



CITY OF KIRKLAND
Department of Finance & Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3100
www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Tracey Dunlap, Director of Finance and Administration
Sandi Hines, Financial Planning Manager

Date: December 1, 2006

Subject: **2007-2008 BUDGET ADOPTION**

RECOMMENDATION:

Council approve the attached ordinance adopting the budget for the 2007-2008 biennium.

BACKGROUND DISCUSSION:

Background for each budget item is provided below along with related attachments at the end of this memorandum.

2007-2008 Budget Adoption

The attached ordinance represents the City's second biennial budget. It adopts the 2007-2008 Budget as proposed by the City Manager and amended by the City Council.

The budget is adopted at the fund level which sets the total expenditure authority for the biennium for each fund. A summary of the 2007-2008 Final Budget by fund type is included in the table below:

Fund Type	05-06 Budget*	07-08 Budget	% Change
General Government:			
General Fund	95,197,625	107,829,861	13.27%
Other Operating Funds	20,909,875	22,597,533	8.07%
Internal Service Funds	20,845,353	22,103,263	6.03%
Non-Operating Funds	75,867,559	74,025,298	-2.43%
Utilities:			
Water/Sewer	53,509,619	53,127,927	-0.71%
Surface Water	13,319,096	19,623,946	47.34%
Solid Waste	15,549,923	17,062,870	9.73%
Total Budget	295,199,050	316,370,698	7.17%

* 2005-2006 Budget as of June 30, 2006 excluding 2004 carryovers and other miscellaneous one-time adjustments.

The 2007-2008 Final Budget totals \$316,370,698, which represents an increase of 7.17% from the 2005-2006 Approved Budget (as of June 30, 2006). Factors contributing to the change include planned increases in the Surface Water and Solid Waste utility funds, the full impact of the increase in public safety service levels approved at the mid-biennial update using a portion of the banked property tax capacity available, and planned increases in spending for capital improvements. The total General Fund budget is \$107,829,861, which represents an increase of 13.27% from the 2005-2006 Approved Budget. It should be noted that the increase is for a two year period and is primarily the result of employee wage and benefit growth, increased technology costs, and approved service packages. A 2007-2008 Final Budget Overview by fund is provided as Attachment A and a final Service Package Summary is included as Attachment B.

The final budget incorporates changes made by the City Council and housekeeping corrections that reduce the preliminary budget by \$2,428,583 (primarily related to interfund transfer corrections and the conversion of the Cascade Water Alliance regional connection charge revenue/expenditure pass-through accounts to a liability account). The changes from the preliminary to final budget are summarized in the following table:

Type of Adjustment	2007-2008 Total
Preliminary Budget	318,183,403
Basic Budget Adjustments	0
Changes to the Preliminary Budget	615,878
Housekeeping Adjustments	(2,428,583)
Final Budget	316,370,698

The specific adjustments made by the Council are outlined in Attachment C. Of particular note are the following items:

- **Fund additional 2007-2008 human service agencies (\$70,383) and 2007 Kirkland Downtown Association (\$8,500)** for a total of \$78,993 from available fund balance of \$50,000 (originally allocated to ARCH funding but \$50,000 of Kirkland's ARCH contribution will be funded with King County CDBG) and \$28,883 from sales tax hold-back (annexation planning or unallocated).
- **Council changed the funding recommendation for the four Correctional Officers (\$549,874 for two years) to additional new construction property tax and added a fifth Correctional Officer (\$136,840 for two years).** The one-time costs for the four positions continues to be funded by existing fund balance (\$48,512) and the one-time costs for the fifth position (\$10,175) will also be funded from existing fund balance.
- **Council added funding for a Communications Coordinator (\$185,640 for two years)** from property tax banked capacity (.8% = \$187,000 for two years) **and a half-time Emergency Preparedness Coordinator (\$156,255 for two years)** from sales tax hold-back (annexation planning or unallocated). The one-time costs associated with the Communications Coordinator (\$4,614) are funded from existing fund balance.

In addition, the City Manager recommends adding funding for a Wine Event (\$40,000) in 2007. This one-time funding is provided from a combination of anticipated event revenue-sharing and additional admissions tax. A memo from the City Manager's Office is included as Attachment D that discusses the components of the recommendation.

Follow-up Requested by Council

Along with modifications to the biennial budget, Council requested several reports as future follow-up items. These include:

- Continue to report on **Process Improvements**.
- The consideration of **Performance Management** as a potential Council retreat topic.
- A potential Council retreat or workshop topic on **Projects Utilizing Long Term Financing**.
- A more detailed look at the **LTAC/tourism program**.
- A report on **Special Events Cost Recovery**.
- Further discussion on **long-term issues relating to the Jail**.
- A report on **human services** with a breakout of homelessness initiatives and the final outcome of CDBG funding.
- A discussion regarding a matching program for **Special Events** funding.
- A report on **ARCH projects** when they have been decided.

Copies of the final budget document will be available early in 2007.

Cc: Directors

CITY OF KIRKLAND 2007-2008 BUDGET OVERVIEW: BY FUND TYPE/FUND

General Government Operating Funds

Fund	2005-2006 Budget*	2007-2008 Budget	Percent Change
General Fund			
010 General	95,197,625	107,829,861	13.27%
Special Revenue Funds			
112 Lodging Tax	377,463	390,814	3.54%
117 Street Operating	8,150,265	8,867,461	8.80%
122 Cemetery Operating	311,728	337,514	8.27%
125 Parks Maintenance	1,784,151	1,959,973	9.85%
126 Recreation Revolving	1,850,967	2,141,701	15.71%
127 Facilities Maintenance	8,435,301	8,900,070	5.51%
Total Special Revenue Funds	20,909,875	22,597,533	8.07%
Internal Service Funds			
521 Equipment Rental	12,247,352	12,262,223	0.12%
522 Information Technology	8,598,001	9,841,040	14.46%
Total Internal Service Funds	20,845,353	22,103,263	6.03%
Total General Government Operating Funds	136,952,853	152,530,657	11.37%

General Government Non-Operating Funds

Fund	2005-2006 Budget*	2007-2008 Budget	Percent Change
Special Revenue Funds			
152 Contingency	2,357,321	3,193,826	35.49%
154 Cemetery Improvement	493,195	550,473	11.61%
156 Impact Fees	3,456,512	4,002,831	15.81%
157 Park & Municipal Reserve	10,802,759	11,426,772	5.78%
158 Off-Street Parking Reserve	84,564	69,564	-17.74%
159 Tour Dock	210,913	93,211	-55.81%
170 Street Improvement	3,091,247	2,600,998	-15.86%
188 Grant Control Fund	437,001	285,873	-34.58%
190 Excise Tax Capital Improvement	14,018,435	21,888,649	56.14%
Total Special Revenue Funds	34,951,947	44,112,197	26.21%

* 2005-2006 Budget as of June 30, 2006 excluding 2004 carryovers and other miscellaneous one-time adjustments.

CITY OF KIRKLAND
2007-2008 BUDGET OVERVIEW: BY FUND TYPE/FUND

General Government Non-Operating Funds (Continued)

Fund	2005-2006 Budget*	2007-2008 Budget	Percent Change
<i>Debt Service Funds</i>			
210 LTGO Debt Service	3,287,354	4,966,356	51.07%
220 UTGO Debt Service	3,236,949	3,256,779	0.61%
230 LID Control	16,221	7,361	-54.62%
Total Debt Service Funds	6,540,524	8,230,496	25.84%
<i>Capital Projects Funds</i>			
310 General Capital Projects	19,384,424	16,332,109	-15.75%
320 Grant Capital Projects	13,844,535	3,968,636	-71.33%
Total Capital Projects Funds	33,228,959	20,300,745	-38.91%
<i>Trust Funds</i>			
620 Firefighter's Pension	1,146,129	1,381,860	20.57%
Total Trust Funds	1,146,129	1,381,860	20.57%
Total General Government Non-Op Funds	75,867,559	74,025,298	-2.43%

Water/Sewer Utility Funds

Fund	2005-2006 Budget*	2007-2008 Budget	Percent Change
<i>Operating Fund</i>			
411 Water/Sewer Operating	35,331,607	36,241,674	2.58%
Total Operating Fund	35,331,607	36,241,674	2.58%
<i>Non-Operating Funds</i>			
412 Water/Sewer Debt Service	3,728,096	3,756,868	0.77%
413 Utility Capital Projects	14,449,916	13,129,385	-9.14%
Total Non-Operating Funds	18,178,012	16,886,253	-7.11%
Total Water/Sewer Utility Funds	53,509,619	53,127,927	-0.71%

* 2005-2006 Budget as of June 30, 2006 excluding 2004 carryovers and other miscellaneous one-time adjustments.

