



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

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AGENDA

KIRKLAND CITY COUNCIL MEETING

City Council Chamber

Tuesday, September 16, 2008

6:00 p.m. – Study Session – Peter Kirk Room

7:30 p.m. – Regular Meeting

COUNCIL AGENDA materials are available on the City of Kirkland website www.ci.kirkland.wa.us, at the Public Resource Area at City Hall or at the Kirkland Library on the Friday afternoon prior to the City Council meeting. Information regarding specific agenda topics may also be obtained from the City Clerk's Office on the Friday preceding the Council meeting. You are encouraged to call the City Clerk's Office (587-3190) or the City Manager's Office (587-3001) if you have any questions concerning City Council meetings, City services, or other municipal matters. The City of Kirkland strives to accommodate people with disabilities. Please contact the City Clerk's Office at 587-3190, or for TTY service call 587-3111 (by noon on Monday) if we can be of assistance. If you should experience difficulty hearing the proceedings, please bring this to the attention of the Council by raising your hand.

1. *CALL TO ORDER*
2. *ROLL CALL*
3. *STUDY SESSION*, Peter Kirk Room
 - a. Design Review Process and Downtown Zoning
4. *EXECUTIVE SESSION*
 - a. To Discuss Labor Negotiations
 - b. To Discuss Property Acquisition
 - c. To Review the Performance of a Public Employee
5. *SPECIAL PRESENTATIONS*
 - a. Jill Kintner Proclamation
 - b. Janet Jonson – Twenty-Five Year Recognition
 - c. Kirkland Performance Center and Recognition of Steve Lorian
 - d. Day of Concern for the Hungry Proclamation
6. *REPORTS*
 - a. *City Council*
 - (1) Regional Issues

EXECUTIVE SESSIONS may be held by the City Council to discuss matters where confidentiality is required for the public interest, including buying and selling property, certain personnel issues, and lawsuits. An executive session is the only type of Council meeting permitted by law to be closed to the public and news media

b. City Manager

- (1) City Council Meeting with Juanita Neighborhoods
- (2) Calendar Update

ITEMS FROM THE AUDIENCE

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

7. *COMMUNICATIONS*

a. Items from the Audience

b. Petitions

- (1) Lakeview Park Homeowners Requesting Revised No Parking Signage

8. *CONSENT CALENDAR*

a. Approval of Minutes: September 2, 2008

b. Audit of Accounts:

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

c. General Correspondence

d. Claims

- (1) Teresa Andrews
- (2) Regina S. Fell
- (3) Allen Jahani
- (4) Chris Kahne

e. Award of Bids

- (1) Award Bid for NE 73rd Street Sidewalk and Watermain Improvement Project. to Dennis R. Craig Construction Company and Approve Additional Funding

f. Acceptance of Public Improvements and Establishing Lien Period

- (1) Carter House Hazard Mitigation and Deconstruction with City Hall Annex Hazard Mitigation

g. Approval of Agreements

h. Other Items of Business

- (1) 2007 Impact Fee Report
- (2) Leasehold Excise Tax Repayment

GENERAL CORRESPONDENCE

Letters of a general nature (complaints, requests for service, etc.) are submitted to the Council with a staff recommendation. Letters relating to quasi-judicial matters (including land use public hearings) are also listed on the agenda. Copies of the letters are placed in the hearing file and then presented to the Council at the time the matter is officially brought to the Council for a decision.

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

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

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

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

9. *PUBLIC HEARINGS*

- a. Resolution R-4725, Approving and Adopting the Annual Update for the Six-Year Transportation and Street Construction and Improvement Program in Accordance with Section 19.08.051, Kirkland Municipal Code
- b. 2009-2010 Revenue Sources
- c. Consideration of Taking an Official Position on the Sound Transit (A Regional Transit Authority) Proposition No. 1 Mass Transit Expansion:

Proposition No. 1
Mass Transit Expansion

The Sound Transit Board passed Resolution No. R2008-11 concerning an expansion of mass transit. This measure would expand and coordinate light-rail, commuter-rail, and (beginning 2009) express bus service, and improve access to transit facilities in King, Pierce and Snohomish Counties, and authorize Sound Transit to impose an additional five-tenths of one percent sales and use tax, and to use existing taxes to fund the local share of the \$17.9 billion estimated cost (includes construction, operations, maintenance, interest and inflation), with independent audits, as described in Resolution R2008-11 and the Mass Transit Guide. Should this measure be:

[] Approved

[] Rejected

10. *UNFINISHED BUSINESS*

11. *NEW BUSINESS*

- a. Proposed 2009-2010 Utility Rates for the City of Kirkland
- b. Potential Lease of Property for Maintenance Center
- c. Cemetery Business Plan
- d. Development Permit Moratorium Within the Central Business District:
 - (1) Ordinance No. 4139, Imposing a Moratorium Within Central Business District (CBD) Zones 1, 2, 3, 4, 6, 7, and 8 on the Acceptance of Applications for Review and/or Issuance of Development Permits for Any New Development that would Add or Create in Excess of 500 Square Feet of Gross Floor Area
 - or
 - (2) Ordinance No. 4139*, Imposing a Moratorium Within Central Business District (CBD) Zones 1, 2, 3, 4, 6, 7, and 8 on the Acceptance of Applications for

Review and/or Issuance of Development Permits for Any New Development that
Would Exceed Two Stories in Height

12. ANNOUNCEMENTS

13. ADJOURNMENT

**CITY OF KIRKLAND**

123 Fifth Avenue, Kirkland, WA 98033 425.587.3000

www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Eric Shields, Planning Director
Jeremy McMahan, Planning Supervisor

Date: September 4, 2008

Subject: Council Study Session - Downtown Kirkland Zoning and Design Review Process

RECOMMENDATION:

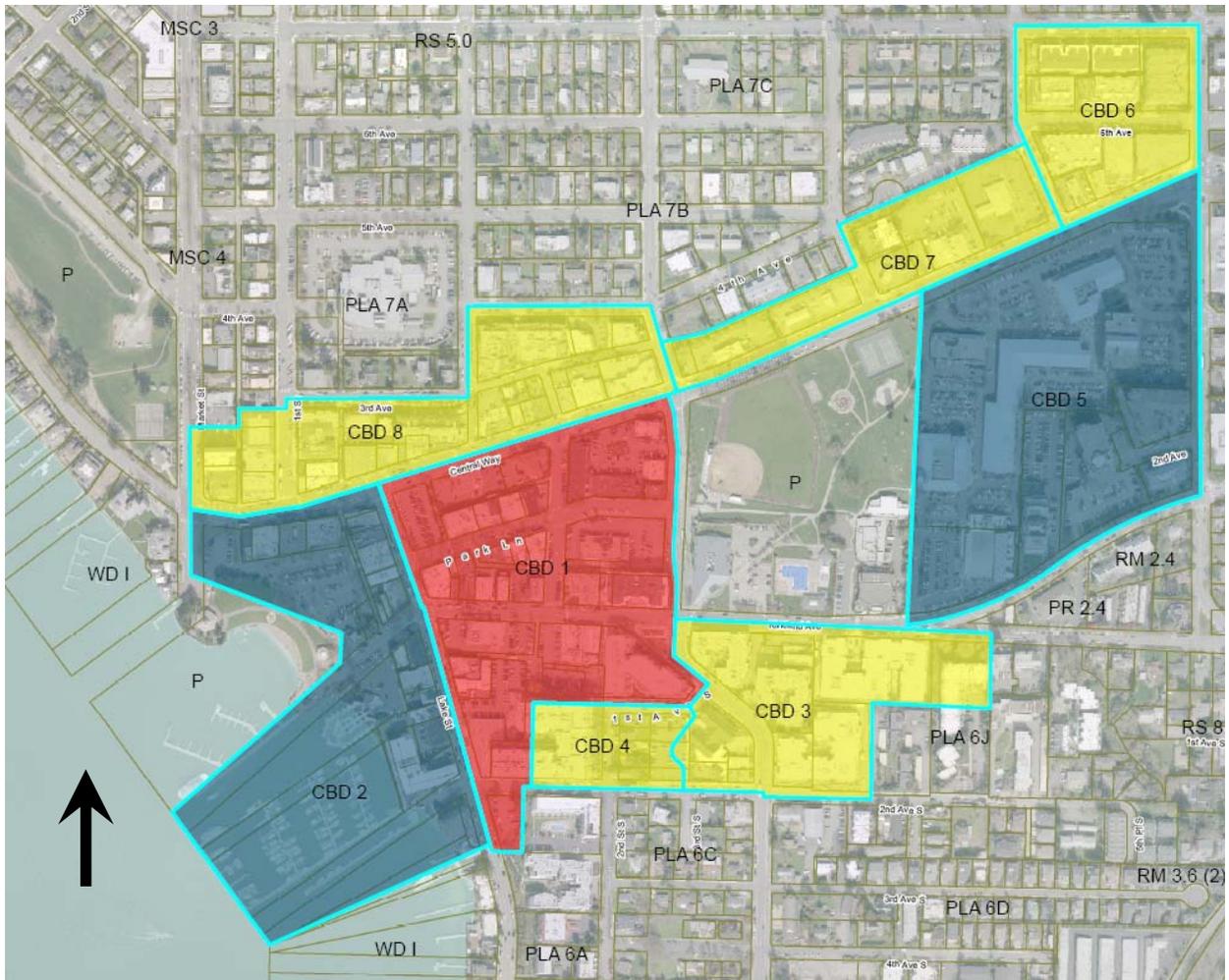
Review existing regulations and processes for downtown development and discuss potential amendments and options presented in this memo. At a minimum, staff recommends amendments to the Zoning Code for the CBD 1 zone to establish specific height allowances and any specific performance standards to achieve acceptable heights. This minimum approach would codify Comprehensive Plan policies in a regulatory format that would avoid future confusion over policy intent.

BACKGROUND:

The City Council has recently concluded appeal hearings on two Design Board Review projects in downtown Kirkland. These appeals highlighted ongoing community concern about building heights in the downtown, particularly along Lake Street. The issues of maximum building heights and minimum requirements for stepping back the upper stories of buildings became a focal point on appeal due to the fact that specific requirements are not spelled out in the Central Business District 1 (CBD 1) zoning. Rather, those requirements are left to a discretionary process (Design Board Review) with guidance from the Downtown Plan section of the Comprehensive Plan. In addition to the public comment and testimony related to these projects, the City Council received a "Petition to Stop High-Rise Buildings in Downtown Kirkland" on January 22, 2008 requesting "... to stop all downtown building permits until a 'Future Plan and Vision' is completed and agreed by the community." The petition was followed by a numerous e-mails reacting to the petition. The petition and related correspondence was forwarded to the City Council in February, 2008 but Council discussion was deferred until the conclusion of the two quasi judicial project appeals.

Downtown Zoning

As illustrated in the map below, the Central Business District is divided into eight separate zones (CBD 1 – CBD 8), each unique in terms of allowed uses, building heights, setbacks, etc.



Zoning map, colors keyed to matrix below

The following summary indicates basic development allowances as well as examples of approved projects in various CBD zones (for more project information, a folio of downtown private development projects is attached). For each zone, staff has attempted to rate the level of DRB discretion around building heights with RED representing a HIGH level of discretion, BLUE representing a MODERATE level of discretion, and YELLOW representing LITTLE OR NO discretion. Obviously, discretion arises when the allowed building heights are specified in a range as opposed to area where maximum heights are clearly spelled out.

Zone	Maximum Allowed Height	Height Discretion through Comp Plan?	Minimum Front Setbacks	Required Stepbacks	Design Review Projects
CBD 1	2-5 stories (5 th floor for upper story residential with additional discretionary criteria)	Yes	0'	Case by case	Heathman Hotel Kirkland Central Merrill Gardens Lake Street Office

CBD 2	1-3 stories (varies by block)	Yes	0'	None	213 Lake St S.*
CBD 3	3 stories	No	20' (0' for retail)	Non-retail uses have 20' setback	123 State Apartments Boulevard Condos St. John's Expansion
CBD 4	4 stories	No	0'-10' depending on location and use	None	Portsmouth*
CBD 5	3-5 stories	Yes	20'	Kirkland Way: above the 2 nd and 4 th stories. Not defined for Central Way or 6 th St.	Emerald Building* Watermark Apartments* Parkplace Office (pend.)
CBD 6	4 stories	No	20' (0' for retail)	Non-retail uses have 20' setback	602 5 th Street Condos* Park Avenue Condos* 6 th Avenue Condos* Soho Condos* Tera Apartments*
CBD 7	3 stories	No	20' (0' for retail)	Non-retail uses have 20' setback	None
CBD 8	41' above Central, terracing up to north based on formula	No	0' on Central, 20' on side streets	3:1 angle from Central Way facade	Marina Heights* Park 34 Condos* Brezza* Tiara de Lago* Waterview Condos* Westwater Apartments*

* indicates project approved under prior code through ADR process

Regulatory History

1989: The basic Downtown Plan was adopted by Council following four years of public hearings, community meetings, and City Council deliberations.

1991: The City adopted implementing zoning regulations for the CBD. In regard to the CBD 1, the 1991 zoning allowed 35' by right (with Administrative Design Review), with up to 52' in height through Process IIB (City Council review).

1997: As the Downtown Plan was realized through the first round of projects (e.g. –Marina Heights, Portsmouth, Brezza, etc.), significant community concern about those decisions led to an interim ordinance precluding any CBD development over 35' while the policies and regulations were reevaluated. Following a public process of reviewing height and design regulations, the City adopted revised rules for development in the CBD including lowering allowed height in certain areas. For CBD 1, heights were specified in a

range – yielding the recent discussion over whether the range applies to a elements of a building or to entire properties. Also worth noting is that the revised regulations for CBD 1 continued to require Process IIB (Hearing Examiner hearing with recommendations to City Council for final decision) for building over two stories.

1999: As a follow up to the Comprehensive Plan and zoning amendments following the interim ordinance, the City created a Design Review Board process to replace the former Administrative Design Review process for review of larger projects. With the creation of the Design Board Review process, the IIB review for taller buildings in CBD 1 was replaced with Design Board Review.

2001: Based on recommendations from the Downtown Strategic Plan, the City adopted changes to the height allowances for CBD 1 allowing an additional story as an incentive for residential development. Due to the difference in floor to floor height for residential vs. office stories, the actual height difference of the change was 4 feet in the part of CBD 1 previously limited to three stories and 1 foot in areas limited to four stories. The result is current regulations that allow maximum height in the range of 2-4 stories for non residential and 2-5 stories for projects with upper story residential in CBD 1. The Height and Design District map from the current Downtown Plan is attached.

In some respects, the current height regulations for CBD 1 are based on a lack of consensus during previous legislative processes over what acceptable building heights should be and deferral of those decisions to the DRB on a project by project basis.

Issues to Consider

1. What is the problem? It is important for the Council to discuss what are the significant issues to address and to define those issues as precisely as possible. This will help guide the Council in deciding the most appropriate course of action. In addition to issues about the scale and design of buildings, Council may wish to include code updates suggested by the Downtown Retail Strategy report (initial report attached, full recommendations due to Council in January) now under consideration by the DAT and potential parking amendments recommended by the Parking Advisory Board.
2. If there is a problem, where is it? The Council may decide that the issues encompass all of the eight CBD zones or they may decide that the issues are related a specific zone like CBD 1. It is recommended that the Council review existing regulations for each of the Downtown zones to determine if action is required for all or only some of the zones and for all or only some of the regulations.
3. What is the effect on other Planning projects? If the Council directs staff to take immediate action to address Downtown issues, it would likely be early 2009 before staff could start a substantive project. The timing to complete a project will depend on how broadly any potential amendments are scoped. In addition, staff resources will need to be diverted from other projects now on the Planning Work Program. Projects in progress or just beginning include preparation of a new Shoreline Master Program, affordable housing regulations and tree regulations. Planned projects include low impact development regulations, the annual code and plan updates and neighborhood plans.

In considering the scope, the Council may wish to discuss the role of the Planning Commission. For example, if the Council has a firm sense of the problems and desired solutions, they could choose to conduct the public process at the Council level. However, if the identification of issues and solutions

requires substantive public process and study, the typical Planning Commission process for code and plan amendments may be the better mechanism.

4. What expertise and supporting budget and needed to address issues? As the need for potential amendments is scoped, the Council may decide that expertise is needed to evaluate options (modeling of height options, analysis of development feasibility, etc.). Any project budget would be related to the scope and extent of issues identified.
5. What impact would amendments have on the Comprehensive Plan vision for the City and the City's capacity to meet growth targets? The Comprehensive Plan currently designates the Downtown as a mixed-use, pedestrian/ transit-oriented Activity Area that is intended to accommodate a significant share of the City's future growth. Down-zoning some or all of the Downtown would have implications for the Comprehensive plan's vision for the Downtown and the City's ability to meet existing and future growth targets. Up-zoning of other areas of the City may be required to make up lost capacity. The Council should also be aware that new growth targets will be assigned within the next two years. Our Comprehensive Plan will need to be updated by 2011 and must provide sufficient land with adequate zoning to accommodate an additional increment of growth.

Options to proceed

1. Enact a Moratorium or Interim Zoning Ordinance. If the Council finds that there is an issue that needs immediate attention, the Council may adopt a moratorium or interim zoning ordinance. A moratorium could prohibit the submittal of building permits for all new development activity or applications for the permits and approvals covered under the provisions of the moratorium. An interim zoning ordinance would establish new regulations to temporarily replace existing zoning regulations (for example, different height limits). Under state law, the maximum duration of a moratorium or interim zoning ordinance is six months; although a moratorium or interim zoning ordinance may be effective for up to one year if a work plan is developed for related studies providing for such a longer period. A moratorium or interim zoning ordinance could be renewed for one or more additional six month periods if public hearings are held and findings of fact made prior to each renewal as described below. While the moratorium or interim zoning ordinance is in effect, the City would need to immediately initiate actions (for example Comprehensive Plan and/or Zoning Code amendments) to address the identified problem. Adoption of a moratorium or interim zoning ordinance requires a public hearing, but the Council may actually adopt the moratorium or interim zoning ordinance prior to conducting the hearing. If the Council adopts a moratorium or interim zoning ordinance without a public hearing, it must hold a hearing within 60 days of adoption and adopt findings of fact justifying the action.
2. Direct Specific Zoning Code Amendments to Clarify the Policy Intent of the Existing Comprehensive Plan. With this option, the Council would identify CBD zones where they find that the regulations are not fulfilling the policy intent of the Comprehensive Plan. The difference in positions and opinions on recent downtown development proposals indicates that certain downtown zoning regulations are not as clear or specific as they should be. This option would amend only zoning regulations to better reflect the policy intent of the City expressed in the existing Comprehensive Plan. Regulations addressing topics not discussed in the Comprehensive Plan could also be considered for amendments. Potential topics using examples for recent CBD 1 projects include:

- Clarify the meaning of “superior retail” necessary to achieve an extra story of residential development.
 - Clarify the meaning of the two or three story height limit along certain streets and the required upper story step backs above the second or third stories.
3. Initiate a Review of the Moss Bay Neighborhood Plan or Downtown Plan Portion of the Neighborhood Plan. With this option, the Council would initiate a broad reexamination of Downtown Comprehensive Plan policies and zoning regulations. The Council could direct the Planning Commission to consider the identified issues during the review process, but would not direct specific changes. This effort would require significant resources and would take the longest time to complete.

Pending and Potential Projects

The Council should be aware of current development projects under review and potential projects.

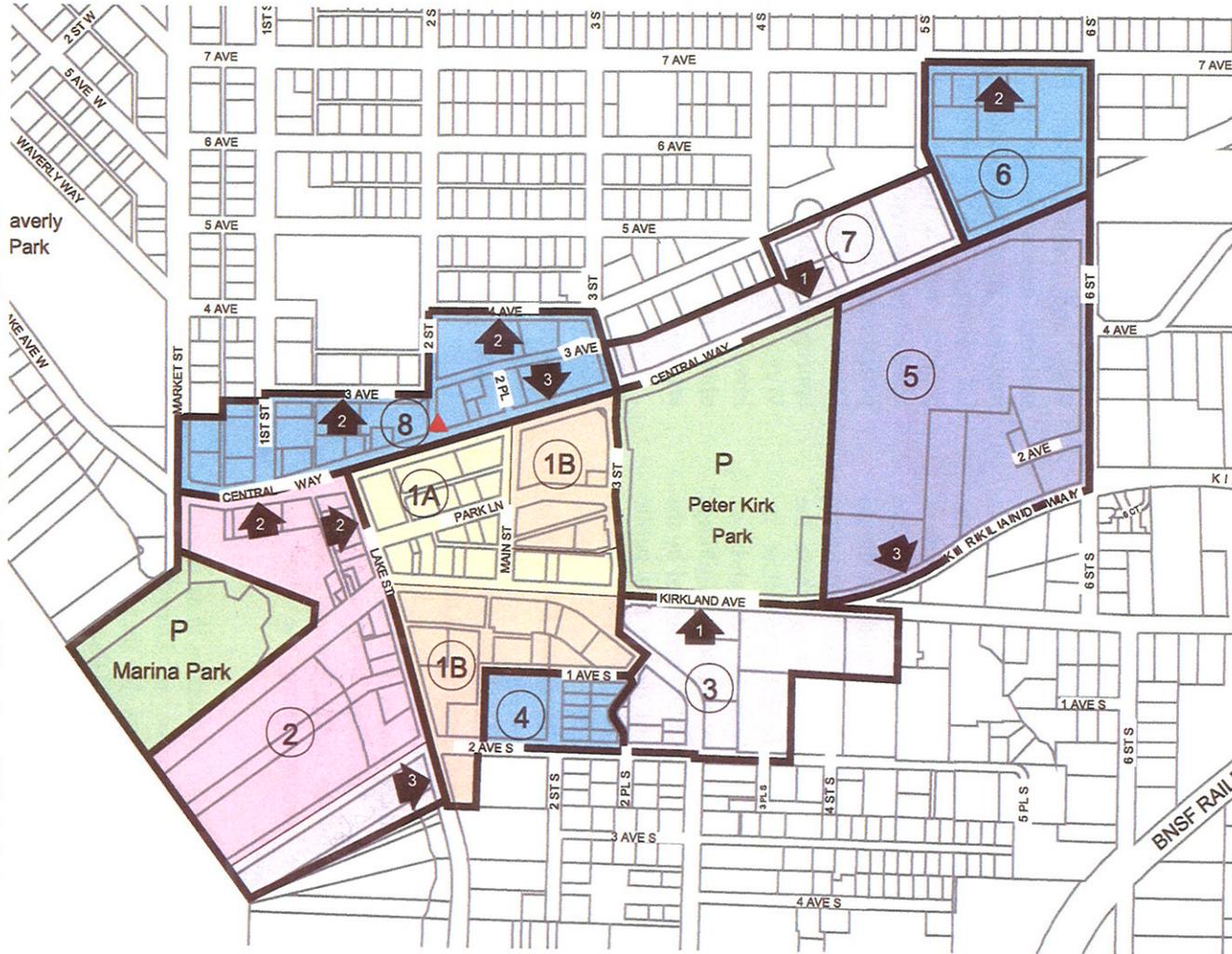
- Parkplace (CBD 5) has had an initial Design Response Conference for redevelopment of the center with a five story office project.
- Chaffee Development (CBD 1) has had a Conceptual Design Conference for a four story redevelopment of the parking lot site across from the Fish Café.
- 424 Central Way (CBD 7) has final DBR approval and has submitted a complete building permit application for a three story retail/residential project.
- Lake Street/McLeod Office (CBD 1) has final DBR approval and has submitted a complete building permit application for a four story office/retail project.
- Bank of America/Merrill Gardens (CBD 1) DBR application has been denied although a complete building permit application for the project has been submitted.
- Staff has had two presubmittal meetings in the past year for CBD projects. US Bank (CBD 1) had a presubmittal meeting in 2007 for a four story retail/residential project and the property at 13 Central Way (CBD 2) had a presubmittal meeting in 2008 to discuss alternatives for a two story retail/office project.
- Other sites in the CBD have had presubmittal meeting or Conceptual Design Conferences more than a year ago.

Cc: Design Review Board

Attachments:

1. Design Districts map for the Downtown Plan
2. CBD Development Folio
3. Interim Downtown Retail Strategy Report

Figure C-5: Downtown Height and Design Districts



Maximum Number of Stories
(See Text for Specific Allowances)

- 1-2
- * 1A 2-3 Discretionary Approval for Heights over 2 Stories
- * 1B 2-4 Discretionary Approval for Heights over 2 Stories
- 3
- 3-5 Discretionary Approval for Heights over 2 Stories
- 4
- # of stories on street (height steps up from street)
- # Design District
- Height Measured Relative to Slope
- * One Additional Story Allowed for Upper Story Residential



Downtown Kirkland Development Project Summary



Emerald Building:

Location: 520 Kirkland Way
Zoning: CBD 5
Office: 52,260 s.f.
Parking: 139 stalls
Parcel Size: 59,708 s.f.
Zoning Height: 5 stories over parking
Completion Date: 1995
Permit Valuation: \$3.5 million



Plaza on State Condominiums:

Location: 122 State Street

Zoning: CBD 3 (PUD)

Residential: 81 units (8 affordable)

Retail Square Footage: 2,800 s.f.

Parking: 165 stalls

Parcel Size: 72,745 s.f.

Zoning Height: 3 Stories

Completion Date: 1995

Permit Valuation: \$10.6 million



Marina Heights Condominiums:

Location: 134 Central Way

Zoning: CBD 8

Residential: 21 units

Retail Square Footage: 11,500 s.f.

Parking: 48 stalls

Parcel Size: 25,265 s.f.

Zoning Height: 5 stories

Completion Date: 1996

Permit Valuation: \$6.3 million



602 5th Street Condominiums:

Location: 602 5th Street
Zoning: CBD 6
Residential: 14 units
Parking: 31 stalls
Parcel Size: 16,505 s.f.
Zoning Height: 4 stories
Completion Date: 1996
Permit Valuation: \$3 million



Portsmith Condominiums:

Location: 108 2nd Avenue South

Zoning: CBD 1 & CBD 4

Residential: 152 units

Parking: 276 stalls

Parcel Size: 71,438 s.f.

Zoning Height: 5/6 stories

Completion Date: 1999

Permit Valuation: \$18.4 million



Park 34 Condominiums:

Location: 321 3rd Street
Zoning: CBD 8
Residential: 12 units
Parking: 25 stalls
Parcel Size: 9,687 s.f.
Zoning Height: 4 stories
Completion Date: 1997
Permit Valuation: \$1.9 million



Brezza Condominiums:

Location: 225 4th Avenue

Zoning: CBD 8

Residential: 75 units

Parking: 148 stalls

Parcel Size: 45,923 s.f.

Zoning Height: 5 stories

Completion Date: 1999

Permit Valuation: \$12.3 million



Park Avenue Condominiums:

Location: 615 6th Street
Zoning: CBD 6
Residential: 38 units
Parking: 84 stalls
Parcel Size: 32,999 s.f.
Zoning Height: 4 stories
Completion Date: 1997
Permit Valuation: \$5.2 million



Watermark Apartments:

Location: 530 2nd Avenue
Zoning: CBD 5
Residential: 60 units
Parking: 106 stalls
Parcel Size: 35,428 s.f.
Zoning Height: 4 stories
Completion Date: 1997
Permit Valuation: \$5.3 million



Tiara de Lago Condominiums:

Location: 210 Market Street
Zoning: CBD 8
Residential: 13 units
Retail: 2,360 s.f.
Parking: 30 stalls
Parcel Size: 10,734 s.f.
Zoning Height: 5 stories
Completion Date: 1998
Permit Valuation: \$3.1 million



Sixth Avenue Condominiums:

Location: 602 5th Avenue

Zoning: CBD 6

Residential: 22 units

Parking: 49 stalls

Parcel Size: 22,000 s.f.

Zoning Height: 5 stories

Completion Date: 1998

Permit Valuation: \$4.6 million



Soho Condominiums:

Location: 521 7th Avenue
Zoning: CBD 6
Residential: 58 units
Parking: 89 stalls
Parcel Size: 38,504 s.f.
Zoning Height: 4 stories
Completion Date: 2001
Permit Valuation: \$8.3 million



Tera Apartments:

Location: 538 Central Way

Zoning: CBD 6

Residential: 161 units

Retail: 7,000 s.f.

Parking: 226 stalls

Parcel Size: 68,203 s.f.

Zoning Height: 5 stories

Completion Date: 1999

Permit Valuation: \$15.25 million



Waterview Condominiums:

Location: 220 1st Street
Zoning: CBD 8
Residential: 48 units
Parking: 85 stalls
Parcel Size: 20,410 s.f.
Zoning Height: 5 stories
Completion Date: 2000
Permit Valuation: \$5.1 million



Westwater Apartments:

Location: 221 1st Street
Zoning: CBD 8
Residential: 64 units
Retail: 11,900 s.f.
Parking: 118 stalls
Parcel Size: 28,560 s.f.
Zoning Height: 5 stories
Completion Date: 2002
Permit Valuation: \$8.6 million



Kirkland Central Condominiums:

Location: 75 State Street

Zoning: CBD 1

Residential: 110 units

Retail: 9,168 s.f.

Parking: 169 stalls

Parcel Size: 41,526 s.f.

Zoning Height: 5 Stories (used "bonus" 5th story for residential)

Completion Date: 2006

Permit Valuation: \$11.6 million



Boulevard Condominiums

Location: 355 Kirkland Avenue

Zoning: CBD 3

Residential: 119 units

Retail: 8,839 s.f.

Parking: 179 stalls

Parcel Size: 72,000 s.f.

Zoning Height: 3 stories

Completion Date: 2006

Permit Valuation: \$20 million



Heathman Hotel

Location: 220 Kirkland Avenue

Zoning: CBD 1

Hotel: 91 rooms

Parking: 116 stalls

Parcel Size: 15,066 s.f.

Zoning Height: 4 stories (used "bonus" 4th story for hotel)

Completion Date: 2007

Permit Valuation: \$ 8.5 million



128 State Street Apartments:

Location: 128 State Street
Zoning: CBD 3
Residential: 125 units
Parking: 168 stalls
Parcel Size: 65,397 s.f.
Zoning Height: 3 stories
Completion Date: 2007
Permit Valuation: \$18.9 million



Bungee Studios Office:

Location: 424 Kirkland Way

Office: 25,185 s.f.

Parking: 61 stalls

Project Valuation: \$3.9 million



Merrill Gardens Assisted Living:

Location: 201 Kirkland Avenue
Zoning: CBD 1
Residential: 116 units (assisted living)
Retail: 6,613 s.f.
Parking: 141 stalls
Parcel Size: 41,316 s.f.
Zoning Height: 5 stories (used "bonus" 5th story for residential)
Completion Date: 2008
Permit Valuation: \$19.3 million



DOWNTOWN KIRKLAND RETAIL STRATEGY: INTERIM REPORT

(For Review
& Discussion)



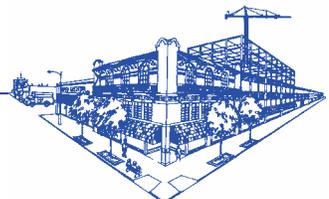
Prepared for:
City of Kirkland

July 17, 2008



E. D. Hovee & Company, LLC

Economic and Development Services



Downtown Kirkland Retail Strategy: Interim Report

(For Review & Discussion)

Prepared for:

City of Kirkland
123 5th Avenue
Kirkland, Washington 98003

Prepared by:

E.D. Hovee & Company, LLC
P.O. Box 225
2408 Main Street
Vancouver, Washington 98666
(360) 696-9870

July 17, 2008

AT-A-GLANCE SUMMARY

A downtown Kirkland retail strategy is intended to serve as a vital step toward realizing the *working vision* of “a vibrant and charming urban waterfront community with unique shopping, destination, dining, public art and galleries, beautiful parks and gathering places.” What follows are summary observations from this initial *interim report*.

Strategic Retail Context. This strategic planning initiative is shaped in the context of existing economic development and land use planning documents pertinent to downtown – including the Kirkland Downtown Strategic Plan, City Comprehensive Plan (and zoning), Design Guidelines for Pedestrian-Oriented Business Districts, citywide economic development planning, and the most recent 2007 Strategic Situation Assessment for the downtown strategic plan. An objective of this strategic planning process is to build on the analysis and community input embodied by work to date.

Market Review. As of 2008, Kirkland has an estimated 48,410 residents – representing 17% of a larger eastside trade area described as a *best case destination* market targeted to maximize shopping dollars potentially available for capture by downtown business. Compared to in-city residents, this larger east side destination market is growing more rapidly and is more suburban in character with a younger population, larger households and higher median household income.

While downtown contributes less than 7% of the City’s total annual retail sales tax volume, downtown’s economic prosperity is important because of the opportunity to shore up lagging tax revenues Citywide while better serving Kirkland resident and nearby community needs. When viewed from the perspective of the in-city population only, Kirkland businesses appear to be fairly well-performing – because they also draw substantially from surrounding communities. However, an evaluation of retail sales patterns indicates that this larger destination trade area is underserved by about \$1.4 billion per year (capturing only 72% of resident-generated retail sales demand).

With a *moderate capture* scenario, downtown Kirkland could support an estimated 116,000 square feet of added retail space over the 2008-2013 time period (or 23,200 square feet per year). With an *aggressive capture* scenario, the amount of retail space supported potentially doubles. Both scenarios are well above a track record averaging less than 6,000 square feet of new retail construction annually since 1994 – excluding an added increment of over 50,000 square feet currently proposed with two appealed projects.

Stakeholder Perspectives. Building from interviews and focus groups conducted with the 2007 *Kirkland Downtown Strategic Situation Assessment*, this project also draws on:

- Resident and business surveys conducted in conjunction with a recently completed *Kirkland Economic Sustainability Assessment* – including shared resident/business objectives for a more sustainable economy offering a complete spectrum of goods and services serving Kirkland residents combined with the opportunity to explicitly brand downtown Kirkland regionally for sustainable retailing practices.
- Selected business interviews plus preliminary discussions involving the Downtown Advisory Committee and City Council Economic Development Committee – all indicating support for a retail strategy that will be consistent with Kirkland’s vision for its downtown but also results-oriented, rebuilding momentum for a stronger retail base in the years ahead.

Downtown Retail Mapping. Six identifiable *geographic clusters* (or concentrations) of retail activity stand out – including the areas of Lake Street entertainment and specialty, Central Way design for living, Park Lane dining and specialty, Lakeshore Plaza storefront, Kirkland Avenue mixed use, and Parkplace community retail. When viewed by type of retail, the combination of dining, night life and lodging is most prominent today – accounting for more than 40% of downtown retail and related businesses.

Downtown locations that feature what could be termed as *outstanding retail* are most oriented to Central Way (near Lake Street). Areas characterized by *good retail* are noted for much of Lake Street, Kirkland Avenue and the inner portion of Kirkland Parkplace (adjoining the grocery store). Locations depicted as having *weak retail* tend to be arrayed more toward the periphery of the downtown core. Strategic opportunities for strengthening the downtown retail presence could involve extending the influence of the outstanding retail, improving weak retail and encouragement of peripheral office and residential uses to include more active retail or customer-oriented use on the street.

Sites offering the best opportunity for downtown retail expansion and diversification are those located close to existing retail business clusters and large enough for financial feasibility of redevelopment. Viable *retail site* prospects could include the City-owned Lakeshore Plaza and Lake Street lots (subject to parking replacement) – together with private properties including Kirkland Parkplace, the Bank of America and McLeod properties (which have been under appeal), U.S. Bank and Antique Mall properties (though with no current proposals), and longer term potential for up to three block faces on Central Way.

Opportunity & Gaps Analysis. A distinction is made between: a) *marketing and promotion* to customers as for expansion and recruitment of targeted businesses; and b) *future development* including building rehab as well as new construction of retail only and mixed use projects with strategically placed parking. From this assessment, *four strategic options* are outlined for consideration:

- *Option 1 Status Quo* – assuming no substantial changes from current trends and conditions for retail in downtown Kirkland.
- *Option 2 Reinvigorated Destination* – predicated on a ramped up public-private initiative to re-establish Kirkland at the forefront of destination shopping, dining and entertainment districts throughout the eastside and broader Seattle metro area.
- *Option 3 Go Local* – to re-establish downtown as a preferred location for a broader range of local goods and services, perhaps de-emphasizing or actively discouraging added destination retail.
- *Option 4 Locally Driven Destination* – combining elements of a reinvigorated destination with a concurrent strategy for enhanced local retail opportunity but with the caveat that the *go local* part of the strategy is emphasized in the early going.

Recommended as a *preferred strategy* is an approach similar to that of Option 4 – repositioning downtown Kirkland as a *locally-driven destination*. This combined strategic approach may best actualize the opportunity to achieve the vision outlined by the City’s 2007 *Situation Assessment* for downtown to “flourish, help build community and uniquely reflect Kirkland.”

Next Steps. This interim report is intended for DAC and EDC review – with focus on reviewing results and brainstorming strategic options – including selection of a preferred option together with identification of public and private means (or tools) potentially available for implementation. Remaining steps anticipated with this *Downtown Kirkland Retail Strategy* anticipated include preparation of retail and city incentive *tool kits*, preparation of a draft downtown strategy document with summary materials suitable for DAC and City Council roll-out, community discussion, and consensus direction for resulting action.

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I. INTRODUCTION TO RETAIL STRATEGY

Downtown Kirkland is a vibrant and charming urban waterfront community with unique shopping, destination dining, public art and galleries, beautiful parks and gathering places. It is an economically vital, pedestrian-friendly district that attracts the City's residents and visitors to enjoy its heritage and waterfront ambiance.

– *Vision Statement to Guide the Downtown Strategic Plan, October 2007*

Through its Department of Planning and Community Development, the City of Kirkland has prioritized the preparation of a comprehensive retail strategy for downtown Kirkland. This *interim report* represents the initial steps toward shaping a strategy that reaches toward a downtown working vision in a way that is achievable – one step at a time.

A downtown Kirkland retail strategy is intended to serve as an early phase component – perhaps the centerpiece – in moving toward realization of the larger downtown working vision. Subsequent to the market reconnaissance and options for action presented with this report, next steps will be to identify the tools for implementation of a *preferred strategy* as determined in consultation with the Economic Development Committee and Downtown Advisory Committee.

PURPOSE OF DOWNTOWN RETAIL STRATEGY

As a compact district situated in a community with strong demographics and an exceptional waterfront, downtown Kirkland has enjoyed a level of retail success that many other cities would feel extraordinarily lucky to emulate.

So, the question is: where do we go from here? How can Kirkland *go from good to great* – not just for today, but sustainably for generations yet to come?

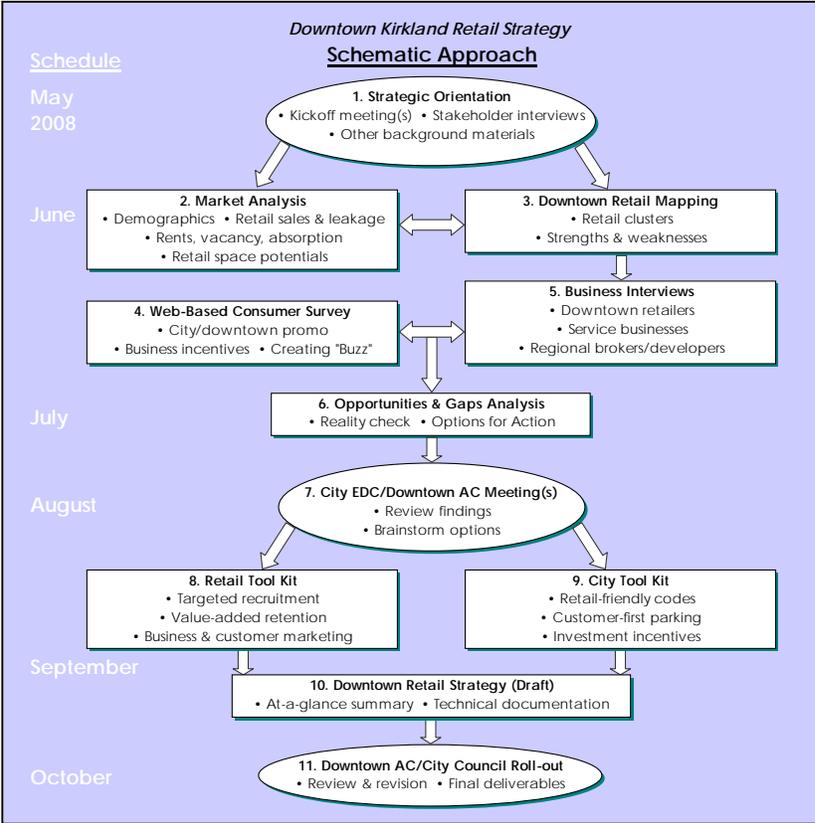
This strategic retail planning process continues a journey toward realization of the downtown working vision. This path can be most rewarding as it occurs in partnership with downtown's stakeholders – retail businesses, property owners, customers, the City and broader community.

STRATEGIC APPROACH

Key steps taken in conducting this strategic assessment and planning process have included:

- Review of pertinent background information including previous market analyses and economic development planning for the Kirkland community and downtown.
- Kick-off meetings at project start-up with the City Council Economic Development Committee and Downtown Advisory Committee.
- Interviews with representatives of downtown area business and development interests.
- Coordination with a concurrent Economic Sustainability Assessment for retail leakage and resident/consumer surveys.
- Business inventory and conditions mapping using information of the Downtown Kirkland Association and field survey.

- Use of all background information to prepare a gaps/opportunities assessment and prepare an interim retail strategy report (this report).
- Anticipated subsequent work steps including a retail/city tool kit and draft downtown retail strategy consistent with a preferred strategy to be determined in consultation with the Economic Development Committee (EDC) and Downtown Advisory Committee (DAC).
- Strategy refinement based on added EDC, DAC and City Council input.



Downtown retail strategy documentation is being prepared by the economic and development consulting firm E. D. Hovee & Company, LLC on behalf of the City of Kirkland.¹ A brief profile of the consultant preparer is provided as Appendix A to this interim report.

REPORT ORGANIZATION

The remainder of this interim report is organized to cover the following topics:

- Strategic Retail Context
- Market Review
- Stakeholder Perspectives
- Downtown Retail Mapping
- Opportunities & Gaps Analysis
- Next Steps

Appendix A outlines a brief profile of E. D. Hovee as preparer of this report. *Appendix B* provides results of resident and business surveys conducted with the companion sustainability assessment for Kirkland. *Appendix C* contains a detailed compendium of data tables used for this analysis. *Appendix D* identifies individuals interviewed as part of the business interview process.

II. STRATEGIC RETAIL CONTEXT

As in communities across the U.S., residents, businesses and the City of Kirkland have made substantial investments in the downtown. Private investment has occurred in construction and maintenance of building stock – together with tenant and business trade improvements. Public investment has occurred in very tangible ways – as in street and utility infrastructure or more recently in parking facilities and the cultural arts. Downtown also serves as a source of the community’s tax base and business and civic vitality.

The City of Kirkland has identified downtown as part of Moss Bay – one of thirteen neighborhoods in Kirkland. Land use planning is governed by the *City of Kirkland Comprehensive Plan*.

Economic development and land use planning documents pertinent to downtown include the Kirkland Downtown Strategic Plan, City Comprehensive Plan (and zoning), Design Guidelines for Pedestrian-Oriented Business Districts, citywide economic development planning, and the most recent 2007 Strategic Situation Assessment for the downtown strategic plan. Key findings related to downtown retail are briefly reviewed, in turn.

KIRKLAND DOWNTOWN STRATEGIC PLAN

An initial *Kirkland Downtown Strategic Plan* was recommended by the Kirkland Downtown Action Team and adopted by the Kirkland City Council, June 5, 2001. The goal of the strategic plan has been “to transform our central city area into a high-quality pedestrian village.” Guiding principles of the plan have been to:

1. Maintain a pedestrian orientation to the downtown and surrounding districts.
2. Balance the need for efficient vehicular circulation with the downtown’s vital pedestrian character through appropriate traffic calming measures.
3. Acknowledge Parkplace as an integral part of downtown by establishing clearly defined pedestrian connections with the core area and the waterfront.
4. Enhance the core area of downtown by assuring a mix of mutually supportive uses as well as a human scale for any new development.
5. Celebrate the waterfront setting by reorienting the downtown to the lake.

Retail uses were addressed as one element of this strategic planning process – beginning with the desire to create more local-serving retail businesses in the downtown core. While



In Kirkland, the retail experience begins with ...



... the pedestrian.

noting downtown strengths of restaurants and art galleries, the strategic plan also notes that many small retailers “are struggling” as customers often choose to shop elsewhere.

Key opportunity sites were noted for added retail – especially corner locations. Other opportunities cited include potential for added convenience retail at Parkplace, lakefront destination retail, and the four blocks bounded by Lake, 3rd, Central and Kirkland Avenue. Income from upper story development was noted as important to make provision of better retail space more economically feasible.

CITY OF KIRKLAND COMPREHENSIVE PLAN

Land use planning in Kirkland is governed by the *City of Kirkland Comprehensive Plan*, revised December 2004 (and via subsequent annual amendment requests) – together with the accompanying Zoning Code. As part of the Moss Bay neighborhood, the plan recognizes the core area’s identity as “derived from the Downtown’s physical setting along the lakefront, its distinctive topography, and the human scale of existing development.”

The land use element of the plan begins with the statement that “a critical mass of retail uses and services is essential to the economic vitality of the Downtown area.” Retail enhancement has been seen as best served by encouraging a substantial increase in housing and office development either within or adjacent to the core area. The types of uses viewed as serving the Vision for Downtown included restaurants, delicatessens, and specialty retail shops, including fine apparel, gift shops, art galleries, and import shops.

More detailed plan provisions were identified for each of five downtown subareas – the core area together with the northwest, northeast, east and south core frames. The plan is implemented through eight distinct CBD zones – each of which has its own use, height, parking and related provisions.

DESIGN GUIDELINES FOR PEDESTRIAN-ORIENTED BUSINESS DISTRICTS

In addition to the Zoning Code, a pivotal implementing mechanism for downtown involves provisions of *Design Guidelines for Pedestrian-Oriented Business Districts*, also adopted by the Kirkland City Council in 2004. Purpose of design guidelines for downtown Kirkland is to:

... balance the desired diversity of project architecture with the equally desired overall coherence of the downtown’s visual and historic character. This is to be achieved by injecting into each project’s creative design process a recognition and respect of design guidelines and methods which incorporate new development into downtown’s overall pattern.

The design guidelines address pedestrian-oriented elements, public improvements and site features, parking lot location and design, scale of development, building material color and detail, and natural features.²

PATHWAY TO KIRKLAND'S ECONOMIC FUTURE

Prepared in March 2005 for the Kirkland Economic Partnership, this plan provides a definition of economic development as “the application of public resources to stimulate private investment.” *Quality of place* is emphasized over other factors.

While prepared to address economic development on a citywide basis, the plan recommended focusing on two prime development areas: Totem Lake and Downtown. Regional markets emphasized included software, medical and professional services.

Retail is “increasingly seen as an amenity without which other economic sectors find it difficult to recruit workers.” The sales tax benefits of retail development are highlighted – as are the ways in which urban development patterns are influenced by the scale and location of retail centers.

KIRKLAND DOWNTOWN STRATEGIC PLAN – STRATEGIC SITUATION ASSESSMENT

Starting in early 2007, the City of Kirkland commissioned an update to the 2001 Downtown Strategic Plan. Update tasks included a series of 11 focus groups and stakeholder interviews, community meeting, on-line survey, and market analysis. Key findings of this update process completed in October 2007 that are pertinent to retail in downtown include the following:

- Downtown has 614 private businesses employing nearly 4,000 – with the average business having six employees.
- More than 1,380 workers are employed at 159 retail business – per the City of Kirkland Business License Database (as of 2007).
- Downtown retail strengths are again identified as including existing clusters of restaurants and galleries but also emerging clusters as for women’s clothing, home décor and accessories.
- An ongoing challenge cited is to strengthen the core area retail base – through “new business retention and attraction strategies, business partnerships and strategic marketing.”
- Ground floor retail requirements were identified as problematic – with the suggestion to create a “more fine-grained or block-specific view of allowable ground floor uses.”
- A situation assessment suggested that a downtown retail strategy should identify “core retail districts where retailers can cluster and feed off of each other” – including a need for anchor retailers.

PLANNING SUMMARIZED

Two summary observations are noted from this review. First, the continued success of the downtown is pivotal to Kirkland’s identity for *quality of place* and as a sustainable community.

Second, while downtown currently contributes less than 7% of taxable retail sales citywide, improved and sustained retail performance is important to Kirkland’s economic vitality. At its best, downtown should offer the potential to become a substantially greater contributor to the City’s tax base. These considerations serve as useful guideposts to retail strategy development.

III. MARKET REVIEW

This retail strategy interim report begins with a review of the local and regional market trends affecting retail activity in the City of Kirkland generally and, more specifically, in downtown Kirkland. Topics covered include trade area delineation, demographics, lifemode characteristics, retail sales and leakage, commercial real estate indicators, and retail capture potentials.

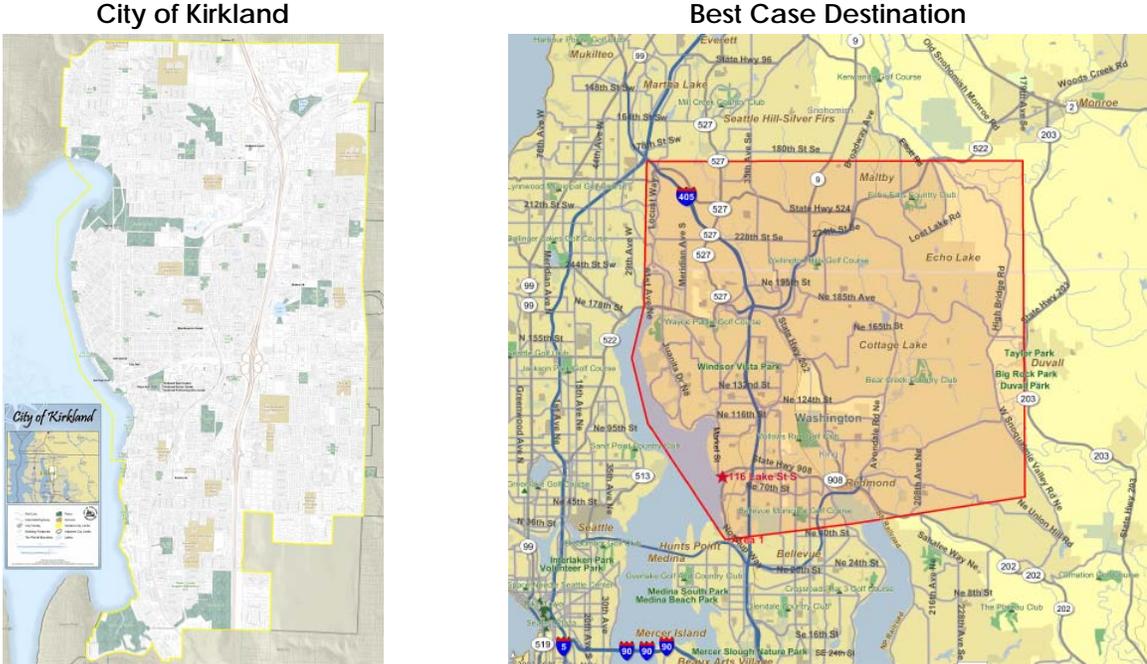
TRADE AREA DELINEATION

A trade area is intended to serve as a description of the geographic area(s) from which the customers to a retail business district are most frequently drawn. In a metro region with multiple retail centers all competing for consumer shopping dollars, it can be especially challenging to define a trade area for just one single retail center such as downtown Kirkland.³

Two trade areas are delineated for purposes of this downtown Kirkland retail strategy:

- *City of Kirkland* – as a proxy for the approximately 48,410 residents most drawn to downtown for day-to-day convenience purposes as well as comparison shopping.
- *Best Case Destination* – as a larger eastside area with a 280,000 population proximate to Kirkland, “maximizing” shopping dollars available for capture by downtown businesses.

Figure 1. Kirkland City & Best Case Destination Trade Areas Considered



Source: City of Kirkland GIS and ESRI Business Information Solutions.

Also considered for comparative purposes with this assessment are the approximately 3.6 million residents of the Seattle-Tacoma-Everett metro area – consisting of King, Pierce, Snohomish and Kitsap Counties.

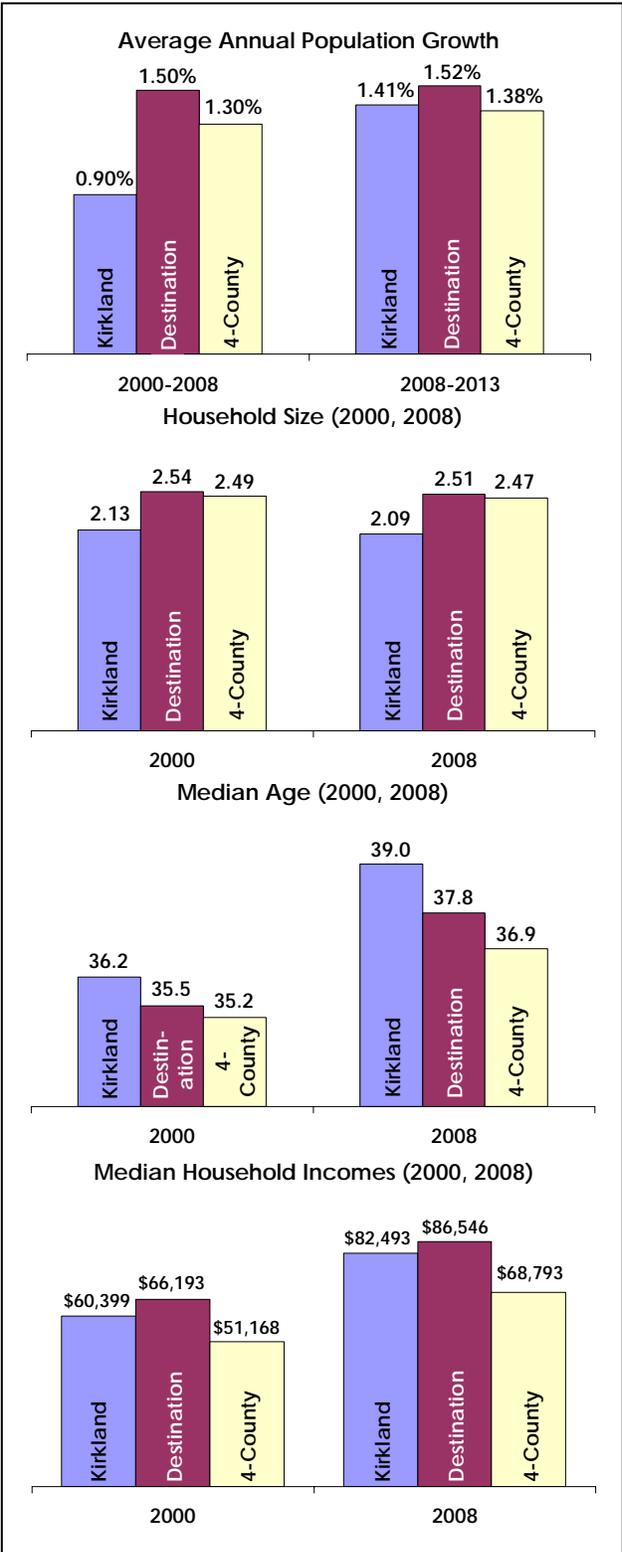
TRADE AREA DEMOGRAPHICS

As of 2008, the City of Kirkland has an estimated 48,410 residents with nearly 280,000 in what is termed as a best case destination trade area on the east side of Lake Washington, north of Bellevue’s major retail centers.⁴ By comparison, the larger 4-county metro area has an estimated 3.6 million residents.

Key trade area demographics of note (as depicted by the chart to the right) are that:

- Since 2000, *population* of the city has grown more slowly than in the larger comparison geographies. City projections indicate that this gap in growth rates could be considerably reduced in the years immediately ahead – creating added opportunity for downtown retailers to target a growing city population.
- *Average household size* is well below that of the destination trade area and 4-county region – and has declined somewhat in recent years. National trends suggest further decline – though housing affordability and immigration have led to increased household size in some communities.
- *Median age* of Kirkland residents is relatively high – and estimated by ESRI to have increased considerably since 2000. Anecdotal information suggests that younger workers relocating to Kirkland could now be countering this trend.
- As of 2008, *median household income* in Kirkland is estimated at nearly \$82,500 – roughly 20% above that of the metro area but somewhat below that of the more proximate destination market.

Figure 2. Comparative Demographics



Source: U.S. Census, ESRI BIS.

Other demographics noted by data research (as detailed in Appendix B) include increased racial and ethnic diversity of the population (with nearly 10% Asian and 5-6% Latino representation), above average levels of education (over one half of adults with bachelors degrees or better), high levels of white collar (especially management) employment, and relatively low rate of homeownership (with 58% of residential units owner-occupied). Both in 2000 and again in 2008, median home values in Kirkland are somewhat (about 5-6%) above those of the eastside destination trade area and 35-40% above median values for the larger 4-county metro area.

Taken together, this data suggests a local community and broader potential destination market that is relatively affluent, well-educated and comparatively mature. There also are important differences between the in-city versus broader destination trade area market. The destination market has been experiencing more rapid population growth, has more large family households, and higher levels of homeownership. These characteristics are consistent with retail market opportunity that has been driven in large part by promoting Kirkland as an eastside (if not broader) regional destination for specialty shopping, dining and entertainment.

For the future, there are several indicators that bear watching – as they could begin to suggest a refocusing back on local in-city retail clientele. These indicators include:

- Renewed attraction of Kirkland to *younger adults* – both tech and professional workers.
- Increasing *diversity* of population – especially Asians and Latinos.
- Educational level of local population – especially if Kirkland becomes a preferred residence and/or work location for *creative class* in-migrants.
- *Resurgent population growth* – dependent on housing development unless Kirkland also becomes more attractive to younger families.
- Preferences for *less driving* and more shopping close to home – potentially stimulated both by increasing fuel costs and green sustainability ethic.

Any or all of these factors would be supportive of increased spending potential from in-city residents.

LIFEMODE CHARACTERISTICS

Increasingly, national demographic firms, retailers, and developers are looking beyond traditional demographic groupings to also consider qualitative lifestyle and psychographic groupings. This approach draws on traditional demographic analysis combined with survey and consumer information regarding spending patterns and lifestyle preferences – and can be used to augment the demographic indicators noted above.

Use of Psychographic (Lifemode) Data. Retailers often use this information in deciding where to locate stores. Homebuilders use the information in deciding what types of residences will be in demand. Business site locators may use the information in helping to decide whether a particular community will be a *good fit* for a proposed business or industry. The national demographics firm ESRI Business Information Solutions categorizes residents of the U.S. into 66 different Tapestry or *lifemode* groupings.⁵

Lifemode Profiles. Below are the *top five* market segments (out of 66 nationally) for the City of Kirkland and for the larger destination market extending beyond the city limits to encompass major areas from which customers are drawn into Kirkland. This information is presented as general background to help contextualize marketing efforts that may be selected to pursue.

Figure 3. Kirkland City & Destination Market Lifemode Segments (2008)

Tapestry Lifemode Market Segment	% of Total	Summary Characteristics
City of Kirkland:		
Enterprising Professionals	20.5%	Young (average age 32), educated and working professionals – with frequent moves following job opportunity – “connected but still nomadic”
Urban Chic	16.3%	Also urban and professional but with higher average age (42) and incomes – management/technical workers with ½ receiving investment income
Laptops & Lattes	15.4%	Dominated by people living alone or with housemate, median age of 38, well educated and compensated – majority renters and many without cars
Old and Newcomers	15.2%	Neighborhoods in transition - renters starting career or retiring, prefer multiunit housing, moderate incomes
In Style	12.2%	Suburban residents with urban preferences, married but without children, townhome preferences – work in finance, technical and education occupations
Subtotal (top 5)	79.6%	
Destination Market:		
Sophisticated Squires	19.5%	Cultured country living, married families, longer commutes but fewer neighbors, upper income
Enterprising Professionals	16.9%	See above
Suburban Splendor	14.5%	Growing neighborhoods, 80% married with families, overall highest income group, primarily homeowners
In Style	10.8%	See above
Old and Newcomers	6.4%	See above
Subtotal (top 5)	68.1%	

Source: ESRI Business Information Solutions and E.D. Hovee & Company, LLC.

Kirkland Profile. Four of the five top Kirkland tapestry segments (all but *Old and Newcomers*) are urban-oriented with relatively high incomes and small households (often, but not always, without children). While these four groupings vary somewhat in age and rental versus ownership profile; all are culturally aware and can be expected to exhibit relatively busy lifestyles.

Destination Market Profile. Three of the five groupings in the larger destination market area overlap with those in the City of Kirkland. The distinguishing feature for the two represented solely by the larger trade area (but not in Kirkland) is larger family households. As busy professionals with relatively high incomes, they are among those who are often trading a longer commute for more housing and newer neighborhoods and schools.

While the personal and family values of these two groupings both may be environmentally oriented, these more exurban residents often make choices involving inevitable compromises with their values. As families who may frequent Kirkland (as for shopping or dining), they may respond well to environmental messages, but resist compromising their overall lifestyle.

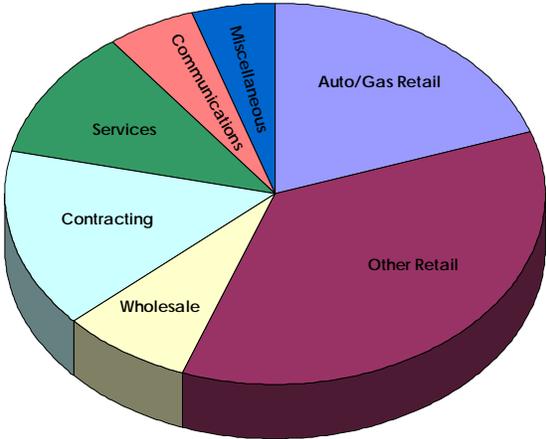
RETAIL SALES & LEAKAGE

As with the discussion of area demographics, the following retail sales discussion is separated to first provide a review of taxable retail sales to the City of Kirkland – by business sector and by geographic area. The analysis then proceeds to address retail business potentials based solely on the City of Kirkland residential base, followed by opportunities posed by added capture of a larger destination trade area.

Taxable Retail Sales. From the perspective of the City of Kirkland, retail sales tax is important as the #1 contributor to the City’s overall revenue base. Taken together, all tax sources comprise over 65% of Kirkland’s annual general fund revenues – with sales tax contributing about 29%, well ahead of property taxes at just over 16%.⁶

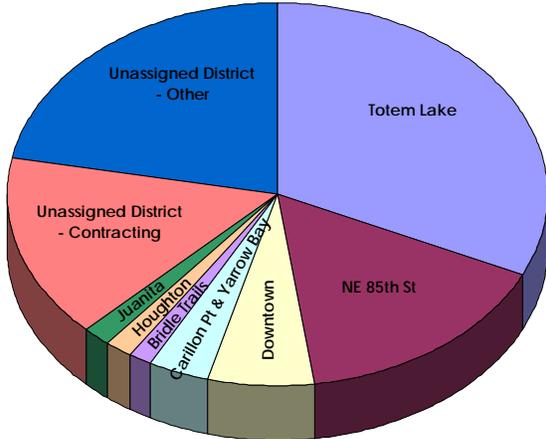
- When considered by source of business sector, about 56% of the City’s sales tax revenue from 2000-2007 has come from retail businesses (including 20% from auto/gas and 36% from other retail – with major contributors being general merchandise and dining activities). In the best year of the decade (2004), retail contributed over 60% of the total sales tax revenue. Contracting has become more significant in recent years – peaking at 20% of total sales taxes in 2006 followed by slower growth thereafter.⁷
- When viewed by geographic area of the City, Downtown has been contributing just under 7% of the City’s retail sales tax revenue – well below the 32% share that comes from Totem Lake and 16% from NE 85th Street. Specifically noted is that nearly 38% of sales tax revenue is not assigned by location, including sales tax on construction.

Figure 4. Sales Tax by Business Sector



Source: City of Kirkland.

Figure 5. Sales Tax by Business District



Source: City of Kirkland.

The remainder of this discussion turns to consideration of retail sales from a business and economic development perspective – for the City of Kirkland and then for a larger destination trade area.

City of Kirkland. As of 2008, an estimated 48,400 Kirkland residents have incomes that support demand for nearly \$975 million of retail purchases. Actual volume of sales supplied by retail stores in Kirkland is estimated at over \$1 billion – indicating a *net inflow* of sales estimated at \$40 million.⁸ This occurs because of the large number of non-Kirkland residents (from the destination trade area and beyond) who travel to shop or dine in Kirkland.

However, not all store categories of retail are fully served locally. Examples of retail categories that are underserved (for which there is clear *sales leakage*) include furniture and home furnishings, building materials and garden supplies, gasoline stations, apparel, and general merchandise.

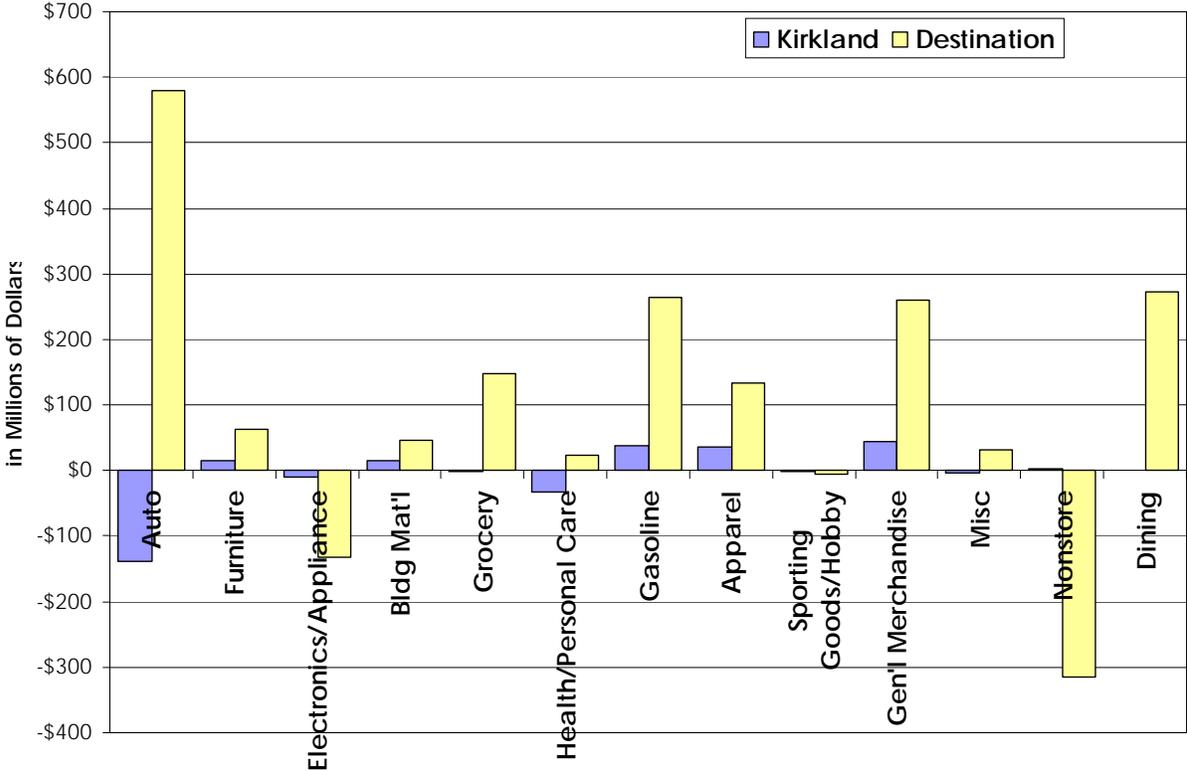
Destination Trade Area. When viewed from the perspective of the geographically larger destination trade area, the results are considerably different. As noted, this trade area was intentionally drawn based on a geography that would *maximize the gap* between retail demand and supply – as the “best case” for sales leakage that is present in a market proximate to Kirkland. This *best case* trade area excludes Bellevue (and Bellevue Square) because of the effect that these destinations currently have on absorbing much of the existing market for retail east of Lake Washington.⁹

For the destination trade area tested, total annual volume of sales supported by an estimated 280,000 residents is nearly \$5.0 billion. Retail sales captured by businesses physically located somewhere within this trade area is just under \$3.6 billion – indicating sales leakage of \$1.4 billion per year (or 28% of sales potential).

For this northern section of the eastside, considerable sales leakage is evident across virtually all retail categories *except* electronics and appliance stores, and sporting goods/hobby/book/music stores. Also noted are strong sales for non-store retailers including those with strong internet and/or mail-order presence – a category of possible interest but not as relevant for purposes of this downtown analysis.

In effect, this northeast quadrant of the Lake Washington market is substantially underserved almost across the board – as residents travel to Bellevue or other points outside their home area to shop.

Figure 6. Kirkland & Destination Trade Area Retail Sales Leakage (2008)



Source: ESRI Business Information Solutions.

Supportable Retail Space Potentials. Supportable retail space demand has also been estimated – indicating maximum retail space supportable if existing sales leakage was to be fully recaptured and anticipated population growth to 2013 fully served:

- Based on demand generated by existing and prospective *Kirkland residents*, maximum demand would equate to approximately 346,000 square feet of additional commercial retail space by 2013. Retail store types potentially supporting the greatest building area are general merchandise (just under 100,000 square feet), followed by apparel. Maximum retail capture is predicated primarily on leakage recapture (77% of demand potential) augmented by anticipated Kirkland population growth (23%).
- The larger *destination trade area* could support as much as 2.3 million square feet of additional retail space – if all current and prospective consumer demands were to be satisfied without traveling elsewhere in the region. The single greatest source of square footage demand is indicated for general merchandise (at over 600,000 square feet including both department store and discount store retailers), followed by dining and then grocery stores and apparel.

Capturing Retail Demand. This preliminary analysis indicates that, while there are options to better serve the retail needs of Kirkland residents, these opportunities are considerably greater if downtown can also capture a competitive share of the available destination market. However, successful capture of either local or destination market potentials are by no means assured.

Experience of recent years indicates that, absent a targeted public-private strategy, downtown Kirkland would not be expected to appreciably change its market share in the years ahead. Also noted is that downtown should not be expected to be competitive across all retail categories but rather anticipate picking its *best shots* – including retail store types for which downtown ...

Has a Strong Competitive Position Today (notably):

- Dining (primarily full-service – formal to casual, but with increasing emphasis on younger professional and creative class clientele)
- Specialty retail (building from the existing gallery base)

Has a Lesser Competitive Position Currently but Could Expect Improved Capture Based on Urban Experience Elsewhere (as for):

- Specialty grocery (ranging from a national retailer such as Whole Foods to independent or co-op).
- Pharmacy (serving the growing downtown residential and employment base).
- Apparel (opportunity for independent boutique plus possible national credit tenants).
- Home furnishings (of the quality of Sur La Table).
- General merchandise (perhaps a long-shot but increasingly possible for re-emergent smaller footprint downtown prototypes).¹⁰

Supplementing this pure retail is the opportunity for *complementary service* businesses – serving similar clientele. Examples might include cinema, health care, fitness and child care.

This analysis returns to more explicit consideration of prospective downtown retail capture – after review of applicable commercial real estate indicators.

COMMERCIAL REAL ESTATE INDICATORS

Of primary interest to this analysis is retail space. Office use is noted as well, for its current and potential role in supporting retail activity. Also included is a summary of recent downtown development.

Competitive Retail Space. The downtown Kirkland area has a retail inventory estimated by the real estate data firm CoStar at nearly 900,000 square feet of gross leasable space (involving 42 competitive properties):¹¹

- Downtown’s retail inventory accounts for a bit over one-quarter (26%) of the 3.5 million square feet of retail space citywide and 0.6% of the retail space in the Seattle metro area (covering King, Snohomish and Pierce Counties).
- As of May 2008, retail vacancies in downtown were 2.5% of the reported inventory – well below comparable vacancy rates of 6.3% citywide and 4.1% for the metro region. Only six of 42 downtown properties are identified as having vacancies; the rest are 100% leased.
- Downtown Kirkland rents are also relatively strong – at a median annual rate \$36 per square foot compared with rental rates averaging less than \$27.50 for retail properties citywide and less than \$21.50 for the metro area.
- Kirkland Parkplace accounts for nearly one-half of downtown area retail space. When buildings associated with Parkplace are excluded from the inventory, the typical retail building averages only 12,730 square feet (with an indicated range of less than 1,300-43,000 square feet).

Figure 7. Comparative Retail Vacancy & Lease Rates



Source: CoStar.

While retail demand remains relatively strong in downtown Kirkland, there are clear signs that the market is perhaps less vigorous throughout the rest of the city. The City of Kirkland has gone from almost no vacancy (of 0.1%) at year-end 2000 to more than 6% citywide as of mid-2008.

Net retail space absorption (equaling leases minus space vacated) has been negative in five of the last eight years.

By comparison, retail vacancy for the Seattle-Tacoma-Everett metro area has also increased somewhat, but to a lesser degree. Unlike Kirkland, the metro area has experienced positive space absorption for seven of eight years (all but 2003).

Office Space. While the focus of this analysis is on retail space, it is also worth noting the relatively substantial inventory defined by CoStar at about 450,000 square feet of competitive office space in the downtown (in 27 properties). Reported rents range from a low of \$25 to over \$46 per square foot.

Most downtown office buildings are relatively small – averaging just 16,600 square feet of gross leasable area per property. There are no downtown area office properties identified by CoStar as being larger than 100,000 square feet.

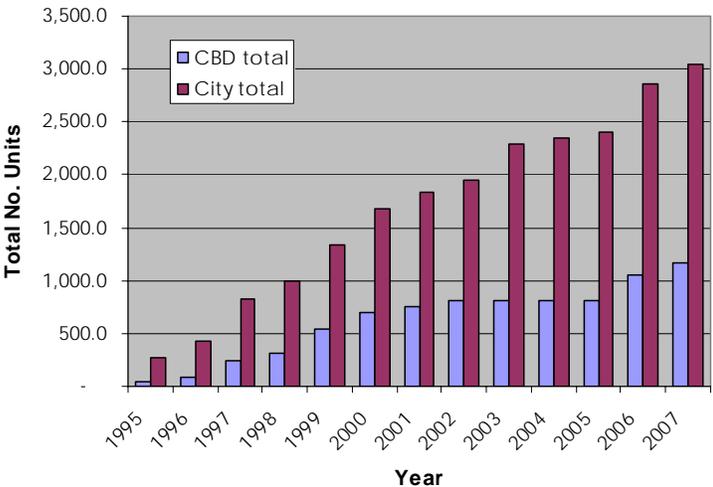
Downtown area vacancy averages just over 11% as of May 2008. However, most properties are indicated as being 100% leased – with 7 out of 27 properties accounting for the vacancies indicated.

If developed, proposed projects could represent 1.5+/- million square feet of new downtown office space. The major potential project is represented by Kirkland Parkplace – in the range of 1.3 million square feet.

Recent Downtown Development. From 1994-2007, downtown Kirkland has experienced and/or is considering substantial new development including:

- 1,170 completed residential units (plus 91 hotel rooms).
- Approximately 45,000 square feet of added office space (increasing to nearly 175,700 square feet if projects being appealed proceed).¹²
- Close to 81,500 square feet of added retail space (increasing to 132,300 if projects under appeal ultimately proceed as proposed).
- Over \$192 million of development investment (and potentially up to \$246 million).

Figure 8. Number of Completed Multi-family Units



Source: City of Kirkland.

The dramatic increase in residential (and mixed use) development has received much of the attention in recent years. Kirkland's CBD has accounted for 39% of all multi-family residential development citywide since 1994.

