
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.*

123 Fifth Avenue • Kirkland, Washington 98033-6189 • 425.587.3000 • www.kirklandwa.gov

AGENDA

KIRKLAND CITY COUNCIL MEETING

City Council Chamber

Tuesday, October 15, 2013
6:00 p.m. – Study Session
7:30 p.m. – Regular Meeting

COUNCIL AGENDA materials are available on the City of Kirkland website www.kirklandwa.gov. Information regarding specific agenda topics may also be obtained from the City Clerk's Office on the Friday preceding the Council meeting. You are encouraged to call the City Clerk's Office (425-587-3190) or the City Manager's Office (425-587-3001) if you have any questions concerning City Council meetings, City services, or other municipal matters. The City of Kirkland strives to accommodate people with disabilities. Please contact the City Clerk's Office at 425-587-3190. If you should experience difficulty hearing the proceedings, please bring this to the attention of the Council by raising your hand.

1. *CALL TO ORDER*
2. *ROLL CALL*
3. *STUDY SESSION*
 - a. Healthcare Update and Five Year Framework
4. *EXECUTIVE SESSION*
 - a. To Discuss the Performance of a Public Employee
5. *HONORS AND PROCLAMATIONS*
 - a. Proclamation Honoring the 2013 Junior Softball World Series Host Team
 - b. Kirkland Performance Center Annual Report and 15th Anniversary Proclamation
6. *COMMUNICATIONS*
 - a. *Announcements*
 - b. *Items from the Audience*
 - c. *Petitions*

EXECUTIVE SESSIONS may be held by the City Council only for the purposes specified in RCW 42.30.110. These include buying and selling real property, certain personnel issues, and litigation. The Council is permitted by law to have a closed meeting to discuss labor negotiations, including strategy discussions.

ITEMS FROM THE AUDIENCE provides an opportunity for members of the public to address the Council on any subject which is not of a quasi-judicial nature or scheduled for a public hearing. (Items which may not be addressed under Items from the Audience are indicated by an asterisk*.) The Council will receive comments on other issues, whether the matter is otherwise on the agenda for the same meeting or not. Speaker's remarks will be limited to three minutes apiece. No more than three speakers may address the Council on any one subject. However, if both proponents and opponents wish to speak, then up to three proponents and up to three opponents of the matter may address the Council.

QUASI-JUDICIAL MATTERS

Public comments are not taken on quasi-judicial matters, where the Council acts in the role of judges. The Council is legally required to decide the issue based solely upon information contained in the public record and obtained at special public hearings before the Council. The public record for quasi-judicial matters is developed from testimony at earlier public hearings held before a Hearing Examiner, the Houghton Community Council, or a city board or commission, as well as from written correspondence submitted within certain legal time frames. There are special guidelines for these public hearings and written submittals.

7. SPECIAL PRESENTATIONS

- a. Kirkland 2035 Update #7*
- b. Sound Cities Association - Deanna Dawson, Executive Director*
- c. Sound Transit Presentation and ST3 Draft Resolution*

8. CONSENT CALENDAR

a. Approval of Minutes: October 1, 2013

b. Audit of Accounts:

<i>Payroll</i>	<i>\$</i>
<i>Bills</i>	<i>\$</i>

- c. General Correspondence*
- d. Claims*
- e. Award of Bids*
- f. Acceptance of Public Improvements and Establishing Lien Period*
- g. Approval of Agreements*

(1) International Association of Firefighters (IAFF) Local No. 2545 Collective Bargaining Agreement 2012- 2014

h. Other Items of Business

- (1) Resolution R-5004, Adopting the Kirkland Post Issuance Compliance Policy Setting Forth the Policy of the City of Kirkland with Respect to Meeting its Obligations Under Federal Tax Law Following the Issuance of Securities.
- (2) Ordinance O-4420 and its Summary, Relating to the Issuance and Sale of an Unlimited Tax General Obligation Refunding Bond of the City in the Principal Amount of \$4,670,000 to Refund Certain Outstanding Unlimited Tax General Obligation Bonds of the City, and Pay for Costs of Issuance of the Bond; Providing the Form and Terms of the Bond; and Approving the Sale of Such Bond.
- (3) Resolution R-5005, Relinquishing Any Interest the City May Have in an Unopened Right-of-Way as Described Herein and Requested by Property Owners Winfield Homes, LLC.
- (4) Report on Procurement Activities
- (5) Surplus and Disposal of Equipment Rental Vehicles

PUBLIC HEARINGS are held to receive public comment on important matters before the Council. You are welcome to offer your comments after being recognized by the Mayor. After all persons have spoken, the hearing is closed to public comment and the Council proceeds with its deliberation and decision making.

9. *PUBLIC HEARINGS*

a. Lake Washington School District February 2014 Ballot Measures:

- (1) Resolution R-5006, Stating the City Council’s Support for Proposition No. 1, the Lake Washington School District No. 414 Replacement of Existing Educational Programs and Operations Levy.

PROPOSITION NO. 1
LAKE WASHINGTON SCHOOL DISTRICT NO. 414
REPLACEMENT OF EXISTING EDUCATIONAL PROGRAMS
AND OPERATIONS LEVY

The Board of Directors adopted Resolution No. 2162 concerning educational funding. This proposition authorizes the District to levy the following excess taxes, to replace an expiring levy, on all taxable property within the District, to support the District’s educational programs and operations:

<u>Collection Years</u>	<u>Approximate Levy Rate/\$1,000 Assessed Value</u>	<u>Levy Amount</u>
2015	\$1.85	\$ 63,000,000
2016	\$1.88	\$ 64,900,000
2017	\$1.90	\$ 66,800,000
2018	\$1.92	\$ 68,900,000

all as provided in the Resolution. Should this proposition be approved?

YES.....

NO.....

- (2) Resolution R-5007, Stating the City Council’s Support for Proposition No. 2, the Lake Washington School District No. 414 Replacement of Existing Capital Project Levies.

PROPOSITION NO. 2
LAKE WASHINGTON SCHOOL DISTRICT NO. 414
REPLACEMENT OF EXISTING CAPITAL PROJECTS LEVIES

The Board of Directors approved Resolution No. 2163 for educational facilities and technology levies. This proposition authorizes the improvement and upgrade of District facilities; including educational technology, software and training; building and site improvements; and authorizes the following excess levies for such purposes on all taxable property within the District:

<u>Collection Years</u>	<u>Approximate Levy Rate/\$1,000 Assessed Value</u>	<u>Levy Amount</u>
2015	\$0.91	\$ 31,200,000
2016	\$0.91	\$ 31,500,000
2017	\$0.91	\$ 32,000,000
2018	\$0.91	\$ 32,500,000

Should this proposition be approved?

YES.....

NO.....

ORDINANCES are legislative acts or local laws. They are the most permanent and binding form of Council action, and may be changed or repealed only by a subsequent ordinance. Ordinances normally become effective five days after the ordinance is published in the City's official newspaper.

- (3) Resolution R-5008, Stating the City Council's Support for Proposition No. 3, the Lake Washington School District No. 414 General Obligation Bonds Measure.

**PROPOSITION NO. 3
LAKE WASHINGTON SCHOOL DISTRICT NO. 414
GENERAL OBLIGATION BONDS - \$755,000,000**

RESOLUTIONS are adopted to express the policy of the Council, or to direct certain types of administrative action. A resolution may be changed by adoption of a subsequent resolution.

The Board of Directors of Lake Washington School District No. 414 adopted Resolution No. 2164 concerning this proposition for bonds. This proposition authorizes the construction and equipping of new schools (three elementary, one middle, two choice); the modernization/replacement of schools (Kirk, Mead, Rockwell Elementary; Evergreen and Kamiakin Middle; and Juanita High); additions to schools (Lake Washington and Eastlake High); and other capital improvements, to issue \$755,000,000 of general obligation bonds maturing within a maximum of 20 years, and to levy excess property taxes annually to repay the bonds, as provided in Resolution No. 2164. Should this proposition be:

APPROVED?.....

REJECTED?.....

- b. Ordinance O-4421 and its Summary, Relating to Land Use and Zoning and Providing Interim Official Zoning Controls for Zoning Districts Adjoining the Cross Kirkland Corridor and the Eastside Rail Corridor Within the City of Kirkland.
- c. Resolution R-5009, Approving a Development Agreement with KTOD LLC, Modifying the Timing of Payment of Certain Impact Fees and Capital Facility Charges for the Construction of 58 Affordable Housing Units as Part of the South Kirkland Transit Oriented Development.

10. UNFINISHED BUSINESS

11. NEW BUSINESS

NEW BUSINESS consists of items which have not previously been reviewed by the Council, and which may require discussion and policy direction from the Council.

a. Gambling Ordinances:

- (1) Ordinance O-4422 and its Summary, Relating to Gambling and Amending Kirkland Municipal Code Section 7.48.020 to Require the Written Consent of the Landlord Before Gambling Activities May Commence or Continue and Section 7.02.110 to Require Compliance With This Requirement Before a Business License Can Be Issued or Renewed.
- (2) Ordinance O-4423, Relating to Gambling and Amending Kirkland Municipal Code Section 7.48.017 to Clarify That Social Card Games Conducted as Commercial Stimulants Are Prohibited in the City of Kirkland, Even if Conducted for Charitable Purposes.

12. REPORTS

a. City Council

- (1) Finance and Administration Committee
- (2) Public Safety Committee
- (3) Community Planning, Housing and Economic Development Committee
- (4) Public Works, Parks and Human Services Committee
- (5) Regional Issues

b. City Manager

- (1) Calendar Update

13. ITEMS FROM THE AUDIENCE

14. ADJOURNMENT

ITEMS FROM THE AUDIENCE

Unless it is 10:00 p.m. or later, speakers may continue to address the Council during an additional Items from the Audience period; provided, that the total amount of time allotted for the additional Items from the Audience period shall not exceed 15 minutes. A speaker who addressed the Council during the earlier Items from the Audience period may speak again, and on the same subject, however, speakers who have not yet addressed the Council will be given priority. All other limitations as to time, number of speakers, quasi-judicial matters, and public hearings discussed above shall apply.



CITY OF KIRKLAND
Human Resources Department
505 Market Street, Suite B, Kirkland, WA 98033 425.587-3210
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: James Lopez, Director of Human Resources and Performance Mgmt.
Date: October 3, 2013
Subject: Healthcare Update and 5 Year Benefits Framework

RECOMMENDATION

That the City Council receives an update on the results of Kirkland switching to self-insured healthcare benefits and a presentation on a 5 year benefits policy framework to improve employee health while mitigating the rising cost of healthcare to the City. Healthcare benefits are a complex topic and are also a key element of Kirkland's collective bargaining agreements. Several additional study sessions will likely be requested by staff in 2014 to keep the Council apprised of Kirkland's efforts on this issue.

BACKGROUND

Three years ago the Human Resources Department came to Council with a recommendation to move Kirkland's health coverage from the Association of Washington Cities (AWC) to a self-insured platform. Included in this packet for background purposes is Attachment A, a memorandum to Council dated February 23, 2010 titled "Medical Benefits Strategies." This 2010 memo describes the due diligence study that was undertaken to support the recommendation to Council to leave the AWC and become self-insured. The memo discusses marketplace options for providing insurance to employees, the City's obligations concerning the collective bargaining process, a high level overview of how to operate a self-insured plan, and the benefits of "controlling our destiny."

On October 5, 2010 Council approved Resolution R-4840, [Approving a Self-Funded Medical Plan and Authorizing the City Manager to Execute Agreements with a Third Party Administrator and Other Providers Needed to Operate the Plan and the Fund to be Created to Finance the Plan](#). The link includes the staff memos and presentations made to the Council to support this decision. A major factor in making this decision was the ability to gather claims data to make informed decisions regarding our benefits. The City now has over two-and-a half years of data and is starting to get a good picture of our utilization. A claims analysis was done by Verisk Health (a third party Medical Intelligence vendor) and below is a high-level overview of some of the areas that stand out in our data compared to their norms with other organizations.

Demographics

The City has around 520 employees on the plan and 920 dependents and our average age on the plan is 33. This average age is below the norm of 36. Spouses make up 28% of our group, but account for 36% of our claims and 40% of our large claims.

Medical Spend

The City's gross medical spend in 2012 was \$343.10 per employee per month; this number is 29% higher than the norm.

This high utilization can be seen through a couple of different statistics with professional services utilization being the largest driver at 27% above the Verisk Health norm ("norms"). Several of our office visit subcategories are above the norms, with behavioral health visits being one of the most significant at 173% above.

Another area where Kirkland is seeing above average utilization is in maternity visits which are 43% more than norms. We believed this to be a one-time 2012 phenomenon, but in 2013 we are seeing these trends continue, although they are stabilizing. This correlates to the large amount of new hires with young families due to annexation in 2011.

Emergency room utilization is usually one of the top focus areas for employers. Our ER utilization is actually below the norms, which is good news; however, the amount we are paying per visit is over \$700 more than what is being seen in the marketplace.

Pharmacy Spend

Our pharmacy spend in 2012 averaged \$52.98 per employee per month, which is 2.5% below the norms. With this good news also comes the inverse because our utilization patterns are 19% higher. Essentially Kirkland uses a higher volume of drugs than the norm, but pays less for them. This contrast can somewhat be explained by high generic drug usage which Kirkland promotes proactively. Our generic drug use is 2% higher than the norms.

Another area where we have room for improvement is in our mail order program. Through mail order employees can often get three months of medication for the cost of two months, yet we have very low participation in this program. Increased mail orders could not only lower the cost of pharmacy claims to our plan, but also reduce the amount employees spend out of pocket.

During this same two-and-a-half year period the federal government has passed the adoption, implementation, and interpretation of the Affordable Care Act. This legislation has and will have a major impact to our cost of providing benefits.

Attachment B, *Healthcare Reform Survival Guide for Employers*, is a guide that was published by our consultant Alliant. This guide provides an overview of how the Affordable Care Act has and will impact employers as well as the timing of when these impacts have been and will need to be implemented. This guide covers six topic areas including plan benefits, plan administration, plan finances and taxes, pay or play (requirements of employers providing coverage), communications, and participant issues.

During the upcoming Study Session the Council will be provided an overview of following:

- A discussion of key considerations that impact our health plan
- A discussion on the history and benefits of being self-insured
- A look at Kirkland's cost trends
- The impacts of the Affordable Care Act on Kirkland's health benefit plan

With all of these factors in mind, the Human Resources Department will present a five year framework to find strategies that improve the health of Kirkland employees while moderating the rising costs of providing quality health insurance.

One initiative in the 2013-2014 Work Plan is to "*Continue partnership initiatives with employees to achieve sustainability of wages and benefits.*" In 2012 and 2013 the focus was on predictability of wages and HR implemented this through labor negotiations. In 2014 HR's work will focus on the second half of this initiative - finding healthcare strategies to achieve sustainability of benefits. We will continue to work with the now established Employee Benefits Advisory Committee (EBAC), our benefits consultant Alliant, and through negotiations with our union groups to implement plan designs that offer the City and its employee's quality healthcare that is compliant with legislation and is sustainable into the future. A strong component of success in achieving the 2014 health care work will be the education of our employees on all aspects of the ACA, Kirkland's health claims data, and potential changes to plan design to improve health and reduce costs. The Human Resources Department will be requesting one-time resources from the health benefits fund to provide the proactive 2014 education efforts necessary. More information about this request will be included in the mid-biennial budget process.



CITY OF KIRKLAND
Human Resources Department
505 Market Street, Suite B, Kirkland, WA 98033 425.587-3210
www.ci.kirkland.wa.us

MEMORANDUM

To: City Council
From: William R. Kenny, Human Resources Director
Date: February 23, 2010
Subject: Medical Benefits Strategies

As stated in previous Reading File and strategy updates, the City's medical benefits have been under review by the Human Resources Department, as well as our Medical Benefits Committee, with a cross-section of employee and Union representatives.

In keeping with this theme, we have spent the last couple of years completing a due diligence assessment or study of options, while closely watching the changes that are occurring with our current provider of medical benefits, the Association of Washington Cities (AWC).

Key Messages:
<ul style="list-style-type: none">○ AWC Regence Plans A&B not offered after December 31, 2011 (except LEOFF 1)○ AWC PPO plans (three) will replace Plans A&B, with a well city discount○ Unions have been provided notice and the Medical Benefits Committee was re-convened○ "Substantially Equivalent Benefits" (plan design and network) required per Union CBAs○ Due Diligence Study of options completed and recommendations developing

Council Direction Requested:
<ul style="list-style-type: none">○ Best option would seem to be going to a (Limited Risk) Self Funded Medical Program○ Change could be as early as July 1, 2010 and recommended not later than January 1, 2011○ Cost containment and "Control Own Destiny" goals are greater with Self Funded Program○ Alternative would be to stay with AWC and convert to PPO for 2011 (or 2012 latest)

Background

Kirkland has made a concerted effort over the past few years to move the majority of City employee's medical coverage from Regence Plan A to Plan B. This was a strategy to help contain the City's benefit costs in an environment of spiraling medical premium rates.

We were also able to get language in our negotiated collective bargaining agreements (CBAs) that provides, even mid-term of the agreements, for a due diligence study of the medical programs, associated costs and identification of other health options available to the City of Kirkland. Obviously, the Unions were hesitant to “pre-agree” to potential unknown changes but did agree to language that provides for exploring options toward “substantially equivalent benefits” and allowing for future changes. The CBAs also provides for (impacts) bargaining of any major changes.

In 2008 we received notice from AWC that they would be eliminating Regence Plan A and Regence Plan B and converting to three PPO plans effective at the end of 2011. The stated reason for the elimination is that the plans are no longer actuarially efficient for the Trust to continue to offer. It is noted that most other multi-employer trusts and medical plans have made or are making similar decisions and are or have moved to a PPO platform.

It might first be helpful to clarify what a PPO is - in contrast to our current Regence Plan A and B (known as a fully funded or POS / Point of Service medical program):

PPO –“... a managed care organization of medical doctors, hospitals, and other health care providers who have covenanted with an insurer or a third-party administrator to provide health care at reduced rates to the insurer's or administrator's clients....”

A preferred provider organization is a subscription-based medical care arrangement. A membership allows a substantial discount below their regularly charged rates from the designated professionals partnered with the organization. Preferred provider organizations themselves earn money by charging an access fee to the insurance company for the use of their network (unlike the usual insurance with premiums and corresponding payments paid either in full or partially by the insurance provider to the medical doctor). They negotiate with providers to set fee schedules, and handle disputes between insurers and providers....

Other features of a preferred provider organization generally include utilization review, where representatives of the insurer or administrator review the records of treatments provided to verify that they are appropriate for the condition being treated rather than largely or solely being performed to increase the amount of reimbursement due....” [Wikipedia]

To employees and their families, the key to the quality of care is the provider network – i.e. how inclusive the provider network is and, specifically, if their individual health care providers are members.

Due Diligence Study

In order to assure a prudent due diligence study, the Benefits Committee utilized the services of Alliant / ClearPoint to analyze options for the city within the medical benefits marketplace.

There are four options that are generally available to an employer. We reviewed each of these as part of the due diligence study. Those four options are:

- 1) contracting directly with insurance carriers,
- 2) moving to another multi-employer trust,
- 3) staying with AWC
- 4) initiating a Self Funded medical program

Previous Council Reading Files have provided more detailed discussion of these options and the pros and cons for each.

A lack of specific City of Kirkland claims data has represented a significant problem in looking at options. AWC does not provide access to the claims experience data to individual participating members. Because of this, we have been unable to provide exact claims data to potential carriers in order to secure quotes.

Rates are typically set through a combination of factors including employee population size, employee and family demographics and previous claim experience (actual costs). With our small employee population and lack of specific claims experience information, potential carriers initially either declined to quote or have come up with quotes significantly higher than our current costs.

As discussed further in the “Risk Management” section below, working with Aliant / ClearPoint, we were able to creatively mitigate this lack of Kirkland specific claims data by providing carriers with reasonable experience information utilizing known claims data from comparable jurisdictions and our own demographics. Even with this, carriers have tended to quote rates higher than current AWC rates (...Premera quoted, for example, 50% higher than current premium costs).

With the remaining options of either staying with AWC or moving to another multi-employer trust, both approaches result in a conversion to a PPO plan design. (It is noted that many of the other large multi-employer trusts, such as the PEBB state program or Union trusts, such as the Teamsters, are already in a PPO format). Therefore, coupled with a continuing increase in costs (...either through an immediately higher premium or as a result of a lack of ability to affect or control “trend” regarding escalating premium costs), it is not really a question of if Kirkland should move to a PPO platform but rather “when?” and “which one...?”

Competing Interests

Reconciling competing interests has been a challenging endeavor in this approach. All employers today are critically concerned in regard to the escalating costs associated with medical benefit programs. This is balanced with the needs of employees and their families, who are most interested in the benefit plan design and the provider network which is available to them. This has proven to be even more-so true for City of Kirkland employees. The Unions are concerned about change from current benefit levels and any efforts toward increasing their members’ out-of-pocket expenses (cost-sharing) – hence the emphasis on assuring substantially equivalent benefits.

In order to attempt to balance these competing interests, and provide an “apples to apples” comparison to AWC’s current (Plans A&B) and AWC’s future (PPO) programs, the study of options was initiated with some clear initial parameters:

- 1) Plan design within a PPO framework
- 2) Substantially similar benefit levels
- 3) Substantially similar provider network
- 4) Preventative benefit component
- 5) Deductible and out-of-pocket similar to the AWC PPO
- 6) Ability to manage costs and reduce “trend”
- 7) Ability to “control our own destiny”

Given all considerations, a “limited risk” Self Funded medical program would seem to provide the best prospect of meeting Kirkland’s interests and reconciling these competing interests.

What Is Self Funding?

An employer who operates a Self Funded health plan assumes the financial risk for providing health care benefits for its employees. Self Funded plans differ from fully insured plans in that employers do not pay monthly premiums for health care, however they do pay the claims cost for the services that employees actually receive and the costs to administer the program.

The basic components of a well-established Self-Funded Plan would include:

- 1) Third Party Administrator (Eligibility & Claims Processing)
- 2) Plan Design (Actuarially prudent – note: “substantially equivalent” requirement)
- 3) Provider Network (Health care services and provider discounts)
- 4) Stop Loss Insurance (Risk Limitation or Cap)
- 5) Reserves and Rate Stabilization Fund (Assure adequate funding and cost containment)

To limit their liability most employers purchase Stop Loss insurance. The Stop Loss insurer agrees to reimburse the employer for health care costs that reaches certain individual and/or aggregate thresholds (for example, \$100,000 monthly per individual and \$3.8 mm annual aggregate) in exchange for premium payments on the Stop Loss coverage. Generally, the lower the threshold amount, the higher the premium.

Risk Management

Self-Funded programs are not totally without risk, but the risks can be minimized. As noted, having good Stop Loss coverage in place, with appropriate limits, is a key component of managing the risk.

As part of the due diligence study, we were able to do an actuarial analysis to predict our “Expected Liability” utilizing known claims data from comparable jurisdictions, coupled with a cross reference to our own demographics. This helps to overcome the issue of a lack of claims data from AWC and is best thought of as a base line average of anticipated claims.

To alleviate the volatility of claims, the Expected Liability average was then converted into a “Maximum Liability” (98% reliability factor). Stop Loss coverage would be put into place at this level.

Reserves and Rate Stabilization are tools to assure the adequate dollars are in place to pay both fixed costs and claims.

“Reserves” are built during the first year and do not necessitate a cash infusion. Typically, employers are in a position to “save” money in the first 12 months while self-funding. This occurs because claims payments for services in one month are not processed until the second or third month. For example, should Kirkland go to a Self Funded program, in the early months of the transition period, medical claims and provider billings “run-in” subsequent to when the service is actually delivered. Additionally, AWC would remain liable for services prior to the transition period, regardless of when paid. This allows reserves to build. (Please see Illustrative Example – Attachment 1)

The “Rate Stabilization” fund provides that anticipated costs remain constant for say a two year period, while providing a actuarially prudent hedge against “trend” in the second year. This is important, especially with a biennium budget. This helps to assure that overall costs are predictable and new cash infusions are not necessary.

“Control your own Destiny”

Performance measurement and management by information are powerful tools. With a Self Funded Program, cost containment options are different than with a fully funded program, such as AWC or direct contracting with a carrier. With Fully Funded programs, premium cost-sharing with employees is the only viable option toward cost containment and consumer managed care. Within Self Funded models, utilization and severity analysis are possible on an ongoing basis, and such elements as plan design, deductibles and out-of-pocket are variables within one’s own control. Both the employer and the employees are in a greater position to influence and drive the type of care and the cost of it.

Typically, an employer would put into place a “Benefits Committee” (much like our current MEBT model) with both employee and management representation. If costs on a specific item are growing at an actuarially inappropriate rate, they can be specifically addressed. For example, if employees are over-utilizing Emergency Rooms, an alternative clinic or health care approach, or even a higher deductible, can be applied to that specific benefit to reduce utilization and to control cost.

Additionally, over-time, the employer can gather and analyze claims data to be responsive with provider or plan design changes or other modifications to meet utilization.

Further, the Self Funded model currently being used as a base line has a significant “preventive” component (annual physical, well-child, etc). This can be leveraged with the City’s current wellness and health risk assessment efforts.

Questions deserving consideration

How would this be funded – won’t it cost more?

When a conversion / transition is made to Self Funded, the employer is able to build reserves. Because fixed costs can be anticipated and claims costs have a gradual run-in, the additional cash can be retained as reserves against future claim costs. This alleviates the need for up-front cash.

By contributing even at current levels of cost (i.e. the amount that AWC premiums currently cost the City of Kirkland, which is approximately \$5.1 mm), nearly \$1.3 mm in reserves and rate stabilization could be achieved by the end of the first year. While no-one can assure claims cost, this assessment is based upon reasonably prudent actuarial analysis and risk factors.

Even with “trend” increases, this should assure that sufficient monies are being reserved to meet claims costs for a biennium budget, without additional annual adjustment. (Please see Illustrative Example – Attachment #1)

What is “trend”?

Each year medical services cost more. Premium increases are correspondingly increased even more. However, depending upon an employer’s approach, there can be a big difference in how much more. For example, in recent years, AWC has averaged 10% premium increases (and even more than that in prior years.) Contrast that with some of our neighbors such as Bellevue and Redmond, who are Self-Funded, and have averaged closer to 6% cost increases. In some years they have had 0% increases in cost (Redmond – 2009, Bellevue – 2008) and Everett, Renton and others have enjoyed similar successes.

Additionally, each year the Stop Loss premium may also increase. Again that is driven by the number of times that claims exceed maximum liability, either based upon unusual individual or aggregate experience. While there is only a 2% prospect of this occurring, the Rate Stabilization fund would provide adequate safeguard against the need for additional cash infusion, cover any trend increases, as well as provide predictability as to the total cost of a medical program.

What are factors that would jeopardize a Self Funded Plan?

Most Self Funded programs are successful. Very occasionally, you may hear about one that is not successful and that organization would then go back to a different medical program. While rare, there are some “lessons learned” in those instances. Generally, one or more of the following have occurred, when there are problems with Self Funded medical programs:

- 1) Inadequate Stop Loss Coverage
- 2) Too small of a group or “high cost / high risk” demographics
- 3) Incomplete or improper actuarial analysis
- 4) Too rich plan design
- 5) Not managing by information / adjusting to utilization
- 6) Reserves or Rate Stabilization set too thin
- 7) Treating Reserves or Rate Stabilization as “cash”

How will we know if we are reserving enough / too much?

First Choice Health would provide Third Party Administrative services. This will provide ongoing claims and experience data. Alliant / ClearPoint will then provide analytical, underwriting, key metrics analysis, risk measures and severity reports based upon actual Kirkland data.

Externally, the State of Washington provides an annual audit and detailed actuarial assessment of reserve levels and the adequacy of those reserves. Internally, a Benefits Committee will also provide a consumer-driven approach to managed health care, based upon composite information.

What about Group Health and other Insurances?

Group Health is an HMO and, by law, we would continue to offer Group Health as an option under this scenario. The Self Funded program basically replaces Regence Plans A and B. Other insurances such as Vision and Dental, as well as our FSA/125 Plan, etc. would continue to be offered at current levels, and would be generally unaffected.

It should also be identified that we would also have very significant opportunities as to Prescription Drugs access and cost. This approach allows for greater volume purchasing, pricing transparency and formulary management, resulting in lower costs.

What about employee cost-sharing?

Each of our Collective Bargaining Agreements has language that provide for the ability to change medical programs, with certain requirements. The basic tenant is “substantially equivalent.” The language of the AFSCME Agreement serves as an example:

ARTICLE 15 – HEALTH & WELFARE

15.1 MAINTENANCE OF BENEFITS

Medical and Dental Insurance - The Employer may self-insure medical and/or dental insurance coverage or select a new medical and/or dental insurance plan and shall make every possible effort to maintain substantially equivalent benefits. The Employer and the Union shall meet to explore alternative insurance coverage prior to selecting any new medical and/or dental insurance plan in order to maintain substantially equivalent benefits at a reasonable cost. The Employer recognizes its responsibility to bargain with the union the impact of those decisions.....

Participation in benefits shall be consistent with Article 15.2 of this Agreement and the trusts and Plans described below.

15.2 HEALTH AND LIFE INSURANCE

Medical Insurance - the Employer shall pay each month one hundred percent (100%) of the premium necessary for the purchase of employee coverage and one hundred percent (100%) of the premium necessary for the purchase of dependent coverage under the Association of Washington Cities Regence Medical Plan B or Group Health Plan 2 for each employee of the bargaining unit.

Changes in insurance carrier shall be subject to Article 15.1....

Obviously, a change to a Self Funded Program will represent a significant “leap of faith” for our employees and their families. Additionally, to the Unions, it is their perspective that the components of benefit plan design, provider network and member cost are all elements of “substantially equivalent benefits.”

It is a very significant question as to Union receptivity if this type of a change in programs (Self Funded) could be accomplished if employee cost-sharing was concurrently proposed.

Again, it is believed and recommended that the cost containment potential for the City of Kirkland is in the greater ability to “Control our own Destiny.”

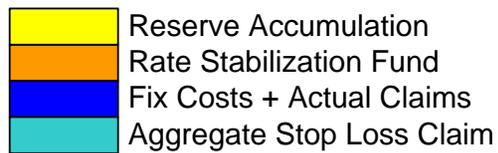
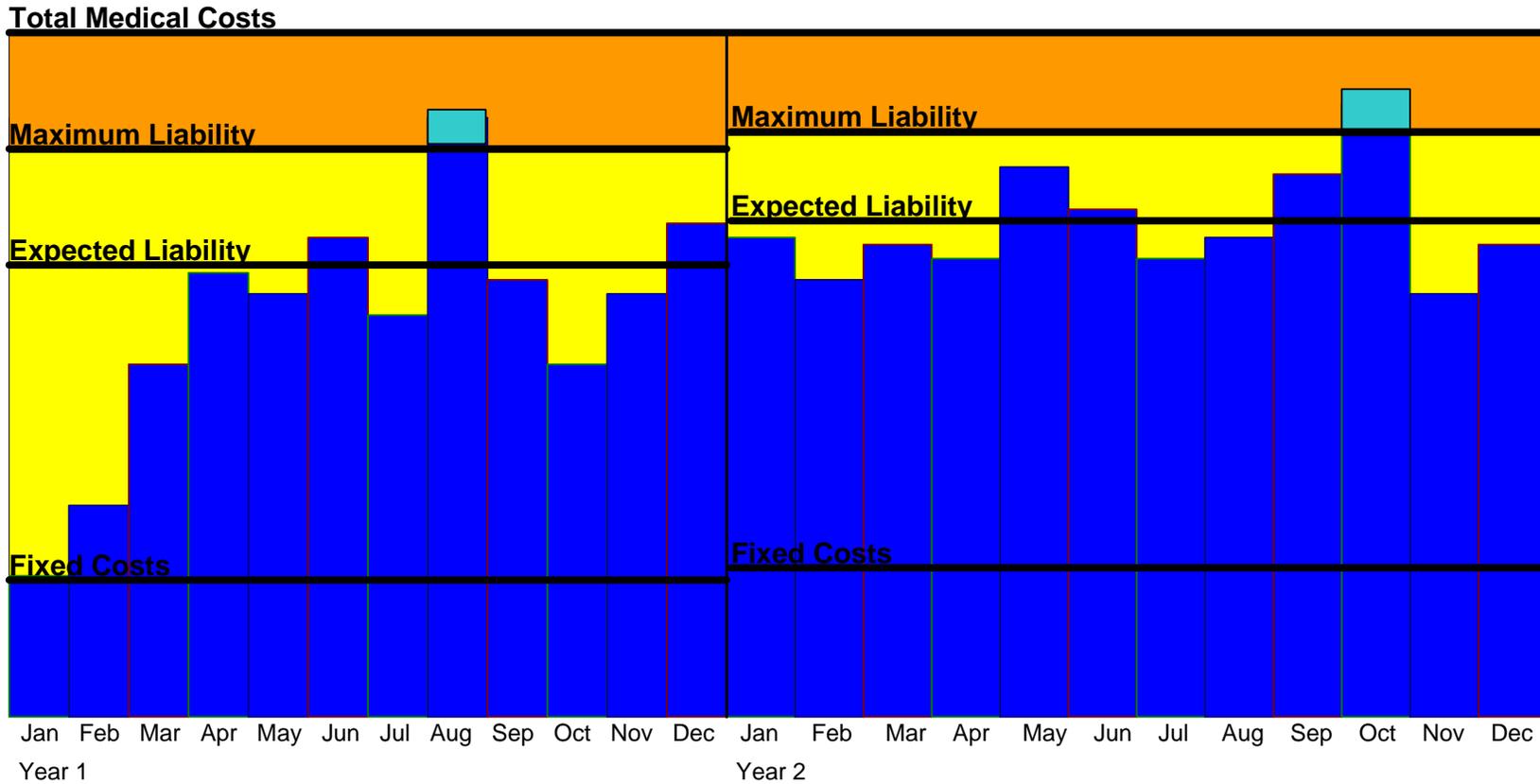
Conclusion

The opportunity to realize a positive change in medical programs (at a time when change is necessitated) is important for a variety of reasons. It is also noteworthy that the options available to the City of Kirkland become less with the passage of time.

This Reading File presents Self Funded as an option for Council’s consideration, and one that does reconcile multiple competing interests. It also meets many of the goals necessitated by the City of Kirkland’s understandable budget and financial concerns.

It is hoped that this Reading File represents an opportunity for Council discussion and direction, on a matter that is critical to our City as well as to its employees and their families.

How do we build reserves? -Illustrative Example





HEALTHCARE REFORM SURVIVAL GUIDE

FOR EMPLOYERS

PATIENT PROTECTION AND AFFORDABLE CARE ACT HEALTHCARE REFORM OBAMACARE

*They're all different names for the same thing.
But what does it mean to you as an employer?*

It means changes. Lots of changes.

Changes to your...

- Plan design
- Plan administration
- Eligibility rules
- Plan finances
- Employee communication

And it also means changes for your employees and their dependents. In fact, there probably isn't a person in America who isn't affected by Healthcare Reform in some way.

We at Alliant know that it's hard to keep straight all of the changes that have already come, that are around the corner, and that are still a ways down the road. That's why we're providing you this Healthcare Reform Survival Guide.

Now, keep in mind, while we do **have** lawyers, we're not **your** lawyers. So you'll need to be in close touch with your plan's attorneys to be sure that you're doing what you're supposed to. But we hope that the Guide will help you survive all of the changes due to Healthcare Reform.

About this Guide

This guide is divided into six sections:

1. Plan Benefits
2. Plan Administration
3. Plan Finances and Taxes
4. Pay or Play
5. Communications
6. Participant Issues

Within each section, the specific provisions of Healthcare Reform are separated into provisions that are:

- Already in Effect
- Coming Up
(Scheduled for implementation in the next year or so)
- Way Out There
(Either not scheduled for implementation soon or likely to be delayed because of lack of guidance or proper infrastructure)

Also note that the following codes are used throughout the Guide:

- ALL** This provision applies to all plans, regardless of grandfathered status
- GF** This provision applies to grandfathered plans only
- NOT GF** This provision does not apply to grandfathered plans
- S** Applies only to small employers (fewer than 50 employees)
- L** Applies only to large employers (50 or more employees)
- XL** Applies only to large employers with more than 200 employees

Getting Started: A Vocabulary Lesson

Every time the government makes a new rule, they generally come up with new terms that need to be defined. Here are a few definitions to get you started. You'll be seeing these terms throughout the Guide, so we thought we'd put their meanings up front and center.

DEPENDENT CHILD

Healthcare Reform regulations don't define the term "child" for the purposes of deciding which children need to be offered dependent coverage. But as a rule the following categories of children would be covered:

- Biological children
- Adopted children
- Stepchildren
- Eligible foster children

They are considered children under the plan for at least as long as the relationship lasts. For example, a stepchild is considered a dependent child by the plan as long as the stepparent and biological parent are married. Children of a domestic partner could be covered if the child is considered a stepchild under state law (for example, in states that recognize same sex marriage).



If you're not sure about the rules that apply to your plan, talk to your carrier or TPA for specifics.

ESSENTIAL HEALTH BENEFIT

The federal government hasn't officially defined what an essential health benefit is. However, we know that it will include benefits in the following 10 categories:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use treatment, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services, including chronic disease management
- Pediatric services, including oral and vision care



Work with your carrier or TPA to decide which items and services are essential health benefits. Agencies will take into account a plan's good faith efforts to comply with these rules.

EXCEPTED BENEFIT

Excepted benefits are benefits that are not affected by some of the new Healthcare Reform rules. These include:

- **Fully-insured** dental and vision plans if the benefits are provided through separate insurance contracts.
- **Self-insured** dental and vision plans if the participant elects the coverage separately from the medical plan and pays a separate premium for the coverage. (100% employer-paid plans wouldn't qualify.)

GRANDFATHERED PLAN

A grandfathered plan is one that existed on March 23, 2010, otherwise known as the date Healthcare Reform was passed. The plan has also continued since that date without any major changes. Changes that trigger a loss of grandfathered status are generally those that are negative for the participant, such as increases in cost-sharing, limits on benefits, etc.

Grandfathered status affects compliance with various different rules.

ALREADY IN EFFECT

DOLLAR LIMITS ON ESSENTIAL HEALTH BENEFITS ALL

Currently, plans cannot have lifetime dollar limits on essential health benefits (see page 6). In addition, annual dollar limits on essential benefits cannot be less than \$2 million for plan years starting between now and December 31, 2013. For plan years starting on or after January 1, 2014, plans cannot place annual limits on essential health benefits.



- These rules apply to all plans regardless of grandfathered status.
- Make sure these rules are reflected in your plan document.
- You may want to consider using treatment-based limits (such as a limit on the number of office visits) as an alternative.
- Discuss your options with your carrier or TPA.

DEPENDENT COVERAGE TO AGE 26 ALL

Plans that offer coverage for children must make that coverage available until the child reaches age 26 (through age 25). The plan can't deny coverage based on the child's employment, income level, ability to self-support, student status, or marital status. However, until 2014, grandfathered plans can exclude dependents who have access to coverage through their own employers. Coverage will generally be tax-free until the tax year when the child turns 27.



Make sure these rules are reflected in your plan document.

PATIENT PROTECTIONS NOT GF

Healthcare Reform added the following new rules. All of them took effect in plan years that began on or after September 23, 2010.

- Participants must be allowed to choose any participating primary care provider (a pediatrician can be named as a child's primary care provider).
- Plans can't require pre-authorization or referral for care by a doctor of obstetrics or gynecology.
- Plans that provide benefits for emergency services can't do the following:
 - Require pre-authorization for emergency care at in-network or out-of-network facilities.
 - Deny coverage because the facility is outside the network.
 - Impose administrative requirements or limits on coverage that are more restrictive in an out-of-network facility than they are at an in-network facility.
 - Require the patient to pay more than is allowable under cost-sharing rules.
- Certain preventive health services must be covered with no cost sharing.



- Make sure your plan document reflects these changes.
- Talk to your carrier or TPA if you have questions about which preventive care items must be covered with no cost sharing.

COMING UP

DOLLAR LIMITS ON ESSENTIAL HEALTH BENEFITS ALL

For plan years starting on or after January 1, 2014, plans cannot place annual limits on essential health benefits.



- These rules apply to all plans regardless of grandfathered status.
- Make sure these rules are reflected in your plan document.
- You may want to consider using treatment-based limits (such as a limit on the number of office visits) as an alternative.
- Discuss your options with your carrier or TPA.

REQUIRED COVERAGE OF CLINICAL TRIALS

NOT GF

Starting on January 1, 2014, health plans must allow participation in an approved clinical trial and cannot discriminate against an individual participating in a clinical trial. Plans also can't limit or place conditions on coverage for routine patient care provided in the clinical trial.



If your plan is not grandfathered, make sure it is updated to reflect this change.

COST-SHARING LIMITATIONS APPLY

Out-of-Pocket Maximum Limits NOT GF

For plan years starting in 2014, out-of-pocket limits for self-only and family coverage can't be more than the limits for HSA-compatible HDHPs. These limits are indexed each year. In 2013, these limits are:

- \$6,250 (individual coverage)
- \$12,500 (family coverage)

Deductible Limits S

For small, insured health plans, there will be limits on deductibles. Deductibles cannot exceed:

- \$2,000 (individual coverage)
- \$4,000 (family coverage)



- If your plan is not grandfathered, make sure it is updated to reflect this change.
- If you are considered a small employer, make sure that your plan deductibles are in line with these limits.

WAY OUT THERE

None.

ALREADY IN EFFECT

NEW STANDARDS FOR APPEALS NOT GF

The rules have the following effects:

- Expand the definition of adverse benefit determination.
- Clarify procedures regarding full and fair review of claims.
- Provide guidance on conflicts of interest.
- Provide new content requirements for notices, and that they be provided in a non-English language in some cases.
- Change the compliance standards and rules about exhausting other avenues of appeal.
- Require continued coverage while an appeal is in process.



Make sure the new claims appeal rules are reflected in your plan document.

LIMITS ON CANCELING COVERAGE RETROACTIVELY ALL

Except in cases of fraud or intentional misrepresentation (lying), plans can't retroactively cancel coverage (called "rescission of coverage"). And even when there is fraud or lying, the plan document must state that it has the right to retroactively terminate coverage in these circumstances. Retroactive cancelation because of a failure to pay premiums is not considered a rescission and is, therefore, allowed.



Update your plan document to ensure that you can retroactively cancel coverage in the event of fraud or lying. Discuss with your carrier or TPA.

LIMITS ON PRE-EXISTING CONDITION EXCLUSIONS ALL

Any plan limits on pre-existing conditions cannot apply to children under age 19. Starting in 2014, plans can't apply pre-existing condition exclusions to any participant.



Make sure these changes have been included in your plan document.

REPORTING THE COST OF EMPLOYER-SPONSORED COVERAGE ON FORM W-2 ALL

Employers must report the aggregate cost of employer-sponsored coverage on Form W-2.

- For a fully-insured plan, the aggregate cost of coverage is the combined employer and employee contribution to premium.
- For a self-insured plan, aggregate cost of coverage is usually the COBRA applicable premium minus the 2% administration fee.

Excepted benefits (see page 4) do not have to be reported. Employers who issued fewer than 250 W-2s in the previous calendar year are currently not required to report. However, note that after you cross the 250 W-2 threshold, you will be required to report in the following year.



- Make sure your payroll teams are prepared for this new reporting requirement.
- Ask your Alliant representative for a copy of our comprehensive W-2 reporting guide for additional support.

ALREADY IN EFFECT

HEALTHCARE FSA CONTRIBUTIONS CAPPED AT \$2,500 ALL

Employee contributions are limited to \$2,500 (indexed for inflation starting in 2014). Employer contributions generally don't count toward the limit unless an employee could elect cash instead of the employer contribution. Please note that:

- The \$2,500 limit applies on an employee-by-employee basis. This means that two spouses employed by the same employer could each contribute \$2,500.

- The \$2,500 limit also applies on an employer-by-employer basis. This means that employees with more than one employer could contribute \$2,500 under each employer's FSA.

There has been no change to the allowable contribution for Dependent Care FSAs.



- Make sure your cafeteria plan document includes this change.
- Communicate the new limit to employees.

COMING UP

NON-DISCRIMINATION RULES

Healthcare Reform rules state that non-grandfathered fully-insured plans will now have to comply with the same non-discrimination rules that already apply to self-insured plans. In short, these rules prohibit discrimination in favor of highly compensated individuals. Technically, this rule is already in effect for self-funded plans. It is not yet being enforced against fully-insured plans.

So, here's what you need to know:

- If you plan is fully-insured and non-grandfathered, your plan will need to comply once guidance is released.
- If your plan is self-insured, carry on and don't discriminate.



- Be on the lookout for new guidance as we approach 2014.
- If you have any plan terms that are a concern (for example, a plan that provides better coverage for certain classes of employees), know that these will probably need to be changed once regulations are released. Discuss any concerns with your carrier/TPA or legal counsel.

Important Note!

The following designs tend to raise "red flags" for discrimination purposes. These features won't necessarily cause a testing failure, but should be looked at to make sure they don't violate the discrimination rules.

- Excluding part-time, seasonal, or temporary employees from participation
- Having different plans available only to certain classes of employees
- Different eligibility provisions such as waiting periods for different classes of employees
- Employer contributions that increase with an employee's tenure or a percentage of the employee's compensation
- Different employer contributions for different classes of employees

AUTOMATIC ENROLLMENT FOR LARGE EMPLOYERS ONLY ALL XL

Healthcare Reform rules are designed to ensure that everyone has healthcare insurance coverage. Therefore, large employers (200+ counted employees) must ensure coverage for benefits-eligible employees by:

- Automatically enrolling new full-time employees in one of the employer's benefit plans
- Automatically continuing the enrollment of current employees from one plan year to the next (called "passive enrollment").

COMING UP



If you're a large employer, watch for guidance on this and let your human resources/benefits administration teams know this is coming.

NO PRE-EXISTING CONDITION EXCLUSIONS

ALL

Starting in 2014, plans can't apply pre-existing condition exclusions to any participant.



Make sure these changes have been included in your plan document.

EXCESSIVE WAITING PERIODS PROHIBITED

ALL

Starting with the first plan year on or after January 1, 2014, plans can't apply a waiting period that is longer than 90 days. If your plan currently extends eligibility on the first of the month after 90 days, the plan will not be compliant. Coverage must begin no later than day 91. This is a true "days passed" standard and includes weekends and holidays.

WAY OUT THERE

None.

EXAMPLE:

ABC Company has always allowed employees to participate in its health plan starting the first of the month after the employee has worked 90 days. Will this "first of the month after 90 days" standard be acceptable under the new Healthcare Reform rules?

No. Suppose ABC Company hires Danny as a full-time employee on June 1, 2014. Ninety days from Danny's first day of employment (June 1, 2014) is August 29, 2014. Waiting until September 1 to enroll Danny would violate the Healthcare Reform rules because this would result in a waiting period longer than 90 days.

Additional guidance on how waiting periods are applied in connection with the "Pay or Play" rules may be issued. Please see page 11 for more information on Pay or Play.



Make sure this change is included in your plan document.

REPORTING HEALTH INSURANCE STATUS TO IRS

ALL L

Employers with 50 or more full-time employees who offer employer-sponsored coverage must report coverage status to the government. A summary of the reported information must be given to employees.

EMPLOYER ACTION ITEM

- Watch for additional guidance.
- Make sure your payroll teams (or teams who will be responsible for this reporting) are prepared for this new reporting requirement.

ALREADY IN EFFECT

INSURANCE CARRIERS MUST ISSUE REFUNDS TO CERTAIN FULLY-INSURED PLANS ALL

Carriers must refund a portion of your plan's premiums if the carrier does not spend a minimum amount of your premiums on paying plan claims.