CITY OF KIRKLAND
2007-2008 BUDGET OVERVIEW: BY FUND TYPE/FUND

Surface Water Utility Funds

Fund	2005-2006 Budget*	2007-2008 Budget	Percent Change
<i>Operating Fund</i>			
421 Surface Water Management	9,710,508	11,636,958	19.84%
Total Operating Fund	9,710,508	11,636,958	19.84%
<i>Non-Operating Fund</i>			
423 Surface Water Capital Projects	3,608,588	7,986,988	121.33%
Total Non-Operating Funds	3,608,588	7,986,988	121.33%
Total Surface Water Utility Funds	13,319,096	19,623,946	47.34%

Solid Waste Utility Fund

Fund	2005-2006 Budget*	2007-2008 Budget	Percent Change
<i>Operating Fund</i>			
431 Solid Waste Utility	15,549,923	17,062,870	9.73%
Total Operating Fund	15,549,923	17,062,870	9.73%
Total Solid Waste Utility Fund	15,549,923	17,062,870	9.73%

TOTAL ALL FUNDS	295,199,050	316,370,698	7.17%
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* 2005-2006 Budget as of June 30, 2006 excluding 2004 carryovers and other miscellaneous one-time adjustments.

**City of Kirkland
2007-2008 Final Budget
Biennial Service Package Requests and Recommendations**

	2007-08 Department Request				2007-08 City Council Approved				Funding Source						
	FTE	Ongoing	One-time	Total	FTE	Ongoing	One-time	Total	Available Fund Balance	External Source	Expenditure Offset	Fees/Charges	Taxes	CIP	Reserves
GENERAL FUND															
Nondepartmental															
Flexpass for City Employees	-	42,630	-	42,630	-	-	42,630	42,630	42,630	-	-	-	-	-	-
Outside Agency Funding	-	344,000	125,500	469,500	-	140,000	320,500	460,500	316,770	-	70,000	-	73,730	-	-
Subtotal Nondepartmental	-	386,630	125,500	512,130	-	140,000	363,130	503,130	359,400	-	70,000	-	73,730	-	-
City Council															
Community Survey	-	-	40,000	40,000	-	-	35,000	35,000	35,000	-	-	-	-	-	-
Subtotal City Council	-	-	40,000	40,000	-	-	35,000	35,000	35,000	-	-	-	-	-	-
City Manager															
NORCOM Transition (Kirkland Portion)	-	-	625,000	625,000	-	-	215,000	215,000	47,407	-	167,593	-	-	-	-
Kirkland Cannery Project	-	-	30,000	30,000	-	-	30,000	30,000	30,000	-	-	-	-	-	-
Vancouver International Sculpture Exhibit	-	-	62,500	62,500	-	-	-	-	-	-	-	-	-	-	-
State Legislative Advocate Services	-	60,000	-	60,000	-	-	60,000	60,000	60,000	-	-	-	-	-	-
Federal Legislative Advocate Services	-	-	80,000	80,000	-	-	20,000	20,000	20,000	-	-	-	-	-	-
Probation Officer & Administration Support	0.50	91,178	-	91,178	0.50	91,178	-	91,178	-	-	-	91,178	-	-	-
Increase Judicial Services	0.15	56,396	-	56,396	0.15	56,396	-	56,396	-	56,396	-	-	-	-	-
Economic Development - Services for Entrepreneurs	-	-	10,000	10,000	-	-	-	-	-	-	-	-	-	-	-
Economic Development - Professional Services	-	60,000	-	60,000	-	-	25,000	25,000	25,000	-	-	-	-	-	-
Economic Development - Marketing and Promotion	-	-	66,000	66,000	-	-	25,000	25,000	15,000	-	-	-	-	-	10,000
Economic Development - Doing Business in Kirkland	-	-	14,000	14,000	-	-	14,000	14,000	14,000	-	-	-	-	-	-
Economic Development Program Update	-	98,400	-	98,400	-	30,000	68,400	98,400	68,400	-	-	-	30,000	-	-
Communications Coordinator	1.00	185,640	4,614	190,254	1.00	185,640	4,614	190,254	4,614	-	-	-	185,640	-	-
Special Projects Coordinator	0.25	40,368	-	40,368	0.25	40,368	-	40,368	-	-	40,368	-	-	-	-
Subtotal City Manager	1.90	591,982	892,114	1,484,096	1.90	403,582	462,014	865,596	284,421	56,396	207,961	91,178	215,640	-	10,000
Human Resources															
HR Analyst Reclass to Senior Analyst	-	10,308	-	10,308	-	10,308	-	10,308	-	-	-	-	10,308	-	-
Temporary Human Resources Analyst	-	-	154,047	154,047	-	-	52,557	52,557	52,557	-	-	-	-	-	-
Automate Personnel Action Form	-	360	6,360	6,720	-	360	6,360	6,720	6,360	-	-	-	360	-	-
Regional HR Initiatives	-	-	25,000	25,000	-	-	-	-	-	-	-	-	-	-	-
Respiratory Fit Machine	-	1,390	10,150	11,540	-	1,390	10,150	11,540	10,150	-	-	-	1,390	-	-
Employee Training	-	14,260	-	14,260	-	-	7,060	7,060	4,660	-	2,400	-	-	-	-
Subtotal Human Resources	-	26,318	195,557	221,875	-	12,058	76,127	88,185	73,727	-	2,400	-	12,058	-	-

**City of Kirkland
2007-2008 Final Budget
Biennial Service Package Requests and Recommendations**

	2007-08 Department Request				2007-08 City Council Approved				Funding Source						
	FTE	Ongoing	One-time	Total	FTE	Ongoing	One-time	Total	Available Fund Balance	External Source	Expenditure Offset	Fees/Charges	Taxes	CIP	Reserves
Parks & Community Services															
Accounts Associate	0.50	69,449	-	69,449	0.50	69,449	-	69,449	-	-	29,793	39,656	-	-	-
Heritage Park Maintenance Phase I & II	-	58,465	-	58,465	-	58,465	-	58,465	-	-	-	-	58,465	-	-
124th Avenue Park Site Maintenance	-	60,008	-	60,008	-	-	60,008	60,008	60,008	-	-	-	-	-	-
Heritage Hall Operations	-	55,763	-	55,763	-	55,763	-	55,763	-	-	-	-	55,763	-	-
Waterfowl Management	-	14,502	-	14,502	-	-	14,502	14,502	14,502	-	-	-	-	-	-
Human Services Grant Per Capita Funding Increase	-	234,596	-	234,596	-	35,795	212,201	247,996	187,048	-	-	-	60,948	-	-
Community Center IT Project	-	2,802	10,024	12,826	-	-	-	-	-	-	-	-	-	-	-
Senior Council Increase Access to Services & Programs	-	24,000	-	24,000	-	-	19,000	19,000	19,000	-	-	-	-	-	-
EnhanceWellness Program for Older Adults	-	30,000	-	30,000	-	-	7,500	7,500	7,500	-	-	-	-	-	-
Improving Water Safety	-	21,730	-	21,730	-	-	5,000	5,000	5,000	-	-	-	-	-	-
Comprehensive Park, Rec. & Open Space Plan Update	-	-	45,000	45,000	-	-	45,000	45,000	45,000	-	-	-	-	-	-
Senior Services Needs Assessment	-	-	5,000	5,000	-	-	-	-	-	-	-	-	-	-	-
All-City Youth Summit	-	-	4,000	4,000	-	-	4,000	4,000	4,000	-	-	-	-	-	-
Youth Council Video Program	-	-	18,000	18,000	-	-	-	-	-	-	-	-	-	-	-
Environmental Stewardship - Community Outreach & Ed.	-	-	87,326	87,326	-	-	43,210	43,210	43,210	-	-	-	-	-	-
Leash Law Enforcement	-	-	21,600	21,600	-	-	21,600	21,600	21,600	-	-	-	-	-	-
Step Up to Health	-	-	20,000	20,000	-	-	-	-	-	-	-	-	-	-	-
Summer Performing Arts Series and Movies	-	-	16,811	16,811	-	10,811	-	10,811	-	-	-	-	10,811	-	-
Cemetery Business Plan	-	-	10,000	10,000	-	-	-	-	-	-	-	-	-	-	-
Convert Waterfront Parks Irrigation Systems/Water Rights	-	1,350	130,552	131,902	-	1,350	130,552	131,902	-	-	26,450	-	-	-	105,452
Marina Park Dock Master	-	57,240	9,489	66,729	-	40,344	9,489	49,833	9,489	-	-	40,344	-	-	-
Boat Launch Card System Update	-	-	5,000	5,000	-	-	5,000	5,000	5,000	-	-	-	-	-	-
Marina Park Electrical Upgrades	-	-	10,800	10,800	-	-	10,800	10,800	-	-	-	-	-	-	10,800
Subtotal Parks & Community Services	0.50	629,905	393,602	1,023,507	0.50	271,977	587,862	859,839	421,357	-	56,243	80,000	185,987	-	116,252
Public Works															
Public Works Engineering Office Specialist	0.30	39,384	1,566	40,950	0.30	19,273	21,677	40,950	1,566	-	-	-	39,384	-	-
Alternative Fuel Vehicle	-	5,280	12,000	17,280	-	-	-	-	-	-	-	-	-	-	-
BKR Model Support	-	20,000	-	20,000	-	-	20,000	20,000	20,000	-	-	-	-	-	-
Record Drawing Scanning Project	-	-	5,000	5,000	-	-	5,000	5,000	5,000	-	-	-	-	-	-
Traffic Counts Alternate Years	-	30,000	-	30,000	-	-	30,000	30,000	30,000	-	-	-	-	-	-
Transportation Management Plans Support	-	20,000	-	20,000	-	-	20,000	20,000	20,000	-	-	-	-	-	-
Customer Self-Service Computer Work Station	-	934	5,389	6,323	-	-	-	-	-	-	-	-	-	-	-
Neighborhood Traffic Control Program Support	0.50	57,293	-	57,293	-	-	57,293	57,293	28,224	-	29,069	-	-	-	-
Non-Motorized Plan Update	-	-	50,000	50,000	-	-	50,000	50,000	50,000	-	-	-	-	-	-
Kirkland Intelligent Transportation System Plan/Strategy	-	-	60,000	60,000	-	-	-	-	-	-	-	-	-	-	-
Development Services Permit Center Remodel	-	-	80,000	80,000	-	-	-	-	-	-	-	-	-	-	-
Temporary Construction Inspector	-	-	81,689	81,689	-	-	81,689	81,689	-	81,689	-	-	-	-	-
Subtotal Public Works	0.80	172,891	295,644	468,535	0.30	19,273	285,659	304,932	154,790	81,689	29,069	-	39,384	-	-

**City of Kirkland
2007-2008 Final Budget
Biennial Service Package Requests and Recommendations**

	2007-08 Department Request				2007-08 City Council Approved				Funding Source						
	FTE	Ongoing	One-time	Total	FTE	Ongoing	One-time	Total	Available Fund Balance	External Source	Expenditure Offset	Fees/Charges	Taxes	CIP	Reserves
Finance & Administration															
Actuarial Study of Firefighter's Pension & OPEB	-	16,000	-	16,000	-	-	16,000	16,000	16,000	-	-	-	-	-	-
Mail Services Clerk to ongoing FTE	0.05	7,250	-	7,250	0.05	7,250	-	7,250	-	-	-	-	7,250	-	-
Accounts Payable Accounting Support	1.00	134,231	5,189	139,420	-	-	-	-	-	-	-	-	-	-	-
Customer Account Associate - Utility Billing	1.00	127,103	5,715	132,818	1.00	127,103	5,715	132,818	-	-	-	132,818	-	-	-
Reception Desk On-call Support	-	10,137	-	10,137	-	-	-	-	-	-	-	-	-	-	-
Document Management Project Professional Services	-	-	85,000	85,000	-	-	-	-	-	-	-	-	-	-	-
Off-site Records Storage Vendor Transfer	-	-	41,000	41,000	-	-	20,000	20,000	20,000	-	-	-	-	-	-
Records Storage Room Shelving	-	-	33,365	33,365	-	-	-	-	-	-	-	-	-	-	-
Building Fee Study Update	-	-	18,000	18,000	-	-	18,000	18,000	18,000	-	-	-	-	-	-
Subtotal Finance & Administration	2.05	294,721	188,269	482,990	1.05	134,353	59,715	194,068	54,000	-	-	132,818	7,250	-	-
Planning & Community Development															
Administrative Clerk Cubicle Creation	-	934	16,445	17,379	-	934	16,445	17,379	-	-	-	-	934	-	16,445
Professional Services for Development Review	-	-	144,000	144,000	-	-	136,000	136,000	136,000	-	-	-	-	-	-
Code Enforcement Officer	0.50	95,801	-	95,801	-	-	47,586	47,586	15,000	-	10,000	22,586	-	-	-
ARCH Housing Trust Fund: Annual Contribution	-	432,000	-	432,000	-	-	166,000	166,000	166,000	-	-	-	-	-	-
Offices and Front Counter Improvements	-	934	26,689	27,623	-	934	26,689	27,623	-	-	-	-	934	-	26,689
Affordable Housing Incentives and Regulations	-	-	15,000	15,000	-	-	12,000	12,000	12,000	-	-	-	-	-	-
Neighborhood Plan Updates	-	40,000	-	40,000	-	-	16,000	16,000	16,000	-	-	-	-	-	-
Historic Preservation Incentives	-	-	18,000	18,000	-	-	-	-	-	-	-	-	-	-	-
Multi-family Design Guidelines	-	-	20,000	20,000	-	-	-	-	-	-	-	-	-	-	-
Urban Forester	-	53,789	-	53,789	-	-	-	-	-	-	-	-	-	-	-
Downtown Model Update	-	-	10,000	10,000	-	-	-	-	-	-	-	-	-	-	-
Downtown Public Improvements Plan	-	-	40,000	40,000	-	-	-	-	-	-	-	-	-	-	-
Administrative Clerk	0.50	67,364	-	67,364	-	-	-	-	-	-	-	-	-	-	-
Subtotal Planning & Community Development	1.00	690,822	290,134	980,956	-	1,868	420,720	422,588	345,000	-	10,000	22,586	1,868	-	43,134
Police															
Electronic Ticketing	-	19,200	114,946	134,146	-	19,200	114,946	134,146	114,946	-	-	-	19,200	-	-
Tablet PC's for Police Motorcycles	-	15,438	35,945	51,383	-	15,438	35,945	51,383	35,945	-	-	-	15,438	-	-
Online Citizen Incident Reporting	-	9,034	23,226	32,260	-	-	-	-	-	-	-	-	-	-	-
Public Safety Interface Software	-	5,760	58,400	64,160	-	-	-	-	-	-	-	-	-	-	-
Citizen Survey	-	-	25,000	25,000	-	-	-	-	-	-	-	-	-	-	-
Crime Scene Vehicle	-	12,220	21,900	34,120	-	12,220	21,900	34,120	-	-	32,620	-	1,500	-	-
Corrections Officers	5.00	686,714	58,687	745,401	5.00	686,714	58,687	745,401	58,687	-	-	-	686,714	-	-
Accreditation Fees and Expenses	-	50,960	-	50,960	-	-	25,480	25,480	25,480	-	-	-	-	-	-
Police Support Associate - Records	-	63,397	7,757	71,154	-	-	-	-	-	-	-	-	-	-	-
Subtotal Police	5.00	862,723	345,861	1,208,584	5.00	733,572	256,958	990,530	235,058	-	32,620	-	722,852	-	-

**City of Kirkland
2007-2008 Final Budget
Biennial Service Package Requests and Recommendations**

	2007-08 Department Request				2007-08 City Council Approved				Funding Source						
	FTE	Ongoing	One-time	Total	FTE	Ongoing	One-time	Total	Available Fund Balance	External Source	Expenditure Offset	Fees/Charges	Taxes	CIP	Reserves
Fire & Building															
North Finn Hill Overtime Staffing	-	-	700,000	700,000	-	-	700,000	700,000	515,900	184,100	-	-	-	-	-
Building Permit Technician	1.00	135,273	3,989	139,262	-	-	128,744	128,744	128,744	-	-	-	-	-	-
Temporary Electrical Inspector	-	-	169,687	169,687	-	-	159,169	159,169	-	-	-	-	-	-	159,169
Wildland Equipment	-	-	10,171	10,171	-	-	10,171	10,171	7,496	2,675	-	-	-	-	-
Think Again Program	-	-	11,088	11,088	-	-	11,088	11,088	11,088	-	-	-	-	-	-
Fire Protection Engineer	1.00	215,627	30,452	246,079	-	-	-	-	-	-	-	-	-	-	-
Administrative Services Supervisor	1.00	176,068	4,189	180,257	-	-	-	-	-	-	-	-	-	-	-
Building Administrative Clerk	1.00	119,990	6,200	126,190	-	-	-	-	-	-	-	-	-	-	-
Fire Overhaul Equipment	-	-	5,500	5,500	-	-	5,500	5,500	4,070	1,430	-	-	-	-	-
Prevention Staffing Analysis	-	-	10,000	10,000	-	-	-	-	-	-	-	-	-	-	-
Community Education Program Assistant	-	-	76,696	76,696	-	-	-	-	-	-	-	-	-	-	-
Joint IAFC/IAFF Wellness-Fitness Initiative	-	61,546	33,600	95,146	-	-	-	-	-	-	-	-	-	-	-
Fire Inspector	1.00	226,354	30,452	256,806	-	-	-	-	-	-	-	-	-	-	-
Plans Examiner	0.50	100,939	6,189	107,128	-	-	96,610	96,610	16,610	-	80,000	-	-	-	-
Emergency Response Vehicle for Director	-	13,800	32,027	45,827	-	13,800	32,027	45,827	23,604	12,053	5,400	-	4,770	-	-
Personal Protective Clothing	-	-	23,622	23,622	-	-	23,622	23,622	17,409	6,213	-	-	-	-	-
Fire Training - Fund Current Programs	-	317,209	22,127	339,336	-	-	100,000	100,000	-	26,300	73,700	-	-	-	-
Fire Command Training	-	135,206	-	135,206	-	-	-	-	-	-	-	-	-	-	-
Third Party Review Staffing	3.00	490,846	18,567	509,413	3.00	490,846	18,567	509,413	-	-	509,413	-	-	-	-
Overtime Coverage for FMLA Usage	-	61,000	-	61,000	-	-	-	-	-	-	-	-	-	-	-
Maintain Emergency Services During Training	-	477,583	-	477,583	-	-	-	-	-	-	-	-	-	-	-
Architectural or Engineering Intern	-	-	20,169	20,169	-	-	-	-	-	-	-	-	-	-	-
Emergency Preparedness Coordinator	1.00	211,313	35,329	246,642	-	-	156,255	156,255	61,416	-	-	-	94,839	-	-
NIMS Compliance & Emergency Preparation Training	-	-	189,540	189,540	-	-	189,540	189,540	95,514	94,026	-	-	-	-	-
Disaster Training	-	-	136,725	136,725	-	-	-	-	-	-	-	-	-	-	-
Reserve Vehicles (Disaster Use)	-	4,800	10,000	14,800	-	4,800	10,000	14,800	7,370	3,892	-	-	3,538	-	-
Emergency Preparedness Community Education	-	-	167,054	167,054	-	-	-	-	-	-	-	-	-	-	-
Subtotal Fire & Building	9.50	2,747,554	1,753,373	4,500,927	3.00	509,446	1,641,293	2,150,739	889,221	330,689	668,513	-	103,147	-	159,169
GENERAL FUND TOTAL	20.75	6,403,546	4,520,054	10,923,600	11.75	2,226,129	4,188,478	6,414,607	2,851,974	468,774	1,076,806	326,582	1,361,916	-	328,555

**City of Kirkland
2007-2008 Final Budget
Biennial Service Package Requests and Recommendations**

	2007-08 Department Request				2007-08 City Council Approved				Funding Source						
	FTE	Ongoing	One-time	Total	FTE	Ongoing	One-time	Total	Available Fund Balance	External Source	Expenditure Offset	Fees/Charges	Taxes	CIP	Reserves
OTHER OPERATING FUNDS															
Street Operating Fund															
Graffiti Program	1.00	155,111	20,000	175,111	-	-	90,796	90,796	90,796	-	-	-	-	-	-
Field Arborist	1.00	182,729	10,000	192,729	-	-	109,120	109,120	109,120	-	-	-	-	-	-
Public Grounds Tech	1.00	160,021	5,200	165,221	-	-	77,463	77,463	38,731	-	38,732	-	-	-	
Downtown Kirkland Trash Removal	-	7,627	2,500	10,127	-	7,627	2,500	10,127	2,500	-	-	-	7,627	-	
Street Lighting Program	-	60,000	-	60,000	-	-	-	-	-	-	-	-	-	-	
Parking Garage Lighting	-	-	40,000	40,000	-	-	40,000	40,000	-	-	-	-	-	40,000	
Parking Advisory Board Support	-	14,000	-	14,000	-	14,000	-	14,000	-	-	-	-	14,000	-	
Subtotal Street Operating Fund	3.00	579,488	77,700	657,188	-	21,627	319,879	341,506	241,147	-	38,732	-	21,627	-	40,000
Cemetery Operating Fund															
Cemetery Surplus Backhoe	-	6,820	5,000	11,820	-	6,820	5,000	11,820	5,000	-	-	6,820	-	-	-
Subtotal Cemetery Operating Fund	-	6,820	5,000	11,820	-	6,820	5,000	11,820	5,000	-	-	6,820	-	-	-
Recreation Revolving Fund															
PKCC/Senior Center Recreation Coordinator	1.00	152,394	2,545	154,939	-	79,373	2,545	81,918	2,545	-	-	79,373	-	-	-
Subtotal Recreation Revolving Fund	1.00	152,394	2,545	154,939	-	79,373	2,545	81,918	2,545	-	-	79,373	-	-	-
Water/Sewer Operating Fund															
Eductor Safety Backup Vehicle	-	10,320	12,500	22,820	-	10,320	12,500	22,820	12,500	-	-	10,320	-	-	-
Alternative Fuel Vehicle	-	2,640	6,000	8,640	-	-	-	-	-	-	-	-	-	-	
Public Works Engineering Office Specialist	0.40	52,513	2,088	54,601	0.40	52,513	2,088	54,601	2,088	-	-	52,513	-	-	
Computer for TV Inspection Data Management	-	466	1,347	1,813	-	466	1,347	1,813	1,347	-	-	466	-	-	
Subtotal Water/Sewer Operating Fund	0.40	65,939	21,935	87,874	0.40	63,299	15,935	79,234	15,935	-	-	63,299	-	-	-
Surface Water Management Fund															
Water Quality Monitoring Equipment	-	-	14,000	14,000	-	-	14,000	14,000	14,000	-	-	-	-	-	-
Eductor Safety Backup Vehicle	-	10,320	12,500	22,820	-	10,320	12,500	22,820	12,500	-	-	10,320	-	-	
Alternative Fuel Vehicle	-	1,305	6,000	7,305	-	-	-	-	-	-	-	-	-	-	
Public Works Engineering Office Specialist	0.20	26,258	1,044	27,302	0.20	26,258	1,044	27,302	1,044	-	-	26,258	-	-	
Computer for TV Inspection Data Management	-	468	1,346	1,814	-	468	1,346	1,814	1,346	-	-	468	-	-	
Subtotal Surface Water Management Fund	0.20	38,351	34,890	73,241	0.20	37,046	28,890	65,936	28,890	-	-	37,046	-	-	-
Solid Waste Fund															
Recycling Program Enhancement & Ed. Outreach Spec.	0.50	119,053	5,000	124,053	0.50	119,053	5,000	124,053	5,000	-	-	119,053	-	-	
Public Works Engineering Office Specialist	0.10	13,130	521	13,651	0.10	13,130	521	13,651	521	-	-	13,130	-	-	
Commercial Organics Recycling Program	-	160,000	-	160,000	-	160,000	-	160,000	-	-	-	160,000	-	-	
Subtotal Solid Waste Fund	0.60	292,183	5,521	297,704	0.60	292,183	5,521	297,704	5,521	-	-	292,183	-	-	-
Equipment Rental Fund															
Mechanic III	-	64,477	-	64,477	-	-	-	-	-	-	-	-	-	-	
Fleet Administrative Clerk	0.50	57,988	-	57,988	0.50	57,988	-	57,988	-	-	57,988	-	-	-	
Vehicle Exhaust Evacuation System	-	-	15,000	15,000	-	-	15,000	15,000	15,000	-	-	-	-	-	
Bay #3 Hoist Replacement	-	-	25,000	25,000	-	-	25,000	25,000	25,000	-	-	-	-	-	
In-ground Hoist Removal	-	-	20,000	20,000	-	-	20,000	20,000	20,000	-	-	-	-	-	
Heavy Duty Mobile Hoists	-	-	15,000	15,000	-	-	15,000	15,000	15,000	-	-	-	-	-	
Subtotal Equipment Rental Fund	0.50	122,465	75,000	197,465	0.50	57,988	75,000	132,988	75,000	-	57,988	-	-	-	-

**City of Kirkland
2007-2008 Final Budget
Biennial Service Package Requests and Recommendations**

	2007-08 Department Request				2007-08 City Council Approved				Funding Source						
	FTE	Ongoing	One-time	Total	FTE	Ongoing	One-time	Total	Available Fund Balance	External Source	Expenditure Offset	Fees/Charges	Taxes	CIP	Reserves
Information Technology Fund															
System Administrator Finance & HR Systems	1.00	209,408	-	209,408	-	-	209,408	209,408	-	-	-	-	-	209,408	-
Applications Analyst - PD Systems	-	-	170,974	170,974	-	-	83,149	83,149	80,269	2,880	-	-	-	-	-
Web Production Assistant	1.00	133,940	150	134,090	-	-	65,328	65,328	65,328	-	-	-	-	-	-
GIS Analyst	1.00	149,235	5,602	154,837	-	-	154,837	154,837	-	-	-	-	-	154,837	-
Applications Manager	1.00	230,823	4,314	235,137	-	-	-	-	-	-	-	-	-	-	-
Videographer Consultant to FTE	1.00	139,591	804	140,395	0.50	70,696	69,699	140,395	69,699	-	52,000	-	18,696	-	-
Help Desk - Vista Operating System Deployment	-	-	38,906	38,906	-	-	38,906	38,906	38,906	-	-	-	-	-	-
Networks & Operations Division Intern	-	30,475	1,975	32,450	-	-	-	-	-	-	-	-	-	-	-
Senior Graphic Designer Increase to Full-time	0.25	36,916	-	36,916	-	-	-	-	-	-	-	-	-	-	-
GIS Public Safety Analyst	1.00	157,625	13,577	171,202	-	-	-	-	-	-	-	-	-	-	-
Network Support	1.00	185,519	2,125	187,644	-	-	-	-	-	-	-	-	-	-	-
Disaster Recovery and Test Environment	-	67,500	-	67,500	-	-	50,000	50,000	50,000	-	-	-	-	-	-
Copier Replacements	-	-	72,226	72,226	-	-	72,226	72,226	72,226	-	-	-	-	-	-
Kirkland Free Wireless	-	-	29,049	29,049	-	-	29,049	29,049	29,049	-	-	-	-	-	-
Currently Kirkland Television Show	-	92,674	-	92,674	-	-	16,229	16,229	16,229	-	-	-	-	-	-
Multimedia Services Support	-	20,000	-	20,000	-	-	20,000	20,000	20,000	-	-	-	-	-	-
ID Cards	-	-	5,000	5,000	-	-	5,000	5,000	5,000	-	-	-	-	-	-
Class Facilities Scheduling Software Implementation	-	-	11,000	11,000	-	-	-	-	-	-	-	-	-	-	-
Media Library	-	10,500	37,893	48,393	-	-	-	-	-	-	-	-	-	-	-
Handheld Voting Machines	-	-	18,500	18,500	-	-	-	-	-	-	-	-	-	-	-
3D Kirkland Geospatial Model	-	-	50,000	50,000	-	-	-	-	-	-	-	-	-	-	-
Subtotal Information Technology Fund	7.25	1,464,206	462,095	1,926,301	0.50	70,696	813,831	884,527	446,706	2,880	52,000	-	18,696	364,245	-
TOTAL OTHER OPERATING FUNDS	11.95	2,569,452	682,141	3,251,593	2.20	549,659	1,264,056	1,813,715	818,199	2,880	148,720	399,348	40,323	364,245	40,000
TOTAL ALL FUNDS	32.70	8,972,998	5,202,195	14,175,193	13.95	2,775,788	5,452,534	8,228,322	3,670,173	471,654	1,225,526	725,930	1,402,239	364,245	368,555

City of Kirkland
 2007-08 Budget
 Summary of Changes to Preliminary Budget

ATTACHMENT C

2007 Changes	2007							
	Cost	Funding Source						Total Funding
		New Const Prop Tax	Banked Cap Prop Tax	Sales Tax	Avail. Fund Balance	External Revenue	Interfund Charges	
Additional Human Services Funding (one-time)	45,230	-	-	-	45,230	-	-	45,230
Additional Funding for KDA (one-time)	8,500	-	-	3,730	4,770	-	-	8,500
Change to ARCH Parity Service Package (one-time funding)	(50,000)	-	-	-	(50,000)	-	-	(50,000)
Change funding alloc for original Corrections Officers recommendation	-	270,015	(270,015)	-	-	-	-	-
Add Fifth Corrections Officer (1.0 FTE)	77,367	9,985	57,207	-	10,175	-	-	77,367
Add Communications Coordinator (1.0 FTE)	96,867	-	92,253	-	4,614	-	-	96,867
Add Emergency Prep Coordinator (.50 FTE, one-time)	94,839	-	-	94,839	-	-	-	94,839
Kirkland Uncorked Special Event (one-time funded from event revenue)	40,000	-	-	-	-	40,000	-	40,000
Related Adjustment in Internal Service Funds	6,254	-	-	-	-	-	6,254	6,254
2007 Total	319,057	280,000	(120,555)	98,569	14,789	40,000	6,254	319,057

2008 Changes	2008							
	Cost	Funding Source						Total Funding
		New Const Prop Tax	Banked Cap Prop Tax	Sales Tax	Avail. Fund Balance	External Revenue	Interfund Charges	
Additional Human Services Funding (one-time)	25,153	-	-	25,153	-	-	-	25,153
Change funding alloc for original Corrections Officers recommendation	-	256,000	(279,859)	23,859	-	-	-	-
Add Fifth Corrections Officer (1.0 FTE)	69,648	-	69,648	-	-	-	-	69,648
Add Communications Coordinator (1.0 FTE)	93,387	-	93,387	-	-	-	-	93,387
Add Emergency Prep Coordinator (.50 FTE, one-time)	61,416	-	-	61,416	-	-	-	61,416
Related Adjustment in Internal Service Funds	47,217	-	-	-	-	-	47,217	47,217
2008 Total	296,821	256,000	(116,824)	110,428	-	-	47,217	296,821

2007-2008 Changes	2007-2008							
	Cost	Funding Source						Total Funding
		New Const Prop Tax	Banked Cap Prop Tax	Sales Tax	Avail. Fund Balance	External Revenue	Interfund Charges	
Additional Human Services Funding (one-time)	70,383	-	-	25,153	45,230	-	-	70,383
Additional Funding for KDA (one-time)	8,500	-	-	3,730	4,770	-	-	8,500
Change to ARCH Parity Service Package (one-time funding)	(50,000)	-	-	-	(50,000)	-	-	(50,000)
Change funding alloc for original Corrections Officers recommendation	-	526,015	(549,874)	23,859	-	-	-	-
Add Fifth Corrections Officer (1.0 FTE)	147,015	9,985	126,855	-	10,175	-	-	147,015
Add Communications Coordinator (1.0 FTE)	190,254	-	185,640	-	4,614	-	-	190,254
Add Emergency Prep Coordinator (.50 FTE, one-time)	156,255	-	-	156,255	-	-	-	156,255
Kirkland Uncorked Special Event (one-time funded from event revenue)	40,000	-	-	-	-	40,000	-	40,000
Related Adjustment in Internal Service Funds	53,471	-	-	-	-	-	53,471	53,471
2007-2008 Total	615,878	536,000	(237,379)	208,997	14,789	40,000	53,471	615,878



CITY OF KIRKLAND

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3001

www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Sheila Cloney, Special Projects Coordinator
Tracy Burrows, Senior Management Analyst
Robin Jenkinson, City Attorney

Date: November 30, 2006

Subject: 2007-08 Biennial Budget - New Summer Festival

RECOMMENDATION:

It is recommended that the City Council consider inclusion of a budget expenditure of \$40,000 with off-setting revenues for the production of a new summer festival in the 2007-08 Budget.

BACKGROUND DISCUSSION:

For many years, the City of Kirkland has hosted the Kirkland Summerfest, a weekend of art at Marina Park that draws over 45,000 attendees. This year, the Kirkland Art Center has announced that they will no longer produce the Summerfest event. In 2007, the City has an opportunity to re-invent Kirkland's summer celebration into one of the Puget Sound's premier "tasting events," drawing art lovers, wine enthusiasts, and families from all across the region.

The new event, with a working title of **Kirkland Uncorked**, will combine a wine tasting garden hosted by the Washington Wine Commission, musical entertainment, and top-notch artisans selected by the Kirkland Cultural Council and Kirkland Downtown Association to create a comprehensive community event.

The City Role in the Event

We are currently in discussion with Bold Hat Festivals and Events, a proven event production company that coordinated Summerfest over the past four years. Bold Hat has developed a budget of approximately \$250,000 for the entire event production, which includes \$40,000 of "seed money" from the City of Kirkland. In order to proceed with the event production, the City has drafted a professional services agreement with Bold Hat Festivals and Events to produce the event for the purposes of building community, promoting tourism and the arts, and fostering economic development.

Under the provisions of the contract, the City would compensate Bold Hat \$40,000 for their work in organizing and promoting the Kirkland Uncorked event in 2007 and 2008. This compensation would be structured in monthly payments beginning in January of 2007 based on achievement of milestones in the scope of work. To comply with the terms of the agreement, Bold Hat will have to meet established benchmarks related to the event planning, including: coordination with the Kirkland Police Department on security and crowd control; development of graphics and collateral materials; music bookings; sponsorships; advertising buys; advance ticket sale planning, and other

event details. In addition, the terms of the agreement will commit Bold Hat to producing the event for at least two years.

Both the City and Bold Hat anticipate that Kirkland Uncorked will be a highly successful summer event that will grow in popularity over the years. Because the event-goers will pay an admission fee and the focus is on wine and food, there is a significant potential for entrance revenue. It is projected that each guest will spend an average of \$30.00 for a gourmet tasting experience (this includes a \$15.00 admission and additional tastes and/or food purchases). It is likely that the event will generate a profit based on sponsorship funding and ticket sales. Under the terms of the agreement with Bold Hat, the City's \$40,000 initial investment in the event would be reimbursed through two revenue streams: (1) the revenue from the admissions tax on ticket sales; and, (2) a share in the profits of the event. These revenue streams would accrue up to a total of \$40,000, which would be distributed to the City in two annual increments – \$20,000 in 2007 and \$20,000 in 2008. A provision in the contract stipulates that if the event profits do not reach the \$20,000 threshold in the first year, the City will accrue a greater share of the second year profits up to a total of \$40,000 over the two years.

Each of the two years, the City would receive admission tax revenue with each ticket that is sold to the event. For example, if the event tickets cost \$15.00, then Kirkland would receive \$0.75 for each ticket sold. Assuming 6,000 ticket sales, the City would receive \$4,500 in admissions tax revenue from the event.

The profit-sharing revenues would begin to accrue after Bold Hat reaches the "break-even" point for the event. Bold Hat has calculated that the total expenses for the event will be met with approximately 6,000 ticket sales. The City will receive 100% of the ticket sale revenue after that break-even point, up to a total of \$20,000 in admissions tax and ticket sale revenue for each of two years.

In addition to the reimbursement of the City's initial \$40,000 investment in the event, Bold Hat will be obligated to pay for the direct city services associated with the event as set out in the City's cost recovery policy. For example, Bold Hat will be responsible for paying for the Public Works and Parks crews and off-duty Police necessary to assure a clean and safe event venue. These costs will be part of the normal event expenses and have been considered in establishing the break-even point of the event.

The event organizers project that the revenue generated at the gate will cover the costs of the event, including the City's professional services contract. However, there is a risk that the event may not be as successful as is projected and the revenues may not be sufficient to off-set the cost of the professional services agreement. The City's maximum financial risk would be the \$40,000 initial expenditure. This risk must be balanced with the opportunity at hand. Bold Hat will have to forego contracts for other events in order to take on the work for Kirkland Uncorked. They will not go forward with this event absent a significant financial commitment from a partner agency.

A draft of the professional services agreement is attached to this memo.

Event Description

The proposal for the Kirkland Uncorked event was initiated when the Washington State Wine Commission approached Bold Hat Festivals and Events and expressed an interest in partnering to produce Kirkland Uncorked, which will ensure an enticing variety of marquee vineyards from across the state. Further, the event will bring together a number of key organizations such as the Kirkland Downtown Association, Kirkland Parks Department, Kirkland Tourism, and Kirkland Cultural Council to showcase Kirkland's outstanding offerings.

Bold Hat Festivals and Events, a full-service event production company that specializes in "tasting experience" event planning, coordinated Summerfest for the past four years, and introduced the very successful wine tasting element in 2005. Bold Hat has produced some of the largest gated tasting events in the region, and looks forward to expanding

Kirkland Uncorked to its full potential, providing maximum value for the City and creating a memorable experience for event sponsors, participants and the public.

The “tasting experience” atmosphere of the event creates a wide variety of sponsorship opportunities. From gourmet food outlets to wine storage facilities and specialty stores, the list of potential partners is numerous. Additionally, Bold Hat will draw on established relationships with media outlets to create maximum exposure for the event. Just some of the targeted businesses and media outlets include:

- Seattle Homes and Lifestyles Magazine
- 103.7 KMTT – The Mountain
- Northwest Yacht Broker
- Viking Stoves

The following is a list of elements that will likely be included in the new event. At this stage in the planning, there is room to incorporate more or fewer elements as involved parties see fit.

1. Wine garden

- Produced by the Washington State Wine Association
- Guests receive five one-ounce tastes with admission and have the option of purchasing more tastes.
- High end food sampling as well as larger portions available for purchase.
- Food demonstrations put on by local restaurants, markets or grocery stores.

2. Art Gallery

- The Kirkland Cultural Council will program a gallery-like atmosphere within the wine garden.
- Pieces will be available to guests for purchase.
- Art will be displayed in true gallery style, rather than artist booths, adding to the overall feel of an artistic showcase.

3. Artists in Action

- The Cultural Council and KDA plan to program artists in action.
- The demonstrations will take place within the gated event and on Kirkland Avenue.
- Artists will contribute a piece of art to the Fresh Art Auction

4. Music

- Bold Hat Productions will work with the Kirkland Parks Department to program two music venues within the event music.
- Both entertainment venues will have popular bands headlining each night of the event.

5. Partnerships with Downtown Restaurants

- Bold Hat Productions will work with the KDA and downtown restaurateurs to coordinate and promote “wine dinners” pairing a featured Washington wine and a chef’s special dinner menu on the Friday night of the event.
- Local restaurants will have the opportunity to be featured on the tasting menu at the event, with each restaurant featuring its appetizers over a manageable two-hour time frame within the overall event.

6. Fresh Art Auction

- Premier artisans working in a variety of media- from oils and watercolor paints to clay and fabrics- will create art inspired by their experience at the park.
- Guests can watch the artists as they work providing a unique insight into the artists’ process.
- Pieces will be auctioned off Sunday afternoon, providing guests the opportunity to take a “piece of the weekend” home with them.

7. Kids Area

- Free-to-enter family area with children's activities.
- Zucchini and Summer Squash Art Car decorating and racing.

Partners and Sponsorship

Partners for the event at this time include:

- Washington State Wine Commission: they have already expressed interest and will be the resource that enables us to get wineries to attend.
- Kirkland Downtown Association
- Kirkland Cultural Council
- Kirkland Tourism
- Kirkland Parks Department
- Seafair

**AGREEMENT FOR PROFESSIONAL SERVICES BY BOLD HAT FESTIVALS AND
EVENTS FOR
KIRKLAND UNCORKED 2007 AND 2008**

This Agreement between Bold Hat Festivals & Events, LLC, (hereinafter referred to as "Bold Hat"), and the City of Kirkland, a municipal corporation of the state of Washington (hereinafter referred to as "City") sets forth the general terms and conditions that will govern the provision of professional services to the City for the Kirkland Uncorked 2007 and 2008 Events.

**SECTION 1
SERVICES BY BOLD HAT**

- 1.1 Bold Hat agrees to provide services relating to the organization and promotion of the Kirkland Uncorked Event in the City of Kirkland as described in **Exhibit A**. All services and duties incidental or necessary thereto, shall be conducted and performed diligently and completely in accordance with professional standards of conduct and performance.

**SECTION 2
PAYMENTS**

- 2.1 The City shall pay Bold Hat \$40,000 for the provision of services for the 2007 and 2008 Kirkland Uncorked Events.

**SECTION 3
REVENUE SHARING**

3.1 **2007 Revenue Sharing**

Should the 2007 Kirkland Uncorked Event generate net proceeds in excess of \$_____ the break even amount established by the parties In Section 3.2, the City shall receive up to \$20,000 in revenue sharing reduced on a dollar-for-dollar basis by admissions taxes generated from the 2007 Kirkland Uncorked Event. Proceeds in excess of \$20,000 above the break even point shall be paid into the Kirkland Uncorked Event account administered by Bold Hat to assist in the successful continuation of the Kirkland Uncorked Event in the following year.

A. **2008 Revenue Sharing**

The City will continue to receive up to \$20,000 through revenue sharing for the 2008 Kirkland Uncorked Event, as calculated above, based upon the break even point established by the parties for the 2008 event.

3.2 Establishment of “Break Even” Point

The break even point for the 2007 Kirkland Uncorked Event is established as shown on the schedule in **Exhibit B**. Should Bold Hat incur actual costs in excess of the break even amount established by the parties as \$_____, Bold Hat understands and agrees that it must pay for the additional costs.

**SECTION 4
GENERAL PROVISIONS**

4.1 Indemnification

Bold Hat shall defend, indemnify, and hold harmless the City its officers, officials, employees and volunteers from and against any and all claims, suits, actions, or liabilities for injury or death of any person, or for loss or damage to property, which arises out of the use of the City-owned property or resulting from the acts, errors or omissions of Bold Hat in performance of this Agreement, except only such injury or damage as shall have been occasioned by the sole negligence of the City.

4.2 Insurance

Bold Hat shall procure and maintain for the duration of this Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by Bold Hat, its agents, representatives, or employees.

A. Minimum Scope of Insurance

1. Bold Hat shall obtain insurance of the types described below:
 - a. **Commercial General Liability** insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors and personal injury and advertising injury. The City shall be named as an insured under Bold Hat’s Commercial General Liability insurance policy with respect to the work performed for the City.
 - b. **Liquor Liability** insurance. The City shall be named as an additional insured on Bold Hat’s Liquor Liability insurance.
 - c. **Workers’ Compensation** coverage as required by the Industrial Insurance laws of the State of Washington.

B. Minimum Amounts of Insurance

1. Bold Hat shall maintain the following insurance limits:

- a. **Commercial General Liability** insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.
- b. **Liquor Liability** insurance shall be written with limits in the amount of \$2,000,000 for each occurrence.

4.3 Assignment

No party shall assign any of its rights or delegate any of its duties under this Agreement without the express written approval of the other party, except as otherwise provided herein.

4.4 Entire Agreement

It is understood and agreed that this Agreement is solely between Bold Hat and the City. This Agreement contains the entire agreement and understanding of the City and the Bold Hat with respect to the subject matter hereof, and supersede all prior or contemporaneous oral or written understandings, agreements, promises or other undertakings between the parties.

4.5 Choice of Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. The venue of any suit or arbitration arising under this Agreement shall be in King County, Washington.

4.6 Captions

The section and paragraph captions used in this Agreement are for convenience only and shall not control and affect the meaning or construction of any of the provisions of this Agreement.

4.7 Amendment or Waiver

This Agreement may not be modified or amended except in writing. No course of dealing between the parties or any delay in exercising any rights hereunder shall operate as a waiver of any rights of any party. No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. No consent by any party to, or waiver of, a breach by the other whether express or implied, shall constitute a waiver of or consent to any other breach. No amendment or supplement to this Agreement shall be effective unless approved in writing by the City.

4.8 Notices

Any notice, demand, document, or other communication that is required by this Agreement to be given shall be in writing and shall be deemed to have been given when delivered, if delivered in person, to the City or Bold Hat, as appropriate, or three days after mailing if sent by registered or certified mail, return receipt requested, addressed as follows:

If to the City:

Sheila Cloney
123 Fifth Avenue
Kirkland, WA 98033

If to Bold Hat:

Phil Megenhardt
3503 Phinney Avenue North
Seattle, WA 98103

4.9 Counterparts

This Agreement and any amendments shall be executed in three counterparts. Each such counterpart shall be deemed to be an original instrument. All such counterparts together will constitute one and the same Agreement.

4.10 Cumulation of Remedies

All remedies available at law or in equity to either party for breach of this Agreement are cumulative and may be exercised concurrently or separately, and the exercise of anyone remedy shall not preclude the exercise of any other remedy.

4.11 Force Majeure

Neither party will be liable for delays or performance failures resulting from or caused by actions beyond the control of such party or its subcontractors without the fault or negligence of the non-performing party ("Force Majeure Events"). Such Force Majeure Events shall include, but shall not necessarily be limited to, acts of God, strikes, lockouts, riots, governmental regulations imposed after the date of this Agreement, epidemics, communication line failures, power failures, earthquakes, fire, floods, or other disasters or events. Either party claiming protection under this subparagraph shall give notice to the other promptly upon commencement of such Force Majeure Events. If Force Majeure Events should last for more than ten (10) days, either party may, at its option, elect to terminate this Agreement without further liability to the other party; each party shall be responsible for performing its obligations, including payment obligations, incurred to the date of the Force Majeure Events.

4.12 Audit

Bold Hat, or, upon dissolution of Bold Hat, its trustee, or agent, shall permit the City for three (3) years after the expiration or termination of this Agreement, to inspect and audit at reasonable times in King County, Washington, or at such other reasonable location as the parties may agree upon, all pertinent books and records of Bold Hat (and of any subcontractor or other person or entity that has performed work directly in connection with or directly related to this Agreement) relating to the performance of this Agreement and shall supply the City with, or permit the City to make, a copy of such books and records and any portion thereof, upon the City Finance and Administration Director's request. Bold Hat shall ensure that such inspection, audit, and copying right of Bold Hat is a condition of any subcontract, agreement, or other arrangement under which any other person or entity is permitted to perform work in connection with or related to

the City's services under this Agreement. The City is subject to audit as a governmental entity.

4.13 Independent Status of Parties

Both parties, in the performance of this Agreement, will be acting in their individual capacities and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

4.14 No Creation of Third-Party Rights

This Agreement is entered into by the parties to set forth the rights, obligations, and duties of each party and is not intended to create any rights in third parties.

4.15 Compliance with Laws

Bold Hat shall comply with all federal, state, and local laws, statutes, ordinances, and regulations in the performance of its obligations under this Agreement.

4.16 Termination for Default

In the event either party is in material breach at any time under this Agreement, and such party fails to cure such breach within five (5) days' written notice to cure from the other party, the party giving notice may terminate the defaulted agreement effective immediately upon written notice.

IN WITNESS WHEREOF the parties hereto have executed this document as of the day and year first above written.

CITY OF KIRKLAND

BOLD HAT FESTIVALS & EVENTS

David Ramsay, City Manager

Phil Megenhardt, Director of Marketing
Assets

Tax ID #: _____

Approved as to Form:

Robin Jenkinson, City Attorney

ORDINANCE NO. 4076

AN ORDINANCE OF THE CITY OF KIRKLAND ADOPTING THE BIENNIAL BUDGET FOR 2007-2008.

WHEREAS, the Kirkland City Council conducted a duly noticed public hearing on November 21, 2006, to take public comment with respect to the proposed Biennial Budget of the City of Kirkland for 2007-2008 and all persons wishing to be heard were heard; and

WHEREAS, the City Council finds that the proposed Biennial Budget for 2007-2008 reflects revenues and expenditures that are intended to ensure the provision of vital municipal services at acceptable levels;

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

Section 1. The Biennial Budget of the City of Kirkland for 2007-2008, as set out in Exhibit "A" attached hereto and by this reference incorporated herein as though fully set forth, is hereby adopted as the Biennial Budget of the City of Kirkland for 2007-2008.

Section 2. In summary form, the totals of estimate revenues and appropriations for each separate fund and the aggregate totals for all such funds combined are as follows:

<u>Funds</u>	<u>Estimated Revenues</u>	<u>Appropriations</u>
General	107,829,861	107,829,861
Lodging Tax	390,814	390,814
Street Operating	8,867,461	8,867,461
Cemetery Operating	337,514	337,514
Parks Maintenance	1,959,973	1,959,973
Recreation Revolving	2,141,701	2,141,701
Facilities Maintenance	8,900,070	8,900,070
Contingency	3,193,826	3,193,826
Cemetery Improvement	550,473	550,473
Impact Fees	4,002,831	4,002,831
Park & Municipal Reserve	11,426,772	11,426,772
Off-Street Parking Reserve	69,564	69,564
Tour Dock	93,211	93,211
Street Improvement	2,600,998	2,600,998
Grant Control Fund	285,873	285,873
Excise Tax Capital Improvement	21,888,649	21,888,649
Limited General Obligation Bonds	4,966,356	4,966,356
Unlimited General Obligation Bonds	3,256,779	3,256,779
L.I.D. Control	7,361	7,361
General Capital Projects	16,332,109	16,332,109
Grant Capital Projects	3,968,636	3,968,636

<u>Funds</u>	<u>Estimated Revenues</u>	<u>Appropriations</u>
Water/Sewer Operating	36,241,674	36,241,674
Water/Sewer Debt Service	3,756,868	3,756,868
Utility Capital Projects	13,129,385	13,129,385
Surface Water Management	11,636,958	11,636,958
Surface Water Capital Projects	7,986,988	7,986,988
Solid Waste	17,062,870	17,062,870
Equipment Rental	12,262,223	12,262,223
Information Technology	9,841,040	9,841,040
Firefighter's Pension	1,381,860	1,381,860
	<hr/>	<hr/>
	316,370,698	316,370,698

Section 3. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this 12th day of December, 2006.

Signed in authentication thereof this 12th day of December, 2006.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney

CITY OF KIRKLAND 2007-2008 BUDGET OVERVIEW: BY FUND TYPE/FUND

General Government Operating Funds

Fund	2005-2006 Budget*	2007-2008 Budget	Percent Change
<i>General Fund</i>			
010 General	95,197,625	107,829,861	13.27%
<i>Special Revenue Funds</i>			
112 Lodging Tax	377,463	390,814	3.54%
117 Street Operating	8,150,265	8,867,461	8.80%
122 Cemetery Operating	311,728	337,514	8.27%
125 Parks Maintenance	1,784,151	1,959,973	9.85%
126 Recreation Revolving	1,850,967	2,141,701	15.71%
127 Facilities Maintenance	8,435,301	8,900,070	5.51%
Total Special Revenue Funds	20,909,875	22,597,533	8.07%
<i>Internal Service Funds</i>			
521 Equipment Rental	12,247,352	12,262,223	0.12%
522 Information Technology	8,598,001	9,841,040	14.46%
Total Internal Service Funds	20,845,353	22,103,263	6.03%
Total General Government Operating Funds	136,952,853	152,530,657	11.37%

General Government Non-Operating Funds

Fund	2005-2006 Budget*	2007-2008 Budget	Percent Change
<i>Special Revenue Funds</i>			
152 Contingency	2,357,321	3,193,826	35.49%
154 Cemetery Improvement	493,195	550,473	11.61%
156 Impact Fees	3,456,512	4,002,831	15.81%
157 Park & Municipal Reserve	10,802,759	11,426,772	5.78%
158 Off-Street Parking Reserve	84,564	69,564	-17.74%
159 Tour Dock	210,913	93,211	-55.81%
170 Street Improvement	3,091,247	2,600,998	-15.86%
188 Grant Control Fund	437,001	285,873	-34.58%
190 Excise Tax Capital Improvement	14,018,435	21,888,649	56.14%
Total Special Revenue Funds	34,951,947	44,112,197	26.21%

* 2005-2006 Budget as of June 30, 2006 excluding 2004 carryovers and other miscellaneous one-time adjustments.

CITY OF KIRKLAND
2007-2008 BUDGET OVERVIEW: BY FUND TYPE/FUND

General Government Non-Operating Funds (Continued)

Fund	2005-2006 Budget*	2007-2008 Budget	Percent Change
<i>Debt Service Funds</i>			
210 LTGO Debt Service	3,287,354	4,966,356	51.07%
220 UTGO Debt Service	3,236,949	3,256,779	0.61%
230 LID Control	16,221	7,361	-54.62%
Total Debt Service Funds	6,540,524	8,230,496	25.84%
<i>Capital Projects Funds</i>			
310 General Capital Projects	19,384,424	16,332,109	-15.75%
320 Grant Capital Projects	13,844,535	3,968,636	-71.33%
Total Capital Projects Funds	33,228,959	20,300,745	-38.91%
<i>Trust Funds</i>			
620 Firefighter's Pension	1,146,129	1,381,860	20.57%
Total Trust Funds	1,146,129	1,381,860	20.57%
Total General Government Non-Op Funds	75,867,559	74,025,298	-2.43%

Water/Sewer Utility Funds

Fund	2005-2006 Budget*	2007-2008 Budget	Percent Change
<i>Operating Fund</i>			
411 Water/Sewer Operating	35,331,607	36,241,674	2.58%
Total Operating Fund	35,331,607	36,241,674	2.58%
<i>Non-Operating Funds</i>			
412 Water/Sewer Debt Service	3,728,096	3,756,868	0.77%
413 Utility Capital Projects	14,449,916	13,129,385	-9.14%
Total Non-Operating Funds	18,178,012	16,886,253	-7.11%
Total Water/Sewer Utility Funds	53,509,619	53,127,927	-0.71%

* 2005-2006 Budget as of June 30, 2006 excluding 2004 carryovers and other miscellaneous one-time adjustments.

CITY OF KIRKLAND 2007-2008 BUDGET OVERVIEW: BY FUND TYPE/FUND

Surface Water Utility Funds

Fund	2005-2006 Budget*	2007-2008 Budget	Percent Change
<i>Operating Fund</i>			
421 Surface Water Management	9,710,508	11,636,958	19.84%
Total Operating Fund	9,710,508	11,636,958	19.84%
<i>Non-Operating Fund</i>			
423 Surface Water Capital Projects	3,608,588	7,986,988	121.33%
Total Non-Operating Funds	3,608,588	7,986,988	121.33%
Total Surface Water Utility Funds	13,319,096	19,623,946	47.34%

Solid Waste Utility Fund

Fund	2005-2006 Budget*	2007-2008 Budget	Percent Change
<i>Operating Fund</i>			
431 Solid Waste Utility	15,549,923	17,062,870	9.73%
Total Operating Fund	15,549,923	17,062,870	9.73%
Total Solid Waste Utility Fund	15,549,923	17,062,870	9.73%

TOTAL ALL FUNDS	295,199,050	316,370,698	7.17%
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* 2005-2006 Budget as of June 30, 2006 excluding 2004 carryovers and other miscellaneous one-time adjustments.