As is often the case, the pace of downtown residential development has been somewhat uneven. The highest levels of construction activity were experienced in 1999-2000 and then again in 2006-2007. Over 13 years, downtown has averaged about 90 new units per year.

Housing can be an important contributor to added retail demand in downtown – especially if the types of retail provided meet day-to-day resident needs for convenience purchases ranging from grocery to pharmacy plus casual dining. However, downtown housing sometimes can also deliver less consistency in purchasing than what might be expected – as for residents on fixed incomes or those living in Kirkland only part-time.

What has been somewhat overlooked in recent years is the added stimulus that new office can provide for downtown retail as well. National research indicates that the typical downtown worker will spend as much as \$130 per week in downtown – including \$27 for lunch, \$51 for general merchandise, \$24 for grocery items, \$14 for variety/drug/convenience items, and \$14 for drinks/dinner.¹³ This research also concludes that while office workers are more likely to shop closer to home (66%) rather than work (34%), the availability of “superior retail” can shift this balance – to as much as 40% of non-grocery trips made closer to work.

DOWNTOWN RETAIL CAPTURE POTENTIALS

This market review ends with preliminary estimates of future downtown retail space supported under conditions of moderate and aggressive retail *local plus destination* demand capture:

- *Moderate capture* is predicated on downtown capturing a higher level of retail space development than has been experienced in downtown Kirkland in recent years, but with more focus on local than further destination market development.
- *Aggressive capture* reflects what might be achievable predicated on public-private sector initiatives to actively compete for added local serving retail plus the upper specialty end of the larger destination market.

As is illustrated by the following chart, *moderate capture* reflects an assessment of 0% market capture for uses in which downtown is not typically competitive. A 5% capture is assigned for retail types that reflect a day-to-day convenience activity and 10% capture for specialty shopping.

With the *aggressive share* scenario, these capture rates are essentially doubled. The most aggressive 20% figure is slightly above Kirkland's 17% share of 2008 total destination area market population.

Figure 9. Downtown Retail Capture Potentials (2008-2013)

Retail Categories	Capture Scenario (Sq Ft)		Comments
	Moderate (0/5/10%)	Aggressive (0/10/20%)	
Motor Vehicle & Parts Dealers	-	-	Not projected for downtown
Furniture & Home Furnishings Stores	12,000	24,000	Higher capture for home furnishings
Electronics & Appliance Stores	1,500	3,000	Minimal demand from population growth
Building & Garden Supply	8,000	16,000	Low capture w/specialty garden/hardware focus
Food & Beverage Stores	23,500	47,000	Higher capture for specialty grocery
Health & Personal Care Stores	4,000	8,000	Local + specialty service capture
Gasoline Stations	-	-	Not projected for downtown
Clothing & Accessories	26,000	52,000	Higher capture as specialty destination
Sporting Goods, Hobby, Book, & Music	1,000	2,000	Modest demand w/population growth
General Merchandise Stores	15,500	31,000	Potential for urban prototype store
Miscellaneous Store Retailers	8,500	17,000	Assumes higher demand as specialty destination
Nonstore Retailers	-	-	Not projected for downtown
Food Services & Drinking Places	16,000	32,000	Higher demand for destination full-service dining
Total Retail Trade and Food & Drink	116,000	232,000	Total added downtown building area (square feet)

Note: Building space need is not calculated for retail categories of motor vehicle and parts dealers, gasoline stations, and nonstore retailers – due to the non-downtown/non-pedestrian orientation of these retail uses and variations of building space to total site area requirements.

Source: E. D. Hovee & Company, LLC from ESRI Business Information Solutions and Urban Land Institute. Estimates are intended for illustrative purposes only.

With the moderate scenario, retail space construction in downtown would need to average about 23,200 square feet per year. The pace of new development accelerates to 46,400 square feet per year of added retail space potential with the aggressive scenario.

Both scenarios are well above the track record averaging less than 6,000 square feet of new retail construction annually since 1994. However, this figure excludes an added increment of over 50,000 square feet currently proposed with two appealed projects – essentially a two-year potential inventory of added retail space within the moderate capture scenario.

This *quantitative review* of market potentials sets the stage for more detailed consideration of stakeholder perspectives and then assessment of retail gaps and opportunities – which now follow.

IV. STAKEHOLDER PERSPECTIVES

As part of the 2007 *Kirkland Downtown Strategic Situation Assessment*, focus groups were conducted with 11 sets of stakeholder interviews – together with added personal interviews and community meeting activities. In conjunction with this 2008 retail-focused project, two supplemental stakeholder outreach activities were initiated:

- Resident and business surveys – prepared in conjunction with a separate concurrent *Kirkland Economic Sustainability Assessment* for the City of Kirkland by O’Brien & Company in cooperation with E. D. Hovee & Company, LLC.
- Personal interviews – with representative business and retail interests together with representatives of the Parking Advisory Committee and City Council Economic Development Committee.

RESIDENT & BUSINESS SURVEYS

As part of the Kirkland Economic Sustainability Assessment, a resident survey was designed to cover questions related to sustainability and downtown retail. A companion business survey was also distributed to businesses both in the downtown and elsewhere throughout the Kirkland community.

Detailed results of both surveys are provided with Appendix B to this report. What follows are summary results most pertinent to preparation of a downtown retail strategy.

Resident Survey. In May 2008, 272 respondents completed a resident survey available citywide – with about 15% of respondents from the Moss Bay (downtown area) neighborhood. Demographics generally correspond with those of the city with a high proportion of 1-2 person householders, a majority of homeowners, and a minority of respondents who have children at home. Key findings include the following:

- Many of the retail goods or services desired by Kirkland residents are either *not available* or modestly available directly in the downtown core. Examples include grocery and pharmacy.
- Factors for which Kirkland rates as “good” are consistent with strengths of downtown – with its *pedestrian orientation* and strong mix of *independent, locally-owned* stores.
- About 65% of Kirkland residents state that *quality, cost and convenience* are the top three priorities for selecting goods and services to purchase. Convenience represents the factor offering perhaps the greatest opportunity to broaden market appeal to local residents – especially for those living or working in close proximity to downtown.
- What residents most *want to see* more of in their city are hardware, clothing, restaurants, and grocery/market activity.
- The desire of residents for a *more sustainable economy* represents an opportunity that downtown either currently or prospectively could fulfill. A pivotal question is whether and to what extent some elements pose trade-offs for downtown’s recent and current role as a destination retail and entertainment district serving much of the eastside.

Business Survey. A smaller sample of businesses (77 in total) completed a business survey. Approximately 41% of the businesses (or 31 respondents) were located in downtown Kirkland. Citywide, the largest proportion of respondents consisted of retail businesses (33%), followed by business and personal services (30%). Key findings:

- Overall, responses center on the theme of “an economy that ensures both natural resources and a healthy environment for our future generations.”
- More than 60% of the Kirkland business respondents indicated that it is somewhat to very important for the public and their customers/clients to view their company as *green*.
- Over 75% purchase energy efficient products either sometimes or all the time, and recycle all the time.
- Less than 20% of Kirkland businesses stated that they always or often seek out business goods and services from within Kirkland. However, a larger proportion (45%) stated that they sometimes or often participated in joint promotions to support other local businesses.



Peter Kirk Park offers open space between the downtown core and Parkplace; pedestrian-oriented retail would benefit from a stronger connection.

Bottom line, building sustainability into a retail strategy for downtown Kirkland appears to be important for two reasons: a) growing public awareness of the global ethic for a more sustainable approach to consumer purchases – accelerated by recent rapid increases in fuel costs; and b) opportunity to brand downtown Kirkland for sustainability – ahead of the suburban competition but in an intentional, authentic and sustained manner.

RETAIL FOCUSED PERSONAL INTERVIEWS

Business interviews conducted as part of this retail strategy process were intended to supplement the community stakeholder interview process as part of the *Downtown Kirkland Strategic Situation Assessment*. The interview process utilized for retail strategy development was intended to have a primarily business focus – involving 19 individuals with a selected cross section of downtown retailers, service businesses, and local/regional real estate brokerage and development interests. Also included were meetings with the Parking Advisory Committee and City Council Economic Development Committee.

Business Interview Process. Persons to interview and discussion topics were determined in consultation with City staff. In particular, it was anticipated that this interview process serve to test the *on-the-ground* match between community and business expectations for downtown retail – for serving local residents and workers, the community and/or as a continuing, if not strengthened, regional destination. A list of persons interviewed and copy of the interview discussion guide is provided as Appendix D.

In conjunction with the interview process, conversations were also conducted with the Parking Advisory Committee, Downtown Advisory Committee, and City Council Economic

Development Committee. While comments are primarily reflected in a separate section on retail strategy objectives, added observations related to the business interview process are noted below.

The following topics served as a general guide to discussion. As interviews were conducted informally, different conversations emphasized topics of most interest to those involved.

Downtown Involvement. Those interviewed included restaurant and gallery owners, and real estate brokerage, development and property owner interests together with representatives of the Kirkland Downtown Association, Parking Advisory Committee, and Economic Development Committee of the City Council. Of the businesses representatives interviewed, most have been active in downtown for a considerable time – ranging up to nearly 40 years.

Kirkland Downtown Association represents a major catalyst for events including the Wednesday Market, Flower Pot program, Holidays, Jazz Nights (2nd Thursday), Nights of Shopping, and Car Show/Kirkland on Court (July). Attendance ranges from 2,000-3,000 for tree lighting to 3,000-4,000 for the Wednesday market to 15,000-20,000 for the summer car show.

Change in Downtown Retail Activity. An initial question focused on changes that each participant may have noted with downtown *retail business activity* in recent years – both generally and for their own particular business. Those interviewed were also asked to comment on what further changes might be expected in the next 3-5 years.

A summary of comments received follows:

- Declining number of galleries in downtown – from a peak of as many as 16 in the late 1990s to about five in the post-9/11 era. In the dot-com era, there were more customers and the dollars were freer.
- Less diversity of retail – with loss of bookstores (now just in Parkplace).
- Increased presence of technology firms in the downtown area – including Google (6th), IBM (Caroline Point). Also noted is growth in home décor business.
- Growing need for residential to support retail.
- Overall sense that downtown retailers are just “holding their own” – although area demographics should support more. Another person noted that downtown has been stable but is “underachieving,” not drawing newcomers.

Kirkland business activity reportedly turned down in the dot-com collapse post-2000. The rebound was then slowed for at least some businesses by disruption due to recent street and building



Underperforming retail makes for poor use of land and lack of pedestrian character ...



... but housing with ground floor active use has picked up in recent years.

construction in downtown.

This trend toward higher business turnover is being held back by efforts of at least one realtor/leasing firm to require a business plan from prospective tenants. Those who want to locate downtown also are required to show cash reserves adequate to last at least one year and to stay open evenings (with 4-8 pm indicated as critical hours).

Looking to the future, programs such as *Explore Kirkland* are beginning to make a difference – “stores are now just starting to come back in.” Despite the downturn and slow recovery of recent years, some interviewees see downtown’s retail future as one of “boutiques and galleries.”

Current & Changing Customer Base. Two related questions were asked about downtown’s customer – both present and future: How would you describe *downtown’s customer* (in terms of demographics and geography)? Do you see the customer mix changing in the future?

Key observations are as noted:

- One observer described businesses as catering to those in their mid 30s to 50s, 80-85% women. Another person describes a “more mature market.” Despite a diverse demographic, Kirkland tends to draw older residents – as from Medina and Clyde Hill.
- Another interviewee notes that Kirkland has “a younger set that likes downtown.” However, yet another suggests that businesses are not targeting Generation Y though there are now a “lot of twenty-somethings.” Firms like Google, Bungie and Microsoft are drawing a “skateboarder” demographic.
- Condos represent a mix of singles and newly married (often in smaller units) plus second homeowners and retirees. New residential in and near downtown does not necessarily appear to be helping downtown, except restaurants. Another interviewee noted that many residents (including those in senior housing) are “snowbirds” who don’t shop downtown. One suggestion is that “we need to get away from that demographic.” Yet another says that future mixed use should aim for a younger market.
- For some businesses, customers come from outside to downtown “as a destination.” For at least one long-time establishment, clientele is more local – including high school students, senior citizens and visitors to the lakefront on a sunny summer weekend. Also noted for some businesses is the reverse trend of more “drive-by traffic,” but involving less travel to Kirkland as a destination. In the words of one owner, downtown became more of a “luxury item,” as long-time businesses that catered to local residents and institutions such as City Hall, the hospital and the Post Office moved out of downtown.



Mixed use means change ...



... with opportunity to re-develop parcels at prime downtown retail locations.

- The diversity of customer mix can vary widely even within a very specific business type. For example, one gallery owner describes the customer base as “80% local and sliding” – also as less than 50, with high incomes, and with active referrals from wineries. Another owner caters to out-of-state and internet clientele. A third describes the market as regional – from Olympia to Gig Harbor to Canada with more visitors (about 1/3 from out of state).

The apparent contradiction in the downtown customer base is highlighted by an individual who said that the customer base is “becoming older, but with newcomers younger.” Cross-shopping? Not much except during events such as Art Walk or on weekends when visitors get a “visual connection” and then come back for serious shopping later.

Strengths & Weaknesses. Those interviewed were asked to assess – in comparison with other communities – what are viewed as the *strengths* (or benefits) of having a retail business in downtown Kirkland? What specific retailers or clusters of activity are strongest? Conversely, what are the *weaknesses* (or disadvantages)? What gaps are most apparent?

Strengths:

- There are identifiable downtown anchors. Examples cited include a number of smaller shops such as Gunnar Nordstrom, Bikini Beach, Liberty 1-2-3, and Simplicity Décor.
- Art galleries – not too many but more would be better to “shop and compare.”
- Restaurants – like Cactus on Park Lane, Hectors, and Anthony’s Home Port on Lake. “Very popular restaurants do very well.”
- Added diversity with more home décor related stores. The Model Train store is “distinctive.”
- “New owners get it.”
- Broker selectivity in recruiting quality tenants.
- Continued availability of reasonable rents – especially for some long-time tenants or at locations with long-time landlords.
- Increasing pedestrian “walk-thru” traffic – with pedestrians even making the connection from the downtown core to Parkplace on good weather weekends.
- Diversity of retail spaces – for example, with Parkplace being able to offer larger retail floor plates than are available in the downtown core.
- Great demographics – can draw from immediate residential base of 5,000 plus the “greater eastside.” Kids make \$60,000-\$100,000; downtown residential supports retail



Good retail occurs where there is a sense of enclosure and caring ...



... together with a bit of on-the-street buzz.

also. A Downtown Advisory Committee (DAC) member observes that “the census may be off as high-tech companies move in and younger, more affluent workers move here.”

- Lake and park amenities – suggested by one as “the only place on the water in the Pacific Northwest other than LaConner,” and by another as an amenity “which Bellevue doesn’t have.”

One long-time owner summed up downtown’s strength as the combination of “restaurants, bars, galleries and salons, now with residential.”

Weaknesses:

- Lack of a substantial contribution (of only about 6-7%) to total sales tax collections citywide. From a taxable retail sales perspective, downtown is described as “small, not productive.”
- A *Catch-22* from nearby neighborhoods that are not supporting local retail – “keep quaint, but won’t shop downtown.”
- No anchors – why does downtown have a laundromat and a consignment store? Retail spaces are not attractive. Loss of traditional retailers like J.C. Penney, drug and hardware stores.
- Absence of retailers important to a destination downtown – notably women’s clothing (lacking except for consignment). Even greater absence for local residents – from barbers to hardware.
- “Old guard retailers who close at 5 pm” – lack of an adequate network willing to stay open at night.
- Lack of larger tenant spaces – of 2,000+ square feet (in the core area). Older buildings don’t have adequate parking, often have only single phase power, and don’t offer even air conditioning.
- Another says that downtown buildings look “tired and worn,” but also observes that it is difficult to make the economics of new development work with 2-story buildings. A DAC member echoes this comment noting a “perceived lack of pride in downtown buildings.”
- High rents – of \$30+ per square foot on a triple net basis (tenant pays expenses).
- Resistance by some landlords to leasing for restaurants – due to concerns ranging from maintenance to turnover and collections to late night noise affecting nearby residents.



Tired retail and lack of street orientation is a negative extending beyond the immediate property ...



... even prominent anchors sometimes have poor street orientation – reflecting dated design.

- Inadequate and poorly designated parking – although as one says you can always find it even during a major event. The issue is “the perception.” A repeated comment is that “signage is terrible.”
- Condo owners who are “gone in the day, winter and part-time.” Condos add to the “vibrancy of downtown, but it would be better if they also worked here.”
- Lack of downtown office population – as companies incubate in Kirkland (e.g. McCaw Cellular), then relocate elsewhere to grow.
- Some concern with possible over-emphasis by Kirkland Downtown Association on events – less than needed on business support and advocacy.
- Increased controversy over the direction of downtown – seen by some as having the indirect effect of dampening retail patronage. One business owner expresses a perhaps deeper frustration that the “City does not appreciate business,” evidenced by an often adversarial relationship between City Hall and downtown.

For parking, the customer expectation is that there is no need to pay typically in a town center, but will not be concerned with paying for parking in downtown Seattle. From the standpoint of one interviewee, Kirkland is more like downtown Seattle because of multiple property ownerships. A countervailing view is that “parking should be free.” Why should Kirkland be the only city on the eastside with paid parking?

A final comment perhaps sums up the recent and current downtown conundrum: “Kirkland is a wonderful place that looks a little tired.”

Sources of Market Competition. This was framed as a two-fold question. First, what is the primary *competition* for downtown Kirkland retail? Second, how does Kirkland compare with the competition in terms of store mix, image/appeal, access to customers, cost of doing business, and other factors?

Comments received were both specific and varied:

- Totem Lake – but “not sure when it will get going.”
- Bellevue Square – but doesn’t attract the type of tenant looking at downtown Kirkland. However, another interviewee suggests that Bellevue Square is taking everything from specialty to power retailing.
- Redmond Town Center.
- In part, the answer depends on whether Kirkland is catering to regional shopping versus tourism (including day trips). In the latter example, the competition is more with LaConner than other eastside cities.



Newer space makes a difference, especially for national tenants ...



... but quality rehab – in and out of the store – goes a long way as well.

- Seattle – the concierges and hotels are no longer supportive of Kirkland but recommend Woodinville and Bellevue instead.
- Need for nice buildings – otherwise it is a “tough sell to get nationals ... who want nice TIs (tenant improvements).”
- Parking is a bit of a competitive issue – but will be less so when new downtown mixed use buildings (that also provide customer parking) are completed.

Cited as a concern are five mile radius limitations in leases (as at Bellevue Square, Redmond Town Center and even University Village) – that may preclude some regional and national credit tenants from locating in Kirkland.

For others, tenant spacing limitations should be less of a concern than may appear on the surface. One firm active in real estate leasing observes that regional and national credit tenants are now more open to locating in freestanding and mixed use locations outside of a traditional mall setting.

For another observer, the concern shouldn’t be so much about the competition, the “issue is really getting people to shop.” Kirkland could attract national retailers if more stores would consistently stay open at night.

Best Opportunities. Over the next 3-5 years, what do those interviewed see as the *best opportunities* for strengthening and enhancing their business activity – and the retail environment in downtown? A follow-up question: *is anything being overlooked?*

Suggestions received include the following:

- Get destination retail back – need quality retailers to stick around. Create interesting businesses and increase the density around downtown.
- Emphasize personal service – Kirkland should be a place where “we know your name.”
- An opportunity being realized by other eastside and Puget Sound cities is to create *third places* – where people feel comfortable gathering – in both public and commercial spaces ranging from libraries to bookstores to coffee shops.
- The next 30-90 days will determine downtown’s future direction – with three projects being considered. Parkplace can become a major driver of retail complementary to downtown.
- National but small footprint retailers like Panera Bread – a nice complement for lunches and early dinners



Parkplace offers community and neighborhood retail ...



... while business at Lakeshore Plaza offer an independent business feel – but with little direct connection to the lake.

- For some, banks can be a good fit activating street space. Others see banks as taking away space better suited for prime retail and entertainment use.
- Put a lid over the marina parking lot – and get retail on the lake.
- Get new buildings offering larger tenant floor plates. Replace older buildings on Park Lane with new construction – offering higher ceilings, glazing and lighting.
- Continue the pattern of development that has ground floor retail – with four stories of mixed use residential or office above.
- Get a mix of convenience and comparison retail at Parkplace – driven by office potential for a built-in source of walk-in trade.
- Improve the pedestrian connection from the lake through Peter Kirk Park to Parkplace – as at Redmond Town Center.
- Provide public parking to serve retail.
- Provide a strong, well-lit sidewalk down Central.
- Lift Peter Kirk Park – placing parking beneath.
- A member of the Downtown Advisory Committee suggested an overall objective should be to make downtown a fun place to run a business, network and share customers.
- Kirkland Downtown Association is aiming to become more retail promotion oriented – aiming to build a community between restaurants and retail. A property owner suggests that more events might encourage groups of merchants to band together – as with Gallery Walk. Another suggests cross-promotions with restaurants supporting each other. Expand weekend shopping with programs like “The Weekend Starts on Thursday.”

One person offered this *combined vision*: “Use residential developments to fill the available airspace with people who want to shop. Also get businesses including doctors and dentists.”

Several Portland area districts were mentioned as possible examples for Kirkland. One is NW 23rd Avenue which contains a mix of locally owned and national retail. The other is the nearby Pearl District – with anchor retail including Whole Foods and Powell’s Books. A third is the Portland high-end suburb of Lake Oswego with it’s Lakeview Village urban retail (of 95,000 square feet) with mixed use development including retailers ranging from national tenants such as Chico’s to regionals like CC MacKenzie (both apparel).

Regulatory Process. A focus of the City’s interest in this downtown retail strategy is to better assess the ways that the City’s *regulatory process* affects downtown generally or individual businesses in particular. Respondents were asked to be as specific as possible (comments were confidential). The



As more new construction can be expected closer to the retail core ...



... it becomes important to address construction mitigation and provide new homes for affected retailers and parking.

follow-up question was: what (if any) changes in regulatory process or incentives are suggested?

Key comments and suggestions:

- When new projects go in, make sure there is a plan in place for mitigating construction disruption before proceeding.
- A challenge is the perception that the applicant “can not rely on what they’ve been told” – with examples cited being questions over ground floor banking uses, number of floors, and definition of superior retail.
- The regulatory process is cited as not conducive to allowing individual retail store footprints – especially because smaller buildings can not efficiently include underground parking. So the only option appears to be full-block development.
- In discussion with the Parking Advisory Committee, it was noted that the City will be re-examining its parking standards which to date have reflected suburban rather than urban standards. In the future, it may be important to look to opportunities for shared parking, as for legacy buildings, smaller buildings, and larger opportunity sites. Also noted is that residential parking largely takes care of itself – one space per bedroom is typical with some, but not considerable, spillover to public parking resources.
- Focus on how Kirkland will meet its growth management (GMA) requirements for added residential – taking its fair share of regional population and housing growth in the future. One way of doing this is to create more density in and near downtown – thereby avoiding the need for increased density elsewhere in the community’s single family neighborhoods.

These and other potential regulatory questions will be addressed further in the next step of the strategic planning process, subsequent to this interim report.

Retail Recruitment. Are there specific retailers that should be recruited – to open a store or expand – in downtown (e.g. local, regional or national tenants)? Any to be avoided?

Suggestions made:

- Aim to get a mix of local, regional and national retail.
- Greater diversity of comparison and destination shopping – as with apparel and accessories, home décor, perhaps an urban department store prototype, bookstore, cinema.
- Chef-driven restaurants – “it’s all about food.”
- More everyday businesses – like pharmacy, hardware.
- Recognition of businesses that mix local storefront presence with outsourcing and internet sales.
- Attract more credit tenants – with added examples cited including Banana Republic (needs just 3,000-4,000



National retail can be important for customers ...



... while quality regional and local firms can match overlooked preferences.

square feet) and Tommy Bahama (going to Bellevue Square).

- Target businesses able to pay high rents – offer long-term leases (as was reportedly the case with Sur la Table).

Sur la Table provides an example of the types of regional or national retail that appears to fit well within downtown – in terms of scale of development, image and integration into the existing downtown building fabric. However, some suggest that this may be an exception due to the retailer’s start in the Seattle area – at Pike Place Market.

As one business owner puts it: “The more charm we get, the more popular we’ll be.”

Strategic Priorities. In summary, what is the #1 priority recommendation that you would identify as most important to anchor a downtown retail strategy? How might it be implemented? And, how would successful accomplishment make a difference for your firm or downtown retailing?

Those interviewed had a difficult time limiting themselves to just one recommendation. Consistently mentioned were priorities related to:

- More actively encourage property and business owners to fix up their properties – it takes someone from the City to start this.
- Get quaint streets.
- Enforce zoning limitations on non-retail ground floor uses – for example, no banks, insurance or real estate, encourage fewer salons.
- Make mixed use development easier to happen – then attract the right kinds of retail tenants to ground floor spaces.
- Get more office, less residential – by more actively working the high-tech angle.
- Redevelop underutilized sites in the downtown core – repeatedly mentioned are the marina and Lake and Central public parking lots, U.S. Bank property, and Antique Mall.
- Redevelop Parkplace – providing a major new source for office employees (as customers) and for substantially expanded “experiential lifestyle” retailing (with possible cinema, apparel, home furnishings, dining, and possible



Mixed use development – with lodging as well as residential – offers one opportunity for enhanced downtown retail and entertainment ...



... as does opportunity for quality storefront rehab ...



... not to mention Kirkland public art.

two-level anchors) together with continued convenience retail as for grocery.

- Secure more public retail customer parking – with a funding mechanism that might include downtown owner participation if dedicated to parking.
- Achieve a strong connection from Parkplace redevelopment through the park to downtown.
- Continue efforts of Explore Kirkland (on the right path) to expand local businesses, promote shopping locally, and focus on higher value retail.
- Provide City Council clarification of the vision and road map to getting there – exemplified by decisions anticipated regarding the Bank of America, McCleod and Parkplace development proposals. One interviewee suggests simply, “improve communication, by listening better.”



For Kirkland, success of downtown retail means building from recognized strengths ...

WHAT MAKES DOWNTOWN SUCCESSFUL?

Over the same time period as business interviews were conducted, initial project meetings were facilitated with members of the City Council Economic Development Committee and Downtown Advisory Committee. The primary question asked was: what would make this retail strategy project successful? A summary of responses follows:

Economic Development Committee (EDC):

- Use this retail study as a reality check to assess whether and how downtown can become an entertainment core and how to activate ground floor use.
- Make the downtown more of a destination – not just for visitors but local (including civic functions).
- Not just a destination but serve the residents of the downtown and full Moss Bay neighborhood.
- Identify critical mass and what’s required for good retail.
- Determine what are viable anchors.
- Assess what role parking plays.



... paying attention to quality street environment ...

Downtown Advisory Committee (DAC):

- Discover what people want and are willing to pay – looking at the downtown not just as a business district but to make the individual businesses more successful.
- One tangible action rather than another plan where nothing gets done.



... with a clear sense of public-private purpose.

- Use the plan as a basis to develop an improvement district, for sidewalk/parking improvements and beautification.
- Measurable and aggressive project goals – such as increasing sales tax by a substantial target percentage.
- Know what the business clusters are and what would work downtown – focused on what Kirkland is good at.
- Results that have authority and cachet – based on research and information.
- Specifics that can be implemented – with buy-in from owners and retailers.
- New tools and approaches – the right tools to make it happen.
- Identify the ills and provide direction on the cures – types of retail that would be successful.
- Frank discussion around hard facts of entertainment versus retail orientation – leading to a pedestrian friendly downtown.
- Come up with a rallying point – making downtown more year-round.
- Finding the middle ground – moderating or silencing the extremes.
- Follow through and make it happen.
- Listen to experts hired to advise Kirkland – and communicate that downtown is open for business.
- Look to comparable communities who are happy with their retail – and answer the question of superior retail.
- Learn how to do a better job as a property owner.
- Identify businesses that people want and figure out what it takes to bring them here.



Signs set the image ...



... whether for national ...



... or regional/local destinations ...



... or even local convenience retailing.

It is the combination of quantitative demographic and retail data together with qualitative stakeholder perception that set the stage for mapping both today’s clusters and conditions to visualize tomorrow’s retail opportunities. It is to this topic of downtown retail mapping that this interim retail strategy assessment report now turns.

V. DOWNTOWN RETAIL MAPPING

What retail works well in Downtown Kirkland? What could work better? These questions are *front and center* throughout this strategic retail assessment.

In this section of the report, these questions are considered from the perspective of what is *on the ground* today – essentially a physical and land use inventory. Topics covered are retail business clustering, rental rates, retail conditions assessment, and opportunity sites.

RETAIL BUSINESS CLUSTERING

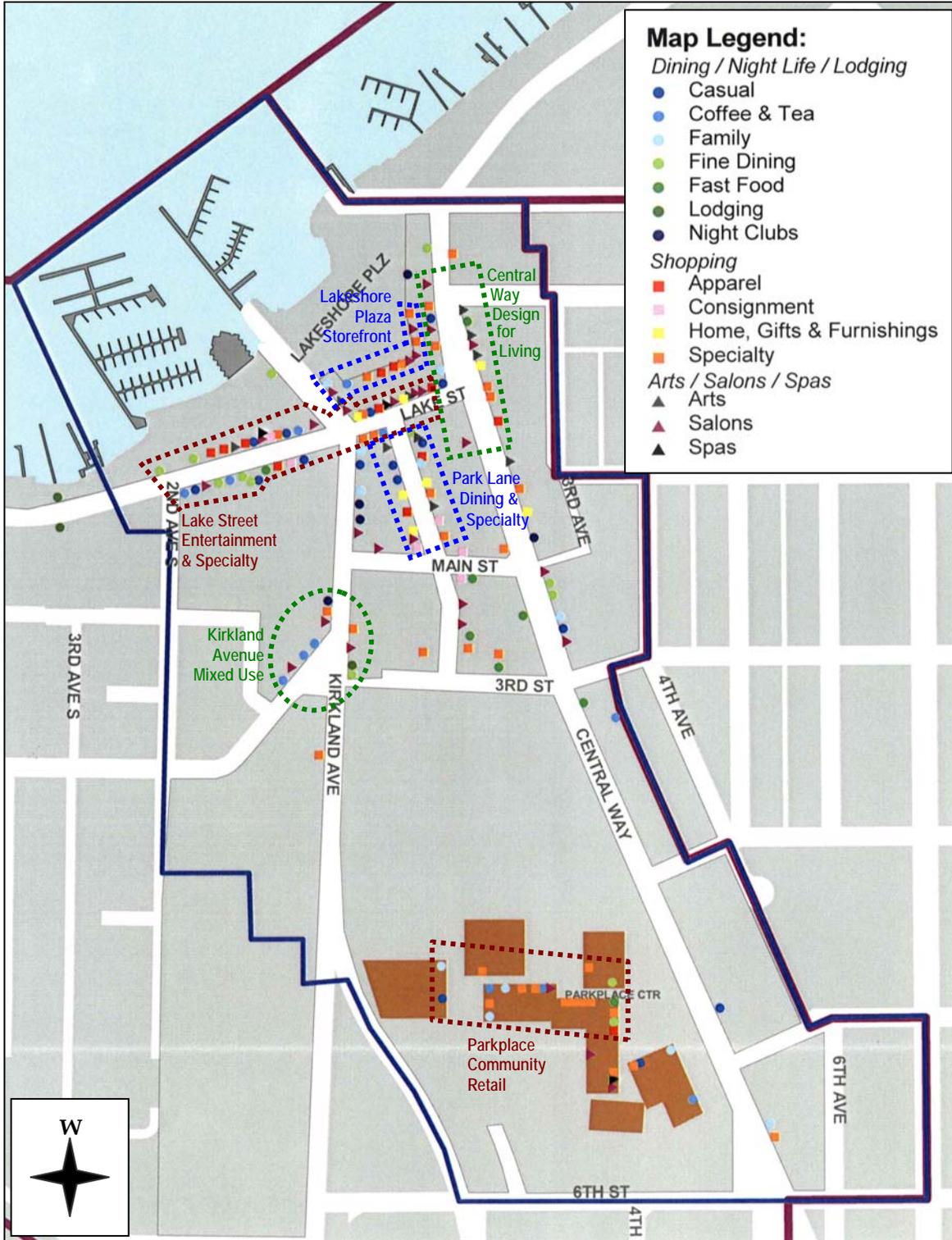
Retail clustering refers to the concentration of retail – both by location and type of business activity. The City of Kirkland (www.explorekirkland.com) publishes a downtown retail guide as part of its *Guide to Public Parking*. Drawing from this existing base of information, retail uses are located by type with distinctive clusters also identified – as illustrated by the map on the following page.

Geographic Clusters of Retail Activity. When viewed from this dual perspective of concentration by location and type of retail activity, the following clusters stand out as most significant today:

- *Lake Street Entertainment & Specialty* – with well known anchors including Anthony’s Home Port and Hector’s restaurants and the Gunnar Nordstrom Gallery.
- *Central Way Design for Living* – comprising a mix of restaurant, home and gallery uses such as Orient Café and Santorini Greek Grille, Sur La Table and the Paintbox Company, and Rovzar Gallery.
- *Park Lane Dining & Specialty* – as with Cactus, Jalisco and Ristorante Paradiso together with arts activity as with Howard Mandville.
- *Lakeshore Plaza Storefront* – comprising smaller retail and salon uses such as The Grape Choice, Marina Park Salon, the Bridal Garden, and Sureel Clothing Boutique.
- *Kirkland Avenue Mixed Use* – with an emerging retail cluster anchored by the new Heathman Lodge and nearby residential development.
- *Parkplace Community Retail* – the only district with a distinctly local feel, with businesses tucked away from the local arterials and ranging from the QFC grocery to Lucia restaurant to a Starbucks.

Areas not included within a specifically designated cluster include the area on Kirkland Avenue between Main and Lake (with George’s Place as a well known icon but with only one side of the street as retail pending redevelopment), Park Lane from Main to 3rd (with the Antique Mall and Farmer’s Market but poor retail street orientation), and Central Way east of the mid-point of Lake and Main (with retail more dispersed and auto-oriented).

Figure 10. Downtown Kirkland Retail & Related Business Clustering



Sources: *Downtown Kirkland's Guide to Public Parking*, E. D. Hovee & Company, LLC.

SSSS

Overall Downtown Business Mix. Based on the retail inventory provided by the parking guide, downtown has an estimated 173 retail and related street uses including:

- *Dining/night life and lodging* comprises the most numerous business category – accounting for 41% of downtown retail and related businesses. The mix is fairly well distributed between casual, coffee shop, fine and family dining uses – with fewer fast food establishments (though the existing inventory is fairly prominent).
- *Shopping* represents 35% of businesses – with emerging strengths noted for apparel and home stores (together with a variety of specialty and consignment activity).
- *Salons/Spas/Arts* account for 24% of businesses – with salons representing the single most frequent specific business type noted for downtown.

Figure 11. Downtown Retail & Related Business Mix

	Business Count	% of Total
<i>Dining/Night Life/Lodging:</i>		
Casual	16	9%
Coffee & Treats	12	7%
Fine Dining	13	8%
Family	11	6%
Fast Food	9	5%
Night Clubs	6	3%
Lodging	4	2%
Subtotal	71	41%
<i>Shopping:</i>		
Apparel	12	7%
Consignment	6	3%
Home, Gifts & Furnishings	7	4%
Specialty	35	20%
Subtotal	60	35%
<i>Salons/Spas/Arts:</i>		
Salons	28	16%
Spas	3	2%
Arts	11	6%
Subtotal	42	24%
Total Business Count	173	100%

Source: City of Kirkland, Downtown Kirkland’s Guide to Public Parking.

Not specifically called out by this listing are retailers focused on day-to-day needs of residents and downtown employees – as with grocery and pharmacy. Some of these uses appear to be embedded within the specialty business count.

As this list indicates, strong niches for downtown uses (compared to many downtowns) appear to lie with dining/night life and salon/spa/arts activities. While the spaces occupied are often relatively small, salons may be represented out of proportion to what might be expected even in a downtown with considerable destination traffic.

RENTAL RATES

As noted, limited information from the real estate data firm CoStar indicates a median downtown retail rental rate in the range of \$36 per square foot per year on a triple net basis (tenant pays expenses). Based on more in-depth information provided from interview contacts and a review of broker leasing data, it appears that:

- Rental leasing rates can vary widely in downtown – from less than \$15 per square foot annually to a high of more than \$60 (for relatively small spaces).¹⁴
- Local contacts indicated that most rates are in a range of roughly \$35-\$50 – demonstrating upward movement from rates reported to CoStar.
- Some long-time landlords and tenants have been able to offer (and benefit from) below market rates.
- Rental rates generally are highest on Lake Street, with Kirkland Avenue suggested as increasing in retail desirability as more mixed use projects come on-line.

Rental rates are important to this assessment in two respects. *First*, building rents can be viewed as a barometer of locations where demand for retail space is generally strongest. *Second*, rental rates can influence the type and scale of retail that can afford to locate and establish a sustainable presence in downtown Kirkland. At the higher rent levels typical of downtown, new businesses need to achieve strong sales performance fairly quickly and continue to generate customer appeal at a relatively high level sustainable over time.

RETAIL CONDITION ASSESSMENT

Mapping business clusters provides one way of understanding retail strengths as well as yielding hints about future opportunities. A second perspective is possible by consideration of existing conditions of on-street retail. Conditions important to this assessment include density of retail activity and street presence (including maintenance).

Retail Condition Mapping. These two variables of density and presence are combined into a four-step preliminary overall rating scheme – outlined as follows:

- *Outstanding Retail* – comprising locations where there is continuous retail frontage (with few gaps), good street presence as evidenced by attractive window displays and signage, and well maintained.
- *Good Retail* – involving locations where retail frontage is not continuous may be more intermixed with service, civic or related uses (including integration with mixed use projects).
- *Weak Retail* – where there is active ground floor use but significant gaps between retail uses, properties are not as well maintained or otherwise poor street presence.
- *Not Retail* – consisting of properties where there is essentially no on-site ground floor retail use (as with commercial office, residential and/or civic/institutional uses).

Distinguishing Characteristics. As depicted by the retail condition map, the downtown locations that feature what may be termed as *outstanding retail* are most oriented to Central Way

(in the vicinity of Lake Street) and on the block of Park Lane between Lake and Main Streets. Buildings are clean and signage and window displays capture attention – without clutter.

Areas characterized by *good retail* are noted for much of Lake Street, Kirkland Avenue and the inner portion of Kirkland Parkplace (adjoining the grocery store). Some of these properties have continuous retail frontage but do not have a strong retail street presence – whether due to items such as deferred maintenance or less attention to quality signage and window displays. Other properties (including some newer mixed use projects) have ground floors with intermixed retail, service business and/or residential accesses – attractively presented but with less intensity of true retail activity.

Locations depicted as having *weak retail* tend to be arrayed more toward the periphery of the downtown core. Conditions specific to each property vary widely – including poor orientation to or visibility from the street, substantial deferred maintenance, and/or suburban/auto-oriented design style.

Finally, those properties identified as *not retail* tend to be located at the outermost edges of downtown Kirkland. These include primarily newer residential developments north of Central Way or south of Kirkland Avenue and the office portion of the current Parkplace development along 6th Street and Kirkland Avenue.

Strengthening Downtown Retail Presence. Strategic opportunities for potential retail emphasis suggested by this analysis might be to:

- Extend the areas of outstanding retail (especially along Lake Street and with prospects for major retail re-development with Parkplace).
- Improve the weak retail to good status through site-specific measures such as clean-up, storefront improvements and longer term redevelopment of underperforming/suburban-oriented properties
- Possible encouragement of peripheral office and residential uses to include more active retail or customer-oriented use on the street.



... in good locations and well maintained ...

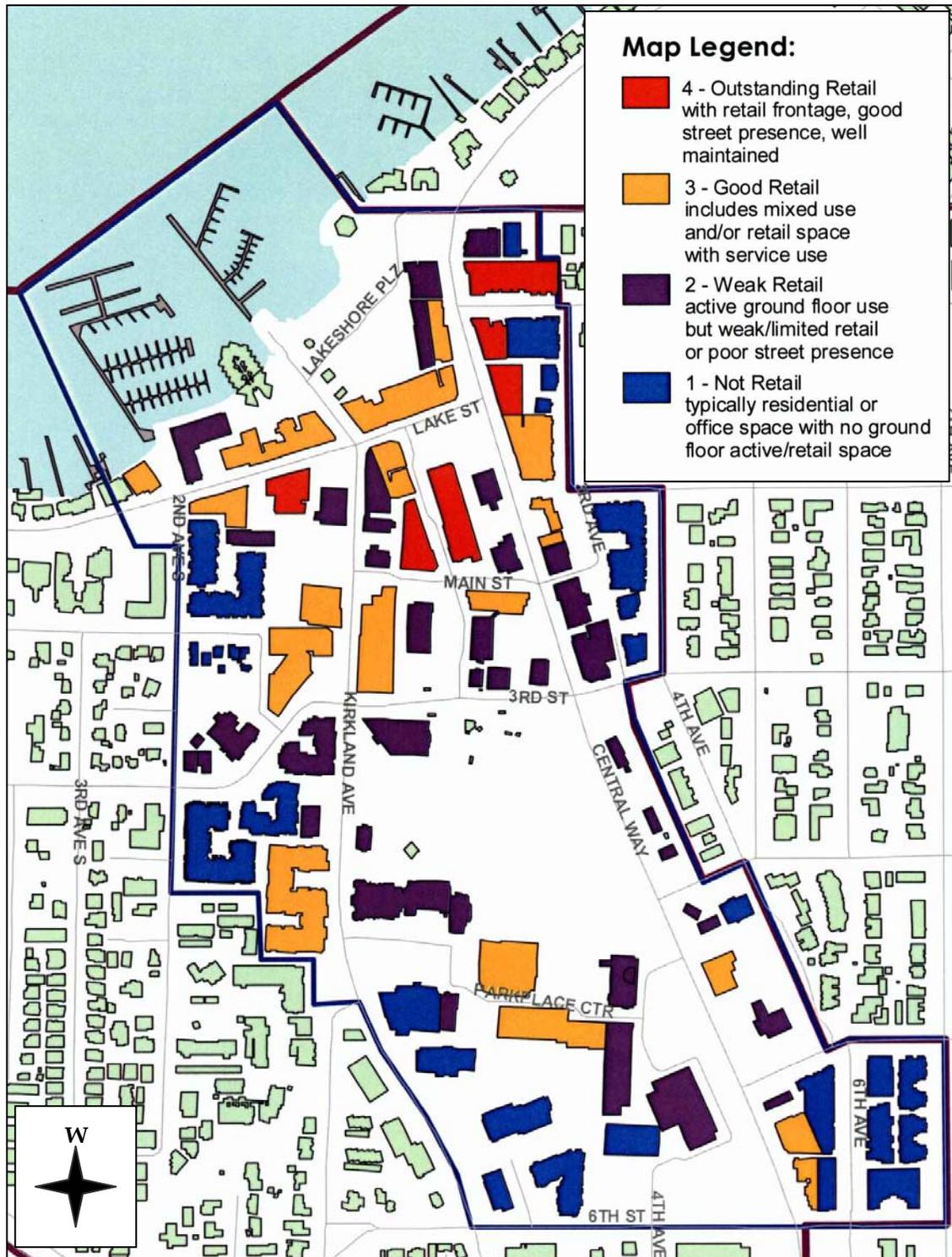


Options for good retail and entertainment ...



... is what it's all about.

Figure 12. Downtown Retail Condition Mapping



Source: E. D. Hovee & Company, LLC.

OPPORTUNITY RETAIL SITES

What sites offer the opportunity for retail expansion and diversification in the years ahead? The best sites will be well-located with respect to existing clusters of activity and large enough for to better assure financial feasibility of redevelopment (ideally ½ block in size or better).

The following sites are identified as viable prospects – based on information provided by the City, from interviews and the consultant’s initial assessment:

Publicly Owned Properties:

- *Lakeshore Plaza* – currently the Marina Park Lot (with previous City planning indicating potential for a 280-space parking garage and 40,000 square feet of retail and restaurant).
- *Lake Street Lot* – situated at the 100% retail corner of Lake Street and Central Way (offering potential for joint development with the adjoining U.S. Bank property).

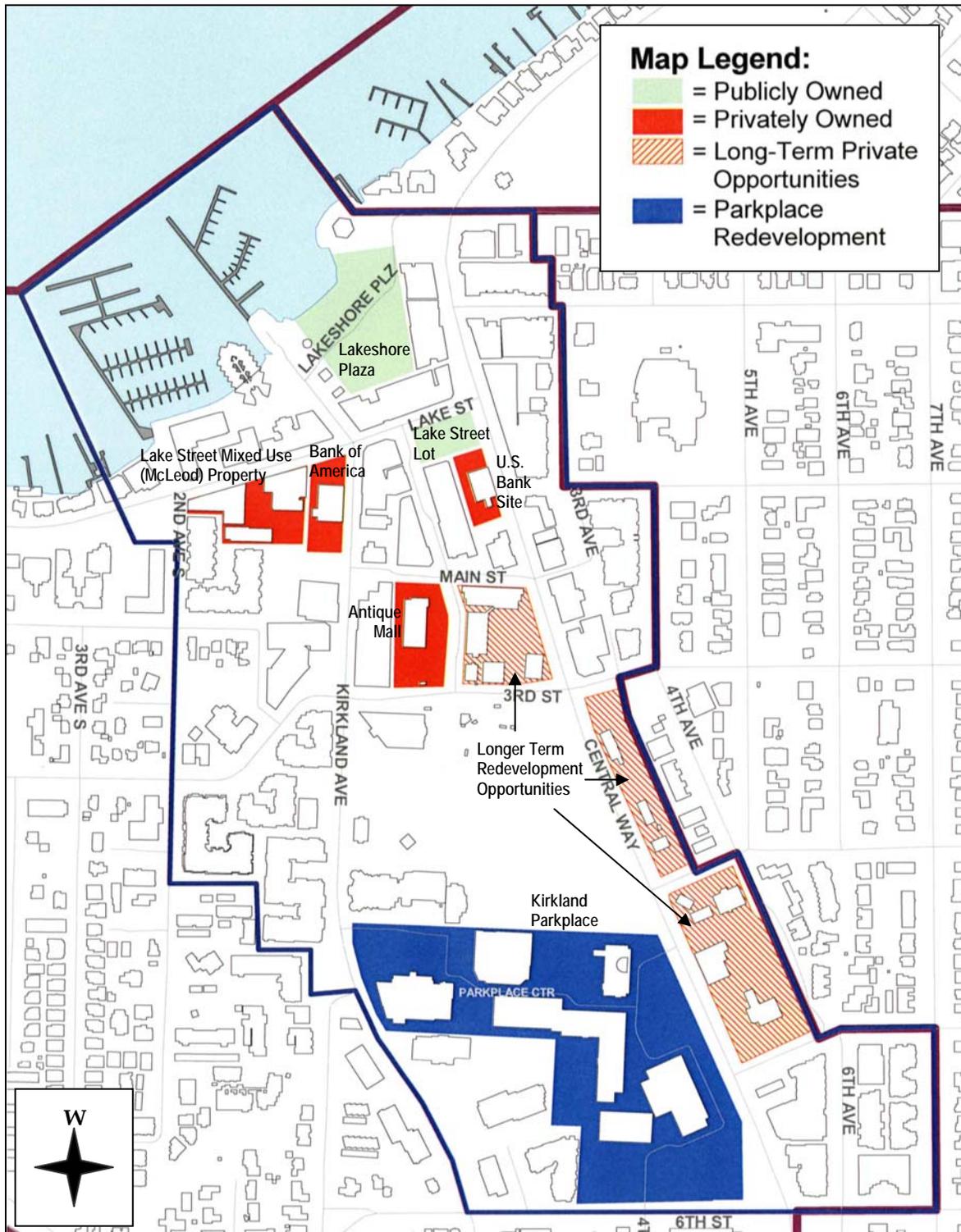
Privately Owned Properties:

- *Kirkland Parkplace* – involving preliminary plans for construction of 1.2 million square feet of office space with an estimated 300,000 square feet of retail and theater space together with a similar 300,000 square foot allocation for sports club and conference space (replacing about 250,000 square feet of existing office and retail).¹⁵
- *Bank of America* – a project proposed for an estimated 73 residential units, 11,800 square feet of retail and over 130 parking spaces (has been under appeal).
- *Lake Street Mixed Use (McLeod) Property* – proposed for close to 131,000 square feet of office and 39,000 square feet of retail with 520 parking spaces (under appeal).
- *U.S. Bank Site* – with no specific development proposal pending (but prior consideration of redevelopment with ground floor retail plus bank branch and residential above).
- *Antique Mall Property* – with no current development plan (but noted as a key underutilized core site with potential for pedestrian-orient retail on Park Lane).
- *Longer Term Redevelopment Opportunities* – a lower near-term priority pending core area and Parkplace redevelopment (but affecting three blocks fronting on Central Way).

While it is conceivable that some sites will redevelop as single or perhaps two-story buildings for retail use only, it is more likely that ground floor retail will be developed in conjunction with upper level housing, office and/or lodging. This is because land values (in many cases also including needed recovery of existing improvements valuation) are too high to support single-story development.

Project feasibility depends on creating critical mass required for a positive return on investment to property owners and developers. Financial feasibility also can be expected to depend on providing sufficient on-site or adjoining parking to serve retail customer needs as well as other on-site uses – but not so much as to move the project beyond a cost-effective range.

Figure 13. Kirkland Retail Opportunity Sites (Preliminary)



Source: E. D. Hovee & Company, LLC. Mapping is for illustrative purposes and subject to revision.

VI. OPPORTUNITIES & GAPS ANALYSIS

Based on the quantitative, qualitative and mapping assessments of this report, this section provides summary characterization of retail opportunities and gaps, followed by identification and evaluation of potential strategic options, and then preliminary recommendations aimed toward selection and implementation of a preferred option.

RETAIL OPPORTUNITIES & GAPS

Based on the review of market demographics, business and resident interview and survey input and downtown mapping, it is possible to describe downtown retail opportunities and gaps in summary form. These opportunities and gaps can be distinguished between those related to:

- *Marketing and promotion* – aimed at customers as well as expansion and recruitment of targeted businesses for improved retail mix
- *Development* – including both building rehabilitation/storefront improvements and new construction of retail only or mixed use development projects with strategically placed parking resources.

Figure 14. Downtown Kirkland Retail Opportunities & Gaps

Opportunities	Gaps
<i>--- Marketing & Promotion (Customer & Business) ---</i>	
<ul style="list-style-type: none"> • Local-serving convenience retail – from specialty foods to pharmacy 	<ul style="list-style-type: none"> • Demonstrating sufficient market mass with large enough sites & parking to attract credit tenants
<ul style="list-style-type: none"> • Comparison & destination retail – apparel, home furnishings, specialty hardware & garden 	<ul style="list-style-type: none"> • Challenge to attract known regional & national tenants already serving the eastside market
<ul style="list-style-type: none"> • More diverse dining & entertainment – serving residents, employees & special occasion guests 	<ul style="list-style-type: none"> • Limited offerings & lack of coordinated marketing to resurgent younger demographic
<i>--- Development (Rehab & New) ---</i>	
<ul style="list-style-type: none"> • Retail in-fill – Marina, Lake Street, Kirkland Avenue & Park Lane (small to mid-box anchor) 	<ul style="list-style-type: none"> • Tired appearance & limited functionality of much of older space plus few large vacant sites
<ul style="list-style-type: none"> • Lifestyle retail & major grocery with office at Parkplace 	<ul style="list-style-type: none"> • Need for a high-image pedestrian / retail connection from Parkplace to downtown core
<ul style="list-style-type: none"> • Strong demand for mixed use with ground floor retail & residential / office above 	<ul style="list-style-type: none"> • High site cost & economics requiring multi-level mixed use to facilitate new retail
<ul style="list-style-type: none"> • Use of public parking sites as catalyst properties for targeted retail / mixed use development 	<ul style="list-style-type: none"> • Creating on- / off-street parking economics to incent structured (underground) parking

Source: E. D. Hovee & Company, LLC. Listing is preliminary and subject to revision.

This listing can be considered as a *menu of choices* – from which can be selected the mix of opportunities (and counterpoint gaps) most important to address. The question of which opportunities may be most worth pursuing is also more readily determined once there is general agreement on a *preferred strategic future* for retail in downtown Kirkland.

STRATEGIC RETAIL OPTIONS

Based on this assessment, four strategic options are outlined for consideration with the Downtown Advisory Committee (DAC) and City Council Economic Development Committee (EDC). Each is briefly outlined – together with a corresponding brief assessment of advantages, disadvantages and likely implementation requirements.

Option 1 – Status Quo. This baseline option assumes no substantial changes from current trends and conditions affecting retail business in downtown Kirkland. Existing City policy regarding downtown would be governed by the 2001 Kirkland Downtown Strategic Plan, as might be updated through partial or full-scale completion of the 2007 *Downtown Strategic Plan Update* – including possible strengthening or clarification of preferred retail ground floor uses. Added new retail space would occur primarily as the result of City review and action on mixed use development projects – generally on a project-by-project basis.

Advantages of this approach include opportunity to make incremental changes and improvements to downtown retail character on a project-specific basis. This approach also likely requires the lowest public investment and involves the least short and long-term change to the existing downtown built environment.

Disadvantages are that downtown will likely continue to provide only a minor share of the City’s sales tax base and that more aggressive retail districts elsewhere on the eastside and throughout the Seattle metro area increasingly come to eclipse Kirkland. Longer term risk is attrition of existing retail and entertainment use – especially businesses dependent on destination traffic.

Implementation assumes no major changes in organizational functions – as between the City, KDA and private businesses, property owners and development interests. Completion of the 2007 Downtown Strategic Plan is assumed; otherwise even status quo retail performance could be jeopardized.

Option 2 – Reinvigorated Destination. This second option is predicated on a substantially ramped up public-private initiative to re-establish Kirkland at the forefront of destination shopping, dining and entertainment districts throughout the Seattle metro area as well as more specifically on the eastside.

Advantages include a proven ability to again play to demonstrated strengths of Kirkland as a downtown on the waterfront together with continuing reputation of critical anchors – notably restaurants and galleries. This strategy appears most consistent with the existing working vision from the 2007 *Situation Assessment* to maintain downtown as an urban waterfront setting of “unique shopping, destination dining, public art and galleries...” If successful, a destination strategy also offers potentially the greatest return to the City in terms of incremental downtown sales tax revenues.

Disadvantages reflect likely need for a broader mix of “lifestyle” retail including apparel, home décor and freshened retail image (including possible mid-box uses). This option also potentially runs counter to community expressed interests and may be vulnerable to higher gas prices and a softer economy discouraging destination shopping that depends on longer commutes.

Implementation is likely dependent on substantially increased public and private investment in destination Kirkland marketing, public parking and added retail space – including waterfront and mid-box development downtown and a substantial lifestyle retailing component with Parkplace redevelopment.

Option 3 – Go Local. This option could take downtown Kirkland in a substantially different direction from business trends experienced in recent years. Public and private interests would agree to make a concerted effort to establish downtown as a preferred location for a broader range of local goods and services – perhaps de-emphasizing or actively discouraging added destination retail.

Advantages include opportunity to respond to community sentiment (as expressed through the Sustainability Assessment) and to capitalize on prospective consumer preferences to increasingly shop locally with independent stores – reinforced by dramatically increased fuel prices in a more vulnerable regional economy. A buy local initiative could also be readily integrated with other sustainability initiatives both downtown and citywide.

Disadvantages are predicated on the need to dramatically re-focus City and business initiatives and the uncertain prospects for added local serving retail to actually materialize as desired. Convenience uses ranging from grocery to pharmacy increasingly have involved larger building ground floor footprints and more on-site parking than what downtown is able to readily deliver, and/or an influx of independents with skills to succeed in a relatively high-rent environment.

Implementation likely depends on aggressive recruitment of desired local-serving businesses including availability of incentives – as for reduced rents for at least the initial years of operation. Substantial public parking may be required to incent local serving uses such as full line or specialty grocery store. Market opportunity for added day-to-day convenience retail could be further undergirded by substantial additional residential, office and related mixed use developments within and in immediate proximity to downtown Kirkland.

Option 4 – Locally Driven Destination. This final option could be considered as a bit of a hybrid – combining elements of a reinvigorated destination with a concurrent strategy to go local at the same time. The caveat is that the *go local* part of the strategy would receive primary emphasis in the early going. What sells locally could then be piggy-backed to serve a complementary customer profile drawn from beyond the local community. But the needs and the character would be defined by what the community wants rather than what is seen merely as offering greatest near-term potential to attract more destination traffic.

Advantages of this final option are that it offers the organic, sustainable impetus of locally driven entrepreneurship with the higher sales volume (and tax potential) of retail that captures both local and non-local interest. Peak periods of use (currently early evenings) could be broadened out to include more daytime activity. This is likely the strategy that Kirkland businesses used to reach regional recognition in the first place. Starting local is also a strategy used successfully in places that have become regionally recognized destinations – such as NW 23rd Avenue in Portland, Oregon or Colorado Boulevard in Pasadena, California.

Disadvantages include the initial and ongoing challenges of achieving the right balance of local and non-local clientele coupled with the high amount of public-private collaboration likely required for successful realization. This strategy also can be expected to be accompanied by the need for substantial public investment and flexibility to accommodate a broader range of downtown development projects than has been the case in recent years.

Implementation can be expected to involve elements of both Options 2 and 3 – including public investment to develop larger footprint retail at key downtown opportunity sites, mixed use development with ground floor active use space and upper level residential/office, investment in supportive public parking, and sophisticated branding/marketing to re-position downtown as the place to be for Kirkland residents and workers as well as destination visitors.

TOWARD A PREFERRED STRATEGY

Recommended as a *preferred strategy* is an approach similar to that of Option 4 – repositioning downtown Kirkland as a *locally-driven destination*. This strategic approach is recommended for consideration, refinement and ultimate adoption by the Downtown Advisory Committee (DAC) and the City Council Economic Development Committee (EDC).

This combined strategic approach best offers the opportunity to achieve the vision outlined by the City’s 2007 *Situation Assessment*. As is described in conjunction with Guiding Principles expressed by the Situation Assessment report: “With this vision, downtown will flourish, help build community and uniquely reflect Kirkland.”

The types of tools that could prove important to implement a preferred strategy can be outlined to include:

- Public-private initiatives to encourage a bolder approach to *joint promotion* for downtown retail – aimed at new/young as well as long-time residents and workers plus high value destination clientele.
- Initiative to encourage *freshening of tired retail* storefronts and merchandising – including consideration of financial incentives for local landlords and smaller business operators.
- Policy consensus on *scale and extent of mixed use* development – with added residential and office employment serving to better support local retail and enabling both current and future planned projects to proceed with greater predictability of outcome.

Figure 15. Guiding Principles for a Great Downtown Kirkland

The City and the community will collaborate to encourage:	
✓	A safe, family-friendly environment
✓	Year-round activity with a mix of daytime and night-time uses
✓	A complimentary and successful mix of retail shops and service
✓	A balance of residential, office, retail, and entertainment uses
✓	Adequate transportation access and parking
✓	Sustainable and visually appealing architecture, public spaces and amenities
✓	Improvements that embrace the waterfront and connect the Lake to downtown and Parkplace

Source: “Vision Statement to Guide the Downtown Strategic Plan,” from the *Kirkland Downtown Strategic Plan: Strategic Situation Assessment*, October 2007.

- More aggressive use of *public parking resources* – to provide customer parking and facilitate joint use of sites for mixed use development (including the marina and Lake Street lots).
- Focus on *sustainability* – as a defining theme for retail recruitment, storefront and building design improvements/construction, and community branding.
- *Zoning code refinements* – to differentiate portions of the downtown core prioritized for retail-only at the ground floor and areas for which other forms of active ground floor use are also encouraged.

Based on input and direction received from the DAC and EDC, it will be possible to refine the preferred strategy and then move toward selection of tools most appropriate for successful implementation.

VII. NEXT STEPS

As noted at the outset, this interim report is intended primarily to provide background information that can serve to identify viable options and inform discussion leading to creation of a retail strategy for downtown Kirkland. Key goals outlined with the strategic planning process include:

- Retail market conditions “reality check”.
- Potential tools to influence the market in positive and desired directions.
- Potential partnership improvements – with the City, Chamber, KDA, property owners and residents.
- Funding and resource strategies to support recommendations.

Interim Report Review. This interim report is intended for review with the Downtown Advisory Committee (DAC) and the City Council Economic Development Committee. Next steps will be to:

- *Review results of this interim report* – addressing questions and obtaining direction for research refinements.
- *Brainstorm strategic options* – including selection of a preferred option with identification of public and private means (or tools) potentially available for implementation of a selected retail.

Subsequent Work Steps. Remaining steps anticipated with this *Downtown Kirkland Retail Strategy* anticipated include preparation of:

- *Retail tool kit* – involving assessment and possible suggested strategic refinement of the current City, Chamber of Commerce and Kirkland Downtown Association initiatives related to business recruitment, retention and marketing – including options for associated property improvement and new development together with supportive customer and image marketing opportunities also addressed.
- *City tool kit* – focusing on the tools available directly to City government as means to encourage or facilitate downtown retailing – including a more detailed assessment of zoning and related codes, on- and off-street parking management, and current and prospective incentives for retail business and property owners.
- *Draft downtown retail strategy* – including a summary (for wider distribution) together with documentation of technical analyses that have been conducted.
- *Downtown Advisory Committee (DAC) and City Council Rollout* – as appropriate to engage key stakeholders and decision makers in reviewing the draft plan and providing direction for a consensus downtown retail strategy.
- *Final deliverables* – addressing comments and direction received.

APPENDIX A. PREPARER PROFILE

This retail strategy has been prepared for the City of Kirkland by the economic and development consulting firm E. D. Hovee & Company, LLC. From the planning to the completion of strategic business, real estate and public investments, E. D. Hovee & Company, LLC (EDH) provides consulting services for public agencies, private firms, and individual investors.

Business Profile. Based in Vancouver, Washington office, the firm is focused primarily on the Pacific Northwest states of Washington and Oregon – albeit with substantial experience throughout the U.S. as well. Our economic and development services include:

- *Economic research* – from economic forecasting to impact analysis.
- *Market and feasibility assessments* – for private business and development projects as well as for public/private ventures.
- *Development planning and strategic services* – to better position businesses and communities for success in today’s increasingly differentiated marketplace.
- *Development packaging and marketing* – for public/private projects ranging from public parking facilities to mixed use revitalization in urban centers and neighborhoods.

For nearly 25 years, the firm has been committed to the ongoing process of economic restructuring for entire communities, for emerging and revitalized downtowns, and for successful business and residential developments both in and outside the Pacific Northwest. A particular strength is a multi-use approach to urban real estate development – covering residential, office, live/work, lodging, cultural/entertainment venues, and parking as well as retail.

Related Project Experience. E. D. Hovee & Company, LLC has conducted retail market, business mix, and development consulting for:

- Public and non-profit organizations throughout the state of Washington including the State of Washington Department of Community, Trade and Economic Development, Washington State University - Spokane, and cities of Tacoma, SeaTac, Renton, Snoqualmie, Bellingham, Mount Vernon, Yelm, Longview and Vancouver.
- Private real estate development and retail clients such as Opus NW, Gramor Development, Killian Pacific, Birtcher Properties, Fred Meyer, and Home Depot.
- Other public and non-profit clients including the Portland Development Commission, Portland Business Alliance and cities of Hillsboro, Beaverton, Gresham, Tigard, Wilsonville, Eugene, Medford and Newport in Oregon; Santa Cruz, Stockton and Thousand Oaks in California; St. Joseph and Hannibal in Missouri – and also across the U.S. for the Natural Main Street Center and National Trust for Historic Preservation.

Preparers. Personnel who have been involved in the preparation of background research and strategic assessments with this retail strategy are Eric Hovee – Principal, Tess Jordan – Senior Economic Planner, and Andrea Logue – Research Coordinator.

APPENDIX B. RESIDENT & BUSINESS SURVEYS

Resident and business surveys have been conducted in conjunction with a separate concurrent *Kirkland Economic Sustainability Assessment* – prepared for the City of Kirkland by O'Brien & Company in cooperation with E. D. Hovee & Company, LLC. This combined survey effort has proved useful as a means to effectively gauge community interests and needs for downtown retail within a broader community framework for economic, environmental and social sustainability.

SURVEY PURPOSE & APPROACH

Two surveys were conducted in the Spring of 2008 for the sustainability assessment:

- The *resident survey* was designed to cover questions related both to sustainability and downtown retail.
- *Business survey* information also was tabulated for downtown business respondents.

Downtown-specific results of both surveys are summarized and highlighted as part of this downtown retail strategic planning process.

RESIDENT SURVEYS

As of the closing date of May 30, 2008, 272 respondents had completed the resident survey. Summarized below is an overview of the survey results for questions most pertinent to consideration of downtown retail potentials.

Survey Demographics. Responses were received from all neighborhoods identified in the survey, with higher percentages in the Highlands, Moss Bay, and NorthKirk neighborhoods (22%, 15%, and 13%, respectively).

The highest percentage of respondent groups reflected:

- 1- or 2-person households (58%)
- Between 36-65 years of age (75%)
- Employed (including self-employed) with annual household incomes ranging from \$50,000 - \$200,000 (74%)
- A strong but minority proportion (39%) who sometimes or always work in Kirkland
- A significant percentage of respondents (92%) who own their own home
- A minority of respondents (41%) who have children living at home

In comparison with Citywide demographics (as from ESRI and Census sources), survey respondents appear to be more strongly comprised of homeowners and households with children – and more likely to work in Kirkland.

What follows is a summary of *question-by-question* responses. With responses to each survey question, particular attention is paid to implications of survey results for downtown retail.

What goods and services do Kirkland residents purchase within the City of Kirkland? The table below reflects the responses with the *highest percentage* for each category of goods and service. Those goods and services that appear in the ‘Rarely’ and ‘Never’ purchased in the City of Kirkland provide an indication of business opportunities that are currently underserved.¹⁶

GOODS			
Always	Sometimes	Rarely	Never
Groceries (59%) Pharmaceuticals (60%)	Natural Foods/Specialty Foods (39%) Hobby items (39%) Gifts & Specialty (47%) Dining (62%) Wine/Liquor (41%) Entertainment (54%) Pet Products (25%)* Gas/Automotive (45%)	Apparel (adult) (39%) Home Furnishings (33%) Hardware/garden supplies (29%)	Apparel (childrens) (30%) Electronics/Computers (43%)
SERVICES			
Always	Sometimes	Rarely	Never
Pharmacy (54%) Medical Health Care (31%) Vision Health Care (31%) Fitness (24%) Banking/Finance (47%) Dry cleaning/Laundromat (56%) Veterinarian (30%) Realty (15%)* Mailing/Postal (62%) Copy/Print (38%)	Personal Care (Salon, spa, etc.) (28%) Community & Social Services (24%)* Automotive (28%)		Dental Health Care (36%) Vision Health Care (31%) Alternative Health Care (21%)* Childcare (12%)* Hotel (31%)* Attorney & Legal (40%) Insurance (50%) Worship (19%)*

Downtown Implications: Many of the retail goods and services desired by Kirkland residents are either not available or only modestly available in the downtown area. This is true for some of the categories for which residents always shop in Kirkland (but maybe not downtown) as well as for categories for which residents never shop anywhere in Kirkland.

Key questions for this downtown retail strategy are essentially two fold: (a) is there adequate market to support *additional downtown businesses* that would fill these identified gaps; and (b) to what extent and in what manner should the City prioritize local serving business in Kirkland’s downtown? These are questions to which this interim report returns in subsequent discussion of opportunities/gaps and strategic options for downtown Kirkland.

How satisfied are the residents of the City of Kirkland with the shopping and services locally available? Listed below are the *highest response* percentages for satisfaction levels for a variety of features and qualities that customers look for in their shopping/service experience (both for goods and services). Those that are listed in the ‘Poor’ and ‘Average’ ranking categories represent opportunities to enhance the local consumer experience in the City of Kirkland.

Excellent	Good	Average	Poor
---	Quality of Products (39%) Pedestrian Accessibility (38%) Mass Transit Accessibility (31%) Family Friendly (37%)	Affordability (58%) Customer Service (41%) Convenience (31%) Clustering of Stores (39%) Parking Availability (36%) Bike Parking Available (39%) Visual Appearance (35%) Hours of Operation (46%) Environmental Commitment (44%) Community Commitment (36%)	Variety (38%)

Downtown Implications: While survey responses reflect perceptions citywide, the observations noted can be expected to apply to downtown – perhaps in greater degree than would be the case citywide. Factors for which Kirkland rates as ‘good’ are consistent with strengths expected of downtown retail – with its pedestrian orientation and strong mix of independent, locally-owned stores.

Small businesses cannot be expected to score as well on variety – unless larger format retailers and/or other new competition is drawn into downtown. The *swing* factors appear to be those rated ‘average’ by Kirkland residents. Downtown can improve its competitive presence for local as well as non-local destination clientele by addressing factors for which the community does not currently stand out.

What are Kirkland residents’ priorities when selecting goods and services? An average of 65% of Kirkland residents stated that **Quality, Cost, and Convenience** are the top three priorities when selecting goods and services. These three factors received far higher response rates than any of the other potential priority categories, such as brand recognition, environmental concerns, uniqueness, locally produced, or family owned.

Downtown Implications: Kirkland is already known for quality, but with opportunity to move upscale from ‘good’ to ‘excellent’. Convenience represents the factor with perhaps the greatest opportunity to broaden market appeal to local residents – especially for those living or working in close proximity to downtown.

What are Kirkland residents' shopping habits? The majority of Kirkland residents shop by car (88%). A significant portion also shops by walking (47%), and a smaller portion by delivery or online (34%).¹⁷ Only 12% shop by bus, and 9% by bike. As noted, 37% shop near their home in Kirkland, and 16% shop near their workplace or on their way home.

Downtown Implications: For residents, the greatest downtown retail opportunity may be to cater to those who shop by walking, bus and bike – likely living (or working) in or near downtown.

What do Kirkland residents want to see more of in their city? Identified are:

- Hardware (28%)
- Clothing – Affordable, for adults & kids (10%)
- Restaurants (local, family, open air, inexpensive, unique, organic, ethnic) (11%)
- Grocery/Market (natural, local, affordable) (11%)

Downtown Implications: Downtown is already represented by restaurant and to a lesser extent by grocery and clothing activity – though not with all of the qualities desired by Kirkland residents. Like many downtowns, Kirkland no longer has a local downtown hardware store. A strategic question is whether these local serving attributes can be layered in with features that also appeal to destination visitors – or whether these customer segments are in competition with each other.

In your words...What does a sustainable Kirkland Economy mean to Kirkland residents? While the focus of this question on sustainability goes beyond the immediate scope of this retail study, responses are nonetheless useful to set a context for themes to consider regarding such items as downtown store mix, merchandising, promotions, and branding.

Figure 16. Elements of a Sustainable Economy – for Kirkland Residents

- ✓ A walkable community with a unique identity and one-stop shopping
- ✓ Better public transit to downtown and neighborhoods
- ✓ Diverse and comprehensive mix of locally owned stores that are affordable for residents and tourists and meet basic daily needs
- ✓ Enjoyable, affordable downtown to shop, dine, have office and green space
- ✓ Keep high-rise development in downtown to a minimum
- ✓ Stop going to Bellevue or Redmond for most of our daily, monthly, and annual shopping needs
- ✓ Convenient long-term parking (preferably covered) that provides easy pedestrian access to shopping, but is not intrusive to the downtown feel
- ✓ Corner markets and small scale amenities in neighborhoods: revitalize voids
- ✓ Incentives to local, green entrepreneurs

Downtown Implications: These sustainability elements all represent attributes that Downtown either currently or prospectively could fulfill. A pivotal question is whether and to what extent some elements pose trade-offs for downtown’s recent and current role as a destination retail and entertainment district serving much of the eastside. A related question is whether downtown can or should succeed independent of added residential activity in the immediate downtown area.

BUSINESS SURVEYS

O’Brien & Company also completed a sustainability survey with Kirkland businesses – both in and outside the downtown area. Results of note for this downtown retail assessment are summarized with this report.

Business Respondent Profile. A smaller sample of businesses (77 in total) completed a business survey. Approximately 41% of the businesses (or 31 respondents) were located in downtown Kirkland.¹⁸

Citywide, the largest proportion of respondents consisted of retail businesses (33%), followed by business and personal services (30%). Other respondents included real estate, engineering/architecture, health science and information technology firms.

Over half of the respondents offered their business services to the regional Puget Sound area, and over 40% offered services to the entire Pacific Northwest. Retail businesses tended to be more focused on local market areas – albeit with some exceptions.

The majority of the respondents (79%) were businesses with 20 or fewer employees. Over 40% of the businesses had internet based customers, 57% had walk-customers, and 76% had other businesses as customers. *Note:* business survey respondents could select multiple customer types.

In Their Words...What Does a Sustainable Kirkland Economy Mean to Local Businesses? Overall, responses center on the theme of “an economy that ensures both natural resources and a healthy environment for our future generations.”

Figure 17. Sustainability for Kirkland Businesses – Key Themes

<p><i>Focus on the environment:</i></p> <ul style="list-style-type: none"> ✓ Zero waste! Recycling and reuse of local products. ✓ Businesses that strive to recycle, reduce energy, and be responsible with all waste generated. ✓ Green buildings, and restoration of existing buildings <p><i>Diverse, locally supported businesses:</i></p> <ul style="list-style-type: none"> ✓ Rent control to prevent turnover of small, diverse businesses ✓ Citizens and local businesses that promote and support local businesses ✓ Competitively priced services with a broad appeal, rather than niche appeal ✓ Obtaining all daily needs in Kirkland – at affordable prices ✓ Presence of well known, anchor retailers <p><i>Easy access for citizens & businesses to be locally supportive:</i></p> <ul style="list-style-type: none"> ✓ A pedestrian downtown with outlying parking and free, easily accessible transit – a “Car-Free Kirkland!” ✓ Clustered, higher density shopping districts that are supportive to each other and encourage shoppers to walk from business to business ✓ Customer access to parking <p><i>City & business accountability & engagement:</i></p> <ul style="list-style-type: none"> ✓ Holding building and land owners accountable for decisions that affect the health of businesses ✓ City-supported business expansion and development ✓ City-led green standards and incentives that ‘push the envelope’ ✓ City engagement of local businesses to promote green activities
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Source: O’Brien & Company for City of Kirkland, *Sustainability Assessment*, June 2008.

While some of the themes heard may be in conflict with each other and some are more easily implemented than others, they provide a context for thinking sustainably – and for creating new competitive advantage today and in the years immediately ahead.

What are Kirkland Businesses Doing to Become More Sustainable? Over 60% of the Kirkland business respondents indicated that it is somewhat to very important for the public and their customers/clients to view their company as ‘green.’ Internally, businesses are making changes to become more sustainable.

A minority (33%) of have employed a sustainability mission statement or vision in their company. Larger proportions (over 75%) purchase energy efficient products either sometimes or all the time, and recycle all the time.

Are Kirkland Businesses Locally Supportive of Each Other? Less than 20% of Kirkland businesses stated that they always, or often, seek out business goods and services from within

Kirkland. However, a larger proportion of 45% stated that they sometimes or often participated in joint promotions to support other local businesses.

What are Opportunity Areas for Kirkland Businesses to Expand their Sustainable Practices and Support Each Other? Suggestions received including implementing Environmental Management Systems and providing green incentives for employees.

Items of importance to retailers include initiatives to minimize packaging, offer reusable bags/packaging, provide a take back program for products/packaging, and offer green products and services. For restaurants, an opportunity area is to increase composting practices – as 66% of those who handle food stated they throw away food waste with only 20% composting at present.¹⁹

What is Holding Kirkland Business Back From Going Green? The most oft-noted concern relates to are cost barriers – identified by 26% business survey respondents as the reason they've not yet implemented desired green practices. Also noted is information on benefits of going green – with 22% indicating that they needed more information and education on green practices.

How Can the City Help? About 20% of Kirkland businesses suggested that the following City provided services/information might help them establish their green goals – specifically in the areas of incentives, workshops and trainings, and online information.

Downtown Retail Strategy Implications. In summary, building sustainability into a retail strategy for downtown Kirkland is important for two reasons:

- Growing public awareness of the global ethic for a more sustainable approach to consumer purchases – accelerated by recent rapid increases in fuel costs.
- Opportunity to brand downtown Kirkland for sustainability – ahead of the suburban competition in an intentional, authentic and sustained manner.

For these reasons, a sustainable approach to Kirkland retail is featured in options for consideration presented at the end of this report.

APPENDIX C. STATISTICAL DATA COMPENDIUM

Figure 18. Summary Trade Area Demographics (2000-2013)

	Kirkland	Destination	4-County
<i>Population</i>			
2000	45,054	248,557	3,275,847
2008	48,410	279,904	3,633,000
2013	51,924	301,815	3,890,673
<i>Households (HH)</i>			
2000	20,736	97,334	1,282,984
2008	23,163	111,161	1,470,850
2013	24,844	119,861	1,541,818
<i>Average HH Size</i>			
2000	2.13	2.54	2.49
2008	2.09	2.51	2.47
2013	2.09	2.51	2.47
<i>Median Age</i>			
2000	36.2	35.5	35.2
2008	39.0	37.8	36.9
<i>Median Household Income</i>			
2000	\$60,399	\$66,193	\$51,168
2008	\$82,493	\$86,546	\$68,793

Source: Washington Office of Financial Management, ESRI Business Information Solutions and the City of Kirkland.

Figure 19. Age Distribution of Population (2000, 2008)

Population by Age	Kirkland		Destination		4-County	
	2000	2008	2000	2008	2000	2008
Total	45,054	48,413	248,557	279,904	3,275,847	3,633,000
0 - 4	5.5%	5.3%	6.4%	6.1%	6.5%	6.5%
5 - 9	5.1%	4.8%	7.0%	6.3%	7.0%	6.2%
10 - 14	5.0%	5.0%	7.4%	6.8%	7.1%	6.4%
15 - 19	5.2%	5.3%	6.8%	6.7%	6.8%	6.8%
20 - 24	7.1%	6.4%	5.7%	5.9%	6.6%	7.1%
25 - 34	19.9%	16.3%	15.9%	13.8%	15.7%	14.3%
35 - 44	18.2%	17.1%	18.8%	16.3%	17.6%	15.2%
45 - 54	15.3%	16.7%	16.3%	17.2%	14.5%	15.7%
55 - 64	8.6%	12.4%	8.1%	12.1%	8.1%	11.2%
65 - 74	5.0%	5.5%	4.0%	4.8%	5.1%	5.4%
75 - 84	3.7%	3.5%	2.8%	2.8%	3.7%	3.6%
85+	1.5%	1.6%	1.0%	1.2%	1.3%	1.7%
18+	81.5%	81.9%	74.9%	76.6%	75.3%	76.9%

Source: ESRI Business Information Solutions.

Figure 20. Race/Ethnicity Comparison (2000, 2008)

Population by Race/Ethnicity	Kirkland		Destination		4-County	
	2000	2008	2000	2008	2000	2008
Total	45,054	48,410	248,556	279,903	3,275,847	3,633,000
White Alone	85.3%	82.5%	85.7%	83.1%	78.7%	75.9%
Black Alone	1.6%	1.8%	1.3%	1.4%	4.9%	5.2%
American Indian Alone	0.5%	0.5%	0.5%	0.5%	1.2%	1.1%
Asian or Pacific Islander Alone	8.0%	9.7%	7.7%	9.1%	8.8%	10.1%
Some Other Race Alone	1.7%	2.1%	1.8%	2.3%	2.3%	2.8%
Two or More Races	2.9%	3.5%	3.0%	3.6%	4.2%	4.9%
Hispanic Origin	4.1%	5.5%	4.5%	5.9%	5.3%	6.8%

Source: ESRI Business Information Solutions.

Figure 21. Educational Attainment of Adult Population Age 25+ (2000)

	Kirkland	Destination	4-County
Total	33,952	190,920	2,438,966
Less than 9th Grade	0.9%	1.2%	2.7%
9th - 12th Grade, No Diploma	2.7%	3.2%	6.1%
High School Graduate	14.9%	16.2%	23.1%
Some College, No Degree	22.0%	22.0%	24.1%
Associate Degree	7.7%	9.1%	8.9%
Bachelor's Degree	35.3%	33.2%	23.3%
Master's/Prof/Doctorate Degree	16.4%	15.2%	11.8%

Source: U.S. Census, ESRI Business Information Solutions.

Figure 22. Housing Characteristics (2000, 2008)

	Kirkland	Destination	4-County
<i>2000 Housing Units</i>	21,831	101,270	1,348,146
Owner Occupied Housing Units	54.1%	66.1%	59.5%
Renter Occupied Housing Units	40.9%	30.0%	35.7%
Vacant Housing Units	5.0%	3.9%	4.8%
<i>2008 Housing Units</i>	23,481	116,858	1,526,074
Owner Occupied Housing Units	57.8%	68.8%	61.8%
Renter Occupied Housing Units	35.6%	26.3%	32.4%
Vacant Housing Units	6.6%	4.9%	5.8%
<i>Median Home Value</i>			
2000	\$263,486	\$249,150	\$190,470
2008	\$483,787	\$462,898	\$358,787
<i>2000 Median Rent</i>	\$891	\$868	\$660

Source: ESRI Business Information Solutions.

Figure 23. Comparative Household Income Distribution (2008)

2008 Households by Income	Kirkland	Destination	4-County
Household Income Base	23,163	111,160	1,470,844
< \$15,000	4.2%	3.5%	6.8%
\$15,000 - \$24,999	3.4%	3.6%	6.7%
\$25,000 - \$34,999	4.9%	4.7%	7.6%
\$35,000 - \$49,999	9.1%	8.7%	12.5%
\$50,000 - \$74,999	20.3%	18.0%	20.9%
\$75,000 - \$99,999	21.0%	20.9%	18.3%
\$100,000 - \$149,999	18.7%	21.4%	16.1%
\$150,000 - \$199,999	8.7%	9.2%	5.5%
\$200,000 +	9.6%	10.1%	5.6%
Average Household Income	\$115,198	\$116,544	\$88,416

Source: ESRI Business Information Solutions.

Figure 24. Employed Population Age 16+ by Occupation (2008)

	Kirkland	Destination	4-County
Total	29,327	162,350	1,891,070
White Collar	77.2%	73.9%	64.6%
Management/Business/Financial	24.1%	21.0%	16.0%
Professional	26.9%	28.2%	23.8%
Sales	12.8%	12.2%	11.1%
Administrative Support	13.4%	12.5%	13.7%
Services	11.1%	12.2%	16.0%
Blue Collar	11.7%	13.9%	19.4%
Farming/Forestry/Fishing	0.0%	0.2%	0.3%
Construction/Extraction	3.9%	4.7%	6.0%
Installation/Maintenance/Repair	2.7%	2.4%	3.1%
Production	2.9%	3.4%	4.6%
Transportation/Material Moving	2.1%	3.2%	5.4%

Source: ESRI Business Information Solutions.

Figure 25. Work Commute Patterns (2000)

	Kirkland	Destination	4-County
<i>Workers 16+ by Means of Transportation to Work</i>			
Total	27,060	136,436	1,642,700
Drove Alone - Car, Truck, or Van	76.0%	77.2%	71.3%
Carpooled - Car, Truck, or Van	9.8%	10.8%	12.8%
Public Transportation	5.5%	4.4%	7.1%
Walked	2.2%	1.6%	3.2%
Other Means	1.3%	1.0%	1.4%
Worked at Home	5.3%	5.0%	4.2%
<i>Workers 16+ by Travel Time to Work</i>			
Total	27,060	136,435	1,642,700
Did not Work at Home	94.7%	95.0%	95.8%
Less than 5 minutes	3.5%	2.1%	2.3%
5 to 9 minutes	9.3%	7.7%	7.7%
10 to 19 minutes	32.4%	26.4%	25.6%
20 to 24 minutes	16.3%	14.7%	14.7%
25 to 34 minutes	19.7%	22.7%	20.9%
35 to 44 minutes	4.9%	8.1%	7.4%
45 to 59 minutes	5.4%	8.4%	8.6%
60 to 89 minutes	2.3%	3.6%	5.8%
90 or more minutes	0.8%	1.3%	2.8%
Average Travel Time to Work (in min)	21.9	25.6	27.8

Source: U.S. Census, ESRI Business Information Solutions.

Figure 26. Tapestry Lifemodes (2008)

Kirkland		Destination		4-County	
Tapestry Segment	Percent	Tapestry Segment	Percent	Tapestry Segment	Percent
Enterprising Professionals	20.5%	Sophisticated Squires	19.5%	Sophisticated Squires	8.4%
Urban Chic	16.3%	Enterprising Professionals	16.9%	Main Street, USA	6.0%
Laptops and Lattes	15.4%	Suburban Splendor	14.5%	Old and Newcomers	5.5%
Old and Newcomers	15.2%	In Style	10.8%	Up and Coming Families	5.1%
In Style	12.2%	Old and Newcomers	6.4%	Metro Renters	4.8%
Subtotal	79.6%	Subtotal	68.1%	Subtotal	29.8%

Source: ESRI Business Information Solutions.

Figure 27. Kirkland Sales Tax History by Business Sector (2000-2007)

1995-2007 Annual Sales Tax Revenue by Business Sector

Business Sector	2000	2001	2002	2003	2004	2005	2006	2007
Auto/Gas Retail	\$ 2,417,404	\$ 2,325,651	\$ 2,283,057	\$ 2,532,728	\$ 2,632,937	\$ 2,797,473	\$ 2,973,380	\$ 3,276,488
General Merch/Misc Retail*	\$ 1,706,633	\$ 1,657,343	\$ 2,076,488	\$ 2,377,572	\$ 2,539,027	\$ 2,366,854	\$ 2,524,268	\$ 2,562,537
Retail Eating/Drinking*	\$ 996,116	\$ 979,774	\$ 1,015,032	\$ 1,031,527	\$ 1,108,676	\$ 1,181,884	\$ 1,228,127	\$ 1,294,444
Other Retail*	\$ 1,629,860	\$ 1,494,485	\$ 1,184,893	\$ 1,259,370	\$ 1,354,672	\$ 1,787,484	\$ 1,800,744	\$ 1,738,458
<i>Subtotal Other Retail</i>	\$ 4,332,609	\$ 4,131,602	\$ 4,276,413	\$ 4,668,469	\$ 5,002,375	\$ 5,336,222	\$ 5,553,139	\$ 5,595,439
Wholesale	\$ 1,438,407	\$ 929,125	\$ 759,878	\$ 1,112,417	\$ 746,446	\$ 984,837	\$ 1,320,124	\$ 1,111,079
Contracting	\$ 1,781,496	\$ 1,739,136	\$ 1,463,962	\$ 1,497,052	\$ 1,770,262	\$ 2,315,568	\$ 3,279,243	\$ 3,007,168
Services	\$ 1,427,576	\$ 1,418,678	\$ 1,342,157	\$ 1,277,213	\$ 1,404,937	\$ 1,518,349	\$ 1,722,501	\$ 1,779,742
Communications	\$ 700,362	\$ 644,333	\$ 551,003	\$ 936,836	\$ 579,081	\$ 689,090	\$ 793,243	\$ 657,923
Miscellaneous	\$ 647,641	\$ 648,901	\$ 544,290	\$ 647,736	\$ 567,937	\$ 668,259	\$ 786,514	\$ 1,098,629
TOTAL	\$ 12,745,495	\$ 11,837,426	\$ 11,220,760	\$ 12,672,451	\$ 12,703,975	\$ 14,309,798	\$ 16,428,144	\$ 16,526,468

Business Sector Percentage of Total Sales Revenue

Business Sector	2000	2001	2002	2003	2004	2005	2006	2007
Auto/Gas Retail	19.0%	19.6%	20.3%	20.0%	20.7%	19.5%	18.1%	19.8%
General Merch/Misc Retail*	13.4%	14.0%	18.5%	18.8%	20.0%	16.5%	15.4%	15.5%
Retail Eating/Drinking*	7.8%	8.3%	9.0%	8.1%	8.7%	8.3%	7.5%	7.8%
Other Retail*	12.8%	12.6%	10.6%	9.9%	10.7%	12.5%	11.0%	10.5%
<i>Subtotal Other Retail</i>	<i>34.0%</i>	<i>34.9%</i>	<i>38.1%</i>	<i>36.8%</i>	<i>39.4%</i>	<i>37.3%</i>	<i>33.9%</i>	<i>33.8%</i>
Wholesale	11.3%	7.8%	6.8%	8.8%	5.9%	6.9%	8.0%	6.7%
Contracting	14.0%	14.7%	13.0%	11.8%	13.9%	16.2%	20.0%	18.2%
Services	11.2%	12.0%	12.0%	10.1%	11.1%	10.6%	10.5%	10.8%
Communications	5.5%	5.4%	4.9%	7.4%	4.6%	4.8%	4.8%	4.0%
Miscellaneous	5.0%	5.6%	4.9%	5.1%	4.4%	4.7%	4.7%	6.7%
TOTAL	100.0%							

Source: City of Kirkland.

Figure 28. Kirkland Sales Tax History by Business District (2000-2007)

Business District	2000	2001	2002	2003	2004	2005	2006	2007
Totem Lake	4,055,643	3,900,014	3,592,917	4,242,034	4,318,859	4,552,763	4,753,780	5,091,625
NE 85th St	2,074,729	1,973,998	1,905,350	2,027,565	2,126,868	2,250,246	2,361,132	2,441,384
Downtown	830,121	795,275	738,832	838,476	855,239	976,319	1,071,865	1,090,444
Carillon Pt & Yarrow Bay	710,554	449,396	319,184	430,272	507,000	537,496	494,436	491,422
Bridle Trails	123,279	135,546	132,268	178,875	236,417	131,487	147,529	163,227
Houghton	131,234	128,189	129,074	134,008	137,013	404,637	385,237	464,600
Juanita	125,572	126,044	155,132	324,831	366,237	247,544	264,154	282,786
Unassigned or No District:								
Contracting	1,781,496	1,739,100	1,473,561	1,497,052	1,770,262	2,320,753	3,279,273	3,004,347
Other	2,912,867	2,589,864	2,774,442	2,999,337	2,386,079	2,888,553	3,670,738	3,496,633
Total	12,745,495	11,837,425	11,220,759	12,672,450	12,703,974	14,309,798	16,428,144	16,526,468

% Change from Prior Year

Kirkland City Total	--	-7.1%	-5.2%	12.9%	0.2%	12.6%	14.8%	0.6%
Downtown	--	-4.2%	-7.1%	13.5%	2.0%	14.2%	9.8%	1.7%
Downtown % of Total	6.5%	6.7%	6.6%	6.6%	6.7%	6.8%	6.5%	6.6%

Source: City of Kirkland.

Figure 29. City of Kirkland Retail Sales & Leakage (2008)

NAICS	Retail Categories	Demand (Retail Potential)	Supply (Retail Sales)	Retail Leakage (Demand-Supply)
441	Motor Vehicle & Parts Dealers	\$210,745,874	\$350,200,574	-\$139,454,700
442	Furniture & Home Furnishings Stores	\$34,812,102	\$20,362,729	\$14,449,373
443	Electronics & Appliance Stores	\$32,349,609	\$42,828,285	-\$10,478,676
444	Bldg Materials, Garden Equip. & Supply Stores	\$28,346,764	\$12,428,096	\$15,918,668
445	Food & Beverage Stores	\$155,344,226	\$157,132,213	-\$1,787,987
446	Health & Personal Care Stores	\$29,681,502	\$62,207,850	-\$32,526,348
447	Gasoline Stations	\$98,992,869	\$61,657,459	\$37,335,410
448	Clothing and Clothing Accessories Stores	\$48,486,823	\$13,530,223	\$34,956,600
451	Sporting Goods, Hobby, Book, & Music Stores	\$10,220,850	\$11,841,833	-\$1,620,983
452	General Merchandise Stores	\$140,489,606	\$97,182,899	\$43,306,707
453	Miscellaneous Store Retailers	\$18,045,744	\$21,403,546	-\$3,357,802
454	Nonstore Retailers	\$32,608,447	\$30,010,334	\$2,598,113
722	Food Services & Drinking Places	\$134,460,397	\$133,930,301	\$530,096
44-45, 72	Total Retail Trade and Food & Drink	\$974,584,813	\$1,014,716,342	-\$40,131,529

Source: ESRI Business Information Solutions.

Figure 30. Supportable City of Kirkland Retail Space Demand (to 2013)

Retail Categories	Retail Sales/SF	Building Space Demand (sf)		
		Leakage Recapture	Future Growth	Leakage + Growth
Motor Vehicle & Parts Dealers	NA	-	-	-
Furniture & Home Furnishings Stores	\$400	40,000	7,000	47,000
Electronics & Appliance Stores	\$875	-	3,000	3,000
Bldg Materials, Garden Equip. & Supply Stores	\$620	43,000	3,000	46,000
Food & Beverage Stores	\$560	6,000	21,000	27,000
Health & Personal Care Stores	\$875	-	3,000	3,000
Gasoline Stations	NA	-	-	-
Clothing and Clothing Accessories Stores	\$695	62,000	5,000	67,000
Sporting Goods, Hobby, Book, & Music Stores	\$490	-	2,000	2,000
General Merchandise Stores	\$500	78,000	21,000	99,000
Miscellaneous Store Retailers	\$380	2,000	4,000	6,000
Nonstore Retailers	NA	-	-	-
Food Services & Drinking Places	\$860	34,000	12,000	46,000
Total Retail Trade and Food & Drink		265,000	81,000	346,000

Note: Building space need is not calculated for retail categories of motor vehicle and parts dealers, gasoline stations, and nonstore retailers.

Source: E. D. Hovee & Company, LLC from ESRI Business Information Solutions and Urban Land Institute.²⁰

Figure 31. Best Case Destination Trade Area Sales & Leakage (2008)

NAICS	Retail Categories	Demand (Retail Potential)	Supply (Retail Sales)	Retail Leakage (Demand-Supply)
441	Motor Vehicle & Parts Dealers	\$1,082,679,304	\$503,354,342	\$579,324,962
442	Furniture & Home Furnishings Stores	\$182,297,734	\$120,494,108	\$61,803,626
443	Electronics & Appliance Stores	\$155,776,127	\$287,856,690	-\$132,080,563
444	Bldg Materials, Garden Equip. & Supply Stores	\$157,964,470	\$110,705,736	\$47,258,734
445	Food & Beverage Stores	\$804,527,634	\$656,902,163	\$147,625,471
446	Health & Personal Care Stores	\$150,424,911	\$127,847,247	\$22,577,664
447	Gasoline Stations	\$507,396,048	\$243,181,318	\$264,214,730
448	Clothing and Clothing Accessories Stores	\$238,901,332	\$104,954,159	\$133,947,173
451	Sporting Goods, Hobby, Book, & Music Stores	\$51,589,889	\$58,109,168	-\$6,519,279
452	General Merchandise Stores	\$688,793,600	\$427,891,216	\$260,902,384
453	Miscellaneous Store Retailers	\$97,366,317	\$65,542,251	\$31,824,066
454	Nonstore Retailers	\$168,967,647	\$482,910,570	-\$313,942,923
722	Food Services & Drinking Places	\$678,048,179	\$405,620,953	\$272,427,226
44-45, 72	Total Retail Trade and Food & Drink	\$4,964,733,192	\$3,595,369,921	\$1,369,363,271

Source: ESRI Business Information Solutions.

Figure 32. Best Case Destination Trade Area Retail Space Demand (to 2013)

Retail Categories	Retail Sales/SF	Building Space Demand (sf)		
		Leakage Recapture	Future Growth	Leakage + Growth
Motor Vehicle & Parts Dealers	NA	-	-	-
Furniture & Home Furnishings Stores	\$400	193,000	36,000	229,000
Electronics & Appliance Stores	\$875	-	14,000	14,000
Bldg Materials, Garden Equip. & Supply Stores	\$620	128,000	20,000	148,000
Food & Beverage Stores	\$560	338,000	112,000	450,000
Health & Personal Care Stores	\$875	26,000	13,000	39,000
Gasoline Stations	NA	-	-	-
Clothing and Clothing Accessories Stores	\$695	227,000	27,000	254,000
Sporting Goods, Hobby, Book, & Music Stores	\$490	-	8,000	8,000
General Merchandise Stores	\$500	520,000	108,000	628,000
Miscellaneous Store Retailers	\$380	74,000	20,000	94,000
Nonstore Retailers	NA	-	-	-
Food Services & Drinking Places	\$860	418,000	62,000	480,000
Total Retail Trade and Food & Drink		1,924,000	420,000	2,344,000

Note: Building space need is not calculated for retail categories of motor vehicle and parts dealers, gasoline stations, and nonstore retailers.

Source: E. D. Hovee & Company, LLC from ESRI Business Information Solutions and Urban Land Institute.

Figure 33. Retail Purchases in Kirkland (2008 Resident Survey)

Retail Type	Type of Good	Survey Response: Extent to which Respondents Shop in Kirkland			Growth Potential According to	
		Always	Sometimes	Rarely or Never	Survey Results	Data Results
Groceries	Convenience	65%	30%	4%	No	No
Natural foods/ specialty foods	Both	34%	45%	21%	Some	No
Pharmaceuticals	Convenience	68%	19%	13%	No	No
Apparel in general						Strong
Apparel (adult)	Both	3%	25%	72%	Strong	
Apparel (children)	Both	2%	17%	81%	Strong	
Home furnishings	Destination	1%	29%	70%	Strong	Strong
Electronics/ computers	Destination	3%	14%	83%	Strong	No
Hardware/ garden supplies	Convenience	6%	31%	63%	Strong	Strong
Hobby items (books, sports, music)	Both	4%	43%	52%	Strong	No
Gifts & specialty items	Both	4%	52%	43%	Some	No
Dining in general						Some
Dining – breakfast	Both	18%	57%	25%	Some	
Dining – lunch	Both	11%	70%	19%	Some	
Dining – dinner	Both	10%	79%	11%	No	
Dining - coffee/Tea	Convenience	23%	59%	18%	Some	
Wine/liquor	Convenience	26%	50%	23%	Some	NA
Entertainment	Both	3%	60%	37%	Some	NA
Pet products	Convenience	38%	39%	23%	Some	NA
Gas & automotive	Both	40%	50%	10%	Some	Strong

Source: O'Brien & Company, E.D. Hovee & Company, LLC.

Figure 34. Attributes of Kirkland Retail (2008 Resident Survey)

Attributes of Shopping Experience	Survey Response			
	Excellent	Good	Average	Poor
Quality of Products	19%	42%	35%	4%
Variety	4%	20%	36%	40%
Affordability	1%	13%	64%	22%
Customer Service	13%	39%	45%	3%
Convenience	19%	30%	34%	18%
Clustering of Stores	2%	20%	43%	35%
Parking Availability	4%	18%	39%	38%
Bike Parking Availability	10%	18%	50%	23%
Pedestrian Accessibility	13%	42%	31%	13%
Mass Transit Accessibility (bus stops nearby)	13%	37%	33%	17%
Visual Appearance	14%	35%	38%	13%
Hours of Operation	4%	31%	51%	14%
Environmental Commitment	7%	31%	51%	11%
Community Commitment	15%	35%	40%	11%
Family Friendly	14%	41%	40%	5%

Source: O'Brien & Company, E.D. Hovee & Company, LLC.

Figure 35. Services Are Obtained In Kirkland (2008 Resident Survey)

Survey: Extent to which Respondents
obtain Services within Kirkland

Service Type	Always	Sometimes	Rarely or Never	Growth Potential
Medical Health Care	34%	32%	34%	
Dental Health Care	40%	11%	49%	
Vision Health Care	35%	13%	52%	
Alternative Health Care (acupuncture, massage therapy, etc.)	29%	25%	46%	Strong
Personal Care (salon, spa, etc.)	19%	35%	45%	Strong
Fitness	32%	22%	45%	Strong
Banking/ Finance	51%	32%	17%	
Dry Cleaning/ Laundromat	69%	15%	16%	
Veterinarian	51%	14%	35%	
Childcare	16%	16%	66%	Strong
Community & Social Services (counseling, after school programs, playgrounds, classes, etc.)	24%	40%	35%	Strong
Realty	28%	27%	44%	
Hotel	5%	18%	77%	
Attorney & Legal	9%	11%	79%	
Automotive	29%	31%	40%	
Insurance	18%	11%	70%	Strong
Mailing/Postal	68%	26%	6%	
Copy/Print	46%	30%	23%	

Source: O'Brien & Company, E.D. Hovee & Company, LLC.

Figure 36. Kirkland CBD Building Permits (1994-Present)

PROJECT NAME	Address	Housing Units	Hotel Rooms	Office Sq Ft	Retail Sq Ft	Parking Spaces	Valuation	Lot Size (Sq Ft)
EASTSIDE TRAINS	217 CENTRAL WAY				8,041	23	\$500,000	13,692
EMERALD BUILDING OFFICE	520 KIRKLAND WAY			44,972		139	\$3,472,389	59,706
PLAZA ON STATE CONDOS/A	102 STATE ST S	39				165	\$5,241,557	72,026
PLAZA ON STATE CONDOS/B		42					\$5,334,692	
602 5TH ST CONDOS	602 5TH STREET	14				31	\$3,000,000	16,500
PORTSMITH CONDOS/A	108 2ND AVE S	54				276	\$7,040,864	71,625
PARK AVENUE CONDOS	615 6TH STREET	38				84	\$5,184,138	32,981
WATERMARK APARTMENTS	530 2ND AVE	60				106	\$5,325,343	35,438
TIARA DE LAGO CONDOS	210 MARKET ST	13			2,360	30	\$3,112,248	10,686
520 6TH AVE CONDOS	520 6TH AVENUE	22				49	\$4,571,475	22,002
MARINA HEIGHTS CONDOS	134 CENTRAL WAY	21			10,000	48	\$6,278,847	24,987
PARK 34 CONDOS	319 3RD ST	12				25	\$1,874,161	9,687
BREZZA CONDOS/A	225 4TH AVE	36				148	\$6,048,976	45,994
BREZZA CONDOS/B		39					\$6,266,951	
PORTSMITH CONDOS/B	109 2ND ST S	95					\$11,384,893	
TERA APARTMENTS/A	598 CENTRAL WAY	58			7,000	226	\$7,708,700	67,393
TERA APARTMENTS/B	538 CENTRAL WAY	52					\$3,744,797	
TERA APARTMENTS/C	503 6TH AVE	51					\$3,797,217	
220 1ST ST CONDOS	220 1ST ST	48				85	\$5,100,000	6,942
HOSSMAN BLD	278 CENTRAL WAY				16,648	49	\$1,191,457	20,033
SOHO CONDOS/A	511 7TH AVE	28				89	\$5,874,594	11,000
SOHO CONDOS/B	521 7TH AVE	30					\$2,500,658	11,000
MCLEOD BLDG	213 LAKE ST S	1			920	6	\$1,125,000	19,372
WESTWATER APARTMENTS	221 1ST ST	64			11,900	118	\$8,592,502	5,610
KIRKLAND CENTRAL CONDOS	211 KIRKLAND AVE	110			9,168	176	\$11,557,000	6,054
BOULEVARD CONDOS	375 KIRKLAND AVE	119			8,839	179	\$20,000,000	71,999
HEATHMAN HOTEL	220 KIRKLAND AVE		91			91	\$8,450,000	18,410
MERRILL GARDENS ASSIST LIV	201 KIRKLAND AVE	116			6,613	141	\$19,260,213	38,924
STATE STREET CONDOS	128 STATE ST	124				168	\$18,928,000	68,567
BANK OF AMERICA	101 KIRKLAND AVE*	73			11,805	134	\$16,278,000	28,329
LAKE ST MIXED USE	118 LAKE ST S*			130,704	39,050	520	\$37,000,000	71,961
Totals								
	w/o appeal	1,286	91	44,972	81,489	2,452	\$192,466,672	760,628
	w/ appeal	1,359	91	175,676	132,344	3,106	\$245,744,672	860,918

Source: City of Kirkland.

Figure 37. Kirkland Multi-family Residential Development (1994-2007)

YEAR	CITY TOTAL	CBD UNITS
1995	268	39
1996	164	42
1997	400	166
1998	169	68
1999	338	228
2000	333	151
2001	159	58
2002	115	65
2003	350	-
2004	54	-
2005	61	-
2006	442	229
2007	185	124
Total	3,038	1,170

Source: City of Kirkland.

APPENDIX D. BUSINESS INTERVIEWS

This appendix provides a list of discussion topics covered by business interviews together with a list of persons and groups interviewed.

DISCUSSION TOPICS

The following questions served as a general guide to discussion. As interviews were conducted informally, different conversations emphasized topics of most interest to those involved.

1. Please describe your firm or organization's *involvement with downtown* Kirkland and retail activity in particular.
2. Over the last 1-2 years has downtown *retail business activity* increased, declined or remained about the same? Generally? For your business?
3. How would you describe *downtown's customer* (in terms of demographics and geography)?
Do you see the customer mix changing in the future?
4. What *other changes* have you seen with downtown retail in the last 3-5 years?
What changes do you anticipate in the next 3-5 years?
5. In comparison with other communities, what do you see as the *strengths* (or benefits) of having a retail business in downtown Kirkland? What specific retailers or clusters of activity are strongest?
6. Conversely, what are the *weaknesses* (or disadvantages)? What gaps are most apparent?
7. What is the primary *competition* for downtown Kirkland retail? How would you compare Kirkland with the competition in terms of store mix, image/appeal, access to customers, cost of doing business, other factors?
8. Over the next 3-5 years, what do you see as the *best opportunities* for strengthening and enhancing your business and the retail environment in downtown? Is anything being overlooked?
9. In what ways does the City's *regulatory process* affect downtown generally or your business in particular? Be as specific as possible (comments are confidential). What (if any) changes in regulatory process or incentives are suggested?
10. Are there specific retailers that should be *recruited* – to open a store or expand – in downtown (e.g. local, regional or national tenants)? Any to be avoided?
11. In summary, what is the *#1 priority recommendation* that you would identify as most important to anchor a downtown retail strategy? How might it be implemented? And, how would successful accomplishment make a difference for your firm or downtown retailing?
12. Other *comments or suggestions*?

PERSONS INTERVIEWED

The following individuals were interviewed as part of this strategic retail planning process. Interviews were conducted in person when possible – both in group and one-on-one settings. The participation of all who provided their time and expertise is greatly appreciated.

Person	Firm or Organization
Jessica Greenway, Jim Lauinger, Bob Sternoff	City Council Economic Development Committee
Pat Howard (Howard Mandville), Gunnar Nordstrom (GN Gallery), Patricia Rovzar (Rovzar Gallery), Penny Sweet (Grape Choice)	Gallery Owners
Pete Manguoras	George’s Restaurant
Bonnie Lindberg	Hallmark Real Estate
Rick Drotz	Kennedy Wilson Real Estate
Dick Beazel, Julie Metteer	Kirkland Downtown Association
Ken Dueker, Dave Godfrey, Jack Wherry ,Tami White	Parking Advisory Committee
Ruth Williams	Property Owner
Andy Loos	SRM Development
Douglas Howe	Touchstone Corporation

END NOTES

- ¹ Information for this downtown retail strategy has been compiled from sources generally deemed to be reliable. However, the accuracy of information from third party sources can not be guaranteed and is subject to change without notice.

The findings contained in this report are those of project consultant E. D. Hovee & Company, LLC. They should not be construed as representing the opinion of any other party prior to their express approval, whether in whole or part.
- ² Provisions of particular importance for downtown retail with the City's design guidelines include sidewalk widths, storefront activity zones, pedestrian coverings, avoidance of blank walls, street trees, restriction of curb cuts, parking garage locations on terraced sites, building modulation (especially above the second story), high visibility architectural treatments at "T" intersections, pedestrian-oriented signage, and view protection.
- ³ In a metro area community such as Kirkland, trade area definition can be challenging for two reasons: a) customers have multiple relatively close-by options in and outside the local jurisdiction in which they reside; and b) different types of retail and entertainment businesses will draw from widely varying geographic areas based on business reputation and willingness of customers to drive further as for a destination experience.
- ⁴ Population estimates for 2008 for the City and four-county metro area are from the State of Washington Office of Financial Management (OFM). Destination trade area population is estimated by ESRI Business Information Solutions.
- ⁵ The labels given by the data researchers are intended to be descriptive and immediately evoke an image – useful to private businesses seeking to pinpoint marketing to local demographics. The labels or terminologies used in this report are those of ESRI Business Information Solutions.
- ⁶ Revenue data is from www.ci.kirkland.wa.us/depart/Finance_and_Administration/Budget/Revenue_Guide.htm.
- ⁷ Year to year citywide sales tax revenue growth slowed from 14.8% (in 2005-06) to just 0.6% (2006-07). In this most recent year, sales tax revenues actually declined for taxable categories including retail (excluding auto/gas, general merchandise and dining), wholesale trade, contracting, and communications.
- ⁸ ESRI-estimated retail sales volume covers sales that are non-taxable (as for grocery and pharmacy) as well as sales that are taxable.
- ⁹ Comparable ESRI trade analysis of the eastside I-405 corridor extending from just north of Renton to just about the Lynnwood junction with I-5 indicates the market has retail sales that *exceed* resident generated demand nearly 30%. This surplus of supply over demand covers every retail category (except gasoline stations) and is due, in large part, to the dominant role of Bellevue in the eastside retail market – drawing customers from elsewhere in the region.
- ¹⁰ The typical footprint of a Nordstrom store is 190,000-250,000 square feet. However, a Nordstrom Rack takes about 30,000-40,000 square feet, Facconable Boutique 8,000-17,000 square feet and Last Chance Clearance about 25,000 square feet. Saks Fifth Avenue typically operates a 100,000-200,000 square foot store, but with Off-5th Outlets at 20,000-35,000 square feet. Fashion-oriented department stores such as Barney's will consider as little as 10,000 square feet and Neiman Marcus will start at about 30,000 square feet. Information is from Trade Dimensions, *2006 Retail Tenant Directory*.
- ¹¹ The CoStar inventory estimate of 900,000 square feet downtown area retail space exceeds the estimate of less than 485,000 square feet of downtown/Parkplace retail provided by with Downtown Strategic Plan update process with the Market Analysis Summary, August 23, 2007. This strategic plan data is from the King County Assessors Office as of 2005. CoStar uses a definition of retail that typically includes non-retail ground floor commercial space uses, some of which likely is classified by the Assessor as office space. This is evident by also comparing CoStar's downtown office estimate of 450,000 square feet to the Assessor's estimate of just under 745,000 square feet. CoStar data is utilized as more indicative of industry standards.

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- ¹² Appealed projects (as of mid-2008) are the Bank of America building at 101 Kirkland Avenue and the Lake Street mixed use development (proposed for 118 Lake Street).
- ¹³ Data is from the International Council of Shopping Centers (ICSC)) publication *Office Worker Retail Spending Patterns: A Downtown and Suburban Area Study*, 2004.
- ¹⁴ CoStar reported rents range from as low as \$32 per square foot for a multi-tenant building to \$38 per square foot annually. Only four of 42 identified retail properties have reported lease rates to CoStar. This relatively low response rate is typical for commercial areas with smaller buildings listed or managed through local firms rather than major brokerages.
- ¹⁵ Kirkland Parkplace information is as described in the *Seattle Daily Journal of Commerce*, “Developer considers a mostly office option for Kirkland Parkplace,” June 11, 2008.
- ¹⁶ Note that this table excludes the ‘Not Applicable’ category, which in some cases was the highest percentage of responses. In such cases, the next highest response category was indicated – as indicated by an asterisk (*).
- ¹⁷ Survey respondents were able to select more than one category of transportation.
- ¹⁸ The number of business survey respondents was not large enough to be statistically valid on its own, so downtown responses are reported together with those of other businesses throughout the City.
- ¹⁹ Green practices that business respondents are interested in implementing include green auto sales and service, more fuel efficient transportation, computer recycling, use of reusable bags and biodegradable packaging, going paperless, installing alternate heating and cooling fuel sources, reducing energy and water consumption, increasing education about sustainable practices, supporting cleantech, green building, and waste exchange.
- ²⁰ The 2008 edition of the Urban Land Institute publication *Dollars and Cents of Shopping Centers* was used to estimate sales per square foot by retail type. Sales performance data was calculated based on stores performing above the median per square foot experience nationally for comparable store types.



CITY OF KIRKLAND

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3001

www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Marie Stake, Communications Program Manager

Date: September 9, 2008

Subject: Jill Kintner Proclamation

RECOMMENDATION:

Council authorizes the Mayor to sign the Jill Kintner Proclamation.

BACKGROUND DISCUSSION:

Jill Kintner, a 1999 Juanita High School Graduate, achieved the Bronze Medal in bicycle motocross (BMX) on August 22, 2008. Ms. Kintner is an extremely accomplished BMX and mountain cross racer. The City Council would like to formally honor Ms. Kintner with a Proclamation at its September 16 meeting.



A PROCLAMATION OF THE CITY OF KIRKLAND

Recognizing *Jill Kintner* as an Olympian and Hometown Hero

WHEREAS, at the age of eight, Jill Kintner quickly took to off-road BMX bicycling, beginning the start of her climb toward becoming an Olympian;

WHEREAS, at the age of 16, Jill Kintner began competing professionally and is an extremely accomplished athlete in the sports professions of bicycle motocross (BMX) and mountain cross (4X) mountain biking; and

WHEREAS, Jill Kintner has achieved over 70 wins in career, BMX titles from District, State, Regional , National competitions, including her first national win in 1990 at the American Bicycle Association Great Northwest Nationals; and International titles.

WHEREAS, Jill Kintner has also achieved multiple wins as a mountain cross racer, including Gold Medal Women's 4-Cross World Champion in 2005, 2006 and 2007; and back-to-back World Cup titles 2005, 2006.

WHEREAS, Jill Kintner grew up in Washington State and resided in Kirkland, graduating from Juanita High School in 1999;

WHEREAS, BMX racing made its debut at the 2008 Olympics held in Beijing, China and Jill Kintner captured the Bronze medal on August 22, 2008 with a final time result of 38.674 seconds; and

WHEREAS, the Kirkland City Council and community wish Jill Kintner all the best regards in her athletic, education and graphic design aspirations;

NOW, THEREFORE, I, James L. Lauinger, Mayor of the City of Kirkland, do hereby proudly recognize Jill Kintner as a Hometown Hero in Kirkland, Washington, because she has shown the world that determination and a competitive edge in sports can achieve great results;

Signed this 16th day of September, 2008

James L. Lauinger, Mayor



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: September 7, 2008
Subject: 25 Year Service Award for Janet Jonson

RECOMMENDATION:

City Council recognize Janet Jonson, City Manager's Office Executive Assistant, for 25 years of service to the City of Kirkland.

BACKGROUND:

Janet Jonson (known to most City Hall insiders as "JJ") began her career at the City of Kirkland on September 13, 1983 as a Clerk Typist/Receptionist. Hired by City Manager Al Locke, JJ quickly became an indispensable part of the City Manager's Office when her desk was moved just outside Mr. Locke's office in 1984. Over the years, JJ has served three City Manager's (Al Locke, Terry Ellis and Dave Ramsay) and many more City Council members. JJ currently serves as the Executive Assistant to the City Manager and City Council.

JJ attended Kennewick High School and continued her education through Oregon State University and various business management courses. She is best known by all for her unflagging dedication, attention to detail, calm manner, patience and professionalism. We are pleased to recognize JJ for her years of service to the City Council, City Manager and the City of Kirkland.



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

MEMORANDUM

To: David Ramsay

From: Carrie Hite, Deputy Director
Jennifer Schroder, Director

Date: September 3, 2008

Subject: Council presentation: Kirkland Performance Center

RECOMMENDATION:

That City Council be briefed on Kirkland Performance Center operations by Executive Director, Steve Lerian, and thank Steve Lerian for 15 years of service to the community.

BACKGROUND DISCUSSION:

The ten year lease with the Kirkland Performance Center expires this year. Staff are in the process of drafting a new lease agreement, and will bring that forth to Council in the next month.

Attached is the annual report from Steve Lerian, list of the Board of Directors, and the 2008 operating budget to date.

In addition, Steve Lerian has resigned his position as the Executive Director of the Kirkland Performance Center. The City would like to acknowledge his work and commitment in operating Kirkland Performance Center and thank him for his past 15 years of service to the community.

September 2, 2008

Mayor Jim Lauinger and the Kirkland City Council
City of Kirkland
123 Fifth Ave.
Kirkland, Washington 98033

Dear Mayor Lauinger and City Council Members:

Thank you for the opportunity to present our annual update to you on Kirkland Performance Center. This has been a monumental year for our theatre and organization. In June we marked the 10th Anniversary of the opening of this critical community resource. We toasted our long term success and celebrated with two performances by 10 time Grammy Award-winning virtuoso vocalist Bobby McFerrin. We followed those wonderful performances up with a day of six free performances at our Community Open House attended by more than 1,200 people as a thank you to our patrons and friends who have supported us for the past decade.

Past Season Presentations

Our 2007-2008 10th Anniversary Season concluded in June. It featured the widest and most impressive array of artists and performances to date. In addition to the stunning Bobby McFerrin concerts, the season included:

- Grammy-winning jazz songstress Diane Schuur with Dave Samuels and the Caribbean Jazz Project
- Jazz icon T.S. Monk with rising star vocalist Rachael Price
- A capella sensations The Bobs
- Renowned early music ensemble Anonymous 4
- The incredible Moscow Circus
- The sweet voices of The Vienna Boys Choir
- *Last Comic Standing* winning comedian Josh Blue
- The exotic and mysterious Bellydance Superstars
- International recording star Anoushka Shankar
- 70s R&B star Freda Payne in her performance of A Tribute to Ella Fitzgerald
- And a whole host of other national and international artists

By all accounts, KPC's 10th Season was a smashing artistic success. We have continued to commit greater financial resources to programming, growing our budget for presented artist fees from \$280,000 in 2006 to more than \$355,000 in 2007 to \$425,000 in 2008. For a theatre the size of Kirkland Performance Center the quality, quantity and diversity of artists who visit our stage remains the envy of venues and organizations across the region.

350 Kirkland Ave., Kirkland, WA 98033

Past Season Partnerships

We have also continued to maintain strong relationships with the local and regional arts community by providing a high quality venue and professional support services, allowing a dozen producing partner companies to present their work in our theatre. Partners appearing over the past year include:

- Kirkland-based Studio East's StoryBook Theater
- Kirkland dance company International Ballet Theatre
- Seattle Repertory Jazz Orchestra
- Jim French's Imagination Theatre
- And numerous other companies

To round out the operating year, we have been successful in renting the facility to a wide variety of community, civic and business groups, making maximum use of this important community asset. The audience over the 2007-08 Season was 68,211 attending 266 events, making our total attendance over the past decade in excess of 700,000 attendees.

Education Programs

Kirkland Performance Center's *A World of Arts* educational outreach program reached many schools in the region, sending national and international artists into classroom for lecture/demonstrations and workshops with students. Next January this program will include a visit to Kirkland's A.G Bell Elementary School by Bell alumnus and world renowned Native American flutist Mary Youngblood.

School matinees continue to be an important part of KPC's overall program, with more than 11,500 students attending field trips throughout the season to see the Moscow Circus, StoryBook Theater, Storyteller Diane Ferlatte and Omaha Theatre Company's production of "Old Yeller."

KPC recently developed strategic plan includes a component that will create a new artist residency program, employing artists each year to engage segments of the community in the creative process. These residencies typically will culminate with a newly created work that will be performed at Kirkland Performance Center. The intent of the program is to offer the community a richer, more meaningful interaction with world class artists, giving them the chance to experience the joy of the performing arts from a participant's perspective.

Financial Report

2007 audited financial statements are currently being finalized and should be available for distribution at our meeting on September 16. We anticipate, in similar fashion to the prior four years, that KPC will show a balanced operating budget with a modest surplus in operations. We are encouraged that we have been able to achieve this stability while continuing to grow our programming and service to the community. Overall operating income for 2007 exceeded \$1,500,000, an increase of more than \$200,000 over the previous year.

The current year has proven to be more challenging for KPC financially, as it has been for many non-profit organizations in the region. The weakened economy has manifested itself in reduced contributions across the board along with lower ticket sales. Inflation has driven costs up, and the combination of disappointing revenue and increased expenses may combine to lead KPC to its first operating loss in the past six years. With four months to go in the fiscal year, there is still some time

350 Kirkland Ave., Kirkland, WA 98033

to turn these numbers around, with several fundraising events and many performances still ahead of us, but the trends are concerning. Attached are our financial reports through July 2008.

Fundraising

Development programs in 2007 continued to show a strong rate of growth with increases in all fundraising categories and an overall increase of 21.7% over the previous year to a record \$829,000 in contributed income, by far our highest total ever.

As mentioned above however, 2008 has proven to be much more of a challenge. For example, KPC On Stage, our annual artist sponsorship event generated more than \$200,000 in 2007, but just over \$150,000 this year. The across-the-board trend is that comparisons to last year are down in nearly all fundraising categories. While overall our fundraising is still solid, with tremendous support from hundreds of individuals, businesses, foundations and government entities, the average gift size has clearly come down, an obvious outgrowth of concerns about the economy.

Fund for the 10th Anniversary

In an effort to maximize the potential to raise funds during our 10th Season, we established the Fund for the 10th Anniversary, an “outside the operating budget” resource to assist us with three key initiatives. First, these funds are to assist us in fully replenishing our operating cash reserve. Second, they will help us build a capital replacement fund that will meet the needs of the organization in our second decade as we continue to require additional equipment and repair and replace capital elements in the theatre like carpet, sections of the stage, lighting and sound systems, etc. Finally, a portion of this fund will go support our new programmatic initiatives such as our artist residency program. To date we have generated more \$75,000. We hope to add to that total over next several months.

Cash Reserve Fund

It had been our hope and goal to have fully replenished our operating cash reserve fund to its original level of \$200,000 by the end of our 2007 fiscal year. Unfortunately, despite having a positive year in net income, we were unable to reach that goal, only reaching the \$135,000 that we had in the fund at the beginning of 2007. This is due in large part to the requirement to outlay considerable cash for deposits on artist fees for future performances as pre-paid expenses.

Given our financial position during the current fiscal year, we do not anticipate reaching the \$200,000 level again this year. While this is unfortunate, we are pleased that KPC has no ongoing debt and has been able to use the cash reserve fund as a mechanism to manage cash flow for the organization over the past decade.

Facility Needs

KPC has invested in several safety improvements and upgrades over the past year, developing a harness system for employees working above ground and replacing all of the ropes in our fly system. There will certainly be more work ahead as we will shortly be replacing and reinforcing sections of the stage. As these and other elements of the theatre continue to age, we would like to enter into discussions with City staff to develop plans for how some of the City’s CIP funds allocated to KPC might be applied to the needs of the building.

350 Kirkland Ave., Kirkland, WA 98033

Board

KPC continues to be led by a strong Board of Directors. Headed by Board President Doreen Marchione, the former Mayor of Redmond and Hopelink Executive Director, this group of 22 dedicated community leaders is very active in overseeing the financial, fundraising and operational activities of the organization. A Board list is attached.

KPC has been working on strategic planning for the past two years and is nearly done with a new plan that will guide the organizational priorities over the years ahead.

Upcoming Season

KPC's 11th Season has already begun with two sold out performances by the legendary Glenn Miller Orchestra in August. Other highlights in the season ahead include

- The biting satire of *The Capitol Steps*
- The return of Celtic fiddling favorite Natalie MacMaster
- KPC's first Broadway touring show, *The 25th Annual Putnam County Spelling Bee*
- Our own nostalgic production, *KPC's Old Fashioned Holiday Extravaganza*
- Western swing band Asleep at the Wheel
- 60s/70s rock/folk icon Richie Havens
- Taylor 2, performing the brilliant choreography of the Paul Taylor Dance Company
- "In Harmony," our series of six concerts exploring some brilliant *a capella* groups
- The return of Namaste Kirkland, mini-festival of three East Indian artists
- The rollicking energy of Big Bad Voodoo Daddy
- And a closing concert by smooth jazz superstar Jim Brickman

Changes Ahead

As many of you know, I will be leaving Kirkland Performance Center this month after 15 years as Founding Executive Director. It has been an honor and a privilege to serve this organization and our wonderful community. I have grown to know and appreciate hundreds of patrons, supporters and community activists over this period and those will be relationships that I will remember fondly. Working hand-in-hand with a dedicated and highly skilled staff and Board has made my work here the most rewarding of my career.

While it will be very difficult for me to leave, I am confident that KPC is in a position to make a smooth transition into our second decade of operations. The Board is in the process of implementing a transition plan to begin a search for the next leader of the organization. As they carefully proceed through this process over the months ahead, they have asked Dan Mayer, KPC's General Manager/Development Director, to serve as Interim Executive Director. Dan has tremendous experience in this role, having served as Interim Director for many arts organizations. His work in conjunction with our great staff will allow KPC to maintain its operations with no disruptions.

I am sure that the next Executive Director will be impressed with our organization and with this community.

350 Kirkland Ave., Kirkland, WA 98033

City Support

The generous operational support that the City of Kirkland has steadfastly offered to Kirkland Performance Center has been a major reason why our organization has remained strong over the past decade. That support has been critical to maintaining that solid financial ground upon which KPC has remained. **With funding sources being reduced on all fronts, the \$50,000 that we use to help maintain this City-owned facility and additional support from LTAC funds to help us market KPC and all of Kirkland's cultural tourism opportunities are crucial to our operations.**

Conclusion

As downtown Kirkland continues to evolve with new living and commercial spaces coming on line each year, Kirkland Performance Center continues to play an important role as an anchor of the downtown infrastructure. We have hosted meetings this year from Google, Bungie Studios and a variety of other business from throughout the region. In addition, the number of downtown residents who regularly attend KPC has continued to grow. With the anticipated redevelopment of Kirkland Parkplace, no doubt more changes will come to the landscape of our community. Parking and traffic will continue to be a challenge and we look forward to working with developers and representatives of the City to successfully navigate all of these changes.

As KPC launches into its second decade, we are proud to be a key member of this community. Thanks for all you have done for our theatre and organization, and we look forward to many years ahead of a successful partnership with the City of Kirkland.

Sincerely,

Steven T. Lorian
Executive Director

enclosures

350 Kirkland Ave., Kirkland, WA 98033

**KIRKLAND PERFORMANCE CENTER
2008 Board of Directors**

Officers

President

Doreen Marchione

Community Leader

Past President

Susan Raunig

Community Leader

President Elect

Cindy Zech

Community Leader

Vice President/Secretary

Lauret Ballsun

President, LBC Pharmaceutical Professionals, LLC

Treasurer

Jeff Bander

Senior VP, Wells Fargo Investments

Officers At-Large

Steve Brown

CEO, Evergreen Healthcare

Dwight Olson

President, Olson Investment Advisors

Pascal Stolz

CEO, ISVmarketplace

Members

David Alskog

Partner, Livengood, Fitzgerald & Alskog

Melissa Baerwald

Sr. Program Manager, Adobe

Becky Ballantine

Community Leader

Dodi Briscoe

Career Coach

Lani Brockman

Artistic Director/Founder, Studio East

David Feller

Vice President, Investments

A.G. Edwards, a Division of Wachovia Securities, LLC

G.G. Getz

Broker, Windermere Real Estate

Truong Le

Sr. Manager Finance Transformation, Boeing

David Mangone

Partner, WattsMedia

Gary Reilly

Senior Vice President of Engineering

LOUD Technologies

Elsa Steele

Managing Librarian, Kirkland Library

Jeffrey Twersky

Partner, Johnson & Twersky

Suzy Mygatt Wakefield, Ph.D.

Mygatt-Wakefield Consulting, L.L.C.

Mike Ward

Sr. Director Intellectual Property Microsoft

Kirkland Performance Center
Profit & Loss
January through July 2008

	<u>Jan - Jul 08</u>
Ordinary Income/Expense	
Income	
Earned Income	508,035.81
Operating Contributed Income	418,925.30
Total Income	<u>926,961.11</u>
Expense	
Personnel Expenses	392,638.85
Administration	74,109.25
Marketing / PR	135,614.64
Box Office	27,809.18
Theatre Operations	36,017.36
Presenting Expense	346,698.29
Concessions	6,669.85
Fund Development	5,724.09
Fundraising Events	9,804.85
Bad Debt Expense	1,260.00
Total Expense	<u>1,036,346.36</u>
Net Ordinary Income	-109,385.25



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

MEMORANDUM

To: David Ramsay, City Manager

From: Marie Stake, Communications Program Manager

Date: September 4, 2008

Subject: Day of Concern for the Hungry Proclamation

RECOMMENDATION:

It is recommended that Mayor James L. Lauinger proclaim September 27, 2008 "*Day of Concern for the Hungry*".

BACKGROUND DISCUSSION:

Arthur R. Lee, Executive Director of Emergency Feeding Program of Seattle-King County, requested a proclamation by Mayor Lauinger. The Emergency Feeding Program has for many years sought to provide balanced, nutritious meals to hungry people and recognizes that adequate nutrition is a basic goal for each citizen. The organization knows that the needs of the hungry increases as winter approaches and their low incomes must stretch to cover increasing fuel, electricity and rental costs, leaving less money for food. The Emergency Feeding Program coordinates an annual food drive to help support the efforts of their program and the local food banks, which will be held at grocery stores throughout King County on Saturday September 27, 2008. Local stores include the Rose Hill Safeway and Parkplace QFC. A complete list can be found at www.emergencyfeeding.org

Brian Anderson, Program Coordinator for the Emergency Feeding Program will be attending the September 16th Council meeting to accept the Day of Concern or the Hungry proclamation on their behalf.



A PROCLAMATION OF THE CITY OF KIRKLAND

Designating September 27, 2008, as a “Day of Concern for the Hungry” in the City of Kirkland, Washington

WHEREAS, the City of Kirkland recognizes adequate nutrition as a basic goal for each citizen; and

WHEREAS, no child should have to come to school hungry, no baby should be without the comfort of the feedings needed for both mental and physical health, no elderly person’s health should be jeopardized by lack of appropriate foods; and

WHEREAS, those in need now will be more impacted as Winter approaches because their low incomes must stretch to cover increasing fuel, electricity and rental costs-leaving even less money for monthly food purchase; and

WHEREAS, social service agencies, the faith community, food banks, the City of Kirkland, and hundreds of volunteers are constantly striving to stem the tide of hunger, but still need more help; and

WHEREAS, the Emergency Feeding Program of Seattle and King County has, for many years, sought to provide balanced, nutritious meals to hungry people; and

WHEREAS, the Emergency Feeding Program coordinates an annual food drive to help support the efforts of their program and the area’s food banks in fighting hunger which will be held at grocery stores throughout King County on Saturday, September 27, 2008, including the Rose Hill Safeway and Parkplace QFC.

NOW, THEREFORE, I, James L. Lauinger, Mayor of Kirkland, do hereby proclaim September 27, 2008 as *Day of Concern for the Hungry* in the City of Kirkland and strongly urge all citizens to join the Emergency Feeding Program to feed those who are hungry.

Signed this 16th day of September, 2008

James L. Lauinger, Mayor

**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: Kari Page, Neighborhood Services Coordinator

Date: September 4, 2008

Subject: City Council Meeting with the Juanita Neighborhoods

RECOMMENDATION:

City Council assign topic areas for the upcoming neighborhood Council meeting with the Juanita Neighborhood Associations.

BACKGROUND:

As part of the City Council's continuing effort to remain in touch with the interests and needs of the community, the Council will meet with the Juanita Neighborhoods on Thursday, September 25, 2008. The meeting will begin at 7:00 p.m. at the Holy Spirit Lutheran Church, Fellowship Hall (10021 N.E. 124th Street). Staff will continue to structure the format of the meeting and invitations the same as the past, unless instructed by Council to change.

Potential topic areas suggested by Norm Storme, the Juanita Neighborhoods Chair include:

1. **Parks and Community Services** – What are the current and future plans for Juanita Beach Park? What does the McAuliffe Park Master Plan include? What is the status of the McAuliffe Park barn replacement?
2. **Transportation** – What can be done to improve the congestion southbound on 100th Avenue N.E. at NE 132nd Street? What is the street sweeping schedule and how can vegetation along sidewalks be better maintained? When will the temporary wood railing at NE 128th Street be replaced?
3. **Sound Transit/Metro** – Are there service changes planned for the Juanita area?
4. **Annexation** – What are the regional plans or possibilities for the area surrounding Juanita/City of Kirkland now that Kirkland has tabled the annexation?
5. **Planning** – How is the City curtailing the building of large houses on small lots and loss of trees? What is the status of the final Juanita Village development, Totem Lake Development and Park Place Redevelopment?
6. **Public Safety** - How does the crime rate in the the Juanita Neighborhoods compare with crime rates around the city. What Community Education and Response Team (CERT) classes are scheduled in the near future?

7. **Communications** – What information and services are available online for residents to stay informed and involved?

Council has invited three questions after each Council presentation/topic to break up the “lecture style” format and involve the audience more. Time is reserved at the end for the remaining questions and answers. The proposed agenda follows:

- 7:00-7:05 p.m. I. Greeting and Introduction -Mayor James Lauinger
- 7:05-7:10 p.m. II. Comments from the Neighborhood Association Chair Norm Storme
- 7:10-8:15 p.m. III. Comments, Questions and Discussion – Neighborhood and City Council
 - A. Budget Update – Mayor James Lauinger
 - B. Key Issues Update – City Councilmembers
 - C. General Discussion and Questions from Audience
- 8:15-8:45 p.m. IV. Adjourn

The following outlines the planned process and timeline for this meeting:

- September 1 Neighborhood receives Council’s invitation (with request cards) in the mail
- September 16 City Council members decide topic areas (at Council Meeting)
- September 1-11 Neighborhood sends questions/requests to Neighborhood Services Coordinator
- September 12 City Council and Departments receive categorized list of questions/requests
- September 12-19 Departments respond to questions/requests (received by September 11th)
- September 22 City Council receives list of Departmental answers (to questions/requests)
- September 25 Neighborhood Council Meeting
- September 31 City posts all questions and answers on the web

SEPTEMBER

Sun	Mon	Tue	Wed	Thur	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Council Meeting (assign topic areas)
Residents receive mailing and send in cards
Directors/Council receive list of questions
Council Receives questions and answers
Meeting Date

CONTACT:

Ginger Newlin @ 425-828-6099 G-08-216

or Dawn Strick @ 425-828-8917

Council Meeting: 09/16/2008
Agenda: Communications/Petitions
Item #: 7. b. (1).

RECEIVED

PETITION

From

Lakeview Park Homeowners

To the

City of Kirkland

SEP 02 2008

CITY OF KIRKLAND
CITY MANAGER'S OFFICE

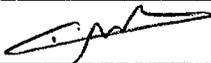
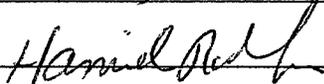
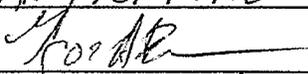
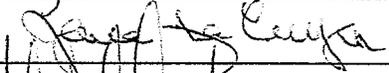
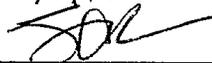
Department of Public Works, Planning Department, and City Council

At the time the 27-unit Lakeview Park was developed in 1996, widely spaced No Parking signs were placed along the sidewalk side of the entire length of the public roadways traversing the development. This was done to offset the narrowness of the streets and to ensure that emergency and other large vehicles could safely navigate the streets throughout the development. Unfortunately, one sign on the west side of 117th Avenue, N.E. at the southern entrance to the development was omitted. This has created an ambiguous situation and generated conflict for residents and visitors alike.

In order to resolve this ambiguity and eliminate the resulting conflict it creates, the undersigned owner residents of Lakeview Park respectfully request the Department of Public Works to install one more No Parking sign on the west side of at 117th Avenue, N.E. on the southernmost boundary of Lakeview Park.

In addition, we respectfully request that the signage for all the No Parking signs be changed to read, "No Parking This Side," similar to the signs in place along N.E. 73rd Street off 132nd Avenue N.E.

All of the signers of this petition are homeowners within Lakeview Park.

Printed Name	Signed Name	Street Address
Moshe Meron		6819 117 th Ave. NE
HAMID RADFAR		6823 117 th Ave NE
Susan Noran	SUSAN NORAN (Tarassoli)	6922 117 th Ave NE
Kay Tattine	KAY TATTINE	6901-117 th Ave. NE
Igor Rich tafovitch		6827 117 th Ave NE
Jane LeCuyer		6821-117 th Ave NE
WILLIAM BROWN		10829 117 th AVENUE
J.V. HAWKINS	J.V. Hawkins	6904-117 th Ave NE
Virginia Nyberg	VIRGINIA NYBERG	6916 117 th Dr. N.E.
SPU DEB CORONA		6919-117 th DR NE

Printed Name	Signed Name	Street Address
ROBERT FRENCH	<i>Robert French</i>	6914-117 th Dr. NE
MARY JO KLEMENS	<i>Mary Jo Klemens</i>	6809-117 Ave NE
Olga Due	<i>Olga Due</i>	6917 117 Dr. NE
E.C. NEWLIN	<i>E.C. Newlin</i>	6811 117 th AVENUE
W. Kenner	<i>W. Kenner</i>	6912 -117 th Dr. NE
BARBARA E. ALBAN	<i>Barbara E. Alban</i>	6825 117 AVE. NE.
Russ Boyes	<i>Russ Boyes</i>	6807 117 th Avenue NE
Yin Iwasaki	<i>Yin Iwasaki</i>	6805-117 th Ave NE
JOHN Bowers	<i>John S. Bowers</i>	6908-117 th Dr. NE
DOLOROS SALETIC	<i>Doloros Saletic</i>	6906-117 th Dr. N.E.
DAWN STIRLEN	<i>Dawn Stirlen</i>	6831 117th AVE. NE
BILL BINFORD	<i>Bill Binford</i>	6910 117 th DR NE
Jennifer Reid	<i>Jennifer Reid</i>	6830 117 th Ave NE
Jennifer Fischer	<i>Jennifer Fischer</i>	6910 117 th Dr.
Sanders	<i>Sanders</i>	6903 117 th



KIRKLAND CITY COUNCIL REGULAR MEETING MINUTES
September 02, 2008

1. CALL TO ORDER

2. ROLL CALL

ROLL CALL:

Members Present: Mayor Jim Lauinger, Deputy Mayor Joan McBride, Councilmember Dave Asher, Councilmember Mary-Alyce Burleigh, Councilmember Jessica Greenway, Councilmember Tom Hodgson, and Councilmember Bob Sternoff.

Members Absent: None.

3. STUDY SESSION

a. Tree Regulations Update

Joining Councilmembers for this discussion in addition to City Manager Dave Ramsay were Director of Planning and Community Development Eric Shields, Deputy Director of Planning and Community Development Paul Stewart, Planning and Community Development Review Manager Nancy Cox, Urban Forester Deborah Powers, and Consultant Laurie Anderson.

4. EXECUTIVE SESSION

a. To Discuss Pending Litigation

5. SPECIAL PRESENTATIONS

a. Myparksandrecreation.com Update

Parks and Recreation Deputy Director Carrie Hite reviewed the site, provided background and outlined plans for the future.

b. Special Achievement in GIS Award

Chief Information Officer Brenda Cooper introduced GIS Manager Xiaoning Jang and GIS Analyst Joe Plattner, and shared information about the work GIS has done and the award presented.

c. Green Tips

Brenda Nunes reviewed the planned activities for Sustainable September.

6. REPORTS

a. City Council

(1) Regional Issues

Councilmembers shared information regarding recent Jail Advisory Group meetings; the recent death of Barb Jones, treasurer of the South Rose Hill/Bridle Trails Neighborhood Association; Lodging Tax Advisory Committee meeting; 520 Mediation Committee meeting; Association of Washington Cities Legislative Committee's Community Safety and Justice subcommittee work; North Rose Hill neighborhood work at Mark Twain Elementary; Summer Performing Arts Series sponsors; Parkplace Books presentation of Congressman Jay Inslee's book "Apollo's Fire;" safety for children walking to school; Pro-Bike/Pro-Walk International Symposium on Walking and Bicycling; and an upcoming visit from Kathy Sykes, Senior Advisor for the Aging Initiative, Environmental Protection Agency.

b. City Manager

(1) City Council Briefings on the Touchstone (Parkplace), Orni and Altom Private Amendment Requests

(2) City Council Meetings with the Neighborhoods

(3) Calendar Update

7. COMMUNICATIONS

a. Items from the Audience

Chuck Daiger, 12631 NE 107th Place, Kirkland, WA
John Kappler, 5025 112th Avenue NE, Kirkland, WA
Norm Kriloff, 4545 112th Avenue NE, Kirkland, WA
Brian Staples, 4207 106th Place NE, Kirkland, WA
Shawn Etchevers, 4119 107th Place NE, Kirkland, WA
Georgine Foster, 4517 102nd Lane NE, Kirkland, WA

b. Petitions

None.

Mayor Lauinger proposed adding an item of business to discuss a possible downtown building moratorium.

Motion to add an item of business to discuss a possible downtown building moratorium.
Moved by Councilmember Dave Asher, seconded by Councilmember Jessica Greenway

Vote: Motion carried 4-3

Yes: Mayor Jim Lauinger, Councilmember Dave Asher, Councilmember Jessica Greenway, and Councilmember Tom Hodgson.

No: Deputy Mayor Joan McBride, Councilmember Mary-Alyce Burleigh, and Councilmember Bob Sternoff.

Council recessed for a short break.

8. CONSENT CALENDAR

a. Approval of Minutes

(1) July 30, 2008

(2) August 4, 2008

(3) August 5, 2008

b. Audit of Accounts:

Payroll \$ 4,221,426.10

Bills \$ 3,317,319.93

run # 765 check #'s 500994 - 501175

run # 766 check #'s 501202 - 501496

run # 767 check #'s 501520 - 501660

run # 768 check #'s 501661 - 501773

c. General Correspondence

(1) John Juge, Regarding Installing Traffic Signals

(2) David Martin, Regarding Tree Removal

(3) Craig Shriner, Regarding Zoning Requirements

d. Claims

(1) Donna L. Baker

(2) Lynda Dennemarck

(3) Ryan and Charmaine Hagstrom

(4) Matt Holmes

- (5) Elizabeth Hoyer
- (6) Brian Lurie
- (7) The Sign Factory, Inc.

e. Award of Bids

- (1) Kirkland City Hall Annex Renovation Project, Pattison General Contractor, Redmond, Washington

This item was pulled for discussion under new business.

f. Acceptance of Public Improvements and Establishing Lien Period

g. Approval of Agreements

h. Other Items of Business

- (1) Approving Correspondence Supporting Energy Efficiency and Conservation Block Grants

- (2) Setting Public Hearing Date for 2009-2014 Transportation Improvement Program (TIP)

The public hearing date was set for September 16, 2008.

- (3) Approving A Regional Coalition for Housing (ARCH) Trust Fund Recommendations for Spring 2008

- (4) Accepting Park Board Youth Member Resignation

Stephanie Johnson's resignation was acknowledged.

- (5) Reporting on Eastside Rail

- (6) Authorizing Submittal of Brief Regarding Federal Communications Commission Public Notice on Petition Filed by CTIA - The Wireless Association

- (7) R-4723, entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND RELINQUISHING ANY INTEREST THE CITY MAY HAVE, EXCEPT FOR A UTILITY EASEMENT, IN AN UNOPENED RIGHT-OF-WAY AS DESCRIBED HEREIN AND REQUESTED BY PROPERTY OWNER RYAN K. MITCHELL"

(8) R-4724, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND RELINQUISHING ANY INTEREST THE CITY MAY HAVE IN AN UNOPENED RIGHT-OF-WAY AS DESCRIBED HEREIN AND REQUESTED BY PROPERTY OWNER RICHARD E. RADFORD

(9) Surplus Equipment Rental Vehicles/Equipment for Sale

<u>Fleet #</u>	<u>Year</u>	<u>Make</u>	<u>VIN/Serial Number</u>	<u>License #</u>	<u>Mileage</u>
D-06	1992	Peterbilt 10 Yard Dump Truck	1XPFLB9X6ND315624	10695D	38,456
PU-15	1993	Dodge Caravan	1B4GH44R5PX724630	14378D	36,032
P05-09	2005	Ford Crown Victoria	2FAHP71W55X150744	39479D	84,309
GSA-1	2003	Ford Ranger Pickup 4x4	1FTZR45E83PA94214	48081D	112,033
GSA-2	2003	Chevrolet Silverado Pickup	1GCEK19V93E259713	48082D	127,509

(10) Report on Procurement Activities

Motion to Approve the Consent Calendar, with the exception of item 8.e.(1)., which was pulled for disussion under unfinished business, and with changes to the response letter for item 8.c.(1).

Moved by Councilmember Mary-Alyce Burleigh, seconded by Deputy Mayor Joan McBride

Vote: Motion carried 7-0

Yes: Mayor Jim Lauinger, Deputy Mayor Joan McBride, Councilmember Dave Asher, Councilmember Mary-Alyce Burleigh, Councilmember Jessica Greenway, Councilmember Tom Hodgson, and Councilmember Bob Sternoff.

9. PUBLIC HEARINGS

a. Preliminary 2009-2014 Capital Improvement Program (CIP)

Mayor Lauinger opened the public hearing. Financial Planning Manager Sandi Hines provided an overview of the Capital Improvement Program. No further testimony was offered and the Mayor closed the hearing.

10. UNFINISHED BUSINESS

a. Parking Advisory Board Recommendation on Downtown Parking

Parking Advisory Chair Ken Dueker and Transportation Engineering Manager Dave Godfrey reviewed the recommendation and responded to Council questions and direction.

b. Kirkland City Hall Annex Renovation Project

Motion to award the the contract for the City Hall Annex Renovation Project to Pattison General Contractor of Redmond, Washington.

Moved by Councilmember Mary-Alyce Burleigh, seconded by Councilmember Jessica Greenway

Vote: Motion carried 6-1

Yes: Mayor Jim Lauinger, Deputy Mayor Joan McBride, Councilmember Mary-Alyce Burleigh, Councilmember Jessica Greenway, Councilmember Tom Hodgson, and Councilmember Bob Sternoff.

No: Councilmember Dave Asher.

11. NEW BUSINESS

a. Inclusionary Housing Direction

Planning Director Eric Shields presented the issues for discussion and received direction from Council to proceed with studying those issues related to Totem Lake and to gather further information prior to proceeding with Bridle Trails and Houghton Community Business areas.

b. Business Partnership Policy

Business Services Program Manager Mike Metteer reviewed the proposed policy for Council's approval.

Motion to Approve the Business Partnership Policy

Moved by Councilmember Mary-Alyce Burleigh, seconded by Deputy Mayor Joan McBride

Vote: Motion carried 7-0

Yes: Mayor Jim Lauinger, Deputy Mayor Joan McBride, Councilmember Dave Asher, Councilmember Mary-Alyce Burleigh, Councilmember Jessica Greenway, Councilmember Tom Hodgson, and Councilmember Bob Sternoff.

c. Endorsing A Regional Coalition for Housing (ARCH) Priority Housing Strategies

ARCH Program Manager Arthur Sullivan shared background information about the strategies proposed and requested Council endorsement.

Motion to Endorse the ARCH Priority Housing Strategies.

Moved by Councilmember Dave Asher, seconded by Councilmember Jessica Greenway

Vote: Motion carried 7-0

Yes: Mayor Jim Lauinger, Deputy Mayor Joan McBride, Councilmember Dave Asher, Councilmember Mary-Alyce Burleigh, Councilmember Jessica Greenway,

Councilmember Tom Hodgson, and Councilmember Bob Sternoff.

d. Discussion of Possible Downtown Building Moratorium

This item was added to the evening's agenda earlier in the meeting. Following Council discussion, direction was provided to staff to bring back a staff report and proposed ordinance for Council consideration at their September 16, 2008 meeting.

12. EXECUTIVE SESSION

Council returned to Executive Session to continue their earlier discussion of pending litigation.

13. ADJOURNMENT

Council returned to open meeting and the Kirkland City Council regular meeting of September 2, 2008 was adjourned at 11:53 p.m.

City Clerk

Mayor



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

MEMORANDUM

To: David Ramsay, City Manager
From: Kathi Anderson, City Clerk
Date: September 4, 2008
Subject: CLAIM(S) FOR DAMAGES

RECOMMENDATION

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

POLICY IMPLICATIONS

This is consistent with City policy and procedure and is in accordance with the requirements of state law (RCW 35.31.(040)).

BACKGROUND DISCUSSION

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

- (1) Teresa Andrews
8529 132nd Avenue N.E.
Kirkland, WA 98033

Amount: \$150.00

Nature of Claim: Claimant states damage occurred when a ball hit from a softball game struck vehicle windshield.

- (2) Regina S. Fell
1907 205th Place N.E.
Sammamish, WA 98074

Amount: \$490.28

Nature of Claim: Claimant states damage occurred as a result of the towing date of the vehicle.

- (3) Allen Jahani
11037 116th Avenue N.E.
Kirkland, WA 98034

Amount: \$1300.00

Nature of Claim: Claimant states damage occurred as a result of a damaged water pipe.

- (4) Chris Kahne
6409 124th Avenue N.E.
Kirkland, WA 98033

Amount: \$1300.00

Nature of Claim: Claimant states damage to property resulted from being run over by City vehicle.

**CITY OF KIRKLAND**

123 Fifth Avenue, Kirkland, WA 98033 425.828.1100

www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Daryl Grigsby, Public Works Director
Ray Steiger, P.E., Capital Projects Manager

Date: September 16, 2008

Subject: NE 73rd Street Sidewalk– AWARD CONTRACT

RECOMMENDATION:

It is recommended that the City Council award the construction contract for the NE 73rd Street Sidewalk and watermain improvement project to Dennis R. Craig Construction Company of Redmond, WA, in the amount of \$418,895.79. In addition, it is recommended that the City Council authorize a budget increase of \$223,000 using a combination of funds from the water/sewer capital contingency and generally capital contingency funds.

BACKGROUND DISCUSSION:

Based on feedback from a number of neighborhood meetings and the School Walk Route Advisory Committee, NE 73rd St between 130th Ave NE and 132nd Ave NE (Attachment A) was prioritized as an important walk route for the neighborhood and for children attending Rose Hill Elementary and Junior High Schools. The project was funded in the Capital Improvement Program for construction along the north side of NE 73rd beginning in 2007.

Open house meetings held during the spring of 2007 indicated that the neighbors along the sidewalk route wanted to be included in the City's Emergency Sewer Program. This development delayed the completion of the design of the sidewalk, however it allowed for new sanitary sewer to be installed along this stretch of NE 73rd Street in advance of the sidewalk; the sanitary sewer was completed earlier this year.

The NE 73rd Sidewalk project design focused on opportunities to incorporate Low Impact Development (LID) practices in order to retain the rural look of the neighborhood and to utilize these developing best management practices on a public project. Many techniques were able to be incorporated due to the roadway width, type of surrounding soils, natural terrain, adjacent resident receptiveness to the maintenance requirements and other factors. These techniques have allowed the improvements to be installed in such a manner that will reduce what would normally be additional impervious surface. The specific LID techniques used in the project include pervious concrete sidewalks and driveway aprons, and a storm system which includes a series of short pipe segments and meandering rain gardens with drought tolerant plants. (Attachment B).

During construction of the sanitary sewer line and subsequent design of the LID storm system, it was determined that the existing waterline serving NE 73rd Street, constructed of asbestos cement (AC), would be required to be replaced in conjunction with the project. This waterline, not originally anticipated to be replaced was included in the sidewalk project scope of work.

In order to undertake the project during the current construction season, Staff proceeded to advertisement of the project which includes two schedules: Schedule A addresses the sidewalk and roadway components, and Schedule B addresses the watermain work. Bids were opened on August 27, 2008 and a total of eight bids were received; the following are the bid results:

Contractor	Schedule A	Schedule B	Total Bid
Dennis R. Craig	\$ 321,132.55	\$97,763.24	\$418,895.79
Archer Construction	\$ 337,269.00	\$84,089.14	\$421,358.14
Construc Co.	\$ 372,209.65	\$61,849.11	\$434,058.76
Trimaxx Construction Inc	\$ 347,750.80	\$89,236.12	\$436,986.92
Johansen Excavating	\$ 348,214.00	\$94,589.11	\$442,803.11
<i>Engineers Estimate</i>	<i>\$ 336,128.56</i>	<i>\$135,160.00</i>	<i>\$471,288.56</i>
Precision Earthworks	\$ 383,691.00	\$105,583.94	\$489,274.94
Sanders General Const.	\$ 367,238.00	\$125,800.17	\$493,038.17
Westwater Construction	\$ 393,334.00	\$134,031.85	\$527,365.85

A comparison of the bids to previous unit prices indicate that in this location the costs for using the LID approach are somewhat consistent with those received on previous standard sidewalk bids (Attachment C).

Based on the bid results, design costs expended to date and inspection anticipated, the new watermain and associated overlay of NE 73rd Street account for approximately \$180,000 in added costs to the project while the additional costs associated with the LID approach account for approximately \$43,000 (primarily in added landscaping costs). Funding for these cost increases are proposed to be allocated from the water/sewer capital contingency fund and from the general capital contingency fund (Attachment E).

With Council award for the Project at their September 16, 2008 meeting, construction would begin at the end of September with substantial completion expected in winter 2008.

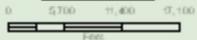
cc: Denise Pirolo, PE, Project Engineer

Attachments: Vicinity Map
Low Impact Development project attributes
Unit Price comparison
Project Budget Report
Fiscal Note

NE 73rd Street Sidewalk & Waterline replacement

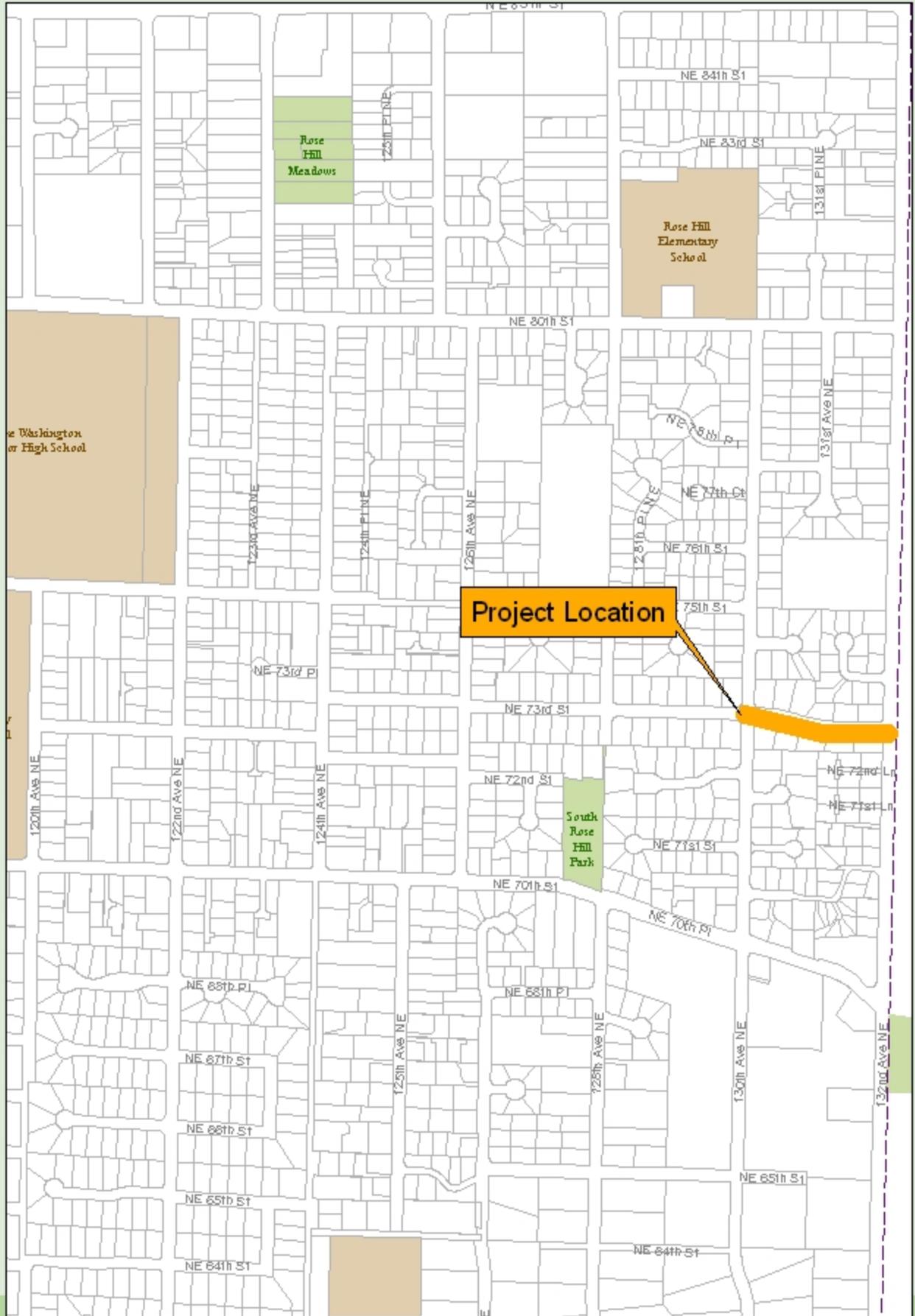


Vicinity Map

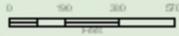


Map Legend

- Fire Station
- City of Kirkland Boundary
- Building Footprint
- Railroad Centerline
- Dock/Pier
- Lake
- Tax Parcel Boundary
- Street Centerline
- Pavement Edge
- Park
- School
- Address Point
- Tax Parcel



Project Location



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emergents (typical)



Common Rush
Juncus effusus
H: 2.5' W: 2'



Small-fruited Bulrush
Scirpus microcapit
H: 2.5'-5' W: 2'-3'
Flowers in late spring

bioswale vegetation (typical)



Pacific Crabapple
Malus Fusca
H: 15' W: 10'
White flowers in May



White Rockrose
Citrus cobariensis
H: 3' W: 5'
Drought tolerant, evergreen shrub with white blooms

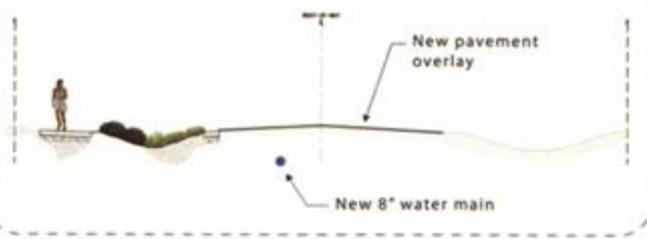
Beach strawberry
Fragaria chiloensis
H: 1' W: 6'
Evergreen groundcover. White flowers and red berries.

Slough sedge
Carex obtusata
H: 2'-3' W: 2'-3'

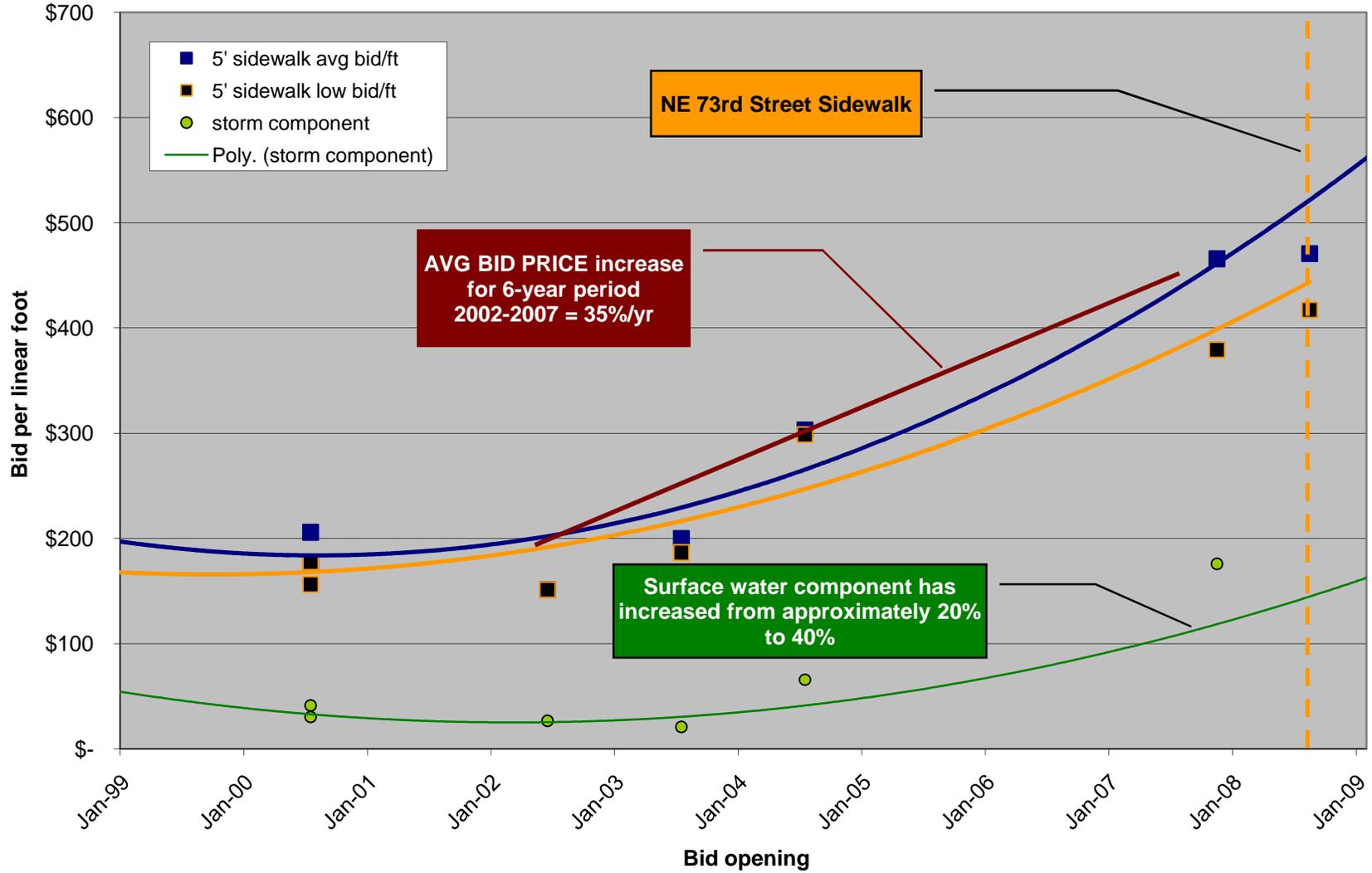
Slender cinquefoil
Patentilla gracilis
H: 2'-3' W: 1'

Snowberry
Symphoricarpos albus
H: 4' W: 4'
Deciduous shrub with long lasting white berries through winter

LID improvement section

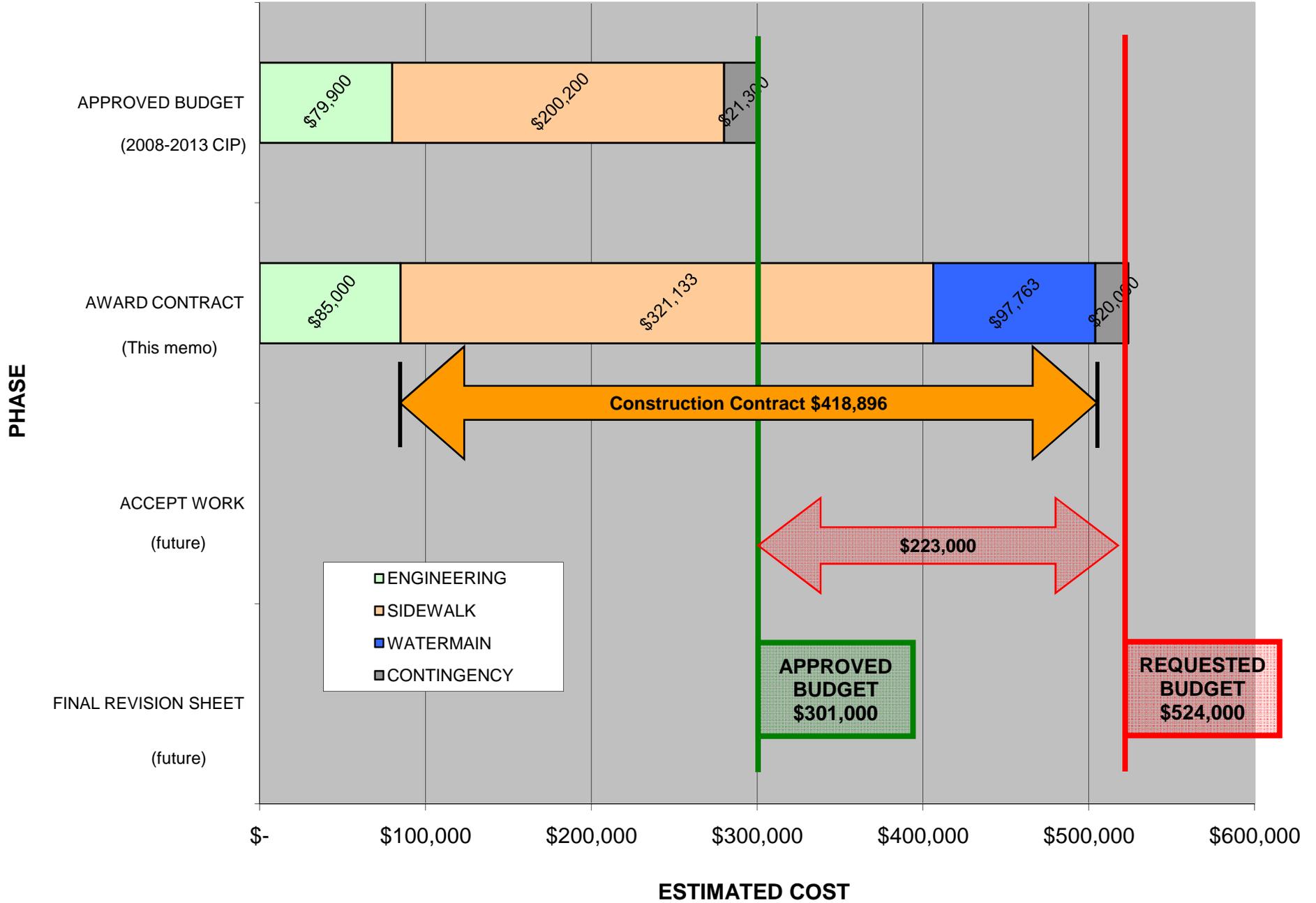


Historical comparison of Sidewalk Bids



NE 73RD STREET SIDEWALK & WATER MAIN PROJECT (CNM 0052)

PROJECT BUDGET REPORT



FISCAL NOTE

CITY OF KIRKLAND

Source of Request

Daryl Grigsby, Public Works Director

Description of Request

Request for additional funding of \$223,000 – \$180,000 from the Water/Sewer Capital Contingency and \$43,000 of the General Capital Contingency – for the NE 73rd Street Sidewalk project (NM 0052). The following changes to the scope of the project added to the total estimated cost of the project:

- 1) Addition of the watermain replacement and associated overlay of NE 73rd Street accounts for approximately \$180,000 in added costs; and
- 2) Low Impact Development (LID) approach utilized in the project accounts for approximately \$43,000 (primarily in added landscaping costs).

Legality/City Policy Basis

Fiscal Impact

One-time use of \$180,000 of the Water/Sewer Capital Contingency and one-time use of \$43,000 of the General Capital Contingency. The contingencies are able to fully fund this request.

Recommended Funding Source(s)

	Description	2008 Est End Balance	Prior Auth. 2007-08 Uses	Prior Auth. 2007-08 Additions	Amount This Request	Revised 2008 End Balance	2008 Target
Reserve	Water/Sewer Capital Contingency	1,703,640	500,200	0	180,000	1,023,440	1,703,640
	General Capital Contingency	3,312,834	0	0	43,000	3,269,834	5,822,280
	2007 Prior Authorized Uses of the Water/Sewer Capital Contingency includes \$113,900 for the utility portion of the Central Way Improvements project; \$250,000 for the 2007 Water System Improvements projects; \$81,000 for the Waverly Beach Park Lift Station project and \$55,300 for the 7th Avenue/114th Avenue Watermain Replacement project.						

Revenue/Exp Savings

Other Source

Other Information

Prepared By	Sri Krishnan, Senior Financial Analyst	Date	September 5, 2008
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**CITY OF KIRKLAND****Department of Public Works**

123 Fifth Avenue, Kirkland, WA 98033 425.587.3800

www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Daryl Grigsby, Public Works Director
David Snider, PE, Capital Projects Supervisor

Date: September 4, 2008

Subject: Carter House Hazard Mitigation and Deconstruction with City Hall Annex Hazard Mitigation
Accept Construction

RECOMMENDATION:

It is recommended that City Council accept the work on the Carter House Hazard Mitigation and Deconstruction with City Hall Annex Hazard Mitigation Project, as completed by Performance Abatement Services, Inc, Seattle, WA., and establish the statutory lien period..

BACKGROUND DISCUSSION:

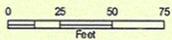
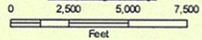
The renovation of the City Hall Annex, located at 320 1st Street, will provide up to 6,000 square feet of useable office space for City Hall staff while preserving an historic building. A contract for the Annex renovation work was awarded by Council at their regular meeting of September 2, 2008 and in order to begin the renovation of the Annex all hazardous materials needed to be removed. In addition, the former Carter House located 120 3rd Avenue, was no longer a viable rental property and required too much maintenance. The building had become unsightly and a potential insurance liability and in 2007 Staff recommended that the Carter House be demolished. By prior agreement, between the City and members of the Carter family, in 2008 the house underwent a significant "harvesting" of salvageable building materials. Through the Carter House Hazard Mitigation and Deconstruction with City Hall Annex Hazard Mitigation Project contract, the Carter House and the City Hall Annex (Attachment A) were cleared of all asbestos and lead containing materials followed by the demolition and removal of the Carter House wood structure.

Council awarded the original contract for the Project to Performance Abatement Services, Inc., on July 1st in the amount of \$75,585.60 and a notice to proceed was issued to the contractor on July 22nd; the work was substantially complete on August 15, 2008. The total amount paid to the contractor for the work was \$35,091 on the Annex, including one change order in the amount of \$7,187 for additional asbestos containing pipe wrap encountered together with a hidden layer of vermiculate attic insulation discovered underneath the top layer of batt insulation, and \$47,960 for the hazardous mitigation work and removal of the former Carter House. The total amount paid to the contractor was \$83,051.

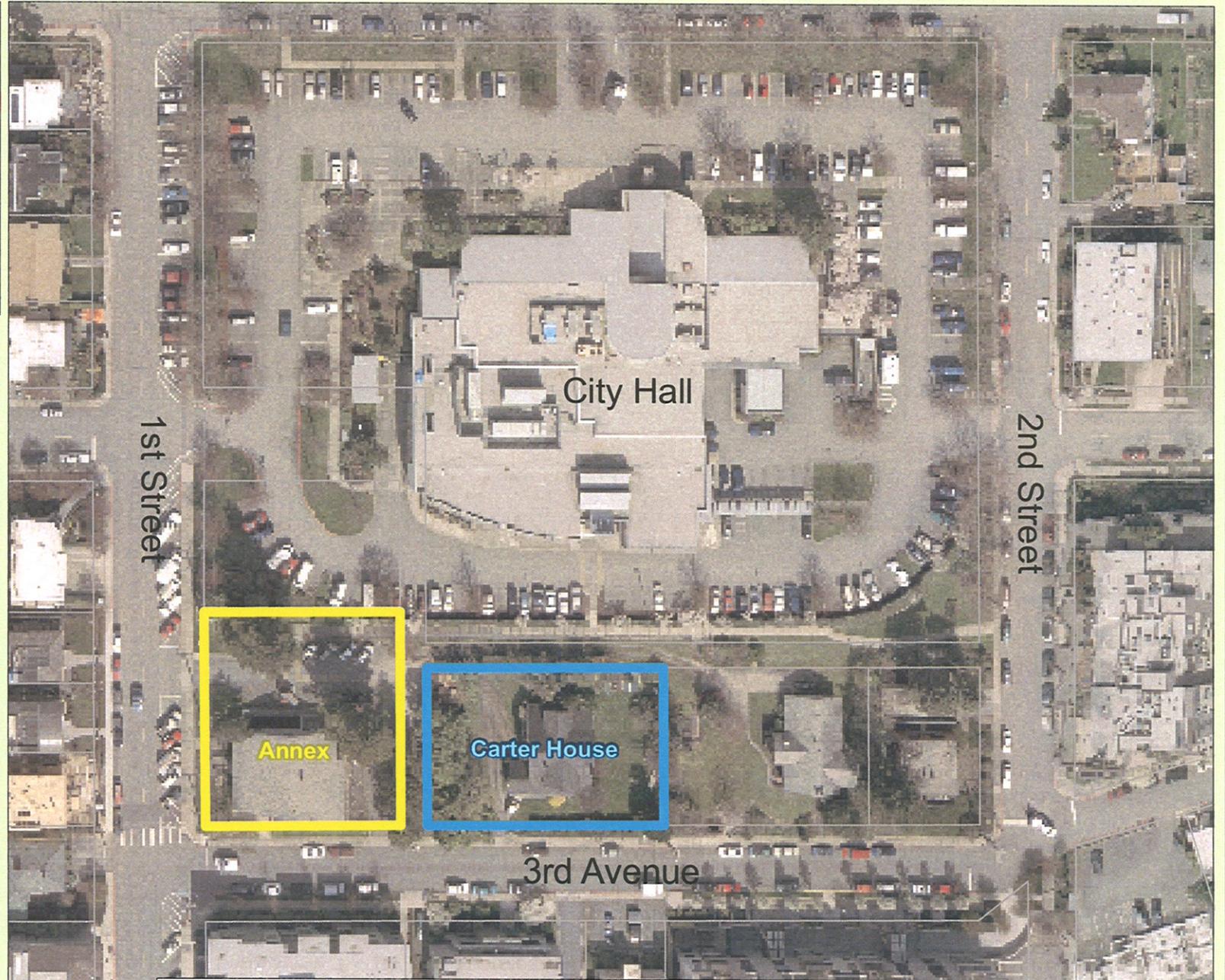
At their regular meeting of July 1st Council authorized the expenditure of funds from the Rental Property Reserves (Attachment B) for the Carter House work and the City Hall Annex Renovation Project is a fully funded CIP project with adequate construction budget available for this hazard mitigation element.



Vicinity Map



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***Carter House Hazard Mitigation and Deconstruction
with City Hall Annex Hazard Mitigation Project***

FISCAL NOTE

CITY OF KIRKLAND

Source of Request

Daryl Grigsby, Public Works Director

Description of Request

Request funding of \$47,960 from the Rental Property Reserve that resides in the Facilities Maintenance Fund for the hazard mitigation and deconstruction of the Carter house.

Legality/City Policy Basis

The City's rental properties receive rental income that is accounted for separately in the Facilities Maintenance Fund. Any repairs, small renovations or equipment replacement, as well as property management administrative costs, are paid from the rental property reserve. The balance in the rental property reserve is \$317,215. The reserve is treated as a revolving account for which rental property income is received and from which expenditures related to the rental properties are expended.

Fiscal Impact

One-time use of \$47,960 of the Rental Property Reserve. The reserve is able to fully fund this request.

Recommended Funding Source(s)

	Description	2008 Est End Balance	Prior Auth. 2007-08 Uses	Prior Auth. 2007-08 Additions	Amount This Request	Revised 2008 End Balance	2008 Target
Reserve	Rental Property Reserve	0	0	0	47,960	0	N/A

The rental property reserve does not have a target or calculated balance. The reserve functions as a revolving account for rental income being received and as a source for expenditures related to the rental properties.

**Revenue/Exp
Savings**

Other Source

Other Information

Prepared By	Sandi Hines, Financial Planning Manager	Date	June 18, 2008
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CITY OF KIRKLAND
Department of Finance & Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3100
www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Tracey Dunlap, Director of Finance & Administration
Angela Warmuth, Senior Accountant

Date: September 4, 2008

Subject: 2007 Annual Transportation and Park Impact Fees Report

RECOMMENDATION:

Council accept the 2007 annual transportation and park impact fee report.

BACKGROUND DISCUSSION:

The City began collecting impact fees for transportation in June 1999 and for parks in August 1999. Although impact fees are not required to be tracked and applied to projects by zones per the ordinances, impact fees are being tracked by zones for administrative purposes (see Attachment C for map). Tracking the collection and subsequent transfer of impact fees helps to analyze what area(s) of the City development is occurring in and how funding of future capacity projects is related to the amount of development.

For 2007, \$613,566 in transportation impact fees and \$108,400 in park impact fees were collected. Attachment A summarizes by zone all impact fees that were collected during 2007. The Southwest zone had the greatest amount of activity that was subject to transportation impact fees. Two large developments were the new Google site and the mixed use development south of Carillon Point. Multi-family/non-residential development was largely responsible for the transportation impact fees collected from all zones except the Northwest zone.

In 2007, the Southwest zone also had the greatest amount of development activity that was subject to park impact fees, with the East and Northwest zones contributing the remainder. Multi-family development in the Southwest region contributed about 46% of the total parks-related impact fees collected in 2007. Single family development within the Northwest and East zones was largely responsible for the park impact fees collected from these zones.

Two transportation projects were funded with transportation impact fees in 2007. In the Northeast zone, 124th Avenue NE Roadway Improvements (North section) (CST0059) and NE 120th Street Roadway Extension (East section) (CST 0057) received \$291,000 and \$309,000 respectively. For Parks, the Heritage Park Development project (CPK0095) in the Northwest zone received \$155,000 of park impact fee funding.

Attachment B is a cumulative report showing total transportation and park impact fees collected per zone since their inception. The ongoing development at Evergreen was largely responsible for the cumulative transportation impact fees collected in the Northeast zone. The Southwest zone includes several large multi-family developments that have contributed to the amount collected in that area. The three primarily residential areas in the East, Northwest and Southwest zones continue to be the source of collections for park impact fees.

The 2007 year-end fund balances in transportation and park impact fees were \$1,439,378 and \$677,635 respectively. These amounts include interest and are net of impact fee revenues transferred to eligible transportation and park capacity

projects, funded in whole or part by impact fees. The City's practice is to allocate impact fee-related revenues to qualifying capital projects in the order that they are received (i.e., first-in, first-out).

The following table shows impact fee revenues transferred to projects since 1999.

Year	Project name (Project number)	Transportation	Parks
1999	No CIP projects were funded from impact fees in 1999.		
2000	6th St/Central Way Intersection Improvements (CTR0066)	\$ 41,072	*
	NE 68th St/State St Intersection Improvements (CTR0061)	\$ 18,000	
	NE 85th St/124th Ave Intersection Improvements (CTR0062)	\$ 21,900	
	NE 124th St/100th Ave Intersection Improvements (CTR0063)	\$ 17,700	
	NE 132nd St/100th Ave Intersection Improvements (CTR0064)	\$ 13,200	
2001	118th Ave NE Roadway Extension (CST0060)	\$ 15,989	*
2002	No CIP projects were funded from impact fees in 2002.		
2003	NE 124th St/124th Ave Intersection Improvements (CTR0070)	\$ 50,000	
2004	NE 128th Street/I-405 Overpass (CST0069)	\$ 500,000	
	NE 124th St/124th Ave Intersection Improvements (CTR0070)	\$ 100,000	
2005	NE 128th Street/I-405 Overpass (CST0069)	\$ 267,800	
	NE 124th St/124th Ave Intersection Improvements (CTR0070)	\$ 329,600	
	Heritage Park Development (CPK0095)		\$ 40,000 *
2006	NE 124th St/124th Ave Intersection Improvements (CTR0070)	\$ 499,200	
	NE 120th Street Roadway Extension (East section) (CST0057)	\$ 200,000	
	NE 85th St/132nd Ave NE Intersection Improvement (Phase I) (CTR0078)	\$ 107,400	
	NE 85th St/114th Ave NE Intersection Improvements (CTR0079)	\$ 302,900	
	NE 85th St/124th Ave NE Intersection Improvements (CTR0062)	\$ 175,000	
	Heritage Park Development (CPK0095)		\$ 120,000
2007	124th Ave NE Roadway Improvements (North section) (CST0059)	\$ 291,000	
	NE 120th Street Roadway Extension (East section) (CST0057)	\$ 309,000	
	Heritage Park Development (CPK0095)		\$ 155,000
Total impact fee revenues transferred to projects through 2007		\$ 3,259,721	\$ 315,000

* Funding was returned to the impact fee account for two transportation projects (CTR0066 and CST0060). For parks, money was reprogrammed from other park projects to the Heritage Park Development (CPK0095).

It is noteworthy to mention that impact fees were modified following an impact fee rate study in 2007. Effective February 1, 2008, impact fee rates were increased substantially for both transportation and park impact fees. The increase in park impact fees provides for the debt service payment of McAuliffe Park and the Teen Center beginning in 2008, per the recommendation of the study.

Attachments (3)

cc: Ray Steiger, Capital Projects Manager
Rob Jammerman, Development Engineering Manager
Jennifer Schroder, Parks & Community Services Director
Michael Cogle, Parks Planning & Development Manager
Teresa Swan, Senior Planner
Sandi Hines, Financial Planning Manager

City of Kirkland 2007 Impact Fee Report - Summary

Zone Collected	Amount Collected	
	Roads	Parks
East		
Multi-Family/Non-Residential	\$80,101	\$0
Single Family Residential	\$48,506	\$32,932
Subtotal East	\$128,607	\$32,932
Northeast		
Multi-Family/Non-Residential	\$2,639	\$0
Subtotal Northeast	\$2,639	\$0
Northwest		
Multi-Family/Non-Residential	\$22,047	\$2,398
Single Family Residential	\$32,084	\$18,972
Subtotal Northwest	\$54,131	\$21,370
Southwest		
Multi-Family/Non-Residential	\$411,040	\$49,698
Single Family Residential	\$17,150	\$4,400
Subtotal Southwest	\$428,190	\$54,098
Total Collected - All Zone	\$613,566	\$108,400

City of Kirkland Road Impact Fee Tracking - 2007 Revenue

Date Received	Payer/ApplicantName	Amount Received	Case # (link to P*P)
East - Multi-Family/Non-Residential			
6/12/2007	Seawest Investment Associates LLC	\$12,285	BLD07-00277
7/5/2007	Seattle Veterinary Specialists	\$26,880	BLD07-00481
8/21/2007	Jda Group LLC	\$23,821	BLD07-00433
11/26/2007	Seawest Investment Assoc LI	\$14,206	BLD07-01049
12/20/2007	Edward R Jones	\$2,910	BLD07-01042
	subtotal:	\$80,101	
East - Single Family Residential			
1/8/2007	Charlie Rosinski	\$966	BLD06-00753
1/12/2007	Chaffey Homes	\$966	BLD06-01121
1/12/2007	Chaffey Homes	\$966	BLD06-01216
1/23/2007	Dennis Fleshman	\$966	BLD06-00589
2/8/2007	Artemis Homes Inc	\$966	BLD06-01189
2/16/2007	Chaffey Homes	\$966	BLD06-01131
2/20/2007	Norris Homes Inc	\$966	BLD06-00718
2/20/2007	Washington Heights Development	\$966	BLD06-00784
2/22/2007	Norris Homes Inc	\$966	BLD06-00881
2/22/2007	Hamish Anderson	\$966	BLD06-01229
2/22/2007	Sinclair Thimgan Homes	\$966	BLD06-01282
3/7/2007	Merit Homes Inc	\$966	BLD06-01267
3/12/2007	Norris Homes Inc	\$966	BLD06-00656
3/15/2007	Continental Divide LLC	\$966	BLD06-01077
3/26/2007	Hamish Anderson	\$966	BLD06-01230
3/30/2007	J D Bergevin Homes Inc	\$966	BLD06-01091
4/2/2007	Merit Homes Inc	\$966	BLD06-01201
4/12/2007	Ted Rachuna	\$966	BLD06-00414
4/18/2007	Network Development Group	\$966	BLD07-00031
5/30/2007	Norris Homes Inc	\$966	BLD06-01112
6/11/2007	Paul Talbott	\$966	BLD06-01161
6/11/2007	Hamish Anderson	\$966	BLD07-00055
6/11/2007	Hamish Anderson	\$966	BLD07-00056
6/11/2007	Hamish Anderson	\$966	BLD07-00057
6/18/2007	Royal Crest Homes	\$966	BLD07-00262
7/9/2007	Wong Kirkland LLC	\$966	BLD07-00091

Date Received	Payer/ApplicantName	Amount Received	Case # (link to P*P)
7/9/2007	Wong Kirkland LLC	\$966	BLD07-00092
7/18/2007	Charles Rosinski	\$966	BLD06-00788
7/24/2007	City Ministries	\$966	BLD06-00549
7/24/2007	City Ministries	\$966	BLD06-00550
7/24/2007	City Ministries	\$966	BLD06-00551
7/25/2007	Merit Homes Inc	\$966	BLD07-00228
7/26/2007	Steve Rice	\$966	BLD07-00500
8/8/2007	Sinclair Thimgan Homes Inc	\$966	BLD07-00333
8/9/2007	Alfredo Escolar	\$966	BLD07-00395
8/23/2007	Sinclair Thimgan Homes Inc	\$966	BLD07-00307
8/27/2007	Sinclair Thimgan Homes Inc	\$966	BLD07-00319
8/27/2007	Sinclair Thimgan Homes Inc	\$966	BLD07-00321
8/27/2007	Sinclair Thimgan Homes Inc	\$966	BLD07-00322
9/5/2007	Norris Homes Inc	\$966	BLD06-00713
9/10/2007	City Ministries	\$966	BLD06-00545
9/10/2007	City Ministries	\$966	BLD06-00546
9/10/2007	City Ministries	\$966	BLD06-00547
9/10/2007	City Ministries	\$966	BLD06-00548
9/26/2007	Jamax Associates LLC	\$1,172	BLD07-00584
10/2/2007	Steve Rice	(\$966)	BLD07-00500
10/9/2007	City Ministries	\$966	BLD06-00544
10/9/2007	Mike Jacobsen	\$966	BLD07-00790
10/17/2007	Hann Homes	\$966	BLD07-00401
12/13/2007	Wong Kirkland LLC	\$966	BLD07-00089
12/19/2007	Merit Homes	\$966	BLD07-01115
12/20/2007	Hann Homes	\$966	BLD07-00402
subtotal:		\$48,506	

Northeast - Multi-Family/Non-Residential

5/22/2007	Infiniti Of Kirkland	\$2,639	BLD07-00383
subtotal:		\$2,639	

Northwest - Multi-Family/Non-Residential

1/16/2007	Crea Juanita Village LLC	\$912	BLD06-01343
6/15/2007	Moe Ghoreishi	\$792	BLD05-01471
7/3/2007	Acacia 302 LLC	\$1,274	BLD06-00730
8/3/2007	Robert Dickerson	\$882	BLD07-00623
8/20/2007	Michael Cohen & Suzanne Cohen	\$9,482	BLD07-00743
12/28/2007	Mcandrews Northwest LLC	\$8,706	BLD06-00919

Date Received	Payer/ApplicantName	Amount Received	Case # (link to P*P)
subtotal:		\$22,047	

Northwest - Single Family Residential
--

1/2/2007	Chaffey Homes	\$966	BLD06-01199
1/10/2007	Jeffrey Call & Lisa Call	\$966	BLD06-01142
1/25/2007	Arcv Wa LLC	\$966	BLD06-01006
2/2/2007	Chaffey Homes	\$966	BLD06-01232
2/2/2007	Chaffey Homes	\$966	BLD06-01277
3/20/2007	Arcv Wa LLC	\$966	BLD06-01005
3/30/2007	Pacific Living Homes LLC	\$966	BLD06-01217
4/23/2007	Roger Betterman	\$966	BLD07-00032
4/30/2007	Chaffey Homes	\$966	BLD07-00068
5/25/2007	Shumway 10 LLC	\$966	BLD06-01272
5/25/2007	Shumway 10 LLC	\$966	BLD06-01273
5/25/2007	Shumway 10 LLC	\$966	BLD06-01301
5/25/2007	Shumway 10 LLC	\$966	BLD06-01302
5/25/2007	Shumway 10 LLC	\$966	BLD06-01303
5/29/2007	Chaffey Corp	\$966	BLD07-00246
5/29/2007	Chaffey Corp	\$966	BLD07-00256
6/6/2007	Chaffey Corp	\$966	BLD07-00255
6/26/2007	Shumway 10 LLC	\$1,172	BLD06-01304
7/5/2007	Bayridge Development LLC	\$966	BLD06-01307
7/9/2007	Sloanne Square LLC	\$966	BLD07-00226
8/17/2007	Steve Jensen Homes	\$966	BLD07-00668
9/17/2007	Sloanne Square LLC	\$966	BLD07-00125
9/18/2007	Steve Jensen Homes	\$966	BLD07-00666
9/24/2007	Shumway 10 LLC	\$966	BLD06-01274
9/27/2007	Steve Jensen Homes	\$966	BLD07-00638
10/8/2007	Steve Jensen Homes	\$966	BLD07-00667
10/22/2007	Thomas Berk	\$966	BLD06-00422
11/13/2007	Khadeeja Janmohamed	\$966	BLD06-00500
11/21/2007	Randy Both & Megan Both	\$966	BLD07-00745
11/29/2007	Tibor Varga	\$966	BLD07-00720
12/19/2007	Shumway 10 LLC	\$966	BLD06-01306
12/19/2007	Merit Homes Inc	\$966	BLD07-00808
12/19/2007	Merit Homes Inc	\$966	BLD07-00809
subtotal:		\$32,084	

Southwest - Multi-Family/Non-Residential

Date Received	Payer/ApplicantName	Amount Received	Case # (link to P*P)
3/5/2007	Srmk LLC	\$255,760	BLD06-01116
3/20/2007	City Of Kirkland Parks Dept	\$6,139	BLD06-01221
4/26/2007	Panos Properties	\$1,751	BLD07-00342
6/29/2007	North Lake Unitarian Church	\$7,016	BLD06-00917
7/13/2007	Martha Hossman	\$14,670	BLD07-00387
7/18/2007	Sylvan S. Shulman	\$711	BLD07-00539
8/14/2007	75 State Street, LLC	(\$38,220)	BLD04-00683
8/15/2007	Marina Suites LLC	\$148,643	BLD07-00082
8/24/2007	The Boulevard Retail Condo Shop LL	\$2,879	BLD07-00533
10/9/2007	Benjamin Greene	\$10,827	BLD07-00107
11/14/2007	Marina Suites LLC	\$864	BLD07-00083
subtotal:		\$411,040	

Southwest - Single Family Residential
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1/16/2007	Robert Bioren & Rita Bioren	(\$966)	BLD04-00702
3/6/2007	Sanvar LLC	\$966	BLD06-01271
3/6/2007	Sanvar LLC	\$966	BLD07-00001
3/14/2007	Sanvar LLC	\$966	BLD07-00002
4/12/2007	Perry Vyzis	\$966	BLD06-00298
4/12/2007	Yaser Ghaffari	\$966	BLD06-01239
6/1/2007	Sanvar LLC	\$966	BLD07-00171
6/15/2007	Jeff Hindle & Barb Hindle	\$966	BLD06-01049
7/6/2007	Brian Brand & Katie Brand	\$966	BLD07-00174
7/9/2007	Jet City Development, Inc	\$966	BLD07-00531
7/12/2007	Camwest Development Inc	\$380	BLD05-01313
7/23/2007	Diane Haag	\$966	BLD07-00440
8/17/2007	Hadi Hajian	\$966	BLD07-00597
9/24/2007	Tenth & State, LLC	\$966	BLD06-00867
9/25/2007	Tenth & State, LLC	\$348	BLD06-00868
9/25/2007	Tenth & State, LLC	\$966	BLD06-00869
10/24/2007	Mark Schoner	\$966	BLD07-00845
11/2/2007	Howard Richmond Jr	\$966	BLD07-00588
12/6/2007	Kirkland Builders Group	\$966	BLD07-01024
12/6/2007	Kirkland Builders Group	\$966	BLD07-01040
12/27/2007	Kirkland Builders Group	\$966	BLD07-01046
subtotal:		\$17,150	

Total Road Impact Fees:	\$613,566
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City of Kirkland

Park Impact Fee Tracking - 2007 Revenue

Date Received	Payer/ApplicantName	Amount Received	Case # (link to P*P)
East - Single Family Residential			
1/8/2007	Charlie Rosinski	\$612	BLD06-00753
1/12/2007	Chaffey Homes	\$612	BLD06-01121
1/12/2007	Chaffey Homes	\$612	BLD06-01216
1/23/2007	Dennis Fleshman	\$612	BLD06-00589
2/8/2007	Artemis Homes Inc	\$612	BLD06-01189
2/16/2007	Chaffey Homes	\$612	BLD06-01131
2/16/2007	Sinclair Thimgan Homes	\$612	BLD06-01281
2/20/2007	Norris Homes Inc	\$612	BLD06-00718
2/20/2007	Washington Heights Development	\$612	BLD06-00784
2/20/2007	Artemis Homes Inc	\$612	BLD06-01192
2/21/2007	Kyle Clementz	\$612	BLD06-01107
2/22/2007	Norris Homes Inc	\$612	BLD06-00881
2/22/2007	Sinclair Thimgan Homes	\$612	BLD06-01282
3/7/2007	Merit Homes Inc	\$612	BLD06-01267
3/12/2007	Norris Homes Inc	\$612	BLD06-00656
3/26/2007	Hamish Anderson	\$612	BLD06-01230
3/26/2007	Hamish Anderson	\$612	BLD06-01231
4/2/2007	Merit Homes Inc	\$612	BLD06-01201
4/12/2007	Ted Rachuna	\$612	BLD06-00414
4/18/2007	Network Development Group	\$612	BLD07-00031
4/24/2007	Merit Homes Inc	\$612	BLD06-01182
5/30/2007	Norris Homes Inc	\$612	BLD06-01112
6/11/2007	Paul Talbott	\$612	BLD06-01161
6/11/2007	Hamish Anderson	\$612	BLD07-00055
6/11/2007	Hamish Anderson	\$612	BLD07-00056
6/11/2007	Hamish Anderson	\$612	BLD07-00057
6/18/2007	Royal Crest Homes	\$612	BLD07-00262
7/9/2007	Wong Kirkland LLC	\$612	BLD07-00092
7/24/2007	City Ministries	\$612	BLD06-00549
7/24/2007	City Ministries	\$612	BLD06-00550
7/24/2007	City Ministries	\$612	BLD06-00551
7/25/2007	Merit Homes Inc	\$612	BLD07-00228
7/26/2007	Steve Rice	\$612	BLD07-00500

Date Received	Payer/ApplicantName	Amount Received	Case # (link to P*P)
8/8/2007	Sinclair Thimgan Homes Inc	\$612	BLD07-00333
8/9/2007	Alfredo Escolar	\$612	BLD07-00395
8/10/2007	Norris Homes Inc.	\$612	BLD07-00549
8/23/2007	Sinclair Thimgan Homes Inc	\$612	BLD07-00306
8/23/2007	Sinclair Thimgan Homes Inc	\$612	BLD07-00307
8/27/2007	Sinclair Thimgan Homes Inc	\$612	BLD07-00319
8/27/2007	Sinclair Thimgan Homes Inc	\$612	BLD07-00321
8/27/2007	Sinclair Thimgan Homes Inc	\$612	BLD07-00322
9/5/2007	Norris Homes Inc.	\$612	BLD06-00713
9/10/2007	City Ministries	\$612	BLD06-00545
9/10/2007	City Ministries	\$612	BLD06-00546
9/10/2007	City Ministries	\$612	BLD06-00547
9/10/2007	City Ministries	\$612	BLD06-00548
9/13/2007	Steve Rice	(\$612)	BLD07-00500
9/26/2007	Jamax Associates LLC	\$430	BLD07-00584
9/26/2007	Jamax Associates LLC	\$430	BLD07-00584
10/9/2007	City Ministries	\$612	BLD06-00543
10/9/2007	City Ministries	\$612	BLD06-00544
10/9/2007	Mike Jacobsen	\$612	BLD07-00790
10/17/2007	Hann Homes	\$612	BLD07-00401
10/23/2007	Jamax Associates LLC	\$430	BLD07-00661
10/23/2007	Jamax Associates LLC	\$430	BLD07-00661
12/10/2007	Tara Nelson	\$612	BLD06-00909
12/20/2007	Hann Homes	\$612	BLD07-00402
subtotal:		\$32,932	
Northwest - Multi-Family/Non-Residential			
6/15/2007	Moe Ghoreishi	\$678	BLD05-01471
7/3/2007	Acacia 302 LLC	\$1,720	BLD06-00730
subtotal:		\$2,398	
Northwest - Single Family Residential			
1/2/2007	Chaffey Homes	\$612	BLD06-01199
1/10/2007	Jeffrey Call & Lisa Call	\$612	BLD06-01142
2/2/2007	Chaffey Homes	\$612	BLD06-01232
2/2/2007	Chaffey Homes	\$612	BLD06-01277
3/2/2007	Khadee Ja Jan Mohamed	\$612	BLD06-00564
3/20/2007	Arcv Wa LLC	\$612	BLD06-01005
3/30/2007	Pacific Living Homes LLC	\$612	BLD06-01217

Date Received	Payer/ApplicantName	Amount Received	Case # (link to P*P)
4/23/2007	Roger Betterman	\$612	BLD07-00032
4/30/2007	Chaffey Homes	\$612	BLD07-00068
5/10/2007	Steve Jensen Homes	\$612	BLD06-01322
5/10/2007	Steve Jensen Homes	\$612	BLD07-00130
5/10/2007	Steve Jensen Homes	\$612	BLD07-00131
5/25/2007	Shumway 10 LLC	\$612	BLD06-01272
5/25/2007	Shumway 10 LLC	\$612	BLD06-01273
5/25/2007	Shumway 10 LLC	\$612	BLD06-01301
5/25/2007	Shumway 10 LLC	\$612	BLD06-01302
5/29/2007	Chaffey Homes	\$612	BLD07-00246
5/29/2007	Chaffey Homes	\$612	BLD07-00256
6/6/2007	Chaffey Corp	\$612	BLD07-00255
6/13/2007	Robert Pinkley & Jim Lawrence	\$612	BLD06-00627
6/26/2007	Shumway 10 LLC	\$612	BLD06-01304
7/5/2007	Bayridge Development LLC	\$612	BLD06-01307
7/9/2007	Sloanne Square LLC	\$612	BLD07-00226
9/17/2007	Sloanne Square LLC	\$612	BLD07-00125
9/24/2007	Shumway 10 LLC	\$612	BLD06-01274
10/22/2007	Thomas Berk	\$612	BLD06-00422
11/21/2007	Randy Both & Megan Both	\$612	BLD07-00745
11/29/2007	Tibor Varga	\$612	BLD07-00720
12/19/2007	Shumway 10 LLC	\$612	BLD06-01306
12/19/2007	Merit Homes Inc	\$612	BLD07-00808
12/19/2007	Merit Homes Inc	\$612	BLD07-00809
subtotal:		\$18,972	
Southwest - Multi-Family/Non-Residential			
9/10/2007	Merrill Gardens At Kirkland	\$49,450	BLD07-00152
10/9/2007	Benjamin Greene	\$248	BLD07-00107
subtotal:		\$49,698	
Southwest - Single Family Residential			
3/6/2007	Sanvar LLC	\$612	BLD06-01271
3/14/2007	Sanvar LLC	\$116	BLD07-00002
3/15/2007	D Horton	(\$612)	BLD06-00210
3/15/2007	D Horton	(\$612)	BLD06-00212
3/15/2007	D Horton	(\$612)	BLD06-00213
3/15/2007	D Horton	(\$612)	BLD06-00214
4/12/2007	Perry Vyzis	\$612	BLD06-00298

Date Received	Payer/ApplicantName	Amount Received	Case # (link to P*P)
4/12/2007	Yaser Ghaffari	\$612	BLD06-01239
6/1/2007	Sanvar LLC	\$612	BLD07-00171
6/15/2007	Jeff Hindle & Barb Hindle	\$612	BLD06-01049
7/9/2007	Jet City Development, Inc	\$612	BLD07-00531
7/23/2007	Diane Haag	\$612	BLD07-00440
8/14/2007	Robert & Rita Bioren	(\$612)	BLD04-00702
8/17/2007	Hadi Hajian	\$612	BLD07-00597
12/6/2007	Kirkland Builders Group	\$612	BLD07-01024
12/6/2007	Kirkland Builders Group	\$612	BLD07-01040
12/27/2007	Kirkland Builders Group	\$612	BLD07-01046
12/27/2007	Kirkland Builders Group	\$612	BLD07-01046
	subtotal:	\$4,400	
	Total Park Impact Fees:	\$108,400	

City of Kirkland
Cumulative Impact Fee Report - Summary
1999-2007

Zone Collected	Amount Collected	
	Roads	Parks
East		
Multi-Family/Non-Residential	\$801,872	\$43,486
Single Family Residential	\$321,728	\$204,852
Subtotal East	\$1,123,600	\$248,338
Northeast		
Multi-Family/Non-Residential	\$1,346,940	\$0
Single Family Residential	\$9,660	\$612
Subtotal Northeast	\$1,356,600	\$612
Northwest		
Multi-Family/Non-Residential	\$407,979	\$190,228
Single Family Residential	\$234,856	\$134,338
Subtotal Northwest	\$642,835	\$324,566
Southwest		
Multi-Family/Non-Residential	\$1,170,697	\$260,034
Single Family Residential	\$136,824	\$72,880
Subtotal Southwest	\$1,307,521	\$332,914
Total Collected - All Zones	\$4,430,556	\$906,430



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

MEMORANDUM

To: David Ramsay, City Manager

From: Tracey Dunlap, Director of Finance & Administration

Date: August 28, 2008

Subject: Leasehold Excise Tax Repayment

RECOMMENDATION:

Council approve the use of approximately \$251,000 from the Contingency Reserve Fund to repay the leasehold excise tax credit balance created when the State of Washington refunded \$300,000 from the City's leasehold excise tax receipts to King County Hospital District #2 (Evergreen).

BACKGROUND DISCUSSION:

In March 2008, the City of Kirkland was notified by the Washington State Department of Revenue that they had issued a leasehold excise tax credit of \$300,000 from the City's leasehold excise tax receipts to King County Hospital District #2 (Evergreen) in recognition of their overpayment of this tax. Since that time, our bimonthly leasehold excise tax receipts have been applied against this credit, reducing the outstanding amount to approximately \$251,000. In June 2008, the Department of Revenue requested repayment in full, in response to which the City proposed continuing to apply the bimonthly receipts to the credit until it was satisfied (a process that would take over two years and eliminate all revenue from this on-going tax resource for the 2009-2010 budget period). While the Department has agreed that this proposal is acceptable, on further consideration, we are recommending that we repay the outstanding credit using the Contingency Reserve Fund. The current balance in the Contingency Reserve Fund is projected at \$2.8 million at the end of 2008 and the reserve's stated purpose is "to meet any municipal expense, the necessity or extent of which could not be reasonably foreseen at the time of adopting the biennial budget." The leasehold excise tax refund meets this definition and the Contingency Reserve Fund is not one of the reserves that is expected to be used in the budget balancing plan (the use of part of the Revenue Stabilization Reserve is planned as part of the framework, with the General Operating Reserve as a hedge against worsening conditions).

While paying over time is an option, the City's current budget situation is driven in part by a decline in on-going revenues. By deducting the credit from the on-going receipts, we eliminate an on-going revenue source of about \$60,000 per year, or \$120,000 for the biennium, which could be used toward preserving existing service levels. By using the Contingency Reserve Fund (which is not part of the budget balancing strategy) to pay off the credit balance, we add the remaining on-going leasehold excise tax revenues back as an on-going revenue source. This option also avoids the need to record the obligation to repay the credit as a liability on the City's financial statements.

Staff recommends paying the \$251,000 credit balance from the Contingency Reserve Fund (a fiscal note is attached) and including the remaining revenues from leasehold excise tax in the on-going revenue projection.

FISCAL NOTE

Source of Request							
Tracey Dunlap, Director of Finance & Administration							
Description of Request							
Request funding of approximately \$251,000 to completely pay the outstanding amount of leasehold excise tax credit to the Washington State Department of Revenue. The balance is owed due to a significant refund in 2008 resulting from overpayment of this tax over the last three years by Evergreen Hospital. This will make on-going leasehold excise tax revenue available for 2009-10.							
Funding is recommended to come from the Contingency Fund.							
Legality/City Policy Basis							
Fiscal Impact							
One-time use of approximately \$251,000 from the Contingency Fund. The contingency is able to fully fund this request.							
Recommended Funding Source(s)							
Reserve	Description	2008 Est End Balance	Prior Auth. 2007-08 Uses	Prior Auth. 2007-08 Additions	Amount This Request	Revised 2008 End Balance	2008 Target
	Contingency	3,193,826	365,936	0	250,000	2,577,890	3,285,172
	2007-08 Prior Authorized Uses include: \$31,500 for a Permit Process Review project, \$54,436 for continued Annexation Outreach, \$25,000 for a fiscal review of the Park Place developer's analysis of a potential redevelopment and \$255,000 for the Planned Action Environmental Impact Statement related to the private amendment request for Park Place.						
Revenue/ Exp Savings							
Other Source							
Other Information							

Prepared By	Neil Kruse, Budget Analyst	Date	September 4, 2008
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CITY OF KIRKLAND
Department of Public Works
123 Fifth Avenue, Kirkland, WA 98033 425.587.3830
www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Daryl Grigsby, Public Works Director
Ray Steiger, P.E., Capital Projects Manager

Date: September 4, 2008

Subject: 2009 to 2014 Transportation Improvement Program (TIP) – Hearing & Adoption

RECOMMENDATION:

It is recommended that City Council conduct a public hearing on the 2009 to 2014 TIP; based on the results of the hearing it is recommended that Council adopt the attached resolution.

BACKGROUND DISCUSSION:

At their regular meeting of September 2nd, Council set September 16, 2008 as the date to conduct a public hearing on the 2009 to 2014 TIP. The purpose of the hearing is to provide an opportunity for the public to comment and provide input on transportation projects that are planned for the City. Changes introduced at the public hearing will be incorporated into the City's TIP prior to submitting it to the Puget Sound Regional Council, Washington State DOT, and other adjacent agencies. Annual adoption of a six-year TIP is in accordance with RCW 35.77.010 and 47.26.210 and is used to designate transportation projects which are eligible for federal, state and/or local funding.

For the most part, the projects that are identified in the 2009 to 2014 TIP mirror the transportation element of the 2009 to 2014 CIP to be adopted by Council later this year. Exceptions to this are that the TIP also includes projects that are identified in the 117 street operating fund such as loop detector replacement and sidewalk repair, etc.

The proposed 2009–2014 TIP was presented to the Kirkland Transportation Commission at their meeting of August 27, 2008.

Attachment: Resolution
Six Year Transportation Improvement Program from 2009 to 2014
Map – Transportation Improvement Program 2009 to 2014

RESOLUTION R-4725

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND APPROVING AND ADOPTING THE ANNUAL UPDATE FOR THE SIX-YEAR TRANSPORTATION AND STREET CONSTRUCTION AND IMPROVEMENT PROGRAM IN ACCORDANCE WITH SECTION 19.08.051, KIRKLAND MUNICIPAL CODE.

WHEREAS, the City is required annually to review and modify or amend as deemed appropriate the Six-Year Transportation and Street Construction and Improvement Program; and

WHEREAS, the Public Works Director has submitted his report and recommendation for review by the City Council as required by state law; and

WHEREAS, public hearing has been held before the City Council on September 16, 2008; and

WHEREAS, the City Council has considered the recommendation and comment received during the public hearing;

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

Section 1. The perpetual Six-Year Transportation and Street Construction and Improvement Program for the City of Kirkland is hereby adopted, modified, and amended, all as set forth in Exhibit A, which exhibit is incorporated herein by reference. Pursuant to Section 19.08.051 (as amended) of the Kirkland Municipal Code, said Exhibit A constitutes the Transportation Improvement Program in the form required by RCW Chapter 47.26 and is in conformance to and in furtherance of the circulation element of the Comprehensive Land Use Policies Plan adopted by Kirkland Ordinance 2346.

Section 2. A copy of this resolution, including Exhibit A, shall be filed with the Secretary of Transportation for the State of Washington as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of _____, 2008

Signed in authentication thereof this ____ day of _____, 2008.

MAYOR

Attest:

City Clerk

Washington State Department of Transportation

Six Year Transportation Improvement Program

From 2009 to 2014

Agency: Kirkland

Co. No.: 17 Co. Name: King Co.

Hearing Date: 9/2/2008 Adoption Date: 9/16/2008

Amend Date: 9/16/2008 Resolution No.: R-

Functional Class	Priority Number	Project Identification		Improvement Type(s)	Status	Total Length	Utility Codes	Fund Source Information					Expenditure Schedule (Local Agency)				Federally Funded Projects Only								
		A. Federal Aid No.	B. Bridge No.					Phase Start (mm/dd/yyyy)	Federal Fund Code	Federal Cost by Phase	State Fund Code	State Funds	Local Funds	Total Funds	1st	2nd	3rd	4th Thru 6th	Envir. Type	R/W Required Date (MM/YY)					
		C. Project Title	D. Street/Road Name or Number																		E. Beginning MP or road	F. Describe Work to be Done	1st	2nd	3rd
1	2	3		4	5	6	7		10	11	12	13	14	15	16	17	18	19	20	21					
14	7		124th Ave NE Roadway Improvement - North Section 124th Avenue NE from: NE116th St to: NE 124th St Widen existing roadway between NE 116th St to NE 124th St to 5 lanes, including CLT, improved crosswalks, sidewalks, and bike lanes	04 06 32	P	0.60	P		1040 3512	715 1040 3512	AIP AIP AIP	497 1763 2440	1212 1763 5952	58 838					EA	Yes					
17	8		122nd Avenue NE Sidewalk 122nd Avenue NE from: NE 70th Street to: NE 80th Street Install sidewalk, curb and gutter, planter strip with street trees and bicycle facilities.	32	S	0.40			5267			3660	8927	896					EA	No					
17	9		118th Ave NE Roadway Extension 118th Avenue NE from: NE 116th St to: NE 118th St Extend approximately 450' of 28' roadway including a retaining wall and a new signal at NE 116th St	01	P	.09						761 2890 2789	761 2890 2789						EA	Yes					
00	10		NE 90th Street I-405 Ped/Bike Overpass NE 90th Street from: I-405 to: I-405 at NE 90th St - construct a pedestrian/bicycle bridge across Interstate 405	08 32	P	0.11						6440	6440						EA	Yes					
17	11		NE 100th Street Bike Lane NE 100th Street from: Slater Ave NE to: 132nd Ave NE Install five foot bike lanes along the existing roadway between Slater Ave NE and 132nd Ave NE	32	S	0.28						3741 397 1247	3741 397 1247	1644	1644		169		EA	No					
17	12		Non-motorized Facilities 116th Ave NE -South 116th Avenue NE from: NE 40th St to: NE 60th St Consists of widening both sides of 116th Ave NE to accommodate a 5-foot paved bicycle lane in each direction	32	P	1.36	C P T					1546 4483	1546 4483	1644	1644				EA	No					
Totals								667	667	667	667	667	667	667	667	667	667	667	667	667	667	667			
Totals								6440	6440	6440	6440	6440	6440	6440	6440	6440	6440	6440	6440	6440	6440	6440	6440	6440	
Totals								3741	3741	3741	3741	3741	3741	3741	3741	3741	3741	3741	3741	3741	3741	3741	3741	3741	
Totals								1644	1644	1644	1644	1644	1644	1644	1644	1644	1644	1644	1644	1644	1644	1644	1644	1644	1644
Totals								6029	6029	6029	6029	6029	6029	6029	6029	6029	6029	6029	6029	6029	6029	6029	6029	6029	6029

Six Year Transportation Improvement Program From 2009 to 2014

Washington State Department of Transportation

Agency: Kirkland
 Co. No.: 17 Co. Name: King Co.
 City No.: 0625 MPO/RTPO: _____

Hearing Date: 9/2/2008 Adoption Date: 9/16/2008
 Amend Date: 9/16/2008 Resolution No.: _____

Functional Class	Priority Number	Project Identification		Improvement Type(s)	Status	Total Length	Utility Codes	Project Costs in Thousands of Dollars										Federally Funded Projects Only								
		A. Federal Aid No.						B. Bridge No.		Fund Source Information					Expenditure Schedule (Local Agency)					Envir. Type	RW Required Date (MM/YY)					
		C. Project Title						D. Street/Road Name or Number		Federal Fund Code	Federal Cost by Phase	State Fund Code	State Funds	Local Funds	Total Funds	1st	2nd	3rd	4th Thru 6th							
E. Beginning MP or road - Ending MP or road		F. Describe Work to be Done		Phase Start (mm/dd/yyyy)	Federal Fund Code	State Fund Code	State Funds	Local Funds	Total Funds											16	17	18	19			
1	2		3							4	5	6	7													
19	13	NE 90th Street Sidewalk - Phase I		32	P	0.28												EA	No							
		NE 90th Street from: 124th Avenue NE to: 128th Avenue NE Install sidewalk, planter strip with trees and curb and gutter.																								
17	14	NE 95th Street Sidewalk - Highlands		32	P	0.24												EA	No							
		NE 95th Street from: 112th Ave NE to: 116th Ave NE Install 1260 feet of curb, gutter, sidewalk, and street trees																								
17	15	119th Ave NE Roadway Extension		01	P	0.11												EA	Yes							
		119th Avenue NE from: 128th St to: NE 130th St Extend approximately 600' of 28' roadway including pedestrian and bike facilities, curb and gutter																								
16	16	NE 70th Street/132nd Ave NE Intersection Improvements		05 06	S													EA	No							
		NE 70th Street from: 132nd Ave NE to: 132nd Ave NE Construct a westbound right turn lane and a northbound right turn lane																								
17	17	NE 124th Street HOV Queue Bypass		12 21	P	0.09	T											EA	Yes							
		NE 124th Street from: 116th Ave NE to: Install 450' of eastbound HOV lanes on NE 124th St to southbound I-405, modify signal at 116th Ave NE																								
17	18	120th Ave NE Roadway Improvements		04 32 12	P	0.21												EA	Yes							
		120th Avenue NE from: NE 128th Street to: NE 132nd Street Widen existing roadway between NE 132nd St and NE 128th St to a 5 lane section including sidewalks, curb and gutter, landscaped medians, signal reconstruction, and utility undergrounding.																								
Totals								1165	1165																	
Totals								48	48																	
Totals								524	524																	
Totals								572	572																	
Totals								334	334																	
Totals								4083	4083																	
Totals								1223	1223																	
Totals								5640	5640																	
Totals								769	769																	
Totals								2364	2364																	
Totals								1458	1458																	
Totals								4591	4591																	
Totals								553	553																	
Totals								119	119																	
Totals								1050	1050																	
Totals								1722	1722																	
Totals								891	891																	
Totals								4830	4830																	
Totals								3267	3267																	
Totals								8988	8988																	

Washington State Department of Transportation

Six Year Transportation Improvement Program

From 2009 to 2014

Agency: Kirkland

Co. No.: 17 Co. Name: King Co.

Hearing Date: 9/2/2008 Adoption Date: 9/16/2008

Amend Date: 9/16/2008 Resolution No.: R-

Functional Class	Priority Number	Project Identification		Improvement Type(s)	Status	Total Length	Utility Codes	Project Costs in Thousands of Dollars							Expenditure Schedule (Local Agency)					Federally Funded Projects Only			
		A. Federal Aid No.	B. Bridge No.					Phase Start (mm/dd/yyyy)	Fund Source Information			State Fund Code	State Funds	Local Funds	Total Funds	1st	2nd	3rd	4th Thru 6th	Envir. Type	R/W Required Date (MM/YY)		
		C. Project Title	D. Street/Road Name or Number						E. Beginning MP or road	F. Describe Work to be Done	Federal Fund Code											Federal Cost by Phase	Federal Fund Code
1	2	3		4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21		
17	19		NE 90th Street Sidewalk - Phase II NE 90th Street from: 120th Ave NE to: 128th Ave NE Consists of installing curb and gutter, storm drainage, sidewalk and landscaping	32	P	0.50		PE RW CN						624	624					EA	No		
14	20		98th Avenue NE Bridge Replacement 98th Avenue NE from: Forbes Creek to: Consists of replacing a bridge along a principal arterial that is seismically vulnerable, bridge 0001123A	09	P	0.10		PE CN	BR BR					3560 6636	3560 6636					EA	No		
14	21		NE 85th Street Queue Bypass NE 85th Street from: 114th Ave NE to: Install 400' of eastbound HOV lanes on NE 85th St to southbound I-405, modify signal at 114th Ave NE	12 21	P	0.08	T	PE CN						290 551	290 551					EA	No		
00	22		Crestwoods Park/BNSF Ped/Bike Facility 18th Avenue NE from: Crestwoods Park to: 111th Ave NE Construct concrete pedestrian and bicycle path, stairs, and overpass between Crestwoods Park and the Highlands	32	P	0.25		PE RW CN						841 402 840 1263	841 402 840 1263					EA	No		
17	23		93rd Ave NE Sidewalk 93rd Avenue NE from: NE 124th Street to: Juenita Drive Install curb and gutter, sidewalk, and storm drainage	32	P	0.50	P C T	PE RW CN						250 14 784	250 14 784					EA	Yes		
00	24		Crosswalk Upgrade Program City Wide from: Crosswalk improvements at various locations throughout the City	32	S			PE CN						1048 45 165	1048 45 165	15 55	15 55	15 55	15 55	EA	No		
								Totals							Totals					Totals			
								2584 2584							2584 2584					210 210			
								10196 10196							10196 10196					70 70			
								2505 2505							2505 2505					70 70			

Washington State Department of Transportation

Six Year Transportation Improvement Program

From 2009 to 2014

Agency: Kirkland

Co. No.: 17 Co. Name: King Co.

City No.: 0625 MPO/RTPO:

Hearing Date: 9/2/2008 Adoption Date: 9/16/2008

Amend Date: 9/16/2008 Resolution No.: R-

Functional Class	Priority Number	Project Identification		Improvement Type(s)	Status	Total Length	Utility Codes	Project Costs in Thousands of Dollars						Expenditure Schedule (Local Agency)				Federally Funded Projects Only				
		A. Federal Aid No.	B. Bridge No.					Fund Source Information		1st	2nd	3rd	4th Thru 6th	Envir. Type	Required Date (MM/YY)							
		C. Project Title	D. Street/Road Name or Number					Federal Fund Code	State Fund Code							Federal Fund Code by Phase	State Fund Code	Local Funds	Total Funds			
E. Beginning MP or road - Ending MP or road		F. Describe Work to be Done		Phase Start (mm/dd/yyyy)	Phase End (mm/dd/yyyy)	Federal Fund Code	State Fund Code	Federal Cost by Phase	State Fund Code	Local Funds	Total Funds	1st	2nd	3rd	4th Thru 6th	EA	No					
1	2	3		4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
02	31		NE 132nd Street Roadway Improvements - Phase I West NE 132nd Street from: 100th Ave NE to: I-405 Landscape median islands, sidewalk repair and the overlay and restriping to provide 5-foot bike lanes and improved pedestrian access.	06	P	0.85		PE CN						289 1059	289 1059					EA	No	
16	32		6th Street/Kirkland Way New Traffic Signal 6th Street from: Kirkland Way to: Kirkland Way Construct traffic signal at 6th Street/Kirkland Way intersection	12	S			Totals				1348		1348						EA	No	
17	33		NE 52nd Street Sidewalk NE 52nd Street from: 108th Ave NE to: Lake Wa Blvd Widening and minor realignment west of BNSF railroad tracks; installation of retaining wall, sidewalks, curb & gutter, along the north side, and	32	P	0.25		PE RW CN						250 35 784	250 35 784					EA	Yes	
17	34		Kirkland Way/BNSF Railroad Abutment Intersection Kirkland Way from: BNSFRR to: Construct new railroad undercrossing to correct geometric deficiencies, install sidewalks	09	P			Totals				1069		1069						EA	No	
14	35		Lake Washington Blvd HOV Queue Bypass Lake Washington Blvd from: Cochran Springs Creek to: City of Bellevue at SR520 Add approx. 500 feet of southbound HOV travel lane to Lake Washington Blvd	12 21	P	0.09		PE RW CN						549 4989 1042	549 4989 1042					EA	Yes	
09	36		Park Lane Pedestrian Corridor Enhancements Park Lane from: Lake St to: 3rd St Enhancement of pedestrian connection in association with the new Downtown Transit Center.	06	S			Totals				6580		6580						EA	No	
Totals								692	692	692	692	692	692	692	692	692	692	692	692	692	692	692

Six Year Transportation Improvement Program

From 2009 to 2014

Washington State Department of Transportation

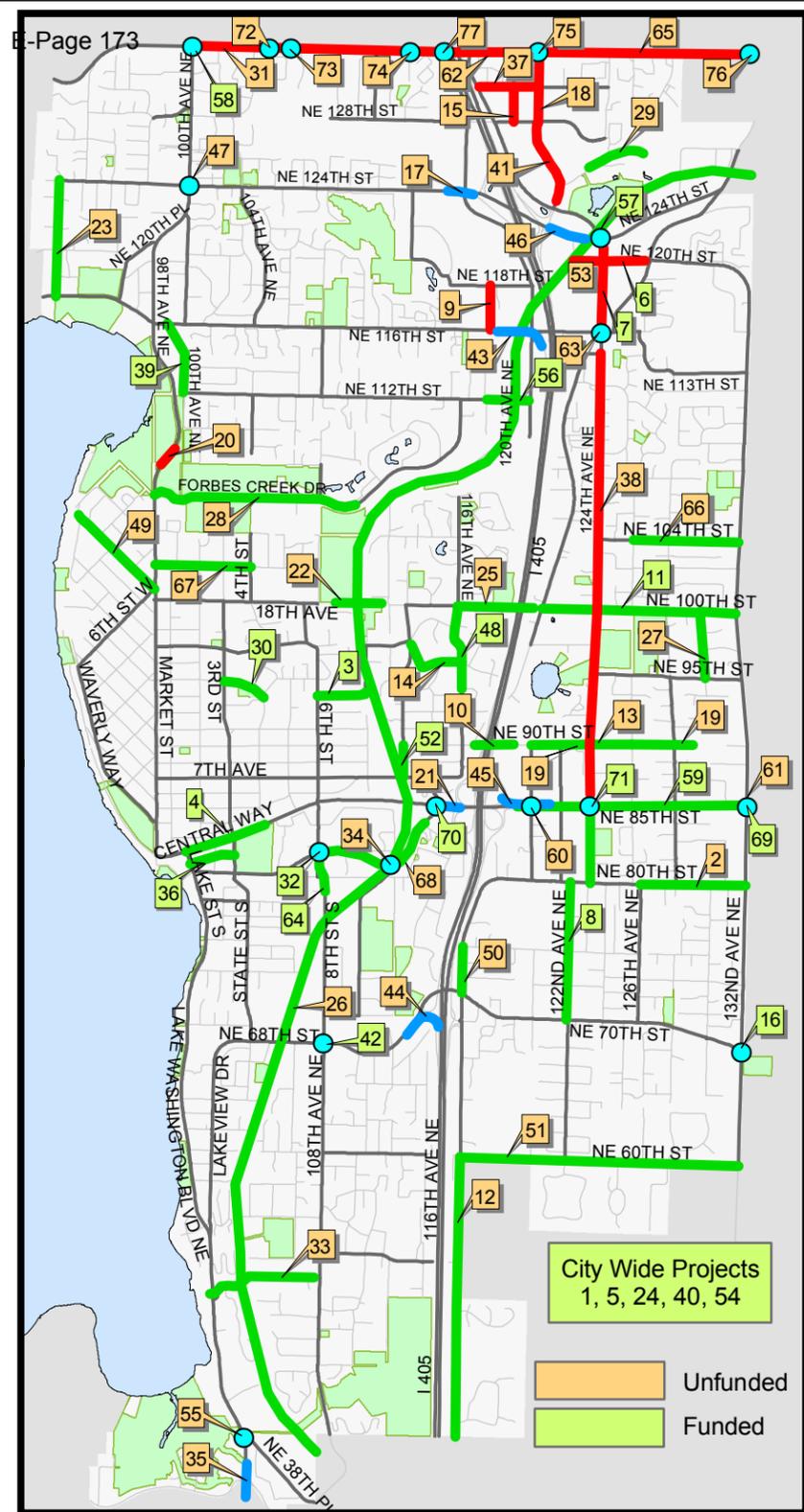
Agency: Kirkland
 Co. No.: 17 Co. Name: King Co.
 City No.: 0825 MPO/RTPO: _____

Hearing Date: 9/2/2008 Adoption Date: 9/16/2008
 Amend Date: 9/16/2008 Resolution No.: R-

Functional Class	Priority Number	Project Identification		Improvement Type(s)	Status	Total Length	Utility Codes	Project Costs in Thousands of Dollars							Expenditure Schedule (Local Agency)				Federally Funded Projects Only	
		A. Federal Aid No.	B. Bridge No.					Fund Source Information		Phase Start (mm/dd/yyyy)	State Fund Code	State Funds	Local Funds	Total Funds	1st	2nd	3rd	4th Thru 6th	Envir. Type	RW Required Date (MM/YY)
		C. Project Title	D. Street/Road Name or Number					Federal Fund Code	Federal Cost by Phase											
1	2	3		4	5	6	7	10	11	12	13	14	15	16	17	18	19	20	21	
16	43	NE 116th Street Eastbound HOV Queue Bypass		05 12 21	P	0.28						2142	2142					EA	Yes	
		NE 116th Street from: 118th Ave NE to: I-405 SB										1133	1133							
		Install approx. 1500 feet of new eastbound HOV west of the intersection of 120th Ave NE that will allow transit and HOV vehicles to enter I-405 in the southbound direction.										4062	4062							
16	44	NE 70th Street Eastbound HOV Queue Bypass		05 12 21	P	0.06						471	471					EA	Yes	
		NE 70th Street from: NE 70th St to: I-405 SB										337	337							
		Install approx. 300 feet of new eastbound travel lane west of I-405 to allow transit and HOV traffic to enter I-405 in the southbound direction at NE 70th St.										894	894							
14	45	NE 85th Street Westbound HOV Queue Bypass		05 12 21	P	0.07						1702	1702					EA	Yes	
		NE 85th Street from: 120th Ave NE to: I-405 NB										553	553							
		Install approx. 350 feet of new westbound travel lane east of the intersection of NE 85th St and 120th Ave NE that will allow transit and HOV traffic to enter I-405 in the northbound direction.										173	173							
		Install approx. 500 feet of new westbound travel lane east of the I-405 northbound off-ramp that will allow transit and HOV traffic to enter northbound I-405 northbound direction.										1049	1049							
14	46	NE 124th Street Westbound HOV Queue Bypass		05 12 21	P	0.09						1775	1775					EA	No	
		NE 124th Street from: 124th Ave NE to: I-405 NB										440	440							
		Install approx. 500 feet of new westbound travel lane east of the I-405 northbound off-ramp that will allow transit and HOV traffic to enter northbound I-405 northbound direction.										835	835							
14	47	100th Ave NE/NE 124th Street Intersection Improvements		05 06	P							1275	1275					EA	No	
		100th Avenue NE from: NE 124th Street to: NE 124th Street										770	770							
		Construct a 250 foot northbound through lane on the south leg of the intersection; construct a 250 foot northbound receiving lane on the north leg of the intersection.										1460	1460							
16	48	116th Avenue NE Sidewalks - Highlands		05	S	0.36						2230	2230					EA	No	
		116th Avenue NE from: NE 94th St to: NE 100th St										170	170							
		Project consists of installing curb, gutter, sidewalk, and street trees										907	907							
												72	72							
												38	38							
												496	496							
												295	295							
												1077	1077							
												568	568							
												333	333							



Transportation Improvement Program (2009-2014)



- 1. Annual Striping Program**
Annual program to maintain markings that identify lanes and guidance for auto, pedestrians, bicycles, transit and other forms of transportation.
- 2. NE 80th St Sidewalk**
Install of concrete curb, gutter, sidewalk and storm drainage improvements on the south side of NE 80th Street from 126th Ave NE to 132nd Ave NE.
- 3. 12th Ave Sidewalk**
Widen 780 feet of sidewalk, curb, and gutter and planter strip with street trees.
- 4. Central Way Pedestrian Enhancements - Phase II South**
The construction of pedestrian bump-outs and key crosswalks along Central Way together with other pedestrian related amenities.
- 5. Annual Street Preservation Program**
The annual improvements included are street overlays, slurry seal, crack seal, and others.
- 6. NE 120th Street Roadway Extension - East Section**
Connect NE 120th St through from Slater Ave NE to 124th Ave NE
- 7. 124th Ave NE Roadway Improvements - North Section**
Widen existing roadway between NE 116th St. to NE 124th St. to 5 lanes including CLTL, improved crosswalks, sidewalks, and bike lanes.
- 8. 122nd Ave NE Sidewalk**
Install 2,100 ft. of curb, gutter, sidewalk and planter strip along the east side of 122nd Ave NE between NE 70th St and NE 75th St and along the west side of 122nd Ave NE between NE 75th St and NE 80th St.
- 9. 118th Ave NE Roadway Extension**
Extend approx. 450' of 28' roadway including a retaining wall, and a new signal at NE 116th Street.
- 10. NE 90th St/I-405 Overpass Pedestrian Crossing Bridge**
I-405 at NE 90th St-Construct a pedestrian/bicycle bridge across Interstate 405.
- 11. NE 100th Street Bike Lane**
Install five foot bike lanes along the existing roadway between Slater Ave NE and 132nd Ave NE.
- 12. 116th Ave NE (South Section) Non-motorized Facilities - Phase II**
Consists of widening both sides of 116th Ave NE, from NE 40th St to NE 60th St, to accommodate a 5-foot paved bicycle lane in each direction.
- 13. NE 90th Street Sidewalk (Phase I)**
Install 1,500 ft. of curb, gutter, sidewalk and planter strip between 124th Ave NE and 128th Ave NE.
- 14. NE 95th Street Sidewalk (Highlands)**
Install 1,260 ft. of curb, gutter, sidewalk and street trees between 112th Ave NE and 116th Ave NE.
- 15. 119th Ave NE Roadway Extension**
Extend approx. 600' of 28' roadway including ped and bike facilities, curb and gutter.
- 16. NE 70th Street/132nd Avenue NE Intersection Improvements**
Install new right turn lanes for westbound and northbound travel lanes.
- 17. NE 124th St HOV Queue Bypass**
Install 450 ft of eastbound HOV lanes on NE 124th St to S. bound I-405 - modify signal at 116th Ave NE.
- 18. 120th Ave NE Roadway Improvements**
Widen existing roadway between NE 132nd St. and NE 128th Street to a 5 lane section including sidewalks, curb and gutter, landscaped medians, signal reconstructions, and utility undergrounding.
- 19. NE 90th St Sidewalk (Phase II)**
This project consists of installing curb and gutter, storm drainage, sidewalk and landscaping.
- 20. 98th Ave NE Bridge Replacement**
This project consists of replacing a bridge along a principal arterial that is seismically vulnerable. Bridge 000/01123A.
- 21. NE 85th St Queue By-Pass**
Install 400 ft of eastbound HOV lanes on NE 85th St to S. bound I-405, modify signal at 114th Ave NE.
- 22. Crestwoods Park/BNSF Ped/Bike Facility**
Construct concrete pedestrian and bicycle path, stairs and overpass between Crestwood Park and the Highlands.
- 23. 93rd Ave NE Sidewalk**
Install curb and gutter, sidewalk and storm drainage along 93rd Ave NE from NE 124th St. to Juanita Drive.
- 24. Crosswalk Upgrade Program**
Crosswalk improvements at various locations throughout the City.
- 25. NE 100th St at Spinney Homestead Park Sidewalk**
Install 620' of sidewalk along the N. side of NE 100th St., including curb and gutter and landscaping.
- 26. Cross Kirkland Trail**
Construct a multiuse recreational trail along the active BNSF Railroad right of way between Bellevue and the north City limits at Totem Lake.
- 27. 130th Ave NE Sidewalk**
Install 1000' of sidewalk, curb and gutter, and storm drainage improvements between NE 95th St. and NE 100th St.

- 28. Forbes Valley Pedestrian Facility**
Construct sidewalk adjacent to Forbes Creek Drive.
- 29. NE 126th St - Non-Motorized Facilities**
Install a 2100 ft. pathway along with retaining walls at NE 126th Street in Totem Lake.
- 30. 13th Ave Sidewalk**
Install approx. 815' of sidewalk, curb and gutter between 3rd St and 4th St (Van Aalst Park) along south side of 13th Ave.
- 31. NE 132nd St Roadway Improvements - Phase 1 West**
Landscape median islands, sidewalk repair and the overlay and restriping to provide 5-foot bike lanes and improved pedestrian access.
- 32. 6th St./Kirkland Way-New Traffic Signal**
Construct traffic signal at 6th Street/Kirkland Way intersection
- 33. NE 52nd St Sidewalk**
Widening and minor realignment west of BNSF railroad tracks; installation of retaining wall, sidewalks, curb and gutter along the north side, and drainage improvements.
- 34. Kirkland Way/BNSF Railroad Abutment Intersection Improvements**
Construct new railroad undercrossing to correct geometric deficiencies, install sidewalks.
- 35. Lake Washington BLVD HOV Queue Bypass**
Add approx. 500' of southbound HOV travel lane to Lake Wash. Blvd. between Cochran Springs Creek and the City of Bellevue at SR 520.
- 36. Park Lane Pedestrian Corridor Enhancements**
Enhancement of pedestrian connection in association with the new Downtown Transit Center.
- 37. NE 130th St. Roadway Extension**
Extend approx. 1,100' of new 28' roadway including sidewalks, curb and gutter, and bike lanes.
- 38. 124th Ave NE Roadway Widening (South Section)**
Widen approx. 1.8 miles of roadway from two lanes to three lanes, with sidewalks, bike lanes, landscaping.
- 39. 100th Ave NE/99th PI NE Sidewalk**
Install approx. 1,350 feet of curb, gutter, sidewalk and five-foot planter strip along 100th Ave NE and 99th PI NE that currently do not have sidewalk.
- 40. Miscellaneous Street Improvements**
The annual elements included are sidewalk repair, pavement marking, detection loop replacement, and spot pedestrian improvements.
- 41. 120th Ave NE/Totem Lake Roadway Improvements**
On-Street parking, pedestrian features and traffic calming being implemented on 120th Ave, between the North and South branches of the Totem Lake Mall, with redevelopment of the Totem Lake Mall.
- 42. NE 68th Street/108th Avenue NE Intersection Improvements**
Construct eastbound, westbound and northbound right turn lanes and other improvements.
- 43. NE 116th St Eastbound HOV Queue Bypass**
Install approx. 1500 ft. of new eastbound HOV west of the intersection of 120th Ave. NE that will allow transit and HOV vehicles to enter I-405 in the southbound direction.
- 44. NE 70th St. Eastbound HOV Queue Bypass**
Install approx. 300 ft. of new eastbound travel lane west of I-405 to allow transit and HOV traffic to enter I-405 in the southbound direction at NE 70th St.
- 45. NE 85th St. Westbound HOV Queue Bypass**
Install approx. 350 ft. of new westbound travel lane east of the intersection of NE 85th St. and 120th Ave. NE that will allow transit and HOV traffic to enter I-405 in the northbound direction.
- 46. NE 124th St. Westbound HOV Queue Bypass**
Install approximately 500 ft. of new westbound travel lane east of the I-405 northbound off-ramp that will allow transit and HOV traffic to enter northbound I-405.
- 47. 100th Avenue NE/NE 124th Street Intersection Improvements**
Construct a 250 foot northbound receiving lane on the north leg of the intersection.
- 48. 116th Ave NE Sidewalks (Highlands)**
Install 1,900 ft. of curb, gutter, sidewalk and street trees from NE 100th St to NE 94th St.
- 49. 18th Avenue West Sidewalk**
Install 2,400 ft. of curb, gutter, sidewalk, planter strip and street trees from Market St. to Rose Point Lane.
- 50. 116th Ave NE Sidewalk (South Rose Hill)**
Install 770 ft. of curb, gutter, sidewalk and planter strip between NE 70th St and NE 75th St.
- 51. NE 60th Street Sidewalk**
Install curb, gutter, sidewalk and a bike lane along the north side of NE 60th St from 116th Ave NE to 132nd Ave NE.

- 52. 112th Ave NE Sidewalk**
Install curb, gutter and sidewalk from NE 87th St to NE 90th St.
- 53. NE 120th St Roadway Extension**
Install 1,450 ft. of new roadway along an alignment north of NE 116th St/I-405 off-ramp.
- 54. Annual Sidewalk Repair Program**
Preservation and maintenance of the City's 200 miles of sidewalk.
- 55. Lake Washington Boulevard/ NE 38th Place Intersection Improvements**
Install one additional northbound travel lane. Upgrade existing signalized intersection. Replace all existing pedestrian facilities and consolidate commercial driveways where feasible.
- 56. NE 112th Street Sidewalk (North side)**
Install 610 ft. of curb, gutter and sidewalk between 117th PI NE and the existing sidewalk east of the BNSF railroad crossing.
- 57. NE 124th St/124th Ave NE Intersection Improvements - Phase III**
Widen north (southbound) leg to allow second left-turn lane, extend right-turn-only lane to become a through-right (ROW acquisition required).
- 58. 100th Avenue NE/NE 132nd Street Intersection Improvements**
Restripe northbound to eastbound right-turn lane; construct a 250 foot northbound receiving lane on the north leg of the intersection.
- 59. Rose Hill Business District Sidewalks**
Along NE 85th St from I-405 to 132nd Ave NE and 124th Ave NE from NE 80th St to NE 85th St; install sidewalks, planters, improved lighting, median islands and consolidated driveways.
- 60. NE 85th St/120th Ave NE Intersection Improvements**
Install new turn lanes and pedestrian facilities. Consolidate commercial driveways where feasible. Replace all existing pedestrian facilities.
- 61. NE 85th St/132nd Ave NE Intersection Improvements**
Install one each new travel lanes westbound and east bound. Upgrade existing signalized intersection. Replace all existing pedestrian facilities.
- 62. NE 132nd St Roadway Improvements - Phase II Mid Section**
Addition of landscape median islands, concrete sidewalk repair and the overlay and restriping of NE 132nd St to provide 5 foot bicycle lanes and improved pedestrian access.
- 63. NE 116th St/124th Ave NE North Bound Dual Left Turn**
Project will reconstruct the south leg (124th Ave NE) of the intersections to allow for two northbound left-turn lanes from 124th Ave NE to NE 116th St. It will require signal modification and lane reconfiguration.
- 64. 6th Street Sidewalk**
Install Approx 550 lineal feet of 5-ft concrete sidewalk and crossing improvements at Kirkland Ave, with planter strips installed where appropriate.
- 65. NE 132nd St Roadway Improvements - Phase III East Section**
Addition of landscape median islands, concrete sidewalk repair and the overlay and restriping of NE 132nd St to provide 5-foot bicycle lanes and improved pedestrian access.
- 66. NE 104th St Sidewalk**
Install concrete curb, gutter and sidewalk with a 5-foot planter strip with ADA compliant wheelchair ramps.
- 67. 19th Ave Sidewalk**
Install concrete curb, gutter and sidewalk with a 5-foot planter strip with ADA compliant wheelchair ramps.
- 68. Kirkland Way Sidewalks**
Install concrete curb, gutter and sidewalk with a 5-foot planter strip with ADA compliant wheelchair ramps.
- 69. NE 85th St/132nd Ave NE Intersection Improvements Phase 1**
Construct SB to WB dedicated right-turn lane and extend SB to EB left-turn pocket. Construct NB to EB right-turn lane and extend WB to NB right-turn lane.
- 70. NE 85th St/114th Ave NE Intersection Improvements**
Install two SB left-turn lanes from 115th PI south to intersection and provide NE 85th St HOV queue by-pass lane to SB I-405.
- 71. NE 85th St/124th Ave NE Intersection Improvements**
Construct two EB to NB left-turn lanes and install NB 124th Ave NE taper to provide for bike lanes, wider planter strip and landscaping.
- 72. NE 132nd St/Juanita High School Access Road Intersection**
Construct EB right-turn lane.
- 73. NE 132nd St/108th Ave NE Intersection Improvements**
Construct WB right-turn lane.
- 74. NE 132nd St/Fire Station Access Drive Intersection Improvements**
Modify existing signal to include pedestrian actuated option.
- 75. NE 132nd St/124th Ave NE Intersection Improvements**
Extend EB left-turn lane and add second EB left turn lane. Widen and restripe east leg to match west leg and restripe north leg to provide 2 NB through lanes with 1 SB left-turn lane and 1 SB/through/right-turn lane.
- 76. NE 132nd St/132nd Ave NE Intersection Improvements**
Extend EB left-turn lane and right-turn lane.
- 77. NE 132nd St/116th Way NE (I-405) Intersection Improvements**
Coordination of City ROW and intersection improvements in association with the WSDOT's Half-Diamond interchange.

NOT TO SCALE

Legend

- Intersection Improvements
- HOV Improvements
- Roadway Improvements
- Non-Motorized Improvements

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Map Printed Aug 27, 2008 - Public Works GIS



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

MEMORANDUM

To: Dave Ramsay, City Manager

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

Date: September 4, 2008

Subject: Public Hearing on Revenue Sources for the 2009-2010 Budget

RECOMMENDATION:

City Council hold a public hearing on September 16, 2008 on revenue sources for the 2009-2010 Budget.

BACKGROUND:

This is the first of two required public hearings on the 2009-2010 budget. The second public hearing on the 2009-2010 Preliminary Budget will be held on November 18th.

General Fund Forecast

The City Council began their discussion of the 2009-2010 Budget at their retreat on March 28, 2008. At that time, the forecast showed a projected 2009-10 General Fund budget gap between ongoing revenues and expenditures of \$5.9 million (\$2.54 million in 2009 and \$3.36 million in 2010). Given the weakening economy and declining sales tax receipts, a revised forecast was prepared and presented at the special budget study session on June 5th. The revised forecast projected a General Fund ongoing deficit of \$7.39 million (\$2.96 million in 2009 and \$4.43 million in 2010), which excluded current one-time funded positions/programs. Also presented at the June 5th study session was a forecast that included all current levels of service, funded by both ongoing and one-time resources. The projected General Fund deficit assuming the continuation of current one-time funded positions/programs through 2009-10 was \$13.8 million. The forecast was based on the following revenue assumptions:

- No use of reserves in 2009-2014
- 1% optional property tax and 2% annual growth in new construction property tax in 2009-2014
- 2008 budgeted sales tax adjusted to 2007 actuals
- 2% growth in sales tax over 2008 reflected in 2009
- Recognition of sales tax loss from an auto dealership sales office move (June 2009) and Redmond and Bellevue Costco stores opening (2010 – loss recovered during 2010 through 2015)
- 6% annual growth in sales tax reflected in 2010-2014 projections
- 4% annual growth in utility taxes in 2009-2014
- 2% annual growth in other taxes (revenue generating business license & gambling taxes) in 2009-2014
- EMS levy maintained at previous level since additional funding will come with additional costs

- Includes elimination of leasehold excise tax for 2009 due to Evergreen Hospital credit and nominal amount starting in 2010 (although staff is recommending that this credit be paid in 2008 using reserves to preserve the ongoing revenues for 2009-10)
- 5% annual growth in other revenue in 2009-2014

In addition, a “sales tax risk” scenario was generated assuming a 6.8% decrease in sales tax in 2008, no growth in 2009, and 2% growth in 2010, which produced an estimated gap of over \$17 million.

The Finance staff is currently engaged in balancing each operating fund’s basic budget for 2009-2010. The preliminary budget is being developed within the budget framework reviewed with the City Council on July 15, which includes the following increases in tax revenue:

- The 1% optional property tax increase and use of the City’s remaining banked capacity (an additional 1%)
- A 3% increase in utility tax on City utilities (water, sewer and solid waste)
- A 1.5% voted increase in utility tax on private utilities in 2010 (gas, electric, telecommunications, and cable)
- A restructuring of the City’s business license fee and surcharge to be based on a fee per full-time equivalent employee (FTE)

Things are still in a state of flux with sales tax revenues and development-related fees continuing to lag the 2008 budget. The General Fund Revenue Summary from the June 2008 Financial Management Report is included as Attachment A for reference as to the status of revenues in 2008.

Public Information and Process

In addition to the public hearing, information about the budget was distributed in August as a special edition of the City Update and will be posted on the City’s web page.

Upcoming, significant dates in the budget process include the following:

- September 30th – Finance Committee review of budget issues and process
- October TBD – Finance Committee review of budget issues and process
- October 21st – 2009-2010 Preliminary Budget provided to the City Council
- October 30th (tentative) – Special budget study session
- November 4th (tentative) – Additional budget study session
- November 10th (tentative) – Additional budget study sessions
- November 18th – Public hearing on the Preliminary 2009-2010 Budget and preliminary 2009 property tax levy
- December 2nd (tentative) – Adoption of 2009-14 CIP
- December 16th (tentative) – Adoption of 2009-10 budget and final 2009 property tax levy

CITY OF KIRKLAND
RESOURCE REPORT: GENERAL FUND
For the Period Ending June 30, 2008

General Fund Resource Category	Year-to-Date Actual			Budget			% of Budget	
	6/30/2007	6/30/2008	% Change	2007	2008	% Change	2007	2008
Taxes:								
Retail Sales Tax: General	8,086,395	7,068,768	-12.6%	15,918,981	15,756,800	-1.0%	50.8%	44.9%
Retail Sales Tax: Criminal Justice	550,831	569,086	3.3%	1,114,253	1,050,000	-5.8%	49.4%	54.2%
Property Tax	4,531,858	4,825,375	6.5%	8,790,086	9,037,710	2.8%	51.6%	53.4%
Utility Taxes	4,588,082	4,985,699	8.7%	8,723,683	8,145,822	-6.6%	52.6%	61.2%
Rev Generating Regulatory License	512,755	566,150	10.4%	936,671	990,000	5.7%	54.7%	57.2%
Other Taxes	204,663	244,678	19.6%	462,597	334,654	-27.7%	44.2%	73.1%
Total Taxes	18,474,584	18,259,756	-1.2%	35,946,271	35,314,986	-1.8%	51.4%	51.7%
Licenses & Permits:								
Building, Structural & Equipment Permits	937,418	800,081	-14.7%	2,078,436	2,163,450	4.1%	45.1%	37.0%
Business Licenses/Franchise Fees	732,932	792,595	8.1%	1,421,435	1,449,450	2.0%	51.6%	54.7%
Other Licenses & Permits	88,741	157,528	77.5%	188,749	193,900	2.7%	47.0%	81.2%
Total Licenses & Permits	1,759,091	1,750,204	-0.5%	3,688,620	3,806,800	3.2%	47.7%	46.0%
Intergovernmental:								
Grants	98,795	102,002	3.2%	182,160	36,784	-79.8%	54.2%	277.3%
State Shared Revenues & Entitlements	331,428	318,224	-4.0%	623,230	645,318	3.5%	53.2%	49.3%
Fire District #41	-	-	N/A	3,184,310	3,487,428	N/A	N/A	N/A
EMS	-	-	N/A	504,376	793,023	N/A	N/A	N/A
Other Intergovernmental Services	296,068	311,030	5.1%	589,478	439,609	-25.4%	50.2%	70.8%
Total Intergovernmental	726,291	731,256	0.7%	5,083,554	5,402,162	6.3%	14.3%	13.5%
Charges for Services:								
Internal Charges	1,710,072	1,764,207	3.2%	3,443,777	3,511,012	2.0%	49.7%	50.2%
Engineering Services	271,776	324,212	19.3%	635,000	610,000	-3.9%	42.8%	53.1%
Plan Check Fee	536,445	572,904	6.8%	958,700	900,000	-6.1%	56.0%	63.7%
Planning Fees	463,770	282,676	-39.0%	968,900	1,194,637	23.3%	47.9%	23.7%
Recreation	38,824	40,511	4.3%	79,516	83,000	4.4%	48.8%	48.8%
Other Charges for Services	459,898	313,056	-31.9%	880,191	677,323	-23.0%	52.2%	46.2%
Total Charges for Services	3,480,785	3,297,566	-5.3%	6,966,084	6,975,972	0.1%	50.0%	47.3%
Fines & Forfeits	557,145	589,744	5.9%	1,317,860	1,132,000	-14.1%	42.3%	52.1%
Miscellaneous	191,806	205,912	7.4%	553,002	404,150	-26.9%	34.7%	50.9%
Total Revenues	25,189,702	24,834,438	-1.4%	53,555,391	53,036,070	-1.0%	47.0%	46.8%
Other Financing Sources:								
Interfund Transfers	-	28,838	N/A	988,434	190,914	N/A	N/A	15.1%
Resources Forward	3,958,622	4,190,324					#DIV/0!	#DIV/0!
Total Other Financing Sources	-	28,838	N/A	988,434	190,914	N/A	N/A	15.1%
Total Resources	25,189,702	24,863,276	-1.3%	54,543,825	53,226,984	-2.4%	46.2%	46.7%

* Budgeted and actual revenues exclude resources forward.



CITY OF KIRKLAND
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To: Dave Ramsay, City Manager

From: Daryl Grigsby, Public Works Director
David Godfrey, P.E., Transportation Engineering Manager

Date: September 4, 2008

Subject: PUBLIC HEARING FOR COUNCIL POSITION ON SOUND TRANSIT 2 BALLOT MEASURE

RECOMMENDATION:

It is recommended that the Council hold a public hearing to provide a public comment opportunity and Council consideration of taking an official position on the November 4 Sound Transit 2 ballot measure.

BACKGROUND DISCUSSION:

On November 4, voters in the Sound Transit District will consider a ballot measure to fund a package for the second phase of Sound Transit projects (ST2). At a future meeting, Council may wish to adopt a resolution concerning this measure. A public hearing is required in advance of adoption of such a resolution.

Attachments to this memo describe the ST2 proposal:

<u>Attachment</u>	<u>Description</u>
1	Two page summary of the ballot measure
2	The ST2 plan as adopted by the Sound Transit Board
3	Appendix A to the ST2 plan, Detailed descriptions of projects and estimated costs
4	Appendix B to the ST2 plan, Financial policies
5	Appendix C to the ST2 plan, Benefits, costs, revenues, capacity and reliability
6	Appendix D to the ST2 plan, Social, Economic, and Environmental Impacts; Performance Characteristics by Mode; and Integration with Regional Land Use

LINK LIGHT RAIL FEATURES

In addition to extending the Central Link light rail line, the Mass Transit Expansion Proposal supports moving forward rapidly with further extensions to Tacoma and Redmond in a future phase by funding environmental review, preliminary engineering and early right-of-way purchases where possible. The package also includes planning for a future extension to Everett.

Fast, frequent service

Environmentally friendly electric light rail trains operate in their own right-of-way, providing fast, reliable service that isn't delayed by congestion. Trains will run 20 hours per day and every few minutes during rush hours.

Ample room to grow

System capacity can be expanded to meet long-term needs from continued population growth by running trains as often as every four minutes with up to four cars, each train carrying up to 800 riders, for an hourly capacity of up to 12,000 riders in each direction. Stations will act as hubs where riders transfer from buses onto congestion-free light rail service. Per passenger, light rail systems are on average 37 percent less expensive to operate than buses.

Sample light rail travel times	
Microsoft to downtown Bellevue:	11 min.
Northgate to downtown Seattle:	15 min.
Bellevue to Qwest Field:	20 min.
Lynnwood to UW:	21 min.
Lynnwood to downtown Seattle:	28 min.
Highline C.C. to Safeco Field:	37 min.

IMPROVED STATION ACCESS

Provides funds that will allow more people to access regional transit services at key locations. Access improvements in Auburn, Edmonds, Kent, Lakewood, Mukilteo, Puyallup, South Tacoma, Sumner, Tacoma and Tukwila will be tailored to the needs of each location and may include:

- Expanded parking
- Pedestrian improvements at or near stations
- Additional bus/transfer facilities for improved feeder service to stations
- Bicycle access and storage at stations
- New and expanded drop-off areas to encourage ridesharing.

EASTSIDE RAIL PASSENGER PARTNERSHIP

Provides funds for a potential capital contribution to a partnership for Eastside passenger rail operation on existing railroad right-of-way. Sound Transit and the Puget Sound Regional Council are currently evaluating the potential benefits of passenger rail operation on this corridor.

PARTNERSHIP PROJECTS TO IMPROVE MOBILITY

The Mass Transit Expansion Proposal contributes funds to complete projects in conjunction with other parties that will improve access to transit and travel times:

- Tacoma Link extension
- Bothell transit center/parking garage
- Burien parking garage.

RESPONDING TO REGIONAL GROWTH

Continued growth in the region's population and employment puts increasing pressure on our transportation system. The plan responds with targeted investments that provide new and expanded transit options to improve near-term and future mobility for people who live and work here. In 2030, 70 percent of the residents and 85 percent of the jobs in the Sound Transit District will be within easy access to light rail or commuter rail, either on foot, by bike or a single bus ride.

Estimated growth by 2030	Population	Employment
Bellevue	+24%	+39%
Burien/Tukwila/Renton	+16%	+34%
Capitol Hill/Queen Anne	+20%	+23%
Downtown Seattle	+79%	+24%
Everett	+25%	+38%
Federal Way/Auburn	+17%	+33%
Kent	+35%	+30%
Lynnwood/Edmonds	+34%	+50%
North Seattle	+13%	+29%
Redmond/Kirkland	+26%	+40%
South Seattle	+7%	+29%
Tacoma	+18%	+28%

[Puget Sound Regional Council data]

PROTECTING OUR ENVIRONMENT

With transportation the region's largest contributor to greenhouse gas emissions, one of the most important things people can do to reduce their carbon footprints is to use public transit. This package would bring about 147,000 more daily boardings to regional transit services in 2030, increasing ridership by more than 20% over what it would be without transit system expansion. It would reduce greenhouse gas emissions by 99,550 metric tons of CO₂ equivalents per year.

RIDERSHIP

This plan takes thousands more cars off roads, with expanded train and bus services moving people through the region's most congested corridors.

2030 Estimated Daily Ridership

Service	Without Plan	With Plan
Link light rail	124,000	286,000
ST Express buses	52,000	48,000
Souder commuter rail	19,000	24,000
Total	195,000	358,000

Figures reflect near-term demand. Actual long-term system capacity will be much higher. Figures are preliminary and subject to refinement.

PLANNING FOR THE FUTURE

Funds several studies of future expansions: light rail from Lynnwood to Everett, UW to Ballard, Ballard to downtown Seattle, West Seattle and Burien, and Burien to Renton, South Bellevue to Issaquah via I-90, UW across SR 520 to Kirkland and Redmond; and future bus rapid transit services on the I-405 corridor.

PAYING FOR EXPANDED SERVICES

- 5/10 of one percent sales tax increase, or five cents for every \$10 retail purchase
- Typical new cost per adult is \$69 annually
- Continuation of existing *Sound Move* taxes (0.4% sales tax and 0.3% vehicle license tax)

COSTS

\$17.8 billion* in year-of-expenditure (YOE) dollars for 2009-2023, including capital costs, operations and maintenance costs, reserves and debt service.

*Includes estimates of inflation.

SOUND TRANSIT

**RESOLUTION No. R2008-10
Exhibit A**

Adopted July 24, 2008

Sound Transit 2

**A Mass Transit Guide
The Regional Transit System Plan
For Central Puget Sound**

**Sound Transit 2 (ST2)
A Mass Transit Guide**

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Sound Transit 2 Regional Transit System Plan Map



Introduction

Sound Transit proposes to improve and expand the regional mass transit system. The agency has been working since 1996 on the first phase of a regional mass transit system in the Central Puget Sound region that includes Link light rail, Sounder commuter trains and ST Express buses. This initial phase, called Sound Move, was approved by voters in 1996 in response to burgeoning growth and traffic problems.

Sounder commuter trains currently operate in a 74-mile corridor from Everett to Tacoma, with an eight-mile extension to Lakewood underway. ST Express buses operate on every major highway in the region. Link light rail serves downtown Tacoma, and it will open for service between Seattle and Sea-Tac International Airport in 2009. Together, these services carry more than 14 million riders a year reliably around the region to jobs, shopping, school, sporting events, and other places they need to go.

Construction of the Link light rail extension between downtown Seattle and the University District is expected to begin in late 2008, with service to start in 2016.

Even with those investments, however, improving transportation continues to be one of the biggest challenges facing this region.

Another one million people are expected to call this region home in the next 25 years. That's about a 30 percent increase in population and is more than the current combined populations of Seattle, Bellevue, Everett, and Tacoma. Put another way, the population of the Central Puget Sound region is growing by almost 40,000 people per year.

By the year 2030, growth will lead to a 35 percent increase in employment and a 30 percent increase in vehicle travel in the region. By 2030, the typical commuter could spend nearly an entire work week of additional time stuck in traffic. Weekday rush hour could last from breakfast through dinner, strangling the movement of traffic and freight, jeopardizing our economy, and hurting the environment.

With a strong mass transit foundation in place and more growth on the way, additional investment is needed to ensure mobility for people and to help the Central Puget Sound region's transportation system run smoothly. An expanded mass transit system that builds on what we have is more important than ever.

In response, Sound Transit is proposing a plan that builds on the Sound Move program called Sound Transit 2. The Sound Transit 2 Plan (ST2) would expand the existing light rail system to serve three major travel corridors. Link light rail would extend from North Seattle into Snohomish County; across Lake Washington into East King County; and south of Sea-Tac International Airport to Federal Way.

ST2 would also expand Sounder commuter rail and ST Express regional bus service significantly. A map showing ST2 Regional Transit System Plan improvements can be found on Page 4.

The ST2 Plan was developed through an open public process over a four-year period. During that period, Sound Transit coordinated closely with cities and counties and conducted substantial public outreach. With more jobs and people on the way, the time is now to continue building our transportation future.

Sound Move achievements

- Nearly 16 miles of new light rail from downtown Seattle to Sea-Tac Airport will open in 2009
- Light rail extension to UW will open in 2016
- Investing more than \$800 million in transit centers, HOV direct access ramps and park-and-rides
- 74 miles of Sounder commuter rail with 10 stations
- Tacoma Link light rail connects Tacoma Dome Station to downtown Tacoma
- 19 new ST Express bus routes offer all-day two-way service
- 12,500 new park-and-ride spots with 10,000 already in service
- PugetPass easy transfer fare system

ST2: The Future

ST2 includes a major expansion of the Link light rail system. Light rail is currently operating in downtown Tacoma, and a nearly 16-mile line currently under construction between downtown Seattle and Sea-Tac International Airport is scheduled to open in 2009. An extension from downtown Seattle to the University of Washington is scheduled to open in 2016.

The ST2 Plan builds on these Link light rail lines and the region’s investment in Sounder commuter rail and ST Express bus service. ST2 proposes a future in which someone can ride a light rail train to a job or appointment from the Overlake Transit Center area of Redmond west to Bellevue, downtown Seattle or the University of Washington; from Lynnwood to Northgate and on to the University of Washington, downtown Seattle and the airport; or from Redondo/Star Lake area near Federal Way to the vicinity of Highline Community College, the airport and on to downtown Seattle. The ST2 Plan would extend the rail system to serve nearly 50 percent of the region’s current population and employment centers, providing a reliable transportation option for most of the region’s citizens.

Because it runs on its own tracks separated from traffic, light rail is quick and reliable. It will take 19 minutes to travel on a light rail train from downtown Bellevue to the International District Station and nearby Qwest and Safeco fields, 11 minutes from

Overlake Transit Center to downtown Bellevue, 15 minutes from Northgate to downtown Seattle, or 28 minutes from downtown Seattle to Lynnwood, or 12 minutes from Redondo/Star Lake to the airport. And because trains are not stuck in traffic, riders can count on the ride being the same every day –

rain or shine. With trains running up to 20 hours a day, and every few minutes at peak times, riders won’t need to carry a schedule or a map.

ST2 at a glance

- Adds approximately 36 miles of new light rail, with at least 19 new stations
- Adds 4 round trip Sounder commuter rail trains between Lakewood and Seattle
- Improves Sounder stations along the entire line – north and south
- Adds 17% more ST Express regional bus service
- Adds a new streetcar connector line in Seattle

When all proposed ST2 projects are completed, half of all work trips to downtown Seattle are expected to be on transit. The number of people taking transit to work during peak commuting hours will increase in the other major regional centers being served by the plan’s investments. Together these investments will enable more people to get around reliably and predictably. With ST2 in place, Sound Transit ridership is projected to grow

to over 100 million per year in 2030. The system will also have additional capacity to absorb future growth well beyond 2030.

The new investments proposed in the ST2 Plan are estimated to cost approximately \$13.4 billion (including inflation) to construct over the next 15 years. These regional investments in new mass transit infrastructure include regional express bus, commuter rail, and light rail facilities. In addition to these capital improvements, the plan provides funding for operating and maintaining the system. Operations and maintenance costs are estimated at \$1.9 billion (including inflation) through 2023. The financial plan also funds reserves and debt service – for detailed information see the “Paying for the System” section later in this document.

The ST2 Plan is consistent with established long-range regional transportation and land use plans. The Puget Sound Regional Council (PSRC) created the Vision 2040 plan to be a strategy for directing growth in an environmentally responsible way, while fostering economic development and providing efficient transportation. In addition, the PSRC created the Destination 2030 plan to be the region’s comprehensive long-range transportation plan. Grounded in Vision 2040’s growth management and transportation policies, Destination 2030 provides a multimodal plan for investing in roads, ferries, transit and freight mobility through the year 2030. Destination 2030 is now being updated by the PSRC to reflect the transportation needs of Vision 2040 and is expected to be complete in 2010.

As the Regional Transit Authority (under Chapters 81.104 and 81.112 RCW), Sound Transit is responsible for regional high-capacity transit system planning in the context of Destination 2030. Sound Transit updated its Regional Transit Long-Range Plan in 2005. ST2 is the next phase of transit improvements for the Central Puget Sound region.

The ST2 Plan

ST2 will substantially expand the regional mass transit system by extending and adding more light rail lines, and increasing commuter rail and regional express bus service. This new service will enhance and add high-capacity transit in the region’s main travel

corridors. The result will be service that cuts through congestion and provides ridership capacity to accommodate the region's needs.

System Access

Value from a high-capacity transit system comes from the ability of that system to transport people reliably, rapidly and efficiently. That is only possible when people are able to access the system. Access solutions vary by transit mode and community. In recognition of these varying needs, Sound Transit will, in consultation with its local transit partners and host jurisdictions, conduct access and demand studies for its passenger facilities to evaluate a full range of needs and potential improvements to meet those needs. Improvements may include:

- Pedestrian improvements at or near transit facilities;
- Additional bus/transfer facilities for improving bus connections;
- Expanded parking at or near transit facilities;
- Off-site/satellite parking along existing transit routes that connect to the facility, including transit priority treatments to improve the speed and reliability of those routes;
- Bicycle access and storage at or near transit facilities; and
- New/expanded drop-off areas to encourage ride sharing.

Link Light Rail Extensions

ST2 adds approximately 36 miles of new light rail by extending north from the University of Washington to Northgate and Lynnwood, south from Sea-Tac International Airport to the vicinity of Redondo/Star Lake area near Federal Way, and east from Seattle to Bellevue and Overlake Transit Center in Redmond. Light rail trains will provide service to at least 19 planned new stations up to 20 hours a day and every few minutes during peak commuting periods.

In addition, funding is established in ST2 for further planning, preliminary engineering, and environmental review for future light rail extensions. ST2 also includes a strategic right-of-way preservation program to ensure crucial properties can be protected or acquired. This will allow Sound Transit to secure property for future extensions to

provide more certainty to affected property owners, and to avoid the complications and additional financial expense of acquiring property that has been recently redeveloped.

South Corridor

ST2 adds a light rail extension from Sea-Tac International Airport to the Redondo/Star Lake area near Federal Way, with three planned new stations at South 200th Street, the vicinity of Highline Community College (scheduled to open by 2020), and Redondo/Star Lake (scheduled to open by 2023). Funds, in the form of a capital contribution, are also programmed to provide for the expansion of the Tacoma Link light rail system if other public or private entities provide matching funds. Extensions that have been studied and are under consideration are north to the Tacoma General Hospital area or east to Fife. Funding is also provided to complete environmental documentation, preliminary engineering, and partial right-of-way acquisition for light rail between Federal Way and Tacoma.

East Corridor

ST2 expands light rail across Lake Washington via I-90 from downtown Seattle to Overlake Transit Center in Redmond, with nine planned new stations serving Rainier Avenue/I-90, Mercer Island, South Bellevue, Downtown Bellevue, Overlake Hospital, the Bel-Red corridor, Overlake Village and Overlake Transit Center (East Link Project). The line is scheduled to be open to Bellevue by 2020 and Overlake Transit Center by 2021. Funding is also provided to complete environmental documentation and preliminary engineering for light rail between Overlake Transit Center and downtown Redmond.

North Corridor

ST2 expands light rail north from the University of Washington to Lynnwood, adding seven planned new stations; University District, Roosevelt neighborhood, Northgate, 145th Street, Shoreline, Mountlake Terrace and Lynnwood. This extension is scheduled to be open to Northgate by 2020 and to Lynnwood by 2023. If additional funding and/or cost savings are available, preliminary engineering and environmental review for the extension of light rail from Lynnwood Transit Center to Everett may be performed as part of the ST2 program.

ST2 also includes to a new streetcar connector line between downtown Seattle, First Hill, and the future Capitol Hill light rail station. The new connector will also provide convenient access to the Sounder commuter rail system and regional bus services.

Sounder Commuter Rail Improvements

The ST2 Plan builds on the investments already made for providing passenger rail service between Everett and Lakewood along rail lines owned by Sound Transit and the Burlington Northern Santa Fe (BNSF) Railway Company.

ST2 increases the capacity of the highly utilized Tacoma-Seattle service through additional trains and expanded train lengths. Up to four round trips will be added to this service. Service capacity will be further expanded by increasing the number of passenger cars per train from seven to eight, and extending platforms at some stations. Additional locomotives and passenger cars will be acquired to support this capacity and service expansion.

On the Lakewood-Tacoma-Seattle line, ST2 also includes an expanded permanent Sounder station in Tukwila and access improvements for commuter rail and bus riders at the Kent, Auburn, Sumner, Puyallup, Tacoma Dome, South Tacoma, and Lakewood stations. The ST2 Plan also provides for improvements on existing tracks in Tacoma, including Tacoma Rail tracks that are used by Sounder.

On the Everett-to-Seattle line, potentially in conjunction with Washington State Ferries multimodal terminal improvement projects, ST2 includes the construction of a permanent Edmonds Station and access improvements to Mukilteo Station.

Funds are also included to construct, own and operate a commuter rail yard and shop facility to support the level of service for Sounder trains at full operational capacity, enabling the agency to more efficiently maintain and operate Sounder.

The ST2 Plan also includes two provisional commuter rail stations along the Everett-to-Seattle Corridor at Broad Street and Ballard that can be implemented subject to the availability of additional funds.

ST Express Regional Bus Improvements

Recognizing the recent high growth in ridership experienced by Sound Transit and all our partner transit agencies in the Central Puget Sound region, the ST2 Plan rapidly improves ST Express bus service in the highest-need corridors. Additional bus service improvements are made mid-way through the program. Specifically, ST2 provides annual operating and fleet expansion funds to increase service levels in the following corridors: I-5 (Everett to Seattle and Tacoma to Seattle), I-90 (Issaquah to Bellevue and Seattle), I-405 (Everett to Bellevue and Renton to Bellevue), SR 167 (Puyallup, Sumner, Auburn, Kent, Tukwila and Renton to Bellevue) and SR 522 (Woodinville and Bothell to Seattle) by improving service frequency, expanding hours of operation and adding trips to relieve overloads. It also includes new routes in the SR 520 corridor to further develop bus rapid transit (BRT) connecting Redmond, Bellevue, the University of Washington, and downtown Seattle, taking advantage of transit speed and reliability improvements programmed as part of the Washington State Department of Transportation (WSDOT) SR 520 - Bridge Replacement and HOV Project.

In conjunction with King County Metro Transit bus services in the SR 520 corridor, Sound Transit will restructure ST Express services to improve overall service reliability and frequencies to at least every 15 minutes in both directions all day long on weekdays. Sound Transit will also seek to provide improved passenger amenities such as real-time next bus arrival information at stations. High service levels, streamlined transit facilities, and congestion management will result in a fast, reliable, and high-capacity BRT system in the corridor.

In cooperation with Community Transit in Snohomish County, ST2 provides significant investment in expanding ST Express service levels by 30% in the I-5 and I-405 corridors from Everett to Seattle and Bellevue respectively. Beginning in 2009, ST2 includes a sufficient number of buses and the operating funds to provide a total of 100,000 annual platform hours above Sound Move planned levels. ST2 continues this service hour expansion on I-5, I-405, SR 520, SR 522, SR 167, and I-90 through the 15-year life of the plan.

Throughout implementation Sound Transit will work with WSDOT, Community Transit, Everett Transit, King County Metro, and Pierce Transit, to find solutions to rising congestion on HOV facilities in an effort to improve bus speed and reliability.

As bus maintenance capacity and fleet become available, Sound Transit will implement additional service as quickly as possible. Total annual ST Express service hours across the region will be increased by about 17 percent by 2020. ST2 also includes contributions from Sound Transit to help fund new or improved transit centers in Burien and Bothell in partnership with others.

When light rail opens in the various corridors the majority of ST Express service in those corridors will be redeployed resulting in a net overall increase in transit service.

While Sound Move included high-occupancy vehicle (HOV) access projects that make it easier for buses to merge into freeway HOV lanes, no new such projects are included in ST2. Park-and-ride expansion, HOV direct access ramps and other system access improvement projects are a high priority in Snohomish County. Such projects at regional system access facilities in Snohomish County may be built if sufficient additional funding and/or cost savings are identified in the ST2 program. Sound Transit continues to assume that WSDOT will fund and complete construction of the core HOV lane system in accordance with its freeway HOV policy. Funding is in place for Sound Transit's share of HOV projects underway on I-90 across Lake Washington and in Renton. These are Sound Move projects being implemented in partnership with WSDOT.

Eastside Rail Corridor Partnership

The ST2 Plan sets aside funds that may be used in connection with rail passenger development and associated work that may be undertaken by other local governments and public agencies for long-term passenger rail service on an existing BNSF line. This rail line, portions of which BNSF intends to abandon and which the Port of Seattle is purchasing through the federal rail-banking process, stretches from the City of Snohomish to the City of Renton, east of Lake Washington. The State of Washington has directed Sound Transit and the PSRC to complete a feasibility study of potential

passenger rail on this corridor. In addition, other parties in the region have expressed an interest in passenger rail service on this line.

Any future passenger-rail service along this corridor would be implemented and operated by other public and/or private parties, particularly along the portion of the corridor located in Snohomish County outside the Sound Transit District. The ST2 Plan does not include funds to operate such passenger rail service. Sound Transit's investment in this project is limited to a maximum contribution of \$50 million dollars, which may be used for engineering and design, and for the purchase of capital equipment and real estate that can either be sold or used on Sound Transit's existing transportation system. Sound Transit's investment is also contingent upon the satisfaction of the following conditions prior to December 31, 2011:

- a. Completion of the Sound Transit/PSRC feasibility study and determination that passenger rail on the Eastside BNSF corridor is feasible and would be a meaningful component of the region's future transportation system, as required by state law; and
- b. The Sound Transit Board's determination that the ridership forecasts, financing plan, and capital and operating cost estimates and operating plan are reasonable and that the service will provide substantial benefits to the regional transportation system in the Sound Transit District; and
- c. Execution of an agreement with other public or private parties regarding the implementation of a passenger rail system.

If a partnership for passenger rail on the BNSF corridor in East King County is not executed by December 31, 2011, the \$50 million included in the ST2 plan for a partnership will be reprogrammed to further the implementation of HOV BRT service in the I-405 corridor in East King County. Options for alternative investments in the I-405 corridor will be developed for Board review and approval prior to expenditure of these funds.

Using the System

Sound Transit has used its research and technology and fares programs to find ways of making transit more convenient and easier to use.

For example, Sound Transit is installing vehicle location systems at its Link light rail and Sounder commuter rail stations and at some ST Express transit centers. These real-time electronic messages tell customers when the next train or bus will arrive. These electronic message signs will be in place in 2009 when the Link light rail system opens.

A decade ago, transferring between transit systems in the region required customers to have several passes or to pay a separate fare on each system. Over the last 10 years, Sound Transit has partnered with local transit agencies to create an integrated fare system that allows riders to transfer easily. In 1999, a new regional “PugetPass” was created for Sounder trains and ST Express, Community Transit, Everett Transit, Pierce Transit, and King County Metro buses. These agencies are working together with the Washington State Ferries and Kitsap Transit to implement new “smart card” technology in 2009 to make it even easier to travel around the region.

As part of ST2, Sound Transit will continue to explore and apply innovative technology and fare initiatives. Potential initiatives include expanding the “next bus” and “next train” electronic messaging system and installing more transit signal priority equipment to speed buses through congested intersections. Other possibilities include providing bus schedules and real-time “next bus” information on cell phones or personal handheld devices. Ticket vending machines at more locations would make it easier to buy a ticket or reload a smart card. Wireless internet access could be expanded to more Sound Transit vehicles and facilities. Electronic transit information kiosks could be installed in more places to provide more information to customers.

Planning for the Future

ST2 also includes funds to continue progress toward completing the regional transit system envisioned in Sound Transit’s Long-Range Plan. Like Sound Move, ST2 is another incremental investment toward completing the larger regional high-capacity transit system. Further phases will be necessary beyond ST2 to fully build out the system envisioned in the Long-Range Plan, all subject to voter approval.

In order to advance completion of further expansions of the system beyond this ST2 Plan funding is included for a series of planning studies. These studies will help narrow the

range of alternatives, evaluate potential routes and station locations, inform local comprehensive planning, prepare for formal environmental impact review and engineering, and position the Sound Transit Board to evaluate options and establish the next highest priorities for implementation of the next phase of high-capacity transit investments in the region. All of the studies will include extensive public outreach, preliminary environmental assessment and ridership forecasting, and conceptual engineering and cost estimating.

The studies include high-capacity transit from Lynnwood to the Southwest Everett Industrial Center and to Everett; Overlake Transit Center to downtown Redmond; South Bellevue to Issaquah; Redondo/Star Lake area near Federal Way to Tacoma; Redmond to Kirkland and on to the University District; University District to Ballard and on to downtown Seattle; Renton to Tukwila, Sea-Tac and on to Burien; downtown Seattle to West Seattle and on to Burien. These studies will inform the Sound Transit Board's consideration of potential updates to Sound Transit's Long-Range Plan.

In the I-405 corridor, the focus will be on planning for BRT, the preferred long-term high-capacity transit technology identified in the WSDOT's I-405 Corridor Program Master Plan. This study will review current transit service and capital improvements in the corridor being implemented by Sound Transit and other transportation agencies and explore opportunities to enhance BRT system coordination and identify additional future improvements.

Putting the System in Place

Implementing the Plan in Stages

Implementation of ST2 will begin after voters approve funding for the expanded regional transit system. Individual projects will be brought into service after they proceed through planning, public outreach, environmental review, preliminary engineering, property acquisition, final design, permitting, construction, and start-up/testing programs. Transit centers, parking garages and commuter rail stations typically take five to six years from planning and site selection through opening for service. Light rail extensions are more complex because they travel through multiple jurisdictions, along freeway corridors or

across waterways. Light rail extensions can take approximately four to seven years for planning, public outreach, environmental review, engineering and final design, and require another four to six years to build, depending on their length and complexity. Sound Transit continually coordinates with local and state governments to streamline project approval processes while ensuring environmental and community concerns are properly addressed. While putting each component of ST2 in place, Sound Transit will use a variety of proven analytical, project management and review techniques to make sure that the system provides the greatest regional benefits.

Link light rail from downtown Seattle to the University of Washington is scheduled to open in 2016. The First Hill streetcar connector to light rail is also scheduled to open by 2016. The ST2 Plan anticipates opening the extensions to Northgate, Bellevue and the vicinity of Highline Community College in 2020. Construction will continue to Overlake Transit Center with service scheduled to start in 2021, and the extensions to Lynnwood and Redondo/Star Lake are scheduled to open for service by 2023. ST2 also provides partnership funds for an extension of Tacoma Link light rail as early as 2015.

In the south corridor, Sounder commuter rail access will be improved for stations in Tukwila, Auburn, Sumner and Puyallup by 2015. Station platforms will be extended to accommodate longer trains by 2015 and four new round trips will be phased into service by 2014. Station access improvements for Mukilteo, Edmonds, Kent, Tacoma, South Tacoma, and Lakewood are scheduled to be completed by 2023.

ST Express regional bus service will be improved in high demand corridors in stages as additional buses and maintenance facility capacity becomes available. Sound Transit will put new service on the street as quickly as possible; change and add service to respond to ridership demand; and utilize access improvements such as HOV lanes, and expanded parking and station access improvements as they come on line. Sound Transit will work closely with its transit partners to coordinate, integrate and maximize bus service and restructure those services in response to new rail services.

The Sound Transit Board will consider the prioritization, sequencing, and actual timing of construction and service start-up of all ST2 projects. This will include ongoing consideration of factors affecting project readiness. The Board may modify project

timing as appropriate, in response to the anticipated evolution of project readiness over the ST2 implementation period, and the necessity of coordinating ST2 construction with that of regional highway projects occurring in the same corridors. Some ST2 projects are located in close proximity to WSDOT projects. To the extent practicable, Sound Transit will coordinate design of its projects with WSDOT, and both parties will work to phase construction of each project to mitigate the overall construction impacts. As ST2 light rail projects are planned and designed, consideration will be given to possible future system expansion options to facilitate future extensions. For example, extensions to Issaquah and Kirkland are being considered during planning and design of the East Link project.

Throughout the implementation of the ST2 Plan, Sound Transit's Transit-Oriented Development (TOD) program will strive to achieve pedestrian-friendly development around the high-capacity transit stations. The purpose of the TOD program is to promote development that will result in reduced automobile use, higher transit ridership, enhanced livability, walkability, and sustainability in the communities Sound Transit serves. A shift in the use of cars to walking and transit will result in reductions in fuel consumption and the emission of pollutants, especially greenhouse gases.

As Sound Transit plans potential locations for rail stations and other facilities, evaluations of transit-oriented or joint development will occur at each location. Sustainable station development results from the combined efforts of local jurisdictions and public and private partners. Sound Transit will work with those parties and also evaluate which jurisdictions are encouraging appropriate land uses and densities to reinforce efficient land use and transit connectivity.

Approximately midpoint in the ST2 program implementation, or when the environmental review of all light rail extensions is substantially complete, Sound Transit will evaluate what projects might be funded through a new voter-approved ballot measure and consider a workplan and schedule for such a measure. Sound Transit staff will prepare an evaluation of further system expansion and submit it for Board consideration. This evaluation will at a minimum:

- Determine whether ST2 program implementation is on course as planned;

- Analyze the results of the planning studies to draw conclusions on the appropriateness of pursuing additional corridor development;
- Recommend corridors for additional high-capacity transit development; and
- Assess the potential tools available and/or necessary to develop financing strategies for such corridor development (for instance, federal or state grants, additional revenue authority, use of existing revenues, or other funding partnerships), along with associated risks and opportunities.

Managing the Existing System

System Access Program

Convenient and efficient access for customers using the system is critical to the effectiveness of the regional transit system and for expanding system ridership. A System Access Program is established to promote the development of facilities to improve connections between surrounding communities and stations, transit centers and other customer boarding locations.

The System Access Program aims to leverage existing or planned investments at or near these facilities. For example, in order to improve bicycle and pedestrian access, funds from this program could be matched with funds from other parties to connect a station to the regional trail system. Candidates for application of the program include the Tukwila/International Boulevard and Sea-Tac International Airport stations, where trails and bicycle lanes lie to the east and west. A new trail extension is planned to the west, but additional facilities are needed to complete bicycle connections to the stations. Other potential System Access Program uses may include new and/or improved pedestrian and bicycle facilities, additional bus bays for expanding connecting bus service, capital improvements that improve bus speed and reliability along routes connecting to stations, and improved passenger drop-off/pick-up facilities at stations.

A portion of the program's funds will be allocated through a competitive process where project ideas will be regularly solicited and evaluated for funding consideration. Evaluation criteria will be established and may include but are not limited to the level of matching funds from outside sources, the ability to overcome small barriers or close

small gaps that are present along pedestrian and bicycle routes, and the potential to reduce reliance on auto use and parking for station access.

Bus-Ferry-Rail Service Integration

Buses and ferries are an integral part of the rail expansion in ST2. Sound Transit is working closely with its transit partners – Everett Transit, Community Transit, King County Metro, Pierce Transit, and Washington State Ferries – to develop a coordinated bus-ferry-rail network that fully utilizes the unique qualities and strengths of all transit modes. By coordinating bus-ferry-rail service planning and by designing stations for efficient intermodal connections, the rail expansions proposed in ST2 can strengthen existing bus and ferry systems and achieve region-wide mobility benefits that extend far beyond the rail alignments.

Providing rail service in high-traffic areas allows buses to avoid congested segments of the roadway system, improving transit's on-time performance and efficiency.

Convenient bus and ferry connections to rail stations extend the geographic reach of rail far beyond the immediate station areas, providing additional transit connections and expanded regional and neighborhood transit access to the high-capacity transit system. Since some bus service that operates parallel to rail will no longer be needed, the savings in bus service hours can be reinvested to increase bus service elsewhere.

A Community Effort

The public played a key role in shaping Sound Transit's Long-Range Plan and ST2, and will play an even greater role in ST2's implementation.

Sound Transit will continue its open public involvement process with many opportunities to inform and involve the community. This is particularly important when planning, designing and constructing specific projects so that the unique character and needs of each community can be reflected in the finished project.

The Sound Transit District

The Sound Transit District is more than 1,000 square miles with a population of about 2.86 million people. There are currently more than 50 cities in the district, which includes most of the urban areas of King, Pierce and Snohomish counties.

Sound Transit is governed by an 18-member board of directors made up of local elected officials including mayors, city council members, county executives and county council members from within the Sound Transit District, and the Secretary of the Washington State Department of Transportation.

Annexations

After voters within the district boundaries have approved a ballot proposition authorizing local taxes to support implementation of the ST2 Plan, the Sound Transit Board may approve resolutions calling for elections to annex areas outside, but adjacent to, the Sound Transit District.

The legal requirements to annex areas into the Sound Transit District include the following:

The Sound Transit Board may call for annexation elections after consulting with any affected transit agencies and with the approval of the legislative authority of the city or town (if the area is incorporated) or with the approval of the area's county council (if it is unincorporated).

Citizens in areas to be annexed are provided an opportunity to vote on proposed annexation and imposition of taxes at rates already imposed within the Sound Transit District boundaries.

If approved by the voters, changes to the Sound Transit District boundaries may require changes in the make-up of the Sound Transit Board membership. Board membership must be "representative" of the proportion of the population from each county that falls within the Sound Transit District.

Extending Service Outside Sound Transit Boundaries

Sound Transit may extend new services beyond its boundaries to make connections to significant regional destinations and allow areas outside of the district to function as part of the regional system.

Such service extension would require agreements with the affected local transit agency and/or other appropriate government agencies.

Sound Transit will enter into agreements with agencies beyond the district boundary to integrate fares. This will allow flexible transfers between various transit operators and prevent people who live outside the district from being penalized financially for making regional trips by transit instead of by automobile.

Sound Transit District



Benefits of the Plan

Transportation improvements are clearly linked to the growth, development, quality of life and economic vitality of a region. ST2 proposes a range of transit improvements building on the investments Sound Transit has already made, with major extensions of Link light rail to serve more of the Central Puget Sound region's urban centers, along with improvements in Sounder commuter rail and enhancements to ST Express bus services and facilities. These improvements add major new capacity in the region's most congested corridors to help serve the transportation demands of the people and businesses already here, as well as anticipated growth.

Transit investments create value within a community that goes beyond where or how many projects are built. Personal mobility, regional connections, the availability of transportation alternatives, and impacts on growth patterns, quality of life and the economic well-being of the region are all tangible outcomes that must be considered in deciding on transit investments.

The regional transit improvements included in ST2 will have many benefits for people throughout the Puget Sound region and will further the realization of the long-term growth management and quality of life goals embodied in Vision 2040, the Sound Transit Long-Range Plan and local land use policies. Some of those benefits are briefly described below, and in more detail in Appendix C.

Transit Ridership

By 2030, the completed projects in Sound Move and ST2, along with continued growth in people riding local buses, means that public transit in the Sound Transit District will be carrying an estimated 165 million trips a year, twice as many as in 1996. Over 100 million of these trips will be on Sound Transit. Most importantly, these new transit trips will be concentrated in the region's most congested corridors on bus routes and rail lines serving the region's densest downtowns and urban centers.

The most important measure of any transit investment is whether it attracts riders and serves them well. The most direct way to measure this factor is the number of people

riding transit. With the ST2 Plan, transit ridership in the region is projected to grow by nearly 70 percent over 2006.

Table 1 compares regional transit ridership in 2006 with ridership projections for 2030, with and without the ST2 investments.

Table 1: Regional Transit Ridership and Transfer Rate

	Existing in 2006	2030 without ST2	2030 with ST2
Daily			
Transit Trips	329,000	482,000	544,000
Transit Boardings	424,000	661,000	808,000
Annual			
Transit Trips	98 million	145 million	165 million
Transit Boardings	127 million	199 million	246 million
Percent Using ST	12%	40%	65%
Transfer Rate	1.29	1.37	1.49

Table 2 summarizes the daily and annual boardings projected for Link light rail, Sounder commuter rail and ST Express bus in 2030 with the ST2 Plan.

Table 2: Summary of Projected Sound Transit Ridership by Mode in 2030

	<u>Annual Riders</u>	<u>Daily Riders</u>
Link light rail	86.6 million	280,000
Tacoma Link	1.9 million	6,000
Sounder commuter rail	6.5 million	24,000
ST Express bus	14 million	48,000
Total	109 million	358,000

Transit Capacity

The capacity of rail transit is a combination of the size of the vehicles and how frequently they run. As with highway capacity, the important measure for rail capacity is the maximum passenger carrying capacity during the peak period, when service is most in

demand. This is usually referred to as “peak passengers per hour in the peak direction.” Projected ridership for Link light rail in 2030, seven years after ST2 system build-out, shows it will have capacity to meet demand well into the future.

The per-hour and all-day passenger moving capacity of the ST2 light rail system is significant, especially compared to a roadway of similar width with mixed traffic.

The difference between the ultimate system capacity and the ridership forecast shortly after opening represents the excess capacity available to accommodate a large amount of future ridership demand in the decades after the system is built. **Table 3** presents the hourly passenger capacity of the ST2 light rail system at points in the system with varying frequencies of train service, at three different loading standards: all passengers seated, a comfortable level of standing passengers and a “crowded” load that might only be accommodated during peak times for short segments such as a major event.

Table 3: Light Rail System Capacity (passengers per hour both directions)

Peak Frequency (Minutes)	4-Car Trains per Hour	Seated Capacity (74 per car)	Comfortable Capacity (150 per car)	Crowded Capacity (200 per car)
2	60	8,880	18,000	24,000
4	30	4,440	9,000	12,000
6	20	2,960	6,000	8,000
8	15	2,220	4,500	6,000

Travel Time Savings and Reliability

Within the Sound Transit District, bus travel times slow by about 1 percent per year, mostly due to increased road congestion and increased pedestrian activity in centers. Without improvements in transit, therefore, existing bus travel times would be expected to be about 22 percent slower by 2030.

Expanding the region’s network of fixed guideway transit operating in its own right-of-way separate from roadway congestion helps protect transit riders from increasing travel times. Travel times for drivers will improve as more people get out of their cars and use transit, providing more room on the road.

Tables 4 and 5 illustrate the expected travel time savings for the region’s drivers and transit riders, achieved by the investments included in the ST2 Plan. Looking ahead to

2030, seven years after ST2 investments are complete, the region’s highway drivers and transit riders are projected to save about 25 million and 19 million hours a year respectively.

Table 4: Projected Travel Time Savings for Drivers and Freight

	Drivers & Freight 2030 with ST2
Reduction in Annual Vehicle Miles Traveled (Switched to Transit)	268 million
Annual highway delay reduced	25 million hours

Table 5: Projected Travel Time Savings for Transit Riders

	Transit Riders 2030 with ST2
Daily Hours Saved	60,000
Total Annual Hours Saved	19 million hours

Reliability means arriving at the same time every time, regardless of gridlock or weather conditions. Reliability is a critical factor in how people plan their travel and budget their time. Transportation system reliability has continued to decline in the Puget Sound region for several decades, both for car drivers and for transit riders. This is primarily related to increases in the severity of traffic congestion, and in the greater likelihood of congestion occurring at any time of day or on any day of the week.

When people need to arrive somewhere by a specified time, whether to be on time for work, or to catch a plane or to watch a child’s soccer game, they know that if the trip involves one of the region’s most congested corridors at peak hours they should allow a great deal of extra time to get there. Increasingly, the problem of congested peak hours has spread to all hours of the day and even to the weekends.

Buses are caught in the same traffic as cars and trucks. Freeway HOV facilities speed buses, but even these ramps and lanes often break down in the crush of peak period traffic, bad weather and accidents. Sounder commuter rail and Link light rail, however,

although they share some grade crossings with vehicles, operate on their own rights-of-way free from conflicts with other traffic.

Reliability on streets and highways is affected by many things including accidents, stalled vehicles and weather conditions, but the most important factor in the Central Puget Sound region is the volume of traffic and delays caused by congestion.

WSDOT tracks reliability on the freeways for major commutes between pairs of cities, and calculates “95 percent reliable travel times.” This is the amount of time a driver needs to plan for to arrive on time 19 times out of 20.

WSDOT data for major corridors shows reliability on the region’s highways to be steadily declining. **Table 6** shows WSDOT’s estimates of how much time a driver needs to allow for travel between certain points in the regional system due to the unpredictability of highway travel in the region.

Table 6: Regional Highway Travel Time Reliability

		At Posted Speeds (in minutes)	Average Peak Travel Time (in minutes)	95% Reliable Travel Time (% increase over Average)
Route	Route Description			
From Seattle				
I-5	Seattle to Everett	24	46	68 (48%)
I-5	Seattle to Federal Way	22	37	55 (49%)
I-5/SR 520	Seattle to Redmond	16	30	43 (43%)
I-5	Seattle to SeaTac	13	19	26 (37%)
I-5/I-90/I-405	Seattle to Bellevue	11	18	31 (72%)
I-5/SR 520/I-405	Seattle to Bellevue	11	21	33 (57%)
From Bellevue				
I-405	Bellevue to Bothell	16	31	44 (42%)
I-405	Bellevue to Tukwila	13	32	44 (37%)
I-405/I-90/I-5	Bellevue to Seattle	11	26	41 (58%)
I-405/SR 520/I-5	Bellevue to Seattle	11	28	37 (32%)
From Other Locations				
I-90/I-5	Issaquah to Seattle	15	26	45 (73%)
SR 520/I-5	Redmond to Seattle	16	37	61 (65%)
SR 167	Renton to Auburn	10	18	33 (83%)

Source: WSDOT Grey Notebook: Measures, Markers, and Mileposts 9/30/06 p. 56

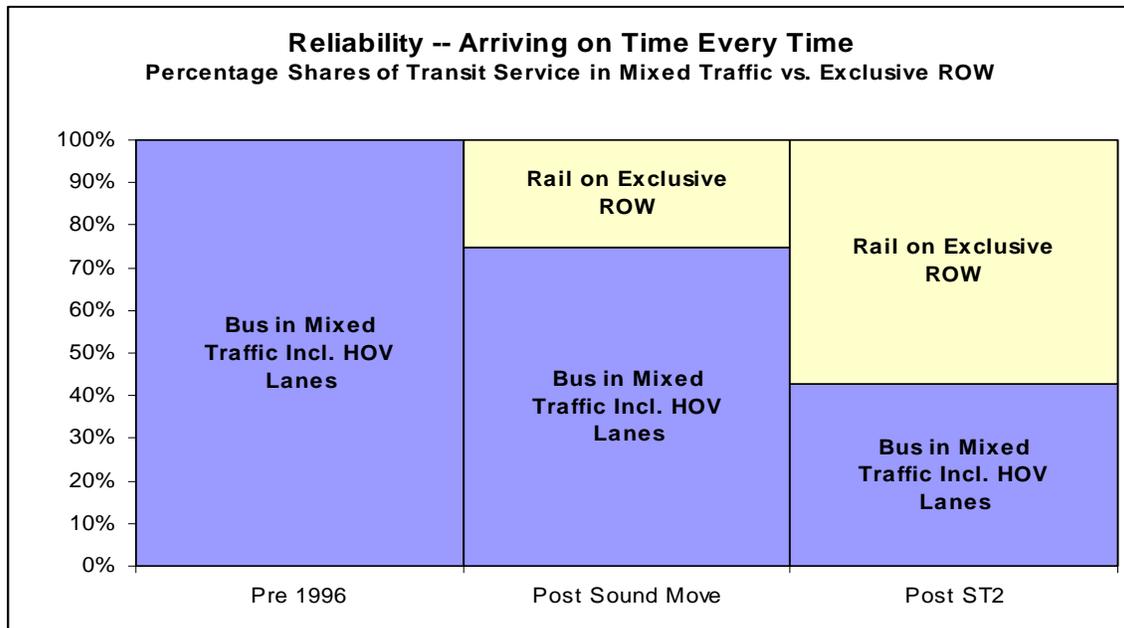
Transit reliability is related to a number of factors, but most significantly to the portion of the trip that occurs in exclusive right-of-way. **Figure 1** illustrates the change in reliability that will be experienced by the region's transit riders with ST2.

Sound Transit's Link light rail operates entirely on exclusive right-of-way. In addition, most of the right-of-way is grade separated with no interference from traffic. Even where there is no grade separation, Link light rail operates in exclusive right-of-way with signal preemption. This allows the service to maintain a very high level of reliability, at all times of the day.

Upon completion of the ST2 investments, the share of all transit riders in the region using Sound Transit's services grows from 12 percent today to 65 percent in 2030. Much of

the bus service in new rail corridors can be reinvested elsewhere in the region, resulting in an overall increase in transit service and access beyond the rail lines.

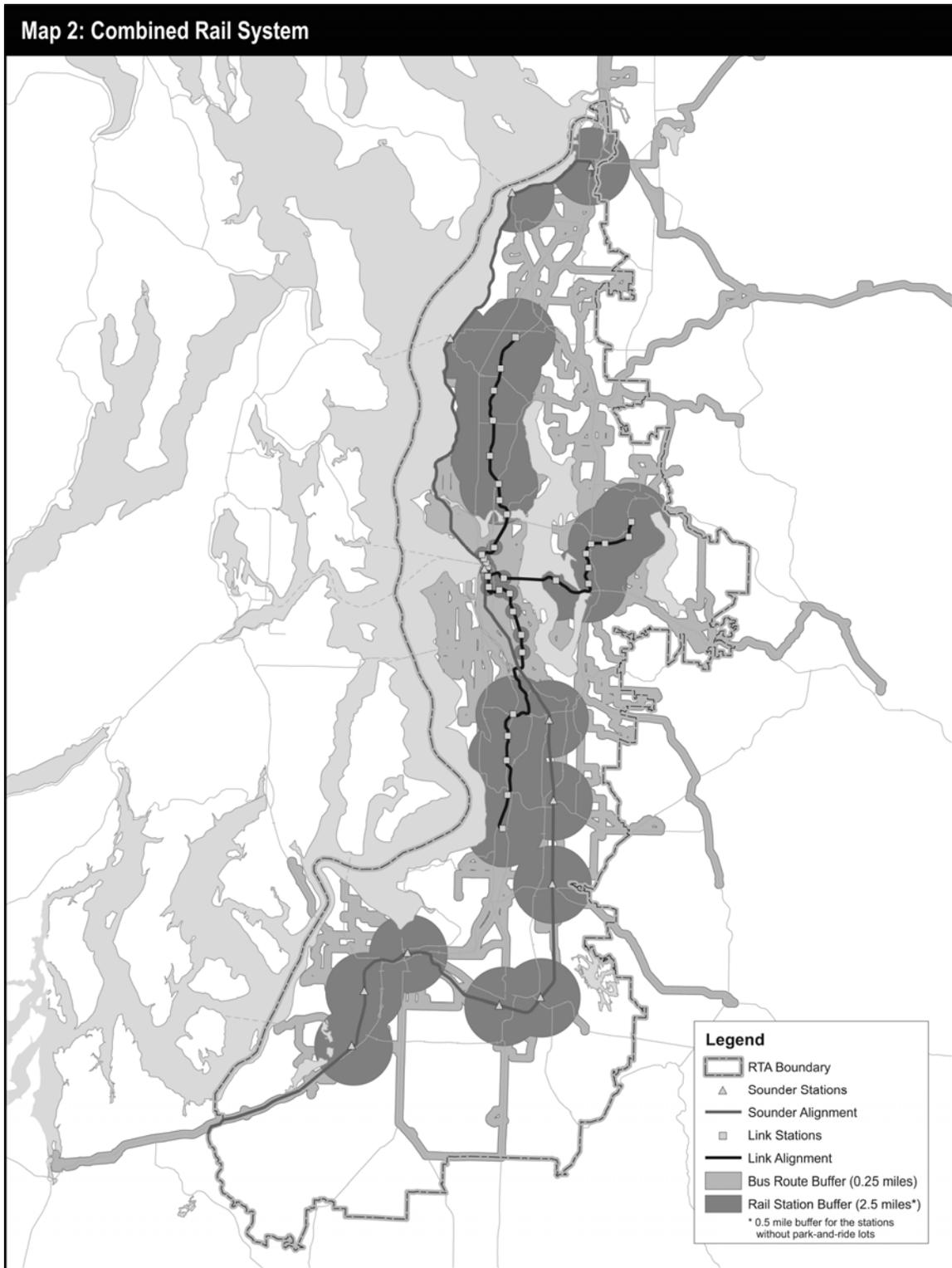
Figure 1: Transit Reliability



Transit System Accessibility

The reach of the regional transit investments made in Sound Move and in ST2 is much greater than just the immediate vicinity of rail stations and transit centers. **Figure 2** shows the access to the regional light rail and commuter rail systems when all ST2 improvements are in service. It depicts the geographic coverage of an average half-mile walk access and an average two-and-a-half mile park-and-ride access to the rail stations, and the reach of existing local bus services (including an average quarter mile walk distance to the bus) that would allow access to the rail system with one transfer. Within the Sound Transit District, over 70 percent of residents and over 85 percent of employees would have convenient access to the region’s rail system.

Figure 2: Combined Regional Rail Access



Activity Center Drive-Alone Travel Reductions

Table 7 presents the percentage of work and college trips made by transit riders to a selected set of regional centers. Increasing access to regional centers by transit reduces the need for automobiles that contribute to roadway congestion and delay, fuel consumption and air pollution, and use of scarce land resources for parking. The existing transit share data is from the 2000 U.S. Census Journey-to-Work survey as compiled by PSRC. Percentages include ridership on fixed route, fixed schedule transit service. Excluded are paratransit, dial-a-ride, carpools, and vanpools.

Table 7: Projected Activity Center Mode Splits

	Existing Transit Share of Work & College Trips	ST2 2030 Share of Work & College Trips with ST2
Northgate	6 %	9 %
University District	20 %	33 %
Bellevue CBD	8 %	12 %
Seattle CBD	40 %	50 %

Vehicle Miles Traveled, Fuel Use and Greenhouse Gas Reductions

New transit riders using the investments in the ST2 Plan will reduce daily vehicle miles traveled (VMT) in the region by about 860,000 miles per day, or 268 million miles per year. That equates to annual fuel savings of about nine million gallons. Not burning that fuel would save the region about 360 metric tons of equivalent CO₂ emissions each day and approximately 100,000 tons per year in 2030. According to the federal Environmental Protection Agency, this level of emission reductions is equivalent to the emission production levels included in **Table 8**.¹

¹ EPA Clean Energy Calculations and References, <http://www.epa.gov/cleanenergy/energy-resources/refs.html>.

Table 8: CO₂ Equivalent (E) of ST2 Emission Reductions

	EPA Factor (metric tons CO₂E)	ST2 Plan
ST2 Annual Average Savings (metric tons CO₂E)	N/A	138,943
Passenger vehicles	5.46	25,400
Barrels of oil consumed	0.43	323,100
Gasoline tanker trucks	74.88	1,900
Homes (single-family)	11.33	12,300
Acres of forest preserved	143.37	1,000
Railcars of coal	191.5	700
Tons of landfill waste	2.9	47,900

Transportation System Cost and Delay Reductions

According to the U.S. Census Bureau, in 2003 the average family in our region spent 18 percent of disposable income on transportation, more than any other expenditure except housing. The average household has 2.3 people, owns 2.4 cars, and spends \$9,350 a year on transportation.

The most expensive costs of driving are owning and insuring a vehicle. A family that can own one less car because of better transit service can save thousands of dollars a year on transportation. A family that owns the same number of cars, but drives less will save on vehicle operating costs – gas, oil, parking, tires and maintenance. For example, based on current average vehicle fuel economy and fuel cost of about \$4.00 per gallon, ST2 transit investments would save the region about \$103,111 per day, or over \$37.6 million per year.

For those commuting by transit to places with high parking costs, the savings in parking are substantial. For example, a monthly PugetPass good for unlimited \$2.00 rides (the two-zone peak hour fare on King County Metro) costs \$72. According to the PSRC, the average cost of parking in the region's downtowns in 2006 was \$138 a month -- \$66 more than average monthly bus fare. For the average transit commuter to downtown

Seattle, savings in parking would be approximately \$800 a year, on top of the savings on gas and other vehicle operating costs.

As important as out-of-pocket expenses, the ST2 investments would also save about 25 million hours of delay per year for drivers and freight, and 19 million hours per year for transit riders. Rather than sitting in traffic or slower transit, residents would be able to better use their time with their families or in productive work. Residents of the region would save over \$600 million per year in today's dollars, based on an average value of time of about \$14 per hour, the region's average wage rate².

Paying for the System

Financial Plan Framework

State law provides the basis for funding regional transit investment through authorization of voter-approved taxes and bonding. The ST2 Plan will be funded by a combination of existing local taxes (four-tenths of one percent sales and use tax, three-tenths of one percent motor vehicle excise tax to be ended after 2028), new voter-approved local taxes (an additional five-tenths of one percent sales and use tax), federal grants and fares. Sound Transit will issue bonds backed by local tax collections within the Sound Transit District to help implement the ST2 Plan.

The agency will seek legislative authority to replace or substantially reduce its reliance on the retail sales and use tax as the primary funding source for regional transit improvements, consistent with all contractual commitments. In order to replace the revenue that would be lost by reducing or eliminating the retail sales and use tax, the agency will seek legislative authority to raise an equal amount of revenue from other sources more directly related to regional transportation such as tolls, user-based fees, vehicle or other transportation related taxes.

Funding

The proposed plan is built on the following funding elements (all dollar values include inflation and represent year of expenditure dollars):

² Sound Transit, Benefit-Cost Methodology Report, June 2008

Sound Move Surplus: Revenue generated from Sound Transit's existing Sound Move taxes (four-tenths of one percent sales and use tax and three-tenths of one percent motor-vehicle excise tax), will continue to be used in addition to grants, fares, and other miscellaneous sources. The revenue generated from Sound Move surplus that is available to be applied to the ST2 program is estimated to be \$2.3 billion.

ST2 Sales and Use Tax: The plan will seek voter approval to raise the local sales and use tax an additional five tenths of one percent. Revenue from the five-tenths of one percent sales and use tax increase is estimated to generate \$7.8 billion through 2023.

Federal Support: The ST2 Plan assumes an additional \$895 million in federal grants to build out the system, supplementing local resources. These federal grants for capital programs include Federal Transit Administration formula grants and full funding grant agreements. No state or local grants are assumed for implementing the ST2 Plan.

Bonding: Because transit facilities provide benefits over a long span of time, it is reasonable to finance a portion of their construction over a period that extends well beyond the construction timeframe. Sound Transit's debt financing capacity will be calculated by evaluating all revenues and deducting total operating expenses for net revenues available for debt service. The Sound Transit Board recognizes that its future bondholders will hold first claim against taxes pledged as repayment for outstanding bonds. The ST2 Plan includes an estimated \$6.5 billion in bond financing from 2009-2023.

Fares: Sound Transit currently collects fare revenues from passengers using the system. As the ST2 system is built out, the agency will continue to collect fares and other operating revenue. The ST2 related fares and other operating revenues are estimated to be \$219 million from 2009-2023.

Interest Earnings: The ST2 related interest earnings on net cash balances are estimated to be \$143 million from 2009-2023. Financial policies attribute these revenues to fund system-wide costs.

Estimated Costs

The ST2 Plan will cost an estimated \$17.8 billion in capital and operating investments to expand the regional high-capacity transportation system – Link light rail, Sounder commuter rail, and ST Express bus service. The capital and other associated costs that would be incurred from 2008 through 2023 are as follows:

Sounder Commuter Rail: \$1.1 billion for additional track space leases, locomotives and coach cars, maintenance facilities, stations and improvements, and the Eastside rail corridor partnership.

ST Express Bus: \$344 million for expanded park-and-rides, transit centers, station access improvements, bus fleet, and maintenance facilities.

Link Light Rail: \$11.8 billion for approximately 36 miles of light rail to extend service to Lynnwood, Overlake Transit Center, and Redondo/Star Lake. The light rail cost estimate includes the First Hill streetcar connector and Tacoma Link extension partnership funds.

Transit Operations: \$730 million through 2023 for new light rail, commuter rail and regional bus services. The ST2 Plan funds transit operations indefinitely. The costs estimated here are for the first 15 years of ST2 transit operations through 2023.

System-Wide Activities: \$1.3 billion through 2023. ST2 will fund system-wide expenditures, including the agency's research and technology and fares programs, future phase planning, administration and other expenditures that are necessary to maintain and plan for regional transit consistent with the voter-approved system plan.

Debt Service: \$1.8 billion through 2023. In order to finance the plan, the ST2 Plan anticipates the issuance of 30-year bonds as necessary to maximize the financial capacity required to complete the plan. The \$1.8 billion in debt service reflects costs for 2009-2023 for bonds issued for ST2 projects. Debt service will continue until the final bonds are retired.

Reserves: \$708 million through 2023. The plan funds estimated bond reserves and a two-month operations and maintenance reserve.

Project Scope and Betterment Control: One tool that Sound Transit has at its disposal to constrain unanticipated growth in the costs of projects during their implementation is a Board-adopted Scope Control Policy. The objective of the policy is to guide staff in responding to requests for enhancements to projects that increase scope, usually with a corresponding increase in costs. The policy requires:

- Written project scope definitions at every stage of project development;
- Cost estimates and budgets that correspond directly to the project scopes;
- Consideration of project alternatives that are within the project budgets;
- Inclusion of reasonable and responsible mitigation measures based on specific, significant adverse environmental impacts clearly identified in environmental documents, and which are attributable to those impacts;
- Baseline of the project scope, mitigation measures and budget following the Board's decision at the conclusion of the environmental process;
- Confirmation and re-alignment of project scope and budget at each major project development milestone (e.g., completion of preliminary engineering);
- Addition of partner-financed enhancements to the baseline scope, provided the addition does not negatively affect Sound Transit's project scope, schedule and budget; and
- Project budgets can be increased to incorporate enhancements above and beyond the baseline scope only through a two-thirds majority vote of the Sound Transit Board.

The capital cost estimates for the ST2 Plan were developed using standard cost-estimating techniques common in the transit industry and recommended by the Federal Transit Administration. They also reflect Sound Transit's experience in designing and building comparable facilities in the Central Puget Sound region. Sound Transit's cost estimating methods were reviewed by an independent Expert Review Panel that was appointed by the State of Washington. **Table 9** summarizes the estimated cost of building out the ST2 system and operating and maintaining all of the services contained in the ST2 Plan.

Table 9: Uses of Funds (all figures in millions in year of expenditure dollars)

Capital Program	
Sounder Commuter Rail	\$1,101
ST Express	\$344
Link Light Rail	\$11,821
<u>System-wide Activities</u>	<u>\$153</u>
<i>Total Capital Program</i>	<i>\$13,418</i>
O&M	
Sounder Commuter Rail	\$206
ST Express	\$232
Link Light Rail	\$292
<u>System-wide</u>	<u>\$1,141</u>
<i>Total O&M</i>	<i>\$1,871</i>
Other	
Debt Service	\$1,835
<u>Reserves</u>	<u>\$708</u>
<i>Total Other</i>	<i>\$2,543</i>
Total Uses *	\$17,832

Table 10 summarizes the revenues that are anticipated to be used to pay for the ST2 Plan.

Table 10: Sources of Funds (all figures in millions in year of expenditure dollars)

Sound Move Taxes	\$2,301
ST2 Sales & Use Tax	\$7,752
Federal Grants	\$895
Bonds	\$6,522
Fares & Other Operating Revenue	\$219
Interest	\$143
Total Sources *	\$17,832

* Figures may not add exactly due to rounding.

For a more detailed sources and uses of funds summary – including methodology, explanatory notes, and distribution of sources and uses by subarea – see Appendix A.

Risk Assessment

Building a complex regional transit system over an extended period involves risk. Those risks and Sound Transit's approach to addressing them are summarized below.

Tax Base Growth Risks: The plan requires projections of revenue collections over an extended period. The agency relies on an independent revenue forecast that has been reviewed by the State's Expert Review Panel. That forecast projects sales tax revenues to grow at 4.76 percent annually from 2009-2023, compared to a 6.4 percent annual growth from 1980-2005.

Federal Funds Risk: The ST2 Financial Plan assumes \$895 million in federal funds. This assumption is based on an overall 7 percent federal share of the ST2 capital program, compared with a 31 percent share for Sound Move. However, federal funds are contingent upon future Congressional authorization and may vary from initial ST2 projections due to federal fiscal conditions, timing of ST2 projects and competition from other transportation projects nationwide.

Costs Risks: With the exception of the light rail extension from the University of Washington to Northgate, ST2 is based on conceptual engineering estimates. The risks for costs to grow beyond initial estimates include: faster than anticipated growth in construction costs; faster than anticipated growth in real estate values; the addition of new required elements or projects not currently included in the plan; and more expensive alignments or station locations than included in the plan. The Sound Transit Board will closely monitor and manage project scope and cost risks to minimize cost increases. In addition, the ST2 Plan includes contingencies within the project budgets that allow for uncertainties and unforeseen conditions that arise during the design and construction of the projects.

The ST2 financial plan also contains additional contingency to deal with revenue shortfalls or cost increases. The agency plans to maintain a 50 percent annual contingency (after payment of operating expense) above the amount necessary to pay debt service (1.5x net coverage policy). In the event that a subarea's revenues are

insufficient to cover its costs, the agency's currently approved policies provide the Sound Transit Board with these options:

- Modify the scope of the projects
- Use excess subarea financial capacity and/or inter-subarea loans
- Extend the time to complete the system
- Seek legislative authorization and voter approval for additional resources.

Financial Policies

The ST2 financial plan is based on the following principles, which are documented in the agency's financial policies and included as Appendix B. The financial policies also reflect the framework for completing ST2 and provide tools for the Sound Transit Board to respond to future conditions. For more detailed revenue and expenditure information, see Appendix A.

Distributing Revenues Equitably: Local tax revenue generated in each of Sound Transit's five subareas generally will be used on Sound Transit projects and operations that benefit that subarea. Subareas may fund projects or services located outside of the geographic boundary of the subarea when the project benefits the residents and businesses of the funding subarea.

Financial Management: To effectively manage voter-approved revenues and to efficiently manage the transit system, Sound Transit will maintain policies for debt and investment management, risk management, capital replacement, fares and operating expenses and grants management.

Public Accountability: Sound Transit will hire independent auditors and appoint a citizen oversight committee to monitor Sound Transit performance in carrying out its public commitments.

Voter Approval Requirement: The Sound Transit Board recognizes that the taxes approved by voters are intended to implement the system and to provide permanent funding for future operations, maintenance, capital replacement, and debt service for voter-approved projects, programs and services. The Board has the authority to fund

those future costs through a continuation of the local taxes authorized by the voters. However, the Board pledges that, after the voter-approved plan is completed, subsequent phase capital programs that continue local taxes at rates above those necessary to build, operate and maintain the system, and retire outstanding debt, will require approval by a vote of the citizens within the Sound Transit District.

Sales Tax Rollback: Upon completion of the capital projects in ST2 and Sound Move, the Board will initiate steps to roll back the rate of sales tax collected by Sound Transit. Sound Transit will initiate an accelerated pay off schedule for any outstanding bonds whose retirement will not otherwise impair the ability to collect tax revenue and complete ST2 or Sound Move, or impair contractual obligations and bond covenants. Sound Transit will implement a sales tax rollback to a level necessary to pay the accelerated schedule for debt service on outstanding bonds, system operations and maintenance, fare integration, capital replacement, and ongoing system-wide costs and reserves.

Sound Transit 2

**A Mass Transit Guide
The Regional Transit System Plan
For Central Puget Sound**

*Appendix A: Detailed Description of
Facilities and Estimated Costs*

**Sound Transit 2
The Regional Transit
System Plan**

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**Sound Transit 2 (ST2)
A Mass Transit Guide**

**Appendix A – Detailed Description of Facilities and Estimated Costs
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Sound Transit 2 Regional Transit System Plan Map



Total Agency Summary of Estimated ST2 Program Costs and Revenues Projects

<u>Sounder Commuter Rail</u>			
<ul style="list-style-type: none"> ▪ Permanent stations at Edmonds and Tukwila ▪ Station Access Projects at Mukilteo, Auburn, Sumner, Puyallup, Tacoma, South Tacoma, Lakewood ▪ 8-Car Platform Extensions—Sounder South ▪ Expanded service and fleet—Sounder South ▪ Track and structure upgrades in Tacoma ▪ Yard and Shops Facility 			
	Capital	O&M	Total
Total Costs (millions of YOES)	1,101	206	1,307

<u>ST Express Bus</u>			
<ul style="list-style-type: none"> ▪ Approximately 100,000 additional on-going annual service hours ▪ Operating savings from service reinvestment in response to Link light rail operation ▪ Bus fleet expansion ▪ Bus maintenance capacity expansion ▪ Contribution to Bothell and Burien parking/transit facilities 			
	Capital	O&M	Total
Total Costs (millions of YOES)	344	232	576

<u>Link Light Rail and Other</u>			
<ul style="list-style-type: none"> ▪ North corridor extension from University of Washington to Lynnwood ▪ East corridor extension from International District to Overlake Transit Center ▪ South corridor extension from Sea-Tac Airport to Redondo/Star Lake ▪ Fleet, maintenance facilities and annual operation ▪ Contribution to First Hill Link Connector ▪ Contribution to Tacoma Link Expansion ▪ Contribution to Passenger Rail Partnership on Eastside BNSF ▪ Environmental review and preliminary engineering from Redondo/Star Lake to Tacoma ▪ Right of Way Preservation: Redondo/Star Lake to Tacoma ▪ Environmental review and preliminary engineering from Overlake Transit Center to Downtown Redmond 			
	Capital	O&M	Total
Total Costs (millions of YOES)	11,821	292	12,113

<u>System-Wide Activities</u>			
<ul style="list-style-type: none"> ▪ Agency administration and insurance, ST3 planning, LRT and HCT planning studies, fare integration, research and technology 			
	Capital	O&M	Total
Total Costs (millions of YOES)	153	1,141	1,294

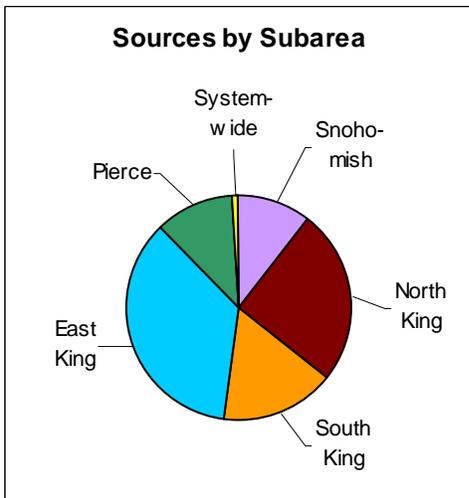
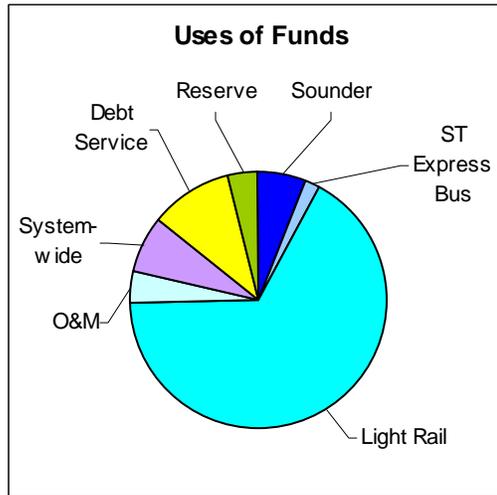
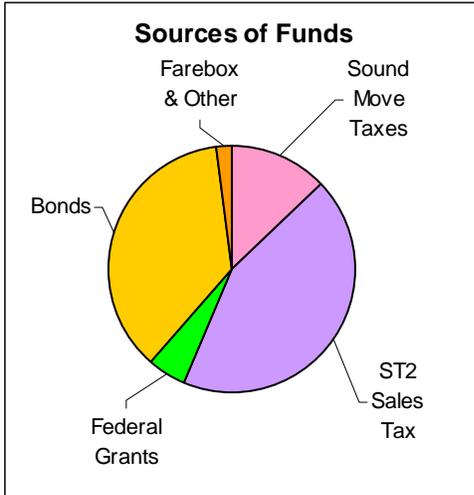
Sources and Uses of Funds (Millions of Year-of-Expenditure Dollars, includes inflation, 2009-2023)

Sources	
Sound Move Surplus	2,301
ST2 Taxes	7,752
Federal Grants	895
Bonds	6,522
Fares and Other Operating Revenues	219
Interest Earnings	143
Total Sources	17,832

Uses	
Sounder Commuter Rail Capital	1,101
ST Express Bus Capital	344
Link Light Rail Capital	11,821
System-wide Capital	153
Sounder Commuter Rail O&M	206
ST Express O&M	232
Link Light Rail O&M	292
System-wide O&M	1,141
Debt Service	1,835
Contributions to Reserves	708
Total Uses	17,832

Note: Columns/rows may not add exactly due to rounding.

Total Sources/Uses of Funds \$17,832 (Millions of YOE\$)



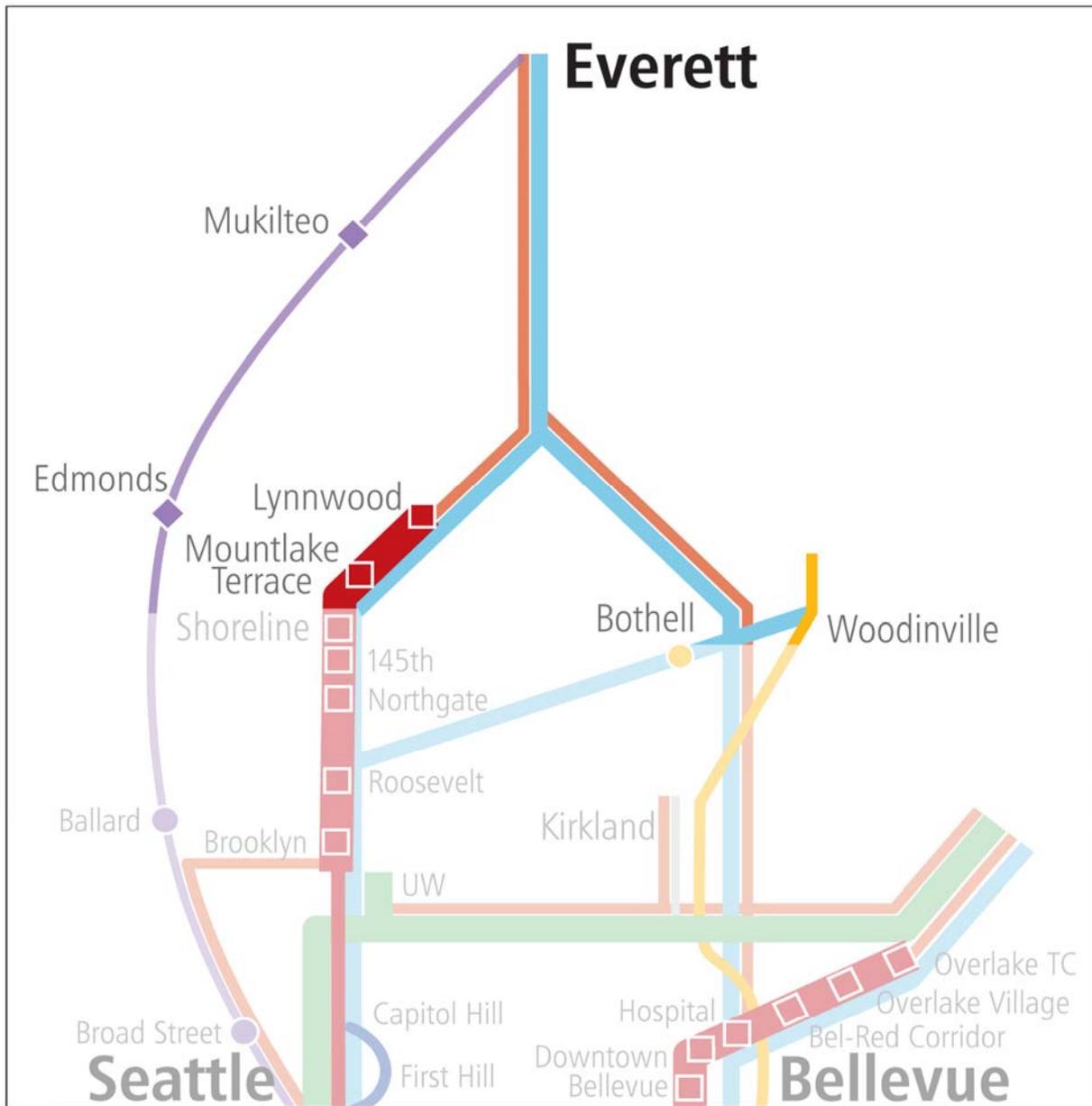
ST2 Financial Plan – Sources and Uses Summary

ST2 Financial Plan — Sources and Uses Summary		2009 through			2023	Millions of YOE Dollars	
	Snohomish	North King	South King	East King	Pierce	System-Wide	Total
Sources of Funds							
Notes							
1	Sound Move Surplus	463	110	69	1,271	387	2,301
2	ST2 Taxes	977	2,079	1,374	2,045	1,278	7,752
3	Federal Grants	57	481	81	203	74	895
4	Bonds	437	1,689	1,361	2,801	234	6,522
5	Fares and Other Operating Revenues	21	60	19	39	80	219
6	Interest						143
	Total Sources	1,955	4,420	2,903	6,359	2,053	143
Uses of Funds							
Capital Expenditures							
7	Sounder Commuter Rail	93	-	121	-	887	1,101
8	ST Express Bus	58	-	110	119	58	344
9	Link Light Rail	1,473	3,453	2,061	4,568	265	11,821
10	System-wide Activities						153
	<i>Total Capital</i>	<i>1,623</i>	<i>3,453</i>	<i>2,292</i>	<i>4,687</i>	<i>1,210</i>	<i>153</i>
O & M Expenditures							
11	Sounder Commuter Rail	1	-	4	-	202	206
12	ST Express Bus	77	-	27	83	45	232
13	Link Light Rail	32	116	31	113	-	292
14	System-wide Activities	-	-	-	-	-	1,141
	<i>Total O&M</i>	<i>110</i>	<i>116</i>	<i>62</i>	<i>196</i>	<i>247</i>	<i>1,871</i>
Other							
15	Debt Service	31	415	238	786	366	1,835
16	Contributions to Reserves	46	127	108	386	40	708
17	Contribution to System-wide	145	308	204	303	190	(1,150)
	Total Uses	1,955	4,420	2,903	6,359	2,053	143

Note: Columns/rows may not add exactly due to rounding.

See page A-19 for explanation of methodology and notes to line items.

SNOHOMISH COUNTY SUBAREA MAP



Legend



Link light rail

- Extension: New service and station
- Planning, environmental, design, and potential right-of-way purchase
- Existing service

Sounder commuter rail

- ◆ New/improved service or station
- Provisional station subject to funding availability
- Existing service

ST Express regional bus

- New/improved service
- New Bus Rapid Transit (BRT) service or station
- Existing service

Other supporting investments

- Regional transit partnership contribution
- First Hill Link Connector

**Snohomish County Subarea
Summary of Estimated ST2 Program Costs and Revenues
Projects**

<u>Souder Commuter Rail</u>			
<ul style="list-style-type: none"> ▪ Mukilteo Station parking garage ▪ Permanent Edmonds station ▪ Yard and Shops Facility Contribution 	Capital	O&M	Total
Total Costs (millions of YOES)	93	1	94

<u>ST Express Bus</u>			
<ul style="list-style-type: none"> ▪ Approximately 29,000 additional on-going annual service hours ▪ Operating savings in response to Link light rail operation ▪ Contribution to bus fleet expansion ▪ Contribution to bus maintenance capacity expansion 	Capital	O&M	Total
Total Costs (millions of YOES)	58	77	135

<u>Link Light Rail</u>			
<ul style="list-style-type: none"> ▪ Extension from N 185th St. in Shoreline to Lynnwood with stations at Mountlake Terrace, Lynnwood Transit Center ▪ Contribution to system maintenance capacity, fleet and annual operation 	Capital	O&M	Total
Total Costs (millions of YOES)	1,473	32	1,505

<u>Planning for the Future</u>			
<ul style="list-style-type: none"> ▪ Light rail planning study from Lynnwood to Everett 	Capital	O&M	Total
Included in System-wide Costs			

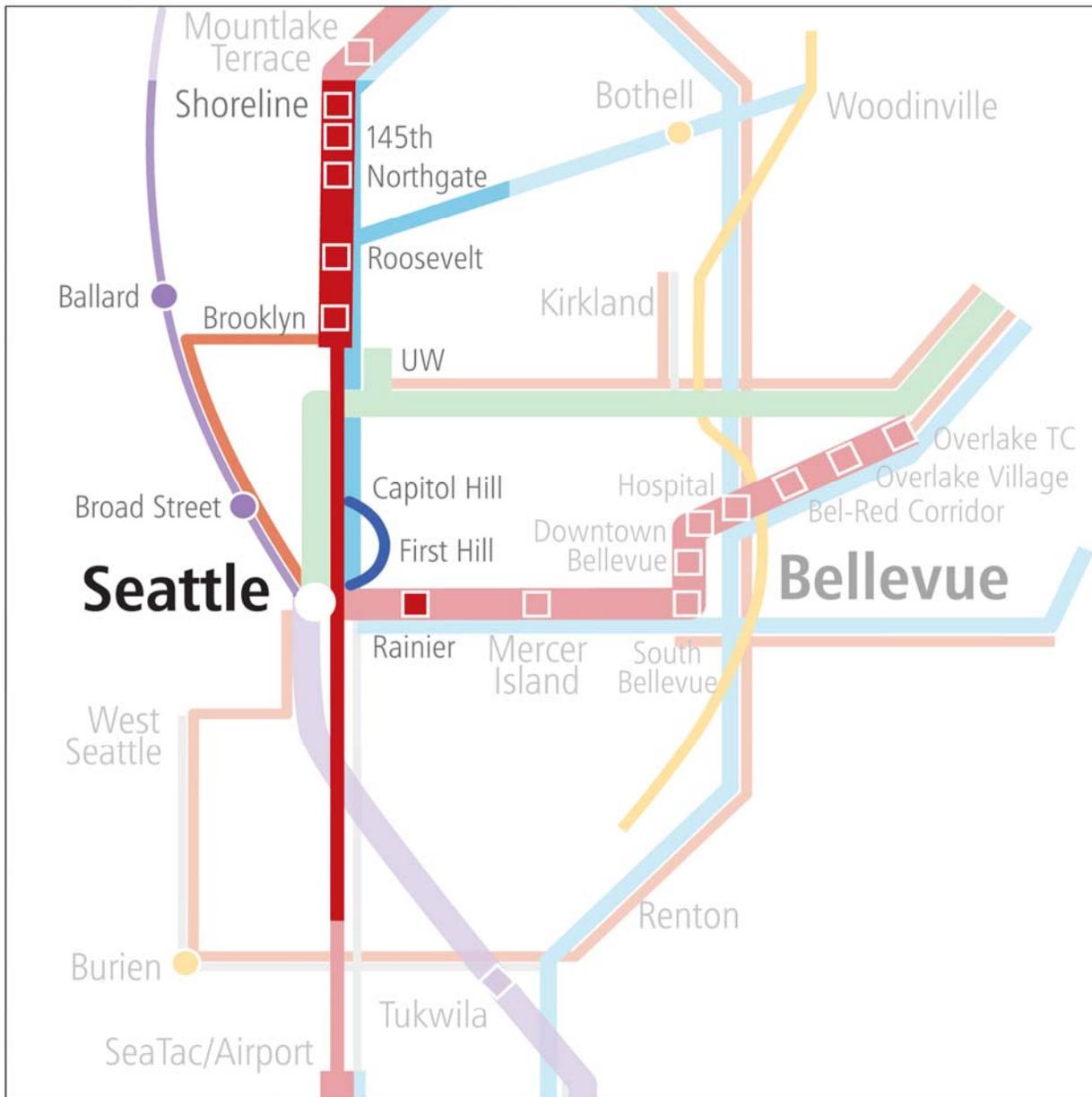
Sources and Uses of Funds (of Year-of-Expenditure Dollars, includes inflation, 2009-2023)

Sources	
Sound Move Surplus	463
ST2 Taxes	977
Federal Grants	57
Bonds	437
Fares and Other Operating Revenues	21
Total Sources	1,955

Uses	
Souder Commuter Rail Capital	93
ST Express Capital	58
Link Light Rail Capital	1,473
Souder Commuter Rail O&M	1
ST Express O&M	77
Link Light Rail O&M	32
Debt Service	31
Contributions to Reserves	46
Contributions to System-wide	145
Total Uses	1,955

Note: Columns/rows may not add exactly due to rounding.

NORTH KING COUNTY SUBAREA MAP



Legend



Link light rail

- Extension: New service and station
- Planning, environmental, design, and potential right-of-way purchase
- Existing service

Sounder commuter rail

- ◊ New/improved service or station
- Provisional station subject to funding availability
- Existing service

ST Express regional bus

- New/improved service
- New Bus Rapid Transit (BRT) service or station
- Existing service

Other supporting investments

- Regional transit partnership contribution
- First Hill Link Connector

North King County Subarea
Summary of Estimated ST2 Program Costs and Revenues
Projects

<u>Sounder Commuter Rail</u>			
• Provisional stations: Ballard and Broad Street			
	Capital	O&M	Total
Total Costs (millions of YOES)			

<u>ST Express Bus</u>			
	Capital	O&M	Total
Total Costs (millions of YOES)			

<u>Link Light Rail</u>			
<ul style="list-style-type: none"> ▪ Extension from University of Washington station to N. 185th St. with stations at Brooklyn, Roosevelt, Northgate, 145th and Shoreline ▪ Rainier Station ▪ Contribution to system maintenance capacity, fleet and annual operation ▪ Contribution to First Hill Link Connector 			
	Capital	O&M	Total
Total Costs (millions of YOES)	3,453	116	3,569

<u>Planning for the Future</u>			
<ul style="list-style-type: none"> ▪ Light rail planning study from University District to Ballard to Downtown Seattle ▪ Light rail planning study from Burien-West Seattle to Downtown Seattle (with South King County subarea) 			
	Capital	O&M	Total
Included in System-wide Costs			

Sources and Uses of Funds (of Year-of-Expenditure Dollars, includes inflation, 2009-2023)

Sources	
Sound Move Surplus	110
ST2 Taxes	2,079
Federal Grants	481
Bonds	1,689
Fares and Other Operating Revenues	60
Total Sources	4,420

Uses	
Sounder Commuter Rail Capital	
ST Express Capital	
Link Light Rail Capital	3,453
System-wide Capital	
Sounder Commuter Rail O&M	
ST Express O&M	
Link Light Rail O&M	116
Debt Service	415
Contributions to Reserves	127
Contributions to System-wide	308
Total Uses	4,420

Note: Columns/rows may not add exactly due to rounding.

SOUTH KING COUNTY SUBAREA MAP



Legend



Link light rail

- Extension: New service and station
- Planning, environmental, design, and potential right-of-way purchase
- Existing service

Souder commuter rail

- ◊ New/improved service or station
- Provisional station subject to funding availability
- Existing service

ST Express regional bus

- New/improved service
- New Bus Rapid Transit (BRT) service or station
- Existing service

Other supporting investments

- Regional transit partnership contribution
- First Hill Link Connector

South King County Subarea Summary of Estimated ST2 Program Costs and Revenues Projects

<u>Sounder Commuter Rail</u>			
<ul style="list-style-type: none"> ▪ 8-Car Platform Extensions ▪ Permanent Tukwila Station ▪ Kent Station Access Project ▪ Auburn Station Access Project 			
	Capital	O&M	Total
Total Costs (millions of YOES)	121	4	125

<u>ST Express Bus</u>			
<ul style="list-style-type: none"> ▪ Funding contribution to Burien Transit Center parking garage ▪ Approximately 7,000 additional on-going annual service hours ▪ Contribution to bus fleet expansion ▪ Operating savings from service reinvestment in response to rail operation ▪ Contribution to bus maintenance capacity expansion 			
	Capital	O&M	Total
Total Costs (millions of YOES)	110	27	137

<u>Link Light Rail</u>			
<ul style="list-style-type: none"> ▪ Extension from Sea-Tac Airport station to Redondo/Star Lake, with stations at South 200th, Highline Community College and Redondo/Star Lake ▪ Contribution to system maintenance capacity, fleet and annual operation 			
	Capital	O&M	Total
Total Costs (millions of YOES)	2,061	31	2,092

<u>Planning for the Future</u>			
<ul style="list-style-type: none"> ▪ Light rail planning study from Burien-West Seattle to Downtown Seattle (with North King County subarea) ▪ Light rail planning study from Burien to Renton 			
	Capital	O&M	Total
Included in System-wide Costs			

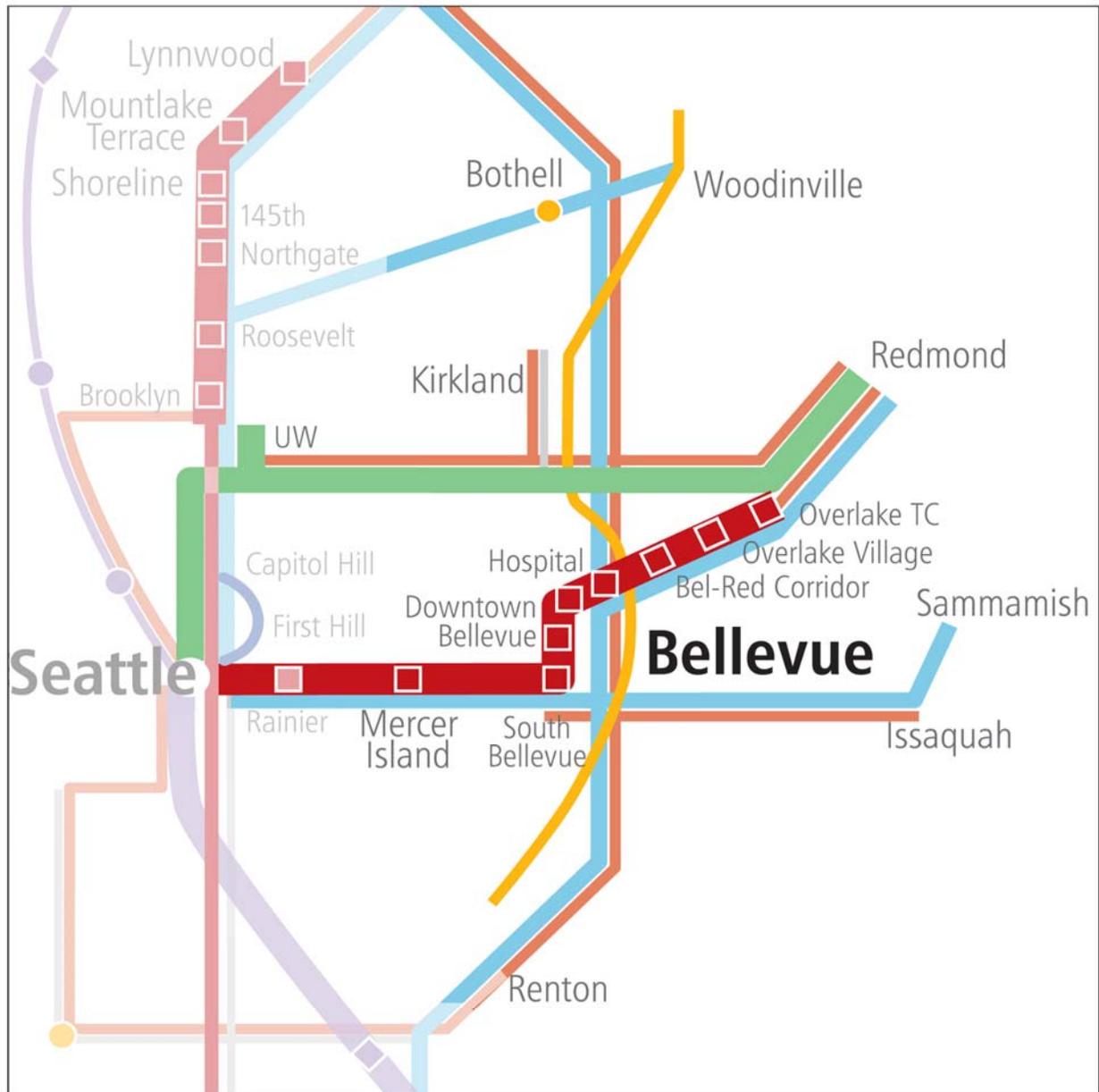
Sources and Uses of Funds (of Year-of-Expenditure Dollars, includes inflation, 2009-2023)

Sources	
Sound Move Surplus	69
ST2 Taxes	1,374
Federal Grants	81
Bonds	1,361
Fares and Other Operating Revenues	19
Total Sources	2,903

Uses	
Sounder Commuter Rail Capital	121
ST Express Capital	110
Link Light Rail Capital	2,061
Sounder Commuter Rail O&M	4
ST Express O&M	27
Link Light Rail O&M	31
Debt Service	238
Contributions to Reserves	108
Contributions to System-wide	204
Total Uses	2,903

Note: Columns/rows may not add exactly due to rounding.

EAST KING COUNTY SUBAREA MAP



Legend



Link light rail

- Extension: New service and station
- Planning, environmental, design, and potential right-of-way purchase
- Existing service

Sounder commuter rail

- ◆ New/improved service or station
- Provisional station subject to funding availability
- Existing service

ST Express regional bus

- New/improved service
- New Bus Rapid Transit (BRT) service or station
- Existing service

Other supporting investments

- Regional transit partnership contribution
- First Hill Link Connector

East King County Subarea Summary of Estimated ST2 Program Costs and Revenues

Projects

<u>Souder Commuter Rail</u>			
	Capital	O&M	Total
Total Costs (millions of YOES)			

<u>ST Express Bus</u>			
<ul style="list-style-type: none"> ▪ Contribution to Bothell transit center and parking garage ▪ Approximately 49,000 additional on-going annual service hours ▪ Operating savings from service reinvestment in response to rail operation ▪ Contribution to bus fleet expansion ▪ Contribution to bus maintenance capacity expansion 			
	Capital	O&M	Total
Total Costs (millions of YOES)	119	83	202

<u>Link Light Rail and Other</u>			
<ul style="list-style-type: none"> ▪ Extension from International District Station to Overlake Transit Center with stations at Mercer Island, South Bellevue, Downtown Bellevue, Overlake Hospital, the Bel-Red corridor, Overlake Village and Overlake Transit Center. Costs reflect an aerial alignment through Bellevue. The Sound Transit Board will select a preferred alternative after completing environmental review. ▪ Environmental review and preliminary engineering from Overlake Transit Center to downtown Redmond ▪ Contribution to system maintenance capacity, fleet and annual operation ▪ Contribution to potential passenger rail partnership on the Eastside BNSF corridor, subject to completion of state-directed feasibility analysis and Sound Transit review and approval 			
	Capital	O&M	Total
Total Costs (millions of YOES)	4,568	113	4,681

<u>Planning for the Future</u>			
<ul style="list-style-type: none"> ▪ Light rail planning study from Redmond, Kirkland to University of Washington in the SR 520 corridor ▪ Light rail planning study from South Bellevue to Issaquah ▪ Bus rapid transit planning study in the I-405 corridor 			
	Capital	O&M	Total
Included in Light Rail Costs			

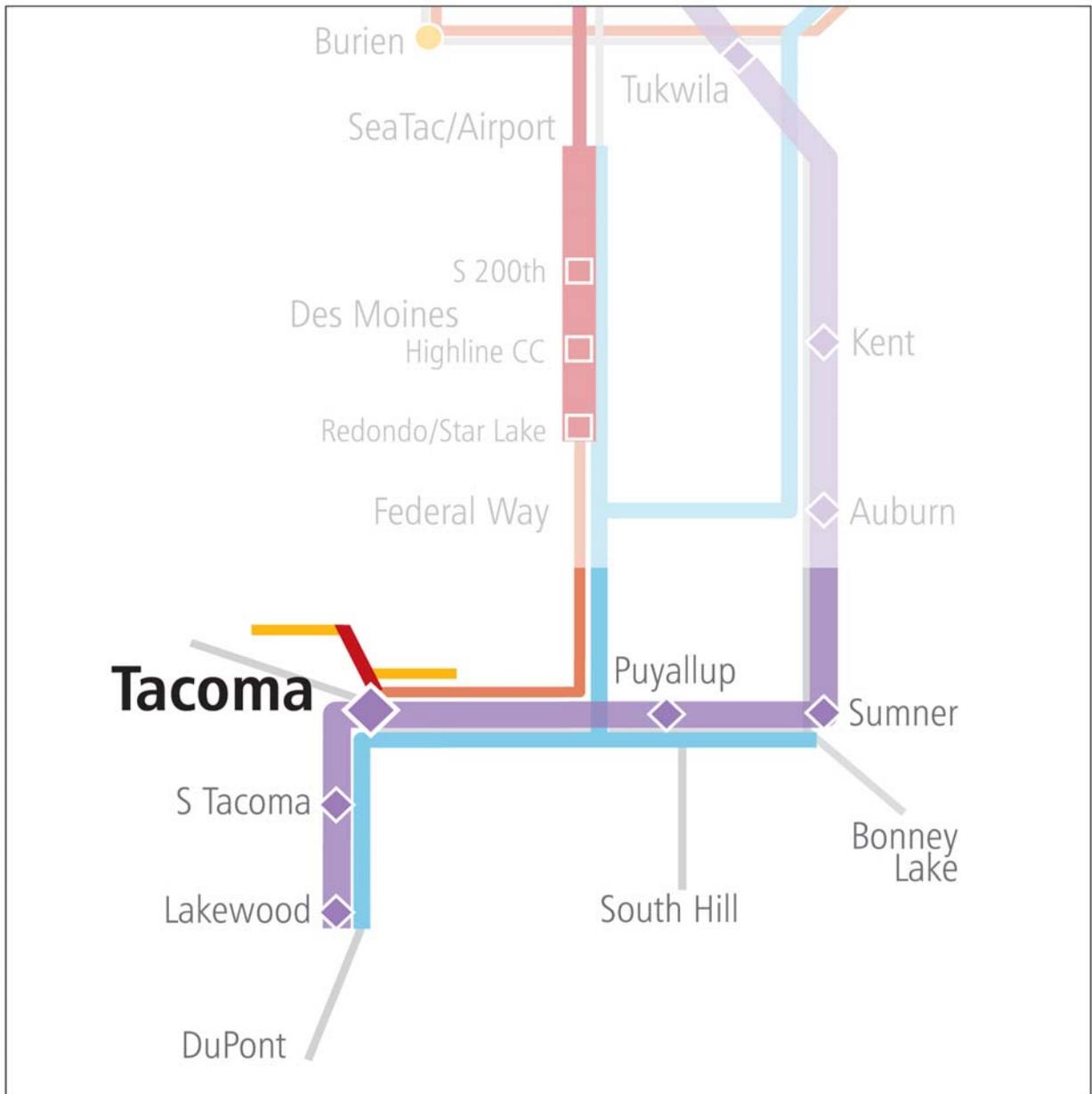
Sources and Uses of Funds (of Year-of-Expenditure Dollars, includes inflation, 2009-2023)

Sources	
Sound Move Surplus	1,271
ST2 Taxes	2,045
Federal Grants	203
Bonds	2,801
Fares and Other Operating Revenues	39
Total Sources	6,359

Uses	
Souder Commuter Rail Capital	
ST Express Capital	119
Link Light Rail Capital and Other	4,568
Souder Commuter Rail O&M	
ST Express O&M	83
Link Light Rail O&M	113
Debt Service	786
Contributions to Reserves	386
Contributions to System-wide	303
Total Uses	6,359

Note: Columns/rows may not add exactly due to rounding.

PIERCE COUNTY SUBAREA MAP



Legend



Link light rail

- Extension: New service and station
- Planning, environmental, design, and potential right-of-way purchase
- Existing service

Sounder commuter rail

- ◊ New/improved service or station
- Provisional station subject to funding availability
- Existing service

ST Express regional bus

- New/improved service
- New Bus Rapid Transit (BRT) service or station
- Existing service

Other supporting investments

- Regional transit partnership contribution
- First Hill Link Connector

**Pierce County Subarea
Summary of Estimated ST2 Program Costs and Revenues
Projects**

<u>Sounder Commuter Rail</u>			
<ul style="list-style-type: none"> ▪ Expanded service and fleet ▪ Sumner Station Access Project ▪ Puyallup Station Access Project ▪ Lakewood Station Access Project ▪ Tacoma Dome Station Access Project ▪ South Tacoma Station Access Project ▪ Track and structure upgrades in Tacoma ▪ 8-Car Platform Extensions ▪ Yard and Shops Facility Contribution 			
	Capital	O&M	Total
Total Costs (millions of YOES)	887	202	1,089

<u>ST Express Bus</u>			
<ul style="list-style-type: none"> ▪ Approximately 15,000 additional on-going annual service hours ▪ Operating savings from service reinvestment in response to rail operation ▪ Contribution to bus fleet expansion ▪ Contribution to bus maintenance capacity expansion 			
	Capital	O&M	Total
Total Costs (millions of YOES)	58	45	103

<u>Link Light Rail</u>			
<ul style="list-style-type: none"> ▪ PE/Environmental Review—Redondo/Star Lake to Tacoma Dome ▪ Right-of-Way Preservation –Redondo/Star Lake to Tacoma Dome ▪ Contribution to Tacoma Link Expansion ▪ Contribution to system maintenance capacity, fleet and annual operation 			
	Capital	O&M	Total
Total Costs (millions of YOES)	265	0	265

<u>Planning for the Future</u>			
	Capital	O&M	Total
Total Costs (millions of YOES)			

Sources and Uses of Funds (of Year-of-Expenditure Dollars, includes inflation, 2009-2023)

Sources	
Sound Move Surplus	387
ST2 Taxes	1,278
Federal Grants	74
Bonds	234
Fares and Other Operating Revenues	80
Total Sources	2,053

Uses	
Sounder Commuter Rail Capital	887
ST Express Capital	58
Link Light Rail Capital	265
Sounder Commuter Rail O&M	202
ST Express O&M	45
Link Light Rail O&M	
Debt Service	366
Contributions to Reserves	40
Contributions to System-wide	190
Total Uses	2,053

Note: Columns/rows may not add exactly due to rounding.

System-wide Costs
Summary of Estimated ST2 Program Costs and Revenues
Projects (of Year-of-Expenditure Dollars, includes inflation, 2009-2023)

	Capital	O&M	Total
Fare Integration		28	28
Research & Technology		50	50
Insurance		94	94
ST3 Planning		82	82
Agency Administration	48	887	935
System Access Program	105		105
TOTAL	153	1,141	1,294

Sources and Uses of Funds (of Year-of-Expenditure Dollars, includes inflation, 2009-2023)

Sources	
Sound Move Surplus	
ST2 Taxes	
Federal Grants	
Bonds	
Fares and Other Operating Revenues	
Interest Earnings	143
Total Sources	143

Uses	
System-Wide Capital	153
System-Wide O&M	1,141
Debt Service	
Contributions to Reserves	
Contribution to System-wide	(1,150)
Total Uses	143

Note: Columns/rows may not add exactly due to rounding.

Notes to Financial Plan - Sources and Uses Summary for ST2

- 1 Revenues from *Sound Move* (taxes, grants, fares and other misc. revenues) in excess of what is necessary to support *Sound Move* O&M and debt service.
- 2 Revenues from new ST2 0.5% Sales and Use Tax increase.
- 3 Federal grants for ST2 capital programs (FTA formula and Full Funding Grant Agreements).
- 4 Estimated net issuance of bonds for ST2 capital projects (par less issuance costs).
- 5 Fares and other operating revenues from ST2 service.
- 6 Net interest on agency cash balances, attributed per financial policies first to fund System-wide costs.
- 7 Capital costs for expansion of the Sounder commuter rail system.
- 8 Capital costs for expansion of the ST Express bus system.
- 9 Capital costs for expansion of the Link light rail system.
- 10 Capital expenditures for System-wide activities (administration, Research and Technology, fare integration).
- 11 O&M costs for new service for the Sounder commuter rail system.
- 12 O&M costs for new service for the Regional Express bus system.
- 13 O&M costs for new service for the Link light rail system.
- 14 O&M expenditures for System-wide activities (administration, Research and Technology, Insurance, Fare Integration, ST3 planning).
- 15 Debt service (interest and principal) on bonds issued for ST2 capital projects.
- 16 Contribution to reserves (O&M, bond, capital replacement, and ending cash balances).
- 17 Contribution by subareas to System-wide costs.

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Sound Transit 2

**A Mass Transit Guide
The Regional Transit System Plan
For Central Puget Sound**

Appendix B: Financial Policies

Sound Transit 2 The Regional Transit System Plan

Sound Transit Financial Policies

**As Adopted May 31, 1996 (Resolution No. 72)
As Amended April 13, 2006 (Resolution No. 72-1)
As Amended May 24, 2007 (Resolution No. R2007-05)
As Amended July 24, 2008 (Resolution No. R2008-10)***

The Sound Transit Board may amend these Financial Policies from time to time; the most current version of the Financial Policies is available at www.soundtransit.org

PURPOSE

The Sound Transit Board (“the Board”) adopted an initial framework for the financing of Sound Move, by setting local tax rates, focusing on minimal debt financing, requiring conservative projections for federal and state funding, and establishing a definition by which equity will be measured. The Financial Policies reflect the Board's policy intent for implementing the financial framework for completing *Sound Move* and subsequent System Plans and for providing the tools to the Board to appropriately manage toward and respond to future conditions.

LEGAL RESPONSIBILITIES

In adopting these Financial Policies, the Board recognizes certain legal responsibilities. Existing state law grants all legislative and policy authority to the Board, and does not allow the Board to abrogate, transfer or delegate such authority to other agencies or to the five subareas within the Sound Transit District. Consequently, all funds collected by or provided to Sound Transit, including local tax revenues, federal and other government grants, bond proceeds, fare box revenues, interest earnings, and private development revenues, may be disbursed only with approval of the Board. Priorities for disbursements will be determined within Sound Transit's annual budgetary process, which by law requires a favorable vote by two-thirds of the Board.

Similarly, the Board recognizes that bonds issued by Sound Transit will be secured by a pledge of repayment through local taxes. When the bonds are issued, Sound Transit will enter a binding contract with its bondholders that requires a first claim against local tax revenues for repayment. Stated differently, bondholders will have a legal priority to Sound Transit's local tax revenues, above and beyond any commitment Sound Transit may wish to make with its subareas that no subarea will pay another subarea's debt. Therefore, these Financial Policies reflect Sound Transit's commitment to subarea equity while maintaining the flexibility necessary to manage the financing of the System Plan on a consolidated basis and within legal constraints.

* Resolution No. R2008-10 provides that these amended Financial Policies take effect upon the earlier of either the approval of local funding for the ST2 Plan by the voters at an election, or upon Board adoption of the amended Financial Policies by separate Resolution.

EQUITY

Definition of equity

Equity will be defined as utilizing local tax revenues for projects and services that provide transportation benefits to the residents and businesses in each of the subareas generally in proportion to the level of revenues each subarea generates. Subareas may fund projects or services located outside of the geographic subarea when the project substantially benefits the residents and businesses of the funding subarea. The Financing Plan for Sound Transit activities addresses this equity principle by providing a financial plan for each of the five Sound Transit subareas, comprised of the subarea's share of local taxes, bonding capacity, farebox proceeds and an assumption for federal funding. The five subareas are defined as Snohomish County, North King County/Seattle, East King County, South King County, and Pierce County. While the Financing Plan will be managed by the Board on a consolidated basis, the Board will report annually on individual subarea performance.

The Board agrees, therefore, that the facilities, projects and services identified in all voter-approved System Plans represent a reasonable definition of equity for purposes of satisfying both public policy concerns and statutory requirements. The Financial Plan for voter-approved System Plans will serve as the starting point for evaluating the equity principle.

IMPLEMENTATION POLICY

Subarea Reporting

1. The Financial Plan will provide projections for each of the five subareas, comprised of the subarea's projected share of local taxes, use of bonds, farebox proceeds, an assumption for federal funding and related expenditures.
2. Local taxes will be allocated for subarea reporting based on actual tax receipts collected by subarea and within the Sound Transit District. The annual Financial Plan will incorporate updated forecasts based on these actual receipts. A portion of local taxes from each subarea will be allocated to fund system-wide costs as identified by the Board.
3. For subarea reporting purposes, government funding that is received for a specific project or service will be allocated to subarea(s) on a basis consistent with the allocation of costs for the project or service, unless the board takes action to allocate the funds to other subareas as it deems in the best interest of Sound Transit after consideration of the funding needs to complete, enhance or extend the system plan.

For subarea reporting purposes, government funding that is received that is agency-wide or general in scope will be allocated by the board as it deems in the best interest of Sound Transit after consideration of the funding needs to complete, enhance or extend the system plan.

4. Miscellaneous revenues, such as those generated through private-public partnerships, advertising and terminal concessions will be allocated for subarea reporting based on subarea investment in the facility and/or service from which the revenue is generated.

5. Debt will be allocated for subarea reporting based on a subarea's share of total long-term bonding requirements or as otherwise directed by the Board as deemed in the best interest of Sound Transit.
6. Subarea expenditures will be allocated for subarea reporting based on facilities and services to be provided, their projected costs and project contingencies, associated operating costs, debt service, reserves for debt service, operations and maintenance and capital replacement. The allocation of expenditures for reporting purposes for facilities and services that cross subarea boundaries will be made by the Board to ensure safe and efficient operation of the system-wide facilities and services after due consideration to subarea benefits and priorities.

Monitoring function

1. Sound Transit will establish a system that on an annual basis reports subarea revenues and expenditures. This monitoring and reporting function will be incorporated into Sound Transit's financial cycle. The Board may at its discretion conduct an independent assessment of the consistency of subarea reporting with Board policy guidance.
2. Sound Transit will appoint an advisory Citizen Oversight committee to monitor Sound Transit performance under these policies (see Public accountability below).

Adjustments to subarea projects and services

1. Subarea capital projects and transit services will be evaluated and adjusted annually as a part of the Board's consideration and adoption of an annual budget which requires a two-thirds favorable vote of the Board. Adjustments to subarea capital projects and services can include additional priority projects and/or services within that subarea should funding be available. This adjustment process recognizes that some fluctuation in revenues and expenditures against forecasts will occur.
2. For those cases where a subarea's actual and projected expenditures exceed its actual and projected revenues and funding sources by 5 percent or greater, and/or where unforeseen circumstances occur which would result in an inability to substantially complete projects within such subarea's plan, the Board shall take one or more of the following actions:
 - Correct the shortfall through use of such subarea's uncommitted funds and/or bond capacity which is available to the subarea; and/or
 - Scale back the subarea plan or projects within the plan to match a revised budget; and/or
 - Extend the time period of completion of the subarea plan; and/or
 - Seek legislative authorization and voter approval for additional resources.
3. For those cases where a subarea's actual and projected revenue to be collected until the system plan is completed will exceed its actual and projected expenditures by five percent or greater, and/or where unforeseen circumstances occur which would result in the subarea's ability to fund additional projects and services not identified in the Plan, then Sound Transit may use such surplus funds to complete, extend or enhance the System Plan to provide transportation benefits for the subarea's residents or businesses as determined by the Board.

4. Contributions from other parties, including the State, local governments and private sector can be programmed by the Board to complete, extend or enhance the System Plan, consistent with agreements with the other party.

SYSTEM-WIDE EXPENDITURES

The Board shall fund such system-wide expenditures as necessary to maintain and plan for an integrated regional transit system consistent with voter-approved System Plans. Such system-wide expenditures shall include fare integration, research and technology programs, future phase planning and agency administration and other such expenditures as determined by the Board to be appropriate. Properties authorized for purchase by the Board to preserve required right-of-way will be funded as a system-wide cost until such time as the right-of-way is utilized by a subarea(s), at which time the cost will be allocated to the subarea(s) consistent with Board approved allocation. System-wide expenditures, not funded by dedicated system-wide agency interest earnings, revenues or other specific funding sources, shall be allocated to subareas proportional to the subarea's share of total local tax revenues, population, benefits received, or on another basis as deemed appropriate by the Board.

DEBT MANAGEMENT

Legal Definition of Sound Transit Debt Financing Capacity

Sound Transit's enabling legislation defines Sound Transit's capacity for issuing general obligation debt at one and one-half percent of the value of the taxable property within the boundaries of the Sound Transit District (and with approval of three-fifths of voters voting within the Sound Transit District, up to five percent of the value of the taxable property within the district's boundaries). There is no dollar limit for revenue indebtedness.

Debt Service Coverage Requirements

The Board recognizes that its future bondholders will hold first claim against taxes pledged as repayment for outstanding bonds. However, Sound Transit's debt financing capacity will be calculated on a more conservative basis, by evaluating all revenues and deducting total operating expenses for net revenues available for debt service.

For long-term planning purposes, Sound Transit agency debt service coverage ratio policy will be set at an average coverage ratio of 2.0x for net revenues over annual debt service costs, not to fall below 1.5x in any single year. However, as voter-approved plans are implemented, prudent changes to coverage ratios may be made by the Board as appropriate. Prior to bond issuance, Sound Transit will establish the appropriate debt service coverage ratio to incorporate into its bond covenants.

Uses of Debt Financing

1. Debt financing for capital projects covers two distinct types of borrowing, the first related to long term debt financing, and the second related to short term debt financing.
2. Short-term debt financing (with terms of ten years or less) is expected to be used primarily to bridge the gap between the necessary timing of expenditures and the anticipated receipt of revenues.

3. The use of long term financing (with terms of more than ten years) is expected to be limited to capital and related costs for portions of the program that have a useful life in excess of the term of the debt. Long-term financing should be preserved for those aspects of the program for which other sources of funds are not likely to be available.

Allocation of Sound Transit Debt

1. For reporting purposes, the amount of long-term debt financing used to benefit each of the subareas will be based on each subarea's ability to repay debt after covering operating costs. The Board may determine appropriate debt service limits by subarea.
2. While the above policy prescribes the use of debt financing for subarea reporting, the Board will manage the agency's debt capacity on a consolidated basis so as to maximize resources between subareas.

SETTING PRIORITIES FOR EXPENDITURES

The Board will adopt expense budgets for transit operations and agency administration and maintain a multi-year capital improvement plan. A two-thirds vote of the Board is required for budget adoption. Sound Transit will establish guidelines for its budgeting process and criteria by which to establish priorities for expenditures.

FINANCIAL MANAGEMENT

Sound Transit shall maintain polices for debt and investment management, risk management, capital replacement, fares and operating expenses and grants management so as to effectively manage voter-approved revenues and efficiently operate the regional public transit system.

PUBLIC ACCOUNTABILITY

To ensure that the construction program development and implementation occurs within the framework and intent of these policies, Sound Transit will:

1. Conduct an annual independent audit of its financial statements in compliance with state and federal requirements;
2. Implement a performance audit program; and
3. Appoint and maintain an advisory citizen oversight committee, charged with an annual review of Sound Transit's performance and financial plan, for reporting and recommendations to the Board.

FUTURE PHASES

Voter Approval Requirement

The Board recognizes that the voter-approved taxes are intended to be used to implement the System Plan and to provide permanent funding for future operations, maintenance, capital replacement and debt service (“permanent operations”) for voter-approved programs and services. The Board has the authority to fund these future costs through a continuation of the local taxes authorized by the voters. However, as a part of its commitment to public accountability, the Board pledges that the local taxes will be rolled back to the level required for permanent operations and debt service after the voter-approved ST2 and *Sound Move* plans are completed and implemented. The rollback procedure is prescribed in the Tax Rate Rollback section. The Board further pledges that, after the voter-approved ST2 and *Sound Move* plans are completed any subsequent phase capital programs that would continue local taxes after the System is completed at tax rates higher than necessary for permanent operations will require approval by a vote of those citizens within the Sound Transit District.

Tax Rate Rollback

When the voter-approved capital projects in ST2 and *Sound Move* are completed, the Board will initiate two steps to roll back the rate of sales tax collected by Sound Transit.

1. First, Sound Transit will initiate an accelerated pay off schedule for any outstanding bonds whose retirement will not otherwise impair the ability to collect tax revenue and complete ST2 or Sound Move, or impair contractual obligations and bond covenants. Sound Transit will implement a sales tax rollback to a level necessary to pay the accelerated schedule for debt service on outstanding bonds, System operations and maintenance, fare integration, capital replacement, and ongoing system-wide costs and reserves.
2. Once all debt is retired, Sound Transit will implement a tax rollback to a level necessary to pay for system operations and maintenance, fare integration, capital replacement and ongoing system-wide costs and reserves.

Financial Policies Review

These Financial Policies may be amended from time to time as the Board deems necessary to implement and complete the System Plan. These policies, as they may be amended, will apply to future capital programs. The Financial Policies will be reviewed for applicability prior to any submittal of a future capital program to the Sound Transit District voters.

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*Appendix C: Benefits, Costs, Revenues,
Capacity, and Reliability*

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Introduction

Voters in the central Puget Sound region are being asked to make a major financial investment in transportation improvements proposed in the Sound Transit 2 Plan. This report provides the region's citizens with an assessment of various benefits the region can expect from the fully implemented ST2 plan.

Transportation improvements are clearly linked to the growth, development, quality of life and economic vitality of a region. ST2 proposes a range of transit improvements building on the investments Sound Transit has already made, with major extensions of Link light rail to serve more of the central Puget Sound region's urban centers, along with improvements in Sounder commuter rail and enhancements of ST Express bus. These improvements add major new capacity in the region's most congested corridors, to help serve the transportation demands of the people and businesses already here, as well as anticipated growth.

Since improved transportation is such an important part of maintaining the livability and vitality of the region – and because the ST2 plan provides such a major extension of rail services throughout the region – this analysis goes a step beyond an ordinary approach to analyzing benefits.

In addition to looking at the travel benefits that can be thoroughly documented or conservatively projected, this report provides a broader discussion of the community and regional benefits that can be expected from the ST2 investment.

As with road and highway construction, transit investments create value within a community beyond where projects are built and how much concrete is poured. Personal mobility, regional connections, the

availability of transportation alternatives, and impacts on growth patterns, quality of life and the economic well-being of the region are all tangible outcomes that must be considered in deciding on transit investments, as they typically are considered in decisions on road investments.

Table 1 shows a set of broad performance measures, some of which can be projected and measured, and others that are more difficult to quantify but which are important benefits of investing in transit infrastructure.

When the citizens of our region total both the direct and quantifiable benefits of transit investments, along with the indirect and qualitative benefits, and compare them to the costs of the plan, they will have the information necessary to make an informed decision. Already, the region is reaping the early benefits of the transit investments made as a part of *Sound Move*, Sound Transit's initial plan. Many benefits, however, such as the region's ability to achieve its land use vision, and the shifting travel patterns that support dense, mixed-use development in walkable regional centers, will only be fully realized over the decades to come. Meanwhile the direct and quantifiable benefits, such as more riders on transit, savings in travel time and travel costs, will continue to grow as more investments come on line and more people arrange where they live, work and shop, and how they travel, to take advantage of greatly expanded high-capacity transit options.

Data and methodology used to analyze direct benefits of the transportation improvements in ST2 have been prepared in accordance with nationally accepted standards and procedures, and have been subject to review by an independent Expert Review Panel appointed by and accountable to the state of Washington.

Table 1: Measures of Performance by Type		
Transit Measures	Other Measures	
Transit ridership	Achievement of Vision 2040, the region's land-use plan	Vehicle miles reduced
Additional transit passenger trips	Development of dense, walkable urban centers	Vehicle ownership and operating cost savings
Time savings to transit riders in hours	New businesses attracted to the region	Reduced parking demand and cost savings
Value of travel time savings to transit riders in dollars	Increased economic activity	Improved connections between regional centers
Subsidy per passenger trip and per passenger mile	Reduction in highway delay for private and commercial vehicles	Avoiding sprawl outside the urban growth boundary
Farebox recovery ratios (operating revenue/operating expense)	Construction and related employment	Preserving rural and natural land
Transit system productivity	Permanent employment in operations and maintenance	Improved human health from increased walking and cycling
Transit system reliability	Increased rail freight mobility	Transportation benefits during special events (sports, fairs, etc.)
	Attaining Commute Trip Reduction Act Goals	Tourist spending

Benefits of ST2 investments in the regional transit system

Background

According to the Puget Sound Regional Council, between 1999 and 2005, transit ridership in the region grew over one and a half times as fast as daily vehicle miles traveled. These numbers cap a slow reversal of trends that started in the 1980s, when transit ridership could not keep pace with the explosive growth of travel by personal vehicle.

For a few years in the 1980s, as women entered the workforce in unprecedented numbers, employment in the region grew about twice as fast as population. At the same time, rising family incomes, the travel demands of two-worker families, and the continued patterns of suburban sprawl in the region, fueled a growth in travel by personal vehicle that outpaced by four times the growth in population.

This imbalance, though somewhat less pronounced as the years passed, continued through the 1990s and became deeply embedded in people's expectations about traffic and gridlock, present and future. At the same time, even though transit ridership continued to grow, it did not keep pace with the overall increase in traffic.

Looking at the new century, transit ridership grew slightly in 2000 and 2001 but then, during the worst of the economic slowdown, actually declined in 2002 and

2003. As the economy picked up, however, people chose transit in increasing numbers and ridership rebounded sharply. At the same time, the trends of the previous decades reversed as more people decided to ride transit instead of drive.

In 1996, the year Sound Transit's *Sound Move* plan was approved by the voters, about 75 million individual trips were made on buses and trains in the Sound Transit service area. By 2006 that number had grown to 98 million trips.

By 2030, as a result of completed projects in *Sound Move* and ST2, along with continued growth in people riding local buses, public transit in the Sound Transit district will be carrying about 165 million trips a year, more than twice as many as in 1996. Over 100 million of these trips will be on Sound Transit. Most importantly, these new transit trips will be concentrated in the region's most congested corridors on bus routes and rail lines serving the region's densest downtowns and urban centers, adding critical capacity where it is most needed to support the region's economy and preserve its quality of life.

This section details the benefits to transit riders of ST2's major expansion in high-capacity transit throughout the region.

Transit passenger trips

The most important measure of any transit investment is whether it attracts riders and serves them well. The most direct way to measure this factor is the numbers of people riding transit. With the ST2 plan, transit ridership in the region is projected to grow by more than 60% over 2006.

Table 2 compares regional transit ridership today with ridership projections for 2030, with and without the ST2 investments.

Highlight

If the region's daily transit trips were all made by car, the line of cars would extend about 800 miles. The 2030 daily ridership represents a line of cars nearly 1,500 miles long.

Table 2: Regional Transit Ridership and Transfer Rate

	Existing in 2006	2030 without ST2	2030 with ST2
Daily			
Transit Trips	329,000	482,000	544,000
Transit Boardings	424,000	661,000	808,000
Annual			
Transit Trips	98 million	145 million	165 million
Transit Boardings	127 million	199 million	246 million
Percent Using ST	12%	40%	65%
Transfer Rate	1.29	1.37	1.49

Definitions

Transit passenger trips are counted with regards to *boardings*, *trips*, *transfers* and *passenger miles*. These terms are defined here.

- **Boardings:** Transit *boardings* are the number of times a passenger steps into any transit vehicle.
- **Passenger trips** (or transit trips) – *Trips* represent a completed journey made by a person from an origin to a destination (such as home to work). Because people may transfer from one route to another to complete such a journey, *trips* can consist of more than one transit *boarding*.
- **Transfer** – A *transfer* is when a passenger changes from one transit

vehicle to another (bus-to-bus, or bus-to-train for example) to complete their trip. *Transfers* explain why the average transit trip consists of more than one *boarding*, and are a good measure of the effective integration of the individual routes that make up the overall transit system.

Transfer rates are an indication of how the individual elements of a transit system complement each other, that is how complete the coverage is, and the range of trips that can be made on the network. Nationwide and worldwide, higher *transfer rates* are strongly and positively correlated with higher transit ridership.

- Passenger miles – *Passenger miles* are a measure of service that a transit line, route or system is providing to its riders. For example, 100 passengers traveling ten miles each, results in 1,000 *passenger miles* of travel.

Highlight
In 2030, with the ST2 plan, the region’s residents and visitors will travel nearly a billion miles a year on Link light rail, Sounder commuter rail, and ST Express bus.

Transit ridership on ST by service type

Table 3 summarizes the annual boardings and passenger miles projected for Link light rail, Sounder commuter rail and ST Express bus in 2030 with the ST2 Plan.

	<u>Annual Riders</u>	<u>Annual Passenger miles</u>
Link light rail	88.5 million	646 million
Sounder commuter rail	6.5 million	180 million
ST Express bus	14 million	164 million
Total	109 million	990 million

Forecast Methods

Sound Transit's ridership forecasts that form the basis for this report were prepared for the year 2030. The forecasts are based on:

- The Puget Sound Regional Council's adopted population and employment forecasts.
- A well-documented modeling/forecasting methodology reviewed by local and national experts and approved by the Federal Transit Administration, specifically designed to avoid over-forecasts of transit ridership.

Sound Transit wants to ensure that its forecasts are appropriate and do not overstate system benefits. Accordingly, Sound Transit's forecasts do *not* consider other factors that have been shown to affect rail and overall transit ridership positively but which are not easily quantified. These include:

- Rail bias: *Rail bias* is the demonstrated willingness of people to make urban transit trips on trains that they would not make on equally fast buses. Researchers have documented this preference, and link it to passengers' perceptions of rail's speed and reliability, as well as a confidence factor related to the ease of understanding inherent in rail routes – passengers know trains can take them only where the tracks are laid and that if they go in the wrong direction backtracking is easy. Sound Transit's modeling, does *not* take rail bias into account, and assumes buses and trains with the same service characteristics would have the same ridership.

- Land use changes resulting from transit investments: Sound Transit's modeling also does not assume that land use will change because of improvements in high-capacity transit. However, the experience of other cities confirms that rail, in particular, has the potential to shape land use both because of its ability to bring large numbers of people into dense urban centers without taking up the space required for freeways, streets and parking lots, and because developers have confidence in rail's permanence and so are willing to build their projects around rail stations.

The 2030 transit ridership forecast includes the effects of population and employment growth, and the transportation and transit projects included in the Puget Sound Regional Council's Metropolitan Transportation Plan. The ST2 projects assumed to be implemented by 2030 include:

- Light rail north from the University of Washington to Lynnwood, south from SeaTac to the Redondo/Star Lake area of Federal Way, and east to Overlake Transit Center on the Microsoft campus.
- Additional Sounder train service and capacity, including improved station access at stations.
- Additional ST Express bus service in all three counties on the most heavily used routes, plus redeployment of existing service as the rail system expands.

Travel Time Savings

Table 4 and Table 5 illustrate the expected travel time savings for the region’s drivers and transit riders, achieved by the investments included in the ST2 plan.

Looking ahead to 2030, after ST2 investments are completed, the region’s transit riders are projected to save almost 20 million hours a year. For the regular transit rider, this means a travel time savings of about 72 hours a year.

This analysis is based on two scenarios for traffic in 2030: one with ST2 projects and one without ST2 projects. Accordingly, the numbers are estimates based on best practices. In the simplest terms, every car not driven because the driver chooses to

travel by transit either reduces congestion or leaves space for another vehicle.

Highlight
By 2030, the estimated combined annual travel time savings for drivers and transit riders is approximately 44 million hours.

Table 4:	
Projected Travel Time Savings for Drivers and Freight	
	Drivers & Freight 2030 with ST2
Reduction in Annual Vehicle Miles Traveled (Switched to Transit)	268 million
Annual highway delay reduced	25 million hours

Table 5:	
Projected Travel Time Savings for Transit Riders	
	Transit Riders 2030 with ST2
Daily Hours Saved	60,000
Total Annual Hours Saved	19 million

Travel times and number of transfers between selected centers

Looking at specific trips between the region’s centers is one way to understand how ST2 will benefit riders who are taking the bus today, as well as future riders who will be attracted to transit because of the improved speed and reliability they will experience on ST2 services.

Buses get slower every year: Within the Sound Transit district, bus travel times slow by about 1% per year, mostly due to more congestion on roads and increased pedestrian activity in centers (vehicles making right and left turns at intersections block other traffic while they wait for people crossing the street). Without improvements in transit, therefore, existing bus travel times would be expected to be about 23% slower by 2030.

For example, the Bellevue-to-Airport existing bus travel time is 53 minutes for ST Express route 560 via I-405 and I-5. Without the light rail investment the bus travel time using Route 560 would be expected to increase from 53 minutes today

to about 65 minutes by 2030. After light rail is extended across Lake Washington, however, the same trip is expected to take 55 minutes, with a transfer in Seattle. While that’s two minutes longer than it takes today, it’s a savings of ten minutes over the time it would otherwise take to make the trip by bus in 2030.

Table 6 compares existing transit travel times to future transit travel times after implementation of ST2. The existing times are actual measured travel times, not the travel times shown on the bus schedules, which cannot be relied on from hour to hour and day to day because of traffic congestion on the roads.

Shorter wait times are not included in travel time estimates. These travel times *do not include* the effect of higher frequencies for rail systems. Typical train frequencies on all branches in 2030 will be at least every 10 minutes. Shorter wait times and transfer times also reduce total trip times for riders.

Table 6 : Projected Transit Travel Times & Transfers Between Selected Centers

	Existing Transit Time	Expected 2030 time w/out ST2*	2030 ST2 Plan Time	Expected Time Savings
Lynnwood - UW	39 min	49 min	21 min	28 min
Lynnwood - Seattle	42 min	45 min	28 min	17 min
Bellevue - Airport	53 min	65 min	55 min (1)	10 min
Bellevue – Seattle	31 min	34 min	20 min	14 min
UW - Bellevue	32 min	37 min	31 min	6 min
Overlake - Airport	80 min (1)	96 min (1)	66 min. (1)	30 min
Capitol Hill - Overlake	55 min (1)	63 min (1)	38 min	25 min

() = number of transfers

**Bus travel times can vary greatly. The times shown for 2030 are expected averages, after accounting for continuation of historic trends in bus speed degradation, as reflected in PSRC 2030 traffic forecasts.*

Transit trips to selected centers

Table 7 presents the percentage of work and college trips made by transit riders to a selected set of regional centers.

The existing transit share data is from the 2000 U.S. Census Journey-to-Work survey as compiled by the Puget Sound Regional Council (PSRC).

Percentages include ridership on fixed route, fixed schedule transit service. Excluded are paratransit, dial-a-ride, carpools and vanpools, etc.

	Existing Transit Share of Work & College Trips	ST2 2030 Share of Work & College Trips	Percent Change from Existing to ST2 2030
Lynnwood	3 %	4 %	+ 33%
Northgate	6 %	9 %	+ 50 %
University District	20 %	33 %	+ 65 %
Bellevue CBD	8 %	12 %	+50 %
Seattle CBD	40 %	50 %	+ 25%

Other benefits of ST2

Cost savings for transit riders

According to the U.S. Census Bureau, in 2003 the average family in our region spent 18% of its disposable income on

transportation, more than any other expenditure except housing. The average household has 2.3 people, owns 2.4 cars, and spends \$9,350 a year on transportation.

The most expensive cost of driving is the cost of owning and insuring a vehicle. A family that can own one less car because of better transit service can save thousands of dollars a year on transportation. Even a family that owns the same number of cars, but drives less, stands to save on vehicle operating costs – gas, oil, parking, tires and maintenance.

For those commuting by transit to places with high parking costs, the savings in parking alone are substantial. For example, a monthly Puget Pass good for unlimited \$2.00 rides (the two-zone peak hour fare on King County Metro) costs \$72. According to the PSRC, the average cost of parking in the region's downtowns in 2006 was \$138 a month -- \$66 more than bus fare. For the average transit commuter to downtown Seattle, savings in parking alone would be approximately \$800 a year, on top of the savings on gas and other vehicle operating costs.

O&M costs, fare revenue and operating subsidies

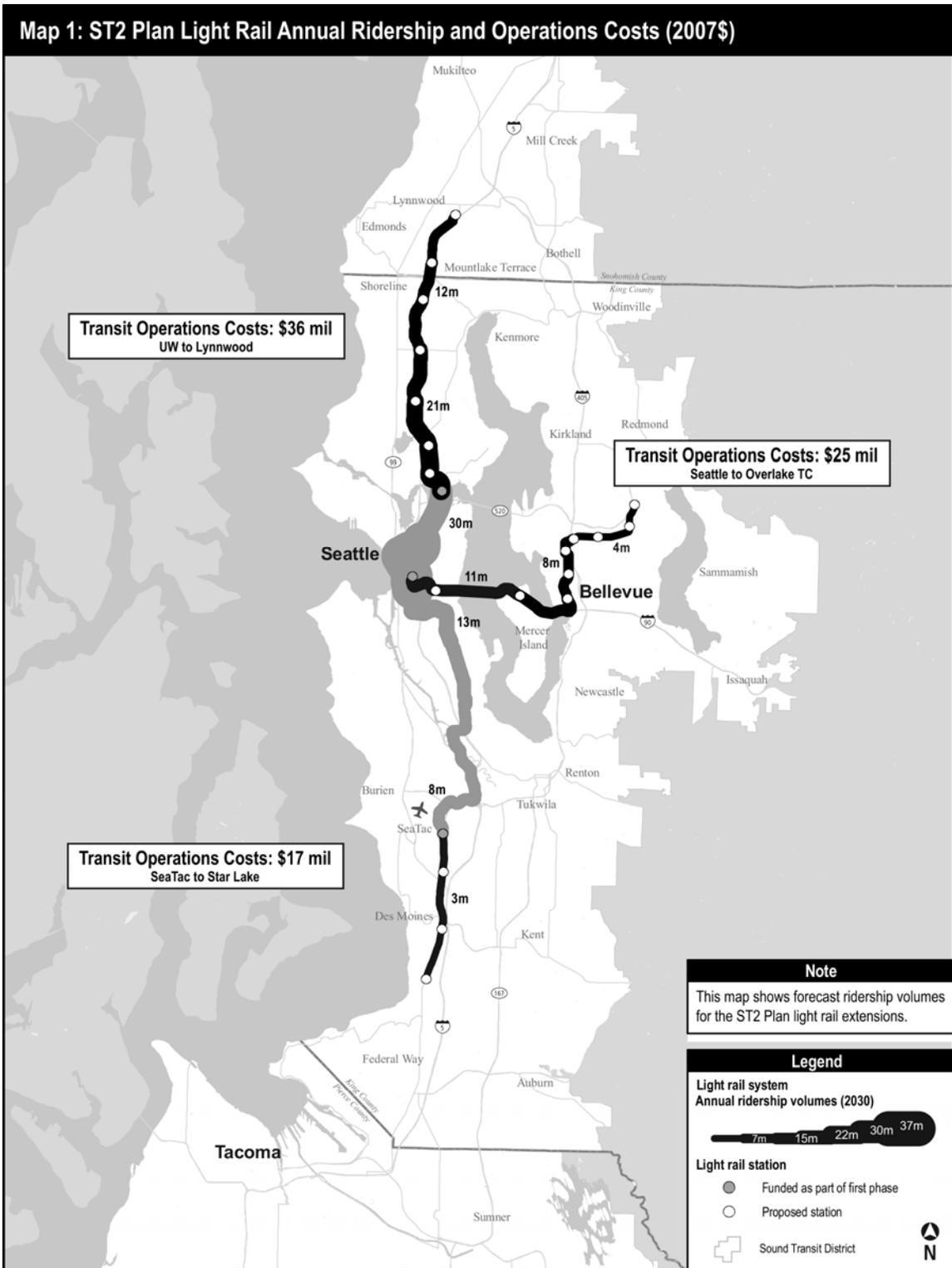
Operating Revenue / Operating Expense Ratio (OR/OE)

Table 8 shows the forecast ratio of operating revenue to operating expense by service in 2030. This ratio is the operating revenue (primarily fares) divided by the costs of operating Sound Transit's services.

	Annual Riders (millions)	Transit Operations Cost (2007 \$millions)	Operating Revenue (2007 \$millions)	Farebox Recovery (OR/OE)
Link light rail	88.5	\$127	\$ 52	41%
Souder commuter rail	6.5	\$ 54	\$ 15	28%
ST express bus	14	\$113	\$ 16	14%
Sound Transit Total	109	\$294	\$ 83	28%

Operating Costs and Ridership on each ST2 Light Rail Extension

Map 1 illustrates the annual transit ridership volumes in 2030 on each of the three light rail extensions proposed in ST2. The annual system operating costs allocated to each of these ST2 extensions is also shown.



Cost effectiveness

Table 9 reflects the annual O&M cost of the ST2 plan per additional rider over the cost of the existing system.

	With ST2 in 2030
ST2 transit operations cost (millions)	\$79
ST2 capital cost (millions)*	\$394
ST2 riders (millions)	49
New transit riders (millions)	19.9
ST2 transit operations cost per ST2 system rider	\$1.61
ST2 capital cost per ST2 system rider	\$8.04
ST2 transit operations cost per new transit rider	\$3.97
ST2 capital cost per new transit rider	\$19.80

* Note for Table 9: Annualized ST2 capital cost is the \$9.1 billion total capital cost discounted at 3 percent over 40 years.

Comparing the capacity of rail systems and highways

Highway capacity

The capacity of a single highway lane is defined as the highest number of vehicles that can pass a single point in an hour in a lane experiencing a stable flow of traffic.

The Washington State Department of Transportation calculates that maximum freeway capacity – about 2,000 vehicles per hour per lane – is achieved at speeds of about 40-45 mph. When the speed falls to 30 mph, capacity can be reduced to as few as 700 vehicles per lane per hour.

Because the number of people per car is generally lower during commute hours than at other times, averaging about 1.1 people, the theoretical capacity of a single lane in the peak hour is 2,200 people. However this assumes traffic moves at about 40-45 mph with perfect free flow conditions. At higher speeds the longer distances between vehicles reduce the capacity of the freeway, and at slower speeds the conflicts between vehicles – that is stop-and-go traffic – also reduce capacity.

Other factors affecting capacity include collisions, disabled vehicles, spills and other events that impede the normal flow of traffic, as well as poor weather conditions that reduce visibility.

WSDOT tracks peak period highway performance in central Puget Sound for 35 different city-to-city commutes. Between 2003 and 2005 travel times worsened for 33 of these 35 commutes. Ironically, the slower the travel speeds due to congestion the lower the capacity of the freeway links on which the congestion occurs; that is, the greater the demand for travel, the more

likely it is that fewer vehicles will be able to use the roadway. According to WSDOT annual system performance reports, particularly bad locations include:

- I-5 at I-90 which operates at less than 40% capacity for over 10 hours a day
- I-5 near Northgate which operates at about 70% capacity for almost 10 hours a day
- I-405 at SR 169 in Renton which operates between about 50% to 60% capacity for 14 hours a day

Bellevue-based commutes are the worst

The worst congestion problems in 2005 were for people commuting to and from Bellevue for work. During the average evening, the Bellevue to Tukwila commute experienced congestion and loss of capacity for five hours and 35 minutes, and the Bellevue to Seattle SR-520 commute experienced congestion and loss of capacity for four hours and 50 minutes.

Highlight

For the first time, between 2003 and 2005, WSDOT found that on several freeways in the central Puget Sound region, peak period vehicle volumes are dropping because the freeways are so congested and travel speeds are so slow that peak freeway capacity is declining.

Link Light Rail Capacity

The capacity of rail transit is a combination of the size of the vehicles, how frequently they run, and a practical consideration of how many people choose to ride.

As with highway capacity, when speaking of rail capacity the important measure is the number of passengers that can be carried during the peak period, when the service is most in demand. This is usually referred to as “peak passengers per hour in the peak direction.”

The per-hour and all-day passenger moving capacity of the ST2 light rail system is quite large, especially in comparison to a roadway of similar width with mixed traffic. While no rail transit system runs fully loaded 24-hours a day, the difference between the ultimate system capacity and the ridership forecast shortly after opening

represents the a reserve of capacity for accommodating a large amount of future ridership demand in the decades after the system is built. Table 10 below presents the hourly passenger capacity of the ST2 light rail system at points in the system with varying frequencies of train service, at three different loading standards: all passengers seated, a comfortable level of standing passengers and a “crowded” load that might only be accommodated during peak times for short segments such as a major event situation.

Link light rail projected ridership in 2030 shows that the system has the capacity to meet future growing demand.

Table 10: Light Rail System Capacity (passengers per hour per direction)				
Peak Frequency (Minutes)	4-Car Trains per Hour	Seated Capacity (74 per car)	Comfortable Capacity, (150 per car)	Crowded Capacity (200 per car)
2	30	8,880	18,000	24,000
4	15	4,440	9,000	12,000
6	10	2,960	6,000	8,000
8	7.5	2,220	4,500	6,000

As Link is extended to Northgate, and then to Lynnwood, the number of riders adding to peak ridership will increase with each additional station served.

Leaving downtown Seattle going south, half the trains will be routed east across Lake Washington to Bellevue and Overlake/Redmond, and half the trains will

be routed south to SeaTac and Redondo/Star Lake. The downtown tunnel can support train headways as low as two minutes, but the 2030 ridership would only require headways in the 3 to 4 minute range. Table 10 shows the capacity of the system, but ridership is not expected to reach that level until well beyond 2030.

System reliability

Reliability means arriving at the same time every time, regardless of gridlock on the roads or snow on the ground. Reliability is a critical factor in how people plan their travel and budget their time. Transportation system reliability has continued to decline in the Puget Sound Region for several decades, both for car drivers and for transit riders. This is primarily related to increases in the severity of traffic congestion, and in the greater likelihood of congestion occurring at any time of day or on any day of the week.

When a person needs to arrive somewhere by a specified time, whether to be on time for work, or to catch a plane or to watch a child's soccer game, they know that if the trip involves one of the region's most congested corridors at peak hours they should allow a great deal of extra time to get there.

Increasingly, the problem of congested peak hours has spread to all hours of the day and even to the weekends. Buses are caught in the same traffic as cars and trucks. Freeway HOV facilities speed buses, but even these ramps and lanes often break down in the crush of peak period traffic and bad weather. Sounder commuter rail and Link light rail, however, although they share some grade crossings with vehicles, operate on their own rights-of-way free from conflicts with other traffic.

Highway reliability

Reliability on streets and highways is affected by many things including crashes,

stalled vehicles and weather conditions, but the most important factor in the central Puget Sound region is the volume of traffic and delays caused by congestion.

WSDOT tracks reliability on the freeways for major commutes between pairs of cities, and calculates "95% reliable travel times," that is the amount of time a driver needs to plan for to be sure of arriving on time 19 times out of 20.

WSDOT data, compiled annually in major corridors, shows reliability on the regions highways to be steadily declining.

Highlight

Between 2003 and 2005, the duration of afternoon peak period congestion stretched from 2 hours to 3 hours and 15 minutes between Seattle and Redmond. Between Bellevue and Redmond it grew from 1 hour and 45 minutes to 3 and half hours.

Transit reliability

Transit reliability is related to a number of factors, but most significantly to the portion of the transit trip that occurs on a transit-only facility, that is rail or bus operating in its own right-of-way, away from interference with other traffic. **Chart 1** illustrates the change in reliability that will be experienced by the region’s transit riders with ST2.

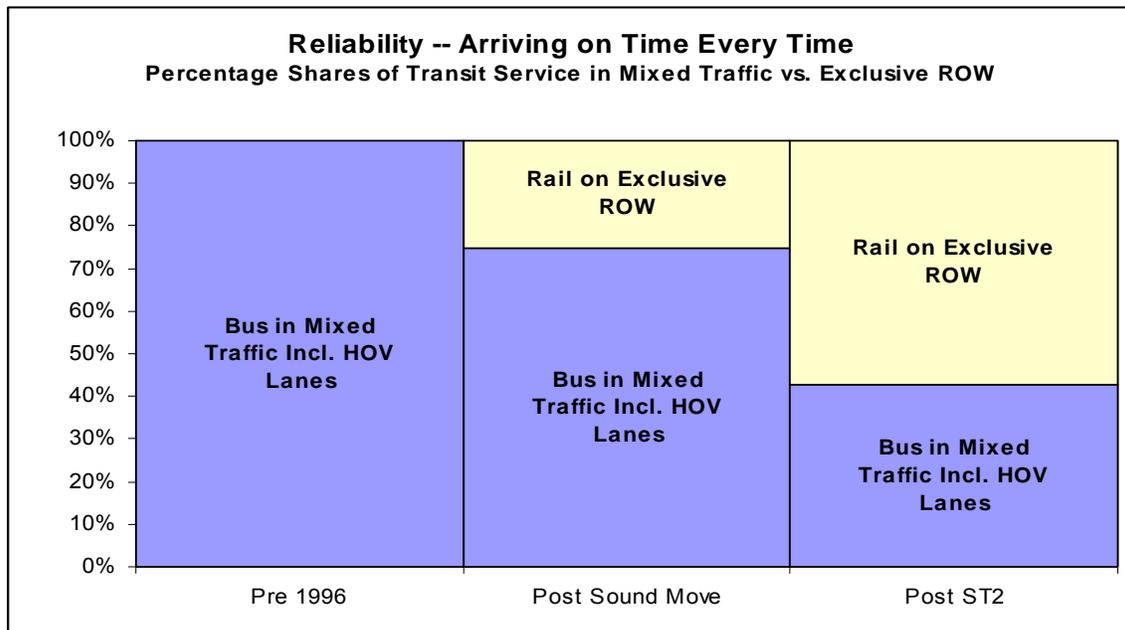
Sound Transit’s Link light rail operates entirely on exclusive right-of-way. In addition, most of the right-of-way is grade separated with no interference from traffic. Even where there is no grade separation, Link light rail operates in exclusive right-of-way with signal preemption. This allows the

service to maintain a very high level of reliability, at all times of the day.

Prior to *Sound Move*, 100 percent of the region’s transit travel occurred on buses operating in mixed traffic. When the *Sound Move* investments are completed, 25 percent of the region’s transit travel will occur on high-reliability rail lines.

Looking ahead to the completion of ST2, the share of all transit riders in the region who are on Sound Transit services grows from 12 percent today to 65 percent in 2030. This means that over five times as many of the riders will travel on vehicles that don’t get stuck in traffic, regardless of the time of day, day of the week, weather conditions, or other factors.

Chart 1: ST2 Transit Reliability



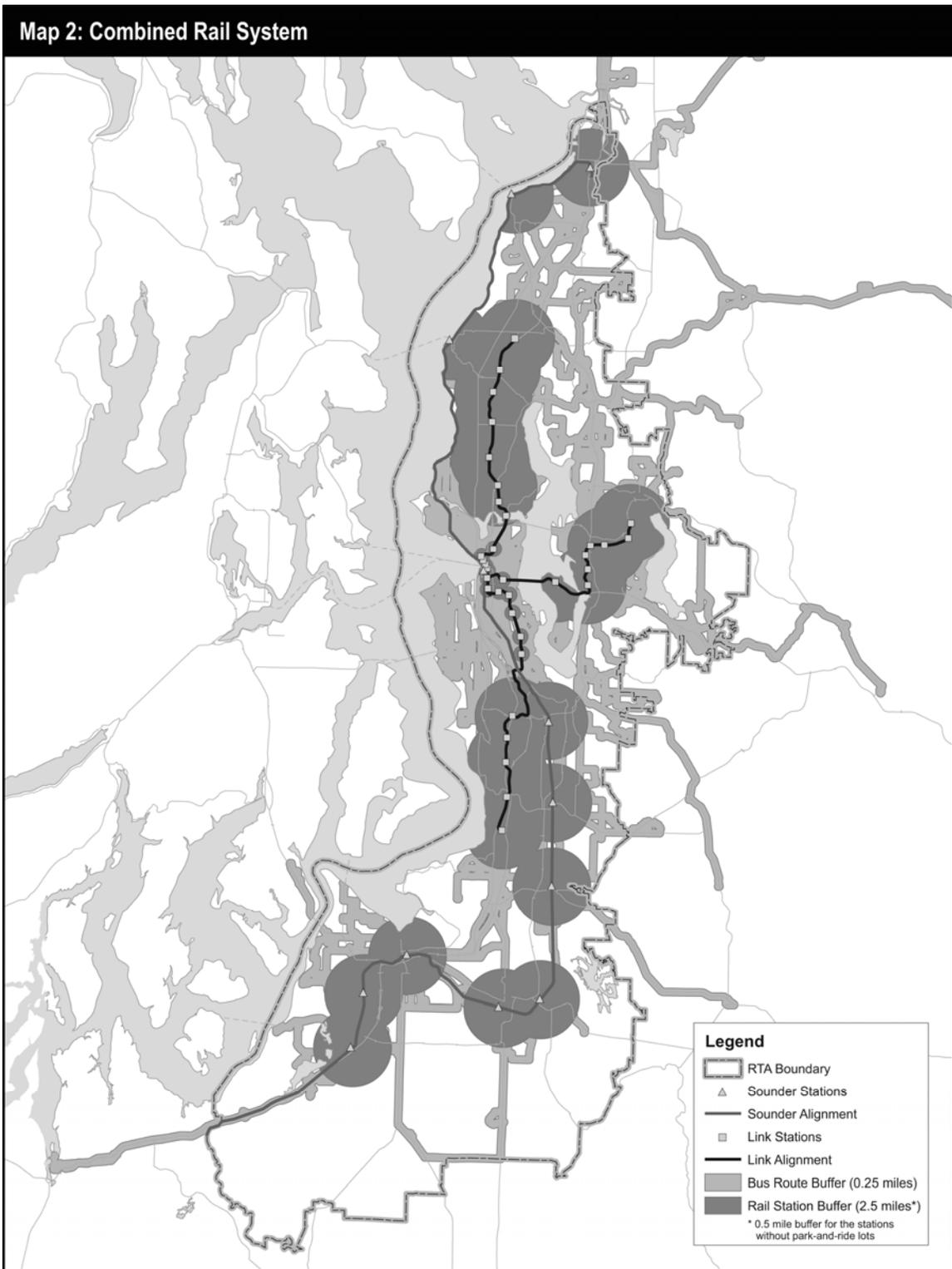
Transit system accessibility

The reach of the regional transit investments made in *Sound Move* and ST2 will be much greater than just the immediate vicinity of rail stations and transit centers.

Map 2 shows the access to the regional light rail and commuter rail systems when all ST2 improvements are in service. It depicts the geographic coverage of average ½ mile walk access and average 2½ mile

park-and-rider access to the rail stations, and the reach of existing local bus services (including average ¼ mile walk access distance to the bus) that would allow access to the rail system with one transfer.

Over 70% of Sound Transit district residents and over 85% of district employees would have convenient access to the region's high-reliability rail system.



Sound Transit 2

**A Mass Transit Guide
The Regional Transit System Plan
For Central Puget Sound**

*Appendix D: Social, Economic, and
Environmental Impacts; Performance
Characteristics by Mode; and
Integration with Regional Land Use*

**Sound Transit 2
The Regional Transit
System Plan**

Sound Transit 2

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Social, Economic and Environmental impacts

Social Impacts

The ST2 Plan will reduce our reliance on automobiles by improving average citizen's ability to use mass transit to travel through the most congested corridors during rush hours.

Mobility and Accessibility

Mobility and accessibility is a challenge for everyone, and particularly so for people who do not own cars or for whom the daily costs of driving are a financial hardship. The addition of 34 miles of light rail, plus enhanced Sounder and ST Express systems, will expand opportunities for low income workers to commute to their jobs, and for those who are unable or who prefer not to drive to travel to and from a variety of destinations throughout the region. Workers living along or near Link, Sounder, or ST Express routes and stations and traveling to jobs in the off-peak direction, for example at SeaTac Airport, Northgate Mall, or other locations, will have the same frequent reliable service as travelers to downtown Seattle or downtown Bellevue.

For low income households, ST2 investments may make it possible to reduce the number of cars per household, and/or to reduce the annual miles driven and costs of operations and maintenance. For those who are unable to drive or cannot afford an automobile, ST2 investments will greatly expand their ability to travel quickly and reliably throughout the region, whether they live along a Sound Transit route, or connect via local transit or demand-response

services.¹ Mobility and accessibility can be a particular challenge for elderly people and people with physical disabilities or limitations. For many senior citizens and persons with disabilities, transit often offers the only option for getting around. Increasing the extent of the light rail system can significantly improve mobility for these citizens.

Other social impacts of ST2 include support for the urban centers developed in Vision 2040 and now contained in county and local government comprehensive land use plans and policies in the region. While the urban centers concept was developed primarily to reduce traffic congestion and air pollution growth, it also has potentially beneficial social impacts in promoting pedestrian-oriented neighborhoods throughout the region, which in turn will increase social contacts within communities and strengthen community spirit.

Economic Impacts

¹ About 9 percent of the region's households are classified as low income, and of these households 26 percent do not have access to a car. (Of all households in the region only 7 percent do not own or have access to a car.) About 17 percent of the population is disabled, and by 2040 almost 17 percent will be seniors. Compared to others, all of these individuals tend to have lower auto ownership rates, lower incomes, and be less likely to have a car available to them for their trips.

The Central Puget Sound region is not unique in its dependence on transportation to fuel its economic engine. What sets the central Puget Sound region apart from many other urbanized areas, however, are the extreme constraints that geography and topography place on the development of transportation corridors. For example, about a quarter of a million people cross Lake Washington every day using the only two routes available, I-90 and SR-520. Here, as elsewhere, the most congested sections of the freeway system experience gridlock for hours every day.

The investments planned as part of ST2 will not end congestion on the freeways. However, they will provide an alternative for drivers caught in traffic, free up road space for those with no other alternatives (including freight), and provide new high capacity alternatives for those who are unable, unwilling or who can't afford to drive. To those people who are able to use and benefit from the faster and more reliable transit services that comprise ST2, it will seem as though congestion has been eased substantially.

ST2 will provide major new rush hour capacity to and from the region's most congested destinations, as well as all-day, two-way reliable connections for commuters, shoppers, and other travelers.

The economic benefits of the ST2 plan will be realized in many ways, some of which can be quantified and others of which are more difficult to measure. Taking into account the full costs of the ST2 Plan, Sound Transit estimates that

the readily quantifiable benefits will be greater than twice the costs.

Quantifiable benefits

ST2 Plan quantifiable economic benefits include:

- Travel time savings for transit riders;
- Mobility benefits for non-transit users including commercial vehicles;
- Reductions in vehicle operating costs, including parking costs; and
- Reductions in accident costs and in pollution, noise and energy use.

Travel time savings

Travel time savings are shown in Appendix C (see page C-9) for both transit riders and non-transit users. These benefits constitute the largest share of the benefits of the ST2 Plan.

Vehicle cost savings

In addition to saving time, the region will save in vehicle ownership, operating, and parking costs.

Savings in environmental costs

The ST2 investments can create environmental benefits by reducing air, noise, and water pollution associated with auto travel. In addition, transit travel is more energy efficient than auto travel, creating economic benefits associated with energy conservation.

Benefits Difficult to Quantify

Job Creation and Retention

Improving the capacity and reliability of the transportation system directly supports the region's economy. It gives employers access to a broader base of workers, and gives individuals greater choice in where to live, work, recreate, shop and conduct personal business. It gives businesses better access to goods and services, and increases the ability of people to connect with each other and conduct business.

A 1999 study done for the American Public Transit Association concluded that business gains in sales are 3 times the investment in transit capital – a \$10 million investment yields \$30 million in sales.

In Portland, Oregon, Tri-Met estimates that over \$6 billion in development has occurred within walking distance of the MAX light rail stations since 1980.

In Dallas, property values near light rail stations are 13% higher than elsewhere, and in San Diego they are 17% higher.

While these types of calculations are difficult to replicate for a project that is not yet built, in city after city across the United States, the economic benefits of past investments in transit infrastructure are clear.

ST2 projects will create thousands of jobs in project management, design and construction, as well as ongoing jobs in operations and maintenance. If the dollars invested in ST2 were spent elsewhere it would also create jobs, but the portion of the project costs that will be covered by federal grants would not otherwise come to the region. In 2006, USDOT estimated that 47,500 jobs are

created for every one billion dollars invested in transportation.

Sound Transit's Guiding Principles provide for: workforce diversity reflective of the region; maximum use of local businesses; maximum use of small businesses; and maximum use of minority, women and disadvantaged businesses. There is also a requirement that a minimum percentage of labor on Sound Transit projects to be performed by apprentices, with requirements for minority and female workers.

Transportation System Reliability

Recent research on travel reliability shows an increased awareness of the importance of the reliability of transportation systems in large metropolitan areas. That awareness is heightened as existing transportation systems suffer increasing frequency of breakdowns when operating at capacity. As the importance of reliability grows, so does transit ridership, yielding even greater travel time savings to even more people.

Added capacity for travel

Whether going to work, school or shopping, or simply to visit friends, the ability to travel has economic benefits. ST2 adds major new travel capacity in some of the region's most congested corridors in all three counties. The added capacity for trips throughout the region will benefit individual travelers and the region as a whole. Additional information on transit capacity is shown in Appendix C.

Mobility for all

Improvements in transit provide broad benefits to those who cannot afford to own and operate a car, or who cannot or do not wish to drive, expanding opportunities for work, education, medical care, shopping, and other opportunities that require travel. These benefits also accrue to other taxpayers.

Environmental Impacts

In June 2005 Sound Transit issued a supplemental final environmental impact statement (SEIS) on the Regional Transit Long-Range Plan. The 2005 SEIS builds on and supplements the 1993 EIS prepared for the Regional Transit System Plan. It addresses newly available information on existing environmental conditions, and it evaluates the environmental impacts of and potential mitigation measures for adopting and implementing an updated Regional Transit Long-Range Plan, including specifically the development of the Sound Transit 2 (ST2) Plan investments.

The ST2 Plan investments will have a positive impact on the region's environment, including reduced energy consumption and air pollution and improved water quality. Sound Transit's Supplemental Environmental Impact Statement (SEIS) for the Long-Range Plan details these impacts for different ranges of long-term investments; the ST2 Plan represents the moderate-to-aggressive end of these investment ranges. An overview of the impacts for air quality, water quality and energy use are presented here. In addition, the SEIS details impacts in the areas of transportation (see Appendix C of this plan), environmental health, ecosystem, aesthetic quality, parks and recreation,

historic and cultural resources, and other areas.

The transportation sector represents over 50% of the regional carbon footprint, significantly more than the national average. Overall, the ST2 Plan represents an important step towards addressing the challenge of global warming by offering a reliable alternative to motor vehicle travel. The ST2 Plan will reduce vehicle miles traveled on our region's roadways which in turn reduces greenhouse gas emissions such as carbon dioxide. Internal estimates predict that implementation of the Sound Transit System Plan will result in a reduction of about 268 million Vehicle Miles Traveled (VMT) in 2030 by providing an alternative to single occupancy vehicle use.

In addition, the ST2 plan fosters transit-oriented development around stations, helping provide for compact, urban, sustainable communities that have relatively smaller carbon footprints.

Furthermore, the Sound Transit Board is committed to exploring ways to reduce to the maximum extent practicable the greenhouse gas emissions during construction and operation of the ST2 Plan.

Air Quality

Forecasts for increased 2030 ridership and resulting changes in travel by all modes indicate that ST2 Plan improvements would reduce total regional vehicle miles traveled and vehicle hours traveled in 2030 with a corresponding reduction of motor vehicle emissions. With the ST2 Plan, both the number of vehicle miles traveled and the level of congestion, as measured by hours of vehicle delay, would be reduced. As a result, overall mobile source pollutant emissions, including carbon monoxide, nitrogen oxides, volatile organic compounds, hazardous air pollutants, and greenhouse gases, within the plan area are expected to be lower compared to the No Action Alternative that was evaluated.

Sound Transit's light rail is electric powered and the use of electric vehicles will reduce transit vehicle emissions.

Sound Transit's regional transit providers are retrofitting their older bus fleets with particulate filters that remove approximately 90 percent of the diesel particulate that the buses previously released.

Sound Transit uses modern diesel commuter rail locomotives that produce substantially less air pollution than the majority of locomotives in use today. Sounder trains would produce approximately 30 percent less aggregate air pollutants per rider than three person carpools.

When compared to taking no action to improve the transit system, the ST2 Plan will result in reductions of carbon

monoxide, volatile organic compounds, and nitrogen oxides compared to the no action alternative that was evaluated.

Water Quality

Potential water quality impacts include: (1) new impervious surfaces, (2) new pollutant-generating impervious surfaces, (3) flood plain fill, and (4) culvert extensions. The overall impact of ST2 projects on increasing the amount of pollutant-generating impervious surfaces will be relatively minor compared to the current amount of pollutant-generating impervious surfaces in the region, as well as compared to possible alternate investments in road capacity to carry the same number of trips.

Energy Use

When compared to taking no action to improve the transit system, the ST2 Plan will result in a reduction in regional energy use for transportation.

Mitigating Local Impacts

In developing the projects for the ST2 Plan, the costs of environmental impact mitigation were included in the cost estimates for each project. For example, the Link extension from Seattle to Bellevue cites potential parkland, historic and wetland impacts and the need for environmental mitigation. For those projects in the early stages of development, detailed analysis of impacts and potential mitigation measures will be finalized in project environmental documents.

In addition to mitigating specific project impacts, ST2 projects also have the potential to mitigate some of the major impacts of other anticipated regional transportation projects. In the

North Link corridor, for example, there is a major resurfacing (and possibly lane reconfiguration) project planned for I-5. Depending on the schedules of the two projects, Link to Northgate could provide an alternate route for travelers who might otherwise be caught in the additional congestion associated with this construction.

Environmental Management System

Sound Transit adopted a comprehensive Environmental Management System (EMS) in April, 2004. The EMS consists of proactive management processes and procedures to document, assess and improve environmental compliance and performance. It incorporates environmental ethics into business operations and identifies environmental stewardship as a responsibility of all employees. Sound Transit's Environmental Policy, which serves as the foundation of the EMS, commits the agency to being an environmental leader in the State of Washington and to "the protection of the environment for present and future generations as we provide high-capacity transit to the Puget Sound region."

Additionally, in 2008 Sound Transit became only the sixth transit agency in the United States, and the first on the West Coast, to hold itself accountable for achieving rigorous international

standards for promoting environmental sustainability. This commitment earned Sound Transit ISO 14001 certification. To meet the requirements for ISO 14001, an organization must put in place management tools enabling it to identify and control the environmental impact of its activities, products or services and to improve its environmental performance continually. It must also implement a systematic approach to setting environmental objectives and targets and to demonstrating that they have been achieved.

Performance characteristics by mode

System and service philosophy and impacts

Sound Transit's role is to provide the central Puget Sound with a regional network of high-capacity transit services. As defined by Sound Transit's enabling legislation, high-capacity transit means service operating principally on exclusive rights-of-way and providing a substantially higher level of passenger capacity, speed and service frequency than public transit operating on highways and city streets in mixed traffic.

This role is further defined by the Puget Sound Regional Council's land use plan, Vision 2040, and the Metropolitan Transportation Plan, which together define a goal to establish a region-wide transit system that connects regional growth centers, provides seamless connections with local transit and ferries, and supports concentrated development at and around stations.

Within this framework, the ST2 Plan proposes to continue and expand the regional high-capacity network established in Sound Move. The Link light rail will add 34 miles extending to Snohomish County and across Lake Washington to King County's eastside. The ST2 plan will add new or improved Sounder commuter rail stations and access improvements. The ST2 plan also includes contributions to new ST Express bus facilities in Bothell and Burien. Consistent with the major expansion in rail services, some existing express bus routes will be replaced with rail.

Service characteristics for Sound Transit's three modes are consistent with the mandate to operate high-capacity transit with frequent, fast service.

ST Express Bus

ST Express operates frequent, all-day bus service on major corridors between centers, with half-hour headways or better, from about 6:00 in the morning or earlier until about 10:00 at night. ST Express buses operate on freeway HOV facilities where they are available, including a series of freeway direct access ramps built as part of Sound Move, which improve speed and help ensure reliability.

ST Express buses serve major urban centers as well as outlying park-and-ride lots and transit centers, and they connect to Sounder and existing and future Link stations. All buses carry bicycles; some serve mixed-use transit centers with commercial and residential development integrated into the center.

Sounder Commuter Rail

Sounder commuter rail currently operates between Everett and Tacoma and, when the Sound Move investments are completed, will extend to South Tacoma and Lakewood.

By the end of 2008, Sounder commuter rail will operate eight daily round trips between Tacoma and Seattle and four daily round trips between Seattle and Everett. Eventually, trains will operate approximately every half

hour during the morning and afternoon weekday peaks. Special service also serves Mariners baseball and Seahawks football Sunday home games.

Fifty-eight bi-level passenger cars seat 140 passengers each, with room for bikes and wheelchairs. Amenities include work tables, power outlets, cup holders and overhead storage. Maximum speed is 79 mph, and the travel time from Everett to Seattle or Seattle to Tacoma is about an hour. There are currently 10 stations in service; when Sound Move is completed there will be 12 stations in service. ST2 investments will improve some stations and add parking.

Link Light Rail

Tacoma Link currently operates electrically-powered single-car trains between the Tacoma Dome station and downtown Tacoma. At the Tacoma Dome station it connects with Sounder, ST Express, Greyhound and Amtrak, and in downtown it connects with Pierce Transit's local bus service. Tacoma Link serves the University of Washington, the Washington State History Museum, the Museum of Glass, the Convention Center, the downtown business district and the Broadway Theater District. Trains operate every ten minutes.

Central Link, now under construction between downtown Seattle and Sea-Tac International Airport, is a 16-mile electric light-rail line with 13 stations, predominantly on exclusive right-of-way. Initial service will be with two-car trains, but the station platforms can accommodate up to 4-car trains for

future service expansion as demand grows.

When service begins operating in 2009 it is expected that trains will run approximately every 6 minutes during peak hours and every 10 to 15 minutes off-peak and at night. The trip between downtown Seattle and Tukwila will take about 30 minutes. A planned extension to the University of Washington is expected to begin operating in 2016. By 2030 the ridership on Central Link is expected to exceed 110,000 riders a day.

As part of ST2, Link will be extended north to Snohomish County, south to 272nd Street, and east across Lake Washington into East King County. The technology will be the same as Central Link, with exclusive and largely grade-separated rights-of-way.

Integration with regional land use planning and transit oriented development

Regional Land Use Planning

ST2 investments are consistent with the vision and goals in the region's land use, growth management, and transportation plans. Light rail, commuter rail and express bus services will carry thousands of people in the region's most dense, most highly congested corridors, and these transit services will deliver people to and from the hearts of the region's downtowns and other activity centers.

Achieving Vision 2040

VISION 2040, adopted by the PSRC in 2008, establishes a regional growth management strategy for central Puget Sound based on defining urban growth boundaries, containing growth within those boundaries, and concentrating new development in multiple centers linked by a high quality transportation network, including high-capacity transit in major corridors.

ST2 will provide an important piece of the transportation components necessary to implement Vision 2040. ST2 supports the Vision's strategy of concentrating growth within urban growth boundaries and supporting that growth with robust mass transportation alternatives such as light-rail, express bus, and commuter rail services. For example, the urbanized portions of Pierce, King, and Snohomish Counties are within a defined urban growth boundary whose population is expected

to increase by one million people by 2030. The employment within that boundary is expected to increase by about 600,000 jobs. ST2 includes high-capacity transit service that will serve over 50 percent of the employment in PSRC designated urban centers in 2030.

Looking ahead to 2030, by which time the region will need to accommodate more than one million new residents, successfully confining growth within urban growth boundaries will depend on the region's ability to develop adequate infrastructure to support more dense development. High-Capacity Transit (HCT) is central to this effort.

Since the initial adoption of Vision 2040, the region has repeatedly affirmed its growth management strategy in adopted regional, county, and city comprehensive plans. The most recent Metropolitan Transportation Plan, Destination 2030 (PSRC, 2001), calls for the region's HCT system to continue to develop and expand to help meet growing demand, together with the expansion of all forms of transportation—local transit, carpools and vanpools, ferries, airplanes, automobiles, freight, bicycling, and walking.

Sound Move, Sound Transit's initial phase of regional HCT investments, is already addressing many regional mobility needs. The investments of Sound Move will continue to provide benefits for decades to come. However,

Sound Move was intended to be the first phase of a more extensive regional high-capacity transit investment. Growth has worsened the region's transportation problems and there is a continued need to address HCT planning and investment.

Between now and 2030, population is expected to grow approximately 30 percent, with a projected 35 percent growth in employment and a 30 percent increase in vehicle miles traveled. In recent decades, miles traveled has grown twice as fast as population and four times as fast as employment. Fortunately, future projections show the relative growth in travel moderating compared to the recent past, largely because of the leveling off of certain demographic trends such as the increase in numbers of workers per household.

The region's transportation capacity for all modes has not kept pace with growth, and new growth means that transportation conditions will worsen even further. Many of the region's roads and freeways are already operating at capacity for many hours during the day. With more vehicles on the road, congestion and delay will be more severe and trips will be slower and more unpredictable.

The expanded HCT system in the ST2 Plan will provide an effective and reliable alternative to driving and an efficient way for people to move throughout the region. The expanded HCT system implements an integral transportation component of Vision 2040 and Destination 2030.

Reducing Land Area Devoted to Parking

Extending the regional mass transit system to more of the region's employment centers will enable many more employees to travel to jobs in those centers by high quality transit instead of by car. This will, in turn, reduce the demand for parking in those employment centers. Parking cars in structures requires 300 to 400 square feet per car, which means that a single worker with a car requires about twice as much space as a worker without a car. By reducing demand for parking in urban centers, more land can be devoted to productive economic activity and less to storing vehicles.

Transit Oriented Development

During Sound Move implementation Sound Transit has had a transit-oriented development program. The purpose of this program has been to encourage easy access to high-capacity transit and easy transfers between commute modes, including walking, bicycling, other transit service and, where appropriate, driving. Sound Transit has worked with public and private partners to promote such connections. Sound Transit expects to continue its transit-oriented development program in the ST2 Plan.

Sound Transit and its partners have effectively located transit stations to support and generate transit-oriented development during Sound Move implementation. Notable examples are the Sumner Town Center, the Tacoma Dome District, the Newberry Square Project at the Ash Way Park and Ride lot, the Othello Station development in Seattle, and new development and redevelopment around Sounder stations in Kent and Auburn. Virtually every city with Sound Transit projects worked

with Sound Transit to develop station area plans. These plans intend that development in and around stations maximize the value of the transit investment to the communities it is designed to serve.

During the implementation of ST2, the Sound Transit's Transit Oriented Development (TOD) program will strive to achieve pedestrian-friendly development around the high capacity transit stations. The ST2 TOD program will promote development resulting in:

- reduced automobile use made possible by a shift from cars to walking and transit,
- higher transit ridership,
- enhanced livability and walkability in the communities Sound Transit serves,
- calmed traffic and reduced local congestion,
- streets designed to promote a sense of community within the station area,
- the ability to manage parking demand,
- a more sustainable environment, both locally and regionally,
- reductions in energy consumption, especially fossil fuel reductions,
- reductions in the emission of pollutants, especially greenhouse gases, and
- more diversity in the economic bases of communities near stations.

TOD project design emphasis will include a focus on facilitating station access for pedestrians, bus riders,

bicyclists, station drop-offs, and where appropriate, parking.

The ST2 plan includes 19 new light rail stations and ten new or improved Sounder stations. Sound Transit will work with local jurisdictions, partner agencies and private interests to encourage mixed-used, pedestrian oriented development around stations.

Sound Transit will prioritize efforts in communities that are already encouraging increased density through locally-developed zoning and comprehensive plans.

Sound Transit will encourage public-private partnerships on a voluntary basis. Sound Transit has a variety of tools it can use to encourage TOD. One is facility design and location. Another is through real estate transactions. A third is through service planning. All of these tools necessitate active cooperation with stakeholders and partner agencies. Even where a partnership cannot be achieved, Sound Transit will, to the extent practicable, incorporate TOD into station planning.

In the case of real estate transactions, it is important to note that Sound Transit does not have authority to purchase property and engage in speculative development. All property transactions involving Sound Transit must follow a rigid set of procedures designed to protect the rights of property owners.

Where a willing seller is present, Sound Transit may acquire additional property in order to facilitate TOD opportunities consistent with local land use plans and regulations.



CITY OF KIRKLAND
Department of Public Works
 123 Fifth Avenue, Kirkland, WA 98033 425.587.3800
 www.ci.kirkland.wa.us

MEMORANDUM

To: Dave Ramsay, City Manager

From: Daryl Grigsby, Public Works Director

Date: September 2, 2008

Subject: Proposed Utility Rates for the City of Kirkland, 2009-10

On July 28 and August 26 the Finance Committee of the Kirkland City Council reviewed detailed information regarding the rate proposals for the 2009-10 rates for the Solid Waste Utility, the Surface Water Utility, and the Water and Wastewater Utilities. Staff responded at the second meeting to questions and issues raised at the July 28th session. On August 26, the Finance Committee recommended to full Council the rate proposals detailed below.

SOLID WASTE UTILITY

Single Family Typical Monthly Rate History:

	2007	2008	Proposed 2009	Proposed 2010
64 Gallon Cart	\$24.44	\$27.11	\$31.92	\$31.92
Percent increase		10.92%	17.75%	0.00%
35 Gallon Cart	\$17.73	\$19.67	\$17.46	\$17.46
Percent increase		10.94%	-11.24%	0.00%

The Solid Waste Utility funds the collection and disposal services provided by Waste Management, billing services performed by the Utility billing division in Finance, and program development and outreach. The City of Kirkland currently administers an increasingly successful Single Family recycling program. In 2007, Kirkland's single family recycling program tied with Bellevue in achieving the highest recycling diversion rate in King County. In 2008, the single-family sector has continued to perform well, evidenced by a one-month, all-time diversion rate high in June of 75.6%. In addition, the number of participants in the recently-approved Commercial Organics Program has increased to 65 and the 24 tons of organic material collected in June 2008 was also a one-month high. Staff is working to enhance the Multi-Family recycling efforts and has delivered over 1,200 recycling containers to 30 apartments and condominium properties in the first half of 2008. A key effort in the second half of 2008 is partnering with Waste Management to identify and contact properties with low recycling to garbage volume ratios to offer free assistance in reconfiguring services to improving recycling opportunities for tenant and owners.

In addition to the above efforts, Council requested last year that staff explore ways to enhance recycling by including additional incentives in the rates. This rate proposal accomplishes Council's request. At Council's direction, Public Works staff is recommending a 'cost of service' solid waste rate structure for 2009-2010. The cost of service model enables the Single Family and the Multi-Family/Commercial sectors to balance revenues and expenses within each classification. In other words, it would eliminate any subsidy between the two classifications. During the 2008 Solid Waste rate discussion, it was noted, the Single Family sector currently subsidizes Multi-Family/Commercial sector.

In addition, Council requested staff develop a rate structure that encourages recycling. Therefore, we are recommending a 'linear' rate model. This model provides for a cost difference between the rates for various can sizes that is proportional to the difference in can size. In other words, downsizing from a 96 to 64 gallon cart, or from a 64 to 35 gallon cart, results in a larger cost saving to the customer. This creates a financial incentive for either recycling or waste reduction by increasing the savings when customers reduce the can size. Under the current rate structure the cost difference is not as dramatic between the 35, 64, and 96 gallon containers. This proposed structure also will maintain rate equity so similar can sizes cost the same in each sector.

A linear rate structure will result in an increase in the average rate of 4.71% for the multi-family/commercial sector and a 2.28% decrease for single-family customers. Overall, the rate increase for all Solid Waste customers is 1.71%. The average two-year rate for Single Family Residential is 2.28% lower for 2009-10. However, different cart sizes will experience increases or decreases to accomplish the linear rate described above. It is very important to note that a consequence of this rate change results in an increase of \$17.75% per month on the bill of those Single Family residents with 64 gallon carts. There are more customers (4361) with this cart size than any other can size. The rate model, intended to encourage recycling or waste reduction, assumes a large percentage (See Attachment A) of users will reduce their can size in order to save on their monthly bill. The monthly bill for the 35 gallon cart will be 11.25% lower than the current rate. Therefore, a citizen with a 64 gallon cart who is able to implement waste reduction and recycling will experience significant savings. In other words, Council's direction to provide incentives for recycling and waste reduction is fulfilled in the new rate structure. The consultant utilized information from other municipalities who experienced shifts in can size after implementing similar rate models. The details of this information are contained in Attachment A, where we display the various rates for each category, as well as the number of current and projected customers in each category.

Overall there are two primary drivers of the proposed rate changes. The first is the shift to both Linear and Cost of Service Models. The second is our contract with Waste Management which allows for an annual COLA for 70% of their operating costs, assumed to be the cost of their collection services. Attachment B is a summary of the current expenditures, by category, from the Solid Waste fund.

The City of Kirkland has a successful recycling program, and Council direction to modify the rates will enhance the opportunities of residents and businesses to increase recycling opportunities and reduce their monthly rates.

Attachment I displays a summary of all the single family typical monthly rates from 2006 through 2010, with and without the proposed Utility Tax increase from 7.5% to 10.5% overall.

Recommendation: Council approval for the Solid Waste rate overall increase of 1.71% in 2009 and 0.00% in 2010 and the change in rate structure. This increases the typical monthly single family bill from \$27.11 per month to \$31.92 in 2009 and \$31.92 in 2010, assuming a 64 gallon cart.

WATER UTILITY

Single Family Typical Monthly Rate History:

	2007	2008	Proposed 2009	Proposed 2010
Base rate + 7 Units*	\$28.93	\$31.68	\$33.58	\$35.60
Percent Increase		9.50%	6.00%	6.00%

* Assumes base rate and an additional 7 Units (1 unit = 100 Cubic Fee (CF) = 750 gallons)

The Water Utility collects funds for the construction, replacement and rehabilitation of water distribution and storage facilities, funds the purchase of water from the Cascade Water Alliance (CWA), and provides for ongoing maintenance and operations of the water utility. Overall the Water Utility is meeting the Capital Financing and Reserve requirements as outlined by a detailed report from 1998 and updated in 2006. In addition, the Utility is funding adequate water supply and annual ongoing maintenance and operations. City participation in CWA is intended to have a voice and a vote over reliable and adequate drinking water supplies. Approximately 40% of the total annual expenditures are payments for water to the Cascade Water Alliance.

There are two primary drivers for rate changes in the Water Utility. First are the costs for drinking water from the Cascade Water Alliance. The second is our own fiscal requirements, in this case driven by COLA and inflation-related program cost increases. There are no new operation programs, staff additions, or other changes in the Water Utility Fund. Attachment C contains information on the typical expenditures from the Water Utility Fund. Attachment D portrays the drivers for the rate proposal.

CWA rates will be increasing by 14.66% or \$466,248 in 2009 and 8.00% or \$299,898 in 2010. In addition, the City is experiencing inflation and COLA increases. As have other City departments, Water Utility staff have implemented efficiencies and cost-savings programs to reduce the rate of increase due to COLA and inflation. As examples, field staff and Utility billing modified the temporary meter program, and we have implemented diver cleaning of water tanks to reduce water loss and reservoir down-time.

Recommendation: Council approval to increase the water rate of \$31.68 by 6.00% in 2009, and 6.00% in 2010. This increases the typical single family bill to \$33.58 in 2009 and \$35.60 in 2010.

WASTEWATER UTILITY

Single Family Typical Monthly Rate History:

	2007	2008	Proposed 2009	Proposed 2010
AWWC – 6 Units*	\$45.77	\$48.59	\$52.54	\$54.09
Percent Increase		6.00%	8.04%	2.99%

* Rate is based on the Average Winter Water Consumption (AWWC) of 6 Units

The Wastewater Utility funds Kirkland's share of the regional wastewater collection, treatment, disposal and biosolids reuse program administered by King County. In addition, it funds the construction, operation and maintenance of the

City's wastewater collection system. Both of these are sound and reliable systems, and the City of Kirkland has minimized system overflows and pump station failures. Approximately 59.34% of the total annual budgeted expenditures including debt service and capital expenditures for 2009 are to the County for regional wastewater services.

King County Council approved a monthly wholesale rate of \$31.90 per month for 2009 and 2010, a 14 % increase from the 2008 County rate of \$27.95 per month. This portion of the utility bill is a pass-through, approved by the King County Council, and paid by the component agencies of the wastewater system. This funds the costs of Brightwater and the ongoing treatment and conveyance needs in the regional wastewater system.

The biggest factor leading to the proposed 2009 wastewater rates is current expansion of the wastewater utility system – its greatest expansion since the 1960s. Construction is continuing at the Brightwater Treatment Plant. This plant will supplement the two major treatment plants in Renton and in Seattle. In addition, the new plant will utilize Membrane Bioreactive technology (MBR) and produce a large amount of reclaimed water for regional use.

Like the water utility, there are no additional City wastewater costs or program increases aside from those generated by cost of living and inflationary program costs. Also like the Water Utility, the Wastewater Utility has implemented program efficiencies to reduce annual financial requirements. Extensive use of the maintenance management system targets maintenance efforts where necessary and prevents overflows and overtime responses.

The details of the two primary rate drivers, local program costs and King County regional treatment services are contained on Attachment E. Attachment F shows how the current funds are expended by category. Based on the financial requirements and review of revenues we are recommending a wastewater rate increase.

Recommendation: Council approval for an 8.04% increase to \$52.54 in 2009 and an increase of 2.99% to \$54.09 in 2010.

SURFACEWATER UTILITY

Single Family Typical Monthly Rate History:

	2007	2008	Proposed 2009	Proposed 2010
Rate	\$14.15	\$14.15	\$14.15	\$14.15
Percent Increase		0.00%	0.00%	0.00%

The Surface Water Utility funds the construction, operation and maintenance of the surface water drainage, erosion control and water quality system. In addition it funds other program services such as outreach and citizen stewardship. The capital and operational annual requirements are based on the City's Surface Water Master Plan approved in 2005. In addition, the Utility enables the City to comply with the Phase II National Pollutant Discharge Elimination System (NPDES) Municipal Stormwater permit required by the Environmental Protection Agency's Clean Water Act. The permit is issued and administered by the Department of Ecology, and the Phase II permit covers cities with populations over 10,000. The permit calls for a level of system maintenance, monitoring, outreach, documentation and other efforts intended to reduce flooding, control erosion, and, above all, protect water quality.

The current rate of \$14.15 per month funds capital, operating and outreach programs as specified in the Surface Water Master Plan.

In the 2009-10 biennium there are three primary drivers on the rate. Attachment G outlines the expenditures by category and Attachment H displays the primary rate drivers. The three primary drivers are as follows:

- 1. Proper Allocation of Services that benefit the Utility.** We have determined that specific general fund activities that benefit the Surface Water Utility have not been allocated to the Surface Water Fund. As an example, the GIS position in the City was funded exclusively from the General Fund. We have determined, however, that the Utilities, including Surface Water, should pay a share proportionate to their benefits. There are other similar examples of this cost reallocation.
- 2. Proper Allocation of Services that enhance water quality and reduce runoff, erosion.** Staff has determined that the work of the Arborist and some of the work done by the grounds crew benefits water quality. Nationally and regionally there is scientific information which details the benefits of the treescape to water quality, erosion control and urban runoff. Municipalities around the country are allocating a portion of their tree programs to the Surface Water Utility.
- 3. 1.00 New Surface Water Engineer to meet the requirements of our Phase II National Pollutant Discharge Elimination System (NPDES) permit.** Now that we have had a year of experience with the NPDES permit, there is the need for an additional 1.00 full time Surface Water Engineer. There will be a service package prepared for this position. Generally, this position will help implement permit conditions, coordinate and implement Low Impact Development programs, staff regional forums such as the County Flood Control Zone District and the WRIA 8 Forum, and respond to urban flooding and surface water issues in the City.

The costs of the three (3) points above resulted in additional expenses of approximately \$260,000 to the annual financial obligations of the Surface Water Fund. At the June 30 Finance Committee meeting, staff recommended holding on new projects for 2009-11 based on the backlog of projects. This was also discussed at the full Council study session of ?? A large portion of the backlog was for surface water projects. Currently \$2,825,000 per year (\$950,000 for Transportation related Surface Water Capital projects, \$950,000 for Surface Water Capital projects, \$437,500 for depreciation, \$437,500 for the Surface Water Master Plan, and \$50,000 for GIS) is transferred to the Surface Water Capital Fund from annual revenues. This allocation is at previous Council direction.

After further review of the financial stability and obligations of the Surface Water Fund, we are recommending no rate increase for 2009. This recommendation is based on two primary reasons.

1. As noted above, the Finance Committee earlier heard information about our plan to reduce the backlog of CIP projects. This plan includes a smaller Surface Water program for 2009-11. We propose therefore to reduce the size of the transfer from the operating budget to the capital fund from \$2.8 million to an average of \$1.65 million per year from 2008 to 2010. This results in a smaller annual revenue requirement.
2. Staff and the consultant reviewed some of the financial policies of the Surface Water Fund and found the current Minimum Target Fund Balance of 310 days of operating costs is too high. This time frame was based on the fact that Surface Water Fees are collected through the Property Tax levied in April and October. There is therefore the potential to receive one large revenue surge and one smaller one from the two Property Tax bills. It was believed a 310 day balance would provide enough operating cash to manage the Utility during potential lean months. However, after further review it was determined that the revenue stream comes in more equal components, almost a 50/50 split between April and October; therefore, staff and the consultant have decided a Balance that meets operating needs for 180 days is more appropriate. This move reduces actual needed annual cash for the Surface Water Utility.

In addition, staff would suggest we take several months to review our actual Surface Water Construction capacity. The Surface Water Master Plan outlined an array of projects which would reduce flooding, improve water quality and manage surface water. The reality of natural resource projects is that permitting, provisions for fish passage, mitigation, and other elements can delay projects such that agencies cannot complete their plan according to the original schedule. We would like to do some additional analysis to determine if the amount we currently transfer to Surface Water capital projects represents a practical allocation. Our review may determine the size and scope of the capital program is adequate and we should proceed with the suggestions of our Master Plan. Another alternative is that the current capital plan is too aggressive given constraints, and we should scale back accordingly.

Our recommendation therefore, is to temporarily reduce the size of the operating transfer to the capital fund to accommodate the reduced 2009-11 CIP reviewed previously by the Finance Committee and at a full Council study session. In addition, staff recommends we conduct the review of the Capital Plan as noted above. We would return to Council sometime in 2009 with an updated Capital Plan for 2012 and beyond, as well as scenarios that show the capital program scope, the fund balances, and the rates necessary to manage the Surface Water Capital program.

Recommendation: Council approval to shift a smaller transfer from the operating fund to the capital fund for 2009-11, and reduce the minimum operating balance from 310 days to 180 days to manage the Surface Water budget and eliminate the need for a rate increase in the 2009-10 biennium.

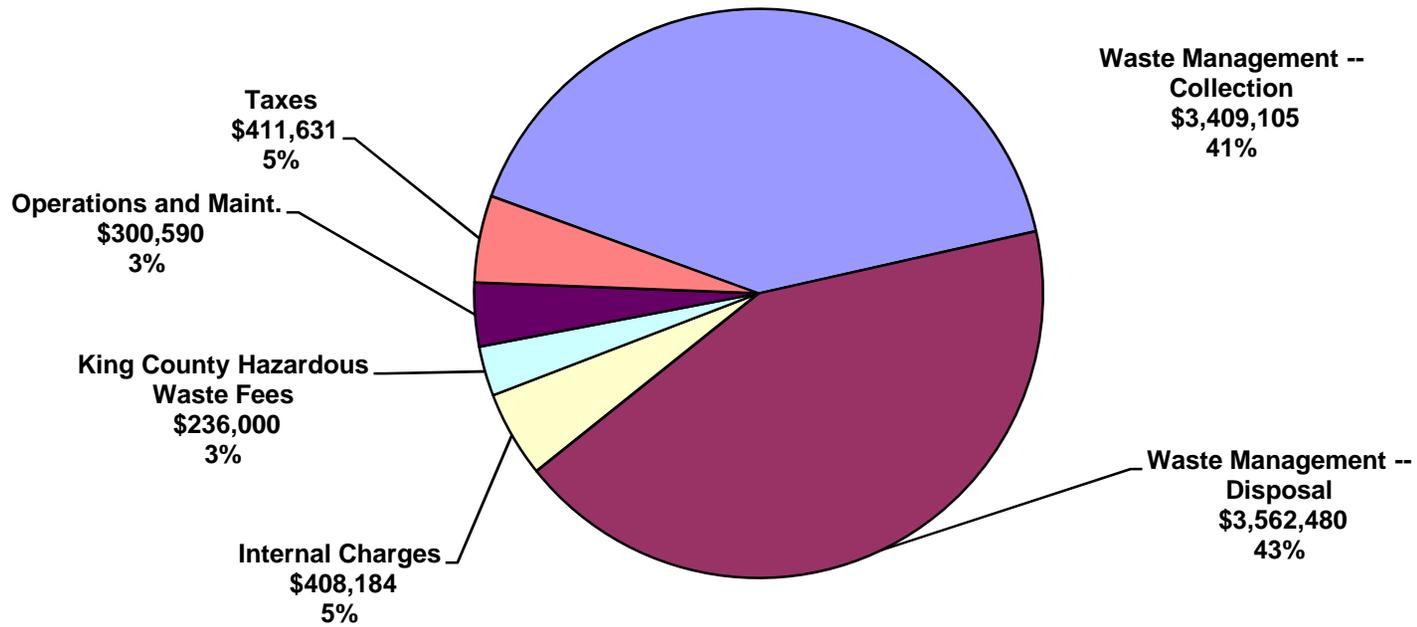
NEXT STEPS

We will come to the City Council meeting of October 7th, 2008, with an Ordinance reflecting Council direction at this meeting. It should be noted that state law requires Council action on Solid Waste rates by the October 21st meeting in order to be effective by January 1st, 2009. All rates will be effective on January 1st, 2009.

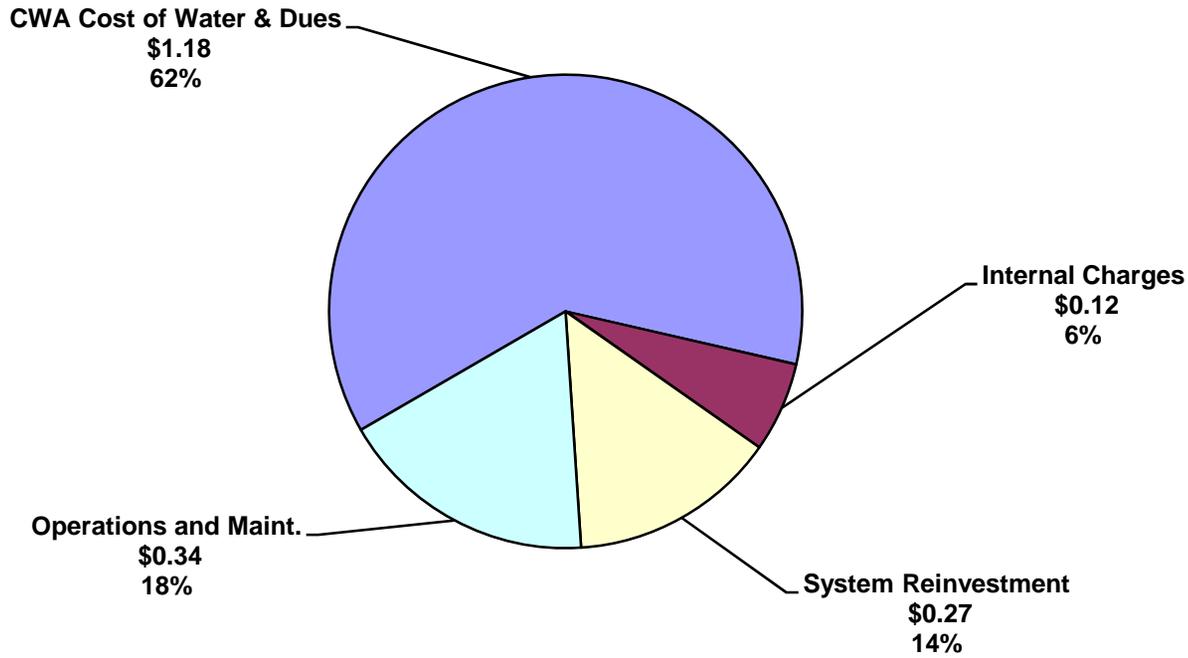
CONCLUSION

	2008		Proposed 2009	Proposed 2010
Solid Waste assuming a 64 Gallon Cart	10.92%		17.75%	0.00%
Solid Waste assuming a 34 Gallon Cart	10.94%		-11.24%	0.00%
Water	9.50%		6.00%	6.00%
Wastewater	6.00%		8.04%	2.99%
Surfacewater	0.00%		0.00%	0.00%
Total average overall percent increase	7.47%		4.11%	1.80%

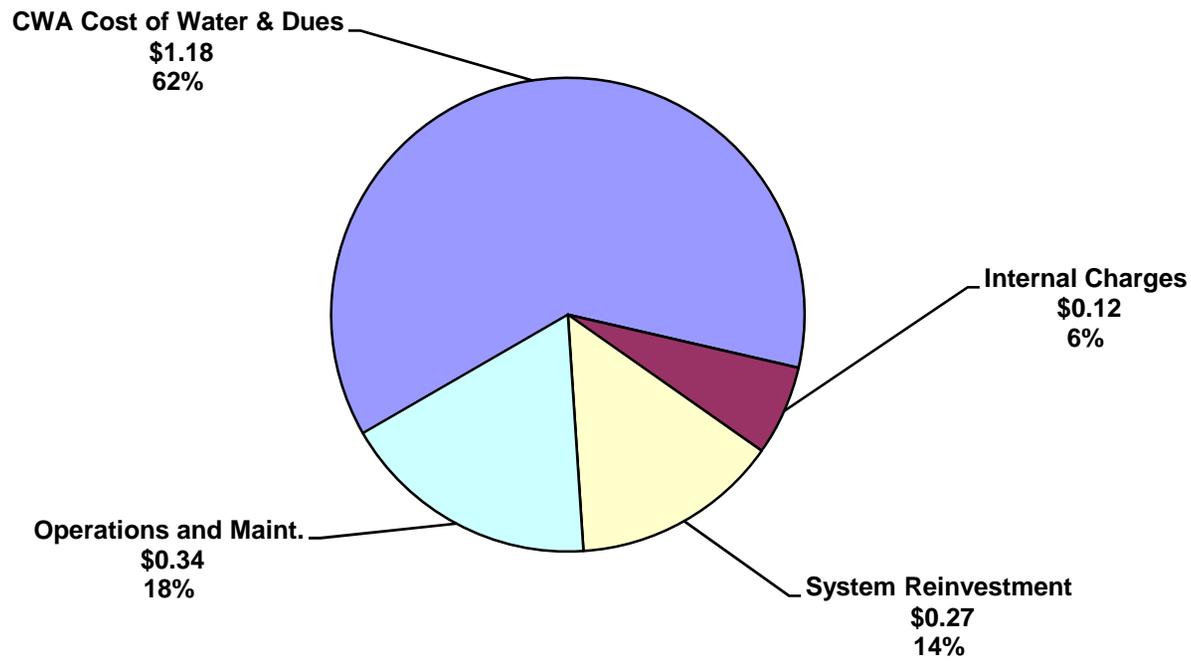
Solid Waste Utility Operating Expense Year End Estimate 2008



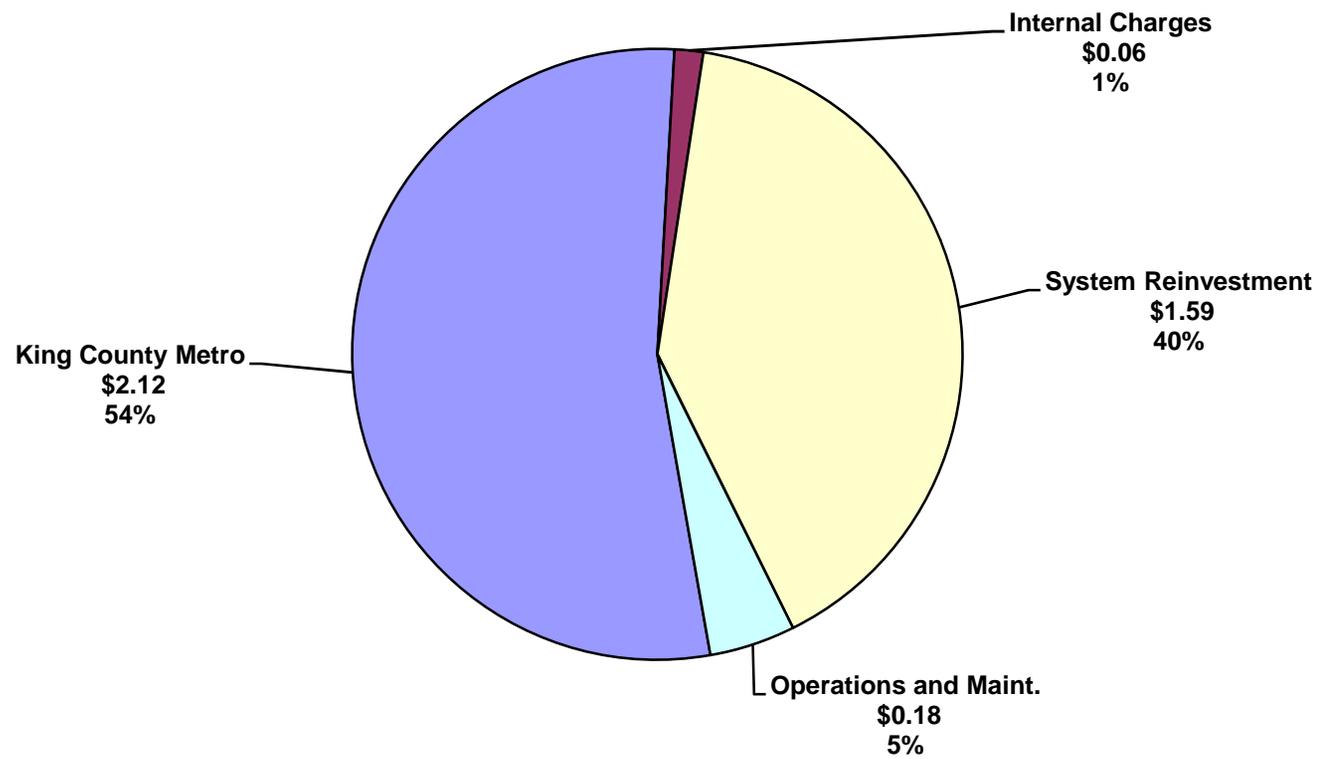
Recommended Water Rate Drivers 2009 \$1.90



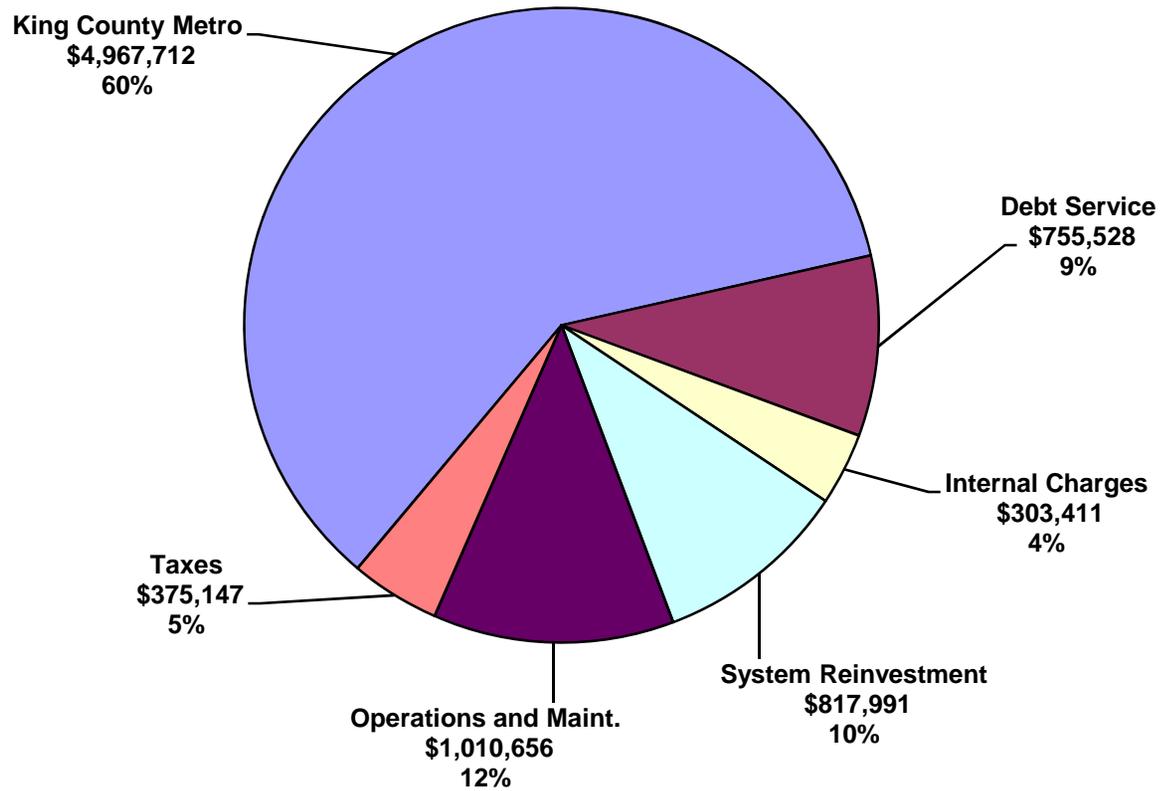
Recommended Water Rate Drivers 2009 \$1.90



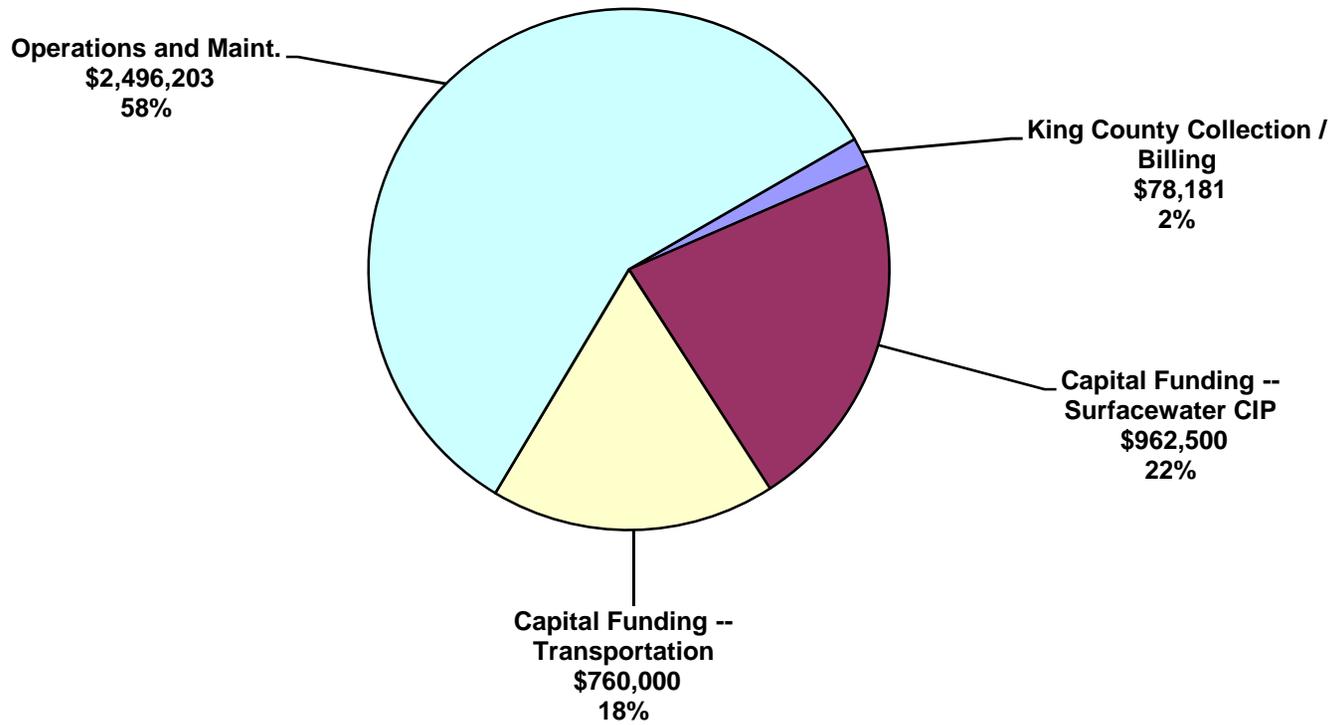
Recommended Sewer Rate Drivers 2009 \$3.95



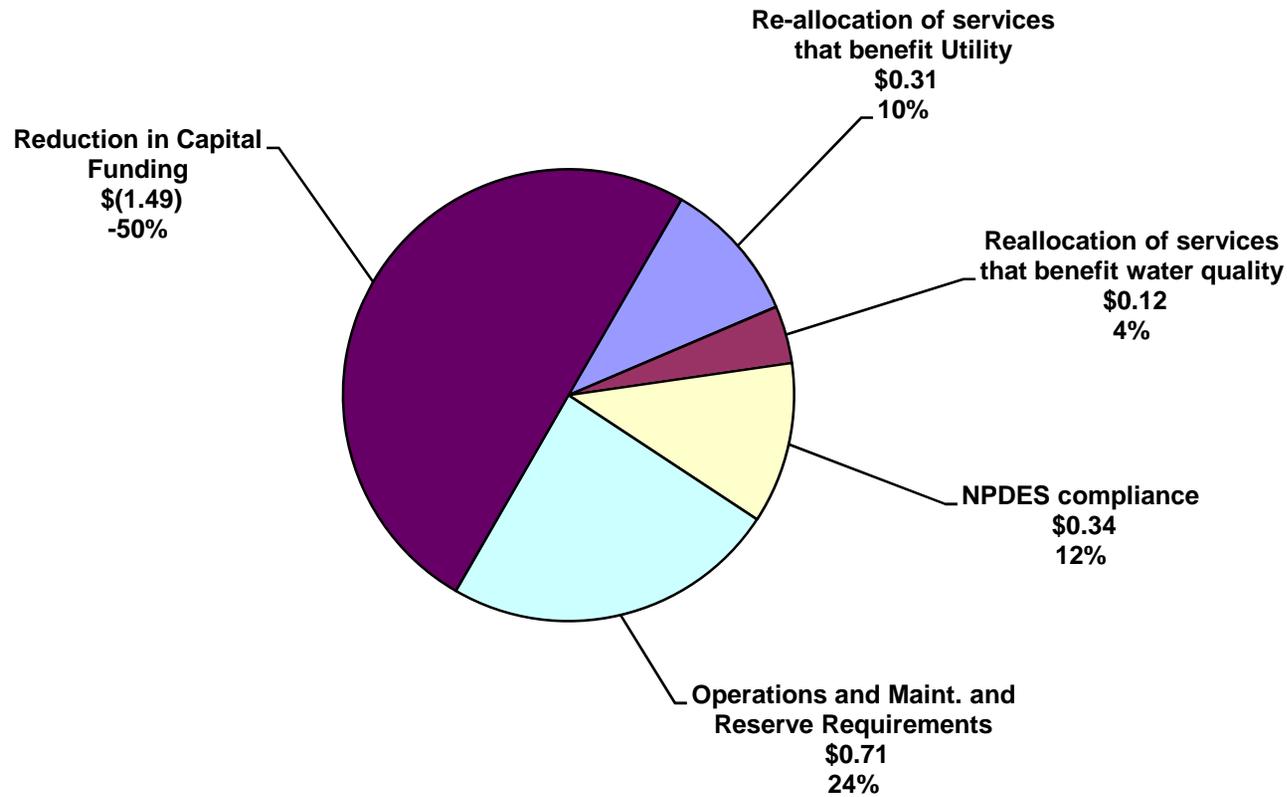
Sewer Utility Operating Expense Year End Estimate 2008



Surfacewater Utility Operating Expense Year End Estimate 2008



Surfacewater Reallocation of Rate for 2009 & 2010 No Rate Increase Required Due to Reduction in Capital Funding



Monthly Utility Charges for the Typical Single Family Account					
	2006	2007	2008	2009	2010
SOLID WASTE					
35 Gallon Cart Rate	17.05	17.73	19.67	17.46	17.46
64 Gallon Cart Rate	23.50	24.44	27.11	31.92	31.92
WATER	26.44	28.93	31.68	33.58	35.60
SEWER	42.52	45.77	48.59	52.54	54.09
SURFACE WATER	14.15	14.15	14.15	14.15	14.15
TOTAL (w/ 35 Gallon Cart)	100.16	106.58	114.09	117.73	121.3
Dollar Increase (w/ 35 Gallon Cart)		6.42	7.51	3.64	3.57
Percent Increase (w/ 35 Gallon Cart)	X	6.41%	7.05%	3.19%	3.03%
TOTAL (w/ 64 Gallon Cart)	106.61	113.29	121.53	132.19	135.76
Dollar Increase (w/ 64 Gallon Cart)		6.68	8.24	10.66	3.57
Percent Increase (w/ 64 Gallon Cart)	X	6.27%	7.27%	8.77%	2.70%
% Increase w/ Utility Tax Changes (w/ 35 Gallon Cart)		6.41%	7.05%	5.72% *	3.04% *
% Increase w/ Utility Tax Changes (w/64 Gallon Cart)		6.27%	7.27%	11.49% *	2.70% *

* Includes surface water at a utility tax rate of 7.5% and all other utilities at 10.5%

**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: September 5, 2008

Subject: POTENTIAL LEASE OF PROPERTY FOR MAINTENANCE CENTER

RECOMMENDATION:

City Council authorize the City Manager to enter into an agreement to lease property adjacent to the City's Maintenance Center.

BACKGROUND:

The Maintenance Center – Administration building was constructed in 1989. Four other shop buildings were built prior to that to house the Public Works, Parks and Fleet Services crews and to provide storage for the Police Department (e.g. seized vehicles). Minor remodels have been completed to fully utilize all available space at the campus and Police Department storage has been moved off-site but remaining space has become inadequate to properly house the City's maintenance crews, administrative staff and storage of supplies and equipment. Growth in utility and parks maintenance personnel (from the Parks maintenance levy) and equipment, as well as the relocation of Facilities Maintenance personnel to the Maintenance Center has put space at a premium. Lack of storage space at the Maintenance Center has forced some departments to rent storage lockers or to store materials in spaces not intended for storage (e.g. McAuliffe Barn). Over the years, staff has reviewed adjacent properties as they became available to rent or buy and none were appropriately sized or configured without significant improvements. A project to expand the Maintenance Center has been in the unfunded portion of the CIP for a number of years (C GG 0037). The 2009-2014 CIP includes a funded portion of this project (\$50,000 in 2010 for a conceptual study) for a study and an unfunded project of \$15,000,000 for an actual expansion.

We were recently notified that a property owned by the King County Housing Authority adjacent to the Maintenance Center has become available for lease. The property is located at 1129 8th Street and was most recently occupied by the Green Car Company. The building is approximately 8,856 square feet with 6,218 of warehouse space and 2,638 square feet of office space. The owners are anxious to lease the facility as the previous tenants defaulted on their lease and the property has been vacant for some months.

The diagram on the following page shows the basic layout of the space (see attachment A). It has adequate parking surrounding the building and access to the warehouse space at a loading dock and from the ground level. The building has enclosed offices, open office space, a kitchen, restrooms and a shower.

Staff from Public Works, Parks and Facilities have toured the building and determined that the space would be well-suited for the Parks Department. The space vacated by Parks at the Maintenance Center would be reallocated to the utilities and street staff. The ongoing cost of rent and maintenance for 2008 is estimated at \$115,000 per year (subject to further negotiation). The utility funds are able to absorb the additional rent within their operating budgets and the street fund would use available fund balance for rent in the coming biennium to cover both lease and operating expenses. Reallocation of rental space to the utilities and street fund would result in a nominal impact to the General Fund. A summary of the net effect of the leased property is included as attachment B and a fiscal note is provided at the end of this report.

Staff believes that the lease of this building is well-timed and will in effect “buy time” before any major expansion of the Maintenance Center is needed. Although the King County Housing Authority has indicated that it is not interested in selling the property at this time, we will continue to explore that option with them. With Council’s approval, staff will negotiate a lease agreement through the Housing Authority’s leasing agent for the City Manager’s signature. We anticipate a minimum three to five year lease term, depending on whether lease provisions that can be negotiated based on the length of the lease.

King County Housing Authority Bldg

Former Green Car Company Bldg

1129 8th St, Kirkland, WA

FOR
LEASE



Features

- Available September 1, 2008
- 8,856 rentable square feet (2,638 sf office; 6,218 sf warehouse)
- LI Zoning, City of Kirkland
- 3 grade level and 1 dock high door
- 3.4/1,000 parking
- Ceiling height: 12' 10"
- \$1.30/sf, office; \$0.65/sf, warehouse
- Heavy power

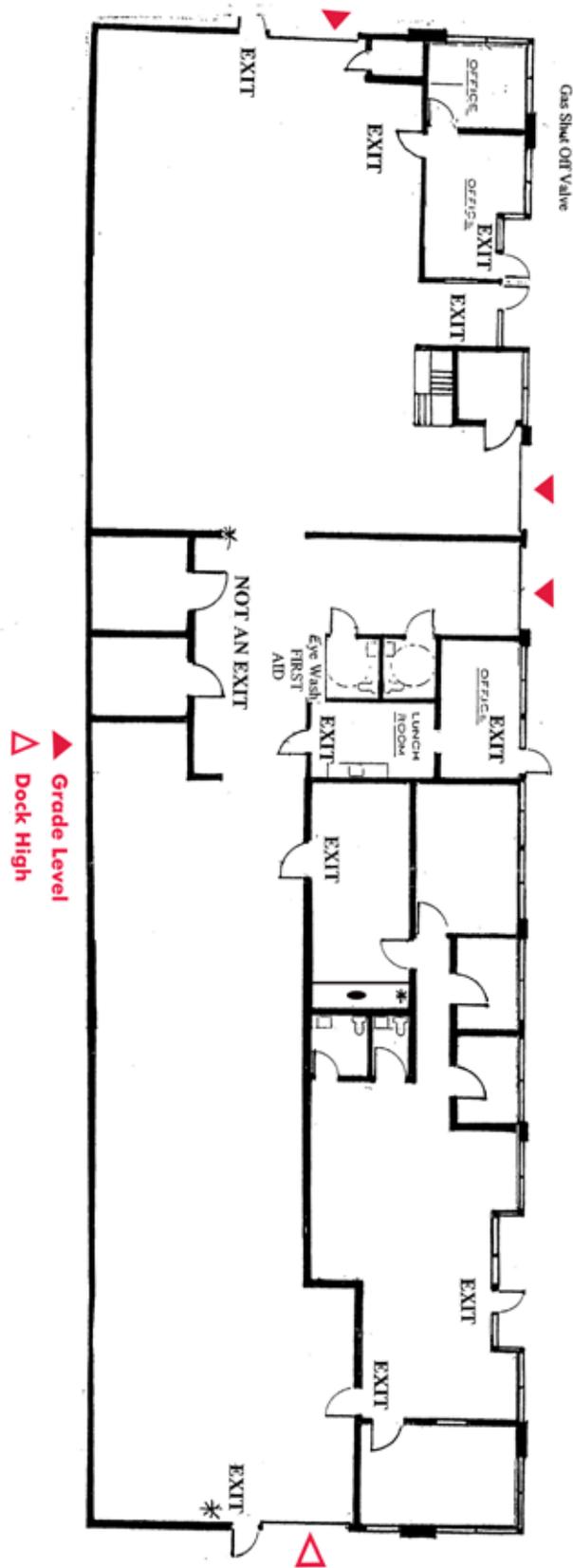


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KCHA Building Cost Analysis

8/28/2008

Attachment B

	2009				2010			
	Parks	Streets	Wtr/Swr	Surface Wtr	Parks	Streets	Wtr/Swr	Surface Wtr
Current Maint Center Share	27.0%	10.3%	20.4%	10.3%	27.0%	10.3%	20.4%	10.3%
Bdgtd Facilities Rental Charge	113,737	118,932	163,914	43,389	119,871	45,729	90,570	45,729
Reallocated Maint Center Share	0.0%	17.0%	34.0%	17.0%	0.0%	17.0%	34.0%	17.0%
KCHA Rent	90,000	-	-	-	90,000	-	-	-
Janitorial Services	10,000	-	-	-	10,000	-	-	-
Utilities	15,200	-	-	-	16,720	-	-	-
Tenant Improvements	23,000	-	-	-	-	-	-	-
Revised Facilities Charge	-	147,214	221,086	71,671	-	75,536	150,826	75,536
Subtotal Ongoing	115,200	147,214	221,086	71,671	116,720	75,536	150,826	75,536
Subtotal One-time	23,000	-	-	-	-	-	-	-
Total	138,200	147,214	221,086	71,671	116,720	75,536	150,826	75,536
Net Ongoing Cost Incr./(Decr.)	1,463	28,282	57,172	28,282	(3,151)	29,807	60,256	29,807



CITY OF KIRKLAND
Department of Parks & Community Services
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MEMORANDUM

To: David Ramsay

From: Carrie Hite, Deputy Director
Jennifer Schroder, Director

Date: September 3, 2008

Subject: Cemetery Business Plan

RECOMMENDATION:

City Council approve the Cemetery Business Plan.

BACKGROUND DISCUSSION:

The Kirkland Cemetery was founded in 1888. The City has been operating it since 1909. The Cemetery has been through several expansions and improvements since then. The City completed a design and feasibility study in 1990 and completed several recommendations from that plan. Most recently, the City Council has requested a business analysis and plan be completed. Attached is this plan.

The City operates the cemetery within the guidelines of both the Administrative Policy of the Kirkland Cemetery, Chapter 6, Policy 6-5 (see Appendix A,) and the Kirkland Municipal Code Chapter 3.92 (see Appendix B). This plan provides an overview of the business and operations of the Cemetery, including a historical summary, current capacity information, pricing and area comparisons, revenue and expenditure history from 2005 to current, a SWOT analysis, and some options for City Council to consider.

Some financial issues to consider in the business plan include:

- Every year, the subsidy of the cemetery increases. In addition, the city recently sold out of all available burial plots. So, the revenues for the cemetery will decrease.
- Maintenance costs of the cemetery will continue in perpetuity.
- The City still owes \$180,000 on revenue bonds that were issued in 1991 for improvements of the site. The estimated payoff of this debt is 2014.
- We have some opportunities that may help increase revenues in order to reduce budget impacts. However, some of these opportunities will need funds to implement (i.e. expansion)

The Cemetery Board, Park Board, and Finance Committee recommendation is to increase revenue without substantially increasing cost. With additional staff time, the city could pursue marketing the remaining niches, market the cremation interment option to families, amend the KMC to competitively price the burial options, consider a nonresident pricing differential for the remaining niches, research and initiate a site buy back program, research and initiate an abandon site recapture program, institute a perpetual maintenance fund for any recaptured plots. This option would increase revenues, thus decreasing the general fund subsidy of the cemetery, until all the niches/urn plots are sold.

In addition, the Finance Committee requested more information on the cost of expanding the cemetery. Direct costs to purchase the three lots contiguous to the Cemetery, demolish the buildings, and develop the land is estimated between \$1.5- 2M dollars. This does not include any costs for possible zoning changes, necessary street improvements, site development plans, increase costs for maintenance and operations. Based on an average size plot (36 SF), there could be a possibility of 864 plots developed on these properties. Thus, to recoup direct capital costs for expansion, and with 100% plots sold, each plot would need to be sold for \$1740 to \$2315. This is a very rough estimate, that doesn't include the costs for any site planning, zoning changes, street improvements, or the incorporation of maintenance and operations. Currently, our plots are priced at \$1000-1200. Competitive market rate for a municipal cemetery could be \$1450 per plot. So, even with market adjusted pricing, and with a rough direct cost estimate, the subsidy for capital costs for expansion would be \$250,000 – \$750,000, plus site/zoning costs, and maintenance and operations.

The expansion of the cemetery would also increase the general fund subsidy for maintenance and operations. This property would need to be purchased through general fund reserves, or financing options, as it does not qualify to use either real estate excise taxes or impact fees. Council would then need to consider the cost for financing the purchase and figure that in the subsidy.

One option to help alleviate this cost burden, would be to sell the Cornwall property. This property is difficult to develop for plots, so selling it could be the best option. The capital proceeds could be used to help purchase and develop the other properties, and/or maintenance and operations. The purchase of the Cornwall property is a life estate, giving Mr. Cornwall rights to live in this house, therefore timing of when the City could sell the property is unknown. Current value of the Cornwall property is roughly \$515,000.

Kirkland Municipal Cemetery
Business Plan
2008



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Appendix A – Administrative Policy of the Kirkland Cemetery, Chapter 6, Policy 6-5

Appendix B – Kirkland Municipal Code Chapter 3.92

Appendix C- Cemetery Price List

Appendix D – Cost Breakdown

Appendix E – Debt Service Breakdown

Appendix F – Cemetery historical map

Executive Summary

The Kirkland Cemetery was founded in 1888. The City has been operating it since 1909. The Cemetery has been through several expansions and improvements since then. The City operates the Cemetery within the guidelines of both the Administrative Policy of the Kirkland Cemetery, Chapter 6, Policy 6-5 (see Appendix A,) and the Kirkland Municipal Code Chapter 3.92 (see Appendix B). The plan outlined provides an overview of the business and operations of the Cemetery. Included in this plan is a historical summary, current capacity information, pricing and area comparisons, revenue and expenditure history from 2005 to current, a Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis, and some options for Council to consider.

Some of the current financial issues the City faces include:

- Maintenance costs of the Cemetery will continue in perpetuity.
- Every year, the General Fund subsidy of Cemetery maintenance increases. In addition, the City recently sold out all available burial plots: consequently, the revenues available for Cemetery maintenance will decrease.
- The City still has \$180,000 of outstanding revenue bonds that were issued in 1991 for improvements of the site. The estimated payoff of this debt is 2014. Currently, 75% from the sale of plots is used to retire the debt.
- The City has some opportunities that may help increase revenues in order to reduce future budget impacts. However, some of these opportunities will need funds to implement (e.g. expansion)

The Cemetery Board, comprised of the Finance Director, Parks and Community Services Director, and several City staff, the Park Board, and the Finance Committee all recommend increasing revenue without substantially increasing cost. With additional staff time, the City could pursue marketing the remaining niches, and cremated remains option to families, amend the KMC to competitively price the burial options, consider a nonresident pricing differential for the remaining niches, research and initiate a site buy back program, research and initiate an abandoned site recapture program, and institute a perpetual maintenance fund for any recaptured plots. These actions would increase revenues, thus decreasing the General Fund subsidy of the Cemetery until all the niches/urn plots are sold.

Kirkland Municipal Cemetery Description

The Kirkland Municipal Cemetery is located at 12036 NE 80th Street in Kirkland, Washington. The Cemetery was established in 1888 as part of Peter Kirk's plan for a model town.

The Cemetery's care and maintenance, which was at first the responsibility of individual plot owners, have undergone periods of neglect. Care and maintenance is presently provided by the Kirkland Department of Parks and Community Services.

The Cemetery has a capacity of up to 6,819 lots, including both burial plots, niches, and urn plots. Currently there are 358 urn plots and 711 niche units available, totaling 1,069 remaining urn and niche sites for sale (however, no burial plots remain). Of the total 6664 owners of the Cemetery lots, Kirkland residents own 2,974 (44%) and non-residents own 3,690 (56%).

Historical Background

As mentioned above, the Kirkland Municipal Cemetery was established as part of the plan for a model town which was to be developed by Peter Kirk. Peter Kirk arrived in the area in 1886 from England, with plans to develop an integrated iron and steel mill with an associated community to support the enterprise. Kirk's vision was to build the model town with a strong foundation of humanitarian principals, designed to care for the mental and physical well-being of its citizens. The historic character of the Kirkland Municipal Cemetery is an irreplaceable asset to the City and the Kirkland Community. This unique history should be protected, documented, and enhanced in future work.

Peter Kirk along with Leigh S.J. Hunt, who envisioned a world-market manufacturing center, together with George Heilbron and Walter Williams, formed the Kirkland Land and Improvement Company. Land for the Cemetery was set aside within the original town plan in 1888 and ultimately filed in 1890. The original plan for the Cemetery included an orderly grid divided into four blocks by two broad avenues. At the center intersection, a wide circle was planned with space provided for a monument or fountain. The depression of 1893 halted the plans of the Kirkland Land Company, as well as the Cemetery. The Cemetery management was turned over to a newly formed Kirkland Cemetery Association on January 7, 1891. The three trustees of the association, Harry French, E.M. Church and J.W. Demott, were selected for their positions in the community as civic minded residents. The three trustees were the first grave purchasers of plots in the Cemetery.

Peter Kirk was not successful with his plan for the steel mill. The Kirkland Land and Development Company was dissolved in 1910, selling its assets to the Seattle development firm of Burke and Farrar. The Cemetery property was offered to the town and was accepted by Mayor A.B. Newell and the town council on December 3, 1909. A new survey of the Cemetery was completed on May 16, 1910 by civil engineer, H.M. Lowe. The City, at that time, maintained responsibility for the streets and alleys of the Cemetery but the condition of the lots and the overall maintenance of the Cemetery property was the responsibility of the lot owners. In the early years of the Cemetery, it was customary to hold a spring clean-up day preceding Memorial Day that was concluded with family picnics on the grounds and a baseball game or dance. The local American Legion post held annual Memorial Day ceremonies including decoration of the graves of veterans. The community displayed a sense of commitment and pride in its Cemetery in those years.

However, the sense of community involvement and level of commitment to the Cemetery has varied through the years. As the depression affected the community, both the care of the facility

and size and elaborateness of the monuments were reduced. In addition, competing cemeteries opened in Redmond, Bothell and Bellevue, as well as Seattle.

The formation of the national Works Progress Administration (WPA) in 1938 provided the opportunity for a number of civic improvement projects. Kirkland purchased additional cemetery property to the north and east of the original site. Federal funds were provided for the clearing and grading of these areas, the planting of poplar and other trees, and the construction of an ornamental fence around the facility.

As the old portion of the Cemetery was reaching capacity, unused but owned lots were occasionally resold. The areas named Baby Haven and Lawn Haven were platted in 1938. As these areas began to fill, an additional parcel of land was purchased to the north. This section was platted and named Everett Memorial Park after the former mayor and civic leader who was the first to be buried in the new section.

A new plat of the entire Cemetery was drawn and approved in November 1952. The alleys between blocks which had been used for access to the interior graves as well as subsequent water lines became available for grave sites. The northwest corner of the Everett section was dedicated to welfare cases although that identity has become less apparent over the years.

Problems of maintenance which had been troublesome through the years became an increasing issue during period of 1950-1960. In 1958 the state Attorney General ruled that the City was obligated to continue care of the Cemetery but did not have the power to establish a perpetual care fund. In 1965 the City Council passed an ordinance creating a new Cemetery Improvement Fund, that receives revenues from plot sales, which it hoped would serve the purpose of a perpetual care fund. This fund is still in existence, and pays for the upgrades and improvements of the Cemetery. However, revenues to the fund have not been significant enough to continue a perpetual maintenance allocation. In 1970 the Department of Parks and Community Services was assigned the primary responsibility for the care and maintenance of the Cemetery. In 1975, the ornamental fence was replaced with a chain link fence in order to combat the vandalism which had become an increasingly serious problem.

In 1988, City Council requested that a master plan be prepared for the Cemetery which was completed in 1990. The plan proposed expansion and improvement of the cemetery in three phases. The first phase proposed the improvement of plantings and irrigation, and the addition of a columbarium. The second phase proposed improvements of the entry drive, walls, sign, gate, circulation pattern and maintenance yard. It also proposed additions of new single depth graves, double depth lawn crypts, an urn garden and columbaria. The third phase added to each of the property types for sale, and proposed improvements/additions of the office, parking area, fountain, entry obelisk, campanile, and plantings. Revenue bonds in the amount of \$380,000 were sold to finance Cemetery improvements. These bonds were then refinanced in 2001, and are projected to retire in 2014. The debt service on the bonds is finance from the sale of burial plots, urn plots and niches.

With this capital fund, the City was able to complete most of the improvements/expansion proposed in the master plan. The caretaker's house was removed from the site and the City developed this site for double depth burials (100 lots). A road that went east and west through the Cemetery was removed allowing for 64 additional burial plots. Two areas to the north along the existing entrance were also developed for single burials (353 lots). In addition, 7 niche walls were added to the cemetery totaling 944 niche units. Two small in-ground urn gardens were developed for a total of 457 lots. In 2001-2003, three more areas of burial sites were developed, totaling 352 burial plots. The parts of the master plan that were not completed include the campanile, shop and office buildings, and improvements in the storage area. Please see map, Appendix F.

In 1986, the City signed the right to purchase the Cornwall property. In 1993, the City signed a Memorandum of Understanding to exchange properties with Mr. Cornwall. The City moved Mr. Cornwall in to the 8204 120th Ave NE house, with the stipulation that he can live there until the end of his life. The City then converted Mr. Cornwall's property at 8055 122nd Avenue NE, and used it to expand the cemetery, as noted above.

Current Capacity

The table below summarizes the current capacity at the cemetery. While there are still a large number of urn sites available, there are no burial sites available for purchase. However, services are expected to continue in plots that are owned but have not yet been filled.

Cemetery Lot Availability				
June 16, 2008				
Total Capacity	Lots Sold	Lots Remaining	Capacity	Capacity Available
Burial Plots				
Single: 5377	5,377	0	x1	0
Double: 100	100	0	x2	0
Urn Plots				
Plots: 432	74	358	x1	358
Niche Units: 910	199	711	x2	1,422
Total	6,819	1,069		1,780



Current Pricing Comparisons

The table below summarizes the current charges at the Kirkland Cemetery and other surrounding facilities. The last fee increase was implemented in 2003. Please see Appendix C for complete Kirkland pricing information.

Cemetery Comparisons				
Current City of Kirkland Prices		Burial Lot Prices	Niche Prices	Services Fees
Kirkland Cemetery	Single	1,000 - 1,200		665
	Urn	700	950 - 1560	320
Public Cemeteries				
Bay View, Bellingham	Single	1,421		572 - 827
	Urn	1,006	1,230 - 1,640	99 - 350
Auburn	Single	1,495 - 3,495		1,060
	Urn	495 - 3,195	1,545 - 1,695	375
Woodinville	Single	1,200		923 - 1,188
	Urn	1,200	n/a	350
Private Cemeteries				
Sunset Hills (Cedar Lawn)	Single	9,813 -		1,295
	Urn		3,267	595
Acacia	Single	3,261		1,295
	Urn	1,677	3,200 - 3,800	395
*On full size single burial lot can accommodate 2 urns				

Revenue vs. Expenditure History

Revenue and expenses for the Cemetery are accounted for in three different funds. The Parks Department provides for the operation and maintenance of the Cemetery and services for interment procedures, ongoing maintenance service including mowing, edging, weeding, installation of markers, and verification of gravesites. The Finance Department performs the administrative functions for the Cemetery, including sale and tracking of plots, interment arrangements, and coordination with the Parks department. Following is a description of these funds.

Fund 122 – Cemetery Operating Fund

The Cemetery Operating Fund tracks the direct expenses associated with operating and maintaining the City of Kirkland Cemetery. The majority of the budget for this fund is the non-labor costs associated with cemetery operations. In addition, there is a \$60,000 interfund transfer to the General Fund that reimburses the General Fund for a portion of the labor costs associated with Finance and Parks administrative and maintenance costs associated with the Cemetery. The Parks labor associated with maintenance and services is budgeted in the Parks Maintenance budget in the General Fund (Fund 010), as discussed below.

Revenue

Revenues for the Cemetery Operating Fund come from 25% of the proceeds from the sale of burial lots and niches, and 100% of fees (interment services and markers).

Expenditures

As discussed above, an annual transfer of \$60,000 to the General Fund covers a portion of the administrative and maintenance labor costs in Finance and Parks. Other direct expenditures include the purchase of rough boxes (liners), supplies and rental fees.

Fund 154 - Cemetery Improvement Fund

This fund is used for cemetery improvements and to repay the debt service on the outstanding bonds sold to finance the 1992 Cemetery improvements.

Revenue

The Cemetery Improvement Fund receives 75% of the revenue from the proceeds of sale of burial plots and niches.

Expenditures

Expenditures from the Cemetery Improvement Fund are for payments to retire the \$380,000 cemetery improvement debt. This debt is scheduled to be retired in 2014. See Appendix E for debt service breakdown. Also included in expenditures are burial plot buy-backs and minor improvements.

Fund 010 – General Fund

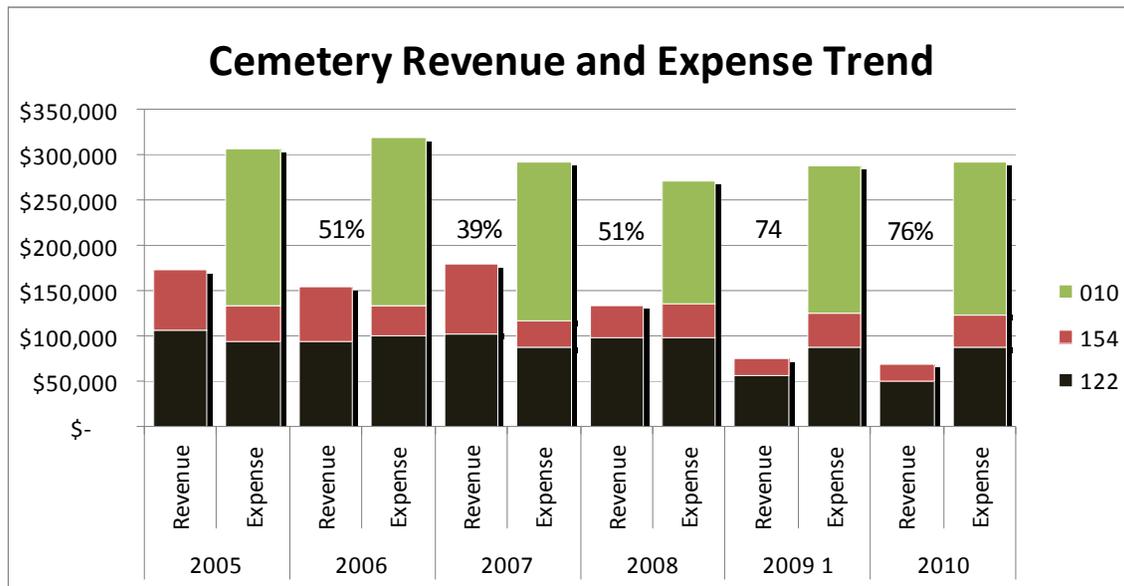
While not identified separately in the budget, the General Fund budget includes both Finance and Parks administrative time, and parks maintenance and operations time. Some of the administrative costs are reimbursed by Fund 122 through an interfund transfer, so those costs have been reflected in that fund. However, this only amounts to a partial reimbursement to cover all costs for Cemetery administration, maintenance and operations.

Revenue

There are no direct cemetery revenues in the General Fund. The interfund transfer from Fund 122 reimburses some of the administrative costs and is shown as an expenditure in Fund 122. As a result, the General Fund figures shown in the analysis below do not include this transfer as a revenue or the partial administrative costs that it funds as an expenditure.

Expenses

Personnel costs associated with Finance and Parks activities related to the Cemetery are budgeted in the General Fund. The costs shown in the analysis reflect the maintenance and operations costs budgeted in the Parks Maintenance fund. Below is a graph that demonstrates the revenue and expenditure history from the three different funds that are used to operate the cemetery. Appendix D is the specific breakdown of these funds.



Cost of Service

When calculating the cost of service, there are several areas to consider. In order to operate the Cemetery, the City incurs administrative time in both Finance and Parks, pays for debt service, and incurs labor cost for burials and maintenance, equipment and supply costs. The costs below are based on average labor expended (primarily in the General Fund) plus a share of non-labor costs budgeted in Fund 122.

The table below provides a brief history of the number of burials and cremation interments by year.

	Burials	Cremation Interments
2005	42	32
2006	34	29
2007	37	20
Average	38	27

The average cost for these services is calculated by applying the estimated number of hours expended by Parks Maintenance on each service, including benefits and overhead in the General Fund (fully loaded costs). These costs do not include the direct expenses in Cemetery Operating Fund (e.g. liners, markers, etc.), which are added in the following table.

	Average General Fund Cost Per Service (010) *	
	Burials	Cremation Interments
2005	\$ 1,575	\$ 498
2006	\$ 1,586	\$ 483
2007	\$ 1,608	\$ 505
2008	\$ 1,628	\$ 501

*This includes labor costs only

To present the full cost for these services, the costs budgeted in Cemetery Operating Fund were added to the General Fund labor costs by applying a factor of .76 to the General Fund costs. In other words, for each \$1 in the General Fund, \$0.76 is added for the expenses in the Cemetery Operating Fund.

	Total Average Cost Per Service (010 & 122) *	
	Burials	Cremation Interments
2005	\$ 2,772	\$ 875
2006	\$ 2,792	\$ 850
2007	\$ 2,831	\$ 890
2008	\$ 2,865	\$ 880

*This includes labor, administrative, and citywide overhead

The cost of operating the cemetery and providing burial services, continues to be subsidized by the general fund. Because there is no perpetual maintenance fund that was developed from the sale of plots/niches, this subsidy will continue to increase as labor costs rise, and the sale of plots diminishes.

SWOT ANALYSIS

The following SWOT analysis describes the strengths, weaknesses, opportunities, and threats for the Kirkland Municipal Cemetery.

STRENGTHS

- **Lack of cemeteries:**

There are 5 cemeteries on the Eastside:

- City of Redmond Cemetery – operated by Cedar Lawns Memorial Park
- Cedar lawns Memorial Park – Burials are done by Sunset Hills Memorial Park.
- Sunset Hills Memorial Park, Bellevue
- Chapel of the Resurrection, Cedar Park Church in Bothell
- Woodinville Cemetery – non-profit

With the limited number of cemeteries on the eastside, a cemetery in Kirkland is an asset to the region.

- **Possible expansion:** There are some potential growth opportunities that include the Cornwall property and the homes located east of maintenance yard. Currently, the City owns the Cornwall property, but would need to purchase any additional properties for expansion opportunities. Descriptions of potential properties are listed in the Opportunities section.
- **Niche Wall/Urn Space:** We still have 1,069 niche and urn spaces available. Based on the average cost today, this can bring in almost \$1 million from sales. Based on the previous year's sales average, these lots will be sold out in approximately 20 years.
- **Kirkland Charm:** The Kirkland Cemetery has a unique character unlike other cemeteries in the surrounding areas. The charm and nature of the Kirkland Cemetery make it an appealing place with its large trees and historical significance. Cemeteries are more than a place to inter the deceased, they are a placeholder in history and mark those who walked with us and before us.

WEAKNESSES

- **Low-priced:** There's a substantial difference in pricing between burial lots at private cemeteries such as Sunset in Bellevue and the low prices of lots at the Kirkland Cemetery. These low prices have made Kirkland appealing to those in need of service. As a result, we've sold out a few years earlier than once predicted. In a memo dated December 7, 2005 the prediction was that we would have burial lots available through 2012 (this was based on yearly average sales).
- **Expensive to operate, limited revenues:** Cemeteries are extremely expensive to operate. They require a high level of maintenance and care to the grounds and to each individual headstone, aside from the routine upkeep of the site. Revenues are decreasing based on the number of plots/niches available for sale.

- **Community involvement:** In the 1920s the population of Kirkland was less than 2000, but the Cemetery was supported by more than 30 clubs and fraternal societies. Among the many civic clubs was the American Legion Post who hosted an annual Memorial Day observance with an elaborate parade downtown involving veterans of the Civil War and the Spanish-American War and World War I; firefighters, Boy Scouts and others. A Cemetery service was followed by the parade with prayers, singing, a special address by a featured speaker and ending in the decoration of veteran graves. A baseball game or pot-luck picnic dinner usually followed the formal ceremony. This annual ceremony always sparked new concerns for the cemetery. However, this community stewardship of the cemetery is lacking today.
- **Set fees in KMC:** Our current ordinance limits staffs ability to set a fair market price for burial lot and urn fees without first seeking Council approval. This restriction creates a long process and extensive staff time to make appropriate changes which should be reviewed annually, and thus results in prices falling well below market rates.

OPPORTUNITIES

- **Inventory records and grave sites:** While researching the cemetery to complete this business plan, we have discovered a document dated February 13, 1987 revealing approximately (60) lots that were identified as “abandoned” or where the owner was listed as “uncertain”. In order for the City to reclaim or purchase those lots, specific steps must be followed. At this time none of the appropriate actions have taken place to reclaim the plots. This process would require additional resources conduct the research and implement.
- **Amend Kirkland Municipal Code Chapter 3.92 to charge fair market value:** Burial sites in Kirkland could be valued appropriately. There have been concerns in the past about keeping rates reasonable for residents. However, actual experience is that customers come from all over the state to take advantage of the prime location and inexpensive fees. As mentioned above, there are 6,664 owners of the cemetery lots. Kirkland residents total 2,974 (44%) and outside Kirkland owners are 3,690 (56%).
- **Burial site buy-back:** This could be marketed to those who currently own sites at the Kirkland Cemetery, but have either moved away from Kirkland or have decided to make arrangements elsewhere. Over the last 5 years, the City has had over 20 sites sold back to the city. These sites were purchased back at the original purchase price. The City could offer to buy back additional plots at a profit to current owners. All re-sales would stay “on hold” until a market value price has been established.
- **Contract burial services:** The City could opt to contract for burial services. For example, Automatic Wilbert Vault Company has provided contracted services for burials at numerous cemeteries for 104 years. They set everything up for the graveside if needed. Below are sample costs for contracted service compared to current City costs. The

contracted costs will only cover a burial with no complications. This option would diminish the quality control and personalized service we are able to provide for customers.

Example of Contracted single lot burial fees, with no complications:	
Open/close graves	\$550
- Tent, lowering device, greens & chairs	\$200
- Rough box delivered in loads of 10	\$173 each
- Rough box delivered; single	\$335 each
- Saturday; Overtime	\$70 per hour
- Sunday; Overtime	\$530 for 6 hours
- Additional overtime	\$140 per hour
Contracted cremated remains fees	
- Open/close cremation	\$350
- Open/close niche placement	\$350
Total weekday burial price =	\$923
Total weekend burial price =	\$1,188
Average cost of burial by Kirkland staff:	\$1,627

- Marketing Opportunities:** Current available urn garden and niches could be marketed.

 - Advertise on the Kirkland TV station
 - Advertise in Kirkland Courier
 - Article in the City Update
 - Prepare and send to funeral homes in the area a marketing brochure they can hand out to a customer.
- Cremated Remains:** A new revenue opportunity would be to offer burial of ashes to families with family members already buried at the Kirkland Cemetery. (i.e allowing family members to place cremations on past family members plots). This is currently allowed under State law and Kirkland Cemetery rules.
- Markers:** The area around the fountain could be converted from the current concrete courtyard to one that would host engraved pavers. These pavers would be sold and inscribed in memory of individuals that have spread their ashes off site.
- Rental facility:** A facility for memorial services for the deceased with or without the body present could be built. Typically these services take place at the funeral home and may include prayers, poems, or songs to remember the deceased. Pictures of the deceased are usually placed at the altar where the body would normally be to pay respects. A rental facility would be of great service to those families in need of a place to gather after the

funeral and could generate additional revenue. However, in order to operate this, the City would incur both capital and operating expenses. Staff would need to complete a projected capital and ongoing maintenance budget to determine if this would be financially feasible.

- **Cornwall house:** The City owns the Cornwall house located in the northwest corner of the property on the downhill slope. The topography of the land doesn't work well with utilizing the property for gravesites. The property is still developable, but would require some work to incorporate it into a Cemetery plan. One possibility is to incorporate the house and maintenance yard into one facility, using it for storage of supplies. Another option would be to sell this property and use the proceeds for major maintenance projects or other uses. The current market value is approximately \$524,000.
- **Other expansion opportunities:** A cluster of 3 homes is located next to the entry way to the cemetery and the land is fairly level. Staff presented City Council a report with estimated longevity of burial plots back in June of 1998. At that time Council instructed staff to meet with neighbors regarding the possible purchase of these properties. Negotiations began in early 1999 when staff approached the neighbors and started to talk about buying the properties. They all were somewhat interested, however their asking price was above the actual value of the homes. At that point all negotiations were dropped. Expansion would include costs for land acquisition, demolition and development costs, possible change in zoning, street improvements, site development plan, and increase maintenance and operational costs. Depending on the number of plots that could be developed, this would be hard to complete without a major capital cost. Expanding the cemetery without a self supporting perpetual maintenance fee would also increase the future General Fund subsidy of the Cemetery.

Threats

- **Increased subsidy:** Because we do not have a perpetual maintenance fund, and given the current operations, there will always be a subsidy with the cemetery. The costs will continue to exceed revenues, which will increase the City subsidy to continue the current level of maintenance for the Cemetery.
- **Loss of Historic site:** If the City opts to lease, sell, or does not have funds to maintain the cemetery, this could result in the loss of an historic asset for the city.
- **Neighborhood Concerns:** If the City opts to expand the Cemetery, there could be some neighborhood concerns that would need to be addressed.

Options

1. Maintain the capacity of the cemetery as is with no change to rates and no capital expansion to add plots. This option does not reduce the financial impact on the city, as the subsidy would continue to increase every year.

2. Maintain the capacity of the cemetery as is but increase revenue. The city could pursue:

- Marketing the remaining niches
- Market the cremated remains option to families
- Amend the KMC to competitively price the burial options.
- Consider a nonresident pricing differential for the remaining niches.
- Research and initiate a site buy back program.
- Research and initiate an abandon site recapture program
- Institute a perpetual maintenance fund for any recaptured plots.

This option would increase revenues, thus decreasing the General Fund subsidy of the cemetery, until all the niches/urn plots are sold. Potentially, with the addition of a perpetual maintenance fund, this option would allow the city to continue operations, and minimize the subsidy. To fully implement all the tasks within this option, would require additional staff resources.

3. Implement planning and expansion of the cemetery with currently owned properties and/or acquiring additional adjacent property. Expansion could include a rental facility, property acquisition and development, developing more plots. This option would cost the City a substantial amount in capital costs and it would also increase operational and administrative costs.

4. Lease out Cemetery to a private provider. The City would continue to own the Cemetery, but would not operate it. Contract out maintenance and operations and/or transfer responsibilities to a private business. As shown previously, the cost for a private burial service is approximately 30% less than the cost for the City to provide this service. However, this option may impact other parks maintenance functions, as the parks maintenance crew fits in cemetery operations as needed. The crew that performs the burials is allocated to other parks maintenance year around throughout the City.

Recommendation:

Staff, the Cemetery Board, the Park Board, and the Finance Committee all recommend option two: Maintain the capacity of the Cemetery as is, but increase revenue. Based on the analysis completed, the Cemetery will always be subsidized, as long as the City continues to own the facility. Option two provides an alternative to maximize the revenue potential of the Cemetery's remaining resources to reduce or manage the amount of subsidy required for potentially another 20 years. In addition, the Finance Committee is interested in pursuing a cost analysis for expansion of the Cemetery.

APPENDIX A

Administration and Operation of the Kirkland Cemetery

Chapter 6

Policy 6-5

Effective Date: October, 2003

A. PURPOSE

1. To provide policy guidelines and operational rules for the administration of the City of Kirkland Cemetery. This policy applies to all persons utilizing the City of Kirkland Cemetery.

B. DEFINITIONS

1. "Border," the concrete edging around the marker to protect the marker from damage and to allow trimming around the marker.
2. "Burial," the placement of human remains in a grave.
3. "Cemetery," any place used and dedicated for cemetery purposes by the City.
4. "Cemetery Committee," the group of City of Kirkland staff which oversee the operations and activities of the City of Kirkland Cemetery.
5. "Columbarium," a structure or other space containing niches for permanent inurnment of cremated remains.
6. "Committal," that part of a funeral service which places the remains of the deceased to his/her final resting place.
7. "Cremated Remains," a human body after cremation in a crematory.
8. "Disinterment," the removal of buried human remains from a grave.
9. "Foundation," the concrete poured below ground level to support and stabilize a memorial.
10. "Funeral," a memorial service for a deceased person.
11. "Human Remains or Remains," the body of a deceased person, and includes the body in any stage of decomposition except cremated remains as defined by RCW 68.04.020.
12. "Interment," the disposition of human remains by cremation and inurnment or burial in a place used or intended to be used and dedicated for cemetery purposes.
13. "Inurnment," the disposition of cremated human remains within an urn.

14. "Liner," any concrete or composite material container that is buried in the ground to provide outer protection and into which human remains are placed in the burial process.
15. "Marker," any grave headstone, memorial or monument that is intended to permanently mark a grave.
16. "Next of Kin," relative most nearly related i.e.:
 - a. Spouse
 - b. Children
 - c. Parents
 - d. Brothers and Sisters
17. "Niche," a space in a columbarium or urn garden used or intended to be used for inurnment of cremated human remains.
18. "Open and Close," the term used for referring to the opening of a gravesite and closing of a gravesite after remains are placed.
19. "Plot," a space of ground in a cemetery used, or intended to be used, for burial.
20. "Staff or Crew," refers to City of Kirkland personnel that are assigned administrative duties and maintenance duties for the City of Kirkland Cemetery.
21. "Urn Liner," a container whose purpose is to provide outer protection for the ground burial of cremated remains.
22. "Vault," any container which is buried in the ground and sealed to provide outer protection and into which human remains are placed in the burial process.

C. CEMETERY ADMINISTRATION AND GENERAL PROVISIONS

1. Rules and Regulations
These rules and regulations may be administratively amended at any time by the City, and shall be so changed and amended when any rule is found to be detrimental to the best interest of the plot owners as a whole or when new conditions require the adoption of other or further regulations.
2. Cemetery Committee
The Cemetery Committee is made up of the Director of Finance and Administration or designee, Parks Director or designee and representatives from the Parks Maintenance and Cemetery Administration staff. The committee shall periodically review and make recommendations to the City Manager on fees, policy or operational plans. Any exceptions to or issues with these items will be reviewed by the committee on an as needed basis.

3. Cemetery Fees and Charges.
All prices for burial lots and cremated remains sites are approved by the City Council. See KMC 3.92.020. All other service fees and charges are approved by the City Manager or approved designee, upon recommendation from the Cemetery Committee. As the City Manager's designee, the Director of Finance and Administration is authorized to waive or reduce fees in accordance with KMC 3.92.010
4. Method of Payment
All sales shall be paid in full at the time arrangements are made in the form of cash, approved check, or credit cards acceptable to the City.
5. Cemetery Hours
The Cemetery is open to the public during the following times:
Gates open at 8:00 a.m. each morning and are locked at dusk, seven days a week.
Cemetery Administration is located at City Hall which is open 8:00 a.m. to 5:00 p.m., Monday through Friday, except holidays.

D. LOT SALES AND OWNERSHIP

1. All plots in the cemetery are conveyed to the purchaser by a warranty deed when paid for but the rights of the owner, successor or assign are subject to such rules and regulations as set by the City of Kirkland.
2. Interest in Cemetery Plots
Interest in Cemetery plots shall be governed by RCW 68.32 as now and hereafter amended. The City shall endeavor to determine the legal next of kin, but the City shall not be held responsible for failure to do so. Persons representing themselves as next of kin may be required to provide a notarized statement to this effect. The City shall not be responsible for activities authorized by persons falsely representing themselves as next of kin.
3. Selling or Transferring of a Plot
When an owner of a plot wishes to sell or transfer the plot to another individual, or sell it back to the City, he/she must provide the City with a "Quitclaim Deed" showing transfer of ownership. If the original owner of the plot(s) is deceased, the executor or heir(s) must show proof of their authority to devise or ownership of the property, i.e. Letters Testamentary, Decree of Distribution, or a copy of the will. The City may repurchase plots from the current owner and is authorized to offer no more than 75% of the current plot price or offer the same amount as credit toward other plots in the Cemetery.
4. Designated Blocks
 - a. Blocks 47 and 48 are designated as an urn garden for cremation interments only.
 - b. Baby Haven block is for burial of children under the age of 2.

- c. Block 34 has double depth sites, appropriate for joint plots.
- d. Entryway, Flag Plaza and Historical Section walls are for cremated remains.

All remaining blocks are for single plots only.

E. INTERMENT SERVICES

1. Funerals, Interments, and Committals

Funerals, interments, and committals within the City of Kirkland Cemetery shall be under the control of the Parks and Community Services Department. All plots shall be opened and closed by employees of the City. Canopies, artificial grass, lowering devices, tractors, and other equipment provided by the City shall be used exclusively for all interments, inurnments, entombments and disinterment. All Cemetery and gravesite charges must be paid prior to interment.

2. Concrete Liners

All interments shall be in concrete liners or vaults designed and manufactured for this purpose. Concrete liners are sold by the City. Vaults may be purchased from a third party, but must meet the Cemetery specifications before use on Cemetery grounds.

3. Burial Permit

A burial permit from the King County Department of Health must be secured by the funeral home before an interment will be permitted. The City shall not be responsible in any manner for securing any permit. Cremated remains must be properly labeled and accompanied by a cremation and disposition authorization form to the Cemetery to certify identity of the cremated remains.

4. Arrangements

All families or designated representatives shall be required to complete an Interment Authorization form in person at the Cemetery Administration desk in City Hall, accepting responsibility and authorizing and designating the exact location of the plot for burial. Funeral directors or designated representatives who sign on behalf of the family are accepting financial responsibility and liability for any decisions or actions taken under their direction. Under no condition shall the City of Kirkland Cemetery open a plot without proper authorization.

Any funeral home accepting financial responsibility on behalf of a family must deliver to the Cemetery Administration Office payment in full for all charges at the time arrangements are made.

5. Notice of Interment or Disinterment

The City must be notified at least 24 hours before any interment so the plot or niche may be properly prepared, and at least one week's notice shall be given prior to any disinterment. The City of Kirkland Cemetery reserves the right to delay an interment when scheduling conflicts occur.

6. Authorization for Interment

The City of Kirkland Cemetery may open a plot for any purpose on proper authorization by any lot or niche owner of record or the legal next of kin and duly filed at City Hall unless there are written notarized instructions to the contrary on file with the City's cemetery administrative office.

7. Interment Agreements

When a lot is jointly owned, authorization for interment will be granted to either the plot owner(s) or their heirs as governed by RCW 68.32. An agreement may be made between common plot owners to the right of burial but the City shall not undertake to enforce such an agreement.

8. Funerals Burials and Committals—Days and Hours Allowed

Normal burial hours shall be restricted to weekdays between the hours of 9:00 a.m. and 3:00 p.m. The City recognizes that mitigating circumstances may arise necessitating a burial outside of normal hours. This can be arranged, subject to the availability of City staff. Overtime fees will be incurred if the burial is requested after 3:00 p.m. or on a Saturday or holiday. No burials will be allowed on Sunday.

Requests for an emergency waiver of this policy or any provision of this policy may be made to the Parks and Community Services Director or his designee, as the designee of the City Manager, who shall have sole discretion to approve or deny the emergency waiver request. The emergency waiver request shall include payment for any and all additional expenses to the City for these services.

9. Interments per Individual Plot

The interment of two casket burials in one plot shall not be allowed except in the designated area for double depth burials. Regular graves are designated for one casket and a maximum of two cremated remains. No interment other than that of a human being shall be permitted.

10. Welfare Burials

A welfare burial is available if the plot is pre-owned by the deceased or applicant. Burials will follow the Department of Social and Health Services (DSHS) guidelines for the disposition of remains.

11. Disinterment

For disinterment of remains (including cremated remains), the applicant must have written authorization from the closest living relative. Provisions concerning permission to remove remains shall be governed by State law in RCW 68.50 as now or hereafter amended.

F. MARKERS

1. Services Provided:

- a. The Cemetery shall make available for purchase markers such as monuments and memorials.

- b. The City crew shall construct foundations and borders on markers when required. However, the owner or owner's estate is responsible for all costs incurred in doing this.
 - c. Placement of markers may be performed by the City or can be contracted for by a City-approved vendor upon authorization of the City.
2. Upright markers are allowed only on certain plots adjacent to the older sections of the Cemetery. Upright markers will not exceed a height of four feet (48 inches) from ground level. Concrete borders at the front and back of an upright memorial must be a minimum of 2 inches, not to exceed 4 inches in width and on the sides.
 3. All flat memorials placed in the Cemetery shall have either a concrete or granite border with a minimum of a 2-inch border, not to exceed 4 inches.
 4. A full-scale drawing of all upright markers and/or oversized flush markers must be submitted to the City for approval before purchase.
 5. Markers must be set level with and conforming to the slope of the lawn and placed in line with adjacent stones so as to present a uniform appearance. The Cemetery reserves the right to inspect all markers/memorials after installation and to require or make changes if improperly set.
 6. Only flush memorials are allowed to mark cremated remains inurned on an occupied grave space when the first interments is already marked with a headstone. The marker shall be placed adjacent to the existing marker and directly over the inurned cremated remains.
 7. The City will provide a vase form free of charge. Vases may be purchased through Cemetery Administration located at City Hall. Vases not purchased through Cemetery Administration must be pre-approved.
 8. All inscriptions for niches are subject to the approval of the City of Kirkland and shall be limited to the name of the deceased and year of birth and death.
 9. Marker setting and on-site engraving shall be scheduled during normal business hours with and authorized by the Parks and Community Services Department at least one working day prior to the work being done. The City reserves the right to remove any marker which was set or engraved without permission and does not conform to the standards set forth in these rules and regulations.
 10. The City does not bind itself to maintain, repair, or replace any markers or monumental structures erected upon the plot which are lost or damaged due to weather, age, vandalism, or normal maintenance. The City will endeavor to see that the headstone remains in good condition.

G. MAINTENANCE AND LANDSCAPE REGULATIONS

1The City will provide the maintenance of plot sites. Maintenance of plot sites includes seeding, leveling of sites, mowing and also trimming around the markers. The City may place sod on an as needed basis.

2. Cut flowers and bouquets are allowed year round.
3. Artificial flowers and decorations are allowed from November 1 to March 30.
4. The City of Kirkland shall have the authority to remove all floral designs, flowers, weeds, tress, shrubs, plants, or herbage of any kind from the Cemetery as soon as, in the judgment of the management, they become unsightly, dangerous, detrimental, diseased, or when they do not conform to the standards maintained. The City shall not be liable for floral pieces, baskets, or frames in which or to which such floral pieces are attached. The Cemetery shall not be responsible for plants or plantings of any kind damaged by the elements, thieves, vandals, or by other causes beyond its control. The City reserves the right to regulate the method of decorating plots so that a uniform beauty may be maintained.
5. Planting of flowers and shrubs is allowed with prior approval from the City to assure the items do not interfere with maintenance and are in the correct location. Hooked poles for hanging flower baskets are not allowed.
6. The City is not responsible for damage to or theft of cut flowers, potted plants, displays, or containers. Anyone leaving such articles in the Cemetery does so at his/her own risk.
7. The placing of boxes, shells, toys, metal designs, ornaments, chairs, settees, glass, wood or iron cases, and similar articles upon plots shall not be permitted.
8. Only personnel authorized by the City shall trim, prune, or remove any part of the trees or shrubs in the Cemetery. If any tree or shrub situated on any grave by means of its roots, branches, or similarly becomes detrimental, dangerous, or objectionable to the adjacent plots, walks, or avenues, or the City is unable to maintain the grounds, the City shall have the right to enter upon the plot and remove the tree(s), or shrub(s), or any part(s) thereof as it may see fit.
9. No lot or plot shall be defined by fence, railing, hedge or by any unauthorized memorial. A plot shall not be decorated with any trees or shrubs without prior approval. Any items placed improperly or without permission shall be removed at the owner's expense.

APPENDIX B

Kirkland Municipal Code

Cemetery

**Chapter 3.92
CEMETERY**

Sections:

3.92.010 Service rates.

3.92.020 Prices for burial lots and cremated remains sites.

3.92.010 Service rates.

The city manager is authorized and directed to determine and establish the rates to be charged for opening and closing and for such other services as the city may render incidental to the operation and maintenance of the Kirkland Cemetery. In establishing such rates, the manager shall take into consideration the cost to the city in rendering such a service and the charges made by other cemeteries in the area for such services. The rates scheduled to be established by the city manager, or any modifications or amendments thereto, shall become effective on the filing of same with the director of finance for the city. (Ord. 3573 § 22, 1997; Ord. 2590 § 1, 1981)

3.92.020 Prices for burial lots and cremated remains sites.

(1) Prices for burial lots in the Kirkland Cemetery are established as follows:

(a) Historic Section:

Single Depth — Non Pre-Set \$1,200.00

Infant Plots \$ 300.00

Partial Plots \$ 500.00

(b) Nonhistoric Section:

Single Depth — Pre-Set \$1,000.00

Double Depth — Pre-Set \$2,000.00

Urn Garden Plots \$ 700.00

(2) Prices for cremated remains sites (niche walls) in the Kirkland Cemetery are established as follows:

(a) Historic Section — Niche Walk Wall/Flag Plaza Niches:

Level 1 \$1,140.00

Level 2 \$1,300.00

Level 3 \$1,300.00

Level 4 \$1,560.00

(b) Nonhistoric Section — Entry Wall Niches:

Level 1 \$ 950.00

Level 2 \$1,090.00

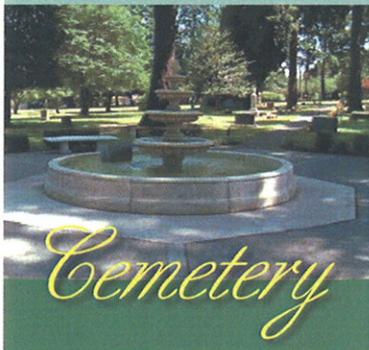
Level 3 \$1,090.00

Level 4 \$1,265.00

Level 5 \$1,265.00

Level 6 \$1,090.00

(Ord. 3722 § 1, 1999; Ord. 3652 § 1, 1998)



Cemetery Rate Schedule

Effective October 1, 2003

Cemetery Lots

Historic Section

- Single Depth – Non Pre-Set..... \$1,200.00
- Infant Plot..... 300.00
- Partial Plot (Currently all sold) 500.00

Non-Historic Section

- Single Depth – Pre-Set (Currently all sold) \$1,000.00
- Double Depth – Pre-Set 2,000.00
- Urn Garden Plot 700.00

Niche Walls

Historic Section

Niche Walk Wall/Flag Plaza Niches

- Level 1 \$1,140.00
- Level 2 1,300.00
- Level 3 1,300.00
- Level 4 1,560.00

Non-Historic Section

Entry Wall Niches

- Level 1 \$950.00
- Level 2 1,090.00
- Level 3 1,090.00
- Level 4 1,265.00
- Level 5 1,265.00
- Level 6 1,090.00

Service Charges

Interment and Disinterment

	Regular Hours	Sat/Holiday
Single Plot Non Pre-Set	\$665.00	\$870.00
Single Plot Pre-Set	\$665.00	\$870.00
Single Plot Infant.....	\$320.00	\$470.00
Double Plot Pre-Set		
1st Opening	\$665.00	\$870.00
2nd Opening	\$665.00	\$870.00
Disinterment.....	\$665.00	\$870.00
Disinterment/Re-interment	\$1,330.00	\$1,740.00

Inurnment

	Regular Hours	Sat/Holiday
Urn Garden	\$270.00	\$405.00
Graveside Services.....	\$320.00	\$470.00
Niche Opening	270.00	\$405.00

Miscellaneous Charges

Flush Markers (Sold by City)**	Value based on size & type of marker	
Marker Setting		
Veterans		\$200.00
Flush.....		\$320.00
Upright		\$440.00
Niche Lettering		\$165.00
Liner Sales**		\$250.00
Urn**	Value based on type of urn	

** These items subject to sales tax

All costs are for normal services and sizes. There may be additional costs for any requests that are beyond the scope of these services or have larger sizing needs.



Appendix D
Cemetery Cost Breakdown

Cemetery Revenue and Expense Subsidy Trend

2005		2006		2007		2008 Projection		2009 Projection		2010 Projection	
Revenue	Expense										
\$ 106,682	\$ 94,132	\$ 93,241	\$ 100,892	\$ 101,757	\$ 87,626	\$ 98,196	\$ 97,320	\$ 56,000	\$ 87,425	\$ 51,000	\$ 87,425
\$ 65,985	\$ 38,224	\$ 61,196	\$ 32,652	\$ 76,976	\$ 28,949	\$ 34,447	\$ 39,124	\$ 18,000	\$ 37,093	\$ 18,000	\$ 36,030
\$ -	\$ 174,166	\$ -	\$ 184,831	\$ -	\$ 174,923	\$ -	\$ 133,645		\$ 163,625	\$ -	\$ 168,323
\$ 172,667	\$ 306,522	\$ 154,437	\$ 318,375	\$ 178,733	\$ 291,498	\$ 132,643	\$ 270,089	\$ 74,000	\$ 288,143	\$ 69,000	\$ 291,778
\$ 133,855		\$ 163,937		\$ 112,765		\$ 137,446		\$ 214,143		\$ 222,778	
44%		51%		39%		51%		74%		76%	

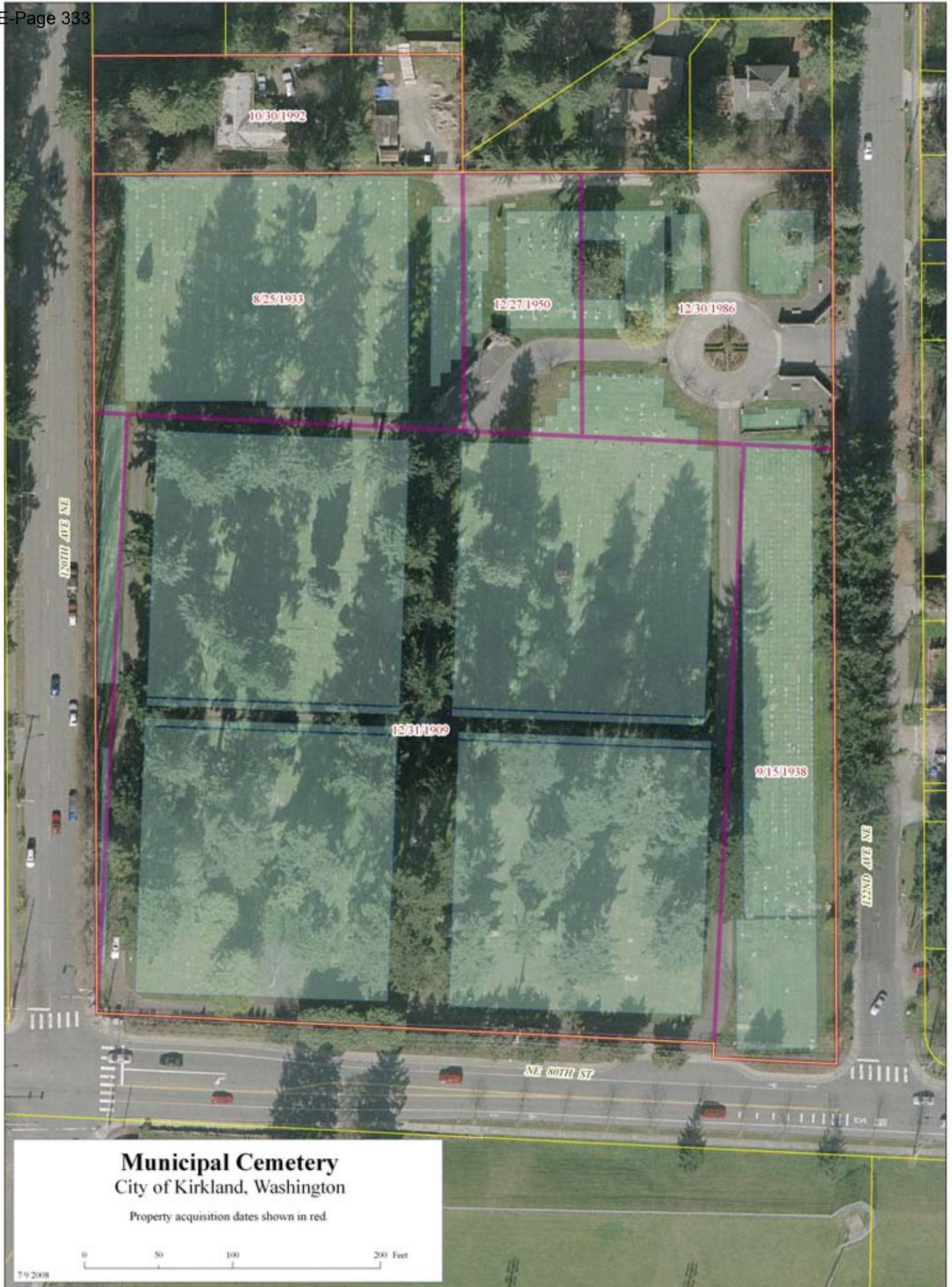
**City of Kirkland
2001 Limited General Obligation Bonds**

Purpose: Refunds 1994 LTGO Cemetery Improvement Bonds

Denomination	\$5,000	Date of Bond Sale	7/6/2001
Amount of Issue	\$330,000	Net Interest Rate	4.690%
Ordinance	3790	Org:	2100009011

DEBT SERVICE SCHEDULE

Year	Interest Dates:		Interest Rate	Maturity Date	Principal Amount	Total Payment	Principal Balance
	June 1	December 1					
2001	0	5,895	4.00%	12/1/2001	15,000	20,895	315,000
2002	6,774	6,774	4.00%	12/1/2002	20,000	33,549	295,000
2003	6,374	6,374	4.00%	12/1/2003	25,000	37,749	270,000
2004	5,874	5,874	4.00%	12/1/2004	25,000	36,749	245,000
2005	5,374	5,374	4.00%	12/1/2005	25,000	35,749	220,000
2006	4,874	4,874	4.00%	12/1/2006	20,000	29,749	200,000
2007	4,474	4,474	4.13%	12/1/2007	20,000	28,949	180,000
2008	4,062	4,062	4.13%	12/1/2008	25,000	33,124	155,000
2009	3,546	3,546	4.25%	12/1/2009	25,000	32,093	130,000
2010	3,015	3,015	4.40%	12/1/2010	25,000	31,030	105,000
2011	2,465	2,465	4.50%	12/1/2011	25,000	29,930	80,000
2012	1,903	1,903	4.65%	12/1/2012	25,000	28,805	55,000
2013	1,321	1,321	4.75%	12/1/2013	25,000	27,643	30,000
2014	728	728	4.85%	12/1/2014	30,000	31,455	0
Totals	50,786	56,681			330,000	437,467	



Municipal Cemetery
City of Kirkland, Washington

Property acquisition dates shown in red.

0 50 100 200 Feet

**CITY OF KIRKLAND**

City Attorney's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3030

www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Robin S. Jenkinson, City Attorney

Date: September 10, 2008

Subject: Moratorium Ordinance

RECOMMENDATION:

Review proposed moratorium ordinances in light of Council Study Session materials and discussion about the Downtown Kirkland Design Review Process. As suggested in the Study Session materials, in deciding whether to impose a moratorium, the Council may want to consider the question in two parts: First, what is the problem? And secondly, if there is a problem, where is it? The moratorium ordinance can be tailored to respond to the answers to these questions.

BACKGROUND:

At its September 2, 2008, meeting, the City Council requested staff to return with a Downtown moratorium ordinance. The attached moratorium ordinances offer two different approaches in response to the Council request. The first would prevent the City from accepting applications for development permits in excess of 500 square feet of gross floor area. This would allow the City to continue to accept any development permit applications for tenant improvements and residential remodels that do not increase the gross floor area by more than 500 square feet.

The second would prevent the City from accepting applications for development permits for buildings greater than two stories in height. As drafted, both moratorium ordinances would cover Central Business District (CBD) Zones 1, 2, 3, 4, 6, 7, and 8. The ordinances would not apply to CBD 5. This means neither ordinance would apply to ParkPlace. As the Council is aware, the ParkPlace private amendment request (PAR) for Comprehensive Plan and Zoning Code amendments is currently before the Planning Commission for review. Concurrent with the PAR, Touchstone, the owner of ParkPlace, has submitted an alternate development proposal for an office project under current CBD 5 zoning regulations. The City is currently processing Touchstone's application for design review as well as a short plat application in connection with the alternate development proposal.

As required by state law, the ordinances provide that a hearing on the moratorium will be held within 60 days, or by November 15, 2008, to determine if it should be continued. Following the public hearing, the Council must adopt findings of fact justifying the moratorium. Any moratorium adopted under RCW 35A.63.220 and RCW 36.70A.390 may be effective for up to six months, although it may be effective for up to one year if a work plan is developed for related studies providing for such a longer period. A moratorium may be renewed for one or more six month periods if a subsequent public hearing is held and findings of fact are made prior to each renewal.

The attached ordinances contain five exemptions from the moratorium. First, the Kirkland Zoning Code provides that an applicant who submits a building permit application within 180 days of final Design Board Review approval is vested as of the date of the final Design Board Review decision. The ordinances acknowledge that the moratorium will not apply to these building permit applications. (Section 2.)

Second, under the state vesting law, an applicant has the right to have his or her development proposal considered under the Comprehensive Plan and Zoning Code regulations in effect at the time a complete application is submitted. Both ordinances exempt development permit applications that have been submitted and are vested. (Section 3.)

Third, in a 5-4 decision, the Washington Supreme Court in *Biggers v. Bainbridge Island*, 162 Wn.2d 683, 169 P.3d 14 (2007), cast doubt on whether local jurisdictions have the authority to impose moratoria on shoreline development. Shoreline permits have therefore been exempted from the proposed ordinances. (Section 4.)

Fourth, both moratorium ordinances clarify that the City will be allowed to continue to process development applications for the Transit Center which is located in the Park/Public Use (P) Zone and in the public right-of-way. (Section 5.)

Finally, the ordinances also exempt the Bank of America project. The applicant for the Bank of America project has submitted a complete building permit application for that project. Currently, the building permit process cannot move forward as a result of the Council's reversal of the Design Review Board's approval of the project. The exemption in the Ordinance could become applicable in the event of an adverse result for the City in the pending Land Use Petition Action filed in King County Superior Court. (Section 6.)

Please do not hesitate to contact me with any questions.

ORDINANCE 4139

AN ORDINANCE OF THE CITY OF KIRKLAND IMPOSING A MORATORIUM WITHIN CENTRAL BUSINESS DISTRICT (CBD) ZONES 1, 2, 3, 4, 6, 7, AND 8 ON THE ACCEPTANCE OF APPLICATIONS FOR REVIEW AND/OR ISSUANCE OF DEVELOPMENT PERMITS FOR ANY NEW DEVELOPMENT THAT WOULD ADD OR CREATE IN EXCESS OF 500 SQUARE FEET OF GROSS FLOOR AREA.

WHEREAS, the Kirkland City Council has previously identified a goal of maintaining the overall coherence of the Downtown's visual and historic character, which goal is articulated in the Downtown Plan, the Design Guidelines for Pedestrian Oriented Business Districts, the Design Review regulations, and in other policy/planning documents; and

WHEREAS, the applicable provisions of the Downtown Plan and the Zoning Code do not adequately ensure that Downtown development occurs in a manner that is predictable, effective, and consistent with this goal; and

WHEREAS, the City has a compelling interest in ensuring that the goals and policies contained within the Downtown Plan and other policy/planning documents are fulfilled; and

WHEREAS, amendments to the Comprehensive Plan and/or Zoning Code are necessary; and

WHEREAS, a moratorium on acceptance of applications for any new development that would add or create in excess of 500 square feet of gross floor area in CBD Zones 1, 2, 3, 4, 6, 7, and 8 is required in order to allow sufficient time to draft Comprehensive Plan and/or Zoning Code amendments; and

WHEREAS, the City will establish a work plan to study and develop Comprehensive Plan and/or Zoning Code amendments that address the concerns identified above; and

WHEREAS, the City is authorized pursuant to RCW 35A.63.220 and RCW 36.70A.390 to adopt a moratorium for the purpose of preserving the status quo while Comprehensive Plan and/or Zoning Code amendments are considered, prepared and enacted.

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

Section 1. Imposition of Moratorium. A moratorium is hereby imposed in Central Business District (CBD) Zones 1, 2, 3, 4, 6, 7, and 8 on the application for, intake of, review of, or issuance of any development permit which would add or create in excess of 500 square feet of gross floor area except as provided in Sections 2, 3, 4, 5, and 6.

Section 2. The moratorium established in Section 1 of this Ordinance shall not apply to any building permit application for a development which has been granted Design Board Review approval and would be considered vested,

on or before the effective date of this Ordinance, in the manner set forth in Kirkland Zoning Code Section 142.35(10).

Section 3. The moratorium established in Section 1 of this Ordinance shall not apply to development permits that became vested on or before the effective date of this Ordinance in accordance with RCW 19.27.095 and RCW 58.17.033.

Section 4. The moratorium established in Section 1 of this Ordinance shall not apply to applications for substantial development permits, conditional use permits, or variances under the Shoreline Management Act, Chapter 90.58 RCW, and Kirkland Municipal Code Chapter 24.06.

Section 5. The moratorium established in Section 1 of this Ordinance shall not apply to the Park/Public Use (P) Zone, publicly owned property, or public right-of-way.

Section 6. The moratorium established in Section 1 of this Ordinance shall not apply to the Bank of America/Merrill Gardens Mixed Use Project at 101 Kirkland Avenue, File No. DRC07-00006, Case No. APL08-00001 ("Bank of America Project"). Design Review for the Bank of America Project was approved by the City Design Review Board (DRB) on January 16, 2008, but the City Council reversed the DRB decision on August 5, 2008. The applicant for the Bank of America Project appealed the City Council decision to King County Superior Court, and that appeal is currently pending. (Case No. 08-2-29048-4SEA).

Section 7. Duration and Scope of Moratorium. The moratorium imposed by this Ordinance shall continue in effect for an initial period of sixty (60) days, unless repealed, extended, or modified by the City after public hearing and the entry of findings of fact pursuant to RCW 35A.63.220 and RCW 36.70A.390.

Section 8. Public Hearing. Pursuant to RCW 35A.63.220 and RCW 36.70A.390, the City Council shall hold a public hearing on this moratorium within sixty (60) days of its adoption, or no later than November 15, 2008, to hear and consider public comment and testimony regarding this moratorium. Following such hearing, the City Council may adopt findings of fact, and may extend the moratorium for a period up to six (6) months. If a period of more than six months is required to complete consideration of any changes to the Comprehensive Plan and/or Zoning Code, the Council may extend this Ordinance after any required hearing, pursuant to RCW 35A.63.220 and RCW 36.70A.390.

Section 9. Severability. Should any provision of this Ordinance or its application to any person or circumstance be held invalid, the remainder of the ordinance or the application of the provision to any other persons or circumstances shall not be affected.

Section 10. Effective Date. This Ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting
this _____ day of _____, 2008.

Signed in authentication thereof this _____ day of
_____, 2008.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney

ORDINANCE 4139*

AN ORDINANCE OF THE CITY OF KIRKLAND IMPOSING A MORATORIUM WITHIN CENTRAL BUSINESS DISTRICT (CBD) ZONES 1, 2, 3, 4, 6, 7, AND 8 ON THE ACCEPTANCE OF APPLICATIONS FOR REVIEW AND/OR ISSUANCE OF DEVELOPMENT PERMITS FOR ANY NEW DEVELOPMENT THAT WOULD EXCEED TWO STORIES IN HEIGHT.

WHEREAS, the Kirkland City Council has previously identified a goal of maintaining the overall coherence of the Downtown's visual and historic character, which goal is articulated in the Downtown Plan, the Design Guidelines for Pedestrian Oriented Business Districts, the Design Review regulations, and in other policy/planning documents; and

WHEREAS, the applicable provisions of the Downtown Plan and Zoning Code do not adequately ensure that Downtown development occurs in a manner that is predictable, effective and consistent with this goal; and

WHEREAS, the City has a compelling interest in ensuring that the goals and policies contained in the Downtown Plan and other policy/planning documents are fulfilled; and

WHEREAS, amendments to the Comprehensive Plan and/or Zoning Code are necessary; and

WHEREAS, a moratorium on acceptance of applications for any new development that would exceed two stories in height in CBD Zones 1, 2, 3, 4, 6, 7, and 8 is required in order to allow sufficient time to draft Comprehensive Plan and/or Zoning Code amendments; and

WHEREAS, the City will establish a work plan to study and develop Comprehensive Plan and/or Zoning Code amendments that address the concerns identified above; and

WHEREAS, the City is authorized pursuant to RCW 35A.63.220 and RCW 36.70A.390 to adopt a moratorium for the purpose of preserving the status quo while Comprehensive Plan and/or Zoning Code amendments are considered, prepared and enacted.

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

Section 1. Imposition of Moratorium. A moratorium is hereby imposed in the Central Business District (CBD) Zones 1, 2, 3, 4, 6, 7, and 8 on the application for, intake of, review of, or issuance of any development permit for buildings that would exceed two stories in height above the abutting right-of-way as measured at the midpoint of the frontage of the subject property. If the subject property abuts more than one right-of-way, the two stories in height will be measured at the midpoint of the frontage on the lower right-of-way.

Section 2. The moratorium established in Section 1 of this Ordinance shall not apply to any building permit application for a development which has been granted Design Review approval and would be considered vested, on or before the effective date of this Ordinance, in the manner set forth in Kirkland Zoning Code Section 142.35(10).

Section 3. The moratorium established in Section 1 of this Ordinance shall not apply to development permits that became vested on or before the effective date of this Ordinance in accordance with RCW 19.27.095 and RCW 58.17.033.

Section 4. The moratorium established in Section 1 of this Ordinance shall not apply to applications for substantial development permits, conditional use permits, or variances under the Shoreline Management Act, Chapter 90.58 RCW, and Kirkland Municipal Code 24.06.

Section 5. The moratorium established in Section 1 of this Ordinance shall not apply to the Park/Public Use (P) Zone, publicly owned property, or public right-of-way.

Section 6. The moratorium established in Section 1 of this Ordinance shall not apply to the Bank of America/Merrill Gardens Mixed Use Project at 101 Kirkland Avenue, File No. DRC07-00006, Case No. APL08-00001 ("Bank of America Project"). Design Review for the Bank of America Project was approved by the City Design Review Board (DRB) on January 16, 2008, but the City Council reversed the DRB decision on August 5, 2008. The applicant for the Bank of America Project appealed the City Council decision to King County Superior Court, and that appeal is currently pending. (Case No. 08-2-29048-4SEA).

Section 7. Duration and Scope of Moratorium. The moratorium imposed by this Ordinance shall continue in effect for a period an initial period of sixty (60) days, unless repealed, extended, or modified by the City after public hearing and the entry of findings of fact pursuant to RCW 35A.63.220 and RCW 36.70A.390.

Section 8. Public Hearing. Pursuant to RCW 35A.63.220, the City Council shall hold a public hearing on this moratorium within sixty (60) days of its adoption, or no later than November 15, 2008, to hear and consider public comment. Following such hearing, the City Council may adopt findings of fact and may extend the interim zoning ordinance for a period of up to six (6) months. If a period of more than six months is required to complete consideration of any changes to the Comprehensive Plan and/or Zoning Code, the Council may extend this Ordinance after any required public hearing, pursuant to RCW 35A.63.220 and RCW 36.70A.390.

Section 9. Definitions.

- a. As used in this Ordinance "story" shall have the meaning set forth in Kirkland Zoning Code 5.10.890.

Section 10. Severability. Should any provision of this Ordinance or its application to any person or circumstance be held invalid, the remainder of the ordinance, or the application of the provision to any other persons or circumstances shall not be affected.

Section 11. Effective Date. This Ordinance shall be in force and effect five days after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this _____ day of _____, 2008.

Signed in authentication thereof this _____ day of _____, 2008.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney