



CITY OF KIRKLAND

CITY COUNCIL

James Lauinger, Mayor • Joan McBride, Deputy Mayor • Dave Asher • Mary-Alyce Burleigh
Jessica Greenway • Tom Hodgson • Bob Sternoff • David Ramsay, City Manager

123 Fifth Avenue • Kirkland, Washington 98033-6189 • 425.587.3000 • TTY 425.587.3111 • www.ci.kirkland.wa.us

KIRKLAND CITY COUNCIL SPECIAL MEETING

**Kirkland City Hall
Peter Kirk Room
123 5th Avenue**

**Tuesday, March 27, 2007
7:00 – 9:00 p.m.**

AGENDA

- I. Call to Order
- II. Roll Call
- III. Potential Annexation
- IV. Adjournment



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

MEMORANDUM

To: Dave Ramsay, City Manager
From: Marilynne Beard, Assistant City Manager
Date: March 19, 2007
Subject: POTENTIAL ANNEXATION

RECOMMENDATION:

City Council provides direction to staff regarding whether to proceed to phase two of the annexation process.

BACKGROUND DISCUSSION:

The purpose of this memo is to provide a summary of the annexation study to date and information about next steps and actions needed by Council to proceed to phase two of the annexation process. The sections below include discussions of:

- Activities and results of the public outreach program
- Results of the financial analysis
- A summary of phase two activities
- An updated timeline
- Potential funding needs for phase two activities

In 2006, the City Council began a four-phase process to study the annexation of Finn Hill, Upper Juanita and Kingsgate. The process includes a series of “go/no go” decision points. The chart below describes generally the four phases.

Phase	Work Program	Decision Point
I	Outreach to Kirkland Long Range Financial	Go/No Go to proceed to phase two
II	Expand outreach to PAA Initial Interlocal Agreement (ILA) with King Co. Begin planning work	Decision whether or not to place on ballot and timeline (proceed to phase three)
III	Election preparation Continued planning & ILA's	Election
IV	Implementation	Approval by Council, Setting Effective Date and begin services

Over the past eight months, phase one activities were implemented. A public outreach program to Kirkland residents was implemented and a long-range financial analysis for annexation was completed.

Public Outreach Program

There were two objectives for the outreach effort. First, we wanted to inform residents about the potential annexation – why the Council is considering it at this point and the process they would use to decide whether to proceed with annexation. Second, we wanted to engage in a listening tour to learn about the concerns and questions that Kirkland residents had about annexation. Subsequent phases of the annexation process would continue the outreach effort within the City of Kirkland as well as expanding it to the PAA.

The City engaged the consulting firm of EnviroIssues to assist the City in developing and implementing the communication strategy. They met with each Council person to identify the Council's objectives and to help define the strategy. Based on these meetings, EnviroIssues worked with staff to develop materials and community meetings to both inform residents about annexation and to elicit a list of questions and concerns that the Kirkland community wanted the City Council to address before proceeding with annexation. A report from EnviroIssues summarizes the activities that took place between September and November and the main themes and questions that we heard (see Attachment A).

The financial study was proceeding on a parallel path with the public outreach program, however, the results of the financial study were not available until early November. The Council received the results and held discussions over three Council meetings that took place in November, December and January. During those discussions, Council determined that further public outreach to Kirkland was needed so that residents could comment on annexation in the context of the financial analysis. In January and February, the consultant and staff developed additional informational materials regarding the financial analysis, published an article in the Kirkland Courier and sent materials to individuals that had participate in earlier outreach activities. An additional public forum was held on March 1st where the City Council was in attendance and was able to listen to citizens' comments and questions regarding the potential annexation. A total of fifty three people attended the meeting (excluding staff and Council), with about half of the attendees from the annexation area and the other half Kirkland residents. A meeting summary is included as Attachment B). Staff was able to answer some of the questions at the meeting and other comments and questions were recorded and added to the listening log (included as Attachment C – additions and edits are indicated by "3/1/07" in the margin).

Major themes that emerged from the public outreach effort included questions about:

- Land use and zoning impacts
- Impacts on levels of service in Kirkland and in the PAA
- Benefits to Kirkland
- Financial implications

Financial Analysis

In 2006, the City engaged the services of Berk and Associates to develop a financial model to enable the City to more fully understand the long-term financial implications of annexation. The model used the 2005 annexation study as a starting point to identify the cost of providing services to the PAA and expanded that study to take into consideration:

- State legislation that provided annexation incentive funding for up to ten years
- Budgetary actions taken by the Kirkland Council and updated revenue projections
- Refinement of earlier estimates of police manpower needed to staff patrol districts in the PAA
- Long range implications of annexation (versus the one-year “snapshot” approach used in the 2005 study)
- Consolidated fiscal analysis that modeled Kirkland’s financial future as a larger City (versus just the annexation area)

The model takes into consideration the three primary variables (and tools) that drive future financial conditions and provide the range of options available to the City Council to address future budgets:

- The land base that drives demand for service and the tax base (development scenarios that drive development-related property tax and sales tax)
- Fiscal and taxation policies leading to tax and fee revenues
- Choices regarding the level of service (expenditure management)

The primary findings of the fiscal analysis are summarized below:

- There is still a near term annexation deficit, albeit lower than that first estimated due to the changes noted above
- Without the state sales tax credit, the impact of annexation would have a significant fiscal impact
- Kirkland’s structural financial problems will remain with or without annexation and the City Council will take action in each budget cycle to balance the budget
- The long term financial picture for Kirkland may be neutral or improved with annexation because the larger tax base and service area can create efficiencies in service delivery and a broader tax base to help resolve existing financial issues

Several unresolved issues remain open and would be pursued as part of phase two, should the Council decide to proceed:

- An inventory of capital needs and funding availability for the PAA needs to be developed, including negotiations with King County regarding CIP funding available.
- Fire service in the Kingsgate area may still need to be addressed if the fire district currently serving that area chooses to move the Kingsgate station to another location that does not adequately serve the area.
- Final rules for the use of the state sales tax credit are still pending and would need to be consistent with the way we factored this revenue into our financial forecast.
- Negotiations with King County need to begin in order to better understand how much funding they can make available. The County previously indicated that, before they committed funds, they would want an interlocal agreement with the City indicating the City's commitment to hold an annexation election and designating a year for the election.
- More information is needed about the size and location of new facilities needed to house new employees. Regional and local studies regarding jail facilities are currently underway that will help us determine how much jail space should be incorporated into a public safety facility.

Phase Two Activities

Phase two and three of the annexation process involve further study and planning for annexation. Both the public outreach and planning activities will continue throughout phase two and three. The distinction of phase two is that it involved negotiation of a planning interlocal (ILA) agreement with between the City and King County. The transition from phase two to three will depend on the successful outcome of the negotiations. The planning ILA is distinguished from operational ILA's in that it speaks primarily to the County's initial financial commitment and the City's commitment to hold an election within a specified time frame.

Should Council decide to proceed to phase two of the annexation process, a number of new activities would take place. The following is a summary of the major activities that will take place in phase two:

1. City Council will be presented with recommended budget adjustments needed to the 2007-08 Budget based on the annexation service packages included (but not funded) in the proposed budget (see discussion below).
2. Phase two of the public outreach program will be further developed and implemented, based on the results of phase one activities and EnviroIssues' initial phase two outreach program. Phase two of the public outreach program would extend our efforts out to the PAA as well as continue public information and outreach in Kirkland. King County has indicated a desire to collaborate with the City on communication efforts in the annexation area.
3. Staff will conduct a preliminary assessment of infrastructure condition and meet with King County to better understand their planned CIP for the area. A comparison of needs versus available funding will be developed.

4. Staff will negotiate an interlocal agreement with King County that identifies each agency's financial commitment and the process for moving forward with annexation. The outcome of this negotiation represents the next key "go/no go" decision point for Council. Depending on the outcome of these negotiations, the Council will determine whether to proceed to phase three which involves development of more detailed operational and transition plans leading up to an election.
5. Staff will begin the detailed study needed to move forward with annexation. An organizational diagram was developed and is included as Attachment D. The diagram depicts the internal organizational effort to study and plan for the potential annexation. It should be noted that, even if the Council eventually chooses not to proceed to phase three, planning work needs to begin now in order to provide sufficient time to work with the residents of the annexation area on zoning and service options, preparation for the boundary review board and transition planning. There is an unavoidable overlap between phase two and three that is needed to meet the draft timeline (see later discussion regarding timeline).
6. One of the important studies during this period will involve facilities planning. The City will need to plan for both short term and long term housing. If annexation were to proceed, the City would need to expand City Hall and construct a separate public safety facility. Under the best circumstances, building expansions and/or new facilities could not be completed before the effective date of annexation and the hiring of new staff. Interim housing would need to be identified based on the timing of service implementation which will need to be phased in over time.
7. Further financial analysis will need to occur with regard to cash flow assumptions and possible implementation dates for annexation. This is important because of the manner in which the state funding and the new City revenue from the area flows in versus the timing of expenses. The implementation date will drive the election date. The election date will drive all other planning activities described above. The cash flow analysis will also allow us to model different service level phasing scenarios.

Timeline

Last year, the City Council was presented with several draft timelines that displayed the four-phase process with various election and implementation dates. Although none of the timeline scenarios were officially adopted by the Council, they have served as a general guide for discussion purposes. The original timeline assumed that phase one would be completed by late 2006 or early 2007. The extension of phase one to the end of the first quarter of 2007 makes the first scenario (April 2008 election) less realistic. This is primarily driven by the preparation time needed to prepare for boundary review board (BRB) application and the BRB process itself that take can up to twelve weeks. The BRB process must be completed two to three months before an election. A significant amount of staff work is needed in order to prepare for the boundary review board process which may be even more extensive if the Council considers changing the boundary of the PAA currently adopted in the countywide planning policies (e.g. in response to requests from adjacent neighborhoods, such as the Wild Glen condominiums, to be included in the annexation vote).

A revised timeline has been prepared reflecting the actual timing of the end of phase one (see Attachment E) and extending the election to later in 2008. It should be noted that the end of phase two (completion of negotiations with King County) is estimate and may occur sooner or later than what is depicted on the timeline. Further discussion about the timeline will be needed if the Council decides to proceed to phase two.

Funding for Phase 2

A series of annexation services packages was presented to the City Council with the 2007-2008 budget. The service packages provide funding for supplemental staff needed to organize and carry out phase two activities. A service package for phase two of the community outreach program was also presented. A summary of the service package requests is included as Attachment F as reminder of the types of requests that Council would be asked to consider.

One additional service package request may be submitted by Public Works to assist with the infrastructure assessment and cost estimates for projects. This was identified as a high priority for phase two and needs to be completed early in phase two.