- In large groups, the minimum is 85%
- In small groups, the minimum is 80%

There are special rules about how refunds can be used. It will depend on:

- The terms of your plan
- Whether it's an ERISA, non-ERISA, or church plan
- Whether the refund is considered a plan asset

This rule does not affect self-insured plans.



Review your plan and talk to your carrier.

PATIENT-CENTERED OUTCOMES RESEARCH FEE ALL

This is also called the "clinical effectiveness fee." Fees are based on the number of employees and dependents covered by the plan. If an employer has more than one self-insured plan and if the self-insured plans have the same plan year, participants of both plans will usually be counted only once for the fee.

The fee is \$1 per person per year for plan years that end before October 1, 2013, then \$2 per person per year.

Get familiar with the different methods for taking a "headcount" and submit the fees by the date due (generally July 31).

COMING UP

ANNUAL FEES FOR INSURANCE CARRIERS OF FULLY-INSURED PLANS

Carriers will probably pass the fees along to plans. Plans could feel the impact of this as early as 2013 if carriers collect the fee in advance in order to have "cash on hand" when the fees are payable to the government in 2014.



If your plan is fully-insured, talk to your carrier about how much the fee will be and when it will be collected.

REINSURANCE FEES FOR INSURANCE CARRIERS AND TPAS

Insurance carriers and TPAs must contribute to a temporary reinsurance program. The fee is estimated at \$63 per covered life, and lasts for three benefit years (2014–2016). Again, these fees are likely to be passed along to policyholders.



Talk to your carrier or TPA for information about how the fees will apply to your plan.

SECTION 4

PAY OR PLAY **ALL** **L** (SHARED RESPONSIBILITY TAX)

Because “Pay or Play” is such a big part of Healthcare Reform, we’re devoting a whole section of the Guide to it. In this section, you’ll get a good overview of how Pay or Play works, and how it will affect your organization.

OVERVIEW

The Pay or Play rules require that large employers offer minimum essential coverage to their full-time employees or pay a penalty. If an employer doesn’t provide minimum essential coverage, it must pay an annual tax of \$2,000 per employee starting with employee number 31. (There is no penalty for the first 30 employees.)

If an employer provides minimum essential coverage but the coverage is unaffordable or doesn’t provide minimum value, the employer must pay an annual tax of \$3,000 for each employee who gets subsidized coverage through an Exchange.

WHAT IS A LARGE EMPLOYER?

A large employer has at least 50 full-time or full-time equivalent employees. Add together the number of actual full-time employees and the number of full-time equivalent employees to see if there are at least 50 employees.

Ask your Alliant representative if you need assistance determining if your company is considered a “large employer.”

LARGE EMPLOYER



**50+ FULL-TIME EMPLOYEES AND
FULL-TIME EQUIVALENT EMPLOYEES**

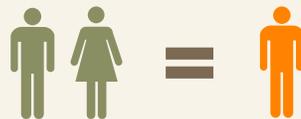
WHAT MAKES AN EMPLOYEE FULL-TIME?

Full-time is defined as 130 hours per month. This includes:

- Actual hours worked
- Hours paid, but not worked (for example, paid sick time or vacation time)

WHAT IS A FULL-TIME EQUIVALENT EMPLOYEE?

Multiple part-time employees can be “added together” to make one full-time equivalent employee. For example, two employees working 65 hours per month (approximately 15 hours per week) add up to one full-time employee working 130 hours per month.



2 part-time
employees
65 hrs./mo.

1 full-time
employee
130 hrs./mo.

PAY OR PLAY REQUIREMENTS

1. PLANS MUST PROVIDE MINIMUM ESSENTIAL COVERAGE

Although regulatory guidance has not yet been issued, most employer-sponsored major medical plans will be considered minimum essential coverage.

2. PLANS MUST PROVIDE MINIMUM VALUE

In order to provide minimum value, a plan's share of the cost of benefits must be at least 60%. Employers will have different options to make sure their plans meet this threshold.

- HHS and the IRS have created an Excel-based calculator
- A safe harbor or checklist method will also be available
- An actuarial analysis could be done (probably the least appealing option due to the expense)

3. COVERAGE MUST BE AFFORDABLE TO EMPLOYEES

Under Healthcare Reform, coverage that costs more than 9.5% of the employee's household income will not be considered affordable. Because employers will usually not know an employee's household income, the rules allow employers to use the following methods to calculate affordability. Calculations are based on employee-only coverage for the lowest cost plan offered that provides minimum value:

- **W-2 wages method:** The employee's annual premium contribution does not exceed 9.5% of W-2 wages.
- **Rate of pay method:** The employee's cost does not exceed 9.5% of the employee's hourly wage X 130 per month. (Note: 130 hours per month is used for the calculation even if an employee works more hours than 130.)
- **Federal Poverty Line (FPL) method:** The employee's cost does not exceed 9.5% of the federal poverty line for a single individual.

EXAMPLES

👉 W-2 WAGES METHOD

Kathy earns \$50,000 per year and pays \$300 per month for single coverage on her employer's lowest cost plan. Kathy's annual contribution to coverage is affordable because it does not exceed 9.5% of her W-2 wages. ($50,000 \times .095 = 4,750$, the maximum contribution that could be charged annually and still be considered affordable.) Kathy's contribution is below this threshold—she pays \$3,600 in premiums annually.

👉 RATE OF PAY METHOD

John makes \$15.00 per hour and works 40 hours per week. He pays \$150 per month for single coverage on his employer's lowest cost plan. John's contribution to coverage is affordable under the rate of pay method because it does not exceed 9.5% of his hourly wage multiplied by 130 hours ($15 \times 130 = 1,950$; $1,950 \times .095 = 185.25$, the maximum contribution that could be charged and still be considered affordable).

👉 FEDERAL POVERTY LINE METHOD

Using John from the previous example, would his \$150 monthly contribution still be considered affordable using this method? No. If John lives in the continental U.S., the federal poverty level for a single individual is \$11,490. $11,490 \times .095$ is \$1,091.55 per year, or \$90.96 per month (the maximum contribution that could be charged and still be considered affordable). John's \$150 monthly contribution exceeds this threshold.

👉 DETERMINING ELIGIBILITY FOR COVERAGE

Coverage must be available to all full-time employees. So the first thing employers need to do is determine which employees—in the eyes of the federal government—are considered "full-time."

WHO IS FULL-TIME?

The rules here are fairly complex. In short, employers must put employees into different categories. Employees who are working full-time (130 hours per month) generally must be offered coverage to avoid a penalty. Other employees whose hours are unpredictable will have their full-time status determined by looking back over a period of time called a measurement period.

HOW LONG IS THE MEASUREMENT PERIOD?

The measurement period is set by the employer, but can't be longer than 12 months. Most employers will have an initial measurement period for new and variable hour employees and a standard measurement period for ongoing employees. If, at the end of the measurement period, the employee has met the threshold for full-time status, he or she must be offered coverage to avoid a penalty.

WHAT IS A STABILITY PERIOD?

At the end of the measurement period, the employee usually enters what's called a stability period. The stability period has to be at least as long as the measurement period was, and during the stability period, employees are vested in their benefits coverage regardless of how many hours they actually work.

WHAT IS AN ADMINISTRATIVE PERIOD?

The rules allow an employer to use an administrative period—a time when the employer can:

- Collect paperwork
- Answer questions from employees
- Take care of other administrative tasks

The administrative period can't be longer than 90 days. The administrative period and measurement period together cannot last past the last day of the first month following the one-year anniversary of an employee's start-date.

- For example, if the employee is hired February 15, the combined measurement period and administrative period must end on or before March 31 of the following year.

PRACTICAL APPLICATION

Since most employers administer their plans on a monthly basis, the most common arrangement will be for an employer to have 13 distinct measurement periods:

- 12 “initial” measurement periods starting on the first day of each month for new employees. For example, if an employee starts work on March 13, his initial measurement period would start April 1.
- One “standard” measurement period for ongoing employees. Employers will likely want the standard measurement period to end close to their annual benefits enrollment so that eligibility for benefits is determined prior to annual enrollment beginning.

Most employers will probably use a split administrative period, with some administrative time before the measurement period starts (to answer questions and do initial paperwork) and after it ends (to calculate hours and complete enrollment). It would look like this:

EXAMPLE

Jane Doe is hired February 15 and is expected to have variable hours.

- Administrative Period #1 (February 15–February 28): She will enter the front end of an administrative period on February 15, which will last until the employer's next initial measurement period starts (March 1).
- Initial Measurement Period (March 1–January 31): Let's say the employer has an 11-month initial measurement period in order to have a longer administrative period. In this case, Jane finishes the initial measurement period on January 31.
- Administrative Period #2 (February 1–March 31): On February 1, she enters the back end of the administrative period, which will last until the end of the following month, or March 31.
- Eligibility Begins (April 1): If she is a full-time employee based on the measurement of her hours, she would be treated as full-time beginning April 1.

WHO IS FULL-TIME? (continued)

What happens if an employee does not meet the full-time threshold in the initial measurement period?

In this case, the employee enters what's called a "limited" stability period. It's considered limited because it will not necessarily last the same number of months as the measurement period—it will only last until the employer's standard measurement period for ongoing employees ends.

At the end of the limited stability period, the employer would take a second measurement of the employee's hours based on the standard measurement period—the one that started on or after the employee's hire date and generally ends just prior to annual enrollment. If the employee is full-time using this method, he or she will need to be offered coverage to avoid a penalty.

What if an employer misses someone?

It is possible to mistakenly determine that an employee is not full-time (and therefore not benefits-eligible) when in fact he or she is eligible. The rules provide some relief here. An employer who fails to offer coverage to a small number of full-time employees (5% or less) will not face the full pay or play penalty that would otherwise apply. This is known as the de minimis rule.



- Familiarize yourself with these basic rules.
- Consider what groups within your organization will need training. For example, human resources and payroll teams will likely need training.
- Please contact your Alliant representative with specific questions on how the rules apply to you. The rules are complicated and represent a major change for most employers. Don't hesitate to reach out for assistance.

WAY OUT THERE

CADILLAC TAX: TAX ON THE EXCESS BENEFIT OF HIGH COST HEALTH COVERAGE (2018)

A plan is considered a "Cadillac" plan if it provides a level of benefits that results in an annual premium of:

- \$10,200 for individual coverage
- \$27,500 for family coverage

Generally, these plans require little or no out-of-pocket cost for the participant, which tends to encourage overuse of medical care.

These plans will incur a 40% excise tax on the excess

benefit (meaning, premiums that exceed these thresholds). There are many exceptions based on location and job classification.



- Watch for guidance as the effective date approaches.
- Keep an eye on whether plans are trending toward the premium level, which would trigger the Cadillac tax.

ALREADY IN EFFECT

PLANS MUST PROVIDE A SUMMARY OF BENEFITS AND COVERAGE (SBC)

Summary information using a template SBC must be provided to participants. The template allows for four double-sided, letter-size pages. Aside from adding the plan's specific information, the template cannot be changed.



- Work with your carrier/TPA to ensure the SBC is written accurately and distributed to all individuals who should receive them.
- Determine if your dental and/or vision plans are required to provide SBCs. (See page 4 for information on excepted benefits.)

COMING UP

EMPLOYERS MUST PROVIDE NOTICE OF EXCHANGES

Employers must provide employees with a written notice about the Exchange and the effect of buying Exchange coverage instead of employer-sponsored coverage. Regulators have issued a model notice. A pared down Alliant version of the notice is also available and will simplify the process for employers.



Distribute notice according to regulatory deadlines: **October 1, 2013** (for employees hired on or after **October 1**, within 14 days of the employee's start date).

WAY OUT THERE

None.

ALREADY IN EFFECT

HSA PENALTIES INCREASE

If a participant uses HSA money for non-qualifying medical expenses, they are liable for a 20% penalty on the non-qualifying distribution. This is in addition to the regular income tax which would be due.

EMPLOYER ACTION ITEM

Even though it's not required, you may wish to communicate this change to employees in high deductible plans with HSAs.

RESTRICTIONS ON REIMBURSEMENTS FOR OVER-THE-COUNTER DRUGS

Over-the-counter medicines (other than insulin) cannot be reimbursed from an FSA, HSA or HRA unless prescribed by a doctor.

- Make sure your cafeteria plan document has been updated to reflect this change.
- You will want to communicate this change to employees during annual enrollment if you offer a Healthcare FSA, an HRA or a high-deductible plan with an HSA.

COMING UP

Exchanges become available.



Watch for additional guidance as we get closer to the effective date.

WAY OUT THERE

None.

CONTACT

QUESTIONS?

Contact your Alliant Employee Benefits representative if you'd like more information on Healthcare Reform and what it means to your company.



CITY OF KIRKLAND

Department of Parks & Community Services

505 Market Street, Suite A, Kirkland, WA 98033 425.587.3300

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Jennifer Schroder, Director
Date: October 3, 2013
Subject: Proclamation honoring 2013 Junior Softball World Series Host Team

RECOMMENDATION

That the Mayor issues a proclamation honoring the Washington District 9 – 2013 Junior Softball World Series Host Team

BACKGROUND DISCUSSION

The attached proclamation honors the “Washington District 9 – 2013 Junior Softball World Series Host Team” and recognizes the Team’s performance and hospitality during the 2013 Series.

This year’s Series was held August 11 through 17 at Everest Park. Ten teams competed in the tournament. The Host Team of Kirkland competed valiantly and came in second overall in the series.

The Host Team played host to the nine competitor teams from all over the world. According to the team’s General Manager, Nolan Radke, the Host Team and their parents’ duties were extensive. They had to plan and execute activities required by the Little League but many of the extracurricular activities enjoyed by the visiting players were also done out of the good will of the Host Team.

The City featured the Series in the September 6, 2013 episode of Currently Kirkland which can be viewed online at www.kirklandwa.gov and search “On-Demand.”

PROCLAMATION RECIPIENTS

General Manager Nolan Radke, Coaches John Warford and Steve Bivens and the Team members (listed) below will be present at the Council meeting to receive the proclamation

- Tori Bivens*
- Carly Campana
- Alex Hanger*
- Kayla Henry
- Tatum Kawabata*
- Juliana Lynch*
- Lisa Nelson*
- Gianna Paribello*
- Brynn Radke*
- Natalie Vetto*
- Hannah Walker*
- Kristina Warford*

* Member of the 2012 Host Team



A PROCLAMATION OF THE CITY OF KIRKLAND

Honoring the Washington District 9 – 2013 Junior Softball World Series Host Team

WHEREAS, the Washington District 9 – 2013 Junior Softball World Series Host Team performed with excellence at the Junior Softball World Series held in Everest Park, Kirkland, Washington from August 11th through 17th, 2013; and

WHEREAS, the Washington District 9 Host Team competed against nine other teams and proudly placed second overall against the best teams in the world; and

WHEREAS, the Host Team players displayed incredible maturity and sportsmanship on the field and during off-field social events throughout the tournament with participating players from the United States and around the world; and

WHEREAS, the Host Team represented the City of Kirkland with the utmost pride and established themselves as exceptional role models for athletes, young and old,

NOW, THEREFORE, I, Joan McBride, Mayor of Kirkland, do hereby honor the Washington District 9 – 2013 Junior Softball World Series Host Team for its outstanding athletic achievement on the field as well as the sportsmanship and professionalism displayed by the members during this year's tournament.

Signed this 15th day of October, 2013

Joan McBride, Mayor



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

MEMORANDUM

To: Kurt Triplett, City Manager
From: Jennifer Schroder, Director
Date: October 4, 2013
Subject: KIRKLAND PERFORMANCE CENTER PRESENTATION

RECOMMENDATION:

That the City Council receives a presentation on the Kirkland Performance Center operations by Executive Director Dan Mayer.

BACKGROUND DISCUSSION:

Attached is the annual report from Day Mayer, which provides an overview of the 2012-2013 season, upcoming 2013-2014 season, and includes the 2012 financial summary.

In 2008, the City renewed the 10 year lease with Kirkland Performance Center (KPC) for operations of the facility. The City contributes to the operations of the KPC in several ways:

- As the landlord of the facility, the City has certain obligations with respect to the structural components of the facility. These obligations are primarily limited to maintaining the roof, the exterior walls, the foundation, the facility's HVAC system and elevator, as well as the testing and repair of the theater's fire suppression system.
- The City incurs costs related to annual property insurance.
- The City returns to KPC one hundred percent (100%) of the admissions taxes collected from KPC event ticket sales. This was granted for the first 10 year lease with KPC. In 2012 the Council extended this refund through the end of the existing lease on June 30, 2018. The tax rate is 5% on top of ticket sales.
- The City allocates one time funds each year to assist in program operations of KPC. These funds assist the KPC operating budget and ability to program the facility. The City has contributed one time funds of \$50,000 for the years 2004-2009 and in 2010 this amount was reduced to \$34,000. For 2013-2014 Council approved the same level of

\$34,000 per year. This allocation is considered Outside Agency Support. KPC applies for these funds every year.

- The City provides the lease to KPC rent free. In the initial lease, the consideration of value of Kirkland Performance Center's contributions to the development of the performing arts, as well as to maintain and operate the building was value enough to waive any rent requirement. This was extended to the second ten year lease. This is similar to the lease the City currently has with the Bellevue YMCA to operate the KTUB, and Youth Eastside Services in operating services out of the Forbes House at Juanita Beach. The City has historically recognized the leveraged value of the leasing city facilities for minimal or no cost, in exchange for services to Kirkland citizens. In the case of the KPC, not only does it provide a venue for performing arts for citizens, it has a regional draw, impacting the economics of downtown restaurants and businesses.

Attachments:

Attachment A: KPC Annual Report

Attachment B: List of Board of Directors

Attachment C: 2012 Financial Summary



October 1, 2013

Mayor Joan McBride and the Kirkland City Council
City of Kirkland
123 Fifth Ave.
Kirkland, WA 98033

Dear Mayor McBride and City Council Members:

On behalf of the Board of Directors, staff, and patrons of Kirkland Performance Center, thank you for the opportunity to present this annual update on the "State of the Arts" at KPC.

As you may know, our 2013-2014 Season marks KPC's **15th Anniversary** of bringing great performances to the Eastside. Our origins are a monument to the power of a small group of citizens working together towards a common vision: to create a local home for the performing arts, and a gathering place for shared experiences. Our success and growth has been the continuation of that vision, achieved with the involvement, support, and dedication of the entire community.

KPC is much more than the bricks and mortar of our building. Each year, we literally search the globe to bring great performers from around the country and around the world to our stage. Through our *Spotlight* education program, KPC's impact extends well beyond our stage. Often for the first time in their lives, local students are given an opportunity to experience live music, theater, and dance. In addition to our special student matinees, we bring artists into the schools, offer in-school performances, youth-centered workshops, and more.

Two years ago, KPC adopted a dynamic new model of booking new programs year-round, to supplement the core performances which are booked about a year in advance. This model gives us the flexibility to attract great performers who may be travelling through the region to play larger venues, or who have added new stops to a tour on relatively short notice. This model has also allowed us to offer programs outside the typical September-May season. For instance, we were able to schedule a June performance with jazz/blues sensation Madeline Peyroux, who was travelling from California to Vancouver to perform at the Vancouver Jazz Festival. The practice of year-round booking has allowed us to be more responsive to market trends, and to present a wider and better-known range of artists to local audiences. We are thus able to bring a truly diverse range of programming to Kirkland audiences, while maintaining a strong, independent artistic identity.

This new programming model emerged from a strategic planning process, which identified a need to offer more shows to younger and more diverse audiences. We are currently in the second year of our three-year organizational Strategic Plan, and we are currently developing new, targeted strategic plan specifically for our "Spotlight" arts education program.

Retrospective on our 2012-2013 Season

During the 2012-2013 Season, Kirkland Performance Center brought more than **100 performances** to our stage. Highlights included, but are not limited to:

- Legendary composer and pianist Philip Glass, with local cora player Foday Musa Suso

(continued)

- Zakir Hussain, Indian tabla player and classical musician widely known as “the most famous percussionist in the world.”
- Folk legend Peter Yarrow, of Peter, Paul & Mary
- Grammy-nominated American vocal band quartet The Four Freshmen
- Legendary humorist/pianist Mark Russell
- Jazz superstar Jane Monheit and violinist/fiddler Mark O’Connor
- TV’s “Survivorman,” Les Stroud, who presented a multi-media adventure with live music.
- Jazz/blues sensation Madeline Peyroux
- The Glenn Miller Orchestra
- Science comedian and children’s entertainer Doktor Kaboom!
- Folk/Pop star Lisa Loeb
- Classical/experimental octet Eighth Blackbird
- Famed jazz trio Medeski, Martin & Wood in a rare all-acoustic set
- Rahim AlHaj & Ancient Sounds, a fusion of traditional Middle Eastern and South Asian music
- Renowned Hawaiian/slack-key guitarist Makana
- The Popovich Comedy Pet Theater
- Celtic music stars Solas and Alsdair Fraser & Natalie Haas
- Guitar virtuosos Kevin Eubanks and Stanley Jordan

Our Upcoming 2013 - 2014 Season

KPC’s **15th Anniversary Season** began on September 21st with a family-friendly performance by famed sleight-of-hand magician John Carney, as seen on Late Night with David Letterman. It is appropriate that the season kicked off with a magic show—after all, the performing arts are a very real kind of magic, sparking the wonder full of transformative potential for individuals and communities. As ever, our season’s programming strikes a perfect balance of well-known favorites, emerging talent and the best in all-ages programming.

Due to our relationships with artists, we are proud to be able to bring back well-loved performers who enjoy performing at KPC as much as our patrons delight in seeing these artists. These “repeat performances” help brand KPC and Kirkland as a home for your favorite artists in diverse genres. Returning favorites include: Gary Stroutsos, John Carney, Celtic favorites Gaelic Storm and Solas, Mark Russell, the Brothers Four, Dr. Kaboom! and more.

The upcoming 2013 – 2014 Season features many highlights, including:

- Headliners, including an encore solo piano performance with Philip Glass (widely considered the greatest living American composer) and Country/Folk star Kathy Mattea
- World Music, with such diverse performers such as: Afro-Cuban Jazz superstar Omar Sosa, Antonio Zambujo (Portugese Fado), Marcio Faraco (Bossa Nova/Jazz) and more.
- Leading Celtic musicians such as Gaelic Storm, Solas, the Tannahill Weavers, and Maria Doyle Kennedy
- Family programs including: Dr. Kaboom!, Owl & Pussycat, We’re Going on a Bear Hunt!
- Classical/Instrumental: The Richter Uzur Duo; The Portland Cello Project; Dublin Guitar Quartet.
- Contemporary dance, including: Arpan: Yavanika: Veiled Perspectives (a dance performance reflecting on womens’ identity across cultures); Khambatta Dance Company, and more.

Partnerships with Local Arts Organizations

KPC was founded with a mission to provide a home for other Eastside and regional arts organizations. We have also continued to maintain strong relationships with the local and regional arts community by providing a high quality venue and professional support services, allowing a dozen producing partner companies to regularly present their work in our state-of-the-art theater. Local partners over the past year include:

- Seattle International Film Festival (SIFF)
- Seattle Repertory Jazz Orchestra
- Kirkland-based Studio East's StoryBook Theater
- Lyric Light Opera
- Seattle Shakespeare Company
- Master Chorus Eastside
- Washington Wind Symphony

Ongoing efforts such as Namasté Kirkland, an outreach initiative to highlight artists of South Asian origins. In addition to serving the South Asian community, these performances shine a light on the Subcontinent's rich tradition of expression through the performing arts. This is just one element of a broader effort to build partnerships with local communities across ethnic, religious and linguistic lines. We have similarly reached out to members of local Eastern European, Central Asian and East Asian communities through performances such as Iveria: Georgian National Song & Dance Ensemble, the upcoming Ukranian ensemble Dakha Brakha, and Korean jazz sensation Youn Sun Nah.

KPC's dynamic approach to programming and outreach ensures has ensured our expanded calendar will responsively present programming specifically relevant to Eastside audiences, while maintaining a strong, independent artistic identity. We actively engage and shine a light on the cultural traditions of the diverse populations that make their home on the Eastside.

In addition to the performances we host, individual and corporate renters benefit from our state-of-the-art auditorium for dance recitals, graduations, product launches with national media, corporate meetings, and much more. During the past year, our to a diverse range community groups. KPC is an integral part of the artistic and economic fabric of our Eastside community. As such, people come from around the region to Kirkland, which strengthens all aspects of our local economy.

Education Programs

Exposure to live, professional performing arts provides an education that cannot be replicated in a textbook, video, or recording. The performing arts keep and convey culture and history, stimulate creativity, and spark the imagination. At a time when funding for arts programs in the public schools are rapidly diminishing, young people need the creativity, self-expression, and cross-cultural awareness that the performing arts have the unique capacity to convey.

Spotlight, KPC's signature education initiative, displays the wonder of art and creativity to thousands of children and young adults (More than 4,500 K-12 students in 2012-13 alone). At a time when public schools have been forced to cut or reduce performing arts programs, demand for KPC programming has grown exponentially. KPC remains the only organization in East King County connecting community members with leading professional performing artists from around the world. Also, during our 2012-13 Season, KPC was able to provide scholarship tickets to more than 600 K-12 students—more than a 500% increase from the prior year.

Below are just few examples of the arts education programs we offered over the past year:

- School Matinees featuring Seattle Shakespeare’s *Romeo and Juliet*, with facilitated post-performance discussions. Ruth Schemmel, E.L.L. teacher of Redmond High School, said of one performance, *“The majority of my students are economically disadvantaged. They were moved to tears. For the first time in their lives, they felt a direct emotional response to the play. One student who cried during the performance has been suspended multiple times and is failing many classes. He was moved—they all were.”*
- Les Stroud, TV’s “Survivorman,” led a hands-on teen filmmaking and documentary workshop facilitated by KPC, with participants from Kirkland Teen Union Building
- 80 local elementary school students performed with Norman Foote, an internationally acclaimed musician, puppeteer and songwriter;
- Northwest physical theatre company UMO Ensemble offered student workshops as an extension of their KPC student performances, which taught young people how to analyze and adapt stories into stage productions. This season, UMO featured “Red Tiger Tales,” which brought traditional Chinese folk tales to life on the stage through acrobatics, theater, and storytelling.

Spotlight works with KPC’s unique roster of Presented Artists to bring one-of-a-kind educational programs into local schools. In addition, KPC develops supporting materials that help teachers connect the performing arts with the Washington State curricula. KPC is the only organization in East King County connecting students and community members with professional, internationally acclaimed performing artists. Spotlight programs include:

- In-School Residencies;
- Daytime matinees at KPC;
- Performing opportunities for students with national touring artists;
- Master classes for adults; and
- Cultural outreach to diverse communities through specific performances.

Kirkland-area schools served include Lake Washington High School, Rosa Parks Elementary School, BEST High School, Peter Kirk Elementary, Totem Preschool, Carl Sandburg Elementary, Lakeview Elementary, Eastside Preparatory School, Environmental & Adventure School, Northstar Junior High, Holy Family Parish School, Kamiakin Jr. High and Redmond High School, among others.

In 2013, we welcomed Dr. Traci Pierce, Superintendent of the Lake Washington School District, as a member of our Board of Directors. Dr. Pierce is actively involved in helping KPC shape our programs in collaboration with educators, to more effectively link the performing arts with various aspects of the Washington State Curriculum.

We look forward to teacher trainings and assembly shows throughout the school year. We have also established a School Bus Fund to provide free or low-cost transportation to school matinees for students and schools for whom a lack of transportation may be a barrier to participation in KPC programs. To fund this initiative, KPC was one of a handful of local nonprofits to be selected by Groupon Gives to reach out to their customers to ask for designated funding for the KPC School Bus Fund, which was matched by Groupon.

FY2012 was a turn-around year for KPC. With a few generous one-time charitable gifts, we were able to realize a surplus before depreciation of nearly \$60,000. Like so many others in our community, the very dedicated donors who gave above and beyond in 2012 value the power of the arts to change lives and impact their community for good. With their support we were able to program our most ambitious season yet, one that saw more than 60 performances in KPC's presented season. Momentum continues to build, as we anticipate a 30% increase in ticket sales from 2012. Recent strategy changes in our marketing have yielded some immediate impressive results, notably hitting a new single-day sales record of \$30,000 during our now annual No Fee Sale. Increased revenue and community support have enabled us to invest in our theater and programs. This has allowed us to spend more on well-known "headliner" artists like Lisa Loeb, Philip Glass, "Survivorman" Les Stroud, and Madeleine Peyroux—events that draw patrons from around the region..

Facility Maintenance and Improvements

As stewards of our state-of-the-art theater, we invest a great deal of time and money in maintaining and improving our building, so that it can be a facility that our entire community can enjoy and take pride in. We've just completed building an extension to our stage which will allow for a "dance floor" and more interactive uses of our stage. We're updating our sound system with new state of the art microphones to improve both the performers and audiences experience of our venue. We've also put in new carpet and repaired the aging auditorium seats, in addition to regular painting, repairs to walls and floor, and ongoing beautification and maintenance projects.

Board of Directors

KPC is proud of its growing and diverse Board of Directors. Led by Board President Bill Schultheis, this cadre of 25 community leaders works tirelessly to advance the mission of KPC. Our board includes representatives from Boeing, Wells Fargo Investments, Microsoft, and many other local business, as well as other community members who believe in the transformative potential of the performing arts.

The board-led Auction Committee has worked tirelessly planning our upcoming "Affair for the Arts" **15th Anniversary Celebration** and Gala/Auction on Saturday, October 19th at the Hyatt Regency Bellevue. This event will honor the Past Presidents of the KPC Board of Directors (we hope to see all of you there!) with our annual *Champion of the Arts Award*. A roster of Board Members is attached.

City Support / Conclusion

As we celebrate our landmark 15th Anniversary Season, we are truly grateful for the sustained and sustaining support we receive from the City of Kirkland. I'm sure we can all agree that the performing arts are invaluable to our community. As a practical matter, there is a considerable cost associated with bringing world-class performing artists and arts education to the people of our community. The funding we receive from the City of Kirkland has been a key element in our strong and continuing success over the past fifteen years. We believe that the returns are manifold on the City's investment in KPC. The cultural, economic, and educational fabric of our community is immeasurably stronger because of our partnership with the City of Kirkland. On behalf of all of us who believe in the power of the performing arts and arts education, I thank you for your time, vision, and support.

Sincerely,



Daniel Y. Mayer
Executive Director

KIRKLAND PERFORMANCE CENTER 2013 Board of Directors

Officers

President

Bill Schultheis

Investment Counselor, Soundmark Wealth Management

Immediate Past President

Kristin Olson

Shareholder, O'Shea Barnard Martin & Olson PS

President Elect

Kathe Fowler

Community Leader

Vice President

Santos Contreras

Owner, Contreras & Associates

Treasurer

Lauret Ballsun

President, LBC Pharmaceutical Professionals, LLC

Secretary

Susan Raunig

Community Leader

Officers At-Large

Dodi Briscoe

Career Coach, UW Foster School of Business

Jeff Cole

Director of Corporate Real Estate, Parkplace

Kevin Harrang

Director, Business Development MetaJure, Inc.

Doreen Marchione

Deputy Mayor, City of Kirkland

Members

David Alskog

Partner, Livengood, Fitzgerald & Alskog

Kathy Feek

Art Consultant, Evergreen Hospital

David Feller

*Senior Vice President, Investments
Wells Fargo Advisors, LLC*

Jason Filippini

Finance Operations, Amazon

Ron Gompertz

Sr. Program Manager, Microsoft

Kevin M. Hughes

Government Relations, Hughes and Associates

Ben Lee

Senior Project Manager, The Boeing Company

Tim Mushin

Owner, Clocktower Media

Joyce Paul Poursabian

Artistic Director, Arpan

Dr. Traci Pierce

Superintendent, Lake Washington School District

Latha Sambamurti

Arts Advocate/Community Member

Beth M. Strosky

Attorney

Kay Taylor

VP Marketing & Communications, Evergreen Healthcare

Mike Tenhulzen

Owner, Tenhulzen Residential

Kathy Terhune

Realtor, John L. Scott Real Estate

Kirkland Performance Center Unaudited Balance Sheet

	Dec 31 2012	Dec 31 2011	\$Var
Assets			
Cash			
Operating Checking	23,807	79,708	(55,901)
Operating Savings	16,000	35,151	(19,151)
Total Cash	39,807	114,859	(75,052)
A/R			
Donations	81,155	96,382	(15,227)
Rentals, etc.	11,353	15,227	(3,874)
Total A/R	92,508	111,609	(19,101)
Other Current Assets	26,615	42,728	(16,113)
Endowment Assets	675,285	704,039	(28,754)
Fixed Assets	1,836,551	1,948,953	(112,402)
Total Assets	2,670,766	2,922,188	(251,422)
Liabilities & Net Assets			
A/P			
Credit Cards	4,865	524	4,341
Other Current Liabilities	32,150	38,579	(6,429)
Deferred Revenue	40,188	99,515	(59,327)
Line of Credit	79,640	100,000	(20,360)
Total Liabilities	219,452	273,449	(53,997)
Net Assets	2,451,314	2,648,739	(197,425)
Total Liabilities & Net Assets	2,670,766	2,922,188	(251,422)

Kirkland Performance Center Unaudited Income Statement

	2012
Income	
Earned Income	
Presented Ticket Revenue	268,805
Other Earned Income	409,490
Total Earned Income	678,295
Individual Contributed Income	261,813
Other Contributed Income	401,850
Total Contributed Income	663,663
Total Operating Income	1,341,958
Personnel Expenses	619,976
Program Expenses	468,790
Other Expenses	191,194
Total Operating Expenses	1,279,960
Net Operating Income	61,998



CITY OF KIRKLAND

Department of Parks & Community Services

505 Market Street, Suite A, Kirkland, WA 98033 425.587.3300

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Jennifer Schroder, Director
Date: October 4, 2013
Subject: Kirkland Performance Center's 15-year Anniversary

RECOMMENDATION

That the Mayor proclaims the Kirkland Performance Center's 2013-2014 Season as "The Year of the Performing Arts," celebrating 15 years of bringing great performances to the City of Kirkland.

BACKGROUND DISCUSSION

June 2013, marked the 15th anniversary of the partnership between the City of Kirkland and the Kirkland Performance Center (KPC). Over the last 15 years, KPC has welcomed over one million guests and is a cultural hub in our community, bringing more than 110 diverse, high-quality performances to its stage each year. Much more information about KPC is included in the annual report the Council which is also on the October 15th Council agenda.

Attached is a proclamation to celebrate the Kirkland Performance Center's success in bringing great performances to the City of Kirkland for 15 years. KPC Executive Director Dan Mayer will be in attendance accept the proclamation on October 15th, following his annual presentation to the Council.



A PROCLAMATION OF THE CITY OF KIRKLAND

Proclaiming the Kirkland Performance Center's 2013-2014 Season as "The Year of Performing Arts" and Celebrating 15 Years of Great Performances in the City of Kirkland, Washington

WHEREAS, support for the artistic and cultural development of the City of Kirkland and its residents fulfills an important public purpose; and,

WHEREAS, the Kirkland Performance Center provides great performances and an essential gathering space for the presentation of artistic and cultural events, and thereby accomplishes this important public purpose; and,

WHEREAS, the Kirkland Performance Center reaches out to enrich the cultural lives of Kirkland youth by subsidizing transportation to performances among its many community activities; and,

WHEREAS, through its partnerships with local hotels and other businesses, the Kirkland Performance Center supports the local economy and brings visitors to our city; and,

WHEREAS, June 2013, marks the 15th anniversary of the partnership between the City of Kirkland and the Kirkland Performance Center; and,

WHEREAS, the Kirkland Performance Center has welcomed over one million guests in the past fifteen years; and,

WHEREAS, the Kirkland Performance Center is a cultural hub in our community, bringing more than 110 diverse, high-quality performances to the stage each year; and

WHEREAS, the Kirkland Performance Center is a force for economic development, attracting new visitors and shining a light on all that Kirkland has to offer,

NOW, THEREFORE, I, Joan McBride, Mayor of Kirkland, do hereby proclaim Kirkland Performance Center's 2013-2014 Season as "The Year of the Performing Arts" in Kirkland, Washington and encourage community members to attend one of the many outstanding performances being held this season.

Signed this 15th day of October, 2013

Joan McBride, Mayor



CITY OF KIRKLAND
City Manager's Office
123 Fifth Avenue, Kirkland, WA 98033 425.587.3001
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Marilynne Beard, Deputy City Manager
Date: October 6, 2013
Subject: KIRKLAND 2035 UPDATE #7

RECOMMENDATION:

City Council receives an update on the upcoming public outreach and communication efforts related to the Kirkland 2035 plan updates.

BACKGROUND DISCUSSION:

This report is the seventh in a series of monthly updates to keep City Council and the public informed about the results of recent public involvement activities and upcoming opportunities to get involved. This month's report will focus on the promotion of the Kirkland IdeasForum website and the upcoming Community Planning Day scheduled for October 19.

Recent Activities

On September 30, a K2035 open house was held at Zoka Café for downtown business owners.

During the week of October 7, visioning meetings were held with a joint meeting of the Park Board, Transportation Commission, Planning Commission, and Design Review Board, as well as the Business Roundtable and the Human Services Committee and Senior Council.

Fall Community Planning Day – October 19, 10 a.m. to 2 p.m., Peter Kirk Community Center

The next Community Planning Day will be held on Saturday, October 19 at the Peter Kirk Community Center from 10 a.m. to 2 p.m. The following studies and plans will be represented at the event:

- Comprehensive Plan Update with special focus on updating the vision statement
- Totem Lake Neighborhood Plan update
- Parks, Recreation and Open Space Plan
- Totem Lake Park Master Plan
- Transportation Master Plan
- Juanita Drive Corridor Study
- Surface Water Master Plan
- Cross Kirkland Corridor Master Plan
- Interactive Capital Improvement Project Map and Street Levy

In addition to City initiatives, community information stations will be available for:

- Kirkland Greenways informational table
- Puget Sound Green Power Challenge sign-up station
- Emergency Preparedness Information

Participants from the previous Community Planning Day are encouraged to visit the event to take part in new group sessions. Displays for many of the plans and studies will summarize public input received to date as well as preliminary concepts or alternatives. Participants will be able visit any of the displays and talk with staff about the various topics throughout the event. Participants can also attend one or both of the **group sessions**:

The Comprehensive Plan **Vision Statement sessions** will ask participants to describe their vision of Kirkland's future by topic areas such as transportation, land use planning, housing, parks and open spaces and economic development. Input gathered from the group sessions will be summarized and combined with input from other visioning sessions to form the basis for an updated vision statement recommendation. The Vision Statement sessions will be held in the Community Center Lobby Meeting Room located off of the center's main lobby.

The **Cross Kirkland Corridor Master Plan sessions** will present a summary of the public input received to date and describe the observations and opportunities identified by the project Consultants, Berger and Associates. Participants will then have an opportunity to give their reactions to the project concepts. The CKC sessions will be held at the Kirkland Teen Union Building.

Volunteer greeters will be available to direct participants to the activities and an event program and map will be available. Participants will also have the opportunity to interact with City Council members in the PKCC's reception area.

Each of the group sessions will be held twice so that participants can attend both sessions.

10:30 a.m. – 11:30 a.m.	Visioning Exercise Session #1
10:30 a.m. – 11:45 a.m.	Cross Kirkland Corridor Session #1
12:00 p.m. – 1:00 p.m.	Visioning Session #2
12:00 p.m. – 1:15 p.m.	Cross Kirkland Corridor Session #2

The Community Planning day is being marketed again through a direct mail postcard, City Update (released October 1) and an advertisement in the City's Parks Brochure and in the Kirkland Reporter. A press release will also be issued prior to the event.

A third Community Planning Day will be held during the first quarter of 2014.

Kirkland Ideas Forum

Staff is beginning to fully launch the Ideas Forum web page. Additional information about how to use the website along with a "how to" video is now available on the site. The Community Business Day postcards contained the URL and a QR code for the site. Business cards providing information and a QR code for the site are available to be distributed at events, meetings and at public buildings. The following media release was distributed on October 2:

Your ideas about Kirkland's future wanted on www.ideasforum.kirklandwa.gov

Online tool offers unique way to join the conversation about Kirkland 2035

KIRKLAND, Wash. – Post it. Vote on it. Share it with others. That's what the City of Kirkland wants residents, businesses and community members to do on a new civic engagement site – www.ideasforum.kirklandwa.gov. The site allows you to submit ideas, give your answers to specific questions, and to vote and comment on ideas from others. The online conversation tool focuses on the "[Kirkland 2035. Your Voice, Your Vision, Your Future.](#)" campaign. The site currently features the [Comprehensive Plan Update and the City's visioning process](#) and the [Cross Kirkland Corridor Master Plan](#).

The site features different ways for users to engage in an online conversation. You can enter a simple idea that answers the question "My vision for Kirkland is..." The "Forums" feature is where you submit your ideas or vote and comment on another person's idea(s) about a single topic. For example, you can submit ideas about: "What do you see in your vision for the Cross Kirkland Corridor?" The "Discussion" feature provides for more in-depth conversation about a particular topic by asking multiple questions. When you "join the discussion," you are presented with background information about a particular topic and then asked to "answer" questions which are intended to prompt an online conversation. Currently, the Comprehensive Plan Update discussion seeks answers to questions about future housing, transportation and local services. Look for the video tutorial on how the site works on the Ideas Forum homepage.

The Ideas Forum site will be re-purposed in the future for online civic engagement around topics such as the City's Biennial Budget.

Although the City Council is discouraged from participating on the site, the City Council and board and commission members are encouraged to visit the site to see what people are saying about various topics. Staff may interact and respond to comments and questions posted to the site. New questions and topics will be launched periodically.

Updates on the progress of plan updates will be provided at the next K2035 update scheduled for the November 19 City Council meeting along with the results of the visioning exercises and the Community Planning Day.

Upcoming Events

Visioning exercise will continue with the Youth Council on October 28 and the Kirkland Alliance of Neighborhoods on November 13. A visioning session for Kirkland employees will also be held during the time period.

**CITY OF KIRKLAND**

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3001
www.kirklandwa.gov**MEMORANDUM**

To: Kurt Triplett, City Manager

From: Lorrie McKay, Intergovernmental Relations Manager

Date: October 4, 2013

Subject: Special Presentation from the Sound Cities Association (SCA)

RECOMMENDATION:

City Council receives a presentation from Deanna Dawson, the Executive Director of the Sound Cities Association (SCA), to highlight the work of the SCA and the benefits of membership. The City Council requested this presentation.

BACKGROUND:

The Sound Cities Association (formerly the Suburban Cities Association) was founded in the 1970s to help cities with populations less than 150,000 act locally and partner regionally to create vital, livable communities through advocacy, education, leadership, mutual support, and networking (Attachment A). The SCA provides a collaborative structure through which member cities can play a role in shaping public policy in the region.

Of the 39 cities within King County, 35 are dues-paying member cities of the SCA, representing a combined total population of about 956,000. The cities of Bellevue, Medina, Seattle, and Yarrow Point are not SCA member cities.

SCA Organizational Structure: The SCA has a Board of Directors; an Executive Committee; a Public Issues Committee, a Communications Committee, a Finance Committee, a Membership Committee, an Events Committee, and four Regional Caucuses.

SCA Board of Directors has 13 directors: four from the North Caucus; one from the Snoqualmie Valley Caucus; four from the South Caucus; one from the South Valley Caucus; the Past President of the Board; the Public Issues Committee (PIC) Chair; and the City Manager/Administrator representative. The position of Secretary is served by the Executive Director.

A city may have no more than one representative on the SCA Board. Each caucus elects its own representatives to the Board. Board members are elected to staggered two-year terms, and there is a three-term limit. Board elections are held in December.

The Board of Directors oversees the general activities of the SCA, and governs the organization by establishing its broad policies and objectives. The Board recommends the Annual SCA Budget to the SCA Membership for approval.

Executive Committee is composed of the President, Vice President, Past President, Treasurer, and Director-at-Large. SCA's current Executive Committee consist of: Denis Law, Mayor of Renton (President); John Marchione, Mayor of Redmond (Vice President); Don Gerend, Sammamish Councilmember (Treasurer); and Matt Larson, Mayor of Snoqualmie (Director-at-Large). The position of Secretary is served by the Executive Director.

Executive Committee Members chair the following committees:

- Communications Committee
- Finance Committee, and
- Membership Committee

In addition to these committees, Directors serve on the Events Committee.

Public Issues Committee (PIC) brings forward public policy positions and makes recommendations on appointments to regional boards and committees. Each SCA member city has a seat and an equal vote on the PIC. Meets monthly to discuss issues of common interest to member cities. Issues may come before the PIC for information, discussion, or for potential action. Any member city may request an item be placed on the agenda. SCA does not take position on divisive issues. "Divisive" is defined as "creating disunity or dissension" among SCA member jurisdictions. SCA will not take positions that are harmful to the interests of any member city, even if favored by a supermajority of members.

Generally, it is a two meeting process to establish an SCA public policy position. At the first meeting, the PIC discusses the proposed position and decides whether to bring the issue back to the PIC the next month for action. This is intended to allow each member city sufficient time to discuss the matter at their Council meeting, and to give direction to their PIC representative before action is taken at the second meeting.

Four Regional Caucuses meet every December to review nominees for open seats on the SCA Board of Directors and elect their own regional representative(s).

1. **North Caucus:** Beaux Arts Village, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Kirkland, Lake Forest Park, Mercer Island, Newcastle, Redmond, Sammamish, Shoreline, and Woodinville (*Total population of 367,400*)
2. **Snoqualmie Valley Caucus:** Carnation, Duvall, North Bend, Skykomish, and Snoqualmie (*Total population of 26,060*)
3. **South Caucus:** Auburn, Burien, Covington, Des Moines, Federal Way, Kent, Maple Valley, Normandy Park, Renton, SeaTac, and Tukwila (*Total population of 532,030*)
4. **South Valley Caucus:** Algona, Black Diamond, Enumclaw, Milton, and Pacific (*Total population of 25,640*)

SCA Staff:

- Executive Director - Deanna Dawson. Manages the business and office of the SCA; supervises all staff and contract employees; submits an annual report and financial statement at each annual membership meeting; submits an annual budget to the Executive Committee for the coming fiscal year; and serves as Secretary to the Board and committees of the Board.
- Senior Policy Analyst - Monica Whitman. Transportation and Environmental policy.
- Policy Analyst - Doreen Booth. Planning and Economic Development.
- Administrative Services Manager - Kristy Burwell.

SCA Appointments to Boards and Committees:

SCA appoints members to and staffs various boards and committees throughout King County and the region.

At its August 6, 2013 regular meeting, [Council discussed the open seats](#) to which SCA will be appointing members 2014, as well as individual councilmember interest in serving on those boards or committees. * Applications for 2014 boards and committees are due on October 18, 2013 (Attachment B)

Next Steps: The PIC Nominating Committee (each caucus has one representative on the Nominating Committee) will convene to review all nominations and make recommendations to the PIC at the November meeting. The PIC will then make recommendations to the SCA Board. The SCA Board will make appointment selections with notification mailed in December. Newly appointed members convene in January for an orientation.

Training, Education, and Networking:

In 2012, the SCA conducted a membership survey to better understand what member cities find valuable about the organization (Attachment C).

SCA offers a [calendar of upcoming meetings and events](#) on its website. Early in 2014, the SCA will offer a workshop for newly elected officials. The SCA also offers workshops on policy items; free trainings for elected officials on a variety of topics; networking dinners; and a Women's Leadership Breakfast.

SCA Finances:

SCA's finances are comprised of membership dues and sponsorship fees and other moneys from other sources, such as Networking Dinners, etc.

Dues from the 35 member cities represented approximately \$477,000 in revenue toward the total of SCA's \$537,000 in income in 2013. Of the approximately \$535,000 budgeted expenses in 2013, roughly 79.6% was allocated toward payroll expenses and the remaining 20.4% toward various operational expenses (Attachment D).

Membership dues are based on a formula that includes population (Attachment E). As an incentive to keep larger cities participating in the SCA, the Board capped population at 70,000. Cities with populations over 70,000 are Federal Way, Kent, Kirkland and Renton. Kirkland's 2013 dues were determined by multiplying 70,000 by the membership rate of .5598 for a dues total of \$39,186. Prior to the 2011 annexation, Kirkland's population was approximately 49,000 and its SCA membership dues were \$27,434.

Each of the Attachments to this memo were provided by the SCA staff as helpful background for the special presentation.

- Attachments: A. About Sound Cities Association
B. 2014 Regional Boards and Committees Nomination Form
C. 2012 SCA Membership Survey - Executive Summary
D. SCA Board Recommended 2013 Budget as Amended
E. SCA 2013 Draft Assessment

**About SCA:**

The Sound Cities Association (formerly the Suburban Cities Association) was founded in the 1970s to help cities act locally and partner regionally to create vital, livable communities through advocacy, education, leadership, mutual support, and networking. Collectively, our members represent nearly one million constituents in King County.

Our vision is to be the most influential advocate for cities, effectively collaborating to create regional solutions. We provide leadership on economic and community development, transportation, land use, health, government operations, environment, education, public safety, social welfare and other public policy issues.

SCA provides support to our member cities through committee appointments and staffing; policy research, analysis and advocacy; training and education; networking opportunities; and more. We welcome suggestions from member cities on ways that we can provide additional value.

SCA aspires to create an environment that fosters mutual support, respect, trust, fairness and integrity for the greater good of the association and its membership. SCA operates in a consistent, inclusive, and transparent manner that respects the diversity of our members and encourages open discussion and risk-taking.

The value of regionalism:

90% of residents in King County reside in cities, and the majority of those reside in cities other than Seattle. By working together, our cities can play a substantial role in shaping public policy in the region- but only if they work together. SCA gives our member cities, both large and small, a greater voice in the region than they would have if they acted on their own.

Providing high quality services to citizens in a fiscally sound manner requires local governments to work together. The issues that we face as cities do not stop at our boundaries. Tackling regional challenges requires smart, thoughtful collaboration. SCA is committed to helping its member cities build strong partnerships with each other and with other local governments, including King County.

SCA Organizational Structure:

SCA is governed by a 13-person Board of Directors: four from the North Caucus; one from the Snoqualmie Valley Caucus; four from the South Caucus; one from the South Valley Caucus; the Past President of the Board; the Public Issues Committee (PIC) Chair; and a City Manager/Administrator representative. A city may have no more than one representative on the SCA Board. Each caucus elects its own representatives to the Board. Board members are elected to staggered two-year terms, and there is a three-term limit. Board elections are held in December. Board officers are elected by the Board, based on recommendations of a regionally balanced nominating committee of the Board consisting of the immediate Past-President, and three other members. SCA's current Executive Committee consists of: President Denis Law, Mayor of Renton; Vice President John Marchione, Mayor of Redmond; Treasurer Don Gerend, Sammamish Councilmember; and Member at Large Mayor Matt Larson of Snoqualmie.

Among its other responsibilities, the SCA Board is responsible for adopting public policy positions and making board and committee appointments. They adopt positions and make appointments based on recommendations from the Public Issues Committee, commonly referred to as the "PIC." Each SCA member city has a seat and an equal vote on the PIC. The PIC meets monthly to discuss issues of common interest to our member cities. Issues may come before the PIC for information, for discussion, or for potential action. Any member city may request that an item be placed on the agenda. Issues often, but not always, come before the PIC for action in order to give direction to the SCA members serving boards or committees.

The establishment of an SCA public policy position is generally a two meeting process. At the first meeting, the PIC discusses the proposed position and decides whether to bring the issue back to the PIC the next month for action. This is intended to allow each member city sufficient time to discuss the matter at their Council meeting, and to give direction to their PIC representative before action is taken at the second meeting. If not immediately addressing a policy issue would render SCA unable to take a position on a timely basis, 85% of those present at a regularly scheduled meeting may declare an issue an emergency and the issue may be discussed and voted upon at the same meeting. The vote of two thirds (2/3) represented in person at a meeting at which a quorum is present shall be necessary for the advancement of a public policy position to the Board.

SCA does not take position on divisive issues. "Divisive" is defined as "creating disunity or dissension" among SCA member jurisdictions. SCA will not take positions that are harmful to the interests of any member city, even if favored by a supermajority of members.

A complete list of all public policy positions adopted by SCA can be found on our website at: <http://soundcities.org/current-issues-and-public-policy-positions/>.

Boards and Committees:

SCA appoints members to and staffs various boards and committees throughout King County and the region. The topics that these committees tackle include:

- Economic Development
- Health and Human Services
- Public Safety and Emergency Management
- Water Quality
- Land Use
- Transportation

A list of the committees that SCA staffs and appoints to can be found on our website at: <http://soundcities.org/wp-content/uploads/pdf/2013-appointments-booklet.pdf>.

Additional details including meeting times and locations, current committee members, and the SCA staff responsible for each committee can also be found on our website.

For 2014 boards and committees, applications are due on October 18, 2013. Appointments are made by the SCA Board based on recommendations of the PIC (made no later than December 1 of each year), which in turn relies on the recommendations of the PIC Nominating Committee. Each caucus has one representative on the Nominating Committee. In making its recommendations for appointments, the Nominating Committee considers a variety of factors. Some boards and committees have specific requirements for appointments. The committee also strives to maintain balanced geographic distribution, and a balance of membership from large and small cities. The background and interest level of applicants is considered, as is the applicant's past service on boards and committees. The committee also looks to balance the need for institutional knowledge and expertise with a desire to obtain fresh perspectives and new voices. SCA values diversity, and strives to create an inclusive environment. All SCA members are encouraged to apply for boards and committees.

Appointments are generally for one year, unless otherwise required by the particular board or committee. Reappointments are not automatic. In determining whether to reappoint a member, the Nominating Committee, PIC, and Board consider the applicant's level of past participation, continued interest in serving, whether the applicant has successfully represented the interests of SCA members in the past, feedback from the caucus chair, and the need for organizational continuity. At its 2012 Annual Meeting, the SCA membership voted unanimously to impose a 6-year limit for service on boards and committees.

SCA provides an orientation for all board and committee appointees in January of each year. Last year's orientation can be found on our website at: <http://soundcities.org/about-2013-sca-regional-orientation-video/>.

Committee members and alternates are expected to attend all meetings. On many committees, alternates are seated at the table and invited to participate in discussions of the committee. Members and alternates are also expected to give reports back to the SCA via the PIC, and to seek direction from the PIC as needed.

In addition, SCA appointees to boards and committees are expected to meet with other members of the SCA caucus in advance of each meeting to discuss the issues coming before the board of the committee. These caucus meetings are often held immediately prior to the meeting, but may be held at other times depending on the committee schedule, the need for advance consultation and discussion, and the wishes of the caucus chair and other members of the committee. For each committee to which SCA appoints and staffs, there is a designated chair of the SCA caucus. The caucus chair works closely with SCA staff and is responsible for leading caucus discussions. These caucus chairs are elected by their fellow SCA representatives on the committee at the beginning of each year.

SCA appointees to boards and committees are expected to serve the interests on the SCA membership as a whole, not just that of their member city. And as noted above, SCA representatives serving on regional boards and committees shall endeavor to avoid taking positions that are harmful to any SCA member cities. When SCA has adopted a formal policy position through the PIC and Board, that position is binding on SCA appointees to a committee. If SCA has not adopted a position, the SCA caucus of a given board or committee shall attempt to develop a caucus position that represents the consensus of the caucus, based (where applicable) on existing SCA policy positions. Where no policy position has been adopted by the PIC and Board, and the caucus is unable to reach a consensus position, individual members shall be free to vote their conscience, with the caveat that no SCA representative to a regional board or committee shall vote in a manner that is at odds with an adopted SCA policy position.

Training, Education, and Networking:

SCA provides a forum for workshops on policy items of interest to our member cities. We also provide free trainings for our elected officials on a variety of topics to enhance their abilities as regional leaders. SCA provides a forum for members to discuss issues of common interest, and to meet and learn from elected officials from other jurisdictions. Our networking dinners are a great way for our members to meet and learn from the experiences their fellow elected officials. Our newest event is our Women's Leadership Breakfast, an opportunity for elected women leaders to come together once a month to network, share ideas, and develop skills to become more effective leaders.

For More Information:

Please contact SCA Executive Director at (206) 433-7170, or Deanna@SoundCities.org.



2014 CALL FOR NOMINATIONS

Appointments to Regional Boards and Committees

Sound Cities Association (SCA) makes appointments or recommends for appointment to 26 regional boards and committees. For 2014, there will be open seats on 22 boards and committees (please see attached).

For detailed information about each committee, please refer to:

<http://soundcities.org/wp-content/uploads/pdf/2013-appointments-booklet.pdf>

This guide contains helpful information about each committee, including: the roles and responsibilities of each committee; the dates, times, and location of committee meetings; the SCA staff person responsible for each committee; and the 2013 representatives to each committee.

Nominations for 2014 board and committee appointments are due **October 18, 2013**. All interested members (including those currently serving on boards and committees) must submit a nomination form in order to be considered for appointment.

Applications for boards and committees are reviewed by the PIC Nominating Committee, which is comprised of one representative from each SCA Caucus (South, North, South Valley, and Snoqualmie Valley). The PIC Nominating Committee considers a variety of factors in making appointments. Some boards and committees have specific requirements for appointments. The committee also strives to maintain balanced geographic distribution, and a balance of membership from large and small cities. The background and interest level of applicants is considered, as is the applicant's past service on boards and committees. The committee also looks to balance the need for institutional knowledge and expertise with a desire to obtain fresh perspectives and new voices. SCA values diversity, and strives to create an inclusive environment. All SCA members are encouraged to apply for boards and committees. The Nominating Committee recommends a slate of appointments to the SCA Public Issues Committee (PIC), which in turn submits recommendations for appointments to the SCA Board of Directors for approval.

October 2013							November 2013							December 2013						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2	1	2	3	4	5	6	7
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
27	28	29	30	31			24	25	26	27	28	29	30	29	30	31				

Deadline for nominations to 2014 boards and committees
 PIC Nominating Committee forwards recommended slate of appointees to PIC
 PIC makes a recommendation on the slate to the Board of Directors
 SCA Board of Directors finalizes 2014 board and committee appointments
 Board and Committee Appointee Orientation

October 18, 2013
November 6, 2013
November 13, 2013
December 18, 2013
January 2014

Please submit your completed nomination form via email to sca@soundcities.org on or before the **October 18, 2013** deadline.

	Board/Committee Name	# of Seats M = Member A = Alternate	Nominee's Name	City	Preference 1 = first choice, 2 = second choice, etc.
Regional Committees	Regional Policy Committee (RPC)	4M / 2A			
	Regional Transit Committee (RTC)	8M / 4A			
	Regional Water Quality Committee (RWQC)	4M / 2A			
PSRC Committees	PSRC Executive Board	3M / 3A			
	PSRC Operations Committee	1M / 1A			
	PSRC Growth Management Policy Board (GMPB)	3M / 3A			
	PSRC Transportation Policy Board (TPB)	3M / 3A			
	PSRC Economic Development District Board (EDD) *	2M / 2A			
Other King County Committees	Growth Management Planning Council (GMPC)	6M / 4A			
	Regional Law, Safety, and Justice Committee (RLSJ)	6M			
	King County Consortium Joint Recommendations Committee for CDBG (JRC)	4M			
	King County Flood Control District Advisory Committee (KCFCDAC) *	4M / 4A			
	Local Hazardous Waste Management Program Coordinating Committee (LHWMP)	1M			
	Board of Health (BoH)	2M / 1A			
	Domestic Violence Initiative (DVI)	4M			
	South Central Action Area Caucus Group (SCAACG)	2M			
County Executive Appointments	Emergency Management Advisory Committee (EMAC) (electeds or staff) *	1M / 1A			
	Committee to End Homelessness (CEH) *	1M			
	Mental Illness & Drug Dependency Oversight Committee (MIDD) *	1M / 1A			
SCA Recommendation	Economic Development Council (EDC) (formerly enterpriseSeattle) – City must be EDC Investor				
Staff Committees	King County Regional Automated Fingerprint Identification System (AFIS) (staff) *	1M			
	Interagency Advisory Council to End Homelessness in King County (IAC) (staff) *	1M			

* Indicates that this appointment is for a multi-year term. Two-year terms: EDDB, KCFCDAC, CEH, and MIDD. Three-year terms: EMAC, AFIS, and IAC.

Please provide a statement detailing your interest in, background, and qualifications for each position.

Provided by: _____ City: _____

Email: _____ Phone: _____

Nominee's Name: _____ City: _____

Email: _____ Phone: _____

2012 Membership Survey



EXECUTIVE SUMMARY

Prepared for SCA Membership 11/4/2012
SCA Executive Director Deanna Dawson

At the 2012 Suburban Cities Association (SCA) Board of Directors Retreat, the Board identified the need for a membership survey to obtain a baseline assessment of membership satisfaction, to identify areas for organizational improvement, and to seek feedback on how to provide additional value to members. SCA Executive Director Deanna Dawson drafted the survey, and recruited and hired an intern to conduct interviews with members. Intern Ella Williams conducted 47 interviews with elected officials representing 29 member cities¹ and one non-member city.² This Executive Summary is presented to the SCA Board and membership to summarize and explain the information obtained from members in these interviews, and to give direction to the organization for future improvement.

General Satisfaction:

The membership survey revealed a high level of membership satisfaction. Over 90% of members indicated that they felt that the organization was heading in the right direction. Only one member stated that s/he felt the organization was heading in the wrong direction, and that member made a number of positive comments about the organization.³

Overall, responses were overwhelmingly positive:

Members expressed the highest level of satisfaction with SCA staffing at committees. On a scale of 1-5 with 5 being “very satisfied” and 1 being “not at all satisfied,” fully 100% of members rated SCA staff at either a 4 (13%) or a 5 (87%). Members also offered a number of spontaneous compliments regarding SCA staff during the interviews, including:

- “Staff is awesome. Great, knowledgeable, responsive. Great team on board. Pleased.”
- Committee staffing is “Great. Make us (electeds) look good with complex issues. Provide consistency. Smart, patient.”
- “Doreen – good work.”
- “Monica – great job.”
- “Deanna & Kristy are great.”
- “Deanna is amazing. Great with in-depth responses.”
- “Very responsive – don’t know how they keep up with it all.”
- “Awesome team. Easy to work with. Compassionate, approachable, accommodating.”
- “Great. Amazing. So impressed.”
- “Really good people. Don’t know how they are able to do it.”
- “Superb staffing – have never seen SCA so well run”

Members also expressed an extremely high level of satisfaction with the value they received for their dues at SCA. On a scale of 1-5 with 5 being “excellent value for my money” and 1 being

“not nearly enough value,” 82.6% of members rated the organization at a 4 or a 5. Only one member each gave the organization a score of 1 or 2.

Members expressed a similarly high level of satisfaction with the Public Issues Committee (PIC). When asked how valuable the PIC was to their city on a scale of 1-5 with 5 being “extremely valuable” and 1 being “not at all valuable,” 82.6% of members rated the organization at a 4 or 5.⁴ No members rated the PIC as a 1, and only one member rated the PIC as a 2.

Members expressed high satisfaction with the voice their city had on the SCA Board. On a scale of 1-5 with 5 being “very satisfied with the voice my city has at SCA” and 1 being “I am very unsatisfied with how my city is represented by the SCA Board,” just over 80% of members gave the board a score of a 4 or a 5. Only one member gave the Board a score of a 2, and no members gave the Board a 1.⁵ It is worth noting that several members were not sure whether their city had a seat on the Board. Some PIC members also remarked that they wish they had more information on the activities of the Board. Based on this feedback, staff will work with the Board to create greater transparency, and to better inform all members about the actions of the Board.

Members expressed general satisfaction with SCA Networking Dinners. On a scale of 1-5 with 5 being “very satisfied” and 1 being “not at all satisfied,” 80% of members gave the dinners a score of 4 or 5. Only one member each gave the dinners a score of a 1 or a 2. Yet many members did respond that there was room for improvement at the dinner in terms of quality of food, variety for the location of dinners, and getting more members to attend meetings. The Events Committee is reviewing the specific recommendations, and will be working with staff to address member concerns.

Overall, members expressed satisfaction with the procedures at the annual meeting. On a scale of 1-5 with 5 being “very satisfied” and 1 being “very dissatisfied,” 80% of members gave the meeting a score of 3 or higher. But it is worth noting that 7 members did not feel that they had sufficient information to answer the question, and even many members who did answer the question remarked that they did not know much about the meeting, or the procedures at the meeting. This suggests a need for greater transparency. Still, the number of members expressing dissatisfaction with meeting procedures was remarkably low, with only one member each giving the meeting a score of 1 or 2.

“One City, One Vote”:

One of the longstanding policies of SCA is that each city has a seat on the PIC, and each city’s vote carries the same weight. Similarly, at the annual meeting, each city has one vote, and each city’s vote is equally weighted. Our membership survey sought to determine whether members approved or disapproved of these policies. The membership survey demonstrated strong membership support for the current policies.

Members were asked the following question:

One of the features of the PIC is that every SCA member city has a seat on the PIC, and that every city's voice on the PIC is equal. Do you agree, or disagree with this policy?

Members were given the option of answering that they agreed, disagreed, or were unsure about the policy. 38 of 46 members (82.6%) stated that they agreed with the policy, while 4 members each stated that they disagreed with or were unsure about the policy.

Members offered a number of spontaneous comments about the policy, which included:

- “Fully agree!”⁶
- “Has been the policy since PIC started, important to continue ... PIC gave empowerment to small cities, allowed them to become respected among peers.”⁷
- “Strongly agree.”⁸
- “Agree, but what constitutes a contentious issue needs to be defined.”⁹
- “Will have major problem if that goes away, will leave. Point of SCA is having an equal voice.”¹⁰
- “Don’t touch one city one vote!”¹¹
- “Believer in one city one vote. Appropriate.”¹²
- “Agree- one city, one vote!”¹³
- “Sort of working, working fine.”¹⁴
- “This is a concern of some cities – small/rural cities impact large cities, steering policy that doesn’t affect them. But every city should have an equal voice. There could be some conversation about weighted votes regarding issues that don’t affect all cities.”¹⁵
- “Agree, but think that size/weighting process would be reasonable on certain issues.”¹⁶
- “Being implemented well.”¹⁷
- “Either members should all pay the same price, or there should be a weighted vote. An issue of equity.”¹⁸
- “Open to discussion about when it makes sense. Works well for unity, but there may be some circumstances where one member has more invested in an issue. Perhaps there could be a special rule, depending on the issue, where votes are not equal when some have more skin in the game. Balance.”¹⁹
- “Great. Everyone can weigh in.”²⁰
- “Wholeheartedly agree. We already have weighted votes on the board because of the board makeup.”²¹
- “Agree. Big cities already have a stronger voice, big influence. Balance goes toward making SCA stronger. Full time mayors speak with bigger voices, but in interest of SCA members. Not self-city-serving. Impressive.”²²
- “Different perspectives. Some bigger cities might disagree. Not really opposed to a change, but this is the cleanest way.”²³

- “Part of keeping regional equality. Some bigger members could outweigh the entire group, not okay. Set up like Senate. Everyone has a chance to participate.”²⁴
- “Don’t disagree, but also don’t demand an equal seat. But if it changes, would think ‘why bother?’ Loss of value.”²⁵
- “Agree that every city has seat, but ridiculous that population not taken into account. Change voting rules so that larger cities have proportional representation.”²⁶
- “Yes, this is the way it should be. If the PIC went to a different format with larger cities getting a larger vote, would question whether we should belong.”²⁷
- “Population differences create different animals. Play regionally, hard to represent 80 thousand versus 5 thousand.”²⁸
- “6 on a scale of 1-5. Cornerstone of the organization. Changing this policy would be the only thing that would take [city] out of SCA.”²⁹
- “Agree. One city, one vote.”³⁰
- “Unsure. Depends on how well it’s working.”³¹
- “Very much agree.”³²
- “Agree. Like it.”³³
- “Agree in general. Otherwise, only 5 people at the table! That would work against the regional concept.”³⁴

Perhaps the most telling comment came from a member who stated that s/he was unsure about the policy:

- “At first I really disagreed. Dues are tied to the population, but vote is not. Why should we pay more and get the same power? I have come to understand that because of the diversity of members, not really possible to do any other way.”

In sum, members offered very thoughtful, often highly nuanced comments about the policy. A handful of members strongly oppose the policy, and a somewhat larger number value the policy so highly that they would reconsider their membership if the policy were to change. It should be noted that there was disagreement about the policy even within member cities.³⁵ Many members expressed an understanding of and sympathy for those who wish to amend the policy, but do not see a viable alternative to the current policy, and/or see the harm of changing the policy as outweighing any potential benefits. Overall, the membership survey demonstrated continuing support for maintaining the current policy on voting at the PIC.

Members were also asked the following question:

Much like the policy at the PIC, at the annual meeting, each city has an equal vote in setting dues for the coming year, voting on bylaw amendments, and voting on any other matters that may be submitted to the general membership. Do you agree or disagree with this SCA policy?

As above, members were given the option of answering that they agreed, disagreed, or were unsure about the policy. Here too, 38 of 46 members (82.6%) stated that they agreed with the policy. Five members indicated that they disagreed with the policy, one member was unsure, with one member stating s/he didn't know how the procedure worked, and another stating that s/he has never been to the annual meeting.³⁶

Far fewer members offered specific comments about this policy. Comments included:

- Should be a weighted vote.³⁷
- Should be the same as the PIC. Don't want it to change. But if it does change, both need to.³⁸
- Will probably leave if it changes, because then SCA will have no value. Not a threat, though. Same answer as before [in response to question re PIC]. Need to pick and choose for time and investment. Respect it now, but also respect those other cities [who disagree].³⁹
- [From a member who stated s/he disagrees with the policy]: Don't disagree, just don't know the right way to do it ... Feels like "good old boys network". Not confident that there is likely to be an open dialogue re: equal votes.⁴⁰
- Strongly agree. Changing this policy is the one thing that could lead [city] out of SCA.⁴¹
- Agree in general, but can see the case for weighted voting. Senate vs. House. Maybe in the future, but concerned that small cities will feel underrepresented.⁴²
- Fine with one city one vote. Valuable to smaller cities. Great place for small cities to have voice.⁴³

Here too we see a number of thoughtful comments, and an understanding and even sympathy from members of both sides of the debate for the opposing point of view. And as with the PIC policy, while we see a handful of members preferring a change, there is overall support for maintaining the current policy on voting at the annual meeting.

Recommendations for the Future of SCA:

While members expressed a high level of satisfaction with SCA, they offered a number of specific suggestions for where they would like to see the organization heading in the future.

Training, education, and networking:

Members expressed a great deal of interest in SCA providing additional training and educational opportunities for members, although they also recognized that SCA has a small staff and that the organization's resources should not be stretched too thin. The membership survey also provided helpful suggestions on potential future dinner speakers. The Events Committee and SCA staff will be utilizing these suggestions to better tailor programming in 2013 to meet the interests of members.

Committee staffing:

The survey demonstrated that SCA is on the right track in regards to committee staffing. But while the survey demonstrated an exceptionally high level of membership satisfaction with SCA staff, we recognize that there is always room for improvement. We saw a number of compliments in the survey about staff's availability and responsiveness. This is clearly an area where members see high value, and we will continue to provide this level of service. We also saw an interest from members in more written briefing materials and white papers. Providing these types of materials will also enable members serving on committees to more easily share information with their fellow elected officials within their cities. This will be an area of policy staff focus in 2013.

PIC:

When asked questions about the PIC, and what if any concerns they had about the PIC, members frequently raised the issue of "one city, one vote" even before a specific question was asked about the policy. Members also expressed a strong desire to maintain SCA's current policy of not taking positions on "divisive" issues, and many members noted that there was a need to further clarify the definition of "divisive." Some members expressed confusion over whether SCA's policy prohibited taking positions on "divisive" issues (which it does) versus taking positions on "controversial" positions (which it does not). Several members noted that SCA should not be afraid to dive in and take positions on controversial issues, but other members noted that SCA should avoid taking positions on "political hot button" positions. Members made it clear that they wanted SCA to only take positions that have direct relevance to member cities. Members cautioned against duplicating efforts with AWC, but several members saw a need for SCA to take positions on legislative matters that directly affect SCA member cities, particularly when the cities within King County have needs that may differ from those in other parts of the state. The responses derived from this survey will help to guide the work of the PIC in the future: it will help the PIC avoid taking positions that will alienate member cities, while at the same time encouraging the PIC to be proactive in advocating policy positions that will benefit member cities.

Board, dues structure, policies and procedures:

Members expressed general satisfaction with the SCA Board, dues structure, and organizational policies and procedures. But the survey also revealed that many members feel that they do not have a great deal of information about any of these. There is significant room for improvement in this area. SCA staff will work with the Board in 2013 to bring additional information to members about the activities of the Board, and to increase our level of transparency. Staff suggests initiating a regular "Message from the President" email in order to keep members informed about Board activities. Introducing all of the SCA Board Members at each networking dinner could also help to remind members who represent their caucus on the Board, and council visits from

Board members could help to open lines of communication between the Board and the membership.

Organizational Perception:

The information gathered in the survey about organizational perception will be helpful in a number of ways. The information has already been utilized to inform the ongoing organizational rebranding and website upgrade project, and SCA was able to save money on that project by conducting the survey in house. The feedback gained from the survey will also enable the Board to set goals for the organization's future that are closely aligned with member's expectations for the future of SCA.

Of particular note, a number of members expressed concerns about the organization's name and in particular, expressed dissatisfaction with the word "suburban." Some typical comments included:

- "Suburban is not my favorite word. 'Suburban' has a connotation with sprawl, and that is a negative."
- "Suburban implies non-urban."
- "Our cities are not strictly suburban, but I don't know a better name."
- "Suburban to who?"
- "'Suburban' sounds like rural communities. Our name should be more inclusive. Don't want to be pigeon holed by our name."
- "Suburban sounds old-fashioned."
- "Our name should better reflect who we are to attract members."
- "The word 'suburban' makes me think of the Flintstones. 'Suburban' has a 50s connotation."
- "Suburban is the wrong word. Our cities are not suburbs."
- "The word is not reflective of our member cities, which are vibrant communities. We could do better."

Based on these comments, it is clear that while members place a high value on the work of SCA, many do not feel that the organization's name accurately describes the member cities. Further, the organization's name is not well-aligned with the members' vision for the future of the organization, as summarized below.

Moving Forward:

Members were remarkably consistent in their vision for the future of SCA. When asked what words they would like to see used to describe SCA five years into the future, the most common responses were:

- Effective (also, "gets things done," "high impact," "successful")

- Powerful (or “strong”)
- Respected
- Influential (also, “listened to,” “known,” and “prominent”– “When SCA talks, people listen!”)
- Representative of member city interests
- Unified (or “connected,” “cohesive,” “collaborative,” “collective voice,” “cooperative,” “speaking with a single voice”)
- Leader
- Innovative (also, “pioneering,” “ahead of the curve,” “creative,” “dynamic,” “exciting,” “forward thinking,” “frontline,” “forefront on issues”)
- Collegial/congenial/camaraderie/friendly/inclusive/cooperative/accommodating
- Advocating/advocacy

It is noteworthy that these comments are remarkably similar to the comments made by the Board in its 2012 Retreat as it discussed its vision for the organization’s future.

When asked what SCA could be doing to raise awareness of and enhance the image of the organization, the most common response was to do more outreach to member cities. Specific suggestions included visits to council meetings to explain the work of SCA, and creating a monthly or quarterly email for members.

A high number of members identified a need for SCA to create an awareness and understanding of SCA from the general public. Several members identified a need for SCA to “tell our story” to the public through marketing, public relations, and media releases. A number of members spoke to the need to get SCA’s name in the paper. Several members also identified the need for SCA to create a better organizational image through a new logo, rebranding, and a new website.

Finally, several members noted that the best way for SCA to enhance its image is to continue to achieve success as an organization.

Measuring Success:

Members were also highly consistent in how they thought SCA should measure success as an organization.

Membership satisfaction (measured by surveys like this one) was most frequently mentioned as the best measurement of organizational success. Membership retention and increased membership were also mentioned frequently, with a number of members identifying “all cities but Seattle as members” as a good measure of success. The retention and attraction of regional associate members was also noted frequently.

The level of member involvement was also mentioned frequently. Members suggested tracking the number of members who volunteer to serve on regional boards and committees, and the

number of attendees at networking events. The degree to which members turn to SCA for assistance on regional issues was also mentioned as a way to measure success. Members also noted the need for SCA to serve the interests of all cities, both large and small.

Members also frequently noted that we should measure success based on our degree of influence on regional and, to a lesser extent, statewide policy. “King County listens to SCA” was a very frequently mentioned measure of success. King County adopting policies and/or ordinances for which SCA advocated (and/or does not pass policies that would have an adverse effect on SCA cities and residents) was another frequently mentioned measure. Expansion of SCA’s number of seats on regional boards and committees was also mentioned as a way to measure the organization’s success.

SCA members also want to see the organization set goals each year, and achieve them. Members noted that these goals should be SMART (specific, measurable, attainable, realistic and timely). Members also expressed a desire to see an annual recap of the organization’s progress on achieving its goals.

Conclusion:

The 2012 membership survey revealed that members have confidence in SCA, and feel positive about the direction in which the organization is heading. At the same time, the survey provided the Board, staff, and PIC with invaluable feedback on how to improve and better serve the needs of its members. All of this was done at little or no cost to the organization, proving once again that SCA provides high value to its members while respecting the financial challenges facing all cities. In addition, the survey demonstrated to members that the organization is committed to continual improvement, and is responsive to the needs of members. In order to track our success as an organization, this survey should be repeated on a regular basis.

¹ All SCA member cities participated in the survey except the cities of Hunts Point, Milton, Normandy Park, and Pacific. These cities either declined to participate, or did not respond to repeated requests.

² Councilmember Mike Cero from Mercer Island volunteered to participate. Except as otherwise noted, the results contained in this Executive Summary refer to responses made by current SCA members.

³ Positive comments from this member included statements that the organization is “making a noble effort” and that in a better world, there would be more staff for SCA. S/he stated that ED Dawson is an “excellent leader” who is “doing a good job.”

⁴ Member satisfaction with value for dues was slightly higher than satisfaction with the PIC. 25 of 46 members interviewed gave the organization a 5 on value for money, while 22 of 46 members gave the PIC a 5 in terms of value to their city.

⁵ Interestingly, the city of the only member who gave the Board a negative score has a seat on the current SCA Board.

⁶ From a small city.

⁷ From a midsize city.

⁸ From a midsize city.

⁹ From a midsize city.

¹⁰ From a midsize city.

¹¹ From a midsize city.

¹² From a large city.

¹³ From a midsize city.

¹⁴ From a midsize city.

¹⁵ From a large city.

¹⁶ From a small city.

¹⁷ From a midsize city.

¹⁸ From a large city.

¹⁹ From a midsize city.

²⁰ From a midsize city.

²¹ From a small city.

²² From a midsize city.

²³ From a midsize city.

²⁴ From a midsize city.

²⁵ From a midsize city.

²⁶ From a midsize city.

²⁷ From a midsize city.

²⁸ From a large city.

²⁹ From a midsize city.

³⁰ From a large city.

³¹ From a small city.

³² From a midsize city.

³³ From a midsize city.

³⁴ From a midsize city.

³⁵ The four members who opposed the policy came from only two member cities. In one of those cities, two members opposed the policy, and one member survey supported the current policy. In the other city, two members opposed the policy, one member was unsure, and one member supported the current policy.

³⁶ This response may also demonstrate a need for greater transparency and information to members about the annual meeting procedures.

³⁷ From a large city.

³⁸ From a midsize city.

³⁹ From a midsize city.

⁴⁰ From a large city.

⁴¹ From a midsize city.

⁴² From a midsize city.

⁴³ From a midsize city.

Proposed 2013 SCA Budget

Income/Expense	12 Budget as amended	12 Est Actual	Draft 2013 Budget
Income			
4000 - Dues & Sponsorships			
4010 - City Member Dues	461,382	461,382	477,050
4020 - Regional Associate Membership/Sponsorship	5,000	7,000	38,000
Total 4000 - Dues & Sponsorships	466,382	468,382	515,050
4300 - Program Revenue			
4310 - Registration/Dinners Revenue	20,310	19,450	20,310
4320 - Sponsorship Revenue (rolled into Dues & Sponsorships as of 2013)	24,000	20,000	0
Total 4300 - Program Revenue	44,310	41,540	20,310
4600 - Interest Income	2,500	1,973	1,900
Total Income	513,192	511,895	537,260
Expense			
5000 - Payroll Expenses			
* 5010 - Salaries	295,186	286,548	313,324
5100 - Temporary Staffing	400	9,800	400
5130 - Vacation Liabilities	8,998	0	6,633
5200 - Payroll Taxes			
5210 - Taxes- Unemployment	1,502	3,073	2,907
5230 - Taxes - SS (inc. med reimb/car)	19,726	19,110	18,527
5240 - Taxes - Medicare	4,765	4,519	4,603
5250 - Taxes - L & I	1,316	1,773	853
Total 5200 - Payroll Taxes	27,309	28,475	26,891
5300 - Pension Plan Contributions	15,468	20,578	25,552
5500 - Contract Liabilities	9,356	0	1,864
5600 - Other Employee Benefits			
5610 - Car Allowance	6,000	6,000	6,000
5620 - Cash in lieu of health benefits	29,861	0	0
5621 - Medical/Dental/Vision/Life Ins	0	34,559	40,682
Total 5600 - Other Employee Benefits	35,861	40,559	46,682
5700 - Professional Development			
5710 - Educational Benefit (Contract)	2,067	0	2,500
5720 - Education Benefit	2,710	0	2,647
5800 - Advertising/Personnel	500	0	0
Total 5000 - Payroll Expenses	398,177	385,960	426,492
6000 - Occupancy			
6010 - Rent	14,927	15,980	20,440
Tenant Improvement	35,000	35,000	0
6050 - Office Insurance	500	501	501
Total 6000 - Occupancy	15,427	51,481	20,941
6100 - Insurance (D&O)			
6300 - Telephone			
6310 - Cell Phone	1,500	1,927	1,755
6320 - Internet Connection	1,320	1,403	1,403
6330 - Conference Calls & LD	1,600	453	500
Total 6300 - Telephone	4,420	3,783	3,658
6600 - Office Supplies	1,500	1,152	1,300
6900 - Technology			
6910 - Technicians	6,000	4,406	4,500
6920 - Quarterly Server Maint	3,000	0	0
6930 - Web Hosting	150	137	0
6940 - Computer Equipment	2,000	2,000	500
6950 - Software Upgrade	4,000	234	1,000
Total 6900 - Technology	15,150	7,085	6,000
7000 - Equipment Rental & Mtnc			
7010 - Equipment Rental	3,375	3,488	3,775
7020 - Equipment Maintenance	300	0	0
Total 7000 - Equipment Rental & Mtnc	3,675	3,488	3,775
7200 - Staff at Conferences			
7100 - Business Meals	600	436	600
7210 - Staff Meals	225	0	0
7220 - Lodging	1,200	457	700
7230 - Conf travel/mile/parking	1,100	0	600
7240 - Registration	1,890	432	1,000
Total 7200 - Staff at Conferences	4,415	888	2,300
7300 - Dinners/Conferences/Retreats			
7310 - Speakers Fees	3,000	0	3,000
7320 - Meals	17,500	16,970	17,500
7330 - Meeting Equipment & Misc Exp.	150	167	200
7340 - Audio Visual	850	1,111	1,000
7350 - Conference Room Rental	0	0	0
7360 - Conference Printing	0	0	0
Total 7300 - Dinners/Conf/Retreats	21,500	18,247	21,700
7400 - Awards and Recognition			
7410 - Awards/Recognitions	540	540	1,500
7420 - Prizes and Give Aways	50	50	0
Total 7400 - Awards and Recognition	590	590	1,500
7500 - Accounting Fees			
7510 - *Payroll Processing Charges	1,440	1,595	1,434
7520 - Accountants	1,500	1,625	1,500
Total 7500 - Accounting Fees	2,940	3,220	2,934
7800 - Professional Fees			
7600 - Staff Travel (mileage/parking)	5,000	5,053	5,000
7810 - Web Site Design/Maintenance	300	0	0
7820 - Legal	0	0	2,500
7830 - Financial Review/Audit	15,000	12,868	0
7840 - Consulting Services	50,000	44,500	12,000
Total 7800 - Professional Fees	65,300	57,368	14,500
9000 - General Operations			
8000 - Depreciation/bal Sht item			
Contingency Fund	20,987	0	20,000
9010 - Water	400	409	400
9030 - Licenses and Permits	30	30	30
9040 - Dues and Subscriptions	1,000	665	650
9050 - Bank Service Charges	75	90	100
9070 - Postage & Delivery	250	142	200
9080 - Printing & Publication	250	1,608	1,600
Total 9000 - General Operations	22,992	2,843	22,980
Total Expense	563,186	543,398	535,384

2013
Est Exp 535,384
Est Rev 537,260

2012 Approved Assessment

Draft SCA 2013 Assessment

<u>Municipality</u>	2011 OFM Pop	2011 OFM Pop w/70K cap	Membership Rate 0.5598	<u>Municipality</u>	2012 OFM Pop 4/1/2012	2012 OFM Pop w/70K cap	Membership Rate 0.5598	Increase over 2012 in dollars	Population Change 11-12
Skykomish	195	195	109.16	Skykomish	200	200	111.96	2.80	5
Beaux Arts Village	300	300	167.94	Beaux Arts Village	300	300	167.94	0.00	0
Hunts Point	390	390	218.32	Hunts Point	390	390	218.32	0.00	0
Milton (part)	835	835	467.43	Milton (part)	835	835	467.43	0.00	0
				Carnation	1,785	1,785	999.24	999.24	5
Clyde Hill	2,985	2,985	1,671.00	Clyde Hill	2,980	2,980	1,668.20	-2.80	-5
Algona	3,055	3,055	1,710.19	Algona	3,070	3,070	1,718.59	8.40	15
Black Diamond	4,160	4,160	2,328.77	Black Diamond	4,170	4,170	2,334.37	5.60	10
North Bend	5,830	5,830	3,263.63	North Bend	5,855	5,855	3,277.63	13.99	25
Normandy Park	6,345	6,345	3,551.93	Normandy Park	6,350	6,350	3,554.73	2.80	5
Pacific (part)	6,520	6,520	3,649.90	Pacific (part)	6,535	6,535	3,658.29	8.40	15
Duvall	6,715	6,715	3,759.06	Duvall	6,900	6,900	3,862.62	103.56	185
Newcastle	10,410	10,410	5,827.52	Newcastle	10,460	10,460	5,855.51	27.99	50
Woodinville	10,940	10,940	6,124.21	Woodinville	10,960	10,960	6,135.41	11.20	20
Enumclaw (part)	10,920	10,920	6,113.02	Enumclaw (part)	11,030	11,030	6,174.59	61.58	110
Snoqualmie	10,950	10,950	6,129.81	Snoqualmie	11,320	11,320	6,336.94	207.13	370
Lake Forest Park	12,610	12,610	7,059.08	Lake Forest Park	12,640	12,640	7,075.87	16.79	30
Bothell (part)	17,150	17,150	9,600.57	Bothell (part)	17,280	17,280	9,673.34	72.77	130
Covington	17,640	17,640	9,874.87	Covington	17,760	17,760	9,942.05	67.18	120
Tukwila	19,050	19,050	10,664.19	Tukwila	19,080	19,080	10,680.98	16.79	30
Kenmore	20,780	20,780	11,632.64	Kenmore	21,020	21,020	11,767.00	134.35	240
				Mercer Island	22,690	22,690	12,701.86	12,701.86	-20
Maple Valley	22,930	22,930	12,836.21	Maple Valley	23,340	23,340	13,065.73	229.52	410
SeaTac	27,110	27,110	15,176.18	SeaTac	27,210	27,210	15,232.16	55.98	100
Des Moines	29,680	29,680	16,614.86	Des Moines	29,700	29,700	16,626.06	11.20	20
Issaquah	30,690	30,690	17,180.26	Issaquah	31,150	31,150	17,437.77	257.51	460
Sammamish	46,940	46,940	26,277.01	Sammamish	47,420	47,420	26,545.72	268.70	480
Burien	47,660	47,660	26,680.07	Burien	47,730	47,730	26,719.25	39.19	70
Shoreline	53,200	53,200	29,781.36	Shoreline	53,270	53,270	29,820.55	39.19	70
Redmond	55,150	55,150	30,872.97	Redmond	55,360	55,360	30,990.53	117.56	210
Auburn (part)	63,050	63,050	35,295.39	Auburn (part)	63,390	63,390	35,485.72	190.33	340
Kirkland	80,378	70,000	39,186.00	Kirkland	81,480	70,000	39,186.00	0.00	1,102
Federal Way	89,370	70,000	39,186.00	Federal Way	89,460	70,000	39,186.00	0.00	90
Renton	92,590	70,000	39,186.00	Renton	93,910	70,000	39,186.00	0.00	1,320
Kent	118,200	70,000	39,186.00	Kent	119,100	70,000	39,186.00	0.00	900
TOTAL	924,728	824,190	\$461,382	TOTAL	956,130	852,180	\$477,050	15,668.80	6,912.00



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: David Godfrey, P.E., Transportation Engineering Manager
Pam Bissonnette, Interim Public Works Director

Date: July 25, 2013

Subject: Sound Transit 3 Resolution

RECOMMENDATION:

It is recommended that City Council receives a presentation from Sound Transit staff regarding Sound Transit 3 planning, after which the Council may review and discuss supporting the attached draft resolution concerning Sound Transit 3.

BACKGROUND DISCUSSION:

On May 21, Sound Transit presented their planning for the next phase of development, known as Sound Transit 3 (ST 3) to the City Council. On June 4 Council directed staff to develop a resolution outlining Kirkland's interests in ST 3 and offered some points to include in the resolution or accompanying statement.

At their June 26, 2013 meeting the Transportation Commission reviewed and commented on a draft interest statement. The attached interest statement reflects the edits of the Commission and the points from City Council.

This meeting will allow the City Council to get a current update on development of Sound Transit initiatives and an opportunity for City Councilmembers to ask questions of Sound Transit staff as they consider the draft resolution and interest statement. Based on Council input, and if Council so directs, the staff will bring back a final ST3 resolution for adoption at a November Council meeting.

CITY OF KIRKLAND
SOUND TRANSIT 3 INTEREST STATEMENT
August 6, 2013

Both Sound Move and Sound Transit 2 were actively supported by the Kirkland City Council. Both of those previous measures met the interests of Kirkland and of the region. We look forward to supporting ST3, and have developed a set of interests that, when met, would garner Kirkland's full support of the upcoming measure.

ST3 must support Urban Centers. The City's primary interest is connecting the Totem Lake regional center to the rest of the region with LINK light rail. Based on the increases in population and employment anticipated over the next 20 years, a high quality frequent route such as that delivered by LINK light rail must be made. Along with other routing choices such as I-405, Cross Kirkland Corridor (CKC) or others, a connection between Redmond and Totem Lake via Willows Road should be examined.

Sound Transit 3 should also take advantage of Express Toll Lanes to serve Totem Lake. Transit service that is quick, frequent and reliable is important to Kirkland. This should include consideration of reconstructing freeway interchanges to allow direct service to other parts of Kirkland.

Investment in the CKC is a long standing Kirkland interest. Because some East Link investments are currently being made on the Eastside Rail Corridor, the CKC is a logical starting point for an alignment. Service could come in the form of Bus Rapid Transit in advance of Light Rail. There are cost saving advantages to coupling construction of a trail and transit facility. Kirkland and Sound Transit should participate in a partnership to realize these advantages.

People in Kirkland need to be able to bike and walk safely and conveniently to transit facilities. Sound Transit should invest in pedestrian and bicycle friendly transit facilities, but should also invest in connections outside the narrow boundaries of their facilities. This will integrate transit options into the existing bicycle and pedestrian networks and fill in missing links.

D R A F T

RESOLUTION R-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND CALLING UPON THE SOUND TRANSIT BOARD TO ACTIVELY INVOLVE LOCAL JURISDICTIONS IN THE PLANNING OF SOUND TRANSIT 3 AND TO INCLUDE CONNECTIONS TO THE TOTEM LAKE URBAN CENTER IN SOUND TRANSIT 3.

WHEREAS, the Sound Transit Board has begun planning the next set of capital and service investments known as Sound Transit 3, which includes planning for transit expansion throughout the region and specifically on the east side of Lake Washington; and

WHEREAS, the Goals and Policies of City of Kirkland's Comprehensive Plan call for high capacity transit service in Kirkland; and

WHEREAS, City Council's goal for balanced transportation includes a reduction in reliance on single occupancy vehicles; and

WHEREAS, the City of Kirkland is updating its Comprehensive Plan and developing a new Transportation Master Plan, with a planning horizon to 2035, which will call for increased employment and population in the Totem Lake Urban Center; and

WHEREAS, the City of Kirkland recognizes the linkage between land use and transportation and therefore the need to connect the Totem Lake Urban Center to the regional transit system; and

WHEREAS, the City of Kirkland purchased and is planning for transit on the Cross Kirkland Corridor which connects both the Totem Lake Urban Center and the South Kirkland Park & Ride among other destinations; and

WHEREAS, the City of Kirkland has supported previous phases of Sound Transit planning and development including Sound Move in 1996, the Transit and Roads package in 2007 and ST2 in 2008; and

WHEREAS, the City anticipates support of future Sound Transit phases should they contain components that adequately meet the need of Kirkland's citizens;

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The Kirkland City Council calls upon the Sound Transit Board to actively involve local jurisdictions in the planning of Sound Transit 3.

D R A F T

Section 2. The Kirkland City Council further calls upon the Sound Transit Board to include connections to the Totem Lake Urban Center in Sound Transit 3 and to address the other interests of the City of Kirkland included in the attached Interest Statement and incorporated by this reference.

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



KIRKLAND CITY COUNCIL REGULAR MEETING MINUTES
October 01, 2013

1. CALL TO ORDER
2. ROLL CALL

ROLL CALL:

Members Present: Councilmember Dave Asher, Councilmember Shelley Kloba, Deputy Mayor Doreen Marchione, Mayor Joan McBride, Councilmember Toby Nixon, Councilmember Penny Sweet, and Councilmember Amy Walen.

Members Absent: None.

3. STUDY SESSION
 - a. Special Events Policy

Joining Councilmembers for this discussion were City Manager Kurt Triplett and Deputy City Manager Marilynne Beard.

4. EXECUTIVE SESSION

Council concluded their study session and Mayor McBride announced that, following a short break, they would enter into an executive session to discuss labor negotiations and potential litigation at 7 p.m., returning to the regular meeting at 7:30 p.m. City Attorney Robin Jenkinson was also in attendance.

5. HONORS AND PROCLAMATIONS

- a. Walk Your Child to School Week Proclamation

Peter Kirk Principal Monica Garcia accepted the proclamation from Mayor McBride and Councilmember Asher. Also present to accept the proclamation were students from Peter Kirk Elementary, Mark Twain Elementary, Juanita Elementary and Cub Scout Troop 550.

- b. Fire Prevention Week Proclamation

Fire Marshal Dave Walker accepted the proclamation from Mayor McBride and Councilmember Sweet.

- c. National Community Planning Month Proclamation

Planning Commission Vice Chair Glenn Peterson and Commissioner Jay Arnold accepted the proclamation from Mayor McBride and Councilmember Walen.

6. COMMUNICATIONS

- a. Announcements
- b. Items from the Audience

Christopher Hanak
Brandon Porter
Steve Bush
Andrew Stringens
Ted Barr
Jack Rogers

- c. Petitions

(1) Petition for Yarrow Point Neighborhood Border Change

The petition was acknowledged via approval of the consent calendar.

7. SPECIAL PRESENTATIONS

- a. Seattle and King County Public Health Presentation: Affordable Care Act

Seattle-King County Public Health Integration Consultant Erica Nuerenberg presented information on the county-wide enrollment campaign for the Affordable Care Act and responded to Council questions.

8. CONSENT CALENDAR

- a. Approval of Minutes: September 17, 2013
- b. Audit of Accounts:
Payroll \$2,653,024.50
Bills \$6,330,301.18
Run #1249 check #546806-546951
Run #1250 check #546852
Run #1251 check #546953-546965
Run #1252 check #546969-547125
- c. General Correspondence
- d. Claims
- e. Award of Bids
- f. Acceptance of Public Improvements and Establishing Lien Period
- g. Approval of Agreements

h. Other Items of Business

(1) Ordinance O-4418, Relating to the Sale of Surplus Property to City Employees and Amending Section 3.86.060 of the Kirkland Municipal Code.

(2) Report on Procurement Activities

Motion to Approve the Consent Calendar

Moved by Councilmember Penny Sweet, seconded by Councilmember Dave Asher

Vote: Motion carried 7-0

Yes: Councilmember Dave Asher, Councilmember Shelley Kloba, Deputy Mayor Doreen Marchione, Mayor Joan McBride, Councilmember Toby Nixon, Councilmember Penny Sweet, and Councilmember Amy Walen.

9. PUBLIC HEARINGS

10. UNFINISHED BUSINESS

- a. Ordinance O-4419 and its Summary, Relating to the Timing of Payment of Impact Fees and Amending Sections 27.04.030 and 27.06.030 of the Kirkland Municipal Code, File No. PLN13-01420.

Planning Director Eric Shields provided an overview of the proposed criteria by which impact fees may be deferred.

Motion to Approve Ordinance O-4419 and its Summary, entitled "AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE IMING OF PAYMENT OF IMPACT FEES AND AMENDING SECTIONS 27.04.030 AND 27.06.030 OF THE KIRKLAND MUNICIPAL CODE, FILE NO. PLN13-01420.

Moved by Councilmember Dave Asher, seconded by Councilmember Penny Sweet

Vote: Motion carried 7-0

Yes: Councilmember Dave Asher, Councilmember Shelley Kloba, Deputy Mayor Doreen Marchione, Mayor Joan McBride, Councilmember Toby Nixon, Councilmember Penny Sweet, and Councilmember Amy Walen.

- b. Library Board Interview Selection Committee Recommendations

Motion to Approve Library Board Interview Selection Committee Recommendations

Moved by Councilmember Penny Sweet, seconded by Councilmember Dave Asher

Vote: Motion carried 7-0

Yes: Councilmember Dave Asher, Councilmember Shelley Kloba, Deputy Mayor Doreen Marchione, Mayor Joan McBride, Councilmember Toby Nixon, Councilmember Penny Sweet, and Councilmember Amy Walen.

c. Slurry Seal Petition Response and Project Update

Capital Projects Manager Dave Snider presented information in response to a recent petition regarding the 2013 Slurry Seal Project and responded to Council questions.

d. Traffic Petition Response for Lake WA Blvd/Lake St. S. Intersection

Transportation Engineering Manager David Godfrey presented information in response to a recent petition regarding the traffic on Lake Washington Boulevard and Lake Street South and responded to Council questions.

11. NEW BUSINESS

12. REPORTS

a. City Council

(1) Finance and Administration Committee

Chair Walen reported on housekeeping clarification related to the gambling tax code; debt post-issuance compliance policy; possibility of moving the next Capital Improvement Program process to 2015; Council policies and procedures; refinancing of some current debt.

(2) Public Safety Committee

Have not met.

(3) Community Planning, Housing and Economic Development Committee

Have not met.

(4) Public Works, Parks and Human Services Committee

Have not met.

(5) Regional Issues

City Councilmembers shared information regarding Totem Lake Conversations; Volunteer recognition gelato event; All City Boards and Commissions Appreciation Dinner; Sophia Way fundraising luncheon; Economic Development Council of Seattle and King County meeting; Keller Williams Eastside Grand Opening; Growth Management Planning Council meeting; Bellevue Downtown Association Study Tour in Pasadena, California; Kirkland Oktoberfest; Eastside Timebank Unusual Auction and Shindig; Washington Conservation Voters breakfast; Kirkland Nourishing Networks; Tourism Development Committee meeting; Sound Cities Association Public Issues Committee meeting; Sound Cities Association Networking Dinner; Lake

Washington Institute Benefit Breakfast; Cascade Water Alliance meeting; Josh Brown is the new Executive Director of Puget Sound Regional Council; Eastside Rail Corridor; Washington Wildlife and Recreation Coalition breakfast; I-405 Executive Advisory Group meeting.

b. City Manager

(1) City Council Meeting with the Everest Neighborhood

City Manager Kurt Triplett confirmed that Council wants to continue using the previous format for neighborhood meetings.

(2) Calendar Update

Highlands/Norkirk Neighborhood Meeting on November 20; Cross Kirkland Corridor Celebration on October 27; recent flood management activities in the Totem Lake/PARMAC area.

13. ITEMS FROM THE AUDIENCE

14. ADJOURNMENT

The Kirkland City Council regular meeting of October 1, 2013 was adjourned at 9:29 p.m.

City Clerk

Mayor



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

MEMORANDUM

To: Kurt Triplett, City Manager
From: Kathi Anderson, City Clerk
Date: October 3, 2013
Subject: CLAIM(S) FOR DAMAGES

RECOMMENDATION

It is recommended that the City Council acknowledges receipt of the following Claim(s) for Damages and refers each claim to the proper department (risk management section) for disposition.

POLICY IMPLICATIONS

This is consistent with City policy and procedure and is in accordance with the requirements of state law (RCW 35.31.040).

BACKGROUND DISCUSSION

The City has received the following Claim(s) for Damages from:

- (1) Andrea Bach and Isidro Hegouaburu
475 5th Ave S
Kirkland, WA 98033

Amount: Unspecified Amount

Nature of Claim: Claimant states damage to property resulted from clogged City water line.

- (2) Jennifer Johnson
12718 NE 132nd Pl.
Kirkland, WA 98034

Amount: \$3871.48

Nature of Claim: Claimant states damage to vehicle resulted from being struck by a City vehicle.

- (3) Larry Lars Knudsen
8565 261st Ave. NE
Redmond, WA 98053

Amount: \$806.10

Nature of Claim: Claimant states damage to vehicle due to road construction on NE 116th Street.

- (4) Sean Woody
4847 California Ave. SW #100
Seattle, WA 98116

Amount: \$2015.90

Nature of Claim: Claimant states damage to vehicle resulted from being struck by a City vehicle

Note: Names of claimant are no longer listed on the Agenda since names are listed in the memo.



CITY OF KIRKLAND
Human Resources Department
 505 Market Street Suite B, Kirkland, WA 98033 425.587.3210
 www.ci.kirkland.wa.us

MEMORANDUM

To: Kurt Triplett, City Manager

From: James C. Lopez, Director of Human Resources & Performance Management

Date: October 4, 2013

Subject: Ratification of IAFF Local 2545 Collective Bargaining Agreement - 2012 - 2014

RECOMMENDATION

Adopt the 2012-2014 Collective Bargaining Agreement between the City of Kirkland and the IAFF Local 2545.

BACKGROUND DISCUSSION:

On October 4, 2013, the City of Kirkland was advised that the members of the IAFF Local 2545, voted for ratification of the 2012 – 2014 Collective Bargaining Agreement. This Agreement was the result of a collaborative negotiation process between the City and the Union.

Some highlights of the agreement are:

- Three year agreement (January 1, 2012 – December 31, 2014)
- Percentage based wage increases:
 - 2012 - 2.7 %
 - 2013 - 2.7 %
 - 2014 - 1.2 %
- Increase of vacation hours for IAFF shift and day personnel for 2013 - 2014. Shift employees receive an additional 24 hours per year. Day employees receive a commensurate number of hours.
- City negotiated concessions of Firefighter I – IV wages to be similar to the averages of comparable agencies for new hires with a start date on or after November 1, 2013.
- Elimination of tuition reimbursement associated with a Master's Degree program.
- Life insurance language change to reflect a maximum guarantee of \$250K (current practice consistent with other bargaining units)
- Additional changes include, but are not limited to:
 - Article 11 (update of work schedule information and addition of Fire Station 24 MOU)
 - Article 13 (addition of Section 13.7 Shift Swap Without Repayment and Section 13.8 Station Bid Selection)
 - Article 24 (update of benefits and life insurance information)
 - Article 31 (insertion of Fire Prevention Bureau MOU from previous contract)
 - Article 33 (insertion of Emergency Medical Services Officer MOU from previous contract)
 - Article 34 (insertion of Emergency Medical Transport MOU from previous contract)
 - Article 35 (addition of Section 35.4 Vehicle Electronic Mobile Data Device)
 - Article 37 (insertion of Health Care Expense Accounts MOU from previous contract)

Members of the Negotiation Teams warrant commendation for this collaborative negotiation process, which occurred during challenging economic times.

Staff is pleased to recommend to City Council the ratification and adoption of this Agreement (or a substantially similar version if minor corrections become necessary) with the IAFF Local 2545.

*Attachments: City of Kirkland and IAFF Local 2545 Collective Bargaining Agreement, 2012 – 2014
Fire Station 24 Memorandum of Understanding*

AGREEMENT BETWEEN

the

**INTERNATIONAL ASSOCIATION OF FIREFIGHTERS
LOCAL #2545**

and the

CITY OF KIRKLAND

January 1, 2012 – December 31, 2014

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PREAMBLE

This Agreement is made by and between the International Association of Firefighters Local No. 2545, hereinafter referred to as the "Union", and the City of Kirkland, a municipal corporation of the State of Washington, hereinafter referred to as the "Employer".

PURPOSE

The purpose of the Employer and the Union in entering into this Agreement is to set forth their complete Agreement with regard to wages, hours, and working conditions for the Employees in the bargaining unit so as to promote the efficiency and effectiveness of fire prevention; medical aid services and fire suppression; public safety; and harmonious relations between the Employer and its Employees; giving recognition to the rights and responsibilities of the Employer, the Union, and the Employees.

DEFINITIONS

ARTICLE 1

As used herein, the following terms are defined as follows:

1.1 Bargaining Unit shall mean all Employees in the Kirkland Fire/Building Department in the classifications of Firefighter, Deputy Fire Marshal, Fire Inspector, Fire Lieutenant, Fire Captain, and Battalion Chief.

1.2 Base Pay shall mean Firefighter 5 pay grade as set forth in the Salaries Article of this Agreement.

1.3 City shall mean the City of Kirkland.

1.4 Department shall mean the Kirkland Fire/Building Department.

1.5 Deputy Fire Marshal shall mean any incumbent as of March 16, 2001 that serves as a full time Deputy Fire Marshal for the City of Kirkland. The Deputy Fire Marshal will assume seniority as defined in Article 1.

1.6 Employee shall mean an individual who meets the following criteria:

- 1.6.a Employed full time by the City of Kirkland.
- 1.6.b Covered by RCW 41.26 (LEOFF Pension System).
- 1.6.c Employed in a Bargaining Unit position defined in this Agreement.

1.7 Employer shall mean the City of Kirkland.

1.8 Immediate Family shall mean persons related by blood, marriage, or legal adoption in the degree of relationship of grandparent, parent, wife, husband, brother, sister, child, grandchild, domestic partner (as defined by Employer Policy), and other persons with the approval of the City Manager or designee.

1.9 Monthly Salary shall mean the monthly rate of pay so identified and set forth in the Salaries Article 21 of this Agreement.

1.10 Line Personnel shall mean regular full time Employees primarily responsible for fire suppression, medical aid, fire inspections and other related duties.

1.11 Overtime shall mean the time worked in excess of normally scheduled hours of duty.

1.12 Seniority shall mean length of continuous service with the Kirkland Fire/Building Department in a represented Bargaining Unit position.

1.13 Shift shall mean each workday served regardless of length of time the workday may be.

1.14 Time in grade shall mean length of continuous service with the Kirkland Fire / Building Department at their current rank.

1.15 Union shall mean the International Association of Firefighters Union, Local #2545.

1.16 Vacation shall mean a granted period of time off duty earned by members of the bargaining unit during which time they shall continue to receive their basic rate of pay.

UNION RECOGNITION

ARTICLE 2

The Employer agrees to recognize the Union as the exclusive representative on matters concerning wages, hours, and working conditions for all Employees in the bargaining unit.

UNION ACTIVITIES

ARTICLE 3

Section 3.1 The Employer shall make available to the Union 144 hours of paid leave per annum (1/1 – 12/31) for the purpose of allowing elected Union officials, or substitutes appointed by the Union participation in collective bargaining, grievance handling and other permissive activities. All Union leave shall be subject to prior approval of the Fire Chief or his designee based on the following criteria:

3.1.a Such leave shall be taken in blocks of not less than 6 hours.

3.1.b Written explanation from the Union President of the necessity for such time is provided to the Fire Chief not less than seven calendar days in advance.

- 3.1.c Union time off that does not affect minimum staffing and does not create an overtime situation, as provided in Directive 3.001, "Routine Vacation" shall not count toward the 144 hour aggregate of allowable time.

The Employer retains the right to restrict such leave when an emergency exists or such leave would create a danger to public safety.

Section 3.2 The Employer will grant an Employee, who is a Union representative, reasonable time off with pay for the purpose of attending monthly management meetings, provided such release does not result in the necessity to replace the Employee requesting time off with personnel in compensated status.

Section 3.3 Upon written authorization from an Employee within the bargaining unit, the Employer shall deduct from the wages of that Employee the sum certified as assessments and monthly dues of the Union and shall thereafter forward such sum to the Union during the pay period specified by the Union. Should any Employee not have any monies due him or the amount of such monies is not sufficient to satisfy the assessments, no deduction shall be made for that Employee for that month. The Union shall indemnify, defend, and hold the Employer harmless against any claims made and against any suit instituted against the Employer on account of any check-off of dues for the Union. The Union shall refund to the Employer any amounts paid to it in error on account of the check-off provision upon presentation of proper evidence thereof.

Section 3.4 The Employer agrees to furnish and maintain suitable bulletin boards in convenient places in each station manned by Union firefighters to be used by the Union. The Union shall limit its posting of notices and bulletins to such bulletin boards.

UNION SECURITY

ARTICLE 4

The Employer and the Union recognize the right of all Employees covered hereunder to become and remain members of the Union in good standing, and the Union accepts its responsibility to fairly represent all Employees in the bargaining unit, regardless of membership status.

PROMOTIONS AND VACANCIES

ARTICLE 5

Section 5.1 The following are the requirements to be eligible for promotions within the bargaining unit:

- 5.1.a To be eligible for promotion to Fire Lieutenant an individual must have completed one year as a Firefighter 5. In addition, an individual shall have and maintain a valid EMT-D certification and shall have earned 60 credit hours from an accredited college towards an associates or bachelors degree.
- 5.1.b To be eligible for promotion to Fire Captain an individual must have completed one-year full time and currently hold the position of Fire Lieutenant with the Kirkland Fire Department. In

addition, an individual shall have and maintain a valid EMT-D certification and shall have earned 90 credit hours from an accredited college towards an associates or bachelors degree.

- 5.1.c To be eligible for promotion to Battalion Chief an individual must have completed two years full time and currently hold the position of Fire Captain with the Kirkland Fire Department and shall have earned a minimum of an associates degree from an accredited College or University or have time in service and an equivalent combination of education and experience which provides the necessary skills, knowledge, and ability to successfully perform the duties of the position.
- 5.1.d To be eligible to take the promotional exams for Lieutenant, Captain and Battalion Chief an individual must meet the above requirements or reasonably be able to satisfy them prior to the expected expiration of the promotional register to be created from the exams. Individuals who pass a promotional exam prior to meeting the requirements for promotion shall have the word “ineligible” listed next to their name on the register until such time as they provide the Fire Chief documentation that they meet all the requirements.
- 5.1.e Candidates for promotional vacancies within the bargaining unit shall come from an adequately sized pool of eligible candidates from the bargaining unit. An “adequately sized pool” shall be defined as two candidates who meet the qualifications outlined in Sections 5.1.a., 5.1.b., 5.1.c. If an adequately sized pool does not exist, the Employer may adjust the educational requirements outlined in Sections 5.1.a., 5.1.b., 5.1.c. in order to create a pool from within the bargaining unit.

Section 5.2 Promotional exams shall consist of the following:

- 5.2.a Lieutenant exams shall consist of a professionally prepared, Fire Lieutenant, written exam that will be weighted 40% of the final score. The other 60% shall be divided to include 30% for a tactical exercise and 15% each for two additional “assessment center” type exercises. The two additional exercises shall be selected by the Employer from the following list and shall be administered by a qualified consultant:
 - 5.2.a.(1) Prepare and present training class or other presentation.
 - 5.2.a.(2) Role play of potential situations.
 - 5.2.a.(3) Visual Resume.The minimum passing score for the tactical exercise is 70% and the overall composite score for the testing process shall be at least 70% to be placed on the promotional register.
- 5.2.b Fire Captain and Battalion Chief exams shall consist of an assessment center process provided by a qualified consultant. The assessment center score shall make up 100% of the final score. The minimum composite passing score will be 70%.
- 5.2.c After receiving a minimum composite score of 70%, at time of certification the candidate shall be awarded a ¼ point to his/her score for each complete year of service after 10 years with the Kirkland Fire Department. The ¼ point service credit is intended for the sole purpose of advancing the placement and consideration of the more senior candidates’ position on the eligibility list and is not intended to limit the Fire Chief from considering a candidate’s previous years of service and experience when exercising the discretions provided in section 5.3 (rule of three).
- 5.2.d Psychological testing or evaluation methods may be used in the selection process upon mutual agreement between the Union and the City.
- 5.2.e No Kirkland Fire Department Employee or Regional Fire Training Division Employee will grade or score the exam. However, nothing in this section shall be construed as to limit the Fire

Chief or his designee's ability to evaluate or review the results of examinations or conduct interviews to make promotional decisions. In addition, this section shall not be construed as limiting any powers given to the appointing authority by Civil Service Rules and Regulations.

- 5.2.f Candidates not present at the appointed time for testing shall fail that portion of the test.
- 5.2.g After completion of the examination process, candidates shall receive their individual scores, once the civil service appeals process window has lapsed. However, until certified by the Civil Service Commission, those scores may be subject to change.

Section 5.3 Selection of candidates to be appointed to a promotional position within the bargaining unit shall be from a register created from the testing process. The City may select from the top three eligible names on the register to fill each vacancy. In the event a leading candidate is bypassed, the determining factors for the bypass will be provided, in writing, to the candidate. If less than three eligible names remain on a certified register at the time of appointment, the City shall have the authority to invalidate the register and complete another examination process.

Section 5.4 The Employer shall post notices at all stations sixty days prior to any promotional exam the position(s) to be filled and the date(s) of the exam. The Employer agrees to post a reading list for the exam(s), if any are available, as soon as it is received from the testing company.

Section 5.5 Promotional tests for Lieutenant and Captain shall be conducted on alternating years. Promotional lists duration for Battalion Chief shall be governed by applicable Civil Service Rules.

- 5.5.a The Fire Lieutenants test shall be conducted during the second week of May on alternating years. Once certified, the list shall be valid until a replacement list has been certified, unless invalidated under Section 5.3.
- 5.5.b The Fire Captains test shall be conducted during the second week of November on alternating years. Once certified, the list shall be valid until a replacement list has been certified, unless invalidated under section 5.3.
- 5.5.c Alternative test dates may be scheduled if agreed upon by the Employer and the Union.

Section 5.6 When the Employer declares that a vacancy exists, every reasonable effort will be made to fill it as soon as possible. The Employer and the Union agree to follow current Kirkland Civil Service rules and regulations regarding provisional and temporary appointments.

Section 5.7 Advancement through the five Firefighter steps shall be governed by the following:

- Firefighter 1 Date of hire to 12 months of successful employment (probationary).
- Firefighter 2 Completion of 12 months continuous employment.
- Firefighter 3 Completion of 24 month's continuous employment, have and maintain EMT-D certification.
- Firefighter 4 Completion of 36 month's continuous employment, have and maintain EMT-D certification.
- Firefighter 5 Completion of 48 month's continuous employment, have and maintain EMT-D certification.

Section 5.8 In the unlikely event that an employee's WA State EMT-D certification is suspended or revoked, the City and the Union agree to meet and confer in effort to bargain the impacts on a case-by-case basis.

SAVINGS CLAUSE

ARTICLE 6

If any provision of this Agreement shall be held invalid by operation of law or any Tribunal of competent jurisdiction, or if compliance or enforcement of any provision should be restrained by such Tribunal pending final determination as to its validity, the remainder of this Agreement shall not be held to be invalid, and will remain in full force and effect, and the parties, upon request of one to the other, shall initiate immediate negotiations for the purpose of arriving at a mutually satisfactory replacement of such provision.

LAYOFF AND RECALL

ARTICLE 7

Section 7.1 Layoff – In the event of a reduction in force, the Employee(s) with the least seniority shall be laid off first. Should the reduction in force necessitate any reduction in rank for remaining personnel, the last officer(s) promoted in the rank(s) affected shall be the first to be reduced. Reduction in rank will be based on time in grade (classification).

Section 7.2 Recall – In the event of a recall, the last Employee laid off shall be the first Employee recalled. No new Employee shall be hired until all laid off Employees have been given an opportunity to return to work. This obligation shall expire 36 months after such layoff, or after such time as the Employer is unable to contact the Employee being recalled on each of 21 consecutive calendar days, whichever occurs first. Recall to employment shall, at the discretion of the Employer, be subject to the recalled Employee successfully completing a physical examination. Such examination shall be scheduled by and at the expense of the Employer.

Section 7.3 The Employer shall give notice two weeks in advance to any Employee before layoff or shall pay all wages and benefits allowed in this contract for a two week period following notification. Upon passage of a physical examination, the Employer shall allow the recalled Employee to give two weeks notice to their current employer before reporting to duty. The Employee on layoff status shall keep the Employer notified of the address, telephone number, and hours at which he/she can be contacted. Prior to attempting to contact an Employee to be recalled, the Employer will notify the Union.

Section 7.4 Employees recalled from layoff status shall return to the classification they were in prior to layoff. (For purposes of seniority, all continuous service time immediately preceding the layoff will be considered). Any officers reduced in rank due to reduction in force shall be reinstated to the same position, without further testing, when the first vacancies exist.

MANAGEMENT RIGHTS

ARTICLE 8

It is recognized that, except as limited and controlled by the terms of this Agreement, the Employer shall retain the right and authority to operate and direct the affairs of the Employer. Employer shall operate and direct various aspects, including, but not limited to, the right to direct the working forces; to control the Fire Department budget; to plan, direct, and control all the operations and services of the Employer; to determine the methods, means, organization, and number of personnel by which such operations and services are to be conducted. The Employer shall assign and transfer Employees; determine whether goods and services should be made or purchased; recruit, hire, and promote Employees; relieve Employees due to lack of work or other legitimate reasons; demote, suspend, discipline, or discharge Employees for just cause; to make, modify, and enforce reasonable rules and regulations; and to change or eliminate existing methods, equipment, facilities, or levels of service.

The Employer agrees that a continuing duty to bargain exists as to changes in wages, hours, and working conditions as may be required by RCW Chapter 41.56.

RETENTION OF BENEFITS

ARTICLE 9

All uniformly administered rights, benefits, and privileges relating to wages, hours, and working conditions as defined by the Public Employment Relations Commission shall remain in full force during the term of the Agreement.

The Union agrees that a continuing duty to bargain exists regarding changes in wages, hours, and working conditions as defined within RCW 41.56.

GRIEVANCE HANDLING AND DISPUTE RESOLUTION PROCEDURE

ARTICLE 10

In order to address differences in interpretation, application, or violation of any specific terms of the provisions of this contract or an established practice involving wages, hours, and working conditions or to reach a mutual understanding of the intent of such or other dispute, the parties agree to meet and confer within ten days to create a resolve, prior to the filing of a grievance if necessary. The timelines for filing a grievance shall become effective at the completion of the meeting(s) between the parties.

Section 10.1 A "Grievance" shall be defined as a claim or dispute raised relating to the interpretation, application, or violation of any specific terms or application of the provisions of this contract. All such claims or disputes shall be processed according to the provisions as set forth herein.

Section 10.2 The Union shall have full access to the grievance procedure on behalf of itself and/or the employees it represents and may introduce a grievance at any step at or above the Deputy Chief. Employees filing a grievance agree to submit in writing a copy of all relevant facts involving the alleged grievance to the Union Executive Board prior to Step III. Upon receiving the written petition, a Union representative shall meet with the Employee and recommend a course of action. If the Employee or the Union wishes to pursue the grievance, either or both will proceed within the applicable timelines to the next appropriate step.

Section 10.3 An Employee filing a grievance that could be handled either through the contract or through a complaint filed with the Kirkland Civil Service Commission must select the method he/she wishes to pursue the complaint. Once this “election of remedies” has been chosen and the Employee, or the Union acting on the Employee’s behalf, has instituted the first step in the chosen process, the outcome of that process shall be binding and the Employee or the Union shall not be allowed to pursue the other course. This section shall not apply if jurisdiction over the issue is denied by the Civil Service Commission and the definition of a grievance as specified in Section 10.1 is applicable.

Section 10.4 Step I. An Employee must present a grievance to the Employee’s immediate supervisor within 30 calendar days of its alleged occurrence. The supervisor shall attempt to resolve the grievance within ten calendar days. In the event a grievance is brought regarding an action taken by other than the aggrieved Employee’s immediate supervisor, the Employee may initiate the grievance process at the step at which the action giving rise to the grievance was taken.

Section 10.5 Step II. If the Employee and/or the Union are not satisfied with the solution by the immediate supervisor, the grievance, in writing, may be presented within ten calendar days to their Battalion Chief. The written grievance must state the issue, contractual Article, city/department policy or established practice and cite facts giving rise to the grievance, and remedy sought. The Battalion Chief shall attempt to resolve the grievance and provide a written response within ten calendar days.

Section 10.6 Step III. If the Employee and/or the Union is not satisfied with the solution by their Battalion Chief, the written grievance may be presented within ten calendar days to the Deputy Chief of Operations, who shall attempt to resolve it and provide a written response within ten calendar days.

Section 10.7 Step IV. If the Employee and/or the Union is not satisfied with the solution by the Deputy Chief of Operations, the written grievance may be presented within ten calendar days to the Fire Chief, who shall meet with the aggrieved employee and/or the Union in an attempt to resolve the grievance and shall provide a written response within ten calendar days.

Section 10.8 Step V. If the Employee and/or the Union is not satisfied with the solution, the grievance, in writing, together with all other pertinent materials, may be presented to the City Manager or his/her designee who shall attempt to resolve the grievance and provide a written response within ten calendar days.

Section 10.9 If the grievance is not resolved by the City Manager or his/her designee to the satisfaction of the Employee and/or the Union, the grievance may, within ten calendar days, be referred for arbitration, to an arbitrator from the following list of currently active arbitrators: Gary Axon, Mike Beck, Alan Krebs, Eric Lindauer, Howell L. Lankford; additional arbitrators may be added if mutually agreed upon by the

City and the Union. The arbitrator will be selected by allowing the City and the Union to alternately delete one name at a time from the list until only one name remains. The party to start the deletion process will be decided by coin flip. It shall be the function of the Arbitrator to hold a hearing at which the parties may submit their cases concerning the grievance. The Arbitrator shall render his decision based on the interpretation and application of the provisions of this Agreement. The decision shall be final and binding upon the parties to the grievance provided the decision does not involve action by the Employer, which is beyond its jurisdiction. Each party shall be completely responsible for all costs of preparing and presenting its own case, including compensating its own representatives and witnesses; provided however, the Union does not thereby waive any rights provided under RCW 49.48.030. If either party desires a record of the proceedings, it shall solely bear the costs of producing such a record.

Section 10.10 Third Party Dispute Mediation

- 10.10.a Any grievance or work related dispute between two or more parties may be referred to voluntary third party mediation. With the mutual agreement of all the parties to the dispute, the City will provide access to mediation services through the King County Workplace Mediation or similar program.
- 10.10.b Voluntary mediation may be sought at any step in the grievance process provided that all parties to the grievance agree. When all parties have mutually agreed in writing to mediation, all grievance timeframes will be held in abeyance until the completion of the mediation process. Mediation shall be deemed “completed” when the mediator notifies the parties that no further mediation will take place. At the completion of the mediation process, all timeframes previously in effect will resume.

HOURS OF DUTY

ARTICLE 11

Section 11.1 Workweek:

- 11.1.a The workweek for bargaining unit line personnel shall be no more than 48.0 hours per week on an average annual basis. This shall be accomplished by providing two Kelly shifts off after every six scheduled sets, prescheduled on an annual basis; the first months Kelly shifts shall be selected beginning with the employee with the greatest seniority. Once established, any action or changes to shift seniority configuration shall require a new seniority based selection process as provided above.

For example:

A	A	B Kelly Shift	B Kelly Shift	C	C	A
A	B Set-1	B Set-1	C	C	A	A
B Set-2	B Set-2	C	C	A	A	B Set-3
B Set-3	C	C	A	A	B Set-4	B Set-4
C	C	A	A	B Set-5	B Set-5	C
C	A	A	B Set-6	B Set-6	C	C
A	A	B Kelly Shift	B Kelly Shift	C	C	A
A	B Set-1	B Set-1	C	C	A	A
B Set-2	B Set-2	C	C			

11.1.b When a full “set” includes both December 24th and 25th the preceding shift shall share the holiday burden by “flip-flopping” 12/23 & 12/24

Example: December 22 23 24 25 26 27
 Scheduled C C A A B B
 Changed to C A C A B B
 [This adjustment is needed 3 out of every 8 years]

Section 11.2 The work schedule for bargaining unit line personnel shall be two consecutive 24-hour shifts (48 hour “set”). Employees normally shall work two 24-hour shifts followed by 96 hours off. The shift starting time will be 0700. The shift configuration and shift starting time may be modified by mutual agreement between the Employer and the Union.

The work shift will include one hour for lunch and one hour for dinner. Each on-duty Employee will remain available for an emergency call during these meals breaks.

Training and inspections may be scheduled on a reasonably limited basis between 1800 and 0800 hours to maintain operational skills in night fire suppression, prevention, and inter-departmental cooperation.

Section 11.3 The work schedule for bargaining unit personnel assigned to a 40-hour workweek shall be:

11.3.a 0800-1700 Monday through Friday, or

11.3.b Four consecutive ten hour days

11.3.c 40-hour personnel may have a flexible work week. Time shall be traded in straight time. For example, if an employee works one hour extra one day, they may work one hour less another

day that week to total 40 hours for each week but no week can exceed 40 hours unless approval for overtime has been received. Employees shall notify their supervisor prior to use of flex time. Flex time is to be noted on payroll attendance record as it actually occurs.

- 11.3.d Alternative schedules, not exceeding forty hours per week with mutual agreement of the employer, employee(s), and Union.
- 11.3.e Regardless of workweek schedule, each employee will have one hour off for lunch. Each on-duty Employee will remain available for an emergency call during these meal breaks.

Section 11.4 Refer to Article 30 relating to personnel assigned to Training. Refer to Article 31 relating to personnel assigned to Fire Prevention Bureau.

Section 11.5 The Employer and Union acknowledge that Fire Station 24 is not currently staffed with career personnel. The Employer is not compelled to staff Fire Station 24. Should the City decide to staff Fire Station 24, the City agrees to staff it in accordance with the Memorandum of Understanding with the Union dated October 2013. The parties may agree to resolve staffing of Fire Station 24 on a long-term basis. The long-term solution for Fire Station 24 may include one of the following:

- 11.5.a 24-hour 3 platoon method
- 11.5.b 24-hour 4 platoon method
- 11.5.c 12-hour call back staffing
- 11.5.d 12-hour shift, 3 on 4 off

OVERTIME / COMPENSATORY TIME

ARTICLE 12

Section 12.1 Overtime shall be paid at the rate of one and one-half times the hourly rate of pay. For the purpose of calculating hourly overtime rate of pay the formula shall include monthly salary, premium pay (i.e. Hazardous Materials or other premium pays negotiated) and longevity. The hourly rate of pay will be determined by multiplying the Employee's monthly salary by 12 (months) and then dividing that figure by the work week figure from Section 11.1 multiplied by 52.18 (weeks). The final overtime rate of pay will be rounded to the nearest cent.

Section 12.2

- 12.2.a Overtime for 40-hour personnel shall be paid at the rate of one and one-half times their hourly rate of pay. For the purposes of calculating hourly overtime rate of pay the formula shall include monthly salary, premium pay (i.e. Hazardous Materials or other premium pays negotiated) and longevity. The hourly rate of pay will be determined by multiplying the Employee's monthly salary by 12 (months) and then dividing that figure by the work week figure from Section 11.3 multiplied by 52.18 (weeks) The final overtime rate of pay will be rounded to the nearest cent.
- 12.2.b 40-hour personnel working overtime during their normal duties are eligible for compensatory time in lieu of overtime. Compensatory time may not be earned if the employee is working overtime as defined in 12.2.e. Compensatory time shall accrue at one and one-half times the hours worked and shall be measured in fifteen minute increments or major fraction thereof.

- 12.2.c 40-hour personnel may bank up to 40 hours of compensatory time at any given point. If the 40 hour limit is exceeded, the additional hours above 40 will automatically be converted to overtime and paid out as soon as possible thereafter. Unless specifically waived in writing by the Fire Chief, no Employee may carry over more than 20 hours of compensatory time from October 31st to November 1st. 40 hour personnel may convert up to 40 hours of banked compensatory time into cash for their November 8th pay check. The request for such a payout must be received no later than October 15th of each year. In the event no request is received, all banked compensatory time in excess of 20 hours will be converted into a cash payout in the November 8th check. All compensatory time off shall be used or converted into cash prior to rotation back onto the line. If rotation does not happen before November 8th, cash out should happen at the first reasonable pay check.
- 12.2.d 40 hour personnel are required to track their approved overtime and compensatory time on a tracking form provided by the City. The tracking form shall be turned into their supervisor with their payroll attendance record each pay period. The employee shall designate whether they wish to be compensated in overtime or compensatory time on the tracking form. If no designation is made, overtime will be paid out in the next appropriate pay period. These hours will be entered in the payroll system and will be separately recorded on their paychecks. When an employee chooses to use Compensatory Time, the time off will be approved by the supervisor in the same manner as vacation or other similar types of leave as per Directive 3.001.
- 12.2.e Bargaining unit employees assigned to a 40-hour workweek may elect to participate in filling overtime vacancies created by line personnel. A 40-hour employee electing to participate shall be compensated at a rate consistent to line personnel Section 12.1 for the overtime shift(s) worked.

Section 12.3 Employees shall be subject to call back from off duty in an emergency. An Employee called back to duty shall be paid at the overtime rate of pay for two hours or for the actual number of hours worked, whichever is greater.

Section 12.4 Employees held over for an alarm past the termination of their regular shift will be paid overtime for those periods exceeding 15 minutes and thereafter for each 15-minute period or major fraction thereof.

Section 12.5 The City will use bargaining unit Employees for fill-in shifts when needed. Employees called to work such shifts shall be paid at the overtime rate of pay for two hours or for the actual number of hours worked, whichever is greater.

Section 12.6 Overtime will be paid for training required by the Employer if such training occurs outside regularly scheduled hours of duty. Voluntary training will not be subject to overtime pay.

Section 12.7 The Employer may utilize the Deputy Chief of Operations as the Duty Chief for short periods of fill-in while the on-duty Battalion Chief is unavailable or in the event of a need for additional command officers.

Section 12.8 Line personnel assigned as a Training Battalion Chief, Training Captain, or Fire Inspector position may be assigned to operation/line duties at an emergency scene and are eligible for call back shift

work. Acceptance of call back that may affect their work schedule must be communicated to their supervisor.

SHIFT CHANGES AND ASSIGNMENTS

ARTICLE 13

Section 13.1 All employees covered by this Agreement shall receive written notice 30 calendar days in advance of inter-shift assignment and/or work schedule changes. This time limit may be waived at the discretion of the Fire Chief in the case of appointments to a promotional position within the bargaining unit and necessary shift adjustments caused by such appointment. This time limit may also be waived at other times if agreed to by the Employer and the Union.

Section 13.2 Inter-shift swaps shall be allowed on a position for position basis if direct notification is given to the on-duty Battalion Chief prior to the shift swap. For purposes of this section, “positions” shall be defined as: Battalion Chief, Company Officer, Driver, and Firefighter. Inter-shift swaps that are not position for position may be allowed under the following guidelines:

13.2.a The request is approved by the Battalion Chief prior to the swap.

13.2.b The swap does not result in any negative economic impact to the City of Kirkland.

13.2.c If a Firefighter/Acting Officer swaps with an Officer, the payback must occur on a day when there is an Acting Officer position available for the Officer to fill. The same shall hold true for Battalion Chiefs and Captains.

13.2.d Swaps that are not position for position and that have adequate coverage may be cancelled if less than six (6) days notice was given and other leave requests reduce coverage.

13.2.e A bargaining unit member who agrees to an inter-shift swap and is subsequently unable to work shall obtain another Employee to fill the position. If no relief can be obtained, an equal amount of vacation and/or holiday time (if necessary) will be charged against that member. If the Employer must replace the individual on an overtime basis, an amount equal to one and one-half (1 1/2) times vacation and/or holiday time (if necessary) will be charged against that member. This penalty may be waived by the Fire Chief, or his/her designee, if the absence is caused by circumstances the Chief feels are grounds for waiver.

13.2.f Inter-shift swaps are not intended to be used to routinely modify an employee’s regularly assigned shift. However, personnel may submit written request for approval by the Deputy Fire Chief for temporary modification of assignment due to special circumstances. It is the employee’s responsibility to make up any mandatory training missed as a result of a shift swap.

Section 13.3 Kelly Day swaps will be allowed when:

13.3.a Approval is given by the Battalion Chief prior to the swap.

13.3.b The swap will not result in any economic impact to the City.

Section 13.4 The Employer has no obligation to ensure or facilitate the repayment of shift swaps between employees.

Section 13.5 Special assignments shall not exceed thirty (30) days in any calendar year without negotiations and agreement of the impacts with the Union. Employees assigned to special assignments

shall be given thirty (30) days notice of such assignments unless a waiver of such notice is granted by the employee(s) assigned and the Union.

Section 13.6 Temporary assignments may be made to a forty (40) hour work schedule, once in a calendar year, per employee, for periods of up to ninety (90) days only if the Employer and the Employee are in agreement. Notice of such assignments shall adhere to the provisions of Section 13.1.

Section 13.7 Shift Swap – without repayment: To the extent allowed by law, Employees may elect to work in relief of another Employee. In cases of special needs (for example: extended injury or illness, military deployment, other) an Employee may elect work in relief for another Employee without obligation of repayment. Such swap shall not result in any negative economic impact to the City of Kirkland.

Section 13.8 Station Bid Selection: In an effort to provide a fair and equitable assignment of personnel to operational positions within the department, a bid procedure allowing members of the department to express a preference for work assignments is hereby instituted. However, the Fire Chief maintains the right to allocate apparatus and personnel as deemed appropriate for the performance of the department's mission.

- 13.8.a Employees shall select (bid) station assignments by order of time within their current grade.
- 13.8.b When a bid vacancy occurs, a notice shall be posted in the stations outlining the nature of the vacancy and the qualifications required to fill the position. Notice of bid positions available shall be posted every sixty (60) days on or about the first of the month. This notice shall include the date and time of closing of the bids, as well as the date, time and place of the next bid committee meeting. A minimum of fifteen (15) calendar days will be allowed for notification of vacancies and filling of bid applications.
- 13.8.c A Fire Department Bid Committee shall be composed of three (3) representatives appointed by the Union. The Bid Committee shall review submitted bid requests, approve as appropriate, award bid assignments and make recommendation for bid policy change.
- 13.8.d Beginning the first full set of January 2015, and every thirty-six (36) months thereafter, the Bid Committee shall impose a wholesale re-bid (inter-shifts); unless otherwise agreed by both the Union and Management. Such re-bid shall not occur more than once in any thirty-six (36) month period.

SICK LEAVE

ARTICLE 14

Section 14.1 Under the terms of this collective bargaining agreement the employee is entitled to sick leave and/or other paid time off. The employer must allow an employee to use any or all of the employee's choice of sick leave or other paid time off to care for:

- 14.1.a Personal illness or physical incapacity which renders the employee unable to perform the duties of his/her position; or care for:
- 14.1.b A child of the employee with a "Health condition" that requires treatment or supervision, defined as:

- 14.1.b.(1) Any medical condition requiring treatment or medication that the child cannot self administer; or
 - 14.1.b.(2) Any medical or mental health condition which would endanger the child's safety or recovery without the presence of a parent or guardian; or
 - 14.1.b.(3) Any condition warranting treatment or preventive health care such as physical, dental, optical or immunization services, when a parent must be present to authorize and when sick leave may otherwise be used for the employee's preventive health care; or
 - 14.1.b.(4) Any condition rendering the child "Incapable of self-care" which means that the individual requires active assistance or supervision to provide daily self-care in several of the "activities of daily living" (ADLs) or "instrumental activities of daily living" (IADLs). Activities of daily living include adaptive activities such as caring appropriately for one's grooming and hygiene, bathing, dressing, and eating. Instrumental activities of daily living include cooking, cleaning, shopping, taking public transportation, paying bills, maintaining a residence, using telephones and directories, using a post office, etc.
- 14.1.c Any other "immediate family" member, as defined in Article 1 of the employee who is incapable of self-care, has a serious health condition or emergency condition, defined as:
- 14.1.c.(1) Any "Serious health condition" which means an illness, injury, impairment, or physical or mental condition that involves any period of incapacity or treatment connected with inpatient care (i.e. an overnight stay) in a hospital, hospice, or residential medical care facility, and any period of incapacity or subsequent treatment or recovery in connection with such inpatient care; or that involves continuing treatment by or under the supervision of a health care provider or a provider of health care services and which includes any period of incapacity (i.e. inability to work, attend school or perform other regular daily activities).
 - 14.1.c.(2) Any individual "Incapable of self-care" which means that the individual requires active assistance or supervision to provide daily self-care in several of the "activities of daily living" (ADLs) or "instrumental activities of daily living" (IADLs). Activities of daily living include adaptive activities such as caring appropriately for one's grooming and hygiene, bathing, dressing, and eating. Instrumental activities of daily living include cooking, cleaning, shopping, taking public transportation, paying bills, maintaining a residence, using telephones and directories, using a post office, etc.
 - 14.1.c.(3) Any "Emergency condition" means a health condition that is a sudden, generally unexpected occurrence or set of circumstances related to one's health demanding immediate action, and is typically very short term in nature.
- Others not listed may qualify for the use of sick leave with the direct written approval of the Fire Chief and such approval shall not be unreasonably withheld.

Section 14.2 This section applies to members of the bargaining unit covered under the LEOFF I Retirement System.

- 14.2.a Employees absent due to injury or illness shall be covered by LEOFF I pension which shall be administered by the City of Kirkland Disability Board.
- 14.2.b LEOFF I personnel may use up to five shifts (120 hours) annually, for the purposes provided in subsection 14.1.b and 14.1.c.

14.2.c Dependent Leave: Personnel will be granted an additional 48 hours of sick leave per occurrence for the birthing process, receiving of an adopted child, or foster care placement.

Section 14.3 This section applies to members of the bargaining unit covered under the LEOFF II Retirement System on shift.

14.3.a Upon appointment as Firefighter I, shift personnel shall have 288 hours of paid sick leave credited to him/her. If an Employee terminates during the first year of employment, any paid sick leave hours used in excess of the prorated amount of 24 hours per month shall be deducted from the Employee's final paycheck.

14.3.b Employee's sick leave with pay shall accrue at the rate of 24 hours per month beginning with the 13th month.

14.3.c Sick leave shall be cumulative to a maximum of 1440 hours.

14.3.d Any employee changing from 24-hour shift to 40-hour workweek shall use the following sick leave conversion formula:

$$\frac{\text{Employee 24-hour bank} \times 960}{1440}$$

14.3.e Dependent Leave: 48 hours of sick leave may be used per occurrence for the birthing process, the receiving of an adopted child; or foster care placement. If an Employee must leave while on duty, the hours absent will not be counted against the leave allowed in this section.

Section 14.4 This section applies to members of the bargaining unit covered under the LEOFF II Retirement System day (40-hour schedule) personnel.

14.4.a Employee with less than five years of employment shall accrue sick leave at a rate of 16 hours per month.

14.4.b Employees with more than five years of employment shall accrue sick leave at a rate of the daily work schedule per month. (i.e. 8-hour daily work schedule shall earn 8 hours per month, 9 hours work schedule earn 9 hours per month, etc.)

14.4.c Sick leave shall be cumulative to a maximum of 960 hours

14.4.d Any employee changing from 40-hour workweek to 24-hour shift shall use the following sick leave conversion formula:

$$\frac{\text{Employee 40-hour bank} \times 1440}{960}$$

14.4.e Dependent Leave: 40 hours of sick leave may be used per occurrence for the birthing process, the receiving of an adopted child, or foster care placement. If an Employee must leave while on duty, the hours absent will not be counted against the leave allowed in this section

Section 14.5 This section shall apply to all members of the Bargaining Unit covered under the LEOFF II Retirement System

14.5.a Conversion of Sick Leave Cashout to Retiree Medical Account

Upon normal or disability retirement from the City, the employer shall make contributions into the WSCFF Employee Benefit Trust (MERP), or other IRS qualifying program designated by the Union in an amount equal to fifty percent of his/her maximum allowable shift rate sick leave. Sick leave cashout shall be converted at a rate of fifty cents (\$0.50) on the dollar, of the

employee's regular rate of pay (sick leave hours x regular rate of pay x \$0.50) and shall not exceed Ten Thousand Dollars (\$10,000) in 2008, and Ten Thousand and Five Hundred Dollars (\$10,500) in 2009 and 2010. The trust fund is established in accordance with applicable federal and state laws, and the City shall contribute the monies on a pre-tax basis. The monies contributed to the trust fund shall only be used for retiree health insurance premiums or health service expenses.

- 14.5.b. Certification of illness or disability by a physician may be required for such leaves of three shifts or more for shift personnel and for one calendar week or more for day personnel, and may be required for shorter periods upon request by the Fire Chief. Certification shall be on a form (LEOFF II- Return to Duty Form, w\FIRE\DISABIL\9-17-98\LP.mjd) provided by the Employer and signed by a physician stating that the Employee has been sick or injured and is now able to return to work and perform the required duties.

Section 14.6 Well Child Leave

- 14.6.a Well Child Sick Leave may be used for the care of a newborn or adopted child or foster care placement, notwithstanding dependent leave as defined above. An employee requesting to use Sick Leave to care for a well child after birth, adoption, or foster care placement shall comply with the following rules:

1. The employee must take the leave within one year of the birth, adoption, or placement of the child.
2. Employees will not be eligible for intermittent usage of Well Child Sick Leave to care for a well child after birth, adoption, or foster care placement.
3. An employee can request up to 12 weeks of leave.
4. In order to use sick leave as noted in this section, an employee must maintain a minimum sick leave bank equal to 18 months of their accrual rate.

- 14.6.b The following types of leave may be used during the period of time the employee is on Well Child Sick Leave to care for a well child after birth, adoption, or foster care placement:

1. An employee must first use accrued vacation or holiday leave for up to three weeks of the Well child Leave requested.
2. At the completion of up to three weeks of Vacation Leave, an employee may use an equal amount of accrued sick leave.
3. At the completion of the three weeks of accrued sick leave, an employee may use vacation, holiday, or leave without pay for the remainder of the maximum 12 week period.

Section 14.7 Certification of Sick Leave for an "Immediate family" member (as defined in Article 1): The Fire Chief may require an Employee to certify in writing the circumstances requiring the use of Sick Leave for an "Immediate family" member.

FAMILY MEDICAL LEAVE (FMLA)

ARTICLE 15

Section 15.1 Family Medical Leave shall be governed by Article 15, the provisions of the Family Medical Leave Act of 1993 and applicable state laws:

- 15.1.a Initiation of Family Medical Leave shall be at the request of the employee and/or any time the Employer has reasonable knowledge of a qualifying event. Each time the Employer determines a potential qualifying event exists, the Employer shall notify the employee, in writing, of potential qualifying event, initiation of leave and include an informational fact sheet of statutory provisions.

- 15.1.b Certification of illness or disability of the employee by a health care provider may be required for such leaves of three shifts or more for shift personnel and for one calendar week or more for day personnel, and may be required for shorter periods upon request by the Fire Chief. Certification shall be on a form (LEOFF II- Return to Duty Form, w\FIRE\DISABIL\9-17-98\LP.mjd) provided by the Employer and signed by a health care provider stating that the Employee has been sick or injured and is now able to return to work and perform his/her required duties.

- 15.1.c In the event Family Medical Leave is initiated for an “Immediate family” member (as defined in Article 1) the Fire Chief may require an Employee to certify in writing the circumstances requiring the use of leave.

Section 15.2 Dependent leave for personnel shall be governed and prescribed by Articles 14.2.c, 14.3.e, and 14.4.e; which may be used per occurrence for the birthing process or in the receiving of an adopted child.

BEREAVEMENT LEAVE

ARTICLE 16

Section 16.1 At the request of the Employee, leave due to death in the immediate family shall be granted by the Employer. Such leave shall not exceed two shifts for any one incident. Employees notified of a death while on duty shall be immediately excused from work for the shift. Such time shall not be counted as one of the two shifts off. Any time beyond this amount required because of travel or extenuating circumstances or time requested for a person other than specified may be granted with the approval of the Fire Chief or his/her designee, with this time being deducted from the employee’s accumulated sick leave. Members of the immediate family are defined in Article 1.

Section 16.2 Employees that work a forty-hour workweek, bereavement leave shall be granted to an employee in an amount not to exceed five days per year for death in the employee’s immediate family. This paid leave is not cumulative from year to year. Any time beyond this amount required because of travel or extenuating circumstances for time requested, or a person other than specified may be granted with the approval of the Fire Chief or his/her designee, with this time being deducted from the employee’s accumulated sick leave.

COURT AND JURY LEAVE

ARTICLE 17

Section 17.1 Employees called to jury duty for Superior or District Court shall be granted leave for those hours the court requires them. Unless otherwise required by the court, Employees will work their normal shifts on Fridays, Saturdays, and Sundays. Employees shall also report for their assigned duties on other days when released by the court prior to 1000 hours, but shall be released from job duties at 2100 if they are scheduled for jury duty the following day.

Section 17.2 Employees on jury duty leave will receive full pay. Jury duty pay received by the Employee, while acting as a juror on their regularly scheduled duty day, shall be turned over to the City.

Section 17.3 An Employee required by Subpoena or City Directive to appear before a Court as a defendant or witness as a result of an incident that occurred during the performance of the Employee's official City duties will be excused from duty with pay for those hours the Court requires them. If the Employee is called while off duty to appear, the Employee will be paid at the overtime rate of pay. Overtime hours shall be limited to travel time from the Employee's Fire Station to the Court, the actual time the Employee is required by the Court and travel time back to the Fire Station. If overtime is submitted to the City, any fee or reimbursement received by an Employee from the Court shall be turned over to the City.

Section 17.4 Employees shall notify the Employer in writing, with documentation, within 72 hours of being called for any duty described in this Article.

Section 17.5 All Employees on the 40-hour work week shall be granted court or jury duty leave as provided in the City of Kirkland Personnel Ordinance.

L.E.O.F.F. II

ARTICLE 18

Section 18.1 The sections of this Article shall apply to those Employees under the LEOFF II Retirement System.

Section 18.2 Accumulated leave may be used to supplement on-duty disability payments received from the Department of Labor and Industries as set forth in RCW 41.04. Firefighters receiving disability payments through Workers' Compensation will receive their normal rate of pay. All Worker's Compensation checks shall be turned over to the City until all accrued leave has been exhausted. Once accrued leave has been exhausted, the employee's obligation to turn Worker's Compensation checks over to the City shall cease and the City's' obligation of salary to the employee shall be discontinued until the employee is released by the treating physician fit for duty.

Section 18.3 The City shall make a monthly payment to the Washington State Council of Firefighter's Employee Benefit Trust (MERP), or other IRS qualifying program designated by the Union, in an amount equal to \$75 per employee covered by this agreement. This Trust shall remain separate and apart from any

City retiree health insurance funding program unless changed by mutual agreement of the parties to the agreement. These payments shall be included as salary for purpose of calculating retirement benefits consistent with the Washington State Department of Retirement System rules and the Internal Revenue Code.

LIGHT DUTY

ARTICLE 19

Section 19.1 When an Employee is unable to perform regular duties due to job related injury or illness, and the Employee is receiving the Employer supplement as outlined in RCW 41.04.520, the Employee may be required to perform light duty tasks within the Fire Department, subject to the approval of the treating physician.

Section 19.2 When an Employee is unable to perform regular duties due to non job-related injury or illness and appropriate alternative work, as defined by the Fire Chief, is available, the Employee may request assignment to light duty tasks within the Fire Department, subject to the approval of the treating physician.

Section 19.3 The Employer and the Employee shall confer and agree to an alternative schedule. The limit of time an Employee may be assigned to light duty due to injuries covered in this Article shall be determined by applicable statutes or at the discretion of the Fire Chief, whichever is longer.

Section 19.4 LEOFF I employees are not eligible for light duty assignments in accordance with the RCW.

HEALTH, WELLNESS AND SAFETY

ARTICLE 20

Section 20.1 Joint Health and Wellness Committee

20.1.a The City and the Union recognize the vital need of health and safety within the Fire Department. For this reason the City and the Union acknowledge and agree to meet or exceed current Safety Standards for Firefighters including infectious disease control and operational practices such as safe staffing levels and best practices for fire fighter safety. Further, the City and Union agree to meet and confer for the purposes of bargaining any health and safety policy or practice requiring immediate implementation (such as, but not limited to HIV, Hepatitis, MRSA, or company staffing or safe practice).

20.1.b Beginning May 2008, the City and Union agree to establish a Joint Health and Wellness Committee (JHWC) that shall comprise of the Fire Chief and his designee, two representatives from the Union Executive Board and one certified peer fitness trainer jointly appointed by Labor and Management. The JHWC shall act proactively anticipating and responding to workplace hazards and shall have the responsibility to recommend changes to the collective bargaining agreement and/or operational changes for immediate implementation regarding items concerning health, wellness, and safety. Generally, the JHWC shall refer to recognized health

and safety standards and best practices when recommending changes to the Labor agreement or operational policies and procedures. Widely recognized agencies for health and wellness shall be used to develop recommendations and shall include but not necessarily be limited to:

CDC- Center for Disease Control
IAFC- International Association of Fire Chiefs
IAFF- International Association of Fire Fighters
NIOSH- National Institute of Occupational Safety and Health
USFA- United States Fire Administration
DHS- Department of Homeland Security
NFPA- National Fire Protection Association

Section 20.2 Occupational Exposures

20.2.a The parties recognize that infectious disease exposures to employees are a threat to the public welfare and safety. It is the goal to maximize the protection against infectious diseases for all uniformed members while providing fire, rescue, and emergency medical services to the public without regard to known or suspected diagnoses of communicable disease in any patient or victim.

The City and Union agree to recognize blood-borne and air-borne pathogens including viral and bacterial illnesses and infections (such as, but not limited to HIV, Hepatitis, TB, SARS, Influenza, and MRSA) as duty-related occupational exposures for the purpose of; providing immunizations; determining antibodies and resistance; recognizing and documenting these illnesses as occupational exposures, and agree to advocate such designation to the Department of Labor and Industries.

20.2.b In the case of a member who is occupationally exposed the City will provide for the cost of post exposure monitoring. Test results will be provided to each individual for their follow up care or treatment if necessary. Necessary records will be provided to Labor and Industry for their disposition of the case. A copy of this record will be maintained in a secured medical file in Human Resources.

20.2.c An employee, who dies from occupational exposure or from complications thereof, will receive all benefits afforded from a work-related injury or illness, within the control and authority of the City.

Section 20.3

20.3.a The City and Union agree to develop a wellness fitness initiative and be partners in pursuing funding through the budget process. The Joint Health and Wellness Committee (20.1) shall establish a department wellness fitness program that is educational and rehabilitative, and non punitive. Furthermore, it shall use the components and resources of the IAFF/IAFC Joint Labor Management Wellness/Fitness Initiative as a guideline and closely follows or meets the intent of the initiative. The program shall include:

Candidate Physical Ability Testing (CPAT)
Confidential Wellness Medical Physicals
Daily Physical Fitness Program, including certified peer fitness training
Rehabilitation and Behavioral Health as needed
Annual Fitness Evaluation, conducted by certified peer fitness trainers

The Department wellness fitness program will be submitted in the budget process in order to seek funding to implement other aspects of the program which have a cost element.

- 20.3.b Pending budget approval, during the term of the Agreement, the City agrees to initiate the comprehensive wellness and medical program as provided by Washington Institute of Sports Medicine and Health. This program shall be exclusively confidential between the program administrator and the Employee, and shall include:

Wellness Medical Physical Exam
Individual Action Plan for overall improved Health
Early Health Risk Identification
Early Disease Detection
Early intervention and Remediation

Unless otherwise recommended by Washington Institute of Sports Medicine and Health, participation shall be mandatory for all LEOFF employees in at least one wellness and medical assessment during the term of the Agreement in order to establish a “base-line” for individual and group recommendations.

Section 20.4 Respiratory Protection Policy

- 20.4.a This Article shall meet the statutory requirements provided under WAC 296-842 (medical evaluations) and shall be governed by the Joint Health and Wellness Committee (20.1) as provided above. The Joint Health and Wellness Committee (JHWC) shall recommend, to the Fire Chief, a licensed health care professional (LHCP) to implement and regularly administer the department’s respiratory protection program.
- 20.4.b All bargaining unit employees may be required to wear respiratory protection while performing their duties and, as such, shall be subject to annual medical evaluations as provided by the licensed health care professional. The employer shall provide medical evaluations for employees at no cost.
- 20.4.c Any specific medical findings shall be exclusively confidential between the licensed health care provider and the Employee. The licensed health care provider shall advise the Employer whether the employee is fit for duty or not fit for duty. The parties shall provide all confidentiality protections provided under the HIPAA 1996 statute.
- 20.4.d Subsequent medical evaluations may be required if medical signs and symptoms (such as breathing difficulties, extreme fatigue) are observed in the workplace or reported by the employee. Recommendations for re-evaluations shall be made immediately to the on-duty Battalion Chief. Any employee recommended for re-evaluation shall be immediately relieved

from duty and shall remain on paid Sick Leave. The Battalion Chief shall provide a written statement and all documented finding to the Joint health and Wellness Committee (JHWC) for their review of the situation.

Section 20.5 The Union shall appoint one representative to be added as a regular member on the Fire Department Safety Committee established by Department Policy 5.101.

Section 20.6 Safe Staffing and Practices for fire ground safety: The JHWC will develop safe fire ground practices which will ensure the safe operations of personnel in fire's hazardous environment. When funding and/or resources are needed to meet safe staffing practices, the JHWC shall develop budget recommendations for the Fire Chief, which may be included in a service package request, during the City's budget process, if an immediate need exists, the city manager will be notified by the Fire Chief. The City Council has ultimate approving authority on all budget requests.

SALARIES

ARTICLE 21

Section 21.1 Monthly salary for Firefighter I through IV is calculated as a percentage of Firefighter V (Base Pay). The following percentages shall be effective for new hires with a start date on or after November 1, 2013:

- Firefighter I: 74% of Base Pay
- Firefighter II: 77% of Base Pay
- Firefighter III: 83% of Base Pay
- Firefighter IV: 91% of Base Pay

Section 21.2 Upon promotion to Fire Lieutenant an Employee shall be on probation as provided by Civil Service rules and regulations. During this probationary period the Fire Lieutenant A pay grade shall be 110% of Base Pay. Upon completion of the probationary period Fire Lieutenant B pay grade shall be 115% of Base Pay.

Section 21.3 Upon promotion to Fire Captain an Employee shall be on probation as provided by Civil Service rules and regulations. During this probationary period the Fire Captain A pay grade shall be 118% of Base Pay. Upon completion of the probationary period Fire Captain B pay grade shall be 125% of Base Pay.

Section 21.4 Upon promotion to Battalion Chief an Employee shall be on probation as provided by Civil Service rules and regulations. During this probationary period the Battalion Chief A pay grade shall be 133% of Base Pay. Upon completion of the probationary period Battalion Chief B pay grade shall be 140% of Base Pay.

Section 21.5

21.5.a A Firefighter who is assigned the duties of Fire Lieutenant for a minimum of six hours per 24-hour shift shall be paid the Fire Lieutenant A pay grade for the actual hours worked as a Fire Lieutenant.

21.5.b A Fire Captain who is assigned the duties of a Battalion Chief for a minimum of six hours per 24-hour shift shall be paid the Battalion Chief A pay grade or the actual hours worked as a Battalion Chief.

Section 21.6

21.6.a Effective January 1, 2012, the monthly rate of Base Pay shall be increased by two and seven tenths (2.7%) through December 31, 2012.

21.6.b Effective January 1, 2013, the monthly rate of Base Pay shall be increased by two and seven tenths (2.7%) through December 31, 2013.

21.6.c Effective January 1, 2014, the monthly rate of Base Pay shall be increased by one and two tenths (1.2%) through December 31, 2014.

Section 21.7 An additional two percent of Base Pay shall be awarded as compensation for Employees who are members of the Hazardous Materials Team. Payments will be rounded to the nearest whole dollar. Management retains the right to determine how many and which specific Employees shall be members of the Hazardous Materials Team. Employees shall be appointed to the team from a pool of eligible applicants from the bargaining unit. Management retains the right to reserve one position on the team for a non-bargaining unit Department representative.

Section 21.8 An additional two percent of Base Pay shall be awarded as compensation for Employees who are assigned as SCBA Specialist. Payments will be rounded to the nearest whole dollar. Management retains the right to determine how many and which specific Employees are assigned as SCBA Specialist.

Section 21.9 An additional six-percent of Base Pay shall be awarded as compensation for the Battalion Chief and the Company Officer assigned to the Training Division.

Section 21.10 Longevity

Employees shall be awarded longevity compensation according to the following table:

5 - 9 completed years of service	2% of Base Pay
10-11 completed years of service	3% of Base Pay
12-15 completed years of service	4% of Base Pay
16-19 completed years of service	5% of Base Pay
20-24 completed years of service	6% of Base Pay
25-29 completed years of service	7% of Base Pay
30+ completed years of service	10% of Base Pay

Section 21.11 Line personnel assigned to a Fire Inspector position will be awarded an additional 6% of Base pay as defined in Article 1.2.

Section 21.12 Deputy Fire Marshal will be assigned pay at an equivalent to Fire Fighter 4. Upon completion of Fire Fighter 1 certification, (s)he will be assigned pay at an equivalent to Fire Fighter 5.

Section 21.13 Fire Investigation Team members Standby

Off-duty standby assignments shall be for a fixed, predetermined period of time. Employees formally placed on off-duty standby status by the Fire Chief or Deputy Fire Chief shall be compensated on the basis of ten percent (10%) of straight time pay. If the employee is actually called back to work, the off-duty standby premium shall cease at that time. Thereafter, normal overtime rules apply. Standby time at the 10% rate shall be that defined period of off-duty time during which an employee is required by the Department to remain on pager communications or at home in a state of readiness to respond to duty. During training periods, carrying of pager will not be an assigned standby time.

VACATION

ARTICLE 22

Section 22.1 Beginning January 1, 2013, bargaining unit Employees working the 24-hour shift shall accrue vacation at the following rates:

<u>YEARS OF EMPLOYMENT</u>	<u>MONTHLY ACCRUAL HOURS</u>	<u>ANNUAL VACATION HOURS</u>
1st - 2nd year of employment-----	12 -----	144
3rd - 5th year of employment-----	14 -----	168
6th - 9th year of employment-----	17 -----	204
10th - 13th year of employment-----	21 -----	252
14th - 17th year of employment-----	22.5 -----	270
18th - 21st year of employment -----	24.5 -----	294
22nd - 24th year of employment-----	25.5 -----	306
25th year or more of employment-----	26 -----	312

Section 22.2 Beginning January 1, 2013, bargaining unit Employees working the 40-hour workweek shall accrue vacation at the following rates:

<u>YEARS OF EMPLOYMENT</u>	<u>MONTHLY ACCRUAL HOURS</u>	<u>ANNUAL VACATION HOURS</u>
1st - 2nd year of employment-----	11.6 -----	139.2
3rd - 4th year of employment-----	12 -----	144
5th - 7th year of employment-----	13.6 -----	163.2
8th - 10th year of employment-----	14.25 -----	171
11th - 13th year of employment-----	15 -----	180
14th - 16th year of employment-----	16.25 -----	195
17th - 19th year of employment-----	17.6 -----	211.2
20th - 24th year of employment -----	19 -----	228
25th year or more of employment-----	19.27 -----	231.2

Section 22.3 Bargaining unit Employees shall accrue vacation leave monthly as outlined above. An Employee shall be eligible to utilize accrued vacation upon successful completion of six months of continuous service. Employees must receive prior approval for all vacation leave.

Section 22.4 Vacation and Holiday time for 24-hour shift personnel shall not be scheduled for less than six hours.

Section 22.5 Employees shall not be allowed to carry over more than 300 hours of vacation leave from December 31st to January 1st of the following year unless specifically authorized by the Fire Chief. Any vacation leave accrued beyond 300 hours on December 31st, will be deducted from the employee's accrued vacation bank. Deducted hours shall be reinstated after a written explanation is submitted to the Fire Chief on or before February 28th, including any reason for exceeding the limit and a plan detailing when the employee shall utilize the available leave down to an allowable level. Upon termination of employment, no payment for vacation accumulation shall exceed two times the terminated Employee's annual vacation accrual.

Section 22.6 Upon transfer from 24-hour shift to day shift an Employee's vacation time shall be converted by multiplying the vacation accumulation by eight tenths (.8). Upon transfer from day shift to the 24-hour shift an Employee's vacation time shall be converted by multiplying the vacation accumulation by one and twenty-five hundredths (1.25). If an employee is transferred to day shift for a period of four (4) months or less and does not use any accrued vacation leave while on day shift, no conversion shall take place.

Section 22.7 Employees may use vacation leave on an emergency basis to attend to family matters of an emergent nature. The leave will be deducted from an employee's vacation leave account, or holiday account if necessary. If the Employer must replace the Employee utilizing emergency leave with personnel on overtime, the amount deducted from their leave account will be at one and one-half times the hours used.

HOLIDAYS

ARTICLE 23

Section 23.1 All Employees on the 24-hour shift shall receive 120 hours off in lieu of Holidays. Holiday time will be credited to the employee on 1/1 of each calendar year. Employees hired after 1/1 shall accrue Holiday time on a prorated monthly basis. Unless specifically waived in writing by the Fire Chief, no Employee may carry over more than 24 hours from December 31st to January 1st of the following year. Those holiday hours exceeding 24 hours shall automatically be converted at the employee's regular rate of pay during the next payroll period.

Section 23.2 All Employees on the 40-hour workweek shall observe Holidays as provided in the City of Kirkland's Personnel Ordinance. The City Holiday Schedule is as follows:

<u>Holiday</u>	<u>Date to be Observed</u>
New Year's Day	January 1 st
M.L. King, Jr. Birthday	3 rd Monday of January
President's Day	3 rd Monday of February

Memorial Day	Last Monday of May
Independence Day	July 4 th
Labor Day	1 st Monday of September
Veteran's Day	November 11 th
Thanksgiving Day	4 th Thursday of November
Day after Thanksgiving Day	4 th Friday of November
Half-day Christmas Eve	Last regular work day before Christmas Day
Christmas Day	December 25 th
Half-day New Year's Eve	Last regular work day before New Year's Day
One Floating Holiday	Employee's choice
Community Service Day	Employee's choice

Note: Any regular Holiday which falls on a Saturday shall be observed on the preceding Friday. Any regular holiday which falls on a Sunday shall be observed on the following Monday.

Employees covered under Section 23.1 and 23.2 shall receive respectively 10 hours and 8 hours of Community Service Day Leave. Utilization of the Community Service Day shall be for purposes of participation and volunteering for legitimate non-profit organizations, community service organizations, or public agencies. Authorization and scheduling shall be in accordance with the same procedures as a Floating Holiday.

Section 23.3 Employees covered under Section 23.1 may, at their request, receive cash compensation in lieu of holiday hours off. Requests for cash compensation shall be submitted prior to May 31st and November 15th of each year and will be included in their June 23rd and December 8th paychecks. Such request shall be in written form, specify the number of hours being converted (not to exceed 60 hours each request), and once received by administration, shall be non-revocable. Such compensation shall be at the Employee's regular hourly rate.

Section 23.4 Time off shall be scheduled consistent with the guidelines provided in Directive 3.001.

Section 23.5 Bargaining unit members who change work shifts and come under the City Personnel Ordinance for holidays shall have any unearned holiday time removed from their vacation account. Any earned but unused holiday time will be compensated for at the time of transfer. Employees using unearned holiday time prior to termination shall have a like amount deducted from their final paycheck. Accrued holiday time will be prorated at 10 hours per month when going from twenty-four (24) hour shift to forty (40) hour workweek.

MEDICAL AND DENTAL COVERAGE

ARTICLE 24

Section 24.1 Maintenance of Benefits

Medical Insurance – The Employer shall self-insure medical benefits coverage. The Employer will offer the Prime Medical plan and shall maintain substantially equivalent benefits.

IAFF shall take part in and have an appointed representative on the Health and Welfare Benefits Committee. The purpose of the Committee is to design, monitor and evaluate the benefits, cost and plan designs. Among the items to be considered would be identification of options for retiree medical participation.

The Benefits Committee representative shall not waive the Employer's obligation to negotiate with the IAFF any plan changes or content of benefit plans. The Employer shall continue with collective bargaining obligations with IAFF, as currently exist under law for any such changes.

Benefits shall be consistent with Article 24 of this Agreement and as established January 1, 2011.

Section 24.2 Health and Life Insurance

Medical Insurance – The Employer shall pay each month one hundred percent (100%) of the premium necessary for the purchase of Employee coverage and one hundred percent (100%) of the premium necessary for the purchase of dependent coverage under the City of Kirkland Prime Plan, Group Health plan, or their equivalent for each Employee of the bargaining unit.

Dental and Vision – The Employer shall pay each month one hundred percent (100%) of the premium necessary for the purchase of Employee coverage and one hundred percent (100%) of the premium necessary for the purchase of dependent coverage under Washington Dental Services, Willamette Dental, Vision Service Plan, or their equivalent.

Section 24.3 The City will provide City of Kirkland Prime Plan or Group Health Plan, Washington Dental Service or Willamette Dental, and Vision Service Plan, or their equivalent at the current benefit levels and deductible levels through the life of this contract.

Section 24.4 Retiree Medical – The Employer will provide access to a retiree medical program commencing on January 1, 2011 which is substantially equivalent to that which is currently available under the City of Kirkland Retiree Plan; and with the collaboration of the Benefits Committee, shall make every effort to keep the individual premium cost at the lowest possible level.

Section 24.5 Life Insurance – The Employer shall pay each month one hundred percent (100%) of the premium necessary for the purchase of Employee term life insurance coverage that has a policy value of two (2) times the annual base rate of pay of the Employee, up to a guaranteed issue amount of \$250,000. The Employee is responsible for any taxes associated with this benefit.

Section 24.6 In the event an Employee is killed in the course of his/her official duty, the City agrees to continue to provide and pay for existing medical and dental coverage to the surviving dependents for a period of one year or until re-marriage of the surviving spouse occurs, whichever occurs first.

EDUCATION

ARTICLE 25

Section 25.1 The Employer agrees to reimburse Employees for the cost of tuition or registration for approved courses, provided, those courses are taken while the Employee is employed by the City and that the Employee completes the course and maintains a 2.5 grade point average. Reimbursement is limited to State tuition if courses are taken at private colleges or universities.

Section 25.2 Employees shall supply Human Resources, documentation of their intent to attend college courses during the next academic year, including the number of credits they expect to accrue and the projected cost of those credits by June 15th of each calendar year.

Section 25.3 Employees shall be granted time off with pay for the purpose of attending approved educational courses providing that adequate manpower is available. Once time off has been approved, Employees shall be given at least six hours notice if the approved time off is being revoked.

Section 25.4 Approved classes, for the purposes of this Article, shall mean those classes directly related toward achieving credits for a job-related AA or BA Degree from an accredited institution.

Section 25.5 With approval, the Employer agrees to reimburse Employees for the cost of preparatory courses, materials and certification testing for ICC Fire Inspector 1, provided the certification is taken while the Employee is employed by the City of Kirkland and that the Employee completes the testing and obtains the certification.

MUNICIPAL EMPLOYEES BENEFIT TRUST

ARTICLE 26

Effective January 1, 1987, fire department Employees will become members of the Kirkland Municipal Employees Benefit Trust Fund. The initial sign-up for the individuals electing to participate will occur in December 1986 or earlier. Continuing participation in the Fund will be in accordance with the MEBT by-laws and will not be contingent upon future negotiations.

TOBACCO FREE WORK ENVIRONMENT

ARTICLE 27

The City of Kirkland shall provide a Tobacco Free environment for employees of the bargaining unit. Employees in the Bargaining Unit shall not use any tobacco products inside any City of Kirkland facility or on any Fire Department vehicle.

SUBSTANCE ABUSE POLICY

ARTICLE 28

The Employer and the Union agree to abide by the Substance Abuse Policy as signed, agreed and amended as required by the parties on August 23, 2000 or as modified by mutual agreement.

PHYSICAL FITNESS POLICY

ARTICLE 29

The Employer and the Union agree to abide by the Physical Fitness Policy outlined in Kirkland Fire Department Directive 3.016 dated December 6, 2007, or as modified and agreed upon by the Employer and the Union.

TRAINING

ARTICLE 30

Section 30.1 Assignment to the Training Division shall be made by the Fire Chief or his designee from an individual who holds the rank of Battalion Chief and from an individual who holds the rank of Captain, who's not on probation.

Section 30.2 The Chief may assign a Captain and a Battalion Chief to the Training Division on a rotating basis for periods of six months to twenty-four months. In general, it is the intent to rotate the individual through the position at approximately twenty-four month intervals. The time frames may be waived if the Employee and the Fire Chief agree.

Section 30.3 It is the intent that appointments to the Training Division will come first from those who volunteer for the position. After the completion of a 24 month rotation, the incumbent has the option of volunteering for up to an additional 24 months. The rotation shall be filled by the Captain or Battalion Chief who volunteers, that has the most time in grade and has not previously filled the position. If that does not occur, the volunteer with the most time in grade shall fill the position. While assigned to the Training Division, all benefits, seniority, and time in grade considerations will still apply.

30.3.a In the event there are no volunteers, the Fire Chief shall select a Captain or Battalion Chief with the least time in grade who has not previously been assigned at their current rank. If all Captains or Battalion Chiefs have fulfilled a previous assignment, the Fire Chief shall select the individual who has had the most time since completion of the previous assignment at their current rank.

30.3.b. In the event of an assignment, if a volunteer comes forward prior to the completion of the 24 months, the volunteer shall be allowed to fill the position as long as the assigned has served at least six months and agrees.

Section 30.4 The Captain or Battalion Chief assigned to the Training Division may, at the Fire Chief's discretion, be used to fill in for Company Officers when the Officer is assigned to a training function such as Recruit Academy or special training projects.

Section 30.5 Bargaining unit Employees assigned to the Training Division shall normally be assigned a regular schedule consisting of four consecutive ten-hour days per week. Alternative schedules not exceeding forty hours per week will be allowed with the mutual agreement of the Employer, the affected Employee and the Union. The Employer may change the workweek to a five-day schedule if the Training Division is down to one person for a period expected to exceed one month or if the Employee is assigned to a Recruit Academy.

Section 30.6 Employees assigned, as an instructor at a Recruitment Academy, shall provide a timesheet for all hours worked. Those hours, which exceed a 40-hour workweek, shall be paid in compliance with Article 12.1.

Section 30.7 The City will make every effort to announce any new appointments prior to the selection of annual vacation. In the event a rotation must occur after annual vacation picks, employees who are returning to a 24 hour shift will be allowed to select annual vacation irrespective of time off availability. These employees will have up to thirty days to provide their supervisor with their selections.

FIRE PREVENTION BUREAU

ARTICLE 31

Section 31.1 Fire Inspector's typical assignment of line personnel is 36 months. Alternative assignments of line personnel may be for a period of 24 to 36 months. The alternative length of assignment is to be agreed upon by the City, Affected employee and Local 2545. Assignment shall be made, if possible on a staggered basis. Based upon organizational needs, the City may elect to extend the incumbent assignment for up to 12 additional months; subject to the approval of the City, affected Employee and the Union.

This section shall not affect the Deputy Fire Marshal.

31.1.a To be eligible for assignment to Fire Inspector an individual must be a Kirkland Firefighter Level 4 or greater, or Kirkland Fire Lieutenant and possess the ability to obtain and maintain an ICC Fire Inspector 1 Certificate. Candidate must annually complete the mandated RFTD training.

31.1.b Selection process for Fire Inspector will consist of an adequate sized pool of a minimum of two (2) eligible candidates will participate in the testing process.

31.1.c A combination assessment center and written open book examination weighted as percentages of the total score as follows:

31.1.c.(1) written examination 30%

31.1.c.(2) oral interview 30%

- 31.1.c.(3) customer dispute resolution 30%
- 31.1.c.(4) plan review 10%
- 31.1.c.(5) assessment center evaluators will not be employees of the City of Kirkland or the Regional Fire Training Division
- 31.1.c.(6) notification of the examination will be per Section 5.4

31.1.d If no adequate sized pool of candidates exists for the position of Fire Inspector, the following will occur;

- 31.1.d.(1) The position will open to Firefighter 3;
- 31.1.d.(2) If still no adequate sized pool of candidates exists, the incumbent Fire Inspector will be offered an extension for a period of 12 to 36 months; or an applicant [Pool of one] meeting the minimum qualification, who volunteers, may be assigned to the position.
- 31.1.d.(3) [Involuntary assignment] If still no adequate sized pool of candidates exists, the appointment of a firefighter meeting minimum qualifications based on least seniority for a period of 24 months may be assigned to the position.
- 31.1.d.(4) The examination/selection process would be waived for step (2) and (3).

Section 31.2 In the event a Fire Lieutenant is assigned to the Fire Inspector position, a firefighter from the current Fire Lieutenant Eligibility Register may be assigned to fill the temporarily vacant line position, as a temporary assignment to Lieutenant. The City may select from the top three candidates on the register to fill the vacancy. The assignment shall be for up to 12 months. In the event the current register expires prior to the 12 months, another candidate shall be selected from the “new” register for a period of up to 12 months.

31.2.a In the event a Firefighter is selected or assigned to the Fire Inspector position they shall receive pay commensurate with a probationary Lieutenant; 110% of Base Pay; plus the provisions of section 21.11.

Section 31.3 Deputy Fire Marshal: Upon vacancy, the position shall be filled as a Fire Inspector, subject to the provisions provided in Article 31.

Section 31.4 Assistant Fire Marshal: When the staffing level in the Fire prevention Bureau increases above the current staffing level, two Fire inspectors (Inspector/Deputy Fire Marshal), the position of Assistant Fire Marshal shall be established; the Employer agrees to recognize the Union as the exclusive representative on matters concerning wages, hours, and working conditions for the position of Assistant Fire Marshal; and that applicants for the vacancy shall come exclusively from within the bargaining unit.

Assistant Fire Marshal’s typical assignment is 48 months, and based upon organizational needs, the City may elect to decrease or extend the incumbent assignment. To be eligible for assignment to Assistant Fire Marshal an individual must possess the ability to obtain and maintain the requirements of the position. Candidate must annually complete the mandated training. Assignment to Assistant Fire Marshal shall not preclude an employee from other promotional opportunities but shall be subject to the provisions under Article 5 (Promotions and Vacancies).

31.4.a The Assistant Fire Marshal shall hold the rank of Captain; and the title and duties of Assistant Fire Marshal; and shall be subject to the provisions in Articles 12.2.e (excluding regular assigned days unless approved by their direct supervisor), 21.3, 21.10, and 21.11.

31.4.b Selection process: The Fire Chief shall first select from those applicants who currently hold the position of Captain.

31.4.b.1 If there are no applicants, the Fire Chief shall declare a Captain vacancy exists in the position of Assistant Fire Marshal; and shall promote from the current Fire Captain Eligibility Register to the position of Assistant Fire Marshal; and shall be subject to the provisions within Article (5.1b,) (5.2c,) and (5.3,). If there are no applicants from the current Fire Captain Eligibility Register modifications to the promotional requirements may be made upon mutual agreement between the Union and the City.

Section 31.5 Fire Marshal: Upon vacancy of the current Fire Marshal incumbent, the Employer agrees to recognize the Union as the exclusive representative on matters concerning wages, hours, and working conditions for the position of Fire Marshal; and that applicants for the vacancy shall come exclusively from within the bargaining unit.

Fire Marshal's typical assignment is 60 months, and based upon organizational needs, the City may elect to decrease or extend the incumbent assignment. To be eligible for assignment to Fire Marshal an individual must possess the ability to obtain and maintain the requirements of the position. Candidate must annually complete the mandated training. Assignment to Fire Marshal shall not preclude an employee from other promotional opportunities.

31.5.a The Fire Marshal shall hold the rank of Battalion Chief; and the title and duties of Fire Marshal; and shall be subject to the provisions in Articles 12.2.e (excluding regular assigned days unless approved by their direct supervisor), 21.4, 21.10, and 21.11.

31.5.b.1 Selection process: The Fire Chief shall first select from those applicants who currently hold the position of Battalion Chief.

31.5.b.2 If there are no applicants, the Fire Chief shall declare a Battalion Chief vacancy exists in the position of Fire Marshal; and shall promote from the current Battalion Chief Eligibility Register to the position of Fire Marshal; and shall be subject to the provisions within Article (5.1c,) (5.2c,) and (5.3,). If there are no applicants from the current Battalion Chief Eligibility Register modifications to the promotional requirements may be made upon mutual agreement between the Union and the City.

Section 31.6 Bargaining unit Employees assigned to the Fire Prevention Bureau shall normally be assigned a regular schedule consisting of four consecutive ten-hour days per week. Alternative schedules not exceeding forty hours per week will be allowed with the mutual agreement of the Employer, the affected Employee and the Union.

FIREFIGHTER PARAMEDIC

ARTICLE 32

Section 32.1 Kirkland IAFF members are eligible to apply for Paramedic positions within the City of Redmond. If selected, they will remain employees of the City of Kirkland during Paramedic school and during that time will retain their current wage and benefits.

Section 32.2 After completion of Paramedic school, the employee will be required to leave employment with the City of Kirkland, and become an employee with the City of Redmond. Upon completion of the Paramedic certification, the employee will have a six month period in which the employee has return rights. If the City of Redmond determines that the employee is not meeting the requirements of a Paramedic they shall either 1) become a Redmond Firefighter (no probation) or 2) be allowed to return to the City of Kirkland in their former position provided that they have not been terminated from employment from the City of Redmond for just cause. The employee will return to the City of Kirkland with all seniority and steps as if they had never left. Once Paramedic certification is completed and the employee has six months time as a Paramedic, the option to return to Kirkland is no longer available. Should an employee exercise the return rights under this Section, the least senior newly hired employee who is displaced by the return would have the rights prescribed under Article 7.2.

EMERGENCY MEDICAL SERVICES OFFICER

ARTICLE 33

Section 33.1: Emergency Medical Services (EMS) Officer: The position of EMS Officer shall hold the rank of Fire Captain; the Employer agrees to recognize the Union as the exclusive representative on matters concerning wages, hours, and working conditions for the position; and that applicants for the vacancy shall come exclusively from within the bargaining unit.

Section 33.2: Volunteer applicants for the assignment to EMS Officer will commit to fulfilling the position for a minimum period of 36 months prior to reassignment; and remain in assignment until an alternative Captain vacancy exists; however, assignment to EMS Officer shall not preclude an employee from other promotional opportunities but shall be subject to the provisions under Article 5 (Promotions and Vacancies). Based upon organizational needs, the City may elect to extend the incumbent assignment.

To be eligible for assignment to EMS Officer an individual must possess the ability to obtain and maintain the requirements of the position of Fire Captain. Candidate must annually complete the mandated training.

33.2.a The EMS Officer shall hold the rank of Captain; and the title and duties of EMS Officer; and shall be subject to the provisions in Articles 12.2.e (excluding regular assigned days unless approved by their direct supervisor), 21.3, 21.10, and 21.11.

33.2.b.i Selection process: [Step 1] The Fire Chief shall first select from those volunteer applicants who currently hold the position of Captain.

33.2.b.ii [Step 2] If a minimum pool of two (2) eligible candidates does not exist, the Fire Chief may elect to consider applicants from the current Fire Captain Eligibility Register to the position of EMS Officer; which shall be subject to the provisions within Article (5.1b,) (5.2c,) and (5.3,).

If there are no applicants from the current Fire Captain Eligibility Register, modifications to the promotional requirements may be made upon mutual agreement between the Union and the City.

Section 33.3: Bargaining unit Employees assigned to EMS Officer shall normally be assigned a regular schedule consisting of four, ten-hour days per week. Alternative schedules not exceeding forty hours per week will be allowed with the mutual agreement of the Employer, the affected Employee and the Union.

EMERGENCY MEDICAL TRANSPORT

ARTICLE 34

Section 34.1: Emergency Medical Transport: The Employer and the Union recognize the IAFF as the exclusive bargaining representative for Emergency Medical Transport; and this change in work is a mandatory subject of bargaining; and agree to maintain a primary emphasis of patient care and delivery of emergency medical services.

Section 34.2: The Department shall develop and maintain a Fee for Transport policy; recognizing current emergency medical practices. The Emergency Medical Transport Program shall have no direct impact to the delivery of patient care or the interaction between the responder and the patient.

34.2a: Kirkland Fire Department Administration shall be responsible for the direct collection of any necessary documentation, electronic data entry and fee collections; responders shall not collect fees or additional billing information other than typical personal patient information in written and electronic format and attempt to obtain a signature on the transport-authorization form.

34.2b: Patient care shall continue to be paramount and at the full discretion of the responding officer, taking into consideration currently established best practices and EMS guidelines. A patient's ability to pay or refusal to sign a transport agreement shall not limit the responder's discretion to transport or provide care.

34.2c: The responder shall maintain the discretion to utilize private transport agencies when determined to be medically necessary, situationally appropriate, by patient request, or determined to be the best utilization of resources.

PERFORMANCE OF DUTY

ARTICLE 35

Section 35.1 The Employer and the Union shall work together to meet the proficiency requirements of the department; to provide the public with efficient and courteous service and to encourage good attendance of Employees on regular duty.

Section 35.2 Evaluations

The purpose of evaluation is to help an employee be successful in performance and to understand the standards and goals of their position and their department. The evaluation will assess and focus on the employee's accomplishment of their job functions and the goals and standards of the position. Where the employee does not meet the above, a plan for correction, training or support should be developed with the employee.

Evaluation may occur in two forms:

35.2.a All regular employees should be formally evaluated in writing by their immediate supervisor and/or department head or designee during the probationary or trial service period and at least annually (at date of hire or a common date) thereafter.

35.2.b Additionally, evaluation of job performance may occur at any time and on an ongoing basis. Evaluation may occur in various ways and may include coaching, counseling or written assessment.

The evaluation process shall also include a review of the current job description.

Evaluation shall not, by itself, constitute disciplinary action – disciplinary action must be specifically identified as such, in writing, consistent with Section 33.3.

Employees will be given a copy of the evaluation. Employees will be required to sign the evaluation, acknowledging its receipt. Employees may elect to provide a written response to the evaluation, which will be retained with the evaluation in the employee's personnel file.

Section 35.3 Discipline / Corrective Action

The Employer agrees to act in good faith in the discipline, dismissal or demotion of any regular employee and any such discipline, dismissal or demotion shall be made only for just cause.

No employee shall be discharged except for just cause. The parties recognize that just cause requires progressive discipline. Progressive discipline may include:

- oral warnings, which will be documented;
- written warnings – which may also include work performance improvement or corrective action plan for poor work performance or misconduct;
- suspension or administrative leave with or without pay;
- demotion; or
- discharge.

The intent of progressive discipline is to assist the employee with performance improvement or to correct misconduct. Both the sequencing and the steps of progressive discipline are determined on a case-by-case basis, given the nature of the problem and may result in more progressive discipline for cause.

All disciplinary actions shall be clearly identified as such in writing. The employee will be requested to sign the disciplinary action. The employee's signature thereon shall not be construed as admission of guilt or concurrence with the discipline, but rather shall be requested as an indication that they have seen and

comprehend the gravity of the disciplinary action. Employees shall have the right to review and comment on disciplinary actions in their personnel file.

A copy of all disciplinary notices shall be provided to the employee before such material is placed in their personnel file. Employees disciplined or discharged shall be entitled to utilize the grievance procedure. If, as a result of the grievance procedure utilization, just cause is not shown, personnel records shall be cleared of reference to the incident, which gave rise to the grievance.

The Employer will notify the Union in writing within three (3) working days after any notice of written warning, suspension, demotion, or discharge. The failure to provide such notice shall not affect such discharge but will extend the period within which the affected employee may file a grievance. All communication surrounding this action is to be treated as confidential and sensitive.

The Employer recognizes the right of an employee who reasonably believes that an investigatory interview with a supervisor may result in discipline to request the presence of a Union representative at such an interview. Upon request, they shall be afforded a Union representative. The Employer will delay the interview for a reasonable period of time in order to allow a Union representative an opportunity to attend. If a Union representative is not available or delay is not reasonable, the employee may request the presence of a bargaining unit witness. (Weingarten rights)

Employees shall also have a right to a notice and a determination meeting prior to any disciplinary action (except oral warning). The Employer must provide a notice and statement in writing to the employee identifying the performance violations or misconduct alleged, a finding of fact and the reasons for the proposed action. The employee shall be given an opportunity to respond to the charges in a meeting with the Employer, and shall have the right to Union representation during that meeting, upon request. (Loudermill rights)

The Employer shall endeavor to correct employee errors or misjudgments in private, with appropriate Union representation if requested by the employee.

Discipline shall be subject to the grievance procedure in this Agreement as to whether or not such action as to any post-probationary employee was for just cause. Just cause shall be established if the following has been shown by the Employer:

- 35.3.a That the Employer did forewarn employee of possible consequences of conduct;
- 35.3.b That the Employer policy, rule, or order involved reasonably related to the orderly, efficient, or safe operation of the Employer;
- 35.3.c That before administering discipline, the Employer did make an effort to discover whether employee did, in fact, violate or disobey an Employer policy or rule;
- 35.3.d That the Employer conducted its investigation objectively;
- 35.3.e That, in the investigation, the Employer did obtain evidence or proof that the employee violated such Employer policy or rule;

35.3.f That the Employer applied its rules, orders, and penalties without discrimination under the circumstances; and

35.3.g That the degree of discipline was reasonably related to the seriousness of the offense and/or the employee's record.

In order to promote a climate of labor relations that will aid in achieving and maintaining a high level of performance within the department, the Union and the Employees it represents agree that there shall be no strikes or refusals to perform official duties. Any impasse resulting from the terms set forth in this contract will be resolved in mediation or binding arbitration in accordance with Washington State Collective Bargaining Act Laws.

Section 35.4 Vehicle Electronic Mobile Data Device

Subject to the City's requirements under law, the City agrees that it will not review and use electronic mobile data (e.g. Black Box, MDC, AVL) with the intent of generating any complaints against a Kirkland Fire employee. Electronic mobile data may be used as evidence to prove or disprove allegations of misconduct that is reasonably likely to result in discipline made against a Kirkland Fire employee. Absent evidence of misconduct that is reasonably likely to result in discipline, electronic mobile data shall not be used to monitor or evaluate a Kirkland Fire member's performance. Electronic mobile data shall remain confidential between the Employer and the Employee; and shall not be disseminated subject to the City's requirements under law.

MEETINGS AND COMMITTEES

ARTICLE 36

Section 36.1 There shall be regular Labor and Management meetings between the Executive Board of the Union and the Administration of the Fire/Building Department. The purpose of these meetings is to discuss all matters referring to the labor agreement. Department Labor and Management meetings shall occur at least on a quarterly basis. Both parties shall have the authority to make non-binding recommendations to the Union and the City. No additional compensation or overtime shall be paid for attendance at the Labor and Management Meeting.

Section 36.2 Biannual (April and October) Executive Labor Management meetings will be held or as needed upon request by either party, and include City Management and the Local. This will be for the purpose of discussing matters of concern and maintaining the relationship between management and the Local.

Section 36.3 Local 2545 will participate with the City on a joint committee that will collaboratively work with the other City Bargaining Units to develop Citywide policies that may potentially impact wages, hours, and working conditions.

HEALTH CARE EXPENSE ACCOUNTS

ARTICLE 37

Section 37.1 Flexible Spending Account

- 37.1.a The City shall provide an optional Flexible Spending Account (FSA) program for qualifying expenses as allowed under the Internal Revenue Code (IRC) 129 (for dependent care) and IRC 213 (for health care expenses).
- 37.1.b On January 1 of each plan year the employer shall make a contribution in the amount of three hundred dollars (\$300) for health care expenses for any qualifying employee electing to participate.
- 37.1.c Such employer contribution may be made to either the current FSA program or to a HRA / VEBA program upon written notice by the bargaining unit (such election must be made for the entire bargaining unit), provided such is consistent with the plan and IRS rules governing that respective plan(s). Unless otherwise modified by the Union, the employer shall contribute this amount to the HRA / VEBA.
- 37.1.d Additional contributions to the flexible spending account can be made by the individual employee as a payroll deduction subject to enrollment requirements, rules and limitations contained within the Internal Revenue Code.
- 37.1.e Basic administrative program costs shall be the sole responsibility of the Employer. Optional program enhancements may be provided upon agreement between the Union and the Employer.

Section 37.2 Healthcare Retirement Account – HRA/VEBA

- 37.2.a The City shall provide an Healthcare Retirement Account (HRA / VEBA) program for qualifying expenses as allowed under the Internal Revenue Code.
- 37.2.b On January 1 of each plan year the employer shall make a contribution in the amount of four hundred and seventy-five dollars (\$475). Such employer contribution may be made to either the current FSA program or to a HRA / VEBA program on behalf of each member (on a bargaining unit basis), at the election of the IAFF. Unless otherwise modified by the Union, the employer shall contribute this amount to the HRA / VEBA.
- 37.2.c The City shall make additional HRA / VEBA contributions from other qualifying accounts (FSA, MERP, or other qualifying event) upon written request from the Union or as otherwise directed by this agreement, provided such is for the bargaining unit as a whole and is consistent with the plan and IRS rules governing that respective plan(s).
- 37.2.d City of Kirkland basic administrative program costs to achieve the payroll deduction shall be the sole responsibility of the Employer. Other fees are between the employee and the selected Program Administrator. Optional program enhancements may be provided upon agreement between the Union and the Employer

Section 37.3 Any qualifying employee hired within the calendar year shall be eligible for the full benefits described in Article 37.

LIABILITY COVERAGE

ARTICLE 38

The City shall provide legal representation to an employee who is sued, where such litigation results from any alleged error or omission of such employee performed or omitted by the employee on behalf of the City in his or her capacity as an employee within the scope of his or her employment with the City.

The City shall provide insurance coverage under its self-insurance program, or any policy or policies obtained by the City in place thereof, indemnifying the employee for loss if the employee becomes legally obligated to pay for damages which result from errors or omissions of the employee performed or omitted by the employee on behalf of the City in his or her capacity as an employee and within the scope of his/her employment with the City.

The obligations of the City under this Article shall not apply to any dishonest, fraudulent, criminal, or malicious act of any employee. As express conditions of the City's obligations under this Article, the employee shall cooperate fully with the City in the defense of any such claim or suit, and the City shall have the sole and exclusive right to compromise, settle, dispose of or litigate any such claim, and shall have no obligation under this Article to pay the amount of any settlement, compromise, or judgment entered into or allowed by the employee without the City's prior written consent.

ENTIRE AGREEMENT

ARTICLE 39

Section 39.1 The agreement expressed here, in writing, constitutes the entire Agreement between the parties and no oral statement shall add to or supersede any of its provisions.

Section 39.2 The parties acknowledge that each has had the unlimited right and opportunity to make demands and proposals with respect to any matter deemed a proper subject for collective bargaining. The results of the exercise of that right are set forth in this Agreement.

TERMS OF AGREEMENT

ARTICLE 40

The terms of this Agreement shall be in full force and effect on January 1, 2012, and except as otherwise provided herein, this Agreement shall remain in full force and effect through December 31, 2014. Within 30 days, all current employees at time of signing shall receive retroactive compensation of all back wages and benefit increases effective January 1, 2012 to present.

Signed this _____ day of _____, 2013

City of Kirkland, Washington

International Association
of Firefighters, Local #2545

by _____
Kurt Triplett, City Manager

Bryan Vadney, IAFF President

APPROVED AS TO FORM:

William Evans, Assistant City Attorney

Date _____

**Memorandum of Understanding
to the Agreement by and between
City of Kirkland
and
International Association of Firefighters
Local No. 2545
January 1, 2012 through December 31, 2014**

This Memorandum of Understanding (MOU) is supplemental to the AGREEMENT by and between the CITY OF KIRKLAND, WASHINGTON, hereinafter referred to as the "Employer" and the International Association of Firefighters Local #2545, hereinafter, referred to as "IAFF."

This MOU memorializes the agreements reached between the Employer and IAFF regarding the issues described below, and the parties acknowledge that these issues have been negotiated in accordance with the provisions of 41.56 RCW.

This MOU is written exclusively for the purpose of outlining the agreement between the parties for the staffing of Fire Station 24 with twelve hour work shifts and shall not apply to the staffing of any other station for the length of the agreement. The City maintains the sole and exclusive right to determine if it will staff Fire Station 24. In the absence of a successor agreement, the MOU expires on December 31, 2014. By its agreement, this MOU does not set any precedent nor establish "past practice" with regards to any collective bargaining laws. Should the City decide to staff Fire Station 24 during the term of this Agreement, unless otherwise agreed to by the City and the Union, the City agrees to the following:

1. Fire Station 24 will be staffed on a regular basis with one Officer and one Firefighter for the exclusive purpose of staffing an aid vehicle.
2. The City will staff Station 24 with bargaining unit personnel in overtime status on daily 12-hour shifts, beginning at 0700 hours and ending at 1900 hours.
3. The Battalion Chiefs will be responsible for overtime fill in for the shift that follows their assigned shift. Overtime shifts will be assigned a minimum of 30 days in advance and will be scheduled for a minimum of one calendar quarter.
4. Overtime will be assigned on a voluntary basis, separate from the established callback system. A seniority prioritized selection system will be utilized. The member with the highest seniority will select a date(s) then down the list to the least senior member and the cycle will continue until all slots have been filled. Each quarter, after first filling all Firefighter slots, an Acting Officer may be utilized to fill an Officer slot.
5. The parties agree that should this process of overtime callback become burdensome, they will meet to discuss other options, including but not limited to, assignment of overtime.

This MOU shall serve in conjunction with the current collective bargaining agreement between the City of Kirkland and I.A.F.F. Local 2545. Except to the extent as provided herein, all provisions, which apply to that agreement, shall apply to this agreement as well.

City of Kirkland

IAFF, Local #2545

By: _____
Kurt Triplett, City Manager

By: _____
Bryan Vadney, President

Date: _____

Date: _____

APPROVED AS TO FORM
City Attorney

LABOR RELATIONS REVIEW
Human Resources Director



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
Michael Olson, Deputy Director

Date: October 1, 2013

Subject: POST ISSUANCE COMPLIANCE POLICY FOR ISSUANCE OF TAX-EXEMPT BONDS

Recommendation

Council approves the attached resolution adopting the City of Kirkland Post Issuance Compliance Policy.

Background

Federal tax law requires the filing of an IRS form (8038-G) by a governmental issuer in connection with its tax-exempt bonds. Form 8038-G was recently amended by the IRS to include check-the-box questions inquiring whether the issuer has adopted written procedures to ensure compliance with federal tax law following the issuance of the bonds and during the life of the bond issue.

The new check box does not create or reflect any legal requirement that an issuer adopt these written procedures. However, K&L Gates, the City's Bond Counsel, recommends that governmental issuers adopt written procedures. By doing so, the City will be able to affirmatively "check the box" on the IRS Form 8038-G (Lines 43 and 44) – see Attachment A.

While there is no penalty for not having written procedures, recent written pronouncements in the Internal Revenue Manual suggest that when dealing with the IRS in the future in the event of unanticipated changes, the IRS may be more favorably disposed on the outcome (maintenance of tax-exempt status) if the issuer has written policies that monitor post issuance compliance.

The City's current Debt Management Policy addresses issues related to post issuance compliance in Section 6 at a summary level. As a matter of practice, these additional policy guidelines prepared in consultation with Bond Counsel are comprehensive and directly address the issues required by the IRS and are complimentary to the Debt Management Policy.

The policy was prepared using a model policy provided by K&L Gates (see resolution – "Exhibit A"). A sample checklist (Attachment B) documenting compliance with the policy has also been attached for reference.

The policy was discussed by the Council Finance and Administration Committee at their September 26th meeting and approval of the resolution adopting the policy is recommended.

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name		2 Issuer's employer identification number (EIN)	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)	
6 City, town, or post office, state, and ZIP code		7 Date of issue	
8 Name of issue		9 CUSIP number	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)		10b Telephone number of officer or other employee shown on 10a	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ►	18		
19	If obligations are TANs or RANs, check only box 19a			
	If obligations are BANs, check only box 19b			
20	If obligations are in the form of a lease or installment sale, check box			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21		\$	\$	years	%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest	22		
23	Issue price of entire issue (enter amount from line 21, column (b))	23		
24	Proceeds used for bond issuance costs (including underwriters' discount)	24		
25	Proceeds used for credit enhancement	25		
26	Proceeds allocated to reasonably required reserve or replacement fund	26		
27	Proceeds used to currently refund prior issues	27		
28	Proceeds used to advance refund prior issues	28		
29	Total (add lines 24 through 28)	29		
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30		

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded	►	_____	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded	►	_____	years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	►	_____	
34	Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)		_____	

Part VI Miscellaneous

- | | | |
|------------|--|--|
| 35 | | |
| 36a | | |
| 37 | | |
- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)
- b** Enter the final maturity date of the GIC ▶ _____
- c** Enter the name of the GIC provider ▶ _____
- 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box and enter the following information:
- b** Enter the date of the master pool obligation ▶ _____
- c** Enter the EIN of the issuer of the master pool obligation ▶ _____
- d** Enter the name of the issuer of the master pool obligation ▶ _____
- 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box
- 41a** If the issuer has identified a hedge, check here and enter the following information:
- b** Name of hedge provider ▶ _____
- c** Type of hedge ▶ _____
- d** Term of hedge ▶ _____
- 42** If the issuer has superintegrated the hedge, check box
- 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here and enter the amount of reimbursement ▶ _____
- b** Enter the date the official intent was adopted ▶ _____

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	▶ _____ Signature of issuer's authorized representative	Date	▶ _____ Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶	Firm's EIN ▶		
	Firm's address ▶	Phone no.		

**City of Kirkland
Post Issuance Compliance Checklist**

Transaction Parties

Date of Issuance:		Date of Review:		
Overall Responsible Office for Debt Management Activities:				
Bond Counsel:				
Paying Agent:				
Financial Advisor:				
Tax Law Requirements	Document Reference	Responsibility	Location	Complete (Date/Initial)
A. Transcripts				
1. Provide two copies of full transcript within three months of issuance of securities: • one hardcopy • one electronic copy on CD.	Transcript	Bond Counsel	Hardcopy: City Clerk Electronic: TRIM	
2. Proof of filing of Form 8038, 8038-G, 8038-CP or 8038-GC. Copies of form, etc., to State authorities as required by State procedures.	Form 8038-CP	US Bank	TRIM	
B. Federal Tax Law Requirements				
1. Use of Proceeds				
a. Private use business arrangements? (If yes, see section 4 below)				
b. Monitor expenditures generally against date of issuance expectations for three-year or five-year temporary periods or five-year hedge bond rules.	Spreadsheets	Accounting - Carol	H Drive	
c. Records of investments.	US Bank Safekeeping	Treasurer - Michael	H Drive	
d. Records of interest earnings on reserve funds maintained for the securities.	Monthly Investment Reports/Spreadsheets	Accounting - Carol	H Drive	
2. Arbitrage Rebate				
a. Tax certificate issued?	Certificate	Bond Counsel	Transcript	
b. Total principal amount of tax-exempt governmental obligations not greater than \$5,000,000:				
Not required to monitor arbitrage rebate compliance except to monitor expenditures and use of proceeds after completion of the project.	Transcript	Bond Counsel	City Clerk & TRIM	
c. Total principal amount of tax-exempt governmental obligations greater than \$5,000,000:				
Monitor rebate compliance for each issue of tax-exempt governmental issues during that calendar year.	Transcript and Investment Reports	Treasurer - Michael	City Clerk & TRIM	
3. Unused Proceeds Following Completion of Project				
a. Proceeds all used?	Spreadsheets	Accounting - Carol	H Drive and TRIM	
b. Proceeds allocated as intended?	Spreadsheets	Treasurer - Michael	H Drive and TRIM	
c. Authorization in place to direct use of unspent proceeds?	Transcript/Ordinance	Treasurer - Michael	TRIM	
4. Use of the Facilities Financed with Proceeds				
a. Current use of facility	Lease/Sale agreements	Treasurer - Michael	TRIM	
b. Any private use of facility? If yes, what %	Lease/Sale agreements	Treasurer - Michael	TRIM	
c. If yes, consult with Bond Counsel	n/a	Treasurer - Michael	n/a	
5. Records Retention				
Records to be retained by the City for the life of the securities issue and for a period of three years after:				
a. The transcript	Transcript	City Clerk	City Clerk	
b. Arbitrage rebate reports prepared by outside consultants	Consultant reports	Treasurer - Michael	Finance	
c. Work papers provided to rebate consultants	Spreadsheets	Treasurer - Michael	Finance	
d. Records of expenditures and investment receipts	Spreadsheets/Investment Reports	Accounting - Carol	TRIM	
e. Copies of all certificates and returns filed with the IRS	Form 8038-CP	Finance - Admin Assistant	TRIM	
f. Copies of all leases and user agreements	Lease/Use agreements	City Clerk	TRIM	
C. Ongoing Disclosure				
SEC Rule 15c2-12				
a. Annual filing of operating and financial information	CAFR	Accounting - Carol	EMMA	
b. If any material events - notices filed?	Dependant on material event	Treasurer - Michael	EMMA	

**City of Kirkland
Post Issuance Compliance Checklist**

Tax Law Requirements	Document Reference	Responsibility	Location	Complete (Date/Initial)
D. Other Notice Requirements				
a. Other notice requirements by the proceedings authorizing the issuance of the security?	As required	Treasurer - Michael	As required	
E. Transfer of Property				
a. Restrictions on transfer of cash.	As required	Treasurer - Michael	As required	
b. Restrictions on releases of property	As required	Treasurer - Michael	As required	
c. Restrictions on granting liens or encumbering property	As required	Treasurer - Michael	As required	

Material Event Disclosure (were there any material events and, if yes, indicate date of notice)		
Notification by obligated person to SID and each NRMSIR, in timely manner, of any following events with respect to bonds, if event is material within the meaning of the federal securities laws:	Yes	No
a. Principal and interest payment delinquencies.		
b. Non-payment related defaults.		
c. Unscheduled draws on debt service reserves reflecting financial difficulties.		
d. Unscheduled draws on credit enhancements reflecting financial difficulties.		
e. Substitution of credit or liquidity providers, or their failure to perform.		
f. Adverse tax opinions or events affecting the tax-exempt status of the bonds.		
g. Modifications to rights of the holders of the bonds.		
h. Bond calls.		
i. Defeasances.		
j. Release, substitution or sale of property securing repayment of the bonds.		
k. Rating changes		

RESOLUTION R-5004

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ADOPTING THE KIRKLAND POST ISSUANCE COMPLIANCE POLICY SETTING FORTH THE POLICY OF THE CITY OF KIRKLAND WITH RESPECT TO MEETING ITS OBLIGATIONS UNDER FEDERAL TAX LAW FOLLOWING THE ISSUANCE OF SECURITIES.

WHEREAS, the City of Kirkland has certain obligations under federal tax law with respect to its publicly offered and privately placed securities; and

WHEREAS, many of these obligations continue to apply throughout the entire term of the securities issued; and

WHEREAS, the City of Kirkland Post Issuance Compliance Policy has been written in consultation with the City's bond counsel; and

WHEREAS, the Kirkland City Treasurer (Deputy Director of Finance) has recommended that the City Council formally adopt the Post Issuance Compliance Policy that the City is following, and will continue to follow, to maintain compliance with applicable federal tax law;

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The "City of Kirkland Post Issuance Compliance Policy," which is attached as "Exhibit A" and incorporated by reference, is adopted as the official policy of the City of Kirkland for meeting its obligations under federal tax law following the issuance of securities by the City of Kirkland.

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

Governmental Bonds

**CITY OF KIRKLAND
POST ISSUANCE COMPLIANCE POLICY**

This policy is intended to guide the City of Kirkland in meeting its obligations under applicable statutes, regulations and documentation associated with publicly offered and privately placed securities of the City of Kirkland. This policy addresses obligations of the City of Kirkland that arise and will continue following the issuance of securities. The City of Kirkland maintains a separate Debt Policy with respect to matters related to the issuance of security obligations, including compliance with the City of Kirkland's disclosure obligations related to securities issuance. These obligations may arise as a result of federal tax law (with respect to tax-exempt securities) and securities laws (with respect to ongoing disclosure) or as a result of contractual commitments made by the City of Kirkland. This policy outlines obligations that may be applicable to each issue of securities and identifies the party to be responsible for monitoring compliance. In the City of Kirkland, the Director of Finance and Administration will be responsible for ensuring that the policy is followed and compliance checklist and records maintained. The Director of Finance and Administration may delegate responsibility to employees and outside agents for developing records, maintaining records and compliance checklist. The City of Kirkland will support educational opportunities provided by the Government Finance Officers Association (GFOA), Washington Finance Officers Association (WFOA) and Washington Municipal Treasurers Association (WMTA) for the parties identified in this policy with responsibilities for post-issuance compliance in order to facilitate their performance of these obligations.

A. Transcripts.

1. The City of Kirkland's bond counsel shall provide the City of Kirkland with two copies of a full transcript related to the issuance of securities (for each issue). The transcript shall be delivered in the following form: one hardcopy (paper) and one electronic on a CD; and transcripts shall be delivered to the City of Kirkland within three month[s] following the date of issuance of securities. It is expected that the transcript will include a full record of the proceedings related to the issuance of securities, including proof of filing an 8038-G or 8038-GC, if applicable.

2. Bond transcripts will be retained by the following parties and in the following locations within the City of Kirkland: City Clerk's Office.

B. Federal Tax Law Requirements (Applicable only if the securities are issued as "tax-exempt" securities).**1. *Use of Proceeds.***

a. If the project(s) to be financed with the proceeds of the securities will be funded with multiple sources of funds, the City of Kirkland will adopt an accounting methodology that:

- ◆ maintains each source of funding separately and monitors the actual expenditure of proceeds of the securities;
- ◆ commingles the proceeds and monitors the expenditures on a first in, first out basis; or
- ◆ provides for the expenditure of funds received from multiple sources on a proportionate basis.

b. Records of expenditures (timing of expenditure and object code) of the proceeds of securities will be maintained by the Department of Finance and Administration.

c. Records of investments and interest earnings on the proceeds of securities will be maintained by Department of Finance and Administration. Such records should include the amount of each investment, the date each investment is made, the date each investment matures and if sold prior to maturity, its sale date, and its interest rate and/or yield. Interest earnings on proceeds will be deposited in the fund in which the proceeds of the securities were deposited (if not, then the plan for use of interest earnings will be discussed with the City of Kirkland's bond counsel).

d. Records of interest earnings on reserve funds maintained for the securities.

2. *Arbitrage Rebate.* The Director of Finance and Administration or designee of the City of Kirkland ("Rebate Monitor") will monitor compliance with the arbitrage rebate obligations of the City of Kirkland for each issue ("issue") of securities which are described in further detail in the tax certificate if any, executed by the City of Kirkland for each issue and included in the transcript for the issue. If the City of Kirkland did not execute a tax certificate in connection with an issue, the Rebate Monitor should consult with the City of Kirkland's bond counsel regarding arbitrage rebate requirements.

a. If the Rebate Monitor determines that the total principal amount of tax-exempt governmental obligations (including all tax-exempt leases, etc.) of the City of Kirkland issued by or on behalf of the City of Kirkland and subordinate entities during the calendar year, including the issue, will not be greater than \$5,000,000, the Rebate Monitor will not be required to monitor arbitrage rebate compliance for the issue, except to monitor expenditures and the use of proceeds after completion of the project (see #3 below). For purposes of this paragraph, tax-exempt governmental obligations issued to currently refund a prior tax-exempt governmental obligation will only be taken into account to the extent they exceed the outstanding amount of the refunded bonds.

b. If the Rebate Monitor determines that the total principal amount of tax-exempt governmental obligations (including all tax-exempt leases, etc.) of the City of Kirkland issued or incurred any calendar year is greater than \$5,000,000, the Rebate Monitor will monitor rebate compliance for each issue of tax-exempt governmental obligations issued during that calendar year.

i. *Rebate Exceptions.* The Rebate Monitor will review the tax certificate, if any, in the transcript in order to determine whether the City of Kirkland is expected to comply with a spending exception that would permit the City of Kirkland to avoid having to

pay arbitrage rebate. If the tax certificate identifies this spending exception (referred to as the six-month exception, the 18 month exception or the 2-year exception), then the Rebate Monitor will monitor the records of expenditures (see B.1 above) to determine whether the City of Kirkland met the spending exception (and thereby avoid having to pay any arbitrage rebate to the federal government). If the City of Kirkland did not execute a tax certificate in connection with an issue, the Rebate Monitor should consult with bond counsel regarding the potential applicability of spending exceptions.

ii. *Rebate Compliance.* If the City of Kirkland does not meet or does not expect to meet any of the spending exceptions described in (i) above, the City of Kirkland will:

x. review the investment earnings records retained as described in B.1 above. If the investment earnings records clearly and definitively demonstrate that the rate of return on investments of all proceeds of the issue were lower than the yield on the issue (see the tax certificate in the transcript), then the City of Kirkland may opt not to follow the steps described in the following paragraph.

y. retain the services of an arbitrage rebate consultant in order to calculate any potential arbitrage rebate liability. The rebate consultant shall be selected no later than the completion of the project to be financed with the proceeds of the issue. A rebate consultant may be selected on an issue by issue basis or for all securities issues of the City of Kirkland. The Rebate Monitor will obtain the names of at least three qualified consultants and request that the consultants submit proposals for consideration prior to being selected as the City of Kirkland rebate consultant. The selected rebate consultant shall provide a written report to the City of Kirkland with respect to the issue and with respect to any arbitrage rebate owed if any.

z. based on the report of the rebate consultant, file reports with and make any required payments to the Internal Revenue Service, no later than the fifth anniversary of the date of each issue (plus 60 days), and every five years thereafter, with the final installment due no later than 60 days following the retirement of the last obligation of the issue.

c. *Yield Reduction Payments.* If the City of Kirkland fails to expend all amounts required to be spent as of the close of any temporary period specified in the Tax Certificate (generally 3 years for proceeds of a new money issue and 13 months for amounts held in a debt service fund), the City of Kirkland will follow the procedures described in B.2.b.ii above to determine and pay any required yield reduction payment.

3. *Unused Proceeds Following Completion of the Project.* Following completion of the project(s) financed with the issue proceeds, the Director of Finance and Administration or designee will:

a. review the expenditure records to determine whether the proceeds have been allocated to the project(s) intended (and if any questions arise, consult with bond counsel in order to determine the method of re-allocation of proceeds); and

b. direct the use of remaining unspent proceeds (in accordance with the limitations set forth in the authorizing proceedings (i.e., bond ordinance) and if no provision is otherwise made for the use of unspent proceeds, to the redemption or defeasance of outstanding securities of the issue.

4. *Use of the Facilities Financed with Proceeds.* In order to maintain tax-exemption of securities issued on a tax-exempt basis, the financed facilities (projects) are required to be used for governmental purposes during the life of the issue. The Director of Finance and Administration or designee of the City of Kirkland will monitor and maintain records regarding any private use of the projects financed with tax-exempt proceeds. The IRS Treasury Regulations prohibit private business use (use by private parties (including nonprofit organizations and the federal government)) of tax-exempt financed facilities beyond permitted *de minimus* amounts unless cured by a prescribed remedial action. Private use may arise as a result of:

- a. Sale of the facilities;
- b. Lease of the facilities (including leases, easements or use arrangements for areas outside the four walls, e.g., hosting of cell phone towers);
- c. Management contracts (in which the City of Kirkland authorizes a third party to operate a facility (e.g., cafeteria);
- d. Preference arrangements (in which the City of Kirkland grants a third party preference of the facilities, e.g., preference parking in a public parking lot).

If the Director of Finance and Administration or designee identifies private use of tax-exempt debt financed facilities, the Director of Finance and Administration or designee will consult with the City of Kirkland's bond counsel to determine whether private use will adversely affect the tax-exempt status of the issue and if so, what remedial action is appropriate. The private use may be allocated to those facilities (or portions of facilities) that were funded from sources other than bond proceeds. If the City of Kirkland determines that it is appropriate to complete a final allocation and accounting certification with respect to the expenditure of bond proceeds, pursuant to Treasury Regulation §1.148-6(d), the City of Kirkland will complete the allocation certification not later than the Final Allocation Date. The City of Kirkland may also elect to follow available remedial action procedures available under Treasury Regulations, e.g., allocate sales proceeds to other qualifying capital expenditures.

The City of Kirkland will verify at least once annually that the financed projects do not have impermissible private use. The verification will be noted on the Post Issuance Compliance Policy Checklist.

5. *Records Retention.*

a. Records with respect to matters described in this Subsection B will be retained by the City of Kirkland for the life of the securities issue (and any issue that refunds the securities issue) and for a period of three years thereafter.

b. Records to be retained:

- (i) The transcript;
- (ii) Arbitrage rebate reports prepared by outside consultants;
- (iii) Work papers that were provided to the rebate consultants;
- (iv) Records of expenditures and investment receipts (showing timing of expenditure and the object code of the expenditure and in the case of investment, timing of receipt of interest earnings). (Maintenance of underlying invoices should not be required provided the records include the date of the expenditure, payee name, payment amount and object code; however, if those documents are maintained as a matter of policy in electronic form, then the City of Kirkland should continue to maintain those records in accordance with this policy);
- (v) Copies of all certificates and returns filed with the IRS (e.g., for payment of arbitrage rebate); and
- (vi) Copies of all leases, user agreements for use of the financed property (agreements that provide for use of the property for periods longer than 30 days), whether or not the use was within the four walls (e.g., use of the roof of the facility for a cell phone tower); and
- (vii) Post Issuance Compliance Checklist documented annual review.

C. Ongoing Disclosure. Under the provisions of SEC Rule 15c2-12 (the “Rule”), underwriters are required to obtain an agreement for ongoing disclosure in connection with the public offering of securities. Unless the City of Kirkland is exempt from compliance with the Rule as a result of certain permitted exemptions, the transcript for each issue will include an undertaking by the City of Kirkland to comply with the Rule. The Department of Finance and Administration of the City of Kirkland will monitor compliance by the City of Kirkland with its undertakings. These undertakings may include the requirement for an annual filing of operating and financial information and will include a requirement to file notices of listed “material events.” For some types of material events (early bond calls), the State’s fiscal agent has undertaken the responsibility of filing notice of the applicable material event.

D. Other Notice Requirements. In some instances, the proceedings authorizing the issuance of securities will require the City of Kirkland to file information periodically with other parties, e.g., bond insurers, banks, rating agencies. The types of information required to be filed may include (1) budgets, (2) annual financial reports, (3) issuance of additional debt obligations, and (4) amendments to financing documents. The Department of Finance and Administration of the City of Kirkland will maintain a listing of those requirements and monitor compliance by the City of Kirkland.



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 & Administration
Michael Olson, Deputy Director of Finance & Administration

Date: October 1, 2013

Subject: RECOMMENDATION ON UTGO BOND REFUNDING

RECOMMENDATION:

City Council approves the bond ordinance authorizing the refunding of the 1995 and 2003 Unlimited Tax General Obligation bonds. The money saved from the refunding goes directly to the taxpayers of Kirkland and not to the City.

BACKGROUND DISCUSSION:

The City of Kirkland has benefitted from our AAA credit rating and the historically low interest rates of the past several years, both with the 2010 borrowing associated with the Public Safety Building and the 2011 refunding of outstanding Limited Tax General Obligation (LTGO) bonds, resulting in savings to the taxpayers of Kirkland and freeing up general fund revenues for other purposes.

Staff recently evaluated the interest rates on the City's outstanding Unlimited Tax General Obligation (UTGO) bonds and determined that it would be beneficial to refund (refinance) those bonds as well. The City has to UTGO bonds outstanding:

- 1995 Public Safety bonds for construction of the Forbes Creek Fire Station, which retire at the end of 2014, and
- 2003 Park bonds for parks acquisition and improvement, which retire in 2022.

The refunding would retire the existing bonds and replace them with a bond at a lower interest rate that retires in 2022, the same retirement date as the 2003 park bond. These bonds were not refunded earlier because in past evaluations it was determined to wait until the larger of the two issues, the 2003 bonds, became callable on June 1, 2013 to allow both issues to be refunded at the same time. UTGO bonds are associated with voted excess property tax levies approved by voters for specific purposes. Refunding these bonds will benefit the taxpayers by lowering the excess levy rate slightly, but does not result in freeing up City revenues for other purposes since the savings are realized directly by the taxpayer. Note that the excess property tax levies associated with the original bonds and the refunding bonds only apply within the pre-annexation City boundaries.

However, the savings over the remaining life of the bonds is sufficient to support the refunding (see Attachment A), specifically:

- Annual payments through 2022 would be reduced by an average of \$73,750 per year and
- Net Present Value (NPV) savings over the remaining term of the bonds is \$614,706.

This refunding is accomplished by a direct placement of the bonds with a financial institution rather than selling them in a public offering. The financial institution, SunTrust, was chosen by a competitive process. The City received five bids with the SunTrust bid offering the most advantageous terms. By pursuing a bank placement for the refunding, rather than a public offering, issuance costs are kept low (\$32,500 for this transaction versus \$71,050 for a public offering) and interest rate risk is mitigated because the rate is locked in through October 31, 2013. Interest rates have been increasingly volatile over that past several months. The "all-in" total interest costs (including issuance costs) for the bonds is 2.45%, less than half the average coupon rate on the outstanding bonds of 5.07%. The direct bank placement also significantly streamlines the staff time required to support the refunding.

Approval of the attached bond ordinance prepared by Kirkland's Bond Counsel, K&L Gates, will allow for the refunding to be accomplished on or before October 31, 2013.

SAVINGS

City of Kirkland
2013 Refunding Bank Loan

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 10/29/2013 @ 1.7492506%
12/01/2013	608,527.50	608,527.50				(941.35)
12/01/2014	732,105.00		732,105.00	656,957.56	75,147.44	74,167.40
12/01/2015	645,460.00		645,460.00	569,990.00	75,470.00	73,239.51
12/01/2016	647,860.00		647,860.00	574,065.00	73,795.00	70,360.05
12/01/2017	659,000.00		659,000.00	582,795.00	76,205.00	71,358.67
12/01/2018	653,520.00		653,520.00	581,065.00	72,455.00	66,639.64
12/01/2019	637,000.00		637,000.00	564,105.00	72,895.00	65,827.53
12/01/2020	639,960.00		639,960.00	567,260.00	72,700.00	64,459.89
12/01/2021	636,360.00		636,360.00	565,070.00	71,290.00	62,059.90
12/01/2022	636,460.00		636,460.00	562,650.00	73,810.00	63,074.20
	6,496,252.50	608,527.50	5,887,725.00	5,223,957.56	663,767.44	610,245.43

Savings Summary

PV of savings from cash flow	610,245.43
Plus: Refunding funds on hand	4,460.44
Net PV Savings	<u>614,705.87</u>

CITY OF KIRKLAND, WASHINGTON
UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2013

ORDINANCE NO. 4420

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE ISSUANCE AND SALE OF AN UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND OF THE CITY IN THE PRINCIPAL AMOUNT OF \$4,670,000 TO REFUND CERTAIN OUTSTANDING UNLIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY, AND PAY FOR COSTS OF ISSUANCE OF THE BOND; PROVIDING THE FORM AND TERMS OF THE BOND; AND APPROVING THE SALE OF SUCH BOND.

APPROVED ON OCTOBER 15, 2013

PREPARED BY:

K&L GATES LLP
Seattle, Washington

CITY OF KIRKLAND
ORDINANCE NO. 4420
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* This Table of Contents and the cover page are not a part of the following ordinance and are included only for the convenience of the reader.

ORDINANCE NO. 4420

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE ISSUANCE AND SALE OF AN UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND OF THE CITY IN THE PRINCIPAL AMOUNT OF \$4,670,000 TO REFUND CERTAIN OUTSTANDING UNLIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY, AND PAY FOR COSTS OF ISSUANCE OF THE BOND; PROVIDING THE FORM AND TERMS OF THE BOND; AND APPROVING THE SALE OF SUCH BOND.

WHEREAS, the City of Kirkland, Washington (the "City") now has outstanding its Unlimited Tax General Obligation Bonds, 1995, issued pursuant to Ordinance No. 3483, under date of August 1, 1995, in the original principal amount of \$1,020,000 (the "1995 Bonds"), maturing in the remaining principal amounts and bearing interest as follows:

Maturity Years (December 1)	Principal Amounts	Interest Rates
2013	\$ 80,000	5.70%
2014	85,000	5.70

; and

WHEREAS, the 1995 Bonds are callable for redemption in whole on any date, or in part on any interest payment date, on or after December 1, 2005, at a price of par plus accrued interest to the date of redemption; and

WHEREAS, the City now has outstanding its Unlimited Tax General Obligation Bonds, 2003, issued pursuant to Ordinance No. 3878, under date of January 15, 2003, in the original principal amount of \$8,400,000 (the "2003 Bonds"), maturing in the remaining principal amounts and bearing interest as follows:

Maturity Years (December 1)	Principal Amounts	Interest Rates
2013	\$ 405,000	3.80%
2014	420,000	4.00
2015	440,000	4.00
2016	460,000	4.10
2018	1,000,000	5.20
2020	1,070,000	5.20
2022	1,180,000	5.20

; and

WHEREAS, the 2003 Bonds are callable for redemption at any time on or after June 1, 2013, at a price of par plus accrued interest to the date of redemption; and

WHEREAS, as a result of changed market conditions, it appears that debt service savings may be obtained by refunding the 1995 Bonds and the 2003 Bonds through the issuance of an unlimited tax general obligation refunding bond of the City in the aggregate principal amount of \$4,670,000 (hereinafter defined as the "Bond"); and

WHEREAS, the City has received a written offer to purchase the Bond from SunTrust Equipment Finance & Leasing Corp. (the "Purchaser"), and the City Council wishes to accept such offer on the terms and conditions set forth therein and herein;

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

Section 1. Definitions and Interpretation of Terms.

(a) *Definitions.* As used in this ordinance, the following words shall have the following meanings:

Bond means the City of Kirkland, Washington Unlimited Tax General Obligation Refunding Bond, 2013, to be issued in the aggregate principal amount of \$4,670,000 pursuant to this ordinance.

Bond Fund means the City of Kirkland Unlimited Tax General Obligation Bond Redemption Fund maintained pursuant to Section 10 of this ordinance.

Bond Purchase Offer means the offer letter of the Purchaser dated September 24, 2013.

Bond Register means the registration records maintained by the Bond Registrar for the purpose of identifying ownership of the Bond.

Bond Registrar means the fiscal agency of the state of Washington, whose duties include registering and authenticating the Bond, maintaining the Bond Register, transferring ownership of the Bond and paying the principal of and interest on the Bond.

Bond Year means each one-year period that ends on the date selected by the City. The first and last Bond Years may be short periods. If no day is selected by the City before the earlier of the final maturity date of the Bond or the date that is five years after the date of issuance of the Bond, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bond.

Call Date means October 29, 2013.

City means the City of Kirkland, Washington, a municipal corporation of the State of Washington.

Code means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

Costs of Issuance Agreement means the Costs of Issuance Agreement between the City and the Escrow Agent to be dated as of the date of closing and delivery of the Bond.

Council means the City Council as the general legislative authority of the City, as the same shall be duly and regularly constituted from time to time.

Designated Representative means the City Manager or the Director of Finance and Administration of the City and shall include any successor in function to either of them and any additional employee or officer of the City appointed in writing by either of them.

Escrow Agreement means the Escrow Deposit Agreement between the City and the Escrow Agent to be dated as of the date of closing and delivery of the Bond.

Escrow Agent means U.S. Bank National Association, Seattle, Washington.

Fixed Rate means a rate of 2.30% per annum.

Maturity Date means December 1, 2022.

Net Proceeds, when used with reference to the Bond, means the principal amount of the Bond, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

1995 Bonds means the Unlimited Tax General Obligation Bonds, 1995 of the City issued under date of August 1, 1995, as more particularly described in the recitals of this ordinance.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

Purchaser means SunTrust Equipment Finance & Leasing Corp., Towson, Maryland, and any business successor thereto.

Refunded Bonds means, collectively, the 1995 Bonds and the 2003 Bonds.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register.

Tax Certificate means the certificate with respect to federal tax matters relating to the Bond to be executed by a Designated Representative on the date of issuance of the Bond.

2003 Bonds means the Unlimited Tax General Obligation Bonds, 2003 of the City issued under date of January 15, 2003, as more particularly described in the recitals of this ordinance.

(b) *Interpretation.* In this ordinance, unless the context otherwise requires:

(1) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this ordinance;

(2) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(5) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of Bond. The City is hereby authorized to issue an unlimited tax general obligation refunding bond (the "Bond") in the principal amount of \$4,670,000, and sell the Bond to the Purchaser, for the purpose of providing the funds necessary to refund the Refunded Bonds and pay all or a portion of the costs incidental to the foregoing and to the issuance of the Bond.

Section 3. Description of Bond. The Bond shall be designated "City of Kirkland, Washington Unlimited Tax General Obligation Refunding Bond, 2013," shall be dated as of the date of its delivery to the Purchaser, shall be fully registered as to both principal and interest, shall be issued as a single fully registered bond, and shall be numbered in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification.

The Bond shall bear interest on unpaid principal from its date or the most recent date to which interest has been paid at the Fixed Rate. Interest on the Bond shall be calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable semiannually on each June 1 and December 1, commencing June 1, 2014 to the Maturity Date, as shown below. Principal shall be payable annually on each December 1, commencing on December 1, 2014 to the Maturity Date, as shown below.

Payment Date	Principal Amount	Interest Amount	Installment Total
06/01/2014	--	\$ 63,252.56	\$ 63,252.56
12/01/2014	\$ 540,000.00	53,705.00	593,705.00
06/01/2015	--	47,495.00	47,495.00
12/01/2015	475,000.00	47,495.00	522,495.00
06/01/2016	--	42,032.50	42,032.50
12/01/2016	490,000.00	42,032.50	532,032.50
06/01/2017	--	36,397.50	36,397.50
12/01/2017	510,000.00	36,397.50	546,397.50
06/01/2018	--	30,532.50	30,532.50
12/01/2018	520,000.00	30,532.50	550,532.50
06/01/2019	--	24,552.50	24,552.50
12/01/2019	515,000.00	24,552.50	539,552.50
06/01/2020	--	18,630.00	18,630.00
12/01/2020	530,000.00	18,630.00	548,630.00
06/01/2021	--	12,535.00	12,535.00
12/01/2021	540,000.00	12,535.00	552,535.00
06/01/2022	--	6,325.00	6,325.00
12/01/2022	550,000.00	6,325.00	556,325.00

Section 4. Registration, Transfer and Payments.

(a) *Appointment of Bond Registrar.* The City hereby specifies and adopts the system of registration and transfer for the Bond approved by the Washington State Finance Committee from time to time through the appointment of a state fiscal agency. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance.

(b) *Bond Register.* The Bond shall be in registered form as to both principal and interest.

(c) *Registered Ownership.* The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of the Bond as the absolute owner thereof for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of the Bond shall be made only as described in this section and Section 3 hereof. All such payments made as described in this section and Section 3 shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.

The Bond is not transferable, except in whole to another financial institution.

Principal of and interest on the Bond shall be payable in lawful money of the United States of America. Installments of principal of and interest on the Bond shall be paid by check, wire, or electronic transfer on the date due to the Purchaser; *provided, however*, the final installment of principal on the Bond shall be payable only upon presentation and surrender of the Bond by the Registered Owner at the principal office of the Bond Registrar.

Section 5. No Prepayment. The Bond is not subject to prepayment.

Section 6. Form of Bond. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

\$4,670,000

STATE OF WASHINGTON

CITY OF KIRKLAND

UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2013

INTEREST RATE: 2.30%

MATURITY DATE: DECEMBER 1, 2022

REGISTERED OWNER: SUNTRUST EQUIPMENT FINANCE & LEASING CORP.
300 E. Joppa Road, 7th Floor
Towson, MD 21286

TAX IDENTIFICATION #: 26-1256148

PRINCIPAL AMOUNT: FOUR MILLION SIX HUNDRED SEVENTY THOUSAND AND NO/100
DOLLARS

The City of Kirkland, Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount specified above, together with interest thereon, at the Interest Rate specified above. Interest shall be payable semiannually on each June 1 and December 1, commencing June 1, 2014 to the Maturity Date as set forth above. Principal shall be payable annually on each December 1, commencing on December 1, 2014 to the Maturity Date set forth above, as shown below.

Payment Date	Principal Amount	Interest Amount	Installment Total
06/01/2014	--	\$ 63,252.56	\$ 63,252.56
12/01/2014	\$ 540,000.00	53,705.00	593,705.00
06/01/2015	--	47,495.00	47,495.00
12/01/2015	475,000.00	47,495.00	522,495.00
06/01/2016	--	42,032.50	42,032.50
12/01/2016	490,000.00	42,032.50	532,032.50
06/01/2017	--	36,397.50	36,397.50
12/01/2017	510,000.00	36,397.50	546,397.50
06/01/2018	--	30,532.50	30,532.50
12/01/2018	520,000.00	30,532.50	550,532.50
06/01/2019	--	24,552.50	24,552.50
12/01/2019	515,000.00	24,552.50	539,552.50
06/01/2020	--	18,630.00	18,630.00
12/01/2020	530,000.00	18,630.00	548,630.00
06/01/2021	--	12,535.00	12,535.00
12/01/2021	540,000.00	12,535.00	552,535.00
06/01/2022	--	6,325.00	6,325.00
12/01/2022	550,000.00	6,325.00	556,325.00

Interest on this bond shall be calculated on the basis of a year of 360 days and twelve 30-day months. So long as a breach or default in any representation, warranty or covenants, set forth in the Ordinance or the Bond is continuing, the Registered Owner may increase the interest rate on the Bond by 150 basis points (1.5%) by notice to the City and Bond Register; provided that if such a failure by the City to comply with any of its obligations or to perform any of its duties is other than a payment obligation under the Ordinance or the Bond, then such failure shall not constitute a breach or default for purposes of the increase in interest, unless the City fails to cure such failure within 30 days after the Registered Owner has made written demand on the City to cure such failure, and provided further, that so long as the City has been diligently pursuing the cure of such failure and continues to pursue the cure of such failure, then the City shall have an additional 30 days to so cure.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Regular payments of principal and interest shall be made by the fiscal agency of the State of Washington, as the registrar, paying agent and authentication agent (the "Bond Registrar") mailed on the date such principal and interest is due or by electronic funds transfer made on the date such interest is due to the registered owner or nominee at the address appearing on the Bond Register. The final payment of principal and interest shall be paid only upon presentation and surrender of this bond to the Bond Registrar.

This bond is not subject to prepayment.

This bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. 4420 duly passed by the City Council on October 15, 2013 (the "Bond Ordinance"). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is issued pursuant to the Bond Ordinance for providing funds to refund certain outstanding unlimited tax general obligation bonds of the City and to pay costs of issuance.

The City hereby irrevocably covenants that it will levy taxes annually upon all the taxable property in the City that is subject to tax levies for this bond without limitation as to rate or amount and in amounts sufficient, with other monies legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

This bond has been designated by the City as a "qualified tax-exempt obligation" for investment by financial institutions under Section 265(b) of the Code.

The pledge of tax levies for payment of principal of and interest on this bond may be discharged prior to maturity of the bond by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Kirkland, Washington has caused this bond to be executed by the manual or facsimile signatures of the Mayor and City Clerk and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this 29th day of October, 2013.

CITY OF KIRKLAND, WASHINGTON

By /s/ manual or facsimile
Mayor

ATTEST:

 /s/ manual or facsimile
City Clerk

[SEAL]

The Bond Registrar's Certificate of Authentication on the Bond shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: October 29, 2013

This is the Unlimited Tax General Obligation Refunding Bond, 2013, of City of Kirkland, Washington, as described in the within mentioned Bond Ordinance and dated this 29th day of October, 2013.

WASHINGTON STATE FISCAL AGENCY, as
Bond Registrar

By _____

Section 7. Execution of Bond; Default Remedies. The Bond shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon. The Bond shall not be valid or obligatory for any purpose or entitled to the benefits of this ordinance unless and until a Certificate of Authentication, in the form hereinbefore recited, has been manually executed by or on behalf of the Bond Registrar or its duly designated agent.

In case either of the officers who shall have executed the Bond shall cease to be an officer or officers of the City before the Bond so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, the Bond may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. The Bond may be signed and attested on behalf of the City by such persons who at the date of the actual execution of the Bond are the proper officers of the City, although at the original date of the Bond any such person shall not have been such officer of the City.

The Registered Owner of the Bond shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Washington, and of the United States of America, for the enforcement of payment of its Bond and interest thereon, and of the pledge of the tax revenues made hereunder, and of all covenants of the City hereunder. So long as a breach or default in any representation, warranty or covenants, set forth in this Ordinance or the Bonds is continuing, the Registered Owner may increase the interest rate on the Bond by 150 basis points (1.5%) by notice to the City and Bond Register; provided that if such a failure by the City to comply with any of its obligations or to perform any of its duties is other than a payment obligation under this Ordinance or the Bond, then such failure shall not constitute a breach or default for purposes of the increase in interest, unless the City fails to cure such failure within 30 days after the Registered Owner has made written demand on the City to cure such failure, and provided further, that so long as the City has been diligently pursuing the cure of such failure and continues to pursue the cure of such failure, then the City shall have an additional 30 days to so cure.

Section 8. Refunding Plan; Application of Bond Proceeds.

(a) *Refunding.* The net proceeds of sale of the Bond in the dollar amount certified by the City to the Escrow Agent shall be delivered to the Escrow Agent for the purpose of defeasing the Refunded Bonds and paying costs of issuance.

Money received by the Escrow Agent from Bond proceeds and other money provided by the City, shall be used immediately by the Escrow Agent upon receipt thereof in accordance with the terms of the Escrow Agreement to defease the Refunded Bonds as authorized by Ordinance No. 3483 and Ordinance No. 3878. The City shall defease the Refunded Bonds and discharge such obligations by the use of money deposited with the Escrow Agent that will provide for the payment of each of the Refunded Bonds as follows:

(1) interest on the Refunded Bonds coming due on each date on which interest is due and payable, to and including the Call Date; and

(2) the redemption price of the Refunded Bonds (100% of the principal amount thereof) on the Call Date.

(b) *Appointment of Escrow Agent.* The Council hereby appoints U.S. Bank National Association, Seattle, Washington, to act as the escrow agent for the Refunded Bonds (the "Escrow Agent"). The Bond proceeds designated in the foregoing subsection together with a cash contribution from the City may be transferred to the Escrow Agent in order to implement the refunding plan, in an amount sufficient to defease the Refunded Bonds.

(c) *Call For Redemption of the Refunded Bonds.* The City hereby irrevocably sets aside sufficient funds from proceeds of the Bond together with a cash contribution of the City to make the payments described in subsection (a) above.

The City hereby irrevocably calls the Refunded Bonds for redemption on the Call Date in accordance with terms of Ordinance No. 3483 and Ordinance No. 3878 authorizing the redemption and retirement of the Refunded Bonds prior to their fixed maturities.

Said defeasance and call for redemption of the Refunded Bonds shall be effective and irrevocable after the final establishment of the escrow account and delivery of the Bond proceeds to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to provide for the giving of notice of the redemption of the Refunded Bonds in accordance with the applicable provisions of Ordinance No. 3483 and Ordinance No. 3878. The Designated Representative of the City is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of publication of such notices shall be an expense of the City.

The Escrow Agent is hereby authorized and directed to pay to the bond registrar for the Refunded Bonds, sums sufficient to pay, when due, the payments specified in this section of this ordinance. All such sums shall be paid from the moneys deposited with said Escrow Agent pursuant to this section of this ordinance, and the income therefrom and proceeds thereof. All moneys deposited with said bank and any income therefrom shall be credited to a refunding

account and held, invested (but only at the direction of the Designated Representative) and applied in accordance with the provisions of this ordinance and with the laws of the State of Washington for the benefit of the City and owners of the Refunded Bonds.

The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due.

(d) *Escrow Agreement and Costs of Issuance Agreement.* The Designated Representative is authorized and directed to execute and deliver to the Escrow Agent an Escrow Deposit Agreement and Costs of Issuance Agreement.

The City hereby irrevocably sets aside for and pledges to the payment of the Refunded Bonds the moneys to be deposited with the Escrow Agent pursuant to the Escrow Agreement to accomplish the plan of refunding and defeasance of the Refunded Bonds set forth herein and in the Escrow Agreement. When all of the Refunded Bonds shall have been redeemed and retired, the City may cause any remaining money to be transferred to the Bond Fund for the purposes set forth above.

Section 9. Tax Covenants.

(a) *Arbitrage Covenant.* The City hereby covenants that it will not make any use of the proceeds of sale of the Bond or any other funds of the City which may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code which will cause the Bond to be "arbitrage bonds" within the meaning of said section and said regulations. The City will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bond) and the applicable regulations thereunder throughout the term of the Bond.

(b) *Private Person Use Limitation for the Bond.* The City covenants that for as long as the Bond is outstanding, it will not permit:

(1) More than ten percent of the Net Proceeds of the Bond to be used for any Private Person Use; and

(2) More than ten percent of the principal or interest payments on the Bond in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The City further covenants that, if:

(3) More than five percent of the Net Proceeds of the Bond are to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bond in a Bond Year are (under the terms of this ordinance or any underlying arrangement) directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person

Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the project financed or refinanced with Bond proceeds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bond used for the state or local governmental use portion of the projects to which the Private Person Use of such portion of such project relates. The City further covenants that it will comply with any limitations on the use of the projects by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to comply with the requirements of the Code. The covenants of this section are specified solely to assure compliance with the Code.

(c) *Designation under Section 265(b) of the Code.* The City hereby designates the Bond as a "qualified tax-exempt obligation" for purchase by financial institutions pursuant to Section 265(b) of the Code. The City does not anticipate that it will issue more than \$10,000,000 in qualified tax-exempt obligations during the year 2013.

(d) *Compliance with Tax Certificate.* The City covenants to comply with all representations, covenants and assurances contained in the Tax Certificate, which Tax Certificate shall constitute a part of the contract between the City and the Registered Owner of the Bond.

Section 10. Bond Fund and Provision for Tax Levy Payments. A special fund of the City known as the "City of Kirkland Unlimited Tax General Obligation Bond Redemption Fund" (the "Bond Fund"), is maintained in the office of the Director of Finance and Administration of the City. The Bond Fund shall be drawn upon for the purpose of paying the principal of and interest on the Bond. Money in the Bond Fund not needed to pay the interest or principal next coming due may temporarily be deposited in legal investments for City funds.

The City hereby irrevocably covenants that, unless the principal of and interest on the Bond are paid from other sources, it will make annual levies of taxes without limitation as to rate or amount upon all of the property in the City subject to taxation for the payment of debt service on the Bond in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

Section 11. Sale of Bond. The City hereby ratifies and confirms its acceptance of the Bond Purchase Offer dated September 24, 2013 to purchase the Bond on the terms specified therein and in this ordinance. The City shall pay the Purchaser's legal review fees of \$5,000 to the Purchaser, which shall be payable upon the closing and delivery of the Bond. The proper City officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bond to the Purchaser and for the proper application and use of the proceeds of sale thereof. In furtherance of the foregoing, the Designated Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including the fees and expenses specified in the Bond Purchase Offer, including fees and expenses of the

Financial Advisor and other retained services, including Bond Counsel and Escrow Agent, and other expenses customarily incurred in connection with issuance and sale of bonds. The disbursement of Bond proceeds to pay certain costs of issuance shall be made by the Escrow Agent under the terms set forth in the Cost of Issuance Agreement.

Section 12. Undertaking to Provide Ongoing Disclosure. The City is exempt from the ongoing disclosure requirements of Securities and Exchange Commission Rule 15c2-12 by reason of the exemption set forth in subsection (d)(i) of that rule with respect to the issuance of securities in authorized denominations of \$100,000 or more.

The City shall provide to Registered Owner, the following:

(a) So long as not otherwise available publicly, annual audited financial statements when available from the Washington State Auditor;

(b) So long as not otherwise available publicly, its biennial budget for the succeeding two fiscal years, within 10 days of the end of the first quarter of the first year of the new biennial period; and

(c) Such other information relating to the ability of the City, to satisfy its obligations under the Bond, as may be reasonably requested by the Registered Owner from time to time.

Section 13. Lost, Stolen or Destroyed Bond. In case the Bond shall be lost, stolen or destroyed, the Bond Registrar may execute and deliver a new Bond of like date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City and the Bond Registrar in connection therewith and upon his/her filing with the City evidence satisfactory to the City that the Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the City and/or the Bond Registrar with indemnity satisfactory to the City and the Bond Registrar.

Section 14. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bond.

Section 15. Effective Date. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, pursuant to Kirkland Municipal Code 1.08.017.

Passed by a majority vote of the Kirkland City Council in regular, open meeting this 15th day of October, 2013 and approved by the City Council as required by law.

Signed in authentication thereof this 15th day of October, 2013.

MAYOR

ATTEST:

City Clerk

Approved as to Form:

Cynthia M. Weed, Bond Counsel
K&L Gates LLP

CERTIFICATE

I, the undersigned, City Clerk of the City of Kirkland, Washington (the "City") and keeper of the records of the City Council (the "City Council"), DO HEREBY CERTIFY:

1. That the attached Ordinance is a true and correct copy of Ordinance No. 4420 of the City Council (the "Ordinance"), duly passed at a regular meeting thereof held on the 15th day of October, 2013.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of the Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of October, 2013.

City Clerk

CITY OF KIRKLAND

Summary of Ordinance No. 4420 passed October 15, 2013

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE ISSUANCE AND SALE OF AN UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND OF THE CITY IN THE PRINCIPAL AMOUNT OF \$4,670,000 TO REFUND CERTAIN OUTSTANDING UNLIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY, AND PAY FOR COSTS OF ISSUANCE OF THE BOND; PROVIDING THE FORM AND TERMS OF THE BOND; AND APPROVING THE SALE OF SUCH BOND.

Section 1 (Definitions) defines certain capitalized terms used in the Ordinance.

Section 2 (Authorization of Bond) authorizes the City's Unlimited Tax General Obligation Refunding Bond, 2013" in the amount of \$4,670,000 (the "Bond") to provide funds to refund certain outstanding unlimited tax general obligation bonds of the City and pay costs of issuance.

Section 3 (Description of Bond) describes the bond, designation, principal and interest payment dates and amounts, and interest rate.

Section 4 (Registration, Exchange and Payments) adopts a system of registration and exchange for the Bond and describes the arrangements for paying principal of and interest on the Bond.

Section 5 (Prepayment) provides information regarding prepayment of the Bond.

Section 6 (Form of Bond) describes the form of the Bond.

Section 7 (Execution of Bond; Default Remedies) authorizes procedures for execution and authentication of the Bond.

Section 8 (Refunding Plan; Application of Bond Proceeds) authorizes the application of the Bond proceeds and provides for the Refunded Bonds and procedures for refunding the Refunded Bonds.

Section 9 (Tax Covenants) covenants that the City will not cause interest on the Bond to become taxable.

Section 10 (Bond Fund and Provision for Tax Levy Payments) provides for the Bond Fund for the payment of debt service on the Bond and provides for tax levies as required to pay such debt service.

Section 11 (Sale of Bond) authorizes the sale of the Bond pursuant to the bond purchase offer.

Section 12 (Undertaking to Provide Ongoing Disclosure) provides an undertaking for disclosure as required by the Securities and Exchange Commission.

Section 13 (Lost, Stolen or Destroyed Bond) makes provision in case the Bond is lost, stolen or destroyed.

Section 14 (Severability) provides that other covenants and agreements in the ordinance are not affected if one is made invalid.

Section 15 (Effective Date) provides that the ordinance shall become effective five days after adoption and publication.

The full text of Ordinance No. 4420 will be mailed without cost to any party requesting it from:

Ms. Kathi Anderson
City Clerk
City of Kirkland
123 Fifth Avenue
Kirkland, WA 98033-6189
Phone: 425-587-3197
Fax: 425-587-3198



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: Katy Coleman, Development Engineering Analyst
Pam Bissonnette, Interim Public Works Director

Date: September 25, 2013

Subject: RESOLUTION TO RELINQUISH THE CITY'S INTEREST IN A PORTION OF UNOPENED RIGHT-OF-WAY; FILE #VAC13-01433

RECOMMENDATION:

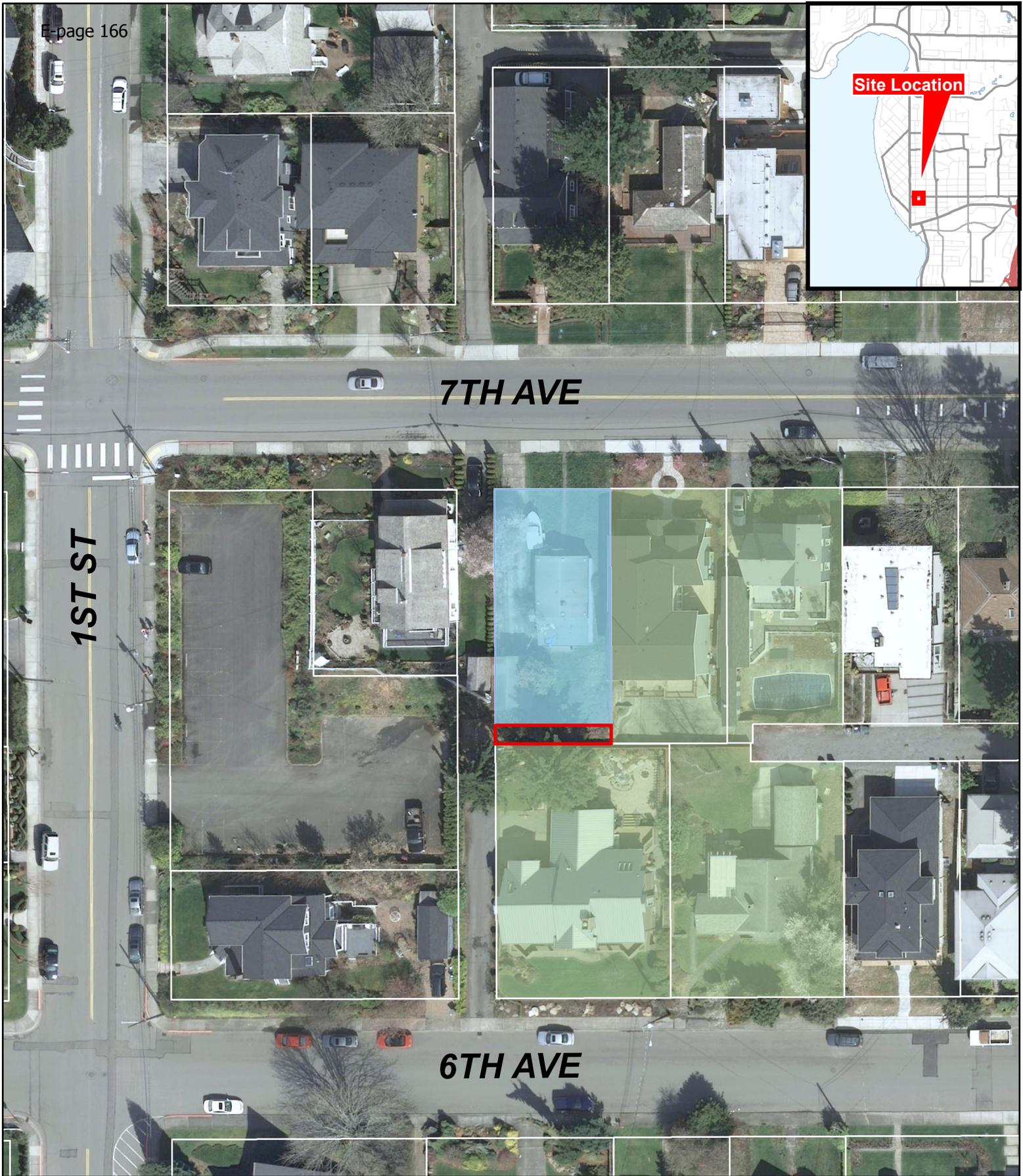
It is recommended that the City Council adopts the enclosed Resolution relinquishing interest in a portion of unopened alley being identified as the north 8 feet of the unopened alley abutting the south boundary of the following described property: Lot 7, Block 191, Town of Kirkland, according to the Plat thereof recorded in Volume 6 of Plats, pages 53 through 67 inclusive, records of King County Washington.

BACKGROUND DISCUSSION:

The unopened portion of the alley abutting the property of 115 7th Avenue (Attachment 1) was originally platted and dedicated in 1890 as Kirkland Addition. The Five Year Non-User Statute provides that any street or right-of-way platted, dedicated, or deeded prior to March 12, 1904, which was outside City jurisdiction when dedicated and which remains unopened or unimproved for five continuous years is then vacated. The subject right-of-way has not been opened or improved.

Winfield Homes, LLC, the owners of the property abutting this right-of-way, submitted information to the City claiming the right-of-way was subject to the Five Year Non-User Statute (Vacation by Operation of Law), Laws of 1889, Chapter 19, Section 32. After reviewing this information, the City Attorney believes the approval of the enclosed Resolution (Attachment 2) is permissible.

Attachments (2)



Winfield Properties LLC Non-User Vacation Exhibit
115 7th Avenue

- Proposed Vacation
- Winfield Homes LLC Property
- Granted Non-User Vacations



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RESOLUTION R-5005

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND RELINQUISHING ANY INTEREST THE CITY MAY HAVE IN AN UNOPENED RIGHT-OF-WAY AS DESCRIBED HEREIN AND REQUESTED BY PROPERTY OWNERS WINFIELD HOMES, LLC.

WHEREAS, the City has received a request to recognize that any rights to the land originally dedicated in 1890 as right-of-way abutting a portion of the Town of Kirkland have been vacated by operation of law; and

WHEREAS, the Laws of 1889, Chapter 19, Section 32, provide that any county road which remains unopened for five years after authority is granted for opening the same is vacated by operation of law at that time; and

WHEREAS, the area which is the subject of this request was annexed to the City of Kirkland, with the relevant right-of-way having been unopened; and

WHEREAS, in this context it is in the public interest to resolve this matter by agreement,

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. As requested by the property owner Winfield Homes, LLC, the City Council of the City of Kirkland hereby recognizes that the following described right-of-way has been vacated by operation of law and relinquishes all interest it may have, if any, in the portion of right-of-way described as follows:

A portion of unopened alley being identified as the north 8 feet of the unopened alley abutting the south boundary of the following described property: Lot 7, Block 191, Town of Kirkland, according to the Plat thereof recorded in Volume 6 of Plats, pages 53 through 67 inclusive, records of King County Washington.

Section 2. This resolution does not affect any third party rights in the property, if any.

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



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: Barry Scott, Purchasing Agent

Date: October 2, 2013

Subject: REPORT ON PROCUREMENT ACTIVITIES FOR COUNCIL MEETING OF OCTOBER 15, 2013

This report is provided to apprise the Council of recent and upcoming procurement activities where the cost is estimated or known to be in excess of \$50,000. The "Process" column on the table indicates the process being used to determine the award of the contract.

The City's major procurement activities initiated since the last report, dated September 19, 2013, are as follows:

	Project	Process	Estimate/Price	Status
1.	Engineering Services for 2013 Aging Stormwater Infrastructure	A&E Roster	\$68,897	Contract awarded to The Tetra Tech, Inc. of Seattle based on qualifications using A&E Roster process as provided for in RCW 39.80.
2.	Work Order #2 for Street Levy Crosswalk Initiative	Job Order Contracting	\$235,995.45	Work Order issued to Forma Construction (formerly Bershauer Phillips) for crosswalk installations at 9 locations.
3.	Totem Lake Stormwater Retrofit Conceptual Design (Funded by Federal Grant)	Request for Qualifications	\$220,000	Contract being negotiated with Northwest Hydraulic Consultants of Seattle following review of qualifications submitted by 5 firms.
4.	Fire Dept. Self-Contained Breathing Apparatus	Cooperative Purchase	\$615,332	Purchased using City of Bellevue contract with MES – Northwest of Vancouver, WA



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: Tim Llewellyn, Fleet Supervisor
Pam Bissonnette, Interim Public Works Director

Date: September 20, 2013

Subject: SURPLUS OF EQUIPMENT RENTAL VEHICLES/EQUIPMENT

RECOMMENDATION:

It is recommended that the City Council approves the surplusing of the Equipment Rental vehicles/equipment identified in this memo by removing them from the City's Equipment Rental Replacement Schedule. Once vehicles/equipment are approved as surplus, Fleet Management will dispose of the vehicles/equipment, or retain them for short term, temporary, or special needs of the City prior to disposal.

BACKGROUND DISCUSSION:

The surplusing of vehicles or equipment which have been replaced with new vehicles or equipment, or no longer meet the needs of the City, is consistent with the City's Equipment Rental Replacement Schedule Policy. Once a vehicle or piece of equipment becomes surplus, replacement reserve charges to the user department will no longer be charged for that vehicle/equipment.

The following equipment has been replaced by new equipment, and if approved by City Council, will be sold or disposed in accordance with the KMC (Kirkland Municipal Code) Chapter 3.86, The Sale and Disposal of Surplus Personal Property. Surplus vehicles or equipment may be retained for short term, temporary, or special needs of the City prior to disposal as needed.

<u>Fleet #</u>	<u>Year</u>	<u>Make</u>	<u>VIN/Serial Number</u>	<u>License #</u>	<u>Mileage</u>
TL-11	1988	Wisconsin	1W91SE204J1008948	05145D	N/A
TL-16	1990	Wisconsin	1W91SE205L2008488	42608D	N/A
TL-31	2013	Olympic	1C9TF2520DT997226	56173D	N/A
Hyrail	1996	Dodge 2500 Rail Capable	3B7KF23W7TM151213	55011D	217,308

TL-11 and TL-16 are both Wisconsin trailers which have been exclusively used for carrying backhoes to Public Works worksites. The trailers have exceeded their expected life of 12 years by 13 and 11 years respectively. Both trailers will be replaced and sold at public auction.

TL-31 was an annexation trailer purchased early in 2013, and was configured to carry a specific excavator and attachments for Public Works. That need has since been repurposed to a backhoe trailer. TL-31 was purchased utilizing the WA State Contract, and will be traded-in to same State Contract vendor, and exchanged for a backhoe trailer which better fits Public Works' operational needs.

The Hyrail is a 1996 Dodge 2500 Pickup configured to travel on rails. It was purchased for use in July 2012 to carry vegetation control equipment along the Cross Kirkland Corridor (CKC) until the completion of the removal of the rails in October, 2013. Having no further use for this specialized vehicle, it will be sold at public auction.

Note: The accounting life of a vehicle is the number of years of anticipated useful life to City operations. It is determined by historical averages and replacement cycles of actual City vehicles. The accounting life provides a timeline basis for the accrual of vehicle Replacement Reserve charges. At the end of a vehicle's accounting life, there should be sufficient funds in the Replacement Reserve Fund to purchase a similar replacement vehicle. The accounting life of a vehicle is a guideline only. Actual usage of City vehicles can vary from averages. All vehicles considered for replacement will be evaluated on their individual condition and availability of replacement funding.



CITY OF KIRKLAND
City Manager's Office
123 Fifth Avenue, Kirkland, WA 98033 425.587.3001
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Lorrie McKay, Intergovernmental Relations Manager

Date: October 1, 2013

Subject: Resolutions Supporting Lake Washington School District No. 414 Ballot Measures on the February 2014 ballot

RECOMMENDATION:

City Council holds a public hearing and considers the three attached Council Resolutions expressing support for Lake Washington School District No. 414's proposed Educational Programs & Operations Levy, its Capital Projects Levy and its Bond Measure, which will each be on the ballot on February 11, 2014.

BACKGROUND:

Lake Washington School District No. 414 serves the cities of Kirkland, Redmond and Sammamish. It is the sixth largest district in the state of Washington, with over 25,000 students in 51 schools.

At its August 5 Board meeting, the Lake Washington School District No. 414 Board of Directors voted to place three measures on the ballot on February 11, 2014: two levies and one bond measure (Attachment A). If passed, the levies would replace current measures that expire at the end of 2014. The bonds would build schools to house projected enrollment growth and to replace existing aging schools.

The overall tax rate with the replacement levies and the new bond measure would be \$4.73 per \$1000 of assessed value. The increase for the average valued home in Lake Washington School District would be \$365 per year, or \$30 per month.

LWSD Resolution No. 2162 - Replacement of Existing Educational Programs and Operations Levy

The Educational Programs & Operations (EP&O) Levy authorizes a four-year levy which will replace the expiring levy: \$63 million in 2015, \$64.9 million in 2016, \$66.8 million in 2017, and \$68.9 million in 2018. It will cost \$1.85 per thousand dollars of assessed value on each home in property taxes in 2015 (a 7 cent per thousand of assessed value increase over the expiring levy) and \$1.88, \$1.90 and \$1.92 respectively each year thereafter. The EP&O levy funding makes up about 23 percent of the district's general fund revenues. It provides funding for basic items such as textbooks, insurance, utilities and maintenance; teacher planning, preparation and training; and athletics and activities.

LWSD Resolution No. 2163 - Replacement of Existing Capital Projects Levies

The proposed capital projects levy authorizes a four-year levy which will replace an expiring levy to fund both facility and technology projects. For each of the four years, this levy would cost .91 cents per thousand dollars of assessed value, which is an increase of .21 cents per thousand dollars of assessed value over the expiring levy. This measure would raise:

- \$21.2 million for building systems replacement & improvements, such as new roofs
- \$4.8 million for site improvements, including athletic field and playground upgrades
- \$9.3 million for school and program building improvements
- \$6.3 million to for code, compliance, health and safety projects
- \$20.7 million for technology infrastructure and support
- \$28.5 million for technology equipment, including replacement of student computers on a four-year lifecycle
- \$9.3 million for instructional software & support systems
- \$8.8 million for business system & technology operations software and support
- \$18.3 million for technology training and professional development

LWSD Resolution No. 2164 - General Obligation Bonds

The bond measure authorizes the sale of bonds totaling \$755 million. The measure authorizes the board to levy additional property taxes annually to repay the bonds. The funds would be used to build new schools to accommodate growth and to modernize existing schools. The new schools are needed based on the district's projections of enrollment growth of 4,200 students over the next four years. Over the next eight years, the bond will enable the district to build new schools and space for students including:

- Three new elementary schools
- One middle school
- Additions for Lake Washington High School in Kirkland and Eastlake High School
- A STEM-focused high school on the west side of the district and
- An international-focused high school on the east side of the district.

The last two schools would enroll students from throughout the district.

The funds for modernization would replace three schools in Kirkland (Juanita High School, Kamiakin Middle School, and Peter Kirk Elementary School), two in Redmond (Evergreen Middle School and Rockwell Elementary School) and Mead Elementary School in Sammamish.

The bond measure does not include funding to replace the Juanita High School Aquatic Facility; however, the scope of the Juanita High School modernization project does include replacement of the current field house and theater.

Additional information about the levies and bond can be found on the Lake Washington School District website at: <http://www.lwsd.org/News/2014-Levy-and-Bond/Pages/default.aspx>

Three Separate Resolutions Supporting the Lake Washington School District No. 414 Ballot Measures:

The attached three resolutions correspond to and express the Council's support for each of the Lake Washington School District No. 414's three 2014 ballot measures.

Under RCW 42.17A.55, the Council may vote on a resolution to support or oppose a ballot proposition "so long as (a) any required notice of the meeting includes the title and number of the ballot proposition, and (b) members of the legislative body or members of the public are afforded an approximately equal opportunity for the expression of any opposing view;..."

Following the public meeting, the Council should consider each resolution independently and may approve or reject the resolution, modify the resolution, ask staff to provide additional information for action at a later date, or take no action on the resolution.

- Attachments:
- A. Lake Washington School District February 2014 Bond and Levy Information
 - B. Resolution in support of LWSD Proposition 1: the Replacement of Existing Educational Programs and Operations Levy
 - C. Resolution in support of LWSD Proposition 2: the Replacement of Existing Capital Projects Levies
 - D. Resolution in support of LWSD Proposition 3: the General Obligation Bonds measure



Three Measures

for Lake Washington Schools



1

Educational Programs & Operations Levy

Replaces expiring levy

- Raises \$65.9 million on average each year for four years
- Costs \$1.85 per \$1,000 assessed value in the first of four years, rising to \$1.92 in 2018
- Increase of 7 cents per \$1,000 from current levy that will expire in 2014

High-Quality Educational Programs

- Provides 22.5 percent of the district's general operating revenue
- Funds items such as textbooks, insurance, utilities and maintenance; teacher planning, preparation and training; and athletics and activities

2

Capital Projects Levy

Replaces expiring levy

- Raises \$31.8 million on average each year for four years
- Costs 91 cents per \$1,000 of assessed value each year, an increase of 21 cents per \$1,000

Teaching & Learning Tools

- Replace student computers on a four-year cycle to ensure reliability
- Improve server and network infrastructure
- Update and add instructional and assessment software
- Maintain teacher training program for new instructional technology/software
- Increase technology support staff to support over 28,000 staff and student computers

Safety, Security & Health Upgrades

- Upgrade classroom door locks and window shading for security
- Upgrade exterior door locking systems for security
- Complete ADA handicap access projects
- Reengineer vehicle traffic flow, student drop-off areas and site access for safety and efficiency

School Building and Site Improvements, Updates and Preservation

- Replace and/or upgrade major systems that are aging such as roofs, flooring, heating, ventilation, hot water, energy, lighting, insulation, exterior paint and surfaces
- Improve remote building monitoring data systems and energy management systems
- Upgrade aging walkways, hard surfaces and parking paving
- Upgrade aging stadium turf, all-weather fields, tennis courts and tracks
- Upgrade parking and site lighting
- Upgrade drainage and erosion control

3

Bond Measure

- Raises \$755 million through sales of 20-year bonds
- Costs an additional 53 cents per \$1,000 of assessed value

New classroom space to house growing enrollment

- Enrollment projections anticipate 4,000 more students added to district enrollment in the next eight years
- State funding for all-day kindergarten is expected to increase space needed for kindergarten classes
- New space to be in:
 - Three new elementary schools, including two in Redmond and one in Kirkland
 - One new middle school
 - Additions to Eastlake High School and Lake Washington High School
 - A STEM-focused high school on the west side of the district
 - An international-focused high school on the east side of the district

Replace Aging Schools

- School replacements of aging schools
- Meet current educational specifications, including up-to-date classrooms, science labs
- Meet current health and safety code compliance
- Schools scheduled for replacement:
 - Juanita High School, Kirkland
 - Kamiakin Middle School, Kirkland
 - Evergreen Middle School, Redmond
 - Kirk Elementary School, Kirkland
 - Rockwell Elementary School, Redmond
 - Mead Elementary School, Sammamish

RESOLUTION R-5006

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND STATING THE CITY COUNCIL'S SUPPORT FOR PROPOSITION NO. 1, THE LAKE WASHINGTON SCHOOL DISTRICT NO. 414 REPLACEMENT OF EXISTING EDUCATIONAL PROGRAMS AND OPERATIONS LEVY.

WHEREAS, on February 11, 2014, voters in the City of Kirkland will decide whether to approve Proposition No. 1, the Lake Washington School District No. 414 Replacement of Existing Educational Programs and Operations Levy; and

WHEREAS, the District, for the past four years has had in effect an educational programs operation levy in order to enable the District to pay for its educational programs and services, including teaching, school supplies, athletics, buildings and transportation; and

WHEREAS, the current educational programs and operations levy expires at the end of 2014; and

WHEREAS, the money in and to be paid into the General Fund of the District during the next four school years will be insufficient to enable the District to pay for necessary educational programs and operations and to properly meet the educational needs of the students attending District schools; and

WHEREAS, in order to provide funding for such educational programs and operations and such educational needs, the Board of Directors of Lake Washington School District No. 411 adopted a resolution to authorize and educational programs and operations levy for four years commencing in 2015; and

WHEREAS, the investment in top-quality education for our children is an important part of the quality of life enjoyed by Kirkland residents; and

WHEREAS, pursuant to State law, RCW 42.17A.555, the City Council of Kirkland desires to show its support for Proposition No. 1, the Lake Washington School District No. 414 Replacement of Existing Educational Programs and Operations Levy;

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The City Council hereby supports Proposition No. 1, the Lake Washington School District No. 414 Replacement of Existing Educational Programs and Operations Levy to pay part of the cost of educational programs and operations support of the District.

Section 2. The City Council hereby urges Kirkland voters to support the Replacement of Existing Educational Programs and Operations Levy to ensure continued high quality education to the benefit of our community and quality of life.

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

RESOLUTION R-5007

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND STATING THE CITY COUNCIL'S SUPPORT FOR PROPOSITION NO. 2, THE LAKE WASHINGTON SCHOOL DISTRICT NO. 414 REPLACEMENT OF EXISTING CAPITAL PROJECT LEVIES.

WHEREAS, on February 11, 2014, voters in the City of Kirkland will decide whether to approve Proposition No. 2, the Lake Washington School District No. 414 Replacement of Existing Capital Project Levy; and

WHEREAS, the educational facilities of Lake Washington School District No. 414, including technology facilities are in need of renovation, construction, improvements and expansion to meet the current and future educational program needs of its students; and

WHEREAS, the current capital projects levy expires at the end of 2014; and

WHEREAS, funds available to the District will be insufficient to enable the District to implement such projects; and

WHEREAS, in order to provide funding for these projects the Board of Directors of Lake Washington School District No. 411 adopted a resolution to authorize a capital project levy to provide a total of \$127.2 million, such levy to be made for four years commencing in 2015; and

WHEREAS, the investment in top-quality education for our children is an important part of the quality of life enjoyed by Kirkland residents; and

WHEREAS, pursuant to State law, RCW 42.17A.555, the City Council desires to show its support for Proposition No. 2, the Lake Washington School District No. 414 Replacement of Existing Capital Project Levy;

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The City Council hereby supports Proposition No. 2, the Lake Washington School District No. 414 Replacement of Existing Capital Project Levy for upgrades and improvements to District buildings, sites, and technology.

Section 2. The City Council hereby urges Kirkland voters to support the Replacement of Existing Capital Projects Levy to ensure

continued high quality education to the benefit of our community and quality of life.

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

RESOLUTION R-5008

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND STATING THE CITY COUNCIL'S SUPPORT FOR PROPOSITION NO. 3, THE LAKE WASHINGTON SCHOOL DISTRICT NO. 414 GENERAL OBLIGATION BONDS MEASURE.

WHEREAS, on February 11, 2014, voters in the City of Kirkland will decide whether to approve Proposition No. 3, the Lake Washington School District No. 414 General Obligation Bonds measure; and

WHEREAS, enrollment projections anticipate 4,000 more students added to the Lake Washington School District No. 414 in the next eight years; and

WHEREAS, improved facilities are needed in Lake Washington School District No. 414 in order to provide the students of the District with safe, adequate and efficient educational facilities; and

WHEREAS, the District needs to construct and equip three new elementary schools, including one in Kirkland, and replace existing schools, including Juanita High School, Kamiakin Middle School, and Kirk Elementary School, in Kirkland; and

WHEREAS, the District further needs to undertake renovations and upgrades to extend the life of the District's existing facilities, including Lake Washington High School, in Kirkland; and

WHEREAS, in order to provide funding for these projects the Board of Directors of Lake Washington School District No. 411 adopted a resolution to propose the issuance of general obligation bonds in the amount of \$755 million; and

WHEREAS, the investment in top-quality education for our children is an important part of the quality of life enjoyed by Kirkland residents; and

WHEREAS, pursuant to State law, RCW 42.17A.555, the City Council desires to show its support for Proposition No. 3, the Lake Washington School District No. 414 General Obligation Bonds measure;

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The City Council hereby supports Proposition No. 3, the Lake Washington School District No. 414 General Obligation Bonds measure for the renovation, upgrade and new construction of school facilities.

Section 2. The City Council hereby urges Kirkland voters to support the General Obligation Bonds measure to ensure continued high quality education to the benefit of our community and quality of life.

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



CITY OF KIRKLAND
Planning and Community Development Department
123 Fifth Avenue, Kirkland, WA 98033
425.587-3225 - www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Jeremy McMahan, Planning Supervisor
Eric Shields, Planning Director

Date: October 3, 2013

Subject: Public Hearing on Interim Land Use Regulations for Properties Adjoining the Cross Kirkland and Eastside Rail Corridors, File No. PLN13-01667

RECOMMENDATION

It is recommended that City Council conducts the public hearing on an interim ordinance establishing temporary land use regulations applying to properties adjoining the Cross Kirkland Corridor and Eastside Rail Corridor (the "Corridor"). Following the public hearing, the Council should decide whether to adopt the ordinance as drafted or direct staff to modify the ordinance for adoption.

If adopted, the interim ordinance would remain in effect for a period of up to six months while the City considers more permanent regulations.

BACKGROUND DISCUSSION

As planning for the Cross Kirkland Corridor (CKC) begins to transition from a utilitarian rail corridor to a vibrant multi-use corridor, planning for supportive land use regulations is needed to ensure that future development adjoining the Corridor reflects this evolution. It is important to keep in mind that much of the land use planning for properties around the Corridor occurred in an era when it was a heavy rail corridor. That legacy exists in the continued industrial nature of non-residential properties along the Corridor and will continue until redevelopment or adaptive reuse occurs.

The timing of the CKC Master Plan is ideal in relation to the City's 2035 Comprehensive Plan update. The Comprehensive Plan update will allow the community to establish a complete vision for how the Corridor enhances adjoining land uses and, reciprocally, how adjoining land uses can enhance the Corridor. In general terms, planning for the Corridor is being sequenced as follows:

- The CKC Master Plan evolves in step with the City's visioning for the Comprehensive Plan
- The final CKC Master Plan informs the development of related land use policies in the draft and final Comprehensive Plan

- The adopted Comprehensive Plan informs the development of implementing amendments to the Zoning Code related to the Cross Kirkland Corridor

Because it will take time for this process to unfold, the City Council reviewed a number of issues at the Council's September 17, 2013 meeting and directed staff to come back and hold a public hearing with an interim ordinance addressing potential immediate threats and opportunities in advance of the complete planning process outlined above.

SUMMARY OF DRAFT INTERIM ORDINANCE

At its September 17, 2013 meeting, the City Council directed staff to prepare an interim ordinance addressing the issues and opportunities outlined below.

These regulations would apply to all properties along the corridor, with the exception of single family zones.

1. Expanded Uses

Opportunity: In many cities, one of the most interesting evolutions occurring in transitional industrial areas is the growth of microbreweries, wineries, and distilleries – particularly those with tasting rooms. A visit to the Redhook and Black Raven breweries in Redmond or the 192 Brewery in Kenmore to observe the number of parked bicycles graphically illustrates the potential for such facilities to be trail-supportive. The manufacturing component of these facilities is currently allowed in the light industrial areas found along the Corridor. However, any retail tasting room component is limited to 20% of the gross floor area. Recent interest in Totem Lake has indicated that this percentage may be too low to support a viable business model.

Based on City Council direction, the interim ordinance expands the uses for Totem Lake zoned properties within a limited distance (150 ft.) of the Corridor. In addition to the breweries, wineries, and distilleries noted above, the provision would apply to tasting rooms and restaurants associated with manufacturing uses such as bakeries, coffee roasters, cheese factories, etc. (See suggestions by Lisa McConnell in her email correspondence to Council, see Attachment 2).

The City Council also directed staff to bring back an alternative that would allow restaurants outright, rather than as an accessory use. Both options are included in the draft interim ordinance. Staff's concern with allowing restaurant and tavern uses outright is based on the rationale that went into many of the existing zoning limitations in these TL zones. In the industrial areas of TL 7 and TL 9A where the use is not currently allowed, the intent was to preserve these areas for light industry uses by preventing encroachment of more commercial uses like retail and restaurant. In the office areas of TL 10B, 10C, 10D, and 10E (Par Mac area), the intent was to preserve the land for intensive office/high tech redevelopment by preventing less intensive stand-alone uses and limiting how much work can be done to existing industrial buildings.

The City Council also asked staff to consider if there were other accessory uses similar to tasting rooms that should be considered in the interim ordinance. Existing regulations in the adjoining industrial areas already allow an accessory retail component (typically limited to 20% of the gross floor area). There is the potential for many interesting manufacturing uses with accessory retail sales that would be of interest to trail users. However, unlike the tasting room and dining opportunities discussed above where the product is primarily consumed on-premises, other retail sales don't have the same relationship with a nonmotorized trail. For these retailers, there are limitations on how much product a customer can take from the shop on foot or by bike. For example, an artisan furniture builder might be a great stop along the corridor, but the builder would not need a large retail space to serve trail users. Therefore, the focus of the draft ordinance remains on food and beverage market.

Interim Ordinance: The interim ordinance presents two options for Council consideration. Both options expand the allowances for restaurant and tavern uses in the TL 7, 9A, 10B, 10C, 10D, and 10E for properties within 150' of the corridor. Option 1 would continue to only allow restaurants as an accessory use, but increase the allowable square footage to 50% of the gross floor area. Option 2 would allow restaurant and tavern uses outright, without a limit on the gross floor area. The City Council could also request a hybrid option that might treat the TL office zones differently than the TL industrial zones.

Based on Council direction, these expanded provisions in the interim ordinance apply only to Totem Lake but do not apply to other light industrial zones in the Norkirk, Moss Bay, and Everest neighborhoods.

2. Retail Storage Use

Issue: There are currently four retail storage facilities adjoining the Corridor. The most recent addition is the Kirkland Way Storage facility completed at 12000 Kirkland Way in the past year (see photo below). Because of the light industrial legacy of the Corridor, there is significant older building stock that could easily be converted to retail storage use. Among the issues with retail storage uses as a use adjoining a multimodal corridor are:

- The use has no reciprocal relationship with the uses that will occur within the Corridor. They present blank walls and generate no nonmotorized traffic.
- There is significant and growing demand for retail storage uses. That means that once they are established they may be the highest and best use of the property for a significant period of time. A [recent Wall Street Journal article](#) highlights how competitive the use has become in the



commercial real estate sector. This is in contrast with other adaptive reuse of older building stock for uses like indoor recreation, which will be displaced by office and high tech redevelopment over time.

Interim Ordinance: The interim ordinance establishes that no new or expanded "Retail Establishments Providing Storage Services" are allowed on properties within 150 feet of the corridor.

3. Setbacks

Issue: There are 22 different zones along the Corridor. A number of the commercial, office, and industrial zones have 0' required setbacks from the Corridor (see photo above). Again, this is a legacy of frontage along a heavy rail corridor. It may be that upcoming land use planning along the Corridor may reveal situations where a 0' setback is appropriate for uses that orient to the Corridor. However, until that planning occurs, establishing some setback from the Corridor should be considered. Staff is recommending consideration of a minimum 10' setback. Ten feet is chosen because it has been used along pedestrian streets in Kirkland where a 0' setback restricts the ability to incorporate adequate pedestrian-oriented spaces and 20' is too wide because it encourages parking and drive lanes in the space.

Interim Ordinance: The interim ordinance establishes a standard 10' setback in all commercial, office, and industrial zoned areas.

4. Set Aside for PSE Alignment

Issue: Puget Sound Energy plans to run the [Sammamish-Juanita 115 kV transmission line](#) within their existing easement over the Cross Kirkland Corridor and Eastside Rail Corridor through the Totem Lake area (see Attachment 1). PSE plans to continue with design work on the project into 2014, begin permitting toward the end of 2014, work on easements in 2015-2016, and construct the facility in late 2016-2017.

The existing PSE easement gives them broad flexibility on placement of the line within the Corridor. The City's interest is obviously to hold the transmission line close to the edge of the Corridor to preserve maximum flexibility for planning within the Corridor. PSE has identified an issue with placing the poles too close to the edge of the Corridor due to the required "blow out" area for the transmission lines. The proposed high voltage lines typically require between 20' and 25' of clear space as measured between either side of the pole and any adjoining structures. This area accommodates movement in the lines due to wind forces ("blow out") and ensures that industry standards are maintained between high voltage lines and any structures. The typical dimensions in this space are a standard 18" wood pole, 4'-5' arms, 7' of line movement, and 9' of electrical clearance between line and adjoining structures. PSE engineers are exploring designs through this area, including closer pole spacing and tighter lines, to minimize the potential blow out areas. Other than minimizing the extent of the blow out area, the solutions are to set the poles away from the edge of the corridor by the

necessary blow out distance or to acquire easements from adjoining property owners for the blow out area.

PSE has informed staff that, as part of their outreach on project alignment, they have already heard from some property owners in the Totem Lake area that they will not be willing to grant easements for the project.

The draft interim ordinance prohibits new structures within 25' of the Corridor, thus establishing a "set aside" area that would retain flexibility while design of the PSE facility continues. PSE has commented that the proposed set aside area does not substitute for any necessary easements for the facility.

Interim Ordinance: The interim ordinance establishes a 25' set aside on properties adjoining the corridor in Totem Lake zones TL 4A, TL 4C, TL 7, TL 9A, and TL 10B. The effect is to preclude new structures in this area while design of the facility continues.

5. Design Standards

Issue: The Totem Lake and Yarrow Bay Business Districts are the only areas on the Corridor subject to design review. The existing design guidelines and regulations for these areas were written prior to acquisition of the Corridor and don't contain specific guidance on site and building design fronting the Corridor.

The City Council directed staff to prepare design guidelines that would apply to all commercial, industrial, and office zones along the corridor and ensure that both site and building design does not turn its back on this important public space.

Interim Ordinance: The interim ordinance establishes basic design regulations for properties adjoining the corridor to ensure site planning and building design orient appropriately to the corridor. These regulations would apply to all properties along the corridor, with the exception of single family zones.

Site design regulations would require landscape islands to break up parking along the corridor, integration of site and corridor landscaping, pedestrian connections from buildings to the corridor, and public pedestrian connections from adjoining street to the corridor. It should be noted that the pedestrian connection provisions clarify existing regulations as applicable to the corridor.

Building design regulations expand existing regulations for blank walls as applicable to the corridor, require landscape screening or other treatment of parking garages facing the corridor, and require building facades facing the corridor to be modulated and receive the same level of architectural detail as other facades.

PUBLIC NOTICE

Notice of the public hearing was published in the official City newspaper, posted on office notice boards, and posted on the City website. In addition, the notice was sent to all owners of

property affected by the proposed ordinance, the Kirkland Alliance of Neighborhoods email bulletin list, the Cross Kirkland Corridor email bulletin list, the Neighborhood email bulletin list, and the Chamber of Commerce.

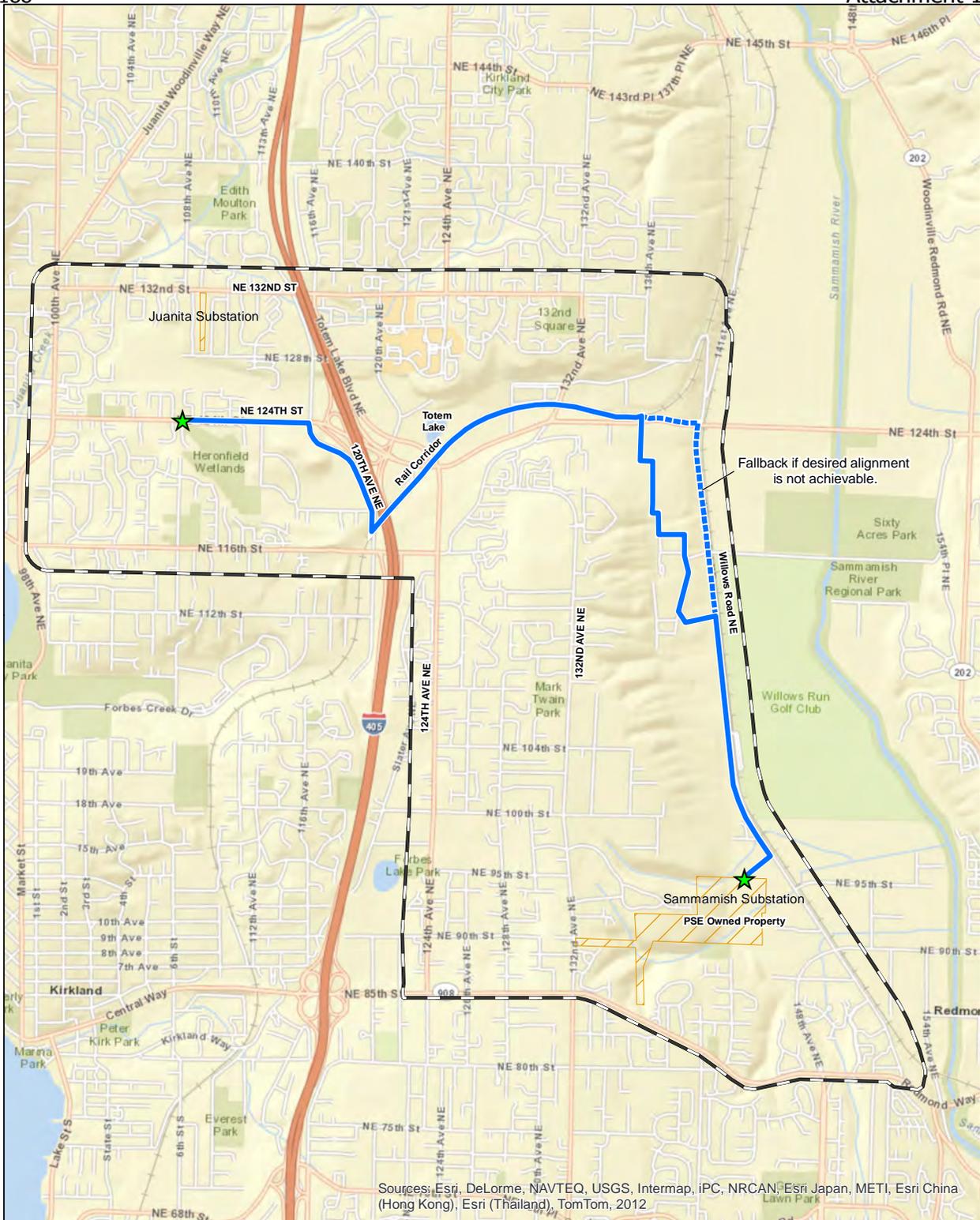
PUBLIC COMMENT

Attachment 2 provided copies of all public comment received prior to the date of this memo. Subsequent public comment will be distributed to the City Council prior to the public hearing.

Attachments:

1. PSE Alignment
2. Public Comment

Cc: Pam Bissonnette
David Godfrey



Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, iPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2012

**Puget Sound Energy
Sammamish to Juanita 115 kV Line**

PSE Preferred Final Route

- Preferred Route
- Project Study Area Boundary
- - - Route Fallback
- PSE Owned Property
- ★ Route Start and End Points



Note: A final alignment will be selected after public review, micro-siting with property owners and further studies are completed.



From: [Janet Jonson](#) on behalf of [Joan McBride](#)
To: [Jeremy McMahan](#)
Cc: [Janet Jonson](#)
Subject: FW: Study Session, September 17th
Date: Monday, September 30, 2013 8:49:31 AM

From: Lisa A. McConnell [mailto:kirby994@frontier.com]
Sent: Wednesday, September 25, 2013 10:41 AM
To: Joan McBride; Doreen Marchione; Shelley Kloba; Penny Sweet; Toby Nixon; Amy Walen; Dave Asher; Kurt Triplett
Subject: Study Session, September 17th

Dear Kirkland City Councilmembers and City Manager Triplett,

It was with great interest that I watched the September 17th Study Session on the Cross Kirkland Corridor. Guy Michaelson from Berger Partnership provides an inspiring and exciting view of what we can achieve on our Corridor. Also of interest was the discussion of Interim Ordinances. While I am enthusiastic about expanding opportunities on the Corridor (tasting rooms), I do have concern with the restrictions and limits that some of these ordinances may place on Corridor development (storage, setbacks, design guidelines). I'd like to address these items.

1. Opportunity - tasting rooms

There is nothing that bicycle users like more than a good carbo load after a ride. As stated in the memo and discussed at the Study Session, expanding brewery tasting rooms makes for a good business opportunity. Councilmember Nixon posed that we may want to consider expanding this to other uses that are consistent with the manufacturing/industrial nature of the zoning in Totem Lake. Off the top of my head I can think of 3 food and many non-food uses that might be included.

- I, as well as many other cyclists, like to stop at Blazing Bagels near Marymoor Park when riding Redmond, the park, or East Lake Sammamish. A bakery may be a good manufacture use that could benefit from trail access.
- Coffee Roaster – also could benefit as well as attract trail users
- Cheese – I'm thinking how popular Beecher's is at Pike Place Market.
- For non-food manufacturing that would have a great symbiosis with a trail, I'm thinking Artisan Community. Ceramics studios, glassworks, textiles, custom metalworks, and fine furniture. All these could use an industrial venue for creation but would benefit from a small area for display/public access/sales that fronted on the trail. It would provide that exciting and changing (ie temporary) art display Guy mentioned that would attract people from the trail to stop and come and visit, frequently. Put apodments or live-work situations on top and you have increased density (although this may take more than an Interim Ordinance)

2. Retail storage moratorium (not prohibition) until Master Plan is complete, for the whole CKC. (There is storage in Moss Bay as well as Totem Lake) I think this is more encouraging to the business community that Kirkland is open minded and in process about its consideration of multi uses along the Corridor. Frankly I feel four storage businesses are enough for any given area, but I don't want to be discouraging to the business community that we will need to make the CKC a thriving asset.

3. 0' setbacks increased to 10'. I agree there needs to be some sort of setback in place to encourage the change in development type along the trail and ensure, in the very short

term, that we keep as much open space as possible. Personally, I would like these setbacks increased but agree that the standard 10' setback is a good place to start.

4. **PSE lines** – This is a difficult one. Are you getting any input from ERCRAC process? Their technical committee meetings? I feel it is unfair and places an undue burden on the adjacent businesses to accommodate PSE in their pursuit of expansion and infrastructure improvement. And just because now PSE has the opportunity to place their lines right down the middle of the CKC, it is not their right to do so, even with utility easement on the full corridor length. There should be some kind of middle ground here.
5. **Design Standards** - My concerns are:
 - a. That the Design Standards will be tailored for the SRM Development at the Google Phase II campus. Although the design guidelines and regulations were stated to be mainly for Totem Lake, there was discussion and mention in the Council packet about extending this to 'other sections of the CKC'.
 - b. Limited public involvement. Although it was the first item discussed, this Interim Ordinance was in the middle of the Study Session documents and titled **Adjacent Land Use Regulations and Design Guidelines**. Your average citizen is not going to see this as "the City of Kirkland is putting in new requirements along the Corridor". The City needs to have clearer language about its actions and considerations that speak to the general public.
 - c. I thought that this was what the whole Master Plan process was supposed to be for, public discussion and visioning of the Cross Kirkland Corridor. Design guidelines would be one of the endpoints of the process, not the starting point.

Finally a question. Does the Houghton Community Council need to approve these Interim Ordinances as they are Land Use issues and some may/do apply to areas within the HCC?

I applaud your efforts to proactively address concerns and opportunities that may need resolution before the Master Plan process is completed, indeed even barely begun publically. But unless there is an imminent project, I also echo Councilmembers Whalen and Asher's concern of the necessity of these ordinances.

Sincerely,

Lisa McConnell

ORDINANCE O-4421

AN INTERIM ORDINANCE OF THE CITY OF KIRKLAND RELATING TO LAND USE AND ZONING AND PROVIDING INTERIM OFFICIAL ZONING CONTROLS FOR ZONING DISTRICTS ADJOINING THE CROSS KIRKLAND CORRIDOR AND THE EASTSIDE RAIL CORRIDOR WITHIN THE CITY OF KIRKLAND.

WHEREAS, the Eastside Rail Corridor is a rail corridor, a portion of which runs through the City of Kirkland ("City"), that is railbanked pursuant to 16 U.S.C. 1247(d); and

WHEREAS, in 2012, the City purchased a 5.75 mile segment of the Eastside Rail Corridor that runs through Kirkland and a small portion of Bellevue, which is known as the "Cross Kirkland Corridor" or the "CKC;" and

WHEREAS, The City is actively planning the future development of the Cross Kirkland Corridor as a multi-modal transportation corridor; and

WHEREAS, King County has purchased the remainder of the Eastside Rail Corridor within the Kirkland city limits and is actively planning the corridor's future development as a multi-modal transportation corridor; and

WHEREAS, many of the existing zoning regulations along the Cross Kirkland Corridor and the Eastside Rail Corridor within the City of Kirkland were established at a time when the primary use of the corridor was for heavy rail; and

WHEREAS, the purchase of the Cross Kirkland Corridor and the Eastside Rail Corridor for a multi-modal transportation corridor necessitates a review of existing zoning regulations; and

WHEREAS, the City Council would like to enact a limited number of zoning regulations on an interim basis while it considers permanent zoning regulations regarding the corridor; and

WHEREAS, the City Council held a public hearing on October 15, 2013; and

WHEREAS, the City has the authority to adopt an interim zoning ordinance pursuant to RCW 35A.63.220 and RCW 36.70A.390;

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

Section 1. For purposes of this ordinance, "Corridor" shall refer to the Cross Kirkland Corridor and the Eastside Rail Corridor within the City of Kirkland.

Section 2. The regulations as set forth in Attachment A attached to this ordinance and incorporated by reference are adopted.

Section 3. Findings of Fact.

- A. The recitals set forth above are hereby adopted as findings of fact.
- B. It is appropriate to establish regulations pertaining to development along the Corridor on an interim basis while the City Council considers permanent zoning regulations with respect to properties adjoining the Corridor.

Section 4. The interim regulations adopted by this Ordinance shall continue in effect for one hundred eighty (180) days from the effective date of this Ordinance, unless repealed, extended, or modified by the City Council. The Council may adopt extensions of this Ordinance after any required public hearing pursuant to RCW 35A.63.220 and RCW 36.70A.390.

Section 5. To the extent the subject matter of this ordinance, pursuant to Ordinance 2001, is subject to the disapproval jurisdiction of the Houghton Community Council, this ordinance shall become effective within the Houghton Community Municipal Corporation only upon approval of the Houghton Community Council or the failure of said Community Council to disapprove this ordinance within 60 days of the date of the passage of this ordinance.

Section 6. Severability. Should any provision of this Ordinance or its application to any person or circumstance be held invalid, the remainder of the ordinance or the application of the provision to any other persons or circumstances shall not be affected.

Section 7. Except as provided in Section 5, 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

For purposes of this ordinance, "Corridor" shall refer to the Cross Kirkland Corridor and the Eastside Rail Corridor within the City of Kirkland.

I. Restaurant and/or Tavern Uses

Purpose: To encourage uses that are supportive of the active nonmotorized and multi-use vision for the Corridor

Regulation:

- A. Option 1: For all properties located within Totem Lake zones TL 7, TL 9A, TL 10B, TL 10C, TL 10D, and TL 10E and within 150' of the Corridor, a Restaurant or Tavern use is permitted as an accessory use to an allowed/primary use provided the gross floor area of the Restaurant or Tavern use does not exceed 50% of the gross floor area of the allowed/primary use. The Restaurant or Tavern use shall be subject to all other applicable special regulations for Restaurant or Tavern use in the zone.
- B. Option 2: For all properties located within Totem Lake zones TL 7, TL 9A, TL 10B, TL 10C, TL 10D, and TL 10E and within 150' of the Corridor, Restaurant or Tavern shall be an allowed use with no limits on gross floor area and no requirements that the use be accessory to a primary use. The Restaurant or Tavern use shall otherwise be subject to the development standards listed in the applicable zone. For the TL 9A and 10B zones where Restaurant or Tavern is not listed as an allowed use, the use shall be subject to the development standards for an Office use and required parking spaces shall be 1 per each 100 square feet of gross floor area.

II. Retail Storage

Purpose: To avoid siting new or expanded facilities that are detrimental to the active nonmotorized vision for the Corridor

Regulation: No new Retail Establishments Providing Storage Services, as listed in the applicable Kirkland Zoning Code use zone charts, shall be allowed on properties within 150 feet of the Corridor. No expansion of existing Retail Establishments Providing Storage Services shall be allowed on properties within 150 feet of the Corridor.

III. Required Yards

Purpose: To preserve adequate open space between the Corridor and adjoining development.

Regulation: Within all Commercial, Industrial, and Office zones adjoining the Corridor, the minimum required yard shall be ten (10) feet as measured from the common property line.

Regulation: Outdoor use, activity or storage areas located adjacent to the Corridor must comply with the minimum ten foot required yard.

IV. Set Aside for Puget Sound Energy 115 kV Alignment Planning

Purpose: To preserve design flexibility and public safety in alignment of the Puget Sound Energy 115 kV facility in the Corridor through the Totem Lake area.

Regulation: For properties located within Totem Lake zones TL 4A, TL 4C, TL 7, TL 9A, and TL 10B, no new structure may be built and no existing structure may be expanded within 25 feet of the Corridor.

V. Design Standards

Purpose: To ensure that new development is designed in keeping with the active nonmotorized and multi-use vision for the Corridor.

Regulation: Development on properties adjoining the Corridor, except those properties located in single family zones, shall comply with the following standards:

1. Site Design: Development adjoining the Corridor shall be designed to complement and interact with the public nature of the Corridor through the following site design and pedestrian improvements:
 - a. Landscape islands required pursuant to KZC 95.44 (Internal Parking Lot Landscaping Requirements) shall be provided such that there are no more than eight contiguous parking stalls along the corridor.
 - b. In addition to providing the screening and buffering functions required by the KZC, landscape design shall integrate with and complement corridor functions.
 - c. A pedestrian entrance facing the Corridor shall be provided with pedestrian access connecting from the entrance to the Corridor installed pursuant to the standards of KZC 105.18.2.a.
 - d. Public pedestrian walkways required by KZC 105.19.1 shall include circumstances where blocks are unusually long and pedestrian access is necessary to connect between existing streets and the Corridor.
2. Building Design: Building design adjoining the Corridor shall acknowledge the high visibility from this active public space through the following building design standards:
 - a. All buildings shall be designed so that facades visible from the Corridor comply with the provisions of KZC 92.15.3 (Blank Wall Treatment).
 - b. All building shall be designed so that parking garages visible from the Corridor comply with the provisions of KZC 92.15.4.a and b (Parking Garages).
 - c. Building facades visible from the Corridor shall incorporate similar building materials and window treatment as other facades of the building.
 - d. Building facades visible the Corridor shall avoid long, unbroken facades and rooflines by incorporating horizontal and vertical modulation to break large building masses into smaller building masses.

Compliance with these design standards shall be administered by the Planning Official in conjunction with review of an applicable development permit unless the proposal is subject to Design Board review, in which case the Design Review Board shall review the proposal for compliance.

PUBLICATION SUMMARY
OF ORDINANCE O-4421

AN INTERIM ORDINANCE OF THE CITY OF KIRKLAND RELATING TO LAND USE AND ZONING AND PROVIDING INTERIM OFFICIAL ZONING CONTROLS FOR ZONING DISTRICTS ADJOINING THE CROSS KIRKLAND CORRIDOR AND THE EASTSIDE RAIL CORRIDOR WITHIN THE CITY OF KIRKLAND.

SECTION 1. Defines "Corridor" as referring to the Cross Kirkland Corridor and the Eastside Rail Corridor within the City of Kirkland.

SECTION 2. Adopts and incorporates regulations by attachment.

SECTION 3. Sets forth the findings of fact.

SECTION 4. Sets forth the effective date for the interim regulations.

SECTION 5. Establishes that this ordinance, to the extent it is subject to disapproval jurisdiction, will be effective within the disapproval jurisdiction of the Houghton Community Council Municipal Corporation upon approval by the Houghton Community Council or the failure of said Community Council to disapprove this ordinance within 60 days of the date of the passage of this ordinance.

SECTION 6. Provides a severability clause for the ordinance.

SECTION 7. Authorizes publication of the ordinance by summary, which summary is approved by the City Council pursuant to Section 1.08.017 Kirkland Municipal Code and establishes the effective date as five days after publication of summary, except as provided in Section 5.

The full text of this Ordinance will be mailed without charge to any person upon request made to the City Clerk for the City of Kirkland. The Ordinance was passed by the Kirkland City Council at its meeting on the _____ day of _____, 2013.

I certify that the foregoing is a summary of Ordinance _____ approved by the Kirkland City Council for summary publication.

City Clerk

**CITY OF KIRKLAND**

Planning and Community Development Department
123 Fifth Avenue, Kirkland, WA 98033 425-587-3225
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Dawn Nelson, Planning Supervisor
Robin S. Jenkinson, City Attorney

Date: October 4, 2013

Subject: KTOD LLC DEVELOPMENT AGREEMENT

RECOMMENDATION

City Council conducts a public hearing on the attached resolution approving the Development Agreement between the City and KTOD LLC. The Development Agreement modifies the time of payment of certain impact fees and capital facility charges. If after the hearing the Council determines the proposed Development Agreement is satisfactory, Council should approve the resolution authorizing the City Manager to execute the Development Agreement.

BACKGROUND

The City recently received a request to assist Imagine Housing, the developer of the 58 affordable housing units at the South Kirkland Transit Oriented Development ("South Kirkland TOD"), by delaying payment of the transportation and park impact fees, as well as deferring any other charges the City is able to delay, to a date certain. Other charges that are eligible for deferral are the capital facility charges. KTOD LLC is the ownership entity for the affordable housing units to be constructed by Imagine Housing. The name of the Imagine Housing affordable housing development is "Velocity."

The South Kirkland TOD has been a high priority for the City and was one of the 12 initiatives adopted by the Council as part of the 2011 City Work program. Therefore, the Council authorized staff to take all reasonable steps necessary to make the TOD successful. On [June 18, 2013](#), the Council approved Resolution R-4985 authorizing the City Manager to sign a development agreement for the deferral of impact fees and capital facility charges with the developer of the 185 market rate units at the South Kirkland TOD. That authorization was based on amendments approved in Ordinance [O-4411](#). Ordinance O-4411 amended Title 27 of the Kirkland Municipal Code ("KMC") to allow the timing of the payment of transportation and parks impact fees for mixed used developments to be modified in a development agreement approved by the Council. At the time those amendments were approved, the Council requested that criteria be established to guide future deferral requests.

On [October 1, 2013](#), the City Council approved Ordinance O-4419 further amending the KMC provisions relating to the modification of the timing of payment of impact fees.

Ordinance O-4419 added criteria to be met in the development agreement approved by the City Council. The following are the criteria adopted in Ordinance O-4419 for impact fee deferrals:

- Payment of impact fees may be delayed to no later than the issuance of the certificate of occupancy;
- The development agreement shall provide mechanisms, such as withholding of the certificate of occupancy and/or property liens, to assure that the city will collect the deferred fees;
- The delay shall not reduce the availability of funds to implement the city's adopted capital improvement program in a timely manner; and
- Projects must provide significant public benefit, including but not limited to:
 - Projects that implement adopted city council goals;
 - Projects with economic benefit to the City;
 - Projects that involve partnerships with other governmental agencies; and
 - Projects that include affordable housing as defined by the Kirkland Zoning Code.

The Velocity project and the attached development agreement comply with these criteria.

The attached resolution authorizes the City Manager to execute a development agreement substantially in the form attached to the resolution. In consideration of the public benefits derived from the provision of affordable housing and the other public benefits provided by the South Kirkland TOD, the proposed Development Agreement provides for the deferral of the transportation and park impact fees, along with the capital facility charges. The obligation of the developer to pay these amounts remains unchanged, but the timing of payment would be modified until December 31, 2014, or prior to the issuance of any certificate of occupancy for Imagine Housing's building, whichever occurs first (Agreement, Sections 2.1 and 2.2).

The proposed Development Agreement also acknowledges that an Impact Fee Waiver may be granted for up to 80 percent of the transportation and park impact fees and that the developer will be required to pay only those impact fees that have not been waived. Imagine Housing has requested waiver of the impact fees, but staff are waiting for additional information to be submitted in order to process that request. [KMC 27.04.050](#) and [KMC 27.06.050](#) specify that 80 percent of the transportation and park impact fees can be waived for affordable housing if the established criteria are met and that the waiver decision will be made by the City Manager.

Because the statute authorizing the execution of a development agreement requires, among other elements, that the development agreement set forth the development standards and other provisions that shall apply to the development, a vesting provision has been included. RCW 36.70B.170(1). The vesting provision makes clear that the zoning or other land use control ordinances in effect on the day that KTOD LLC submitted a valid and fully complete building permit application will govern (Section 3). The term of the proposed Development Agreement shall continue until KTOD LLC has satisfied its obligations to pay the impact fees and capital facility charges (Section 16).

Staff recommends authorization of the fee deferral to further the Council's Housing Goal.

RESOLUTION R-5009

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND APPROVING A DEVELOPMENT AGREEMENT WITH KTOD LLC, MODIFYING THE TIMING OF PAYMENT OF CERTAIN IMPACT FEES AND CAPITAL FACILITY CHARGES FOR THE CONSTRUCTION OF 58 AFFORDABLE HOUSING UNITS AS PART OF THE SOUTH KIRKLAND TRANSIT ORIENTED DEVELOPMENT.

WHEREAS, KTOD, LLC controls approximately .4 acres of real property generally located at 10711 NE 37th Court, Kirkland, Washington ("Subject Property"); and

WHEREAS, KTOD LLC is constructing 58 affordable housing units at the Subject Property as part of a transit oriented development ("TOD") to be completed in 2014 and known as the South Kirkland Transit Oriented Development ("South Kirkland TOD"). In addition to the 58 affordable housing units to be constructed by KTOD LLC, the TOD will include 185 market rate units and ground floor commercial over a shared 287-stall parking garage. The affordable units to be constructed by KTOD LLC will provide housing to households with a range of income from 30 percent to 60 percent of the area median income. The Leadership in Energy and Environmental Design ("LEED") certified TOD improves neighborhood pedestrian and bicycle connections and provides public plaza amenities as a gateway to the new King County Metro Transit Park and Ride facility. If financial resources become available, a pedestrian and bicycle connection will be made from the TOD to the Cross Kirkland Corridor directly to the east, linking the TOD to Downtown Kirkland, Totem Lake, and regional bike routes to the north and east, and a bike route to the south associated with the State Route 520 expansion project; and

WHEREAS, the Kirkland Crossing mixed-use project being constructed is part of a larger private/public partnership between King County Metro Transit, Polygon NW, A Regional Coalition for Housing ("ARCH") and local, state, and federal funding sources. King County Metro Transit is developing a new Park and Ride transit facility including improvements to transit circulation, parking lot and waiting areas and construction of a three-story, 530-stall parking structure. The combined surface parking lot and parking structure will expand the number of parking stalls, for transit users, to a total of 853; and

WHEREAS, the City's goal is to encourage the creation of a TOD that provides a full range of social and environmental benefits, including: lowering household expenses for both transportation and housing; promoting health by encouraging walking and bicycling, cutting air pollution, and reducing motor vehicle accidents; reducing City infrastructure costs; cutting energy consumption and greenhouse

gas emissions associated with both transportation and the built environment; and

WHEREAS, KTOD would benefit from minimizing the construction loan and carrying costs from interest associated with the payment of the impact fees and capital facility charges early in the construction cycle and has requested the City's assistance in modifying the timing of the payment to have greater control of expenditures during construction to maximize funds to be used to provide affordable housing and other public benefits; and

WHEREAS, in view of the public benefits to be gained by the City through construction of the 58 affordable housing units at the Subject Property, the City is willing to modify the timing of the payment of certain required impact fees and capital facility charges; and

WHEREAS, the Washington State Legislature has authorized the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction (RCW 36.70B.170(1)); and

WHEREAS, a development agreement must be approved by ordinance or resolution after a public hearing; and

WHEREAS, public hearing for this Development Agreement was held on October 15, 2013;

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The City Manager is hereby authorized and directed to execute a development agreement with KTOD LLC, substantially in the form of the Development Agreement attached to this Resolution.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of October, 2013.

Signed in authentication thereof this ____ day of October, 2013.

MAYOR

Attest:

City Clerk

After Recording, Return to:

Kirkland City Attorney's Office
City Hall
123 Fifth Avenue
Kirkland, WA 98033-6189

**DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF KIRKLAND AND
KTOD LLC, FOR THE CONSTRUCTION OF 58 AFFORDABLE HOUSING UNITS AS
PART OF THE SOUTH KIRKLAND TRANSIT ORIENTED DEVELOPMENT**

THIS DEVELOPMENT AGREEMENT ("Agreement"), is made and entered into this _____ day of _____, 2013, by and between the CITY OF KIRKLAND ("City"), a non-charter, optional code, Washington municipal corporation, and KTOD LLC, a limited liability company organized under the laws of the State of Washington.

I. RECITALS

WHEREAS, the Washington State Legislature has authorized the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction (RCW 36.70B.170(1)); and

WHEREAS, this Development Agreement by and between the City and KTOD LLC relates to the development known as Velocity which is located on approximately .4 acres of real property owned or controlled by KTOD LLC and generally located at 10711 NE 37th Court, Kirkland, Washington ("Subject Property"). The site is shown on the vicinity map attached as Exhibit 1 and a legally described in Exhibit 2, also attached; and

WHEREAS, KTOD LLC is constructing 58 affordable housing units at the Subject Property as part of a transit oriented development known as the South Kirkland Transit Oriented Development ("South Kirkland TOD") to be completed by 2014. In addition to the 58 affordable housing units, the South Kirkland TOD will include and 185 market rate units and ground floor commercial over a shared 287-stall parking garage. The affordable units will provide housing to households with a range of income from 30 percent to 60 percent of the area median income. The Leadership in Energy and Environmental Design ("LEED") certified South Kirkland TOD improves neighborhood pedestrian and bicycle connections and provides public plaza amenities as a gateway to the new King County Metro Transit Park and Ride facility. If financial resources become available, a pedestrian and bicycle connection will be made from the South Kirkland TOD to the Cross Kirkland Corridor directly to the east, linking the South Kirkland TOD to Downtown Kirkland, Totem Lake, and regional bike routes to the north and east, and a bike route to the south associated with the State Route 520 expansion project; and

WHEREAS, the Velocity affordable housing development is being constructed as part of a larger private/public partnership between King County Metro Transit, Polygon NW, A Regional Coalition for Housing (“ARCH”) and local, state, and federal funding sources. King County Metro Transit is developing a new Park and Ride transit facility including improvements to transit circulation, parking lot and waiting areas and construction of a three-story, 530-stall parking structure. The combined surface parking lot and parking structure will expand the number of parking stalls, for transit users, to a total of 853; and

WHEREAS, the City’s goal is to encourage the creation of a transit oriented development that provides a full range of social and environmental benefits, including: lowering household expenses for both transportation and housing; promoting health by encouraging walking and bicycling, cutting air pollution, and reducing motor vehicle accidents; reducing City infrastructure costs; cutting energy consumption and greenhouse gas emissions associated with both transportation and the built environment; and

WHEREAS, KTOD LLC would benefit from minimizing the construction loan and carrying costs from interest associated with the payment of impact fees and capital facility charges early in the construction cycle and has requested the City’s assistance in modifying the timing of payment to have greater control of expenditures during construction to maximize funds to be used to provide affordable housing and other public benefits; and

WHEREAS, in view of the public benefits to be gained by the City through construction of the affordable housing units at the Subject Property, the City is willing to modify the timing of the payment of certain required impact fees and capital facility charges for the 58 affordable housing units to assist with the viability of the development; and

WHEREAS, a development agreement must be approved by ordinance or resolution after a public hearing; and

WHEREAS, public hearing for this Development Agreement was held on October 15, 2013, and the City Council approved this Development Agreement by Resolution R- ____ on October 15, 2013;

NOW, THEREFORE, in consideration of the mutual promises set forth here, the City and KTOD agree as follows:

II. AGREEMENT

1. **Project Description.** The 58 affordable housing units to be constructed on the Subject Property in accordance with the terms and conditions of this Agreement, Building Permit Number BMF12-03725, as well as other applicable development regulations, including but not limited to Kirkland Zoning Code Chapter 56, is called “Velocity.” As used in this Agreement, the term Velocity means the proposed development of the Subject Property

with 58 affordable housing units as described in Building Permit Number BMF 12-03725.

2. Timing of the Payment of Impact Fees and Capital Facility Charges.

2.1 As mitigation for the impacts of the Velocity development, KTOD LLC, KTOD is responsible for the following applicable impact fees:

Transportation Impact Fee – Multifamily Use	87,101
Park Impact Fee – Multifamily Use	145,870
Total	\$232, 971

KTOD LLC's responsibility and obligation to pay these amounts for impact fees shall remain unchanged, unless a waiver of part of the impact fees is separately approved pursuant to Kirkland Municipal Code (KMC) 27.04.050 and KMC 27.06.050. Only the time of payment is being deferred. KTOD LLC shall submit payment to the City, in full, for these impact fees, by December 31, 2014, or prior to issuance of any certificate of occupancy for Velocity, whichever should occur first. No certificate of occupancy shall be issued without full payment of the impact fees.

2.2 As mitigation for the impacts of the Velocity development, KTOD is responsible for the following applicable capital facility charges:

Water Capital Facility Charge	57,868
Sewer Capital Facility Charge	113,448
Total	\$171,316

KTOD LLC's responsibility and obligation to pay these amounts for capital facility charges shall remain unchanged, only the time of payment is being deferred. KTOD LLC shall submit payment to the City, in full, for these facility charges, by December 31, 2014, or prior to issuance of any certificate of occupancy for Velocity, whichever should occur first. No certificate of occupancy shall be issued without full payment of the capacity facility charges.

3. Vesting of Development Regulations. The zoning or other land use control ordinances provisions of the Kirkland Municipal Code and Kirkland Zoning Code, in effect on the day that KTOD LLC submitted a valid and fully complete application for the building permit issued for Velocity under Building Permit Number BMF 12-0375 shall apply to the development of Velocity during the term of this Agreement. As provided by RCW 36.70B.170(4), the proposed 58 affordable housing units will not vest against new development regulations to the extent the new regulations are required by a serious threat to public health and safety.

4. **The Velocity Development is a Private Undertaking.** The Velocity development is a private development and the City has no interest in the development except as authorized in the exercise of its governmental functions.
5. **Incorporation of Recitals.** The Recitals contained in this Agreement, and the Preamble paragraph preceding the Recitals, are hereby incorporated into this Agreement as if fully set forth.
6. **Headings.** The headings in this Agreement are inserted for reference only and shall not be construed to expand, limit or otherwise modify the terms and conditions of this Agreement.
7. **Severability.** The provisions of this Agreement are separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section or portion or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the Agreement, or the validity of its application to other persons or circumstances.
8. **Time is of the essence.** Time is expressly made of the essence with respect to the performance by parties of each and all of their respective obligations under this Agreement.
9. **Integration.** This Agreement and its exhibits represent the entire agreement of the parties with respect to the subject matter of this Agreement. There are no other agreements, oral or written, except as expressly set forth in this Agreement and the Agreement supersedes all previous agreements, oral or written.
10. **Modifications to Agreement.** This Agreement contains all terms, conditions and provisions agreed upon by the parties, and shall not be modified except by written amendment executed by both parties after approval by the City Council.
11. **Authority.** The parties each represent and warrant that they have full power and actual authority to enter into this Agreement and to carry out all actions required of them by this Agreement. All persons executing this Agreement in their representative capacities represent and warrant that they have full power and authority to bind their respective organizations.
12. **Governing Law and Venue.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Washington. Venue for any action shall be in King County Superior Court.
13. **Recording.** The City shall record an executed copy of this Agreement with the King County Recorder's Office as a covenant running with the land and shall be binding on KTOD and their successors and assigns until this Agreement expires on its own terms pursuant to Section 16.
14. **Legal Representation.** In entering into this Agreement, KTOD LLC represents that it has been advised to seek legal advice and counsel from its attorney concerning the legal

return receipt requested, notice shall be deemed delivered forty-eight hours (48) hours after deposited. Either party at any time by notice to the other party may designate a different address or person to which such notice or communications shall be given.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first appearing above.

CITY OF KIRKLAND, a Washington
municipal corporation

By: Kurt Triplett, City Manager

Date: _____

APPROVED AS TO FORM:

Robin S. Jenkinson
Kirkland City Attorney

KTOD LLC

By: Ann Levine, Executive Director

Date: _____

STATE OF WASHINGTON)
) ss.
County of King)

On this _____ day of _____, 2013, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Kurt Triplett, to me known to be the City Manager of the City of Kirkland, the municipal corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said City, for the uses and purposes therein set forth, and on oath stated that he was authorized to sign said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Name (typed or printed): _____
NOTARY PUBLIC in and for the State of _____
Washington Residing at _____
My appointment expires: _____

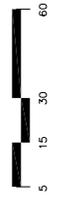
STATE OF WASHINGTON)
) ss.
County of King)

On this day, before me personally appeared _____, to me known to be the individual described herein and who executed the within and foregoing instrument, and acknowledged that _____ signed the same as _____ free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____, 2013.

Name (typed or printed): _____
NOTARY PUBLIC in and for the State of _____
Washington Residing at _____
My appointment expires: _____

PORTION OF THE NW 1/4, NE 1/4 AND THE NE 1/4 OF THE NW 1/4, SECTION 20, T 25 N, R 5 E, W.M.
KING COUNTY, WASHINGTON



NE 38TH PL

UNIT B
(AFFORDABLE HOUSING)

MID BLOCK PEDESTRIAN PLAZA

UNIT A
(MARKET RATE)

S KIRKLAND
PARK AND RIDE



UNIT B
KTOD, A CONDOMINIUM
PODIUM LEVEL AND AIRSPACE UNITS
PORTION OF THE NW 1/4, NE 1/4 AND THE NE 1/4, NW 1/4, SEC 20, T 25 N, R 5 E, W.M.
CITY OF KIRKLAND, KING COUNTY, WASHINGTON

SHEET 1 OF 1
SCALE NTS
SURVEYED _____
FIELD BOOK _____
DRAWN _____
CHECKED _____
FILE _____



**DAVID EVANS
AND ASSOCIATES
INC.**
415 - 118th Avenue SE
Bellevue Washington 98005-3518
Phone: 425.519.6500

LEGAL DESCRIPTION

UNIT B, KTOD, A CONDOMINIUM, SURVEY MAPS AND PLANS RECORDED IN VOLUME ___ OF CONDOMINIUMS, PAGES ___ THROUGH ___ ; CONDOMINIUM DECLARATION FILED UNDER RECORDING NO. _____, RECORDS OF KING COUNTY, WASHINGTON.

**CITY OF KIRKLAND**

City Attorney's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3030

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Tracey Dunlap, Director of Finance & Administration
Robin S. Jenkinson, City Attorney

Date: October 3, 2013

Subject: Liens on Property Used in Gambling Activities

RECOMMENDATION:

Council adopts the attached ordinance, which would require that those engaging in licensed gambling activity, using property owned by another, obtain the consent of the owner to allow the City's gambling tax lien to potentially attach to their property.

BACKGROUND DISCUSSION:

Danny's Pub, a tavern and restaurant which operated under lease in the Totem Lake area of Kirkland also sold pull tabs, which is a gambling activity. Pursuant to Kirkland Municipal Code (KMC) 7.48.020(a)(4), the City imposed a five percent tax on these sales. At times, the owners of Danny's would neglect paying these taxes. Pursuant to KMC 7.48.020(c), an automatic lien would then arise against the property used in the gambling activity. In two instances in 2009 and 2011, the City actually recorded liens against the property owned by the landlord, Anas Property, LLC (Anas), which was property used by Danny's Pub in conducting the gambling activity.

Subsequently, Anas challenged the City's authority to impose the lien on its property because it was not involved in the gambling activity. Anas also argued that the lien was impermissible because it would violate its constitutional right to a hearing before the government could take its property. For these reasons, Anas requested that the City release the liens against its property. Because RCW 9.46.110(4) expressly authorizes a lien against any property "used" in gambling activity without qualification and without a hearing, the City refused to release the liens. The City reasoned that if liens for delinquent utility bills incurred by a tenant could arise against property owned by a landlord without the landlord being involved in the tenant's business and without a hearing, the gambling tax lien should be able to attach as well.

Anas subsequently filed a lawsuit against the City asking that the Court order the City to release the liens. Anas then filed for summary judgment to obtain an expedited release of the lien rather than wait until trial in the matter, which is not scheduled to occur until May 12, 2014. At the June 28, 2013, oral argument on the motion, the Judge ruled in favor of Anas and ordered that the City release the liens, which has occurred. The Judge based her decision on the fact that Anas was not involved in the gambling activity and that it would be unconstitutional to allow this deprivation of its property without due process. The Judge distinguished utility liens

on the grounds that everybody has to have utilities. Without explaining why this made a difference, the Judge held that while utility liens are allowed, gambling tax liens are not.

Despite this holding, the City believes it can still impose the lien for gambling taxes on the property owned by the landlord if the landlord or owner of personal property consents to the potential lien, in advance. The proposed amendments to KMC 7.48.020 and 7.02.110 will provide the authority for the City to require such consent before a tenant begins or continues to engage in gambling activity or has a business license issued or renewed.

ORDINANCE O-4422

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO GAMBLING AND AMENDING KIRKLAND MUNICIPAL CODE SECTION 7.48.020 TO REQUIRE THE WRITTEN CONSENT OF THE LANDLORD BEFORE GAMBLING ACTIVITIES MAY COMMENCE OR CONTINUE AND SECTION 7.02.110 TO REQUIRE COMPLIANCE WITH THIS REQUIREMENT BEFORE A BUSINESS LICENSE CAN BE ISSUED OR RENEWED.

WHEREAS, the lien authorized by Kirkland Municipal Code 7.48.020(c) for delinquent gambling taxes was intended to attach to any property used in gambling activities, whether owned by the person or entity conducting the gambling activities or not; and

WHEREAS, to insure this result, the Council believes the written consent that this lien could potentially attach to their property should be obtained from the owner(s) of such property; and

WHEREAS, the Council believes the business license under KMC Chapter 7.02 should be withheld until the person or entity engaged in the gambling activities has obtained such consent,

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

Section 1. Kirkland Municipal Code Section 7.48.020 is amended to read as follows:

7.48.020 Tax rate imposed on gambling activities.

(a) Tax Imposed. Pursuant to RCW 9.46.110, the city imposes a tax upon any gambling activity which activity is not prohibited by either state law or city ordinance. For the purposes of this section, a "charitable or nonprofit organization" shall mean an entity meeting the requirements of Chapter 9.46 RCW for a bona fide charitable or nonprofit organization. The gambling tax rate levied by the city of Kirkland is as follows:

(1) Bingo: ten percent of gross receipts less the amount awarded as cash or merchandise prizes; provided, that effective January 1, 2000, the tax rate for bingo shall be five percent of gross receipts less the amount awarded as cash or merchandise prizes.

(2) Raffles: ten percent of gross receipts less the amount awarded as cash or merchandise prizes; provided, that effective January 1, 2000, the tax rate for raffles shall be five percent of gross receipts less the amount awarded as cash or merchandise prizes.

(A) Special Rule. When a raffle is conducted by a charitable or nonprofit organization, no tax shall be imposed on the first ten

thousand dollars (per calendar year) of gross receipts less the amount awarded as cash or merchandise prizes.

(3) Amusement games: two percent of gross receipts less the amount awarded as prizes. The city shall use the revenue from such tax to pay the actual costs of enforcement of this chapter and Chapter 9.46 RCW by law enforcement.

(4) Punch boards and/or pull-tabs: five percent of gross receipts.

(A) Special Rule. When punch boards and/or pull-tabs are operated by a charitable or nonprofit organization, the tax shall be ten percent of gross receipts less the amount awarded as cash or merchandise prizes.

(5) Social card games, including but not limited to house banked social card games: eleven percent of gross revenue. The city of Kirkland prohibits social card games as a commercial stimulant except as allowed under Section 7.48.018.

(6) Contests of chance: seven percent of gross receipts. For purposes of this subsection, "contests of chance" shall mean gambling activities conducted at a "fund raising event" meeting the requirements of Chapter 9.46 RCW, other than the gambling activities listed above in this section. Bingo, raffles, amusement games, punch boards and/or pull-tabs, or social card games shall be taxed at the specific rates provided hereinabove, even if such activity was conducted as part of a fund raising event.

(b) Exemption for Certain Bingo or Amusement Games. A charitable or nonprofit organization, having no paid operating or management personnel, shall be exempt from the tax imposed under subsections (a)(1) and (a)(3) of this section so long as such organization receives no more than five thousand dollars per year in gross receipts from bingo or amusement games, or a combination thereof, less the amount awarded as cash or merchandise prizes.

(c) Lien. Taxes imposed under this chapter become a lien upon personal and real property used in the gambling activity in the same manner as provided for under RCW 84.60.010. If the personal or real property to be used is owned by any person or entity other than the person or entity conducting the gambling activities, the written consent to the potential attachment of the lien must be obtained from the person or entity owning the property before the gambling activities may commence or continue. In the event additional real or personal property is acquired after gambling activities have commenced, additional written consent must be obtained from the owners of that property before it can be used in the gambling activities. Both written consents required herein must be in a form acceptable to the City Attorney and must be provided to the city before the issuance or renewal of a business license under KMC 7.02 may occur. The lien shall attach on the date the tax becomes due and shall relate back and have priority against real and personal property to the same extent as ad valorem taxes.

Section 2. Kirkland Municipal Code Section 7.02.110 is amended to read as follows:

7.02.110 Review of application.

(a) The director, upon receipt of an application form, shall cause an investigation and review of the application to be made by the proper city officials, and shall issue or deny issuance of the license within thirty days after the city receives a complete application.

(b) The proposed use of premises shall not be in violation of any city building, safety, fire, health or land use regulations as determined by the city department charged with the enforcement of said regulations.

(c) If a person required by the terms and provisions of this chapter to pay a license fee for any period fails or refuses to do so, he/she/it shall not be granted a license for the current period until the delinquent license fee, together with penalties, has been paid in full. Neither the applicant nor the proposed business shall be in default under the provisions of this chapter or indebted or obligated in any manner to the city, except for current taxes and other obligations not past due.

(d) Qualifications of Applicants. The director may deny issuance (or renewal) of a business license or permit when the licensee, officer or partner thereof, or another person with a legal interest in the license:

(1) Knowingly causes, aids, abets, or conspires with another to cause any person to violate any of the laws or regulations of this state or the city which may affect or relate to the licensed business;

(2) Has obtained a license or permit by fraud, misrepresentation, concealment, or through inadvertence or mistake;

(3) Is convicted of, forfeits bond upon, or pleads guilty to any offenses related to the operation of the licensed business or had a license revoked or suspended by the city or another jurisdiction;

(4) Makes a misrepresentation or fails to disclose a material fact to the city related to any of the obligations set forth in this chapter;

(5) Violates any building, safety, fire or health regulation on the premises in which the business is located after receiving warning from the city to refrain from such violations; or

(6) Is in violation of a zoning regulation or any other regulation of the city.

(e) If an application is denied, any person aggrieved may request director review as provided in this chapter.

Section 3. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of this Section, or the application of the provision to other persons or circumstances is not affected.

Section 4. 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

PUBLICATION SUMMARY
OF ORDINANCE O-4422

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO GAMBLING AND AMENDING KIRKLAND MUNICIPAL CODE SECTION 7.48.020 TO REQUIRE THE WRITTEN CONSENT OF THE LANDLORD BEFORE GAMBLING ACTIVITIES MAY COMMENCE OR CONTINUE AND SECTION 7.02.110 TO REQUIRE COMPLIANCE WITH THIS REQUIREMENT BEFORE A BUSINESS LICENSE CAN BE ISSUED OR RENEWED.

SECTION 1. Amends Kirkland Municipal Code Section 7.48.020 relating to the tax rate imposed on gambling activities requiring the written consent of the landlord before gambling activities may commence or continue.

SECTION 2. Amends Kirkland Municipal Code Section 7.02.110 relating to the review of applications for compliance with the Kirkland Municipal Code, which would include the requirements of 7.48.020, before a business license can be issued or renewed.

SECTION 3. Provides a severability clause for the ordinance.

SECTION 4. Authorizes publication of the ordinance by summary, which summary is approved by the City Council pursuant to Section 1.08.017 Kirkland Municipal Code and establishes the effective date as five days after publication of summary.

The full text of this Ordinance will be mailed without charge to any person upon request made to the City Clerk for the City of Kirkland. The Ordinance was passed by the Kirkland City Council at its meeting on the _____ day of _____, 2013.

I certify that the foregoing is a summary of Ordinance _____ approved by the Kirkland City Council for summary publication.

City Clerk



CITY OF KIRKLAND

City Attorney's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3030

www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Tracey Dunlap, Director of Finance & Administration
Robin S. Jenkinson, City Attorney

Date: October 3, 2013

Subject: Prohibiting Social Card Games Conducted as a Commercial Stimulant
Even if for a Charitable Purpose

RECOMMENDATION:

Council adopts the attached ordinance, which by amending Kirkland Municipal Code (KMC) 7.48.017(a), would clarify that social card games, conducted as a commercial stimulant, are prohibited in Kirkland, even if conducted for a charitable purpose.

BACKGROUND DISCUSSION:

Gambling is an activity that is generally controlled by state law. Cities are only authorized to: (1) tax certain gambling activities; (2) enact and enforce state gambling statutes as local ordinances punishable as misdemeanors or gross misdemeanors; and/or (3) prohibit any or all gambling activities for which state licenses are required. Kirkland has exercised each of these authorities. Since 1999, Kirkland has prohibited social card games conducted as a commercial stimulant. "Social card game" as used in the KMC and state law, means a card game that constitutes gambling and is licensed by the Washington State Gambling Commission. "Commercial stimulant" means businesses primarily engaged in selling food or drink for consumption on the premises.

Last year a Kirkland civic organization, with the participation of numerous sponsors, advertised that it was holding a social card game (Texas Hold'em) to raise funds for a charitable purpose. Unfortunately, this organization was not aware of the prohibition in KMC 7.48.017(a) against social card games in Kirkland. Because KMC 7.48.017(a) did not expressly ban social card games for a charitable purpose, staff felt it could not reasonably prohibit the game. The proposed amendment to KMC 7.48.017 clarifies that the prohibition against social card games applies even if the activity is conducted for a charitable purpose.

Staff feels the clarification ordinance is necessary because under RCW 9.46.295(1), the City has the authority to "absolutely prohibit" social card games. However, given the language of RCW 9.46.295(1), the City does not have the ability to allow some social card games and prohibit others with the exception of the one social card game business in the area that was annexed to the City in 2011 and grandfathered under RCW 9.46.295(2)(b). Allowing charitable social card games creates the possibility that additional social card game businesses would seek to open.

The prohibition of social card games by the City does not affect the ability of nonprofit organizations to offer unlicensed, members-only card games authorized by statute in RCW 9.46.0351 nor for bona fide charitable or nonprofit organizations to conduct bingo games, raffles, and fund-raising events authorized by RCW 9.46.0311. (The referenced RCW provisions are attached.)

ATTACHMENT A

RCW 9.46.0311

Charitable, nonprofit organizations — Authorized gambling activities.

The legislature hereby authorizes bona fide charitable or nonprofit organizations to conduct bingo games, raffles, amusement games, and fund-raising events, and to utilize punchboards and pull-tabs and to allow their premises and facilities to be used by only members, their guests, and members of a chapter or unit organized under the same state, regional, or national charter or constitution, to play social card games authorized by the commission, when licensed, conducted or operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto.

RCW 9.46.0351

Social card, dice games — Use of premises of charitable, nonprofit organizations

(1) The legislature hereby authorizes any bona fide charitable or nonprofit organization which is licensed pursuant to RCW [66.24.400](#), and its officers and employees, to allow the use of the premises, furnishings, and other facilities not gambling devices of such organization by members of the organization, and members of a chapter or unit organized under the same state, regional, or national charter or constitution, who engage as players in the following types of gambling activities only:

(a) Social card games; and

(b) Social dice games, which shall be limited to contests of chance, the outcome of which are determined by one or more rolls of dice.

(2) Bona fide charitable or nonprofit organizations shall not be required to be licensed by the commission in order to allow use of their premises in accordance with this section. However, the following conditions must be met:

(a) No organization, corporation, or person shall collect or obtain or charge any percentage of or shall collect or obtain any portion of the money or thing of value wagered or won by any of the players: PROVIDED, That a player may collect his or her winnings; and

(b) No organization, corporation, or person shall collect or obtain any money or thing of value from, or charge or impose any fee upon, any person which either enables him or her to play or results in or from his or her playing: PROVIDED, That this subsection shall not preclude collection of a membership fee which is unrelated to participation in gambling activities authorized under this section.

RCW 9.46.295

Licenses, scope of authority — Exception.

(1) Any license to engage in any of the gambling activities authorized by this chapter as now exists or as hereafter amended, and issued under the authority thereof shall be legal authority to engage in the gambling activities for which issued throughout the incorporated and unincorporated area of any county, except that a city located therein with respect to that city, or a county with respect to all areas within that county except for such cities, may absolutely prohibit, but may not change the scope of license, any or all of the gambling activities for which the license was issued.

(2)(a) A city or town with a prohibition on house-banked social card game licenses that annexes an area that is within a city, town, or county that permits house-banked social card games may allow a house-banked social card game business that was licensed by the commission as of July 26, 2009, to continue operating if the city or town is authorized to impose a tax under RCW [82.14.415](#) and can demonstrate that the continuation of the house-banked social card game business will reduce the credit against the state sales and use tax as provided in RCW [82.14.415\(7\)](#).

(b) A city or town that allowed a house-banked social card game business in an annexed area to continue operating under (a) of this subsection before July 15, 2010, shall allow all social card game businesses in the annexed area that were operating and licensed by the commission as of January 1, 2011, to continue operating.

(c) A city or town that allows a social card game business in an annexed area to continue operating is not required to allow additional social card game businesses.

ORDINANCE O-4423

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO GAMBLING AND AMENDING KIRKLAND MUNICIPAL CODE SECTION 7.48.017 TO CLARIFY THAT SOCIAL CARD GAMES CONDUCTED AS COMMERCIAL STIMULANTS ARE PROHIBITED IN THE CITY OF KIRKLAND, EVEN IF CONDUCTED FOR CHARITABLE PURPOSES.

WHEREAS, as the City Council adopted Ordinance 3687 in 1999 to prohibit social card games being conducted as a commercial stimulant within the City of Kirkland; and

WHEREAS, "social card games" as used in state law and the Kirkland Municipal Code (KMC) constitute gambling and require a license from the Washington State Gambling Commission; and

WHEREAS, the Council believes it is appropriate to clarify that this prohibition applies even if the game is being conducted for charitable purposes;

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

Section 1. Kirkland Municipal Code Section 7.48.017 is hereby amended to read as follows:

7.48.017 Prohibition of certain card rooms.

(a) Except as authorized in Section 7.48.018, the conduct of a social card game as a commercial stimulant is prohibited within the city of Kirkland. The term "commercial stimulant" means an activity operated in connection with an established business, with the purpose of increasing the volume of sales of food or drink for consumption on that business premises, whether for profit or charitable purposes, except as authorized in RCW 9.46.0351.

This section is an exercise of the city's authority under state law to prohibit gambling activities (see RCW 9.46.295). In turn, a license issued by the state to engage in gambling activities is not legal authority to engage in the conduct of social card games as a commercial stimulant anywhere within the city of Kirkland.

Should there be any change in the terminology used by the state in issuing a gambling license, this section should be liberally construed so as to prohibit that category of gambling activities which is most similar to what is presently licensed as a card game under RCW 9.46.070(2).

(b) Any person who engages in or carries on an activity in violation of this section shall be guilty of a gross misdemeanor. Each day of violation shall be considered a separate crime.

(c) If any provision of this section or its application to any person or circumstance is held invalid, the remainder of this section, or the application of the provision to other persons or circumstances, is not affected.

Section 2. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of this Section, or the application of the provision to other persons or circumstances is not affected.

Section 3. This Ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this _____ day of _____, 2013.

Signed in authentication thereof this _____ day of _____, 2013.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney