



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

MEMORANDUM

To: Kurt Triplett, City Manager

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

Date: October 17, 2011

Subject: **2011-2012 MID-BIENNIAL BUDGET UPDATE**

RECOMMENDATION:

City Council holds its Mid-Biennial Budget Review on November 1st to receive an update on the City's financial condition and to review the City Manager's recommendation for adjustments to the 2011-2012 biennial budget.

BACKGROUND DISCUSSION:

State law requires that a mid-biennial review be completed after September 1st and before December 31st during the first year of the biennium. The purpose of this memo and its attachments is to provide a brief financial update to the City Council, present recommended adjustments that are needed to the adopted 2011-2012 Budget, and provide information on related policy decisions.

Financial Update

The North Juanita, Finn Hill, and Kingsgate neighborhoods were annexed by the City effective June 1, 2011. The impact of annexation-related expenditures and revenues at different times throughout 2011 makes interpreting the City's monthly financial data a challenge. The City's efforts to gear up for annexation meant increasing month-by-month expenses throughout the year, but annexation area revenues were not received until July and the bulk of the revenue will not be received until the fourth quarter. The current economic conditions also add an element of uncertainty to the City's revenue outlook. The Third Quarter 2011 Financial Management Report (FMR) is included as Attachment A and provides analysis of year-to-date results through September.

Revenues

As part of the mid-biennial review, departments were asked to provide updated revenue estimates for 2011 and 2012. Based on these estimates, the shortfall in General Fund revenue collections is \$1.57 million in 2011 and \$1.8 million in 2012. As discussed below, some of the

shortfalls are due to timing variances in revenue collections from the newly annexed neighborhoods, while other differences reflect the continued weakness in the economy. The table below summarizes the General Fund revenues for 2011 and 2012, followed by highlights for the major revenue categories:

General Fund Revenues	2011 Budget	2011 Estimate	Difference Over/(Under)	2012 Budget	2012 Estimate	Difference Over/(Under)
Retail Sales Tax: General	12,885,899	13,191,062	305,163	13,972,010	13,972,010	-
Property Tax	13,261,709	13,261,709	-	16,116,020	16,616,020	500,000
Utility Taxes	12,436,696	11,971,052	(465,644)	15,165,217	14,214,871	(950,346)
Business License Fees	2,874,214	2,784,152	(90,062)	2,916,778	2,915,580	(1,198)
Franchise Fees	2,484,134	2,189,637	(294,497)	3,579,391	3,624,318	44,927
Internal Charges	5,589,009	5,393,346	(195,663)	5,914,641	5,819,259	(95,382)
Fines & Forfeits	2,435,490	1,980,853	(454,637)	2,781,169	2,619,361	(161,808)
Development Services	3,909,877	3,796,621	(113,256)	4,359,058	3,553,166	(805,892)
All Other	15,190,987	14,933,724	(257,263)	14,506,112	14,181,833	(324,279)
Total	71,068,015	69,502,155	(1,565,860)	79,310,396	77,516,418	(1,793,978)

- **Sales tax** revenue through September is 3.5 percent higher than the same period last year. Based on the data to date, sales tax revenue for the year is estimated to be approximately 2.4 percent higher than budgeted (approximately \$305,000 more). Sales tax revenues are estimated at budget in 2012 and the increase shown reflects a full year of estimated sales tax receipts from the newly annexed neighborhoods.

Although annexation became effective June 1, 2011, businesses in the new neighborhoods were required to begin collecting and reporting at the Kirkland sales tax rate as of July 1, 2011. The City should have received these revenues in September. Analysis of the September sales tax data indicated very few of the businesses from the new neighborhoods were reporting sales tax coded to the City. Initial discussions with the Department of Revenue (DOR) have revealed the following information about the 947 accounts in the new neighborhoods:

- 392 or over 40 percent of the businesses are annual reporters, and therefore, the sales tax revenue from these businesses will not be received by the City until the first part of next year.
- 123 or 13 percent of the businesses are active non-reporters. These are accounts that are not required to file as the Small Business tax credit would eliminate any tax liability. Typically these are small service based businesses that are not required to collect sales tax.
- 109 or 11.5 percent of the businesses reported some sales tax in July and/or August coded to Kirkland.

DOR staff is continuing to research the remaining 323 businesses and to verify that all businesses are correctly coding their sales tax remittances. City staff continues its outreach efforts to businesses and to closely monitor annexation area sales tax revenue.

- **Property tax** revenues in 2011 are estimated at the budget. Based on the preliminary property tax data from the King County Assessor's Office, staff estimates that property tax revenues in 2012 will be approximately \$500,000 more than budgeted primarily because of the annexation area. The budget assumed that assessed valuations would fall an additional 15 percent in the newly annexed areas in 2011, which would have reduced the initial property taxes from those areas in 2012. In reality, assessed valuations in those areas fell 2 to 4 percent, resulting in higher initial revenues in 2012.

Staff will bring forward additional information to the November 15 Council meeting when the Council discusses the City's preliminary property tax ordinance.

- **Utility tax** receipts continue to lag budget, with 2011 estimates approximately \$466,000 short of budget. The Telecommunications sector, which is estimated to be \$627,000 under budget in 2011, is primarily responsible for this shortfall. Electric and gas utility tax revenues are estimated to be higher than budget in 2011 due to cooler than average weather conditions and help offset a portion of the shortfall in the telecommunication utility tax revenues. However, the 2012 estimate assumes that gas and electric usage will return to historical levels and these revenues will not be available to offset the declines in the telecommunication utility tax revenues.

The decline in the telecommunications sector reflects changes in consumer spending patterns in response to the economic downturn and aggressive efforts by providers to ensure that they are only paying on taxable services (excluding broadband and related services). The decline in revenues in 2011 is expected to continue in 2012, resulting in an estimated shortfall of approximately \$950,000.

- **Business license** revenues are ahead of budget expectations through September primarily due to annexation, which required businesses in the new neighborhoods to register and pay Kirkland business license fees prior to June 1, 2011. This trend is not expected to continue through the rest of 2011 and the year-end estimate is projected to be approximately \$90,000 or 3 percent below budget. The 2012 business license revenue estimates reflect the impact of the current canvassing efforts to ensure registration of remaining businesses in the new neighborhoods and compliance of pre-annexation businesses.
- **Franchise fee** revenues are estimated to be approximately \$295,000 under budget in 2011 to reflect the fact that the Northshore Utility District (NUD) fourth quarter payment will not be received until January 2012. The 2012 estimate reflects better data for annexation area revenue projections than was available at the time of developing the 2011-2012 Budget.
- **Fines and forfeitures** are estimated to be approximately \$455,000 under budget in 2011 primarily because of parking infraction penalty revenues lagging budget expectations. The current vacancy in parking enforcement is expected to be filled, which should improve revenues in 2012. In addition, fines and forfeits from the new neighborhoods are just beginning to be reflected in actual collections.
- **Development services** revenue is projected to be under budget by approximately \$113,000 in 2011. The shortfall in 2012 of approximately \$806,000 assumes that the Park Place development related revenues are not received by the City next year. The shortfall in 2012 will be mostly offset by not incurring expenditures related to the review of the Park Place development project.

Expenditures

The 2011 budget included anticipated expenditures related to both annexation and Park Place redevelopment. In light of the fact that annexation-related revenues would not be received by the City until the fourth quarter of 2011, departments were asked to closely monitor their

expenditures. The estimated under-expenditures at the end of 2011, which are expected to help offset the declines in revenues described previously, are partially the result of this stewardship. The following table summarizes the estimated expenditures compared to budget in the General Fund followed by selected highlights:

Department/Fund	2011 Budget	2011 Estimate	Difference Over/(Under)
Police	22,753,526	20,991,110	(1,762,416)
Fire w/o Building	17,976,087	17,719,355	(256,732)
Building	2,140,422	1,906,219	(234,203)
Non-Departmental	4,459,443	4,323,395	(136,048)
Public Works	3,783,110	3,534,580	(248,530)
Finance & Administration	4,099,946	3,888,384	(211,562)
All Other General Fund	16,461,838	16,198,698	(263,140)
Total	71,674,372	68,561,741	(3,112,631)

- Overall, General Fund expenditures are trailing the budget (actuals through September are at 67.8%, 75% of the way through the year). The under-expenditure in 2011 is estimated to be approximately \$3.1 million of which a little over \$2.0 million is in personnel costs, primarily vacancies in the Police Department and savings from turnover in other departments.
- Jail Contract costs are at 36% of budget through September and are expected to be approximately \$608,000 under budget by year end. The two factors primarily responsible for this under expenditure are: (1) the anticipated increase in jail population due to annexation has not yet been realized; (2) lower daily rates from the new contracts that the City entered into with Snohomish County and other agencies in 2010; and alternative sentencing is well above the target rate of 30%.
- Fire Suppression overtime is projected to be under budget by approximately \$251,000 by year end. This will help offset the some of the anticipated revenue shortfall in 2011.
- The Building Division's under expenditure of \$234,000 helps offset the shortfall in development services revenue in 2011.
- Under-expenditures in one-time funded annexation service packages results in a reduction in the amount transferred out of the General Fund to the Information Technology Fund of approximately \$119,000 in 2011 and an additional \$228,000 in 2012. Most of this under expenditure is due to lower costs than budgeted for hardware, software, and storage.
- Under expenditures in salaries and benefits (primarily due to reclassification of vacant positions) and the savings resulting from the implementation of the lockbox are the major factors in the estimated expenditures for Finance and Administration being lower than budget in 2011.
- Under expenditures in salaries and benefits (primarily due to vacant positions) and the savings in annexation-related professional services costs contribute towards the estimated expenditures for Public Works being lower than budget in 2011.

- Fuel costs are ahead of budgeted levels by 4.9 percent through September. The adopted 2011-12 Budget assumed fuel costs of \$3.10 per gallon. Prices through September have averaged \$3.59. Staff recommends that this expenditure be monitored and if necessary, a budget adjustment be brought forward for Council action next year as part of the mid-year review.

Budget Balancing Strategy

The estimated 2011 revenue shortfall of \$1.56 million is completely offset by the anticipated under expenditure in 2011 of \$3.1 million, leaving potential one-time savings of \$1.55 million to address the estimated revenue shortfall in 2012 of \$1.8 million. The remaining shortfall will be offset by under expenditures in 2012. In addition to the revenue shortfall, other factors that could impact 2012 include:

- Bargaining unit contracts that settle with a cost of living adjustment (COLA) higher than the 2.5 percent assumed in the adopted budget. The June 2011 CPI was 3.7 percent, while the adopted 2011-2012 Budget assumed 2.5 percent COLA in 2012. Only the Police Guild (commissioned and non-commissioned) contracts are closed in 2012. All other bargaining units are open in 2012 and are currently under negotiation. A 3.7 percent COLA in 2012 would require approximately \$433,000 in additional funding in the General Fund, which is not reflected in the budget. City Council direction to the City Manager is that any increases in excess of 2.5 percent in 2012 will need to be offset by budget reductions. Any budget adjustments related to 2012 COLA distribution will be brought forward for Council action next year once the open labor contracts are settled.
- One-time costs associated with service packages being recommended to be funded in 2012 (discussed in the next section).

Since under-expenditures are expected to offset the majority of the projected revenue shortfalls, only selected line items are recommended for budget adjustments at the mid-biennium. These adjustments include known changes in NORCOM's 2012 budget and reduced transfer out of one-time General Fund money to the Information Technology Fund. The table below summarizes these potential 2012 under expenditures. These reductions will be offset by a reduction in budget of the Telecommunications utility tax revenues in the same amount.

Department	Description of Potential Savings in 2012	Amount
Police & Fire	NORCOM - reflects revised 2012 budget	179,387
Non-Departmental	Reducing transfer to IT for 1-time annexation service packages	
	Network	191,280
	Applications	16,945
	GIS Development	20,000
Total		407,612

2012 Service Packages

As part of this mid-biennial budget review process, the City Manager requested departments to submit service packages for 2012 that addressed needs not already funded in the adopted budget. All the service packages recommended by the City Manager are fully funded through expenditure offsets, available reserves, REET revenues, or external funding. The table below summarizes the recommended service packages, costs, and funding source. Note that where the funding source indicates "Reserves (Liquor Profits)", the funding is from the remaining

Liquor Profits that were set aside in reserve after the failure of last year's initiatives. After these uses, \$197,000 remains as seed money for the public safety equipment sinking fund. The completed service package requests are included as Attachment B.

Service Packages	2012 Ongoing	2012 One-Time	2012 Total	Funding Source
General Fund				
State Legislative Advocacy Services	-	34,000	34,000	Expenditure Offset
Green Kirkland Program	-	77,051	77,051	External Source
Parks Operations and Maintenance from REET	-	54,853	54,853	REET
Water Safety - Lifeguards on Houghton & Waverly Beaches	-	32,571	32,571	Expenditure Offset
Police Financial Analyst (0.25 FTE)	29,873	-	29,873	Expenditure Offset
Fire Administration - Records Specialist	-	26,890	26,890	Reserves (Liquor Profits)
Emergency Preparedness Coordinator	-	123,178	123,178	External Source/Reserves (Liquor Profits)
EPCR Tablet Computer Replacement	21,882	-	21,882	Reserves (Liquor Profits)
Subtotal General Fund	51,755	348,543	400,298	
Other Funds				
Streets Operations and Maintenance from REET	-	99,138	99,138	REET
Water Comprehensive Plan	-	150,000	150,000	Reserves
Surface Water Master Plan	-	200,000	200,000	Expenditure Offset
Secure and Protect New Ponds	-	250,000	250,000	Reserves
Subtotal Other Funds	-	699,138	699,138	
Total All Funds	51,755	1,047,681	1,099,436	

Other Budget Adjustments

In addition to the budget adjustments to implement the budget balancing strategies described above, there will be a variety of other budget adjustments brought forward for Council approval in December. The details of these adjustments will be provided in the mid-biennial budget amendment packet, and they will include the following:

- *Build America Bonds (BABs) Interest Subsidy* – The BABs Interest Subsidy is currently budgeted as a revenue in the General Fund and then transferred out to the Debt Service Fund. Staff recommends this revenue be moved from the General Fund to the Debt Service Fund in order to simplify accounting and eliminate a transfer that artificially inflates the City's budget.
- *Solid Waste Revenues and Expenditures* – The adopted budget reflected a potential solid waste rate increase of 25 to 30 percent. The City's new contract with Waste Management resulted in contract costs that are \$2.8 million lower than assumed in the adopted budget. The mid-biennial budget adjustment eliminates rate revenues and offsetting expenditures that will not occur in 2011.
- *2012 Service Package Requests* – Reflects changes related to the recommended service packages included in Attachment B.
- *2011 Reserve Replenishment* – Additional replenishment of the Revenue Stabilization Reserve with \$500,000 from the \$618,000 in unobligated 2010 General Fund cash balance as discussed at the March 15 Council meeting.
- *Council Directed/Other Requests and Previously Approved Adjustments* - Any additional changes identified by Council and formalizing previously approved actions (fiscal notes, etc).

- *CIP Adjustments* - Formalizing changes based on the 2011-2016 CIP update presented to the City Council in September including any updates since that time.
- *Housekeeping Items* - Adjustments that may be needed to budget accounts, fund balances, etc.

Other Policy Issues

Lodging Tax Funding

The Tourism Development Committee's (TDC) recommendations for funding tourism events and programming in 2012 are included as Attachment C. The TDC was informed that the Concours d' Elegance was moving to Tacoma after the Committee had finalized its 2012 funding recommendations. It is likely that the Committee will want to reprogram the \$10,000 earmarked for this event in 2012 at its next meeting. Staff will update City Council at the November 15 Council meeting.

Outside Agencies and Other Program Funding

During the 2011-2012 Budget development process, City Council requested an overview of funding allocation methodologies for human services and other outside agencies. A staff discussion of past and current practices and potential options for Council to consider in future budget processes for selected programs is included as Attachment D.

2012 Property Tax Levies

The City Council will be adopting two separate property tax levy ordinances for 2012. One for the City as a whole, including the new neighborhoods and a second ordinance to establish the levy to pay the Fire District 41 debt service. The second ordinance will set the tax to be levied on the properties within the area previously served by the District associated with the District's outstanding debt. The adopted 2012 budget assumed that the City would implement the optional levy increase of 1 percent. The preliminary property tax levy for the City and District need to be adopted on November 15. Staff will prepare ordinances establishing the preliminary property tax levies for the City and the District and introduce the issue for discussion at the November 15 regular meeting.

Next Steps

The next steps for the mid-biennial process are:

- November 15 **Mid-Biennial Budget Special Study Session (continued if needed)**
Topics: Follow up from November 1 Study Session, 2012 Service Packages, Overview of Regular Meeting Actions
Regular Meeting
Public Hearings on Budget & Preliminary Levy
Preliminary Levy Adoption (must occur on this date)
- December 12 Mid-Biennial Budget Adoption
Final Levy Adoption



Financial Management Report as of September 30, 2011

AT A GLANCE:

S&P Affirms City of Kirkland's AAA Bond Rating (page 2 sidebar)

2011 revenues are below expectations (page 3)

2011 Sales tax revenue ahead of 2010 (page 5)

Economy remains uncertain (pages 7-8)

Inside this issue:

Expenditure Summary 2

General Fund Revenue 3

General Fund Expenditures 4

Sales Tax Revenue 5

Economic Environment 7

Investment Report 8

Reserve Summary 10

The Financial Management Report will be a challenge to interpret in 2011 due to annexation, which will impact expenditures and revenues at different times throughout the year. In particular, the City incurred increasing expenses month-by-month to gear up for annexation, but no revenue from the annexation area was collected until July and the bulk of the revenue will not be received until the fourth quarter. As a result, instead of discussing the comparison of 2011 actual revenues and expenditures to last year; this and next quarter's FMR will compare the 2011 actual results to the 2011 budget.

Summary of All Operating Funds: Revenue

- **General Fund** actual 2011 revenue is at **64.8 percent of budget** (excluding transfers from Fire District 41 and interfund transfers). The 2011 budget includes revenues projected for the annexation area, most of which are not expected until the last few months of the year. Excluding those large year-end amounts, revenues are at 70.2 percent of budget. A more detailed analysis of General Fund revenue can be found on page 3, and sales tax revenue performance can be found beginning on page 5.
- **Other General Government Funds** actual 2011 revenue is at **59.5 percent of budget**. The Street Operating Fund is expecting a large payment from the County's road tax at the end of 2011. Excluding the road tax from the budget, Other General Government Funds actual 2011 revenue to budget is at 74 percent. Revenues for most Other General Government Funds are within expectations.
- Actual 2011 revenue for the **Water/Sewer Operating Fund** is at **68.4 percent of budget**, water service revenues are under budget 12.8 percent due to lower consumption as a result of the unusually cool/damp summer months.
- **Surface Water Management Fund** actual 2011 revenue is at **46.2 percent of budget**. Surface Water Rates are paid through property taxes, which are primarily received in April and October, revenues are expected to meet or exceed budget by year-end. The second half payments will also include 6 months of revenue from the newly annexed areas.
- **Solid Waste Fund** actual 2011 revenue is at **49.5 percent of budget**, 2011 revenues are expected to come in under budget by more than \$2 million dollars (21.6% of 2011 budget). This difference is offset by the new contract with Waste Management, which resulted in lower costs than assumed in the adopted budget. As part of the mid-biennial budget adjustment process, rate revenues and offsetting expenditures that will not occur in 2011 will be removed from the budget.

Resources by Fund	Year-to-Date Actual			Budget			% of Budget	
	9/30/2010	9/30/2011	% Change	2010	2011	% Change	2010	2011
General Gov't Operating:								
General Fund	37,091,114	44,787,491	20.7%	54,706,544	69,066,718	26.2%	67.8%	64.8%
Other General Gov't Operating Funds	11,311,160	9,863,740	-12.8%	15,798,095	16,572,537	4.9%	71.6%	59.5%
Total General Gov't Operating	48,402,274	54,651,231	12.9%	70,504,639	85,639,255	21.5%	68.7%	63.8%
Utilities:								
Water/Sewer Operating Fund	13,105,621	13,542,000	3.3%	20,660,066	19,807,418	-4.1%	63.4%	68.4%
Surface Water Management Fund	2,907,955	3,076,673	5.8%	5,270,500	6,657,992	26.3%	55.2%	46.2%
Solid Waste Fund	6,288,617	6,343,436	0.9%	8,627,630	12,810,339	48.5%	72.9%	49.5%
Total Utilities	22,302,193	22,962,109	3.0%	34,558,196	39,275,749	13.7%	64.5%	58.5%
Total All Operating Funds	70,704,467	77,613,340	9.8%	105,062,835	124,915,004	18.9%	67.3%	62.1%

Budgeted and actual revenues exclude resources forward and interfund transfers.



S&P Affirms City of Kirkland's AAA Bond Rating

Standard & Poor's (S&P) Financial Rating Service affirmed the City's credit rating of AAA and its stable outlook. The rating review was conducted as part of a refunding of selected City bonds to achieve savings for Kirkland taxpayers through lower interest rates. Kirkland was the second U.S. city to have its AAA rating affirmed since the U.S. sovereign debt rating was downgraded to AA+, outlook negative.

The S&P report cited the City's "maintenance of very strong available reserves, strong financial policies and practices, and low debt burden relative to market value" as factors for the high rating. The report further noted that the "stable outlook reflects that the city's strong financial management policies and practices have positioned it well to handle the transition and ongoing costs associated with its service area expansion" due to the annexation of the Juanita-Finn Hill-Kingsgate neighborhoods.

Cities sell municipal bonds for a variety of projects such as public building construction, utilities infrastructure, and park land acquisition. Before municipal bonds are sold, rating agencies "rate" the ability of the local government to repay bond principal and interest. S&P's AAA rating is the highest rating given and represents maximum safety to the investors purchasing bonds.

For more information, contact Michael Olson, Deputy Director of Finance & Administration at 425-587-3146 or molson@kirklandwa.gov.

Summary of All Operating Funds: *Expenditures*

- **General Fund** actual expenditures are at **68.5 percent of budget**, 75 percent of the way through the year. Savings are largely due to delays in annexation hiring and position vacancies. A more detailed analysis of General Fund expenditures by department is found on page 4.
- **Other Operating Funds** actual expenditures are at **63 percent of budget** largely due to delays in vehicle purchases from extending the planned replacement cycle by another year for many vehicles and savings in computer hardware. Vehicle and computer hardware costs vary year-to-year depending on the planned replacement cycle. Other Operating funds have also seen some savings in personnel costs due to position vacancies.
- **Water/Sewer Operating Fund** actual expenditures are at **76.1 percent of budget** mainly due to higher water costs. The City pays Cascade Water Alliance (CWA) a set rate for water each month based on average demands over three years (currently 2007-2009). The City will begin to see the impact of reduced usage in 2010 and 2011 in next year's calculation. Regional water connection charges (RCFCs) are coming in more than double the budget of \$150,000, due to more connections than expected (which is offset by RCFC revenues). \$90,000 of the RCFC expenditures in 2011 are from 2010 expenditure accruals. 2011 expenditures would be at 75.6 percent of budget excluding the accrued expense of \$90,000.
- **Surface Water Management Fund** actual expenditures are at **54.4 percent of budget** due to delays in hiring annexation positions resulting in significant personnel savings. In addition, the current Surface Water work plan is being reevaluated resulting in savings in professional services.
- **Solid Waste Fund** actual expenditures are at **50.5 percent of budget** due to significant savings in professional services. The 2011 budget assumed a 20-30% Waste Management contract increase and the budget will be adjusted for final contract results at the mid-biennium. In addition, there are savings in personnel costs due to delays in hiring annexation positions.

Expenditures by Fund	Year-to-Date Actual			Budget			% of Budget	
	9/30/2010	9/30/2011	% Change	2010	2011	% Change	2010	2011
General Gov't Operating:								
General Fund	42,382,771	46,364,220	9.4%	58,149,798	67,648,236	16.3%	72.9%	68.5%
Other General Gov't Operating Funds	9,531,423	10,702,383	12.3%	13,326,213	17,000,726	27.6%	71.5%	63.0%
Total General Gov't Operating	51,914,193	57,066,603	9.9%	71,476,011	84,648,962	18.4%	72.6%	67.4%
Utilities:								
Water/Sewer Operating Fund	11,119,283	12,539,444	12.8%	15,903,927	16,472,950	3.6%	69.9%	76.1%
Surface Water Management Fund	2,393,963	2,519,643	5.2%	3,387,458	4,627,817	36.6%	70.7%	54.4%
Solid Waste Fund	6,142,062	6,285,499	2.3%	8,596,408	12,447,017	44.8%	71.4%	50.5%
Total Utilities	19,655,308	21,344,586	8.6%	27,887,793	33,547,784	20.3%	70.5%	63.6%
Total All Operating Funds	71,569,502	78,411,189	9.6%	99,363,804	118,196,746	19.0%	72.0%	66.3%

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

General Fund Revenue

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

- **Sales tax** revenue allocated to the General Fund for 2011 is meeting budget expectations at **74.5 percent**. A detailed analysis of total **sales tax** revenue compared to 2010 can be found starting on page 5.
- **Utility tax** receipts, including projected annexation area revenues, through the third quarter are below budget expectations at **67.6 percent** or \$920,310. The largest shortfall is in telecommunication utility tax revenues, which are short approximately 20 percent. The shortfall is partially offset by higher gas utility taxes due to the unusually cool spring/summer weather.
- **Other taxes** actual revenue has exceeded budget by **16.8 percent** due to gambling revenue from the newly annexed area.
- The **business licenses (base fee) and franchise fees** actual revenue is at **57.2 percent of budget** due to franchise fees coming in under budget due to timing of franchise payments. Business license base fee revenue has exceeded budget.
- The **revenue generating regulatory license fee** is at **80.7 percent of budget**, revenues are ahead of budget expectations partially due to annexation, which required businesses in the new neighborhoods to register and pay Kirkland Business License fees effective June 1, 2011.
- The **development-related fee** revenues, are collectively meeting budget expectations and are at **75.85 percent of budget**. **Building permits and plan check revenue** are collectively at **59.71 percent of budget** and **engineering services revenue** is **153.8 percent of budget** due to receipt of large school permit revenues. A portion of these revenues will be set aside for work that will occur in future years. **Planning fees** revenue is at **99.3 percent of budget** primarily due to major Process IIB permit revenues being received.
- **Fines and Forfeitures** lag budget expectations at **54.4 percent** primarily because of lower than expected parking infraction penalty revenues. This is offset in part by salary savings due to a parking enforcement officer vacancy. Also, revenues from the new neighborhoods are only beginning to be reflected in the actuals.
- **Other financing sources** includes the transfer of FD 41 balances due to the assumption of the District as a result of annexation, most of which is set aside for the station consolidation project. The Interfund Transfers budget is significantly lower than 2010 due to fund restructuring, including, combining of the recreation fund with the General Fund. The budgeted transfers to the General Fund will occur at year-end.

General Fund 2011 revenues are trailing the budget at 65.4 percent, 75 percent through the year. Several revenues are not expected until the fourth quarter including: a significant portion of the revenues from the newly annexed areas, property taxes and inter-governmental revenue.

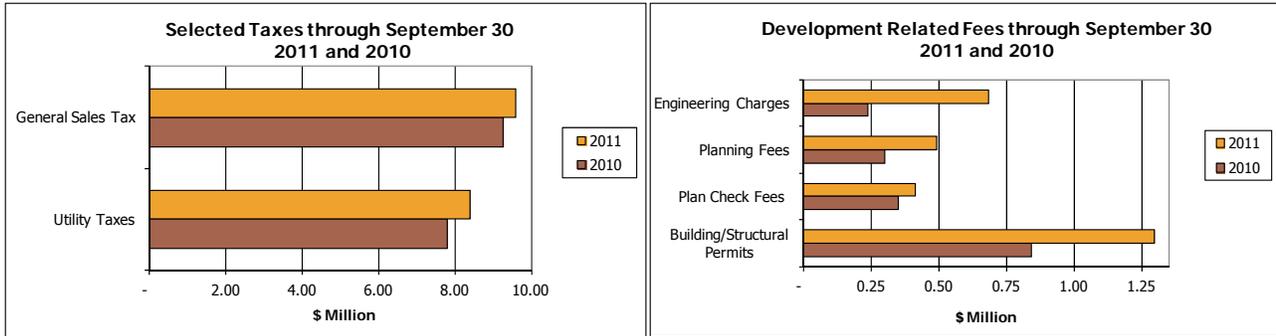
The General Fund is the largest of the General Government Operating funds. It is primarily tax supported and accounts for basic services such as public safety, parks and recreation, and community development.

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

General Fund Resource Category	Year-to-Date Actual			Budget			% of Budget	
	9/30/2010	9/30/2011	% Change	2010	2011	% Change	2010	2011
Taxes:								
Retail Sales Tax: General	9,266,964	9,598,833	3.6%	11,464,179	12,885,899	12.4%	80.8%	74.5%
Retail Sales Tax Credit: Annexation	-	266,026	N/A	-	1,129,866	N/A	N/A	23.5%
Retail Sales Tax: Criminal Justice	704,089	742,283	5.4%	1,129,140	1,149,997	1.8%	62.4%	64.5%
Property Tax	5,400,369	7,313,871	35.4%	9,904,815	13,261,709	33.9%	54.5%	55.2%
Utility Taxes	7,801,302	8,407,212	7.8%	10,965,526	12,436,696	13.4%	71.1%	67.6%
Rev Generating Regulatory License	1,631,331	1,941,312	19.0%	2,567,468	2,406,234	-6.3%	63.5%	80.7%
Other Taxes	256,772	364,833	42.1%	466,129	312,250	-33.0%	55.1%	116.8%
Total Taxes	25,060,827	28,634,370	14.3%	36,497,257	43,582,651	19.4%	68.7%	65.7%
Licenses & Permits:								
Building, Structural & Equipment Permits	839,616	1,297,159	54.5%	1,436,990	1,748,605	21.7%	58.4%	74.2%
Business Licenses/Franchise Fees	1,362,491	1,687,931	23.9%	1,720,921	2,952,114	71.5%	79.2%	57.2%
Other Licenses & Permits	156,998	189,551	20.7%	175,460	217,579	24.0%	89.5%	87.1%
Total Licenses & Permits	2,359,105	3,174,641	34.6%	3,333,371	4,918,298	47.5%	70.8%	64.5%
Intergovernmental:								
Grants and Federal Entitlements	347,587	660,733	90.1%	503,699	963,652	91.3%	69.0%	68.6%
State Shared Revenues & Entitlements	639,337	582,527	-8.9%	809,010	947,385	17.1%	79.0%	61.5%
Fire District #41	1,760,590	1,586,765	N/A	3,598,238	3,682,299	N/A	48.9%	43.1%
EMS	-	420,073	N/A	866,231	868,678	N/A	N/A	48.4%
Other Intergovernmental Services	409,117	211,130	-48.4%	547,394	529,004	-3.4%	74.7%	39.9%
Total Intergovernmental	3,156,631	3,461,228	9.6%	6,324,572	6,991,018	10.5%	49.9%	49.5%
Charges for Services:								
Internal Charges	3,746,073	4,008,314	7.0%	4,707,822	5,589,009	18.7%	79.6%	71.7%
Engineering Services	237,989	682,569	186.8%	225,000	443,669	97.2%	105.8%	153.8%
Plan Check Fee	350,587	413,193	17.9%	408,252	1,115,779	173.3%	85.9%	37.0%
Planning Fees	300,369	491,789	63.7%	245,420	495,044	101.7%	122.4%	99.3%
Recreation	-	977,211	N/A	-	1,162,406	N/A	N/A	84.1%
Other Charges for Services	614,761	1,046,627	70.2%	770,890	1,709,373	121.7%	79.7%	61.2%
Total Charges for Services	5,249,779	7,619,703	45.1%	6,357,384	10,515,280	65.4%	82.6%	72.5%
Fines & Forfeits	1,124,185	1,326,004	18.0%	1,539,268	2,435,490	58.2%	73.0%	54.4%
Miscellaneous	140,587	571,545	306.5%	654,692	623,981	-4.7%	21.5%	91.6%
Total Revenues	37,091,114	44,787,491	20.7%	54,706,544	69,066,718	26.2%	67.8%	64.8%
Other Financing Sources:								
Transfer of FD 41 Balances	-	1,724,497	N/A	-	1,724,497	N/A	N/A	100.0%
Interfund Transfers	1,917,159	-	N/A	2,275,530	275,028	N/A	84.3%	N/A
Total Other Financing Sources	1,917,159	1,724,497	N/A	2,275,530	1,999,525	N/A	84.3%	86.2%
Total Resources	39,008,273	46,511,988	19.2%	56,982,074	71,066,243	24.7%	68.5%	65.4%

Budgeted and actual revenues exclude resources forward.

General Fund Revenue *continued*



General Fund Expenditures

General Fund Department Expenditures	Year-to-Date Actual			Budget			% of Budget	
	9/30/2010	9/30/2011	% Change	2010	2011	% Change	2010	2011
Non-Departmental	878,734	639,003	-27.3%	1,525,820	1,625,600	6.5%	57.6%	39.3%
City Council	284,693	250,173	-12.1%	353,130	317,640	-10.1%	80.6%	78.8%
City Manager's Office	2,172,941	2,470,115	13.7%	3,115,861	3,543,120	13.7%	69.7%	69.7%
Human Resources	759,065	943,030	24.2%	1,124,972	1,209,084	7.5%	67.5%	78.0%
City Attorney's Office	728,571	802,816	10.2%	984,121	1,159,772	17.8%	74.0%	69.2%
Parks & Community Services	4,953,240	4,935,180	-0.4%	6,722,519	7,160,179	6.5%	73.7%	68.9%
Public Works (Engineering)	2,357,623	2,454,656	4.1%	3,340,832	3,737,560	11.9%	70.6%	65.7%
Finance and Administration	2,610,522	2,880,545	10.3%	3,743,652	4,089,574	9.2%	69.7%	70.4%
Planning & Community Development	1,963,312	2,134,153	8.7%	2,730,557	2,923,161	7.1%	71.9%	73.0%
Police	12,482,412	14,541,407	16.5%	17,188,807	22,103,846	28.6%	72.6%	65.8%
Fire & Building	13,191,659	14,313,142	8.5%	17,319,527	19,778,700	14.2%	76.2%	72.4%
Total Expenditures	42,382,771	46,364,220	9.4%	58,149,798	67,648,236	16.3%	72.9%	68.5%
<i>Other Financing Uses:</i>								
Interfund Transfers	455,906	2,077,096	355.6%	1,024,920	3,855,516	276.2%	44.5%	53.9%
Total Other Financing Uses	455,906	2,077,096	355.6%	1,024,920	3,855,516	276.2%	44.5%	53.9%
Total Expenditures & Other Uses	42,838,677	48,441,315	13.1%	59,174,718	71,503,752	20.8%	72.4%	67.7%

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

The 2011 Budget incorporates budget reductions in response to the economic downturn, additions as a result of annexation, the move to medical self-insurance, the restoration of 3.4 percent salary and benefit reductions taken in 2010, and fund restructuring to comply with accounting rule changes. These changes make comparisons to the 2010 budget challenging, therefore, expenditures will only be compared to the 2011 budget. The actual expenditures summarized below reflect nine months of data, which represents 75 percent of the calendar year.

Comparing 2011 actual expenditures to the 2011 budget:

- 2011 **Non-Departmental** expenditures are at **39.3 percent of budget**, primarily due to Fire and Police LEOFF 1 medical insurance premiums, which will be at budget by year-end. In addition, fire hydrant charges, 14.6 percent of the budget, will not occur until December.
- Actual 2011 expenditures for the **City Council** are at **78.8 percent of budget**. 27 percent of the expenses in the City Council budget is dues and memberships, which are paid during the first quarter of the year. City Council expenses are expected to be equal to or under budget at year-end.
- The **City Manager's Office** actuals are at **69.7 percent of budget** due to savings in personnel costs and professional services.
- Actual 2011 expenditures for **Human Resources** are at **78 percent of budget** due to an increase in professional services related to contracting for an interim Human Resources Director. A budget adjustment is expected to recognize this increased cost.
- The **City Attorney's Office** expenditures are **69.2 percent of budget** due to savings in legal fees.

2011 General Fund actual expenditures are 67.7 percent of budget, primarily due to delayed annexation hiring and position vacancies in multiple departments and savings in jail costs.

(Continued on page 5)

Financial Management Report as of September 30, 2011

- Actual 2011 expenditures for the **Parks & Community Services Department** are at **68.9 percent of budget** due to unfilled positions and human services contract payments, which will occur later in the year.
- Actual expenditures for the **Public Works Department** are at **65.7 percent of budget**, expenditures are coming in under budget due to savings from vacant positions and professional services.
- The **Finance and Administration Department** expenditures are **70.4 percent of budget** due to personnel savings mainly from the reclassification of positions and corresponding benefit costs.
- Actual 2011 expenditures for the **Planning and Community Development Department** are at **73 percent of budget** and on track with budget expectations.
- Actual 2011 expenditures for the **Police Department** are at **65.8 percent of budget** due to savings from delayed annexation staffing (and related expenses) along with position vacancies. In addition, jail costs are coming in under budget due to contracts with other agencies for lower rates than those charged by King County and an increase in the use of electronic home detention and other sentencing measures besides jail time.
- Actual 2011 expenditures for the **Fire & Building Department** are at **72.4 percent of budget** due to savings being achieved in fire suppression overtime and delayed hiring of annexation positions in the Building Division. A summary of the funds received from the assumption of Fire District 41 on June 1 appears to the right.

Summary of Fire District 41 Funds: Revenues & Expenditures

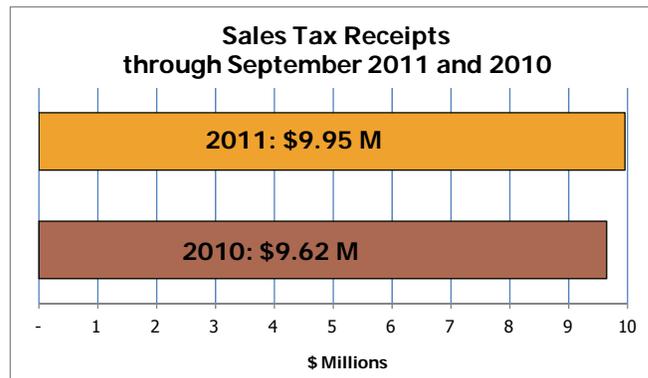
	Capital	General Government
Revenues:		
Beginning Balance	4,000,000	1,724,497
Fire District Revenues	-	-
Interest and Other Revenues	2,126	4,198
Total Revenues	4,002,126	1,728,695
Expenditures:		
Operating Costs (per ILA)	-	61,459
Fire District 2011 Contract	-	-
Station Consolidation Project	24,324	-
Total Expenditures	24,324	61,459
Ending Balance	3,977,802	1,667,236

Sales Tax Revenue Analysis 2011

sales tax revenue through September is **up 3.5 percent** compared to the same period last year. The primary reasons are improvements to the retail sectors (up 4.8 percent collectively over the same period last year) largely driven by auto/gas retail, general merchandise/miscellaneous retail, eating/drinking and the miscellaneous categories. Declines in the contracting, wholesale sectors offset gains in other sectors in the first half of 2011. Normalizing for a one-time payment related to the State's amnesty program, the increase drops to 1.8 percent.

Review by business sectors:

- The **general merchandise/miscellaneous retail** sector is **up 3.2 percent** compared to the same period last year, despite negative performance in September.
- The **auto/gas retail** sector is **up 7.2 percent** compared to last year. This category tops the retail sector with the largest dollar increase year to date.
- The **retail eating/drinking** sector performance is **up 4.5 percent** compared to last year. While this is a small increase, it is an improvement from the consistently negative performance this sector experienced last year.
- **Other retail** is **up 2.1 percent** compared to last year, primarily due to positive performance in the food and beverage, electronics and furniture categories.
- The **miscellaneous** sector is **up 20.0 percent** compared to last year, due to the one-time amnesty program revenue and a distribution of pooled sales tax revenue related to some large audits. Factoring out one-time revenues received this year, this category would be down 5.6 percent.
- The **communications** sector is **up 8.2 percent** compared to last year due to the significant development related activity from telecommunications companies earlier this year.
- The **services** sector is **up 4.3 percent** compared to last year, largely due to positive performance in the accommodation, internet and professional scientific categories and despite negative performance in the healthcare category. The accommodations category is up 3.6 percent or about \$6,700.
- The **contracting** sector is **down 6.4 percent** compared to last year due to the completion of several large projects (e.g. Lake Washington High School and Kirkland Transit Center) that generated significant revenues last year and various commercial tenant improvements.
- **Wholesale** is **down 9.6 percent** compared to last year, largely due to continued declines in the durable goods category.



Streamlined Sales Tax

Washington State implemented new local coding sales tax rules as of July 1, 2008 as a result of joining the national Streamlined Sales Tax Agreement. Negative impacts from this change are mitigated by the State of Washington. The first three quarterly payments in 2011 total a little more than \$78,000 and were received in March, June and September.

Neighboring Cities

Bellevue and Redmond 2011 sales tax revenue through September is up 7.3 percent and 45.3 percent respectively compared to the same period in 2010. Redmond is much higher due to \$4.6 million in field recoveries received in February and March. Excluding field recoveries Redmond is up 10.3 percent.

City of Kirkland Actual Sales Tax Receipts

Business Sector Group	January-September		Dollar Change	Percent Change	Percent of Total	
	2010	2011			2010	2011
Services	1,206,040	1,257,831	51,791	4.3%	12.5%	12.6%
Contracting	1,299,043	1,216,425	(82,618)	-6.4%	13.5%	12.2%
Communications	334,962	362,534	27,572	8.2%	3.5%	3.6%
Auto/Gas Retail	2,238,402	2,400,261	161,859	7.2%	23.3%	24.1%
Gen Merch/Misc Retail	1,332,276	1,375,315	43,039	3.2%	13.8%	13.8%
Retail Eating/Drinking	803,089	839,440	36,351	4.5%	8.3%	8.4%
Other Retail	1,215,467	1,240,918	25,451	2.1%	12.6%	12.5%
Wholesale	571,972	516,818	(55,154)	-9.6%	5.9%	5.2%
Miscellaneous	618,184	741,798	123,614	20.0%	6.4%	7.5%
Total	9,619,435	9,951,340	331,905	3.5%	100.0%	100.0%

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

City of Kirkland Actual Monthly Sales Tax Receipts

Month	Sales Tax Receipts		Dollar Change	Percent Change
	2010	2011		
January	945,992	1,082,225	136,233	14.4%
February	1,364,023	1,366,850	2,827	0.2%
March	937,460	942,887	5,427	0.6%
April	953,914	899,425	(54,489)	-5.7%
May	1,094,845	1,154,252	59,407	5.4%
June	1,009,111	1,046,570	37,459	3.7%
July	1,035,279	1,133,191	97,912	9.5%
August	1,136,223	1,181,633	45,410	4.0%
September	1,142,588	1,144,307	1,719	0.2%
Total	9,619,435	9,951,340	331,905	3.5%

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

- Monthly revenue performance in 2011 has maintained the improvements seen in 2010 after the mostly double digit declines experienced throughout 2009.
- January 2011 was substantially ahead of January 2010. However, a substantial portion of the gain was one-time. Field recoveries and large one-time receipts accounted for almost half of the gain. The increase was 7.8 percent after factoring out these one-time events.
- Receipts for April are skewed by a large field recovery received in April 2010. Excluding the field recovery would result in April 2011 being down 2.3 percent.
- May, June and July are skewed due to one-time amnesty revenues. Excluding these revenues would result in May being down 1.0 and June and July being up 0.4 and 7.6 percent respectively.
- August is skewed by a one-time distribution resulting from certain audits being completed. Excluding this distribution would result in August being up 0.8 percent.
- 2011 sales tax revenue was budgeted to remain the same as 2010, excluding the annexation area, so positive performance is a net gain to offset volatility that may be experienced later this year in this revenue source or in other revenue sources.

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

Comparing to the same period last year:

Totem Lake, which accounts for about 30 percent of the total sales tax receipts, is **up 1.4 percent** primarily due to positive performance in the automotive/gas retail sales. About 58

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

NE 85th Street, which accounts for over 15 percent of the total sales tax receipts, is **up 1.4 percent** primarily due to automotive/gas retail sales. This sector contributes almost 38 percent of this business district's revenue.

Downtown, which accounts for over 6 percent of the total sales tax receipts, is **down 5.6 percent** due to poor performance in the retail eating/drinking sector and finance/real estate sector. The retail eating/drinking sector, accommodations and other retail provide almost 70 percent of this business district's revenue.

Carillon Point & Yarrow Bay, which account for about 4 percent of the total sales tax receipts, are **up 48.0 percent** compared to last year primarily due to communications, other retail and the accommodations sectors, and despite poor performance in the retail eating/drinking sector. About 54 percent of this business district's revenue comes from business services, retail eating/drinking and accommodations.

Houghton & Bridle Trails, which account for about 2 percent of the total sales tax receipts, are **up 8.4 percent** collectively almost entirely due to retail food stores, primarily due to a new retail business that opened in May 2010. The retail sectors provide about 73 percent of these business districts' revenue.

Juanita, which accounts for about 2 percent of the total sales tax receipts, is **down 8.3 percent** primarily due to retail eating/drinking, retail auto/gas and business services. These sectors, along with miscellaneous retail, provide almost 73 percent of this business district's revenue.

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

When reviewing sales tax receipts by business district, it's important to point out that over 40 percent of the revenue received in 2011 is in the "unassigned or no district" category largely due to contracting and other revenue, which includes revenue from Internet, catalog sales and other businesses located outside of the City.

City of Kirkland Sales Tax by Business District

Business District	Jan-Sep Receipts		Dollar Change	Percent Change	Percent of Total	
	2010	2011			2010	2011
Totem Lake	2,938,701	2,980,200	41,499	1.4%	30.5%	29.9%
NE 85th St	1,531,420	1,553,135	21,715	1.4%	15.9%	15.6%
Downtown	675,660	638,059	(37,601)	-5.6%	7.0%	6.4%
Carillon Pt/Yarrow Bay	236,996	350,812	113,816	48.0%	2.5%	3.5%
Houghton & Bridle Trails	230,010	249,328	19,318	8.4%	2.4%	2.5%
Juanita	204,201	187,198	(17,003)	-8.3%	2.1%	1.9%
Unassigned or No District:						
Contracting	1,298,997	1,216,026	(82,971)	-6.4%	13.5%	12.2%
Other	2,503,450	2,776,582	273,132	10.9%	28.2%	29.9%
Total	9,619,435	9,951,340	331,905	3.5%	100.0%	100.0%

Sales Tax Revenue Outlook Sales tax receipts has been mostly positive for 2011 compared to 2010, as illustrated in the monthly chart on the previous page and is in line with budget expectations. One-time field recoveries have supplemented the increase by 1.7 percent. Upside trends pose potential risks—the services, general merchandise/miscellaneous retail, automotive/gas retail and miscellaneous sectors has contributed the largest amount of gain, but these sectors are very sensitive to economic conditions. Communications saw a significant increase in February, which has offset declines in all other months through September. Contracting, and wholesale have not shown signs of recovery. The impact from streamlined sales tax sourcing rule changes has negatively impacted some sectors, but is offset by gains in others. The shaky economic recovery poses significant risk to the City's ability to maintain services, since sales tax is one of the primary sources of general fund revenue. Changes in revenue structure over the last few years have provided some balance to offset the volatility inherent in sales tax.

OFFICE VACANCIES:

Note: Vacancy rate data for the third quarter has not yet been released by CBRE. A snapshot from the second quarter is below:

According to CB Richard Ellis Real Estate Services, the Eastside vacancy rate was 16.0 percent for the second quarter of 2011 compared to 19.0 percent for the second quarter of 2010. Kirkland's 2011 vacancy rate is 11.5 percent, significantly lower than the 2010 rate of 28.9 percent.

The Puget Sound regional market recovery appears to continue with 582,791 square feet of positive absorption during the second quarter, with 86 percent occurring on the Eastside. This is the fifth straight quarter of positive absorption. Positive absorption occurs when the total amount of available office space decreases during a set period.

LODGING TAX REVENUE:

Lodging tax 2011 revenue is at 77.4 percent of budget and 9.2 percent more than 2010.

Economic Environment Update Washington State's economy is performing close to expectations, but is not immune to uncertainty in the global economy. If the national economy falters, so too shall Washington according to the latest update from the Washington State Economic and Revenue Forecast Council. Employment rose slightly from June to August with 8,300 net new jobs in Washington mostly in the private sector. Even with some gains in employment the state is down more than 140,000 jobs from the start of the recession. Washington's economic outlook also recognized the slowdown that had occurred in the spring and summer, and economists thought that the slowdown was due largely to temporary factors which would begin to be resolved in the fall. However, lack of progress in the European debt crisis, continued uncertainty with U.S. fiscal policies, and slow job growth have caused the outlook to switch to a more prolonged period of slow growth. Governor Christine Gregoire has called a 30 day special legislative session starting November 28 to deal with the projected state budget shortfall of \$1.4 billion in the 2011-13 biennium, which started July 1st. *The side bar on page 9 presents information on the national forecast based on a survey done by the Federal Reserve Bank of Philadelphia.*

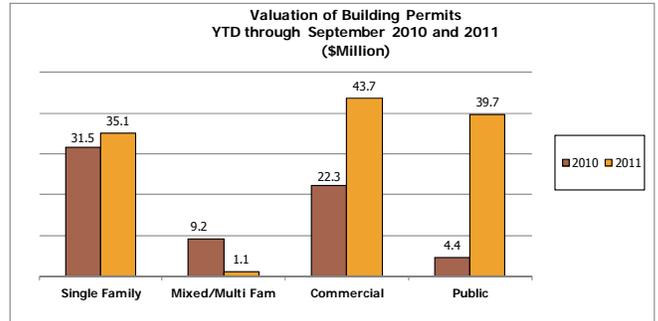
The U.S. **consumer confidence index**, which had declined sharply in August, remained essentially unchanged in September. The Index now stands at **45.4** up slightly from 45.2 in August. Bart van Ark, Chief Economist for The Conference Board, said "the risk of recession in the U.S. has increased to almost 50%, due primarily to the sharp deterioration in consumer confidence and the steep downward adjustment in the equity market. We have lowered our forecast for U.S. GDP growth to 0.6% for the final quarter of the year, which will roll up into a 1.5% growth estimate for 2011 relative to 2010. While we currently do not forecast a recession, with an economy this weak, it does not take a lot to tip us into a recession. However, the weak labor market, soft consumer spending, and still struggling housing market will continue to be major headwinds facing the U.S. economy as we end this year and head into next year." An index of 90 indicates a stable economy and one at or above 100 indicates growth.

(Continued on page 8)

Seattle-Bellevue-Everett Metropolitan Division **unemployment rate** was **8.3 percent** in September 2011 compared to 9.1 percent in September 2010. While remaining high compared to a few years ago, Seattle-Bellevue-Everett Metropolitan Division is slightly lower than the Washington State and national rates, which were 8.5 and 9.1 percent, and is lower than the past two years.

The Institute for Supply Management-**Western Washington Index** saw an increase in September at 61.3, up from 56.5 in August. The national survey index increased to 51.6 in September from 50.6 in August. Both indices are similar to those seen throughout 2010. An index reading greater than 50 indicates a growing economy, while scores below 50 suggest a shrinking economy.

Local **development activity** through September comparing 2010 to 2011 as measured by the valuation of City of Kirkland building permits is illustrated in the chart to the right. Activity has improved in the single family, commercial and public sectors. However, activity in the mixed use/multifamily sectors has been slow in 2011. Through September 2011, building permit valuation was up 77.1 percent compared to September 2010. This increase is largely due to Lake Washington School District permits for school remodels.



Closed sales of **new and existing single-family homes** on the East-side were up 34.1 percent in September 2011 compared to September 2010.

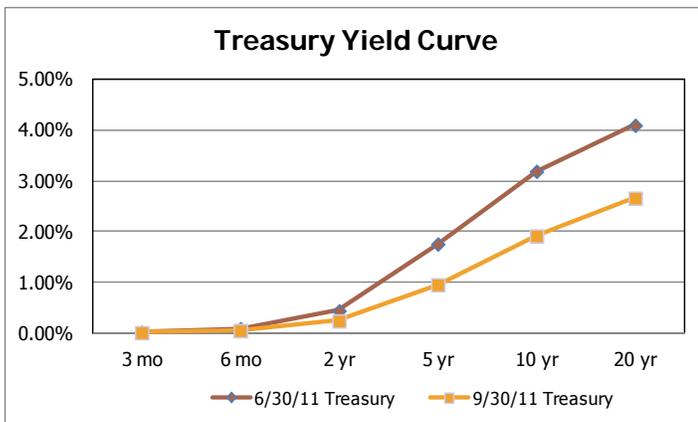
The median price of a single family home decreased 4.3 percent (510,000 compared to \$533,000). Closed sales for condominiums were up 70.9 percent and the median price dropped 10 percent (to \$224,995 from \$250,000). Countywide, closed sales increased 37 percent compared to September 2010. Whereas, the countywide median home price fell almost eight percent year-over-year.

Seattle metro consumer price index (CPI) in August was at 3.2 percent, lower than the June CPI of 3.7 percent. The Seattle index is calculated on a bi-monthly basis. The national index increased to 4.4 percent in September and since December 2010 it has increased by 2.7 percent. This increase was impacted largely by higher prices for energy, including gasoline and food. The CPI in Seattle and nationally are the highest since October 2008. Employees received no cost of living adjustment in 2010 or 2011, due to negative CPI's. The City has four of six bargaining agreements ending December 31, 2011. CPI is used to identify periods of inflation or deflation.

Investment Report

MARKET OVERVIEW

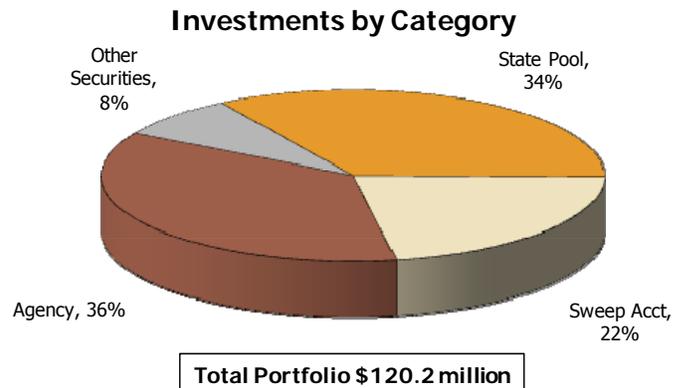
The Fed Funds rate continued to remain at 0.25 percent through the third quarter of 2011 and is now not expected to change until the second quarter of 2013. The economy continues to struggle. The yield curve dropped significantly in the longer end of the curve reaching record low rates for the 5 and 10 year Treasuries.



CITY PORTFOLIO

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

The City's portfolio decreased in the third quarter of 2011 to \$120.2 million compared to \$128.8 million on June 30, 2011. The decrease in the portfolio is related to the normal cash flows of the third quarter, as the first half of property taxes is received in the second quarter.



Diversification

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

Investment Report *continued*

2011 ECONOMIC OUTLOOK and INVESTMENT STRATEGY

The outlook for growth in the U.S. economy continues to look slower than it did just three months ago, according to 37 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The U.S. economy is expected to grow at an annual rate of 1.7 percent in 2011 down from their prediction of 2.7 percent in the last survey. CPI inflation expectations have increased to average 3.2 percent in 2011 and 2.0 percent in 2012. The unemployment rate is expected to average 9 percent in 2011 and fall to 8.6 percent in 2012. The Fed Funds rate, currently at 0.25 percent, is expected to remain at this level through mid 2013.

The duration of the portfolio will decrease as securities mature and are called. Opportunities for increasing portfolio returns are scarce as shorter term interest rates continue at historically low levels. New security purchases will be made as opportunities to obtain moderate returns become available. During periods of low interest rates the portfolio duration should be shorter with greater liquidity so that the City is in a position to be able to purchase securities with higher returns when interest rates begin to rise. The State Pool is currently at 0.14 percent and will continue to remain low as the Fed Funds rate remains at 0.00 to 0.25 percent. Total estimated investment income for 2011 is \$1,300,000.

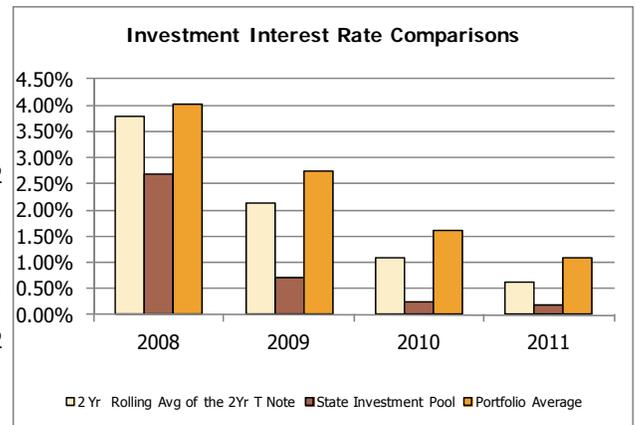
Liquidity

The City of Kirkland Investment Policy, Section 13, states that the maximum weighted average maturity (WAM) of the total portfolio shall not exceed 3 years. This maximum is established to limit the portfolio to excessive market exposure. The average maturity of the City's investment portfolio decreased from 1.81 years on June 30, 2011 to 1.41 years on September 30, 2011 due to longer term securities being called. It is expected that securities will continue to be called on their call dates as interest rates are expected to remain at record lows through 2012.

Benchmark Comparison	June 30, 2011	September 30, 2011
City Yield to Maturity (YTM)	1.21%	1.02%
City Average YTM	1.06%	1.09%
City Year to Date Cash Yield	0.97%	1.00%
90 Day Treasury Bill	0.03%	0.02%
2 yr Rolling Avg 2 yr T Note	0.72%	0.62%

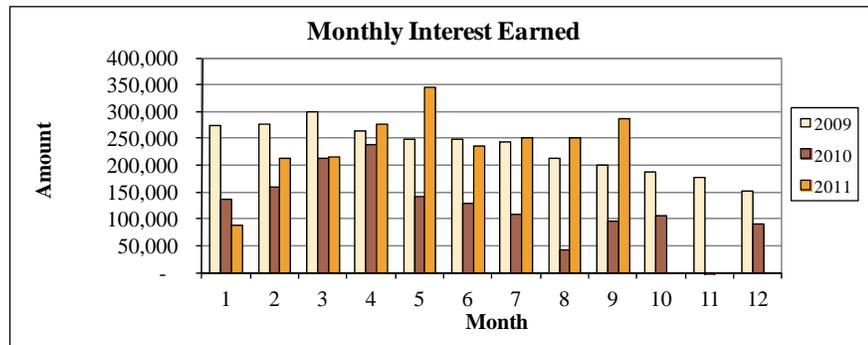
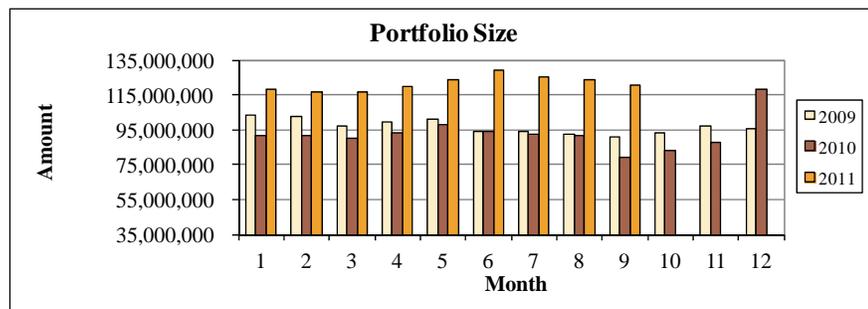
Yield

The City Portfolio yield to maturity decreased from 1.21 percent on June 30, 2011 to 1.02 percent on September 30, 2011. The City's portfolio benchmark is the range between the 90 day Treasury Bill and the 2 year rolling average of the 2 year Treasury Note. This benchmark is used as it is reflective of the maturity guidelines required in the Investment Policy adopted by City Council. The City's portfolio outperformed both the 90 day T Bill and the 2 year rolling average of the 2 year Treasury Note, which was 0.62 percent on September 30, 2011.



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

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



Reserves are an important indicator of the City's fiscal health and effectively represent "savings accounts" that are established to meet unforeseen budgetary needs (general purpose reserves) or are dedicated to a specific purpose. The reserves are listed with their revised estimated balances at the end of the biennium as of September 30, 2011.

Reserve Analysis

General Purpose Reserves

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

General Capital Reserves

- The downturn in real estate transactions over the last few years has significantly impacted **Real Estate Excise Tax (REET)** collections resulting in adjustments to capital project planning to reflect available funding. Revenue is 15.7 percent ahead of the same period last year and has exceeded budget. However, it is less than half of the revenue received in 2007.
- **Impact fees** have also been significantly reduced as a result of the severe downturn in development activity, resulting in adjustments to capital projects plans. 2011 revenue is 80 percent ahead of the same period in 2010 with increases in both transportation and park impact fees. However, transportation fees are only at 29 percent of the budget at the end of the third quarter and are not likely to improve by year-end. There is no planned use for projects in the current budget cycle, since these revenue sources are expected to remain extremely low compared to historical trends until development activity improves.

General Government & Utility Reserves Targets Summary

Reserves	2011 Beginning Balance	Adopted 2012 Ending Balance	Revised 2012 Ending Balance	2011-12 Target	Revised Over (Under) Target
GENERAL PURPOSE RESERVES WITH TARGETS					
General Fund Reserves:					
General Fund Contingency	50,000	50,000	50,000	50,000	0
General Oper. Reserve (Rainy Day)	2,806,513	2,806,513	2,806,513	4,127,496	(1,320,983)
Revenue Stabilization Reserve	131,431	731,431	731,431	2,279,251	(1,547,820)
Council Special Projects Reserve	201,534	251,534	193,534	250,000	(56,466)
Contingency	2,051,870	2,201,870	2,201,870	4,016,232	(1,814,362)
General Capital Contingency:	4,844,957	4,669,463	4,669,463	6,766,320	(2,096,857)
General Purpose Reserves with Targets	10,086,305	10,710,811	10,652,811	17,489,299	(6,836,488)
ALL OTHER RESERVES WITH TARGETS					
General Fund Reserves:					
Litigation Reserve	70,000	70,000	70,000	50,000	20,000
Firefighter's Pension Reserve	1,595,017	1,734,215	1,734,215	1,568,207	166,008
Health Benefits Fund:					
Claims Reserve	0	1,424,472	1,424,472	1,424,472	0
Rate Stabilization Reserve	0	500,000	500,000	500,000	0
Excise Tax Capital Improvement:					
REET 1	1,530,280	1,019,907	925,373	1,035,000	(109,627)
REET 2	7,121,695	4,975,718	4,792,465	11,484,000	(6,691,535)
Water/Sewer Operating Reserve:	1,979,380	1,979,380	1,939,380	1,979,380	(40,000)
Water/Sewer Debt Service Reserve:	822,274	508,717	508,717	508,717	0
Water/Sewer Capital Contingency:	1,793,630	1,793,630	1,793,630	250,000	1,543,630
Surface Water Operating Reserve:	412,875	412,875	412,875	412,875	0
Surface Water Capital Contingency:	858,400	858,400	858,400	758,400	100,000
Other Reserves with Targets	16,183,551	15,277,314	14,959,527	19,971,051	(5,011,524)
Reserves without Targets	30,665,367	36,312,121	36,084,303	n/a	n/a
Total Reserves	56,935,223	62,300,246	61,696,641	n/a	n/a

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

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

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

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

USES AND ADDITIONS HIGHLIGHTS

RESERVE	AMOUNT	DESCRIPTION
2011 Council Authorized Uses		
2011 First Quarter Total Uses	\$248,253	
2011 Second Quarter Total Uses	\$13,000	
Council Special Projects Reserve	\$25,000	Cultural Council Funding
	\$10,000	Eastside Severe Weather Shelter
	\$5,000	Ethics Program Agreement
Development Services Reserve	\$57,000	Planning Development Review Staffing
Tree Ordinance Reserve	\$10,000	Tree Canopy Analysis Grant Match
Revolving Reserve Accounts	\$2,318	Remaining Cultural Council Reserve
Off-Street Parking	\$1,500	Park and Main Lot Striping
REET 1	\$94,534	Parks Operating and Maintenance
REET 2	\$100,000	Street Operating and Maintenance
Street Improvement	\$37,000	Crosswalk Upgrade Program
2011 Council Authorized Additions		

No Authorized City Council additions as of September 30, 2011

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

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

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

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

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

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

Reserves	Description	2011 Beginning Balance	Adopted 2012 Ending Balance	Additional Authorized Uses/Additions	Revised 2012 Ending Balance
GENERAL FUND/CONTINGENCY					
General Fund Reserves:					
General Fund Contingency	Unexpected General Fund expenditures	50,000	50,000	0	50,000
General Oper. Reserve (Rainy Day)	Unforeseen revenues/temporary events	2,806,513	2,806,513	0	2,806,513
Revenue Stabilization Reserve	Temporary revenue shortfalls	131,431	731,431	0	731,431
Building & Property Reserve	Property-related transactions	1,972,213	1,972,213	0	1,972,213
Council Special Projects Reserve	One-time special projects	201,534	251,534	(58,000)	193,534
Contingency	Unforeseen expenditures	2,051,870	2,201,870	0	2,201,870
Total General Fund/Contingency		7,213,561	8,013,561	(58,000)	7,955,561
SPECIAL PURPOSE RESERVES					
General Fund Reserves:					
Litigation Reserve	Outside counsel costs contingency	70,000	70,000	0	70,000
Labor Relations Reserve	Labor negotiation costs contingency	70,606	70,606	0	70,606
Police Equipment Reserve	Equipment funded from seized property	50,086	50,086	0	50,086
LEOFF 1 Police Reserve	Police long-term care benefits	618,079	618,079	0	618,079
Facilities Expansion Reserve	Special facilities expansions reserve	800,000	800,000	0	800,000
Development Services Reserve	Revenue and staffing stabilization	502,011	652,011	(57,000)	595,011
Tour Dock	Dock repairs	81,745	81,745	0	81,745
Tree Ordinance	Replacement trees program	29,117	29,117	(10,000)	19,117
Donation Accounts	Donations for specific purposes	185,026	185,026	0	185,026
Revolving Accounts	Fee/reimbursement for specific purposes	436,386	436,386	(2,318)	434,068
Lodging Tax Fund	Tourism program and facilities	146,384	123,566	(15,000)	108,566
Cemetery Improvement	Cemetery improvements/debt service	439,415	439,415	0	439,415
Off-Street Parking	Downtown parking improvements	10,776	10,776	(1,500)	9,276
Firefighter's Pension	Long-term care/pension benefits	1,595,017	1,734,215	0	1,734,215
Total Special Purpose Reserves		5,034,648	5,301,028	(85,818)	5,215,210
GENERAL CAPITAL RESERVES					
Excise Tax Capital Improvement:					
REET 1	Parks/transportation/facilities projects, parks debt service	1,530,280	1,019,907	(94,534)	925,373
REET 2	Transportation capital projects	7,121,695	4,975,718	(183,253)	4,792,465
Impact Fees					
Roads	Transportation capacity projects	525,095	1,112,245	0	1,112,245
Parks	Parks capacity projects	2,033	3,038	0	3,038
Street Improvement	Street improvements	1,092,258	1,092,258	(42,000)	1,050,258
General Capital Contingency	Changes to General capital projects	4,844,957	4,669,463	0	4,669,463
Total General Capital Reserves		15,116,318	12,872,629	(319,787)	12,552,842
UTILITY RESERVES					
Water/Sewer Utility:					
Water/Sewer Operating Reserve	Operating contingency	1,979,380	1,979,380	(40,000)	1,939,380
Water/Sewer Debt Service Reserve	Debt service reserve	822,274	508,717	0	508,717
Water/Sewer Capital Contingency	Changes to Water/Sewer capital projects	1,793,630	1,793,630	0	1,793,630
Water/Sewer Construction Reserve	Replacement/re-prioritized/new projects	7,870,665	9,871,542	(100,000)	9,771,542
Surface Water Utility:					
Surface Water Operating Reserve	Operating contingency	412,875	412,875	0	412,875
Surface Water Capital Contingency	Changes to Surface Water capital projects	858,400	858,400	0	858,400
Surface Water-Transp. Related Rsv	Replacement/re-prioritized/new projects	2,483,250	3,666,250	0	3,666,250
Surface Water Construction Reserve	Trans. related surface water projects	2,848,125	3,376,431	0	3,376,431
Total Utility Reserves		19,068,599	22,467,225	(140,000)	22,327,225
INTERNAL SERVICE FUND RESERVES					
Health Benefits:					
Claims Reserve	Health benefits self insurance claims	0	1,424,472	0	1,424,472
Rate Stabilization Reserve	Rate stabilization	0	500,000	0	500,000
Equipment Rental:					
Vehicle Reserve	Vehicle replacements	7,718,221	8,047,063	0	8,047,063
Radio Reserve	Radio replacements	0	0	0	0
Information Technology:					
PC Replacement Reserve	PC equipment replacements	258,311	318,646	0	318,646
Technology Initiative Reserve	Technology projects	690,207	690,207	0	690,207
Major Systems Replacement Reserve	Major technology systems replacement	245,500	84,900	0	84,900
Facilities Maintenance:					
Operating Reserve	Unforeseen operating costs	550,000	550,000	0	550,000
Facilities Sinking Fund	20-year facility life cycle costs	1,039,858	2,030,515	0	2,030,515
Total Internal Service Fund Reserves		10,502,097	11,721,331	0	11,721,331
Grand Total		56,935,223	62,300,246	(603,605)	61,696,641



123 5th Avenue
Kirkland, Washington 98033
425-587-3101

- ◆ Tracey Dunlap, Director of Finance & Administration
- ◆ Michael Olson, Deputy Director of Finance & Administration
- ◆ Sri Krishnan, Financial Planning Manager
- ◆ Neil Kruse, Senior Financial Analyst
- ◆ Tammy McCorkle, Budget Analyst
- ◆ Karen Terrell, Budget Analyst

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

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

Economic Environment Update References:

- Carol A. Kujawa, MA, A.P.P., *ISM-Western Washington, Inc. Report On Business*, Institute for Supply Management-Western Washington, September, 2011
- Eric Pryne, *King County home sales up, median price down 8 percent from year ago*, The Seattle Times, October 5, 2011
- Ruth Mantell, *Consumer confidence ticks higher*, Market Watch, September 27, 2011
- CB Richard Ellis Real Estate Services, *Market View Puget Sound, Second Quarter 2011*
- Economic & Revenue Update—Washington State Economic & Revenue Forecast Council
- Consumer Board Confidence Index
- U.S. Bureau of Labor Statistics
- Washington State Employment Security Department
- Washington State Department of Revenue
- Washington State Department of Labor & Industries
- City of Kirkland Building Division
- City of Kirkland Finance & Administration Department

**City of Kirkland
2012 Mid-Bi Budget Review
Service Package Requests**

Pg.	Pkg. #		2012 Department Request				Funding Source					Total Funding Sources
			FTE	Ongoing	One-time	Total	External Source	Expenditure Offset	Fees/Charges	REET	Reserves	
GENERAL FUND												
City Manager												
	010CM03	State Legislative Advocacy Services	-	-	34,000	34,000	-	34,000	-	-	-	34,000
Subtotal City Manager			-	-	34,000	34,000	-	34,000	-	-	-	34,000
Parks												
	010PK01	Green Kirkland Program*	-	-	77,051	77,051	77,051	-	-	-	-	77,051
	010PK02	Parks Operations and Maintenance from REET	-	-	54,853	54,853	-	-	-	54,853	-	54,853
	010PK03	Water Safety - Lifeguards on Houghton & Waverly Beaches	-	-	32,571	32,571	-	32,571	-	-	-	32,571
Subtotal Parks			-	-	164,475	164,475	77,051	32,571	-	54,853	-	164,475
Police												
	010PD05	Police Financial Analyst	0.25	29,873	-	29,873	-	29,873	-	-	-	29,873
Subtotal Police			0.25	29,873	-	29,873	-	29,873	-	-	-	29,873
Fire & Building												
	010FB04	Fire Administration - Records Specialist**	-	-	26,890	26,890	-	-	-	-	26,890	26,890
	010CM04	Emergency Preparedness Coordinator**	-	-	123,178	123,178	50,000	-	-	-	73,178	123,178
	010FB05	EPCR Tablet Computer Replacement**	-	21,882	-	21,882	-	-	-	-	21,882	21,882
Subtotal Fire & Building			-	21,882	150,068	171,950	50,000	-	-	-	121,950	171,950
GENERAL FUND TOTAL			0.25	51,755	348,543	400,298	127,051	96,444	-	54,853	121,950	400,298
OTHER FUNDS												
Street Maintenance Fund												
	117PW03	Streets Operations and Maintenance from REET***	-	-	99,138	99,138	-	40,981	-	58,157	-	99,138
Street Maintenance Fund			-	-	99,138	99,138	-	40,981	-	58,157	-	99,138
Water/Sewer Operating Fund												
	411PW01	Water Comprehensive Plan	-	-	150,000	150,000	-	-	-	-	150,000	150,000
Water/Sewer Operating Fund			-	-	150,000	150,000	-	-	-	-	150,000	150,000
Surface Water Fund												
	421PW02	Surface Water Master Plan	-	-	200,000	200,000	-	200,000	-	-	-	200,000
	421PW03	Secure and Protect New Ponds	-	-	250,000	250,000	-	-	-	-	250,000	250,000
Surface Water Fund			-	-	450,000	450,000	-	200,000	-	-	250,000	450,000
TOTAL OTHER FUNDS			-	-	699,138	699,138	-	240,981	-	58,157	400,000	699,138
TOTAL ALL FUNDS			0.25	51,755	1,047,681	1,099,436	127,051	337,425	-	113,010	521,950	1,099,436

*Potential King Conservation District Grant

**Reserve portion funded from liquor profits set-aside

***Expenditure savings from 2011 under-expenditure of REET allocation

CITY OF KIRKLAND 2012 SERVICE PACKAGE REQUEST

TITLE	State Legislative Advocacy Services			010CM03	
DEPARTMENT	DIVISION		FUND		
City Manager's Office	Executive		General		
CITY COUNCIL GOALS					
Financial Stability Public Safety Economic Development Balanced Transportation Dependable Infrastructure Human Services					
DESCRIPTION AND JUSTIFICATION					
<p>The City of Kirkland has contracted with a State lobbyist to represent and advocate on behalf of the City's interests in Olympia since 2005. In 2011, this representation resulted in substantial successes. Significant achievements include:</p> <ul style="list-style-type: none"> • Retention of the annexation sales tax credit (\$4.5 million revenue expected in 2011-12) • REET flexibility funding for parks maintenance and street operations, and • Financial relief for annexation census requirements, which resulted in savings of \$225,000. <p>At the August 2 City Council Meeting, the Council concurred with the City Manager's decision to extend the City's contract for state lobbying services with Waypoint Consulting Group and increase the monthly compensation to \$4,000 for the remainder of 2011. The cost for the remainder of 2011 was \$20,000 and was funded using part of the \$36,000 in 2012. Services provided began immediately in August with interim session work and preparing a draft legislative agenda for the upcoming 2012 session.</p> <p>\$16,000 in one-time money remains available for state legislative advocacy services and lobbying assistance in 2012. The City anticipates contracting for these services at a similar amount in 2012. The estimated total costs are \$50,000, leaving a potential funding gap of \$34,000.</p> <p>The funding source for the request is expenditure savings identified by the department.</p>					
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____					
NUMBER OF FTE's REQUESTED		0.00			
COST SUMMARY	2011		2012		Total
	Ongoing	One-Time	Ongoing	One-Time	
Personnel Services	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies & Services	\$ -	\$ -	\$ -	\$ 34,000	\$ 34,000
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost	\$ -	\$ -	\$ -	\$ 34,000	\$ 34,000
Expenditure Savings	\$ -	\$ -	\$ -	\$ (34,000)	\$ (34,000)
Offsetting Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Net Service Package Cost	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF KIRKLAND
2012 SERVICE PACKAGE REQUEST

TITLE	Green Kirkland Program		010PK01		
DEPARTMENT	DIVISION		FUND		
Parks and Community Services	Administration		General		
CITY COUNCIL GOALS					
Environment					
DESCRIPTION AND JUSTIFICATION					
<p>Kirkland has 372 acres of natural area park lands, which are mainly forested. Invasive plant species such as English ivy are slowly killing trees. The City developed the "20-year Forest Restoration Plan" to address this problem, with funding from the King Conservation District (KCD) and the City's Parks Capital Improvement Program (CIP).</p> <p>The City made significant strides in removing invasive plants from 28.2 acres in six targeted parks, trained 16 volunteer stewards and planted approximately 9,000 native plants in 2010.</p> <p>To continue the successful restoration momentum and growth of the Green Kirkland program, this request funds the Environmental Education and Outreach Specialist Position (1.0 FTE) and a part time administrative position (1,000 hours).</p> <p>The funding source for this request is the KCD grant. Staff has secured a grant for the first six months of 2012 from KCD in the amount of \$35,600 and will reapply for additional funding of \$41,451 in the first quarter of 2012. If the grant funding is not received, the staffing for the program will be re-evaluated.</p>					
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____					
NUMBER OF FTE's REQUESTED		0.00			
COST SUMMARY	2011		2012		Total
	Ongoing	One-Time	Ongoing	One-Time	
Personnel Services	\$ -	\$ -	\$ -	\$ 77,051	\$ 77,051
Supplies & Services	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost	\$ -	\$ -	\$ -	\$ 77,051	\$ 77,051
Expenditure Savings	\$ -	\$ -	\$ -	\$ -	\$ -
Offsetting Revenue	\$ -	\$ -	\$ -	\$ 77,051	\$ 77,051
Net Service Package Cost	\$ -	\$ -	\$ -	\$ -	\$ -

2012 SERVICE PACKAGE REQUEST

TITLE Green Kirkland Program	010PK01
-------------------------------------	---------

Description	Org Key	Object	2011		2012		Total
			Ongoing	One-Time	Ongoing	One-Time	
PERSONNEL SERVICES							
Regular Salary	0101107910	5100100				\$ 36,726	\$ 36,726
Regular Benefits	0101107910	5200100				\$ 16,438	\$ 16,438
Hourly Wages	0101107910	5100200				\$ 20,190	\$ 20,190
Hourly Benefits	0101107910	5200200				\$ 3,697	\$ 3,697
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ 77,051	\$ 77,051

SUPPLIES & SERVICES							
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL OUTLAY							
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

CORRESPONDING EXPENDITURE SAVINGS (if applicable)							
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

CORRESPONDING OFFSETTING REVENUE (if applicable)							
KCD Grant (2011 application)	0100000000	3370805				\$ 35,600	\$ 35,600
KCD Grant (2012 application)	0100000000	3370805				\$ 41,451	\$ 41,451
Total			\$ -	\$ -	\$ -	\$ 77,051	\$ 77,051

NET SERVICE PACKAGE REQUEST	\$ -	\$ -	\$ -	\$ -	\$ -
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CITY OF KIRKLAND
2012 SERVICE PACKAGE REQUEST

TITLE	Parks Operations and Maintenance from REET		010PK02		
DEPARTMENT	DIVISION		FUND		
Parks & Community Svcs	Maintenance		General		
CITY COUNCIL GOALS					
Parks, Open Spaces and Recreational Services Environment Dependable Infrastructure					
DESCRIPTION AND JUSTIFICATION					
<p>Open restroom facilities at: NKCC, South Rose Hill, and Phyllis Needy Houghton Neighborhood Parks. Additionally, place honeybuckets at Woodlands, Tot Lot, Spinney Homestead, Terrace, Rose Hill Meadows, and the North side of Juanita Beach park. Citizens greatly appreciate the availability of restroom facilities.</p> <p>Provide 500 seasonal hours of landscape care for City Cemetery and 900 seasonal hours to help maintain park amenity infrastructure, including: sanding, staining and painting of benches, tables, gates and rails throughout the parks system and other maintenance activities.</p> <p>Funding provided from Real Estate Excise Tax (REET) flexibility legislation, which allows a portion of revenue normally restricted to capital projects to be used for infrastructure maintenance.</p>					
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____					
NUMBER OF FTE's REQUESTED		0.00			
COST SUMMARY	2011		2012		Total
	Ongoing	One-Time	Ongoing	One-Time	
Personnel Services	\$ -	\$ -	\$ -	\$ 30,872	\$ 30,872
Supplies & Services	\$ -	\$ -	\$ -	\$ 23,981	\$ 23,981
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost	\$ -	\$ -	\$ -	\$ 54,853	\$ 54,853
Expenditure Savings	\$ -	\$ -	\$ -	\$ -	\$ -
Offsetting Revenue	\$ -	\$ -	\$ -	\$ 54,853	\$ 54,853
Net Service Package Cost	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF KIRKLAND
2012 SERVICE PACKAGE REQUEST

TITLE	Water Safety - Lifeguards on Houghton and Waverly Beaches			010PK03	
DEPARTMENT	DIVISION		FUND		
Parks and Community Services	Recreation		General		
CITY COUNCIL GOALS					
Public Safety					
DESCRIPTION AND JUSTIFICATION					
<p>Provide lifeguarding of Houghton and Waverly Beaches from July 1, 2012 through September 3, 2012 (Labor Day). The beaches will be staffed daily on a weather-dependant basis from 1:00 p.m. to 6:00 p.m. at Houghton, and 2:00 p.m. to 5:00 p.m. at Waverly. This is consistent with the service level provided in 2011.</p> <p>Funding provided from salary savings resulting from the 2011 staffing re-organization in the Parks & Community Services Department.</p>					
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____					
NUMBER OF FTE's REQUESTED		0.00			
COST SUMMARY	2011		2012		Total
	Ongoing	One-Time	Ongoing	One-Time	
Personnel Services	\$ -	\$ -	\$ -	\$ 32,046	\$ 32,046
Supplies & Services	\$ -	\$ -	\$ -	\$ 525	\$ 525
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost	\$ -	\$ -	\$ -	\$ 32,571	\$ 32,571
Expenditure Savings	\$ -	\$ -	\$ -	\$ (32,571)	\$ (32,571)
Offsetting Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Net Service Package Cost	\$ -	\$ -	\$ -	\$ -	\$ -

2012 SERVICE PACKAGE REQUEST

TITLE Water Safety - Lifeguards on Houghton and Waverly Beaches	010PK03
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Description	Org Key	Object	2011		2012		Total
			Ongoing	One-Time	Ongoing	One-Time	
PERSONNEL SERVICES							
Hourly Wages	0101507420	5100200				\$ 25,577	\$ 25,577
Hourly Benefits	0101507420	5200200				\$ 6,469	\$ 6,469
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ 32,046	\$ 32,046

SUPPLIES & SERVICES							
Operating Supplies	0101507420	5310200				\$ 525	\$ 525
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ 525	\$ 525

CAPITAL OUTLAY							
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

CORRESPONDING EXPENDITURE SAVINGS (if applicable)							
Salaries and Wages	0101107920	5100100				\$ (32,571)	\$ (32,571)
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ (32,571)	\$ (32,571)

CORRESPONDING OFFSETTING REVENUE (if applicable)							
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

NET SERVICE PACKAGE REQUEST	\$ -	\$ -	\$ -	\$ -	\$ -
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CITY OF KIRKLAND
2012 SERVICE PACKAGE REQUEST

TITLE	Police Financial Analyst		010PD05		
DEPARTMENT	DIVISION		FUND		
Police	Administration		General		
CITY COUNCIL GOALS					
Financial Stability					
DESCRIPTION AND JUSTIFICATION					
<p>A service package was requested in the 2011-12 budget process for this position as 1.0 FTE. The service package was approved; however reduced to 0.75 FTE based on available funding. Subsequently, the reclassification of the current Police Administrative Coordinator position to an Executive Assistant in 2012 provides sufficient ongoing funding to increase the Financial Analyst position to 1.0 FTE. This request is for the additional 0.25 FTE. One-time costs were included and approved in the initial service package.</p> <p>The fund source for this request is expenditure savings identified by the department. The incumbent Police Administrative Coordinator is retiring in July 2012. There will be some planned overlap for training the Executive Assistant replacing the incumbent, which results in one-time costs in 2012 as a result of this overlap (making the reclassification savings unavailable in 2012). The Police Department has identified expenditure savings within its 2012 budget to cover this one-time situation. After 2012, savings from the position reclassification of the Police Administrative Coordinator position provides funding for the additional 0.25 FTE for the Financial Analyst position.</p>					
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____					
NUMBER OF FTE's REQUESTED		0.25			
COST SUMMARY	2011		2012		Total
	Ongoing	One-Time	Ongoing	One-Time	
Personnel Services	\$ -	\$ -	\$ 29,873	\$ -	\$ 29,873
Supplies & Services	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost	\$ -	\$ -	\$ 29,873	\$ -	\$ 29,873
Expenditure Savings	\$ -	\$ -	\$ (29,873)	\$ -	\$ (29,873)
Offsetting Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Net Service Package Cost	\$ -	\$ -	\$ -	\$ -	\$ -

2012 SERVICE PACKAGE REQUEST

Attachment B

TITLE	Police Financial Analyst	010PD05
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Description	Org Key	Object	2011		2012		Total
			Ongoing	One-Time	Ongoing	One-Time	
PERSONNEL SERVICES							
Salaries	0108102110	5100100			\$ 21,204		\$ 21,204
Benefits	0108102110	5200100			\$ 8,669		\$ 8,669
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ 29,873	\$ -	\$ 29,873

SUPPLIES & SERVICES							
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL OUTLAY							
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

CORRESPONDING EXPENDITURE SAVINGS (if applicable)							
Police Hourly Position-11/12	0108302122	5100200			\$ (15,276)		\$ (15,276)
Police Hourly Position-11/12	0108302122	5200200			\$ (9,458)		\$ (9,458)
Sr Cpl Retirement	0108302122	5100100			\$ (5,139)		\$ (5,139)
							\$ -
Total			\$ -	\$ -	\$ (29,873)	\$ -	\$ (29,873)

CORRESPONDING OFFSETTING REVENUE (if applicable)							
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

NET SERVICE PACKAGE REQUEST	\$ -	\$ -	\$ -	\$ -	\$ -
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CITY OF KIRKLAND
2012 SERVICE PACKAGE REQUEST

TITLE	Fire Administration - Records Specialist	010FB04			
DEPARTMENT	DIVISION	FUND			
Fire and Building	Fire Administration	General			
CITY COUNCIL GOALS					
Public Safety Financial Stability					
DESCRIPTION AND JUSTIFICATION					
<p>This service package seeks to continue temporary funding for the Fire Records Specialist responsible for processing patient care records and submitting them to Kirkland's billing vendor. This request is for 0.50 FTE for the first four months of 2012 and 0.25 FTE for the remainder of the year.</p> <p>This request reflects the potential need for ongoing records support for the transport billing operation even after technology upgrades eliminate some of the work (0.25 FTE). It also acknowledges that deployment and full implementation of the technology upgrades is not expected until the end of the first quarter of 2012.</p> <p>The Records Specialist is currently fully utilized at 0.5 FTE processing more than 2,400 billing records per year. Many of the duties of the Records Specialist will remain after the technology upgrade, but they are expected to be less time-intensive to complete. After full implementation, the Records Specialist will be able complete all required duties within the time allowed at 0.25 FTE. Ongoing funding of this position, if needed after the full implementation of the technology upgrade, will be considered in the 2013-14 budget process.</p> <p>Funding is provided by reserve use (liquor profit set-aside).</p>					
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____					
NUMBER OF FTE's REQUESTED	0.00				
COST SUMMARY	2011		2012		Total
	Ongoing	One-Time	Ongoing	One-Time	
Personnel Services	\$ -	\$ -	\$ -	\$ 26,890	\$ 26,890
Supplies & Services	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost	\$ -	\$ -	\$ -	\$ 26,890	\$ 26,890
Expenditure Savings	\$ -	\$ -	\$ -	\$ (26,890)	\$ (26,890)
Offsetting Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Net Service Package Cost	\$ -	\$ -	\$ -	\$ -	\$ -

2012 SERVICE PACKAGE REQUEST

Attachment B

TITLE Fire Administration - Records Specialist	010FB04
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Description	Org Key	Object	2011		2012		Total
			Ongoing	One-Time	Ongoing	One-Time	
PERSONNEL SERVICES							
Records Specialist	0109202210	5100100				\$ 17,268	\$ 17,268
Records Specialist	0109202210	5200100				\$ 9,622	\$ 9,622
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ 26,890	\$ 26,890

SUPPLIES & SERVICES							
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL OUTLAY							
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

CORRESPONDING EXPENDITURE SAVINGS (if applicable)							
Reserves	0100011990	5990100				\$ (26,890)	\$ (26,890)
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ (26,890)	\$ (26,890)

CORRESPONDING OFFSETTING REVENUE (if applicable)							
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

NET SERVICE PACKAGE REQUEST	\$ -	\$ -	\$ -	\$ -	\$ -
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CITY OF KIRKLAND
2012 SERVICE PACKAGE REQUEST

TITLE	Emergency Preparedness Coordinator			010CM04	
DEPARTMENT	DIVISION		FUND		
Fire and Building	Emergency Management		General Fund		
CITY COUNCIL GOALS					
Public Safety					
DESCRIPTION AND JUSTIFICATION					
<p>This service package is being requested by the City Manager and continues funding through 2012 for the Emergency Preparedness Coordinator. This temporary position has been funded for the past four years using a combination of one-time General Fund resources and a Federal Emergency Management Performance Grant that is distributed by the State of Washington. The Emergency Preparedness Coordinator has been key in developing and implementing programs for the City organization and the community to prepare for, manage, and recover from a disaster. City funding for this position was eliminated in the 2011-2012 Budget (scheduled to be effective September 2011), however, department expenditure savings and additional grant funds enabled the position to continue through 2011. The Fire and Emergency Services strategic plan is about to get underway and it was felt that providing continuity for this function through that process was vital to maintaining the City's ability to respond to emergencies. The strategic plan will assess how emergency management is currently provided and will provide a recommendation for future service delivery models.</p> <p>Funding is provided by a combination of reserve use (liquor profit set-aside) and potential additional funding from the emergency management performance grant.</p>					
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____					
NUMBER OF FTE's REQUESTED		0.00			
COST SUMMARY		2011		2012	
		Ongoing	One-Time	Ongoing	One-Time
Personnel Services	\$ -	\$ -	\$ -	\$ 116,034	\$ 116,034
Supplies & Services	\$ -	\$ -	\$ -	\$ 7,144	\$ 7,144
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost	\$ -	\$ -	\$ -	\$ 123,178	\$ 123,178
Expenditure Savings	\$ -	\$ -	\$ -	\$ (73,178)	\$ (73,178)
Offsetting Revenue	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000
Net Service Package Cost	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF KIRKLAND
2012 SERVICE PACKAGE REQUEST

TITLE	EPCR Tablet Computer Replacement			010FB05	
DEPARTMENT	DIVISION		FUND		
Fire & Building	Fire Operations		General		
CITY COUNCIL GOALS					
Public Safety Financial Stability					
DESCRIPTION AND JUSTIFICATION					
<p>This service package provides ongoing funding for replacement of equipment and software required to create and maintain Electronic Patient Care Records (EPCR) associated with emergency medical services (EMS) operations and transport billing.</p> <p>The useful life of the computers is estimated to be three years. This service package will allow the department to set aside one third of the replacement cost each year to provide a consistent replacement reserve.</p> <p>Beginning in 2013 the cost of software is expected to be passed through to the Fire Department from NORCOM. This cost is estimated to be \$6,000 annually and will need to be accounted for in the 2013-14 budget process.</p> <p>Funding is provided by reserve use (liquor profit set-aside).</p>					
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____					
NUMBER OF FTE's REQUESTED		0.00			
COST SUMMARY	2011		2012		Total
	Ongoing	One-Time	Ongoing	One-Time	
Personnel Services	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies & Services	\$ -	\$ -	\$ 21,882	\$ -	\$ 21,882
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost	\$ -	\$ -	\$ 21,882	\$ -	\$ 21,882
Expenditure Savings	\$ -	\$ -	\$ (21,882)	\$ -	\$ (21,882)
Offsetting Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Net Service Package Cost	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF KIRKLAND
2012 SERVICE PACKAGE REQUEST

TITLE	Street Operations and Maintenance from REET		117PW03		
DEPARTMENT	DIVISION		FUND		
Public Works	Street Maintenance		Street Operating		
CITY COUNCIL GOALS					
Public Safety Dependable Infrastructure					
<p>Requesting \$73,138 to lease roadside mower and attachments (unless it can be purchased at a lower cost) from spring to fall of 2012 and hire two seasonal grounds crew personnel or equivalent to begin maintenance of roadway shoulders and medians. In addition, requesting \$36,000 to rent a milling machine, purchase a tree root grinder and purchase a sander pre-wet system; all of which provide economic, environmental and community benefit. A milling machine will help increase pavement repair efficiencies performed by the street crew, preserve natural resources and reduce cost per mile of street preservation. A tree root cutter will assist crew with sidewalk tree maintenance and will be used for selective pruning of individual roots resulting in cleaner cuts helping to preserve both sidewalk and urban street trees. Utilizing a pre-wetting system when applying de-icer in a snow event will assist in maintaining residue on the road for longer periods of time resulting in the need for less frequent reapplication.</p> <p>Funding provided from Real Estate Excise Tax (REET) flexibility legislation, which allows a portion of revenue normally restricted to capital projects to be used for infrastructure maintenance.</p> <p>A portion of the 2012 expense can be covered by the balance of REET funding from 2011 under-expenditures. The balance of \$58,157 will be funded with additional REET revenue.</p>					
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____					
NUMBER OF FTE's REQUESTED		0.00			
COST SUMMARY	2011		2012		Total
	Ongoing	One-Time	Ongoing	One-Time	
Personnel Services	\$ -	\$ -	\$ -	\$ 31,138	\$ 31,138
Supplies & Services	\$ -	\$ -	\$ -	\$ 68,000	\$ 68,000
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost	\$ -	\$ -	\$ -	\$ 99,138	\$ 99,138
Expenditure Savings	\$ -	\$ -	\$ -	\$ (40,981)	\$ (40,981)
Offsetting Revenue	\$ -	\$ -	\$ -	\$ 58,157	\$ 58,157
Net Service Package Cost	\$ -	\$ -	\$ -	\$ -	\$ -

2012 SERVICE PACKAGE REQUEST

TITLE	Street Operations and Maintenance from REET	117PW03
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Description	Org Key	Object	2011		2012		Total
			Ongoing	One-Time	Ongoing	One-Time	
PERSONNEL SERVICES							
Seasonal Employee - wages	1172714271	5100200				\$ 24,416	\$ 24,416
Seasonal Employee - benefits	1172734310	5200200				\$ 6,722	\$ 6,722
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ 31,138	\$ 31,138

SUPPLIES & SERVICES							
Rental Mower May-Sept	1172714271	5450100				\$ 37,000	\$ 37,000
Milling Machine rental	1172714271	5450100				\$ 19,000	\$ 19,000
Sander pre-wet system	1172714271	5350100				\$ 7,000	\$ 7,000
Root grinder	1172714271	5350100				\$ 5,000	\$ 5,000
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ 68,000	\$ 68,000

CAPITAL OUTLAY							
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

CORRESPONDING EXPENDITURE SAVINGS (if applicable)							
Reserves	1172734310	5990400				\$ (40,981)	\$ (40,981)
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ (40,981)	\$ (40,981)

CORRESPONDING OFFSETTING REVENUE (if applicable)							
REET O&M	1170000000	3971001				\$ 58,157	\$ 58,157
							\$ -
Total			\$ -	\$ -	\$ -	\$ 58,157	\$ 58,157

NET SERVICE PACKAGE REQUEST	\$ -	\$ -	\$ -	\$ -	\$ -
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CITY OF KIRKLAND
2012 SERVICE PACKAGE REQUEST

TITLE	Water Comprehensive Plan		411PW01		
DEPARTMENT	DIVISION		FUND		
Public Works	Water Department		Water/Sewer		
CITY COUNCIL GOALS					
Dependable Infrastructure Public Safety Environment Financial Stability					
DESCRIPTION AND JUSTIFICATION					
<p>Washington State Administrative Code (WAC) 246-90 requires the City to submit an update of the City's Comprehensive Water System Plan (WSP) to the Washington State Department of Health (DOH) for review and approval every six years. The last Water Comprehensive Plan was approved in 2007. Since then, the Water Use Efficiency Rule became effective (January 2007). DOH published an update to the Water Use Efficiency Guidebook (January 2009) and updated the Water System Design Manual (December 2009).</p> <p>Kirkland's Water Comprehensive Plan needs to be updated to address planning requirements outlined in the guidebook and the physical capacity analysis needs to be updated to maintain consistency with calculation methods presented in the manual. Other items that will need to be updated include: demand calculations, future demand and population projections, supply evaluation including Redmond and Bellevue customer demands, recent CWA planning activities and 2010 Transmission and Supply Plan update, storage calculations, system wide hydraulic analysis, CIP schedule and financial analysis.</p> <p>The Water Comprehensive Plan update will cost approximately \$150,000 and is funded by water utility reserves.</p>					
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____					
NUMBER OF FTE's REQUESTED		0.00			
COST SUMMARY	2011		2012		Total
	Ongoing	One-Time	Ongoing	One-Time	
Personnel Services	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies & Services	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
Expenditure Savings	\$ -	\$ -	\$ -	\$ (150,000)	\$ (150,000)
Offsetting Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Net Service Package Cost	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF KIRKLAND
2012 SERVICE PACKAGE REQUEST

TITLE	Surface Water Master Plan		421PW02			
DEPARTMENT	DIVISION		FUND			
Public Works	Surface Water Engineering		Surface Water			
CITY COUNCIL GOALS						
Dependable Infrastructure Public Safety Environment Financial Stability						
DESCRIPTION AND JUSTIFICATION						
<p>The Surface Water Master Plan sets the course for the next 6 years of operation of the surface water utility based on analysis of trends and issues in surface water management, and identification of flooding, water quality, and aquatic habitat problems in Kirkland watersheds. Considerable changes have occurred since the plan was last updated in 2004. The plan update will: 1) include new state and federal surface water regulation developments 2) include research findings 3) identify the City's existing and future obligation to comply with Department of Ecology National Pollutant Discharge Elimination System permit requirements 4) inspect and analyze the integrated surface water system and 5) incorporate the new neighborhoods. An updated plan is needed to guide the City's future progress.</p> <p>The Surface Water Master Plan update will cost approximately \$200,000 and is funded by surface water under-expenditures.</p>						
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____						
NUMBER OF FTE's REQUESTED		0.00				
COST SUMMARY		2011		2012		
		Ongoing	One-Time	Ongoing	One-Time	Total
Personnel Services		\$ -	\$ -	\$ -	\$ -	\$ -
Supplies & Services		\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
Capital Outlay		\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost		\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
Expenditure Savings		\$ -	\$ -	\$ -	\$ (200,000)	\$ (200,000)
Offsetting Revenue		\$ -	\$ -	\$ -	\$ -	\$ -
Net Service Package Cost		\$ -	\$ -	\$ -	\$ -	\$ -

2012 SERVICE PACKAGE REQUEST

TITLE Surface Water Master Plan	421PW02
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Description	Org Key	Object	2011		2012		Total
			Ongoing	One-Time	Ongoing	One-Time	
PERSONNEL SERVICES							
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

SUPPLIES & SERVICES							
Master Plan Update	4212613837	5410100				\$ 200,000	\$ 200,000
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000

CAPITAL OUTLAY							
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

CORRESPONDING EXPENDITURE SAVINGS (if applicable)							
Professional Services	4212613837	5410100				\$ (146,786)	\$ (146,786)
Salaries and Wages	4212613837	5100100				\$ (53,214)	\$ (53,214)
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ (200,000)	\$ (200,000)

CORRESPONDING OFFSETTING REVENUE (if applicable)							
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

NET SERVICE PACKAGE REQUEST	\$ -	\$ -	\$ -	\$ -	\$ -
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CITY OF KIRKLAND
2012 SERVICE PACKAGE REQUEST

TITLE	Secure and Protect New Ponds	421PW03			
DEPARTMENT	DIVISION	FUND			
Public Works	Surface Water Operating & Maintenance	Surface Water			
CITY PHILOSOPHIES					
Public Safety Environment Dependable Infrastructure					
<p>Surface water facilities in the new neighborhoods have been inspected and several of the 52 facilities were found to be in need of maintenance and repair. Many of these ponds hold several feet of water, but lack adequate fencing. There are also several high risk (dead or leaning) trees that must be removed.</p> <p>To mitigate safety and liability concerns, fencing will be repaired where possible, or adequate fencing will be installed to meet City standards. King County locks and signage will be changed or in some cases installed to educate public about the agency responsible (Kirkland Public Works) and the number to call for notification of problems.</p> <p>In addition, the current vegetation surrounding these ponds require a significant amount of maintenance. By replacing invasive plant materials with native plant materials, the required vegetation control and mowing operations can be reduced, and in some cases eliminated.</p> <p>The purpose of this request is to: 1) minimize the risk of threat to life and health of the public, 2) ensure compliance with all applicable municipal requirements and provincial legislation, 3) maximize efficiency in operations and implement cost-effective surface water management, 4) provide education and hazard warning to the public, and 5) ensure crews have direct access to facilities.</p> <p>Funding will come from surface water utility reserves.</p>					
Is this Service Package tied to a CIP Project? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes CIP # _____					
NUMBER OF FTE's REQUESTED	0.00				
COST SUMMARY	2011		2012		Total
	Ongoing	One-Time	Ongoing	One-Time	
Personnel Services	\$ -	\$ -	\$ -	\$ 7,500	\$ 7,500
Supplies & Services	\$ -	\$ -	\$ -	\$ 242,500	\$ 242,500
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Total Service Package Cost	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
Expenditure Savings	\$ -	\$ -	\$ -	\$ (250,000)	\$ (250,000)
Offsetting Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Net Service Package Cost	\$ -	\$ -	\$ -	\$ -	\$ -

2012 SERVICE PACKAGE REQUEST

TITLE Secure and Protect New Ponds	421PW03
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Description	Org Key	Object	2011		2012		Total
			Ongoing	One-Time	Ongoing	One-Time	
PERSONNEL SERVICES							
Seasonal Employee - wages	4212663835	5100200				\$ 5,913	\$ 5,913
Seasonal Employee - benefits	4212663835	5200200				\$ 1,587	\$ 1,587
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ 7,500	\$ 7,500

SUPPLIES & SERVICES							
Fence repair	4212663835	5410100				\$ 168,000	\$ 168,000
Signage	4212663835	5419001				\$ 10,500	\$ 10,500
Tree & stump removal	4212663835	5410100				\$ 10,000	\$ 10,000
Purchase/install native plants	4212663835	5310200				\$ 52,000	\$ 52,000
Locks for gates and bollards	4212663835	5310200				\$ 2,000	\$ 2,000
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ 242,500	\$ 242,500

CAPITAL OUTLAY							
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

CORRESPONDING EXPENDITURE SAVINGS (if applicable)							
Reserves	4212633832	5990400				\$ (250,000)	\$ (250,000)
							\$ -
							\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ (250,000)	\$ (250,000)

CORRESPONDING OFFSETTING REVENUE (if applicable)							
					\$ -	\$ -	\$ -
							\$ -
Total			\$ -	\$ -	\$ -	\$ -	\$ -

NET SERVICE PACKAGE REQUEST	\$ -	\$ -	\$ -	\$ -	\$ -
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**CITY OF KIRKLAND**

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3001

www.kirklandwa.gov**MEMORANDUM**

To: Marilynne Beard, Assistant City Manager, and Tracey Dunlap, Finance Director

From: Ellen Miller-Wolfe, Economic Development Manager

Date: August 29, 2011

Subject: Tourism Development Committee (LTAC) Funding Recommendations

RECOMMENDATION:

The Tourism Development Committee (TDC), which functions as Kirkland's Lodging Tax Advisory Committee, recommends that the organizations below receive funding in 2012 at the levels specified.

BACKGROUND:

The total amount of funds requested for 2012 was \$107,493. Revenue for this year, although higher than the past two years, continues to grow at a slow pace. In 2010 the TDC set aside \$35,000 in funding for tourism events and programming. This year, the Committee set aside \$40,000. Learning that an event funded at \$5,000 in 2011 had been canceled, the Committee recommends that this funding be reprogrammed for events in 2012, raising the total available funding to \$45,000.

Kirkland Tourism Staff sent out applications for funding in June 2011, held a workshop for potential applicants in July, and received 13 applications for funding. TDC met on August 25th to hear presentations from each of the applicants. On August 29, 2011 it met again to make a final recommendation.

The Committee discussed a number of criteria in evaluating the 13 applications received: the tourism impact of the event or program and whether it generates overnights stays or daytrips; the community or business connections of the event or program; whether the event takes place in the shoulder season (Oct-May), thereby increasing tourism during a typically slow time; whether it is a new event; whether the event has the capacity and funding to succeed; and finally, whether the event shows off the Kirkland waterfront. Members rated the 13 applications individually on a number scale based on those criteria. The scores were tabulated and the totals shared with the group. The Committee then determined levels of funding based on those scores. There were 4 events that the committee determined did not have a significant tourism impact to receive funding (Early Music Fridays, Feet First, PACE Race, and Puget Loop Birding Map).

The other 9 events were ranked according to their score, and funds allocated. The results are listed in the table below:

Organization	Event	Funding Requested	Funding Recommended
Little League Baseball and Softball Inc.	Junior Softball World Series	\$10,000	\$9,000
Bold Hat	Kirkland Uncorked	\$15,000	\$8,000
Kirkland Concours d'Elegance *	Concours d'Elegance	\$10,000	\$6,000
Kirkland Performance Center	Kirkland Performance Center	\$6,000	\$6,000
Kirkland Downtown Association	Kirkland Downtown Association	\$15,680	\$2,500
Kirkland Downtown Association	Classic Car Show	\$6,000	\$3,000
Book Publishers Network	Northwest Bookfest	\$10,000	\$4,000
Pro-Motion Events	Half Marathon & 5K	\$2,813	\$2,500
Kirkland Arts Center	KAST/Locavore	\$5,000	\$4,000
Feet First	Feet First One Walk Away	\$15,000	\$0
AndEvents, Inc	PACE Race	\$2,500	\$0
Early Music Guild	Early Music Fridays	\$4,500	\$0
Audubon Washington	Puget Loop Map of Birding Trail	\$5,000	\$0
Organization	Total Available Funding: \$45,000	\$107,493	\$45,000

*Following the Tourism Development Committee's recommendation above, it was announced that the Concours d' Elegance would be moving to Tacoma. The TDC has not met since the announcement and therefore has not had an opportunity to reprogram the Concours funds. When that recommendation is made, staff will update Finance and the City Council.



CITY OF KIRKLAND
City Manager's Office
123 Fifth Avenue, Kirkland, WA 98033 425.587.3001
www.ci.kirkland.wa.us

MEMORANDUM

To: Kurt Triplett, City Manager

From: Marilynne Beard, Assistant City Manager

Date: September 20, 2011

Subject: FUNDING ALLOCATION METHODS FOR HUMAN SERVICES AND OUTSIDE AGENCIES

During the 2011-2012 Budget review, the City Council requested a discussion and options for allocating funding to various program areas where the City is contracting out service provision to a private and/or non-profit agency. Specifically, the question was raised about historical budget practices for allocating funding to programs such as human services, affordable housing, tourism and others. The following memo presents a historical review of past practices for selected program areas, current practices, and options to consider for future budget processes. The scope of this memo will discuss funding allocations to:

- Human Services
- ARCH
- Kirkland Performance Center (KPC)
- Kirkland Teen Union Building (KTUB)
- Kirkland Downtown Association
- Lodging Tax Allocations

Historical and Current Practices

The following sections describe historical funding practices and the related policy basis. A variety of attachments are provided that include authorizing legislation that have discussions of the policy basis for the Council's actions.

Human Services

Funding for human services takes several forms. The Human Services Funding summary in the biennial budget document summarizes the various ways that the City supports human services both directly with City staff resources and indirectly by funding outside agencies and programs (see Attachment A). Total human services spending is expressed as a per capita amount and compared with the previous biennium's allocation. This summary consolidates budget allocations that are managed by various departments and therefore are found within those department budgets. The total spending per capita is useful for comparisons with other cities' level of effort in human services. Human services are, by their nature, a regional effort and

comparisons with other cities demonstrates to a degree whether all of the cities are doing their fair share. That being said, there has not been an historical benchmark or target per capita funding level that cities have agreed to reach, nor is there a standard for determining what can count toward human services funding. Consequently, comparisons of per capita funding levels can only be a proxy measure at best.

Within the overall human services funding levels, the City has historically allocated funds to contract with outside agencies to provide a variety of human services programs. The City Council's commitment to and policy for funding human services was established in 1986 by Resolution 3315 (see Attachment B). Among other matters, the resolution establishes an initial per capita amount of \$2.00 with the provision that, "As a policy matter, the Council may adjust the annual per capita budget allocation for human services in the future as it deems appropriate." The policy further explains, "This level of funding was selected for two reasons: first, it is tied specifically to the City's population who will benefit directly; secondly, it is consistent with what other cities in the region are considering or have implemented (e.g. the City of Redmond)." Over time, the City Council has chosen to incrementally increase the per capita funding amount in an effort to meet growing and changing needs in the community.

Per the adopted policy, the Human Services Advisory Committee (HSAC) is responsible for reviewing funding requests from human services agencies. Although the staff support and application process has changed over the past 25 years, the basic eligibility criteria are consistent with the adopted policy. An issue paper transmitted with the 2011-2012 Budget regarding human services funding provides an overview of the funding needs and comparisons both with other jurisdictions and historically for Kirkland (see Attachment C). The table attached to the memo shows the range of criteria used by other cities for determining funding levels for human services.

For the 2011/2012 funding cycle, the HSAC undertook a process to better understand human services needs in the community to use in evaluating funding requests. As part of their commitment to understand the human services needs in our community and to gain a better understanding of each proposal the Committee:

- Convened a series of roundtable discussions with agencies the City supported in the previous funding period (2009/2010)
- Conducted three Public Hearings for all applicants
- Carefully and thoughtfully reviewed and evaluated each funding request and included a review of contract performance measures for all programs that received funding in 2009/2010

Priority was given to agencies that:

- Benefited low-to-moderate income Kirkland residents
- Provided an appropriate solution to a documented need or identified problem in the community
- Promoted self-sufficiency and independent living
- Avoided duplication of services
- Were cost-effective
- Had clear and established program outcomes and met or exceeded program goals
- Coordinated with other service providers

The 2011/2012 funding plan is divided into five goal areas (first developed by the United Way of King County and later adopted by several cities including Bellevue and Kirkland, City of Seattle and King County). These goal areas reflect the belief that all people in Kirkland should have:

Goal #1: Food to Eat and a Roof Overhead

- Food Security and Hunger
- Homelessness
- Affordable Permanent Housing

Goal #2: Supportive Relationships within Families, Neighborhoods and Communities

- Social Support
- Legal Assistance
- Information and Referral

Goal #3: Safe Haven from All Forms of Violence and Abuse

- Domestic Violence
- Child Abuse & Neglect
- Sexual Assault, Rape, and Child Sexual Abuse

Goal #4: Health Care to Be as Physically and Mentally Fit as Possible

- Medical Care
- Dental Care
- HIV/AIDS and other Sexually Transmitted Infections
- Substance Abuse
- Mental Health

Goal #5: Education and Job Skills to Lead an Independent Life

- Employment/Training
- Childcare

The HSAC also takes into consideration regional funding allocations so that Kirkland's dollars complement funding for agencies that serve a larger area, either by filling gaps in funding or supplementing other City funding that enhances local service availability. Kirkland also received funding requests from new agencies (either newly formed or not previously funded by Kirkland). The HSAC may decide to reduce funding to other agencies in order to fund a new agency that addresses a unique or emerging need not met by other agencies. The HSAC's funding recommendation for 2011 is included (see Attachment D).

ARCH (A Regional Coalition for Housing)

A Regional Coalition for Housing (ARCH) was formed in 1992 through an interlocal agreement between several suburban governments in East King County (see Attachments E and F). According to the ARCH website, some of the basic principles of the partnership include:

- ▶ *Cities continue to take action individually, but through ARCH, their actions can be coordinated with the actions of other ARCH members. Using ARCH, cities build upon the*

experiences of other members as they develop their own regulations.

- ▶ *Funding awards are made through the ARCH Housing Trust Fund process so that city contributions can be coordinated among members.*
- ▶ *On shared objectives, such as outreach on Accessory Dwelling Units (ADUs), cities can work collectively through ARCH.*

The interlocal agreement provides generally for members' financial participation. The operating budget for ARCH is reviewed and approved annually by the executive board composed of the Chief Executive Officers (City Managers and Mayors) of the participating cities. The budget is then allocated to cities generally based on population and considered and approved in each city's budget process.

In addition to operating support for ARCH, cities contribute to an affordable housing capital reserve that is used to leverage state, federal, and private funds for the construction of new affordable and special needs housing units. The notion of "parity" is discussed in a 1998 memo from the ARCH Executive Board to the City Councils of participating cities (see Attachment G). The parity discussion addresses the idea that every eastside city should do its fair share to support affordable housing throughout the area. The memo provides a formula for defining a range of contributions that individual cities can contribute to the housing reserve. The policy discussion in the memo acknowledges that annual contributions by cities will be based on their individual financial considerations and may not be consistent every year. However, contributions and "parity" would be measured over time. The parity policy was presented to and endorsed by each of the City Councils participating in ARCH.

Kirkland has combined a General Fund cash contribution plus a share of the City's Community Development Block Grant (CDBG) funds to make annual capital contributions to the Housing Trust Fund. Based on the formulas described in the parity memo, Kirkland's range is \$159,000 (low end) to \$269,000 (high end) based on an overall annual goal for ARCH of between \$1 million to \$2 million. Staff has recommended, and Council has approved, that the General Fund contribution be at the mid-point of Kirkland's range -- \$216,000. After adding the City's CDBG contribution, the average total over a ten-year period is \$240,000. Annual General Fund contributions fluctuated greatly since the first year the parity levels were set, ranging from a low of \$26,000 to a high of \$216,000. The range was based on the fluctuating levels of CDBG funding. In 2004, when CDBG funding levels dropped dramatically, the City's General Fund contribution increased commensurately. The City's current contribution of \$216,000 has been in place since 2008. The following table summarizes Kirkland's contribution to the Housing Trust Fund since 1998:

Year	CDBG	General Fund	Total
1998	166,604	100,000	266,604
1999	137,628	77,000	214,628
2000	193,525	60,000	253,525
2001	164,465	63,000	227,465
2002	187,109	26,000	213,109
2003	204,048	27,000	231,048
2004	94,242	117,000	211,242
2005	5,967	184,000	189,967
2006	52,892*	200,000	252,892
2007	61,413*	166,000	227,413
2008	88,035*	216,000	304,035
2009	57,892*	216,000	273,892
2010	62,750*	216,000	278,750
2011**	62,750*	216,000	278,750
Average			245,589

* Kirkland's portion of the NE King County consortium set aside for affordable housing.

**Budgeted

The policy discussion clearly leaves the annual contribution amount to the local governing body with an acknowledgement that in any given year, a city may not be able to participate at a consistent level.

Kirkland's annual operating contribution has traditionally been funded with ongoing appropriations. Annual adjustments to the amount are included in the Planning Department's General Fund basic budget. The capital contribution has traditionally been funded from one-time dollars. Without trying to trace back the actual rationale, it was probably justified on the basis that it was a capital contribution that was not required every year. However, funding constraints were also a factor.

Outside Agencies – Partner Agency Funding

At their 2006 retreat, the City Council received a report summarizing funding levels for outside agencies and proposing a policy approach for funding outside agencies in the biennial budget. The memo (see Attachment H) categorizes outside agency funding requests into four categories:

- Partner Agencies
- Special Events
- Community Agency Funding
- Tourism Grants

Partner Agencies include the Kirkland Performance Center (KPC), Kirkland Teen Union Building (KTUB) and the Kirkland Downtown Association (KDA). In the case of the KPC and KTUB, the agencies are operating in a City-owned facility built specifically for those activities (i.e. youth programs and performing arts). Funding for the programs comes partially from the City's General Fund and partially from revenue-generating activities. In the case of the KDA, the agency performs activities that supplement the City's economic development program. Each of these programs is thought to be a service that the City could provide itself but which is provided more cost effectively through non-profit agencies.

Historically, the City Council allocated a combination of one-time and ongoing funding for these agencies. During the 2006 budget process, Council expressed a concern about funding what was essentially an ongoing service with one-time funds. The Outside Agency Funding memo attempted to present a policy basis for funding going forward. After the Outside Agency Funding approach was adopted by the City Council, one-time funding for the KTUB and the KPC was converted to ongoing funding. The KDA remained one-time funding until 2009 when the City Council approved ongoing funding for the agency with the increase in the business head tax.

Kirkland Performance Center

The Kirkland Performance Center construction was completed in 1998. The majority of the construction costs were funded from private donations and grants (\$4 million) with a cash contribution from the City of Kirkland of \$925,000. When the City Council first approved the project, it was with the understanding that the facility would be self-supporting through ticket sales and donations. However, community supporters of the project and the newly hired Executive Director had contended all along that self-supported community performance centers were rare. They requested, and the City Council agreed, to commit all new admissions tax revenue from KPC ticket sales to the operations of the KPC. The commitment became part of the ten-year lease agreement which was renewed (with the admissions tax rebate) in 2008. A recent memo from Parks and Community Services provides a history of the sources of City contributions to the KPC since 1999 (see Attachment I).

The initial \$50,000 operating subsidy that was moved from one-time to ongoing funding in 2007 was reduced to \$34,000 starting in 2010. Total contributions from General Fund Sources in 2010 were budgeted at \$141,588 and included:

Operational Maintenance	\$ 19,588
Capital Maintenance and Repairs	56,000
Admissions Tax Rebate	32,000
Partner Agency Contribution	<u>34,000</u>
Total	\$141,588

In addition to the amount the City contributes to an operating subsidy of the facility, KPC also receives lodging tax funding for promotional materials. For 2011, the Lodging Tax Advisory Committee approved \$5,000 for the KPC for promotional materials.

Kirkland Teen Union Building

The Kirkland Teen Union Building (KTUB) was constructed by the City in 1999. At the time, the City considered two options for operating the facility – City-operated and contracted agency operated. The following excerpt from the 2006 outside agency funding memo (Attachment H) provides a brief history of the program’s growth:

"Friends of Youth" provides a full menu of programming through an annual contract of \$100,000 in addition to outside agency support from the city. This funding allows them to stay open for an average of 35 hours per week. . . . Without outside agency funding, they would have to cut the hours of operation to 20-25 hours per week. . . . The total 2005 expenditure budget for KTUB was \$350,000.

The City currently supports the KTUB in the base budget in two ways:

- *\$100,000 per year to assist with operational costs.*
- *Maintenance of the structural systems at the KTUB and incorporation of KTUB into the Facilities Life Cycles Model*
- *Put money aside each year for capital improvements.*

(Note: Currently we have \$10,811 in maintenance and \$7,717 in capital set aside per year.

Below is a table outlining the historical [one-time supplemental] funding of KTUB through outside agency funding:

<i>Year</i>	<i>Amount</i>
<i>2001</i>	<i>\$25,000</i>
<i>2002</i>	<i>\$25,000</i>
<i>2003</i>	<i>\$25,000</i>
<i>2004</i>	<i>\$50,000</i>
<i>2005</i>	<i>\$55,000</i>
<i>2006</i>	<i>\$60,000</i>

Subsequent to this policy discussion, the City Council designated ongoing base funding in the 2007-2008 Budget for the KTUB of \$160,000 per year. Part of the rationale for the change related to the fact that the KTUB is a City-owned facility which was built with the assumption that the City would operate a teen center. In 2010, the KTUB operation was assumed by the YMCA at the same City funding level.

Kirkland Downtown Association

The Kirkland Downtown Association (KDA) has a long history and a variety of funding relationships with the City. The KDA initially applied under the State’s Main Street grant program for funding. Although State funding was never received, the City provided a “challenge grant” of \$30,000 for KDA support.

In 1988, the City established a local assessment district to provide funding for downtown promotion and improvements, the Business Improvement Area (BIA). The resolution instituting the BIA set forth the purpose of the assessment district and authorized the City to contract with the KDA for administration of the BIA (see Attachment J). The BIA was in operation from 1989 to 1992. Assessment revenue provided funding for the Kirkland Downtown Association administration, a circulator trolley between downtown Kirkland and Carillon Point and funding for business promotion and downtown amenities.

In 1992, the BIA assessments were discontinued and the City terminated its contract with the KDA (see Attachment K). By 1995, all outstanding affairs of the BIA were closed and the City Council officially dissolved the BIA. In 1999, a group of downtown businesses formed Kirkland Downtown on the Lake (KDL). The KDL was supported by member dues and a \$30,000 contribution from the City. The City's contribution provided support for KDA operations and projects. Between 1999 and 2011, the City's contribution was maintained between \$30,000 and \$55,000 for KDA operations. In addition, the KDA received lodging tax support and special events support for the Classic Car Show. Annual General Fund allocations for KDA were allocated from one-time funds until 2009 when an increase in the business tax provided ongoing funding in the amount of \$51,000. The following table summarizes the funding allocations for the KDA/KDL for the past 13 years:

Year	General Operating Support	Supplemental Support *
1999	\$30,000	\$ 0
2000	44,900	0
2001	46,500	3,000
2002	46,500	15,000
2003	49,000	12,500
2004	43,500	10,500
2005	43,500	3,500
2006	43,500	3,500
2007	52,000	14,500
2008	52,000	11,500
2009	51,000	8,000
2010	51,000	4,000
2011	45,000	22,500

*Includes allocations from Lodging Tax for events and promotion and from the General fund for events and downtown amenities such as flower pots and the Farmer's Market

In the past, KDA's funding allocation was based on a combination of the amount requested by the agency and the City's ability to fund the KDA from the General Fund. The contract was for general services. Over the past few years, the annual contract with the KDA has been based on a more specific work plan and deliverables including downtown promotions, downtown amenities and special event support. In 2010, the KDA formally merged with the Kirkland Chamber of Commerce, becoming a sub-agency of the Chamber. The City's funding contributions were supplementary to member donations until 2011. Beginning in 2011, KDA members are not required to pay membership dues and the agency seeks sponsorships in lieu of dues.

Lodging Tax Allocations

The City's lodging tax was instituted in 2001. It is restricted by state law to uses related to tourism promotion. In 2008, the state law was amended to allow for the lodging tax to be used to support special events. State law requires that a Lodging Tax Advisory Committee (LTAC) be formed. The LTAC is charged with providing financial oversight for lodging tax funds, assuring that it is spent appropriately and that the Lodging Tax Fund is properly managed. The City Council also tasked the LTAC as a tourism advisory committee for the City Council. As such, the LTAC is responsible for reviewing and recommending an annual tourism budget to the City Council. The budget includes a recommended allocation to outside agencies that support tourism activities in Kirkland. Annual funding requests are submitted to the LTAC and, based on the amount allocated with the tourism budget; the LTAC allocates an amount to each agency. The budget, including the recommended outside agency grants, are reviewed and approved by the City Council as part of the overall budget. Over the years, the amount allocated to funding outside agencies has varied. The current budget allocates \$40,000 for outside agencies out of the total tourism budget of roughly \$200,000.

A copy of the staff memo to the City Council recommending outside agency funding for the 2011-2012 Budget is included (see Attachment L). The attachment also includes a memo from the Lodging Tax Advisory Committee (now called the Tourism Development Committee) providing some background on the criteria they used for their recommendations.

Summary

The City Council requested a staff analysis on alternative approaches for funding ARCH, human services, and outside agencies. There is a historical policy basis for current funding, some of which are tied to larger regional efforts. In some cases, the policy basis was established by Council resolution (human services, ARCH, KPC). In others the funding is based on advisory group input that applies limited funds based on criteria that supports strategic plans (e.g. LTAC). No one funding strategy is appropriate for the varied services provided by contracted agencies. A per capita measure may be appropriate for human services but has less relevance in funding the Kirkland Downtown Association. Given the background information provided in this memo, staff requests further direction about whether the City Council wants to reconsider any of these funding amounts or philosophies and, if so, which ones.

Attachment A

CITY OF KIRKLAND HUMAN SERVICES FUNDING

Funding for Human Services is incorporated into a variety of operating and non-operating budgets. It is important to note that budget reductions and annexation related service level changes, which impact 2012, make direct comparison difficult. The following summary provides an overview of Human Services funding for 2011-2012.

Program/Funding Source	2009-2010 Budget	2011-2012 Budget
Human Services Program (includes per capita allocation)	1,033,620	1,171,553
Human Services Forum and Other Regional programs	4,450	20,450
Human Services Coordination	31,258	197,557
Senior Center Operations	1,317,381	991,348
King County Alcohol Treatment Programs	24,500	39,392
A Regional Coalition for Housing (ARCH)–Operations ^{1,2}	554,525	834,525
Community Youth Services Program/Teen Center	847,613	606,713
Teen Mini Grants	20,000	17,000
Domestic Violence Programs	577,959	554,794
Police School Resource Program	207,576	228,450
Senior Discounts for Utility and Garbage Services	70,842	70,842
Kirkland Cares (assistance with utility bills from utilities customer donations)	10,000	8,000
Specialized Recreation Program	14,408	14,000
Recreation Class Discounts	2,000	2,000
Total Human Services Funding	4,716,132	4,756,624

TOTAL SPENDING PER CAPITA 2009-2010: \$98.73

TOTAL SPENDING PER CAPITA 2011-2012: \$57.02*

¹ 2009-10 ARCH funding reflects the base budget amount of \$122,525 and service package request for 2009-10 of \$432,000.

² 2011-12 ARCH funding reflects the base budget amount of \$262,525, a service package request for 2011-12 of \$432,000 and an annexation service package request for \$140,000 beginning in 2012.

* 2011-12 Per Capita spending reflects the addition of \$197,463 for Human Services, \$15,000 for King County Alcohol Treatment Programs, and \$140,000 for ARCH, all beginning in 2012. As the the Human Services needs of the annexation area become better defined, including the impact to staff that may occur in administering the program; the service level can be reconsidered as part of the mid-biennial budget process or the 2013-14 budget.

RESOLUTION R- 3315A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND
APPROVING A HUMAN SERVICES POLICY AND PROGRAM FOR THE CITY OF
KIRKLAND AND ESTABLISHING A HUMAN SERVICES ADVISORY COMMITTEE

Whereas, rapid social change and the increasing urbanization and population growth within King County, east of Lake Washington have intensified the presence of human service problems, as well as increasing public awareness of the need for available human services; and

Whereas, the Federal government is progressively withdrawing its financial support for human service programs, looking to other levels of government and private agencies to provide such services and their financial support; and

Whereas, it increasingly appears to be the attitude of the general public that local government must do more in the human service area; and

Whereas, community attitudes in the City of Kirkland appear to favor a more active City of Kirkland role with regard to the provision of human services; now, therefore,

Be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The Kirkland City Council hereby approves and adopts the human services policy and program, all as set forth in Exhibit "A" to this resolution and by this reference incorporated herein. In said program, the City of Kirkland's role is as a human services funder and coordinator; rather than as a direct provider of human services.

Section 2. There is hereby established a human services advisory committee to review annual funding requests from human service provider agencies and to prepare recommendations to the City Council, in accordance with the priorities and criteria established in the human services policy and program adopted in Section 1 of this resolution.

Section 3. The membership of the human services advisory committee shall be composed of the City Manager, the Director of the Department of Parks and Recreation and the Human Resources Manager, together with four (4) residents of the City of Kirkland to be appointed by the City Council.

Attachment B



The four (4) resident or community-at-large members shall each meet the following eligibility requirements: be at least eighteen (18) years of age; be a resident of the City of Kirkland; and shall have no financial or proprietary interest in a human service provider organization, either as staff, board member, or otherwise. At-large appointments shall be for a term of two (2) years.

Passed by majority vote of the Kirkland City Council in regular, open meeting this 20th day of October, 1986.

Signed in authentication thereof this 20th day of October, 1986.

Doris Cooper
MAYOR

ATTEST:

Jamie Perry DEPUTY CLERK
Director of Administration & Finance
(ex officio City Clerk)

Attachment B



Attachment B

CITY OF KIRKLAND HUMAN SERVICES POLICY

TABLE OF CONTENTS

I.	<u>INTRODUCTION</u>	Page 1
II.	<u>CITY'S ROLE</u>	
	A. Program Emphasis/Eligibility Requirements	Pages 1-3
III.	<u>FUNDING FOR HUMAN SERVICE ORGANIZATIONS</u>	
	A. Development of City Funding Levels	Page 3
	B. Human Service Advisory Committee	Pages 3-4
	C. Funding Criteria	Pages 4-5
	D. Application Process	Pages 5-6
IV.	<u>STAFF RESPONSIBILITIES</u>	Page 7
V.	<u>REGIONAL COOPERATION</u>	Page 7
VI.	<u>CITY ADVOCACY</u>	Page 8
VII.	<u>CONCLUSION</u>	Page 8

ATTACHMENTS

- A. City Council Resolution R-3315
- B. City Funding Allocations to Human Service Providers
- C. City of Kirkland Human Service Funding Application Form

CITY OF KIRKLAND HUMAN SERVICES POLICY

I. INTRODUCTION

For quite some time, the City of Kirkland has been actively reviewing the human service needs and priorities of the City, and generally moving towards development of a formalized City policy and approach in this regard. This direction represents a general and increasing awareness on the part of the community and the Kirkland City Council that human service needs are a priority to local government for a number of reasons, including:

- A. The federal government is progressively withdrawing its financial support for many human service programs; filling "the gap" is falling upon the shoulders of other levels of government and the private sector as a result.
- B. It appears to increasingly be the attitude of the general public that local government must do more in the human services area. In the City of Kirkland, community attitudes seem to favor a more active City role in this respect.
- C. Rapidly increasing social change (e.g., the high rate of divorce and changing family structure, drug and alcohol abuse, etc.) has intensified and further aggravated the human service dilemma.
- D. The increasing urbanization and population growth of the Eastside is leading to intensification of human service problems, as well as increasing public awareness in this regard.

In other words, many things have combined during the past few years to cause increasing concerns in the human services area. There are more people and increasing people needs, combined with diminishing resources. There is increasing community recognition of the human service problem and of the urgency to develop new and better solutions in this regard. There is increasing recognition that local government effort is necessary, both for public safety and humanitarian reasons. There is increasing recognition that cities can no longer afford not to be involved.

Through adoption of a Human Services Policy, the City of Kirkland acknowledges the community needs and priorities relating to human services. The Human Services Policy represents a significant commitment and an important step in this regard.

II. CITY'S ROLE

The City's role in human services is as a funder and coordinator, but not as a direct provider of human services. In other words, the City will administer General Fund allocations to human service providing organizations to help meet the City's unmet human service needs.

A. Program Emphasis/Eligibility Requirements

The City's Human Services Policy establishes the following program emphasis and priorities. These priorities and policy statements will also be used in determining the basic eligibility of human service organizations applying for City funds:

1. Priority will be given to the provision of human services to City of Kirkland residents who are experiencing difficulty in meeting basic human needs.
2. Priority will be given for implementation or support of programs which promote self-sufficiency and independent living for those persons dependent (or potentially dependent) upon human services.
3. The City will favor programs that primarily benefit poverty level, low and moderate income Kirkland residents.
4. Programs which are selected for funding should be accessible to the elderly, physically and developmentally disabled and low income residents.
5. Priority will be given to human service organizations which accept donations or charge fees based on the individual's ability to pay.

Human service organizations selected to receive funds must meet the priorities/eligibility requirements noted above. In addition, human service organizations must meet funding criteria set by the City.

B. Additional Program Emphasis

The City's Human Services Policy also incorporates the following guidelines and features:

1. The City will continue to work cooperatively with other jurisdictions to further explore the possibility of a regional approach to all or part of the human service program to include the possibility of joint administration and/or funding of human services.
2. The City may use its funds to supplement funds from other public and private sector sources. However, if other funds are withdrawn, the City will not be committed to the total support of a program.
3. All human service programs currently funded by the City (with the exception of the City's contractual obligations to the

Seattle-King County Department of Health and Substance Abuse Programs) will be expected to apply for future funding through Kirkland's Human Services Policy application process.

4. The City will not fund human services that are the legal responsibility of another public agency or funding source. However, the City may choose to augment those services (e.g., mental health, drug abuse).
5. The City will continue to assess the needs of its residents and evaluate the effectiveness of services currently provided to the community.

III. FUNDING FOR HUMAN SERVICE ORGANIZATIONS

A. Development of City Funding Levels

The City's Human Services Policy calls for an initial annual budget allocation for discretionary human services purposes of up to \$2.00 per capita, which translates to (but does not exceed) \$40,000 per year at this particular time. This discretionary amount is funding in addition to mandatory costs currently paid to King County Health Department for health-related services provided to Kirkland residents (see Attachment B). As a policy matter, the Council may adjust the annual per capita budget allocation for human services in the future as it deems appropriate.

This level of funding was selected for two reasons: first, it is tied specifically to the City's population who will benefit directly; secondly, it is consistent with what other cities in the region are considering or have implemented (e.g., the City of Redmond).

B. Human Services Advisory Committee

The City Human Services Policy establishes a Human Services Advisory Committee to review annual funding requests from human service providers and prepare recommendations to the City Council. All programs to be considered for City funding must participate in the application and Advisory Committee screening process.

The Advisory Committee will be an ad hoc group appointed by the City Council, and comprised of the following members:

- four citizens from the community-at-large
- three City staff members (City Manager, Parks and Recreation Director and Human Resources Manager)

Attachment B

Length of service for at-large appointees is two years. Persons wishing to serve on the Advisory Committee must meet the following eligibility requirements:

- must be at least eighteen years of age
- must be a City of Kirkland resident
- must not be a board or staff member of any specific human service organization

C. Funding Criteria

Human Service provider applications will be reviewed by the Human Services Advisory Committee to: 1) ensure conformance with the City's Human Service Policy program emphasis/eligibility requirements; and 2) determine compliance with City funding criteria. If the basic eligibility requirements are satisfied, the human service organizations will be interviewed, utilizing a point-factor evaluation system, to measure how closely they meet City human service funding criteria.

Criterion I (30 points maximum)

The service provider meets City of Kirkland funding priorities (i.e., services which help meet basic emergency services or programs which are preventative in nature).

Evaluate service provider's ability to:

- a. Document that a problem exists.
- b. Address how unmet needs will be met.
- c. Identify other organizations which are addressing this need.
- d. Describe specific funding request.

Criterion II (30 points maximum)

The service provider identifies client population to be served, including the service provider's ability to:

- a. Serve City of Kirkland residents.
- b. Identify type of population and income level served.

Attachment B

Criterion III (20 points maximum)

The service provider has an established process for generating alternative funding and/or additional sources of revenue.

Evaluate service provider's ability to:

- a. Support program through fund raising activities.
- b. Pursue other alternative sources of funding.

Criterion IV (20 points maximum)

The service provider charges fees based on individual ability to pay.

Evaluate service provider's ability to:

- a. Establish eligibility for client service based on income criteria.

Those organizations which meet basic eligibility requirements will be invited for interviews with the Human Services Advisory Committee. The purpose of the interviews will be to further ensure that the organizations applying for funds are in close harmony with Kirkland Human Services Policy's priorities, eligibility requirements and funding criteria. Subsequent to the interviews, the Advisory Committee will make specific recommendations to the City Council for annual funding.

D. Application Process

Beginning in 1987, application forms for human service organizations requesting funding from the City will be made available in July of each year and must be returned to the City no later than August 31. As a matter of policy, the City Council will not accept late and/or direct appeals to the City Council which have not gone through the preliminary application and interview process.

Organizations applying for funding from the City must complete the required City application forms (Attachment C).

Applications submitted in conformance with the deadline will be reviewed by the Human Services Advisory Committee. Those organizations most closely meeting City eligibility requirements and funding criteria will be asked to participate in an interview.

Specific allocations for funding of human service organizations will be made by the Kirkland City Council during adoption of the Annual City Budget. Human services contracts will be implemented immediately following in January.

Attachment B

A general overview of the application process is as follows:

1. A human service organization applying for funds is required to complete a separate application form for each service it intends to provide. The application requires that the organization answer specific questions relating to such things as:
 - a) The precise nature of services it intends to provide.
 - b) The geographical area and specific client populations (e.g., number of Kirkland residents) to be served.
 - c) Alternative sources of funding should City funds be awarded at a reduced level.
 - d) The manner in which the organization charges its clients.
2. Incoming applicants will be reviewed by the Human Services Advisory Committee which will evaluate the merits of each application using program eligibility requirements and funding criteria (and a corresponding point system) established by the City. Organizations most closely meeting the eligibility requirements and funding criteria will then be invited to an interview session for the purpose of clarifying proposals and to further ensure consistency with City funding criteria. Following the interviews, the Committee will evaluate the information collected and then make specific funding recommendations to the City Council. Late applications and those not participating in this Advisory Committee process will be disallowed.

The application review process will be timed to coincide with steps noted below.

Steps and Timing of Review Process

- a) Applications Available to Human Service Organizations - July
- b) Applications Due - End of August
- c) Human Services Advisory Committee Review of Applications - September-October
- d) Advisory Committee Makes Recommendations to City Council - End of October
- e) City Council allocates funds for human service providers as part of the adoption of the annual City Budget - November-December
- f) Human Service Contracts Implemented - January

Attachment B

IV. STAFF RESPONSIBILITIES

The City Human Services Policy establishes a separate program within the Parks and Recreation Department's Human Resources Division. A staff member from this division will be assigned to perform the following tasks:

- A. Continue to explore opportunities for regional cooperation in solving human service problems. Support and participate in regional efforts to better identify and address human service needs.
- B. Annually notify eligible human service providers of funding application and requirement process. Provide orientation for providers regarding City policies and procedures for human service contracting.
- C. Review, negotiate, monitor, and evaluate contracts for the distribution of City funds. Prepare contracts for City Council review and approval.
- D. Conduct fiscal monitoring of programs receiving City support.
- E. As appropriate, recommend changes and improvements in the City's Human Services policies, programs, priorities, and services.
- F. Provide annual report to the City Council and City Manager summarizing the activities of the Human Services Program.
- G. Conduct an annual workshop for service providers to review the City's policies, funding priorities, application criteria and general process, etc.

V. REGIONAL COOPERATION

The Human Services Policy calls for the City to continue to explore the potential for a higher level of regional cooperation (and the possibility of a future joint approach) with our neighboring cities. A common approach does not appear to be feasible in 1987, however, there may be potential advantages to a future regional or (subregional) approach to funding and/or administration of all (or a portion) of our human service efforts. In particular, Kirkland, Bellevue, and Redmond appear to be moving in a similar direction in many respects and should continue to actively explore the possibility of joint efforts. The City will also participate in discussions with neighboring cities to explore the potential for developing a common data base to provide a better factual basis and the serve as an aid in setting funding priorities.

Attachment B

VI. CITY ADVOCACY

The City will continue to advocate federal, state, county, and private sector financial participation and partnership in human service funding and service delivery. Obviously, cities cannot (nor should they) be expected to carry this burden by themselves. All levels of government and the private sector must share concern and responsibility in this area if effective solutions are to be developed.

VII. CONCLUSION

In summary, Kirkland's Human Services Policy attempts to institute a system for planning, funding, monitoring and evaluating community human service needs, that is effective, fair and equitable. The Policy is a positive reflection of the City's desire to assist those persons in our community who possess special needs, lack adequate income, are physically or mentally vulnerable, or lack the skills and abilities necessary to maintain self-sufficiency.

Attachments

- A. City Council Resolution R-3315
- B. City of Kirkland Funding Allocations to Human Service Providers
- C. City of Kirkland Human Service Funding Application Form

4106C/295A/AB:rk

Attachment B

ATTACHMENT B

CITY OF KIRKLAND FUNDING ALLOCATIONS
TO HUMAN SERVICE PROVIDERS

Revenue Source for all allocations: General Fund

1986	<u>Nondiscretionary Allocations</u>	
	King County Health Department	\$118,000
	King County Division of Alcoholism and Substance Abuse Services	\$ <u>6,157</u>
	Subtotal	\$124,157
	<u>Discretionary Allocations</u>	
	Youth Eastside Services (YES)	\$7,500
	King County Rape Relief	\$ <u>3,000</u>
	Subtotal	\$10,500
	Total	<u>\$134,657</u>
1987	<u>Nondiscretionary Allocations</u>	
	King County Health Department	\$180,000 (estimated)
	King County Division of Alcoholism and Substance Abuse Services	\$ 6,300 (estimated)
	Subtotal	\$186,300 (estimated)
	<u>Discretionary Allocations</u>	
	Funding for Human Service Organizations	\$ <u>40,000</u>
	Subtotal	\$ 40,000
	Total	<u>\$226,300</u>

The City allocated \$135,017 to the Kirkland Senior Center in 1986 and anticipates allocating approximately \$170,000 in 1987. Although the majority of the funding is earmarked for recreational activities, the Senior Center undertakes a number of human services-related programs (medical assistance and referrals, hot meal programs, etc.)

4221C/295A/LS:rk



CITY OF

KIRKLAND

123 FIFTH AVENUE · KIRKLAND, WASHINGTON 98033-6189 · (206) 828-1100

Attachment C

CITY OF KIRKLAND
HUMAN SERVICE FUNDING APPLICATION

Application Deadline Date - _____ (Note: Late Applications
will not be accepted.)

Name of Organization: _____

Address: _____

Phone: _____ Date of Incorporation: _____

IRS Nonprofit Code: _____

Summary Statement of Proposed Service or Project:

Funds Requested:	City:	\$	_____
	United Way:	\$	_____
	Other:	\$	_____
	Total	\$	_____

Name and Signature of Applicant:

Name and Title: _____

Signature of Applicant: _____

I. COMMUNITY NEED OR PROBLEM

A. Describe the community need or problem and how it relates to City of Kirkland residents. Provide supportive data from surveys, need assessment profiles, etc. Include client use statistics for projects currently in operation.

Attachment B

B. Describe how your service/project addresses unmet needs and how your agency proposes to address the problem without duplicating or overlapping the efforts of others:

C. List any other private or government agencies which are or will be addressing the need or problem described above.

D. Describe specific funding request.

Personal Services (Including Fringe Benefits and Percent of Personnel Time Dedicated to Proposal)

Describe: _____

Funds Requested: _____

Office or Operating Supplies

Describe: _____

Funds Requested: _____

Operating Expense: Operating Overhead (e.g., rent, telephone, etc.)

Describe: _____

Funds Requested: _____

Capital Equipment Expense

Describe: _____

Funds Requested: _____

Other - Please Specify Describe: _____

Attachment B

Funds Requested: _____

Total: _____

II. CLIENT POPULATION

A. State the number of unduplicated City of Kirkland clients you intend to serve during the term of this proposed project/service.

Specify geographical areas served: 98033 _____
98034 _____
Other _____

B. Identify age group(s) and income level(s) of clients you intend to serve.

C. What are the total number of clients your organization serves?
Duplicated Count: _____ Unduplicated Count: _____
City of Kirkland Clients: _____ City of Kirkland Clients _____

III. ALTERNATIVE SOURCES OF FUNDING

A. State alternative funding plan should City funds be awarded in an amount less than your request (e.g., fund raising activities, grants, other sources).

IV. PROGRAM ELIGIBILITY

A. Do you use income criteria to establish eligibility for services?
Yes _____ No _____ If yes, attach copy of criteria.

B. Do you use fee schedule or accept donations?
Yes _____ No _____ If yes, attach copy of fee schedule.

V. Describe any previous funding your organization has received from the City.



CITY OF KIRKLAND
Department of Parks & Community Services
 505 Market Street, Suite A, Kirkland, WA 98033 425.587.3300
 www.ci.kirkland.wa.us

MEMORANDUM

To: Kurt Triplett, City Manager
 Tracey Dunlap, Finance Director

From: Jennifer Schroder, Director
 Carrie Hite, Deputy Director
 Sharon Anderson, Human Services Coordinator
 Human Services Advisory Committee

Date: September 29, 2010

Subject: Human Services Issue Paper

This paper is to inform Council of the current state of human services both locally and regionally in preparation for budget decisions.

Current Human Services Per Capita Funding

The total amount budgeted for human services agencies is \$1,066,261 for the 2009-2010 biennium (\$530,590 in 2009; \$535,671 in 2010). This amount is based on \$838,700 ongoing per capita and one-time funds of \$227,561 for the biennium. The total ongoing per capita is \$8.61; the per capita with the addition of one-time funds is \$10.93. Below is a table that demonstrates the human services funding allocated by Kirkland since 2002.

Summary of the City's Contribution to Human Services

Year	Pop	Ongoing Per Capita	Ongoing Per Capita Funding	Additional One-time Funding	Total Human Services Funding ¹	Actual Per Capita Rate
2002	45,770	\$7.25	\$331,833	\$28,316	\$360,149	\$7.87
2003	45,786	\$8.11	\$371,324	\$11,448	\$382,772	\$8.36
2004	45,630	\$8.11	\$370,059	\$45,791	\$415,850	\$9.11
2005	45,800	\$8.11	\$371,438	\$58,503	\$429,941	\$9.39
2006	45,800	\$8.11	\$371,438	\$58,503	\$429,941	\$9.39
2007	47,180	\$8.36	\$394,425	\$123,528	\$517,953	\$10.98
2008	48,000	\$8.61	\$413,280	\$104,173	\$517,453	\$10.78
2009	48,410	\$8.61	\$416,810	\$113,780	\$530,590	\$10.96
2010	49,000	\$8.61	\$421,890	\$113,781	\$535,671	\$10.93

¹ Funding for Domestic Violence programs (\$31,264 annually) was transferred from the Police budget to Human Services in the 2009-10 biennium and is not included in the Total Human Services Funding or Actual Per Capita Rate calculations.

September 29, 2010

Page 2

As you can see, Council was able to increase the ongoing per capita amount for 2009-2010 and allocate additional one-time funds for this past biennium. The one-time funds were used to give agencies a cost of living adjustment, and in some cases allocate funding at the agencies' full request. One-time funds assist our agencies to continue to provide high-quality services and allow Kirkland to fund emerging needs. However, it makes a very tenuous funding puzzle for agencies each year to rely on one-time funds.

Attachment A demonstrates a comparison of our neighboring cities' per capita allocations for human services. As is evident, Kirkland's per capita is near the top of the range of our regional counterparts. The Human Services Advisory Committee (HSAC) closely aligns Kirkland's needs and demographics to Bellevue and Redmond, and recommends using these two cities as the most relevant comparables.

Local Needs Increasing

In May, the City received 73 applications with requests for \$884,414 annually for the 2011-2012 biennium. 28 applications were for new programs. This year we noticed a substantial increase in funding requests from the 45 programs the City currently funds. The HSAC held a series of roundtable discussions with agencies the City currently funds and conducted two Public Hearings that included all applicants.

Below are just a few examples of the demand for services facing these organizations. The HSAC also heard success stories and how their services have changed the lives of those they serve.

Assistance League of the Eastside-Operation School Bell: This program provides new school clothing to low-income and homeless children in the Lake Washington, Northshore and Bellevue school districts. In the City of Kirkland, they currently serve 10 schools and approximately 300 students. For many families this is the only time they are able to buy new clothing for their children.

Eastside Legal Assistance Program (ELAP): Volunteer attorneys provide free legal aid to low-income Kirkland residents through advice clinics, self-help dissolution workshops, drafting of simple wills, directives and durable powers of attorney and extensive brief services (e.g. advice, coaching and pleading preparation) to survivors of domestic violence. Today, the need for legal services is greater than ever. In the first half of 2010, ELAP has logged nearly twice as many calls as compared to 2009.

Hopelink: Hopelink continues to see a dramatic increase in requests for housing, food and transportation assistance. They have also experienced a decline in donations and in volunteers who need to return to the workforce to make ends meet. The Emergency Service Program provides low income residents with basic needs including food and emergency financial assistance. In 2010 Hopelink has been serving an average of 131 more Kirkland households per month, as compared to 2009. This represents a 23% increase in one year. For financial assistance, both 2009 and 2010 demonstrate a 53% increase as compared to 2008.

September 29, 2010

Page 3

Eastside Domestic Violence Program (EDVP): EDVP is the largest domestic violence service provider in Washington State. Specifically in Kirkland last year, EDVP served 87 victims of abuse, provided 1,311 nights of shelter and received 777 calls to the 24-hour crisis line. The need for services continues to increase. EDVP reports that their turn-away rate for shelter is 18-to-1.

Kirkland Interfaith Transition in Housing (KITH): KITH provides housing and case management services for homeless families and individuals and permanent supportive housing for those at risk of homelessness. KITH has experienced an increase in requests for service. In 2009, KITH turned away 22 households for every one household served.

Regional and Local Impacts

There are several human services funding issues to consider that may impact Kirkland this next biennium:

1. King County is facing a \$63.5 million deficit in the 2011 budget. The Executive's budget was not released to the full County Council until September 27th. Preliminarily, all Eastside human services agencies are bracing for cuts from the County. One proposed cut being considered is the Children and Family Commission funding, totaling \$1.3M. This will impact the agencies that provide family support and violence prevention efforts on the Eastside. An example of this is that Healthy Start will be cut by \$280,000, or 30% of their annual operating budget.

Currently, there are efforts from the Eastside Human Services Forum, King County Human Service Alliance, and the Alliance of Eastside Agencies to work with the County to mitigate any proposed cuts, and service level impacts.

2. United Way, a major funder of human services, has continued to shift dollars to their priorities of homelessness, early learning/school readiness, and a new area for family support. We know this has had an impact on agencies and programs in East King County. In addition, they are projecting a 10% cut in funding for their funding year July 2010 – June 2011. Again, Eastside Human Service agencies are bracing for cuts from United Way. As an example, United Way has already reduced funding for domestic violence programs. Eastside Domestic Violence Program has sustained a significant cut and is looking to local jurisdictions to help with the impact.
3. King County Veterans and Human Services Levy – this was approved by voters in 2005 and increases property taxes by 5 cents per \$1,000 of assessed valuation for six years. It is estimated to raise \$13.3 million per year and is divided between veterans, military personnel and their families, and regional health and human services, such as housing assistance, homelessness prevention, mental health services, substance abuse services, and employment assistance. This is slated to expire in 2011. The levy has augmented the human services system significantly. There are early discussions by the local human service agencies to leverage support for renewing this when it expires.

September 29, 2010

Page 4

4. Mental Illness and Drug Dependency (MIDD) fund – in 2005 the State Legislature gave counties the option to raise local sales taxes by 0.1% to be used specifically for mental health and chemical dependency services. In the 2008 State Legislative session, this was expanded to include using these sales tax funds for housing. It was anticipated to raise \$50 million annually, but has consistently fallen short. This has also augmented the human service system significantly.
5. Eastside Cities – Most of our neighboring cities are having budget difficulties as well, but at the same time, all have budget proposals to either increase human services funding, or hold it harmless to cuts. For example, the City of Bellevue is recommending a 3.1% increase in human services through their Budget-by-Priorities proposals. City of Redmond, even though facing some tough budget decisions, is also proposing an increase. The cities of Issaquah and Mercer Island are proposing flat-funding. These local decisions will certainly impact the Eastside human services agencies and allow them to keep up with some of the demand.

Annexation Service level

The proposed budget recommends a phased approach to increasing the funding for Human Services. A phased approach is based on the assumption that King County will have funded those agencies servicing the annexation area for 2011. For 2012, funding in the amount of \$197,463 is proposed. Although this amount on a per capita basis is less than the \$8.61/per capita that is budgeted for the current service area, it reflects a 43% increase to the current funding level. As the Human Service needs of the annexation area become better defined, including the impact to staff that may occur in administering the program; the service level can be reconsidered as part of the mid-biennial budget process or for the 2013-14 budget.

Committee Recommendation

The HSAC understands that the City is facing a difficult budget year. In addition, demand for human services in Kirkland remains high and is ever increasing during this recession. The committee asks that City Council recognize the long term return on investment that our local human services agencies provide.

The committee is particularly challenged with the number of new applications, the increase in service demands, and many programs the City currently funds have requested more funding to meet the increased service demands.

The committee will complete their review and present recommendations to City Council in October.

2009-2010
North and East King County Cities
Human Services Funding

	2009 Population	2010 Population Estimates	2009 Human Services General Fund	2010 Human Services General Fund	Funding Formula (If any)	Calculated on a Per Capita Basis (Approximates)
Bellevue	118,411	NA	\$2,529,553	\$2,642,240	Inflation + population growth	\$21.36
Bothell	32,860	33,500	\$230,020	\$234,500	Per Capita	\$7/Capita
Issaquah	26,000	27,000	\$218,000	\$217,000	1% of the general fund	\$8.04/Capita
Kenmore	20,220	20,650	\$284,499	\$290,377	3% of the general fund	\$14.06
Kirkland	48,410	49,010	\$561,854	\$566,935	Per Capita: 8.61, plus 113,780 one time ¹	\$10.93
Redmond	52,683	53,684	\$647,421	\$672,902	Per Capita + 74,500/year in Domestic Violence funds	\$11.15
Sammamish	40,670	41,070	\$160,000	\$160,000	No Formula	\$3.93
Shoreline	54,320	54,580	340,307	340,307	No Formula	6.23
Woodinville	10,560	11,350	80,592	80,592	No Formula	\$7.10

¹Excludes funding for Domestic Violence programs (\$31,264 annually) was transferred from the Police budget to Human Services in the 2009-10 biennium.



CITY OF KIRKLAND
Department of Parks & Community Services
505 Market Street, Suite A, Kirkland, WA 98033 425.587.3300
www.ci.kirkland.wa.us

MEMORANDUM

To: Kurt Triplett, City Manager
From: Human Services Advisory Committee
Date: October 21, 2010
Subject: Human Services Funding Recommendation

RECOMMENDATION:

The Human Services Advisory Committee recommends that City Council consider its recommendation for human services funding for 2011.

BACKGROUND DISCUSSION:

The Human Service Advisory Committee understands that the City is facing a difficult budget year. In addition, demand for human services in Kirkland remains high and is ever increasing during this recession. In May, the City received 73 applications with requests for \$886,413* annually for the 2011-2012 biennium. 28 applications were for new programs. This year we noticed a substantial increase in funding requests from the 45 programs the City currently funds. The HSAC held a series of roundtable discussions with agencies the City currently funds and conducted three Public Hearings that included all applicants.

The Committee is particularly challenged with the number of new applications, the increase in service demands, and many programs the City currently funds have requested more funding to meet the increased service demands. Given the City's limited resources and increased demands we are providing a two tier recommendation. Tier 1 allocates the amount contained in the City Manager's Preliminary Budget. If the City Council decides to restore the one-time funding allocated in 2010, Tier 2 provides the committee's recommended allocation of those additional funds. Attachment A is the HSAC recommendation for each tier below.

Tier 1: City Manager funding recommendation:

The proposed budget for human services funding is currently at \$8.61 per capita, and does not assume additional funding. In the last biennium, the budget included one-time funds in addition to per capita. Based on the number of applications received, the Human Services Advisory Committee (HSAC) had a difficult time with this funding recommendation as this represents \$113,780 or 20% less than what was funded last year. The HSAC reviewed and evaluated each request and recommended reduced funding for all programs with the exception of Eastside Domestic Violence community advocacy program and King County Sexual Assault Resource Center comprehensive sexual assault services. These two programs are recommended for funding at their 2010 funding level.

Tier 2: Council reallocates the one-time funds of \$113,780 for 2011. Although one time funds are just that, our local human service agencies have come to rely on these funds to help meet the demand and to balance their bottom line.

October 26, 2010

Page 2

With the one-time increase of \$113,780, the HSAC recommends 2010 level funding for most of the human services programs, reductions in funding for eleven programs, and new funding allocated to 10 new service areas to expand the human services infrastructure in Kirkland.

New programs include:

- **Alliance of People with disAbilities Youth in Transition Program**-\$4,799: Provides youth with disabilities support transitioning from high school helping them to become self-sufficient adults.
- **AtWork! - School-to-Work Partnership**-\$1,290: In collaboration with schools the program helps high school students with multiple disabilities to acquire paid jobs.
- **Bridge Disability Ministries' Certified Professional Guardianship Program**-\$1,000: Provides case management services of adults with severe developmental disabilities. These individuals are wards of Certified Professional Guardians (CPG).
- **Eastside Interfaith Social Concerns Council Sophia's Place Housing Program**-\$3,500: The only overnight program providing shelter, life skills training and social services support to single adult homeless women in East King County.
- **Eastside Interfaith Social Concerns Council-Sophia's Home Housing Program**-\$2,000: Places homeless single women in apartments and shared housing with support services.
- **Center for Children & Youth Justice's-Safe Havens Visitation Center**-\$1,000: The only program specifically designed to provide supervised visitation and safe exchange for families referred specifically due to domestic violence.
- **Center for Human Services' Northshore Family Support Center**-\$5,000: Provides early learning, youth development, and parent education/support and community resources.
- **Friends of Youth- The Landing Young Adult Shelter**-\$5,000: The only overnight shelter for homeless youth age 18-24 in East King County.
- **HERO House (HH)**-\$4,818: HERO House serves persons with serious mental illness. Through the pre-vocational "work ordered day" program. HH provides, case management, non-traditional support groups, tutoring, employment services.
- **Little Bit Therapeutic Riding Center**-\$2,000: Little Bit is only therapeutic riding center in the Pacific Northwest. LB provides individuals with disabilities opportunities for participation in an independence building physical activity.

Annexation: For 2012, the HSAC recommends the approved annexation service package of \$197,463 be allocated to increase funding to several programs funded in Tier 2 in order to expand service levels for annexation area residents.

In addition, the HSAC is recommending one new program for full funding in order to fulfill the needs of the newly incorporated area, St Andrew's Housing Group's Francis Village (Totem Lake).

October 26, 2010

Page 3

CLOSING COMMENTS:

The HSAC appreciates that the City Council recognize the long term return on investment that our local human services agencies provide and wishes to thank Council for their continued investment in human services. If Tier 1 and Tier 2 are approved, the Committee is encouraged that this funding plan will address a broad range of community needs and offer significant support to a great many residents in our community.

*This amount differs from the Human Services issue paper by \$1999 due to a calculation error from the human services web portal. This is the correct number for 2011 and 2012 requests.

Attachment A
CITY OF KIRKLAND
APPLICATIONS SUBMITTED FOR 2011-2012 FUNDING

Attachment D

Organization (Alphabetical Order)	Program	2010 Funded Amount	2011 Request	Tier 1 City Manager Proposed Annual 2011/2012	Tier 2 HSAC Proposed Annual 2011/2012	HSAC Proposed with Annexation
		Averaged amount from 2009/2010 biennium budget year		\$8.61 per capita	\$8.61 per capita + \$113,780	\$8.61 per capita + \$197,463
Total Budget Allocation Proposal		561,476	886,413	458,481	572,262	655,944
Goal 1 - Food to Eat and Roof Overhead						
Catholic Community Services of King County	Emergency Assistance Services Program	8,900	8,900	7,493	8,900	8,900
Eastside Baby Corner	Distribution of Basic Essentials for Children	8,712	12,780	7,341	8,712	9,322
Eastside Domestic Violence Program	My Sister's Home Emergency Shelter	3,720	8,014	3,323	3,720	5,180
Eastside Interfaith Social Concerns Council	Congregations for the Homeless Outreach Program		2,500	0		-
Eastside Interfaith Social Concerns Council	Sophia's Home Housing Program for Single Women		2,500	0	2,000	2,141
Eastside Interfaith Social Concerns Council	Sophia's Place Housing Program for Single Women		5,000	0	3,500	3,745
Eastside Interfaith Social Concerns Council	Congregations for the Homeless Shelter Program	9,213	10,134	7,745	9,213	9,858
Emergency Feeding Program of Seattle/King County	Medically Vulnerable Low-Income Patients		2,000	0		-
Food LifeLine	Client Service Support		7,000	0		-
Friends of Youth	The Landing Young Adult Shelter		13,385	0	5,000	9,365
Friends of Youth	Homeless Youth Services	21,713	30,534	17,806	17,870	23,233
Hopelink	Emergency Feeding Services Short Term Emergency Food	7,000	9,668	5,963	7,000	7,490
Hopelink	Avondale Park Emergency Shelter/Transitional Housing	10,200	10,500	8,539	10,200	10,500
Hopelink	Transitional and Permanent Supportive Housing	17,798	18,300	14,655	17,798	18,300
Hopelink	Emergency Services Program-Food & Financial Assistance	39,168	41,125	31,856	39,168	41,125
Kirkland Interfaith Transitions in Housing	Transitional and Permanent Supportive Housing	22,440	23,000	18,391	22,440	23,000
Senior Services	Meals on Wheels	4,590	4,590	4,024	4,500	4,590
Society of St. Vincent de Paul of Seattle/King Co.	St. John Vianney Kirkland		15,000	0		-
St Andrew's Housing Group	Francis Village (Totem Lake)		15,000	0		15,000
The Salvation Army, Eastside	Emergency Assistance Eastside	15,000	22,500	12,403	15,000	19,050
YWCA of Seattle King County Snohomish County	Angeline's Eastside Day Center	13,142	13,150	10,908	13,142	13,150
YWCA of Seattle King County Snohomish County	Family Village Transitional Housing	21,380	21,967	17,538	21,380	21,967
	Totals of Goal Area 1	202,976	297,547	167,986	209,543	245,916

Attachment A
CITY OF KIRKLAND
APPLICATIONS SUBMITTED FOR 2011-2012 FUNDING

Attachment D

Organization (Alphabetical Order)	Program	2010 Funded Amount	2011 Request	Tier 1 City Manager Proposed Annual 2011/2012	Tier 2 HSAC Proposed Annual 2011/2012	HSAC Proposed with Annexation
		Averaged amount from 2009/2010 biennium budget year		\$8.61 per capita	\$8.61 per capita + \$113,780	\$8.61 per capita + \$197,463
Goal 2 - Supportive Relationships within Families, Neighborhoods, and Communities						
Assistance League of the Eastside	Operation School Bell	7,500	10,000	5,250	5,250	8,100
Kirkland Boys and Girls Club	Summer Program Scholarships	2,652	3,640	1,326	1,326	2,864
Catholic Community Services of King County	Volunteer Chore Program		8,000			-
Center for Human Services	Family Support Centers		10,000		5,000	5,400
Changes Parent Support Network	Parent Group Support Network		1,298			-
Child Care Resources	Child Care Resource and Referral	8,145	8,552	6,109	8,145	8,552
Chinese Information and Service Center	International Family Center Eastside	10,000	26,146	7,500	10,000	10,800
CRU Institute	Peer Mediation and Cultural Awareness		5,000			
Eastern European Counseling Center	Immigration Integration Project		14,993			
Eastside Legal Assistance Program	Eastside Legal Assistance Program (ELAP)	10,200	10,608	7,140	9,140	10,608
Friends of Youth	Healthy Start	10,886	11,213	7,620	10,886	11,213
Hopelink	Family Development Program	5,407	5,677	4,055	5,407	5,677
Institute for Family Development	PACT (Parents and Children Together) In Home Program		23,432	-		-
Kindering Center	Early Childhood Consultation Program	7,058	8,470	5,294	5,294	7,623
Little Bit Therapeutic Riding Program	Therapeutic Riding Center		7,116	-	2,000	2,160
Sea Mar Community Health Center	Latino Senior Nutrition Program	5,569	6,429	3,898	3,898	6,015
Youth Eastside Services YES	Kirkland Teen Center (KTUB) Counselor	27,431	28,300	20,574	27,431	28,300
Youth Eastside Services YES	Early Intervention for Youth At-Risk	29,362	30,243	22,000	24,692	30,243
	Totals of Goal Area 2	124,210	219,117	90,766	118,469	137,554

Attachment A
CITY OF KIRKLAND
APPLICATIONS SUBMITTED FOR 2011-2012 FUNDING

Attachment D

Organization (Alphabetical Order)	Program	2010 Funded Amount	2011 Request	Tier 1 City Manager Proposed Annual 2011/2012	Tier 2 HSAC Proposed Annual 2011/2012	HSAC Proposed with Annexation
		Averaged amount from 2009/2010 biennium budget year		\$8.61 per capita	\$8.61 per capita + \$113,780	\$8.61 per capita + \$197,463
Goal 3 - Safe Haven from All Forms of Violence and Abuse						
Center for Children & Youth Justice	Safe Havens Visitation Center		1,000	-	1,000	1,000
Children's Response Center Harborview	Children's Response Center Harborview	16,524	17,020	10,067	16,524	17,020
Consejo Counseling & Referral Service	Domestic Violence Program	10,000	11,951	5,000	5,000	10,800
Crisis Clinic	Teen Link	4,080	8,315	2,652	3,600	5,406
Crisis Clinic	24-Hour Crisis Line	3,213	5,230	2,249	3,213	4,270
Crisis Clinic	2-1-1 Community Information Line	3,213	6,541	2,249	3,213	4,370
Eastside Domestic Violence Program*	Community Advocacy Program	43,094	50,678	43,094	43,094	46,542
King County Sexual Assault Resource Center	Comprehensive Sexual Assault Services	8,568	8,911	8,568	8,568	8,911
Sound Mental Health	Eastside Behavioral Responsibility Program	5,100	5,100	3,315	5,100	5,100
	Totals of Goal Area 3	93,792	114,746	77,194	89,312	103,419
* Includes the \$31,264 funding for the Domestic Violence Program	transferred from the Police budget to Human Services budget					

Attachment A
CITY OF KIRKLAND
APPLICATIONS SUBMITTED FOR 2011-2012 FUNDING

Attachment D

Organization (Alphabetical Order)	Program	2010 Funded Amount	2011 Request	Tier 1 City Manager Proposed Annual 2011/2012	Tier 2 HSAC Proposed Annual 2011/2012	HSAC Proposed with Annexation
		Averaged amount from 2009/2010 biennium budget year		\$8.61 per capita	\$8.61 per capita + \$113,780	\$8.61 per capita + \$197,463
Goal 4 - Health Care to be as Physically and Mentally Fit as Possible						
Bridge Ministries	Certified Professional Guardianship Program		1,000		1,000	1,000
Elder Adult Day Services	Comprehensive Adult Day Health Services	5,569	10,000	4,174	5,569	6,015
HealthPoint	Primary Dental Program	18,335	24,992	13,741	18,335	20,602
HealthPoint	Primary Medical Program	24,480	38,008	18,346	24,480	29,238
HERO House	HERO House		4,818	-	4,818	4,818
National Alliance on Mental Illness NAMI Eastside	Education, Support, Advocacy	6,885	7,090	5,160	5,160	7,090
Northshore Senior Center	NSC Transportation		12,000	-		-
Northshore Senior Center	Northshore Health and Wellness Adult Day Health	10,200	10,200	7,644	10,200	10,200
Pediatric Interim Care Center Inc.	Interim Care of Drug Exposed Infants		1,000	-		-
Providence Marianwood Foundation	Senior Access to Long Term HealthCare		5,000	-		-
Senior Services	Volunteer Transportation	5,427	6,160	4,067	5,427	5,861
Sound Mental Health	Low Income Counseling Services	8,160	12,000	6,115	8,160	8,813
Therapeutic Health Services	Low Income Adult CD and Mental Health Treatment	11,781	36,000	8,829	11,781	16,523
	Totals of Goal Area 4	90,837	168,268	68,075	94,930	110,160

Attachment A
CITY OF KIRKLAND
APPLICATIONS SUBMITTED FOR 2011-2012 FUNDING

Attachment D

Organization (Alphabetical Order)	Program	2010 Funded Amount	2011 Request	Tier 1 City Manager Proposed Annual 2011/2012	Tier 2 HSAC Proposed Annual 2011/2012	HSAC Proposed with Annexation
		Averaged amount from 2009/2010 biennium budget year		\$8.61 per capita	\$8.61 per capita + \$113,780	\$8.61 per capita + \$197,463
Goal 5 - Education and Job Skills to Lead an Independent Life						
Alliance of People with disAbilities	Youth in Transition Program		5,000	4,799	4,799	5,000
Asia Pacific Language School	Multicultural & Multicultural Early Learning		500			-
AtWork!	School-to-Work Partnership		1,290	1,290	1,290	1,290
AtWork!	Community Liaison		2,500			-
Hopelink	Adult Education Program ESL	11,118	11,450	11,118	11,118	11,450
Jewish Family Service	Refugee and Immigrant Service Center	13,620	13,625	13,620	13,620	13,625
Lake Washington Schools Foundation	Jump Start Camp for English Language Learners		6,600	-		-
Lake Washington Schools Foundation	LINKS (Looking Into the Needs of Kids in Schools)		10,000	-		-
Lake Washington Technical College	LWTC Student Support Program		8,000	-		-
Youth Eastside Services YES	Family Net School Based Support Program	11,000	11,300	9,710	11,000	11,300
YWCA of Seattle King County Snohomish County	Eastside Employment Services	13,923	16,470	13,923	13,923	14,898
	Total of Goal Area 5	49,661	86,735	54,460	55,750	57,563
* Includes the \$31,264 funding for the Eastside Domestic Violence Program	transferred from the Police budget to the Human Services					
	Grand Total of Goal Areas 1-5	561,476	886,413	458,481	568,004	654,612
Summary of Allocation by Goal Areas						
Goal 1 - Food to Eat and Roof Overhead		202,976	297,547	167,986	209,543	245,916
Goal 2 - Supportive Relationships - Families, Neighborhoods, Communities		124,210	219,117	90,766	118,469	137,554
Goal 3 - Safe Haven from All Forms of Violence and Abuse		93,792	114,746	77,194	89,312	103,419
Goal 4 - Health Care to be as Physically and Mentally Fit as Possible		90,837	168,268	68,075	94,930	110,160
Goal 5 - Education and Job Skills to Lead an Independent Life		49,661	86,735	54,460	55,750	57,563
Total of Goal Areas 1-5		561,476	886,413	458,481	568,004	654,612

RESOLUTION NO R-3763

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND APPROVING THE INTERLOCAL AGREEMENT FOR ARCH (A REGIONAL COALITION FOR HOUSING) BETWEEN THE CITIES OF KIRKLAND, BELLEVUE, AND REDMOND, MUNICIPAL CORPORATIONS ORGANIZED UNDER THE LAWS OF THE STATE OF WASHINGTON, AND KING COUNTY, A SUBDIVISION OF STATE GOVERNMENT

WHEREAS, Eastside communities have a common goal to ensure the availability of housing that meets the needs of all income levels; and

WHEREAS, Eastside communities desire to provide a sound base of housing policies and programs on the Eastside and to complement the efforts of existing organizations to address Eastside housing needs, and

WHEREAS, citizen housing task forces were formed by the City of Kirkland and the City of Bellevue to make recommendations concerning how local governments could better meet affordable housing needs on the Eastside, and

WHEREAS, staff from Bellevue, Kirkland, Redmond and King County formed a study group to review the recommendations of the Housing Task Forces and to review the feasibility of addressing such affordable housing needs on a cooperative basis, and

WHEREAS, the parties have determined that the most efficient and expeditious way for the parties to address Eastside affordable housing needs is through cooperative action by the parties, and

WHEREAS, the intent of this cooperative undertaking is not to duplicate efforts of non-profit corporations and other entities already providing affordable-housing-related services, and

WHEREAS, the parties hereto are authorized to enter into this Agreement pursuant to RCW 39 34, the Interlocal Cooperation Act,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Kirkland as follows

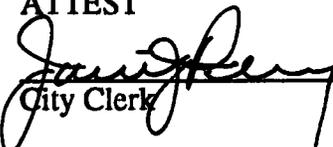
Section 1. The City Manager of the City of Kirkland is hereby authorized and directed to sign on behalf of the City an Interlocal Agreement substantially similar to that attached as Exhibit A

PASSED by majority vote of the Kirkland City Council on the 15th day of September, 1992

SIGNED IN AUTHENTICATION thereof on the 15th day of September, 1992



Mayor

ATTEST


City Clerk

Attachment E

**Interlocal Agreement for ARCH
A Regional Coalition for Housing**

This Interlocal Agreement ("Agreement") is entered into by and between the Cities of Bellevue, Kirkland and Redmond, municipal corporations organized under the laws of the State of Washington, and King County, a subdivision of state government. This Agreement is made pursuant to the Interlocal Cooperation Act, chapter 39.34 RCW, and has been authorized by the legislative body of each jurisdiction.

WHEREAS, Eastside communities have a common goal to ensure the availability of housing that meets the needs of all income levels; and

WHEREAS, Eastside communities desire to provide a sound base of housing policies and programs on the Eastside and to complement the efforts of existing organizations to address Eastside housing needs; and

WHEREAS, citizen housing task forces were formed by the City of Bellevue and the City of Kirkland to make recommendations concerning how local governments could better meet affordable housing needs on the Eastside; and

WHEREAS, the City of Redmond adopted policies supporting an active approach to increasing the supply of affordable housing for Redmond residents; and

WHEREAS, staff from Bellevue, Kirkland, Redmond and King County formed a study group to review the recommendations of the Housing Task Force and to review the feasibility of addressing such affordable housing needs on a cooperative basis; and

WHEREAS, the parties have determined that the most efficient and expeditious way for the parties to address Eastside affordable housing needs is through cooperative action by the parties; and

WHEREAS, the intent of this cooperative undertaking is not to duplicate efforts of non-profit corporations and other entities already providing affordable-housing-related services; now therefore,

IT IS HEREBY AGREED AS FOLLOWS:

1. PURPOSE. All parties to this Agreement (hereinafter referred to as "Parties") have responsibility for local and regional planning for the provision of housing affordable to citizens that work and/or live on the Eastside. The Parties desire to act cooperatively to formulate affordable housing goals and policies and to foster efforts to provide affordable housing by combining public funding with private-sector resources. The Parties further intend that this interlocal agreement serve as the legal basis for all Eastside communities to cooperate in planning for and providing affordable housing; the Parties therefore encourage other Eastside communities to join the initial Parties in this endeavor.

2. STRUCTURE. To accomplish the purposes of this Agreement, the Parties hereby create an administrative entity to be called A Regional Coalition for Housing ("ARCH"). ARCH shall be governed by an Executive Board composed of the

chief executive officer from each Party. The Executive Board shall be assisted by an administrative staff and by a Citizens Advisory Committee. The organizational structure of ARCH shall be generally as set forth in the diagram attached hereto as Exhibit A.

3. RESPONSIBILITIES AND AUTHORITY. In order to carry out the purposes of this Agreement, ARCH shall have the following responsibilities and authority:

a. To provide recommendations to the Parties regarding the allocation of public funding for affordable housing purposes.

b. To provide recommendations to the Parties regarding local and regional affordable housing policies. ARCH will assist the Parties in developing strategies and programs to achieve Growth Management Act housing goals. ARCH will provide technical assistance to any Party adopting land use incentives or affordable housing programs. ARCH staff will research model programs, develop draft legislation, prepare briefing materials and make presentations to planning commissions and councils upon request by a Party. ARCH will assist Parties in developing strategies and programs to implement county-wide affordable housing policies to meet affordable housing "fair-share" objectives of the Growth Management Act.

c. To facilitate cooperation between the private and public sector with regard to the provision of affordable housing. ARCH will work directly with private developers, financial institutions, non-profit corporations and other public entities to assist in the implementation of affordable housing projects. ARCH will work directly with any Party to provide technical assistance with regard to the public funding of affordable housing projects and the implementation of affordable housing regulatory agreements for private developments. ARCH will also provide assistance in making surplus sites available for affordable housing and in developing affordable housing alternatives for such sites.

d. To develop standard regulatory agreements acceptable to private and public financial institutions to facilitate the availability of funding for private and public projects containing affordable housing.

e. To provide other technical advice to any Party upon request and to enter into agreements to provide technical assistance to other public entities on a reimbursable basis.

f. To provide support and educational activities and to monitor legislative and regulatory activities related to affordable housing at the state and federal levels.

g. To develop and to carry out procedures for monitoring of affordable units and to administer direct service housing programs on behalf of any Party. Such direct service housing programs may include but are not limited to relocation assistance programs, rent voucher and/or deposit loan programs, etc.

h. To work directly with other public and private entities for the development of affordable housing policies and to encourage the provision of affordable housing.

Attachment E

1. Pursuant to the direction of the Executive Board, to take other appropriate and necessary action to carry out the purposes of this Agreement.

4. EXECUTIVE BOARD.

a. Membership. ARCH shall be governed by an Executive Board composed of the chief executive officer of each Party. The Executive Board shall administer this cooperative undertaking pursuant to the terms of this Agreement and pursuant to any procedures adopted by the Executive Board.

b. Chair. The Chair of the Executive Board shall be elected by the members of the Board from the Board membership; shall preside over all meetings of the Executive Board; and shall, in the absence of a Program Manager, process issues, organize meetings and provide for administrative support as required by the Executive Board.

c. Alternate Member. Each member of the Executive Board shall be entitled to designate one alternate member who shall serve in the place of the member on the Executive Board during the member's absence or inability to serve.

d. Powers. The Executive Board shall have the power to (1) develop and recommend a budget and work program to the Parties; (2) adopt procedures for the administration of ARCH and for the conduct of meetings; (3) make recommendations to the Parties concerning planning, policy and the funding of affordable housing projects; (4) establish policies for the expenditure of budgeted items; (5) establish a special fund with one of the participating cities as authorized by RCW 39 34.030, (6) hold regular meetings on such dates and at such places as the Executive Board may designate; (7) enter into contracts and agreements for the provision of personnel and other necessary services to ARCH, including accounting and legal services and the purchase of insurance, and authorize the Chair or Program Manager of ARCH, if any, to execute any such contracts, agreements or other legal documents necessary for ARCH to carry out its purposes; (8) establish the responsibilities and direct and oversee the activities of the Program Manager; and (9) take whatever other action is necessary to carry out the purposes of this Agreement.

5. ADMINISTRATION AND OVERSIGHT. The Executive Board shall have final decision-making authority over all legislative and administrative matters within the scope of this Agreement. The Executive Board may delegate responsibility for general oversight of the operations of ARCH to a Program Manager. The Program Manager shall submit quarterly budget performance and progress reports on the status of the work program elements to the Executive Board. Such reports and contents thereof shall be in a form acceptable to the Executive Board.

The Executive Board may, with the consent of the parties, designate one of the parties to provide administrative support services on behalf of ARCH.

ARCH shall be staffed with personnel provided by the Parties and/or independent contractors contracting directly with ARCH. Any Party providing personnel to ARCH shall remain solely responsible for the continued payment of any and all compensation and benefits to such personnel as well as for any worker's compensation claims or any other claims arising from the negligence or omissions of the employee in performing his duties for ARCH. In the case of personnel directly contracting with ARCH, the Parties shall be jointly and

severally responsible for any claims, not otherwise covered by insurance, arising as a result of the negligence or omissions of such personnel. All Parties shall cooperate fully in assisting ARCH to provide the services authorized herein.

6. MEETINGS OF EXECUTIVE BOARD.

a. Frequency. The Executive Board shall meet as often as it deems necessary, but not less often than quarterly.

b. Quorum. A quorum at any meeting of the Executive Board shall consist of the Board members (or alternates) who represent a simple majority of the Board's membership.

c. Action. No action may be taken except at a meeting where a quorum exists. Action by the Executive Board requires an affirmative vote by a majority of the Board's membership. No action shall be taken except at a meeting open to the public.

7. CITIZEN ADVISORY BOARD. A Citizen Advisory Board is hereby created to provide advice and recommendation to the Executive Board on land and/or money resource allocation for affordable housing projects and to provide public relations and educational outreach services. The Citizen Advisory Board shall consist of not more than fifteen (15) and not less than twelve (12) citizen members. The Executive Board shall recommend a list of citizens to the Parties for their confirmation. In the event a citizen(s) recommended by the Executive Board is not confirmed by each Party, the Executive Board shall recommend additional citizens for confirmation by the Parties. Citizen members appointed to the Citizens Advisory Board must have a knowledge and understanding of affordable housing and be committed to the furtherance of affordable housing on the Eastside. Appointments shall be for a four-year term with service limited to a total of two consecutive terms. The Executive Board shall adopt procedures for the convening and administration of the Citizen Advisory Board. A citizen member may be removed from the Citizen Advisory Board by the Executive Board with or without cause upon a majority vote of membership of the Executive Board.

8. MEETINGS OF CITIZEN ADVISORY BOARD.

a. Frequency. The Citizen Advisory Board shall meet as often as it deems necessary, but not less often than quarterly.

b. Quorum. A quorum at any meeting of the Citizen Advisory Board shall consist of the Board members who represent a simple majority of the Board's membership.

c. Action. No action may be taken except at a meeting where a quorum exists. Action by the Citizen Advisory Board requires an affirmative vote by a majority of those members attending a Board meeting where a quorum exists. No action shall be taken except at a meeting open to the public.

9. DURATION AND TERMINATION. This Agreement shall be of ten years' duration but shall continue in effect for subsequent five-year periods upon affirmative vote of a majority of the membership of the Executive Board. Any vote to continue the Agreement shall be taken not sooner than six months before, nor later than three months before, the end of the initial ten-year term or any

subsequent five-year term. This Agreement may be terminated at any time by affirmative vote of a majority of the legislative bodies of the Parties to this Agreement.

10. WITHDRAWAL. Any Party may withdraw from this Agreement by giving one year's written notice to the Executive Board, by December 31 in any year, of its intention to terminate, effective December 31 of the following year. Any Party withdrawing from this Agreement shall remain legally and financially responsible for any obligation incurred by the Party pursuant to the terms of this Agreement during the time the withdrawing Party was a member of ARCH.

11. BUDGET. The budget year for ARCH shall be January 1 to December 31 of any year. On or before June 1st of each year, a recommended budget and work plan for ARCH for the next budget year shall be prepared, reviewed and recommended by the Executive Board and transmitted to each Party; provided that, for budget years 1992-93, a single budget and work plan shall be prepared for review and approval by each Party. The recommended budget shall contain an itemization of all categories of budgeted expenses and shall contain an itemization of the amount of each Party's contribution, including in-kind services, toward that budget. No recommended budget or work plan shall become effective unless and until approved by the legislative body of each Party and finally adopted by the Executive Board. Approval of the budget by a Party shall obligate that Party to make whatever contribution(s) is budgeted for that Party. Such contribution(s) shall be transmitted to ARCH on a quarterly basis at the beginning of each quarter unless otherwise provided in the budget document. In the event that any party is delinquent by more than three months in the payment of its budgeted contribution, such party shall not be entitled to vote on matters before the Executive Board until such delinquency has been paid.

12. DUES, ASSESSMENTS AND BUDGET AMENDMENTS. Funding for the activities of ARCH shall be provided solely through the budgetary process. No separate dues or assessments shall be imposed or required of the Parties except upon unanimous vote of the membership of the Executive Board and ratification by the legislative body of each Party to the Agreement. An approved budget shall not be modified unless and until approved by the legislative body of each Party and finally adopted by the Executive Board; provided that, in the event a Party agrees to totally fund an additional task to the work program, not currently approved in the budget, the task may be added to the work plan and the budget amended to reflect the funding of the total cost of such task by the requesting Party, upon approval by a majority of the membership of the Executive Board without approval by the individual Parties.

13. LIABILITY OF MEMBERS. Each Party shall be jointly and severally liable for any claims, damages or other causes of action arising from the activities of ARCH, its officers, employees and agents except as expressly set forth in Section 5 of this Agreement with regard to personnel directly provided to ARCH by such Party; provided that, ARCH shall take all steps reasonably possible to minimize the potential liability of the Parties, including but not limited to the purchase of liability, casualty and errors and omissions insurance and the utilization of sound risk management techniques. To the extent reasonably practicable, all Parties shall be named as additional insured on all insurance policies.

Attachment E

14. AMENDMENTS. Any amendments to this Agreement must be in writing, authorized by the legislative bodies of all Parties to this Agreement, and evidenced by the Authorized signatures of all Parties as of the effective date of the amendment.

15. ADDITIONAL PARTIES. Any Eastside jurisdiction having responsibility for planning or for providing affordable housing may, upon execution of the Agreement and approval of the budget and work plan by its legislative body, become a Party to this Agreement upon affirmative vote of a majority of the membership of the Executive Board. The Executive Board shall determine by a vote of a majority of its membership what, if any, funding obligations such additional Party shall commit to as a condition of becoming a Party to this Agreement.

16. SEVERABILITY. The invalidity of any clause, sentence, paragraph, subdivision, section or portion thereof, shall not affect the validity of the remaining provisions of the Agreement.

17. COUNTERPARTS. This Agreement may be signed in counterparts and, if so signed, shall be deemed one integrated Agreement.

18. FILING AND EFFECTIVE DATE. This Agreement shall become effective upon approval by the legislative bodies of at least three cities and upon filing with the city clerk of each city which is a party to this Agreement, the King County Auditor, and the Secretary of State.

Approved and executed this _____ day of _____, 199_.

Name of Party

Approved as to form

By:

City Attorney

A Regional Coalition for Housing (ARCH)

City Councils Establish Agency

Legend — Line of Control
----- Advisory Relationship

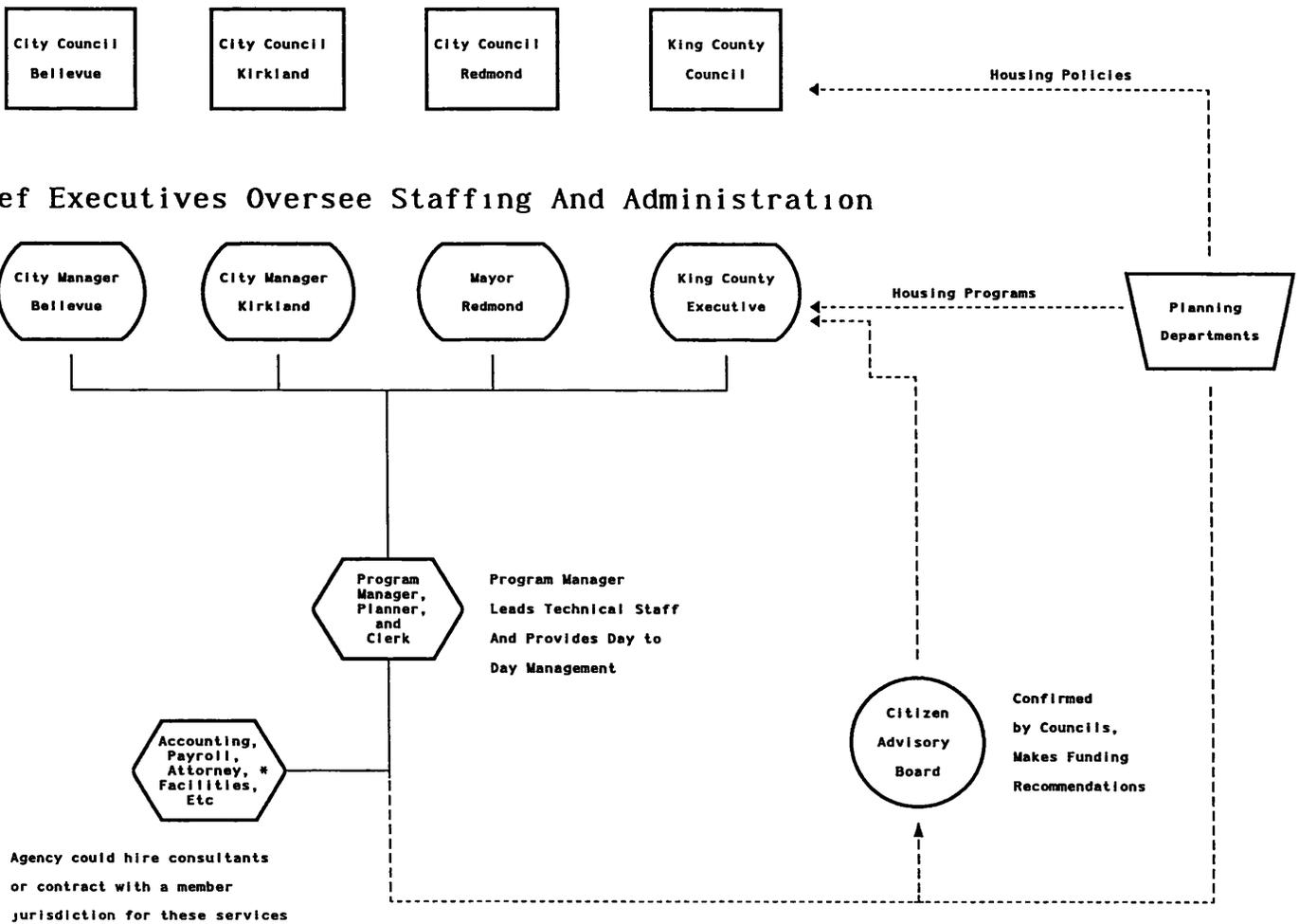


Exhibit A to ARCH Interlocal Agreement (File CC-92-60)

R-3763

ARCH WORK PROGRAM THROUGH 1993**I. PROJECT ASSISTANCE****A. Oversight of Local Monetary Assistance**

Review applications and make recommendations for requests of local monetary funds (See Appendix B, Item 2 Review Applications for Local Financial Assistance). Includes helping to coordinate the application process and use of funds for various programs. Also assist with preparing contracts for awarded projects. Oversight to be provided for:

- o Bellevue Housing Trust Fund (including CDBG Capital funds set aside for housing) 1992 funds approximately \$600,000. 1993 Funds to be determined.
- o Redmond Trust Fund: \$100,000. Assist with allocation of 1992 allocation and to assist with establishing guidelines for ongoing program.
- o King County HOF: Review and make recommendations for Eastside projects that apply for HOF funds.

In addition to these programs, the Coalition will provide input to the King County Home Consortium on behalf of participating Eastside jurisdictions.

B. Projects on Surplus Property

Assist jurisdictions with affordable housing projects on surplus public property (See Appendix B, Item 1, Assist with Developing Surplus Sites). Identified properties include:

- o Kirkland: Assistance on project with Habitat for Humanity with which is expected to proceed in 1993.
- o Redmond: Assist with developing a Land Grant program involving City sites.
- o Bellevue: Assist with one site to be determined by late 1992.

C. Review of Other Projects

Assist local jurisdictions to evaluate other projects with affordable housing. Includes projects that require affordability as part of local approvals, or projects applying for non-local funds and need letters of support from the jurisdiction. For the former, includes helping to draft concomitant and other legal documents with the objective being to preserve affordability, maximize consistency between jurisdictions, and create agreements that are acceptable to financial institutions.

No specific projects identified at this time.

Attachment E

D. Technical Assistance

Development assistance including feasibility analysis, fundraising, advice on approval process. Provide assistance to two projects beginning in 1992 and an additional 2 projects in 1993. Assistance provided by King County time-share staff person. One 1992 project is Friends of Youth Teen Shelter.

II. HOUSING POLICY PLANNING

A. GMA/Housing Elements

The entity will provide technical assistance to member jurisdictions adopting Comprehensive Plan elements and affordable housing programs pursuant to the Growth Management Act housing goals. Will include researching model programs, preparing briefing materials, and making presentations to planning commissions and councils. (See Appendix B, Item 3) Involves all three Cities and the County, but primarily Kirkland and Redmond.

Conduct a forum to address fair share housing requirements with participation by King County and eastside jurisdictions.

B. Technical Assistance for Planning Programs

Review proposed inclusionary requirements for Redmond downtown plan and provide support at Council meetings.

III. PROGRAM ADMINISTRATION

A. Monitoring Affordable Units

Oversee administrative procedures to ensure ongoing compliance of affordability requirements. Includes helping to develop administrative procedures in cooperation with local jurisdictions for new programs. (See Appendix B, Item 4. Monitoring of Affordable Units.)

Kirkland: Projects include Parkside, Campbell, Delgatty and possibly others. Some are to be monitored for senior occupancy. Need to develop monitoring procedures.

Redmond: Projects include Riverpoint, Cinnamon and possibly others.

Bellevue: Projects include Lakemont, Brandenwood, Park Highlands, Sunset, Eastview Manor, Habitat home, and affordable units created through Affordable Housing Ordinance.

King County: In 1993 determine what role will be played in assisting the County to monitor affordability agreements for projects in the County.

B. Mailing List of Low/Moderate Income Households

Maintain a list of families potentially interested in affordable housing units created through the efforts of the participating jurisdictions. Involves maintaining a list of families and forwarding names of potentially eligible families to developers on an as needed basis.

IV. SUPPORT/EDUCATION ACTIVITIES

A. Education/Outreach

Provide outreach on housing issues to a wide variety of groups such as community associations and professional organizations. No specific program defined at this time.

B. Advice to Interested Groups.

Provide short term technical assistance to community groups and churches interested in housing efforts. Meet with groups and provide suggestions on ways they could become more involved.

C. Administrative Procedures

Prepare quarterly budget performance and work program progress reports. Prepare 1994 budget and work program.

APPENDIX B
EXAMPLES OF ARCH/JURISDICTION ROLES

Following are some examples illustrating the potential roles for a local jurisdiction and ARCH for several different activities. These are not meant as absolute guidelines, but to help clarify the basic roles of each. For each example, a sequence of basic steps is described.

1. Assist with Developing Surplus Site

- a. Jurisdiction identifies a surplus site.
- b. Jurisdiction, potentially with technical input, establishes targeted population they want served by a project and establishes any minimal requirements expected from the project or developer.
- c. ARCH, with the approval of the jurisdiction, develops a work program. Items addressed include:
 - Clearly define targeted population/affordability goals,
 - Potential financing mechanisms,
 - Process for selecting development team.
- d. ARCH takes lead in RFP/Selection process;
- e. ARCH makes recommendation on development team. Jurisdiction has final approval of team.
- f. Jurisdiction responsible for overseeing local land use permitting process. ARCH may help development team understand approval process.
- g. Development team prepares finance applications. ARCH may provide technical assistance to the development team. Jurisdiction prepares letters of support as needed.
- h. ARCH helps draft legal documents regarding transfer of the land (e.g. land lease, sales contract, regulatory agreement) for the jurisdiction. Jurisdiction to review and approve final forms.
- i. If needed, ARCH could review loan documents from other lenders for consistency with jurisdiction requirements.
- j. ARCH provide ongoing monitoring to bring attention to the local jurisdiction of project non-conformance with affordability requirements.

2. Review/Approve Applications for Local Financial Assistance

- a. Jurisdiction as lead, works with ARCH to establish criteria/process for utilization of funds. ARCH may provide advice on a process that it feels it can best administer, or that complements other local and non-local funding programs.
- b. ARCH advertises availability of funds.
- c. Proposals submitted by proponents to ARCH.
- d. ARCH takes lead to review and prioritize applications. ARCH makes funding recommendation to Jurisdictions.
- e. Jurisdictions make final approvals based on entity's recommendation.
- f. Continue similar process as from step f. in Illustration 1.

Attachment E

3. Planning Technical Assistance (Comprehensive Plan)

- a. Jurisdiction makes decision to review Housing Policies in its Comprehensive Plan
- b. Jurisdiction consults with ARCH to develop a work program and identify areas where ARCH can provide technical support.
- c. ARCH provides technical support background material to jurisdiction staff.
- d. Jurisdiction staff uses material to prepare staff reports. ARCH provides input to jurisdiction staff on policy options, and staff recommendations.
- e. ARCH possibly provides technical support to task force groups, commissions or councils as they review policies.
- f. Jurisdiction conducts public hearings and adopts policies.

4. Monitoring of Affordable Units

- a. Prior to construction, ARCH assists jurisdiction to prepare covenants which specify any procedures to ensure ongoing availability of affordable housing. Covenants are entered into between developer and jurisdiction.
- b. ARCH develops work program for monitoring procedures which the jurisdiction reviews and approves. (The work program may be the same as for other projects.) A goal would be to have consistent or similar monitoring procedures on the Eastside.
- c. ARCH implements monitoring program.
- d. ARCH reports any problems with specific projects to jurisdictions. If ARCH cannot correct problem administratively, jurisdiction is responsible for taking legal actions to correct.
- e. Annually or semi-annually ARCH prepares community wide summary reports for jurisdiction review. If necessary, ARCH works with communities to refine monitoring process.

ARCH ADMINISTRATIVE BUDGET AUGUST 18, 1992

I ONE-TIME CAPITAL EXPENSES

Item	Cost
Furniture	\$6,000
Computers/Software	\$7,500
Telephone System	\$2,000
Copier	Incl
FAX	Incl
Consulting	\$5,000
Misc	\$1,000
TOTAL	\$21,500

II ANNUAL OPERATING EXPENSES

Item	Annual Cost	Quarterly Budget	1992-1993 Budget
Staffing			
Housing Manager	\$54,600	\$13,650	\$68,250
Benefits @ 28%	\$15,288	\$3,822	\$19,110
Housing Specialist	\$45,000	\$11,250	\$56,250
Benefits @ 28%	\$12,600	\$3,150	\$15,750
Clerk	\$35,700	\$8,925	\$44,625
Benefits @ 28%	\$9,996	\$2,499	\$12,495
Sub-Total	\$173,184	\$43,296	\$216,480
Rent at Multiservice Center At \$10.5 sq ft /year	\$11,250	\$2,813	\$14,063
Utilities	Incl	\$0	\$0
Telephone at \$200 per month	\$2,520	\$630	\$3,150
Miscellaneous			
Travel/Training	\$2,100	\$525	\$2,625
Auto Mileage @ 200 miles/month and \$0.25/mile	\$600	\$150	\$750
Copier Costs	\$1,050	\$263	\$1,313
Office Supplies	\$1,050	\$263	\$1,313
Office Equipment	\$525	\$131	\$656
Equipment Repair	\$315	\$79	\$394
Periodical/Membership	\$1,500	\$375	\$1,875
Misc	\$1,050	\$263	\$1,313
Insurance			
Legal	\$4,500		
Sub-Total	\$12,690	\$2,048	\$14,738
TOTAL	\$199,644	\$48,786	\$248,430

R-3763
Attachment E

II ARCH ADMINISTRATIVE BUDGET IN-KIND CONTRIBUTIONS

A CAPITAL COSTS		VALUE OF IN-KIND CONTRIBUTIONS				REQUIRED CASH
Item	Cost	Redmond	Kirkland	Bellevue	County	
Furniture	\$6,000					\$6,000
Computers/Software	\$7,500					\$7,500
Telephone System	\$2,000					\$2,000
Copier	Incl					\$0
FAX	Incl					\$0
Consulting	\$5,000					
Misc	\$1,000					\$1,000
TOTAL	\$21,500	\$0	\$0	\$0	\$0	\$16,500
B OPERATING BUDGET		VALUE OF IN-KIND CONTRIBUTIONS				REQUIRED CASH
Item	Annual Cost	Redmond	Kirkland	Bellevue	County	
Staffing						
Manager	\$54,600			\$54,600		\$0
Benefits @ 28%	\$15,288			\$15,288		\$0
Housing Specialist	\$45,000			\$16,000		\$29,000
Benefits @ 28%	\$12,600			\$4,000		\$8,600
Clerk	\$35,700					\$35,700
Benefits @ 28%	\$9,996					\$9,996
Sub-Total	\$173,184	\$0	\$0	\$69,888	\$20,000	\$83,296
Rent at Multiservice Center At \$10.5 sq ft /year	\$11,250					\$11,250
Utilities	Incl					\$0
Telephone at \$200 per month	\$2,520					\$2,520
Miscellaneous						
Travel/Training	\$2,100					\$2,100
Auto Mileage @ 200 miles/month and \$0.25/mile	\$600					\$600
Copier Costs	\$1,050					\$1,050
Office Supplies	\$1,050					\$1,050
Office Equipment	\$525					\$525
Equipment Repair	\$315					\$315
Periodical/Membership	\$1,500					\$1,500
Misc	\$1,050					\$1,050
Insurance						
Legal	\$4,500					\$4,500
Sub-Total	\$12,690	\$0	\$0	\$0	\$0	\$12,690
TOTAL	\$199,644	\$0	\$0	\$69,888	\$20,000	\$109,756

ARCH ADMINISTRATIVE BUDGET RESOURCE DISTRIBUTION

A Cash Contributions	1992	1993	TOTAL
Bellevue	\$30,000	\$30,000	\$60,000
Kirkland	\$15,000	\$30,000	\$45,000
Redmond	\$10,000	\$20,000	\$30,000
King County	\$0	\$30,000	\$30,000
TOTAL	\$55,000	\$110,000	\$165,000

B In-Kind Contributions	1992	1993	TOTAL
Bellevue	\$17,472	\$69,888	\$87,360
Kirkland	\$0	\$0	\$0
Redmond	\$0	\$0	\$0
King County	\$5,000	\$20,000	\$25,000
TOTAL	\$22,472	\$89,888	\$112,360

C Total Contributions	1992	1993	TOTAL
Bellevue	\$47,472	\$99,888	\$147,360
Kirkland	\$15,000	\$30,000	\$45,000
Redmond	\$10,000	\$20,000	\$30,000
King County	\$5,000	\$50,000	\$55,000
TOTAL	\$77,472	\$199,888	\$277,360

VS TOTAL COSTS	\$70,286	\$199,644	\$269,930
(Includes initial capital costs)			

BALANCE	\$7,186	\$244	\$7,430
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RESOLUTION NO R- 3781

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND APPROVING AMENDMENTS TO THE INTERLOCAL AGREEMENT FOR ARCH (A REGIONAL COALITION FOR HOUSING)

BE IT RESOLVED by the City Council of the City of Kirkland as follows

Section 1 The City Manager of the City of Kirkland is hereby authorized and directed to sign on behalf of the City those amendments, substantially similar to that attached as Exhibit A, which are amendments to the Interlocal Agreement for ARCH which was previously approved by passage of Resolution R-3763

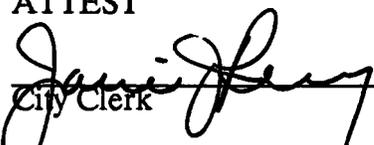
PASSED by majority vote of the Kirkland City Council on the 19th day of January, 1993

SIGNED IN AUTHENTICATION thereof on the 19th day of January, 1993



Mayor

ATTEST



City Clerk
ARCHRES2/dc

**First Amended Interlocal Agreement for ARCH
A Regional Coalition for Housing
January 1993**

This Interlocal Agreement ("Agreement") is entered into by and between the Cities of Bellevue, Kirkland and Redmond, municipal corporations organized under the laws of the State of Washington, and King County, a subdivision of state government. This Agreement is made pursuant to the Interlocal Cooperation Act, chapter 39.34 RCW, and has been authorized by the legislative body of each jurisdiction.

WHEREAS, Eastside communities have a common goal to ensure the availability of housing that meets the needs of all income levels, and

WHEREAS, Eastside communities desire to provide a sound base of housing policies and programs on the Eastside and to complement the efforts of existing organizations to address Eastside housing needs, and

WHEREAS, citizen housing task forces were formed by the City of Bellevue and the City of Kirkland to make recommendations concerning how local governments could better meet affordable housing needs on the Eastside, and

WHEREAS, the City of Redmond adopted policies supporting an active approach to increasing the supply of affordable housing for Redmond residents, and

WHEREAS, staff from Bellevue, Kirkland, Redmond and King County formed a study group to review the recommendations of the Housing Task Force and to review the feasibility of addressing such affordable housing needs on a cooperative basis, and

WHEREAS, the parties have determined that the most efficient and expeditious way for the parties to address Eastside affordable housing needs is through cooperative action by the parties, and

WHEREAS, the intent of this cooperative undertaking is not to duplicate efforts of non-profit corporations and other entities already providing affordable-housing-related services, now therefore,

IT IS HEREBY AGREED AS FOLLOWS

1 PURPOSE All parties to this Agreement (hereinafter referred to as "Parties") have responsibility for local and regional planning for the provision of housing affordable to citizens that work and/or live on the Eastside. The Parties desire to act cooperatively to formulate affordable housing goals and policies and to foster efforts to provide affordable housing by combining public funding with private-sector resources. The Parties further intend that this interlocal agreement serve as the legal basis for all Eastside communities within the ARCH sphere of influence (See Exhibit A) to cooperate in planning for and providing affordable housing, the Parties therefore encourage other Eastside communities to join the initial Parties in this endeavor.

2 STRUCTURE To accomplish the purposes of this Agreement, the Parties hereby create an administrative entity to be called A Regional Coalition for Housing ("ARCH"). ARCH shall be governed by an Executive Board composed of the

EXHIBIT	<u>A to ARCH</u>
FILE NO.	<u>Redmond CC-92-60</u>

Attachment F

chief executive officer from each Party. The Executive Board shall be assisted by an administrative staff and by a Citizen Advisory Board. The organizational structure of ARCH shall be generally as set forth in the diagram attached hereto as Exhibit B.

3 RESPONSIBILITIES AND AUTHORITY In order to carry out the purposes of this Agreement, ARCH shall have the following responsibilities and authority:

a To provide recommendations to the Parties regarding the allocation of public funding for affordable housing purposes. Those parties which request that ARCH make allocation recommendations concerning the use of housing funds either individually or jointly with any other party(s), may place conditions on the use of those funds. ARCH shall, at least annually, report to the Parties on the geographic distribution of all housing funds as recommended by ARCH.

b To provide recommendations to the Parties regarding local and regional affordable housing policies. ARCH will assist the Parties in developing strategies and programs to achieve Growth Management Act housing goals. ARCH will provide technical assistance to any Party adopting land use incentives or affordable housing programs. ARCH staff will research model programs, develop draft legislation, prepare briefing materials and make presentations to planning commissions and councils upon request by a Party. ARCH will assist Parties in developing strategies and programs to implement county-wide affordable housing policies to meet the Growth Management Act objective for an equitable and rational distribution of low- and moderate-income housing.

c To facilitate cooperation between the private and public sector with regard to the provision of affordable housing. ARCH will work directly with private developers, financial institutions, non-profit corporations and other public entities to assist in the implementation of affordable housing projects. ARCH will work directly with any Party to provide technical assistance with regard to the public funding of affordable housing projects and the implementation of affordable housing regulatory agreements for private developments. ARCH will also provide assistance in making surplus sites available for affordable housing and in developing affordable housing alternatives for such sites.

d To develop standard regulatory agreements acceptable to private and public financial institutions to facilitate the availability of funding for private and public projects containing affordable housing.

e To provide other technical advice to any Party upon request and to enter into agreements to provide technical assistance to other public entities on a reimbursable basis.

f To provide support and educational activities and to monitor legislative and regulatory activities related to affordable housing at the state and federal levels.

g To develop and to carry out procedures for monitoring of affordable units and to administer direct service housing programs on behalf of any Party. Such direct service housing programs may include but are not limited

Attachment F

to relocation assistance programs, rent voucher and/or deposit loan programs, etc

h To work directly with other public and private entities for the development of affordable housing policies and to encourage the provision of affordable housing

i Pursuant to the direction of the Executive Board, to take other appropriate and necessary action to carry out the purposes of this Agreement

4 EXECUTIVE BOARD

a Membership ARCH shall be governed by an Executive Board composed of the chief executive officer of each Party. The Executive Board shall administer this cooperative undertaking pursuant to the terms of this Agreement and pursuant to any procedures adopted by the Executive Board

b Chair The Chair of the Executive Board shall be elected by the members of the Board from the Board membership, shall preside over all meetings of the Executive Board, and shall, in the absence of a Program Manager, process issues, organize meetings and provide for administrative support as required by the Executive Board

c Alternate Member Each member of the Executive Board shall be entitled to designate one alternate member who shall serve in the place of the member on the Executive Board during the member's absence or inability to serve

d Powers The Executive Board shall have the power to (1) develop and recommend a budget and work program to the Parties, (2) adopt procedures for the administration of ARCH and for the conduct of meetings, (3) make recommendations to the Parties concerning planning, policy and the funding of affordable housing projects, (4) establish policies for the expenditure of budgeted items, (5) establish a special fund with one of the participating cities as authorized by RCW 39 34 030, (6) hold regular meetings on such dates and at such places as the Executive Board may designate, (7) enter into contracts and agreements for the provision of personnel and other necessary services to ARCH, including accounting and legal services and the purchase of insurance, and authorize the Chair or Program Manager of ARCH, if any, to execute any such contracts, agreements or other legal documents necessary for ARCH to carry out its purposes, (8) establish the responsibilities and direct and oversee the activities of the Program Manager, and (9) take whatever other action is necessary to carry out the purposes of this Agreement

5. ADMINISTRATION AND OVERSIGHT The Executive Board shall have final decision-making authority over all legislative and administrative matters within the scope of this Agreement. The Executive Board may delegate responsibility for general oversight of the operations of ARCH to a Program Manager. The Program Manager shall submit quarterly budget performance and progress reports on the status of the work program elements to the Executive Board and the governing body of each Party. Such reports and contents thereof shall be in a form acceptable to the Executive Board

The Executive Board may, with the consent of the parties, designate one of the parties to provide administrative support services on behalf of ARCH. ARCH shall

Attachment F

be staffed with personnel provided by the Parties and/or independent contractors contracting directly with ARCH. Any Party providing personnel to ARCH shall remain solely responsible for the continued payment of any and all compensation and benefits to such personnel as well as for any worker's compensation claims or any other claims arising from the negligence or omissions of the employee in performing his duties for ARCH. In the case of personnel directly contracting with ARCH, the Parties shall be jointly and severally responsible for any claims, not otherwise covered by insurance, arising as a result of the negligence or omissions of such personnel. All Parties shall cooperate fully in assisting ARCH to provide the services authorized herein.

6 MEETINGS OF EXECUTIVE BOARD

a Frequency The Executive Board shall meet as often as it deems necessary, but not less often than quarterly.

b Quorum A quorum at any meeting of the Executive Board shall consist of the Board members (or alternates) who represent a simple majority of the Board's membership.

c Action No action may be taken except at a meeting where a quorum exists. Action by the Executive Board requires an affirmative vote by a majority of the Board's membership. No action shall be taken except at a meeting open to the public.

7 CITIZEN ADVISORY BOARD A Citizen Advisory Board is hereby created to provide advice and recommendation to the Executive Board on land and/or money resource allocation for affordable housing projects and to provide public relations and educational outreach services. The Citizen Advisory Board shall consist of not more than fifteen (15) and not less than twelve (12) citizen members. The Executive Board shall recommend a list of citizens to the Parties for their confirmation. In the event a citizen(s) recommended by the Executive Board is not confirmed by each Party, the Executive Board shall recommend additional citizens for confirmation by the Parties. Citizen members appointed to the Citizen Advisory Board must have a knowledge and understanding of affordable housing and be committed to the furtherance of affordable housing on the Eastside. Appointments shall be for a four-year term with service limited to a total of two consecutive terms. The Executive Board shall adopt procedures for the convening and administration of the Citizen Advisory Board. A citizen member may be removed from the Citizen Advisory Board by the Executive Board with or without cause upon a majority vote of membership of the Executive Board.

8 MEETINGS OF CITIZEN ADVISORY BOARD

a Frequency The Citizen Advisory Board shall meet as often as it deems necessary, but not less often than quarterly.

b Quorum A quorum at any meeting of the Citizen Advisory Board shall consist of the Board members who represent a simple majority of the Board's membership.

c Action No action may be taken except at a meeting where a quorum exists. Action by the Citizen Advisory Board requires an affirmative vote

Attachment F

by a majority of those members attending a Board meeting where a quorum exists
No action shall be taken except at a meeting open to the public

9 DURATION AND TERMINATION This Agreement shall be of ten years' duration but shall continue in effect for subsequent five-year periods upon affirmative vote of a majority of the membership of the Executive Board. Any vote to continue the Agreement shall be taken not sooner than six months before, nor later than three months before, the end of the initial ten-year term or any subsequent five-year term. This Agreement may be terminated at any time by affirmative vote of a majority of the legislative bodies of the Parties to this Agreement.

Upon termination of this Agreement, all property acquired during the life of the Agreement shall be disposed of in the following manner:

(i) all property contributed without charge by any Party shall revert to the contributing Party.

(ii) all property purchased by ARCH after the effective date of this Agreement shall be distributed to the Parties based on each Party's pro rata contribution to the overall budget at the time the property was purchased.

(iii) all unexpended or reserve funds shall be distributed to the Parties based on each Party's pro rata contribution to the overall budget in effect at the time the Agreement is terminated.

10 WITHDRAWAL Any Party may withdraw from this Agreement by giving one year's written notice to the Executive Board, by December 31 in any year, of its intention to terminate, effective December 31 of the following year. Any Party withdrawing from this Agreement shall remain legally and financially responsible for any obligation incurred by the Party pursuant to the terms of this Agreement during the time the withdrawing Party was a member of ARCH.

11 BUDGET The budget year for ARCH shall be January 1 to December 31 of any year. On or before June 1st of each year, a recommended budget and work plan for ARCH for the next budget year shall be prepared, reviewed and recommended by the Executive Board and transmitted to each Party, provided that, for budget years 1992-93, a single budget and work plan shall be prepared for review and approval by each Party. The recommended budget shall contain an itemization of all categories of budgeted expenses and shall contain an itemization of the amount of each Party's contribution, including in-kind services, toward that budget. No recommended budget or work plan shall become effective unless and until approved by the legislative body of each Party and finally adopted by the Executive Board. Approval of the budget by a Party shall obligate that Party to make whatever contribution(s) is budgeted for that Party. Such contribution(s) shall be transmitted to ARCH on a quarterly basis at the beginning of each quarter unless otherwise provided in the budget document. In the event that any party is delinquent by more than three months in the payment of its budgeted contribution, such party shall not be entitled to vote on matters before the Executive Board until such delinquency has been paid.

12 DUES, ASSESSMENTS AND BUDGET AMENDMENTS Funding for the activities of ARCH shall be provided solely through the budgetary process. No separate dues or assessments shall be imposed or required of the Parties except upon unanimous vote of the membership of the Executive Board and ratification by the legislative body of each Party to the Agreement. An approved budget shall not be modified

Attachment F

unless and until approved by the legislative body of each Party and finally adopted by the Executive Board, provided that, in the event a Party agrees to totally fund an additional task to the work program, not currently approved in the budget, the task may be added to the work plan and the budget amended to reflect the funding of the total cost of such task by the requesting Party, upon approval by a majority of the membership of the Executive Board without approval by the individual Parties

13 LIABILITY OF MEMBERS Each Party shall be jointly and severally liable for any claims, damages or other causes of action arising from the activities of ARCH, its officers, employees and agents except as expressly set forth in Section 5 of this Agreement with regard to personnel directly provided to ARCH by such Party, provided that, ARCH shall take all steps reasonably possible to minimize the potential liability of the Parties, including but not limited to the purchase of liability, casualty and errors and omissions insurance and the utilization of sound risk management techniques To the extent reasonably practicable, all Parties shall be named as additional insured on all insurance policies

14 AMENDMENTS Any amendments to this Agreement must be in writing, authorized by the legislative bodies of all Parties to this Agreement, and evidenced by the Authorized signatures of all Parties as of the effective date of the amendment

15 ADDITIONAL PARTIES Any Eastside jurisdiction having responsibility for planning or for providing affordable housing may, upon execution of the Agreement and approval of the budget and work plan by its legislative body, become a Party to this Agreement upon affirmative vote of a majority of the membership of the Executive Board The Executive Board shall determine by a vote of a majority of its membership what, if any, funding obligations such additional Party shall commit to as a condition of becoming a Party to this Agreement

16 SEVERABILITY The invalidity of any clause, sentence, paragraph, subdivision, section or portion thereof, shall not affect the validity of the remaining provisions of the Agreement

17 COUNTERPARTS This Agreement may be signed in counterparts and, if so signed, shall be deemed one integrated Agreement

18 FILING AND EFFECTIVE DATE This Agreement shall become effective upon approval by the legislative bodies of at least three cities and upon filing with the city clerk of each city which is a party to this Agreement, the King County Clerk, and the Secretary of State

Approved and executed this _____ day of _____, 199_

Name of Party

Approved as to form

By

City Attorney

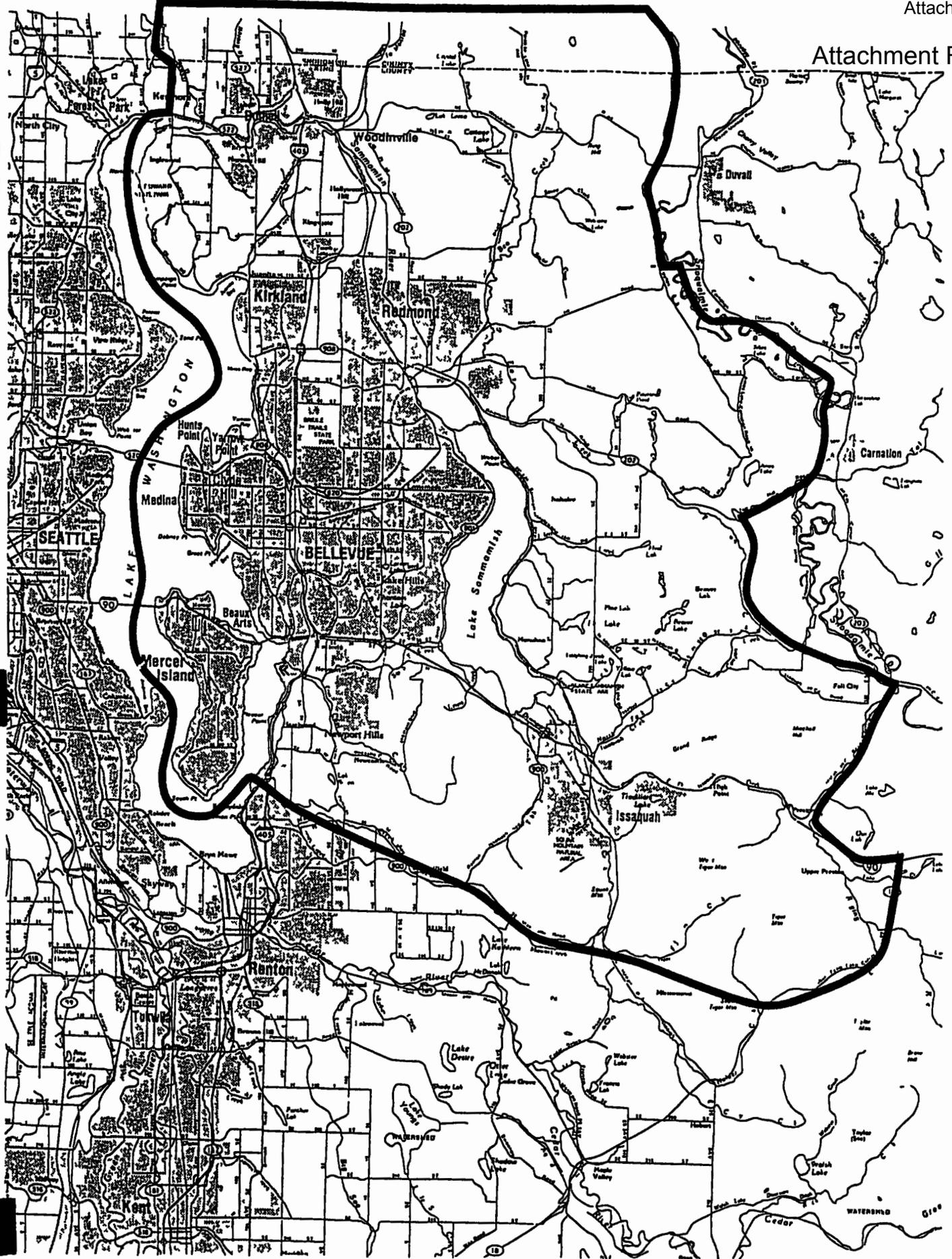
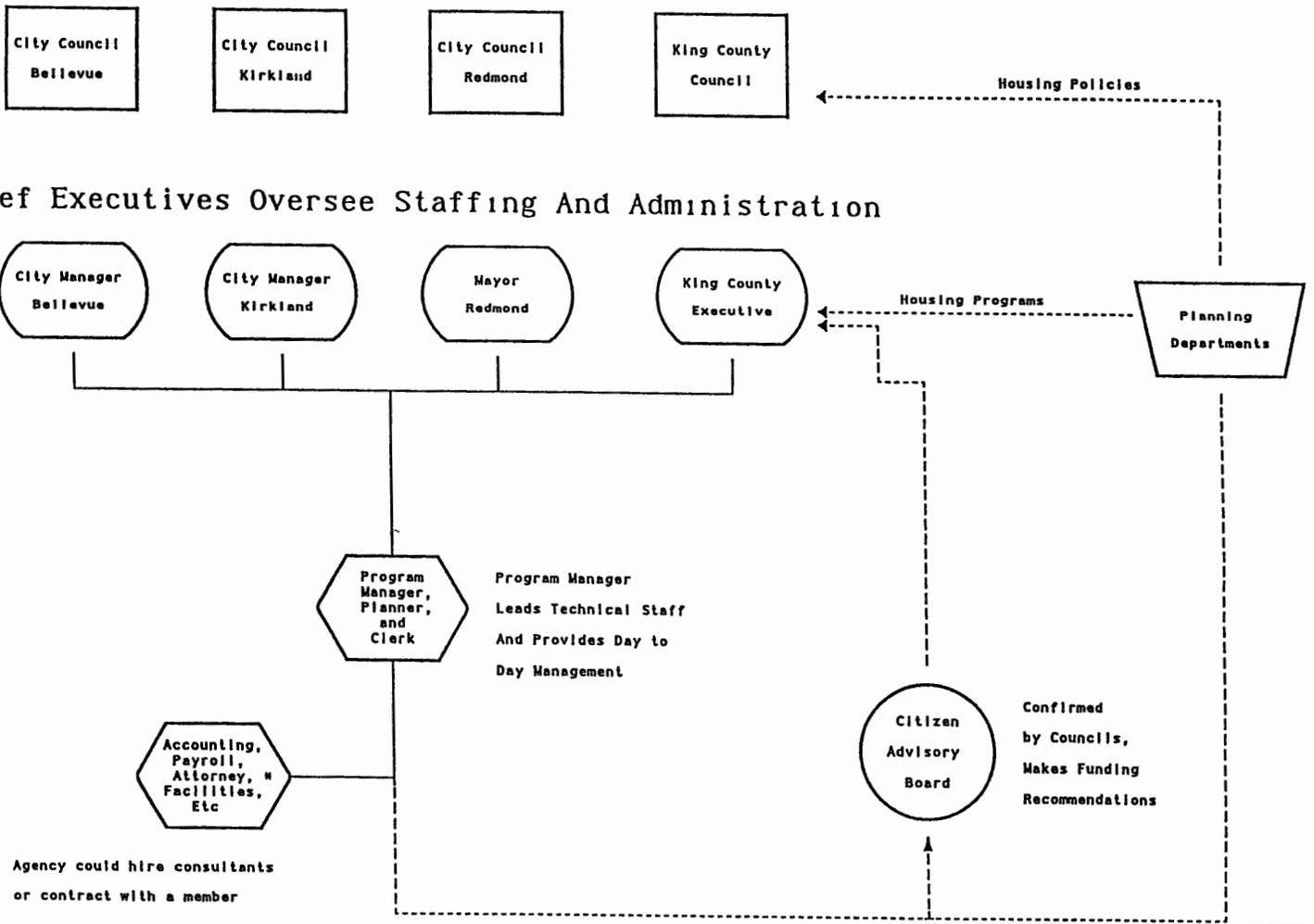


Exhibit A
ARCH Sphere of Influence

EXHIBIT B
A Regional Coalition for Housing (ARCH)

City Councils Establish Agency

Legend ——— Line of Control
----- Advisory Relationship



* Agency could hire consultants or contract with a member



A Regional Coalition for Housing

16225 N.E. 87th Street, Suite A-3 ♦ Redmond, Washington 98052
(425) 861-3677 ♦ FAX: (425) 861-4553 ♦ E-MAIL: archousing@aol.com

HOUSING STATUS REPORT/ PARITY PROPOSAL

SEPTEMBER, 1998

Prepared by ARCH Staff for Member Jurisdictions

REPORT SECTIONS

I. INFORMATION ON THE OVERALL HOUSING SUPPLY

II. INFORMATION ON HOUSING AFFORDABILITY AND SPECIAL TYPES OF HOUSING

III. SUMMARY OF HOUSING REGULATORY EFFORTS

IV. 'PARITY': A PROPOSAL TO SET GOALS TO PROVIDE ASSISTANCE FOR AFFORDABLE HOUSING

BELLEVUE

♦

BOTHELL

♦

ISSAQUAH

♦

KIRKLAND

♦

MERCER ISLAND

♦

REDMOND

♦

WOODINVILLE

♦

KING COUNTY

I. INFORMATION ON THE OVERALL HOUSING SUPPLY

The first two sections of this report contains various tables summarizing housing related information. In each section there is a summary of key points, followed by charts summarizing key data. The first section presents information related to the overall supply of housing. The second section provides information specifically related to housing affordability, including information on housing specifically for low and moderate income households. Unless otherwise noted, information is provided for each city in east King County, a subtotal of the east King County cities, Seattle, and all of King County.

In general, jurisdictions have been meeting their overall housing targets. (Figure 1)

Countywide, the average annual number of permits have matched the overall housing targets for the County. This is also true for east King County cities combined.

Generally, in the mid-1990's permit activities were below housing target levels, and in the last two to three years permits have exceeded targeted levels.

Some jurisdictions have out paced their projections (most notably Bellevue, Bothell, Kirkland, unincorporated King County), and some have been short of their projections (most notably Redmond and Seattle)

MYTH: Most housing in east King County is Single Family.

Other than the 'Point Cities' and Mercer Island, 47% to 60% of housing in east King County cities is single family housing.

Overall, 56% of housing in east King County cities is single family, compared to 51% in Seattle, and 61% Countywide. (1991 data)

Since 1991, the majority of permits in east King County cities have been for multifamily housing. (63% of permits for multifamily in east King County cities, vs 19% of permits for multifamily in unincorporated King County) (Figure 2)

Increasingly, 'multifamily' housing includes ownership housing. (Figure 3)

There appears to be sufficient land capacity to meet existing housing targets. (Figure 4)

Overall, cities and the unincorporated areas of east King County have sufficient land capacity to meet the existing housing targets.

There is a great variety among cities on how much capacity they have relative to their targets.

Two cities that do not report sufficient capacity within residential zones (Issaquah and Mercer Island), expect to meet their targets through housing development in mixed use zones.

MYTH: East King County is a suburban, 'bedroom community' (Figure 5)

In the past, east King County was a 'bedroom community', in that the availability of housing greatly exceeded the demand for housing from local employment.

In 1990, east King County (including unincorporated areas) reached a point in which the demand for housing from local employment equaled the availability of housing. Within the incorporated areas of east King County, that point was reached between 1980 and 1990.

Based on Comprehensive Plan projections, cities in east King County will create a demand for housing 1.7 times greater than the number of new housing units. For all east King County, that figure is 1.25.

Compounding the trends in east King County, Seattle is projected to continue its historical trend of generating more demand for housing than it creates.

Also compounding this trend is that in the last few years, it appears that job growth has been growing at a much faster rate than new housing production, thus creating short-term imbalances in the supply versus demand for housing.

45% of the County's employment growth is expected to come in the low wage service and retail sectors.

FIGURE 1

**PERMIT ACTIVITY COMPARED TO HOUSING TARGETS
1992 - 1997**

Jurisdiction	Housing Target 1992 - 2012		Average Annual Permit Activity 1992 - 1997
	Total *	Annual	
Bellevue	8,600	430	722
Bothell	1,700	85	175
Issaquah	2,940	147	183
Kirkland	5,837	292	388
Mercer Island	1,610	81	58
Redmond	9,878	494	408
Woodinville	1,800	90	93
Point Cities	59	3	20
Eastside Cities	32,424	1,621	2,045
Seattle	55,000	2,750	2,090
Uninc KC	45,000	2,250	3,478
King County Total	195,462	9,773	9,563

* Per adopted local Comprehensive Plan (Note: midpoint used if capacity stated as a range)

Source: Permit Activity- 1997 King County Annual Growth Report, pg 101 -103, King County Staff

FIGURE 2

RESIDENTIAL PERMIT ACTIVITY

1992 - 1996

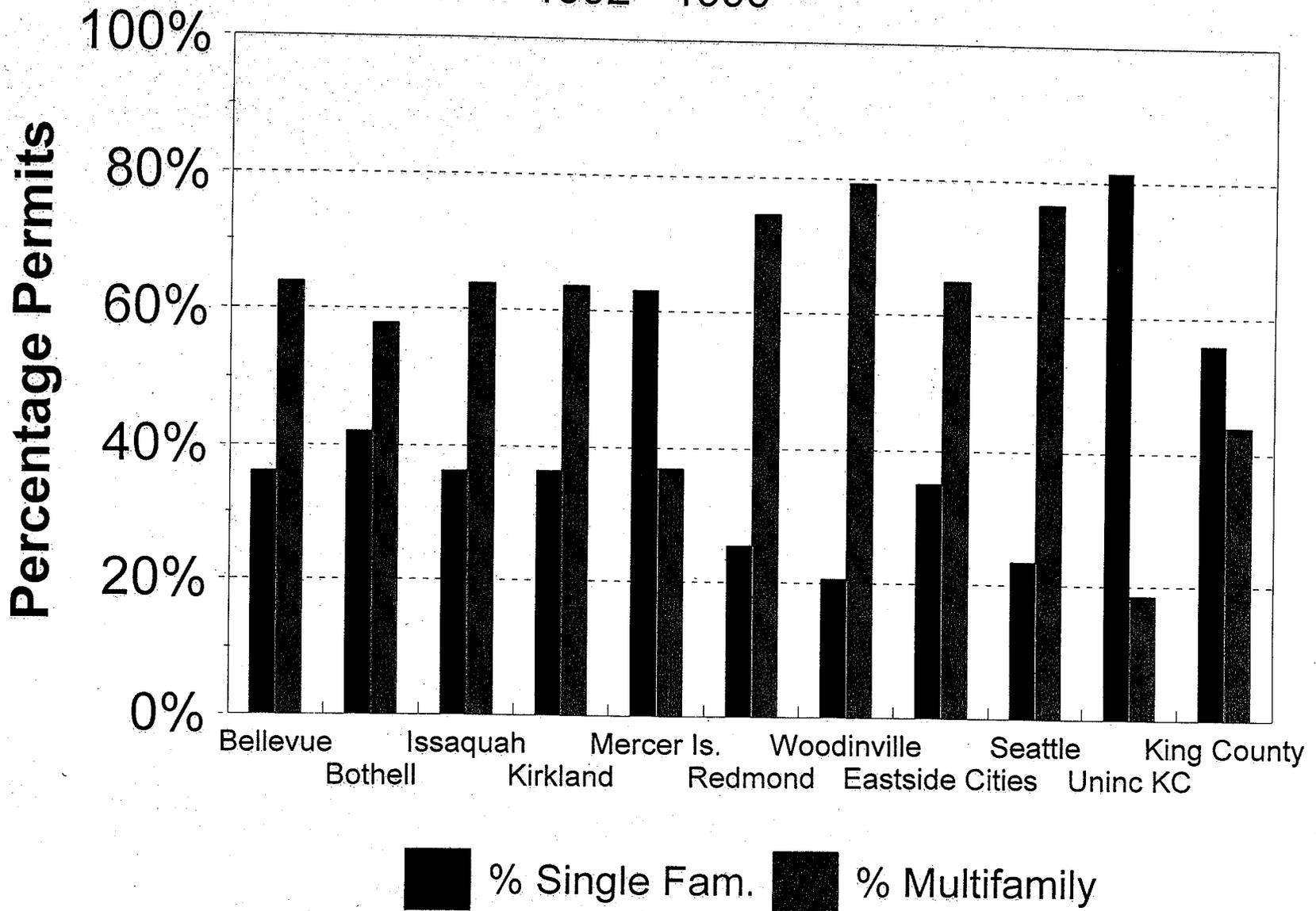
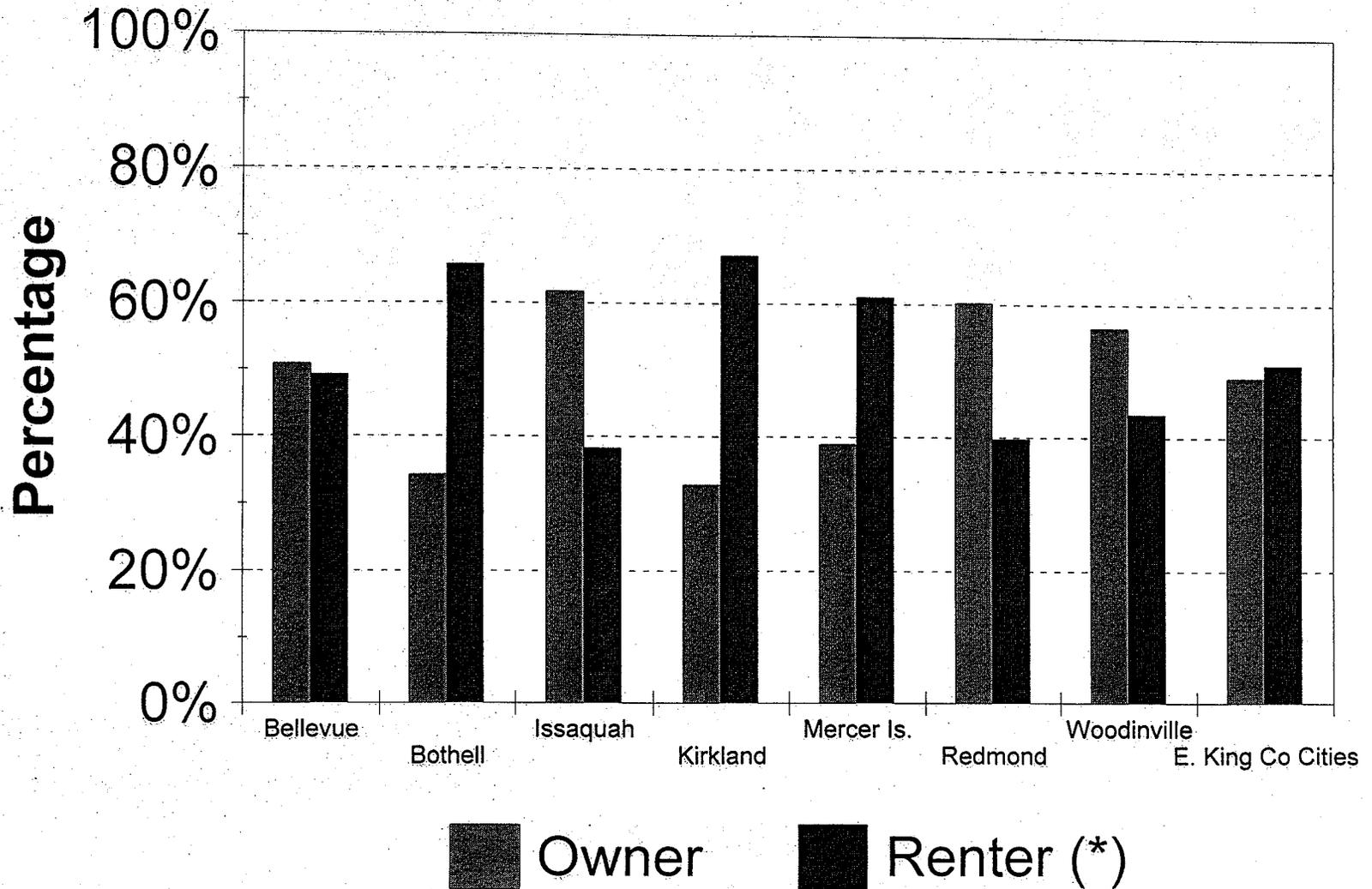


FIGURE 3

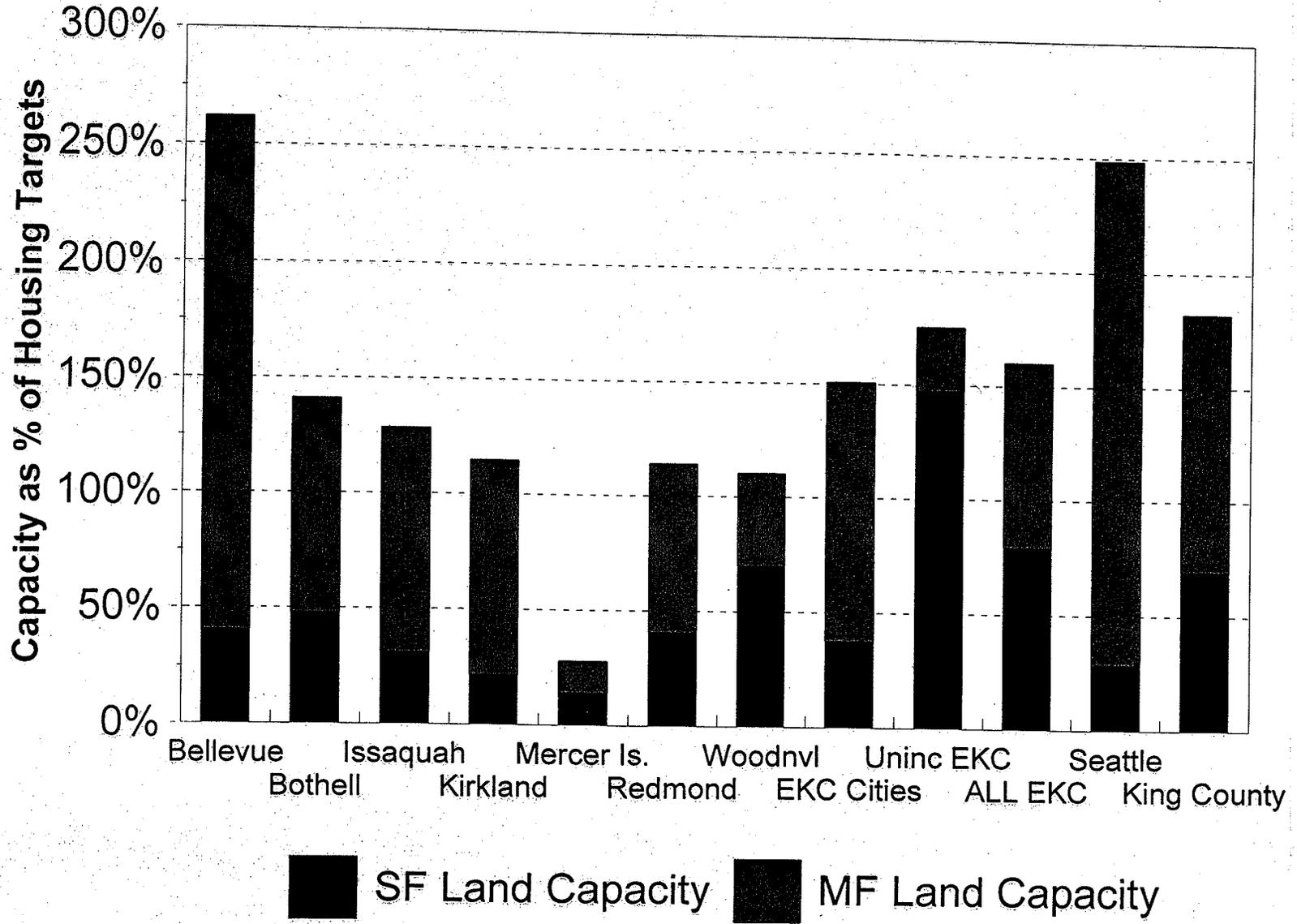
New Attached Housing by Tenure 1994-1997



*Includes Senior Assisted Housing

FIGURE 4

LAND CAPACITY AS PERCENT OF HOUSING TARGETS



II. INFORMATION ON HOUSING AFFORDABILITY AND SPECIAL TYPES OF HOUSING

Affordable housing is defined as housing affordable at prescribed income levels. Affordability levels commonly used include:

	Income Level *	Affordable Housing Expense *
Low Income (50% Median Income)	\$20,650 - \$29,500 (\$10 - \$15 per hour)	\$516 - \$738
Moderate Income (80% Median Income)	\$33,040 - \$47,200 (\$16.50 - \$23.50 per hour)	\$826 - \$1,180

* Range is based on household size from 1 to 4 persons. See Figure 6 for more detail

MYTH: Most households in east King County are married couples with children

Just over 25% of households are married couples with children. An almost equal amount are single households. Married with no children are the largest group at 30%. Almost 20% are other non-traditional households. (Figure 7)

In 1990, the availability of housing affordable to lower income households varied throughout the County, but is relatively lower in cities in east King County. (Figure 8)

The availability of affordable housing for lower income ranges from less than 5% to about 17% in east King County cities. The overall Countywide average is approximately 24%, with Seattle and many south King County cities having higher percentages.

With rents in east King County rising faster than countywide averages, this trend of relatively less affordable housing in east King County is being further reinforced.

The lowest income households have the most difficulty finding affordable housing.

Over 80% of very low income households pay more than 35% of their income for housing (the national standard is that not more than 30% of income should be for housing). This contrasts with over 75% of higher income households paying less than 20% of their income for housing. (Figure 9)

On any night it is estimated that there are 5,500 homeless in King County. In the last year, there has been a 30%+ increase in requests for emergency shelter, and shelters are reporting an increased percentage of residents with jobs.

Since 1990 the cost of housing has increased, but at different degrees depending on year, location and type of housing. (Figures 10 and 11)

Home prices and rents have gone up faster in the latter part of the decade than in the first three to four years of the decade. Home prices were actually flat from 1990 to 1993.

In the last few years, overall sales prices and rents in east King County have gone up faster than countywide figures.

Rents are increasing at a faster rate than home prices.

Rental vacancy rates remain low, so continued pressure on rents can be expected.

A variety of 'assisted' housing (receiving public financial assistance) exists in our communities, and large amounts of this housing is threatened by federal cutbacks and private market trends.

East King County cities have relatively less assisted housing than in Seattle and countywide. The majority of assisted housing is located in Seattle.

Privately owned, federally assisted Section 8 housing could be converted to market rate housing when current contracts expire. In 1990 there were over 700 units of privately owned Section 8 units in east King County. (Figure 12)

With the assistance of local, county and state funding, since 1990, 300+ privately owned units have been converted to community based ownership in order to preserve them long-term for affordable housing.

While some privately produced housing is affordable to Moderate income households, most is affordable at greater than 80% of median income. (Figure 13)

Of the attached housing surveyed, in Bellevue, Redmond and Kirkland, between one third and one half of the housing was affordable to households with income greater than 120% of median income.

In the other cities, generally less than 20% of new attached housing required incomes of more than 120% of median income.

New single family homes were not surveyed. However, based on information from other reports, few if any new single family homes are affordable at median income, and in most cases are not affordable at less than 120% of median income.

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In the last five years, housing affordable to low and moderate income households has been created through a variety of means in cities in east King County. Methods include direct and indirect (e.g. land donations) assistance, regulatory incentives (e.g. density bonus, allowing accessory dwelling units) and through the private market. (Figures 14)

Cities have a wide variety of success in achieving affordable housing targets. Mercer Island has had good success with providing affordable housing through ADU's. The private market has been able to produce moderately priced rental housing in Bothell. By using a variety of tools, Bellevue has had the most success in achieving its goals.

Most of the privately produces units that are affordable to moderate income households are smaller units (1 bedroom).

Cities are increasingly seeing specialized forms of housing being developed in response to changing needs of residents.

A number of cities now allow accessory dwelling units (ADU) in single family homes. Mercer Island has had by far the most permits issued for ADU's.

The senior population is growing and is continued to expected to grow in the future. In response, there is an increasing supply of housing geared toward seniors such as:

Over 400 units of 'assisted living' senior housing have been permitted in east King County cities in the last 4 years.

ADU's (see above) often allow older homeowners to stay in their home.

Adult family homes are becoming increasingly common. Over 200 licensed adult family homes serving over 540 senior residents exist in east King County.

FIGURE 6

1998 INCOME GUIDELINES AND HOUSING AFFORDABILITY

HOUSEHOLD SIZE (Persons)	LOW INCOME (50% Median Income)			MODERATE INCOME (80% Median Income)			MIDDLE INCOME (100% Median Income)		
	Househol Income *	Monthly Rent **	Purchase Price ***	Househol Income *	Monthly Rent **	Purchase Price ***	Househol Income *	Monthly Rent **	Purchase Price ***
1	\$20,650	\$516	\$52,500	\$33,040	\$826	\$92,000	\$41,300	\$1,033	\$119,000
4	\$29,500	\$738	\$77,000	\$47,200	\$1,180	\$134,000	\$59,000	\$1,475	\$172,000

* Based on 1998 King County/Seattle MSA Median Income (for a household of 4): **\$59,000**

** Monthly Rent includes utility allowance

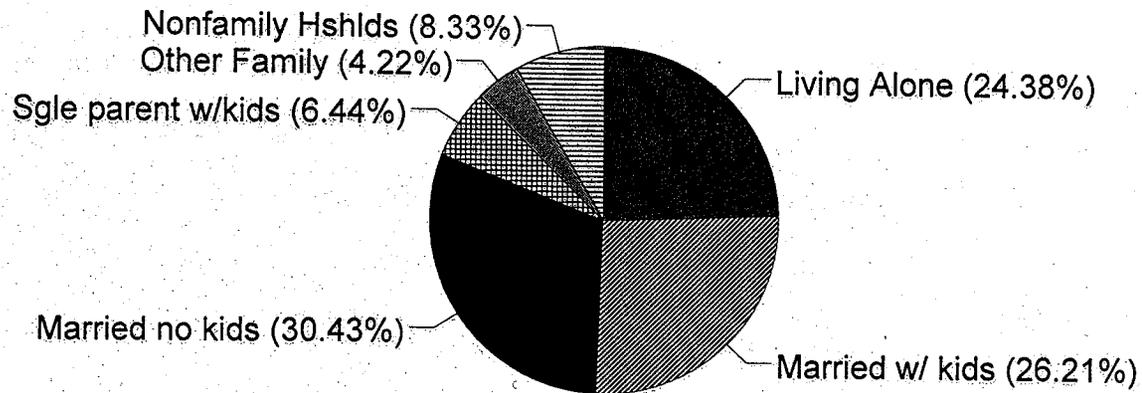
*** Assumptions used to calculate price include: 10% downpayment/ 30 year, 7.5% mortgage/ property taxes/ and homeowners dues ranging from \$110 to \$140 per month.

FIGURE 7

HOUSEHOLD TYPE

1990

Eastside Cities



King County

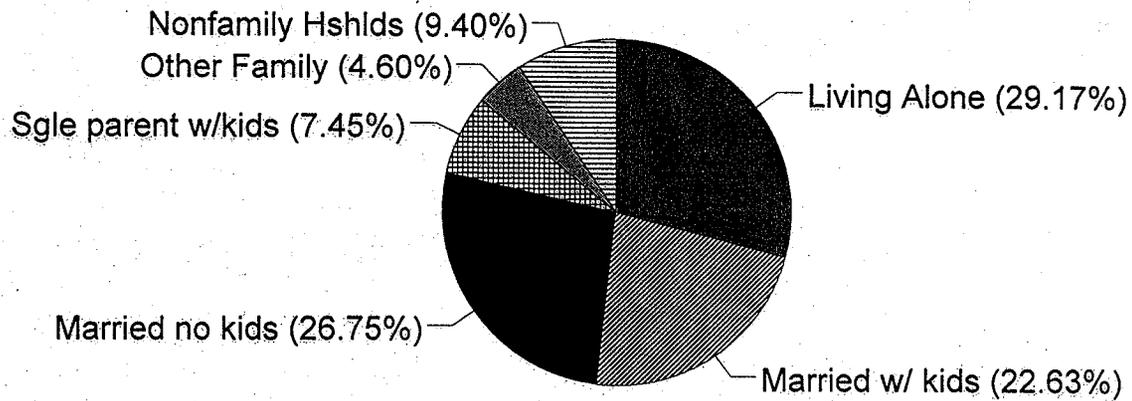


FIGURE 8

AFFORDABILITY OF EXISTING HOUSING (% Affordable at 50% of Median Income)

RURAL

SOUTH

EAST

NORTH

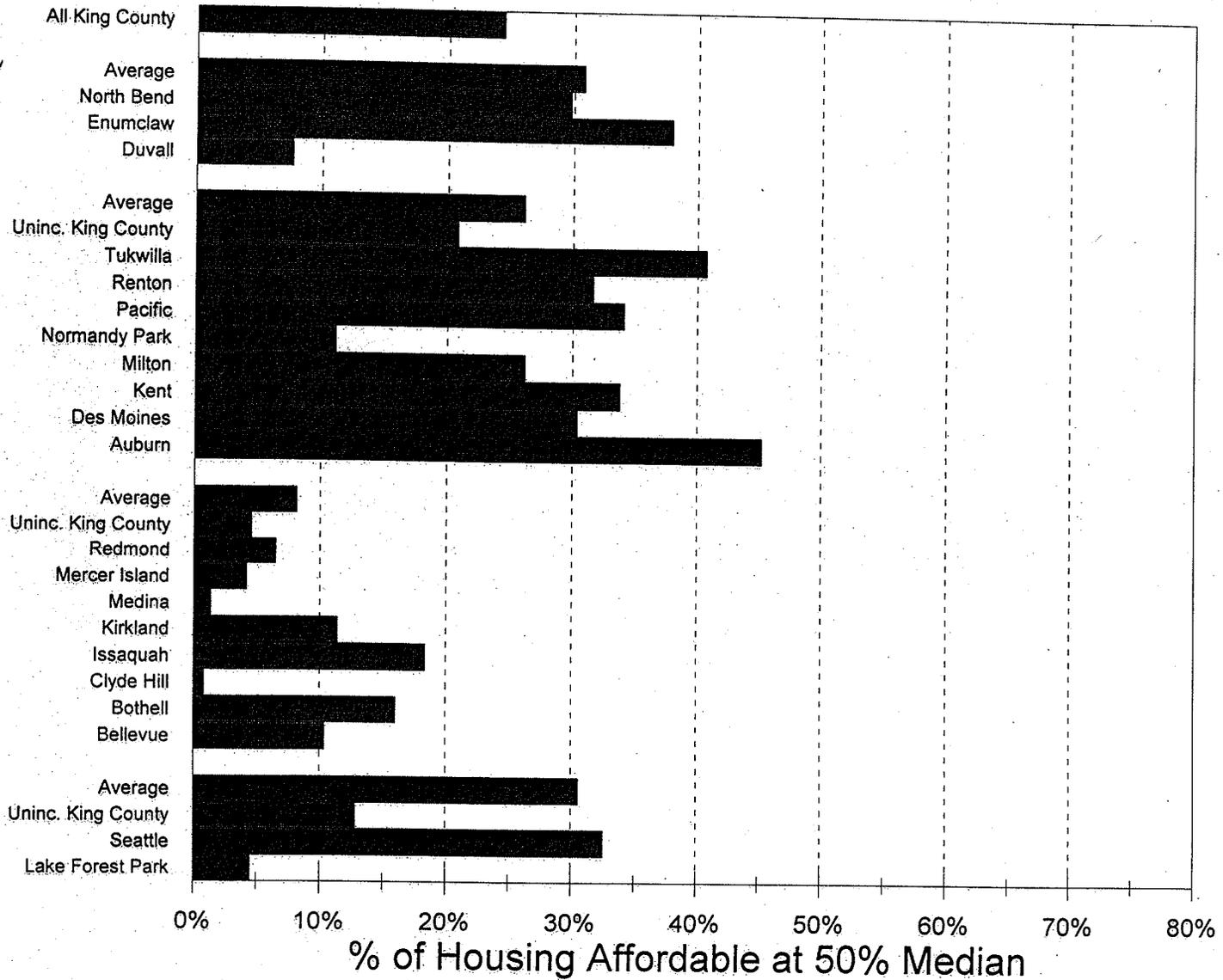


FIGURE 9

Housing Costs as Percent of Income

Bellevue Households, 1990 Census

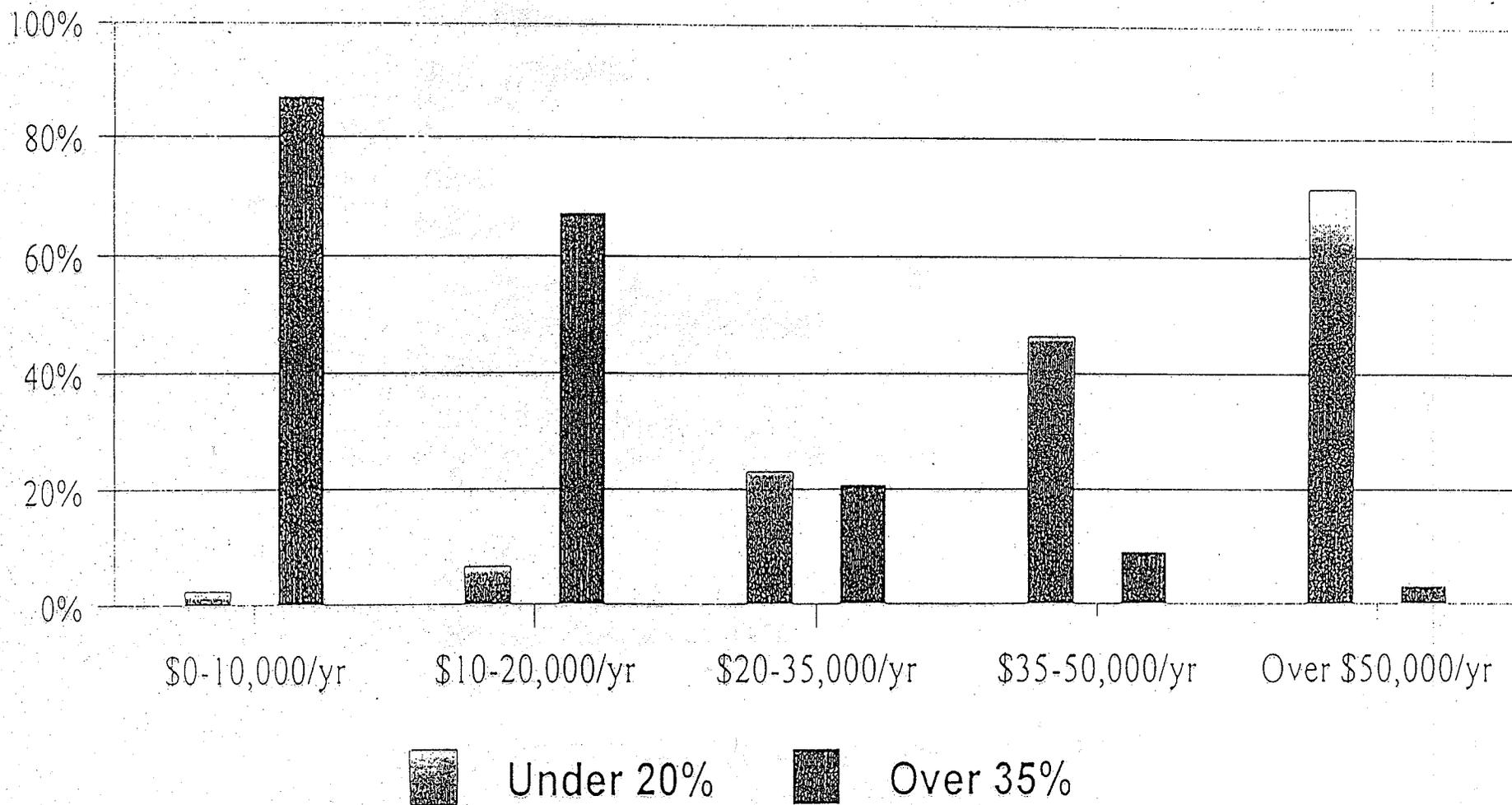


FIGURE 10

AVERAGE RENTS: 1990 - 1998

Market Area	Percent of Rent Increase		Average Rents and Vacancies					
	1990 - 1998	1996 - 1998	1990		1996		1998	
			Avg. Rent	Vacancy	Avg. Rent	Vacancy	Avg. Rent	Vacancy
Mercer Island	65.9%	23.7%	\$539	0.8%	\$723	1.0%	\$894	5.3%
Issaquah	49.8%	23.7%	\$635	5.6%	\$769	3.9%	\$951	6.7%
Bellevue- West	41.9%	3.3%	\$640	2.8%	\$879	2.1%	\$908	2.7%
Bellevue- East	42.6%	17.7%	\$535	3.0%	\$648	3.0%	\$763	3.6%
Factoria	49.9%	15.7%	\$595	3.2%	\$771	3.3%	\$892	4.2%
Redmond	54.2%	18.8%	\$589	5.2%	\$764	1.8%	\$908	2.7%
Kirkland	65.7%	15.5%	\$624	5.2%	\$895	3.9%	\$1,034	2.4%
Juanita	42.0%	14.2%	\$571	3.2%	\$710	2.7%	\$811	3.1%
Woodinville-Totem Lake	34.8%	9.0%	\$546	5.1%	\$675	4.3%	\$736	2.7%
Bothell	43.6%	24.2%	\$532	3.4%	\$615	4.7%	\$764	2.7%
King County Total	41.5%	14.7%	\$501	4.4%	\$618	4.5%	\$709	3.1%
King County Median Income	42.2%	11.7%	\$41,500		\$52,800		\$59,000	

Source for Rents and vacancy: Seattle-Everett Real Estate Report, Spring editions

FIGURE 11
AVERAGE HOME PRICES: 1995 - 1998

Jurisdiction (Zip Code)	Percentage Increase	Average Home Price			
	1996 - 1998	3rd Quarter '95	1st Quarter '96	1st Quarter '97	1st Quarter '98
Bellevue	20%	\$220,581	\$202,249	\$222,984	\$241,970
Bothell	12%	\$167,251	\$170,877	\$167,356	\$191,132
Issaquah	7%	\$238,427	\$243,241	\$251,382	\$259,723
Kirkland	20%	\$180,193	\$172,196	\$193,486	\$206,125
Mercer Island	7%	\$294,133	\$312,161	\$318,578	\$334,019
Redmond	7%	\$216,791	\$223,183	\$234,784	\$239,674
Woodinville	15%	\$248,170	\$237,662	\$257,668	\$272,995
Eastside Cities	14%	\$215,738	\$211,004	\$225,466	\$240,610
Seattle	19%	\$166,351	\$167,058	\$177,628	\$198,654
King County Total	13%	\$176,232	\$177,128	\$185,703	\$200,928

Note: Data from before 1995 is not included because change in reporting methods.

FIGURE 12

EAST KING COUNTY: HUD SECTION 8 - PROJECT BASED HOUSING

PROJECT NAME	CITY	TOTAL UNITS	SECTION 8 UNITS	POPULATION SERVED	EXPIRATION YEAR (1)	PRIVATE OWNER	Preservation
Hidden Village	Bellevue	78	60	Fam/Individuals	1996		X
Newport Apts	Bellevue	23	16	Fam/Individuals	1997		X
Spiritwood Manor	Bellevue	130	119	Fam/Individuals	1997		X
Bellevue Manor	Bellevue	65	65	Elderly/Disable	2008	X	
Eastwood Square	Bellevue	48	48	Fam/Individuals	2000	(X)	
Wildwood Court	Bellevue	36	36	Fam/Individuals	2002		X
Champion House	Bellevue	8	8	DD	2003		
Elbert House	Bellevue	50	49	Elderly/Disable	2003		
Halcyon Group Home	Bellevue	8	8	DD	2007		
UCP Eastside Homes	Bellevue	9	9	DD	2016		
Heritage Park Apts	Bothell	77	36	Fam/Individuals	2001	X	
Alpine Ridge	Bothell	42	19	Fam/Individuals	2001	X	
Northwood	Bothell	34	34	Elderly/Disable	2003		
Northlake House	Bothell	38	38	Elderly/Disable	2011		
Issaquah Gardens	Issaquah	21	21	Elderly/Disable	1996	(X)	
Residence East	Issaquah	9	8	DD	2003		
Mine Hill	Issaquah	27	27	Fam/Individuals	2008	X	
Hutchinson House	Issaquah	90	90	Elderly/Disable	2002	(X)	
Juniperwood Apts	Issaquah	20	20	CMI	2012		
Juanita View	Kirkland	94	60	Fam/Individuals	1996		
Kirkland Heights	Kirkland	180	107	Fam/Individuals	1996		
Kirkland Plaza	Kirkland	24	24	Elderly/Disable	1997	X	
Westwood Square	Kirkland	70	14	Fam/Individuals	2003	X	
Ellsworth House	Mercer Is.	59	59	Elderly/Disable	1997	X	
Parkway	Redmond	41	41	Fam/Individuals	2000		X
Patricia Harris Manor	Redmond	40	40	Elderly/Disable	2010	X	
Willowmoor Manor	Redmond	80	16	Fam/Individuals	2002	X	
Emma McRedmond Manor	Redmond	32	32	Elderly/Disable	2008		
TOTAL		1433	1104	(459: Privately owned)			

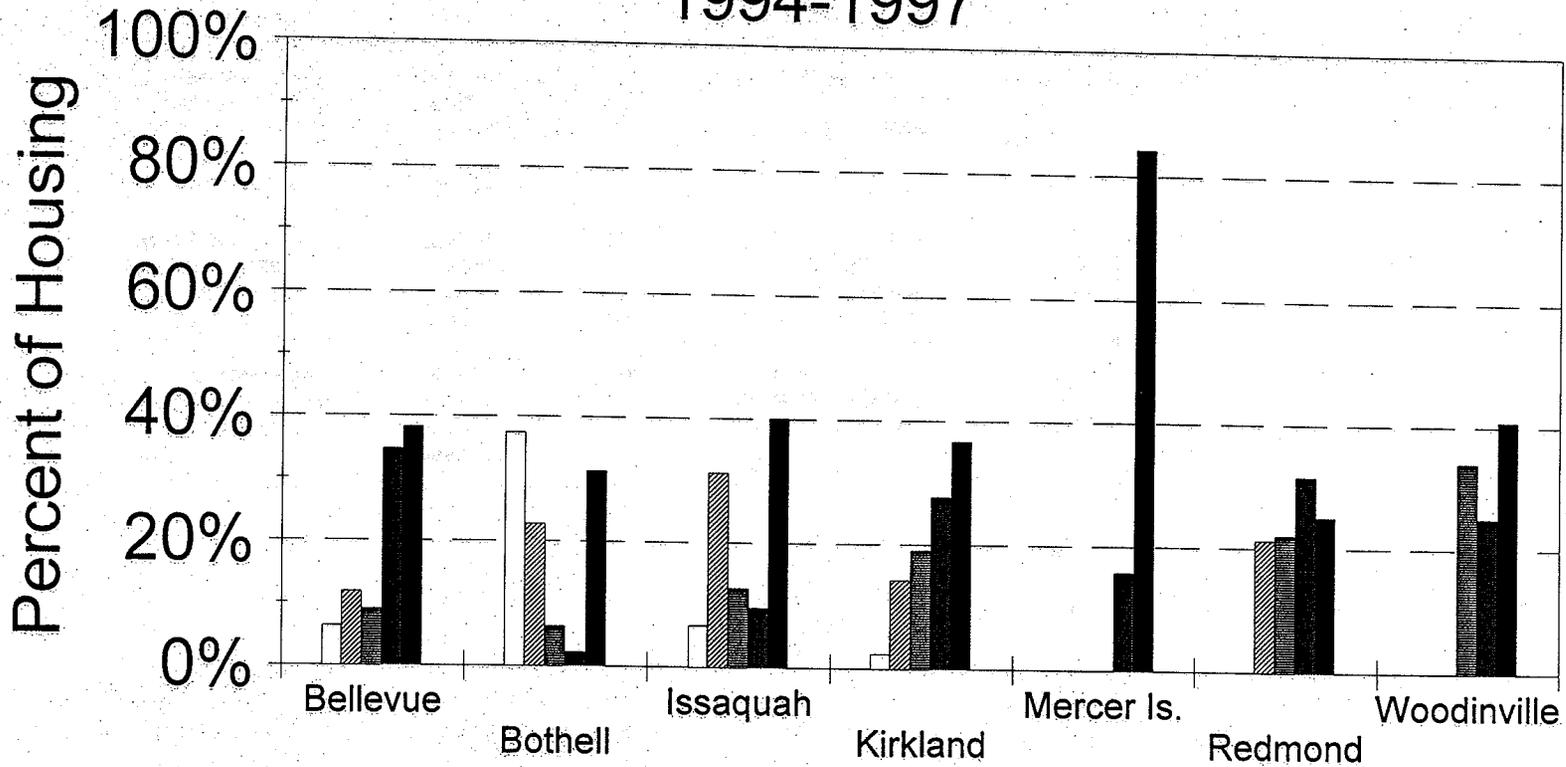
NOTE: Shaded rows indicates Project Based, Section 8 Housing that is privately owned.

(1) Year that original HUD contract expires

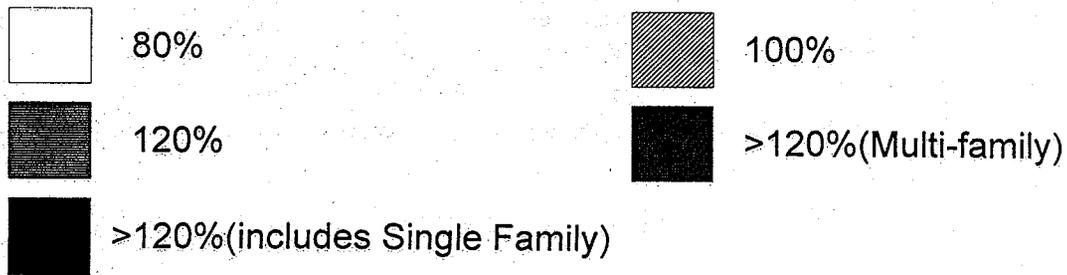
FIGURE 13

Affordability of New Private Housing

1994-1997



Median Income Categories Units are Affordable At



III. EVALUATION OF LOCAL REGULATORY PROCEDURES

Introduction

Based on the survey completed by ARCH (see Figures 13 and 14 from Housing Status Report), the private market has had varying measures of success in providing housing affordable to moderate and middle income households. This has included both housing produced with and without special regulatory incentives. In order to continue to maximize opportunities for the private sector to provide housing for moderate and middle income households, it is important for communities to continue to strive to have their regulatory measures be as conducive as possible to allowing the private market to meet these needs

Comments presented below related to local regulatory procedures are based on input from local planners and developers who have recently received permits. First, is a summary of several general comments on local regulatory/permit procedures. Following are two charts summarizing some key regulatory provisions adopted by member jurisdictions. One chart summarizes regulations that affect all housing, and the other chart addresses regulations specifically for 'affordable' or special needs housing. This information is intended to provide some insight to member cities as they evaluate future modifications to their regulatory procedures.

General Comments

1. Some positive comments about existing procedures mentioned by developers included:

- ✓ Redmond has a designated lead staff person to coordinate the permit process;
- ✓ Renton has developed vary specific standards for addressing issues such as sensitive areas. This has had several results. First, it simplifies and shortens the SEPA review process. Second, it has allowed staff to provide clear direction in a timely manner, thus minimizing permit review time .
- ✓ Several cities (Bothell, Duvall) have staff who take a hands on attitude;

2. Comments from developers tended to focus more on the process for getting permits, rather than the specific elements of what is allowed. Examples of typical comments from developers include:

- ✓ Staff often don't have decision making authority on specific issues;
- ✓ Requirements change during review of permits and even after permits are issued;
- ✓ Project review is not coordinated among various reviewers;
- ✓ Staff can be difficult to get hold of;
- ✓ The State mandated review periods don't seem to occur.

3. Local staffs had a tendency to comment more on what is allowed under the regulations and not the process for getting permits. It is hard to tell if this reflects a difference in perspective between local staff and developers, or if it is just a reflection of the current strong real estate market (i.e. At this time developers are focused on getting permits quickly while the market is strong).
- 4) One consideration for special regulations that are meant to encourage a variety of housing (e.g. Planned Unit Development, density transfers, density bonuses, etc) is what process is required for their approval. If these incentives require additional review procedures, developers may not pursue them due to the uncertainty of the permit process.
- 5) In working with local staff, one apparent challenge is the coordination of various codes (e.g. zoning, building, roads). Different codes are often the responsibilities of different departments. So while incentives (e.g. density bonus) may be adopted that affect some codes, those policies may not be reflected in other codes. Thus it becomes practically difficult to use the incentive. One area this has been seen is with policies that allow flexible land use standards for PUD/Clustered development.
- 6) There is an ongoing concern with permitting and impact fees. Concerns include the actual amount of the fees, and fees changing half way through the project. The latter point becomes more of a concern the longer the permit process takes, thus further reinforcing developers general concerns with the length of the permit process. In addition, there is a concern with the timing of payment of fees. The longer payment of fees can be done, the less impact they have on a project's feasibility. Finally, another issue related to fees, is the consistency of setting fees from one jurisdiction to the next.
- 7) One difficulty for developers can be the lack of consistency of regulations between jurisdictions for related items. Inconsistent standards result in it taking developers longer to get up to speed on the nuances of a local code. It also leads to questioning of who has reasonable standards and who has burdensome standards. Recently there are some examples of where communities are trying to make their regulations more consistent with standards adopted by other communities.

REGULATORY ACTIONS AFFECTING ALL HOUSING SUMMARY	
REGULATORY PROVISION	CITY
<u>General Zoning Code</u> ✓ Most cities have provisions for flexible site development such as PUD/Urban Village (Issaquah) ✓ Several cities have minimum density requirements. ✓ In downtown, size of building based on FAR, not density. ✓ No net housing loss provision for rezones. ✓ Density based on net area, not gross area. (Makes difficult to achieve allowed density.)	Redmond/ Woodinville Bellevue/ Kirkland Redmond Woodinville
<u>Subdivision Regulations</u> ✓ Several communities allow small lots under 6,000 sq ft. ✓ No common wall construction or lot averaging allowed (Makes difficult to achieved allowed density.)	Bellevue/ Issaquah/ Redmond/Kirkland Bothell
<u>Permit Process</u> ✓ Moratorium on new non-residential development. ✓ Several city have more staff to handle heavy permit load. ✓ Simultaneous review of SEPA and building permit. ✓ All jurisdictions have adopted State mandated 120 review period, though developers often comment is not adhered to.	Redmond Kirkland
<u>Permit Costs/Fees</u> ✓ A number of cities are evaluating their permit fees and impact fees.	
<u>Infrastructure Requirements</u> ✓ Several cities have provisions to allow narrower streets. Some require special study to be completed. ✓ Reduced parking requirement in downtown area. ✓ Adopted more stringent storm water requirements	Bellevue/ Bothell/ Issaquah/ Kirkland Bellevue/ Redmond Bothell
<u>Environmental Regulations</u> ✓ Various provisions for wetland/sensitive areas including: <ul style="list-style-type: none"> o Lot averaging; o Full to partial density transfer. ✓ No density credit for wetland/sensitive area. ✓ Design review required for some sensitive sites	Bellevue Kirkland/ Redmond/ Woodinville Bothell Bellevue

REGULATORY ACTIONS FOR 'AFFORDABLE'/SPECIAL NEEDS HOUSING SUMMARY	
ACTION TAKEN	CITY
<u>Density Bonuses</u> ✓ Voluntary density bonus: 1:1 at 80% med/ 15% cap ✓ Administrative Adjustment can increase density for low income (mostly in mixed use areas). ✓ Bonuses allowed in CBD (1:1 at 80%/ 2:1 at 50%) ✓ Adopted County density bonus standards	Bellevue (None to date) Issaquah Redmond Woodinville
<u>Development Regulations Modification/Exemptions</u> ✓ Increased lot coverage/ reduced open space/ increased height limit for bonus units.	Bellevue/ Issaquah
<u>Expedite Permit Process</u> ✓ Priority given to projects with affordable housing	Redmond
<u>Waive/reduce Permit Costs/Fees</u> ✓ Traffic impact fee waived if afford. at 80% med. and traffic standard code waived if afford. at 50% med. ✓ City pays impact fees for low-mod income housing, and waives permit fees for low income. ✓ Adopted procedures for permit fee waivers.	Bellevue Redmond Woodinville
<u>Permit Accessory Dwelling Units</u> ✓ Most communities allow. Key variations include: <ul style="list-style-type: none"> o Must be occupied by family member o Not allowed in detached unit 	Issaquah Bellevue, Redmond
<u>Special Regulations- Senior Housing</u> ✓ 100% bonus if units <600 sq.ft/Increased lot coverage/ Reduced parking. ✓ Increased density/ Reduced parking. ✓ Bonus available in downtown area. ✓ Assisted living allow up to 2.5 times density.	Bellevue Bothell Issaquah Kirkland
<u>Regulations for Special Needs Housing (e.g. Group Home)</u> ✓ Many communities are evaluating special needs housing. Most have no explicit guidelines other than household size. ✓ Several have reasonable accomodation provisions.	Issaquah/ Redmond/ Bothell

IV. 'PARITY': A PROPOSAL TO SET GOALS TO PROVIDE ASSISTANCE FOR AFFORDABLE HOUSING

Attached is a memo from Rich Conrad, Chair of the ARCH Executive Board to Councils of member jurisdictions. This memo is the culmination of work by council representatives, the Executive Board and staffs to develop a proposal on Parity. At this time we are seeking comments back from councils on this proposal.



A Regional Coalition for Housing

16225 N.E. 87th Street, Suite A-3 • Redmond, Washington 98052
 (425) 861-3677 • FAX: (425) 861-4553 • E-MAIL: archhousing@aol.com

TO: City Councils of ARCH Member Cities

FROM: Rich Conrad, Chair, ARCH Executive Board

SUBJECT: Recommendations on 'Parity'- Local Assistance for Affordable Housing

DATE: July 9, 1998

Last year, during an assessment of ARCH's activities, the issue of 'Parity' was raised. The objective of Parity is to establish a means for members to achieve an equitable distribution of resources being contributed for affordable housing. This issue was raised because it appears that such a balance has not existed to date, especially during the initial years following the establishment of ARCH. For background information on the ARCH Trust Fund, see Table A (Source and Use of ARCH Trust Fund by Jurisdiction) and Table B (List of Projects Funded) attached to this proposal.

Enclosed for your consideration is a proposal on how to address Parity. This proposal was developed by a working group comprised of representatives from member Councils, the ARCH Executive Board, and staff.

The working group met twice in the last 9 months to develop the attached proposal regarding Parity. They have requested that councils be briefed on the proposal, and if any significant issues are identified, the working group will reconvene later this year to address any issues.

ARCH's objective is for each Council to adopt the concept of Parity. While this does not require formal action by individual councils, it is the intent of the Executive Board for the Parity concept to be integrated into the overall operation of ARCH, and for member cities and Councils to actively pursue achieving the goals of the Parity program. One way this will be implemented is that in the future, as part of your budgetary process, member cities will have explicit goals presented to them, and you will receive progress reports on how these goals are being achieved by all the members.

BELLEVUE
 •
 BOTHELL
 •
 ISSAQUAH
 •
 KIRKLAND
 •
 MERCER ISLAND
 •
 REDMOND
 •
 WOODINVILLE
 •
 KING COUNTY

OBJECTIVES OF PARITY PROGRAM

The overall objective of the Parity program is to establish a means for members to attain an equitable distribution of resources being contributed for affordable housing. Below is an outline of the proposal and its objectives. In framing the proposal, the following issues were considered:

- o Does each member have a responsibility to provide a 'fair share' of east King County's affordable housing needs?
- o How do we measure each member's fair share of affordable housing?
- o How do we know when each member has achieved, or is making progress toward achieving, its fair share of affordable housing?
- o How do we make things fair for all, given that resources are not the same for all?
- o In what time frame should the Parity objectives be achieved, and how formal will they become (e.g. goal, objective, requirement of membership)?

PROPOSAL

State goal for each city as a range rather than as a single figure (see chart).

No one single formula appropriately considers the variety of issues faced by the member cities. Establishing a range finesses the issue of devising a single formula acceptable to all members.

Formulas used to establish each city's range are based on several factors (see attached description of formulas):

- Current Population
- Projected Housing Growth
- Projected Job Growth

Establish an overall minimal/baseline goal (\$1 million annually), which is based on past levels of overall contribution.

Establish a challenge to do more (up to \$2 million annually) as an acknowledgment of the levels of need in the community.

Do not mandate a specific level of commitment by any city in any specific year.

Acknowledge that members can face different budget situations from year to year

Measure accomplishments over a 5-year period

Years of relatively low commitment can be offset by years with higher commitments

Encourage a variety of means for cities to accomplish their goal:

- Direct monetary assistance from general funds or CDBG funds
- Indirect monetary assistance such as fee waivers
- In-kind contributions such as donated land

HOW HOUSING ASSISTANCE GOALS ARE CALCULATED

I INITIAL FORMULAS

Three formulas were developed, each using a different factor to determine levels of assistance.

Formula 1: Current population. Each member's contribution is based on its population relative to the member cities' total population. For example, Kirkland's population (43,720) is approximately 17% of the overall population of the seven member cities (258,240), so its contribution would be 17% of any overall goal.

Formula 2: Projected New Housing. Each member's contribution is based on its amount of projected housing growth (based on its Comprehensive Plan) relative to the member cities' total projected housing growth. For example, Bothell is projected to add 85 new housing units annually, which is approximately 5.25% of all the projected new housing among the member cities (1620 units annually). Thus Bothell's contribution would be 5.25% of the overall goal.

Formula 3: Projected New Jobs. A factor in the demand for housing is the creation of jobs. The third formula bases each member's contribution on its amount of projected job growth (based on its Comprehensive Plan) relative to the member cities' total projected job growth. For example, Bellevue is projected to add 1,400 jobs annually, which is approximately 35% of all the projected new jobs among the member cities (3,980 annually). Thus Bellevue's contribution would be 35% of the overall goal.

Because all the members have different circumstances, it was felt that it would be more appropriate to develop three distinct formulas rather than develop a single formula that would have required establishing a relative weight to each of the factors described above.

II. FINAL CHART

Based on the formulas above a final chart was developed (attached).

First, an overall minimal goal of \$1 million was established. This figure was picked because it approximated the levels of contribution that members had made the last several years.

Second, using the formulas from above, the allocation of \$1 million (the lower end of each city's range) was based on using the individual formula from each member that resulted in its lowest contribution.

Third, using the formulas from above, the upper range was established using the individual formula for each city that resulted in its highest contribution.

For example, for Issaquah, Formula 1- Population, was used to calculate the low (Baseline) range of its goal, and Formula 2-Projected New Housing, was used to calculate the high range of its goal. While for Woodinville, its low range is based on Formula 3- Projected New Jobs, and its high range is based on Formula 2- Projected New Housing.

ARCH MEMBER HOUSING ASSISTANCE GOALS *

CITY	LOW (BASELINE)	HIGH
Bellevue	\$395,000	\$605,000
Kirkland	\$159,000	\$269,000
Redmond	\$244,000	\$552,000
Bothell	\$78,000	\$152,000
Mercer Is.	\$32,000	\$124,000
Issaquah	\$55,000	\$135,000
Woodinville	\$37,000	\$83,000
Total	\$1,000,000	\$1,920,000

* Factors in calculating goals

The housing goal's range for each city is based on one of several factors including: current population, projected housing growth, and projected increase in demand for housing resulting from projected job growth.

Ways to achieve goal

Goals can be achieved through a variety of types of assistance that directly contributes to the creation/preservation of Low and Moderate income housing. Examples include:

- Direct monetary assistance from city's general funds or CDBG funds;
- Value of donated land, or land sold at below market value ;
- Waiver of building permit or impact fees.

Evaluation Period

Efforts toward achieving goals will be evaluated over a 5 year period based on annual average contributions. This will provide flexibility and time for members to pursue multiple approaches to achieve their goal.

TABLE A

ARCH TRUST FUND

LIST OF PROJECTS FUNDED (1992 - Fall 1997)

Project	Location	# Units/Beds	Funding	% of Total Allocation	Distribution Target
1. Family Housing					
Andrews Heights Apartments	Bellevue	24	\$300,000		
Garden Grove Apartments	Bellevue	18	\$180,000		
Habitat Overlake Townhomes	Bellevue	10	\$120,000		
Glendale Apartments	Bellevue	82	\$300,000		
Wildwood Apartments	Bellevue	36	\$270,000		
YWCA Family Apartments	K.C. (Bellevue Sphe	12	\$100,000		
Klahanie Apartments	K.C. (Issaquah Sphe	54	\$291,281		
Crestline Apartments	K.C. (Kirkland Spher	22	\$195,000		
Parkway Apartments	Redmond	41	\$100,000		
Habitat - Coast Guard Site	Redmond	20	\$286,683		
Avon Villa Mobile Home Park	Redmond **	93	\$525,000		
Terrace Hills	Redmond	24	\$442,000		
SUB-TOTAL		436	\$3,109,964	53.9%	(56%)
2. Senior Housing					
Resurrection Senior Housing	Bellevue	20	\$160,000		
Eastgate Senior Housing	K.C. (Bellevue Sphe	50	\$190,000		
Riverside Landing	Bothell **	50	\$225,000		
Kirkland Plaza	Kirkland	24	\$610,000		
SUB-TOTAL		144	\$1,185,000	20.6%	(19%)
3. Homeless/Transitional Housing					
MSC Transitional Housing	Bellevue **	20	\$375,000		
MSC Transitional Housing	Redmond	4	\$71,750		
Coast Guard - EHA	Redmond	18	\$280,000		
SUB-TOTAL		42	\$726,750	12.6%	(13%)
4. Special Needs Housing					
Eastside Domestic Violence	Uninc. KC	6 Beds	\$65,000		
Eastside Mental Health	Redmond	19 Beds	\$187,787		
Friends of Youth	Kirkland	4 Beds	\$35,000		
United Cerebral Palsy	Bellevue/Redmond	9 Beds	\$25,000		
Residence East	Bellevue	5 Beds	\$40,000		
AIDS Housing	Bellevue/Kirkland	10 Units	\$130,000		
AHA Maternity Home	Bellevue	8 Beds	\$260,209		
SUB-TOTAL		61 Beds/Uni	\$742,996	12.9%	(12%)
TOTAL		683	\$5,764,710	100.0%	

** Also, includes in-kind contributions (e.g. land, infrastructure improvements)

TABLE B

ARCH HOUSING TRUST FUND *

A. SOURCE AND USE OF FUNDS BY JURISDICTIONS (Includes Fall '98 Proposals)

Jurisdiction	1993/94		1995		1996		1997		TOTAL		LOCATION OF UNITS	
	Dollars	Percent	# Units	Percent								
Bellevue	\$1,557,095	72.2%	\$785,904	71.9%	\$518,446	46.6%	\$799,999	45.4% **	\$3,661,444	59.7%	299	43.9%
Bothell	\$24,872	1.2%	\$28,396	2.6%	\$48,627	4.4%	\$148,200	8.4% **	\$250,095	4.1%	50	7.3%
Issaquah	\$0	0.0%	\$5,000	0.5%	\$17,000	1.5%	\$29,185	1.7%	\$51,185	0.8%	55	8.1%
Kirkland	\$171,117	7.9%	\$208,807	19.1%	\$124,807	11.2%	\$266,604	15.1%	\$771,335	12.6%	54	7.9%
Mercer Island	\$38,382	1.8%	\$44,610	4.1%	\$62,000	5.6%	\$45,000	2.6%	\$189,992	3.1%	0	0.0%
Redmond	\$366,440	17.0%	\$20,000	1.8%	\$342,696	30.8%	\$475,000	26.9% **	\$1,204,136	19.6%	217	31.9%
Woodinville	\$0	0.0%	\$0	0.0%	*	0.0%	*	*	\$0	0.0%	0	0.0%
Confidential									\$0	0.0%	0	0.0%
TOTAL	\$2,157,906	100%	\$1,092,717	100%	\$1,113,576	100%	\$1,763,988	100%	\$6,128,187	100%	681	100.0%

* Includes only projects funded through trust fund.

Woodinville is only member of ARCH that does not receive an allocation of CDBG funds.

Bellevue funds include approximately \$275,000 of 'Alternative Payments' received from private developers

** Also Includes other direct contributions (e.g. land) made to projects funded through ARCH Trust Fund

Bellevue: Land for MSC Transitional Housing (~\$300,000)

Bothell: Land for Riverside Landing (~\$100,000)

Redmond: City paying Utility LID (~\$325,000)

*** Based on 1995 Population

B. LEVERAGING OF CITY FUNDS

The \$6 million of city resources have leveraged other public and private resources (estimates):

King County Funds:	\$6,512,000	17%
State Funds:	\$5,565,000	14%
Federal Funds:	\$2,150,000	5%
Private Funds:	\$19,003,813	48%



CITY OF KIRKLAND

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3001

www.ci.kirkland.wa.us

MEMORANDUM

To: Kirkland City Council

From: Sheila Cloney, Special Project Coordinator
Tracy Burrows, Senior Management Analyst
Marilynne Beard, Assistant City Manager

Date: February 24, 2006

Subject: Outside Agency Funding Policy

BACKGROUND

The current practice of the city is to make community event, business, tourism and outside agency grants on an annual basis to qualified applicants. The "outside agency" funding process takes place during the budget process. During the last budget process, Council asked staff to evaluate the grant funding policy especially as it relates to agencies that are funded through this process on a recurring basis. This memo discusses which organizations are currently funded through the outside agency process and a recommendation as to which should be considered for inclusion in the base budget. It also defines what types of organizations should participate in a competitive funding process on an annual or biannual basis. The creation of funding categories to better guide funding policies and a suggested schedule for the 2007-2008 budget process are also included.

DEFINITION OF CATEGORIES

In reviewing current outside agency funding (for 2006), staff identified a few "categories" that the agencies seem to fit within.

Partner Agencies - Agencies that receive support as a result of formal council action or designation. In some cases a facility may have been built or purchased for the specific purpose that an operational partner performs. Examples include Friends of Youth (operating the Kirkland Teen Union Building) and the Kirkland Performance Center. Staff is recommending that these agencies be incorporated in the base budget in future years.

Special Events – These are events that have considerable public appeal and are substantially funded and staffed by city employees. Special event funds should be part of the special event base budget. An example is the 4th of July fireworks display.

Community Agency Funding - This category is used broadly to fund activities and projects on an annual one-time basis (not limited to Kirkland-based organizations). Organizations receive funds through a competitive process. An example would be Summerfest.

Tourism Grants – These are grants funded from the Lodging Tax and are defined by State statute RCW Chapter 67.28 and KMC Chapter 5. Lodging tax funds are allocated by recommendation of the Lodging Tax Advisory Committee.

Attachment H

Recommended Funding**Partner Agencies**

These are agencies that receive support as a result of formal council action or designation. In some cases a facility may have been built or purchased for the specific purpose that the operational partner performs. The 2006 Budget allocates \$135,000 in one time funding to these types of agencies.

Kirkland Performance Center (KPC)**Services Provided**

The Kirkland Performance Center (KPC) relies on funding from the base budget and service packages/outside agency funds to supplement ticket revenue and annual fund raising. The current level of support allows our operational partner the ability to program 225 performances by more than 50 artists and groups. It also allows them to support the school learning programs through the arts. Without city support, it would be very difficult for them to run a balanced budget with this much programming. The total 2005 expenditure budget for the KPC was approximately \$1.2 million. As a result of losses from 2000-2003, the KPC implemented a more aggressive fund development plan. They were able to post a surplus for year 2004, and a project a surplus for 2005. However, they will continue to request supplemental funding.

The City recently extended the contractual agreement that refunds admissions tax back to the KPC and provides for rent-free lease of the facility. This was instituted in July of 1998, with a five year expiration clause. It was extended in 2003, for an additional five years, expiring in 2008. Below is a table outlining the amount that has been refunded to the KPC:

Year	Tax
1998	14,538
1999	28,034
2000	29,812
2001	26,286
2002	30,482
2003	20,167
2004	28,413
2005	30,000 actual

In addition to the admissions tax rebate, the City makes annual contributions to the City's Facilities Life Cycle Model, which sets aside money for carpet, interior and exterior paint, and structural systems at the KPC.

In addition to the annual budget support discussed above, the KPC has made supplemental funding requests via the outside agency process since they began operations. Below is a table outlining the historical funding of KPC through outside agency funding and Lodging and Hotel Tax Funds.

Year	Outside Agency	Lodging Taxes
2001	\$25,000.00	
2002	\$25,000.00	
2003	\$50,000.00	
2004	\$50,000.00	
2005	\$50,000.00	10,000.00
2006	\$50,000.00	10,000.00

Attachment H

Recommendation:

Staff recommends that outside agency funds allocated to the Kirkland Performance Center (\$50,000) be incorporated in the Parks and Community Services base budget for the 2007-08 biennium, and other sources of funding support described above continue. Increases to this amount would be requested as a service package by the Parks and Community Services Department. Funds from the Lodging Tax would not be part of the base budget.

Friends of Youth (Kirkland Teen Center – KTUB)**Services Provided**

Friends of Youth provides a full menu of programming through an annual contract of \$100,000 in addition to outside agency support from the city. This funding allows them to stay open for an average of 35 hours per week. They maintain an advisory board of citizens, both youth and adults. They operate a computer lab, photo lab, art programs, drop in programs, music programs, provide shows on the weekends, a coffee shop, counseling, special events, and recreational programs. Without outside agency funding, they would have to cut the hours of operation to 20-25 hours per week. They would not be able to support some of the free programming provided, i.e. recreation, dances, music shows, drop in programs. The total 2005 expenditure budget for KTUB was \$350,000.

The KTUB started its operations in 1998 at Post 99, the American Legion Hall. The building was small, the programs limited, and the operational budget was \$200,000 per year. The City budgeted \$100,000 in the base budget for ongoing operations of the KTUB. When the KTUB moved into the new building, the operational budget grew to \$350,000. This included almost triple the programming, and hours of operation. The City retained the \$100,000 in the base budget. Friends of Youth has requested additional funding from the city every year since.

The City currently supports the KTUB in the base budget in two ways:

- \$100,000.00 per year to assist with operational costs.
- Maintenance of the structural systems at the KTUB, and incorporation of KTUB into the Facilities Life Cycles Model, putting money aside each year for capital improvements. Currently we have \$10,811 in maintenance, and \$7,717 in capital set aside per year.

Below is a table outlining the historical funding of KTUB through outside agency funding.

Year	Amount
2001	\$25,000
2002	\$25,000
2003	\$25,000
2004	\$50,000
2005	\$55,000
2006	\$60,000

Recommendation:

Staff recommends that outside agency funds allocated to Friends of Youth (\$60,000) be incorporated in the Parks and Community Services base budget for the 2007-08 biennium, and other sources of funding support describe above continue.

Kirkland Downtown Association

Attachment H

The Kirkland Downtown Association is an economic development program charged with business retention and attraction in the downtown core. The mission of this main street type program supports the City's goal of maintaining and enhancing its vibrant downtown core. The City has granted business matching funds to the KDA since its inception.

Recommendation:

Staff recommends that funds allocated to the KDA (\$25,000 currently allocated in the base budget under the auspices of the business grant program) be incorporated in the economic development base budget for the 2007-08 biennium. The business grant program would be eliminated. The City would contract with KDA to provide economic development services related to promoting downtown business. It is proposed that funds be allocated to KDA under a contract with specific performance measures and managed by the Economic Development Manager. As in previous years, the KDA could apply for additional funding from LTAC or community grants.

Special Events

These are events that have considerable public appeal and are substantially funded and staffed by city resources. Funding is contained in the special event base budget and/or absorbed within department operating budgets unless reimbursed by the sponsoring agency. For example, the annual fireworks show is primarily funded by the City (\$30,000 allocated in 2005) and is currently augmented by private sponsorships raised by Celebrate Kirkland.

City staff does most of the logistical planning and coordinates operations during the fireworks show. Celebrate Kirkland has indicated that they would like to relinquish control of this event and have the city coordinate the fireworks display in its entirety. This would streamline the administration and coordination of the event. However, in order to maintain the scope of the event as it is today, the City and Celebrate Kirkland would need to work together to attract community funds to supplement the City's contribution to the event. In that regard, City staff and Celebrate Kirkland are actively seeking a title sponsor for the fireworks show.

Recommendation:

Staff recommends the City produce the annual 4th of July fireworks show with a City budget allocation of \$30,000 that is incorporated into the base budget for special events. The City will work with Celebrate Kirkland to seek title and presenting sponsors to defray event costs that are in addition to the fireworks display, such as traffic and crowd control.

Community Agency Fund

This category would be used broadly to fund activities and projects on a one-time basis (not limited to Kirkland-based organizations). Organizations receive funds through a competitive process that would be conducted prior to the budget process.

Community grants are a source of funding for events and organizational support. In 2006, \$60,500 was allocated to community agency grants. Examples of organizations that would receive community grants include: Summerfest, Classic Car Show, Fourth of July Picnic, Seven Hills, Jr. Softball World Series, Heritage Society, Feet First, Transportation Choices, Leadership Eastside, and Kirkland Downtown Association. Many of these organizations have received funding on an annual basis.

Recommendation:

Staff recommends establishing a \$60,500 Community Agency budget to fund organizations on an annual one-time basis. In addition, staff recommends that \$6,000 be allocated to the Human Resources Department's training budget to fund two organizational scholarships for employee participation in Leadership Eastside. This \$6,000 is the level of funding that the City has granted Leadership Eastside since its inception.

Attachment H

Staff further recommends making additions to the city's existing funding policy in an effort to address program performance and program evaluation. Updates that should be considered include:

- Establishing performance measures for projects funded by the City;
- Using performance measures as a factor in determining whether repeat funding is warranted;
- Requiring evidence that applicants are pursuing funding from other sources; and
- Requiring business plans for activities funded by the City that have a significant impact on public property.

Tourism Grants

Tourism grants are provided for by State statute RCW Chapter 67.28 and KMC Chapter 5 that address the use of Lodging Tax revenue. Tourism grants are obtained through requests made to the Lodging Tax Advisory Committee (LTAC). The LTAC recommends funding allocation for tourism grants to the City Council who then appropriate the grants through the budget process. Examples of activities that qualify for tourism funds include marketing of the Kirkland Artist Studio Tour and Howard Mandeville landscape show, and the creation of a Kirkland Art Center gallery brochure.

Recommendation:

Staff recommends no change to current practice.

Recommended Process and Timeline

The recommended funding level will increase the ongoing funding need by \$146,000. One-time community grants would be limited to \$60,500 per year (\$121,000 per biennium). The following table summarizes the recommended funding.

Summary of Recommended Funding

CATEGORY	EXISTING BUDGET	PROPOSED BUDGET	LOCATION
ONGOING FUNDING			
Business Grants	\$25,000	0.00	eliminated
Community Grants	\$10,000	0.00	Moved to one-time funding
Performance Center	0.00	\$50,000	Parks base budget
Friends of Youth	0.00	\$60,000	Parks base budget
Kirkland Downtown Association	0.00	\$25,000	Economic Development base budget
Leadership Eastside	0.00	\$6,000	Scholarships in HR Training Budget
4 th of July Fireworks	0.00	\$30,000	Special Events base budget
TOTAL ONGOING FUNDING	\$35,000	\$171,000	
ONE-TIME FUNDING			
Community Agency Grants/Fund	196,500	\$60,500	Agency Funding (Includes \$10,000 from existing community event grant fund.)
Tourism Grants		Varies from year to year	Tourism Budget
TOTAL ONE-TIME FUNDING	196,500	60,500	
OVERALL TOTALS	\$231,500	\$231,500	

The funding recommendations could be incorporated in the 2007-2008 biennial budget either as part of the base budget or as a service package. Community Agency funds could be allocated on an annual or biennial basis. While an annual allocation offers more funding flexibility to applicants, staff recommends consolidating the community agency fund into the biennial budget starting with the 2007-2008 season. Community Agency applicants would have the option to apply for up to two years of funding. Would-be funding seekers who miss the funding process could

Attachment H

request funds from Council in writing through staff. The Council would then decide whether to allocate funds from their Special Projects Reserve.

Policy Issues for Council

- Should Community Agency fund decisions be made on an annual or biennial basis?
- Does Council agree that the KDA, KPC, and Friends of Youth are Partner Agencies?
- Does Council agree to formally bring the fireworks show in house?
- Does council accept recommended funding levels?
- Does council support making changes to the Community Agency Funding policy to address program performance and program evaluation?
- Does Council support moving \$6,000 into the HR base budget for Leadership Eastside?

Next Steps:

Staff is currently preparing recommendations for council on updates to Chapter 19.24 of the Kirkland Municipal Code relating to Temporary Special Events. This chapter has not been updated since 1997. A recommendation on fees and cost recovery for special events will be included in these updates. The cost recovery portion of the policy will go to the Finance Committee this spring and then forwarded to Council for consideration.



CITY OF KIRKLAND
Department of Parks & Community Services
505 Market Street, Suite A, Kirkland, WA 98033 425.587.3300
www.ci.kirkland.wa.us

MEMORANDUM

To: Kurt Triplett, City Manager
From: Jennifer Schroder, Director of Parks & Community Services
Date: July 20, 2011
Subject: City support of Kirkland Performance Center

During the budget discussions, Council requested information about the financial support the City has provided to the Kirkland Performance Center (KPC) from 1999-present.

In 1996 the City Council reviewed the KPC business plan and, satisfied that the theater could sustain itself financially, committed funds to the project. Resolution R-4019 set the City's capital contribution to \$925,000, provided \$100,000 in one-time funds to initiate the creation of a Fund Development Director for the theater, and committed funds derived from KPC admissions tax revenue back to KPC. In total, the City contributed about \$1.25 million in capital costs, studies, and one-time funds prior to the opening of the facility in June of 1998. The KPC organization raised over \$4 million in additional funds to get the facility built.

After this initial contribution, the City continued to support KPC financially in the following ways:

- First, 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. Funding for these items and other items related to the structural integrity of the facility are allocated in the Public Works facilities budget, and accumulated through sinking funds.
- Secondly, the City also incurs costs related to annual property insurance, which is also funded through the Public Works facilities budget.
- Thirdly, the City returns to KPC all funds derived from the admission tax collected from KPC ticket sales. This was granted for the first 10 year lease with KPC. Additionally, this was granted for the first five years of the second ten year lease agreement signed in 2008. This stipulation will expire at the end of 2012 unless extended by Council. The tax rate is 5% on top of ticket sales. So, if you were to calculate the 2010 year end estimate, total annual ticket sales for KPC would be about \$640,000.
- Fourthly, 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

Attachment I

reduced to \$34,000. For 2011-2012 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 fifth way the City contributes is by providing 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, 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.

In researching the value of the lease rate, a common metric to use for commercial space is to charge 10% of gross income from sales and services. As an example, for 2010, KPC had a total earned income of \$368,373. If the city assessed the 10% rate, the lease value of the KPC would be \$36,837.

A table summarizing the City's financial contributions from 1999 to present can be found on the following page.

City of Kirkland Contributions to Kirkland Performance Center 1999-2010

	2010*	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Lease													
Operational Maintenance	19,588	18,159	17,153	10,802	9,472	11,874	9,126	11,338	16,052	16,796	15,355	10,706	n/a
Capital Maintenance/Repairs	56,000	16,178	26,160	1,202	-	-	4,174	-	-	-	38,146	-	n/a
Admissions Tax Rebate	32,000	28,002	45,974	39,954	32,482	33,579	31,558	22,020	30,482	26,286	29,812	28,034	14,538
Outside Agency Contribution	34,000	50,000	50,000	50,000	50,000	50,000	50,000	25,000	25,000	25,000	-	-	-
Total	141,588	112,339	139,287	101,958	91,954	95,453	94,858	58,358	71,534	68,082	83,313	38,740	14,538

*Budget or estimate

ORDINANCE NO. 3128

AN ORDINANCE OF THE CITY OF KIRKLAND ESTABLISHING A BUSINESS IMPROVEMENT AREA PURSUANT TO RCW CHAPTER 35.87A WITHIN AND ADJACENT TO THE KIRKLAND CENTRAL BUSINESS DISTRICT, PROVIDING FOR THE LEVY OF SPECIAL ASSESSMENTS UPON BUSINESSES WITHIN THE AREA, THE DEPOSIT OF REVENUES IN A SPECIAL FUND AND EXPENDITURES THEREFROM, AND PROVIDING FOR THE ADMINISTRATION THEREOF THROUGH AN IMPLEMENTING AGREEMENT.

WHEREAS, following receipt of petitions from owners of businesses within and adjacent to the Kirkland Central Business District, the Kirkland City Council adopted pursuant to RCW 35.87A.030 Resolution No. R-3472 to initiate procedures for the establishment of a business improvement area, and

WHEREAS, thereafter the Kirkland City Council pursuant to RCW 35.87A.040, by Resolution No. R-3473 declared its intention to establish such a business improvement area under the authority of RCW 35.87A, and

WHEREAS, Resolution No. R-3473 adopted by the Kirkland City Council on September 6, 1988, established the date for public hearing on the creation of said business improvement area to be held before the City Council on October 3, 1988, to hear all protests and receive evidence for or against creation of the proposed district, and

WHEREAS, the City Council conducted a public hearing for which proper notice was given pursuant to RCW Chapter 35.87A on October 3, 1988, to consider testimony regarding the proposed business improvement area and any protest thereto, and

WHEREAS, protests by owners of businesses within the proposed district represented less than 50% of the proposed assessments, and

WHEREAS, the City Council has determined it to be in the best interest of the City and of the owners and operators of businesses within the proposed business improvement area that the improvements petitioned for as hereinafter described be carried out, and that the business improvement area be created in connection therewith; Now, therefore,

BE IT ORDAINED by the City Council of the City of Kirkland as follows:

Section 1. Business Improvement Area Established.

As authorized by RCW Chapter 35.87A, there is hereby established a Kirkland Business Improvement Area within and adjacent to the Kirkland Central Business District as more particularly described in Exhibit A, copy of which is attached to the original of this ordinance and incorporated herein by this reference as though fully set forth.

Section 2. Proposed uses, programs and projects, including estimated cost: The uses, programs and projects shall be those authorized by RCW 35.87A, including decoration, beautification and other similar amenities of public places and areas; maintenance and cleaning of public areas; provision of security in common public areas; advertising and promotion of the area as a place to visit, shop and conduct business, including implementation of tourism strategies and general trade promotional programs; A "METRO" approved and authorized local nonrail trolley or bus to operate within and adjacent to the several areas of the business improvement area; and to provide for professional management, planning and promotion for the area with respect to said proposed uses, programs and projects. The estimated first year annual cost not to exceed \$227,961.00.

1989 Proposed Budget:

a) Reimbursement to City of Kirkland for Advances -	\$ 12,000.
b) Administrative overhead and reserve for nonpayment of assessments-	\$ 74,359.
c) Amenities program for public places -	\$ 6,000.
d) General trade promotion activities -	\$ 55,372.
e) Local trolley or transit program -	\$ 80,230.
Total Budget:	\$227,961.

Section 3. Assessments. Annual assessments are being levied against each business within the business improvement area as follows: For the purpose of levying annual assessments against the businesses operating within the business improvement area, said area shall be subdivided into six subareas, all as described in Exhibit A to this ordinance.

Attachment J

Business improvement area annual assessments shall be calculated by applying the following rates against the gross floor area square footage of each business in the area: (Floor area square footage to be determined from the records of the Kirkland fire Department).

- a) All retail businesses located within Area 1 as described in Exhibit A shall pay \$.60 per square foot; provided that the minimum assessment for an Area 1 Retail Business shall be \$300. The maximum assessment for an Area 1 Retail business to be \$3,000. The owner of retail businesses occupying more than one location within Area 1 may combine the gross square footage of such businesses for the purposes of determining the maximum assessment.
- b) All nonretail businesses located within Area 1 as described in Exhibit A shall pay \$.20 per square foot. The minimum assessment for an Area 1 nonretail businesses shall be \$100. The maximum assessment for an Area 1 nonretail businesses shall be \$1,000. The owner of nonretail businesses occupying more than one location within Area 1 may combine the gross square footage of such businesses for the purposes of determining the maximum assessment.
- c) All retail businesses located within Areas 2 and 3 as described in Exhibit A shall pay \$.30 per square foot. The minimum assessment for a retail business in Areas 2 and 3 shall be \$150. The maximum assessment for a retail business in Areas 2 and 3 shall be \$1,500. The owner of retail business occupying more than one location within Areas 2 and 3 may combine the gross square footage of such businesses for the purposes of determining the maximum assessment.
- d) All nonretail businesses located within Areas 2 and 3 as described in Exhibit A shall pay \$.10 per square foot. The minimum assessment for a nonretail business in Areas 2 and 3 shall be \$50. The maximum assessment for a nonretail business in Areas 2 and 3 shall be \$500. The owner of nonretail businesses occupying more than one location within Areas 2 and 3 may combine the gross square footage of such businesses for the purposes of determining the maximum assessment.

The table below provides the assessment rates to be levied on businesses within Assessment Areas 1-3:

Attachment J

		<u>Rate/S.F.</u>	<u>Minimum</u>	<u>Maximum</u>
Area 1	Retail	\$.60	\$300	\$3000
	Nonretail	\$.20	\$100	\$1000
Areas 2-3	Retail	\$.30	\$150	\$1500
	Nonretail	\$.10	\$ 50	\$ 500

- e) All businesses located in planned area land use zones (Planned Areas) which lie within the boundaries of Areas 1 through 3 as described in Exhibit A and which provide coordinated amenities and promotions within their boundaries, shall be assessed at 50 percent of the rate levied on other businesses in the assessment area in which the Planned Area is located. The minimum and maximum assessments applied to businesses located within Planned Areas will be 50 percent of those minimum and maximums applied to other businesses in the assessment area in which the Planned Area is located. The table below provides the assessment rates to be levied on businesses within Planned Areas:

		<u>Rate/S.F.</u>	<u>Minimum</u>	<u>Maximum</u>
Area 1	Retail	\$.30	\$150	\$1500
	Nonretail	\$.10	\$ 50	\$ 500
Areas 2-3	Retail	\$.15	\$ 75	\$ 750
	Nonretail	\$.05	\$ 25	\$ 250

- f) "Retail" as used in this petition means those business establishments whose activities fall within either definition set forth in Section 5.10.790 (restaurant or tavern) or Section 5.10.795 (retail establishment), Ordinance 2740, the Zoning Code; provided that the following business establishments shall not be included in "retail": Laundry, cleaning and garment services, photographic studios, beauty shops, barber shops, shoe repair shops, computer and data processing services, reupholstery and furniture repair shops, and locksmiths.
- g) Furthermore, to augment the BID marketing and amenities programs, the City of Kirkland would levy special annual assessments for all retail and nonretail space located within Areas 1 through 6 as described in Exhibit A, for the sole purpose of the acquisition and/or operation of a

Attachment J

nonrail trolley or motor vehicle. Retail and nonretail space located within Areas 1 through 6 as described in Exhibit A shall pay a rate of \$.10 per square foot.

All business located in Planned Areas which lie within the boundaries of Areas 1 through 6, as described in Exhibit A, and provide coordinated, METRO-approved transportation programs for employees within their boundaries, will be allowed a credit for dollars spent on their approved programs to the extent that the programs duplicate that of the B.I.D., up to 50 percent of the total levy to be assessed to the businesses in the area for the trolley or motor vehicles.

- h) All organizations which the Internal Revenue Service has determined as charitable organizations and are qualified for charitable contributions under the United States Internal Revenue Code (26 USC 170 (c)) shall be exempt from paying BID assessments.
- i) The total annual special assessment is estimated to be \$227,961.
- j) Assessments shall be billed by the Kirkland Department of Administration and Finance on an annual basis at least 30 days prior to the assessment due date, and may at the option of the assessed business be paid in four equal quarterly installments with the first installment due on or before January 10, the second installment due on or before April 10, the third installment due on or before July 10, and the fourth installment due on or before October 10, in each year, provided that if any quarterly installment is not timely paid, then the entire amount of the annual assessment shall become immediately past due and delinquent. Past due and delinquent assessments shall be subject to interest at the rate of 12% per annum (1% per month) beginning with the month in which the assessment or quarterly assessment installment was originally due. Interest on delinquent assessments shall be compounded annually.
- k) A business which, after January 1, 1989, first commences operation within the business improvement area shall for the calendar year during which it commences business be assessed at

Attachment J

50% of the then current assessment rate, with such reduced assessment due and payable within 60 days of the date of assessment billing by the Department of Administration and Finance. In all subsequent years such business shall be assessed at 100% of the then current assessment rate.

- 1) Disputes. Any assessment payer aggrieved by the amount of an assessment or a delinquency charge may on request obtain a meeting with the Director of Administration and Finance, and if not satisfied the assessment payer may appeal the matter to the City Manager, who shall review the information submitted on appeal by both the assessment payer and the Director of Administration and Finance. Any decision of the City Manager shall be in writing and given to both the assessment payer and the Director of Administration and Finance. The decision of the City Manager shall be final.

- m) Notices. Notices of assessment installment payment or delinquency, and all other notices contemplated by this ordinance shall be sent by ordinary mail to the address appearing in the current business license records for the City, or if no address appears therein, the notice may be mailed to the address for such business appearing on the records of the Kirkland Fire Department. Failure of the owner of an assessed business to receive any mailed notice shall not release such owner from the duty to pay the assessment or from payment on the due date and any delinquency charge or interest.

Section 4. Authority to contract: Pursuant to RCW 35.87A.110, the City shall be authorized to contract with the Kirkland Downtown Association or a similar suitable management entity to administer the operation of the business improvement area, including its proposed uses, programs and projects, and any funds derived from the special assessments as may be hereafter authorized by the City Council. Provided that such administration and the contract administrator shall comply with all applicable provisions of law, including RCW 35.87A, with all City resolutions and ordinances, and with all regulations lawfully imposed by the State Auditor or other state agencies.

Section 5. B.I.A. Assessment Payers Advisory Group:
Creation and establishment of the business improvement

area includes creation of a Business Improvement Area Assessment Payers Advisory Group to consult with and advise any contract administrator authorized pursuant to the foregoing section, the City of Kirkland, its City Council, and with respect to the conduct of the business improvement area uses, programs and projects, and the expenditure of assessment proceeds.

Said group shall be composed of representatives from each of the subassessment areas described in Exhibit A, and may include three geographically representative subcommittees for amenities, promotions and public relations and transportation, provided that representatives from any one subarea may be entitled to vote only upon issues relating to activities for which that area is assessed.

With advice and consultation from the Kirkland Chamber of Commerce, the City Manager, or the Director of the Department of Planning and Community Development as his delegate, shall appoint an interim Assessment Payers Advisory Group comprised of assessment payers from within the business improvement area. The interim Assessment Payers Advisory Group will recommend, and the Department of Planning and Community Development will implement, procedures to nominate and elect volunteer members to the permanent Assessment Payers Advisory Group to take effect no later than January 30, 1989. Procedures shall be designed to insure inclusion of members representative of the classifications and subassessment areas, subject to assessment, and formal liaison with the Kirkland Downtown Association or other contract administrator. The interim Assessment Payers Advisory Group shall also develop and adopt bylaws or rules to guide the operation of the Assessment Payers Advisory Group. Both the interim Assessment Payers Advisory Group and the permanent Assessment Payers Advisory Group including subcommittees shall be subject to and shall carry on all business in accordance with RCW Chapter 42.30, the Open Meetings Law.

Section 6. There is hereby established a separate fund designated the "Business Improvement Area Fund", into which fund shall be deposited the proceeds from assessments, together with any other funds received by the City from public events financed with special assessments, gifts and donations specially earmarked for the fund, and interest and all other income from the investment of the fund cash balances. If the City contracts with the Kirkland Downtown Association or a similar, suitable management entity to administer the operation of the area and its programs pursuant to Section 4 of this Ordinance,

then expenditures from the fund shall be made in quarterly installments to said contractor for the uses and projects set forth in Section 2 above.

Section 7. The business improvement area shall remain in effect until disestablished by the City in accordance with the disestablishment provisions contained in RCW 35.87A.180 and RCW 35.87A.190.

Section 8. The method of assessment and annual assessment rates established and levied by Section 3 of this ordinance shall continue from year to year until adjusted by the City Council, provided that no adjustment to the rate of assessments shall occur until the City Council has held a hearing and adopted such change or adjustment by ordinance, all as provided in RCW 35.87A.140. Any proposed adjustment shall be subject to protest as provided in RCW 35.87A.140.

Section 9. This ordinance shall be in full 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, as required by law.

Passed by majority vote of the Kirkland City Council in regular, open meeting this 3rd day of October, 1988.

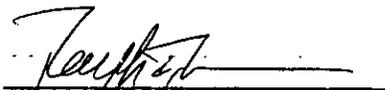
Signed in authentication thereof this 3rd day of October, 1988.

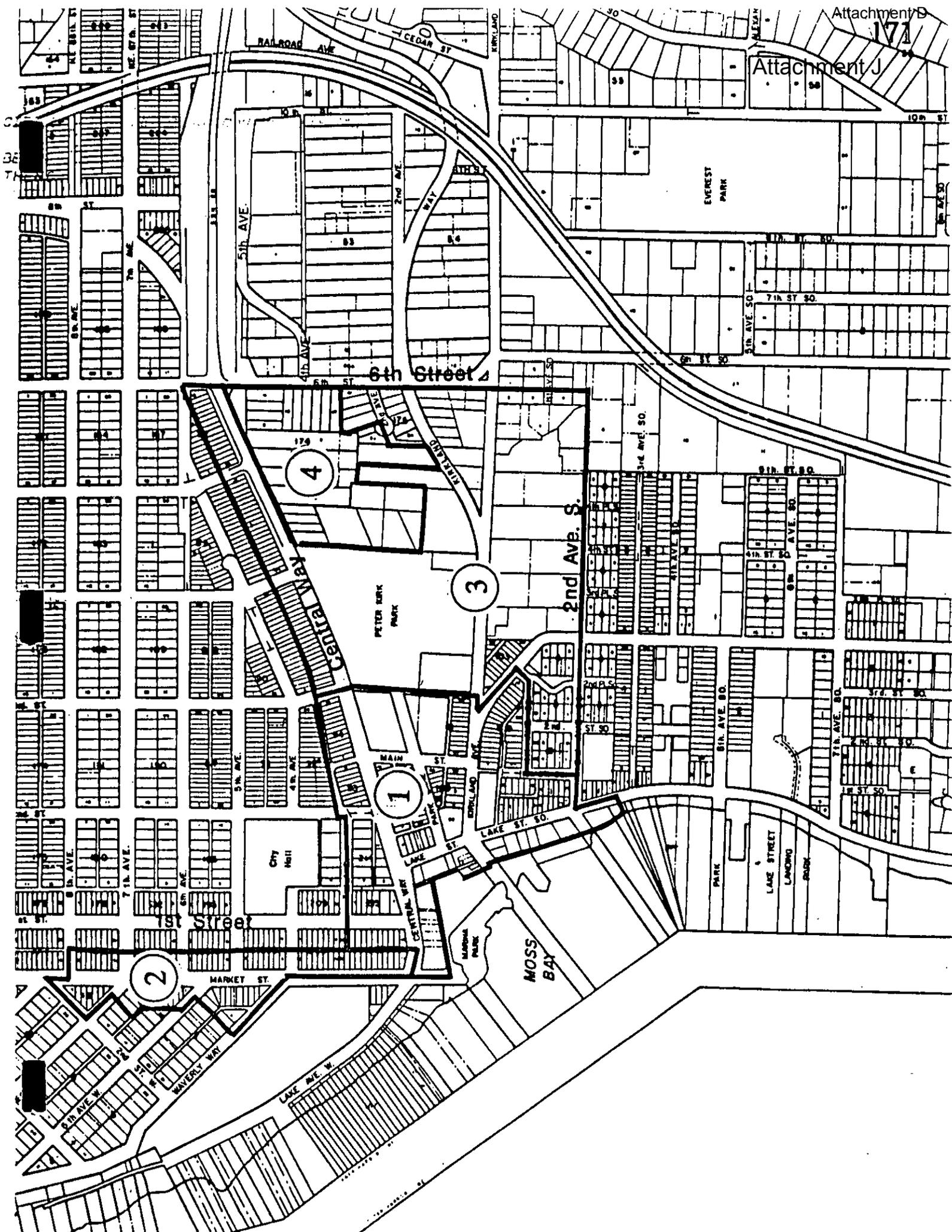

 Mayor

ATTEST:


 City clerk

APPROVED AS TO FORM:


 City Attorney



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CEGAR ST

5TH AVE

2ND AVE

6th Street

2nd Ave. S.

Central Ave

Market St

MARKET ST

LAKE AVE. W.

MOSS BAY

EVEREST PARK

PETER KIRK PARK

CITY HALL

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LAKE STREET LANDING BRIDGE

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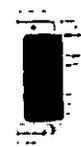
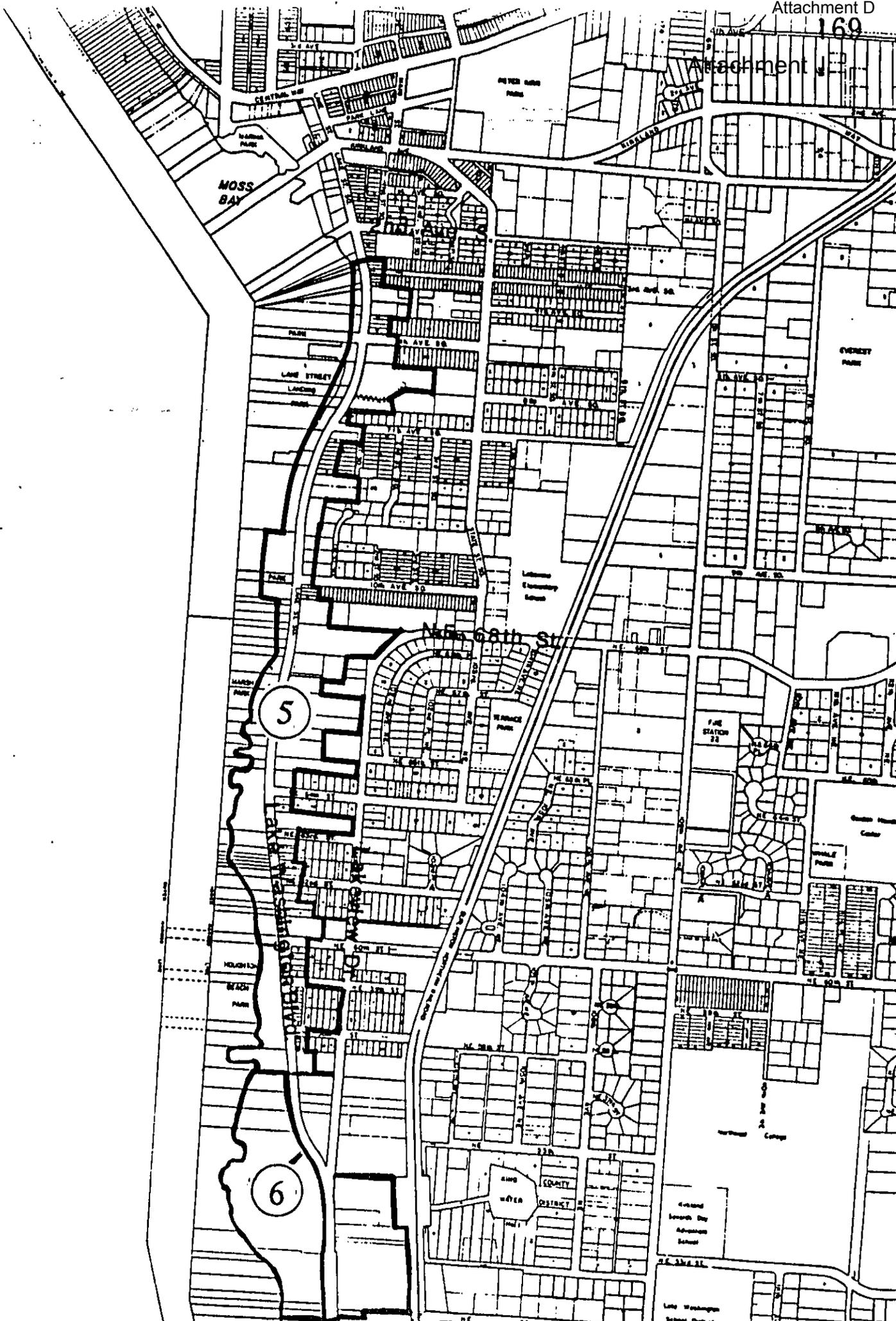
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SUMMARY OF ORDINANCE NO. 3128

AN ORDINANCE OF THE CITY OF KIRKLAND ESTABLISHING A BUSINESS IMPROVEMENT AREA PURSUANT TO RCW CHAPTER 35.87A WITHIN AND ADJACENT TO THE KIRKLAND CENTRAL BUSINESS DISTRICT, PROVIDING FOR THE LEVY OF SPECIAL ASSESSMENTS UPON BUSINESSES WITHIN THE AREA, THE DEPOSIT OF REVENUES IN A SPECIAL FUND AND EXPENDITURES THEREFROM, AND PROVIDING FOR THE ADMINISTRATION THEREOF THROUGH AN IMPLEMENTING AGREEMENT.

Section 1 - Establishes pursuant to RCW Chapter 35.87A a Business Improvement Area (BID) within and adjacent to the Kirkland Central Business District, including legal description and map of the BID and its six subassessment areas. See map attached to this summary.

Section 2 - Authorizes the purposes and programs to be carried on by the BID, including an amenities program for public places, a general trade promotion and advertising program, and a local transit program. Requires the transit program to be approved by METRO. Establishes and approves the 1989 operating budget for the BID as follows:

a) Reimbursement to City of Kirkland for Advances -	\$ 12,000.
b) Administrative overhead and reserve for nonpayment of assessments -	\$ 74,359.
c) Amenities program for public places -	\$ 6,000.
d) General trade promotion activities -	\$ 55,372.
e) Local trolley or transit program -	\$ 80,230.
Total 1989 Budget:	\$ 227,961.

Section 3 - Establishes the method of assessing businesses operating within the BID and its six subassessment areas, levies assessments against each such business, provides for limited credits against assessments for some businesses located within planned areas which provide at their own expense coordinated trade promotion and/or transportation management programs. Provides a dispute resolution or appeal process as to the amount of assessment levied against any particular business. Provides for billing, payment and collection of assessments. Assessment rates levied on businesses are as follows:

		<u>Rate/S.F.</u>	<u>Minimum</u>	<u>Maximum</u>
Area 1	Retail	\$.60	\$300	\$3000
	Nonretail	\$.20	\$100	\$1000
Areas 2-3	Retail	\$.30	\$150	\$1500
	Nonretail	\$.10	\$ 50	\$ 500

In addition, all businesses within Areas 1 through 6, inclusive, shall pay \$.10 per square foot, which shall be used solely for the transit/trolley program.

Section 4 - Authorizes the City of Kirkland to contract with the Kirkland Downtown Association, a nonprofit Washington corporation, to administer and carry out the programs and activities of the BID, subject to the requirements of RCW Chapter 35.87A, and all regulations lawfully imposed by the State Auditor or other state agencies and the City of Kirkland.

Section 5 - Creates an Assessment Payers Advisory Group composed of representatives of businesses subject to assessment from every subassessment area to serve in an advisory capacity to the Kirkland Downtown Association and to the City.

Section 6 - Establishes in the treasury of the City of Kirkland a Business Improvement Area Fund into which shall be deposited the BID assessments as received by the City. Said funds to be paid over to the Kirkland Downtown Association for payment of budgeted expenditures.

Section 7 - Provides that the BID shall continue in existence until disestablished by the City in accordance with the disestablishment provisions contained in RCW Chapter 35.87A.

Section 8 - Provides that assessments established in Section 3 shall continue from year to year until adjusted in the manner required by RCW 35.87A.140, which requires a public hearing by the City Council.

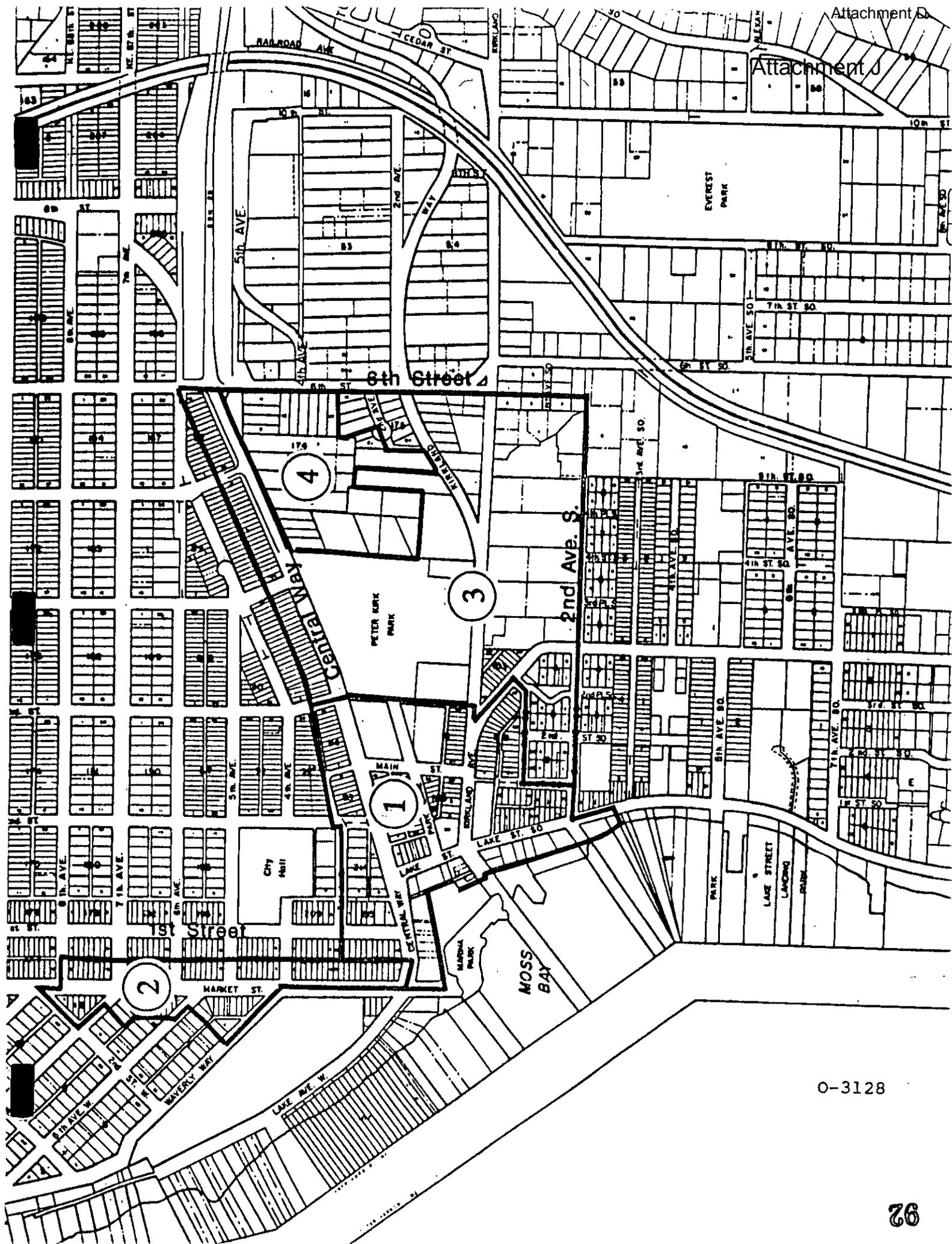
Section 9 - Authorizes publication of the ordinance by summary, which ordinance is approved by the City Council pursuant to Section 1.08.17, Kirkland Municipal Code, and establishes the effective date as five days after publication of this summary.

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.

Ordinance No. 3128 was passed by the Kirkland City Council at its regular meeting on the 3rd day of October, 1988.

I certify that the foregoing is a summary of Ordinance No. 3128 approved by the Kirkland City Council for summary publication.

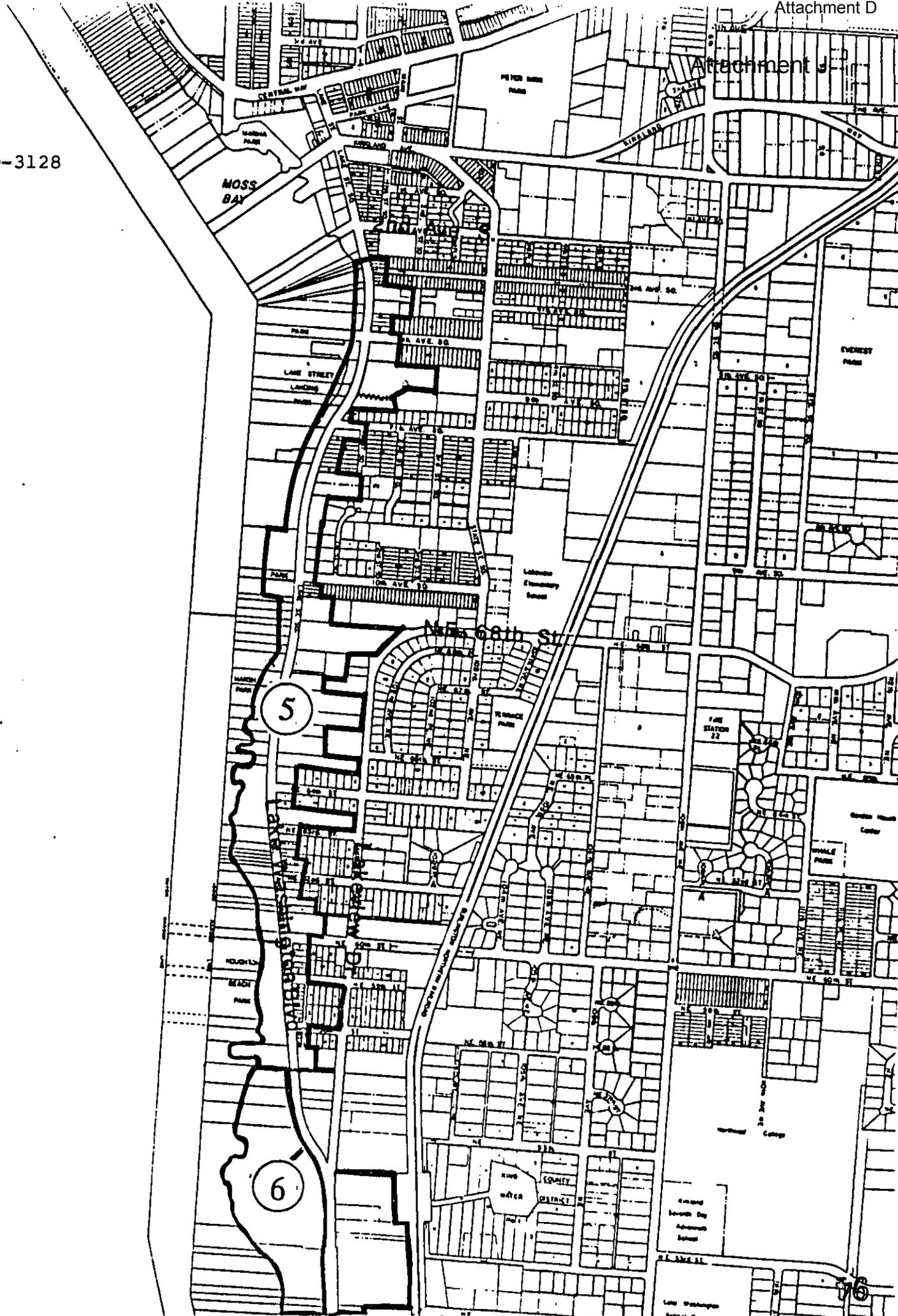

Janice Perry, City Clerk



0-3128

Attachment J

0-3128



ORDINANCE 3325

AN ORDINANCE OF THE CITY OF KIRKLAND PROVIDING FOR DISESTABLISHMENT OF THE KIRKLAND DOWNTOWN BUSINESS IMPROVEMENT AREA ESTABLISHED BY ORDINANCE NO. 3128 EFFECTIVE DECEMBER 31, 1992 AND ADOPTING A PROGRAM TO WIND-UP THE AFFAIRS OF THE BUSINESS IMPROVEMENT AREA ALL PURSUANT TO RCW CHAPTER 35.87A.

Whereas, the Kirkland Downtown Association [KDA] as contract administrator for the Kirkland Downtown Business Improvement Area (established by Ordinance No. 3128 as amended) has recommended to the City Council the disestablishment of the Business Improvement Area [BIA] effective December 31, 1992 and

Whereas, the City Council by Resolution No. R3750 declared its intention to disestablish the BIA and set a date for public hearing thereon to be held July 21, 1992 all as required by and pursuant to RCW Chapter 35.87A.180 and

Whereas, following said public hearing held July 21, 1992 the City Council finds that the disestablishment and orderly winding up of the affairs of the BIA is in the public interest and in the interest of the business owners within the BIA

Now, therefore, be it ordained by the City Council of the City of Kirkland as follows:

Section 1. BIA Disestablished. The Business Improvement Area established by Ordinance No. 3128 and thereafter enlarged by Ordinance No. 3231 is hereby disestablished and shall cease to exist effective December 31, 1992.

Section 2. Program to Wind-Up Affairs of BIA. Pursuant to RCW 35.87A.190 the City Council hereby adopts the following program for the orderly wind-up of the affairs of the BIA upon its disestablishment, including disposition of all Business Improvement Area assets and liabilities:

2.1 No abatement of Levied Assessments. Notwithstanding disesta-

Attachment K

blishment, all assessments levied by the BIA for the years 1989, 1990, 1991 and 1992 which remain unpaid and delinquent, as of December 31, 1992, the effective date of disestablishment, shall remain as assessment obligations of the businesses located within the Business Improvement Area boundaries upon which such assessments were levied. The City shall continue to take all reasonable and necessary steps to collect all such outstanding unpaid and delinquent assessments, including assessment installments. All monies so collected shall be deposited into the Business Improvement Area fund which shall remain a special fund of the City until such time as the City Council may adopt the Resolution provided for in subsection 2.7 below.

2.2 Termination of KDA Contract. The contract between the City of Kirkland and the Kirkland Downtown Association, Inc. to administer the BIA program, shall terminate as of the effective date of disestablishment of the BIA and any BIA program income or other BIA monies, if any then held by the KDA or which may thereafter come into the possession of the KDA, shall forthwith be turned over to the City for deposit into the BIA fund. All books and records reflecting use of BIA funds as well as any items of property purchased by BIA funds in the hands of the KDA shall be turned over to the possession of the City of Kirkland. The obligation of the KDA to provide, upon request, additional accounting and other information related to BIA funds and programs including program expenditures and program income to the City shall survive the termination of the contract in order that the affairs of the BIA may be properly wound up.

2.3 Cessation of BIA Programs. In anticipation of the disestablishment of the BIA, all BIA programs and program activities shall be completed on or before December 31, 1992.

2.4 Notice to Creditors. Any creditor of the Business Improvement Area or its authorized programs shall within sixty days of the effective date of

disestablishment, file with the City a creditor's claim or invoice setting forth the amount claimed to be due and the basis for which such amount is a proper charge or debt against the Business Improvement Area or the BIA fund.

2.5 Payment of Liabilities. Within 360 days from the date of disestablishment, from monies on deposit in the BIA fund, the City shall pay all liabilities or debts lawfully owed by the BIA to the extent of monies available within said fund. In the event the then balance in the Business Improvement Area fund is insufficient to fully pay all such liabilities and debts, then the Director of Administration and Finance shall make partial pro-rated payments thereon. Pursuant to RCW 35.87A.190 no liability or debt of the BIA shall be paid from or be an obligation of any other fund of the City, including the current expense or general fund.

2.6 Distribution of BIA Fund Balance upon Completion of Winding Up the Affairs of the BIA. All monies in the BIA fund over and above those necessary for payment of BIA obligations shall remain in said fund to be appropriated by the City Council during its normal budget appropriation process for decoration or beautification amenities for the public places within the area of the BIA as it existed prior to its termination.

2.7 Upon completion of all steps set forth in subsections 2.1 through 2.6 inclusive, the affairs of the BIA shall be deemed to be complete and a report to that effect shall be made by the Director of Administration and Finance to the City Council who shall consider said report and if satisfied, adopt a resolution declaring the winding up of affairs of said BIA to be completed.

Section 3. If any section, subsection, sentence, clause, phrase, part or portion of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance.

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

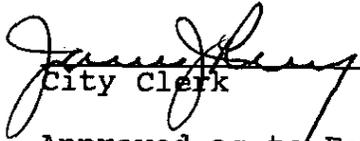
Passed by majority vote of the Kirkland City Council in regular, open meeting this 21st day of July, 1992.

Signed in authentication thereof this 21st day of July, 1992.



MAYOR

Attest:



City Clerk

Approved as to Form:



City Attorney

city92\Odisbia\rit:nmw

**CITY OF KIRKLAND**

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3001

www.ci.kirkland.wa.us

MEMORANDUM

To: Kurt Triplett, City Manager

From: Erin Leonhart, Intergovernmental Relations Manager
Marilynne Beard, Assistant City Manager

Date: September 13, 2010

Subject: 2011 OUTSIDE AGENCY FUNDING RECOMMENDATIONS

As part of the 2007-2008 Budget, the City Council revised the outside agency funding process. Beginning in 2007, funds were awarded according to these categories:

- Partner Agencies – Organizations that operate an ongoing program or facility owned by the City or provide services on behalf of the City. This designation was given to the Kirkland Performance Center, Friends of Youth (now the Bellevue YMCA) for the Kirkland Teen Union Building, and the Kirkland Downtown Association.
- Special Events – Events that have significant public appeal and are substantially funded and staffed by the City. The Fourth of July fireworks display has been funded under this category.
- Community Agency Funding – Activities and projects that would be funded on a one-time basis through a competitive process. Total funding to be dispersed is determined on an annual basis.
- Tourism Grants – Tourism projects and activities that are eligible for funding from Lodging Tax funds. The Lodging Tax Advisory Committee develops recommendations for Lodging Tax requests.

Economic difficulties during the 2010 budget process significantly reduced funding available for this process, particularly for those organizations funded through the General Fund. Under this system, "Partner Agencies" (Kirkland Performance Center, Friends of Youth and the Kirkland Downtown Association) received funding for 2010. In the case of the Kirkland Performance Center, the amount was reduced from the 2009 level of \$50,000 to \$34,000. There was no General Fund award for "Special Events." Very limited "Community Agency" requests outside of the Partner Agencies were funded by a one-time General Fund allocation and "Tourism Grants" were funded with a portion of annual Lodging Tax funds.

For 2011, the City did not conduct a process for Community Agency Funding so the only General Fund recommendations included in this report are for Partner Agencies. The Preliminary Budget maintains 2010 funding levels for Partner Agencies to the extent possible. The City received a total of \$109,400 in Lodging Tax funding requests. The Lodging Tax Advisory Committee (LTAC) has recommended funding requests at a level of \$40,000 from the Lodging Tax Fund.

Attachment L

This memo provides a summary of the funding requests and recommended funding levels by type of funding. Attachment 1 provides a detailed summary of funding recommendations for agency and funding source. Attachment 2 is a summary of the Lodging Tax Advisory Committee's recommendation.

2011 FUNDING REQUESTS AND RECOMMENDATIONS

By Funding Source	2010 Approved	2011 Requested	2011 Recommended
GENERAL FUND			
Partner Agency -- Ongoing	211,000	211,000	205,000
Partner Agency -- One-Time	34,000	43,000	34,000
Community Grants -- One-Time	3,670	0	0
Subtotal General Fund ----->	248,670	254,000	239,000
LODGING TAX FUND -- Tourism Grants	<u>30,000</u>	<u>109,400</u>	<u>40,000</u>
TOTAL ALL FUNDING SOURCES	278,670	363,400	279,000

PARTNER AGENCIES - ONGOING

BELLEVUE YMCA

The Bellevue YMCA operates the Teen Center (KTUB), a recreation, resource and arts center striving to meet the social recreational and cultural needs of young people between the ages of 13 and 19 years old.

The Bellevue YMCA provides staffing for the KTUB an average of 35 hours and five days per week throughout the year, with longer hours during the summer months. They work with an Advisory Board comprised of youth and adults to assist in development and direction of a diverse array of programs and activities to meet the needs, interests and social development of Kirkland teens. Currently, the KTUB is funded through the Parks & Community Services Department as a partner agency at \$160,000 per year.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
KTUB Operations	\$160,000	\$160,000	\$160,000	Ongoing General Fund

KIRKLAND DOWNTOWN ASSOCIATION

The Kirkland Downtown Association (KDA) focuses on creating a more vibrant downtown for the Kirkland community. KDA develops and manages programs to support businesses in the downtown core. In 2010, KDA is funded as a partner agency at \$51,000 from the General Fund. The recommendation for 2011 is \$45,000. KDA also receives Lodging Tax funds for events, which are awarded on an annual basis and are enumerated later in this report.

Attachment L

Project	2010 Approved	2011 Requested	2011 Recommended	Source
KDA Operations	\$51,000	\$51,000	\$45,000	Ongoing General Fund

PARTNER AGENCIES – ONE-TIME**KIRKLAND PERFORMANCE CENTER**

The Kirkland Performance Center (KPC) provides a theater facility in which arts, entertainment and community gatherings are presented. KPC's mission is to provide cultural enrichment by offering a home for the presentation, support, and promotion of the performing arts. KPC provides high-quality arts education programs for local students and serves as a gathering place for Kirkland residents.

The Kirkland Performance Center is requesting an additional \$6,000 in Lodging Tax funds.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
KPC Operations	\$34,000	\$43,000	\$34,000	One-Time General Fund
Marketing	\$2,000	\$6,000	\$5,000	Lodging Tax Fund

LODGING TAX REQUESTS**BOLD HAT PRODUCTIONS – KIRKLAND UNCORKED**

Kirkland Uncorked, described as Wine, Dine and Design on the Waterfront, takes place in downtown Kirkland, combines art, food, wine and lifestyle venues over three days in July. The event raises funds for the Hope Heart Institute. Bold Hat requested \$15,000 for marketing the event for 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Kirkland Uncorked	\$2,000	\$15,000	\$6,000	Lodging Tax Fund

JUNIOR SOFTBALL WORLD SERIES

The Junior Softball World Series is a week-long softball tournament involving regional Little League all-star champions from all over the world. The event introduces people from around the world to Kirkland. It is also a major Little League sporting event with a nationally-televised championship game. The Junior Softball World Series requested \$10,000 for event support in 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Event Support	\$8,000	\$10,000	\$6,000	Lodging Tax Fund

Attachment L

CONCOURS d'ELEGANCE

Concours d'Elegance is an annual display of rare automobiles, which draws local, regional and national car enthusiasts as well as local residents. The Kirkland Concours d'Elegance has two overarching goals: to generate funds to serve seriously ill children and to educate the public about antique, vintage and classic automobiles. In addition to displaying unique automobiles, the event provides support to the community by committing 100% of its net proceeds to fund uncompensated care at Seattle Children's Hospital and Evergreen Hospital Medical Center. Concours d'Elegance requested \$10,000 for event marketing in 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Event Marketing	\$8,000	\$10,000	\$6,000	Lodging Tax Funds

KIRKLAND ARTS CENTER – KIRKLAND ARTISTS STUDIO TOUR & LOCAVORE

The Kirkland Art Center (KAC) makes art accessible to the community through core education and gallery programs as well as a series of free outreach events and exhibits. Funding for 2011 is proposed to market the Kirkland Artists Studio Tour (KAST) and "Locavore." KAST is a free, public art event that allows visitors to visit numerous artists' studios within the neighborhoods of Kirkland. "Locavore" is a new, ticketed event which showcases the work of the local artists featured in KAST as well as locally-produced food, wine and fashion. KAC requested \$9,500 for marketing and other event support in 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Event Marketing & Support	\$2,000	\$9,500	\$4,500	Lodging Tax Fund

KIRKLAND DOWNTOWN ASSOCIATION –HOLIDAY EVENTS

The Kirkland Downtown Association (KDA) serves as the local downtown tourist office and coordinates holiday events such as the Holiday Tree Lighting, Holiday Nights of Shopping and Fourth of July. KDA requested \$12,000 for event marketing and support in 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Event Marketing & Support	\$2,000	\$12,000	\$5,000	Lodging Tax Fund

KIRKLAND DOWNTOWN ASSOCIATION – CLASSIC CAR SHOW

The Kirkland Downtown Association (KDA) sponsors the Kirkland Classic Car Show in partnership with the Legends Car Club. The Classic Car Show brings an estimated 15,000-20,000 people from the region to downtown Kirkland for the day. The KDA requested \$3,500 for event support in 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Event Support	\$2,000	\$3,500	\$2,500	Lodging Tax Fund

Attachment L

KIRKLAND CULTURAL COUNCIL – FISH FROLIC

The Fish Frolic is a new program and series of related events in which Kirkland and regional artists transform fiberglass fish into works of art for display around Kirkland and ultimately auctioned to raise funds for involved artists. The Kirkland Cultural Council requested \$10,000 for program support in 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Program Support	N/A	\$10,000	\$5,000	Lodging Tax Fund

CARILLON POINT OUTDOOR MOVIES

Carillon Properties hosts outdoor movies on six Saturdays during the summer. Net proceeds from the event (entrance fees, concessions and popcorn sales) are donated directly to Hopelink. Carillon Properties requested \$2,800 for event support in 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Event Support	N/A	\$2,800	\$0	Lodging Tax Fund

KIRKLAND CRITERIUM

The Kirkland Criterium is a closed circuit bike race that attracts riders from the northwest with a goal of attracting professional riders from across the nation. The Kirkland Criterium requested \$4,100 for event support in 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Event Support	N/A	\$4,100	\$0	Lodging Tax Fund

SEVEN HILLS OF KIRKLAND – KITH

The Seven Hills of Kirkland bike ride raises funds for on-going programs of Kirkland Interfaith Transitions in Housing (KITH). The ride brings approximately 1500 cyclists through and around Kirkland for an event that has been widely recognized by the biking community. KITH requested \$5,000 for event support in 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Event Support	\$2,000	\$5,000	\$0	Lodging Tax Fund
Event Support	\$1,800	\$0	\$0	One-Time General Fund

Attachment L

KIRKLAND COMEDY FESTIVAL

The Kirkland Comedy Festival will bring live comedy into multiple venues throughout the city and comedians, agents, managers and talent scouts from across the world. The Kirkland Comedy Festival requested \$15,000 for event marketing in 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Event Marketing	N/A	\$15,000	\$0	Lodging Tax Fund

12K'S OF CHRISTMAS HOLIDAY RUN

The 12k's of Christmas Holiday run is a holiday themed 12k and 5k run/walk that benefits the Sleep Country Foster Kids Program. Pro-Motion Events requested \$3,500 for event marketing in 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Event Marketing	\$2,000	\$3,500	\$0	Lodging Tax Fund

KIRKLAND HALF MARATHON AND 5K

The Kirkland Half Marathon and 5k takes place on Mother's Day each year and offers a scenic tour through Kirkland's neighborhoods. Partial proceeds are given to the Hope Heart Institute. Pro-Motion Events requested \$3,000 for event marketing in 2011.

Project	2010 Approved	2011 Requested	2011 Recommended	Source
Event Marketing	N/A	\$3,000	\$0	Lodging Tax Fund

Attachments:

- 1 – Funding Recommendations – Detailed Summary
- 2 – Lodging Tax Advisory Committee's Funding Recommendation

**City of Kirkland 2011-2012 Budget
2011 Outside Agency Funding**

By Funding Source	2010 Approved	2011 Requested	2011 Recommended
GENERAL FUND			
Partner Agency -- Ongoing			
YMCA (Previously Friends of Youth) KTUB Teen Center Operations	160,000	160,000	160,000
Kirkland Downtown Association Operating Support	51,000	51,000	45,000
Subtotal Partners -- Ongoing ----->	211,000	211,000	205,000
Partner Agency -- One-time			
Kirkland Performance Center Operating Support	34,000	43,000	34,000
Subtotal Partners -- One-Time ----->	34,000	43,000	34,000
Community Grants			
Kirkland Arts Center Free/subsidized classes	1,870	-	-
Kirkland Interfaith Transitions in Housing Seven Hills of Kirkland	1,800	-	-
Subtotal Community Grants ----->	3,670	-	-
Subtotal General Fund ----->	248,670	254,000	239,000
LODGING TAX FUND -- Tourism Grants			
Bold Hat Productions Kirkland Uncorked Marketing	2,000	15,000	6,000
Little League Baseball, Inc. Softball World Series	8,000	10,000	6,000
Concours d' Elegance Event Marketing	8,000	10,000	6,000
Kirkland Arts Center Artist Studio Tour -Event Marketing	2,000	9,500	4,500
Kirkland Downtown Association Holiday Events	2,000	12,000	5,000
Kirkland Downtown Association Classic Car Show -Event Marketing	2,000	3,500	2,500
Kirkland Cultural Council Fish Frolic -Event Marketing	-	10,000	5,000
Kirkland Performance Center 2011 Season	2,000	6,000	5,000
Carillon Point Outdoor Movies	-	2,800	-
Bikecafe.net Kirkland Criterium	-	4,100	-
Kirkland Interfaith Transitions in Housing Seven Hills of Kirkland	2,000	5,000	-
Laughs Comedy Spot Comedy Festival	-	15,000	-
Pro-Motion Events 12k's of Christmas	2,000	3,500	-
Pro-Motion Events Half Marathon & 5k	-	3,000	-
Subtotal Lodging Tax ----->	30,000	109,400	40,000
TOTAL ALL FUNDING SOURCES	278,670	363,400	279,000


CITY OF KIRKLAND

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3001

www.ci.kirkland.wa.us
MEMORANDUM

To: Marilynne Beard, Assistant City Manager, Tracey Dunlap, Finance Director
From: Julie Huffman, Special Projects Coordinator and Ellen Miller-Wolfe, Economic Development Manager
Date: August 4, 2010
Subject: Lodging Tax Advisory Committee (LTAC) Funding Recommendations

RECOMMENDATION:

The LTAC met on August 3, 2010 and recommended that the organizations below receive funding in 2011 at the levels specified. The LTAC understood that the approved budget of \$40,000 did not cover the total amount of funds requested of \$109,400. However, the LTAC recognized that the revenue for this year is projected to be comparable with 2009 levels of funding. In 2009 the LTAC offered \$30,000 in funding to tourism events and programming. This year, the committee offered \$40,000, acknowledging the struggle that organizations are having securing funding. The committee agreed that a mid-year review of the budget would be appropriate to determine whether any additional funds could be allocated.

The committee discussed a number of criteria in evaluating the 14 applications received: the tourism impact of the event or program, the community or business connections made by the event or program, whether the event was established or new, and the event's ability to obtain funding elsewhere. There were 2 events that the committee determined did not have a significant tourism impact and removed those from further consideration (Carillon Outdoor Movies, Criterium). The committee members rated the 12 applications left individually on a number scale based on those criteria. Those scores were tabulated and the totals shared with the group. The committee then determined levels of funding based on those scores. There were an additional 2 applications that were determined to not be eligible for funding this year based on the scores, though they would consider them for funding next year (7th Hills, Laughs, 12K's, 1/2 Marathon). The results are listed in the table below:

Organization	Event/Programming	Requested Amount	LTAC Recommendation
John Chadwick	Little League Baseball Junior Softball World Series	\$10,000	\$6,000
Jeff Clark, Board Chair	Kirkland Concours d'Elegance	\$10,000	\$6,000
Bold Hat	Kirkland Uncorked	\$15,000	\$6,000
Kirkland Cultural Council	FishART Frolic on the Waterfront	\$10,000	\$5,000

Attachment L

Bill Vadino, Kirkland Downtown Association	Office publications, Holiday Shopping, Tree Lighting, Kirkland Wednesday Market, 4 th of July	\$12,000	\$5,000
Kirkland Performance Center	Season Brochure	\$6,000	\$5,000
Kirkland Arts Center	Kirkland Artist's Studio Tour and Locavore	\$9500	\$4500
Classic Car Show	Downtown Kirkland Car Show	\$3500	\$2500
Laughs Comedy Spot	Comedy Festival	\$15,000	\$0
David Visintainer	Kirkland Criterium Bike Race	\$4,100	\$0
Kirkland Interfaith Transitions in Housing	7 Hills of Kirkland	\$5,000	\$0
Pro-Motion Events	Kirkland Half Marathon and 5K	\$3,000	\$0
Pro-Motion Events	12K's of Christmas Holiday Run	\$3,500	\$0
Carillon Point	Outdoor Movie Series	\$2800.00	\$0