an electronic log.

3.15.080 Records requests queues.

(a) Records requests shall be maintained and tracked in records requests queues, as set forth in the Rules. The queues shall identify the status of the records requests as "pending," "active," or "completed."

(b) Records requests will initially be entered in the respective queues in the chronological order in which they are received by the city. Responding to a records request is not always a sequential process. The clerk will manage the active queues by moving between requests in accordance with the Rules.

(c) Records requests will be subsequently managed in the queue based on the criteria set forth in the Rules as described in Section 3.15.040.

3.15. 090 Communications with requestors.

(a) The city will use its best efforts to provide requestors with accurate and reasonable estimates of how long it will take to provide records responsive to a request.

(b) If the city learns additional time is needed to respond to the records request, the city will promptly communicate the need for additional time to the requestor and inform the requestor of the reason additional time is required and provide an estimated new timeframe for records delivery.

3.15.100 City website.

(a) The city posts commonly requested records on its website.

(b) The city's response to a records request may be to provide the requestor a link to records posted on its website, unless the requestor notifies the city that he or she cannot access the records through the internet.

(c) By _____2013, the city will maintain a separate page on its website that shall include the queues and records requests logs. The city clerk shall ensure that the website is updated to provide current information, including the date the records request was made, its order in the queue, and the estimated time of responding to the request.

(d) The city website will also provide guidance and information to the public for making records requests on its website.

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(e) The city website will allow requestors the option of using on-line request forms for requesting records and submitting those requests electronically.

3.15.110 City employee responsibilities.

(a) All city employees are responsible for assisting in identifying responsive records and facilitating thorough collection of records.

(b) The city will provide training to city employees on their obligations under the Public Records Act.

(c) For most city employees, responding to records requests is a responsibility assigned in addition to their primary assigned duties and functions.

(d) For those city employees for whom responding to records requests is not among their primary assigned duties, the need to devote more than ten hours in a month to records requests may result in delay of the response to a records request.

3.15.120 Public records performance report.

(a) No later than July 31 and January 31 of each year, the city clerk will submit to the city council a report on the city's performance in responding to public records requests during the preceding six months. The report shall include, at a minimum:

(1) open records requests (queue) at beginning of period;

(2) number of records requests received in the period by category;

(3) number of records requests closed in the period by category; and

(4) open records requests (queue) at end of period.

3.15.130 Resources devoted to public records disclosure.

(a) The resources currently allocated to public disclosure response in the 2013-2014 budget are established as the initial level of effort necessary to ensure that public disclosure response is not creating excessive interference with essential government functions.

(b) Starting with the 2015-1016 biennial budget process, the city council shall biennially determine and establish the level of effort to be devoted to public records disclosure and the amount of resources to be allocated. During the budget process, the city council will devote at least a portion of a public work session or council meeting specifically to public records response resource allocation before adopting the final budget.

(c) The city council may reevaluate its determination as part of the mid-year budget adjustment and modify the resource allocation.

(d) The city does not intend every employee to expend ten hours per month responding to records requests. The limitation in Section 3.115.120(c) of up to ten hours per month for those city employees for whom responding to records requests in not among their primary assigned duties is not an allocation of resources available for other public records responses.

Section 2. If any section, subsection, sentence clause, phrase, part or portion of this ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

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Section 3. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication pursuant to Section 1.08.017, Kirkland Municipal Code in the summary form attached to the original of this ordinance and by this reference approved by the City Council.

Passed by majority vote of the Kirkland City Council in open meeting this _____ day of _____, 2013.

Signed in authentication thereof this _____ day of _____, 2013.

_____
MAYOR

Attest:

_____
City Clerk

Approved as to Form:

_____
City Attorney

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RESOLUTION R-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND RELATING TO COMPLIANCE WITH THE PUBLIC RECORDS ACT, SPECIFICALLY, ADOPTING PUBLIC RECORDS ACT RULES, ISSUING A FORMAL ORDER THAT MAINTAINING AN INDEX WOULD BE UNDULY BURDENSOME, ORDERING PUBLICATION OF THIS RESOLUTION AND THE PUBLIC RECORDS ACT RULES AND APPOINTING THE CITY CLERK AS THE PUBLIC RECORDS OFFICER

WHEREAS, RCW Sections 42.56.040, 42.56.070 and 42.56.100 of the Public Records Act ("the Act") collectively require that state and local agencies provide, publish and prominently display certain information, exemptions and rules governing disclosure of public records; and

WHEREAS, the City of Kirkland ("the City") is a local agency as defined in the Act and must therefore comply with it provisions; and

WHEREAS, the attached Public Records Act Rules ("the Rules") fulfill one of these requirements and were developed using the Attorney General's Office advisory Model Rules for disclosure of public records; and

WHEREAS, RCW 42.56.070(3) requires an agency to maintain an index of records therein described unless the local agency determines that it would be unduly burdensome to do so and in that event it must issue and publish a formal order specifying why it would be unduly burdensome; and

WHEREAS, RCW 42.56.580 requires that each agency appoint and publicly identify a Public Records Officer and provide contact information for that Officer,

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The attached Rules are adopted as the rules the City will follow in handling public records requests and the City Manager, in consultation with the Public Disclosure Steering Committee, is hereby authorized to amend the Rules as necessary to remain in compliance with evolving law governing the handling of public records requests and to update the Rules as facts may require. All amendments to the Rules shall be reported to the City Council.

Section 2. The City is comprised of ten departments, with divisions and subdivisions serving over 80,000 citizens. The different departments maintain separate databases and/or record keeping systems for the indexing of records and information. Because these records are diverse, complex and stored in multiple locations and in multiple computer systems and databases, it is unduly burdensome to maintain a central index of these records. Therefore, the Council finds that maintaining the index required by RCW 42.56.070(3) would be unduly burdensome and formally orders that such an index does not have to be maintained as allowed under RCW 42.56.070(4) so long as all other City indexes are available for public inspection and copying in conformity with applicable law.

Section 3. The City Clerk is appointed as the City's Public Records Officer and the contact information is provided in the attached Rules.

Section 4. The Clerk is directed to publish this Resolution and the availability of the Rules in the Seattle Times, post and maintain the Rules on the City's website and otherwise post, prominently display or publish the Rules as required by law and make the Rules available for inspection and copying at the City's central office.

Passed by majority vote of the Kirkland City Council in open meeting this _____day of _____, 20 .

Signed in authentication thereof this _____day of _____, 20 .

_____
MAYOR

Attest:

_____
City Clerk

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PUBLIC RECORDS ACT RULES

PRA Rule 010. Authority and purpose.

(1) **Authority.** RCW 42.56.070(1) requires each agency to make available for inspection and copying nonexempt public records in accordance with published rules. The Public Records Act ("the Act") defines "public record" to include any "writing containing information relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used, or retained" by the agency. RCW 42.56.070(2) requires each agency to set forth "for informational purposes" every law, in addition to the Act, that exempts or prohibits the ~~disclosure~~production of public records held by that agency.

(2) **Purpose of Rules.** The purpose of these ~~rules~~Rules is to establish the procedures the City of Kirkland ("the City") will follow in order to provide full access to public records, fullest assistance to inquirers and the most timely possible action as required by RCW 42.56.100, mindful of the further ~~requirements therein stated~~requirement that the ~~rules~~Rules must also protect the records from damage or disorganization and prevent excessive interference with other essential functions of the City. These ~~rules~~Rules provide information to persons wishing to request access to public records of the City and establish processes for both requestors and City staff that are designed to best assist members of the public in obtaining such access.

(3) **Purpose of Act.** The purpose of the Act is to provide the public full access to information concerning the conduct of government, mindful of individuals' privacy rights and the desirability of the efficient administration of government. The Act and these ~~rules~~Rules will be interpreted in favor of disclosure. In carrying out its responsibilities under the Act, the City will be guided by the provisions of the Act describing its purposes and interpretation.

(4) **Act not applicable.** Court files and judges' files are not subject to the Act. Access to these records is governed by court rules and the common law.

(5) **Amendment of the Rules.** By authorization of the City Council in the Resolution approving these ~~rules~~Rules, the City Manager is authorized to amend the Rules as necessary to remain in compliance with evolving law governing the handling of public records requests and to update the Rules as facts may require. Amendments to the Rules must be reviewed by the Public Disclosure Steering Team prior to City Manager action. All amendments to the Rules will be reported to the City Council.

PRA Rule 020. Agency description-Contact information--Public records officer.

(1) Agency description. The City provides the services of a non-charter code city, including but not limited to, building and plans inspection, court, parks and recreation, planning and community development, public safety and public works services, which are supported and

supplemented by financial, administrative and legal services. The City's central office is located at 123 Fifth Avenue, Kirkland, WA 98033.

The general course and method by which the City's operations are channeled and determined is through laws adopted and direction given by the City Council and other competent authority in conformity with all applicable city, state and federal law, which ~~is thereafter~~are implemented by the City Manager, Department Directors and their designees in conformity with the requirements of those same laws. The City's rules of procedure are set forth in those same laws or in rules adopted pursuant to authority granted to others as provided in those laws. The City's substantive rules of general applicability that were adopted as authorized by law, as well as the statements of general policy or interpretations of general applicability formulated and adopted by the City are contained in the Kirkland Municipal Code, or in rules, regulations and interpretations authorized to be adopted or issued in those laws or under federal or state law.

The City has ~~the following~~ field offices at the following addresses:

Municipal Court	11515 NE 118th Street, Kirkland, WA 98034
Fire Stations	
Station 21	9816 Forbes Creek Drive, Kirkland, WA 98033
Station 22	6602 108th Avenue NE, Kirkland WA 98033
Station 24	8411 NE 141st Street, Kirkland 98011
Station 25	12033 76th Place NE, Kirkland, WA 98034
Station 26	9930 124th Avenue NE, Kirkland, WA 98033
Station 27	11210 NE 132nd Street, Kirkland, WA 98034
HR and Parks & Comm.	505 Market Street, Kirkland, WA 98033
~~Srvcs~~Svcs.	12421103rd Avenue NE, Kirkland, WA 98033
North Kirkland Comm. Ctr.	352 Kirkland Avenue, Kirkland, WA 98033
Peter Kirk Community Center	340 Kirkland Avenue, Kirkland, WA 98033
Peter Kirk Pool	310 1st Street, Kirkland, WA 98033
Public Works CIP Annex	121Third Avenue, Kirkland, WA 98033
Prosecuting Attorney	9757 NE Juanita Drive, Suite 120, Kirkland, WA 98034
Public Defender	904 8th Street, Kirkland, WA 98033
Fleet Management	915 8th Street, Kirkland, WA 98033
Maintenance Center	1129 8th Street, Kirkland, WA 98033
Parks Maintenance Center	

(2) **Contact Information-Public Records Officer.** Any person wishing to request access to public records of the City, or seeking assistance in making such a request, should follow the procedures set forth in these Rules and contact the following Public Records Officer (the "PRO") of the City to submit such a request or to obtain assistance in making such a request:

Kathi Anderson, City Clerk
City of Kirkland
123 Fifth Avenue Kirkland, WA 98033
(425) 587-3190
(425) 587-3198
PublicRecords@kirkland wa.gov
Information is also available at the City's web site at www.kirkland wa.gov.

PRA Rule 030. Availability of public records.

(1) **Availability.** Public records are available for inspection and copying during normal business hours of the City, Monday through Friday, 8:00 a.m. to 5:00 p.m., excluding legal holidays. Inspection of records shall occur at the central offices of the City unless another location is approved by the ~~Public Records Officer~~PRO or designee ~~("the PRO").~~.

(2) **Records index.** By the ~~resolution~~Resolution approving these ~~rules~~Rules, the Kirkland City Council issued a formal order ~~which found~~finding that ~~maintaining~~the maintenance of an index was unduly burdensome. This finding was based on the fact that the City is comprised of ten departments, ~~their~~with divisions and subdivisions, serving over 80,000 citizens~~, which~~. The different departments maintain separate databases and/or record keeping systems for the indexing of records and information. Because these records are diverse, complex and stored in multiple locations and in multiple computer systems and databases, it is unduly burdensome to maintain a central index of records.

(3) **Organization of records.** The City will maintain its records in a reasonably organized manner. While committed to fully comply with the Act and these Rules, the City must also take reasonable actions to protect records from damage and disorganization and prevent excessive interference with other essential functions of the City. A requestor shall not take City records from City offices ~~without the permission of the PRO.~~. A variety of records are available on the City's web site at www.kirkland wa.gov. Requestors are encouraged to view the documents available on the web site prior to submitting a records request.

(4) Making a request for public records.

(a) Any person wishing to inspect or copy public records of the City should make the request in writing on the City's request form, or by letter, fax, or email addressed to the ~~Public Records Officer~~PRO and including the following information:

Name of requestor;
Address of requestor;
Other contact information, including telephone number and any e-mail address;
Identification of the public records adequate for the PRO to locate the records; and
~~The~~the date and time of day of the request.

(b) If the requestor wishes to have copies or scans of the records made instead of simply inspecting them, he or she should so indicate and make arrangements with the PRO to pay for copies or scans of the records as provided in PRA Rule ~~070~~150 below.

(c) A form is available for use by requestors at the office of the ~~Public Records Officer~~PRO and on-line at ~~www.kirklandwa.gov.~~www.kirklandwa.gov.

(d) The PRO may accept requests for public records that contain the above information by telephone or in person. If the PRO accepts such a request, he or she will confirm receipt of the information and the substance of the request in writing. The confirmation will be deemed the correct statement of the scope of the request unless the requestor responds with a different statement of the scope.

(e) Records requests may only encompass existing records. They cannot be used to obtain copies of records not yet in existence or in the possession of the City.

PRA Rule 040. Definitions.

(1) **"Records request queue"** means a list of all the pending Category 3, 4 and 5 public records requests.

(2) **"Standard time period"** means the estimated time, established as goals, to make requested public records available by category of records request.

PRA Rule 050. Processing of public records requests.

(1) **Providing "fullest assistance."** Mindful of the requirements of RCW 42.56.100, to the extent reasonably possible, the PRO will process requests in the order allowing the most requests to be processed in the most efficient manner. In an effort to better understand the request and provide all responsive records, the PRO can inquire about the purpose for the request but the requestor is not required to answer except to establish whether inspection and copying would violate RCW 42.56.070(9) (see ~~.040(5)~~PRA Rule 100 below) or other statute which exempts or prohibits ~~disclosure~~production of specific information or records to certain persons.

(2) **Acknowledging receipt of request.** Within five business days of receipt of the request, not including the day the request was received as provided by RCW 1.12.040, the PRO will do one or more of the following:

(a) Make the records available for inspection or copying;

(b) If copies are requested and payment or payment of a deposit is made as provided in PRA Rule ~~070~~150 below, or terms of payment are agreed upon, send the copies to the requestor;

(c) Provide a reasonable estimate of any additional time needed to respond to the request and a date by which the records will be ~~disclosed~~produced in whole or in part depending on whether the records are being provided in installments. The factors used to estimate the additional time needed must be based upon criteria that can be articulated and may be presented in the response estimating the additional time needed. However, additional time is only allowed under the following circumstances:

(i) to request clarification from the requestor if the request is unclear or does not sufficiently identify the requested records. Such clarification may be requested and provided by telephone. If the clarification is made by telephone, the PRO will confirm the scope of the clarification in writing. The confirmation will be deemed the correct statement of the scope of the request unless the requestor responds with a different statement of the scope;

(ii) to locate and assemble the information requested;

(iii) to notify third persons or agencies in the event the requested records contain information that may affect rights of others and may be exempt from ~~disclosure~~production. Such notice should be given so as to make it possible for those other persons to contact the requestor and ask him or her to revise the request, or, if necessary, seek an order from a court to prevent or limit the disclosure. The notice to the affected persons will include a copy of the request or a statement of the request if no written request was received; or

(iv) to determine whether any of the information requested is exempt from production and that a denial should be made as to all or part of the request; or

(d) deny the request ~~in conformity with subsection (5) below~~.

(3) **Consequences of failure to respond.** If the PRO does not respond in writing within five business days of receipt of the request for disclosure, the requestor should consider contacting the ~~Public Records Officer~~PRO to determine the reason for the failure to respond.

PRA Rule 060. Managing the queues.

The Public Disclosure SteeringTeam is responsible for managing the records requests queues based on the following criteria:

(1) the number of records responsive to a given request;

(2) the number and size of other records requests in the queue;
(3) the amount of processing required for the subject request or requests and other requests in the queue;
(4) ~~Records~~ the status of a particular request that is waiting for third party review or requestor action; and
(5) the current volume of other City work, as it affects the amount of staff time that can be devoted to the subject request or requests.

PRA Rule 070. Categories of requests.

(1) When a public records request is received, the department receiving the records request will categorize the request according to the nature, volume, and availability of the requested records as follows:

(a) **Category 1** records requests are requests requiring immediate response in the interest of public safety (imminent danger). These requests shall take priority over all other requests.

(b) **Category 2** records requests are routine or readily filled requests for easily identified and immediately accessible records requiring little or no coordination between departments.

(c) **Category 3** records requests are routine requests that involve:

(i) a large number of records, and/or

(ii) records not easily identified, located and accessible, and

(iii) records that require some coordination between departments.

(d) **Category 4** records requests are complex requests which may be especially broad or vague which involve:

(i) a large number of records that are not easily identified, located or accessible, requiring significant coordination between multiple departments, and

(ii) research by City staff who are not primarily responsible for public disclosure and/or

(iii) review by public disclosure staff to determine whether any of the records are exempt from ~~disclosure.~~production.

(e) **Category 5** records requests are complex requests that may be especially broad or vague which involve:

(i) a large number of records that are not easily identified, located or accessible, requiring coordination between multiple departments, and

(ii) research by City staff who are not primarily responsible for public disclosure and/or

(iii) legal review and creation of an exemption log. These requests may require additional assistance from third-parties in identification and assembly.

(2) Once placed in a category, records requests may be moved to a different category in order to respond to unanticipated circumstances.

PRA Rule 080. Standard time periods for response.

(1) The following time standard periods for response to all categories of records requests are established as goals. The City may not be able to comply with the goals, but will notify the requestor if the goal will not be met.

(a) **Category 1 records requests.** Generally, the City will respond to Category 1 records requests immediately or the next business day after the request is received.

(b) **Category 2 records requests.** Generally, the City will respond to Category 2 records requests within five business days. If records cannot be made available within five business days, the City may extend the time to respond as described above.

(c) **Category 3 records requests.** The City will provide a written response to the requestor within five business days with a reasonable estimate of the time necessary to make the records available. The estimate is made on a case-by-case basis. Depending on the nature and scope of the request, Category 3 records requests usually require between 5 and 30 business days.

(d) **Category 4 records requests.** The City will provide a written response to the requestor within five business days with a reasonable estimate of the time necessary to make the records available. The estimate is made on a case-by-case basis. Depending on the nature and scope of the request, Category 4 records requests may require several weeks or even several months.

(e) **Category 5 records requests.** The City will provide a written response to the requestor within five business days with a reasonable estimate of the time necessary to make the records available. The estimate is made on a case-by-case basis. Depending on the nature and scope of the request, Category 5 records requests may require several weeks or even several months.

PRA Rule 090. Records requests queues.

(1) All Category 3, 4, and 5 records requests shall be maintained and tracked in records requests queues with a separate queue for each category. The queues shall identify the status of the records as "pending," "active," or "completed."

(2) Records requests will initially be entered in the respective queues in the chronological order in which they are received by the City. Responding to a records request is not always a sequential process. The PRO will manage the active queues by moving between requests based on circumstances that may include, but are not limited to the following:

(a) a request is waiting for records to be retrieved from storage;

(b) a request is waiting for records to be retrieved from persons or entities that hold them on behalf of the City (e.g. employees, consultants);

(c) a request is waiting for the requestor to respond to a request for clarification;

(d) a request is waiting for a response after notifying a third party named in a record;

(e) a request is waiting for the expiration of the time allowed a third party to obtain an order from a court enjoining release of records;

(f) a request is waiting for resolution of a legal action filed by a third party to enjoin release of records;

(g) a request is waiting for legal review of records to determine if they meet the definition of a public record or the applicability of exemptions and production of an exemption log;

(h) a request is waiting for consideration of a petition to review denial of access;

(i) a request is waiting for the requestor to pay for copies of the records or pay a deposit for copies;

(j) a request is waiting for external vendor reproduction of records; or

(k) a request is waiting for the requestor to claim an installment or physically inspect records.

PRA Rule 100. Redactions and exemptions.

(1) **Records exempt from production.** Some records are exempt from ~~disclosure~~production, in whole or in part. If a record is exempt from ~~disclosure~~production and should be withheld, the PRO will state the specific exemption and provide a brief explanation of how the exemption applies to the record being withheld. This explanation should be sufficient to enable the requestor to make a threshold determination of whether the claimed exemption is proper. If only a portion of a record is exempt from ~~disclosure~~production, but the remainder is not exempt, the PRO will redact the exempt portions, ~~provide~~produce the nonexempt portions,

and indicate to the requestor why portions of the record are being redacted. (For the purposes of these Rules, redact means the exempt information will be covered in some manner and then the record will be photocopied and the photocopy then disclosed.)

The City is also prohibited by statute from ~~disclosing~~producing lists of individuals for commercial purposes. Therefore, if a request is received for any type of list of individuals, an inquiry as to whether the requestor intends to use the list for commercial purposes must be answered before the list can be provided. ~~-~~If the answer is that it will be used for such purposes, the list cannot be ~~disclosed~~produced.

~~(5)~~

PRA Rule 110. Inspection of records.

(1) Inspection of records.

(a) Consistent with other demands, the City shall promptly~~-~~ provide space to inspect public records. No member of the public may remove a document from the viewing area or disassemble or alter any document. The requestor shall indicate which documents he or she wishes the City to copy or scan, if any, and provide payment for those copies or scans.

(b) The requestor must claim or review the assembled records within ~~thirty~~30 days of the PRO'S notification to him or her that the records are available for inspection or copying/scanning. The PRO will notify the requestor, in writing, of this requirement and inform the requestor that he or she should contact the PRO to make arrangements to claim or review the records. If the requestor or a representative of the requestor fails to claim or review the records within the ~~thirty~~30-day period or make other arrangements, the PRO may close the request and re-file the assembled records. Other public records requests can be processed ahead of a subsequent request by the same person for the same or almost identical records, which can be processed as a new request.

~~(6~~

PRA Rule 120. Providing records.

(1) **Providing records in installments.** When the request is for a large number of records, the PRO may provide access for inspection and copying in installments, if he or she reasonably determines that it would be practical to provide the records in that ~~way~~manner. If, within ~~thirty~~30 days, the requestor fails to inspect the entire set of records or one or more of the installments, the PRO may stop searching for the remaining records and close the request.

(~~7~~2) **Closing withdrawn or abandoned request.** When the requestor either withdraws the request or fails to fulfill his or her obligations to inspect the records or pay the deposit or final payment for the requested copies, the PRO will close the request and so inform the requestor.

(~~8~~3) **Later discovered documents.** If, after the PRO has informed the requestor that he or she has provided all available records, the PRO becomes aware of additional responsive documents existing at the time of the request that had not been provided previously, he or she will promptly inform the requestor of the additional documents and provide them on an expedited basis.

(~~9~~4) **Identifiable record.** A requestor must request an "identifiable record" or "class of records" before an agency must respond to it. An ~~"~~identifiable record~~"~~ is one that agency staff can reasonably locate. The Act does not allow a requestor to search through agency files for records which cannot be reasonably identified or described to the agency.

(~~10~~5) **Requests for information or nonexistent records.** Requests for information are not public records requests. An agency is not required to conduct legal research for a requestor. An agency is not required to create records to respond to a request.

PRA Rule ~~050~~130. Processing of public records requests-~~Electronic~~electronic records.

(1) **Requesting electronic records.** The process for requesting electronic public records is the same as for requesting paper public records.

(2) **Providing electronic records.** If public records are requested in an electronic format, the ~~public records officer~~PRO will provide the nonexempt records or portions of such records that are reasonably locatable in an electronic format that is used by the agency and is generally commercially available, or in a format that is reasonably translatable from the format in which the agency keeps the record. Costs for providing electronic records are governed by PRA Rule ~~070~~150 below.

(3) **Customized access to databases.** With the consent of the requestor, the City may provide customized access under RCW 43.105.280 if the record is not reasonably locatable or not reasonably translatable into the format requested. The City may charge a fee consistent with RCW 43.105.280 for such customized access.

(4) **Retaining electronic copies.** Because an electronic record is usually more susceptible to manipulation and alteration than a paper record, the City will keep, when feasible, an electronic copy of the electronic records it provides to a requestor to be able to show the exact records it provided if necessary.

PRA Rule ~~060~~140. Exemptions provided by other statutes.

(1) **Exemptions.** The Act provides that a number of records are exempt from public inspection and copying. In addition, documents are exempt from ~~disclosure~~production if any "other statute" exempts or prohibits ~~disclosure~~production. Requestors should be aware of the following exemptions, outside the Act, that may restrict the availability of some records held by the City for inspection and copying/scanning:

RCW 2.64.111 Documents regarding discipline/retirement of judges
RCW 2.64.113 Confidentiality - violations
RCW 4.24.550 Information on sex offenders to public
RCW 5.60.060 Privileged communications
RCW 5.60.070 Court-ordered mediation records
RCW 7.68.140 Victims' compensation claims
RCW 7.69A.030(4) Child victims and witnesses- protection of identity
RCW 7.69A.050 Rights of child victims and witnesses- addresses
RCW 7.75.050 Records of Dispute Resolution Centers
RCW 9.51.050 Disclosing transaction of grand jury
RCW 9.51.060 Disclosure of grand jury deposition
RCW 9.02.100 Reproductive privacy
RCW 9A.82.170 Financial institution records- wrongful disclosure
RCW 10.27.090 Grand jury testimony/evidence
RCW 10.27.160 Grand jury reports- release to public only by judicial order
RCW 10.29.030 Organized crime special inquiry judge
RCW 10.29.090 Records of special inquiry judge proceedings
RCW 10.52.100 Records identifying child victim of sexual assault
RCW 10.77.210 Records of persons committed for criminal insanity
RCW 10.97.040 Criminal history information released must include disposition
RCW 10.97.050 Conviction and criminal history information
RCW 10.97.060 Deletion of certain criminal history record information, conditions
RCW 10.97.070 Disclosure of identity of suspect to victim
RCW 10.97.080 Inspection of criminal record by subject
RCW 13.32A.090 Crisis residential centers notice to parent about child
RCW 13.34.115 Court dependency proceedings
RCW 13.40.217 Juveniles adjudicated of sex offenses- release of information
RCW 13.50.010 Maintenance of and access to juvenile records
RCW 13.50.050 Juvenile offenders
RCW 13.50.100 Juvenile/children records not relating to offenses
RCW 13.60.020 Missing children information
RCW 13.70.090 Citizen juvenile review board- confidentiality
RCW 18.04.405 Confidentiality of information gained by CPA
RCW 18.19.060 Notification to clients by counselors
RCW 18.19.180 Confidential communications with counselors
RCW 19.215.020 Destruction of personal health and financial information
RCW 19.215.030 Compliance with federal rules
RCW 26.04.175 Name and address of domestic violence victim in marriage records
RCW 26.12.170 Reports of child abuse/neglect with courts
RCW 26.23.050 Child support orders
RCW 26.23.120 Child support records
RCW 26.26.041 Uniform Parentage Act- protection of participants

RCW 26.26.450 Confidentiality of genetic testing
RCW 26.33.330 Sealed court adoption records
RCW 26.33.340 Agency adoption records
RCW 26.33.343 Access to adoption records by confidential intermediary
RCW 26.33.345 Release of name of court for adoption or relinquishment
RCW 26.33.380 Adoption- identity of birth parents confidential
RCW 26.44.010 Privacy of reports on child abuse and neglect
RCW 26.44.020(19) Unfounded allegations of child abuse or neglect
RCW 26.44.030 Reports of child abuse/neglect
RCW 26.44.125 Right to review and amend abuse finding- confidentiality
RCW 27.53.070 Records identifying the location of archaeological sites
RCW 29A.08.720 Voter registration records - place of registration confidential
RCW 29A.08.710 Voter registration records- certain information exempt
RCW Chapter 40.14 Preservation and destruction of public records
RCW 42.23.070(4) Municipal officer disclosure of confidential information prohibited
RCW 42.41.030(7) Identity of local government whistleblower
RCW 42.41.045 Nondisclosure of protected information (whistleblower)
RCW 46.52.080 Traffic accident reports - confidentiality
RCW 46.52.083 Traffic accident reports - available to interested parties
RCW 46.52.120 Traffic crimes and infractions - confidential use by police and courts
RCW 46.52.130(2) Abstract of driving record
RCW 48.62.101 Local government insurance transactions- access to information
RCW 50.13.060 Access to employment security records by local government agencies
RCW 50.13.100 Disclosure of non-identifiable information or with consent
RCW 51.28.070 Worker's compensation records
RCW 51.36.060 Physician information on injured workers
RCW 60.70.040 No duty to disclose record of common law lien
RCW 68.50.105 Autopsy reports
RCW 68.50.320 Dental identification records - available to law enforcement agencies
RCW Chapter 70.02 Medical records - access and disclosure - entire chapter
RCW 70.05.170 Child mortality reviews by local health departments
RCW 70.24.022 Public health agency info. regarding sexually transmitted disease investigations - confidential
RCW 70.24.024 Transcripts and records of hearings regarding sexually transmitted diseases
RCW 70.24.105 HIV/STD records
RCW 70.28.020 Local health department TB records - confidential
RCW 70.48.100 Jail records and booking photos
RCW 70.58.055 Birth certificates - certain information confidential
RCW 70.58.104 Vital records, research confidentiality safeguards
RCW 70.96A.150 Alcohol and drug abuse treatment programs
RCW 70.123.075 Client records of domestic violence programs
RCW 70.125.065 Records of rape crisis centers in discovery
RCW 71.05.390 Information about mental health consumers
RCW 71.05.395 Ch. 70.02
RCW applies to mental health records
RCW 71.05.400 Information to next of kin or representative
RCW 71.05.425 Notice of release or transfer of committed person after offense dismissal
RCW 71.05.427 Information that can be released

RCW 71.05.430 Statistical data
RCW 71.05.440 Penalties for unauthorized release of information
RCW 71.05.445 Release of mental health information to Dept. of Corrections
RCW 71.05.620 Authorization requirements and access to court records
RCW 71.05.630 Release of mental health treatment records
RCW 71.05.640 Access to treatment records
RCW 71.05.650 Accounting of disclosures
RCW 71.24.035(5)(g) Mental health information system
RCW 71.34.200 Mental health treatment of minors
RCW 71.34.210 Court records for minors related to mental health treatment
RCW 71.34.225 Release of mental health services information
RCW 71A.14.070 Records regarding developmental disability
RCW 72.09.345 Notice to public about sex offenders
RCW 72.09.585(3) Disclosure of inmate records to local agencies
RCW 74.04.060 Applicants and recipients of public assistance
RCW 74.04.520 Food stamp program confidentiality
RCW 74.09.900 Medical assistance
RCW 74.13.121 Financial information of adoptive parents
RCW 74.13.280 Children in out-of-home placements
RCW 74.20.280 Child support enforcement - local agency cooperation, information
RCW 74.34.095 Abuse of vulnerable adults - confidentiality of investigations and reports
RCW 82.32.330 Disclosure of tax information
RCW 84.36.389 Confidential income data in property tax records held by assessor
RCW 84.40.020 Confidential income data supplied to assessor regarding real property
20 USC § 1232g Family Education Rights and Privacy Act
42 USC 290dd-2 Confidentiality of Substance Abuse Records
42 USC 405(c)(2)(vii)(l) Limits on Use and Disclosure of Social Security Numbers.
42 USC 654(26) State Plans for Child Support
42 USC 671(a)(8) State Plans for Foster Care and Adoption Assistance
42 USC 1396a(7) State Plans for Medical Assistance
7 CFR 272.1(c) Food Stamp Applicants and Recipients
34 CFR 361.38 State Vocational Rehabilitation Services Programs
42 CFR Part 2 (2.1- 2.67) Confidentiality of Alcohol and Drug Abuse Patient Records
42 CFR 431.300- 307 Safeguarding Information on Applicants and Recipients of Medical Assistance
42 CFR 483.420 Client Protections for Intermediate Care Facilities for the Mentally Retarded
42 CFR 5106a(b)(2)(A) Grants to States for Child Abuse and Neglect Prevention and Treatment Programs
45 CFR 160-164 HIPAA Privacy Rule

PRA Rule ~~070~~150. Costs of providing copies of public records.

(1) **Costs for copies.** A requestor may obtain copies or scans as provided under ~~RCW42.596~~RCW 42.56.070(8)~~-~~ and 42.56.120; the City will charge for those copies or scans according to the fee schedule below. For records in other forms, the City will charge the actual cost it pays for the medium used to record the record or records provided. Those mediums

include, but are not limited to, tapes, floppy disks, CDs, DVDs and paper that costs more than ~~fifteen~~$.15 cents per page. The statements providing those costs are the invoices paid to obtain them and are available for public inspection and copying.

Document Type / Size	Per Scan Charge	Per Copy Charge
Standard black and white (8.5" x 11")	.16	.17
Standard color (8.5" x 11")	.19	.21
Black and white (8.5" x 14")	.16	.17
Color (8.5" x 14")	.19	.22
Black and white (11" x 17")	.24	.49
Black and white (17" x 22")	.38	.77
Black and white (22" x 34")	.49	.99

Before beginning to make copies, the PRO may require a deposit of up to ten percent of the estimated costs of copying or scanning all the records selected by the requestor. The PRO may also require the payment of the remainder of the copying/scanning costs before providing all the records, or the payment of the costs of copying/scanning an installment before providing that installment. The PRO will not charge sales tax when it makes copies or scans of public records but if the records are sent to a third party for copying/scanning, that third party may charge sales tax and the requestor will be responsible for payment of that tax as well as the third party's actual charges for copies or scans.

(2) **Costs of mailing.** The City may also charge actual costs of mailing, including the cost of the shipping container.

(3) **Payment.** Payment may be made by cash, check, debit card, credit card, or money order made payable to the City.

(4) **Other copying charges.** The Act generally governs copying charges for public records, but several specific statutes govern charges for particular kinds of records. The following ~~nonexhaustive~~non-exhaustive list provides some examples: RCW 46.52.085 (charges for traffic accident reports); RCW 10.97.100 (copies of criminal histories) and RCW 70.58.107 (charges for birth certificates). The City will charge the amount authorized pursuant to these other statutes rather than as provided under the Act.

(5) **Use of outside vendor.** An agency is not required to copy/scan records at its own facilities. An agency can send the project to a commercial copying/scanning center and bill the requestor for the amount charged by the vendor. An agency can arrange with the requestor to pay the vendor directly. An agency cannot charge the default per page copying/scanning charge when its cost at a vendor is less.

PRA Rule ~~080~~160. Review of denials of public records requests.

(1) **Petition for internal administrative review of denial of access.** Any person who objects to the initial denial or partial denial of a records request may petition in writing (including email) to the ~~Public Records Officer~~PRO for a review of that decision. The petition shall include a copy of or reasonably identify the written statement by the PRO denying the request.

(2) **Consideration of petition for review.** The PRO shall promptly provide the petition and any other relevant information to the ~~City official designated by the City~~Public Disclosure Steering Team to conduct the review. ~~That person~~ The Public Disclosure Steering Team will immediately consider the petition and either affirm or reverse the denial within two business days following the City's receipt of the petition, or within such other time as the City and the requestor mutually agree.

(3) **Judicial review.** Any person may obtain court review of denials of public records requests pursuant to RCW 42.56.550 at the conclusion of two business days after the initial denial regardless of any internal administrative appeal.

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PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
1/4/2013	David Johnston		JDB-4 zoning drive through facility in Juanita		1/7/2013 Planning	3/5/2013 - Requestor came to COK to review records 2/20/2013 - Records ready for review	COMPLETED		3/5/2013
1/4/2013	Stephanie Croll/Brian Lawler	Lawyers	Any document provided in response to B. Ritchie PDR		1/4/2013 CAO	3/1/2013 - Sent requestor FTP link to download records	COMPLETED		3/1/2013
1/7/2013	Jeffrey Kim		Business License for Brown Bag Café		1/18/2013 City Clerk	1/18/2013 - Requested records sent to requestor 1/8/2013 - Requestor requesting business license for Brown Bag Café	COMPLETED		1/18/2013
1/16/2013	Marc Holmes	WaLaw Realty LLC	2012 Tree Maintenance Agreement @ 13114 NE 80th St		1/16/2013 Planning	2/8/2013 - Requested records sent to requestor 1/17/2013 - C. Aldred responded with documents not yet sent to recording 1/17/2013 - City Clerk emailed C. Aldred was documents sent for recording 1/16/2013 - Planning responded to records request	COMPLETED		2/8/2013
1/16/2013	Marc Holmes	WaLaw Realty LLC	Security Agreement @ 13114 NE 80th St		1/16/2013 PW	2/8/2013 - Requested records sent to requestor 1/17/2013 - Asked PW to email record to City Clerk 1/17/2013 - PW responded to request	COMPLETED		2/8/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
1/17/2013	Karen Levenson	Potala	Communication with COK Staff & Law Fire re: Potala		2/21/2013 Planning PW CAO Building	3/15/2013 - Sent requestor FTP link to download records 3/12/2013 - City Clerk emailed requestor with new estimate date of 3/15/2013 3/1/2013 - Installment sent to requestor 2/28/2013 City Clerk emailed requestor with estimate date of 3/11/2013 2/21/2013 - COK has Technical Difficulties with FTP 2/21/2013 - requestor requested additional dates 1/18/2013 - City Clerk emailed PRR for clarification	COMPLETED		3/15/2013
1/21/2013	Tiffany Fields		Bid by Shoreline Construction Company for the 2012 Water System Improvements		1/28/2013 Finance	1/29/2013 - Requested records sent to requestor 1/28/2013 - City Clerk emailed requestor with estimate of 1/31/2013	COMPLETED		1/29/2013
1/23/2013	Christy Niemann		Complaints for property 8003 126th Ave NE		1/23/2013 Planning	2/4/2013 - Requested records sent to requestor 2/1/2013 - Planning clarified all records that requestor is requesting 1/24/2013 - Emails back and forth from Planning & City Clerk to Clarify records 1/23/2013 - Planning responded to records request	COMPLETED		2/4/2013
1/25/2013	Scott McDonald	Scott McDonald And Associates PLLC	Emails, pictures re: 7804 124th Ave NE		1/25/2013 Building Planning PW	3/19/2013 - Emailed requestor - CD is ready at Info desk 3/15/2013 - City Clerk emailed requestor records ready to review or FTP documents - waiting for BLD records 1/28/2013 - Planning & PW have responded	COMPLETED		3/19/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
1/28/2013	Duana Kolouskova	Attorney for Lobsang Dargey	Review of the Potala Village file		1/29/2013 Planning received initial request	3/26/2013 - Requested records sent to requestor 3/21/2013 - Planning sent requested records to requestor 3/15/2013 - J. Mason send an email to P. Stewart asking for an update 3/15/2013 - Planning provided a link to the SMP 3/5/2013 - City Clerk emailed Planning to check on status and requesting requestor set up a new date and time to review records 1/29/2013 - Requestor wants to come to Planning to review records	COMPLETED		3/26/2013
1/28/2013	Bill Henkens		Letter that Waste Management taking over from Allied		1/28/2013 PW - John Mac	1/28/2013 - Requested records sent to requestor 1/28/2013 - Requesting formal notification that Waste Management would be taking over service from Allied Waste (Republic Services) on July 1, 2011.	COMPLETED		1/28/2013
1/30/2013	Rob Butcher		Bold Hat Productions missing payments from 2009		1/30/2013 Finance	1/30/2013 - Requested record sent to requestor	COMPLETED		1/30/2013
2/6/2013	Bea Nahon		Schedule of Council Meetings with Neighborhood Associations	2	2/6/2013 Finance	2/8/2013 - Requested records were sent to requestor	COMPLETED		2/8/20123
2/7/2013	Fast Signs		Site Permit Plan 2011	2	2/8/2013 F&B Planning	2/8/2013 - Building sent requested records to requestor	COMPLETED		2/8/2013
2/7/2013	Jessica Robertson	Geo Engineers, Inc.	Any hazmat etc. @ 911 5th Ave	2	2/7/2013 F&B	2/15/2013 - Requested records sent to the requestor 2/8/2013 - Fire responded 2/7/2013 - City Clerk requesting records from F & B - link to H drive	COMPLETED		2/15/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
2/8/2013	Will Knedlik 2/8/2013		SEPA docs re the CKC	3	2/8/2013 PW & CAO	4/2/2013 - City Clerk emailed requestor - finished the review and no further records have been identified as meeting the parameters of your request 3/22/2013 - City Clerk estimates records by 3/29/2013	COMPLETED		4/2/2013
2/10/2013	Bea Nahon		Requesting the handout to City Council re Totem Lake	2	2/12/13 CMO	2/20/2013 - Requested records sent to requestor	COMPLETED		2/20/2013
2/11/2013	Pat McManus		Kevin Nalder , Jim Lopez cell bill		2/12/2013 Joli	2/15/2013 - City Clerk provided requestor with the phone bills for K. Nalder and J. Lopez 2/12/2013 - City Clerk requesting records from Accounts Payable - link to H drive	COMPLETED		2/14/2013
2/12/2013	Ernie Wilson		CKC Map Data	3	David Godfrey & Joe Plattner	2/19/2013 - City Clerk emailed requestor - CD is ready at Info Desk	COMPLETED		2/19/2013
2/12/2013	Rob Butcher	Kirkland Events Foundation	All items which were discussed at Council Retreat		2/13/2013 CMO PW	2/20/2013 - Requested records sent to requestor 2/13/2013 - CMO provided records responsive to request	COMPLETED		2/20/2013
2/13/2013	Bea Nahon		Code of Ethics since 2/1/2012	3	2/13/2013 CMO	3/22/2013 - Requested records sent to requestor 3/6/2013 - reopened 3rd party notice with release date 3/22/2013 2/14/2013 - City Clerk emailed CMO to inquire any records responsive to request	COMPLETED		3/22/2013
2/14/2013	Pat McManus		The date Kurt Triplett went from city cell to private cell		2/15/2013 Joli	2/15/2013 - Requested record sent to requestor	COMPLETED		2/15/2013
2/14/2013	Rob Butcher	Kirkland Events Foundation	Application for Oktoberfest		2/14/2013 Parks 505	2/20/2013 - No records responsive to request 2/14/2013 - PRR sent request to CMO	COMPLETED		2/20/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
2/15/2013	Colleen Devoy	Death Certificate				2/19/2013 - City Clerk advised requestor where to locate request	COMPLETED		2/19/2013
2/15/2013	Eric Laliberta	Attorney	Application 2013 Planning Commission		City Clerk	2/20/2013 - Requests request sent to requestor 2/20/2013 - Requestor requesting a status update of PRR	COMPLETED		2/20/2013
2/15/2013	Ronald & Susan Guidry		3 years of watermain records NE 90th St between 116th Ave NE & 112th Ave NE (PW)		2/20/2013 PW PWMC	3/15/2013 - Emailed requestor - CD is ready at Info Desk 2/20/2013 - PW looking for clarification to records request 2/20/2013 - City Clerk requesting records from PW - link to H drive	COMPLETED		3/15/2013
2/20/2013	Shawn Magraw	GTS Interior Supply	Copies of Flood @ 10905 120th Ave NE from Nov 19-20 2012 (PW)	3	2/20/2013 PW PWMC	6/10/2013 - (Amullin) Sent 2nd letter to requester - if no response by 6/28/13 request is closed. 5/13/2013 - Sent email to requestor to confirm request was answered and the file can be closed 2/26/2013 - S. Tervo will call requestor the week of March 4, 2013 2/26/2013 - B. Wallace has file waiting to be sent to requestor for water/flood damage. 5/13/13 - Sent follow-up email to see if after having met with staff he still wanted the requested records.	waiting for response from requestor	6/28/2013	
2/20/2013	Saphronia Young	Attorney same request as Craig Sutton 3/12/13	Electrical Permits		City Clerk	3/15/2013 - Requestor requested another request Electrical Permits from March 2012-December 2012 (Electrical Permits) 3/15/2013 - Requestor likes what IT is providing 3/12/13 Ongoing communication between requestor & IT	COMPLETED		3/15/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
2/21/2013	Greg Griffis	Merit Homes	Copy of Development Services Study		2/22/2013 CMO City Clerk	3/15/2013 - Requested record sent to requestor 2/22/2013 - City Clerk responded to requestor final form available on or before 3/19/2013	COMPLETED		3/15/2013
2/25/2013	Maggie Bailey		Copies of any old photos of my house in Kirkland, built about 1928			2/27/2013 - City Clerk advised requestor where to locate request	COMPLETED		2/27/2013
2/26/2013	Daniel Smith	PacWest Engineering, LLC	As-Builts @ 1701 & 312 Market Street (PW)		3/5/2013 PW 2/27/2013 Planning & Building	3/5/2013 - PW sent requested record to requestor 3/5/2013 - B. Prout emailed PW requesting records responsive to request 2/26/2013 - City Clerk emailed PRR to Building & Planning	COMPLETED		3/5/2013
2/27/2013	Hazel Russell		CMO Campaign Info		2/27/2013 CMO/City Clerk	2/27/2013 - Requested records sent to requestor	COMPLETED		2/27/2013
2/27/2013	Pat McManus		Emails between Henderson, Nalder, Triplett, Lopez, Bryan Vadney and the City Attorney from 12/1/2011 - 3/30/2012. I am not interested in mass emails but ones of 10 or less people. Please include all CC's and BCC's.	5	3/5/2013 - Emailed Pat - Estimate time May 2nd	5/2/2013 - Requestor sent email to City Clerk to inquire if records are ready to be picked up 3/5/2013 - City Clerk responded to requestor with an estimated date of May 2nd to completed records request	COMPLETED		6/12/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
2/27/2013	Laura Cox	Lawyer	Documents between the City and the Guan-Wus (from roughly mid-January to now).			3/29/2013 - Sent requestor FTP link to download records 3/28/2013 - Received information from CAO pertaining to request 3/26/2013 - A. Mullin estimates records by 3/29/2013 3/8/2013 - A. Mullin estimates records by 3/22/2013	COMPLETED		3/29/2013
2/28/2013	Usman Shakeel				2/28/2013 Planning	3/1/2013 - Requested records was sent to requestor 3/4/2013 - City Clerk requesting records from Planning - link to H drive	COMPLETED		3/4/2013
3/4/2013	Scott Emry	Lake Washington School District	Any records on fuel spill at Kamiakin Middle School		3/5/2013 Fire 3/4/2013 PW	3/15/2013 - Emailed requestor - CD ready at Info Desk 3/4/2013 - City Clerk provided link to H drive	COMPLETED		3/15/2013
3/5/2013	Karen Levenson	Potala	Review records requested by Duana Kolouskova		3/5/2013 City Clerk Planning	3/7/2013 - CLOSED - Karen Levenson canceled her appointment to conduct the review. 3/5/2013 - City Clerk reserved a conference room for requestor to come to COK and review records	COMPLETED		3/7/2013
3/5/2013	Michael Baker	Associated Press-Olympia	Thomas Stoves salary from Jan 2008 to Dec 2009		3/5/2013 Bethany	3/8/2013 - Requested records sent to requestor 3/5/2013 - Payroll responded to request 3/5/2013 - City Clerk sent PRR to Payroll	COMPLETED		3/8/2013
3/6/2013	Cherie Howland		Haz/Fire calls, storage tanks		3/6/2013 F & B	3/8/2013 - No records responsive to this request advised requestor to contact King County for records prior to 2011	COMPLETED		3/8/2013
3/6/2013	Jessica Colon		PDF of File No. CAM12 - 01461		3/6/2013 Planning	3/7/2013 - Requested records sent to requestor	COMPLETED		3/7/2013

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
3/7/2013	Krysta Liveris	McKay Chadwell PLLC	Materials related to intersection of NE 124th St & Slater Ave NE	4	3/7/2013 PW HR CAO	3/19/2013 - Sent requestor the remaining records responsive to the requestors request 3/15/2013 - Requestor withdrawn request received info from WSP 3/11/2013 - PW emailed City Clerk to include PD -- requestor may have previously asked PD directly for info 3/7/2013 - PW HR CAO to notify City Clerk by 3/11/2013 to estimate time to compile records	COMPLETED		3/15/2013
3/7/2013	Bret Jordan	Colliers International	Planning or zoning for sprinklers when the structure is close to the property line adjacent to a residential use as is the 1524 Building and second, the legislation A copy of the as-built for the water main in front of the building.		3/13/2013 PW	3/22/2013 - Requested records sent to requestor 3/14/2013 - PW attached electronic file 3/13/2013 CAO estimates document ready by 3/22/2013 3/7/2013 PRR request is a result of a follow-up meeting with CAO	COMPLETED		3/22/2013
3/7/2013	Mike Aguilar Varela 3/7/2013		Requesting documents between Mark Buenting and HR			3/15/2013 - HR sent records request to requestor 3/7/2013 - HR received the original request and handled accordingly	COMPLETED		3/15/2013
3/11/2013	Brian Rohrback	Infometrix, Inc.	Building permits & related files for addition of Hectors		3/12/2013 Building Planning	4/4/2013 - Sent requestor FTP link to download records 3/25/2013 - Requestor wanting to review records at COK 3/15/2013 - City Clerk emailed requestor and advised the records are available to review at City Hall	COMPLETED		4/4/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
3/11/2013	Douglas Engle	Eastside Community Rail	EsCR - Cross Kirkland Corridor		PW rec'd request	4/5/2013 - Sent requestor FTP link to download records 3/28/2013 - City Clerk emailed links to requestor 3/27/2013 - City Clerk sent email clarification from requestor to PW 3/22/2013 - Additional attachments were sent to requestor 3/19/2013 - City Clerk emailed requestor to inquire if attached documents were sufficient 3/11/2013 CMO & PW involved in original request	COMPLETED		4/5/2013
3/11/2013	Mark Harrison		PDF copy of Ordinance 2463, vacating a portion of Totem Lake Way, dated May 7, 1979		3/12/2013 Anja	3/12/2013 - Requested records sent to requestor	COMPLETED		3/12/2013
3/12/2013	Craig Sutton	data dump from MyBuildingPermit.com	Same request as Saphronia Young 2/20/2013		3/15/2013 IT	3/19/2013 - IT sent attached data dump - IT asked requestor if the data was suitable will be sending on a monthly basis	COMPLETED		3/19/2013
3/12/2013	Christopher Bodrie		2013 Wages & Insurance for Police Support Guild		3/12/2013 HR	3/15/2013 - City Clerk emailed requestor - support staff is still in negotiations – hence the 2012 salary schedule is still in effect	COMPLETED		3/15/2013
3/12/2013	Marilyn Carroll		Complaint against 11126 NE 100th St		3/12/2013 Planning	3/12/2013 - Requested records sent to requestor	COMPLETED		3/12/2013
3/12/2013	Grant Garat		Copy of Study (Ambulance Utility Fee)		3/12/2013 T. Levine M. Jung	3/20/2013 - Requested records were sent to requestor	COMPLETED		3/20/2013
3/13/2013	Justin Hampton		List of current COK employees w/titles and salary		3/13/13 to B. Reali	3/19/2013 - Requested records sent to requestor	COMPLETED		3/19/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
3/14/2013	Fred Rogue Group		Blank form submitted			3/14/2013 - City Clerk emailed requestor and advised form was blank 3/14/2013 - PRR emailed a Blank form	COMPLETED		3/14/2013
3/18/2013	Stafford Larsen	Riley Group, Inc.	Copies of Plans or permits related to underground or aboveground storage tanks @ 13649 NE 126th PL	2	3/19/2013 F & B PW	3/22/2013 - Requested records sent to requestor - no records responsive to request 3/19/2013 - City Clerk sent requestor an acknowledgement email with est. date of 3/25/2013	COMPLETED		3/22/2013
3/21/2013	Kash Raymond		Waste water map book		3/21/2013 IT	3/22/2013 - City Clerk emailed requestor - CD ready at Info Desk	COMPLETED		3/22/2013
3/25/2013	Forest Eads		Engineering architectural plans		3/25/2013 Building	5/9/2013 - A. Mullin advised requestor records are at Building counter until 5/24/13 4/18/2013 - City Clerk emailed J. Brickey for a status update 3/29/2013 - City Clerk emailed J. Brickey for a status update 3/25/2013 City Clerk requesting records by March 29, 2013	COMPLETED		5/9/2013
3/26/2013	Keith Ervin		Keith Ervin, Seattle Times, is asking for Bob Sternoff's resignation letter			3/26/2013 - City Clerk sent requested record to requestor 3/26/2013 - Original PRR was sent to CMO	COMPLETED		3/26/2013
3/26/2013	Carrie Rodriguez	Kirkland Reporter	Bob Sternoff resignation both email & written		3/26/2013 CMO PD CAO CC	4/3/2013 - Sent requested records to requestor 3/26/2013 - City Clerk provided link to H drive 3/26/2013 - City Clerk emailed CMO PRR	COMPLETED		4/3/2013

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
3/26/2013	Walt Blush	same as Peggy Haugen 05/01/13	All video, pictures, reports, statements, claims and any other material relevant to the sewer main blockage located at 436 13th Ave W. on/or about March 3, 2013.Also the work performed by the City to the sewer main line in question.		3/26/2013 PWMC PW Kathy J	5/22/2013 - Sent requestor FTP link to download records 5/18/2013 - Need to review exemption log - then records ready for release 4/3/2013 - K. Joyner provided attachments 3/26/2013 - Original PRR was sent to B. Wallace	COMPLETED		5/22/2013
3/27/2013	Duncan Milloy		List of all Kirkland business license holders		3/27/2013 IT	3/27/2013 - K. Coulson sent license date to requestor	COMPLETED		3/27/2013
3/28/2013	Reese Marx	Concrete Services	Pay estimate for Rosehill Sidewalk Job # 28-12W		3/28/2013 PW	3/29/2013 - Requested record sent to requestor 3/28/2013 - PW emailed attachments to City Clerk	COMPLETED		3/29/2013
3/29/2013	Mike Dunn		obtain the city EMS response boundaries			4/1/2013 - IT responded to requestor request	COMPLETED		4/1/2013
4/1/2013	Sabine Datum		Building & Planning records @ 12828 Willows Rd NE		4/2/2013 F & B Planning	4/3/2013 - Sent requested records to requestor 4/2/2013 - City Clerk would like records by 4/5/2013	COMPLETED		4/3/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
4/2/2013	David Hellene		"construction projects in COK have an electrical component please provide us with a list of those projects. If D&S Electric is working on a current project in your district or has expressed interest in bidding a project in your district we would like to be made aware of this."		4/8/2013 PW Barry Scott	4/12/2013 - Sent requested records to requestor 4/9/2013 - A. Mullin sent estimate date of 4/12/2013 4/5/2013 - A. Mullin emailed PRR to PW and B. Scott	COMPLETED		4/12/2013
4/2/2013	Fred Glick		See the Berger proposal for the corridor and other proposals			5/9/13 - City Clerk emailed E. Miller-Wolfe to see if she had heard anymore from requestor. Requestor has expressed no further interest in seeing the proposal nor has he submitted a PRR. 4/18/2013 - E. Miller-Wolfe advised requestor file a PPR 4/2/2013 - D. Godfrey received original request	WITHDRAWN		5/9/2013
4/3/2013	Reese Marx		2011 Sidewalk Maintenance Program - Contract 20-12-PW		4/3/2013 PW	4/5/2013 - Sent requested records to requestor 4/4/2013 - City Clerk emailed PW looking for the current Pay Estimate Detail 4/4/2013 - Requestor informed Public Records that there is a current record which is available 4/4/2013 sent requested record to requestor	COMPLETED		4/5/2013
4/4/2013	Rob Butcher		Electronic copies of all the applications for the open city council position received to date			4/10/2013 - City Clerk sent requested records to requestor 4/4/2013 - City Clerk estimates records by 4/10/2013	COMPLETED		4/10/2013

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
4/4/2013	Feliks Banel		Public testimony given at the March 19, 2013 Kirkland City Council meeting		4/4/2013 IT	4/4/2013 - M. Connor will handle PRR	COMPLETED		4/4/2013
4/5/2013	Carrie Rodriguez		Interested citizens applying for the vacant city council position vacated by Bob Sternoff			4/10/2013 - City Clerk sent requested request to requestor 4/10/2013 - City Clerk informed requestor in the process of redacting personal information 4/10/2013 - Requestor asking for a status update	COMPLETED		4/10/2013
4/10/2013	Sandy Hall		Which bank owns the condo at: 12200A NE 147th PL, Kirkland, WA.			4/10/2013 - City Clerk handled PRR request	COMPLETED		4/10/2013
4/10/2013	Keith Ervin		Copy of the firefighter union presidents' letter about the EMS levy, and Kurt's response to it			4/10/2013 - City Clerk sent requested records to requestor 4/10/2013 - Original PRR was sent to CMO	COMPLETED		4/10/2013
4/11/2013	Justin Jensen	Attorney at Law	Code compliance and enforcement for 517 Slater Street South January, 2011		4/11/2013 Planning	4/19/2013 - Requested records sent to requestor 4/18/2013 - City Clerk - emailed Building to see if any records responsive to request 4/11/2013 - City Clerk requesting all records from Planning Energov and Advantage 4/11/2013 - Original request received at Planning	COMPLETED		4/19/2013

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
4/12/2013	Karen Levenson		Copies of any communication (from January 20, 2013 through April 12, 2013) from any party to city staff with any mention of Potala Village, or anything communicated by Mr. Dargey, Justin Stewart, or any person inquiring about Potala Village, BN Zoning, Shorelines Permit, etc. This should include any email, letter, hand written note, voicemail message, etc. "		4/15/2013 Building Planning	5/20/13 - A. Mullin sent response to requestor with explanations and missing email. 5/16/2013 - ftp 051613 4/17/2013 - City Clerk send email to PRR with estimate date of May 16, 2013	COMPLETED		5/16/2013
4/12/2013	M Hutton		What percentage of appeals against denials of tree-removal permits overturns the denials		4/15/2013 Planning	4/15/2013 - Planning does not keep this type of statistical data. No records responsive to this request.	COMPLETED		4/15/2013
4/15/2013	Dennis Murry	Job No. 23-13-FB	We request a copy of the scoring/evaluation City of Kirkland, Request for Proposal, Job No. 23-13-FB			5/6/2013 - A. Mullin sent 3rd party notification records available on or after 5/13/2013 5/1/2013 - City Clerk sent email with estimate date of 5/14/2013	COMPLETED	5/14/2013	5/14/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
4/15/2013	Kevin Murphy		All records relating to my petition to the Kirkland City Council, dated 10/21/2008. The petition is titled "Petition to the Government for Redress of Grievances. "	5	5/3/2013 CMO, PD, HR, CAO	6/12/2013 - CD was mailed to requestor 5/16/13 - Mailed requestor CD of records responsive to request 5/9/2013 - CAO scanned documents 5/7/2013 - JJ still going through the disks 5/7/2013 K. Joyner, M. Beard, no records 5/6/2013 PD is not aware of any records 5/3/2013 City Clerk sent email to PRR estimate date of records 5/14/2013	COMPLETED		6/12/2013
4/15/2013	Karen West		COM12-00192		4/15/2013 Planning	5/15/2013 - Emailed requestor - CD ready at Info Desk 4/16/2013 - File is scanned and waiting to be sent 4/15/2013 - City Clerk sent Planning link to H drive for records responsive to request	COMPLETED		5/15/2013
4/15/2013	Lynda Lee Gerpheide		Juanita Creek		5/3/2013 PW Park @ 505	5/22/2013 - Requestor has withdrawn PRR 5/22/2013 M. Cogle left message with requestor 5/18/2013 - A. Mullin emailed M. Cogle - status update 5/6/2013 - M. Cogle responded to PRR waiting on D. Snider to respond 5/3/2013 - City Clerk emailed PRR with estimate date 5/14/2013	WITHDRAWN		5/22/2013
4/16/2013	Lynn Grubbs	Job No. 23-13-FB	Copy of the winning Proposal (RFP) Job No. 23-13-FB		4/16/2013 Fire	Proposal 5/2/2013 - City Clerk emailed requestor estimate date of 5/14/2013 4/30/2013 - M. Jung emailed PRR and advised City Clerk will send request by 5/1/2013 4/17/2013 - Documents have been scanned	COMPLETED	5/14/2013	5/14/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
4/17/2013	Bob Swain	Puget Sound Properties	Copies of the due diligence reports that they produced during their inspection of the W Washington Sheet Metal Building			5/16/2013 - Sent requestor FTP link to download records 5/9/2013 - Requestor requesting status update 4/17/2013 - City Clerk sent requestor estimate date 5/3/2013 4/17/2013 D. Burris received original PRR	COMPLETED	5/13/2013	5/16/2013
4/19/2013	Jesse Mitchell		Copy of job description, employment contract, 2012 yearly salary, all benefits received (including health care, deferred comp, pension and/or 401K) for 2012, any "take home" vehicle they may have, with type of vehicle and number of miles that vehicle was driven in 2012. Director, Fire Chief, Administrative Deputy Chief/City Emergency Manager, Operations Deputy Chief		4/22/2013 HR Fleet Payroll Tracey & Michael	5/13/2013 - Records request sent to requestor 5/3/2013 - HR sent documents to H drive 4/23/2013 - Payroll sent records to H drive 4/22/2013 - City Clerk sent out email requesting records - Updated contract without redactions in folder.	COMPLETED		5/13/2013
4/19/2013	Rita Rox Chatman	Job No. 23-13-FB	copy of the top three proposal in addition to the score sheets for all three along with the score sheet for Benchmark's proposal.			5/6/2013 - A. Mullin sent 3rd party notification records available on or after 5/13/2013 5/1/2013 - City Clerk emailed requestor with estimate date of 5/14/2013 4/30/2013 - M. Jung emailed requestor and	COMPLETED	5/14/2013	5/14/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
4/20/2013	Bob Saucedo	Job No. 23-13-FB	A copy of the winning bid for this RFP			5/6/2013 - A. Mullin sent 3rd party notification records available on or after 5/13/2013 5/1/2013 - City Clerk emailed requestor with an estimate date of 5/14/2013 4/20/2013 - PRR emailed to M. Jung	COMPLETED	5/14/2013	5/14/2013
4/22/2013	Edd Pratt		New Business licenses applied from Jan 1 of 2013 - April 2013 -- Would like this on an ongoing basis			5/13/2013 - Requested records sent to requestor 5/7/2013 - K. Coulson sent report to City Clerk 5/6/2013 - City Clerk emailed PRR estimate date 5/10/2013 5/6/2013 - Requestor requesting status update 4/22/2013 - City Clerk emailed requestor requesting clarification of request	COMPLETED	5/10/2013	5/13/2013
4/22/2013	Michael August	Associated Earth Services	Property hazardous on numerous addresses	3	5/3/2013 F&B PW Planning	6/5/2013 - B. Prout requesting status update from Planning 5/24/2013 - Emailed requestor new estimate date of 6/14/2013 5/17/2013 - Resent request to J. Brickey - status update 5/9/2013 - A. Mullin asked for a status update J. Brickey 5/6/2013 - Planning responded waiting for response from F & B & PW & Planning 5/3/2013 - City Clerk emailed PRR with estimate date of 5/9/2013	In Process - Barb	6/14/2013	

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
4/23/2013	Bob Saucedo	Job No. 23-13-FB	Copies of all proposals submitted for (RFP) Job No. 23-13-FB, Emergency Transport Billing and Collection Services, with the exception of ours!			5/6/2013 - A. Mullin sent 3rd party notification records available on or after 5/13/2013 5/1/2013 - City Clerk emailed PRR with estimate date of 5/14/2013 4/23/2013 PRR sent original request to M. Jung	COMPLETED		5/14/2013
4/25/2013	Karen Levenson		Any communication from any party to city staff (except City Council) which mentions Potala Village, and/or any communication from Lobsang Dargey or Justin Stewart, and/or any person inquiring about Potala Village, BN Zoning, or Shoreline Permits between 4/13/13 and 5/16/13	5		6/10/13 (Amullin) sent an initial installment to requestor. Review of emails indicates other employees may have additional email responsive to request. 5/13/13 - A. Mullin sent email to city staff to begin collecting emails in folder on the H Drive (K Levenson pdr 042513)	In Process - Anja	6/24/2013	

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
4/26/2013	Brent Jackson	Jones Lang LaSalle	All Building & Constructions file for 118 Commerce Center		4/29/2013 Planning Building	5/21/13 - Reviewed records at COK and requestor did not request copies. 5/20/13 - Sent requestor email letting him know the Planning docs now available 5/17/2013 - Planning file in City Clerks office Brent reviewed Building documents 5/17/2013 - Sent email to Planning requesting status update 5/17/2013 - Requestor came to Fire & Building and obtained the info he was requesting 4/29/2013 - Planning box should arrive by May 1, 2013 will deliver to City Clerk's office 4/29/2013 - City Clerk emailed Planning & Building	COMPLETED	5/2/2013	5/21/2013

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
4/26/2013	Erica Pitcavage	Terracon	Records for 12815 NE 124th St - Current and historic building plans/permits and planning/land use documents, Fire department records pertaining to underground storage tanks, hazardous materials, and/or spills		4/29/2013 F & B	5/28/2013 - No records responsive to this request (Fire) 5/21/2013 - Requestor reviewed Building records at COK 5/18/13 - Sent email to requestor to inform her that the Building and Planning files are available for her review. 5/17/2013 - Planning documents in City Clerk's office 5/17/2013 - File scanned and in H drive (Building) - there are plans in Fire & Building that will need to be reviewed at COK 5/14/2013 - Waiting for records from T. Wallace 5/8/2013 - Follow up J. Brickey did records arrive at COK Planning records are here at COK 5/6/2013 - J. Brickey advised City Clerk records will be at City Hall 5/8/2013 4/29/2013 - City Clerk emailed T. Wallace & J. Brickey	COMPLETED	5/31/2013	5/28/2013

PUBLIC DISCLOSURE LOG 2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
4/29/2013	Mitchell Belcher		Building plans for 12411 NE Totem Lake Way	3		6/11/2013 - Requestor responded his PRR is complete 6/11/2013 - Sent email to requestor inquiring if records were returned to COK and PRR is complete 6/7/2013 - Records picked up by copy company 5/30/2013 - Requestor looking for records to be mailed -- J. Brickey phoned requestor and informed him how to get copies made 5/24/2013 - Building plans have been ordered at will be City Hall 5/31/2013 5/24/2013 - Requestor responded still waiting for Building plans 5/24/2013 - Sent email too PRR to confirm request was answered and to close file 5/17/2013 - Resent to J. Brickey 5/3/2013 - waiting on Building to email City Clerk if PRR contacted directly 4/30/2013 - Planning responded directly to PRR 4/29/2013 - City Clerk emailed PRR to contact Building directly	COMPLETED		6/11/2013
4/30/2013	Violet Thornton	Terracon	Looking for records on 11335 NE 122nd Way		5/3/2013 F&B Planning	5/28/2013 - B. Prout sent requested records to requestor 5/23/2014 - Waiting for Inspection form from Fire 5/17/2013 - Resent PRR to J. Brickey 5/10/2013 - Fire ready to be sent 5/6/2013 Planning responded to PRR waiting on F & B response 5/3/2013 - City Clerk email to F&B & Planning asking for estimate date records will be available	COMPLETED		5/28/2013

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
4/30/2013	Sterling Shaw		Looking for a list of homes that are in a code violation and that have been sitting empty for years			5/7/2013 - No records responsive to this request 4/30/2013 - C. Salzman responded indicating there is no list 5/1/2013 - Requestor cannot believe there is not list - kept quoting RCW	No Records Responsive		5/7/2013
4/30/2013	Anne Kono		Verify the annexation and property address change from 14114 88th Pl NE, Bothell WA 98011 to 14114 88th Place NE, Kirkland WA 98034			4/30/2013 City Clerk sent requested records to requestor	COMPLETED		4/30/2013
5/1/2013	Peggy Haugen	same as Walt Blush 3/26/2013	A copy of sewer inspection report 436 13th Ave			5/14/2013 B. Prout asked B. Wallace to contact Public Records once requestor request has been answered 5/13/2013 - B. Wallace to speak with requestor 5/9/2013 - Sent requested records to requestor - Requestor requesting clarification on document 5/7/2013 - B. Prout - emailed PW for a status update 5/1/2013 - City Clerk contacted PW and to provide an estimate date to compile records	COMPLETED		5/9/2013

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
5/2/2013	Bill Popp		Trucks and emergency vehicle activity in the area of 201 Merrill Gardens and 101 Bank of America -- the alley and Main St extension south of Kirkland Ave. Would you be able to give me an idea of number of calls per day (or per week, or mo) and times of day for this area			5/14/2013 - T. Wallace sent requested record to the requestor 5/3/2013 - City Clerk emailed T. Wallace to come and speak to her about this request	COMPLETED		5/14/2013
5/2/2013	Shahram Ghafghazi		Copy of a complaint on his property (Code Enforcement case 13-00141)		Planning	5/2/2013 - Phone request forwarded by Planning along with responsive documents. Forwarded requested complaint along with standard text.	COMPLETED		5/2/2013
5/2/2013	Dean Furr		As-built storm sewer and water for parcel # 1245002010			5/2/2013 - Public Works sent records request to requestor 5/2/2013 - City Clerk provided requestor PW direct line for as-builts	COMPLETED		5/2/2013
5/3/2013	Bea Nahon		Electronic copy of all City Council Finance Committee minutes subsequent to 1/29/13.			5/3/2013 - City Clerk email requested record to requestor	COMPLETED		5/3/2013

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
5/3/2013	Jessica Kearns	Ayla Harper, Asset Management	Uncashed/Stale Dated Check Number, Amount, Date, and Names of Payer and Payee			6/3/2013 - Requestor questions were answered 5/20/13 - Requestor has questions and needs some more data. Forwarded this to L. Bennent for a response. Sent requestor an updated estimate of 5/31/13 5/14/2013 - L. Bennett sent record to A. Mullin 5/10/2013 - L. Bennett said records will be ready 5/14 or 5/15 5/3/2013 - City Clerk emailed Finance - estimate time to prepare request	COMPLETED		6/3/2013
5/3/2013	Ashley Lunde		Hazardous @ 11335 NE 122nd Way		5/9/2013 Planning Fire	5/17/2013 - B. Prout sent requested records to the requestor 5/16/2013 - B. Prout emailed Fire for a status update 5/15/2013 - Requestor requesting status update 5/3/2013 - City Clerk emailed T. Wallace for clarification	COMPLETED		5/17/2013
5/3/2013	Gregory Sparhawk		Public records on property located at 6013 104th Ave NE			5/14/2013 - J. Brickey emailed requestor records ready at front counter 5/13/2013 - City Clerk looking for PRR - inquiring if the request was sent directly to Building 5/13/2013 - Requestor asking for status update request originally sent in May 3rd directly to Building	COMPLETED		5/14/2013
5/7/2013	Donna Caditz		repaving of 108th Ave NE inquiring about road closures, traffic conditions and restrictions		5/7/2013 PW	5/15/2013 - Requested records sent to requestor 5/9/2013 - B Prout provide link in H drive to place records 5/7/2013 - City Clerk sent PRR to PW	COMPLETED		5/15/2013

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
5/7/2013	Alicia Miner		Complaint Investigation Request # 985		5/9/2013 Planning	5/16/2013 - Requested records sent to requestor 5/9/2013 - City Clerk requesting records from Planning	COMPLETED		5/16/2013
5/9/2013	Spletstoeser		Any records re Everest Park and Everest drainage incl environmental impact studies		5/9/13 Parks	5/18/13 - Requested records sent to requestor 5/9/2013 - C. Harmon should have documents scanned by May 14 or 15	COMPLETED		5/18/2013
5/10/2013	Sabine Datum		F&B records on Kirkland P & R		5/10/2013 F&B	6/5/2013 - Requestor has withdrawn PRR 5/16/2013 - B. Prout sent requestor estimate date 5/31/2013 5/14/2013 - B Prout - status update Building 5/10/2013 - B. Prout requesting records from F & B	WITHDRAWN		6/5/2013
5/10/2013	Rob Butcher		Electronic copy of the statement made by Councilmember Sweet			5/18/2013 - Requested records sent to requestor 5/13/2013 - Councilmember Sweet responded to City Clerk's request	COMPLETED		5/18/2013
5/13/2013	Kryss Segle		City Manager contract			5/13/2013 - Requested records sent to requestor	COMPLETED		5/13/2013
5/14/2013	Tom DeDonato		Records on ZON05-00009, SEP05-00009, PRE04-00089		5/15/2013 Planning	5/21/2013 - Requestor came to COK to obtain records 5/17/2013 - Planning File arrived and it is in A. Mullin office. 5/17/13 - Came in to review records	COMPLETED		5/17/2013
5/15/2013	Krystal Roe	City of Federal Way	Hearing Examiner Costs			5/18/2013 - Requested records sent to requestor	COMPLETED		5/18/2013
5/17/2013	Nipa Thakker	Maximize, Inc.	EMS RFP			5/17/2013 - Sent requestor FTP link to download records	COMPLETED		5/17/2013

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
5/17/2013	Eugene Turlea	Linda Riggins	Linda Riggins's business	3	5/24/13 Planning	6/11/2013 - Sent requestor FTP link to download records 5/17/2013 - B. Prout sent requestor an acknowledgement email with est. date of 6/14/2013. Created folder	COMPLETED	6/14/2013	6/11/2013
5/20/2013	Jeffrey Scuba		List of software companies in downtown Kirkland		5/20/13 IT	5/30/2013 - Requested records sent to requestor 5/20/13 - Asked K. Coulson to prepare data Requester would prefer data in a table emailed to him at jeffrey.scuba@gmail.com	COMPLETED	6/7/2013	5/30/2013
5/20/2013	Heather Kennedy	Stutzman, Bromberg, Esserman & Plifka	R-3322 and R-3426 and the Master Plan as reflecting in Files III-85-78 and III-87-22		Planning	5/30/2013 - Requested records sent to requestor 5/22/13 - A. Mullin sent requestor an acknowledgement email with est. date of 6/14/13. Created folder	COMPLETED	6/14/2013	5/30/2013
5/22/2013	Chris Nack	JA Brennan Associates	RFP Responses for the Waverly Beach Park and Totem Lake project	2		5/22/13 - A. Mullin sent requestor an acknowledgement email with est. date of 6/14/13.	In Process - Barb	6/14/2013	
5/22/2013	Valerie Solomon	Linda Riggins	All documents on Linda Riggins business	3	5/29/13 Planning	6/11/2013 - Sent requestor FTP link to download records 5/29/2013 - B. Prout sent requestor an acknowledgement email with est. date of 6/14/2013. Created Folder	COMPLETED	6/14/2013	6/11/2013
5/24/2013	Chin Kristina		Traffic Signal data for I405 @ NE 128th St		PW	5/24/2013 - No records responsive to this request (WSDOT) 5/24/2013 - Sent request to PW	No Records Responsive		5/24/2013
5/28/2013	Vineetha Pillai	ClarusTec, Inc.	Evaluation report on RFP 08-13-IT		IT/Purchasing	6/4/13- A. Mullin sent requested record to the requestor	COMPLETED		6/4/2013
5/29/2013	Desiree Clement		Fire records @ 550 Kirkland Way			6/4/2013 - Sent requestor no records responsive to request 5/29/2013 - B. Prout sent requestor an acknowledgement email with est. date of 6/14/2013.	COMPLETED	6/14/2013	6/4/2013

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
5/30/2013	Susan Wood		Attorney in a hearing related to COM11-00245		Planning	5/30/13 - Received request at front desk. Reviewed relevant files. No reference to an attorney.	No Records Responsive	6/7/2013	5/30/2013
5/30/2013	Edison Colio					Dropped off a request at reception desk	COMPLETED		5/30/2013
5/30/2013	Ben Clark		Complaint on 138 16th Avenue	1	Planning	6/7/13 - (Amullin) No records responsive to request 5/30/2013 - Forwarded request to Planning for COM documents	COMPLETED	6/7/2013	6/7/2013
5/30/2013	Brom Rector	SmartProcure	All purchases made from 1/1/08-present	3	Purchasing	5/30/2013 - IT handling PRR - working on data extraction	In Process	6/28/2013	
5/30/2013	John Cayton		City utility as-builts online			6/4/2013 - Requestor came to City Hall (PW) to obtain records 5/30/2013 - J. Brickey advised requestor to contact Public Works for as-builts 5/30/2013 - City Clerk emailed Building	COMPLETED		6/4/2013
6/3/2013	Bea Nahon		Electronic copy of all City Council from 4/30/2013				COMPLETED		6/7/2013
6/4/2013	Will Darnell		List of all current City of Kirkland employees that have had HIIPA training and the dates of their training Employees exempt from HIIPA training please provide me a list of those individuals as well and the reason for their exempt	4	6/7/2013 Fire	6/7/2013 - Sent PRR to S. Strong @ Station 26 6/7/2013 - B. Prout sent requestor an acknowledgement email with est. date of 6/28/2013.	In Process	6/28/2013	
6/5/2013	Christine Davis		Open zoning or building code violations certificate of occupancy @ 550 Kirkland Way	3	6/11/2013 F & B Planning	6/11/2013 - Sent PRR to F & B and Planning for records responsive to request 6/7/2013 - B. Prout sent requestor an acknowledgement email with est. date of 6/28/2013	In Process	6/28/2013	

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
6/5/2013	Ada Wong		Galinda Medvedeva/Flora Byat water leak 9821 NE 122nd St, #217 & 317 on 092411	3	6/5/2013 PW PD Fire	6/7/2013 - B. Prout sent requestor an acknowledgement email with est. date of 6/28/2013	In Process	6/28/2013	
6/7/2013	Moira L. Haughian	BLUELINE	Approved road and storm plans and wetland reports for 10300 Slater Ave NE/Parcel 321122-0000 -Heather Glen Townhomes.	3	6/11/2013 PW	6/11/2013 - B. Prout sent requestor an acknowledgement email with est. date of 6/28/2013 6/11/2013 - Sent PRR to PW	In Process	6/28/2013	
6/7/2013	Bryan Vadney		Please provide or make available for copy all records considered in the recent Deputy Chief promotional exam. Names of candidates and evaluators should reasonably be redacted until such time as a more detailed review is determined by the inquirer. All scores including individual evaluator scores should be included.	5		6/11/2013 - HR forwarded PRR to Public Records 6/7/2013 - PRR was submitted to HR			
6/9/2013	Will Darnell		copies of all emails to/from Kathy Joyner as well as all emails to/from Jack Henderson from 7/2/2012 – 7/20/2012	4		6/11/2013 - City Clerk emailed IT for records responsive to request	In Process		

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DATE RECEIVED	REQUESTOR	CROSS REFERENCE	RECORD DESCRIPTION	Category	Staff	NOTES	Status	ESTIMATE	DATE COMPLETE
6/10/2013	Will Darnell		Copy of all phone records for Ext# 3220, 3214, 3218, 3219, 3212, 3213,3217 & 3222 for the date of 7/16/12 & 7/17/12. Plus documentation of "recorded phone conversations" within HR in the past 10 years	4		6/10/2013 - City Clerk emailed HR and IT for records responsive to request	In Process		
6/11/2013	Sabine Datum	Terracon	Fire & Building & Planning records for 14300 124th Ave NE	2	6/11/2013 Planning F & B	6/11/2013 - B Prout sent PRR to Fire & Building & Planning			
6/11/2013	Kevin Hanrahan		Records pertaining to 13024 111th Ave NE	2	6/11/2013 Planning	6/11/2013 - B Prout sent PRR to Planning 6/11/2013 - B Prout called PRR to clarify request - requestor would like records pertaining to the complaint about his property -- Requestor met with C. Salzman			
6/12/2013	David Sendek		Phase I Environmental Site Assessment for Slater 116 Apartments 11411 Slater Ave. NE	2					

PUBLIC DISCLOSURE QUEUE

6/12/2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	Record Description	Category	Staff	NOTES	Status	ASSIGNED	ESTIMATE	DATE COMPLETE
2/1/2012	Marianne K. Jones	Medina	Report of Invoices, Email with IT & City of Medina Oct-Nov 2010	5	5/9/2012 follow up IT 2/3/2012 IT	5/10/2012 - City Clerk question IT about msg retains metadata 5/10/2012 - IT uploaded data 5/2/2012 PRR requesting non-exempt documents 5/2/2011 - City Clerk to transfer by 5/11/2012 4/30/2012 - PRR requesting status update 3/6/2012 Estimate records to be available 3/14/2012 2/28/2011 PRR want to include Jan 2011 2/28/2012 - PRR indicated requesting NORCOM emails 2/6/2012 - City Clerk asking PRR for clarification	In Process	ANJA	6/14/2013	
12/14/2012	Brian Ritchie	GOLDFARB	Phone call -- Potala 030113	5	12/21/2012 City Clerk	3/29/2013 -- City CLerk emailed PRR and estimates any additional records will be ready by 4/30/2013 3/1/2013 - installment folder of records titled "Potala - 12/21/2012 - Respond by March 29, 2012	In Process	ANJA	6/28/2013	
12/17/2012	Karen Levenson	Same as Goldfarb	PRR requesting documents on or Potala Village	5	12/21/2012 CAO	05/22/13 - Anja Mullin sent two follow up emails to address her concerns. 12/11/12 - ftp 121112 03/1/13 - Potala 030113 04/17/13 - ftp 041713 04/30/13 - ftp 040313	In Process	ANJA	6/28/2013	
4/25/2013	Karen Levenson		Any communication from any party to city staff (except City Council) which mentions Potala Village, and/or any communication from Lobsang Dargey or Justin Stewart, and/or any person inquiring about Potala Village, BN Zoning, or Shoreline Permits between 4/13/13 and	5		6/10/2013 - A. Mullin sent an installment of records 5/13/13 - A. Mullin sent email to city staff to begin collecting emails in folder on the H Drive (K Levenson pdr 042513)	In Process	ANJA	6/24/2013	
5/30/2013	Brom Rector	SmartProcure	All purchases made from 1/1/08-present	5	Purchasing	5/30/2013 - IT handling PRR - working on data extraction	In Process		6/28/2013	

PUBLIC DISCLOSURE QUEUE

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	Record Description	Category	Staff	NOTES	Status	ASSIGNED	ESTIMATE	DATE COMPLETE
6/4/2013	Will Darnell		List of all current City of Kirkland employees that have had HIIPA training and the dates of their training Employees exempt from HIIPA training please provide me a list of those individuals as well and the reason for their exempt	4	6/7/2013 Fire	6/7/2013 - Sent PRR to S. Strong @ Station 26 6/7/2013 - B. Prout sent requestor an acknowledgement email with est. date of 6/28/2013.	In Process		6/28/2013	
2/20/2013	Shawn Magraw	GTS Interior Supply	Copies of Flood @ 10905 120th Ave NE from Nov 19-20 2012 (PW)	3	2/20/2013 PW PWMC	6/7/2013 - Waiting for response from requestor 5/13/2013 - Sent email to requestor to confirm request was answered and the file can be closed 2/26/2013 - S. Tervo will call requestor the week of March 4, 2013 2/26/2013 - B. Wallace has file waiting to be sent to requestor for water/flood damage. 5/13/13 - Sent follow-up email to see if after having met with staff he still wanted the requested records.	waiting to hear from PRR request complete and to close file	ANJA	6/28/2013	
4/22/2013	Michael August	Associated Earth Services	Property hazardous on numerous addresses	3	5/3/2013 F&B PW Planning	6/5/2013 - B. Prout requesting status update from Planning 5/24/2013 - Emailed requestor new estimate date of 6/14/2013 5/17/2013 - Resent request to J. Brickey - status update 5/9/2013 - A. Mullin asked for a status update J. Brickey 5/6/2013 - Planning responded waiting for response from F & B & PW & Planning 5/3/2013 - City Clerk emailed PRR with estimate date of 5/9/2013	In Process	BARB	6/14/2013	

PUBLIC DISCLOSURE QUEUE

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	Record Description	Category	Staff	NOTES	Status	ASSIGNED	ESTIMATE	DATE COMPLETE
4/29/2013	Mitchell Belcher		Building plans for 12411 NE Totem Lake Way	3		6/7/2013 - Records picked up by copy company 5/30/2013 - Requestor looking for records to be mailed -- J. Brickey phoned requestor and informed him how to get copies made 5/24/2013 - Building plans have been ordered at will be City Hall 5/31/2013 5/24/2013 - Requestor responded still waiting for Building plans 5/24/2013 - Sent email too PRR to confirm request was answered and to close file 5/17/2013 - Resent to J. Brickey 5/3/2013 - waiting on Building to email City Clerk if PRR contacted directly 4/30/2013 - Planning responded directly to PRR 4/29/2013 - City Clerk emailed PRR to contact Building directly	In Process	BARB	6/28/2013	
6/5/2013	Christine Davis		Open zoning or building code violations certificate of occupancy @ 550 Kirkland Way	3		5/29/2013 - B. Prout sent requestor an acknowledgement email with est. date of 6/28/2013	In Process		6/28/2013	
6/5/2013	Ada Wong		Galinda Medvedeva/Flora Byat water leak 9821 NE 122nd St, #217 & 317 on	3	6/5/2013 PW PD Fire	5/29/2013 - B. Prout sent requestor an acknowledgement email with est. date of 6/28/2013	In Process		6/28/2013	
6/7/2013	Moira L. Haughian	BLUELINE	Approved road and storm plans and wetland reports for 10300 Slater Ave NE/Parcel 321122-0000 -Heather Glen Townhomes.	3	6/11/2013 PW	6/11/2013 - B. Prout sent requestor an acknowledgement email with est. date of 6/28/2013 6/11/2013 - Sent PRR to PW	In Process		6/28/2013	
6/7/2013	Bryan Vadney		Please provide or make available for copy all records considered in the recent Deputy Chief promotional exam. Names of candidates and evaluators should reasonably be redacted until such time as a more detailed review is determined by the inquirer. All scores including individual evaluator scores should be included.	5		6/11/2013 - HR forwarded PRR to Public Records 6/7/2013 - PRR was submitted to HR				

PUBLIC DISCLOSURE QUEUE

6/12/2013

DATE RECEIVED	REQUESTOR	CROSS REFERENCE	Record Description	Category	Staff	NOTES	Status	ASSIGNED	ESTIMATE	DATE COMPLETE
6/9/2013	Will Darnell		copies of all emails to/from Kathy Joyner as well as all emails to/from Jack Henderson from 7/2/2012 – 7/20/2012	4		6/11/2013 - City Clerk emailed IT for records responsive to request	In Process			
6/10/2013	Will Darnell		Copy of all phone records for Ext# 3220, 3214, 3218, 3219, 3212, 3213,3217 & 3222 for the date of 7/16/12 & 7/17/12. Plus documentation of "recorded phone conversations" within HR in the past 10 years	4		6/10/2013 - City Clerk emailed HR and IT for records responsive to request	In Process			

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

MEMORANDUM

To: Kurt Triplett, City Manager

From: Pam Bissonnette, Interim Director of Public Works
Tracey Dunlap, Director of Finance & Administration

Date: May 29, 2013

Subject: Public Works CIP Management

RECOMMENDATION:

City Council receives an overview of improvements to the Public Works CIP Management process and provides feedback.

BACKGROUND DISCUSSION:

Just as Kirkland has grown over the past decade, so has its Capital Improvement Program (CIP). The Public Works (PW) Department has historically had the largest role in implementing the CIP through capital construction projects requiring design, property acquisition, environmental analysis, permitting, construction, inspection, and closeout. The majority of all CIP projects are designed by consultants and built by contractors. PW's role has been one of project management, including oversight of the design consultants and construction contractors, negotiators of land acquisition, inspectors, and managers of the project budget. It is this responsibility for project budget management that is the primary subject of this discussion.

PW has had practices in place for many years to manage CIP projects and project budgets. The Request for Proposal and Bid Processes provide for the procurement of outside services per state law and city policy, and are usually the largest expenditures. Appropriate contingency amounts are set aside for both design and construction to assure that a project, under normal circumstances, can be completed within the budget approved by the City Council for an individual project. Use of the contingency for construction occurs through a formal change order process.

At times the contingency is not sufficient to cover additional unanticipated costs for a project. For example, if land acquisition is a large component of a project budget, and condemnation is not used to secure property rights at fair market value in a timely manner, land acquisition costs can be considerably above a project budget and result in delays with associated inflationary increases on the whole project. In such cases, staff needs to re-estimate the budget and obtain council approval to add funding in order to complete the project.

While PW's project management practices have served the city well over the past decade, they need periodic review and revision. Based on significant changes in the current and future CIP program, PW, in partnership with the Finance Department, has initiated such a review and is implementing proposed revisions.

Size of Projects

Ten years ago, Kirkland had only one project larger than $5 million. Today Kirkland has, or is anticipated to have soon, seven projects over $5 million, and at least three over $10 million (Public Safety Building, 85th Street, City Hall renovation). The ultimate funding of the Cross Kirkland Corridor could be well over $10 million. Each of the Proposition 1 & 2 levies in aggregate are over $10 million. Larger projects are often far more complex than small projects.

Number and Funding Value of Projects

The 2002 funding for Public Works CIP projects was $18.6 million dollars and there were 54 active projects. The 2013 funding for Public Works projects, including work in progress, is over $80 million with 92 active projects.

Complex Funding Sources and Restrictions

Kirkland has recently had major success in obtaining grant funds. For example, the average annual grant funding from 2002-2008 was about $1 million. In 2012 alone CIP grant funding was just under $8 million, and more large grant applications are in the pipeline for 2013 and beyond. Grants are restricted in use and have significant new and complex reporting requirements, particularly for federal grants. In addition, PW often combines projects including streets, water, sewer and stormwater investments. The rationale is to accomplish as much as possible when a street or sidewalk is opened up so that you don't have to dig into it again soon. This combining of projects has resulted in greater efficiency, less overall public cost, and less disruption to citizens. However, utility funds are restricted in use as well and management of the funds requires strict accounting. Kirkland also often has other partners in projects such as WSDOT, PSE, Sound Transit, and King County, each with their own funding and restrictions. PW has several current projects that may have as many as 5-6 different funding sources, each with their own restrictions and reporting requirements. This situation has been called the "color of money" issue, meaning that it is not only important to manage a project within budget, but also within each funding source.

Managing Projects for Clients

PW's own projects tend to be primarily streets and utilities. However, PW manages the design, land acquisition, and construction of City facilities, such as the Public Safety Building (PSB) for Police and the Court. The City Manager is the client for the City Hall remodel. PW recently was assigned the Parks CIP. Managing projects for clients adds an additional layer of approvals and signoffs for such things as project design, change orders, use of contingency funding, development of bid alternates, and budget management.

Accountability

Publically voted measures appropriately create an expectation of public accountability for spending the added funding as authorized. Propositions 1 & 2 included specific authorizations for street maintenance, safe pedestrian and bike investments, investment in the CKC interim

trail, and a variety of parks capital improvements. Annual accountability reports for both levies will be provided to the Council and the public. The levies were also premised on "non-supplanting" of the base budget for these purposes, adding complexity in how both the base CIP budget and levy funding is managed and reported.

CIP Management Objectives

As a result of these major changes, PW and Finance have collaborated on best practices for CIP management and have put several enhancements in place to improve internal CIP budget controls and project management to achieve the following objectives:

1. Apply best practices and standardize CIP project management.
2. Support the City's CIP process.
3. Support Council decision-making throughout the life of a project so there are no unexpected changes to the project, the revenues, or the cost.
4. Manage projects within budgets before requesting additional funding in the event of projected changes resulting in projected cost increases.
5. Develop performance measures and engage in continuous improvement.

Revisions to Public Works CIP Management: Large, Complex Projects

Project management should recognize differing levels of oversight based on size and complexity of both the project and its budget. For example, it is recommended that all projects over $5 million have a Steering Committee comprised of PW, any client department, the CMO, and Finance (See Figure 2). Responsibilities of the Steering Committee include monitoring the project expenditures against the budget, early forecasting of changes to projects that might impact scope, schedule, and/or budget, development of alternatives to address project changes, agreement on expenditures of contingency through change orders, and claims management.

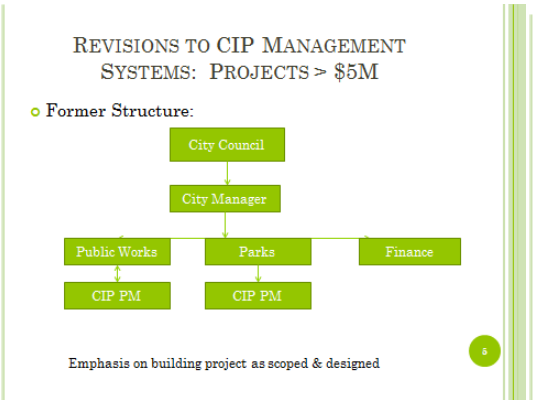


Figure 1

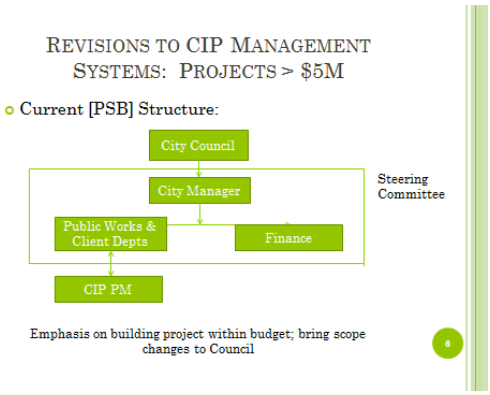


Figure 2

This process also demonstrates a shift in emphasis from "building the project as scoped and designed" to include more of a balance with "building the project within the budget".
A good example is the Public Safety Building (PSB), which has a Steering Committee of CMO, Finance, PW, Police and the Court. The committee meets monthly, and more often at major milestones as needed to oversee the project. When the projected cost to complete the project exceeded the budget, options for Council were developed within the Steering Committee to

reduce scope (shooting range, additional jail beds, ceiling paint) and Finance developed options to increase funding. These options and decisions were presented to the Council for decision-making in advance of project commitments.

Revisions to Public Works CIP Management: Small Projects

Even smaller projects can present significant complexity. A closer working relationship by PW with Finance is recommended such as regular meetings to review all active projects at major milestones to enhance communications and monitor expenditures against budgets. Other topics should include the formalization of new projects as CIP projects between CIP updates, project revenues, funding sources, and to review anticipated and secured grant funding. Several tools have been developed to make project reviews more transparent and easier.

1. Project Budget Dashboard (see Attachment A, example)

   A project budget dashboard sheet is being developed for each project within the CIP. For each major component of a project (land acquisition, design, construction, internal engineering/project management, and contingency) it will bring together the budget, source of funds, percent expenditures, and percent project complete each month for review. The Dashboard will improve transparency during a project and will provide a means to forecast changes, develop options, and obtain formal approvals before project commitments are made.

2. CIP Project Management and Finance Coordination Sheet (see Attachment B)

   This sheet makes formal a structure for PW and Finance to follow throughout the life of a project, improving the transfer of financial and project information through two-way communication. It sets out known milestones for expected consultations.

3. CIP Checklist (see Attachment C)

   The CIP Checklist is primarily for the PW Project Engineer and CIP Manager as a guide to sign-offs and authorizations at significant decision points in a project, including the CMO, client departments, Finance, and the PW Director. Necessary authorizations for change orders, use of contingency, submittals of or responses to claims, etc. will be noted and logged.

These tools will enhance management of projects by providing additional documentation of the various elements, budgets and milestones of a project.

Changes to CIP Process/Management

During each CIP Update process, PW will revise completion estimates for all active projects, based on current information, and adjust for schedule, inflation, changes in scope, etc. and submit to Finance. In addition, at 60% design, cost to complete the project will be re-estimated and if it is greater than the budget, project alternatives will be developed, such as down-scoping, to complete the project within its authorized budget. Additional options will be developed along with Finance to add funding or to phase the project. These options will be reviewed with the CMO and Council for re-authorization.

Finance will review all CIP financial materials before they go to Council. All CIP sheets and project revision sheets will be documented in TRIM, the City's electronic management system. Each project will now be managed to the main components (land acquisition, design, construction, engineering, contingency), and funding sources rather than to the overall project budget. Continuous improvement will be fostered through the development and monitoring of CIP performance measures.

All CIP staff will be trained on the new CIP project management system in 2013. In addition, Public Works plans to provide additional external project management training for the project engineers as a refresher on best practices and current trends.

Council Reporting

Currently, Council CIP project authorizations occur throughout a project (Figure 3).

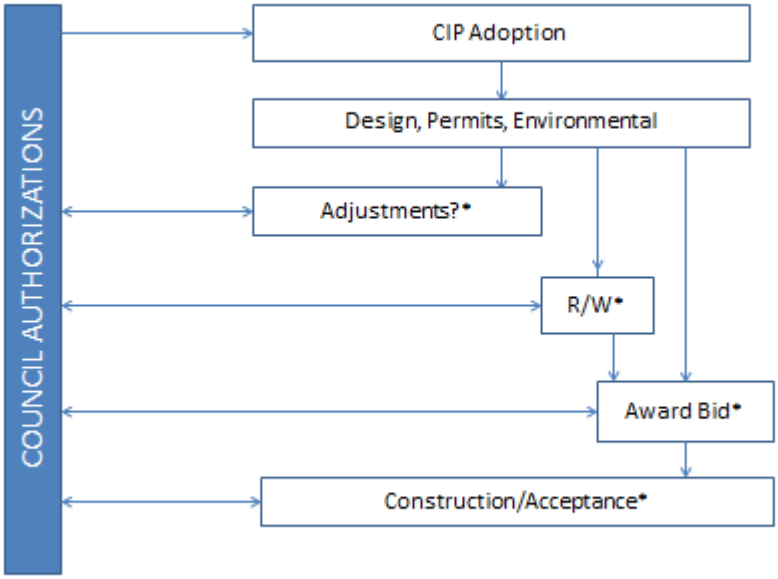


Figure 3

As the over-arching client for the CIP process, it is recommended the Council receive additional periodic reports on large capital projects (>$5 M) at major milestones. The first such report was on May 7th with the bid award of the PSB. We plan a report to the Council on 85th Street in July. The Street and Parks Levies report is planned in early 2014 following the first year of its implementation. Future large projects are expected to include City Hall renovation and the Cross Kirkland Corridor (CKC). The Intelligent Transportation System (ITS) series of investments is approaching the $5M threshold and might be included in future Council reports.

A summary on the status of all projects should be co-incident with the CIP Update, and with individual Council actions (e.g. bid awards).

Conclusion

With these enhanced practices, we hope to make the PW CIP implementation process more transparent to the Council and public, and engage the Council in decisions on CIP projects during implementation when the unanticipated does occur, and before commitments are made. Finally, we expect these enhancements to result in continuous improvements in project delivery, the efficient use of public resources, and accountability.

Attachment A: CIP Project Dashboard Example
Attachment B: CIP Project Coordination
Attachment C: CIP Project Management Checklist

Project Budget Dashboard - 4/30/2013

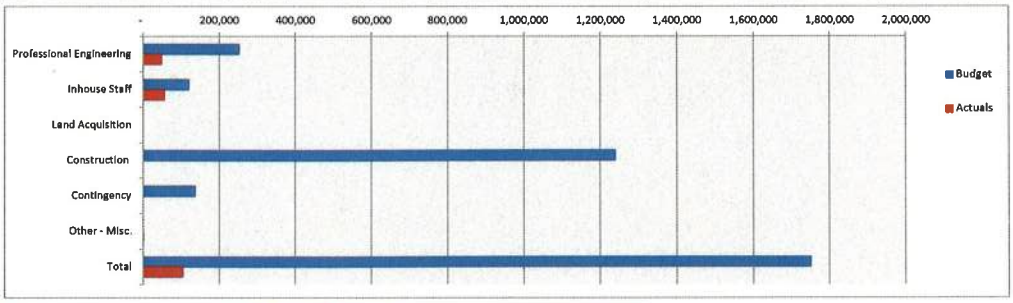
CST 1306-000 / 2013 Annual Street Preservation Program

Budget History			
Budget Document	GG Budget	SW Budget	Total Budget
13-18 CIP	1,750,000	-	1,750,000
			-
			-
			-
			-
			-

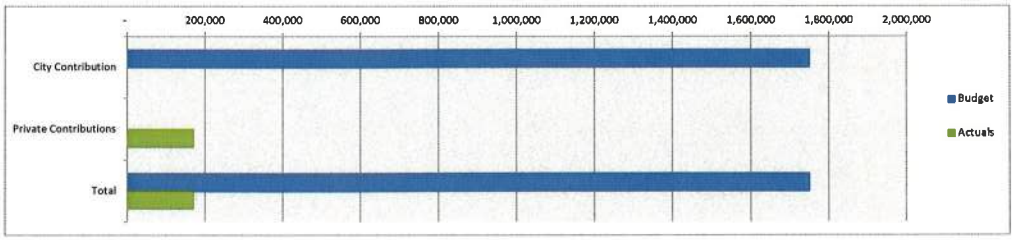
Current Approved Budget - by Year							
Source	2013						Total
External							-
City Contribution	1,750,000						1,750,000
Debt							-
Other							-
Impact Fees							-
Subotal General	1,750,000	-	-	-	-	-	1,750,000
SWM (423)							-
Utilities (413)							-
Subtotal Utilities	-	-	-	-	-	-	-
Total Project	1,750,000	-	-	-	-	-	1,750,000

Budget Document	GG Budget	IFAS	IFAS Check	Difference
13-18 CIP	1,750,000	1,750,000	TRUE	-

Budget Authority - Expense Category							
Category	Budget	Actuals	Balance	% Complete (Budg.)	% Complete (P.E.)	As Of - Date	ETC
Professional Engineering	252,900	48,510	204,390	19%	20%		242,550
Inhouse Staff	120,600	56,198	64,402	47%	40%		140,495
Land Acquisition			-				-
Construction	1,238,850		1,238,850	0%			1,238,850
Contingency	137,650		137,650	0%			137,650
Other - Misc.		203	(203)	#DIV/0!			-
Total	1,750,000	104,911	1,645,089	6%			1,759,545



Budgeted Revenue				
Category	Budget	Actuals	Balance	% Complete (Budg.)
City Contribution	1,750,000	-	1,750,000	0%
Private Contributions	-	170,329	(170,329)	#DIV/0!
Total	1,750,000	170,329	1,579,671	10%



Notes:
5.24.13 - CL
> 2013 City funding will occur on 6/30 & 12/30 (half & half)
> Potential budget adjustment to recognize private contributions
---> Option 1: Increase budget by $170,329 to $1,920,329
---> Option 2: Decrease City funding by $170,329 to $1,579,671 (keeps project funding at $1.75m)

Project Budget Dashboard - 4/30/2013

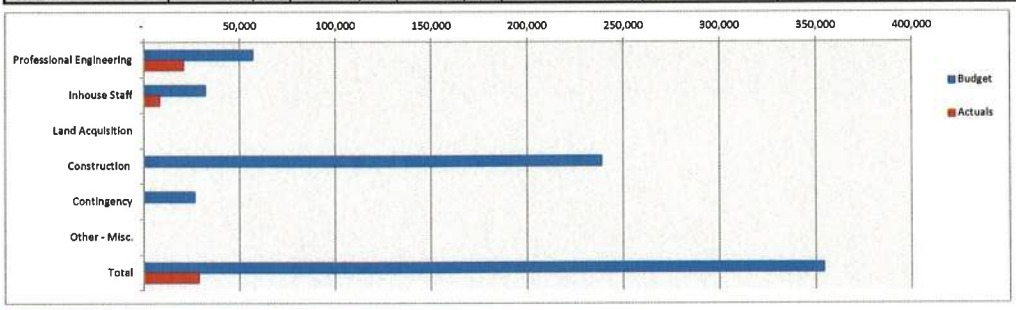
CSS 0081-000 / 7th/8th Ave W Alley Sewermain Replacement

Budget History			
Budget Document	GG Budget	Utility Budget	Total Budget
13-18 CIP		354,000	354,000
			-
			-
			-
			-
			-

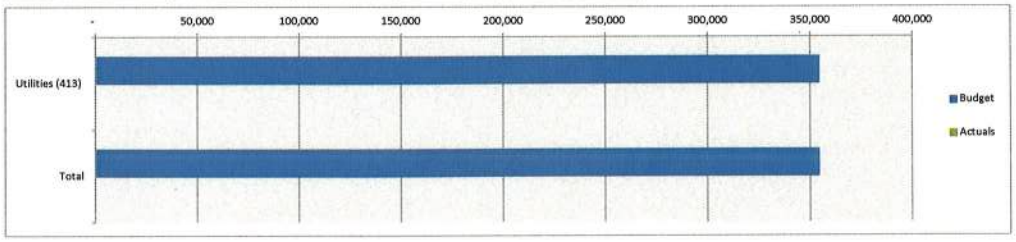
Current Approved Budget - by Year							
Source	2013						Total
External							-
City Contribution							-
Debt							-
Other							-
Impact Fees							-
Subotal General	-	-	-	-	-	-	-
SWM (423)							-
Utilities (413)	354,000						354,000
Subtotal Utilities	354,000	-	-	-	-	-	354,000
Total Project	354,000	-	-	-	-	-	354,000

Budget Document	Utility Budget	IFAS	IFAS Check	Difference
13-18 CIP	354,000	354,000	TRUE	-

Budget Authority - Expense Category							
Category	Budget	Actuals	Balance	% Complete (Budg.)	% Complete (P.E.)	As Of - Date	ETC
Professional Engineering	57,000	20,621	36,379	36%	34%		60,651
Inhouse Staff	32,000	8,096	23,904	25%	27%		29,984
Land Acquisition			-				-
Construction	238,500		238,500	0%			238,500
Contingency	26,500		26,500	0%			26,500
Other - Misc.			-				-
Total	**354,000**	**28,717**	**325,283**	**8%**			**355,635**



Budgeted Revenue				
Category	Budget	Actuals	Balance	% Complete (Budg.)
Utilities (413)	354,000	-	354,000	0%
Total	**354,000**	**-**	**354,000**	**0%**



Notes:
5.24.13 - CL
> 2013 Utility funding will occur on 6/30 & 12/30 (half & half)

Project Budget Dashboard - 4/30/13

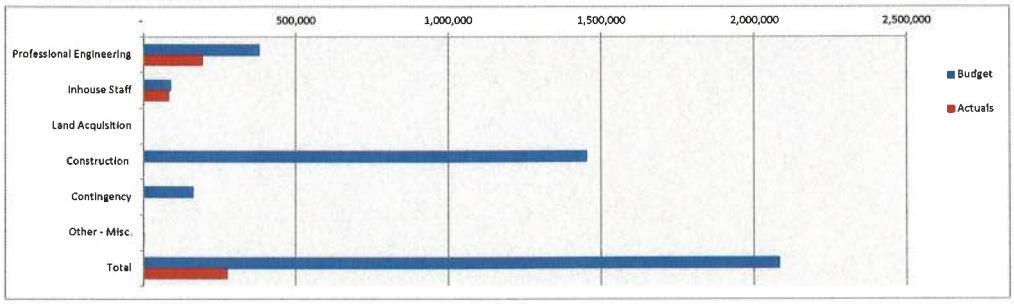
CTR 0111-000 / ITS Phase 1

Budget History			
Budget Document	GG Budget	SW Budget	Total Budget
11-16 CIP Revised	2,081,000		2,081,000
			-
			-
			-
			-
			-

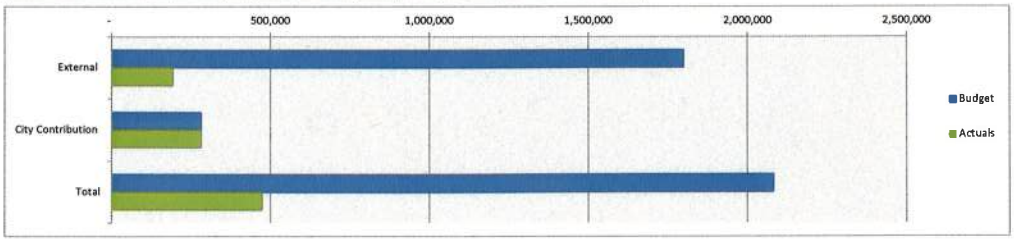
Current Approved Budget - by Year							
Source	2011						Total
External	1,800,000						1,800,000
City Contribution	281,000						281,000
Debt							-
Other							-
Impact Fees							-
Subotal General	2,081,000	-	-	-	-	-	2,081,000
SWM (423)							-
Utilities (413)							-
Subtotal Utilities	-	-	-	-	-	-	-
Total Project	2,081,000	-	-	-	-	-	2,081,000

Budget Document	GG Budget	IFAS	IFAS Check	Difference
11-16 CIP Revised	2,081,000	2,081,000	TRUE	-

Budget Authority - Expense Category							
Category	Budget	Actuals	Balance	% Complete (Budg.)	% Complete (P.E.)	As Of - Date	ETC
Professional Engineering	379,400	191,197	188,203	50%	50%		382,394
Inhouse Staff	87,800	82,240	5,560	94%	80%		102,801
Land Acquisition			-				-
Construction	1,452,420		1,452,420	0%			1,452,420
Contingency	161,380		161,380	0%			161,380
Other - Misc.		11	(11)	#DIV/0!			-
Total	**2,081,000**	**273,449**	**1,807,551**	**13%**			**2,098,995**



Budgeted Revenue				
Category	Budget	Actuals	Balance	% Complete (Budg.)
External	1,800,000	192,040	1,607,960	11%
City Contribution	281,000	281,000	-	100%
Total	**2,081,000**	**473,040**	**1,607,960**	**23%**



Notes:
3.13.13 - CL
> Accrual charge for $10,307.20 (DKS) will invoice on Q1 2013 grant billing
--> Typically this would have been included on Q4 2012
5.20.13 - CL
> 2013 OH rate calculated at 2012 total avg for all T.E. & P.E.
--> Transportation Engineers (T.E.) = 1.52
--> Project Engineers (P.E.) = 1.60

Staff Discussion Draft **Attachment B**

CIP Project Management & Financial Coordination

Topic: Coordination meetings between the Finance department and Public Works department project engineers for the purpose of establishing, monitoring and refining project budgets and to track actual and planned expenditures. Meetings will provide the opportunity to discuss each project's funding structure and address restrictions that may exist on the funding sources that make up the project's budget.

Check-in points for CIP projects would be tied to milestones in the project lifecycle, after project has been approved by Council as a funded capital project.

Milestone	Description of Milestone	Meeting Goals
Project Kickoff (during project baseline phase)	The beginning of the project life cycle (project start).	Meet to discuss the funding sources ("color of money") involved in the project and any spending restrictions that exist.
60% Design (during phase I)	Point in planning process where detailed cost estimates are available.	Establish an improved budget estimate; identify any potential challenges in the future to plan for changes in spending or requests for budget adjustments. Communicate any changes in funding or discrepancies.
Bid Award (during phase II)	Contractor costs are contractually established.	Finalize the pre-construction budget estimate; make budget adjustments as needed. Discuss funding and address discrepancies.
75% Construction (during Phase IV)	Majority of construction is complete, final project cost estimates are accurate.	Compile the most accurate budget estimate to date, discuss any problems that have occurred with funding. Remedy any issues.
Project Close Out (during phase V)	Project is complete, summary of project is prepared and contract is closed.	Prepare final summary of the project's financial performance. Make sure to: 1) review budget to actual report, 2) check that expenses have been allocated to all funds appropriately, 3) account for retainage, and 4) close out the project.

Some projects may require additional check-ins:

Other Milestones	Description of Milestone	Meeting Goals
Land acquisition planning @ 30% or 60% design, or as needed for ROW negotiations (during phase I)	If the project requires the purchase of private property, most often in right-of-way.	Outline budget and funds available for acquisition and any restrictions that may exist on funding.
Quarterly meetings for "watch list" projects	Date-specific meetings for projects that are inherently more complex and thus carry more uncertainty, or projects with known issues.	Report on the status of the project and identify financial challenges or areas of improvement. Plan remedies for financial challenges.
Grant Application	When the application is ready for a final review before it is submitted.	Update finance on the grant, make sure everyone understands the grant parameters and how they could affect the project
Grant Award	Once a grant has been awarded to the project.	Review and confirm the grant rules and restrictions to understand its impact on the project finances.
Any time anyone in either department notices a problem with the budget.	If anyone working on a project finds anything unexpected in terms of funding or if any claims by or against the City are pending.	Discuss the issue and work to find resolution, inform management about the situation and address as necessary.

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Attachment C

CIP PROJECT MANAGEMENT CHECKLIST

PROJECT BASELINE	PW	PARKS	FINANCE	OUT-REACH
A. SCOPE:				
CIP Paragraph	X	X		X
B. BUDGET:				
Project Revision Request policy	X	X	X	
Project Revision Request form	X	X	X	
Funding change notification	X	X	X	
C. PROJECT SCHEDULE:				
Project Team Establishment at Kickoff	X	X	X	X
Quarterly Project Meetings	X	X	X	X
Weekly Team Meetings	X	X		X
PHASE I - PLANS, SPECIFICATIONS, AND ESTIMATES (PS&E)	**PW**	**PARKS**	**FINANCE**	**OUT-REACH**
A. SELECT PROJECT CONSULTANTS:				
Set-up internal file system	X			
Advertise for consultants/use consultant roster	X	X		
Select from consultant pool for project	X	X		
Develop scope for consultant work	X	X		
Interview prospective consultants	X	X		
Check consultant references	X	X		
Notify consultant of award or rejection	X	X		
B. SECURE CONSULTANT CONTRACT:				
Negotiate consultant contracts	X	X		X
Submit Project Revision Request (if required)	X	X	X	
Secure City contractual routing/approval of contracts	X	X		
Notice to proceed to consultant	X	X		
Assemble project schedule in MS Project	X			
C. COORDINATE ASSEMBLY OF PRE-PLANS AND SPECIFICATIONS				
Provide standard specification package to consultant	X			
Provide Federal provisions and information	X			
Provide standard details to consultant	X			
Notify utilities of project	X			
Submit RFI from Planning Dept	X			
Assist in SEPA checklist preparation	X			
Obtain required permits (HPA, Shoreline, BNRR, etc.)	X			
Answer consultant design questions	X	X		
Perform in-house design review	X	X		
Provide 30% design review	X	X		
D. MONITOR PROJECT CONSULTANT PROGRESS:				
Monitor consultant design	X			X
Monitor consultant schedule	X			X
Monitor consultant products/requisitions	X			
Requisition process	X			
Process consultant progress payments	X			
Monitor consultant budget	X		X	
Submit Project Revision Request (if required)	X	X	X	
E. ACQUIRE PROJECT RIGHT-OF-WAY (ROW) AND EASEMENTS:				
Select ROW consultant from roster	X			

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Acquire title reports for ROW	X			
30% land acquisition planning	X	X	X	
Submit Project Revision Request (if required)	X	X	X	
Make initial contact with property owners	X			X
Provide easements or take documents	X			
Coordinate meeting with property owner	X			
Finalize ROW acquisition, submit PRR (if required)	X	X	X	
Proceed or not proceed with condemnation	X			
Forward documents for closing	X			
Process payments for ROW	X			
F. PREPARE AGENCY AND PUBLIC INFORMATION:				
Prepare Council memoranda and information	X	X		X
Prepare open-hose notifications	X	X		X
Secure open-house facilities	X	X		X
Prepare open-house exhibits	X	X		X
Attend public open houses	X	X		X
Answer design questions for public	X	X		X
G. COORDINATE ASSEMBLY OF FINAL PLANS AND SPECS:				
Provide 60% design review/engineer's estimate	X	X	X	
Submit Project Revision Request (if required)	X	X		
Provide plans to utilities for review/comment	X			
Review construction insurance requirements (Contact WCIA)	X			
Provide 90% design review	X	X		
H. COORDINATE ADVERTISEMENT OF PROJECT FOR BIDS:				
Prepare Council memorandum and information	X	X	X	X
Establish advertisement dates	X			
Establish pre-bid meeting date	X			
Establish bid opening date	X			
Prepare/submit advertisement package to purchasing	X			
Provide final design review and stamp	X	X		
Provide applicable prevailing wage rates	X			
Incorporate all WSDOT/APWA amendments (CD or Web page)	X			
Prepare plan holder list	X			
Setup construction estimate/specification pages	X			
Prepare final PS&E package for sale	X			
PHASE II - AWARD	**PW**	**PARKS**	**FINANCE**	**OUT-REACH**
A. ADMINISTER/COORDINATE PUBLIC BIDDING PROCESS				
Answer contractor/vendor questions	X			
Issue addenda for plans and specs (if required)	X			
Maintain sufficient supply of bid documents	X			
Conduct pre-bid meeting	X			
Attend bid opening	X	X		
Tabulate bid results (Excel spreadsheet and post to H)	X			
Verify subcontractor list for projects over $1,000,000	X			
Check low-bidder references	X			
Contact DLI regarding liens (1.800.647.0982)	X			
Reconcile all job costs	X			
Submit Project Revision Request (if required)	X	X	X	
Prepare Council award memorandum/exhibits	X			
Attend Council meeting	X	X	X	
PHASE III - PRE-CONSTRUCTION	**PW**	**PARKS**	**FINANCE**	**OUT-REACH**

Attachment C

A. PREPARE INFORMATION /DOCUMENTS FOR CONSTRUCTION:				
Secure inspection contract	X			
Secure compaction/geotechnical services from roster	X			
Secure project display sign	X			
Put construction notice on City Web page	X			
Print triplicate inspector forms	X			
Take pre-construction video and photographs	X			
Prepare and mail notice(s) to residents	X			
B. CONDUCT PRE-CONSTRUCTION MEETING:				
Set-up conference room and agenda	X			
Notify agencies/attendees of meeting	X			
Conduct meeting	X	X		
Attend Pre-construction meeting	X	X		X
Review and process contractor's CPM schedule	X	X		
Coordinate submittal of contractor's contract	X			
PHASE IV - CONSTRUCTION	**PW**	**PARKS**	**FINANCE**	**OUT-REACH**
A. MANAGE CONSTRUCTION AND INSPECTION OF PROJECT:				
Issue Notice to Proceed letter	X			X
Receive and file Intent to Pay Prevailing Wage forms	X			
Review/approve submittals	X			
Review/approve traffic control plan	X			
Review/approve subcontractors	X			
Review/approve private property agreements	X			
Answer construction questions	X			
Coordinate testing of new systems	X	X		
Monitor inspector's construction record drawings	X			
Answer questions from public	X	X		X
Review/file Construction Inspection Daily Report	X			
Review/file Inspector's Daily Log	X			
Review/file Weekly Statement Report of Contract Days	X			
Review and Compile Force Account Activity	X	X		
75% Construction (dollars)	X	X	X	
Issue change orders (per change order policy)	X	X		
Force Account documentation (if required)	X	X		
Submit Project Revision Request (if required)	X	X	X	
B. MONITOR CONSTRUCTION PROGRESS OF CONTRACTOR:				
Process monthly progress payments	X	X		
Collect/review weekly certified payroll	X			
Monitor/update contractor schedule	X	X		X
Submit Project Revision Request (if required)	X	X	X	
Prepare final punch list	X	X		
Issue letter of Substantial Completion	X			
C. OTHER				
Claim for Damages	X	X	X	
PHASE V - POST CONSTRUCTION	**PW**	**PARKS**	**FINANCE**	**OUT-REACH**
A. PROVIDE FINAL CONTRACT ACCOUNTING:				
Prepare construction close-out cost summary	X	X	X	
Prepare Council acceptance memorandum	X	X	X	
Submit Notice of Completion	X			
Complete Administration and Finance (A&F) checklist	X		X	
Coordinate release of retainage to contractor (letter from A&F)	X			

Attachment C

B. COLLECT PRIVATE FUNDING:				
Determine concomitants for project	X		X	
Send concomitant billings to property owners	X		X	
Collect concomitant funds	X		X	
Prepare, route, record concomitant releases	X			
C. PROJECT CLOSE-OUT:				
Provide construction record drawings for inclusion in base maps	X	X		
Take post-construction photographs	X			
Prepare job completion critique (consultant and contractor)	X	X		
Complete and file project documentation	X			
Submit Final Project Revision Request (mandatory)	X	X	X	
Submit all files to archives - PROJECT COMPLETE	X			