In the budget process, the City Council earmarked a funding source for the service packages that is composed of the estimated, but unbudgeted sales tax revenue expected to be received this year as a result of the continuing construction boom. Some of the service packages may be delayed until phase 3 and a more specific recommendation for funding will be presented to Council for consideration at a regular Council meeting if they decide to proceed to phase two.

Summary and Direction Needed from Council

It is expected that the upcoming study session on March 27th will mark the conclusion of phase one of the annexation process. Staff will need direction about whether to proceed to phase two and return to Council with actions needed to formalize their decision at a regular Council meeting.



Annexation? Let's Talk.

Fall 2006

Phase 1 Public Outreach Results – Summary Report

Introduction

The City of Kirkland is considering annexing the neighborhoods of Kingsgate, Juanita, and Finn Hill (collectively known as the potential annexation area, or PAA). The City Council is engaged in a careful, deliberate process to consider whether annexing this area is right for the City of Kirkland.

Currently, the Council is engaged in Phase 1, considering whether to continue exploring the issue of annexation and whether to commit city resources to a deeper exploration of this issue. The first phase consisted of two main components: (1) a robust public outreach effort to explore current City of Kirkland residents' concerns and questions about annexation, and (2) preliminary financial analysis.

At the end of Phase 1, after listening to community concerns and gathering other important information, the Council will decide whether to proceed to the next phase of decision-making. If the Council decides to initiate Phase 2, the City would continue outreach in Kirkland, expand community outreach efforts to include residents and businesses in the PAA, and continue to study whether annexation is financially and technically feasible.

This summary first provides information about how the public involvement plan was implemented, describing outreach goals, materials developed, and outreach activities completed. The summary then analyzes the results of that outreach, providing an overview of common themes heard throughout the process and offering recommendations about possible next steps.

Goal of Outreach

The goals of Phase 1 public outreach were primarily to:

- Provide diverse and meaningful opportunities to share information with the public about the important annexation decision facing the City of Kirkland.
- Give the Kirkland City Council the opportunity to consult with current residents before deciding to dedicate significant resources to further explore whether to annex Finn Hill, Upper Juanita, and Kingsgate.

Please note that the goal of Phase 1 *was not* to obtain a yes or no opinion from Kirkland residents, but rather to tease out community questions, concerns, and underlying values that City Council should consider when deciding whether to pursue Phase 2.

Materials Developed

The following materials were developed to help the public understand the annexation process, provide constructive feedback, and learn about the concerns and questions of other citizens. Copies of the materials are provided as an attachment.

Listening Log

The “listening log” is a tool designed to capture and reflect back to the community the range of feedback received during Phase 1. At each community briefing, public forum, and farmers market, staff recorded participants’ comments and questions. Project staff displayed a cumulative flipchart list of questions and concerns heard at various public events and built upon the list at every subsequent meeting. This “living document” demonstrated the breadth of outreach and input received over the life of the project. The listening log was also converted into a handout that included responses from City staff and was distributed at outreach events. An electronic version of the log was posted and updated on the annexation webpage.

Annexation Website and Listserv

City and consultant staff revised the existing Kirkland annexation webpage at the beginning of September 2006 and continue to update the page with event information and current project materials. Members of the public could also sign up for an annexation listserv, which ensured that they would be emailed with information about upcoming events and alerted when an updated listening log was posted to the site.

Please see: www.ci.kirkland.wa.us/depart/CMO/Annexation_Information.htm

Presentation

Staff developed a PowerPoint presentation to introduce annexation and stimulate questions and discussion about the issue. The presentation was used at community briefings and public forums, and (1) defined annexation, (2) provided a historical perspective on past Kirkland annexations, (3) described why the Council is considering this option now, (4) summarized the four-stage process, and (5) invited additional comments and questions.

Folio

The folio is a four-page overview pamphlet that includes information about the annexation process, the four-phase timeline, and frequently asked questions (FAQs). A comment form was enclosed in each folio.

Frequently Asked Question

A four-page list of frequently asked questions and answers was created that addressed common questions for the Kirkland and PAA communities. This handout also included a map that showed Kirkland and PAA boundaries.

Comment Form

A comment form was available at all public outreach events for participants to submit their comments. Participants were able to leave forms with staffers at the outreach events or mail them in later. All comments were incorporated into the listening log.

Display Boards

Display boards were used at the neighborhood briefings and public forums, including:

- Historical map of Kirkland annexations
- Map of PAA and Kirkland boundaries
- Annexation process
- Public forum participant map

Outreach Activities

During Phase 1, City Council members engaged in a “listening tour” to learn what factors and questions are important to the Kirkland community when considering annexation. The team completed the following outreach activities during Phase 1:

- Media Roundtable
- Neighborhood Association and Community Group Briefings
- Farmers Markets
- Public Forums

Media Roundtable and Media Coverage

Members of the local media were invited to a roundtable with City staff on September 25, 2006, to ensure that they had accurate information and opportunities to engage in the annexation dialogue. *The Seattle Times* attended the briefing and published a story on September 29, 2006 (listed below). Several additional news stories were published or aired in various forms to introduce annexation and advertise the public forums.

- Episode 20. A nine-minute spot produced to inform viewers of the annexation dialogue and opportunities to be involved. *Currently Kirkland*, September 5, 2006.
- “Kirkland on cusp of dramatic growth in size, population,” *The Seattle Times*, September 29, 2006.
- “Forums Planned About Annexation,” *The Seattle Times*, October 18, 2006
- “Kirkland: Should Nearby Areas be Annexed?: City Hosts Forums to get Public Input,” *King County Journal*, October 20, 2006.
- “Last Forums Today About Annexation,” *The Seattle Times*, October 28, 2006.

Community Briefings

The project team offered to visit all Kirkland neighborhood associations and several community groups to provide presentations about annexation. City and consultant staff visited the following groups, and public input was collected in the listening log (described below and attached):

- Kirkland Association of Neighborhoods, September 13 (10 attendees)
- Moss Bay Neighborhood Association, September 16 (40 attendees)
- Market Neighborhood Association, September 20 (25 attendees)
- Lakeview Neighborhood Association, September 25 (5 attendees)
- Everest Neighborhood Association, September 26 (40 attendees)
- Central Houghton Neighborhood Association, October 4 (8 attendees)
- Chamber Board Briefing, October 13 (6 attendees)
- Totem Lake Neighborhood Association, October 18 (25 attendees)

The following briefings remain, where additional community input will be collected and included in the listening log:

- South Rose Hill/Bridle Trails Neighborhood Association, November 14
- Highlands Neighborhood Association, November 16
- North Rose Hill Neighborhood Association, November 20
- Norkirk Neighborhood Association, December 6
- Kirkland Rotary Club, December 11

Farmers Markets

City and consultant staff set up an informational booth at the Kirkland Farmer's Market to reach out to a broader range of the Kirkland community. Members of the public could obtain copies of the folio, the listening log, and comment forms, as well as talk to project staff. The public could also view maps of the Kirkland and PAA boundaries, school districts, zoning, and other features like schools, parks, and neighborhoods. Comments and questions from citizens were recorded and added to the listening log.

- Kirkland Farmer's Market, September 27 (81 attendees)
- Kirkland Farmer's Market, October 11 (78 attendees)

Public Forums

The City hosted three public forums in Kirkland to provide opportunities to learn more about annexation and offer input. The forums were designed to stimulate a deeper conversation about thoughts and values related to annexation. The meeting format included a large group presentation and small, facilitated discussion groups that focused on the following questions:

- Do you think annexation will change the City of Kirkland?
 - What things do you think would or would not change with annexation?
 - Do you think annexation would affect Kirkland's "small town" atmosphere? If so, how?
- What are the three things City Council should consider when deciding whether or not to explore annexation further?

The public forums took place on:

- October 21, Kirkland Municipal Court (30 attendees)
- October 24, Kirkland Maintenance Center (20 attendees)
- October 28, Peter Kirk Community Center (41 attendees)

To advertise the meeting, the project team:

- Mailed a postcard to 22,690 City of Kirkland residents on October 6.
- Placed extra postcards and meeting posters at various community locations in the Kirkland area.
- Emailed meeting information to members of the City's annexation listserv.

Stakeholders Packet Mailing

The project team created a packet of information to introduce the annexation process that included a cover letter introducing annexation, an invitation to participate, and all informational materials developed. The City mailed packets to major community institutions and businesses, including Lake Washington Technical College, Evergreen Hospital and the Lake Washington School District.

Common Themes

The most common themes heard from the Kirkland community are listed below (the complete list of questions and comments can be found in the attached listening log, which is also described in more detail later in the document).

1. The City Council should consider all **financial risks** for the city and taxpayers and weigh their probabilities. Many members of the public wanted detailed financial information before providing substantive input.
 - How will the City cover the remaining annual deficit? What happens after State funding runs out?
 - What is the likelihood that State funding will not be available for ten years?
 - Does the financial analysis including all the right components, such as inflation and increasing high-density development?
 - What are the short and long-term capital needs within the PAA and Kirkland and will the City have the funds to support those needs in the future?
2. The City Council should consider how annexation affects **land use and zoning**.
 - Can areas within Kirkland or the PAA be re-zoned or improved to generate more revenue?
 - Will increasing density strain city resources and infrastructure?
3. If annexation moves forward, the City Council will need to **maintain quality services** in Kirkland. Can the City maintain quality service levels if annexation happens?
 - Can the City Council ensure that service levels, police response time, and access to City Council and staff will not decline for current residents?
 - Can the City support additions to the police force and city park system?
4. The City Council should consider and be prepared to articulate **how Kirkland residents would benefit if annexation occurred**. Many residents did not seem to understand the Growth Management Act goals, why annexation is encouraged, and how it may benefit the region.
 - Will Kirkland's voice be stronger on regional and state issues with a larger population? If so, on what issues?
 - If Kirkland does not annex the PAA, what is the probability that this area will decline and in what ways could this affect neighboring Kirkland residents?
5. Because Kirkland residents do not have a vote on this issue, the City Council must **clearly understand and respect the Kirkland community's stance in their decision-making**.
 - Will the Council initiate a survey of Kirkland residents to gather their thoughts on annexation (as was done in the PAA)?
 - Will the City Council continue to include Kirkland residents in outreach efforts if Phase 2 is initiated?

Input received at public forums was not usually noticeably different from what was heard at neighborhood association briefings (and public feedback from briefings and forums is all included in the listening log). Small group discussions were used during forums to more deeply explore community values, though the public often continued to ask questions of project staff. Two interesting points of note revealed during small group discussions included the following:

- Kirkland has a small-town feel, though it is actually quite large. What characteristics about Kirkland make it feel like a small community, and can those same features be replicated on a larger scale if annexation were approved?
- Annexation might help Kirkland better control its destiny as a city.

Recommendations and Next Steps

As the length of the (still growing) listening log attests, Phase 1 revealed a broad range of public questions and concerns for the Council to consider when contemplating annexation. In general, Phase 1 did not uncover any “surprises” or a strong undercurrent of opposition to annexation within Kirkland’s borders. Rather, Phase 1 demonstrated that the public is keenly interested in the answers to crucial questions about annexation related to Kirkland’s economic and community vitality. Phase 2 will provide the Council with an opportunity to deeply explore these important questions in order to make an informed decision about annexation.

Kirkland residents were also very concerned that they would not be given the chance to vote on this topic (as the process is currently structured). Citizens repeatedly requested that outreach and discussions with current city residents continue as this process unfolds. It will be important to sustain a visible public involvement strategy that targets Kirkland residents, as well as a transparent process that helps current citizens understand how to participate in the decision-making process in lieu of a formal vote.

If Phase 2 is initiated, we recommend that the Council consider the following recommendations:

- It will be very important to remain vigilant in our collective and consistent use of conditional phrasing (e.g., “If we go to the next phase,” rather than “When we go to the next phase”). Some members of the public expressed concern about the City “rushing to judgment,” and were skeptical that decisions had not already been made. Using language carefully in all materials and presentations will help to prevent undermining the legitimacy of this decision-making process.
- Convene focus groups to further gauge Kirkland community sentiments. Traditional focus groups include a representative sampling of the community, including people who may care little about the issue of annexation. Phase 1 briefings and forums yielded important feedback, but it was tough to gauge from these events what an uninformed or uninterested person might think about the topic. Focus groups would both inform future Council decisions about annexation, as well as indicate to Kirkland residents that their opinions were continuing to be seriously considered.
- Continue using the listening log as the primary tool to record the annexation dialogue. Members of the public responded well to this tool, and it has been an effective method to track public opinion and reflect back to the community during events and on the web page that community comments and questions have been heard.



Annexation? Let's Talk. | Winter 2007

Let's Talk Dollars and Cents Forum March 1, 2007

Introduction

The City of Kirkland is considering annexing the neighborhoods of Kingsgate, Juanita, and Finn Hill (collectively known as the potential annexation area, or PAA). The City Council is engaged in a careful, deliberate process to consider whether annexing this area is right for the City of Kirkland.

Currently, the Council is engaged in Phase 1, considering whether to continue exploring the issue of annexation and whether to commit city resources to a deeper exploration of this issue. The first phase consisted of two main components: (1) a robust public outreach effort to explore current City of Kirkland residents' concerns and questions about annexation, and (2) a preliminary financial analysis.

At the end of Phase 1, after listening to community concerns and gathering information, the Council decided to host an additional public forum to explain the results of the financial analysis. The Council expects to make a decision at the end of March on whether or not to proceed to Phase 2. If the Council decides to initiate Phase 2, the City would continue outreach in Kirkland, expand community outreach efforts to include residents and businesses in the PAA, and continue to study whether annexation is financially and technically feasible.

Please refer to the summary report, *Phase 1 Public Outreach Results* for a full account of the public outreach tools employed in Fall 2006. This summary provides an overview of the meeting format and comments received at the public forum held on March 1, 2007, from 6:00 to 9:00 p.m. at the Peter Kirk Community Center.

Objectives

The objectives of the public forum were primarily to:

- Meet the Council's promise of presenting the public with information about the financial analysis and gathering input before making a decision on whether or not to proceed to Phase 2.
- Provide diverse and meaningful opportunities to engage with the community on the matter of annexation.
- Please note that the goal of Phase 1 *was not* to obtain a yes or no opinion from Kirkland residents, but rather to identify community questions, concerns, and underlying values that City Council should consider when deciding whether to pursue Phase 2.

Agenda and Format

6:00 p.m. – Open House

The meeting started at 6:00 p.m. with an open house. Attendees were able to circulate around the room to view display boards and read the Listening Log and handouts about the project. City and consultant staffs were also available to answer questions.

7:00 p.m. – Presentation and Discussion

City staff provided a 30 minute PowerPoint presentation to welcome everyone to the meeting, present the results of the financial analysis, and describe next steps. The presentation was followed by a facilitated “listening session” when the public could ask questions and make comments in a “Town Hall style” discussion.

9:30 p.m. – Closing remarks from City Council members

The City Mayor and each City Council member had an opportunity to comment on the discussion and make closing remarks.

Materials Developed

The following materials were developed to help the public understand the annexation process, provide feedback, and learn about the concerns and questions of other citizens. Copies of the materials are provided as an attachment. City and consultant staff updated the following materials, as needed, for the Public Forum on March 1.

Listening Log

The “listening log” is a tool designed to capture and reflect back to the community the range of feedback received during Phase 1. At each community briefing, public forum, and farmers market, staff recorded participants’ comments and questions. Project staff displayed a cumulative list of questions and concerns heard at various public events and added to the list at every subsequent meeting. This “living document” demonstrated the breadth of input received over the life of the project. The listening log was also converted into a handout that included responses from City staff and was distributed at the meeting. An electronic version of the log was updated and posted on the annexation webpage.

Annexation Website and Listserv

City and consultant staffs revised the existing Kirkland annexation webpage at the beginning of January 2007 and continued to update the page with event information and current project materials. Members of the public who signed up to be on the annexation listserv received an invitation to the public forum and a handout on the financial analysis.

Please see: www.ci.kirkland.wa.us/annexation

Presentation

Staff developed a PowerPoint presentation to introduce annexation and stimulate questions and discussion about the issue. The presentation was used at community briefings and public forums to (1) define annexation, (2) describe why the Council is considering this option now, (3) summarize the four-stage process, (4) explain the results of the new financial analysis, and (5) invite additional comments and questions.

Folio

The folio is a four-page overview pamphlet that included information about the annexation process, the four-phase timeline, and frequently asked questions (FAQs). A comment form was enclosed in each folio.

Frequently Asked Questions

A four-page list of frequently asked questions and answers was created that addressed common questions for the Kirkland and PAA communities. This handout also included a map that showed Kirkland and PAA boundaries.

Financial Analysis Fact Sheet

A one-page fact sheet was developed to provide an overview of the financial analysis and a highlight of the results.

Comment Form

Comment forms were available at the public meeting. Participants were able to leave forms with staffers at the outreach events or mail them in later. Two comment forms were submitted at the meeting.

Display Boards

The display boards listed below were used at the public forum:

- Historical map of Kirkland annexations
- Map of PAA and Kirkland boundaries
- Annexation decision-making process
- List of frequently asked questions
- Overview of financial analysis
- Explanation of how Kirkland has balanced the city budget in the past
- Map of potential opportunities for redevelopment within Kirkland city limits and the PAA

Common Themes

Fifty-three members of the public attended the public forum on March 1st, mostly residents of Kirkland or a community within the PAA. Attendees could voice comments during the question and answer session, submit a comment form, or write comments on flip charts placed around the room. The most common themes heard from the Kirkland community are listed below (the complete list of questions and comments can be found in the attached listening log, which is also described in more detail later in the document).

6. The City Council should consider all **financial risks** for the city and taxpayers and weigh their probabilities.
 - How would annexation affect capital improvements within the City of Kirkland? Is there a big need for capital improvements within the PAA?
 - Is it likely that the City can negotiate more aid from King County?
 - How much of the capital improvements needed after annexation come from building more facilities?
 - How would annexation after the ten years of state funding affect tax rates for property owners and businesses?
 - Some Kirkland residents expressed concern about property tax increases.
7. The City Council should consider **other factors besides economic issues**.

- Residents of the PAA expressed that annexation is an issue of fairness and referred to the idea that cities “cherry-picked” revenue producing areas.
 - Residents of the PAA mentioned the need for parks, art, and amenities for children within the PAA that will most likely not be provided by King County.
 - Some residents of the PAA expressed dislike for increased development within the PAA.
8. If annexation moves forward, the City Council should **consider looking at the following information in their financial studies:**
- Show percentages corresponding to the list of previous strategies used to fix the structural deficit. What strategies did the City use more than others?
 - Calculate the revenue generated from the PAA in the long-term and work backwards to determine the type of services the City can provide.
 - Use ‘best practices’ from other cities on how they handle their structural deficits.
 - Develop creative strategies to balance the budget that do not involve increasing taxes.
 - Develop a plan to eliminate the structural deficit as a continuous problem.
 - Consider amenities and transportation routes needed to create better connections between the PAA and Kirkland.
9. Because Kirkland residents do not have a vote on this issue, the City Council must **clearly understand and respect the Kirkland community’s stance in their decision-making.**
- Some residents of Kirkland believed annexation would hinder access to their City officials.
 - Some residents of Kirkland would like to protect the “small town atmosphere” of Kirkland.
 - A resident of Kirkland strongly believed that the City Council should conduct an advisory election within Kirkland on annexation.
 - As the Council moves forward, Kirkland residents want continual reports and opportunities to stay involved.



Annexation? Let's Talk. | Winter 2007

Listening Log as of March 1, 2007

Note: Comments and questions from the **March 1, 2007 Public Forum** have a 3/1/07 notation in the margin.

In the fall of 2006, the Kirkland City Council began visiting with local groups and citizens on the issue of annexation. The City Council will decide in early 2007 whether to continue exploring the option of annexing Finn Hill, Upper Juanita, and Kingsgate (the potential annexation area), and as a first step is consulting with current Kirkland citizens about their questions and concerns.

This "listening log" captures the comments and questions heard so far at neighborhood association briefings, farmers markets, and public forums. The log will continue to grow throughout the fall as more groups and citizens provide input. Please note that these comments and questions were not taken verbatim, but were paraphrased to help present a general idea of the input from the community. You will notice that we do not have answers for every question at this point because we are continuing to gather and analyze information. If you do not see your questions or concerns captured below, please email your comments to annexation@ci.kirkland.wa.us or call 425-587-3000.

Economics

- **Q: What is included in the \$4.8 financial gap anticipated from annexation? Would the \$4.8 million gap be an annual deficit? What percentage of Kirkland's budget is \$4.8 million?**
A: The financial gap includes the additional money needed to provide services to the potential annexation area and the additional staff that would be required, such as police, administration, and city planners. Yes, it is an annual deficit—the difference between estimated new revenue from the area and the cost of providing city services. The \$4.8 million came from a fiscal study completed in 2005. Since then, the City has updated all of the figures related to annexation to take into account changes in costs, tax rates and staffing projections. In 2005, the \$4.8 million represented 27% of the cost of providing services to the PAA. Taken as a percentage of the City's general operating budget with annexation, it would have represented roughly seven percent.
- **Q: How much does the gap close with state funding?**
A: The state funding reduces the annual deficit from about a \$4.8 million deficit to about \$800,000.
- **Q: How much time do we really have to annex? Does the state funding clock start when you start implementation, or 10 years from today?**
A: The City of Kirkland would have to start the process of annexation by January 1, 2010 to be eligible for the state sales tax funding. The availability of state funding continues for 10 years from the time the City begins receiving funds. We would be eligible for funds at the point at which Kirkland's City Council passes a formal resolution indicating that the city will proceed with the annexation.
- **Q: Isn't the deficit likely to be higher in 10 years (considering inflation)? How will the extra deficit be covered?**
A: To be determined. City staff is revisiting financial figures this fall to answer this question.
- **Q: Where does the State get these newly allocated funds?**
A: Funding would come from the State General Fund in the form of a locally imposed sales tax that becomes a credit against the state's share of the sales tax. This will not increase the amount of sales tax consumers pay, but it will temporarily divert revenue from the State's General Fund to annexing cities.

- **Q: Are our gas taxes going to this newly allocated state funding?**
A: If the potential annexation area is annexed to Kirkland, we would receive additional gas tax revenue based on the increased revenue (gas tax is allocated based on population). Once the annexation is effective, all general revenue received from within the new city boundaries can be used for any area within the City. Gas tax can only be used for transportation purposes.
- **Q: What happens if the State changes its mind and decides not to provide funding at some point in the future?**
A: That is a risk that Kirkland has to consider.
- **Q: If revenue from the potential annexation area cannot fund the remaining gap (cover the remaining deficit after receiving state funding), wouldn't the City of Kirkland be forced to reduce services to existing residents or raise taxes in the City?**
A: The City is required to prepare a balanced budget every year. When a funding shortfall occurs, we have limited choices—decrease expenses, increase revenues, or use reserves. This is a key issue that we are studying now.
- **Q: Can we get more funding from King County?**
A: We are still in the early stages of the decision-making process, but the City would do its best to get an appropriate level of funding from King County. Negotiations would be ongoing.
- **Q: Are there some drawbacks to going for the funding at the last minute? Will we not be able to get as much?**
A: King County has indicated that it has a limited amount of annexation incentive funds available. There are a number of cities considering annexation and Kirkland would be requesting funds along with all of the other cities.
- **Q: Is there a cost-of-living escalation rate linked to the state funding?**
A: The state funding comes in the form of a sales tax percentage—we can receive up to two-tenths of one percent (0.2%) of the 8.8% sales tax if we annex an area with a population of 20,000 or more. Annual increases (or decreases) in sales tax will mirror the City's overall sales tax performance. To the extent that sales tax receipts increase because of inflation (the increasing cost of goods), the City may realize a larger annual amount of revenue.
- **Q: What tax rate would potential annexation area residents pay?**
A: If annexation occurs, residents within the expanded Kirkland boundaries would be uniformly taxed. The potential annexation area residents would pay the same rates as Kirkland residents. The one possible exception is if the Kirkland City Council accepts the annexed area without an agreement from the potential annexation area to assume their portion of the City's outstanding voted debt. In that case, the potential annexation area's property tax rate potentially would be lower than what exists in Kirkland. The City Council does not have to accept that annexed area if voters in the potential annexation area choose not to accept the outstanding debt. This is a policy decision that has not been made yet.
- **Q: Could we charge a one-time membership fee to the potential annexation area residents for joining Kirkland to make up for the deficit?**
A: There is no legal provision for this type of assessment.
- **Q: Is there potential for revenue building in the potential annexation area (i.e., building more expensive houses to increase the tax base)?**
A: One of the long-term financial strategies that we will be looking at includes possible land use changes that would provide additional revenue. Primarily this would be in the form of redeveloped or enhanced commercial properties that produce sales tax revenue. New construction (both residential and commercial) produces some additional property tax. Increases in valuation that are not related to new construction do not produce new revenue but serve to redistribute taxes (i.e., who pays the taxes).
- **Q: What is the cost per capita of police service?**
A: Our initial estimates indicate that the cost of providing police services to the potential annexation area would be about \$247 per capita. This is consistent with the current cost of service in Kirkland, which is \$257 per capita. The slight difference is in the "economies of scale" realized by serving the larger area.

- **Q: Will residents in the potential annexation area continue to pay the same tax rate?**
A: If the potential annexation area residents become part of Kirkland, they would pay about the same amount of taxes as they paid while a part of King County. However, they would pay taxes in a slightly different form. Under King County, the potential annexation area residents pay more property tax but do not have a utility tax. In Kirkland, they would pay less property tax but would be charged a utility tax. The net "bottom line" of total taxes paid would be about the same. Once a potential annexation area becomes part of a city, residents would be subject to the same tax levels as other city residents (with the possible exception of voted debt as discussed earlier).
- **Q: At the end of ten years what impact would the financial gap have on households?**
A: Kirkland is currently studying this issue to determine whether it would be feasible to close the gap once the state funding is no longer available after ten years. Possible revenue sources could be new or enhanced commercial areas. The City is required to prepare a balanced budget every year, so we have limited choices decrease expenses, increase revenues, or use reserves.
- **Q: If only certain areas of the potential annexation area were annexed, wouldn't the deficit decrease?**
A: Annexing one, two, or all three of the neighborhoods is a possibility. The projected deficit in the three areas ranges from \$1.6 million to \$3.2 million before factoring in the state funding. City staff will be revisiting these figures in light of the new funding to help answer this question.
- **Q: Does Kirkland look carefully at existing expenses and the levels of service they fund in order to find opportunities to be more efficient? Could Kirkland adjust levels of services in order to close the funding gap?**
A: The City Council will consider all of the options available to the City to close the gap including expenditure reductions in the proposed annexation budget.
- **Q: What if the potential annexation area stays a part of King County? Would the funding shortfall be the same for King County? Does King County save money?**
A: Because King County offers a different level of service at a different cost than Kirkland, the funding shortfall would be different. King County has stated that they will not have the funding in the future to provide the same level of services that they provide now, which cities are able to provide. King County would save whatever they are spending to provide services in that area, however, they will also lose revenue from that area as well (e.g. property taxes).
- **Q: Is the City of Kirkland also considering long-term capital needs in the economic study? Will funds for long-term capital improvements for Kirkland be a factor in making a decision on annexation?**
A: The City made an initial assessment of capital needs in the potential annexation area as part of an earlier study on annexation. A comprehensive assessment of capital needs in the annexation area has not yet been conducted. If the City Council decides to proceed to the next phase of annexation, we will begin an updated assessment of capital needs including a review of King County's proposed capital improvement program in the area. Capital needs will be a factor considered by the City Council when deciding whether to place an annexation measure before the voters in the potential annexation area. Considering Kirkland's current needs (both capital and operating) within the context of annexation will also be part of the fiscal study currently underway.
- **Q: King County hasn't been very active in capital planning. If annexation were to happen, would Kirkland have funds for capital planning as well within the potential annexation area?**
A: Revenue for capital improvements would become available after annexation from sources that are legally dedicated for those purposes (real estate excise tax, gas tax and impact fees). The City would also discuss possible one-time funding from King County for capital improvements and other one-time start-up costs of annexation.
- **Q: Goat Hill (within Finn Hill) is in dire need of infrastructure improvements. Are there other areas similar to Goat Hill that need serious improvements? Will King County put investments on hold until the annexation decision is made?**
A: King County would be better able to answer your question about planned capital improvements in the annexation area. The City has not conducted a detailed capital needs assessment in the area yet.
- **Comment: Most of us [potential annexation area residents] are already paying sales tax to Kirkland. Road, transportation, and police are major economic factors to look at. I don't like the**

“funding hole” after the 10 years of funding is over. It’s also important to have a “crosswalk” comparison of Kirkland and County taxes.

A: The following table compares the property tax rate and breakdown in King County versus in the City of Kirkland:

King County	2006
County Road Levy (Levy Code 7337)	1.84203
Fire District #41	1.20000
Consolidated (State, Port, County)	4.05986
EMS	0.21982
Lake Washington School	2.64967
Hospital District	0.53517
Library District	<u>0.48937</u>
Total County levy	10.99592
Tax on \$320,000 home	3,518.69

City of Kirkland	
Regular Levy	1.32360
Debt	0.16642
Consolidated (State, Port, County)	4.05986
EMS	0.21982
Lake Washington School	2.64967
Hospital District	0.53517
Library District	<u>0.48937</u>
Total City Levy	9.44391
Tax on \$320,000 home	3,022.05

Difference City to County (496.64)

- **Q: What is the financial risk for the City and its taxpayers?**

A: The financial implications of annexation are the subject of a fiscal study currently underway and which the City Council will be discussing later this year and into early 2007.

- **Comment: The casino could produce revenue and should stay if annexation happens.**

- **Q: Why would the City even consider annexation when it sounds like a fiscal loser?**

A: The impetus for annexation comes from the Growth Management Act and from some residents of the potential annexation area who have expressed an interest in being part of Kirkland. The financial implications of annexation have been a major impediment to annexation. The new state funding has prompted the City Council to reassess the financial picture to determine if it changes the status enough to make annexation a good policy choice for Kirkland at this time.

- **Q: How does taxation work in this situation? Do property taxes go to the City or County? Where does current property tax go?**

A: When an unincorporated area annexes to a city, it is taxed on the same basis as the existing city residents and businesses. There are differences in the tax structure. For instance, the potential annexation area residents currently pay a road tax as part of the County levy (the road levy only applies to unincorporated areas). If annexed, the potential annexation area residents would no longer pay the road levy, but would pay the City's general levy. Some taxes wouldn't change. For instance, property taxes paid for public schools would be the same and King County would still collect their basic operating levy that applies in both cities and unincorporated areas for regional services such as elections. The City's portion of the property tax levy goes to its "General Fund" which is where basic governmental services such as police, fire and parks are funded.

- **Comment: The City Council needs to give staff guidance on how the City plans to eliminate debt. Kirkland residents need to know how much sales tax covers the total budget and how much more the potential annexation area will have to pay by household to cover the deficit.**

- **Q: Did Kirkland notice similar trends over the years in past annexations? How did the City make up for deficits linked to annexation in the past?**

A: In past annexations, services were added over a period of time and so expenditures were lower in the earlier years. The City added services as they could afford to do so.

- **Q: Is the assumption that “revenue producing areas were already annexed” true? Will money from the State help?**

A: The Totem Lake and NE 85th Street business districts were annexed many years ago. Much of Totem Lake borders the annexation area and it is the highest revenue producing business district in the City. The State funding will help a great deal to close the initial financial gap created by annexation.

- **Q: How does Kirkland’s current tax rate compare with neighboring cities?**

A: Kirkland’s tax rate is similar to surrounding cities. The 2006 tax rates are shown below for nearby cities of similar size and with a similar mix of services. Tax rates reflect the rate imposed per \$1,000 of assessed valuation so the difference in property valuations from city to city will determine how much tax is actually paid:

Bellevue	\$8.05 per \$1,000 of assessed value
Bothell	\$11.05
Kent	\$12.80
Kirkland	\$9.44
Redmond	\$9.25
Renton	\$11.95

- **Comment: If the potential annexation area doesn’t assume debt then ask the State for money.**
- **Comment: Job growth is an important component to consider.**

- 3/1/07 **Q: If the City moves forward with annexation, how much will the deficit be after ten years?**

A: After ten years, the estimated deficit for the combined Kirkland and PAA is estimated at roughly \$11.9 million. Most of that deficit (about \$9.9 million is attributable to the existing Kirkland budget. This estimate assumes that the City Council takes no action to balance the City budget in the intervening years. In reality, the City Council will balance the budget with or without annexation. Depending on the measures they take to balance the budget (expenditure reductions, revenue increases or both) the relative outcome for the PAA and the City changes. In some cases, the PAA performs better than existing Kirkland. .

- 3/1/07 **Q: What types of strategies did the Council employ in the past to balance the City budget and how effective were they?**

A: The City Council used a variety of strategies to balance past budgets including expenditure reductions, revenue increases and use of reserves. For each budget cycle, the Council determined the appropriate actions to be taken at that time. Their considerations included the economic conditions at the time and the economic forecast, changes in the business (and sales tax) base, service level demands and new initiatives and laws that impacted the City’s revenue or expenses. A matrix summarizing the strategies employed by Council over the past ten years is included in the consolidated fiscal study on the City’s annexation website.

- 3/1/07 **Comment: If the City Council decides to continue exploring annexation further, the next financial analysis should estimate the revenue that would be created by the PAA in the long-term and work backwards to determine the levels of service the City could provide.**

- 3/1/07 **Q: How sensitive is the financial analysis? How confident are we that these results are correct?**

A: The financial analysis is based on a detailed analysis of costs and revenues associated with the existing City budget and the annexation. The underlying assumptions, such as inflation rates and revenue growth, are based on past trends and our best estimate for the future. This study represents the most comprehensive and long-range forecast ever prepared for annexation. We believe the results of the analysis provide a sound basis for the City Council to make decisions about the future of annexation and the City budget.

Land Use and Zoning

- **Q: What is the current density and zoning like in the potential annexation area's neighborhoods?**
A: The majority of the area is developed and zoned for single family detached residential at an average of six units per acre (this varies by neighborhood). There are neighborhood commercial areas surrounded by multi-family units and some light industrial areas. By comparison, Kirkland has an overall higher density per acre than the potential annexation area.
- **Q: Has an inventory been taken of vacant areas in the potential annexation area? Can zoning be changed to help generate revenue?**
A: Like Kirkland, most of the land in the potential annexation area is already developed. However, there is redevelopment going on currently where existing, older structures are being replaced by newer ones. Rezoning is one of the issues that Kirkland will need to carefully consider before an annexation election. If the City Council decides to proceed with further study of annexation, city staff would work with citizen groups in the potential annexation area to discuss how zoning regulations might be applied in their area.
- **Q: How solid is the established zoning in those areas and will it stay the same?**
A: The City of Kirkland would start by overlaying the City's zoning in the potential annexation area. Kirkland would then establish zoning designations that are most similar to what is currently in the potential annexation area. It is possible that zoning could change in the future as we begin to work with neighborhoods and business districts on plans specific to those areas.
- **Q: Is St. Edward Park part of the potential annexation area? What about Finn Hill Park? Would it become part of the City?**
A: No, it is within the City of Kenmore's city limits and is a state park.

Big Finn Hill Park is considered a regional park at this time and King County would continue to maintain the facility. That could change in the future, though there is no plan to do so upon annexation at this time.
- **Q: Finn Hill has minimal density levels now (the trend is to increase population density in the neighborhood). Increasing density will place increased pressure on supporting infrastructure. How will the City address this issue?**
A: The City will consider this question both as part of our zoning study and our assessment of capital improvement needs in the area.
- **Q: Are there any King County-owned properties inside the potential annexation area?**
A: Aside from the parks, we do not currently have an inventory of King County-owned land in the potential annexation area.
- **Q: Would the potential annexation area get a land-use exemption like Houghton? How will land uses change overall?**
A: The Houghton Community Council (HCC) was established in 1968 at the time that Kirkland merged with the old town of Houghton. As authorized by state law, the HCC has the authority to veto land use ordinances passed by the City Council, but it does not have the authority to pass its own laws. One of the questions that can be put to voters in the potential annexation area is whether they want to form a community council such as the HCC. This question is optional inasmuch as the City Council can decide whether or not to include that question in the ballot measure. If the City Council decides to move forward with an election, then this is one of the determinations they will make. This question was not presented to the voters in the most recent annexation election of Rose Hill and Juanita.

Most of the annexation area is "built out" and is largely residential. This is not likely to change dramatically. Land use changes will be determined in consultation with area residents and the Planning Commission. One of the questions that can be put to voters in the potential annexation area is whether they want to form a community council such as the one that exists in Houghton (the Houghton Community Council). This question is optional inasmuch as the City Council can decide whether or not to include that question in the ballot measure. If the City Council decides to move forward with an election, then this is one of the determinations they will make. This question was not presented to the voters in the most recent annexation election of Rose Hill and Juanita.

Land use changes will be determined in consultation with area residents and the Planning Commission.
- **Q: Is there any benefit to Kirkland having more affordable or dense housing? Will we meet a state requirement?**

A: All jurisdictions, including Kirkland, are assigned growth targets in accordance with the Growth Management Act. King County jurisdictions are also assigned targets for housing that are affordable to low and moderate income households. The ability to meet targets is beyond the sole control of each jurisdiction. However, jurisdictions are expected to adopt comprehensive plans and zoning regulations that will accommodate the targeted growth. Because Kirkland and the unincorporated neighborhoods of Finn Hill, Kingsgate and North Juanita have very little vacant land remaining, most future growth will occur through some form of densification, including subdivision of oversized lots and construction of new multi-family buildings where the zoning allows.

- **Q: Is there a link between developing the Totem Lake Mall and annexation? Is the City looking at redevelopment in the potential annexation area to boost revenue?**

A: The decision to explore annexation is independent from development of the Totem Lake Mall. Redevelopment will occur in the annexation area as economic conditions are favorable to investment and existing structures age.

- **Q: Will permit processes in the potential annexation area transfer to Kirkland? How do permit costs compare between King County and the City of Kirkland?**

A: New permits applied for after annexation will be processed by the City of Kirkland. If annexation is approved, the City and King County would work out a transition plan for permits in process. Kirkland and King County have different fee structures and we have not compared the cost of permits at this time.

- **Q: What is Kirkland's view of infill development? How is it monitored? Which phase of this process would address infill development?**

A: Policy LU-2.2 in Kirkland's Comprehensive Plan states, "Use land efficiently, facilitate infill development or redevelopment and, where appropriate, preserve options for future development." In general, it is fair to say that Kirkland supports infill development. However, the above policy is one among many. Other policies speak to other issues. For example, Policy LU-1.3 states, "Encourage attractive site and building design that is compatible in scale and character with existing or planned development."

In the end, it's a matter of balance. Infill development plays an important role in assuring that Kirkland is meeting its growth targets under the Growth Management Act. Since we are essentially a built-out community, most of our development is in the form of redevelopment (mixed use retail/ condominium buildings downtown, for example) or greater intensification of development (such as the subdivision of large lots into smaller lots consistent with the zoning).

The City, of course, does not totally control the amount or pace of development. We set the zoning and development regulations. Private property owners make decisions about whether to develop their property in accordance with those rules.

We monitor development activity on an ongoing basis through the King County "Buildable Lands" program. The number of new (and demolished) housing units (single family and multi-family) and commercial floor area are tracked and reported.

If the City Council decides to proceed to phase two of the annexation process, we will be discussing these and other land use issues with residents and businesses in the potential annexation area to better understand how Kirkland's zoning and growth policies would be applied in the potential annexation area if it were to annex to Kirkland.

- **Q: This is all about tradeoffs. Would the property rights initiative (I-933) on the State ballot affect annexation?**

A: Since the ballot measure failed, there will be no related impacts.

- **Q: If annexation happens, and the potential annexation area falls under Kirkland's land use and zoning regulations, what kind of changes can we make to our property—i.e. cutting down trees?**

A: If annexation is implemented, Kirkland staff would work with residents of the potential annexation area to determine how the City's zoning code would apply to their area. Residents would know in advance how the proposed zoning would look and which regulations they must follow.

- **Comment: I'm in the potential annexation area and I have watched Kirkland annex most of our revenue generating areas in Upper Juanita. I prefer to be annexed to Kirkland, but if Kirkland does not want that to happen, could you give us back some commercial areas so that we are able to incorporate as an economically sustainable city?**
- **Q: Would the casino in Kingsgate be allowed to remain if the potential annexation area is incorporated?**
A: The casino would not be permitted under Kirkland zoning.
- **Q: Is annexation being driven by developers?**
A: Like Kirkland, the potential annexation area is already developed. The City Council's decision to revisit annexation has to do with Growth Management policies and the current discussion was prompted by the new state funding incentive.
- **Q: Can the City use eminent domain to appropriate private property for public use and provide compensation to the owner? The City could take property and build more commercial areas.**
A: Eminent domain is strictly controlled within Washington State and governments are not allowed to take property except for public purposes which would not include commercial development.
- **Q: I'm uncomfortable with growing density and development. How will density be controlled?**
A: Prior to a vote on annexation, the City will adopt a Zoning Ordinance that would be effective upon annexation. It is likely that the proposed zoning will be closely patterned after the existing zoning adopted by King County. However, prior to adopting potential new zoning, public meetings will be held to hear the desires of annexation residents.

Services

- **Q: How is the County providing the same services to the potential annexation area that Kirkland would? Are they experiencing a deficit?**
A: The County does not provide the same services or service levels that we would provide. Our intent would be to provide a uniform level of service for all Kirkland residents.
- **Q: If annexation is approved, would police precincts be required for a larger area and population?**
A: If annexation is approved, a small service station may be a possibility, but we haven't made that determination yet.
- **Q: How many Police officers are in the field in Kirkland now and how many additional officers will be needed for the potential annexation area?**
A: The number of police officers "on the street" at any given time can vary. Kirkland currently has 66.5 FTE (full time equivalent) commissioned police officers. The original (2005) annexation budget proposed an additional 52.5 sworn personnel but has since been revised to 44.0 FTE. This will provide an equivalent level of service to the potential annexation area as Kirkland residents now have.
- **Q: Would the school districts change or be impacted?**
A: No, the school district would not be affected.
- **Q: Do the residents of the potential annexation area help support Evergreen Hospital?**
A: Yes, the potential annexation area is included in the hospital district's boundaries and they pay the same taxes as Kirkland residents to support that facility.
- **Q: How much of Finn Hill is on septic systems and who would pay to fix that? Is the intention to put all of the potential annexation area on the City's sewer system?**
A: The potential annexation area is served by the Northshore Utility District and would continue to be served by the district after annexation. This is an issue that would be addressed by Northshore.
- **Q: Will Kirkland and the potential annexation area share the same water?**
A: Water service is provided to the potential annexation area by the Northshore Utility District and that arrangement would continue after annexation.
- **Q: Who provides fire and police protection in the potential annexation area now?**

A: Police protection is provided by the King County Sheriff. Fire and emergency medical services are provided by three separate Fire Districts -- King County Fire Districts #34, #36, and #41. District #41 covers the majority of the area and provides fire protection service through a contract with the City of Kirkland.

- **Q: What other kinds of service cost unknowns or capital improvements are there other than septic and sewer?**

A: There may be additional infrastructure needed in the future, with or without annexation. This could include street improvements to manage traffic, additional roads, or storm water management. However, infrastructure can be phased in over time. Our focus would be centered on providing services to the potential annexation area, because services need to begin from day one.

- **Q: Are there many streets within the potential annexation area that need improving?**

A: We have not conducted a recent inventory of street conditions in the potential annexation area. There is an existing road network that serves that area that would require periodic overlays. We do not anticipate a significant increase in the need for capacity improvements because the area is already developed.

- **Comment: I am concerned about annexing some of these areas in the potential annexation area because they may not fit well with the Kirkland community in terms of economics, character, and other demographics.**

- **Q: How would the potential annexation area compare with Kirkland in terms of voting issues?**

A: A recent analysis of voting patterns in the potential annexation area indicates that voting patterns were similar to Kirkland in terms of overall voter turnout and election results. Most election results in the potential annexation area mirrored Kirkland's results within one to two percentage points.

- **Comment: I live in Finn Hill, but used to live in Kirkland. Most of us in the potential annexation area already feel like we are part of Kirkland. I haven't noticed much of a difference in services between the potential annexation area and Kirkland.**

- **Comment: I live in Kingsgate, near the Kirkland city limits. I notice a very big difference between Kirkland and King County services. For example, the parks are not as well maintained, such as the 132nd Square Park.**

- **Q: Would the parks be expensive to maintain?**

A: The City would be responsible for maintaining some of the parks in the potential annexation area at the same level as those in Kirkland. Big Finn Hill Park is considered a regional facility and is expected to remain the responsibility of the County. The Finn Hill Park District maintains the smaller parks in their area and the annexation does not in and of itself displace the park district. These are issues that will be specifically addressed if the City Council moves to the next phase of the annexation process.

- **Q: What would happen to the Finn Hill Park district?**

A: The annexation would not in and of itself displace the park district. This is an issue that will be specifically addressed if the City Council moves to the next phase of the annexation process. A report on the potential impact of annexation on the Finn Hill Park District is one of the special reports that was produced along with the 2005 fiscal study (available through our annexation web page).

- **Q: Is it possible for Kirkland to spread out service levels instead of contracting for a temporary police force?**

A: We will be studying all of the options available for providing police services to the annexation area if the City Council decides to proceed to phase two. The transition of public safety services will involve collaboration with the King County Sheriff. Ultimately, it is the City Council's intent to provide a uniform level of police services throughout the expanded Kirkland if an annexation takes place. However, there may be a transition period between the King County Sheriff and the Kirkland Police Department.

- **Comment: This [annexation] sounds like a good idea if people in the potential annexation area are in need of adequate services.**

- **Q: What are the pros and cons of annexing for a small business owner? Would business licenses or other fees be greater if we were in Kirkland instead of unincorporated King County?**
A: Kirkland regulates and taxes businesses differently than King County and differently than other cities. The impact on a small business would depend on the nature and size of the business. A summary of Kirkland's business licensing policies is available through the City's website, http://www.ci.kirkland.wa.us/depart/Finance_and_Administration/Licensing/Business_Licenses.htm.
- **Q: Services in Kingsgate are already good and dependable. What are the benefits of annexation for people in the potential annexation area?**
A: The benefits of annexation are different for every individual depending on how they view the changes. One visible change would be the level of police services available to residents and businesses in the potential annexation area. The City Council's intent is to provide a consistent level of service in all areas of the City, although the level of service may be phased in over a period of years.
- **Comment: The amount of shoreline would dramatically increase with annexation. If annexation happens, the City should also look at the need to add more marine patrols.**
- **Comment: We are already short of police staff within Kirkland and this [annexation] will make it harder.**
- **Comment: We [residents of the potential annexation area] go to Kirkland now for many services, but are just not represented.**
- **Comment: Representation and approachability of Kirkland City Council members would be a big advantage for potential annexation area residents.**
- **Comment: If annexation occurs, the City would be able to manage the growth better in both Kirkland and the potential annexation area.**
- **Comment: Police and fire services are important core issues. If taxes need to go up to provide quality services then I think that is okay.**
- **Q: Would the current homeowners associations in the potential annexation areas be dissolved? What about the private parks within the annexation areas—would they still remain private?**
A: Annexation would not have an impact on the homeowners associations or the private parks. The private parks would remain private and still be the responsibility of the homeowners associations.
- **Comment: I'm concerned about reduced police and fire response time as well as watered-down individual input (politically) as an individual who lives in Kirkland.**
- **Q: Is the City Council considering the growth plans of Evergreen Hospital in this decision?**
A: Evergreen Hospital is already within the Kirkland city boundaries and is required to build and/or contribute to a number of transportation improvements in the surrounding area.
- **Q: Will the green areas in the potential annexation area be protected? Green space is important, and I see Kirkland losing many of its trees. If we annex, would the potential annexation area lose trees?**
A: An important element of the public outreach process in the potential annexation area will be discussion of areas that have special zoning designations, including protected natural areas. Before an annexation election, residents will have information about the proposed zoning in the potential annexation area, including protected areas. If the annexation were approved, the potential annexation area would be subject to the same regulations concerning removal of trees and preservation of the natural environment that are in effect at the time for the City of Kirkland.

- **Q: What other public systems would be affected by annexation (e.g., library, schools, Metro, roads, fire, etc.)?**
A: The school district, library district and Metro systems would not be affected by the annexation. Fire protection is currently provided by three different King County fire districts, with the majority of the area served by King County Fire District #41. District #41 contracts with the City of Kirkland for fire and emergency medical services and so residents in most of the area would not notice a difference in service. Service to the Kingsgate area, which is served partially by District #41 and two other districts, would be served by the Kirkland fire service. Mutual aid agreements between all of the fire and emergency service agencies provide for any agency to respond outside of their boundaries in order to affect the quickest response. The specifics of the deployment of resources in the eastern portion of the annexation area and whether any changes will be made still needs to be determined.
- **Comment: Pedestrian safety in the area is suffering. Local projects should not be moved down on the priority list to consider annexation. Capital Improvement Project (CIP) funds should not be diverted or reallocated to support annexation.**
- **Q: Would annexation make development easier?**
A: Annexation would not change development patterns or regulations within Kirkland. After annexation, development in the PAA would be subject to Kirkland's development regulations and zoning would be created for the area based on Kirkland's zoning code. While this would present a different set of rules under which development would take place, whether or not it is "easier" would be based on each situation and each developer's experience.
- **Q: Can we improve regional transportation by annexing? What will be the transportation impacts? Cut-through traffic? We would have to be careful where more development is placed.**
A: Since the annexation area is largely built out, there is already traffic flowing from those areas into and through Kirkland. To some extent, annexation will improve our ability to control traffic impacts in Kirkland because we would have control over new developments in the area to our north.
- **Q: How will City Hall and other facilities be expanded? How much of an increase to City Hall staff, services, planning commission, etc., would be necessary?**
A: City facilities would need to be expanded to accommodate the additional staff needed to service the annexation area. The cost of expanding facilities is factored into the projected cost of annexation. A total of about 130 new staff will be needed to serve the annexation area, most of which are police personnel.
- **Q: Could we lease King County services (but not annex)?**
A: If a city did not annex the PAA, King County would still be responsible for providing services. The only other option would be for the area to incorporate (become its own city) and then it could contract with King County for services (assuming King County would be willing to provide contracted services).
- **Q: Why did it seem that county roads were better maintained than city roads during the November 27, 2006 storm?**
A: The November snow storm affected different areas to varying degrees. Roads within Kirkland are plowed and sanded based on a pre-established priority order, with public safety routes addressed first.

Kirkland Community

- **Q: What is the benefit of annexing to Kirkland residents?**
A: We're already functioning in many respects as one city with the potential annexation area. Most residents in the potential annexation area have Kirkland addresses and take advantage of our park system and streets. Annexing the potential annexation areas may "formalize" what is already considered by many to be the greater Kirkland. The area would also have similar land use regulations as Kirkland and we would have more impact on development that occurs adjacent to our existing neighborhoods. There may also be regional advantages to having a larger population. For example, we could have a greater voice in regional transportation and planning decisions that affect us locally.

- **Q: Would Kirkland be punished or sanctioned by the Growth Management Act if we choose not to annex the potential annexation area?**
A: There are no penalties for failing to annex the potential annexation area. Also, the State funding is only available to cities that commence annexation by January 1, 2010. If we wait, we may forego this funding source.
- **Q: Is it going to be hard to maintain the “small town atmosphere” if we add the potential annexation area? How will being a bigger city make Kirkland a better city?**
A: Our goal is to maintain our “small town atmosphere.” There is an assumption that many residents in the potential annexation area already consider themselves part of Kirkland. There may be some advantages to being a larger city related to regional influence and decisions.
- **Q: How much would the population increase if the annexation were approved?**
A: If annexation were approved, Kirkland’s population would almost double in size. Kirkland’s population is about 48,000 and the population in the potential annexation area is 33,000—the new population would be about 81,000.
- **Q: What would be the downside to Kirkland if another city annexed the potential annexation area or if they incorporated on their own?**
A: We are not sure at this point. If another city annexed the potential annexation area or they incorporated, they could zone in a way that the City of Kirkland does not prefer, which may impact Kirkland.
- **Q: What if the potential annexation area doesn’t want to be part of Kirkland? Would there be any negative effects to Kirkland if the potential annexation area were not annexed?**
A: The potential annexation area could either remain unincorporated, attempt to incorporate as a separate city, or explore annexing to other adjacent cities. In a 2005 survey, 75% of the Potential Annexation Area residents surveyed said they would rather be annexed to Kirkland than other neighboring cities. The City will consider the risks on both sides of annexation. One possibility may be that, if the potential annexation area does not become part of Kirkland, they could rezone in a way that the Kirkland community does not prefer.
- **Q: Are the current City Hall and other facilities large enough now to accommodate an increase in population?**
A: No, we would need to add more facilities and we would note in our analysis if that would add cost.
- **Q: Would we be adding new members to the City Council?**
A: The total number of City Council members is currently seven and they are elected “at large” as opposed to by district. This would not necessarily change; however, residents of the potential annexation area would be eligible to run for the City Council.
- **Q: How much money has King County spent on the maintenance of slide-prone Juanita Drive in the last ten years? Does Kirkland have any slide-prone areas, and if so, what are the liabilities associated with them and those in the potential annexation area?**
A: We are aware of the recent slide activity on Juanita Drive but we don’t know how much has been spent on repairs. Kirkland does not have any slide-prone areas at this time. If the City annexes the potential annexation area, the City would be responsible for repairs to public infrastructure that occurs due to slides.
- **Q: What did Fairwood decide?**
A: Renton’s potential annexation area is Fairwood and Benson Hill. A group of Fairwood residents petitioned to incorporate as the City of Fairwood. The recent election asked Fairwood residents to vote on whether they would like to be incorporated as a separate city. The Fairwood incorporation election did not win the majority of votes needed to incorporate.
- **Comment: I’ve lived in Kirkland for many years and lived in the Juanita area for much of that time. The Juanita community is well-established, including one elementary school that has operated for nearly 100 years.**
- **Comment: Kirkland would have to be very pro-business to make this work.**
- **Comment: No areas in Totem Lake (within the city limits) are zoned for single-family homes.**
- **Comment: A larger Kirkland could lead to changes, such as increases in traffic, increases in salaries, or decreases in access, etc.**

- **Comment: I'm concerned that if annexation happens, I may not have as ready access to City staff and the City Council.**
- **Q: Would Kirkland have more regional clout if annexation occurs?**
A: Population drives our consumption of many regional services and the larger population would make us a larger consumer. Presumably, we could have more influence as a larger customer of regional services. Population also factors into our vote on regional affairs with respect to certain kinds of decisions.
- **Comment: The increase in population could increase the City's leverage with State issues.**
- **Comment: Annexation is an opportunity to increase Kirkland's large wooded areas and natural resources.**
- **Comment: The City of Kirkland is able to maintain a small-town atmosphere now with a population of about 44,000. The City Council should think about how they are able to accomplish this now and how to maintain that in the future if annexation were to happen.**
- **Comment: I'd like to point out that in addition to areas in the potential annexation area that do not generate much revenue; there are also areas in Kirkland that don't produce much revenue.**
- **Q: If annexation moves on to other phases, how will Kirkland residents be involved? Will there be similar public meetings just geared towards the Kirkland community?**
A: The Kirkland community will continue to be involved throughout the annexation decision process. Phase two calls for the outreach program to expand into the potential annexation area, but also involves continued dialogue with Kirkland residents. The specifics of phase two communications have not been set at this time, including the format, frequency and venue for public meetings.
- **Q: What does the potential annexation area currently cost Kirkland by having access to services but not having to pay for them?**
A: We have not attempted to quantify the value of services utilized by individuals that visit Kirkland but don't reside in the City of Kirkland.
- **Q: How big would Kirkland become compared to other cities in the county and the state? How would Kirkland rank by size if annexation takes place?**
A: Kirkland's current population is 47,180. If the entire potential annexation area was added, the new population would be about 81,000. By comparison, Bellevue's population is 115,500, Redmond's is 47,600, Renton's is 56,840 and Kent's is 84,920. Assuming the addition of 33,000 new residents, Kirkland would rank as the 11th largest city in Washington.
- **Q: Would the percentage of parks in Kirkland compared to total land change?**
A: The desired ratio of park acres to population is one of the level of service standards described in the City's comprehensive plan. Levels of service are defined for neighborhood parks, community parks and community centers. The net change to the current ratio that results from annexation was not measured as part of the most recent fiscal study and would need to be determined.
- **Q: Population growth will result in increasing pressure on city services. When looking at the population increase to Kirkland, are you considering new development, the increase in condominiums, and other increased density in the potential annexation area?**
A: That will need to be part of the City Council's consideration in annexation and is being incorporated within the long-range fiscal model that will be presented to Council beginning in November.
- **Comment: Why are City of Kirkland residents so reluctant to formally include areas that already identify with Kirkland as their city?**
- **Q: Why hasn't there been a survey of Kirkland residents to get their thoughts on annexation?**
A: Our present outreach efforts are attempting to gain a sense from Kirkland residents about the questions and concerns they have about annexation.
- **Q: Are there any assets within the potential annexation area to be acquired that would benefit the Kirkland community?**
A: The public properties within the annexation area would become the property of the City (with a few exceptions). There are a number of parks in the area that would become part of the Kirkland park system. Two exceptions to this would be Big Finn Hill Park which is a regional park and would remain the

responsibility of the County and O.O. Denny Park which is owned by the City of Seattle but which is maintained locally.

- **Q: What is the long-term vision for Kirkland? Why would Kirkland want to stay a small city and what would we gain from being a larger city?**

A: The City's Comprehensive Plan outlines the long-term vision for Kirkland including a provision for annexation of the City's designated PAA. Annexation wouldn't necessarily change the way we develop our neighborhoods and businesses which reflects the values of the community and defines its character. There may be some advantages to the larger population with regard to Kirkland's regional influence.

3/1/07 **Comment: We need regular reports and presentations to the affected neighborhoods. Keep the City and the PAA fully informed in advance – no surprises. Also cooperate fully with neighboring cities and government agencies.**

3/1/07 **Comment: Currently, the City Council's duty is to Kirkland residents. The City Council should consider the impacts that annexation may have on access to the City Council for Kirkland residents.**

Potential Annexation Area Community

3/1/07 **Comment: It's about time to annex your northern neighbor.**

3/1/07 **Comment: The Totem Lake neighborhood within the PAA does not have public parks or art work like the City of Kirkland for the children in our neighborhood. I appreciate Kirkland's charm and small-town atmosphere and would like to help maintain that. If annexation does occur, we should think about creating a connection between our neighborhoods through pedestrian and bike paths.**

3/1/07 **Comment: Annexation seems like a matter of fairness and not just economics. As a member of the PAA who owns a business in Kirkland and has had a Kirkland address for 30 years, I feel very much a part of Kirkland. Since King County will most likely not be able to provide the same quality services in the future, annexation is something that should happen.**

3/1/07 **Comment: Some PAA residents enjoy the more rural feel of their neighborhood and I worry that annexation may lead to unwanted development in the PAA.**

3/1/07 **Comment: If the Council decides to study annexation further, then please consider the type of facilities and resources needed in the PAA, such as human services and resources for senior citizens.**

Annexation Process

- **Q: Do we have to annex all of the potential annexation area or can we just annex a part of it?**

A: We could annex one, two, or all three of the neighborhoods (Finn Hill, Upper Juanita, and Kingsgate). There are incentives for annexing a larger area with greater population (Kirkland would receive more funding from the State).

- **Q: How would voting work if the Council decided to pursue annexation? Would Kirkland get to vote?**

A: Only the potential annexation area residents would vote, though the City Council would then get to either accept or reject an approved annexation ballot measure. Kirkland residents do not directly vote on annexation but are represented by the City Council.

- **Q: Why is annexation being considered at all?**
A: In some respects, the City of Kirkland and the potential annexation area already function as the same city. Many people in the potential annexation area already use Kirkland services, have Kirkland addresses, and share commercial areas and school districts. The State Growth Management Act calls for cities to annex unincorporated urban areas and to provide urban services to them.
- **Q: How do we know what the Council members are thinking about this?**
A: At this early stage in the process, they want to listen to the community's questions and concerns. They have not formally weighed in on the issue of annexation.
- **Q: Would all the potential annexation area's residents' addresses change?**
A: Most residents in the potential annexation area already have Kirkland addresses, but it would be required for some.
- **Q: Is this going to happen no matter what?**
A: No, the City Council is taking this process very slowly. They understand that this will be a big decision for the Kirkland and potential annexation area communities. The City will consider this issue step by step and are gathering citizen input and the information they need to help make these upcoming decisions.
- **Q: Was annexation a discussion before the funding was available?**
A: Yes. The City has considered annexation several times in the past. The financial analysis showed that it would be too costly for the City. In light of the new state funding available, the City Council feels that they should consider annexation again and revisit the fiscal analysis and gather community input.
- **Q: What is the rationale for the shape of the potential annexation area? Why can't the area be divided into different sections and Bothell, Kenmore, and Woodinville take part of each section?**
A: Potential annexation areas are designated by cities and are adopted by King County as part of a regional planning document called the Countywide Planning Policies. All four cities surrounding the unincorporated area have their own designated potential annexation areas. In the City of Kirkland's comprehensive plan, this area was selected as the City's potential annexation area. A potential annexation area's boundaries can be changed with a mutual agreement between a city and the consent of the County. In this case doing so would require the need to establish a logical alternative boundary.
- **Q: Has there been an example of cities disagreeing with the regulations under the Growth Management Act? Is there an opportunity to say "No," we do not agree with the values or goals of the Growth Management Act?**
A: The Growth Management Act tries to ensure that cities and counties within Washington State are working together. Annexation is consistent with the goals of the Growth Management Act that cities should provide services to urban areas and counties should provide services to rural areas. Although cities take into account regional and state issues, the City Council will also consider the interest and values of Kirkland residents. There are no penalties at this time for not annexing the potential annexation area.
- **Q: Does the potential annexation area vote as one block or as separate neighborhoods?**
A: An election measure can be segregated by neighborhood or be presented as one measure for the entire area. A final decision on how the ballot measure will be presented has not been made.
- **Comment: I live in unincorporated King County near Bellevue and I'm glad to hear you acknowledge past "cherry picking" and that citizens are already paying their share.**
- **Comment: I think the City Council's thoughtful decision-making process is wonderful.**
- **Comment: Annexation would increase the sense of community within the potential annexation area through organization of neighborhood associations and so on.**

- **Q: Is there such a thing as “un-annexation?” If the potential annexation area is annexed and it doesn’t seem to be working out, is there a way to reverse the decision?**
A: Although there is a process for an area to be transferred from one jurisdiction to another, it is more typically used for the transfer of smaller pieces of property between jurisdictions. The process involves the jurisdiction losing territory passing a resolution indicating its desire to “de-annex.” A report must be prepared for Boundary Review Board approval and then the receiving jurisdiction would hold a public hearing and pass an ordinance annexing the territory. If this process were utilized, the Boundary Review Board and King County Council would have to approve the change.
- **Q: Will the ballot read as two separate measures? For example, one question about whether the potential annexation area would like to be annexed to Kirkland and a separate question potential annexation area residents if they’d like to assume their share of Kirkland’s debt as a condition of annexation?**
A: This decision has not been made yet.
- **Comment: I believe that the ballot should ask for annexation and the assuming of debt together.**
- **Q: Is it possible for the City Council to initiate an advisory ballot in Kirkland?**
A: Yes. It would be a non-binding advisory measure.
- **Q: Can we ask the County to make improvements within the potential annexation area before Kirkland initiates annexation?**
A: We anticipate that this will be part of the negotiation with King County if the City Council decides to proceed with the annexation process.
- **Comment: I’m from the PAA and I’m concerned that Kirkland has a pre-conceived idea about not wanting this to happen.**
- **Q: Why has it taken so long to get to this point? People living in the unincorporated area have been supporting Kirkland with sales tax revenue by shopping/eating at Kirkland businesses for years.**
A: The financial effects of annexation to the City have been the primary obstacle to date. The passage of legislation in 2006 providing State funding for annexations is prompting the reconsideration at this time.
- **Comment: I live in the potential annexation area and would be happy to pay my fair share!**
- **Comment: We (residents of the potential annexation area) will probably need to know soon whether Kirkland would like to annex our area, because if not, we’ll need time to make other plans or start conversations with other cities.**
- **Comment: Discontinue all efforts to analyze annexation immediately. Let Woodinville, Bothell and/or Kenmore annex these places—the potential annexation area is probably a better fit for them.**
- **Q: Can the City Council say no to annexation? If it will cost \$4.8 million/year to annex why even study this? Just say no!**
A: The City Council has authority for the final approval of annexation.
- **Comment: There should be forums again after the financial analysis is complete, and before the City Council makes a decision to begin phase two.**
- **Q: How does the State feel about annexing unincorporated areas?**
A: Annexation of unincorporated areas is consistent with the Growth Management Act which is the State-adopted “blueprint” for land use in Washington. The State legislation that provides funding for annexations was intended to encourage annexation of unincorporated islands within urban areas.
- **Comment: The process is too rushed. We need a financial analysis and more time to make comments before a decision is made to begin phase two.**
- **Comment: The decision-making process doesn’t seem rushed to me. If the City Council moves on to phase two that doesn’t mean that this is on the ballot, it just means that further studies will be done.**

- **Comment: "Cherry picking" areas has not been too blatant in the past.**
- **Q: What are the environmental impacts?**
A: Annexation itself will not have any environmental impacts. Potential impacts (whether positive or negative) could result from differences in environmental regulations between Kirkland and King County. An analysis of such differences has not yet been conducted.
- **Q: Who is publicly supporting and opposing annexation?**
A: There is no identified group supporting or opposing annexation at this time. Residents and businesses in both the PAA and in Kirkland have expressed a range of support both pro and con.
- **Q: Assuming the potential annexation area is pro-annexation, what if the vote were today?**
A: The City Council has not determined whether to take the annexation to a vote yet. We cannot predict the outcome of an election in advance.
- **Comment: Juanita Beach is an example of a benefit of annexation.**

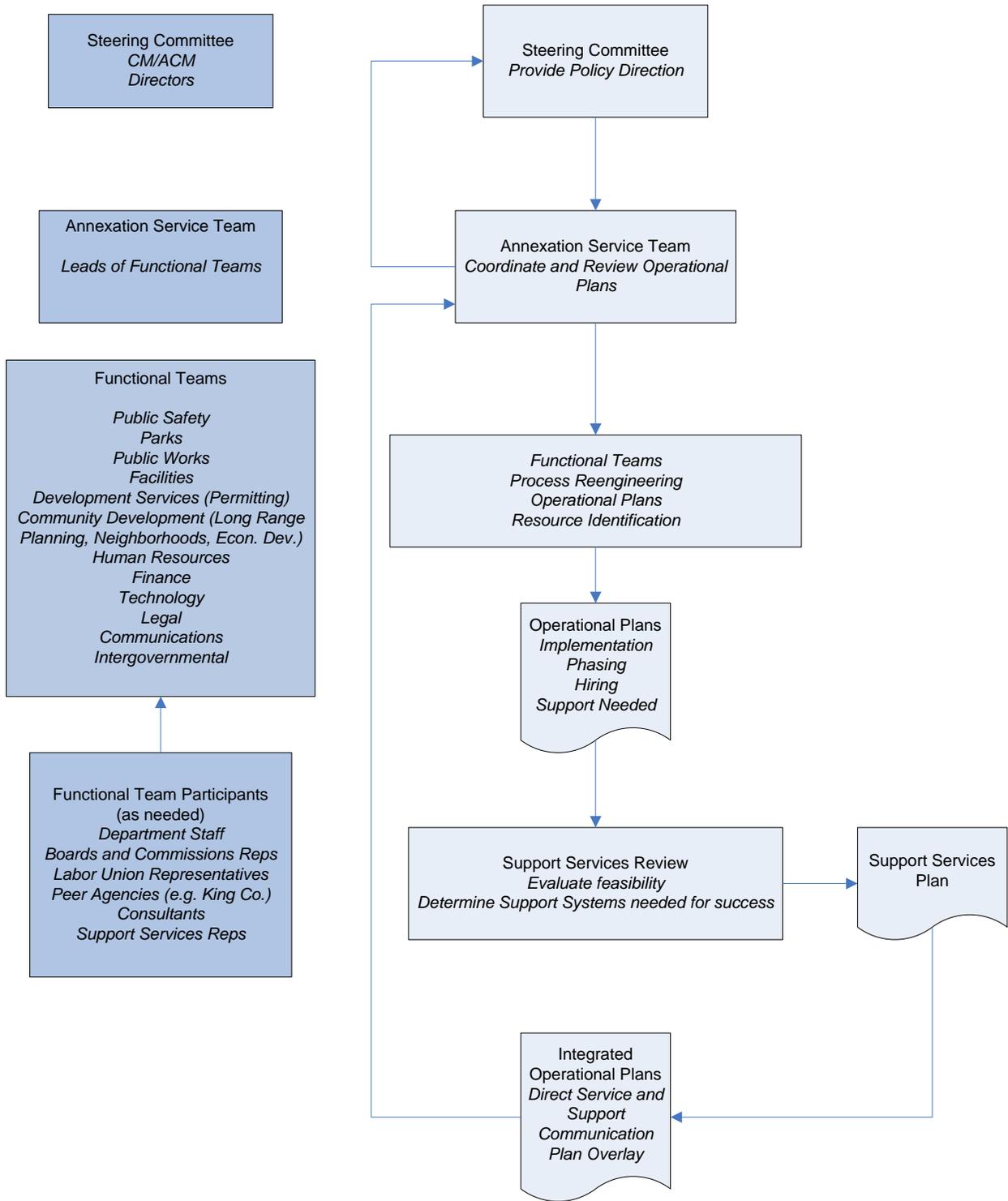
3/1/07 **Comment: Please hold an advisory election for the City of Kirkland residents.**

3/1/07 **Q: Did Totem Lake petition to be part of Kirkland or did the City just pursue annexation of this neighborhood?**

A: The annexation of Totem Lake was accomplished using the petition method. Under this method, a petition requesting the Council to annex an area must be signed by property owners representing at least 60% of the assessed value of the area to be annexed. The petition method is initiated by the property owners in the annexation area. The Council can then vote to accept or reject the annexation after holding a public hearing on the matter.

3/1/07 **Comment: The City Council should move on to Phase 2 and keep exploring annexation further.**

Annexation Planning Internal Process Model



Annexation Timeline

(2008 Election/Implement Tax After Effective Date)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
2006							Phase 1							
							Communication with Kirkland							
							Budget							
							Long Range Financial Plan							
2007	Kirkland Public Involvement		Go/No Go to Phase 2*	Phase 2										
				Continue Communication with Kirkland and Expand to PAA										
				Departments Begin Preliminary Planning, Develop Zoning and Work on Operational Plans with King County										
				<-----Negotiate Planning ILA with King County----->						Go/No Go to Phase 3**				
2008	Phase 3 (continued)													
	Approve Zoning	Proceed to Boundary Review Board			Set Election Date		<-----Election***-----?>							
	Continue Implementation Planning						Phase 4							
	Continue Communication Strategy									Begin Hiring and Continue Planning			Post Election Communication	
2009	Phase 4 (continued)													
				<-----Effective Date-----?>										
	Continue Hiring		Departments Begin Service Delivery									Enact Local Sales Tax		

*If "Go" then proceed to ILA negotiation with King County to establish timeline and funding commitment

**If "Go" then proceed to election and select election date

***If annexation measure passes, Council to adopt ordinance accepting annexation.

City of Kirkland
2007-2008 Preliminary Budget
2007-2008 Annexation Service Package Requests and Recommendations

Attachment F

	2007-2008 Department Request			2007-2008 City Manager Recommendation		
	2007 One-time	2008 One-time	2007-2008 Total	2007 One-time	2008 One-time	2007-2008 Total
GENERAL FUND						
City Manager						
Annexation Public Safety Building Feasibility Analysis	50,000	-	50,000	50,000	-	50,000
Annexation Coordination	100,000	100,000	200,000	75,000	100,000	175,000
Annexation Communications - Phases 2 and 3	27,700	26,100	53,800	27,700	26,100	53,800
Annexation Administrative Support	52,730	56,512	109,242	52,730	56,512	109,242
Subtotal City Manager	230,430	182,612	413,042	205,430	182,612	388,042
Human Resources						
Annexation Human Resources Analyst	-	55,276	55,276	-	55,276	55,276
Subtotal Human Resources	-	55,276	55,276	-	55,276	55,276
City Attorney						
Annexation Legal Services	40,000	40,000	80,000	40,000	40,000	80,000
Subtotal City Attorney	40,000	40,000	80,000	40,000	40,000	80,000
Public Works						
Annexation Dev Svs Permit System Mapping	260,000	-	260,000	50,000	-	50,000
Subtotal Public Works	260,000	-	260,000	50,000	-	50,000
Finance & Administration						
Annexation Fiscal Services Resources	56,162	55,650	111,812	56,162	55,650	111,812
Subtotal Finance & Administration	56,162	55,650	111,812	56,162	55,650	111,812
Planning & Community Development						
Annexation Planning Dept. Support	86,173	85,684	171,857	86,173	85,684	171,857
Subtotal Planning & Community Development	86,173	85,684	171,857	86,173	85,684	171,857
Police						
Annexation Recruitment & Liaison Officer	170,041	102,598	272,639	-	102,598	102,598
Subtotal Police	170,041	102,598	272,639	-	102,598	102,598
GENERAL FUND TOTAL	842,806	521,820	1,364,626	437,765	521,820	959,585
OTHER OPERATING FUNDS						
Information Technology Fund						
Annexation Help Desk	72,650	71,412	144,062	-	-	-
Annexation GIS Mapping	140,960	140,960	281,920	70,000	140,960	210,960
Subtotal Information Technology Fund	213,610	212,372	425,982	70,000	140,960	210,960
TOTAL OTHER OPERATING FUNDS	213,610	212,372	425,982	70,000	140,960	210,960
TOTAL ALL FUNDS	1,056,416	734,192	1,790,608	507,765	662,780	1,170,545

* Revised split between 2007 and 2008 recommendations.