



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, February 17, 2009 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. Budget Update/Budget Reporting Process
4. *EXECUTIVE SESSION*
 - a. To Review the Performance of a Public Employee
5. *SPECIAL PRESENTATIONS*
 - a. 520 Tolling Implementation Committee Report
6. *REPORTS*
 - a. *City Council*
 - (1) Regional Issues
 - b. *City Manager*
 - (1) 2009 Legislative Update 3
 - (2) Calendar Update
7. *COMMUNICATIONS*
 - a. *Items from the Audience*
 - b. *Petitions*

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

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.

P - denotes a presentation from staff or consultant

8. CONSENT CALENDAR

- a. *Approval of Minutes:* (1) January 20, 2009
(2) February 3, 2009

- b. *Audit of Accounts:*
 - Payroll \$
 - Bills \$

c. *General Correspondence*

- (1) Karen Story, Regarding Banning Styrofoam Food Service Containers
- (2) Correspondence Regarding Carole Ann Wald Pool at St. Edwards State Park

d. *Claims*

- (1) Robert M. Bristol

e. *Award of Bids*

- (1) 2008 Water System Improvement Project - South, Shoreline Construction Company, Woodinville, WA

f. *Acceptance of Public Improvements and Establishing Lien Period*

g. *Approval of Agreements*

- (1) Resolution R-4742, Authorizing the City Manager to Execute an Interlocal Joint Purchasing Agreement Between the eCityGov Alliance and the City of Kirkland
- (2) Resolution R-4743, Approving a Memorandum of Agreement Between the City of Kirkland and King County for Transportation Management Planning and Authorizing the City Manager to Sign
- (3) Resolution R-4745, Authorizing the City Manager to Execute the First Two-Year Extension of the City of Kirkland’s Comprehensive Garbage, Recyclables and Organics Collection with Waste Management, Inc. (WMI) Pursuant to Section 1: Term of Contract

h. *Other Items of Business*

- * (1) Resolution R-4744, Affirming and Modifying the Hearing Examiner Decision Approving Variances for the Puget Sound Energy Juanita Substation in Department of Planning and Community Development File No. ZON08-00010
- (2) A Regional Coalition for Housing (ARCH) 2009 Work Program and Budget

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.

- (3) ARCH Housing Trust Fund Recommendation
- (4) Zoning Code Amendments – Fast Track Roster
- (5) Ordinance No. 4180, Amending the Biennial Budget for 2009-2010
- (6) Authorizing Supply Station No. 2. Improvements Project Bid and Requesting Additional Funding
- (7) Approving Remittance of Duck Dash Raffle Tax Receipts to Selected Agencies
- (8) Appointing Brian Flaherty to Lodging Tax Advisory Committee
- (9) Report on Procurement Activities

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

9. PUBLIC HEARINGS

- a.* Downtown Zoning (continued) - Council consideration and discussion (The Council received public testimony at its January 20, 2009 Public Hearing and will reopen for public testimony at a future hearing.)

10. UNFINISHED BUSINESS

- a.* Performance Measurement and Budgeting
- b.* Park Lane Pedestrian Enhancements Status Update

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.

11. NEW BUSINESS

- a.* ARCH Administrative Structure
- b.* 2008 State of the Streets Report
- c.* Bank of America De-Brief Scoping

12. ANNOUNCEMENTS

13. ADJOURNMENT



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

MEMORANDUM

To: David Ramsay, City Manager
From: Tracey Dunlap, Director of Finance and Administration
Date: February 5, 2009
Subject: Budget Status and Budget Reporting Process

RECOMMENDATION:

Discuss January budget status and contingency planning and review the proposed budget reporting process.

BACKGROUND DISCUSSION:

Proposed Voted Utility Tax Next Steps

The proposed voted utility tax increase was discussed at the February 3 Study Session, with the following direction given:

- If an election is held, it will be at the General Election scheduled on November 3, 2009 (with a filing date of August 11),
- No additional service levels would be added to the 1.5% increase adopted in the budget,
- Council's final decision is pending the identification of the specific reductions required if the voted utility tax is unsuccessful.

Staff will provide additional information regarding placing the question on the November General Election ballot at the City Council Retreat in March.

Update on January Sales Tax

As described in the February 12 reading file (Attachment A), January 2009 sales tax is down 19 percent compared to January 2008. As a reminder, sales tax revenue received in January is for activity in November, which is typically a critical month for holiday sales. This result starts the year over \$200,000 below last year's level. To provide some context, the 2009 sales tax budget assumes the annual general fund receipts would decrease by 1.76% (excluding the reallocations of sales tax from the CIP). All business sectors experienced negative performance compared to January 2008. The poor performance in the automotive/gas retail and general merchandise and miscellaneous retail sectors are concerning since these sectors represent a substantial portion of the "ongoing" revenues in contrast with development activity, which is more one-time in nature.

The general economic malaise and unusually harsh weather in December will likely result in declines in February's revenue as well. February's receipts will reflect activity in December, which normally brings in the largest revenue amount due to holiday retail sales. The trends in automotive/gas retail are not promising. An additional potential "hit" to this sector's sales tax revenue is the Washington State sales

tax exemption for hybrid vehicle purchases effective January 1st, 2009. We will see the first indication of the impact of this change in the March receipts. All indications are that the first quarter receipts will be down substantially, resulting in the need to react early in response.

Update on Other Key Indicators

The City will not close out the monthly transactions for January until February 17, however, we have reviewed some key expense items and make the following observations:

- Fuel costs are running at about half of budgeted levels. When the Fleet budget was developed in July, fuel prices were over \$4.00/gallon and the budget was based on 2009 prices at \$4.50/gallon. Given the significant drop in fuel prices (to the \$2.20 range), we expect that this trend will continue, at least for 2009. If prices were to remain at current levels for all of 2009, it could represent an annual savings to the General Fund of approximately \$170,000.
- Fire overtime continues at a level in excess of budgeted expectations for January, however, it is expected to improve when the additional firefighter positions approved in the 2009-2010 budget process complete their training and are available for duty.
- Contract jail costs in January are consistent with budget expectations.

A more detailed review of January results will be provided as part of the proposed monthly status report, as described later in this memorandum.

Attachment B contains an update from the Development Services Team on the level of development activity in January.

Contingency Planning

In response to the January results, the City Manager has instructed departments to carefully evaluate expenditures and delay major purchase decisions and service package implementation unless absolutely necessary, pending a more thorough picture of our financial position. In addition, discussions are underway regarding other contingency plans if economic conditions continue to deteriorate, including:

- Revisit the remaining "8% Adjustment List" from the 2009-2010 budget process (Attachment C) and prioritize reductions that would be recommended if another round of cuts is necessary or if the voted utility tax increase for 2010 does not pass:
 - The dollar amounts shown on the 8% Adjustment List are 2-year figures.
 - The reductions identified on the list totaled \$10.9 million for 2009-2010, of which \$4.5 million were reflected in the adopted budget, leaving \$6.4 million in potential reductions.
 - Of the \$6.4 million in remaining reductions, \$4.6 million are in the Public Safety functions (Police, Fire, and Court) and \$1.8 million are in non-Public Safety departments (2-year figures).
 - If the private utility tax increase does not pass, the 2010 budget would need to decrease by \$2.2 million.
 - To accomplish a \$2.2 million expenditure reduction for one year (starting in 2010), reductions on the list totaling \$4.4 million dollars would need to be identified, since the totals on the list represent 2-year figures.
 - The remaining non-Public Safety reductions, if taken in their entirety at the end of 2009, would only result in savings of approximately \$900,000 (half of \$1.8 million).
- Evaluate year-end cash position to determine availability to backfill short-term shortfalls,
- Identify reserve balances available to address revenue shortfalls:
 - The Revenue Stabilization Reserve has a balance of \$1 million (after the planned use of \$1 million in the 2009-2010 budget),
 - There is \$2.7 million in the General Operating or "Rainy Day" Reserve, which is available toward unforeseen revenue losses or other temporary events.
- Recognize the impacts of proposed cost of living adjustments in pending labor contracts,

- Identify General Fund resources committed to the Capital Improvement Program that could be reprogrammed for operating purposes,
- Determine if internal service rates should be adjusted to reflect changing assumptions (for example, gasoline prices) and impacts of service packages/restored expenditure reductions, and
- Evaluate potential furlough options and approaches as an alternative to staffing/program reductions and initiate discussions with the bargaining units.

Budget Reporting Process

During the 2009-2010 budget process, the City Council requested more frequent updates on economic conditions and how the City is doing relative to the adopted budget. At the December 9, 2008 Finance Committee meeting, staff presented a process for providing regular updates, as summarized below.

Monthly Data

To provide a monthly snapshot of how the City is doing related to key revenues, expenditures, and other indicators, the Monthly Dashboard Report was developed (see sample in Attachment D). The purpose of this report is to provide a "heads-up" on how the key indicators Finance monitors on a monthly basis are performing. We anticipate that the table will be accompanied by a page of bullet points providing highlights of the staff analysis. The proposed timeline for the monthly report is:

- Review in detail with the Finance Committee at their monthly meeting (review January results at February meeting),
- Include a summary with key highlights in Council reading file, and
- Discuss critical issues at Council meetings as needed.

The January 2009 results will not be available until after the February 17 meeting, since we do not close out the monthly transactions (for January) until mid-month of the following month (February 17). Note that this report will be in addition to the monthly sales tax analysis, which will continue to be provided in the first reading file of the month after the results are received.

Quarterly Data

Staff will continue to prepare an analysis of quarterly results, as summarized in the Financial Management Report (see sample in Attachment E). The FMR provides an in-depth analysis of:

- Overall budget performance
- General Fund revenues and expenditures
- Sales tax performance
- Economic environment
- Investments
- Reserve Status

The schedule for the 2009 FMRs is:

- Year end 2008 completed by March 13 (for City Council Retreat)
- First Quarter 2009 actual by May 15
- Second Quarter 2009 actual by August 15
- Third Quarter 2009 actual by November 15

Council Briefings and Deliberations

There are a series of Council briefings and deliberations throughout the year, at which time necessary course corrections will be presented for consideration. At this point in time, briefings are scheduled as follows:

- Budget Check-in Study Session/Operating Carryover Adjustments – February 17
- Capital Carryover Adjustments – March 17

- City Council Retreat – March 20-21
- Mid-Year Budget Adjustments – June/July
- Mid-Biennial Budget Process – September-November

If circumstances warrant, additional briefings will be scheduled.

Summary

We will be reporting on the January key indicators at the February 27 Finance Committee meeting and we are beginning the process of preparing for the financial briefing at the March City Council Retreat. Given the lack of consensus among economists regarding how events will unfold in 2009, it will be important to remain nimble to respond to events as they occur (positive or negative) and focus on using the tools available to manage the budget in a manner that helps manage service levels and financial integrity over the long term.



CITY OF KIRKLAND
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MEMORANDUM

To: Dave Ramsay, City Manager

From: Tracey Dunlap, Director of Finance & Administration
Neil Kruse, Budget Analyst

Date: January 26, 2009

Subject: January Sales Tax Revenue Analysis – READING FILE

The dreary winter weather brings equally bleak sales tax numbers; January 2009 is **down 19 percent** compared to January 2008. As a reminder, sales tax revenue received in January is for activity in November, which is typically a critical month for holiday sales. This result starts the year over \$200,000 below last year's level. To provide some context, the 2009 sales tax budget assumes the annual general fund receipts would decrease by 1.76% (excluding the reallocations of sales tax from the CIP). At the February 17 Study Session, we will review these results and discuss contingency plans (additional reductions, use of reserves, etc.) in the event that January is indicative of what we can expect in the first quarter.

All business sectors experienced negative performance compared to January 2008. Last January, slumping contracting revenue was offset by generally positive performance in the retail sectors. This year, the retail sectors are performing even worse than the contracting sector.

2008 business sector review:

- While still experiencing negative performance compared to last year, the **contracting** sector performance has stabilized over the last four months compared to earlier in 2008. But, this sector is still **down 7.7 percent** compared to last January. Significant activity is occurring at large projects contributing to this sector's performance. Plans for the replacement of Lake Washington High School have been received and activity on this large project is expected to start next spring. The Bank of America project is also expected to start next spring. Other potential large projects in the pipeline include the reconstruction of Park Place and major renovation of the Totem Lake Fred Meyer store. Whether the national and regional economic turmoil will impact these projects is unknown.
- Overall, the **retail** sectors nosedived this month, **down 18.7 percent** collectively compared to 2008 due to negative performance across the board. (Last month, retail was down only 6.7 percent collectively.)
 - The **auto/gas retail** sector is **down 21.8 percent** compared to last year due to slumping sales experienced by virtually all major dealerships. This is consistent with the monthly performance last month, which was down 22.8 compared to the previous December and also consistent with national trends for the industry.
 - The **retail eating/drinking** sector, which was relatively stable throughout 2008, is **down 16.2 percent** compared to last year due to generally negative performance across the board.
 - The **general merchandise/miscellaneous retail** sector continues in the negative, **down 15.7 percent** compared to last year due to disappointing performance by key retailers.

- **Other retail is down 19 percent** largely due to generally negative performance in most retail sectors included in this group, especially building materials and electronic equipment.
- The **miscellaneous** sector is **down 19.1 percent** compared to last year primarily due to the slumping finance/insurance and real estate sectors.
- The **services** sector is **down 22.5 percent** compared to last year largely due to declines in software and car/equipment leasing. The accommodations sector also experienced negative performance this month for the first time in more than a year.
- The **communications** sector is **down 29.9 percent** compared to last year due to changes in levels of development-related activity.
- **Wholesale** is **down 39 percent** compared to last year, primarily due to the difference in development-related purchases compared to last year and also possibly due to changes in sourcing rules from streamlined sales tax.

City of Kirkland Actual Sales Tax Receipts

Business Sector Group	January		Dollar Change	Percent Change	Percent of Total	
	2008	2009			2008	2009
Services	126,269	97,879	(28,390)	-22.5%	10.3%	9.8%
Contracting	204,355	188,661	(15,694)	-7.7%	16.6%	19.0%
Communications	49,678	34,817	(14,861)	-29.9%	4.0%	3.5%
Auto/Gas Retail	257,853	201,562	(56,291)	-21.8%	21.0%	20.3%
Gen Merch/Misc Retail	199,126	167,895	(31,231)	-15.7%	16.2%	16.9%
Retail Eating/Drinking	104,048	87,196	(16,852)	-16.2%	8.5%	8.8%
Other Retail	145,114	117,579	(27,535)	-19.0%	11.8%	11.8%
Wholesale	79,484	48,481	(31,003)	-39.0%	6.5%	4.9%
Miscellaneous	61,928	50,076	(11,852)	-19.1%	5.1%	5.0%
Total	1,227,855	994,146	(233,709)	-19.0%	100.0%	100.0%

Streamlined Sales Tax

As noted in last month's analysis, Kirkland received a mitigation payment of almost \$75,000 in December covering the period of September-November (for third quarter activity in July-September). This contradicts earlier projections by the Department of Revenue (DOR) that Kirkland would experience a slight positive impact from sourcing rule changes. As expected, calculating the impact of the sourcing rule change is proving to be complex.

Two major issues in calculating impacts have been identified by DOR and their resolution is in process and will assist in calculating more accurate adjustments.

- First, for businesses with multiple locations: DOR most often does not have a way to identify business activity by specific business location since many larger firms do not report that way. So, DOR has to allocate comparative data by percentage change between the years, which has to take into account changes in locations (new or closed locations). They realized this when they first started calculating last month's mitigation payments and made adjustments accordingly for the largest businesses. However, they will attempt to refine this even more.
- Second, closing/relocating businesses: DOR does not usually know if a business has closed in one community and re-opened in another. This can create a false impression of

impact from the sourcing rule change when in fact it's a change in actual business location. This issue may be harder to resolve, since it depends on local jurisdictions notifying DOR when businesses relocate.

As in any new program, volatility in mitigation payment amounts during the first year is expected while the identified issues are resolved. So, this first payment most likely is not representative of future payments. The next mitigation payment for the 4th quarter of 2008 is expected at the end of March 2009. Staff recommends that funds received from mitigation payments be transferred to the Revenue Stabilization Reserve as a hedge against further negative sales tax performance.

Conclusion

January sales tax performance is disappointing to say the least, but not too surprising considering the local and national economic turmoil. The poor performance in the automotive/gas retail and general merchandise/miscellaneous retail sectors are concerning since these sectors represent a substantial portion of the "ongoing" revenues in contrast with development activity, which is more one-time in nature. The general economic malaise and unusually harsh weather in December will likely result in declines in February's revenue as well. February's receipts will reflect activity in December, which normally brings in the largest revenue amount due to holiday retail sales. The trends in automotive/gas retail are not promising. An additional potential "hit" to this sector's sales tax revenue is the Washington State sales tax exemption for hybrid vehicle purchases effective January 1st, 2009. We will see the first indication of the impact of this change in the March receipts and expect that it could reduce revenues from some dealers by as much as 10 percent.

Additional risks include the opening of a Costco store in Redmond now expected in the first half of 2009, the plan for a major automobile dealership to relocate their sales activities outside the City limits, and the departures of local businesses unable to survive the current harsh economic climate. On the bright side, there are some new large projects in the pipeline. However, even if these projects proceed, they will not be completed for some time, so their ability to overcome the current risks may be limited.

On a national level, the Conference Board Consumer Confidence Index dipped in January to a record-low 37.7, compared to the previous low of 38.6 in December, according to a survey of 5,000 households nationwide. The index stood at 100 in 1985. Consumer confidence is considered crucial because consumer spending accounts for two-thirds of the U.S. economy.

Development Services Report – January 2009

When comparing January 2009 to January 2008 it is difficult because January 2008 was an anomaly in that Transportation Impact Fees were significantly increased on February 1, 2008 causing a spike in applications for new Single Family Residential (SFR), multifamily, and commercial permits in January 2008. A review of the January 2009 permit data allows us to offer the following:

- The January 2009 statistics continue to follow the trend that we witnessed in the second half of 2008. New SFR permits applications remain low (4 applications received while commercial (tenant improvements) remain relatively healthy in numbers (15 applications). In the past when we have seen a downturn in new development permits, we have seen an increase in commercial tenant improvement permits and single-family remodel permits. At this point it is too early to tell if that trend will repeat itself during this downturn.
- Although the total number of permits in January 2009 (187) is lower than the monthly average of 2008 (222), it is higher than the preceding two months (November & December 2008).
- Valuation of all projects this January is significantly lower than January 2008 because of the spike in permits in January 2008 mentioned above.
- Revenue for January 2009 was \$125,352. We projected a monthly revenue average of \$200,292 for 2009. The January revenue is not too alarming as most months are typically below the yearly average with two or three very large months due to large commercial projects being issued.
- We still expect to issue four large commercial projects this year; Lake Washington High School, Merrill Gardens II, the McLeod project, and the Kirkland Transit Center.
- Verizon has met with the Public Works Department to discuss an anticipated spike in Right-of-way Permits as Kirkland residents choose to take cable television service from Verizon (Verizon Cable Franchise was approved in October of 2008). Verizon is anticipating approximately 500 Right-of-way Permit applications. If their forecast is correct, the issuance of these Right-of-way Permits will generate approximately \$53,000 in permit fees. Although this is not a large revenue source, it was not anticipated in the 2009 budget.
- Touchstone has begun the design review process for the redevelopment of Park Place. The Conceptual Design conference was held earlier this week. At the meeting the DRB identified key issues and discussed the process for review. The first Design Response Conference will be held in mid March. The DRB will hold a series of additional meetings as they work their way through the development and give their approval by July. The applicant has indicated a desire to apply for the first permits (demolition and grading) possibly by the end of 2009. Permits for buildings will be phased, probably beginning in 2010.
- As staff discusses pending projects with local developers, most developers seem optimistic about developing in Kirkland versus developing in other outlying areas and are finding that their major hurdle is the ability to secure funding to move forward with a project.

Summary of 2009-2010 Budget Reductions by Department/Function

Department/ Function	Reduction Basis ¹	Proposed		Adopted	
		Dollars	%	Dollars	%
GENERAL FUND					
City Council	755,948	62,900	8.3%	44,300	5.9%
CMO	2,975,453	236,676	8.0%	150,510	5.1%
Court	3,333,273	273,887	8.2%	71,850	2.2%
Human Resources	2,177,411	173,345	8.0%	73,915	3.4%
CAO	2,052,545	164,208	8.0%	73,708	3.6%
Parks & Comm. Svc.	14,445,884	1,144,598	7.9%	793,747	5.5%
PW - Engineering	7,350,248	614,838	8.4%	614,838	8.4%
Finance & Administration ²	6,005,762	492,427	8.2%	285,011	4.7%
Planning & Community Development	6,177,602	492,823	8.0%	492,823	8.0%
Police	31,395,371	2,573,007	8.2%	263,130	0.8%
Fire ³	29,555,516	2,381,904	8.1%	217,766	0.7%
Building	4,481,300	321,904	7.2%	131,004	2.9%
SUBTOTAL GENERAL FUND (excl. Non-Dept.)	110,706,313	8,932,517	8.1%	3,212,602	2.9%
Non-Departmental ⁴	3,969,716	72,520	1.8%	70,520	1.8%
SUBTOTAL GENERAL FUND	114,676,029	9,005,037	7.9%	3,283,122	2.9%
OTHER FUNDS					
Streets	8,477,775	678,875	8.0%	509,012	6.0%
Fleet	3,606,956	288,560	8.0%	180,350	5.0%
Facilities	4,616,040	369,424	8.0%	214,533	4.6%
Information Technology	7,191,048	571,130	7.9%	271,430	3.8%
SUBTOTAL OTHER FUNDS	23,891,819	1,907,989	8.0%	1,175,325	4.9%
GRAND TOTAL	138,567,848	10,913,026	7.9%	4,458,447	3.2%

¹ Note that the adjustment basis reflects the preliminary budget target issued to the departments in July 2008.

² Basis excludes functions that are 100% utility funded.

³ Recommended dollars are net of revenue loss from Fire District 41.

⁴ Most costs are fixed: debt service, retiree medical, intergovernmental professional services, interfund transfers, etc.

Summary of 2009-2010 Budget Reductions by Type

Reduction Type	Adopted Dollars
Service Reductions - Staff	1,729,730
Service Reductions - Program	910,894
Travel/Training	200,249
Equipment/Supplies	326,428
Conservative/Efficiency	372,274
Revenue	277,043
Reallocation to Other Funds	641,829
GRAND TOTAL	4,458,447

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

City Council	Department
General Fund	Fund

\$ 755,948 Adjustment Basis
\$ 60,476 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	E	Legislative	Reduce Lodging & Meals - National Conferences	6,600		6,600		Reduce National Conference Lodging & Meals by 50% (from \$13,200)
1	E	Legislative	Reduce Training - National League of Cities Conference	1,200		1,200		Reduce from 4 attendees to 3 per year
			Subtotal of First 1%	7,800	-	7,800		
2	E	Legislative	Eliminate Council Meeting Meals	15,000		15,000		Annual Budget = 26 meals @ \$350 each
			Subtotal of Second 1%	15,000	-	15,000		
3	E	Legislative	Lodging & Meals - Misc. Professional Development	4,400		4,400		Eliminate Misc Professional Development Travel & Meals
			Subtotal of Third 1%	4,400	-	4,400		
4	E	Legislative	Council Retreat In-City Not Overnight	10,000		10,000		Reduce from \$12,000 to \$2000/biennium
			Subtotal of Fourth 1%	10,000	-	10,000		
			Total of 1-4% of Adjustment Basis	37,200	-	37,200	-	
5	E	Legislative	Eliminate National League of Cities	7,400		0		NLC = \$7400/biennium
6	E	Legislative	Eliminate Sister City Memberships	1,100		1,100		Sister Cities Int'l = \$1000/biennium, Kirkland Sister City = \$100/biennium
7	E	Legislative	Eliminate Remaining Out-of-State Training	3,600		0		
8	E	Legislative	Eliminate Remaining Out-of-State Travel & Meals	6,600		0		
9	E	Legislative	Eliminate All-City Dinner -Proposed to reduce All-City Dinner by \$7,000, adopted budget reduces by \$6,000 leaving funds for small event combined with volunteer appreciation.	7,000		6,000		
			Total of Additional 4%	25,700	-	7,100	-	
			Total of 5-8% of Adjustment Basis	25,700	-	7,100	-	
			Total of All Adjustments	62,900	-	44,300	-	

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

City Manager's Office (excl. Court) Department
General Fund Fund

\$ 2,975,453 Adjustment Basis
\$ 238,036 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	E	Executive	Eliminate General CMO Intern (1400 hours/biennium)	18,900		18,900		Eliminate Intern assistance for special projects or research
1	E	Executive	Eliminate General CMO Intern -benefits	3,318		3,318		Eliminate Intern assistance for special projects or research
2	E	Executive	Eliminate Replacement Furniture - reduced to meet basic budget target	1,400		1,400		Reliance upon existing furniture
			Subtotal of First 1%	23,618	-	23,618		
3	E	Executive	City Update Printing (\$2166 per issue) and Postage (\$4080 per issue)-Reduce from 4 to 1 printed issues per year, other 3 electronic only	37,476		37,476		Greater dependence on electronic forms of communication, limiting citizen contact
			Subtotal of Second 1%	37,476	-	37,476		
4	E	Executive	Miscellaneous Professional Services (Reduced from \$38k/biennium)	8,000		8,000		Reduced ability to provide unanticipated studies and other consulting services
5	E	Executive	Employee Appreciation BBQ -Eliminate	4,000		4,000		Will eliminate a way to demonstrate citywide employee appreciation & opportunity for employees to socialize across departmental/location boundaries
6	E	Neighborhood Services	Neighborhood Signs -reduce maint. & damage repair/replacement from \$16,000	9,000		9,000		May reduce visibility of neighborhoods, particularly if significant damage occurs
7	E	Volunteer Program	Volunteer Recognition -Proposed to reduce volunteer recognition by \$8,400, adopted budget reduces by \$7,400 leaving funds for small event.	8,400		7,400		Less visible means to show appreciation for volunteer efforts
			Subtotal of Third 1%	29,400	-	28,400		
8	E	Economic Development	Reduce Cultural Council Support from \$10,000/biennium to \$9,000/biennium	1,000		0		May limit Cultural Council opportunities for outside consulting and grants
9	E	Economic Development	Reduce Non-specific Econ. Dev. Professional Services from \$14,000/biennium	1,000		0		Limit use of consulting and other services for unexpected Econ. Dev. projects
10	E	Neighborhood Services	Reduce neighborhood services postage from \$13,400 to \$10,400/biennium, and printing from \$4400 to \$3400/biennium, move to more web-based communications	4,000		4,000		Greater dependence on electronic forms of communication, reducing citizen contact
11	E	Executive	Reduce CMO Executive Assistant II's hours by 25% -salary	25,902	0.25	25,902	0.25	Reduce support availability for CMO and Council to 1.75 FTE
11	E	Executive	Reduce CMO Executive Assistant II's hours by 25% -benefits	12,364		12,364		Reduce support availability for CMO and Council to 1.75 FTE
			Subtotal of Fourth 1%	44,266	0.25	42,266	0.25	
			Total of 1-4% of Adjustment Basis	134,760	0.25	131,760	0.25	
12	E	Economic Development	Reduce KDA Ongoing Funding by 25% from \$20,000 to \$15,000 per biennium	5,000		0		Potential reduction of visitor support in the downtown core
13	E	Executive	Further reduce CMO Executive Assistant II's hours to 50% -salary	25,902	0.25	0		Reduce support availability for CMO and Council to 1.5 FTE
14	E	Executive	Further reduce CMO Executive Assistant II's hours to 50% -benefits	12,364		0		Reduce support availability for CMO and Council to 1.5 FTE
15	E	Economic Development	Reduced enterprise Seattle Membership to \$5400/biennium	6,600		0		Reduction would result in loss of seat on enterprise Seattle Board of Directors
15	E	Economic Development	Reduce Business Roundtable Professional Svcs.. from \$10,000 to \$4000/biennium	6,000		0		Limit consultant fees or other services for the Business Roundtable
15	E	Economic Development	Eliminate Non-specific Economic Development Professional Services	13,000		0		Eliminate ability to use outside professionals for unexpected projects
15	E	Economic Development	Reduce Econ. Dev. Presentation Boards & Roundtable Printing from	6,000		0		Keep Business Roundtable printing to a minimum
15	E	Economic Development	Eliminate City Payment of Monthly Handheld/Phone Service for Econ. Dev. Mgr.	2,400		2,400		May reduce ability to contact Economic Development Mgr when outside the office
15	E	Economic Development	Eliminate Econ. Dev. Mgr's Attendance at Chamber of Commerce Lunches -Proposed to reduce attendance at Chamber of Commerce lunches by \$1,100, adopted budget reduced by \$400.	1,100		0		Reduce City's visibility with the Chamber of Commerce members
15	E	Economic Development	Economic Development Food - eliminate food for meetings	1,700		0		Eliminate food not associated w/Business Roundtable
16	E	Economic Development	Reduce Econ. Dev. Mgr's Professional Development from \$2000/biennium	1,000		0		Will reduce opportunities to attend relevant conferences and training sessions
16	E	Executive	Reduce Volunteer Coord. Training from \$1000/biennium to \$600/biennium	400		400		May reduce opportunities however most relevant training is free or inexpensive
16	E	Executive	Reduce Intergovernmental Relations Manager Training from \$1500/biennium	750		750		Will reduce opportunities to attend relevant conferences and training sessions
16	E	Executive	Eliminate Out-of-State Professional Development Conference (CM & ACM)	3,200		3,200		Will reduce opportunities to attend relevant conferences, training
16	E	Executive	Eliminate Out-of-State Travel & Training (CM & ACM)	2,000		2,000		Will reduce opportunities to attend relevant conferences or Congressional visits to Wash.
17	E	Neighborhood Svcs..	Reduce Neighborhood Grant Program from \$63,000 to \$58,500 per biennium	4,500		0		Reduce Neighborhood Matching Grant Program from \$3500 to \$3250 per neighborhood per year
18	E	Executive	Reduce CMO Miscellaneous Professional Services to \$20,000/biennium	10,000		10,000		Reduced ability to provide unanticipated studies and other consulting services
			Total of 5-8% of Adjustment Basis	101,916	0.25	18,750	-	
			Total of All Adjustments	236,676	0.50	150,510	0.25	

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

City Manager's Office	Department
General Fund	Fund

\$ 3,333,273 Adjustment Basis
\$ 266,662 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
19	R	Municipal Court	Increase in Filing Fee Revenue	33,000		33,000		
			Subtotal of First 1%	33,000	-	33,000		
20	E	Municipal Court	Office Furniture & Equipment	5,000	-	5,000		Use existing furniture
21	E	Municipal Court	Communication	3,240	-	3,240		Eliminate handheld device/phone-no access to Judge or Administration when they are out of the office
22	E	Municipal Court	Hourly HS Interns - 500 hours/biennium Salaries & Benefits	5,322		5,322		From 2500 hours/yr to 2250 hours/yr - Reduce reliability and integrity of case files, reduce employee satisfaction
23	E	Municipal Court	Hourly HS Interns - 500 hours/biennium Salaries & Benefits	5,322		5,322		From 2250 hours/yr to 2000 hours/yr - Reduce reliability and integrity of case files, reduce employee satisfaction
24	E	Municipal Court	Training	2,000		2,000		Reduce staffs opportunities to attend relevant conferences and training regarding changes in law and procedures
25	E	Municipal Court	Travel and Subsistence	2,000	-	2,000		Reduce staffs opportunities to attend relevant conferences and training regarding changes in law and procedures
26	E	Municipal Court	Hourly HS Interns - 500 hrs/biennium Salaries & Benefits Proposed to reduce HighSchool Interns by 500 hrs, adopted reduced by 250 hrs	5,322		2,661		From 2000 hours/yr to 1750 hours/yr - Reduce reliability and integrity of case files, reduce employee satisfaction
27	E	Municipal Court	Hourly HS Interns - 500 hrs/biennium Salaries & Benefits Proposed to reduce HighSchool Interns by 500 hrs, adopted reduced by 250 hrs	5,322		2,661		From 1750 hours/yr to 1500 hours/yr - Reduce reliability and integrity of case files, reduce employee satisfaction
			Subtotal of Second 1%	33,528	-	28,206		
28	E	Municipal Court	Hourly HS Interns - 500 hrs/biennium Salaries & Benefits Proposed to reduce HighSchool Interns by 500 hrs, adopted reduced by 250 hrs	5,322		2,661		From 1500 hours/yr to 1250 hours/yr - Reduce reliability and integrity of case files, reduce employee satisfaction
29	E	Municipal Court	Hourly HS Interns - 500 hrs/biennium Salaries & Benefits Proposed to reduce HighSchool Interns by 500 hrs, adopted reduced by 250 hrs	5,322		2,661		From 1250 hours/yr to 1000 hours/yr - Reduce reliability and integrity of case files, reduce employee satisfaction
30	E	Municipal Court	On-Call Probation Officer - 400 hours/biennium Salaries & Benefits	12,784		0		Increase the liability of the probation department by increasing caseload per probation officer
31	E	Municipal Court	Hourly HS Interns - 500 hrs/biennium Salaries & Benefits Proposed to reduce HighSchool Interns by 500 hrs, adopted reduced by 250 hrs	5,322		2,661		From 1000 hours/yr to 750 hours/yr - Reduce reliability and integrity of case files, reduce employee satisfaction
32	E	Municipal Court	Hourly HS Interns - 500 hrs/biennium Salaries & Benefits Proposed to reduce HighSchool Interns by 500 hrs, adopted reduced by 250 hrs	5,322		2,661		From 750 hours/yr to 500 hours/yr - Reduce reliability and integrity of case files, reduce employee satisfaction
			Subtotal of Third 1%	34,072	-	10,644		
33	E	Municipal Court	Judicial Support Associate II (\$17,174 (2009 S/B) + \$17,492 (2010 S/B) + \$1,321 (2009 IT) + \$1,389 (2010 IT))= \$37,376 **IT Rental charges show difference in .74FTE and .5FTE	37,376	0.24	0		Reduce support availability for public access and fairness, reduce reliability and integrity of case files, reduce collection of monetary penalties, and reduce employee satisfaction
			Subtotal of Fourth 1%	37,376	0.24	0		
Total of 1-4% of Adjustment Basis				137,976	0.24	71,850	-	
34	E	Municipal Court	Judicial Support Associate I Salaries & Benefits (2009-\$62,446 and 2010-\$66292) 2-.5FTE Employees, 1 Court & 1 Probation. IT Rates (\$7,173)	135,911	1.00	0		Reduce support availability for public access and fairness, reduce reliability and integrity of case files, reduce collection of monetary penalties, and reduce employee satisfaction
Total of 5-8% of Adjustment Basis				135,911	1.00	0		
Total of All Adjustments				273,887	1.24	71,850	-	

Summary	Budget	Proposed	Recommend.	Remaining
HS Intern Hours	5,000	4,000	2,500	2,500
HS Intern Cost	57,825	36,000	22,500	22,500
Summary of HS Intern: Assist Municipal Court support staff in performing routine clerical work to contribute to the effective operation of the Court.				
Clerical duties include: filing correspondence, copying, labeling, preparing mailings, and general receptionist duties, which may include answering a telephone and retrieving messages from voice mail.				

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Human Resources	Department
General Fund	Fund

\$ 2,177,411 Adjustment Basis
\$ 174,193 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	E	Human Resources	Service Award reduction - re-define program	10,000		10,000		current budget \$13,000 per year
2	E	Human Resources	Eastside Leadership discontinue program	4,800		4,800		100% reduction - discontinue program
3	E	Human Resources	Cascade Management reduce by 2 supervisor a year	6,000		6,000		current budget \$9,000 per year
4	E	Human Resources	Diversity trainer fees - reduce by 20%	1,000		-		current budget \$2,500 per year
5	E	Human Resources	ECTC Training - reduce by 11%	1,000		1,000		current budget \$4,500 per year
Subtotal of First 1%				22,800	-	21,800		
6	E	Human Resources	Diversity Program office supplies 16.7% reduction	200		200		current budget \$600 per year allows program to continue
6	E	Human Resources	Diversity Program events, lunches & reimbursements 20% reduction	1,000		1,000		current budget \$2,500 per year allows program to continue
6	E	Human Resources	Diversity Program speakers and events 17.7% reduction	430		430		current budget \$1,215 per year allows program to continue
7	E	Human Resources	Wellness awards, Wellness games 11% reduction	1,000		1,000		current budget \$4,500 per year allows program to continue
8	E	Human Resources	Industrial Psychologist 25% reduction	1,000		1,000		current budget \$2,000 per year - reduces service funding if service needed
9	E	Human Resources	Safety Consultant Blood borne Pathogen Training 50 reduction	4,000		-		current budget \$4,000 per year
9	E	Human Resources	Safety Travel Program 50% reduction	1,800		1,800		current budget \$1,800 per year
10	E	Human Resources	HR Director Travel 50% reduction	800		800		current budget \$800 per year
11	E	Human Resources	Civil Service Fall conference 40% reduction	200		200		current budget \$250 per year
12	E	Human Resources	HR Staff travel 50% reduction	450		450		current budget \$450 per year
13	E	Human Resources	Applicant Travel 12.5% reduction	500		500		current budget \$2,000 per year
14	E	Human Resources	Labor Relations travel 50% reduction	1,000		1,000		current budget \$1,000 per year
15	E	Human Resources	LEOFF 1 Disability board travel 25% reduction	800		800		current budget \$1,600 per year
16	E	Human Resources	Advertising - 14.2% reduction	8,500		-		current budget \$30,000 per year
Subtotal of Second 1%				21,680	-	9,180		
17	E	Human Resources	Service Awards total reduction 53.85% redefine program	4,000		4,000		Program redefined- certificate & annual recog. dinner - budget \$13k/yr
18	E	Human Resources	Job Standardized Tests 30% reduction	4,800		-		current budget \$8,000 per year
19	E	Human Resources	Courier service 100% reduction	700		700		This service 100% reduction service discontinued
20	E	Human Resources	Rocky Mtn reduce by 1 attendee each year (1 attendee remaining/year)	8,080		8,080		current budget \$8,080 per year
21	E	Human Resources	ECTC additional reduction	1,000		1,000		current budget \$4,500 per year allows program to continue
22	E	Human Resources	In-house training 20% reduction	2,000		2,000		current budget \$5,000 per year
23	E	Human Resources	Wellness Academy 100 reduction	600		600		This service 100% reduction service discontinued
24	E	Human Resources	Advertising additional reduction	1,500		1,500		current budget \$30,000 per year allows service to continue
Subtotal of Third 1%				22,680	-	17,880		
25	E	Human Resources	Diversity Program office supplies additional reduction: 50% total	400		400		current budget \$600 per year allows program to continue
26	E	Human Resources	Diversity Program events, lunches, etc. add'l reduction: total 50%	1,500		1,500		current \$2500 per year allows program to continue
27	E	Human Resources	Service awards additional reduction total reduction (69.23%) -Proposed to reduce funding of service awards to \$9,000 per year, adopted budget reduced funding service awards to \$11,000	4,000		2,000		current budget \$13,000 per year
28	E	Human Resources	Diversity speakers and events additional reduction	785		785		current budget \$1,215 per year allows program to continue
29	E	Human Resources	Wellness Seminars, workshops & speakers	1,500		1,500		current budget \$1,500 per year
30	E	Human Resources	Test scoring 50% reduction	500		-		current budget \$450 per year allows service to continue
31	E	Human Resources	Industrial Psychologist additional reduction 50% total reduction	1,000		-		current budget \$2,000 per year
32	E	Human Resources	LEOFF 1 Disability research 100% reduction	2,000		-		This service 100% reduction discontinue service
33	E	Human Resources	BCC rental for assessments 100% reduction	3,600		-		This service 100% reduction discontinue service
34	E	Human Resources	Labor relations training 50% reduction	450		450		current budget \$450 per year
35	E	Human Resources	Safety Prima Risk Mgt training 50% reduction	550		550		current budget \$550 per year
36	E	Human Resources	WAPLERLA Trng 50% reduction	325		325		current budget \$325 per year
37	E	Human Resources	Diversity Trainer fees additional reduction	1,500		-		current budget \$2,500 allows program to continue
38	E	Human Resources	HR staff training 50% reduction	1,830		1,830		current budget \$1,830 per year
39	E	Human Resources	In house training additional reduction	2,000		2,000		current budget \$5,000 per year allows program to continue
Subtotal of Fourth 1%				21,940	-	11,340		
Total of 1-4% of Adjustment Basis				89,100	-	60,200	-	

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Human Resources	Department
General Fund	Fund

\$ 2,177,411 Adjustment Basis
\$ 174,193 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
40	E	Human Resources	Wellness games and events additional reduction	2,000		2,000		
41	E	Human Resources	Industrial Psychologist 100 % reduction	4,000		-		This service 100% reduction
42	E	Human Resources	Applicant travel additional reduction	500		-		
43	E	Human Resources	LEOFF disability board travel additional reduction	800		-		
44	E	Human Resources	Rocky Mtn reduce 1 attendee	4,040		-		
45	E	Human Resources	Cascade Mgt reduce by 2 attendees	3,000		-		
46	E	Human Resources	Tuition reimbursement	4,500		-		
47	E	Human Resources	In house training additional reduction	1,000		-		
Subtotal of Fifth 1%				19,840		2,000		
48	E	Human Resources	Diversity office supplies 100% reduction	600		600		This service 100% reduction
49	E	Human Resources	Diversity events, lunches 100% reduction	2,500		2,500		This service 100% reduction
50	E	Human Resources	Misc operating supplies 50% reduction	1,300		1,300		
51	E	Human Resources	Diversity speakers and events 100% reduction	1,215		1,215		This service 100% reduction
52	E	Human Resources	Wellness Seminars, workshops & speakers additional reduction	500		500		
53	E	Human Resources	Blood borne pathogen trng additional reduction	2,000		-		
54	E	Human Resources	Foster Pepper Legal opinion	2,000		2,000		
55	E	Human Resources	On-line salary survey	600		-		This service 100% reduction
56	E	Human Resources	Wellness flu shots 50% reduction	4,300		-		Propose employee co-pay?
57	E	Human Resources	Milliman Salary survey 50 % reduction	2,100		-		
58	E	Human Resources	HR misc professional services 50% reduction	1,000		-		
59	E	Human Resources	Wellness travel program 50% reduction	400		400		
60	E	Human Resources	Diversity Trainer fees additional 100% reduction	2,500		-		This service 100% reduction
61	E	Human Resources	In house training additional reduction	1,000		-		
Subtotal of sixth 1%				22,015		8,515		
62	E	Human Resources	Rocky Mtn program	4,040		-		This service 100% reduction
63	E	Human Resources	Cascade Management Program	3,000		-		This service 100% reduction
64	E	Human Resources	reduce ECTC program 66% reduction	3,000		-		
65	E	Human Resources	reduce in-house training	1,000		-		
66	E	Human Resources	Blood borne pathogen trng additional reduction	2,000		-		This service 100% reduction
67	E	Human Resources	Flu shots	4,300		-		This service 100% reduction
68	E	Human Resources	Tuition reimbursement 30 % reduction	4,500		-		
Subtotal of seventh 1%				21,840		-		
69	E	Human Resources	Service Awards	8,000		-		This service 100% reduction
70	E	Human Resources	Lunches assessment centers	800		800		This service 100% reduction
71	E	Human Resources	Wellness speakers workshops -Proposed to reduce wellness speakers and workshops by \$3,000, adopted budget reduces wellness speakers and workshops by \$2,000	3,000		2,000		This service 100% reduction
72	E	Human Resources	HR Director travel	800		-		This service 100% reduction
73	E	Human Resources	Safety program travel	1,800		-		This service 100% reduction
74	E	Human Resources	Civil Service travel	300		-		This service 100% reduction
75	E	Human Resources	Wellness travel	400		400		This service 100% reduction
76	E	Human Resources	HR staff travel	450		-		This service 100% reduction
77	E	Human Resources	Applicant travel	3,000		-		This service 100% reduction
78	E	Human Resources	Labor relations travel	1,000		-		This service 100% reduction
79	E	Human Resources	In house training additional reduction 80% reduction	1,000		-		
Subtotal of eighth 1%				20,550		3,200		
Total of 5-8% of Adjustment Basis				84,245	-	13,715	-	
Total of All Adjustments				173,345	-	73,915	-	

Summary by Program	Budget	Proposed	Adopted	Remaining
Diversity	13,630	13,630	8,630	5,000
Wellness	13,400	9,400	8,400	5,000
Rocky	16,160	16,160	8,080	8,080
Cascade	12,000	12,000	6,000	6,000
Service Awards	26,000	26,000	16,000	10,000
Leadership Eastside	4,800	4,800	4,800	-

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

City Attorney's Office	Department
General Fund	Fund

\$	2,052,545	Adjustment Basis
\$	164,204	= 8% of Adjustment Basis

Code Legend:
 E - Expenditure/Service Level Reductions
 R - Revenue Enhancements
 F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	E		Legal Intern	23,541		23,541		
			Subtotal of First 1%	23,541	-	23,541		
2	E		Storage	2,400		2,400		
3	E		Postage and Printing	550		550		
4	E		Computer Hardware and Software	1,200		1,200		
5	E		Office Furniture	3,000		3,000		
6	E		Office Supplies	1,000		1,000		
7	E		Travel	5,400		-		Required continuing education for attorneys
8	E		On-Call Support	2,917		2,917		
9	E		Training	3,000		-		Required continuing education for attorneys
			Subtotal of Second 1%	19,467	-	11,067		
10	E		Outside Counsel - HCC representation	10,000		10,000		loss of ability to provide outside counsel to HCC
11	E		Outside Counsel - Perkins Coie	10,000		10,000		loss of outside legal expertise on employment law
			Subtotal of Third 1%	20,000	-	20,000		
12	E		Outside Counsel - Perkins Coie	10,000		10,000		loss of outside legal expertise on employment law
13	E		Outside Counsel specialized matters	9,100		9,100		loss of ability to consult outside counsel in select matters such as municipal finance and private/public projects
			Subtotal of Fourth 1%	19,100	-	19,100		
			Total of 1-4% of Adjustment Basis	82,108	-	73,708		
14	E		Outside Counsel specialized matters	24,500		-		loss of ability to consult outside counsel in select matters such as municipal finance and private/public projects
15	E		Prosecution/Public Defender Services	57,600		-		would require renegotiation of current contracts or a new request for proposals
			Total of 5-8% of Adjustment Basis	82,100	-	-	-	
			Total of All Adjustments	164,208	-	73,708	-	

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustment List**

Parks and Community Services Department
General Fund Fund

\$ 14,445,884 Adjustment Basis
\$ 1,155,671 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	R	Community Services	Increase in Recreation Program Fees	164,530		164,530		Increase \$1 per instruction hour across the board
Subtotal of First 1%				164,530	-	164,530		
2	R	Business Services	Increase fees for Moorage	24,000		24,000		Increase fees
3	R	Business Services	Contract out second tour dock	24,000		24,000		This would be the Southside of the Marina dock, and contingent upon Ferry district.
4	R	Business Services	Increase Advertising Revenue	6,600		6,600		Promote advertising at kiosks/Marina Park
5	R	Business Services	Increase Concessions Revenue	6,000		6,000		Offer additional concessions in the Parks
6	F	Community Services	Outsource Destination Kirkland	40,000		40,000		Kirkland Reporter would take over this publication
7	E	Park Maintenance	Discontinue offering Mutt mitts at Parks	19,000		-		Citizens would need to bring bags from home or will pursue sponsor
8	E	Park Maintenance	Significantly reduce tree/shrub/flower program	20,000		20,000		No proactive planting, no annuals
Subtotal of Second 1%				139,600	-	120,600		
9	E	Parks Maintenance	Discontinue watering lawns in 18 neighborhood parks	79,346		79,346		Grass would become dormant for the summer months
10	E	Parks Maintenance	Discontinue watering lawns in 5 community parks	83,136		83,136		Grass would become dormant for the summer months
Subtotal of Third 1%				162,482	-	162,482		
11	E	Community Services	Highland Center Specialized Recreation	6,000		6,000		Reduce contract by 30% based on actual experience, limits specialized recreation opportunities for citizens.
12	E	Community Services	Reduce Lifeguards at beaches	35,516		35,516		Beaches would be guarded from 1-7pm, instead of 11-7
13	F	Community Services	Outsource Youth Outreach Program (Part 1, see also #23)	14,977		14,977		Contract this service out to a Youth Services Agency
14	E	Community Services	Reduce amount of Summer Concerts	9,825		9,825		Eliminate one concert night per week, or find additional sponsors
15	E	Community Services	Reduce contribution to Regional Human Services	5,000		5,000		Cut membership dues to EHSF and AEA
16	E	Park s Maintenance	Reduce Cemetery seasonal hours 50% (500 hrs.)	19,433		19,433		Cut down on trimming, edging, cleaning and general care
17	E	Community Services	Combine Fall/Winter Recreation Brochure	39,800		39,800		Will impact marketing ability, may impact enrollments, revenue.
Subtotal of Fourth 1%				130,551	-	130,551		
Total of 1-4% of Adjustments Basis				597,163	-	578,163	-	
18	E	Parks Maintenance	Change Garb. Structure / trip reduction (2) / day. (900 hrs)	32,783		-		Restrict garbage and recycle to 1 per waterfront park. Garbage could overflow, restroom supplies be empty sometimes.
19	E	Parks Maintenance	Reduce landscape services by 25% (1,325 seasonal hrs)	48,616		48,616		Cut down on weeding, pruning, raking, mowing
20	E	Parks Maintenance	Reduce night operations 50% (1,900 seasonal hours)	45,201		-		Garbage, restrooms, ball field/athletic, and event services all significantly impacted.
Subtotal of Fifth 1%				126,600	-	48,616		
21	E	Parks Maintenance	Reduce support seasonal hours 50% (900 hrs)	32,164		32,164		Painting, staining, light carpentry, and other preventative maintenance.
22	E	Parks Maintenance	Reduce seasonal athletic field staff 30% (800 hrs)	25,251		25,251		Field prep limited to paying customers
23	E	Community Services	Eliminate Youth Outreach Program (Part 2)	18,000		18,000		Possible increase of youth crime and loitering during summer months.
24	E	Community Services	Reduce Youth Mini grants	3,000		3,000		Reduce funding for youth council to grant funds for community projects by 15%
Subtotal of Sixth 1%				78,415	-	78,415		
25	E	Community Services	Eliminate Lifeguards at beaches	105,314		-		This would decrease safety levels at swimming beaches.
26	E	Community Services	Reduce KTUB funding	60,000		-		This would have an impact on various programs the KTUB runs.
Subtotal of Seventh 1%				165,314	-	-		
27	E	Community Services	Reduce recreation services -Proposed to reduce recreation services by 1.0 FTE, adopted reduces by .5 FTE.	177,106	1.00	88,553	0.50	This would eliminate summer concerts, movies in the park, drop in programs, Shakespeare in the park, free community wide programs (Egg hunt, polar plunge, etc), hiring and supervision of lifeguards during the summer, etc.. If Lifeguards are not eliminated and this option is, then we would need to add back \$60,000 to hire, train, supervise, and manage lifeguards for the summer.
Subtotal of Eighth 1%				177,106	1.00	88,553	0.50	
Total of 5-8% of Adjustments Basis				547,435	1.00	215,584	0.50	
Total of All Adjustments				1,144,598	1.00	793,747	0.50	

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Public Works Engineering Department
General Fund Fund

\$ 7,350,248 Adjustment Basis
\$ 588,020 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	F	PW Dev Eng	28% of development services costs are not recouped through permits. This 28% should be allocated to the utilities @ 25% of the 28% to each. GF, SW, Water, & Sewer - Surface Water Portion	97,186		97,186		The same level of service will still be provided to the public. Previously General fund was paying the benefit to the Surface Water Utility. With the reallocation Surface Water will be paying for the cost of ensuring any connections to existing infrastructure are
			Subtotal of First 1%	97,186	-	97,186		
1	F	PW Dev Eng	28% of development services costs are not recouped through permits. This 28% should be allocated to the utilities @ 25% of the 28% to each. GF, SW, Water, & Sewer - Water Portion	97,185		97,185		The same level of service will still be provided to the public. Previously General fund was paying the benefit to the Water Utility. With the reallocation Water will be paying for the cost of ensuring any connections to existing infrastructure are adequate.
			Subtotal of Second 1%	97,185	-	97,185		
1	F	PW Dev Eng	28% of development services costs are not recouped through permits. This 28% should be allocated to the utilities @ 25% of the 28% to each. GF, SW, Water, & Sewer - Sewer Portion	97,185		97,185		The same level of service will still be provided to the public. Previously General fund was paying the benefit to the Sewer Utility. With the reallocation Sewer will be paying for the cost of ensuring any connections to existing infrastructure are adequate.
			Subtotal of Third 1%	97,185	-	97,185		
			<i>[Accounted for in 1-3%]</i>					
			Subtotal of Fourth 1%	-	-	-		
			Total of 1-4% of Adjustment Basis	291,556	-	291,556	-	
2	F	PW Dev Eng	Reallocate 10% of the Development Engineering Manager/Surface Water Manager to the Surface Water Utility	31,719	0.10	31,719	0.10	The same level of service will be provided. The manager currently manages the Surface Water Utility but does not charge any time to this fund.
			Subtotal of Fifth 1%	31,719	0.10	31,719	0.10	
3	F	PW GIS	Reallocate the GIS position, allocating an equal portion to all funds that have a GIS component. GF, SW, Water & Sewer - Water Portion*	52,440	0.25	52,440	0.25	Currently the GIS position is paid from the General fund, but a portion of the work done by GIS is support for the Water Utility. This reallocation will ensure Water is paying for the benefit of GIS, i.e.: Mapping of the Water system.
4	F	PW Dev Eng	Reallocate 5% of the Development Engineering Manager/Surface Water Manager to the Solid Waste Utility. The current reorg of the development Engineering group to Development and Environmental Services moved the Solid Waste Utility to be managed by the Development Engineering Manger	16,114	0.05	16,114	0.05	The same level of service will be provided to the public. The Solid Waste personnel will just report to a different manager.
			Subtotal of Sixth 1%	68,554	0.30	68,554	0.30	
5	E	PW Dev Eng	Cut 1 FTE Development Services Construction Inspector	223,009	1.00	223,009	1.00	Customer Service will be impacted.
			Subtotal of Seventh 1%	223,009	1.00	223,009	1.00	
			<i>[Accounted for in Seventh 1%]</i>					
			Subtotal of Eighth 1%	-	-	-		
			Total of 5-8% of Adjustment Basis	323,282	1.40	323,282	1.40	
			Total of All Adjustments	614,838	1.40	614,838	1.40	

*Only 1/3 of the GIS reallocation is listed as a cut. 1/3 is listed on the BKR/Traffic Counts service package and 1/3 is listed on the NTCP Support Service Package

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Finance & Administration	Department
General Fund	Fund

\$	7,254,345	2009-2010 Basic Budget Total
\$	(1,248,583)	less functions paid 100% from utilities
\$	6,005,762	Adjustment Basis
\$	480,461	= 8% of Adjustment Basis

Code Legend:
 E - Expenditure/Service Level Reductions
 R - Revenue Enhancements
 F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	E	City Clerk/Records	Professional Services - Off-site Records	40,000		40,000		Less frequent access to offsite records - rather than daily deliveries, requests will be batched; also reflects cost reduction due to contract negotiated with new vendor
2	E	Accounting	Reduce ASA III position to .75	37,996	0.25	37,996	0.25	Process improvements - automate/redistribute data entry for journal entries
			Subtotal of First 1%	77,996	0.25	77,996	0.25	
3	E	Accounting	Data Binders	500		500		No longer needed, obsolete due to electronic archiving of documents.
4	E	Accounting	CAFR Printing	1,000		1,000		Printing fewer CAFR documents; available electronically/on web
5	E	Financial Planning	Reduce document printing	5,600		5,600		Fewer hard copy documents produced/distributed
6	E	Department-wide	Reduce department-wide (excl. UB) office supplies up to 20%	5,000		5,000		Consolidate/ conserve supplies department-wide
7	E	Accounting	Reduce ASA III position to .5	37,996	0.25	37,996	0.25	Workload will need to be redistributed to other staff; capacity to do the work will be accomplished by using the capacity freed up by the planned elimination of selected processes (eliminate travel advance process, eliminate accounting support of NORCOM) which would otherwise have been used to perform other system enhancements.
			Subtotal of Second 1%	50,096	0.25	50,096	0.25	
8	E	Accounting	Eliminate remaining ASA III .5 FTE	75,994	0.50	75,994	0.50	Workload will need to be redistributed to other staff (check generation/ mailing, etc.)
			Subtotal of Third 1%	75,994	0.50	75,994	0.50	
9	E	Administration	Eliminate Communications Budget	7,500		7,500		Eliminate all management Blackberries/Treos
10	E	Department-wide	Reduce department-wide (excl. UB) travel/training by 10%	6,528		6,528		Less opportunity for staff development/participation in regional forums \$2,692 Travel \$1,150 Training
11	E	City Clerk/Records	Reduce Records Specialist to 0.8 FTE	31,562	0.20	31,562	0.20	Slower Boards/Commissions recruitments, send out more copying for public
			Subtotal of Fourth 1%	45,590	0.20	45,590	0.20	
Total of 1-4% of Adjustment Basis				249,676	1.20	249,676	1.20	
12	E	Customer Accounts	Reduce front desk position -Proposed to reduce front desk position to .5, adopted budget reduces position to .75	70,669	0.50	35,335	0.25	Reduce passport acceptance hours to 4 hours/day from current 7 hrs/day. Reduced service level to public, increased work for all main street staff - phones and walk up customers.
			Subtotal of Fifth 1%	70,669	0.50	35,335	0.25	
13	E	Payroll	Eliminate 0.5 FTE ASA IV	85,970	0.50	-	-	Reduced capacity and backup to process payroll changes, will result in delays in contract implementation/retro's and eliminate flexibility to process transactions after set
			Subtotal of Sixth 1%	85,970	0.50	-	-	
14	E	Department-wide	Reduce department-wide (excl. UB) travel/training by additional 10%	6,529		-	-	Less opportunity for staff development/participation in regional forums
15	E	Purchasing	Reduce Buyer position to 0.8 FTE	37,127	0.20	-	-	Eliminate support of SPP by purchasing agent to provide capacity, assistance in obtaining quotes will revert back to departments
			Subtotal of Seventh 1%	43,656	0.20	-	-	
16	E	Financial Planning	Reduce Professional Services - no GFOA budget award fee	1,000		-	-	No GFOA budget award
17	E	Financial Planning	Reduce Budget Analyst to 0.8 FTE	41,456	0.20	-	-	Reduce FMR to twice per year, reduce detail of sales tax reporting, discontinue GFOA budget award and remove budget sections only required for award qualification
			Subtotal of Eighth 1%	42,456	0.20	-	-	
Total of 5-8% of Adjustment Basis				242,751	1.40	35,335	0.25	
Total of All Adjustments				492,427	2.60	285,011	1.45	

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Planning & Community Dev. Department
General Fund Fund

\$ 6,177,602 Adjustment Basis
\$ 494,208 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	E	Policy & Planning	Eliminate portion of unfilled Associate Planner position	66,370	0.33	66,370	0.33	Reduces long-range planning capability
			Subtotal of First 1%	66,370	0.33	66,370	0.33	
2	E	Policy & Planning	Eliminate portion of unfilled Associate Planner position	66,370	0.33	66,370	0.33	Reduces long-range planning capability, for example neighborhood plans, natural resources, plan & code updates
			Subtotal of Second 1%	66,370	0.33	66,370	0.33	
3	E	Policy & Planning	Eliminate portion of unfilled Associate Planner position	69,827	0.34	69,827	0.34	Reduces long-range planning capability, for example neighborhood plans, natural resources, plan & code updates
			Subtotal of Third 1%	69,827	0.34	69,827	0.34	
4	E	Policy & Planning	Eliminate professional services for Comp. Plan & Zoning	28,000		28,000		Reduces long-range planning capability, for example neighborhood plans, natural resources, plan & code updates
4	E	Policy & Planning	Reduce Intern Services	15,156		15,156		Reduces long-range planning capability, for example neighborhood plans, natural resources, plan & code updates
			Subtotal of Fourth 1%	43,156	-	43,156	-	
Total of 1-4% of Adjustment Basis				245,723	1.00	245,723	1.00	
5	E	Policy & Planning	Reduce Intern Services	65,394		65,394		Support work transfers to planners. Reduces productivity either slowing permit review or long range planning.
			Subtotal of Fifth 1%	65,394	-	65,394	-	
6	E	Land Use Management	Eliminate portion of Planning Information Specialist position	61,290	0.35	-	-	Reduces front counter service. Requires shifting of job duties to other planners, slowing permit processing and/ or shifting work from long range projects to permits.
			Subtotal of Sixth 1%	61,290	0.35	-	-	
7	E	Land Use Management	Eliminate portion of Planning Information Specialist position	61,290	0.35	-	-	Reduces front counter service. Requires shifting of job duties to other planners, slowing permit processing and/ or shifting work from long range projects to permits.
			Subtotal of Seventh 1%	61,290	0.35	-	-	
8	E	Land Use Management	Eliminate remaining portion of Planning Information Specialist position	57,956	0.30	-	-	Reduces front counter service. Requires shifting of job duties to other planners, slowing permit processing and/ or shifting work from long range projects to permits.
8	E	Land Use Management	Eliminate Professional Services for permit review	1,170		1,170		Consultant work transfers to planners. Reduces productivity, slows permit processing or requires redirecting work from long range projects to permits.
9	E	Land Use Management	Eliminate Receptionist position*			124,532	1.00	In Lieu of Planning Information Specialist
10	R	Land Use Management	Increase Planning fee revenue*			18,913		In Lieu of Planning Information Specialist
11	E	Land Use Management	Eliminate Planning consulting budget*			37,091		In Lieu of Planning Information Specialist
			Subtotal of Eighth 1%	59,126	0.30	181,706	1.00	
Total of 5-8% of Adjustment Basis				247,100	1.00	247,100	1.00	
Total of All Adjustments				492,823	2.00	492,823	2.00	

*Planning Department chose to eliminate Receptionist position and consulting budget and increase fee revenue, rather than eliminate initially proposed Planning Information Specialist position.

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Police	Department
General Fund	Fund

\$	31,395,371	Adjustment Basis
\$	2,511,630	= 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	E	Administration	Office Furniture Replacement Budget	10,000		10,000		Continued use of outdated furnishings; may create ergonomic issues
2	E	Administration	Management Training	10,000		10,000		Reduction in management training for management and supervisory staff
3	E	Administration	Grant Consultant	20,000		20,000		Reduces ability to research, obtain and manage grant funding for services and equipment
4	E	Training	Travel & Subsistence	25,000		25,000		Reduction in training which could increase liability exposure
5	E	Training	Training Registration Fees	30,000		30,000		Reduction in training which could increase liability exposure
6	E	Investigations	Photo Processing Fees	4,000		4,000		Potential budget shortfall for reproduction of photos for prosecuting and/or defense attorneys
7	E	Investigations	Video Enhancement Equipment	5,500		5,500		Continued use of outdated or inadequate equipment
8	E	Investigations	Infrared Camera Technology	13,080		13,080		Continued use of outdated or inadequate equipment
9	E	Investigations	Upgrade Camera Equipment	4,500		4,500		Continued use of outdated or inadequate equipment
10	F	Investigations	Background Investigation Fees	25,000		25,000		Reassignment to Detective which will reduce case follow up abilities. Victims of felony crimes will be directly impacted due to lack of time to assist them with additional background assignments given to Detectives.
11	E	Investigations	Narcotics Investigations Funds	5,000		5,000		Reduction of information on narcotics activity from informants
12	E	Investigations	Detectives Special Investigations Funds	4,000		4,000		Reduction of information on criminal activity from informants
13	E	Patrol	Uniforms	25,000		25,000		Postpone replacement of worn-out uniforms
14	E	Patrol	Less Lethal Equipment	6,650		6,650		Continued use of outdated or inadequate equipment
15	E	Patrol	Weapons Replacement	12,000		12,000		Continued use of outdated or inadequate equipment
16	E	Patrol	Replacement Tasers	7,100		7,100		Continued use of outdated or inadequate equipment
17	E	K9	Equipment for Alternate K9 Vehicle	7,800		7,800		No K9 officer on duty when primary vehicle down for service
18	E	SRT/CNT	Operating Supplies for SRT	2,000		2,000		Potential budget shortfall if replacement supplies are needed due to usage on callouts
19	E	SRT/CNT	Operating Supplies for CNT	2,000		2,000		Potential budget shortfall if replacement supplies are needed due to usage on callouts
20	E	SRT/CNT	Active Shooter Response Equipment	3,500		3,500		Potential for delay to response to a school shooting or other incident where an active shooter is involved
21	E	SRT/CNT	Command Console for CNT	10,000		10,000		Continued use of outdated or inadequate equipment
22	E	ProAct	Uniforms	2,000		2,000		Postpone replacement of worn-out uniforms
23	E	Traffic	Uniforms	5,000		5,000		Postpone replacement of worn-out uniforms
24	E	Parking Enforcement	Overtime	5,000		5,000		Potential for reduction in coverage for vacation and other leave
25	E	Parking Enforcement	Printing Fees	3,000		3,000		Potential budget shortfall should supply of parking tickets run low
26	E	Corrections	Inmate Medical Expenses	10,000		-		Reduced ability to provide necessary medical care for inmates in Kirkland Jail necessitating the transfer of some to King County Jail
27	E	Communications	Uniforms	8,000		8,000		Postpone replacement of worn-out uniforms
28	E	Crime Prevention	Overtime	10,000		-		No attendance at community/neighborhood meetings
29	E	Crime Prevention	Uniforms	8,000		8,000		Postpone replacement of worn-out uniforms
Subtotal of First 1%				283,130	-	263,130		

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Police	Department
General Fund	Fund

\$	31,395,371	Adjustment Basis
\$	2,511,630	= 8% of Adjustment Basis

Code Legend:
 E - Expenditure/Service Level Reductions
 R - Revenue Enhancements
 F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
30	E	Crime Prevention	Elimination of School Resource Officer position	82,180	1.00	-	-	Calls for service at high schools redirected to Patrol, reducing response times by Patrol to other calls for service. Reduction of services to parents & children (e.g., counseling, education of students, training of school staff, etc.)
31	E	Parking Enforcement	Elimination of one Parking Enforcement Officer Position	166,260	1.00	-	-	Reduced coverage on parking enforcement due to scheduling. "Free" parking days because of lack of coverage. "Park Smart" program would be stopped or have to be absorbed by Business Licensing.
Subtotal of Second 1%				248,440	2.00	-	-	
32	E	Administration	Elimination of Training Officer Position	175,138	1.00	-	-	Reduced training for employees which could increase liability exposure
33	E	Support	Elimination of Domestic Violence Advocate Position	202,443	1.00	-	-	No victim assistance/crisis intervention/referral services to victims of domestic violence. Volunteer DART may be discontinued.
Subtotal of Third 1%				377,581	2.00	-	-	
34	E	Traffic	Elimination of one Traffic Officer Position	205,736	1.00	-	-	Reduction of school zone enforcement, neighborhood traffic problems, seat belt enforcement, DUI enforcement and other traffic enforcement activities by at least 1/3 the current productivity of the Traffic Division. Patrol would be tasked with these enforcement duties and may not be able to make up the difference due to current calls for service. At least 1/3 of collisions normally handled by Traffic Unit will also be redirected to Patrol. All these items will reduce response time by Patrol to other calls for service or the lack of any response at all, depending on priorities. Contributions and participation in Special Event planning by the Traffic Sergeant would be
35	E	ProAct	Elimination of .5 ProAct Police Support Associate	83,152	0.50	-	-	Reduction in ability of ProAct Unit to investigate crimes due to more time spent in office on-line developing investigative leads
Subtotal of Fourth 1%				288,888	1.50	-	-	
Total of 1-4% of Adjustment Basis				1,198,039	5.50	263,130	-	
36	E	ProAct	Elimination of the ProAct Unit	1,165,790	4.00	-	-	Reduction will result in fewer targeted investigations, fewer recovered stolen vehicles, less recovered stolen property, increased criminal activity with fewer criminals apprehended, increased downtown concerns with Peter Kirk Park and juveniles, slower response times by Patrol to other calls for service because of increased activity and concerns.
37	E	ProAct	*Elimination/reduction of the ProAct Police Support Associate	91,999	0.50	-	-	The first half of this position, which provides direct support to the unit, was included in our 1% incremental reductions. This portion of the FTE's responsibilities include state mandated validation of reported stolen property and other records functions. Those functions would be transferred to the Records Unit and would result in a decreased level of service to citizens who come to the front window for assistance.
38	E	Support	Reduction of the Crime Analysis FTE	100,881	0.50	-	-	A portion of this position's responsibilities are directly tied to this unit in the research and provision of crime statistics and mapping geographical locations where high crime activity occurs in the City of Kirkland. The elimination of the ProAct Unit would result in a partial reduction of this position. A portion of this position must be retained to perform state and federal mandated reporting of crime.
Subtotal of Additional 4%				1,358,670	5.00	-	-	
Total of All Adjustments				2,556,709	10.50	263,130	-	

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Fire Admin/Preven./Suppression/Trng. Department
General Fund Fund

\$ 29,555,516 Adjustment Basis
\$ 2,364,441 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED*		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	E	Administration	Organizational Development/ Safety Research & Development	21,120		15,714		decreased organizational development and no money for research of safety equip.
2	E	Fire Suppression	Leadership Training Officer Conf. Program and Officer Development Academy	20,000		14,880		Deletes a training component of our Succession Plan training
3	E	Fire Suppression	Command Chief Officer Conferences	6,668		4,960		Decreased organizational development & contact
4	E	Fire Suppression	Eliminate the Reserve Firefighter Compensation	120,000				Impact would be determined by volunteer participation.
5	E	Fire Suppression	Reduce 4th quarter minimum staffing from 18 on-duty Firefighters to 17 on-duty Firefighters.	113,320		84,310		Overtime reductions, possible impact of reducing Aid Car 27 from a dedicated unit to cross staff with Engine 27.
Subtotal of First 1%				281,108	-	119,864		
6	E	Fire Suppression	Reduce second quarter minimum staffing from 18 on-duty Firefighters to 17 on-duty Firefighters.	257,803		-		Overtime reductions, possible impact of reducing Aid Car 27 from a dedicated unit to cross staff with Engine 27.
7	E	Administration	Microfiche, printing, office furniture	10,400		7,738		savings from efficiencies, not being able to use printing as a means of communicating to the public.
Subtotal of Second 1%				268,203	-	7,738		
8	E	Fire Suppression	Reduce third quarter minimum staffing from 18 on-duty Firefighters to 17 on-duty Firefighters.	260,636		-		Overtime reductions, possible impact of reducing Aid Car 27 from a dedicated unit to cross staff with Engine 27.
9	E	Administration	Hourly - On Call	12,748		9,484		Reduction in Admin support
9	E		Overtime	7,252		5,396		Reduction in Reports for management
10	E	Administration	Training	1,514		1,126		Reduction in staff training
10	E		Travel	3,660		2,724		Reduction in staff training
10	E		Uniforms	3,500		3,500		
11	E	Fire Sup/Trng	Vehicle Extrication Academy	6,320		4,702		Send two personnel to vehicle extrication (jaws of life) instead of 4 (2009 and 2010)
Subtotal of Third 1%				295,630	-	26,932		
12	E	Fire Suppression	Reduce First quarter minimum staffing from 18 on-duty Firefighters to 17 on-duty Firefighters.	84,990		63,232		Overtime reductions, possible impact of reducing Aid Car 27 from a dedicated unit to cross staff with Engine 27.
13	E	Fire Suppression	Reduce second quarter minimum staffing from 17 on-duty Firefighters to 16 on-duty Firefighters.	257,803		-		Overtime reductions, possible impact of reducing Aid Car 27 from a dedicated unit to cross staff with Engine 27.
Subtotal of Fourth 1%				342,793	-	63,232		
Total of 1-4% of Adjustment Basis				1,187,734	-	217,766		
14	E	Fire Suppression	Reduce third quarter minimum staffing from 17 on-duty Firefighters to 16 on-duty Firefighters.	260,636		-		Overtime reductions, impact of reducing Aid Car 27 from a dedicated unit to cross staff with Engine 27.
Subtotal of Fifth 1%				260,636	-	-		
15	E	Fire Suppression	Reduce fourth quarter minimum staffing from 17 on-duty Firefighters to 16 on-duty Firefighters.	56,660		-		Overtime reductions, impact of reducing Aid Car 27 from a dedicated unit to cross staff with Engine 27.
Subtotal of Sixth 1%				56,660	-	-		
16	E	Fire Suppression	Reduce first quarter minimum staffing from 17 on-duty Firefighters to 16 on-duty Firefighters.	42,495		-		Overtime reductions, impact of reducing Aid Car 27 from a dedicated unit to cross staff with Engine 27.
Subtotal of Seventh 1%				42,495	-	-		
17	E	Suppression	Lay off four (4) Firefighters; 2009 =407,902; 2010 =426,477	834,379	4.00	-		reduce daily staffing from 18 to 17. This would eliminate Aid Car 27 as a dedicated Aid Car at station #27, one firefighter per shift.
Subtotal of Eighth 1%				834,379	4.00	-		
Total of 5-8% of Adjustment Basis				1,194,170	4.00	-		
Total of All Adjustments				2,381,904	4.00	217,766		

* Proposed reductions do not take into account loss in revenue. Adopted amounts are net of the loss in revenue.

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Building Division	Department
General Fund	Fund

\$ 4,481,300 Adjustment Basis
\$ 358,504 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
18	E	Building	Overtime	40,000		40,000		Processing times will increase during vacation
18	E	Building	Operating Supplies	3,000		3,000		
18	E		Computer Hardware	2,000		2,000		
			Subtotal of First 1%	45,000	-	45,000		
19	E	Building	Hourly wages	35,004		35,004		Processing times will increase during vacation and sick
19	E		Training	7,500		7,500		
			Subtotal of Second 1%	42,504	-	42,504		
20	E	Building	Professional Consultant	43,500		43,500		Structural and electrical review
			Subtotal of Third 1%	43,500	-	43,500		
21	E	Building	1 FTE Effective 1-1-10 (includes benefits)	43,500	1.00	-		Office Technician. Will affect customer service at front counter
			Subtotal of Fourth 1%	43,500	1.00	-		
			Total of 1-4% of Adjustment Basis	174,504	1.00	131,004		
22	E	Building	Plans Examiner 1 (includes benefits)	142,000	1.00	-		May affect front counter assistance
22	E		Office Supplies	3,000		-		
22	E		Travel	2,400		-		
			Total of 5-8% of Adjustment Basis	147,400	1.00	-	-	
			Total of All Adjustments	321,904	2.00	131,004	-	

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Non-Departmental	Department
General Fund	Fund

\$	3,969,716	Adjustment Basis
\$	39,697	= 8% of Adjustment Basis

Code Legend:
 E - Expenditure/Service Level Reductions
 R - Revenue Enhancements
 F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	E	Non-departmental	Professional Services	40,000		40,000		Eliminate Professional Services - less flexibility to respond to unanticipated projects/ needs
			Subtotal of First 1%	40,000	-	40,000		
2	E	Non-departmental	Youth in Government Day Supplies	3,000		3,000		Eliminate Supplies for Youth in Government Day
3	E	Non-departmental	Management Retreat -Proposed to reduce management retreat 100% for \$9,250, adopted budget reduced management retreat by \$7,250	9,250		7,250		Eliminate Management Retreat <i>Recommendation: do locally leave \$2,000</i>
4	E	Non-departmental	Office Furniture and Equipment	12,500		12,500		Reduce by 50% (from \$12,500 per year to \$6,250 per year)
5	E	Non-departmental	Operating Supplies	6,270		6,270		Reduce by 10% (from \$31,350 per year to \$28,215 per year)
6	E	Non-departmental	Small Tools and Minor Equipment	1,500		1,500		Reduce by 50% (from \$1,500 per year to \$750 per year)
			Subtotal of Second 1%	32,520	-	30,520		
			<i>(Majority of the other expenditures are fixed: debt service, retiree medical, intergovernmental professional services, and interfund transfers)</i>					
Total of All Adjustments				72,520	-	70,520	-	

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Public Works Streets	Department
Street (117)	Fund

\$	8,477,775	Adjustment Basis
\$	678,222	= 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	F	Street Operating Fund	Transfer 1/2 of the Striping program to CIP	125,000		125,000		The same level of service will still be provided to the public.
			Subtotal of First 1%	125,000	-	125,000		
1	F	Street Operating Fund	Transfer 1/2 of the Striping program to CIP	125,000		125,000		The same level of service will still be provided to the public.
			Subtotal of Second 1%	125,000	-	125,000		
2	E		Cut Opportunity Fund	50,000		50,000		This funding has been used in the past in cases where developers are constructing sidewalks or undergrounding utilities along with development the opportunity may arise where we can take advantage and complete a gap in the system. Without these funds, we will have to leave the gaps (primarily sidewalks) as is.
			Subtotal of Third 1%	50,000	-	50,000		
3	E		Cut seasonals by 2,570 hours. Total seasonal budget = \$355,994 for the biennium. \$127,075 or 8,287 hours was cut to fund the one-time grounds tech.	39,412	2570 hours	39,412		Seasonal cut will decrease curb painting done throughout the city. Only high priority areas will get done.
			Subtotal of Fourth 1%	39,412	-	39,412		
			Total of 1-4% of Adjustment Basis	339,412	-	339,412		
3	E		Cut additional seasonals from \$189,515 (originally \$355,994), to \$104,715 a cut of 5,530 hours	84,800	5530 hours	84,800	5530 hours	Seasonal cut will result in a 70% reduction to the landscapes and trees in the ROW, Curb painting throughout the city and the maintenance of the path and trail systems. These would be very visible reductions to the Level of Service.
			Subtotal of Fifth 1%	84,800		84,800		
4	E	Street Operating Fund	Base Budget reductions to NTCP, Downtown Parking Management, Maint., Supervision, General Admin, Snow & Ice, Street Cleaning, Roadway Maintenance, Sidewalk Maintenance, Special Purpose Paths, Roadside Maintenance, Median Maintenance, Street Lighting, Traffic Control and Parking Facilities.	84,800		84,800		Money will be tight and purchases will have to be scrutinized. Funds will be limited and we may run out of money for projects.
			Subtotal of Sixth 1%	84,800		84,800		
5	E		Cut additional seasonals from \$104,715 to \$19,915 a reduction of 5,530 hours	84,800	5530 hours	-		Seasonal cut will result in little to no maintenance of the landscapes of city owned facilities, (city hall, 505 market, maint. center and all fire stations), and maintenance of public Right of Ways.
			Subtotal of Seventh 1%	84,800	-	-		
6	E		Cut all seasonal money! A reduction of 1,299 hours	19,915	1299 hours	-		All responsibilities of the Grounds crew will have to be prioritized and all tasks will be impacted. Work will be done reactively and very little work will be done on a regular schedule.
7	E		Base Budget Reductions to Neighborhood Traffic Control Program (NTCP), Street Cleaning, Street Lighting, and Traffic Control.	65,148		-		NTCP funding cut in 1/2. CBD funding cut out 1/3. Assume no utility rate increase in 2010. Decrease traffic signal interconnection program.
			Subtotal of Eighth 1%	85,063	-	-		
			Total of 5-8% of Adjustment Basis	339,463	-	169,600		
			Total of All Adjustments	678,875	-	509,012	-	

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Public Works - Fleet Management Department
Equipment Rental (521) Fund

\$ 3,606,956 Adjustment Basis*
\$ 288,556 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	E	Fleet Management	Fuel Conservation Savings = 2.86% of \$1,260,900 Fuel Budget	\$ 36,070	-	36,070		User Dept. Conservation of Fuel and/or Vehicle Reduction
			Subtotal of First 1%	\$ 36,070	-	36,070		
1	E	Fleet Management	Fuel Conservation Savings = 2.86% of \$1,260,900 Fuel Budget	\$ 36,070	-	36,070		User Dept. Conservation of Fuel and/or Vehicle Reduction
			Subtotal of Second 1%	\$ 36,070	-	36,070		
1	E	Fleet Management	Fuel Conservation Savings = 2.86% of \$1,260,900 Fuel Budget	\$ 36,070	-	36,070		User Dept. Conservation of Fuel and/or Vehicle Reduction
			Subtotal of Third 1%	36,070	-	36,070		
1	E	Fleet Management	Fuel Conservation Savings = 2.86% of \$1,260,900 Fuel Budget	36,070	-	36,070		User Dept. Conservation of Fuel and/or Vehicle Reduction
			Subtotal of Fourth 1%	36,070	-	36,070		
Total of 1-4% of Adjustment Basis				144,280	-	144,280		
2	E	Fleet Management	Outside Vendor Vehicle Repairs = 14.71% of Budget Line	36,070	-	36,070		Vehicle Reduction/Delay of Repairs
			Subtotal of Fifth 1%	36,070	-	36,070		
3	E	Fleet Management	Reduce EPSCA Charges - eliminated 75 of 102 Gen. Gov Radios	36,070	-	-		Gen. Govt. Radios are Park, PW, etc. Not Police & Fire
			Subtotal of Sixth 1%	36,070	-	-		
4	E	Fleet Management	Reduce Vehicle Repair Parts = 13.29% of Budget Line	36,070	-	-		Vehicle Reduction/Delay of Repairs
			Subtotal of Seventh 1%	36,070	-	-		
5	E	Fleet Management	Fuel Conservation Savings = 2.86% of \$1,260,900 Fuel Budget	36,070	-	-		User Dept. Conservation of Fuel and/or Vehicle Reduction
			Subtotal of Eighth 1%	36,070	-	-		
Total of 5-8% of Adjustment Basis				144,280	-	36,070		
Total of All Adjustments				288,560	-	180,350	-	

* Adjustment basis does not include vehicle replacement

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Public Works Facilities	Department
Facilities (527)	Fund

\$	4,616,040	Adjustment Basis*
\$	369,283	= 8% of Adjustment Basis

Code Legend:
 E - Expenditure/Service Level Reductions
 R - Revenue Enhancements
 F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	E	Facilities Admin	Other Improvements	50,000		50,000		There have been occasions when projects have run over budget or emergency repairs have been necessary. We are currently determining if there are any projects we can do this year that may be expensive on the front end but would save money in the long run.
Subtotal of First 1%				50,000	-	50,000		
1	E	Facilities Admin	Other Improvements	50,000		50,000		There have been occasions when projects have run over budget or emergency repairs have been necessary. We are currently determining if there are any projects we can do this year that may be expensive on the front end but would save money in the long run.
Subtotal of Second 1%				50,000	-	50,000		
2	E	City Hall	Installed a Direct Digital Control System at City Hall; this controls Heating, Ventilation and Air Conditioning. The last 2 bills have shown a 10% savings over the previous year.	29,352		29,352		Initial cost of installation is high, we are looking at other city facilities to identify cost effective energy conservation measures.
3	E		Maintenance Center Janitorial reduced from daily to 3 days per week. (includes main bldg, bldg B and bldg C)	16,400		-		Bathroom sanitation levels will be reduced by the level of frequency; and internal staff service level reduction.
Subtotal of Third 1%				45,752	-	29,352		
4	E	All Divisions - Janitorial	Cut Window Cleaning from 2X per year to 1X per year \$2755; Cut floor stripping and waxing from 4X per year to 2X per year \$2584.80; Cut Dayporter completely at PKCC & City Hall \$17,832	46,344		46,344		Aesthetic reduction to both the interior and exterior of the building. Decrease in bathroom sanitation level. The internal tech III will be picking up some of this; resulting in an internal staff service level reduction.
Subtotal of Fourth 1%				46,344	-	46,344		
Total of 1-4% of Adjustment Basis				192,096	-	175,696		

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Public Works Facilities Department
Facilities (527) Fund

\$ 4,616,040 Adjustment Basis*
\$ 369,283 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
*Adjustment Basis does not include Sinking Fund Xfr to CIP of \$1,003,791 or Maintenance Center Debt Xfr of \$343,688								
5	E	All Divisions	Purchase entry mats from Cintas for City Hall and the Court and have janitorial Vacuum	5,780		5,780		Aesthetic reduction. Mats may look dingy and worn.
5	E	Multiple Divisions	Cut watering of turf zones at fire depts., maintenance center and community centers.	5,000		5,000		Consistent with the City's mission to be "green", results in water conservation and reduced emissions from less mowing. Esthetics reduced, grass will go dormant and will not be green. With the reductions in seasonals to both the facilities and street budgets we will not have the manpower to regularly mow.
5	E	Utility savings	Ban Water coolers, Space heaters, fans, microwaves, personal refrigerators.	4,000		4,000		Because appliances use energy even when not operating, banning all personal items that use energy will reduce energy expenditures, this will effect personal comfort and convenience.
5	E		Cut Seasonals -Proposed to reduce all City Facilities seasonal grounds crews, adopted budget reduced seasonals grounds crew in half.	48,113		24,057		Cutting all Grounds Crew seasonals that maintain the city facilities would result in the grounds not being maintained regularly. Aesthetics of city facilities would be greatly reduced.
6	E		At the Municipal Court Facilities cut HVAC Contract and do more work in house. Please note Restroom deodorizing and some HVAC R&M was cut in the base budget in order to absorb increasing costs.	6,150		-		Internal staff will take over the HVAC contract, resulting in an internal staff service level reduction of 16 hours per year. Techs will have less time to do service calls and non emergency repairs and maintenance.
7	E		At all City Rental Properties we will Cut operating supplies in 1/2, and decrease professional services such as landscaping.	13,699		-		Esthetics will be reduced. It is also being assumed that the properties will not be rented as they become vacant.
8	E		At city hall facilities, includes 505 Market; cut Art Display cleaning, completely cut out wall repairs and painting at City hall and Police Dept., decrease plumbing repair budget and do more work in house, revise contract for the service and maintenance of the UPS system. Please note Restroom deodorizing and some HVAC R&M was cut in the base budget in order to absorb increasing costs.	17,354		-		Internal staff will take over the HVAC contract, resulting in an internal staff service level reduction of 40 hours per year. Techs will take longer to address service calls and non emergency repairs and maintenance. The reduction to window cleaning budget and wall repairs and painting will reduce the appearance of city hall.
9	E		Facilities Admin will cut uniform budget by 56%, and reduce the budgets for the following: office supplies, small tools & equip, travel, R&M of the Energy Management System, staff training. The following will be completely cut from the budget: facilities pager, Internal charges for rental of radios, and repairs and maintenance.	25,932		-		Training opportunities for field staff will be reduced. Staff will only maintain required certifications. We will take longer to replace supplies, tools and equipment causing potential for failure.
10	E		Fire Station Facilities - cuts will be made to the following: operating supplies, carpet cleaning will be reduced from 2X per year to 1X, more HVAC work will be done in house, cut to emergency repair and maintenance fund, and painting. Please note janitorial, and some HVAC R&M was cut in the base budget in order to absorb increasing costs.	31,650		-		Internal staff will take over the HVAC contract, resulting in an internal staff service level reduction of 48 hours per year. Techs will take longer to address service calls and non emergency repairs and maintenance. Lifecycle of appliances will be extended most likely causing failure.
11	E		Maintenance Center - more HVAC repairs and maintenance will be done in house, repair of downspouts will be eliminated and bird netting repairs will be cut in 1/2.	14,140		-		Internal staff will take over the HVAC contract, resulting in an internal staff service level reduction of 8 hours per year. Techs will take longer to address service calls and non emergency repairs and maintenance. Reduction to the maintenance of facility Infrastructure.
12	E		PKCC- Pest Control will be cut in 1/2	1,400		-		Internal staff will take over the pest control, resulting in an internal staff service level reduction of 24 hours for City Wide Pest Control.
13	E		NKCC - cut to operating supplies, and cut pest control in 1/2	4,110		-		Internal staff will take over the pest control, resulting in an internal staff service level reduction of 24 hours for City Wide Pest Control.
Total of 5-8% of Adjustment Basis				177,328	-	38,837		
Total of All Adjustments				369,424	-	214,533	-	

**City of Kirkland
2009-2010 Preliminary Budget
8% Adjustments List**

Information Technology Department
IT (522) Fund

\$ 7,191,048 Adjustment Basis
\$ 575,284 = 8% of Adjustment Basis

Code Legend:
E - Expenditure/Service Level Reductions
R - Revenue Enhancements
F - Funding Reallocation

No.	Code	Division	Brief Description	PROPOSED		ADOPTED		Brief Explanation of Impact
				Dollar Amount	FTE Reduction if Any	Dollar Amount	FTE Reduction	
1	E		Reduce level of Informix support, stop paying support on unimplemented modules	42,409	-	42,409		Reduces options for the future implementation of modules the City paid for but have not installed. May take slightly longer to resolve IFAS calls related to the database software INFORMIX
2	E		Reduce graphics support by .25 FTE	44,422	0.25	-	-	We will no longer be able to produce any internal graphic support for City events like retirements, volunteer and all-city dinners etc.
Subtotal of First 1%				86,831	0.25	42,409	-	
3	E		Reduce graphics support by additional .50 - Proposed to reduce graphics support to .25, adopted reduces to .4	89,144	0.50	61,158	0.35	This will seriously affect our ability to do work we have traditionally supported. Almost half of our work may have to be paid for or done by departments, or simply re-use the graphic design from previous years. To some extent, this will shift work rather than reduce it.
Subtotal of Second 1%				89,144	0.50	61,158	0.35	
4	E		Reduce a 1.0 Help Desk Position to a .75 Help Desk Position	45,864	0.25	45,864	0.25	Reduce initial response to 5 hours for Help Desk, and generally reduce the number of calls we are able to resolve. This may also reduce our service level capabilities for Northshore, which are contracted (or else they'll receive a higher service level than we do)
Subtotal of Third 1%				45,864	0.25	45,864	0.25	
5	E	GIS	Reduce GIS Analyst by .25 percent to a .5 FTE.	49,680	0.25	49,680	0.25	Reduces a type of staffing we just funded by moving CIP money. This would move 10 map book titles' publication cycle from 1 yr to 2 yrs. It would delay our delay in responses to GIS requests (e.g. custom maps, GIS analysis, mailing labels, etc.) by
6	E		Reduction in Repairs and Maintenance support	16,000		16,000		Potential budget shortfall if unexpected services are needed or higher costs are
Subtotal of Fourth 1%				65,680	0.25	65,680	0.25	
Total of 1-4% of Adjustment Basis				287,519	1.25	215,111	0.85	
7	E	Network and Operations	Reduce Help Desk an additional .25 percent to a .5 FTE	45,864	0.25	-		Help Desk calls will take longer to get answered
8	E	GIS	Reduce GIS Analyst by .25 per cent to a .5 FTE	49,680	0.25	-		Reduces the position we just funded by moving CIP money. GIS data refresh to Advantage, Hansen, NewWorld delay by 50%; Delay in response to GIS request (e.g. custom maps, GIS analysis, mailing labels, etc.) by 30 - 40%; Core database maintenance cycle doubled.
Subtotal of Fifth 1%				95,544	0.50	-		
9	E	Network and Operations and Applications	Eliminate on-call support for weekends once PD support moves to NORCOM	56,319	-	56,319		Cut dependent on NORCOM taking over all NEW WORLD support effective 7/1/09. Means computers and phones may not get fixed one weekends or evenings and could affect productivity of other staff. Would probably have to be bargained.
Subtotal of Sixth 1%				56,319	-	56,319		
10	E	Administration	Reduce CIO by .2 FTE to .8	78,731	0.20	-		Less oversight of IT department. Will particularly impact the applications group, which does not have a manager but reports directly to the CIO.
Subtotal of Seventh 1%				78,731	0.20	-		
11	E	Multimedia Services	Reduce Multimedia Services Manager by .2 FTE to .8 FTE	53,017	0.20	-		Reduces oversight over graphics and TV work, and would result in further delays in handling senior citizen discounts for COMCAST, franchises, and telecommunications
Subtotal of Eighth 1%				53,017	0.20	-		
Total of 5-8% of Adjustment Basis				283,611	0.90	56,319	-	
Total of All Adjustments				571,130	2.15	271,430	0.85	

*****FORMAT SAMPLE ONLY - DATA SHOWN IS NOT 2009 - IT IS TEST DATA ONLY*****

Annual Budget Status as of **1/31/2009** (Note 1)
Percent of Year Complete **8.33%**

	2009 Budget	Year-to-Date Actual	% Received/ % Expended	Status		Notes
				Current	Last	
General Fund						
Total Revenues	53,226,984	3,646,004	6.8%			Property tax, FD41, EMS revenues spike in 2Q
Total Expenditures	58,958,580	5,123,021	8.7%			

Key Indicators (All Funds)

<i>Revenues</i>						
Sales Tax	16,526,800	1,227,855	7.4%			Prior YTD = \$1,267,021; 3.1% decrease over last year
Utility Taxes	8,945,822	973,383	10.9%			
Business License Fees	1,411,000	143,871	10.2%			
Development Fees	4,868,087	555,422	11.4%			
Gas Tax	1,224,000	92,507	7.6%			Seasonal fluctuation expected
<i>Expenditures</i>						
GF Salaries/Benefits	40,272,419	3,124,151	7.8%			
Fire Overtime	1,255,295	92,435	7.4%			
Contract Jail Costs	521,205	64,481	12.4%			Jail days exceeding budget estimate
Fuel Costs	448,775	24,474	5.5%			

Status Key

Revenue is higher than expected or expenditure is lower than expected

Revenue/expenditure is within expected range

WATCH - Revenue/expenditure outside expected range



Note 1 - Report shows annual values during the first year of the biennium (2009).



Financial Management Report as of September 30, 2008

AT A GLANCE:

General Fund revenues are behind last year by 1.2 percent. Sales tax revenue performance continues negative trend for third quarter 2008 (see page 5)

Development revenue down; plan check fees holding steady (see page 3)

Budget Open Houses
See sidebar story on page 2

Eastside home sales fall 16.6 percent; prices down 9.8 percent (see page 8)

Inside this issue:

Expenditure Summary	2
General Fund Revenue	3
General Fund Expenditures	4
Sales Tax Revenue	5
Economic Environment	7
Investment Report	8
Reserve Summary	10

Summary of All Operating Funds: *Revenue*

- General Fund** actual 2008 revenue is **1.2 percent behind** the same period last year largely due to disappointing sales tax revenue and a significant decline in building permit and planning fee revenue. A more detailed analysis of General Fund revenue can be found on page 3, and sales tax revenue performance can be found beginning on page 5.
- Other General Government Funds** actual 2008 revenue is **1.8 percent ahead** of the same period last year due to higher internal service rates, recreation fee revenue, and hotel tax revenue, as well as a significant insurance recovery for park property damage and despite a 10.5 percent decline in motor vehicle fuel tax revenue and variability in timing of cable tax revenue. Motor vehicle fuel tax is collected as a flat rate per gallon and distributed by the State based on population. Increased fuel costs that decrease consumption (fewer gallons sold) have a negative impact on this revenue.
- Water Sewer Operating Fund** actual 2008 revenue is **4.9 percent** ahead of last year due primarily to water and sewer revenue and a refund for prior year excise tax payments and despite a decline in regional connection fee revenue. Revenue was budgeted to increase 8 percent over 2007 due to higher rates.
- Surface Water Management Fund** Surface Water fees are paid through property tax collection, which are primarily received in April and October. Actual 2008 revenue is **1.0 percent ahead** of the same period last year, which is within a normal range of variability.
- Solid Waste Fund** revenue collection was budgeted to increase in 2008 over 2007 due to higher rates and normal growth. Actual 2008 revenue is **9.0 percent ahead** of the same period last year, which is higher than planned due to variability in billing collections.

Resources by Fund	Year-to-Date Actual			Budget			% of Budget	
	9/30/2007	9/30/2008	% Change	2007	2008	% Change	2007	2008
General Gov't Operating:								
General Fund	37,095,642	36,656,038	-1.2%	54,543,885	53,226,984	-2.4%	68.0%	68.9%
Other General Gov't Operating Funds	11,484,313	11,687,498	1.8%	16,736,577	17,027,124	1.7%	68.6%	68.6%
Total General Gov't Operating	48,579,955	48,343,536	-0.5%	71,280,462	70,254,108	-1.4%	68.2%	68.8%
Utilities:								
Water/Sewer Operating Fund	12,204,338	12,798,353	4.9%	16,494,804	17,821,208	8.0%	74.0%	71.8%
Surface Water Management Fund	2,943,672	2,972,695	1.0%	5,233,189	5,274,145	0.8%	56.3%	56.4%
Solid Waste Fund	5,784,336	6,304,258	9.0%	7,909,347	8,365,262	5.8%	73.1%	75.4%
Total Utilities	20,932,346	22,075,306	5.5%	29,637,340	31,460,615	6.2%	70.6%	70.2%
Total All Operating Funds	69,512,301	70,418,842	1.3%	100,917,802	101,714,723	0.8%	68.9%	69.2%

* Budgeted and actual revenues exclude resources forward and include interfund transfers.



The City of Kirkland hosted two Budget Open Houses to share the City's current and future financial condition, explain the challenges it faces for the upcoming biennium budget, and to discuss the proposed strategies that, if implemented, will balance the 2009-2010 Budget. Kirkland citizens and businesses were encouraged to attend the open houses.

In May, a revenue shortfall of over \$13 million was projected for the 2009-2010 Budget. The shortfall represents more than 12 percent of the General Fund Budget which supports essential services such as police, fire, emergency medical, transportation and parks services. The General Fund is primarily supported by sales tax, which has declined over the past several months. Limited property taxes, the current economic downturn, and increased costs for basic goods and services are also negatively impacting the City's financial picture. The City has the ability to reduce costs, raise revenue and use reserves as ways to balance the budget.

Kirkland residents and businesses received a special edition of City Update, the City's newsletter, which addresses how property taxes support general fund services and what sources of revenue the City receives to support those services. The publication also explains why there is a revenue shortfall in the upcoming budget and what strategies the City Council is considering to overcome the shortfall.

The City Council will be meeting starting October 30th and through November regarding the proposed 2009-10 Budget. A public hearing is scheduled for November 18th. The budget will be adopted in December.

Budget updates are available at the 2009-2010 Budget webpage at www.ci.kirkland.wa.us/budget.

Summary of All Operating Funds: *Expenditures*

- **General Fund** expenditures were budgeted to increase in 2008 over 2007 largely due to increased personnel costs. Actual expenditures are **9.1 percent ahead** of the same period last year primarily due to higher employee salary and benefit costs (including the settlement of labor contracts with back payments for 2007).
- **Other Operating Funds** expenditures were budgeted to decrease in 2008 over 2007 primarily due to the timing of vehicle purchases and one-time costs budgeted in 2007, and despite higher personnel costs. Actual expenditures are **3.2 percent ahead** of the same period last year primarily due to higher personnel and fuel costs, as well as timing of vehicle and computer purchases.
- **Water/Sewer Operating Fund** 2008 expenditures were budgeted to increase slightly over 2007 primarily due to one-time costs budgeted in 2007 and despite expected higher personnel, water purchase, and sewer processing costs in 2008. Actual 2008 expenditures are **4.3 percent ahead** of the same period last year primarily due to higher personnel, water purchase, and METRO sewer costs and despite a significant decline in regional water connection charges.
- **Surface Water Management Fund** expenditures were budgeted to decrease in 2008 over 2007 primarily due to the timing of one-time projects and despite higher personnel costs. Actual 2008 expenditures are **4.4 percent ahead** of the same period last year due to higher personnel costs and the progress made in 2008 on plans that were budgeted in 2007.
- **Solid Waste Fund** expenditures were budgeted to increase in 2008 over 2007 due primarily to higher solid waste contract rates. Actual 2008 expenditures are **18.9 percent ahead** of the same period last year due to the timing of monthly disposal contract billing payments.

Expenditures by Fund	Year-to-Date Actual			Budget			% of Budget	
	9/30/2007	9/30/2008	% Change	2007	2008	% Change	2007	2008
General Gov't Operating:								
General Fund	38,137,965	41,599,767	9.1%	54,678,073	56,620,925	3.6%	69.8%	73.5%
Other General Gov't Operating Funds	11,537,670	11,903,587	3.2%	17,318,967	16,843,501	-2.7%	66.6%	70.7%
Total General Gov't Operating	49,675,635	53,503,354	7.7%	71,997,040	73,464,426	2.0%	69.0%	72.8%
Utilities:								
Water/Sewer Operating Fund	12,219,624	12,744,562	4.3%	16,920,331	16,951,605	0.2%	72.2%	75.2%
Surface Water Management Fund	3,244,665	3,388,965	4.4%	5,646,269	5,520,982	-2.2%	57.5%	61.4%
Solid Waste Fund	5,201,114	6,186,373	18.9%	7,860,424	8,221,762	4.6%	66.2%	75.2%
Total Utilities	20,665,403	22,319,900	8.0%	30,427,024	30,694,349	0.9%	67.9%	72.7%
Total All Operating Funds	70,341,038	75,823,254	7.8%	102,424,064	104,158,775	1.7%	68.7%	72.8%

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

General Fund Revenue

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

- **Sales tax** revenue for 2008 was originally planned to increase slightly over 2007. The budget was adjusted downward in March because of disappointing performance early in the year. However, actual 2008, General Fund sales tax revenue is continuing an even steeper decline, **down 9.7 percent** compared to the same period last year. A detailed analysis of **sales tax** revenue can be found starting on page 5.
- **Utility tax** actual revenue collection is **6.9 percent ahead** of the same period last year primarily due to growth in electricity and telephone tax revenue.
- **Other taxes** actual revenue is **19.4 percent ahead** of the same period last year primarily due to the one-time receipt of E-911 tax revenue for reimbursement of dispatch equipment and overtime.
- **Business licenses and franchise fees** actual revenue is **6.0 percent ahead** of the same period last year due to franchise fee revenue. The **revenue generating regulatory license** fee is **4.7 percent ahead** of the same period last year, in part due to collection of delinquent accounts. Variability of the timing of renewals from larger businesses can skew year-to-year comparisons.
- **Other licenses and permits** are **28.9 percent ahead** of the same period last year due to one-time revenue received for the Verizon fiber project inspections and alarm registrations.
- **Development-related fee** revenues remain a mixed bag. Collectively, actual 2008 revenue is **down 18.4 percent** compared to the same period last year. **Building/structural permits** actual 2008 revenue is **19.5 percent lower** than the same period in 2007. **Plan check** fees actual revenue is **1.0 percent ahead** compared to the same period in 2007. **Planning fees** are **down 40.8 percent** compared to the same period last year, and **engineering services** revenue is **down 12.4 percent** over the same period last year. The trends for development-related revenue in 2008 reflect the volatility that is inherent in development activity and also are reflected in sales tax revenue performance (see page 5).
- **Other charges for service** are **down 25.1 percent** compared to the same period last year due to lower probation revenue and one-time revenue received in 2007 for a temporary inspector for the Verizon fiber project.

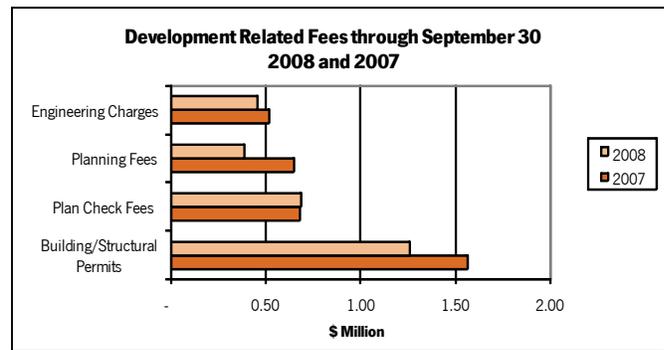
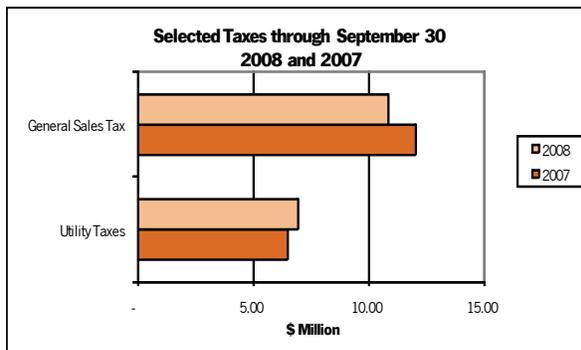
General Fund 2008 revenues are \$0.44 million lower than the same period in 2007 largely due to slumping sales tax and development-related revenue and despite strong utility taxes revenues.

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

General Fund Resource Category	Year-to-Date Actual			Budget			% of Budget	
	9/30/2007	9/30/2008	% Change	2007	2008	% Change	2007	2008
Taxes:								
Retail Sales Tax: General	12,022,001	10,854,713	-9.7%	15,918,981	15,756,800	-1.0%	75.5%	68.9%
Retail Sales Tax: Criminal Justice	851,707	860,505	1.0%	1,114,253	1,050,000	-5.8%	76.4%	82.0%
Property Tax	4,719,810	5,037,932	6.7%	8,790,086	9,037,710	2.8%	53.7%	55.7%
Utility Taxes	6,495,073	6,945,425	6.9%	8,723,683	8,145,822	-6.6%	74.5%	85.3%
Rev Generating Regulatory License	771,034	807,631	4.7%	936,671	990,000	5.7%	82.3%	81.6%
Other Taxes	343,650	410,343	19.4%	462,597	334,654	-27.7%	74.3%	122.6%
Total Taxes	25,203,275	24,916,549	-1.1%	35,946,271	35,314,986	-1.8%	70.1%	70.6%
Licenses & Permits:								
Building, Structural & Equipment Permits	1,562,497	1,258,548	-19.5%	2,078,436	2,163,450	4.1%	75.2%	58.2%
Business Licenses/Franchise Fees	1,092,343	1,157,481	6.0%	1,421,435	1,449,450	2.0%	76.8%	79.9%
Other Licenses & Permits	144,530	186,248	28.9%	188,749	193,900	2.7%	76.6%	96.1%
Total Licenses & Permits	2,799,370	2,602,277	-7.0%	3,688,620	3,806,800	3.2%	75.9%	68.4%
Intergovernmental:								
Grants	163,860	169,380	3.4%	182,160	36,784	-79.8%	90.0%	460.5%
State Shared Revenues & Entitlements	472,666	468,059	-1.0%	623,230	645,318	3.5%	75.8%	72.5%
Fire District #41	1,647,208	1,735,286	5.3%	3,184,310	3,487,428	N/A	51.7%	49.8%
EMS	-	396,512	N/A	504,376	793,023	N/A	N/A	50.0%
Other Intergovernmental Services	424,619	466,428	9.8%	589,478	439,609	-25.4%	72.0%	106.1%
Total Intergovernmental	2,708,353	3,235,665	19.5%	5,083,554	5,402,162	6.3%	53.3%	59.9%
Charges for Services:								
Internal Charges	2,531,279	2,393,244	-5.5%	3,443,777	3,511,012	2.0%	73.5%	68.2%
Engineering Services	516,753	452,585	-12.4%	635,000	610,000	-3.9%	81.4%	74.2%
Plan Check Fee	680,415	686,970	1.0%	958,760	900,000	-6.1%	71.0%	76.3%
Planning Fees	650,431	384,753	-40.8%	968,900	1,194,637	23.3%	67.1%	32.2%
Recreation	81,932	81,779	-0.2%	79,516	83,000	4.4%	103.0%	98.5%
Other Charges for Services	665,085	498,057	-25.1%	880,191	677,323	-23.0%	75.6%	73.5%
Total Charges for Services	5,125,895	4,497,388	-12.3%	6,966,144	6,975,972	0.1%	73.6%	64.5%
Fines & Forfeits	903,205	962,474	6.6%	1,317,860	1,132,000	-14.1%	68.5%	85.0%
Miscellaneous	355,544	412,847	16.1%	553,002	404,150	-26.9%	64.3%	102.2%
Total Revenues	37,095,642	36,627,200	-1.3%	53,555,451	53,036,070	-1.0%	69.3%	69.1%
Other Financing Sources:								
Interfund Transfers	-	28,838	N/A	988,434	190,914	N/A	N/A	15.1%
Total Other Financing Sources	-	28,838	N/A	988,434	190,914	N/A	N/A	15.1%
Total Resources	37,095,642	36,656,038	-1.2%	54,543,885	53,226,984	-2.4%	68.0%	68.9%

* Budgeted and actual revenues exclude resources forward.

General Fund Revenue *continued*



General Fund Expenditures

General Fund Department Expenditures	Year-to-Date Actual			Budget			% of Budget	
	9/30/2007	9/30/2008	% Change	2007	2008	% Change	2007	2008
Non-Departmental	722,353	982,951	36.1%	1,126,152	1,141,474	1.4%	64.1%	86.1%
City Council	235,517	294,319	25.0%	316,392	362,034	14.4%	74.4%	81.3%
City Manager's Office	2,156,454	2,623,422	21.7%	3,419,542	3,739,425	9.4%	63.1%	70.2%
Human Resources	730,029	769,934	5.5%	1,039,649	1,122,706	8.0%	70.2%	68.6%
City Attorney's Office	650,598	703,130	8.1%	957,460	991,985	3.6%	68.0%	70.9%
Parks & Community Services	4,134,206	4,405,893	6.6%	5,889,784	6,048,645	2.7%	70.2%	72.8%
Public Works (Engineering)	2,624,936	2,532,648	-3.5%	3,643,248	3,578,878	-1.8%	72.0%	70.8%
Finance and Administration	2,367,335	2,540,434	7.3%	3,420,487	3,536,915	3.4%	69.2%	71.8%
Planning & Community Development	2,386,928	2,523,009	5.7%	4,105,866	3,381,197	-17.6%	58.1%	74.6%
Police	9,842,041	11,449,757	16.3%	14,236,955	14,689,726	3.2%	69.1%	77.9%
Fire & Building	11,912,338	12,429,176	4.3%	15,817,178	16,846,282	6.5%	75.3%	73.8%
Total Expenditures	37,762,735	41,254,673	9.2%	53,972,713	55,439,267	2.7%	70.0%	74.4%
Other Financing Uses:								
Interfund Transfers	375,230	345,094	-8.0%	705,360	1,181,658	67.5%	53.2%	29.2%
Total Other Financing Uses	375,230	345,094	-8.0%	705,360	1,181,658	67.5%	53.2%	29.2%
Total Expenditures & Other Uses	38,137,965	41,599,767	1.2%	54,678,073	56,620,925	3.6%	69.8%	73.5%

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

2008 expenditure budgets were higher than 2007 for most departments primarily due to higher personnel costs, including an unsettled labor contract from 2007 that settled in 2008. In addition to this general trend, specific highlights and budget to actual comparisons by selected departments are listed below:

- Actual 2008 expenditures for the **City Council** are **25.0 percent ahead** of the same period last year primarily due to the cost of a one-time citizen survey and changes to Council salaries and benefits.
- Actual 2008 expenditures for the **City Manager's Office** are **21.7 percent ahead** of the same period last year primarily due to the payment of NORCOM regional dispatch transition costs and higher personnel salaries and benefit costs.
- Actual 2008 expenditures for the **City Attorney's Office** are **8.1 percent ahead** of the same period last year primarily due to higher legal services contract expenses from an increased number of court calendars as well as higher personnel salaries and benefit costs.
- Actual 2008 expenditures for the **Parks & Community Services Department** are **6.6 percent ahead** of the same period last year primarily due to the timing of human service agency contract payments and higher personnel costs.

Compared to 2007, 2008 General Fund actual expenditures are tracking ahead of last year primarily due to higher personnel costs, settlement of a labor contract that included back-pay for 2007 in 2008, and timing of major projects.

(Continued on page 5)

Financial Management Report as of September 30, 2008

- Actual 2008 expenditures for the **Public Works Department** are **3.5 percent behind** the same period last year primarily due to position vacancies and the completion of the one-time Verizon fiber project inspection.
- Actual 2008 expenditures for the **Finance & Administration Department** are **7.3 percent ahead** of the same time last year primarily due to position vacancies in 2007 and higher personnel costs in 2008.
- Actual 2008 expenditures for the **Planning Department** are **5.7 percent ahead** of the same time last year primarily due to the timing of payments to ARCH (A Regional Coalition for Housing), an environmental impact review for a downtown shopping center, and despite position vacancies.
- Actual 2008 expenditures for the **Police Department** are **16.3 percent ahead** of the same period last year due primarily to higher personnel costs, back payment of 2007 wages as a result of a labor contract settlement, staffing vacancies in 2007, and higher jail costs.
- Actual 2008 expenditures for the **Fire & Building Department** are **4.3 percent ahead** of the same period last year largely due to the timing of Fire dispatch contract costs. While down slightly from the same period last year, fire operations overtime costs remain a concern.

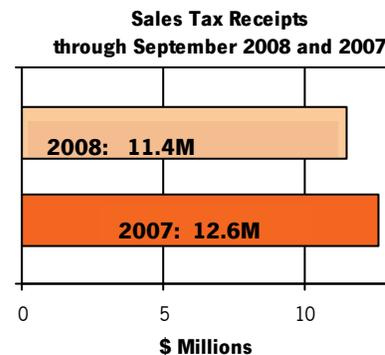


Kirkland Kid's Triathlon at Houghton Beach Park

Sales Tax Revenue Analysis 2008 actual revenue is down 9.3 percent compared to the same period last year primarily due to significant softening in contracting revenue, as well as declining revenue in key retail sectors. All business sectors except one are experiencing negative performance and revenue is almost \$1.2 million behind the same period in 2007. (See table on page 6).

Review by business sectors:

- The **contracting** sector is **down 14.7 percent** compared to the same period last year due to the completion of major projects and a general weakening in development activity. Although several large projects are currently underway, including the Google office complex, this activity hasn't replaced the level of activity occurring last year. An additional concern is whether any new projects are on the horizon to sustain the current level of activity.
- The **miscellaneous** sector is **down 29.3 percent** compared to last year primarily due to one-time revenue from an airplane lease received last year. Factoring out identified one-time events, this sector is about 5.4 percent behind the same period last year.
- The **auto/gas retail** sector is **down 6.9 percent** compared to the same period last year due to disappointing performance of key retailers and the loss of one retailer. In contrast, as of September 2007, this sector was more than \$290,000 ahead of the prior year.
- General merchandise/miscellaneous retail** is **down 7.0 percent** compared to the same period last year due to disappointing performance by key retailers.
- Wholesale** is **down 12.1 percent** compared to the same period last year primarily due to the difference in development-related purchases in 2008 compared to 2007.
- The **communications** sector is **down 20.1 percent** over the same period last year due to significant development activity in this sector last year and despite moderate growth in cellular phone services this year.
- Other retail declined 3.3 percent** compared to the same period last year due to the closure of two major retailers.
- The **services** sector performance is **down 2.3 percent** compared to the same period last year due to significant one-time development activity in 2007, the departure of a major bio-tech pharmaceutical research company, and despite the strength of the accommodations subsector. It should be noted that this sector is still experiencing development-related activity, just not consistently at the same level as last year.
- Retail eating/drinking** is the only sector with positive (although flat) performance, **up 0.3 percent** compared to the same period last year due to relatively stable results from several larger businesses as well as the collection of a past-due account from prior years.



Auto/ gas retail growth helped balance declines in development revenue in 2007, but is lagging throughout 2008.

Statewide, sales tax revenue is down largely due to slowing development and slumping automobile sales.

City of Kirkland Actual Sales Tax Receipts

Business Sector Group	January - September		Dollar Change	Percent Change	Percent of Total	
	2007	2008			2007	2008
Services	1,432,719	1,399,713	(33,006)	-2.3%	11.4%	12.2%
Contracting	2,296,010	1,958,942	(337,068)	-14.7%	18.2%	17.1%
Communications	492,836	393,896	(98,940)	-20.1%	3.9%	3.4%
Auto/Gas Retail	2,342,930	2,180,633	(162,297)	-6.9%	18.6%	19.1%
Gen Merch/Misc Retail	1,979,114	1,841,370	(137,744)	-7.0%	15.7%	16.1%
Retail Eating/Drinking	968,212	970,850	2,638	0.3%	7.7%	8.5%
Other Retail	1,380,704	1,335,290	(45,414)	-3.3%	11.0%	11.7%
Wholesale	840,237	738,527	(101,710)	-12.1%	6.7%	6.5%
Miscellaneous	866,763	612,884	(253,879)	-29.3%	6.8%	5.4%
Total	12,599,525	11,432,105	(1,167,420)	-9.3%	100.0%	100.0%

Kirkland's sales tax base is comprised of a variety of businesses which are grouped and analyzed by business sector (according to NAICS, or "North American Industry Classification System"). Nine business sector groupings are used to compare 2007 and 2008 year-to-date sales tax receipts in the table to the left.

Month	Sales Tax Receipts		Dollar Change	Percent Change
	2007	2008		
January	1,267,021	1,227,855	(39,166)	-3.1%
February	1,525,665	1,586,493	60,828	4.0%
March	1,154,890	1,112,704	(42,186)	-3.7%
April	1,604,395	1,085,739	(518,656)	-32.3%
May	1,496,755	1,367,777	(128,978)	-8.6%
June	1,422,662	1,073,094	(349,568)	-24.6%
July	1,428,250	1,253,751	(174,499)	-12.2%
August	1,253,921	1,388,993	135,072	10.8%
September	1,445,966	1,335,699	(110,267)	-7.6%
Total	12,599,525	11,432,105	-1,167,420	-9.3%

When analyzing monthly sales tax receipts, there are two items of special note: First, most businesses remit their sales tax collections to the Washington State Department of Revenue on a monthly basis. Small businesses only have to remit their sales tax collections either quarterly or annually, which can create anomalies when comparing the same month between two years. Second, for those businesses which remit sales tax monthly, there is a two month lag from the time that sales tax is collected to the time it is distributed to the City. For example, sales tax received by the City in September is for sales actually made in July. Monthly sales tax receipts through September 2007 and 2008 are compared in the table to the left.

- **February and August 2008 experienced the only positive monthly increases compared to the same month in the prior year since July 2007. However, August and April are both skewed by a significant adjustment to 2007 revenue (an overpayment received in April was credited in August). Normalized, the comparison for April is down about 22 percent and August is down about 5 percent compared to the same months in the prior year.**
- **Adjustments between May and June receipts also skew comparisons. Normalizing for the adjustments, May is down 14.9 percent compared to May 2007 and June is down 18 percent compared to June 2007.**

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

Totem Lake, which accounts for almost 32 percent of the total sales tax receipts, is **down 4.0 percent** compared to the same period last year primarily due to

the closure of two major retailers and the departure of a pharmaceutical research company, and declines in the auto/gas retail sector. Almost 60 percent of this business district's revenue comes from the auto/gas retail and general merchandise/miscellaneous retail sectors.

NE 85th Street, which accounts for 15 percent of the total sales tax receipts, is **down 9.9 percent** compared to the same period last year primarily due to the automotive/gas retail and general merchandise/miscellaneous retail. Almost 86 percent of this business district's revenue comes from these two business sectors.

Downtown, which accounts for almost 8 percent of the total sales tax receipts, is **up 5.6 percent** compared to the same period last year primarily due to moderately strong performance in the retail eating/drinking and accommodations sectors, which provide 42 per-

cent of this business district's revenue as well as strong performance as a result of a new firm in the business services sector.

Carillon Point & Yarrow Bay, which accounts for almost 3 percent of the total sales tax receipts, is **down 11.4 percent** compared to the same period last year primarily due to poor performance from major software companies and retail eating/drinking and despite strong performance in the accommodations sector. Over 77 percent of this business district's revenue comes from business services, retail eating/drinking and hotels.

Houghton & Bridle Trails, which accounts for over 3 percent of the total sales tax receipts, is **down 13.3 percent** compared to the same period last year almost entirely due to miscellaneous retail, which provides about 45 percent of these business districts' revenue.

Juanita, which accounts for 2 percent of the total sales tax receipts, is **up 5.5 percent** compared to the same period last year primarily due a the retail eating/drinking sector, which provides over 40 percent of this business district's revenue.

When reviewing sales tax receipts by business district, it's important to point out that almost 40 percent of the revenue received in 2008 is in the "unassigned or no district" category largely due to contracting revenue (which has declined compared to last year), and increasing revenue from Internet, catalog sales and other businesses located outside of the City.

City of Kirkland Sales Tax by Business District

Business District	Jan - Sep Receipts		Dollar Change	Percent Change	Percent of Total	
	2007	2008			2007	2008
Totem Lake	3,761,452	3,609,713	(151,739)	-4.0%	29.9%	31.6%
NE 85th St	1,905,833	1,716,579	(189,254)	-9.9%	15.1%	15.0%
Downtown	831,446	878,300	46,854	5.6%	6.6%	7.7%
Carillon Pt & Yarrow Bay	346,193	306,722	(39,471)	-11.4%	2.7%	2.7%
Houghton & Bridle Trails	467,720	405,595	(62,125)	-13.3%	3.7%	3.5%
Juanita	214,691	226,506	11,815	5.5%	1.7%	2.0%
Unassigned or No District:						
Contracting	2,296,010	1,958,930	(337,080)	-14.7%	18.2%	17.1%
Other	2,776,180	2,329,760	(446,420)	-16.1%	23.8%	22.4%
Total	12,599,525	11,432,105	(1,167,420)	-9.3%	100.0%	100.0%

Sales Tax Revenue Outlook Third quarter sales tax performance continues the negative trend for the year and demonstrates the volatility inherent in sales tax revenue. The disappointing performance in the retail sectors so far this year, especially automotive/gas retail and general merchandise/miscellaneous retail are concerning since these sectors represent the majority of the "ongoing" revenues in contrast with development activity, which is more one-time in nature. Declining retail sales tax revenue along with weakening development activity are threatening the City's ability to maintain existing services in the near future as well as deepening the budget gap for the upcoming biennium. Additional risks include the opening of Costco stores in Redmond and Bellevue by the end of 2009 and the plan for a major automobile dealership to relocate their sales activities outside the City limits. Potential opportunities include redevelopment of major retail centers, such as Totem Lake Mall and Park Place. However, even if these projects proceed, they will not be completed for some time. As a result, their ability to overcome the current risks is limited.

On a national level, the recent crises in the financial and insurance industries and the resulting rescue plan add to economic uncertainties, which could negatively impact the local economy. Washington has fared better than the rest of the country so far, but the significant economic events of the last several weeks will likely impact the economy for years to come. They also could permanently alter consumer spending habits and temporarily diminish the availability of financing for large projects as well.

OFFICE VACANCIES:

The Eastside vacancy rate remains low at 10.5 percent and Kirkland's rate is 7.8 percent as of the third quarter of 2008 according to CB Richard Ellis Real Estate Services. However, the third quarter saw the region's office market record the largest negative absorption in six years. JP Morgan's acquisition of Washington Mutual and Safeco becoming a subsidiary of Liberty Mutual add to the uncertainty for the local market.

LODGING TAX REVENUE:

Lodging tax 2008 revenue is up 24.3 percent compared to the same period last year due to overall strong performance in the accommodations industry as well as the new hotel, which opened downtown in late 2007.

Economic Environment Update The national economic crisis is creating uncertainty in the local economy. The largest bank failure in U.S. history occurred when Washington Mutual collapsed and was acquired by J.P. Morgan Chase. Alaska Airlines and Weyerhaeuser are both eliminating 1,000 jobs each in the near future. However, local employment levels still remain strong with almost 130,000 jobs added in the Seattle-Tacoma metropolitan area since January 2005. The unemployment rate in King County is 4.3 percent as of August 2008, well below the national and Washington State average of 6.1 and 5.7 percent respectively. The full impact of the recent economic events on employment is not apparent from the current employment statistics.

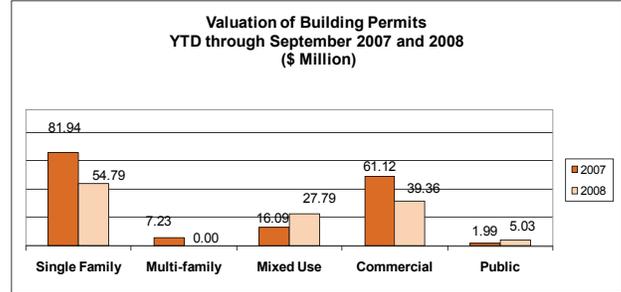
The Puget Sound office market is facing a period of uncertainty with the recent acquisition of Washington Mutual and Safeco by outside corporations. However, there are companies like Microsoft and Amazon which continue major expansions. Amazon is building a 1.6 million square foot headquarters in the South Lake Union area of Seattle and Microsoft is expanding their Redmond campus and occupying significant space in downtown Bellevue.

In response to the national economic situation and the local Boeing strike, the September Western Washington purchasing managers survey monthly index plummeted 17.5 points to 48.3. The national index also dropped to 43.5. (It should be noted that a score of more than 50 points signals an expanding economy, while a score of less than 50 points indicates a shrinking economy.)

As mentioned in the sales tax analysis, significant risks from business changes and slowing development activity could pose a financial challenge in the near future for the City.

Economic Environment Update *continued*

Local **development activity** comparing 2008 to 2007 as measured by the valuation of City of Kirkland building permits is illustrated in the chart to the right. Activity has dropped considerably—especially in the single family and multi-family sectors. The only positive growth in 2008 is in the mixed-use category due to two large complexes under development. Concerns about the slowing local real estate market and tight credit could have a significant impact on development activity in 2009.



While prices continue a yearlong decline, the number of pending home sales in King County increased in September for the first time since the slump began last year. Even still, sales of **new and existing single-family homes** on the Eastside are down 16.6 percent in September 2008 compared with a year earlier and prices declined 9.8 percent for closed sales compared to the same month last year. The median price of a single family home in June was \$550,000—down from \$610,000 in September 2007. Eastside condominium prices actually edged up 0.3 percent compared to the same month last year from \$308,950 to \$310,000; although sales were down 44.6 percent.

Seattle metro CPI continues to track higher than the national average (6.2 percent compared to the national average of 5.9 percent as of August). The June 2008 CPI-W was 6.19 percent, which was higher than anticipated, creating additional budget concerns given that it is the measure referenced in City labor contracts for City employee cost of living adjustments (COLA).

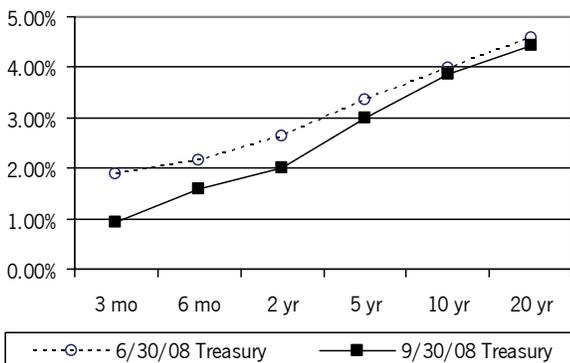
Investment Report

MARKET OVERVIEW

The market experienced unprecedented volatility near the end of the third quarter and the beginning of the fourth quarter including long standing institutions entering into bankruptcy (Lehman Brothers) or being sold (Washington Mutual) and Fannie Mae and Freddie Mac entering into conservatorship with the Federal Housing Finance Agency. To help stabilize the markets, the Federal Government has provided a tremendous supply of liquidity to the market. During this quarter the Fed Funds rate remained level at 2.00 percent for the third quarter and then dropped to 1.50 percent following the close of the quarter on October 8, 2008. The yield curve dropped during the quarter with short term rates dropping below 1 percent as can be seen in the accompanying graph.

The primary objectives for the City of Kirkland’s investment activities are: legality, safety, liquidity and yield. Additionally, the City diversifies its investments according to established maximum allowable exposure limits so that reliance on any one issuer will not place an undue financial burden on the City. The value of the City’s portfolio decreased approximately 4 percent in the third quarter of 2008. The portfolio’s value changed from \$105.6 million on June 30, 2008 to \$101.3 million on September 30, 2008.

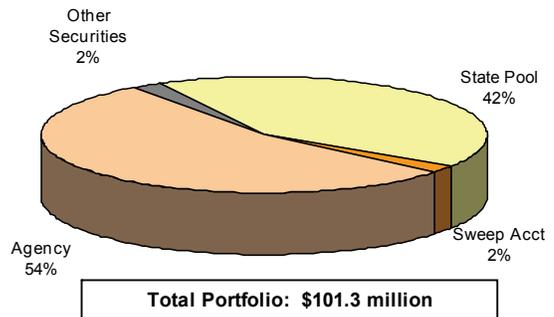
Treasury Yield Curve



CITY PORTFOLIO

It is the policy of the City of Kirkland to invest public funds in a manner which provides the highest investment return with maximum security while meeting the City’s daily cash flow requirements and conforming to all Washington state statutes governing the investment of public funds.

Investments by Category



DIVERSIFICATION

The City’s current investment portfolio is composed of Government Agency bonds, State and Local Government bonds, the State Investment Pool and an overnight bank sweep account. As noted earlier, Fannie Mae and Freddie Mac, two of the Government Sponsored Enterprises (GSEs), entered into conservatorship with the Federal Housing Finance Agency on September 7, 2008. This move, along with actions from the U.S. Treasury has enhanced the creditworthiness of these two GSEs. Additionally, on September 7, 2008, Standard & Poor’s Ratings Services affirmed its long-term ‘AAA’ senior unsecured debt ratings on Fannie Mae and Freddie Mac based on the explicit government support under the terms of the conservatorship and the U.S. Treasury’s establishment of a preferred stock purchase agreement. These moves help reinforce the Federal Government’s support of these agencies.

Investment Report *continued*

2008 ECONOMIC OUTLOOK and INVESTMENT STRATEGY

Growth in U.S. real output over the next few quarters looks slower now than it did just three months ago, according to 47 forecasters surveyed by the Federal Reserve Bank of Philadelphia. GDP growth for 2008 is now expected to be 1.2 percent, down from earlier forecasts of 1.7 percent. 2009 GDP growth is expected to be 1.5 percent. Core inflation for 2008 is expected to be 2.2 percent. The unemployment rate is expected to average 5.4 percent for 2008 and 6.0 percent for 2009. This is up from earlier estimates of 5.1 percent unemployment for 2008. The Fed Funds rate, currently at 1.5 percent as of October 8, 2008, is expected to drop further to 1.25 percent at the October 28-29 meeting.

While investment yield opportunities are limited during this period of low interest rates, the portfolio duration will move closer to the target range as the currently owned securities mature and are called. Additionally, investments maturing two years or less will be purchased in order to help bring the portfolio duration within target. Total investment income for 2008 is estimated to be \$4.5 million.

LIQUIDITY

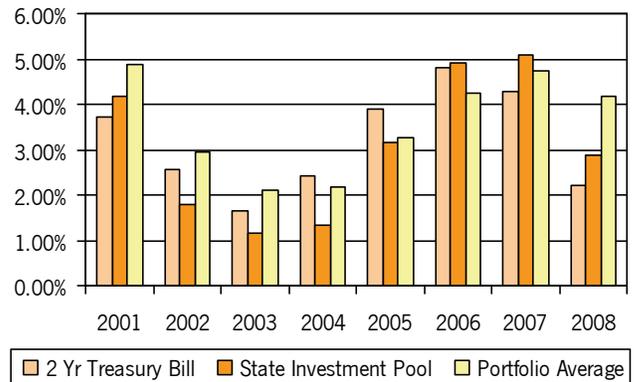
The target duration for the City's portfolio is based on the 2-year treasury rate which decreased from 2.63 percent on June 30, 2008 to 2.00 percent on September 30, 2008. The average maturity of the City's investment portfolio decreased from 2.08 years to 1.82 years during this same period. The duration is above the target due to the purchase of longer term securities to lock in higher yields. It is expected that the portfolio duration will become shorter as those securities are called. It is likely that they will be called since interest rates have declined significantly from the time that those securities were purchased.

YIELD

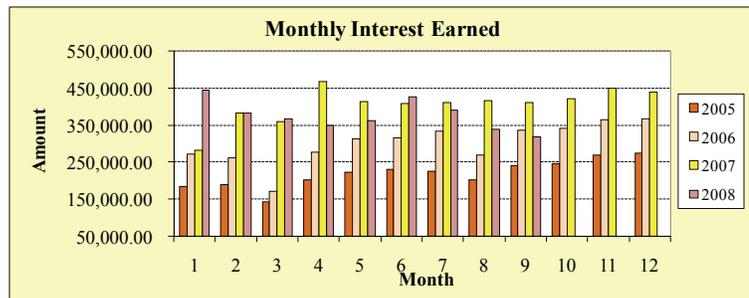
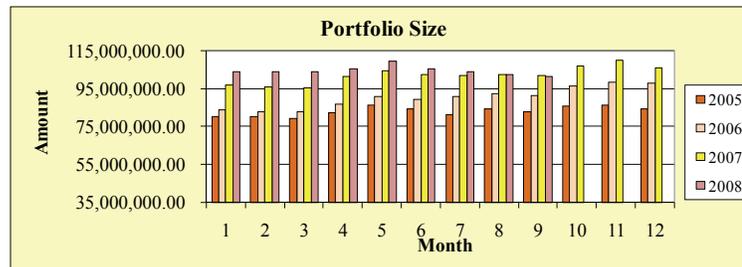
The City portfolio's yield to maturity decreased from 3.98 percent on June 30, 2008 to 3.76 percent on September 30, 2008. Through September 30, 2008, the City's annual average yield to maturity was 4.16 percent, which exceeded the performance of the State Investment Pool whose annual average yield to maturity was 2.86 percent and above the 2-year Treasury note annual average for 2008 at 2.21 percent.

Benchmark Comparison	June 30, 2008	Sept. 30, 2008
City Yield to Maturity (YTM)	3.98%	3.76%
City Annual Average YTM	4.29%	4.16%
City Year to Date Cash Yield	4.66%	4.66%
State Pool Average Yield	3.12%	2.86%
2 yr Treasury Note Avg YTM	2.17%	2.21%

Investment Interest Rate Comparisons



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



Reserve Summary

General Operating Reserve

For the City's "Rainy Day" fund, the target is established by fiscal policy at five percent of the operating budget (excluding utility and internal service funds). Each year, the target amount will change proportional to the change in the operating budget. To maintain full funding, the increment between five percent of the previous year's budget and the current budget would be added or subtracted utilizing interest income and year-end transfers from the General Fund. It is a reserve to be used for unforeseen revenue losses and other temporary events. If the reserve is utilized by the City Council, the authorization should be accompanied by a plan for replenishing the reserve within a two to three year period.

Revenue Stabilization Reserve

The Revenue Stabilization Reserve was approved by Council in July 2003 and was created by segregating a portion of the General Operating Reserve. The purpose of this reserve is to provide an easy mechanism to tap reserves to address temporary revenue shortfalls resulting from temporary circumstances (e.g. economic cycles, weather-related fluctuations in revenue). Council set the target at ten percent of selected General Fund revenue sources which are subject to volatility (e.g. sales tax, development fees and utility taxes). The Revenue Stabilization Reserve may be used in its entirety; however, replenishing the reserve will constitute the first priority for use of year-end transfers from the General Fund.

Contingency Fund

The Contingency Fund was established pursuant to RCW 35A.33.145 to "provide monies with which to meet any municipal expense, the necessity or extent of which could not have been foreseen or reasonably evaluated at the time of adopting the annual budget." State law sets the maximum balance in the fund at \$.375 per \$1,000 of assessed valuation. This reserve would be used to address unforeseen expenditures (as opposed to revenue shortfalls addressed by the Revenue Stabilization Reserve). The fund can be replenished through interest earnings up to the maximum balance or through the year-end transfer if needed.

Reserves are an important indicator of the City's fiscal health. They effectively represent "savings accounts" that are established to meet unforeseen budgetary needs (general purpose reserves) or are otherwise dedicated to a specific purpose (special purpose reserves). The City's reserves are listed with their revised estimated balances at the end of the biennium in the table below:

Reserves	2007-08 Est End Balance	2007 Auth. Uses	2008 Auth. Uses	Revised 2007-08 End Balance
GENERAL PURPOSE RESERVES				
Contingency	3,193,826	365,936	250,339	2,577,551
General Capital Contingency	3,312,834		43,000	3,269,834
Park & Municipal Reserve:				
General Oper. Reserve (Rainy Day)	2,712,836			2,712,836
Revenue Stabilization Reserve	2,082,380			2,082,380
Building & Property Reserve	1,921,002	10,000		1,911,002
Council Special Projects Reserve	309,960	33,000	5,000	271,960
Total General Purpose Reserves	13,532,838	408,936	298,339	12,825,563
SPECIAL PURPOSE RESERVES				
Excise Tax Capital Improvement:				
REET 1	6,673,678	796,394		5,877,284
REET 2	6,067,898		35,000	6,032,898
Equipment Rental:				
Vehicle Reserve	5,907,138			5,907,138
Radio Reserve	36,000			36,000
Information Technology:				
PC Replacement Reserve	453,670			453,670
Major Systems Replacement Reserve	666,500			666,500
Facilities Maintenance:				
Operating Reserve	550,000			550,000
Facilities Sinking Fund	1,439,951			1,439,951
Impact Fees				
Roads	1,984,145			1,984,145
Parks	920,086			920,086
Park Bond Reserve	502,916			502,916
Cemetery Improvement	476,401			476,401
Off-Street Parking	29,564			29,564
Tour Dock	73,211			73,211
Street Improvement	1,121,498	161,100		960,398
Firefighter's Pension	1,359,860			1,359,860
Park & Municipal Reserve:				
Litigation Reserve	20,004			20,004
Labor Relations Reserve	51,255			51,255
Police Equipment Reserve	26,519			26,519
LEOFF 1 Police Reserve	625,754			625,754
Facilities Expansion Reserve	800,000			800,000
Development Services Reserve	1,290,831			1,290,831
Tree Ordinance	13,750			13,750
Donation Accounts	143,859			143,859
Revolving Accounts	148,606			148,606
Water/Sewer Operating Reserve	1,511,245		52,106	1,459,139
Water/Sewer Debt Service Reserve	820,155			820,155
Water/Sewer Capital Contingency	1,703,640	500,200	180,000	1,023,440
Water/Sewer Construction Reserve	8,738,358	835,000		7,903,358
Surface Water Operating Reserve	320,299			320,299
Surface Water Capital Contingency	876,760	202,000	195,400	479,360
Surface Water-Transp. Related Rsv	1,417,365	236,000		1,181,365
Surface Water Construction Reserve	1,240,563			1,240,563
Total Special Purpose Reserves	48,011,479	2,730,694	462,506	44,818,279
Grand Total	61,544,317	3,139,630	760,845	57,643,842

No Council Authorized Additions as of September 30, 2008.

Reserve Summary *continued***USES AND ADDITIONS HIGHLIGHTS**

RESERVE	AMOUNT	DESCRIPTION
2008 Council Authorized Uses		
Contingency Fund	\$250,339	Funding to completely pay the outstanding amount of leasehold excise tax credit to the Washington State Department of Revenue. The balance was the result of a refund in 2008 of the overpayment over the last three years by Evergreen Hospital.
General Capital Contingency	\$43,000	Additional funding for the NE 73rd Street Sidewalk project as a result of utilizing Low Impact Development (LID) approach - primarily added landscaping costs.
Council Special Projects Reserve	\$5,000	Funding for 2008 membership dues to the Cascade Land Conservancy to become a Cascade Agenda Leadership City.
Real Estate Excise Tax (REET) 2 Reserve	\$35,000	Funding for the Crosswalk upgrade program - NE 120th Place near the Casa Juanita Apartments.
Water/Sewer Operating Reserve	\$39,106	Funding for the emergency repair of a watermain leak on NE 85 th Street.
	\$13,000	Funding for the Lake Washington sewer basin smoke testing.
Water/Sewer Capital Contingency	\$180,000	Additional funding for the NE 73rd Street Sidewalk project for a watermain replacement and associated street overlay.
Surface Water Capital Contingency	\$158,500	Additional funding for the Juanita Creek Channel Enhancement project.
	\$36,900	Additional funding for the NE 126th Street/94th Avenue NE Channel Restoration project.

2008 Council Authorized Additions

No Council Authorized Additions as of September 30, 2008.

The summary in the section above details all Council authorized uses and additions to each reserve

Reserves	Revised 2007-08 End Balance	2007-08 Target	Over (Under) Target
GENERAL PURPOSE RESERVES			
Contingency	2,577,551	3,698,455	(1,120,904)
General Capital Contingency	3,269,834	5,822,280	(2,552,446)
Park & Municipal Reserve:			
General Oper. Reserve (Rainy Day)	2,712,836	3,134,779	(421,943)
Revenue Stabilization Reserve	2,082,380	2,143,422	(61,042)
Council Special Projects Reserve	271,960	250,000	21,960
General Purpose Reserves with Targets	10,914,561	15,048,936	(4,134,375)
SPECIAL PURPOSE RESERVES			
Excise Tax Capital Improvement:			
REET 1	5,877,284	1,435,000	4,442,284
REET 2	6,032,898	4,959,200	1,073,698
Information Technology:			
Major Systems Replacement Reserve	666,500	1,025,000	(358,500)
Firefighter's Pension	1,359,860	1,103,000	256,860
Park & Municipal Reserve:			
Litigation Reserve	20,004	50,000	(29,996)
LEOFF 1 Police Reserve	625,754	855,000	(229,246)
Development Services Reserve	1,290,831	1,290,831	0
Water/Sewer Operating Reserve	1,459,139	1,511,245	(52,106)
Water/Sewer Debt Service Reserve	820,155	820,155	0
Water/Sewer Capital Contingency	1,023,440	1,703,640	(680,200)
Surface Water Operating Reserve	320,299	320,299	0
Surface Water Capital Contingency	479,360	876,760	(397,400)
Special Purpose Reserves with Targets	19,975,524	15,950,130	4,025,394
Reserves without Targets	26,753,757	n/a	n/a
Total Reserves	57,643,842	n/a	n/a

The table to the left compares the revised ending balance to the targets established in the budget process .



123 5th Avenue

Kirkland, Washington 98033

425-587-3101

- ◆ Tracey Dunlap, Director of Finance & Administration
- ◆ Michael Olson, Deputy Director of Finance & Administration
- ◆ Sandi Hines, Financial Planning Manager
- ◆ Sri Krishnan, Senior Financial Analyst
- ◆ Neil Kruse, Budget Analyst

www.ci.kirkland.wa.us

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

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

Economic Environment Update References:

- Jon Talton, *The week that changed Seattle's economy*, The Seattle Times, September 28, 2008
- *Purchasing manager optimism falls in Western Washington*, Puget Sound Business Journal, October 7, 2008
- Eric Pryne, *King County home prices slide again, but more people are buying.*, The Seattle Times, October 7, 2008
- CB Richard Ellis Real Estate Services, Market View Puget Sound, Third Quarter 2008
- Washington State Employment Security Department
- Washington State Department of Revenue
- Washington State Department of Labor & Industries
- U.S. Bureau of Labor Statistics
- City of Kirkland Building Division
- City of Kirkland Finance Department

**CITY OF KIRKLAND****Department of Public Works**

123 Fifth Avenue, Kirkland, WA 98033 425.587.3800

www.ci.kirkland.wa.us

To: Dave Ramsay, City Manager

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

Date: February 5, 2009

Subject: SR 520 TOLLING IMPLEMENTATION REPORT

RECOMMENDATION:

It is recommended that the City Council review the following information. Mr. Charlie Howard of the Puget Sound Regional Council is scheduled to give a presentation at the February 17, 2009 Council meeting.

BACKGROUND DISCUSSION:

In 2008, the State Legislature directed the formation of a 520 Tolling Implementation Committee. The committee is charged with evaluating tolling for financing the 520 Bridge Replacement and HOV Project, engaging citizens and regional leadership in the evaluation, enhancing understanding of tolling alternatives and reporting to the governor and state legislature. Tolling is seen as an integral part of funding for any construction alternative; the Legislature asked for an evaluation of toll scenarios that could produce \$1.5 to \$2.0 billion in financing.. The Committee's report (Attachment 1) was completed and submitted to the legislature on January 28, 2009. The www.build520.org website has additional information about the Committee's efforts including technical appendices to the final report.

The following information is from the report's executive summary:

Overall Findings From Public Engagement

- Generally, people support tolling, and support tolling the existing 520 bridge in 2010 (59 percent in web survey and 64 percent in phone survey).
- The phone survey showed that most people support the idea of tolling I-90 in addition to 520, although most users of I-90—in particular Mercer Island residents—are opposed to this concept. Support increases among I-90 users if toll revenue is used for I-90 improvements.

- Among those who support tolling, variable tolling is also supported as a way to reduce congestion and improve traffic conditions. Those who oppose the overall concept of tolling also oppose variable tolling.
- Electronic tolling is also supported. Most people appear to understand the connection between electronic tolling (no toll booths needed) and improving traffic flow. Some did ask questions about logistics associated with electronic tolling.

Overall findings from Scenario Analysis

Financial capacity

- The toll scenarios examined raise between \$522 million and \$2,457 million in corridor funding from tolls. The most a 520-only scenario raised was \$1.5 billion. Most scenarios that toll both 520 and I-90 raised more than \$2.0 billion.
- Only one 520-only scenario met the low end of the Legislative target (\$1.5 billion). All two-bridge scenarios (520 and I-90) met the Legislative target and four of five scenarios exceeded the high end (\$2.0 billion).

Begin tolling in 2010 vs. 2016

- Tolling 520 in 2010 raises more funds and may reduce the cost of borrowing compared to tolling 520 in 2016.
- Tolling starting in 2010 enables use of \$154 million in federal funds from the USDOT Urban Partnership Agreement. There would be \$86 million available for tolling and active traffic management infrastructure. An additional \$41 million would be used to buy transit coaches in the corridor. \$27 million would be available in funds for ferries.

Traffic conditions with tolling

- When tolls are in place, volumes go down and speeds improve on the tolled facility.
- If tolls are placed on both bridges, traffic volumes go down and speeds improve on both bridges.
- Speeds decrease on alternate routes. This decrease, however, is less than the speed improvements on the tolled routes.

Diversion due to tolls

- People may change their travel choices to take transit, carpool, or vanpool; shift the time of day of their trip; or change their destination.
- Some people do change their route, but the overall effect of those route changes tends to be distributed across the transportation system.
- Diversion is reduced by existing congestion levels, limited alternate routes and resulting lack of time savings from using another route.

Mitigation Recommendations

ESHB 3096 requested the Committee recommend mitigation measures associated with potential diversion resulting from tolling. The Committee is recommending a two-part approach.

In Part 1, keeping traffic on 520 is the priority. The intent is to manage toll levels to keep people on the 520 bridge while also meeting revenue expectations. This can be accomplished through variable tolling, identifying funds to provide transit service and working with employers to reduce congestion. Ultimately, the new 520 bridge, with its expanded capacity, will keep traffic on 520.

Part 2 includes recommendations targeted to the five locations most likely affected by potential diversion (522, I-90, I-405, I-5 and the University area) as found in traffic diversion analysis. Mitigation measures could include system-wide instrumentation and traffic monitoring, electronic driver information signs (particularly for the 522 corridor), advanced traffic technology, transit expansion and coordination for new service, and related projects such as new or expanded park-and-rides.

Kirkland's Tolling Policy

Last May, the Kirkland City Council adopted the following policy on Roadway Pricing. This policy was reported to the tolling committee representatives when they visited with Kirkland early in their process.

City of Kirkland Roadway Pricing Policy Statement
May 20, 2008

The City of Kirkland generally supports roadway pricing.

Roadway pricing appears to be an effective tool for better managing our transportation system while at the same time being able to generate some additional revenue to leverage against existing revenue sources. We support early tolling of SR 520, tolling of I-90 when SR 520 is tolled and implementation of HOT¹ lane systems on I-405. Our support assumes that potential impacts to Kirkland are considered before and addressed after implementation of any such roadway pricing program.

Revenues from pricing may be used for a variety of purposes, but there must be a reasonable nexus between collection and spending.

Revenue need not be confined to paying the capital costs for construction of the facility where it was collected. Besides funding construction, examples of reasonable uses for pricing revenue include: transit service on the priced or parallel facilities, mitigation of pricing impacts like diversion onto non-priced routes and operations/maintenance of the priced facility. Pricing revenues should supplement not supplant current revenue sources.

Pricing for management must have clear objectives.

Pricing can be optimized to meet various objectives such as maximizing revenue, maximizing person trips or minimizing vehicle miles of travel. The objective for pricing will vary depending on the system being priced. This objective will typically be set by the agency operating the priced facility. However, prior to implementation of pricing, it is important that impacted jurisdictions have an opportunity to comment on the pricing objective.

Any pricing efforts must include careful consideration of potential negative impacts.

Before pricing is implemented funding should be designated to mitigate impacts from pricing. A comprehensive system of measurements should be made before and after pricing is implemented to evaluate its impacts especially with regard to traffic diversion. This is particularly important when considering early tolling of SR 520. In order to minimize negative impacts of pricing, choices such as high quality transit must be provided on priced corridors. Predictable and reasonable tolls will also help to minimize negative impacts.

It is important to consider the needs of low income users of priced facilities.

Experience from other parts of the county show that low income users are supportive of pricing systems such as HOT lanes both before and after such systems are implemented. With electronic tolling it is relatively easy to reduce the cost of pricing to individual users through subsidies. Low income users may benefit most from viable alternatives to pricing such as high quality transit.

¹ High Occupancy Toll (HOT) lanes – combine HOV and pricing strategies by allowing single occupancy vehicles to gain access to HOV lanes by paying a toll. The lanes are “managed” through pricing to maintain free flow conditions. HOT lanes are in operation now on SR 167.



520 Tolling Implementation Committee

**Tolling Report Prepared for the
Washington State Legislature
January 28, 2009**



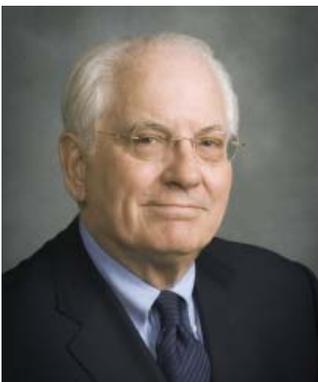
This report is submitted in compliance with ESHB 3096, as approved by the 2008 Washington State Legislature.



Bob Drewel,
Executive Director, Puget Sound Regional Council



Paula Hammond,
Washington State Secretary of Transportation



Richard "Dick" Ford,
Washington State Transportation Commission

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January 28, 2009

To: Governor Chris Gregoire
Members of the Washington State Legislature

It is our pleasure to submit the 520 Tolling Implementation Committee's report, in accordance with ESHB 3096 as approved by the 2008 Washington State Legislature. The Committee was charged with evaluating tolls as a means of financing a portion of the 520 Bridge Replacement and HOV Program, engaging citizens and local and regional leadership in the evaluation, enhancing understanding of tolling alternatives, and reporting to the Governor and Legislature in 2009. The Committee also was charged with recommending potential mitigation measures for diversion resulting from tolls.

The Committee and its staff developed and evaluated ten scenarios with tolls on 520 or on both 520 and I-90. Four were presented to the public in the summer. Based upon the feedback received, six new scenarios were conceived, analyzed and brought back for public review in the fall.

Extensive efforts were made to reach a broad range of people, through public meetings, online opportunities and face-to-face discussions with local elected leaders from around Lake Washington. 16,000 people visited our website, build520.org, hundreds attended our open houses and thousands submitted written comments and petition signatures. More than 7,800 people took our web survey and another 1,200 participated in a random sample telephone survey. We also conferred with more than 20 local jurisdictions and spoke to civic and citizen groups.

We found great interest in the subject of funding the 520 project with tolls. Major findings include:

- Support for tolling as a way to help fund the bridge replacement.
- Support for the idea of variable tolling in which tolls vary by time of day.
- Support for full electronic tolling with transponders and no toll booths.
- Support for tolling the existing 520 bridge in 2010 when construction begins.
- Majority support for tolling I-90 in addition to 520, but strong opposition from I-90 users.

Overall findings from the scenario analysis include:

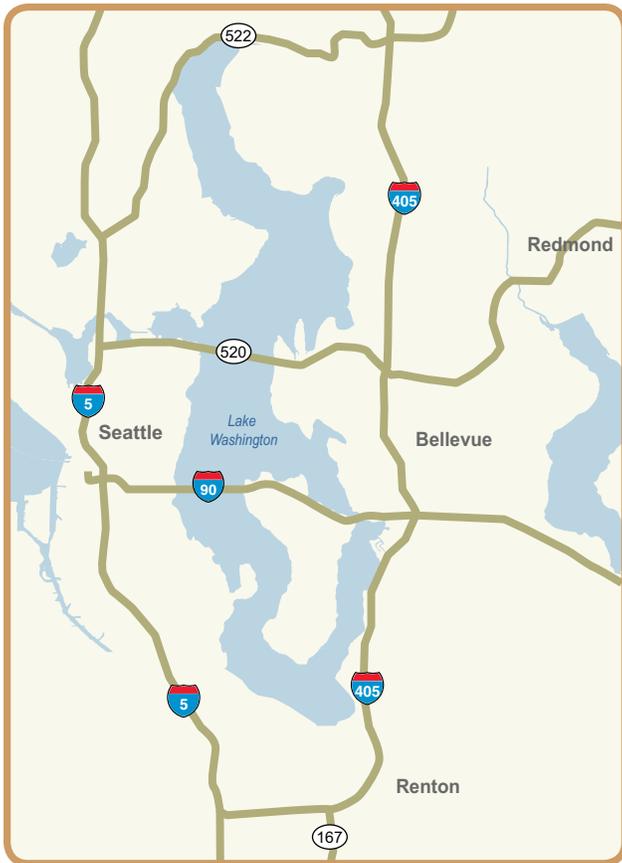
- Toll scenarios raised between \$522 million and \$2,457 million in bridge funding.
- Tolling 520 in 2010 raises more funds and reduces the cost of borrowing compared to tolling in 2016.
- When tolls are in place, traffic volumes decrease and speeds improve on tolled facilities.
- When tolls are in place, some people choose a new route, change the time of their trip, take transit or carpool or change their destination to not cross Lake Washington.

The Committee also was asked to evaluate traffic diversion and make mitigation recommendations, evaluate tolling technologies and new applications of advanced traffic technologies, and explore opportunities to partner with the business community. These and all other findings are included in this report or in the detailed appendices that can be found on the build520.org website. For questions about the report, please contact David Hopkins at WSDOT by calling 206-464-1194 or e-mailing him at hopkida@wsdot.wa.gov.

We especially would like to thank the thousands of people who participated in the process and the local jurisdiction leaders and staff who were instrumental in the success of this effort. We also thank you for giving us this task and stand ready to assist you in any way in your discussions regarding tolling.

Bob Drewel, Executive Director, Puget Sound Regional Council
Paula Hammond, Washington State Secretary of Transportation
Richard "Dick" Ford, Washington State Transportation Commission

executive summary



Lake Washington and surrounding highways

The 520 Tolling Implementation Committee was created by the Washington State Legislature in 2008 to evaluate tolls as a means of financing a portion of the 520 Bridge Replacement and HOV Program, engage citizens and regional leadership in the evaluation, enhance understanding of tolling alternatives, and report to the Governor and Legislature in 2009.

The existing State Route 520 bridge structures across Lake Washington and Portage Bay are vulnerable to earthquakes and windstorms and need to be replaced. In 2008, the Legislature asked for an evaluation of toll scenarios that could produce \$1.5 to \$2.0 billion in financing.

The Committee and its staff developed and evaluated ten scenarios with tolls on 520 or tolls on both 520 and I-90. The Committee initially evaluated four scenarios, and collected extensive public and local jurisdictional input on those results. That input helped staff develop an additional six scenarios for evaluation. The Committee then re-engaged the public and local jurisdictions with results for all ten scenarios. It now reports all findings to the Governor and Legislature.

Overall Findings From Public Engagement

As requested by the Legislature, the Committee and its staff led a public outreach and input-gathering effort in conjunction with the tolling analysis and evaluation process. Thousands of people participated directly by attending Committee meetings or public open houses, visiting the website, taking part in a web survey or writing to the Committee. A random sample, statistically-valid telephone survey was also conducted. Committee members and staff met regularly with jurisdictions, technical staff and other stakeholder groups to understand their concerns and aspirations related to tolling. The Committee found the following:

- Generally, people support tolling, and support tolling the existing 520 bridge in 2010 (59 percent in web survey and 64 percent in phone survey).
- The phone survey showed that most people support the idea of tolling I-90 in addition to 520, although most users of I-90—in particular Mercer Island residents—are opposed to this concept. Support increases among I-90 users if toll revenue is used for I-90 improvements.
- Among those who support tolling, variable tolling is also supported as a way to reduce congestion and improve traffic conditions. Those who oppose the overall concept of tolling also oppose variable tolling.
- Electronic tolling is also supported. Most people appear to understand the connection between electronic tolling (no toll booths needed) and improving traffic flow. Some did ask questions about logistics associated with electronic tolling.



The Committee aimed to provide guidance on a key question: *“How can funding be secured for the new 520 bridge under the best terms for taxpayers, bridge users and adjacent communities?”*

Overall Findings from Scenario Analysis

Financial capacity

- The toll scenarios examined raise between \$522 million and \$2,457 million in corridor funding from tolls. The most a 520-only scenario raised was \$1.5 billion. Most scenarios that toll both 520 and I-90 raised more than \$2.0 billion.
- Only one 520-only scenario met the low end of the Legislative target (\$1.5 billion).
- All two-bridge scenarios (520 and I-90) met the Legislative target and four of five scenarios exceeded the high end (\$2.0 billion).

Begin tolling in 2010 vs. 2016

- Tolling 520 in 2010 raises more funds and may reduce the cost of borrowing compared to tolling 520 in 2016.
- Tolling starting in 2010 enables use of \$154 million in federal funds from the USDOT Urban Partnership Agreement. There would be \$86 million available for tolling and active traffic management infrastructure. An additional \$41 million would be used to buy transit coaches in the corridor. \$27 million would be available in funds for ferries.

Traffic conditions with tolling

- When tolls are in place, volumes go down and speeds improve on the tolled facility.
- If tolls are placed on both bridges, traffic volumes go down and speeds improve on both bridges.
- Speeds decrease on alternate routes. This decrease, however, is less than the speed improvements on the tolled routes.

Diversion due to tolls

- People may change their travel choices to take transit, carpool, or vanpool; shift the time of day of their trip; or change their destination.
- Some people do change their route, but the overall effect of those route changes tends to be distributed across the transportation system.
- Diversion is reduced by existing congestion levels, limited alternate routes and resulting lack of time savings from using another route.

In addition to these findings, the Committee is also providing the Legislature with requested research into advanced tolling technologies; new technologies

for managing traffic; opportunities to partner with businesses; and potential traffic mitigation opportunities. Appendices listed below contain additional details and analysis for all topics and are available on disk and on the Committee's website (build520.org).

Mitigation Recommendations

ESHB 3096 requested the Committee recommend mitigation measures associated with potential diversion resulting from tolling. The Committee is recommending a two-part approach.

In Part 1, keeping traffic on 520 is the priority. The intent is to manage toll levels to keep people on the 520 bridge while also meeting revenue expectations. This can be accomplished through variable tolling, identifying funds to provide transit service and working with employers to reduce congestion. Ultimately, the new 520 bridge, with its expanded capacity, will keep traffic on 520.

Part 2 includes recommendations targeted to the five locations most likely affected by potential diversion (522, I-90, I-405, I-5 and the University area) as found in traffic diversion analysis. Mitigation measures could include system-wide instrumentation and traffic monitoring, electronic driver information signs (particularly for the 522 corridor), advanced traffic technology, transit expansion and coordination for new service, and related projects such as new or expanded park-and-rides.



Appendices available on disk and on the website:

Volume 1:

- A: Legislation - ESHB 3096
- B: Outreach Events and Materials
- C: Travel Demand Modeling and Financial Analysis
- D: Travel Demand Model Peer Review
- E: Active Traffic Management
- F: Toll Collection Technology
- G: Mitigation Recommendations for Diversion
- H: Discussions on I-90

Volume 2:

- I: Public Comments
 - Letters from jurisdictions
 - Summaries of public comment
 - All public comments received

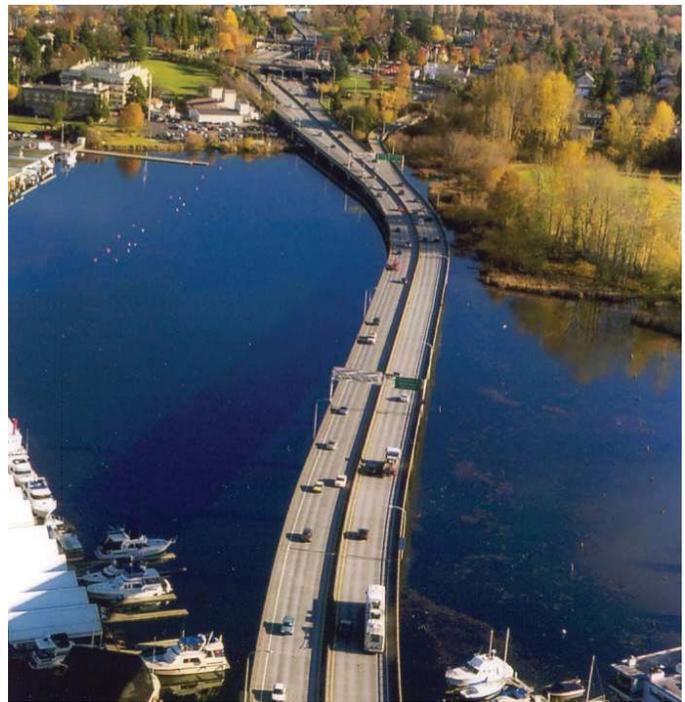
520 bridge replacement and HOV program background

State Route 520 is one of two east-west highways across Lake Washington. Approximately 158,000 people cross the 520 floating bridge (Evergreen Point Bridge) each day, traveling in some 115,000 vehicles.

Built in 1963, the Evergreen Point Bridge and the Portage Bay Bridge are vulnerable to windstorms and earthquakes. A collapse of these bridges or their approach structures could cause serious injury or loss of life, and would overwhelm all major regional highways with re-routed traffic. 520 is also a crucial and often congested corridor between job centers and growing communities around Lake Washington. The existing corridor is heavily congested during morning and afternoon commute times.

The 520 Bridge Replacement and HOV Program will replace all existing bridges, including the Portage Bay Bridge and Evergreen Point floating bridge, with new, safer bridges that are designed to withstand earthquakes and windstorms. Commuters will benefit from better transit reliability and improved travel times between Seattle and the Eastside.

Construction of bridge pontoons will begin in 2009. The new 520 bridge is scheduled to open in 2014 with four lanes. When the bridge and corridor are complete in 2016, there will be six lanes; four general purpose, two HOV, a bike/pedestrian path, and shoulders.



Top: 520 bridge mid-span during windstorm
Top right: 520 bridge approach to west high-rise
Bottom right: Portage Bay Bridge



For more information: www.wsdot.wa.gov/projects/sr520bridge

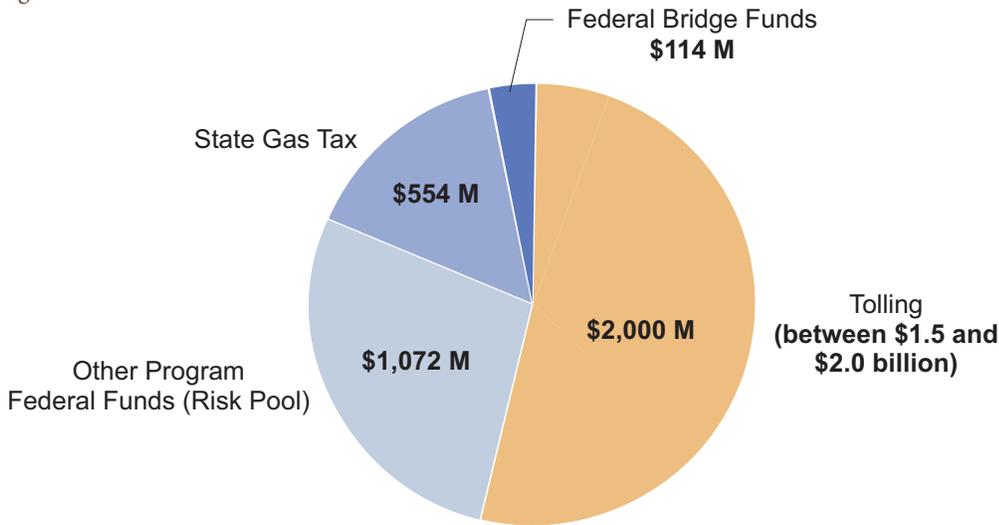


Funding a New 520 Bridge

The project cost was estimated in April 2008 at between \$3.7 and \$3.9 billion. A combination of federal funds, state gas tax funds and tolls were expected to pay for the project.

In November 2008, WSDOT released updated cost estimates that show the overall program costs have increased. These revised costs include estimates for each of the three alternatives currently being considered by the 520 mediation group. Once agreement is reached on a preferred alternative for the project, WSDOT will update the cost estimate and finance plan. The Committee’s work was based on the project estimates of costs and funding sources as of April 2008, and the Legislative target established in ESHB 3096. The results are reported against that baseline estimate.

Figure 1. Anticipated funding sources identified by Legislature in ESHB 3096



Project estimate as of April 2008 was \$3.7 billion – \$3.9 billion (Low end of range reflects \$180 million in sales tax deferral)

Previous and Future Finance Plan Work

In January 2008, WSDOT presented the 2007 SR 520 Finance Plan to the Governor and Legislature. The finance plan examined the funding potential from tolls under a number of scenarios looking at tolling 520 only and discussed the financial shortfall facing the project. WSDOT is preparing a new financial plan for the 2009 Legislative session.

The 520 corridor is also part of an USDOT Urban Partnership Agreement. The Urban Partnership Agreement is a federal grant that provides \$154 million for variable tolling infrastructure on 520, the purchase of 45 buses to serve the corridor, and funding for ferries in the Puget Sound region. Funding to operate the buses needs to be identified and secured. Under terms of the Agreement, the State Legislature must authorize variable tolling on 520 in 2009 to secure the remaining \$136 million in pending grant funds.

Funding the Existing 520 Bridge

Tolls paid for the existing 520 bridge. When it opened to drivers in 1963, the popularity of the bridge allowed the bonds to be paid off ahead of schedule.

August 1963:

Car toll	\$0.35
2007 dollars	\$2.48

4-axle truck toll	\$1.00
2007 dollars	\$7.08

June 1979:

Car toll	\$0.35
2007 dollars	\$1.05

Car with 3 or more people toll	\$0.10
2007 dollars	\$0.30

4-axle truck toll	\$1.00
2007 dollars	\$3.01

Note: Historical inflation based upon U.S. Consumer Price Index for all urban consumers.



Urban Partnership Agreement Funds

Tolling and Active Traffic Management	\$86 million
Transit/Park-and-Rides	\$41 million
Ferry Projects	\$27 million

committee charge and legislative direction



520 mid-span and east high-rise

520 Tolling Implementation Committee

The 520 Tolling Implementation Committee was created by the State Legislature in 2008 (ESHB 3096). The Committee is composed of: Bob Drewel, Executive Director of the Puget Sound Regional Council, who served as Chairman, Washington State Transportation Secretary Paula Hammond and Washington State Transportation Commissioner Richard “Dick” Ford.

The Committee was charged with evaluating tolling for financing the 520 Bridge Replacement and HOV Program, engaging citizens and regional leadership in the evaluation, enhancing understanding of tolling alternatives, and reporting to the Governor and the State Legislature in January 2009.

The act recognizes that \$1.5 to \$2.0 billion in funding from toll revenue may be required to secure financing for the project. Different approaches to tolling have implications for state resources already secured for the project, toll payers, adjacent communities and the wider region.

The act charges the Committee with:

- Evaluating the potential diversion of traffic from 520 to other parts of the transportation system, including 522 and local roadways and recommending mitigation measures.
- Evaluating advanced tolling technology.
- Evaluating new applications of emerging technology to better manage traffic.
- Exploring opportunities to partner with the business community to reduce congestion and financially contribute to the project.
- Conferring with mayors and city councils of jurisdictions adjacent to 520, 522 and I-90.
- Conducting public work sessions and open houses.
- Providing a report to the Governor and Legislature by January 2009.

The Committee was specifically charged with engaging citizens on the following topics:

- Funding a portion of the 520 project with tolls on the existing bridge.
- Funding the 520 project and improvements on the I-90 bridge with a toll paid by drivers on both bridges.
- Providing incentives and choices for transit and carpooling.
- Implementing variable tolling as a way to reduce congestion.

committee criteria

Evaluation Criteria for Scenario Analysis

Prior to the first round of analysis, the Committee established a set of evaluation criteria. These criteria, their significance, and relevant data sources are included in Figure 2.

Figure 2. Descriptions of evaluation criteria.

Criteria	Significance	Analysis Applied
How much revenue (financial capacity) is generated and when?	<p>Expected financial capacity from each toll scenario.</p> <p>How revenue generation meshes with cash flow needs of bridge replacement.</p>	The Office of the State Treasurer estimated the finance capacity for each toll scenario.
Are the tolls “reasonable”?	Different toll rates have different effects on diverted traffic, financial capacity, and bridge performance, and may seem more or less reasonable to travelers.	<p>Toll rates were determined for each toll scenario by time of day and weekday or weekend.</p> <p>The average toll for each scenario was estimated based on 24-hour traffic volumes.</p>
What are the diversion effects of a bridge toll?	If people choose not to pay a bridge toll, they may choose a different time of day, mode (i.e. transit or carpool), route, or destination.	The diversion effects were calculated for each scenario and time period (peak and off-peak) for weekday travel on 520, I-90, I-405, and 522, and local arterials around Lake Washington.
How do tolls affect the performance of the bridge(s)?	Tolling, especially variable tolling that is based on time of day, can improve traffic flow.	For each scenario, performance was expressed as the increase or decrease in average speeds for selected facilities at peak and off-peak times.
What effects might a toll have on lower-income bridge users?	Lower-income bridge users may be disproportionately impacted by tolls.	<p>A survey by the 520 project team examined the attitudes of lower-income bridge users about tolling 520.</p> <p>Social service and educational institutions were contacted for their views on how tolling might affect their clients/students.</p>

travel demand model peer review

At its first public meeting in June 2008, the Committee requested an independent peer review of the Puget Sound Regional Council’s regional travel demand model used to analyze the toll scenarios. The peer review team was led by Dr. Yoram Shiftan, a University of Michigan visiting professor with extensive experience in travel demand modeling.

The peer review team recommended slightly modifying the model to address high destination diversion (trips not crossing Lake Washington), improve model consistency, and look at results in more detail and with additional model runs using different assumptions. Detailed recommendations are included in Appendix D. Several suggestions were incorporated in the model and were applied to all toll scenarios in September 2008.

The peer review team concluded that the travel demand model used is comparable to the best in the nation, and noted that new elements incorporated in recent years have significantly improved the model’s ability to analyze variable tolling.

committee work approach

The Committee used the schedule and work program shown in Figure 3, aiming to evaluate scenarios, engage the public, re-evaluate scenarios, engage the public again, and report all findings to the Legislature.

In September 2008, the Committee selected six new scenarios and directed staff to present results in November and launch the second round of public outreach including telephone and web surveys.

The Committee had a two-part approach to public outreach. The four initial scenarios were selected by the Committee in June 2008. Based on the public outreach and comment on the first four scenarios, a number of other possible new scenarios or variations were suggested to the Committee.

The Committee also directed staff to rerun the first four scenarios so that refinements to the regional travel demand model suggested by the independent peer review panel would be applied to all the scenarios. All the scenarios were updated and assessed for financial capacity by the Office of the State Treasurer.

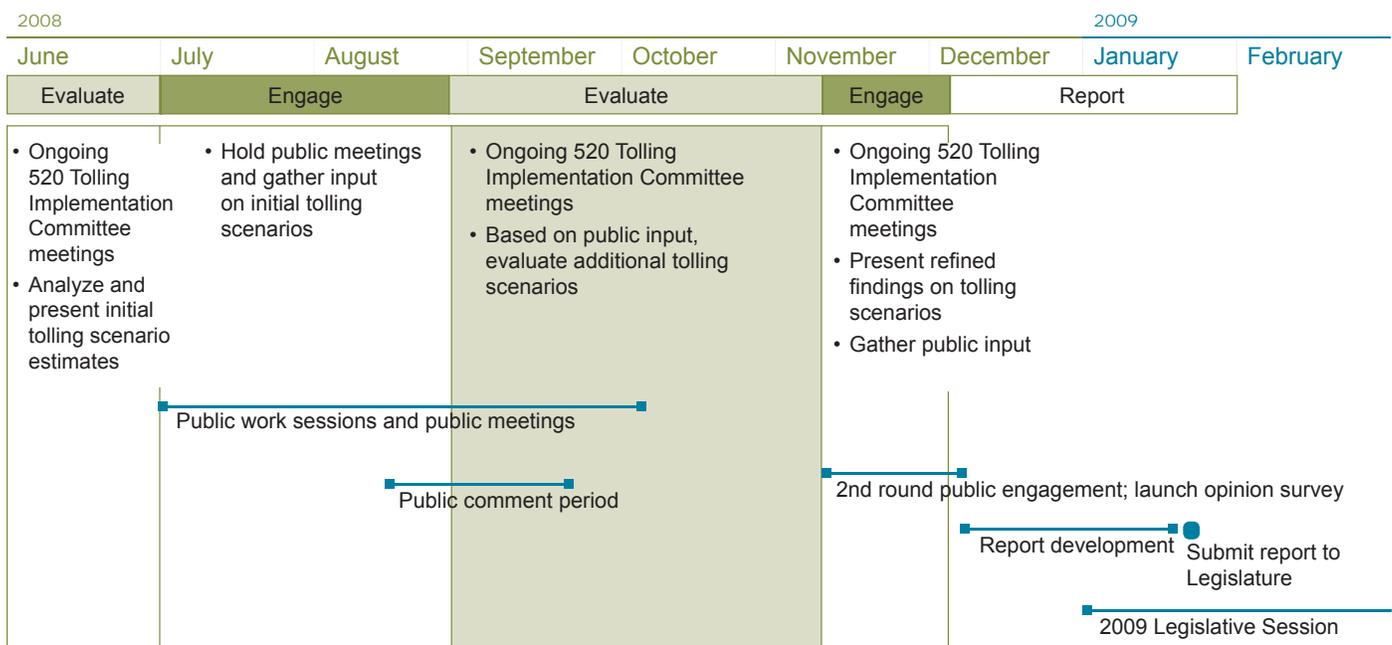


Figure 3. 520 Tolling Implementation Committee work program and schedule.

public engagement

The Committee's goal was to engage the public in open and transparent discussion of tolling, based upon the data related to the various scenarios studied. There were two rounds of engagement. Four tolling scenarios were presented in July. Based upon the input received, revisions to the initial four scenarios were made, five new scenarios were analyzed, and results of the revisions and new scenarios were introduced to the public in November. Analysis of the tenth scenario (high-occupancy toll lanes on I-90) was completed in December.

The Committee was specifically charged with engaging citizens on the following topics:

- Funding a portion of the 520 project with tolls on the existing bridge.
- Funding the 520 project and improvements on the I-90 bridge with a toll paid by drivers on both bridges.
- Providing incentives and choices for transit and carpooling.
- Implementing variable tolling as a way to reduce congestion.

The Committee's meetings and open houses were well publicized on radio, television, and major daily and local newspapers. More than forty news stories were generated by the Committee's work. Paid advertising in newsprint and media websites promoted the Committee's open houses and public engagement opportunities. King County Metro announced both rounds of open houses with flyers on all 1,300 of its buses. The Committee also sent e-mail or postcard notices to more than 19,000 people on lists maintained by WSDOT for the 520 project.

Between June and December 2008, thousands of people participated in the discussion of these topics using a variety of outreach methods. Public outreach events and activities are outlined here and a complete list is included in Appendix B.



By the Numbers

- 16,000 visited the build520.org website
- 7,800 participated in the web survey
- More than 8,000 wrote comments
- More than 700 people attended at least one of the nine open houses
- More than 1,000 participated in a Sierra Club postcard campaign
- More than 3,300 signed a petition from "No Toll on I-90" expressing opposition to tolling I-90



The 520 Tolling Implementation Committee at their July 10 meeting

key findings from public comment

The entire body of comments and survey results has been summarized by issues the Legislature directed the Committee to research and by the Committee’s evaluation criteria for toll scenarios. Survey results referenced below can be found on page 17.

Input Sought by the Legislation

- Funding a portion of the 520 replacement project with tolls on the existing bridge**
 The majority (58 percent) of respondents to a statistically-valid phone survey conducted in November 2008 supported tolling the existing bridge in 2010 if it results in lower tolls and financing costs. Many public comments supported tolling on the existing bridge (in 2010), particularly if tolling reduces out-of-pocket costs to drivers and improves traffic. In the phone survey, support was less if tolling causes speeds on I-90 to decrease. Among written comments, support for tolling in general was a common response, but so was opposition to any tolling, or concerns about costs to the public.
- Funding the 520 replacement project and improvements on the I-90 Bridge with a toll paid by drivers on both bridges**
 The majority (65 percent) of phone survey respondents supported tolling I-90, though less than half of I-90 users were supportive of the idea. Tolling both bridges was supported by many comments, but was largely opposed by I-90 users. There is also strong opposition to tolling I-90 from many Mercer Island residents, and a “No Toll on I-90” group organized a petition opposing the idea. Among I-90 users, slightly more than half were supportive of the idea of tolling I-90 when they learned that toll revenue would also be used to support improvements on I-90.
- Providing incentives and choices for transit and carpooling**
 Nine percent of statistically-valid phone survey respondents said they would take transit if there was a toll on 520. Many respondents felt providing improved transit service was important if tolling is implemented, and some suggested transit as a mitigation for lower-income bridge users. A postcard campaign organized by the Sierra Club identified transportation choices as a priority use for toll revenue.
- Implementation of variable tolling as a way to reduce congestion**
 Variable tolling is supported as a way to reduce congestion and improve traffic conditions, with more than two-thirds of phone survey respondents supporting it. Electronic tolling (no toll booths) increases support for tolling on the bridge.

Evaluation Criteria

- How much revenue is generated and when**
 Public comments show a general trend toward generating revenue sooner, in 2010, rather than later, in 2016, particularly if this results in lower toll rates for travelers.
- The “reasonableness” of the toll**
 Few directly commented on the “reasonableness” of toll rates. Some said that toll rates of \$3 or more were too high, others recommended rates ranging from \$0.50 to \$2. Among those who opposed tolling, some said that the annual cost to their family would be too high given the proposed rates.
- The diversion effects of a bridge toll**
 Many respondents and jurisdictions were concerned with the diversion effects of a bridge toll. Communities north and south of Lake Washington were concerned about diversion around the lake, while those on the east and west sides were concerned about diversion to neighborhood streets as a result of segment tolling.



Definitions for Tolling

Variable Tolling: Toll rates that vary by time of day.

Segment Tolling: Drivers pay a partial toll for using just a portion of a tolled route (such as trips between I-5 and Montlake in Seattle).

Electronic Tolling: Collecting tolls without the use of toll booths, generally with an electronic transponder, so drivers do not need to slow down or stop.

HOT (high-occupancy toll) Lanes: Offer an option for non-HOV drivers to use the HOV (high-occupancy vehicle) lanes for a fee. Toll rates change with traffic levels to ensure that cars in the lane move at or above a set speed.

Dynamic Tolling: Toll rates change with traffic levels to ensure that traffic moves at or above a set speed. HOT lanes use dynamic tolling.



- **The performance of the bridge**
Most respondents appear to understand the connection between variable tolling and improved traffic flow; however, the need for bridge replacement and concerns about traffic on roadways approaching the bridge were mentioned more often than bridge performance.
- **The effects a toll may have on lower-income bridge users**
Many respondents were concerned with potential impacts to lower-income bridge users, with some suggestions that lower-income bridge users be exempt from tolls. Many respondents suggested that increased transit options should be provided for those unable to pay the toll or that a free alternate route should always be available.

2010 or 2016— How We Chose These Years

2010 was selected because that is when 520 construction begins. 2016 was selected because that is the year construction is expected to be completed.

outreach events & activities

Outreach to Mayors and Councils

The Committee was charged with conferring with leadership from adjacent jurisdictions and conducting extensive outreach with local and regional elected officials from around Lake Washington. An overview is below, and a detailed list is in Appendix B.

Several jurisdictions provided letters, touching on the following general issues:

- Diversion and traffic congestion
- Toll exemptions and effects on bridge users
- Transit service and capacity
- Use of toll revenue
- Timing of tolling implementation

An overview of comments from each jurisdiction is included in Figure 4 on pages 13-15. Many jurisdictions in similar areas shared concerns. Grouped by geography, major themes include:

- North – concerns about diversion to 522 and the further deterioration of traffic conditions.
- East – concerns about diversion to local arterials and streets; lack of park-and-rides; lack of adequate transit service.
- South – need to see I-405 improvements completed to keep traffic moving.
- West – diversion to local routes.
- Mercer Island – concerns about charging tolls to Mercer Island residents who travel off-island for many services.

Outreach to Legislators

As part of the Committee’s efforts, Legislators from districts in and near the 520 and I-90 bridges received the media updates from the Committee, as did all the members of the House and Senate Transportation Committees. Members of House and Senate leadership were also invited to Committee briefings. Various Legislators attended open houses or other community meetings.



Local Elected Leaders Conferred With:

Puget Sound Regional
Council Boards and
Committees

Subarea Transportation Forums

- Eastside Transportation Partnership
- South King County Area Transportation Board (SCATBd)
- SeaShore Transportation Forum

Cities and Counties:

- Bellevue
- Bothell
- Clyde Hill
- Hunts Point
- Issaquah
- Kenmore
- King County
- Kirkland
- Lake Forest Park
- Mercer Island
- Medina
- Newcastle
- Redmond
- Renton
- Sammamish
- Seattle
- Yarrow Point

Before the release of results from the first four scenarios in July and the nine scenarios in November, Legislators were invited to a briefing on the results. An e-mail notification of the findings was also distributed to the Legislators noted above and staff was available to provide briefings or answer questions.

Committee staff also made a formal presentation to the House Transportation Committee in Olympia on September 11, 2008 and on August 12, 2008 the Committee members presented the results of the initial scenario analysis to the Joint Transportation Committee.

Washington State Transportation Commission

Committee staff made presentations to the Washington State Transportation Commission. Staff presented the results of the initial scenarios to the Commission at its October 22, 2008 meeting. Results of public outreach, including the statistically-valid telephone survey and the web survey were presented on December 17, 2008.

Business and Civic Outreach

The Committee was charged with outreach to the business community as one of the key stakeholders. 520 connects some of the region’s most vibrant and important job centers, including downtown Redmond, the Overlake area in Redmond that is home to Microsoft, the University of Washington and downtown Seattle. It also provides vital access to downtown Bellevue and to businesses in the city of Kirkland.

Committee members spoke before a number of business groups to inform them of the work of the Committee and to ask for their input. These included the board of the Bellevue Chamber of Commerce, the Transportation Committee of the Greater Seattle Chamber of Commerce, the Freight Mobility Roundtable, and the Mercer Island Chamber of Commerce. The Bellevue Chamber submitted a formal comment letter to the Committee that is included in Appendix I.

Staff for the Committee spoke to both the Redmond and Mercer Island Rotary Clubs about tolling on 520 and I-90. Committee members Paula Hammond and Dick Ford conferred with Mark Emmert, President of the University of Washington.

Website

The Committee used a website, www.build520.org, as one way to communicate with citizens. The website included up-to-date information about toll scenarios and analysis, as well as all Committee materials, and an online comment form, e-mail and mail addresses. The website received more than 16,000 unique visitors and more than 85,000 page views between June and December 2008.

Open Houses

Nine open houses were held throughout the corridor communities to present results of tolling scenarios and ask for public views, questions, and opinions. Six open houses were held in July and August and three in November. More than 700 people attended the open houses. The Committee received more than 400 comments from people attending the open houses.



As a result of meeting with local jurisdictions, the Committee received letters from:

- City of Bellevue
- City of Bothell (2)
- City of Clyde Hill
- City of Issaquah
- City of Kirkland
- Cities of Lake Forest Park, Kenmore, Woodinville and King County Councilmember Bob Ferguson (2)
- City of Lake Forest Park
- City of Medina
- City of Mercer Island (5)
- City of Newcastle
- City of Redmond (2)
- City of Renton (3)
- City of Seattle
- City of Shoreline
- King County Department of Transportation (2)
- Mercer Island School District (2)
- Mercer Island Mayor
- Seashore Transportation Forum
- South County Area Transportation Board
- Town of Hunts Point
- Town of Yarrow Point
- Town of Beaux Arts
- Washington State Treasurer

See Appendix I.



Comments from Local Jurisdictions

This chart highlights city and county comments regarding tolling 520 and/or I-90, as well as their concerns about potential diversion. It should be noted that nearly all cities had comments beyond diversion and mitigation issues, which provided meaningful comments and input. Among the common issues was opposition to “segment” tolls – tolls collected on the highways leading to the bridge – because of the potential for greater diversion to local streets and arterials. All letters are included in Appendix I.

Figure 4. *Local jurisdictional comments*

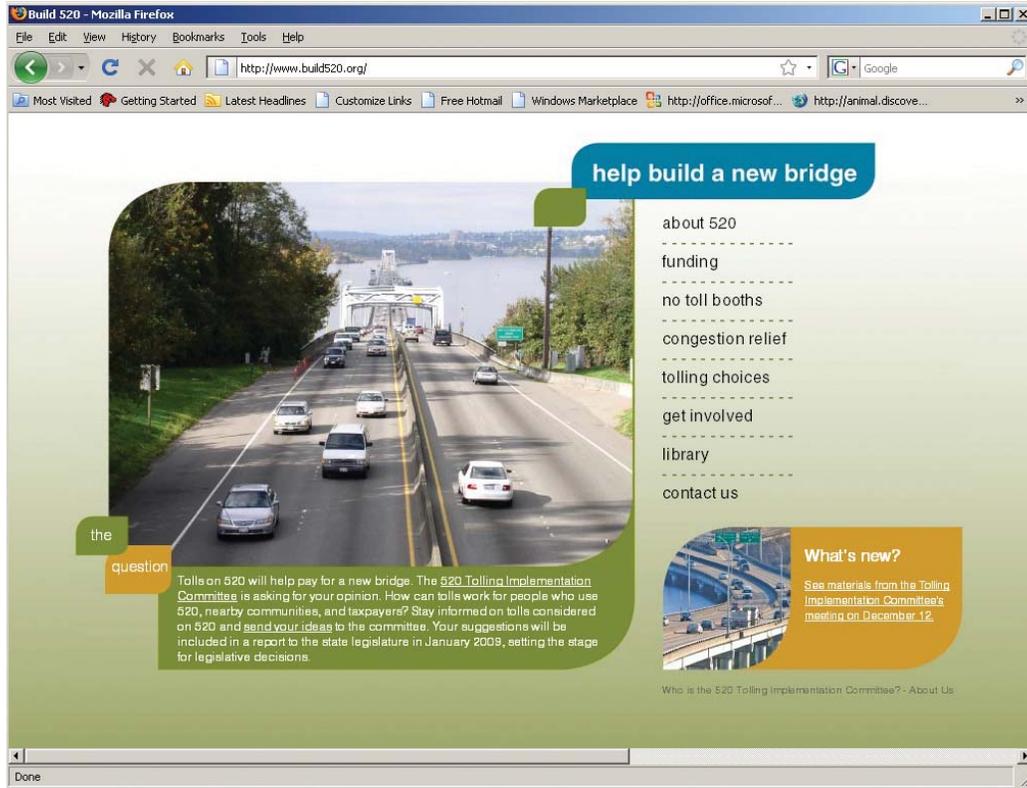
Jurisdiction/ Agency	Toll 520 in 2010	Toll I-90	Diversion	Mitigation ideas and other comments
Town of Beaux Arts Village (Town Council)				Toll 520 and I-90 at the same time; toll revenue should be used for capital improvements in the corridor, operations and maintenance and for early mitigation of impacts to local roadways; don't use toll revenues for transit
City of Bellevue (Mayor)	Support only if it allows early completion of project, and provides a lower toll for users	Prefer tolling only 520; if more funds needed, seek other state or federal sources; toll I-90 only when R-8A improvements are in place, and at a lower rate than 520	Minimize diversion to local roadways	
City of Bothell (Council and Mayor)			Concern about 522 and neighborhood streets	Improve transit service and capacity; improve park-and-ride facilities; add capacity to 522; use toll revenues for mitigation; concern about potential for hazardous materials to move through city streets; seek \$20 million commitment to assist with 522 corridor improvements; want 100th Ave and Juanita Drive added to traffic monitoring; want variable message signs and EIS for tolling
City of Clyde Hill; Town of Hunts Point; City of Medina; Town of Yarrow Point (Mayors)	Support	Support	Concern about diversion to local roadways	Toll revenue should be used for capital improvements in the corridor, operations and maintenance and for early mitigation of impacts to local roadways; don't use toll revenues for transit

Figure 4. Local jurisdictional comments

Jurisdiction/ Agency	Toll 520 in 2010	Toll I-90	Diversion	Mitigation ideas and other comments
City of Issaquah (Council)	Support	Maintain a free or low cost option on I-90; consider HOT lane; toll only after diversion to I-405 is mitigated	Concerns about I-405 diversion	Want transit improvements at I-90/18; efficient toll collection system and good public education are important
City of Kirkland (Council)	Support	Support		Reasonable uses of toll revenue include: construction and transit service on tolled route or parallel facilities; mitigation of diversion; operations and maintenance of tolled facilities; tolls should not replace current revenue sources; concern about needs of lower-income drivers
Mercer Island School District (Superintendent)		Oppose; or provide a free option		53 percent of employees commute eastbound; 47 percent commute westbound on I-90
City of Mercer Island (Council and Mayor)	Support tolls at a low rate to discourage diversion to I-90	Oppose tolls on travel to and from Mercer Island on I-90, the only access route to and from Mercer Island		Highlights city's rights according to I-90 Memorandum of Agreement; does not want traffic to or from Mercer Island to be tolled; desires mitigation if access is decreased; wants tolls to be used on facility where collected; analyze tolling I-405 and I-5; wants financial information on revenues collected if Mercer Island traffic is not tolled; says exempting Mercer Island traffic from tolls does not diminish capacity to fund 520
Mayors of Cities of Lake Forest Park; Kenmore; Woodinville and King County Councilmember Bob Ferguson			Concern about diversion to 522	Improve transit capacity and transit service; add park-and-rides; add capacity to 522, 202, and Woodinville-Duvall Road; use toll revenues to fund transit

Figure 4. Local jurisdictional comments

Jurisdiction/ Agency	Toll 520 in 2010	Toll I-90	Diversion	Mitigation ideas and other comments
City of Lake Forest Park (Mayor and Council)	Only with monitoring of real time changes to 522		Concern about diversion to 522	Add transit capacity; increase transit service; add park-and-ride capacity; add community circulator vans; implement a traffic monitoring and reporting program to measure real-time changes
City of Newcastle (Mayor and Councilmember)		Oppose		Cover 520 costs at least expense to users; concern about potential delays to I-405 and R-8A projects
City of Redmond (Council and Staff)	Yes	Best scenario to fully fund 520 and related improvements		Mitigation recommendation is reasonable; concerns about lower-income households and tolls; want freight impacts analyzed; use revenues for 520 and I-90 capital and maintenance expenses only
City of Renton (Mayor and Council)			Concern about diversion to city arterials	Complete I-405 improvements; support basic concepts of mitigation recommendations as applied to I-405 and parallel north-south corridors; consider transit improvements on all impacted corridors
City of Seattle (Council)	Support	Support		Toll revenues should be used for transit; consider reducing vehicle miles traveled; tolling should be systematic to reduce congestion throughout the region
City of Shoreline (Council)				Improve 523 (145th) in Shoreline to mitigate transit and traffic impacts; improve I-5 near 523; improve pedestrian connections at I-5 and 523; use toll revenue to fund transit service
King County DOT (Director)	Support	Support		Support using toll revenues for transit, including funds for operating UPA service; seek \$6 to \$8 million in mitigation funds for increased operational costs due to loss of Montlake flyer stop; mitigation account should be available to fund transit operations and capital costs



Left: Screenshot of the homepage for build520.org

Above: Open house attendees review tolling scenarios

Web Survey

After the release of the second round of tolling scenarios, the Committee also hosted an online survey November 10-30, 2008. The purpose was to provide a formal way for people to provide input, whether or not they could attend a meeting. The web survey also served as the primary comment tool for the second round of open houses. Through web banner ads in select media outlets and e-mail distribution lists, more than 7,800 individuals filled out some or all of the web survey. The web survey was also sent to more than 700 workplaces in King County with more than 100 employees. This tool should not be considered statistically-valid, as respondents are self-selected. Highlights are included in Figure 5.

Phone Survey

In November 2008, the Committee also conducted a random sample statistically-valid telephone survey of 1,200 people that included four groups of participants: people who use I-90, people who use 520, people who use both bridges and people who use neither bridge. The intent was to evaluate the validity of input the Committee was receiving, and to compare the web survey and statistically-valid phone survey.

The results of the web and phone surveys were similar in most cases. They show support for:

- Using tolls to help fund the new 520 bridge
- Electronic tolling
- Variable tolling

Both surveys show that people are supportive of tolling in 2010 if it reduces out-of-pocket costs and if it improves traffic. Highlights are included in Figure 5.



Committee Open Houses

- July 29, Bothell
- July 31, Renton
- Aug 5, Seattle
- Aug 6, Bellevue
- Aug 7, Kirkland
- Aug 13, Mercer Island
- Nov 12, Bellevue
- Nov 13, Seattle
- Nov 17, Mercer Island



Tolling Implementation Committee Meetings

- June 17, Seattle
- July 10, Seattle
- July 23, Bellevue
- Aug 12, Seattle
- Sept 11, Lake Forest Park
- Sept 30, Kirkland
- Nov 10, Redmond
- Dec 12, Mercer Island
- Jan 8, Seattle
- Jan 28, Seattle



Web and Phone Survey Highlights

The phone survey was a random sample, statistically-valid survey of 1,204 participants with a three percent margin of error. The survey was conducted during November 2008, and included four sub-groups of respondents: 520 users, I-90 users, users of both bridges and people who don't use either bridge.

The web survey was also conducted in November 2008. The 7,800 respondents were self-selected and results should not be considered statistically valid even though the findings are similar to the random sample phone survey.

Figure 5. *Web and phone survey highlights.*

Respondents support	Web survey	Phone Survey
Support tolling to help fund new 520 bridge.	Nearly 2:1 margin (59% to 30%)	More than 2:1 margin (64% to 30%) <ul style="list-style-type: none"> Highest support from non-bridge users at 67%. Lowest support from I-90 users at 60%.
Support for tolling 520 increases when respondents learn about electronic tolling and “no toll booths.”	69%	73% <ul style="list-style-type: none"> Highest support from 520 users at 78%. Lowest support from non-bridge users at 69%.
Respondents support variable tolling.	More than 2:1 margin (65% to 31%)	More than 2:1 margin (70% to 27%) <ul style="list-style-type: none"> Highest support from 520 users at 73%. Lowest support from I-90 users at 66%.
Respondents support tolling in 2010 if it results in lower tolls and financing costs.	Nearly 3:1 margin (60% to 23%)	Less than 2:1 margin (58% to 36%) <ul style="list-style-type: none"> Highest support from non-bridge users at 59%. Lowest support from users of both bridges at 55%.
Support goes down for tolling in 2010 if it makes 520 faster, but slows down I-90.	55%	51% <ul style="list-style-type: none"> Highest support from 520 users at 56%. Lowest support from I-90 users at 47%.
Support for tolling both bridges goes up (but not among I-90 users) if it makes speeds go up on both bridges.	61%	61% <ul style="list-style-type: none"> Highest support from 520 users at 75%. Lowest support from I-90 users at 47%.
Support for tolling both bridges goes up (but not among I-90 users) if toll rates are lower than just tolling 520.	61%	61% <ul style="list-style-type: none"> Highest support from 520 users at 73%. Lowest support from I-90 users at 47%.
Support for tolling both bridges goes up among I-90 users when they know improvements will be made to I-90.	64%	65% <ul style="list-style-type: none"> Highest support from 520 users at 75%. Lowest support from I-90 users at 53%.

Written Comments

In addition to the surveys, more than 8,000 written comments were received, including more than 1,000 comments from a Sierra Club postcard campaign and more than 3,300 signatures from “No Toll on I-90” petitions.

Comments from the “No Toll on I-90” petitions opposed a toll on I-90, advocated toll exemptions for residents and workers coming to and from Mercer Island, and opposed using funds from I-90 to support 520.

The Sierra Club effort supported variable tolling as a way to reduce traffic congestion, reduce climate change, and fund transportation choices.

In addition to comments from these organized sources, the most common themes in general public comments were:



- **Generally supports tolling**

Comments were in favor of the idea of tolling to fund the 520 bridge and improve the flow of traffic.

“I strongly support tolls being added to 520 between Seattle and Bellevue. I think this is a responsible solution to pay for the roadway by those who use it.”

- **Generally opposes tolling**

Some comments said tolling is a “tax” and others saw it as a “double tax.” Many said other funding should be used, and some said tolling was not affordable, either for themselves or for other drivers.

“No tolls, of any kind, not on any state highway... No tolls in Washington State!”

- **Decision-making process**

Many respondents were interested in or concerned about how tolling decisions are being made.

“Make a decision and move forward.”

- **Concerns about the tax burden on residents**

The majority of these respondents said that taxes in this region are already high, and felt that tolling would add to this burden.

“I don’t think a toll should be required considering the amount of gas tax we are already paying that supports roads.”

- **Opposes tolling both bridges**

Some opposed a toll on I-90 as a way to fund improvements to a different corridor, while others said it was important to have a non-tolled alternative route across Lake Washington, and still others felt it would hurt Mercer Island residents.

“People that use 520 should be responsible for paying for the new bridge.”

“Mercer Island residents don’t have a choice about rerouting and avoiding tolls, we live here and use the bridge for basic services.”

- **Supports increased transit service**

Comments often said that increased transit service would be a necessary complement to tolling on 520.

“I strongly support increased transit and bicycle facilities across the 520 bridge.”

- **Supports tolling both bridges**

Comments suggested that both the 520 and I-90 bridges be tolled, and many said tolling should begin on the two bridges at the same time and in 2010. Some were concerned about diversion effects or lower revenues if only the 520 bridge is tolled.

“We all paid for the I-90 bridge to be rebuilt, we all should pay for the 520 to be expanded. I am for both bridges to be tolled.”

Complete comment summaries and full text of all comments are available in Appendix I.

evaluating and comparing toll scenarios



The Legislature directed the Committee to study three basic scenarios:

- Toll 520 when the new bridge opens
- Toll the existing 520 bridge
- Toll both the 520 and I-90 bridges and fund improvements on both

Committee staff developed scenarios intended to demonstrate the effects of tolling 520 or tolling both 520 and I-90. For the summer 2008 outreach effort, four scenarios were developed and presented to the public. Based on outreach and public input, the Committee selected six additional scenarios for the fall 2008 outreach effort. Detailed results of each of these scenarios are included in Appendix C.

The basic scenarios were expanded to ten by the Committee to provide the public with examples of tolling effects. Analysis of the tenth scenario (HOT lanes on I-90) was completed after the other scenarios. A more detailed traffic model was used—one that addresses lane configuration, on and off ramps, and other bridge design elements. The model also allowed toll prices in the HOT lane to change with traffic conditions, rather than by time of day.

The Committee used a three-step approach to evaluating toll scenarios. These steps were:

- **Travel Demand Modeling**—Forecasts the number of vehicles and people, the routes they take and the modes (single occupant, carpool, transit) they use.
- **Revenue Analysis**—Projects gross revenue, deductions for toll collection and maintenance, and net revenue available for bridge funding.
- **Financial Capacity Analysis**—Assesses how much project funding can be supported by tolls, including bonds and pay-as-you-go construction spending. Financial capacity is the bottom line for how much funding is needed and available to pay for the bridge through tolls.

520-Only Toll Scenarios

1. **Toll 520 in 2016, when project is complete**—This is the traditional approach to tolling, one that was used on the Tacoma Narrows Bridge. However, unlike the Tacoma Narrows Bridge, variable tolling was used in this scenario.
2. **Toll 520 in 2010, when construction begins**—By tolling sooner rather than later, lower overall toll rates can yield the same level of funding with less borrowing. Traffic on the bridge will also flow better when variable tolls are in place.
5. **Toll 520 at a flat rate in 2016**—This approach is the most similar to the Tacoma Narrows Bridge. A flat rate toll that does not change by time of day would begin when the new bridge opens in 2016.
6. **Toll 520 in 2010 at a rate that attempts to maximize funding by tolling only 520**—This approach was intended to find a toll rate at which the funding gap for the project could be closed by tolling only 520. The toll rates studied are the highest of the ten scenarios.

7. **Toll 520 in 2010; increase rate in 2016**—Some have suggested that while tolling early makes sense from a financial perspective (enabling a significant reduction in financing costs), the corridor will still be under construction during these early years and drivers will not have the full benefit of the six-lane facility. Others have suggested that a lower toll initially would provide an opportunity to test congestion benefits associated with tolling and enable a tolling rate to be established later when the corridor is complete. This may provide a balance between improving corridor performance, raising revenue for the project and managing diversion impacts.

Two-Bridge (520 and I-90) Scenarios

3. **Toll both bridges (520 and I-90) in 2016**—Tolls I-90 and 520 bridges in 2016, when the 520 bridge opens.
4. **Toll 520 bridge in 2010 and I-90 in 2016**—Tolls 520 in 2010 when construction begins on the bridge, but tolls on I-90 would not begin until 2016 when the new capacity is in place on 520.
8. **Toll 520 at a higher rate than I-90 in 2016**—At the public meetings, residents in the I-90 corridor were concerned that the bulk of the tolling revenue from the two bridges would go toward improvements on 520. Also, it was noted that when both bridges are tolled equally, more traffic is attracted to the 520 corridor. Having a higher toll on 520 than on I-90 could balance, from a traffic management standpoint, the use of both bridges. This scenario would have drivers on 520, where the bulk of the improvements are planned, paying more toward the cost of replacing the bridge.
9. **Toll both bridges in 2010**—This scenario provided the Committee with information about traffic effects and the amount of early funding raised from lower toll rates.
10. **Full bridge toll on 520; HOT lanes on I-90**—In this scenario, 520 would be tolled starting in 2010. To provide a congestion relief benefit to those using I-90, a HOT (high-occupancy toll) lane system could be implemented on I-90. This scenario continues to provide a free travel alternative in the I-90 corridor and meets the intent of the multi-jurisdiction Memorandum of Agreement regarding the corridor. The Memorandum of Agreement is available in Appendix H.

variables examined in toll scenarios

Toll scenarios differed in their use of key variables that might or might not be part of a final tolling plan for 520 and/or I-90. Some important variables include:

- **Toll collection locations (single-point or segment)**—A tolling location could be at a single point, such as the eastern end of the 520 bridge. There could also be several tolling locations, so that drivers would pay a partial toll for using just a portion of the 520 corridor, such as for trips between I-5 and the Montlake interchange in Seattle. Some toll scenarios were modeled with single-point tolls and some with segment tolls.

Single-point toll on both existing and new 520 bridges

- Beginning in 2010 for Scenarios 2, 4, 6, 7, 9
- Beginning or continuing in 2016 for Scenarios 5, 7, 8, 9



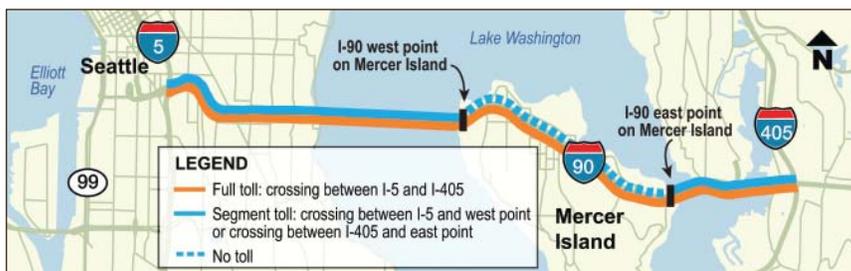
Segment tolls on new 520 bridge

- Beginning in 2016 for Scenarios 1, 2, 3, 4, 6



Segment tolls on I-90

- Beginning in 2016 for Scenarios 3, 4



Single-point toll on I-90

- Beginning in 2010 for Scenario 9
- Beginning in 2016 for Scenario 8



Figure 6. Options for toll collection locations.

- **Toll exemptions**—For the purposes of the scenario analysis, some scenarios assumed all vehicles would pay the toll. Others assumed that only transit vehicles would be exempt and still others exempted carpools with three or more people from toll payment. By looking at a variety of exemption types, the Committee could assess the revenue implications of exemptions.
- **Variable tolls or flat tolls**—All but two of the scenarios assume variable tolls, set by time of day, that are higher in the peak travel periods and lower at all other times. Variable toll rates would not change automatically according to traffic conditions. One scenario examined a flat rate toll that stays the same twenty-four hours a day, and another (the HOT lane scenario) examined a toll on I-90 that increases or decreases according to actual traffic conditions.
- **Toll rate ranges**—For the purposes of this analysis, the Committee presented tolls in the following time frames:

Time of Day	Range of Tolls Evaluated (2007\$)
Morning Commute (5 am - 9 am)	\$2.15 - \$4.25
Mid-day (9 am - 3 pm)	\$1.05 - \$2.75
Afternoon Commute (3 pm - 7 pm)	\$2.80 - \$5.35
Evening (7 pm - 10 pm)	\$1.00 - \$2.55
Overnight* (10 pm - 5 am)	\$0.00 - \$0.95
Weekend	\$0.80 - \$1.60

*Tolls would be in effect 24 hours a day after bridge completion in 2016.

Figure 7.
Chart shows the range of one-way toll rates that were assumed across nine of the ten scenarios (I-90 HOT lanes since they would be dynamically priced, are not included). Actual toll rates would vary within these time periods.

Toll rates for 520-only scenarios are shown in Figure 8 on the opposite page. Toll rates for two-bridge (520 and I-90) toll scenarios are in Figure 9 on page 24. For the purposes of the analysis and report, all toll rates are reported in 2007 dollars. The tolls are then assumed to increase yearly at the assumed rate of inflation of 2.5 percent. The 2010 scenarios do not include an overnight toll.

The average toll paid under each of the ten scenarios is for a one-way trip. The average round trip toll would be double that amount. This rate is useful for comparison purposes among the scenarios. The actual rates paid would depend on the time of day that a person made the trip across the bridge.

For the purpose of this analysis, trucks are broken into three categories, including light, medium and heavy. Light trucks pay the same toll as a passenger vehicle while medium trucks pay twice that rate and heavy trucks pay three times the passenger rate.

For Scenario 10, the HOT lanes on I-90 were priced between 10 cents and 70 cents per mile, depending on the time of day and the direction of travel. These rates for the HOT lanes were then combined with Scenario 6 (Toll 520 in 2010 at a rate that attempts to maximize funding by tolling only 520).

Figure 8. 520-only toll scenario rates, one-way, expressed in 2007 dollars.

Chart shows minimum toll, maximum toll and average toll paid in each 520-only toll scenario.

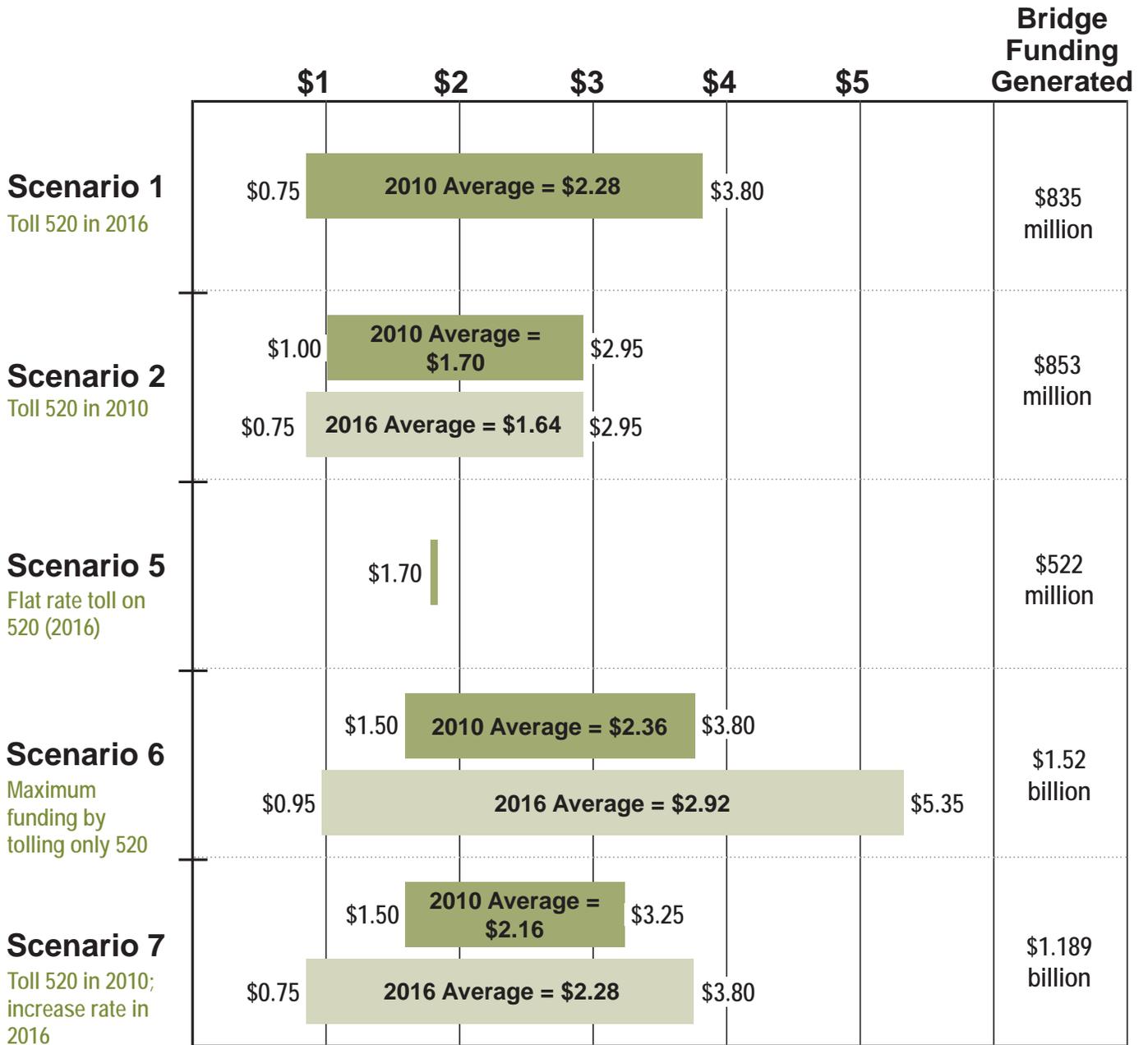
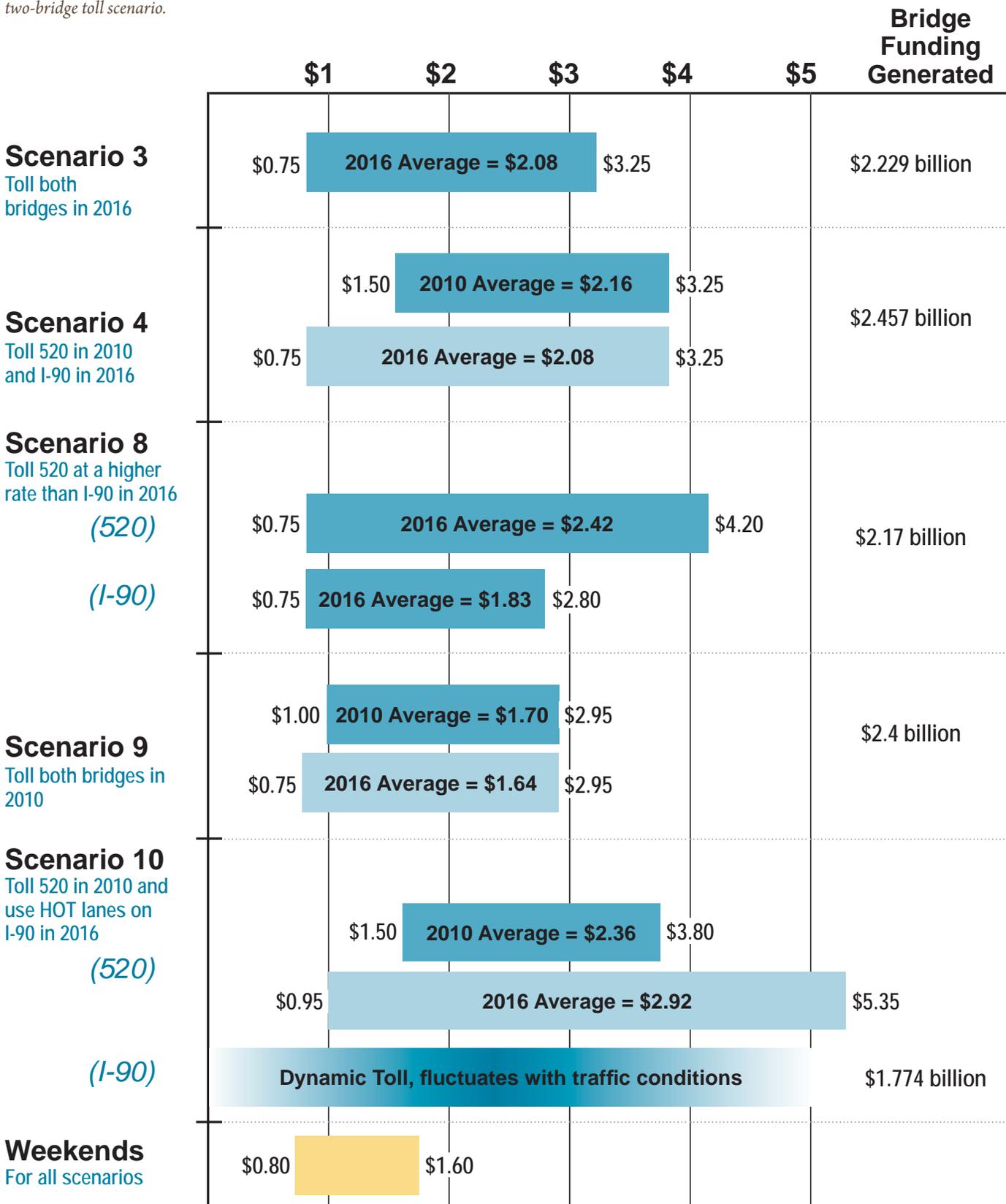


Figure 9. Two-bridge (520 and I-90) toll scenario rates, one-way, expressed in 2007 dollars.

Chart shows minimum toll, maximum toll and average toll paid in each two-bridge toll scenario.



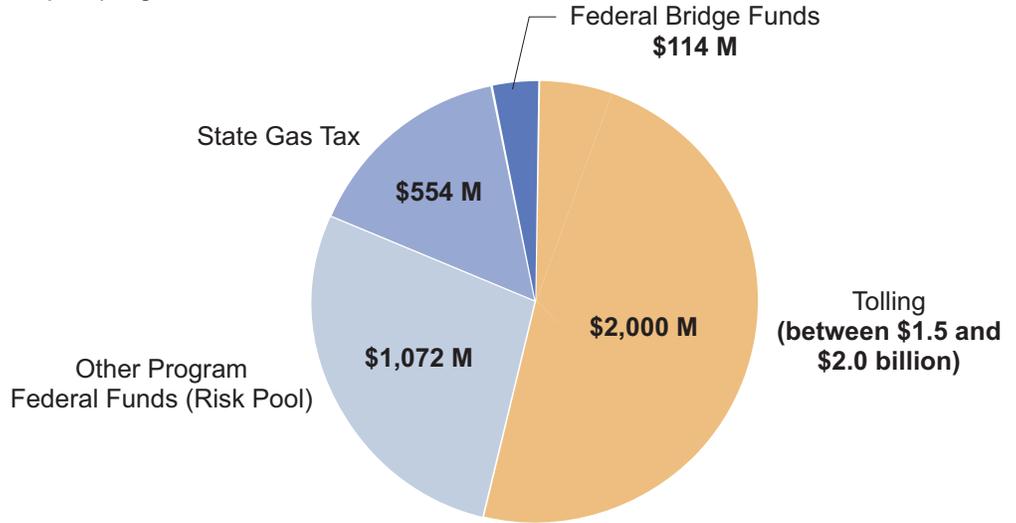
comparing scenarios

The Legislature's Funding Target

Section 3 of ESHB 3096, calls for "recognition of revenue sources that include...one billion five hundred million dollars to two billion dollars in toll revenue..."

This funding target was based on the project budget as it stood in April 2008. The pie chart in Figure 10 shows the funding sources identified by the Legislature.

Figure 10. Anticipated funding sources identified by Legislature in ESHB 3096

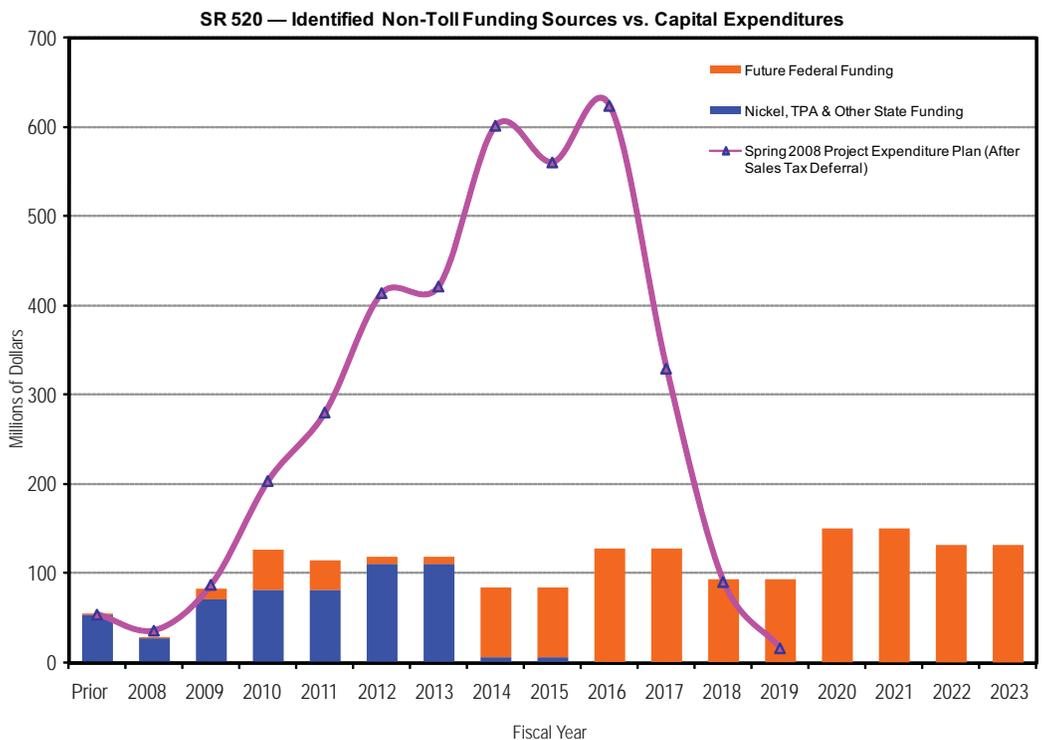


Project estimate as of April 2008 was \$3.7 billion – \$3.9 billion (Low end of range reflects \$180 million in sales tax deferral)

Cash Flow Required

The funding target established by the Legislature did not account for the fact that some of the funds allocated to the project would not be available until after project completion. This will require bonds to be issued in anticipation of that future revenue and will raise the project finance costs. Figure 11 shows the cash flow needs for the project against the current identified state and federal funding sources, as of April 2008.

Figure 11. Project cash flow needs and identified funding sources



Financial Capacity Results

Figure 12 below illustrates how scenarios relate to the 2008 Legislative funding target.

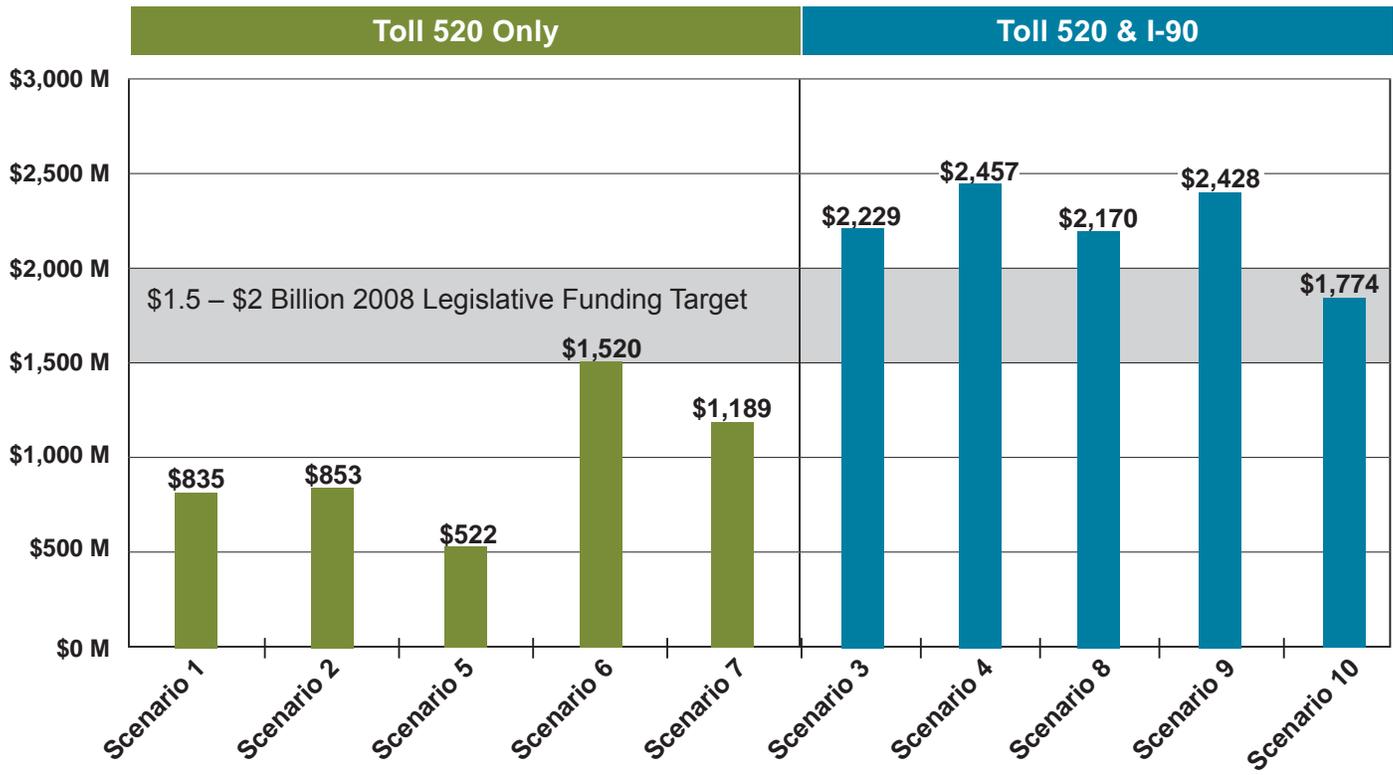


Figure 12.
Financial capacity of ten toll scenarios.

Given the cost of the project, the cash flow needs for construction as of April 2008, and the timing and availability of funds, more than \$2.0 billion from tolls would be needed to fully fund the project if no additional revenue sources are found. It should be noted, however, that the final project budget and the exact cash flow needs have yet to be determined.

For these estimates, interest rates were assumed to be 6.0 percent for current interest bonds and 6.5 percent for capital appreciation bonds to reflect changing market conditions. Peak years for cash flow will be 2014 through 2016, and for purposes of the Committee’s work, the project cost was assumed to be \$3.7 to \$3.9 billion. Detailed information about the finance assumptions is included in Appendix C.

the “reasonableness” of the toll

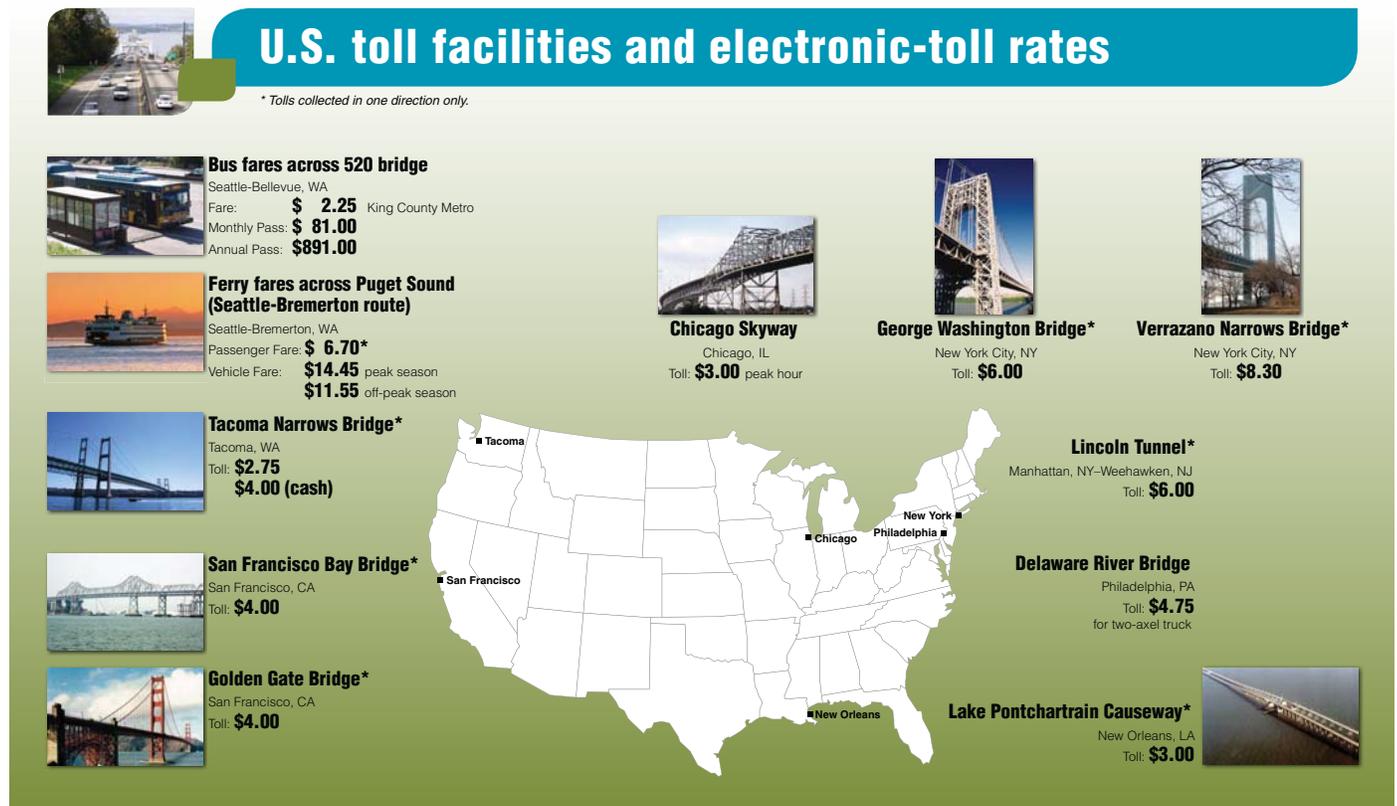
Flat Rate Toll vs. Variable Toll

Results from the analysis suggest that the bridge performs better with variable tolls than with flat rate tolls and that variable tolls provide greater financial capacity. A flat rate toll is relatively low during rush hour compared to a variable toll, encouraging more people to use the bridge at peak times, and limiting speeds. During the mid-day or at night when there is little or no congestion on other facilities, such as I-90, more people will divert to those routes to avoid paying the flat rate toll, which is higher than the variable toll would be at the same time of day.

Average Toll Paid

The average toll paid is also useful for a comparison of toll rates against other facilities. Figure 13 shows the tolls charged on a number of other tolled facilities across the nation. In our region, the best example is the Tacoma Narrows Bridge that opened in July 2007. The current toll on the Tacoma Narrows is \$4.00 if using a toll booth and \$2.75 with a *Good to Go!* transponder. That toll is only collected in one direction. The graphic also compares toll rates to bus fares and ferry fares.

Figure 13.
Toll rate and transit fares shown are one-way.



how bridge tolling affects diversion

Diversion can be defined in four ways: take another route, shift to transit, change destination or travel at a different time of day. Diversion rates are sensitive to several factors. The major factor is toll rate, followed by availability of alternate routes. If no good alternate route is available, many people will continue to take trips on the corridor rather than divert. This seems to have been the case with the Tacoma Narrows Bridge, where the traffic levels have been higher than projected. If there is a nearby alternate route (for example I-90), diversion may be more significant.

The situation changes if two bridges are tolled. Bridge users would face the choice of diverting to the north or south ends of Lake Washington should they want a non-tolled route. Traffic levels, and thus diversion rates, may change as a result of economic conditions. Mitigation measures for toll-related diversion are discussed on page 36 and in Appendix G.

Diversion to Specific Routes

In all scenarios, most traffic will stay on 520. Those who change routes can choose between 522, I-90 or I-405.

In general, analysis found that most people continue to use the tolled bridge, either by paying the toll, carpooling, taking transit or changing the time of their trip. Some people do change their route, but the overall effect of those route changes tends to be distributed across the transportation system.

The diversion data in Appendix C are presented for 520-only and two-bridge scenarios and for 2010 and 2016. Data is also broken down by peak and off-peak periods and for vehicle volumes and person trips. This data is generated by the regional travel demand model.

For the 520-only scenarios:

- Transit ridership increases 15 to 30 percent, provided service is in place in 2010. This represents about three percent of all 520 users.
- Peak period traffic on 520 decreases, because some people choose other routes. The higher the toll rate, the higher the diversion rate.
- Peak period traffic on I-90 increases less than 5 percent, except in the highest toll 520-only scenario where it increases 8 percent.

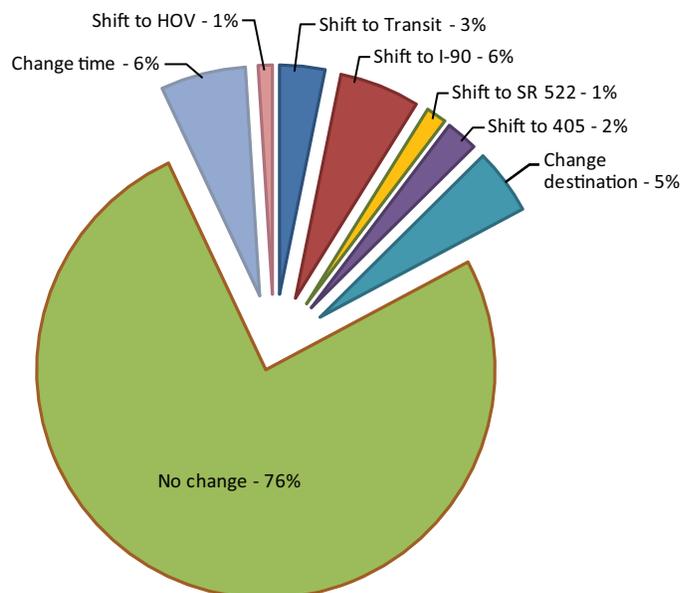
- Peak period traffic on 522 (at 61st Avenue in Kenmore) increases by no more than 5 percent.
- Peak period traffic on I-405 (at 167 in Renton) increases by no more than 3 percent.
- Between 3 and 11 percent choose to travel at a different time of day in 2010.

For the two-bridge (520 and I-90) scenarios:

- There is a decrease in volumes on both 520 and I-90 as some people choose other routes, modes, or destinations.
- Peak period traffic on 522 (at 61st Avenue in Kenmore) increases by no more than 5 percent.
- Peak period diversion to I-405 (at 167 in Renton) is greater in two-bridge scenarios, with volume increases reaching 8 percent.

Figure 14. Diversion from 520.

The pie chart below illustrates diversion findings from one scenario and is not meant to represent all findings. It is from Scenario 6 and shows the travel decisions people make during peak periods in 2010. Text in the left-hand column describes general changes in vehicle traffic.



Diversion effects on arterials

Local roadways leading to tolled bridges have less traffic when tolls are in place, while access routes leading to alternate routes would see an increase in volumes. The regional travel demand model does a good job of showing how regional traffic is projected to shift routes or modes when tolls are placed on one of these major routes. Data has been generated for major roadways; however, additional traffic modeling is needed to see specific arterial effects. (See 520 Tolling Screenline and Location Traffic Estimates in Appendix B.)

Diversion in 520-only vs. two-bridge scenarios

When only 520 is tolled, the greatest route diversion effects are seen on I-90. When both bridges are tolled more traffic moves to the north and south ends of Lake Washington. I-405 south of I-90 is affected more than 522, because much of the diversion to 522 comes from tolling 520. I-405 only becomes a viable option for many people if I-90 is tolled.

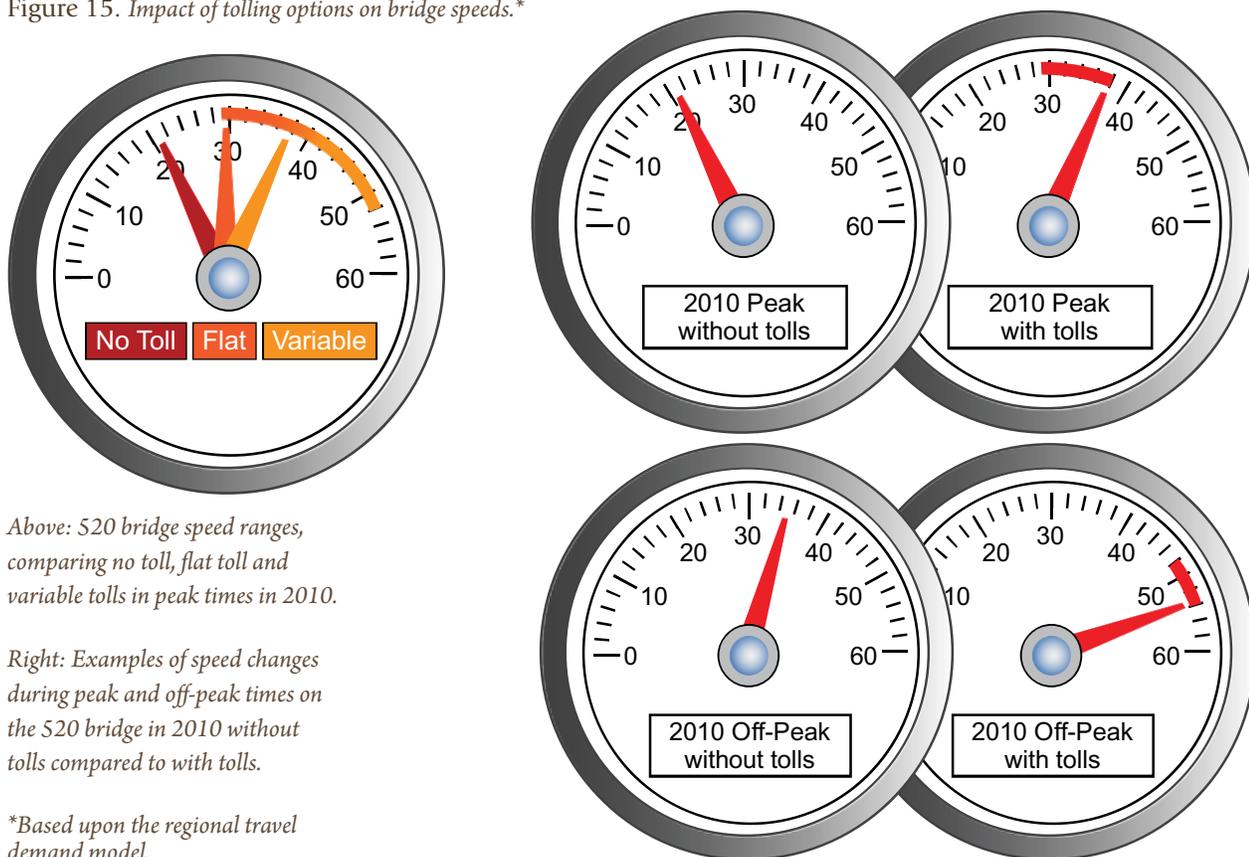
bridge performance

One of the key evaluation criteria is how tolls affect bridge performance and traffic flow. Toll should provide improved speeds.

Impacts on Bridge Speeds

When tolls are in place traffic volumes go down and speeds improve.* On 520, speeds increase as much as 40 percent (under the highest toll rate scenario). Speeds increase on average from 10 to 30 miles per hour in the corridor between I-5 and I-405. When both 520 and I-90 are tolled, speeds improve on both bridges in peak and off-peak times.

Figure 15. Impact of tolling options on bridge speeds.*



Above: 520 bridge speed ranges, comparing no toll, flat toll and variable tolls in peak times in 2010.

Right: Examples of speed changes during peak and off-peak times on the 520 bridge in 2010 without tolls compared to with tolls.

*Based upon the regional travel demand model.

incentives for transit and carpooling

Incentives for transit and carpooling provide an alternative to paying the toll. The 2006 Commute Trip Reduction (CTR) Efficiency Act focused on urban growth areas and congested corridors. There are more than 570 employers participating in CTR program, with more than 337,000 employees.

The program focuses on the Seattle and Bellevue central business districts, as well as the Overlake and Totem Lake areas, making the CTR program central to reducing traffic congestion on 520 and other area highways. The CTR Board estimates that CTR programs save an average of five minutes for a typical commuter from Seattle to Bellevue.

The Urban Partnership Agreement also includes transportation demand management, including shifting trips to transit or carpool travel. Currently, King County Metro and Sound Transit buses carry more than 15,000 riders each day on 520, and the Urban Partnership Agreement would fund purchase of 45 new buses carrying 5,000 additional riders each day. Funding to operate the buses has not been identified.

Almost all major employers in King County use CTR programs, and their programs include:

- University of Washington UPASS
- FlexPass and PugetPass
- Vanpool and Carpool Subsidies
- Emergency Ride Home
- Parking Management
- R-TRIP In Redmond

Transit Need and Availability

Transit ridership is expected to grow 30 percent or more on 520 if the Urban Partnership Agreement service is added. In addition, the recently approved Sound Transit 2 includes 100,000 systemwide hours of additional bus service that could improve transit in this corridor. Bus rapid transit could also be used on 520 in the future to meet transit demand.



Figure 16.
Urban Partnership Agreement service levels and costs.

	Metro	Sound Transit
Buses (\$41 million)	30	15
Annual Service Hours	28,000	10,000
Annual Operating Cost	\$3,500,000	\$1,250,000

(Purchase of buses included in Urban Partnership Agreement; service costs unfunded. Source: Sound Transit and King County Metro.)

Telecommuting

One of the key components of the Urban Partnership Agreement is promoting telecommuting and flextime as options for some employees. By encouraging employees to work from home at least part-time and/or adjusting their work schedules to take advantage of lower toll rates, businesses will contribute to the goal of decreasing traffic in this busy corridor.

Providing Choices

WSDOT plans major outreach efforts to occur in the months leading up to the start of tolling across Lake Washington. All publications and presentations related to tolling will include information on the choices available to drivers, including transit, carpooling, telecommuting, and flextime. A small change in the number of drivers who choose an alternative to driving alone will have a significant effect on traffic flow. By offering a range of choices, drivers can determine what changes work for them.

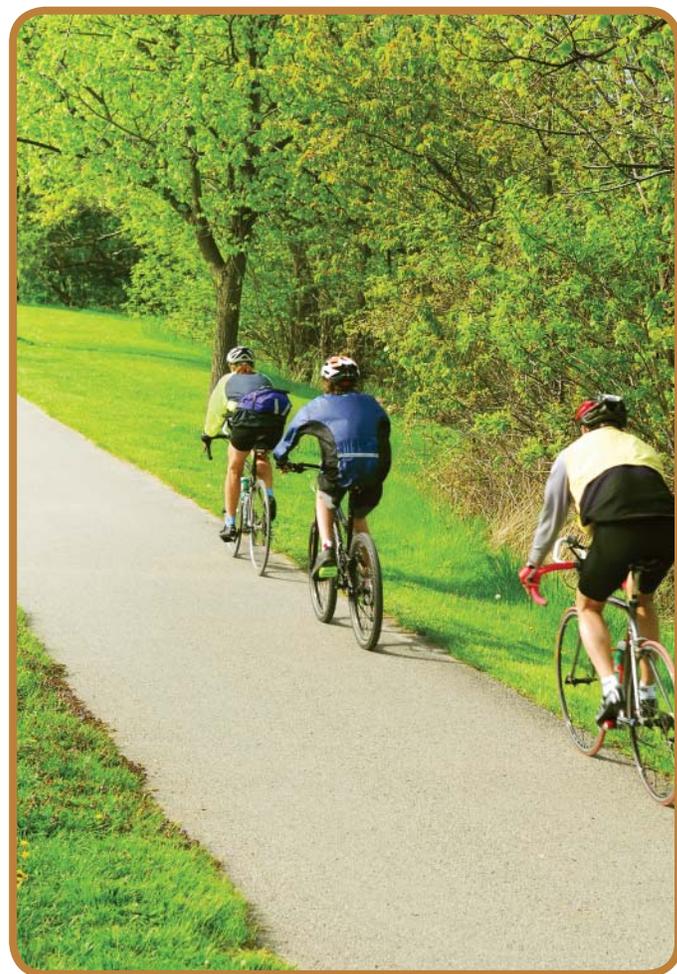
Public Comment on Transit

When asked what they would do if a toll were charged on 520, nine percent of participants in the statistically-valid phone survey said they would take transit. Of web survey respondents, 17 percent said they would take transit if a toll were charged. This compares with 76 percent of phone survey respondents and 78 percent of web survey respondents saying it is important to have transit available as an alternative to paying tolls.

In the written comments received in fall 2008, 13 percent of respondents expressed support for increased transit service. In the written comments received in summer 2008, 21 percent of respondents expressed support

for increased transit service in these corridors. These respondents often said that increased transit service would be a necessary complement to tolling on 520. Others expressed general support for transit service, including both bus and rail service on 520, I-90, and throughout the region.

Most comments that referenced transit mentioned alternatives to paying a toll. Transit improvements were often mentioned as way to reduce effects on lower-income travelers. Some respondents advocated using toll revenue to fund transit improvements, while others were opposed to funding transit with toll revenue. Use of toll revenue for transit service is a legislative policy decision.



potential effects on lower-income bridge users

Committee Outreach Activities

As part of its outreach, the Committee publicized its open houses and website information in minority newspapers, social service newsletters, transit, and at community events. It coordinated with the 520 program on surveys and focus groups, and met with social service agencies to better understand how tolling may affect lower-income commuters.

Current services that meet the needs of lower-income customers:

- Customers can establish *Good To Go!* accounts with cash. There is no need for a credit or debit card.
- Lower-income users can establish and replenish a *Good To Go!* account using their EBT (Quest) card issued by DSHS.
- Full-service *Good To Go!* customer service centers are available for cash customers.
- Mobile *Good To Go!* center is available to set up at events, businesses, and high-traffic areas.

Findings and Input

- A higher proportion of lower-income families' budgets will go toward tolls.
- Putting \$30 in a pre-paid *Good to Go!* account may be difficult for lower-income families. They may not have credit or debit cards to automatically replenish online accounts.
- Most trips across the bridge are for people accessing social services, work or medical appointments.
- Buses don't always work for those with children in day care who must be dropped off before continuing on to work.

Additional options to consider:

- Implement more bus service in the corridor to better meet demand. Forty-five new buses are planned for the corridor under the Urban Partnership Agreement, but funding to operate the buses has not yet been identified.
- Investigate partnering with retail outlets to make purchase and replenishment of cash and *Good to Go!* accounts more widely accessible.
- Translate tolling materials into several languages.

- Educate service providers who can explain the system to those who do not read.
- Explore a transportation allowance for those who use the bridge that will provide additional toll allowances on EBT cards, consistent with existing eligibility requirements.
- Analyze the relationship between toll rates and transit fares.

Puget Sound Data

- In the 2005 census, 10 percent of King County households were below the national poverty line of \$19,971 for a family of four.
- The median household income in King County was \$58,351.
- Transit serves many lower-income residents. According to a 2006 King County Metro Rider / Non-Rider Survey, 25 percent of the riders who participated in the survey had household incomes below \$35,000, compared to only 12 percent of non-riders.

National Research

National research on the effects of tolls on lower-income populations is limited, with most studies focused on HOT (high-occupancy toll) lanes. Definitions of lower-income vary across studies, making clear conclusions difficult. In general, national research indicates:

- The cost of purchasing a transponder and the possible need for a credit card to set up an electronic account can limit accessibility for lower-income people.
- Lower-income drivers are more likely to pay for a toll if it results in time savings or reliability.
- Lower-income populations are more likely to use transit and more likely to carpool.



A recent UCLA study suggested that a toll would adversely affect lower-income users of a highway but would be more equitable than a sales tax that affected all lower-income people regardless of whether or not they drive.

opportunities to partner with businesses

The Committee did not find business interest in providing direct funding assistance for the 520 project. Opportunities do exist to partner with businesses and educate their employees about tolling through the various Commute Trip Reduction (CTR) programs.

Specifically, the Puget Sound Regional Council is working to create CTR zones in employment centers. The current program targets employers with over 100 employees in one location who commute during peak times. Changing the focus to employment centers will expand CTR services and funding to smaller businesses.

Businesses will play a primary role in future outreach activities focused on educating drivers about electronic tolling and how the *Good To Go!* system will work in the 520 corridor. Marketing activities will include presentations to employees, e-newsletters, breakroom posters, news articles, employee and client handouts, and on-site *Good To Go!* account sign-ups. The business community has responded positively to this role on the Tacoma Narrows Bridge project and is expected to be an important partner in sharing information and encouraging employees to participate in the electronic tolling program. In return, businesses recognize the benefits of improved traffic conditions, potential added transit service, and variable toll rates for their employees and clients.



advanced tolling technology

Toll Collection Technology

When the Tacoma Narrows Bridge opened in 2007, Washington State launched an electronic tolling system called *Good to Go!*. More than 70 percent of traffic using the new bridge travels non-stop at highway speeds without stopping at toll booths. During peak times, the number is 85 percent. Solo drivers on 167 in Southeast King County can now use this same electronic tolling system to pay for a quicker trip on the HOT lanes.

The 520 corridor will use 100 percent electronic tolling – no toll booths at all. This means all traffic on 520 can cross without stopping to pay.



Simulation of toll collection on existing 520 east high-rise

With *Good to Go!* electronic tolls are collected with a transponder, about the size of a credit card. Drivers affix the transponder on the inside of their cars' windshields. When driving on a tolled facility, an overhead antenna links the transponder to account information, and deducts the correct toll from a prepaid account. Automatic replenishment allows drivers to easily manage accounts by authorizing payments from a credit card or bank account.

To use this no toll booth technology, regular users should have pre-paid transponder accounts. However, some people will not have transponders or may be visiting from



out of town. Their vehicles will have their license plate photographed and can prepay (online or by phone) or be invoiced for the toll, which will include an additional administrative fee for processing. Transponder technology and license-plate recognizing cameras are used today as part of the *Good to Go!* program on the new Tacoma Narrows Bridge and at tolling facilities around the world.

All electronic tolling for 520 is important for a number of reasons:

- **High Volume:** The current daily crossings on 520 are approximately 115,000 vehicles per day and 150,000 on I-90. The Tacoma Narrows Bridge averages about 40,000 toll transactions per day.
- **Traffic Flow:** If vehicles on 520 are required to stop and pay tolls, the resulting congestion would negate the benefit of improving the facility.
- **Variable Tolling:** Electronic toll technology supports the use of variable tolling, which provides lower toll rates during non-peak hours and helps keep traffic moving.

Advances in Tolling Technology

As technology continues to develop, additional technologies will become available and could make toll collection easier and more cost efficient. Technologies that may be available for toll collection in the future include:

- Transponders that include a button or switch indicating if the vehicle is currently a high-occupancy vehicle (HOV).
- Global positioning system (GPS)-based tolling technology.
- Stored-value card for transit, ferries and tolled facilities.
- Rental car companies outfitting rental cars with transponders or using license plate images to pay tolls for their rental fleets.

active traffic management

Active traffic management is the use of high-tech traffic tools to make roadways safer and less congested. These tools provide more accurate real-time information about what is on the road ahead and help improve traffic flow.

If given approval to implement tolling on 520, WSDOT will expand current use of these technologies and focus on low-cost projects that have high benefits for drivers.

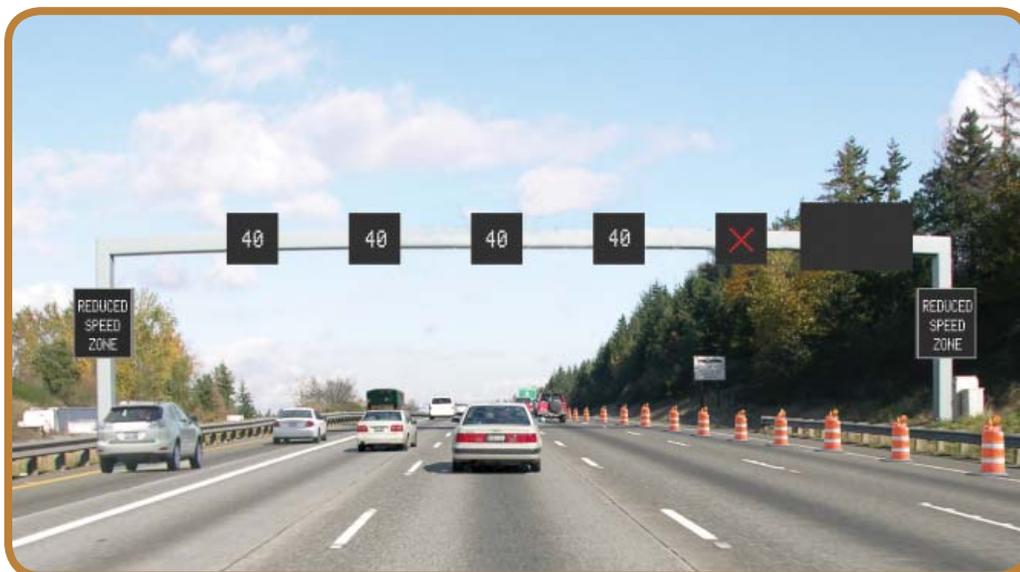
Today's Tools and Technologies Include:

- **Real-time information for drivers**, such as electronic driver information signs, traffic cameras, traffic centers and online traffic maps. The Puget Sound region already has more than 475 traffic cameras, 169 electronic driver information signs, and seven traffic management hubs.
- **Ramp meters**, or stop-and-go traffic signals, that automatically space vehicles entering the flow of traffic on the highway. Today, 135 ramp meters help keep traffic moving on some of Washington's busiest routes.
- **Incident response teams** that clear roads and help drivers. WSDOT used more than 55 trucks and responded to more than 52,000 incidents in 2007.
- **Using HOV lanes more efficiently**, with projects including a four-year high-occupancy toll (HOT) lane pilot project on 167 between Auburn and Renton that converted a HOV lane to a HOT lane.

Smarter Roadways Tomorrow

Building upon the successes already seen, new techniques are available and can be used in the Puget Sound region, including:

- Installing overhead signs, which convey variable speed limits; lane closures and warning signs, to alert drivers to slow down or change lanes because of collisions and backups.
- Where possible, building additional emergency pull off areas for vehicle breakdowns or collisions.



Future variable speed limit and driver information signs will improve traffic flow and safety on northbound I-5 between Boeing Access Road and I-90. Similar signs will also be used in the 520 corridor.

mitigation recommendations for diversion related to tolling

The Committee was tasked by the Legislature with evaluating potential tolling diversion from 520 to other roadways and recommending mitigation to address diversion. All the tolling scenarios had similar effects on traffic diversion, although specific amounts and locations varied based on toll rates and facilities tolled.

What Happens on Local Roads?

Generally, in the 520-only toll scenarios, traffic drops on direct access routes to 520 (such as Montlake Boulevard and Lake Washington Boulevard) and increases somewhat on direct access routes to I-90 (such as Rainier Avenue and Bellevue Way). In two-bridge scenarios, traffic on all direct access routes drops somewhat. Local access routes to 522 have increases in traffic in all toll scenarios. Complete diversion data can be found in Appendix C.

A Proposed Two-Part Approach to Mitigation

The Committee is recommending an approach that attempts to keep traffic on the tolled 520, and takes actions to mitigate the effects of diversion off of 520. Additional detail on this approach is in Appendix G.

Part 1: Approaches to keep traffic on the tolled 520

- Use variable tolls to improve performance during peak periods and encourage traffic to stay on the bridge in the off-peak when tolls are lower.
- In addition to meeting debt requirements, manage toll levels to keep traffic on the bridge; higher tolls will divert more traffic off 520.
- Segment tolls are opposed by jurisdictions throughout the region. Segment tolls may cause traffic to divert to local arterials to avoid a toll; however, segment tolls also lower traffic on bridge approaches and improve traffic flow.
- Identify funding to operate Urban Partnership Agreement transit service, and continue working with employers to reduce solo commutes in these corridors.
- Replace the 520 bridge. An expanded bridge will improve traffic flow and bring traffic that currently diverts because of congestion back to the 520 corridor.

Part 2: Mitigation recommendations

Based on discussions with jurisdictions, the Committee identified five areas of concern related to traffic diversion:

- 522, Bellevue/Points communities arterials, I-90, I-405 South, Seattle/University of Washington.

Committee mitigation recommendations related to tolling include:

- System-wide instrumentation and traffic monitoring
 - Additional coverage would be needed on 522.
 - Local access roads may need to be added such as Ballinger Way, NE 145th Street, and Juanita Drive.
- 522 mitigation
 - Traffic reporting with electronic driver information signs at decision points on I-5, I-405, and along 522.
 - Traffic signal reliability and coordination.
- A toll mitigation account to respond to traffic diversion effects would be set up to fund the noted mitigation strategies and to fund other mitigation as necessary. A joint state/local process would be developed to decide which projects should be implemented to mitigate the actual effects of diverted traffic once tolling begins. Funds from the account would be focused on the six-year period following tolling authorization.
- Advanced traffic management technology on 520, I-90, I-405 and I-5.
- A coordinated transit implementation plan developed by WSDOT, King County and Sound Transit.
- Transit service expansion via the Urban Partnership Agreement in the 520 corridor and possible other improvements to transit service in response to anticipated or actual traffic diversion.
- Transit-related improvements such as new or expanded park-and-rides should be added, including in the I-90 corridor, if it is tolled.
- In a two-bridge scenario, expansion work on I-405 and I-405 alternate routes should proceed as quickly as possible.
- Local jurisdictions support new transit service in the corridor. The Urban Partnership Agreement would fund the purchase of 45 new buses, but operational funds are needed.
- Funding to operate transit needs to be identified and secured. Using toll revenues to pay for that service is a policy decision to be made by the Legislature.

appendices

Volume 1:

- A: Legislation - ESHB 3096
- B: Outreach Events and Materials
- C: Travel Demand Modeling and Financial Analysis
- D: Travel Demand Model Peer Review
- E: Active Traffic Management
- F: Toll Collection Technology
- G: Mitigation Recommendations for Diversion
- H: Discussions on I-90

Volume 2:

- I: Public Comments
 - Letters from jurisdictions
 - Summaries of public comment
 - All public comments received

How can tolls work for people who use 520, nearby communities, and taxpayers?



for more information contact:

David Hopkins

Director, Government Relations and Communications
Urban Corridors Office
Washington State Department of Transportation
401 Second Ave. South, Suite 400
Seattle, WA 98104
206.464.1194
hopkida@wsdot.wa.gov

Americans with Disabilities Act (ADA) Information: Sign language and communications materials in alternative formats can be arranged given sufficient notice by calling 206.464.7090 or TDD/TTY 206.464.5409.

Title VI: The 520 Tolling Implementation Committee ensures full compliance with Title VI of the Civil Rights Act of 1964 by prohibiting discrimination against any person on the basis of race, color, national origin or sex in the provision of benefits and services resulting from its federally assisted programs and activities.

**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: Erin J. Leonhart, Intergovernmental Relations Manager

Date: February 9, 2009

Subject: 2009 LEGISLATIVE UPDATE 3 – FEBRUARY 17, 2009

The 2009 Legislative Session is in its sixth week. The first legislative cut-off date, when bills must have progressed out of their committee of origin, is February 25th. This is an update on the City's interests as of February 9th. A matrix with the current status of topics on the legislative agenda will be available at the meeting on February 17th.

RECOMMENDATION

It is recommended that Council:

1. Authorize the Mayor to sign a letter to accompany Kirkland's federal appropriations requests (Attachment A); and
2. Authorize the Mayor to sign a letter to Governor Gregoire, Senator Haugen and Representative Clibborn (Co-Chairs of the Joint Transportation Committee) in support of the least costly replacement alternative to SR 520 that arose from the ESSB 6099 Mediation process (Attachment B).

KING COUNTY BUDGET ISSUES

King County is projecting a \$60 million shortfall in the budget for METRO Transit. This shortfall is equivalent to 500,000 – 600,000 service hours. To sustain transit services, King County is seeking authority to increase Motor Vehicle Excise Tax by 1%. Additional information is available in the attached memorandum from Public Works (Attachment C).

King County is also pursuing legislation to collect 0.3% sales and use tax specifically for public safety without a public vote, which is currently required. Any additional information about this topic will be presented during the Council meeting.

ANNEXATION

Senate Bill 5321, relating to extending a local sales and use tax for annexation has multiple sponsors, including Senator Tom. As of this memorandum, there has been no further action on this bill.

According to the Association of Washington Cities (AWC) and Kirkland's legislative advocate, a proposal is being developed that would mandate annexations in King County. Any additional information about this topic will be presented during the Council meeting.

CLIMATE CHANGE & ENVIRONMENT

House Bill 1490 establishes land-use and development patterns to achieve and support state and federal greenhouse gas emissions reduction requirements. It has multiple sponsors including Representative Goodman. Further information from the bill's sponsor indicated that the increased density related to transit stations would not apply to Kirkland. AWC is working with the sponsor of this bill (Rep. Nelson), impacted cities and other interests to amend this bill. As of this memorandum, there has been no further action on this bill.

House Bill 1165 and Senate Bill 5279 (Secure Medicine Return Bill) establishes a producer-provided medicine return program that is convenient, safe and secure for residents throughout the state. The bill has multiple sponsors including Representatives Hunter and Goodman and Senator Oemig. Substitute House Bill 1165 passed out of the Environmental Health Committee and has been referred to Appropriations.

EMINENT DOMAIN

Senate Bill 5910 and House Bill 1332 would grant authority of a watershed management partnership (Cascade Water Alliance) to exercise powers of its forming governments, including eminent domain. The Senate version of this bill was changed from SB5254 because Senator Prentice, the original sponsor, asked to be removed from the bill. HB1332 passed the House Judiciary Committee unanimously on February 9th.

HOMELESSNESS & HOUSING

House Bill 1141 exempts state & local taxes on affordable housing projects receiving public funding. This bill is scheduled for executive session on February 11th.

House Bill 1173 creates the Affordable Housing for All program with the goal of providing decent, affordable housing for all economic segments by the year 2020 and establishes the goal to end homelessness by 2019. As of this memorandum, there has been no further action on this bill.

House Bill 1360 creates the Residential Infrastructure Program and would dedicate future state Real Estate Excise Tax above a growth factor into the program to provide loans to eligible jurisdictions and grants to nonprofit organizations for public infrastructure projects (or land related to infrastructure) that supports increased capacity for dense, affordable residential development in areas near transit service. Executive action was taken on this bill on February 5th but its current disposition is unknown, update at the Council meeting.

INFRASTRUCTURE AND ECONOMIC DEVELOPMENT

House Bill 1109 amends provisions of local infrastructure financing in multiple ways including, increasing state contribution to \$10.5 million and eliminating the limitation of one revenue development area per county. This bill is scheduled for public hearing in the Community & Economic Development & Trade Committee on February 12th at 10am.

House Bill 1744/Senate Bill 5630 expands use of Real Estate Excise Tax (REET) funds and "harmonizes" the existing first and second ¼ percent REET, so that both, for example, can be used for land acquisition. This bill has multiple sponsors including Rep. Springer and is scheduled for public hearing in the House Local Government and Housing Committee on February 9th at 1:30pm.

House Bill 1947 allows for regulation and preservation of urban streets through a local option street utility. This bill has been referred to the House Transportation Committee.

NON-MOTORIZED TRANSPORTATION

House Bill 1403/Senate Bill 5387 requires vehicle-activated traffic control devices to routinely and reliably detect motorcycles and bicycles. This bill has multiple sponsors including Rep. Goodman.

House Bill 1491/Senate Bill 5335 requires that vehicles passing pedestrians & bicycles allow a minimum distance of three feet. This bill has multiple sponsors including Rep. Goodman and is scheduled for public hearing in the House Transportation Committee on February 12th at 3:30.

House Bill 1535 requires that thoroughfare through construction and maintenance worksites must be provided for pedestrians, bicycles and persons with disabilities. This bill is scheduled for public hearing in the House Transportation Committee on February 12th at 3:30.

Attachments

A – Letter to Congressional Delegation in Support of Federal Appropriations Requests (for leave-behind packets, not to be mailed)

B – Letter to Governor Gregoire, Senator Haugen and Representative Clibborn Re: SR-520

C – Memorandum from Public Works about King County Metro 1% MVET request

February 18, 2009

DRAFT

The Honorable Patty Murray
United States Senate

The Honorable Maria Cantwell
United States Senate

The Honorable Jay Inslee
United States Representative, 1st District

Dear Senators Murray and Cantwell and Congressman Inslee:

The City of Kirkland is pleased to submit federal appropriations requests for four projects that are vital to the continued safety, security, and economic vitality of our community. Every local government in Washington State is facing the challenge of having to satisfy increasing demands for services within very real resource constraints. Kirkland is working hard to meet this challenge by forging business and community partnerships to build a collaborative response to growing needs in areas such as economic development and emergency preparedness. We hope to enhance this collaborative approach with our federal government partnership so that we can achieve success by leveraging multiple resources to accomplish our mutual goals.

As you know, Kirkland is facing significant challenges related to growth and economic development. We view our Totem Lake urban center as a major growth center in the coming years. However, gaps in the transportation network in Totem Lake create a major obstacle to sustained growth. The **NE 120th Street extension** is a critical missing link in that area's transportation network. Once completed, the new roadway will vastly improve traffic circulation in the Totem Lake area and increase exposure and access to adjacent businesses. The new roadway will also improve emergency vehicle access to the surrounding areas.

Kirkland recognizes the importance of non-motorized transportation as a commuting option as well as a part of active living – both contribute to the vitality of our community. The **116th non-motorized improvement project** is another critical missing link in Kirkland's transportation network. The proposed project includes new storm water facilities/stream enhancements, bike lanes and a separated multi-purpose gravel pedestrian/equestrian pathway; completing a regionally significant north/south corridor linking the City of Kirkland bike route along NE 70th Street from Redmond, the pedestrian/bike bridge across I-405 at NE 60th Street, and the existing City of Bellevue's non-motorized improvements south to SR 520.

Our City is also confronting increasing risks and threats posed by aging infrastructure, natural disasters, terrorism, and the protection of high profile businesses and business leaders who live in and around our community. To meet these challenges, the City requires **critical emergency response equipment**, including emergency back-up generators at the City's community centers and urban search and rescue equipment. This project enhances community safety by equipping Kirkland to respond to immediate threats to public safety.

Our request for assistance with **emergency services training** helps fund essential training for first responders including tactical training in responding to critical emergency situations, particularly those that

may take place in highly populated gathering places. This highly specialized training includes team instruction in disaster recovery following a major structural collapse and intervention during active school shooter or terrorist attacks, crowd control, and dignitary protection. This training is important for Kirkland's community safety, particularly in light of the number of active corporate leaders that live on the eastside and host gatherings of high profile dignitaries in our community.

On behalf of the City of Kirkland, I would like to thank you for considering these requests. We look forward to continuing our partnership with you as we move forward with the completion of these projects.

Sincerely,
KIRKLAND CITY COUNCIL

James Lauinger
Mayor

February 18, 2009

DRAFT

The Honorable Christine Gregoire
Office of the Governor
PO Box 40002
Olympia, WA 98504-0002

The Honorable Mary Margaret Haugen
The Honorable Judy Clibborn
Co-Chairs, Joint Transportation Committee
3309 Capitol Boulevard SE
PO Box 40937
Olympia, WA 98504-0937

Dear Governor Gregoire, Senator Haugen and Representative Clibborn:

The City of Kirkland urges support for the least costly replacement alternative to SR 520 that arose from the ESSB 6099 Mediation process. We understand other Eastside communities have expressed the same opinion. Kirkland appreciates the opportunity to participate in the process to resolve west side design issues. During this process we were supportive of alternatives which recognized costs as a key variable and yet kept the essential transportation benefits of the project.

Kirkland has been a supporter of SR 520 replacement for many years, and has expressed that support in the Trans-Lake process as well as the ESSB 6099 Mediation process. During the latter process, we were asked which of the Westside interchange options we prefer and why. We were also asked if changes to the other options could make them more acceptable. After careful review, and with cost/benefit as a primary consideration, we strongly support Option A. Regarding the second question on the acceptability of other options, the year of technical and cost analysis on both Options K and L indicate to us they are not financially or environmentally viable.

Thank you for the opportunity to participate in the mediation process and we look forward to continued collaboration in this very important process. SR 520 is a transportation asset with significant economic, educational and cultural benefits to our region.

Sincerely,
KIRKLAND CITY COUNCIL

By James L. Lauinger, Mayor

cc: Jennifer Zeigler, Policy Advisor, OFM
Barbara Gilliland, Parametrix

**CITY OF KIRKLAND****Department of Public Works****123 Fifth Avenue, Kirkland, WA 98033 425.587.3800****www.ci.kirkland.wa.us**

To: Dave Ramsay, City Manager

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

Date: February 5, 2009

Subject: King County Metro 1% MVET request

Metro Transit is facing an increasing gap between revenues and expenses. This is caused in part by the decrease in sales tax revenue due to the economic downturn. It is also caused by increased ridership –an increase that spiked with higher fuel prices but which has persisted even as oil prices declined. For example, Route 245 which runs between Kirkland and Factoria via NE 70th Street in South Rose Hill, Microsoft/Overlake and Bellevue Community College has seen an 85% increase in ridership over the past 3 years. The volatility of sales tax is also part of the cause of the shortfall because in order to sustain periods of weaker sales tax revenue larger reserves must be maintained. Historically, Motor Vehicle Excise Tax is a more stable source of funding than is sales tax.

Metro estimates that the gap between revenue and expenses will be about \$60 million in 2010 but is forecast to increase in future years. Because most of Metro's costs are made up of the wages and benefits of drivers and mechanics, cutting costs means cutting service. A \$60 million gap is equivalent to between 500,000 to 600,000 hours of service. By way of comparison, this is about 17% of the total system hours. If Metro were to make cuts in service of this magnitude, some of them would be on routes that serve Kirkland. Likely candidates would be the lowest ridership peak-hour only routes, but Metro has not indicated how cuts would be made.

A 1% increase in MVET is expected to generate approximately \$120-\$145 million per year. Metro would use this funding for three purposes: filling the gap between revenue and expenses, funding service and capital necessary for their portion of the Alaskan Way Viaduct project (about \$15 million per year in service) and for new service.

If the legislature were to grant King County the authority for a 1% MVET increase, it is likely that the King County Council would put the increase to the voters for approval.



KIRKLAND CITY COUNCIL REGULAR MEETING MINUTES
January 20, 2009

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. Active Transportation Plan Update

Joining Councilmembers for this discussion in addition to City Manager Dave Ramsay were Director of Public Works Daryl Grigsby, Transportation Engineering Manager Dave Godfrey, Capital Projects Manager Ray Steiger, and Transportation Commission Chair Jon Pascal.

4. EXECUTIVE SESSION

a. To Review the Performance of a Public Employee

5. SPECIAL PRESENTATIONS

a. Police Explorer Recognition

b. Energy Star Partnership, Justus Stewart, Program Associate, International Council for Local Government Initiatives (ICLEI) - Local Governments for Sustainability

c. Kenmore Mayor Dave Baker request for cooperative special events coordination

Council recognized the attendance of Kirkland Boy Scout Troop 615 and Troop Leader Michael Buchman.

6. REPORTS

a. City Council

(1) Regional Issues

Councilmembers shared information regarding today's Presidential Inauguration; the signing of the Sound Transit federal funding agreement; Suburban Cities Association Public Issues Committee meeting; Recycling of fluorescent light bulbs; Kirkland UnCorked event; Metropolitan Solid Waste Advisory Committee meeting; enterpriseSeattle regional economic forecast conference; and the Suburban Cities Association Board Retreat.

b. City Manager

(1) 2009 Legislative Update 1

(2) 2009 City Council Retreat Topics

(3) Calendar Update

7. COMMUNICATIONS

a. Items from the Audience

Margit Moore, 109 2nd Street South, #335., Kirkland, WA
Johanna Palmer, 12911 NE 128th Place, Kirkland, WA
Michael Buchman, 12231 NE 62nd, Kirkland, WA

b. Petitions

8. CONSENT CALENDAR

a. Approval of Minutes: January 6, 2009

b. Audit of Accounts:

Payroll \$ 2,141,586.32

Bills \$ 2,682,584.43

run # 797 check #'s 505246 - 505368

run # 798 check #'s 505370 - 505511

c. General Correspondence

(1) Terry and Sally Mackle, Regarding Lakeview Neighborhood Plan

(2) Jean Lupinacci, Director, ENERGY STAR® Commercial & Industrial Branch, U.S. Environmental Protection Agency,

Regarding ENERGY STAR® Partnership.

d. Claims

e. Award of Bids

(1) Marina Dock Resurfacing Project, Epic Construction, LLC, Bellevue, WA

f. Acceptance of Public Improvements and Establishing Lien Period

(1) 116th Avenue NE (North Section) Non-Motorized Facilities Project

g. Approval of Agreements

(1) Resolution R-4736, entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND SUPPORTING THE CONTINUATION OF THE EASTSIDE TRANSPORTATION PARTNERSHIP (ETP) AS THE EAST KING COUNTY FORUM FOR INFORMATION SHARING, CONSENSUS BUILDING AND COORDINATING TO PROVIDE ADVICE ON REGIONAL TRANSPORTATION ISSUES AND APPROVE CONTINUED PARTICIPATION BY THE CITY OF KIRKLAND."

h. Other Items of Business

(1) Resolution R-4737, 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 OWNERS ROBERT A. ROLLER AND CHERI L. ALDRED."

(2) Resolution R-4738, 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 OWNERS DAVID J. AND JENIFER L. WALDEN."

(3) Authorizing the Issuance of a Cabaret Music License to the J Bay Bar and Grill

(4) Report on Procurement Activities

(5) Surplus Equipment Rental Vehicles/Equipment for Sale

Motion to Approve the consent calendar.

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

Vote: Motion carried 7-0

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

Council recessed for a short break.

9. PUBLIC HEARINGS

a. Downtown Zoning:

(1) Ordinance No. 4177 and its Summary, Relating to Zoning, and Land Use and Amending Ordinance No. 3719, as Amended, the Kirkland Zoning Ordinance, to Amend the Height Regulations, Building Stepbacks, Sidewalk Widths, Banking and Related Financial Use Limitations, Rooftop Appurtenance Allowances, and Dimensional Requirements for Retail in Central Business District (CBD) Zone 1; to Amend Ground Floor Retail Height Requirements in CBD Zones 1, 2, 3, 4, 6, 7, and 8; and to Measure Height in Feet Instead of Stories in CBD Zones 1, 2, 3, 4, 6, and 7; Repealing Ordinance No. 4143; and Approving a Summary Ordinance for Publication, File No. ZON08-00019

(2) Ordinance No. 4178 and its Summary, Relating to Zoning and Land Use and Amending the City of Kirkland Zoning Map Ordinance No. 3710, as Amended, To Conform to the Comprehensive Plan and to Ensure Continued Compliance With the Growth Management Act, and Approving a Summary Ordinance for Publication, File No. ZON08-00019

(3) Ordinance No. 4179, Relating to Zoning and Land Use and Repealing Ordinance No. 4149 Which Adopted Interim Zoning Regulations Limiting the Height of Buildings Within Central Business District (CBD) Zone 1

(4) Resolution R-4739, Approving Amended Design Guidelines for Pedestrian Oriented Business Districts and Authorizing the Mayor to Sign

Mayor Lauinger explained the parameters of the public hearing on Downtown Zoning and then opened the public hearing. Planning Supervisor Jeremy McMahan provided an overview of the draft amendments for Council consideration. Testimony was provided by:
Marilyn Dillard, 2053 Minor Avenue East, Seattle, WA
Doug Davis, Kirkland, WA
Tom Parsons, OPUS Northwest, 11125 NE 100th Street, Kirkland, WA
Jim McElwee, 12907 NE 78th Place, Kirkland, WA
Margit Moore, 109 2nd Street South, #335, Kirkland, WA
Marna Hanneman, 211 Kirkland Avenue, #503, Kirkland, WA
Tim Olson, 1571 3rd Street, Kirkland, WA
Joe Castleberry, 225 4th Avenue, #B101, Kirkland, WA
Bea Nahon, 129 3rd Avenue, #503, Kirkland, WA
Rob Brown, 108 2nd Avenue South, Kirkland, WA
Jeff Trager, 9124 126th Avenue NE, Kirkland, WA
No further testimony was offered and the Mayor continued the hearing deliberations until Council's meeting on February 3, 2009.

10. UNFINISHED BUSINESS

a. Snow Removal De-Brief

Public Works Director Daryl Grigsby reviewed the actions and results that occurred during the December snow.

b. Fair Housing

Council accepted the staff recommendation to send a letter.

c. Budget Reporting Process

This item was postponed to a future meeting.

11. NEW BUSINESS

a. Performance Measurement and Budgeting

This item was postponed to a future meeting.

b. 2008 State of the Streets Report

This item was postponed to a future meeting.

12. ANNOUNCEMENTS

13. ADJOURNMENT

The Kirkland City Council regular meeting of January 20, 2009 adjourned at 11:08 p.m.

City Clerk

Mayor



KIRKLAND CITY COUNCIL REGULAR MEETING MINUTES
February 03, 2009

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, Peter Kirk Room
 - a. Proposed Voted Utility Tax Increase

Joining Councilmembers for this discussion in addition to City
Manager Dave Ramsay were Assistant City Manager Marilynne
Beard, Director of Finance and Administration Tracey Dunlap and
Financial Planning Manager Sandi Hines.

4. EXECUTIVE SESSION
 - a. To Discuss Labor Negotiations
 - b. To Review the Performance of a Public Employee

5. SPECIAL PRESENTATIONS

- a. Green Tips

Public Works Fleet Management Supervisor Tim Llewellyn
presented driving tips.

6. REPORTS

- a. City Council

(1) Regional Issues

Councilmembers shared information regarding Tourism Committee, Housing Committee, Suburban Cities Puget Sound Regional Council Executive Board, Transportation 2040 Update, Homeless Count in Kirkland on January 29th, Democratic Futures Panel at Seattle University, Annual Kirkland Fire and Building Dinner, Chuck Morgan Celebration Event, Traffic Activation Bill, Safety of Bicycle on the Road Bill, and the King Conservation Advisory Committee.

b. City Manager

(1) 2009 Legislative Update 2

Intergovernmental Relations Manager, Erin Leonhart presented an update of the State Legislative items and requested letters of support for three items.

(2) 2009 City Council Retreat Update

(3) Calendar Update

(4) Daryl Grigsby introduced the new Public Works Internal Services Manager Donna Burris.

7. COMMUNICATIONS

a. Items from the Audience

b. Petitions

8. CONSENT CALENDAR

a. Approval of Minutes: January 20, 2009

b. Audit of Accounts:

Payroll \$2,040,094.92

Bills \$ 828,802.13

Run #799 Check # 505512-505516

Run #800 Check # 505543-505646

Run #801 Check # 505673-505809

c. General Correspondence

d. Claims

(1) Maurice King

(2) Caryn Morawek

(3) Freda L. Nordhorn

(4) Douglas Waun

e. Award of Bids

f. Acceptance of Public Improvements and Establishing Lien Period

g. Approval of Agreements

(1) Resolution R-4740, entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND AUTHORIZING THE CITY MANAGER TO SIGN THE ASSURANCE AGREEMENT RELATING TO THE CITY OF RENTON AND YAKIMA COUNTY JAIL SETTLEMENT."

h. Other Items of Business

(1) Authorizing Kirkland City Hall Annex Funding Recommendations

(2) Authorizing 2009 Emergency Sewer Program Call for Bids

(3) Surplus Vehicles for Sale

<u>Fleet #</u>	<u>Year</u>	<u>Make</u>	<u>VIN/Serial Number</u>	<u>License #</u>	<u>Mileage</u>
A01-06	2001	Ford Crown Victoria	2FAFP71W71X181382	34105D	67,113
PU-47	1999	Ford F250 Ext. Cab	1FTNX20L4XEE43403	26136D	58,228

(4) Report on Procurement Activities

Motion to Approve the Consent Calendar with the exception of the

January 20, 2009 minutes.

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. Resolution R-4741, entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND AFFIRMING THE HEARING EXAMINER DECISION APPROVING VARIANCES FOR THE PUGET SOUND ENERGY JUANITA SUBSTATION IN DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT FILE NO. ZON08-00010."

Motion to send the matter back to the Hearing Examiner to get expert review of the design of the facility and provide mitigation if any variance is required for landscape buffering.

Moved by Councilmember Dave Asher, seconded by Councilmember Jessica Greenway

Vote: Motion failed 3 - 4

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

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

Motion to suspend the rule and vote on the Process IIA appeal at this meeting.

Moved by Councilmember Mary-Alyce Burleigh, seconded by Councilmember Bob Sternoff

Vote: Motion carried 6-1

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

No: Councilmember Jessica Greenway.

Motion to Approve with a modification in the landscaping Resolution R-4741, entitled "A RESOLUTION OF THE CITY COUNCIL OF

THE CITY OF KIRKLAND AFFIRMING THE HEARING
EXAMINER DECISION APPROVING VARIANCES FOR THE
PUGET SOUND ENERGY JUANITA SUBSTATION IN
DEPARTMENT OF PLANNING AND COMMUNITY
DEVELOPMENT FILE NO. ZON08-00010."

Moved by Deputy Mayor Joan McBride, seconded by
Councilmember Bob Sternoff

Vote: Motion carried 4-3

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

No: Councilmember Dave Asher, Councilmember Jessica Greenway,
and Councilmember Tom Hodgson.

b. Downtown Zoning - Council consideration and discussion

The hearing was a continuation of Council's discussion of proposed amendments to the Central Business District zoning regulations relating to building height. Planning Supervisor Jeremy McMahan presented information on downtown zoning. Planning Director Eric Shields and Jeremy McMahan responded to Council questions. Staff was directed to bring back recommendations on open questions at the February 17, 2009 Council meeting.

10. UNFINISHED BUSINESS

a. Approving Active Transportation Plan Revised Goal for School Walk Routes

Motion to Approve the revision to the goals of the Active
Transportation Plan for School Walk Routes

Moved by Councilmember Dave Asher, 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.

b. Approving Proposed Forbes Lake Park Development Plan

This item was postponed to a future meeting.

c. Bank of America Process Review

Staff was directed to bring this item back at the February 17, 2009 Council meeting to discuss the scope.

11. NEW BUSINESS

12. ANNOUNCEMENTS

13. ADJOURNMENT

The Kirkland City Council regular meeting of February 3, 2009 was adjourned at 11:24 p.m.

City Clerk

Mayor



CITY OF KIRKLAND

123 Fifth Avenue, Kirkland, WA 98033 425.587.3000
www.ci.kirkland.wa.us

MEMORANDUM

To: Dave Ramsay, City Manager
From: Betsy Adams, Environmental Education & Outreach Specialist
Date: February 4, 2009
Subject: Response to email from Karen Story, Kirkland resident, re. Styrofoam ban request

RECOMMENDATION:

It is recommended that the City Council authorize the Mayor to sign a letter responding to the email received requesting City Council to consider banning Styrofoam food service containers.

BACKGROUND:

On December January 30, 2009, Karen Story, a Kirkland resident, sent an email (Attachment A) to City Council members. In this email, she requested that the City Council consider banning expanded polystyrene (Styrofoam) food service containers.

Attached is the response (Attachment B) that was sent to Ms. Story. In summary, the response recognizes Ms. Story's concern and discusses actions that the City is currently taking to reduce the use of expanded polystyrene and to reduce waste in general.

For more information, please contact Betsy Adams at x3858.

ATTACHMENTS:

- A Email from Karen Story, Subject: Request to ban Styrofoam "to go" containers
- B Response letter from Mayor Lauinger

From: karen@tinyisland.com [mailto:karen@tinyisland.com]

Sent: Friday, January 30, 2009 11:28 AM

To: KirklandCouncil

Cc: Betsy Adams

Subject: Request to ban styrofoam "to go" containers

Dear City Council,

As I'm sure you all know, the City of Seattle has recently banned the use of styrofoam "to go" containers, and will require restaurants to switch to either recyclable or compostable containers and silverware by July 2010.

Has the City of Kirkland considered such a measure? I would strongly support it!

Sincerely,

Karen Story

9017 Slater Ave NE

Kirkland 98033

(No postal mail reply needed)

February 18, 2009

DRAFT

Ms. Karen Story
9017 Slater Ave NE
Kirkland 98033

RE: Email - Subject: Request to ban styrofoam "to go" containers

Dear Ms. Story,

Thank you for your email dated January 30, 2009. We share your concerns about expanded polystyrene (Styrofoam) food service products. Polystyrene, a petroleum product, has many detrimental environmental effects including the chemicals released during the polystyrene manufacturing process, the lack of opportunities to recycle it in Washington, the volume of landfill space consumed by polystyrene products, and the non-biodegradable nature of polystyrene that makes it a major contributor to the litter found along our roadways and in our waterways.

The City of Kirkland applauds the City of Seattle's efforts and will closely monitor the implementation the two phases of the ban. City staff is currently researching waste reduction measures, including polystyrene bans, which have been implemented in other municipalities. Through this research, they hope to find and implement the measures that would be the best fit for our community.

The City of Kirkland is also currently working to take steps to reduce the use of polystyrene. For instance, City special events and solid waste staff are working with Kirkland Uncorked event planners to require food vendors at this year's event to use compostable plates. Vendors will be encouraged to purchase and provide additional alternative compostable food service products such as cups and silverware. The City will partner with Waste Management to provide composting service at the event.

If you have other thoughts or ideas for waste reduction measures in Kirkland, please contact Betsy Adams, Public Works Education and Outreach Specialist, at (425)587-3858 or badams@ci.kirkland.wa.us.

Sincerely,
Kirkland City Council

By James L. Lauinger, Mayor

CC: Daryl Grigsby, Director of Public Works
Jenny Gaus, Senior Stormwater Utility Engineer
Betsy Adams, Environmental Education & Outreach Specialist
John MacGillivray, Solid Waste Coordinator



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, City Manager

From: Carrie Hite, Deputy Director
Jennifer Schroder, Director

Date: February 10, 2009

Subject: Letter template for Citizens Regarding Possible Closure of Carole Ann Wald Pool at St. Edwards State Park

RECOMMENDATION:

City Council reviews the attached template to respond to recent citizen letters concerning St. Edwards Pool.

BACKGROUND:

The City Council recently received a reading file item about the possible closure of the St. Edwards Pool. Since then, the Council has received several letters from concerned citizens. Staff is recommending the attached letter as a template response to use for these inquiries.

Dear:

Thank you for your concern and interest in the Carole Ann Wald Pool at St. Edwards Park. The Kirkland City Council certainly supports quality of life services such as fitness opportunities for our citizens. We also are facing an incredibly difficult financial challenge. Taking on the management of a pool is not within our budget means at this time. The City has completed some preliminary research in regards to the current operations, and progress for future operations for this pool, and would like to share this with you.

Northwest Center has been operating this pool for the past five years. Financially, they have been able to make this business model work with a subsidy from the State of Washington. With the difficult budget situation the State is facing, they are eliminating the subsidy of the Carole Ann Wald Pool. On December 27, 2008, the State sent a letter to Northwest Center stating that they would extend their contract for 90 days, while they negotiated a new five year contract. Northwest Center and the State then entered contract negotiations with the goal of signing a new five year contract. The State informed Northwest Center that the Governor's budget called for cuts in subsidies of non-core services; therefore, they could no longer subsidize the pool, make a commitment to capital and repairs, or pay the utilities associated with the pool beyond the 90 day extension.

The State's action would result in an additional \$150,000 per year of expenditures for Northwest Center. In addition to the maintenance and operating costs of the pool, recent legislation requires some capital upgrade to existing pools to increase safety standards. This upgrade has a potential capital cost of \$1 million. Neither the State nor Northwest Center have the capital funds to implement this new standard at this time.

Northwest Center has since made a decision that they cannot afford to take on this subsidy and can no longer operate the pool. Northwest Center gave the State a 30 day letter of termination for the contract on January 25, 2009. This would set the closure date for February 24, 2009.

The State is in the process of scheduling another meeting with Northwest Center to determine if they have any negotiating terms left for a contract agreement. If this is not feasible, they will look for another partner. Northwest Center is in the process of trying to meet the needs of the pool users at their other pools. In addition, Kirkland residents have the Juanita High School pool available as a resource.

Although the City of Kirkland is not in a position to assume responsibility for new programs and pool facilities such as the Carole Ann Wald Pool at this time, we can and

will continue to offer programs and classes at the Peter Kirk Pool seasonally and encourage our citizens to enjoy the pool at Juanita High School.

Sincerely,
Kirkland City Council

James Lauinger, 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: February 5, 2009
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) Robert M. Bristol
11811 9th Avenue NW
Seattle, WA 98177

Amount: \$416.99

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



CITY OF KIRKLAND
Department of Public Works
 123 Fifth Avenue, Kirkland, WA 98033 425.587.3809
 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: February 17, 2009

Subject: 2008 WATER SYSTEM IMPROVEMENT PROJECT - SOUTH – AWARD CONTRACT

RECOMMENDATION:

It is recommended that Council award the 2008 Water System Improvement Project – South to Shoreline Construction Company of Woodinville, WA for the amount of \$428,713.35.

BACKGROUND AND DISCUSSION:

The 2008 Water System Improvement Project - South replaces approximately 2900 lineal feet of asbestos cement (AC) water main with 8-inch and 12-inch ductile iron pipe at two separate locations (Attachment A). The existing AC water main is susceptible to breaks and in some sections is not capable of providing adequate fire flow. The replacement of individual water service lines, fire hydrant connections, and an asphalt overlay along the project limits is included in the work.

As part of the remodel of Lake Washington High School, fire flow requirements determined there was a need to upsize the water main from 8-inch to 12-inch diameter on NE 75th Street between 120th – 122nd Ave NE. Since a portion of the 2008 Water System Improvement Project was slated to replace the water main on NE 75th, the Lake Washington School District has agreed to contribute to the cost of the upsize from 8-inch to 12-inch in order to meet this requirement. The District's exact contribution will be determined at the end of construction after final costs are determined, however an anticipated contribution of approximately \$57,000 will be made.

With an engineer's estimate of \$700,000, staff first advertised for contractor bids on January 20th followed by a bid opening on February 3, 2009; twenty-four contractor bids were received and tabulated. The ten lowest bids and engineers estimates are as follows:

Contractor	Total Bid
Shoreline Construction Company	\$428,713.35
D&G Backhoe Inc.	\$475,658.77
Reece Trucking & Excavating	\$478,973.52
Kar-Vel Construction	\$498,409.91
Buno Construction	\$505,007.68
VJM Construction	\$511,577.33
RP & Company Inc.	\$514,880.03
B&L Utility Inc	\$515,529.18
Callen Construction Co.	\$527,950.22
Earthwork Enterprise	\$528,287.03
Engineers Estimate	\$700,472.15

E-page 117

Memorandum to Dave Ramsay

February 17, 2009

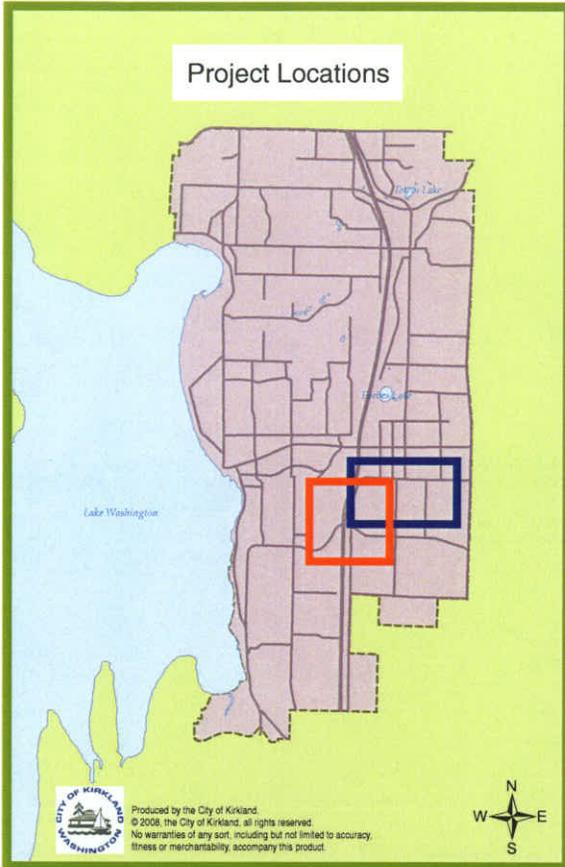
Page 2

The high number of bidders and close bid prices indicate a continued competitive construction market similar to that experienced in recent months (Attachment C).

With Council approval, construction will begin in March, 2009 with substantial completion expected mid- summer.

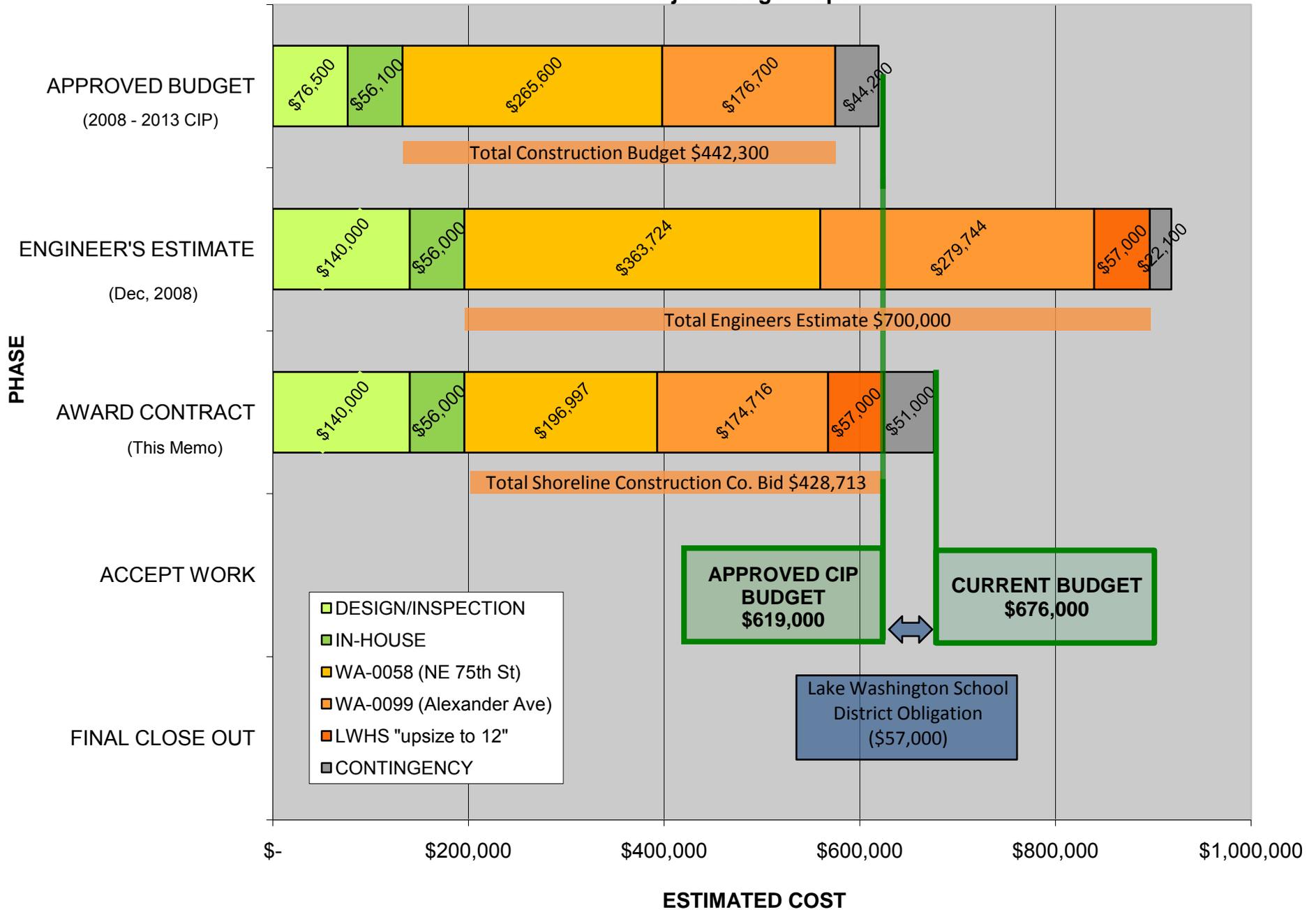
Attachments (3)

2008 Water System Improvements Project - South
WA-0058 WA-0099

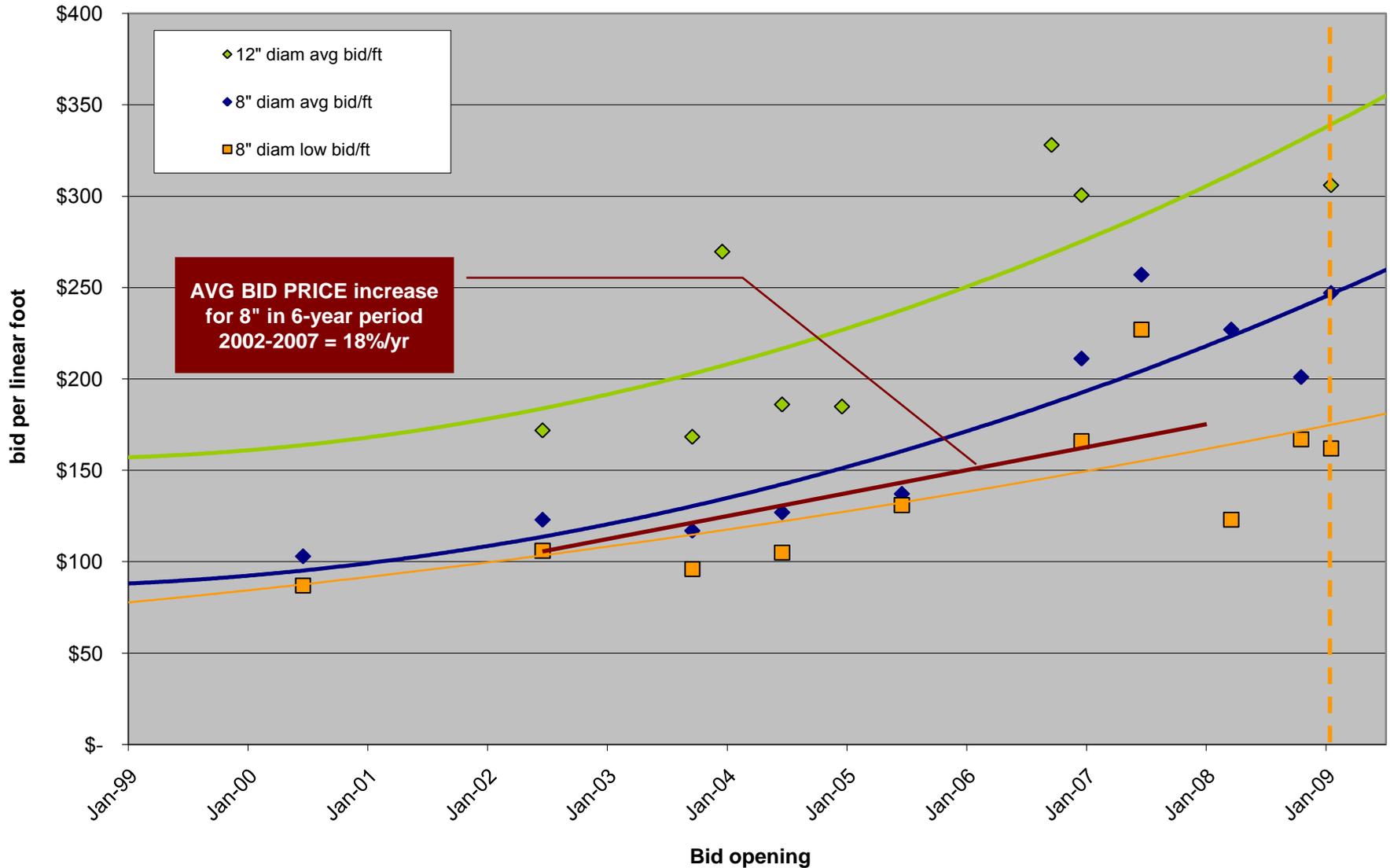


**2008 Water System Improvements Project - South
WA-0058 WA-0099**

Project Budget Report



Historical comparison of watermain bids





CITY OF KIRKLAND
Department of Finance and Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3000
www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Tracey Dunlap, Director of Finance & Administration
Barry Scott, Purchasing Agent

Date: January 28, 2009

Subject: ECITYGOV ALLIANCE INTERLOCAL JOINT PURCHASING AGREEMENT

RECOMMENDATION:

It is recommended that the City execute an Interlocal Joint Purchasing Agreement with the eCityGov Alliance partner cities and all subscribers to the Shared Procurement Portal.

BACKGROUND AND DISCUSSION:

The purpose of the Interlocal Joint Purchasing Agreement is to allow eCityGov Alliance partner cities and other agencies that subscribe to the Shared Procurement Portal to purchase off of each other's competitively bid contracts. The ability to use contracts that have been awarded by other agencies is seen as one of the key benefits of participating in the Shared Procurement Portal. Currently, there are seventeen (17) participating agencies.

This agreement will place no financial obligation on the City. We will only be purchasing off of contracts awarded by other agencies when it has been determined to be in the best interest of the City to do so.

This agreement complies with the intergovernmental cooperative purchasing requirements set forth in RCW 39.34 and KMC 3.85.180.

RESOLUTION R-4742

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND AUTHORIZING THE CITY MANAGER TO EXECUTE AN INTERLOCAL JOINT PURCHASING AGREEMENT BETWEEN THE ECITYGOV ALLIANCE AND THE CITY OF KIRKLAND.

WHEREAS, the eCityGov Alliance, its partners and subscribers, and the City of Kirkland desire to enter into an Interlocal Joint Purchasing Agreement to provide for mutual joint purchasing and property disposition; and

WHEREAS, the eCityGov Alliance, its partners and subscribers, and the City of Kirkland are authorized to enter into this Interlocal Joint Purchasing Agreement pursuant to RCW Chapter 39.34, The Interlocal Cooperation Act;

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

Section 1. The City Manager is hereby authorized and directed to execute on behalf of the City, the Interlocal Joint Purchasing Agreement, in a form substantially similar to that attached as Exhibit A, which by this reference is incorporated into this Resolution, as though fully set forth herein.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of _____, 2009.

Signed in authentication thereof this _____ day of _____, 2009.

MAYOR

Attest:

City Clerk

**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
Thang Nguyen, Transportation Engineer

Date: February 4, 2009

Subject: Memorandum of Agreement for Transportation Management Plan (TMP) Services

RECOMMENDATION:

It is recommended that the City Council pass the attached Resolution authorizing the City Manager to execute a Memorandum of Agreement between the City of Kirkland and King County Metro for provision of Transportation Management Programs (TMP) services from January 2009 through December 2010. These services would be funded through the 2009 budget service package approved by Council.

BACKGROUND DISCUSSION:

Kirkland has sites that have entered into Transportation Management Plans with the City as a part of their SEPA mitigation at the time of development; such sites are known as TMP sites. These plans usually include making alternative commuting promotional materials available to employees and in some cases offering a subsidy to employees who do not commute in single occupant vehicles. Historically, Kirkland has contracted with King County Metro to provide monitoring and support services to TMP sites. The purpose of contracting with Metro is to encourage TMP sites to meet the requirements of their agreements. Metro is particularly well suited to working with TMP sites because of the range of resources they have developed to promote a range of services such as flexpass, vanpool, carpool as well as transit. More transportation outreach to TMP sites in the GTEC area will be done this year to promote the new transit center and awareness of GTEC. The agreement being proposed is very similar to the agreements that have been used for the past few years.

The estimated cost of monitoring the TMP sites for 2009 and 2010 is \$20,000. An approved 2009 service package provides \$20,000 of funding. The additional contract cost can be absorbed within the existing Public Works budget.

RESOLUTION R-4743

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND APPROVING A MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF KIRKLAND AND KING COUNTY FOR TRANSPORTATION MANAGEMENT PLANNING AND AUTHORIZING THE CITY MANAGER TO SIGN.

WHEREAS, the City of Kirkland desires to limit automobile-related air pollution and traffic congestion as well as develop and implement plans to reduce vehicle miles traveled per employee and single occupant vehicle commute trips; and

WHEREAS, the City has within its boundaries work sites that have agreed to implement Transportation Management Plans ("TMP"); and

WHEREAS, the King County Code 28.94.110 authorizes the execution and administration of agreements with state and local agencies for assistance in implementing the Commute Trip Reduction Act; and

WHEREAS, local jurisdiction commute trip reduction plans are required to be coordinated and consistent with plans of adjacent jurisdictions and applicable regional plans; and

WHEREAS, the City and King County desire to implement TMP in a manner which is consistent with King County and other cities within the county; and

WHEREAS, the City can achieve cost efficiencies and administrative consistency by contracting with King County for TMP implementation;

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

Section 1. The City Manager of the City of Kirkland is hereby authorized to execute on behalf of the City a Memorandum of Agreement substantially similar to that attached as Attachment 1.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of _____, 2009.

Signed in authentication thereof this ____ day of _____, 2009.

MAYOR

Attest:

City Clerk

Attachment 1
MEMORANDUM OF AGREEMENT
between
King County, Department of Transportation, Metro Transit Division
and
The City of Kirkland

This Memorandum of Agreement is entered into between King County, a home rule charter county of the State of Washington, through its Department of Transportation, Metro Transit Division (the "County" or "Metro Transit") and the City of Kirkland (the "City"), either of which entity may be referred to hereinafter individually as "Party" or collectively as the "Parties," for the purpose of implementing specific tasks related to Transportation Management Plan (TMP) conditioned sites within the City.

NOW THEREFORE, in consideration of the terms, conditions, mutual promises and covenants set forth herein, the Parties agree as follows:

1.0 SCOPE OF WORK

The scope of work to be completed by King County and the City in accordance with this Agreement is described in "Exhibit A: Scope of Work", which by reference is made a part of this Agreement. Funds provided by the City to King County under this Agreement shall be used solely for activities undertaken to fulfill the provisions of the scope of work as provided in Exhibit A. Specific task assignments among contract-funded staff will be approved by the City.

2. DEFINITIONS

The following definition shall apply for purposes of this Agreement:

"Administrative Representative" means the primary administrative contact for issues related to this Agreement as designated in Section 9.2 of the Agreement.

3.0 DUTIES AND RESPONSIBILITIES

- 3.1 Provision of TMP Services.** The County will perform the transportation outreach services specified with particularity in the Scope of Work (the "Work") set forth as Exhibit A, which is attached hereto and incorporated herein by this reference.
- 3.2 Reimbursement of Costs.** In accordance with the payment and billing provisions set forth in Section 4 of this Agreement, the City will reimburse the County for undertaking the Work pursuant to this Agreement.

City of Kirkland – Exhibit A
Commute Trip Reduction Services Contract for TMP Sites
Scope of Work
Period: January 1, 2009, through December 31, 2010

4.0 PAYMENT AND BILLING

- 4.1 Cost Estimate and Budget.** A cost estimate and budget for work to be performed through December 31, 2010 is set forth in Exhibit A, which is attached hereto and incorporated herein by this reference.
- 4.2 Invoices and Payment Process.** The City shall make payments to the County for Work performed pursuant to this Agreement upon receipt of detailed billing invoices from the County. The City shall make payment to the County within thirty (30) days of receipt of a billing invoice from the County. The County shall submit invoices and a quarterly progress report to the City per the following schedule:

<u>Payment</u>	<u>Fixed Payment</u>	<u>Invoice Submitted No Earlier Than</u>
1 st payment	\$2,500	March 31, 2009
2 nd payment	\$2,500	June 30, 2009
3 rd payment	\$2,500	September 30, 2009
4 th payment	\$2,500	December 31, 2009
5 th payment	\$2,500	March 31, 2010
6 th payment	\$2,500	June 30, 2010
7 th payment	\$2,500	September 30, 2010
8 th payment	\$2,500	December 31, 2010
Total	\$20,000	

- 4.3 Reimbursement of Pre-Termination Costs Incurred.** In the event of termination pursuant to the provisions of Section 7 (Termination) of this Agreement, the City shall reimburse the County for all costs payable under this Agreement that have been incurred up to and including the effective date of termination.

5.0 PROGRESS REVIEW

The County shall submit a quarterly report of progress and anticipated activities to jurisdiction representatives in a format prescribed by the City. On-going, periodic review of issues and materials will also be conducted with the jurisdiction representatives.

6. EFFECTIVE DATE AND TERM OF AGREEMENT

This Agreement shall be effective January 1, 2009 and will remain in effect through December 31, 2010, unless earlier terminated pursuant to the terms of this Agreement.

7. TERMINATION

- 7.1 Termination for Default.** Either Party may terminate this Agreement in the event the other Party fails to perform a material obligation of this Agreement. Written notice of a Party's intention to terminate this Agreement pursuant to this Subsection 7.1 shall be provided to the other Party not less than fifteen (15) calendar days prior to the effective date of termination.

City of Kirkland – Exhibit A
Commute Trip Reduction Services Contract for TMP Sites
Scope of Work
Period: January 1, 2009, through December 31, 2010

- 7.2 Termination for Convenience.** Either Party to this Agreement may terminate the Agreement, in whole or in part, for convenience and without cause. Written notice of a Party's intention to terminate this Agreement pursuant to this Subsection 7.2 shall be provided to the other Party not less than thirty (30) days prior to the effective date of termination.
- 7.3 County Funding and Termination for Non-Appropriation.** Performance of any Work undertaken by the County pursuant to this Agreement in advance of receiving reimbursement by the City beyond the current appropriation year is conditioned upon the appropriation by the County Council of sufficient funds to support the performance of the Work. Should such an appropriation not be approved, the Agreement shall terminate at the close of the current appropriation year. The appropriation year ends on December 31st of each year.

8. CHANGES AND MODIFICATIONS

Either Party may request changes to the provisions of this Agreement. Any such changes must be mutually agreed upon and incorporated by written amendment to this Agreement. No variation or alteration of the terms of this Agreement will be valid unless made in writing and signed by authorized representatives of the Parties hereto.

9.0 NOTIFICATION AND IDENTIFICATION OF CONTACTS

- 9.1 Administrative Representatives.** Both Parties shall designate an administrative representative to act as the contact person for matters pertaining to this Agreement.

9.2 Contact Persons and Addresses.

For the County: David Lantry, Supervisor of CTR Services or Designee
Yesler Building
400 Yesler Way, Rm. 650
Seattle, WA 98104
(206) 684-1139

For the City: Mr. David Godfrey, Transportation Engineer
City of Kirkland Public Works
123 - 5th Avenue
Kirkland, WA 98033
(425) 587-3865

- 9.3 Notice.** Any notice or communication required or permitted to be given pursuant to this Agreement shall be in writing and shall be sent postage prepaid by U.S. Mail, return receipt requested, to the Parties' respective administrative representatives at the addresses identified in Subsection 9.2 of this Agreement.

City of Kirkland – Exhibit A
Commute Trip Reduction Services Contract for TMP Sites
Scope of Work
Period: January 1, 2009, through December 31, 2010

10. DISPUTE RESOLUTION PROCESS

The Parties, through their designated representatives identified in Subsection 9.2 of this Agreement, shall use their best efforts to resolve any disputes pertaining to this Agreement that may arise between the Parties. If these designated representatives are unable to resolve a dispute, the responsible project managers of both Parties shall review the matter and attempt to resolve it. If they are unable to resolve the dispute, the matter shall be reviewed by the department directors of both Parties or his or her designee. The Parties agree to exhaust each of these procedural steps before seeking to resolve disputes in a court of law or any other forum.

11. AUDITING OF RECORDS, DOCUMENTS AND REPORTS

The State Auditor and any of its representatives shall have full access to and the right to examine during normal business hours and as often as the state Auditor may deem necessary, all the records of the City and King County with respect to all matters covered in this Agreement. Each Party to the Agreement shall have similar access and rights with respect to the records of the other Party. Such representatives shall be permitted to audit, examine, and make excerpts or transcripts from such records and to make audits of all contracts, invoices, materials, payrolls, and records of matters covered by this Agreement. Such rights last for three (3) years from the date final payment is made hereunder.

12. INDEMNIFICATION AND HOLD HARMLESS

- 12.1** To the maximum extent permitted by law, each Party shall defend, indemnify and hold harmless the other Party and all of its officials, employees, principals and agents from all claims, demands, suits, actions, and liability of any kind, including injuries to persons or damages to property, which arise out of, are connected with, or are due to any negligent acts or omissions of the indemnifying Party, its contractors, and/or officials, employees, agents, or representatives in performing work under this Agreement; provided, however, that if (and only if) the provisions of RCW 4.24.115 apply and any such damages and injuries to persons or property are caused by or result from the concurrent negligence of the City or its contractors, officials, employees, agents, or representatives, and the County or its contractors, officials, employees, agents, or representatives, each Party's obligation hereunder applies only to the extent of the negligence of such Party or its contractors, officials, employees, agents, or representatives. Each Party specifically assumes potential liability for actions brought by its own employees against the other Party and for that purpose each Party specifically waives, as to the other Party only and only to the extent necessary to fulfill its obligations under this Agreement, any immunity under the Worker's Compensation Act, RCW Title 51; and the Parties recognize that this waiver was the subject of mutual negotiation and specifically entered into pursuant to the provisions of RCW 4.24.115, if applicable.
- 12.2** In the event any Party incurs attorney's fees, costs or other legal expenses to enforce provisions of this section against the other Party, all such fees, costs, and expenses shall be recoverable by the prevailing party.

City of Kirkland – Exhibit A
Commute Trip Reduction Services Contract for TMP Sites
Scope of Work
Period: January 1, 2009, through December 31, 2010

13. LEGAL RELATIONS

13.1 No Third Party Beneficiaries. It is understood that this Agreement is solely for the benefit of the Parties hereto and gives no right to any other person or entity.

13.2 No Partnership or Joint Venture. No joint venture, agent-principal relationship or partnership is formed as a result of this Agreement. No employees or agents of one Party or any of its contractors or subcontractors shall be deemed, or represent themselves to be, employees or agents of the other Party.

13.3 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

13.4 Jurisdiction and Venue. The King County Superior Court, situated in Seattle, Washington, shall have exclusive jurisdiction and venue over any legal action arising under this Agreement.

13.5 Mutual Negotiation and Construction. This Agreement and each of the terms and provisions hereof shall be deemed to have been explicitly negotiated between, and mutually drafted by, both Parties, and the language in all parts of this Agreement shall, in all cases, be construed according to its fair meaning and not strictly for or against either Party.

13.6 Severability. If any provision of this Agreement is held invalid by a court of competent jurisdiction, the remainder of the Agreement shall not be affected thereby if such remainder would then continue to serve the purposes and objectives originally contemplated by the Parties.

13.7 Waiver of Default. Waiver of any default shall not be deemed to be a waiver of any subsequent default. Waiver of breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of this Agreement unless stated to be such in writing, signed by duly authorized representatives of the Parties, and attached to the original Agreement.

13.8 Assignment. Neither this Agreement, nor any interest herein, may be assigned by either Party without the prior written consent of the other Party.

13.9 Binding on Successors and Assigns. This Agreement and all of its terms, provisions, conditions, and covenants, together with any exhibits and attachments now or hereafter made a part hereof, shall be binding on the Parties and their respective successors and assigns.

13.10 Rights and Remedies. Both Parties' rights and remedies in this Agreement are in addition to any other rights and remedies provided by law.

13.11 Entire Agreement. This Agreement embodies the Parties' entire understanding and agreement on the issues covered by it, except as may be supplemented by subsequent written amendment to this Agreement, and supersedes any prior negotiations, representations or draft agreements on this matter, either written or oral.

City of Kirkland – Exhibit A
Commute Trip Reduction Services Contract for TMP Sites
Scope of Work
Period: January 1, 2009, through December 31, 2010

13.12 Survival. The provisions of this Section 13 (Legal Relations) shall survive any termination of this Agreement.

14. FORCE MAJEURE

Either Party to this Agreement shall be excused from performance of any responsibilities and obligations under this Agreement, and shall not be liable for damages due to failure to perform, during the time and to the extent that it is prevented from performing by a cause directly or indirectly beyond its control, including, but not limited to: any incidence of fire, flood, snow, earthquake, or acts of nature; strikes or labor actions; accidents, riots, insurrection, terrorism, or acts of war; order of any court of competent jurisdiction or authorized civil authority commandeering material, products, or facilities by the federal, state or local government; or national fuel shortage; when satisfactory evidence of such cause is presented to the other Party to this Agreement, and provided that such non-performance is beyond the control and is not due to the fault or negligence of the Party not performing. In no event should this provision eliminate the obligation of the City to make payment to the County for the Work performed pursuant to this Agreement.

15. COMPLIANCE WITH APPLICABLE LAWS

The Parties agree to comply with all applicable federal, state, and local laws, rules, and regulations, including those pertaining to nondiscrimination and agree to require the same of any subcontractors providing services or performing any of the Work using funds provided under this Agreement

City of Kirkland – Exhibit A
Commute Trip Reduction Services Contract for TMP Sites
Scope of Work
Period: January 1, 2009, through December 31, 2010

16. EXECUTION OF AGREEMENT – COUNTERPARTS

This Agreement may be executed in two (2) counterparts, either of which shall be regarded for all purposes as an original.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day first above mentioned.

KING COUNTY
DEPARTMENT OF TRANSPORTATION
METRO TRANSIT DIVISION

CITY OF KIRKLAND

By: _____
Kevin Desmond
General Manager
King County Metro Transit

By: _____

Date: _____

Date: _____

City of Kirkland – Exhibit A
Commute Trip Reduction Services Contract for TMP Sites
Scope of Work
Period: January 1, 2009, through December 31, 2010

R-4743

<u>Scope of Work</u>	<u>Schedule</u>	<u>Cost</u>
1. Program Review for up to 21 TMP conditioned sites <ul style="list-style-type: none"> • Update TMP program report and provide electronic submission option • Develop and re-issue annual reporting timelines to all sites • Update TC contact matrix • Send letters of instruction /staff team member roster • Send TMP form templates to sites • Provide limited technical assistance or outreach visits to sites, as necessary • Monitor program report receipts • Review programs, contacting sites, as necessary • Initiate and mail approval letters • Notify City of approvals • Maintain master file records on all sites 	Spring 2009	\$8,736.00
2. Survey of up to 21 TMP conditioned sites <ul style="list-style-type: none"> • Notify site of survey • Coordinate survey timeline with building manager • Distribute surveys and reference guidelines to Kirkland TMP sites • Provide technical survey assistance to site • Collect and process survey data • Mail survey results to property managers • Compile results and send summary to City • Maintain master file records on all sites 	Spring 2010	\$9,156.00
3. Training expenses <ul style="list-style-type: none"> • Provide one survey briefing for TMP managers & staff • Monitor attendance and report to City 	Spring 2010	\$250.00
4. Transportation Outreach to TMP sites in the GTEC Area <ul style="list-style-type: none"> • Communicate with BTCs about transportation issues, including Sound Transit, Metro Transit, Special events and items of interest (e.g.: construction and road closures, Air Quality alerts, WSRO bulletins) • Provide information on distribution requirement to TMPs 	Annual	\$1,858.00
Total Costs:		\$20,000



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
John MacGillivray, Solid Waste Coordinator

Date: February 5, 2009

Subject: CITY COUNCIL RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE THE FIRST TWO-YEAR CONTRACT EXTENSION OF THE CITY OF KIRKLAND'S COMPREHENSIVE, GARBAGE, RECYCLABLES AND ORGANICS COLLECTION CONTRACT WITH WASTE MANAGEMENT, INC.

RECOMMENDATION

It is recommended that the City Council approve the attached resolution authorizing the City Manager to sign a two-year extension to the City of Kirkland's Comprehensive, Garbage, Recyclables, and Organics Collections Contract with Waste Management, Inc. (WMI) as recommended by the Finance Committee on January 27, 2009 and pursuant to *Section 1. Term of Contract*. (An electronic copy of the Contract can be found on the Finance & Admin intranet page under "Finance and Admin Documents".)

BACKGROUND DISCUSSION

The current term of City of Kirkland's seven year contract with WMI is October 1, 2003 through September 30, 2010. Per Section 1, the City holds the sole option to extend the contract for up to two, two-year extensions under the original terms and conditions. In order to exercise the first of the two year extensions, the City must notify WMI no later than March 30, 2009. If the City elects to extend the agreement without modification, the contractor can present a request from relief for any adverse market changes that have occurred during the previous period of the contract. The City is, however, under no obligation to give consideration for those adverse changes as a condition for invoking either of the contract extension options. Furthermore, both parties, by mutual consent, may agree to renegotiate and amend, alter, or modify any terms of the contract at any time.

In October 2008, the City adopted a new two-year linear rate structure for 2009/2010 which raised the cost of larger size carts/dumpsters and lowered the price of smaller-sized carts/dumpsters. The new structure encourages more customers to downsize their garbage containers and take full advantage of the outstanding recycling services provided through the contract. The new two-year rate structure included an average rate increase of 4.7 percent to the multifamily/commercial sector and an average rate decrease to the single family sector of 2.3 percent.

CONTRACT FEATURES

In comparison to other expiring or new municipal solid waste and recycling contracts in the region, our current contract with Waste Management is particularly advantageous to the City and its customers both in terms of rates and services. Many of the services and provisions listed below meet or exceed the industry standard for municipal contracts in the region. Much of Kirkland’s high recycling diversion rate performance and reputation as a regional leader in recycling can be directly attributed to the structure and stipulations included in our contract. Some of the major highlights include:

Features

- Year-round weekly collection of garbage, recycling, and yard waste
- Embedded rate structure that provides financial incentive to recycle more and dispose of less
- Variable garbage cart and dumpster sizes (four cart sizes and seven dumpster sizes)
- Two sizes of residential recycling carts (96- and 64-gallon)
- Curbside collection of electronics, oil/anti-freeze, and textiles
- Commercial/multifamily customers receive recycling volume 150% the size of their garbage volume at no extra cost
- Contractor receives revenue from sale of collected recyclables and bears all risk relative to historically volatile commodities markets
- Commercial Organics Program (started 2007)
- Contractor required to provide free assistance with multifamily education and outreach
- Year-round service to Commercial Business District street garbage cans
- 70% of annual CPI clause

Recycling Diversion Rate Performance Over Term of Contract

Recycling Diversion Rate Performance 2003 to 2008				
Sector/Program	Diversion			Pct Change 2003 to 2007
	2008	2007	2003	
Single Family	68.96%	68.82%	56.60%	+22%
Multifamily	15.65%	14.89%	13.70%	+14%
Commercial**	17.37%	13.33%	8.00%	+117%
Commercial Organics	198 tons	57 tons		+247%

**Diversion data for WMI Kirkland customers only – other commercial recycling haulers in Kirkland do not report data so true rate is substantially higher.

WASTE MANAGEMENT’S CONTRACT PROPOSAL

Recognizing the City holds two, 2-year options to effectively extend the contract without modification through September 2014, WMI representatives approached City staff in October 2008 and described the current market conditions as adverse due to the rising costs of fuel and labor. While fuel and labor charges have risen over the term of the contract, WMI’s overall profitability is in question since WMI receives revenue from disposal and the sale of recyclables. According to WMI, the contract is a relatively low performer and is currently at or below the breakeven point. Additionally, WMI offered significant rate increases ranging from 23% to 46% experienced in other new contracts in the cities of Shoreline, Mountlake

Terrace, and Renton, as evidence the City of Kirkland may experience similar rate increases in a 2014 competitive re-bid unless action is taken now to stabilize rates.

Examples of regional rate increases and some consequent adverse service changes include:

Recent Puget Sound Area Rate Increases**		
City	2009 Rate Increase	Service Changes/Reduction
Renton	+37%	Every other week garbage and recycling collection
Mountlake Terrace	+23%	Every other week garbage
Shoreline	+42%	
Seattle	+28%	Mandatory food scrap recycling

** All information provided by Waste Management, Inc.

Waste Management submitted a pro forma in November 2008 for staff review that includes a proposal for new contract terms and an alternative proposal should the City elect invoke its first two-year extension.

Key financial provisions included in the new long-term contract proposal include:

- Between 2009-2013, rates charged to the City by WMI increase: 4% to Residential, 10-12% to Commercial, and 10-15% to Roll-off accompanied by a 12% overall mark-up on disposal.
- Adoption of rate increases to customers in all sectors ranging in incremental increases from 6.7% in 2009 to 8.0% by 2013 to cover the aforementioned price rate increases to City and insulate customers from a large rate increase in 2014 if the contract is rebid.
- Inclusion of a new Consumer Price Index (CPI) escalator calculator in 2014 and beyond to be used to calculate rate increases.
- Waste Management to provide all billing services at a cost of \$100,000/year.

In an alternative to the long-term proposal, WMI requested the City consider a modification to the contract due to adverse market conditions if the City elects to decline the new contract proposal and exercise the first two-year extension. Key provisions of the alternative included:

- A fuel surcharge based on the price of fuel at the beginning of the contract
- Adjustment of the annual CPI from 70% to 100%
- Compensation for carts required to meet customer demand associated with the City's 2009/2010 adopted rate structure.

IMPORTANT CONSIDERATIONS

- 1) The City's current contract terms with Waste Management are advantageous to the City and the services and provisions provided within have provided substantial support to the City's goal of achieving and maintaining high annual recycling diversion rates;
- 2) When considering how to fairly respond to WMI's request for new contract terms or relief from adverse market conditions, it's important to note that WMI has been the City's garbage and recycling service provider and partner for more than 20 years. Over that period, WMI has become

a key partner in supporting our efforts to increase recycling and diversion and has helped us implement new innovative recycling efforts such as our Commercial Organics Program, multifamily food scrap recycling pilot, and service/billing consolidations in the CBD. Waste Management has consistently participated in and provided sponsorships to community events and has donated free garbage, recycling, and organics containers and services to annual events such as the Kirkland Wednesday Market and Kirkland Uncorked;

- 3) Consider that, under the terms of the contract, Waste Management receives revenue on the disposal and transport of materials and income from the sale of all recycling commodities collected in the Kirkland. Anticipated revenue from each of these streams is spread over the entire term of the contract in the bid price and is intended to temper volatility in fuel and labor costs. Without a closer examination of Waste Management's overall profitability over the full term of the contract, it is difficult to give full credence to their claim of adverse market conditions.

Given the current contract's advantageous features, the recent adoption of a stable, two-year rate structure for 2009/2010, and the current overall economic climate, it is the belief of staff that neither a re-bid nor acceptance of the full terms of WMI's new contract proposal is a preferred alternative to maintaining the status quo and exercising the first of our two, 2-year extension options.

NEXT STEPS

- 1) Starting in 2010, embed the collection of extra rate stabilization funding into the rate structure. The extra funds would be set aside in the utility to offset any projected large-scale rate increases and to maintain established high service levels at the end of the full contract term in 2014 in a re-bid. Staff will return to Council in 2010 to propose a new rate structure to phase in the increase over a four-year period.
- 2) In response to WMI's claim for relief from adverse market conditions staff will proceed with limited negotiations with Waste Management to address WMI's rising fuel costs. The limited renegotiation of the contract is proposed to be completed by the end of the current contract term in September 2010. Waste Management has expressed their willingness to engage in limited negotiations pertaining only to issues related to CPI/fuel surcharge compensation. Staff will return to the City Council for final review and approval of any renegotiated contract addendum.

Potential contractual mechanisms open for discussion in the aforementioned limited renegotiation to address rising fuel costs include but are not limited to:

- (a) Fuel Surcharge: Negotiate an addendum in the contract to provide WMI reasonable relief from extraordinary changes in fuel costs. For example, the City of Bothell's contract with WMI includes a specific clause that invokes a fuel surcharge should average annual fuel prices exceed a given threshold. The fuel surcharge, when triggered, is added directly as a line item to the customer's bill.

or

- (b) Enhanced CPI Adjustment: Renegotiate *Section 3.3 Compensation Adjustments* with WMI to replace the existing 70% of the annual percentage change of the CPI escalator with a hybrid

annual rate adjustment escalator that references consumer price indices tied both to labor costs and fuel. For example, the City of Shoreline's contract contains a section that references and weights three different CPI indices to calculate an annual Inflation Adjustment Factor.

- 3) At the January 27, 2009 Finance Committee meeting, staff introduced a proposal to move solid waste billing responsibilities to Waste Management for \$100,000 annually. Currently, the City bills all of its customers but Waste Management manages all of the commercial/multifamily accounts. The proposed move is intended to alleviate customer confusion and prepare the City for the possibility of annexation. The Finance Department will be working on a more detailed follow-up proposal to bring to the Finance Committee at a later date.

RESOLUTION R-4745

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND TO AUTHORIZE THE CITY MANAGER TO EXECUTE THE FIRST TWO-YEAR EXTENSION OF THE CITY OF KIRKLAND'S COMPREHENSIVE, GARBAGE, RECYCLABLES AND ORGANICS COLLECTION CONTRACT WITH WASTE MANAGEMENT, INC. (WMI) PURSUANT TO SECTION 1: TERM OF CONTRACT.

WHEREAS, the term of the City of Kirkland's Comprehensive, Garbage, Recyclables, and Organics Collection Contract is due to expire without extension on September 30, 2010; and

WHEREAS, the City of Kirkland may extend the Contract for up to two, two-year extensions under the original terms and conditions; and

WHEREAS, the City of Kirkland is contractually required to notify Waste Management, Inc. of its intent to exercise the first of its two, two-year extensions no later than March 30, 2009; and

WHEREAS, the current terms and conditions of the contract are advantageous, beneficial to, and supportive of the City of Kirkland waste reduction and recycling goals and programs; and

WHEREAS, Waste Management, Inc. has substantially and satisfactorily performed all work as contractually required and has been supportive of the City of Kirkland's waste reduction and recycling goals and programs;

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

Section 1. The City Manager for the City of Kirkland is hereby authorized and directed to send a notice substantially similar to the attached letter exercising the first two-year extension of the City of Kirkland's Comprehensive, Garbage, Recyclables and Organics Collection Contract with Waste Management, Inc., pursuant to Section 1: Term of Contract.

Passed by majority vote of the Kirkland City Council in open meeting the ____ day of _____, 2009.

Signed in authentication thereof this ____ day of _____, 2009.

MAYOR

Attest:

City Clerk



February 17, 2009

Ms. Susan Robinson
Director, Public Sector Services
Waste Management, Inc.
801 2nd Avenue, Suite 614
Seattle, WA 98204

RE: INTENT TO EXTEND SOLID WASTE CONTRACT

Dear Ms. Robinson:

Pursuant to Section #1 of the Comprehensive Garbage, Recyclables and Organics (Yard Debris + Food Waste) Collection Contract of 2003 between the City of Kirkland and Waste Management of Washington, Inc. (the Contract”), the City hereby exercises its first option to extend the Contract for two years beyond September 30, 2010, under the original terms and conditions of that Contract.

Sincerely,

David Ramsay
City Manager

CC: Kirkland City Council
Daryl Grigsby, Public Works Director
Tracey Dunlap, Director of Finance and Admin
Robin Jenkinson, City Attorney
Rob Jammerman, Development Engineering Manager
Kathi Anderson, City Clerk
John MacGillivray, Solid Waste Coordinator



CITY OF KIRKLAND
Planning and Community Development Department
123 Fifth Avenue, Kirkland, WA 98033 425.587-3225
www.ci.kirkland.wa.us

MEMORANDUM

QUASI-JUDICIAL

To: David Ramsay, City Manager

From: Eric Shields, Planning Director
Tony Leavitt, Associate Planner

Date: February 5, 2009

Subject: APPEAL OF HEARING EXAMINER DECISION ON PUGET SOUND ENERGY
JUANITA SUBSTATION VARIANCE PERMIT (PCD FILE NO. ZON08-00010)

RECOMMENDATION

Per the direction given at the February 3rd City Council Meeting, adopt the resolution that Staff has prepared.

BACKGROUND DISCUSSION

At the February 3rd City Council Meeting, an appeal of the Hearing Examiner's Approval of the PSE Juanita Substation Variance Permit was brought before the City Council for their consideration. For a copy of this agenda item, click on the following link:

http://www.ci.kirkland.wa.us/CouncilPacket/020309/9a_PublicHearings.pdf

At this meeting the Council heard from Staff, Mr. Michael Spence (the appellant's representative), and Mr. Robert Heller (the applicant's representative). After hearing from these parties, Council approved a motion for Staff to return to the February 17th Meeting with a resolution to modify the Hearing Examiner's Approval by requiring additional landscaping within the required landscape buffers.

In order to address Council's request for additional buffer plantings, Staff consulted with the City's Urban Forester, Deborah Powers. She recommends the following buffering standard: 1 tree per 10 linear feet of land use buffer (compared to the standard 1 tree per 20 linear feet) and at least 80% of the trees shall be evergreen (compared to the standard 70%). This will be result in twice as many trees and better screening of the facility. Additionally, she recommends that the minimum

conifer tree height, at planting, remain at 8 feet. Requiring taller trees is not the best approach for the long term survivability of the plantings and the availability of these size trees is limited.

RESOLUTION R-4744

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND AFFIRMING AND MODIFYING THE HEARING EXAMINER DECISION APPROVING VARIANCES FOR THE PUGET SOUND ENERGY JUANITA SUBSTATION IN DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT FILE NO. ZON08-00010.

WHEREAS, Roque Bamba of Puget Sound Energy (PSE) filed an application with the Department of Planning and Community Development for a Process IIA zoning permit and approval of variances to expand and rebuild the existing PSE Juanita electric distribution substation located within a RSX 7.2 zone; and

WHEREAS, the Hearing Examiner held an open record hearing on the application on December 4, 2008; and

WHEREAS, after considering all of the documents, testimony, and comments submitted at the hearing, the Hearing Examiner entered her Findings, Conclusions, and Decision approving the requested variances and zoning permit; and

WHEREAS, Steve Ryan filed a timely appeal of the Hearing Examiner decision to approve the variances on December 30, 2008; and

WHEREAS, the City Council, in a closed record appeal hearing held during the February 3, 2009, regular meeting, having carefully considered the appeal, the staff report on the appeal, the record developed in the hearing before the Hearing Examiner, and the oral and written arguments of the persons entitled to participate in the appeal hearing.

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

Section 1. Except as provided in Section 3, the Hearing Examiner decision approving variances for the Puget Sound Energy Juanita Substation is affirmed and the Findings, Conclusions, and Decision of the Hearing Examiner entered December 12, 2008, and filed in the Department of Planning and Community Development File No. ZON08-00010 are adopted by the City Council.

Section 2. The Hearing Examiner provided that the applicant would comply with all landscape buffer requirements of Kirkland Zoning Code (KZC) 95.40.6.a. *Conclusion 6 of the Hearing Examiner Findings, Conclusions, and Decision.*

Section 3. The City Council concludes that the applicant should exceed the landscape buffer requirements of KZC 95.40.6.a.1 and plant, within the required buffers, trees at a rate of one tree per ten linear feet of land use buffer. At least 80 percent of the trees shall be evergreen trees.

Passed by majority vote of the Kirkland City Council in open meeting this
_____ day of February, 2009.

MAYOR

ATTEST:

City Clerk



CITY OF KIRKLAND
Department of Planning and Community Development
123 Fifth Avenue, Kirkland, WA 98033 425-587-3225
www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager
From: Dawn Nelson, AICP, Planning Supervisor
Date: February 2, 2009
Subject: ARCH 2009 WORK PROGRAM AND BUDGET, File MIS09-00001

RECOMMENDATION

Staff recommends that the City Council approve the 2009 ARCH Work Program and Budget.

BACKGROUND DISCUSSION

The ARCH Executive Board has reviewed and approved the 2009 Work Program and Budget. Pursuant to the ARCH Interlocal Agreement, these are being forwarded to the member Councils for their review and approval (see Attachments 1 and 2).

This year, ARCH will assist the City of Kirkland with follow up work related to the priorities established by the City Council in 2008. This will include evaluating regulations that encourage affordable housing as part of market rate housing development and analyzing inclusionary approaches, preserving existing affordable housing, and exploring the feasibility of mixed use transit oriented development at the South Kirkland Park & Ride. A complete list of activities to be undertaken by ARCH in 2009 is contained in Attachment 1.

The proposed 2009 Budget for ARCH, which totals \$498,193, is itemized in Attachment 2. A comparison with the 2008 Budget is provided. Resource distribution by the various ARCH member cities is also included. Kirkland's share increased from \$55,858 to \$59,768 – an increase of \$3,910 in cash contributions. The percentage increase in contributions for the City of Kirkland is 7% and is consistent with increases requested of most member jurisdictions. The contribution of \$59,768 for the ARCH Administrative Budget was approved as part of the City's budget for 2009.

Cc: Arthur Sullivan, ARCH, 16225 NE 87th Street, Suite A-3, Redmond, Washington 98052

12/15//08

**FINAL DRAFT
ARCH WORK PROGRAM: 2009**

I. PROJECT ASSISTANCE

A. Oversight of Local Monetary Assistance

ARCH Trust Fund. Review applications and make recommendations for requests of local monetary funds through the ARCH Housing Trust Fund process. Includes helping to coordinate the application process and use of funds for various programs. Also assist with preparing contracts for awarded projects and do quarterly progress reports on funded projects.

Objective: Allocation of \$1,000,000 or more through the ARCH Housing Trust Fund Process.

Funding commitments to create or preserve a minimum of 75 units.

For the 'Parity Program', provide updated annual information to members, and achieve the base line goal for levels of direct assistance.

Provide a variety of types of affordable housing as specified in the ARCH Trust Fund Criteria.

Evaluation of ARCH Trust Fund: Dedicated Funding Source. As follow up to the ARCH Workshops in 2007, explore and evaluate the feasibility of a dedicated funding source.

Objective: Develop a sustainable strategy for the HTF to meet increasing project costs and the reduction of federal housing funds.

Centralized Trust Fund Account. See Section IV Administration.

Funded Projects Follow-up. Monitor progress of funded projects and assist local staff with contracting and distributing funds, and ongoing monitoring of loans.

King County / State Funding Programs. Review and provide input to other funders for Eastside projects that apply for County (HOF, RAHP, HOME, etc) and State (Tax Credit, DCTED) funds. Includes providing input to the King County Home Consortium on behalf of participating Eastside jurisdictions.

Objective: In consultation with County, local staff and housing providers, seek to have funds allocated on a countywide basis by the County and State allocated proportionately throughout the County including the ARCH Sphere of Influence.

B. Special Projects This includes a range of activities where ARCH staff assist local staff with

ATTACHMENT 1

specific projects. Activities can range from feasibility analysis, assisting with requests for proposals, to preparation of legal documents (e.g. contracts, covenants). Following is a list of several specific projects that are already underway. One of ARCH's priorities is to be available to assist cities as they assess other potential special projects that arise.

Surplus Property. Assist as needed member cities evaluation of potentially surplus public property or underutilized private property for suitability of affordable housing. One potential use of surplus property is for the HomeChoice Way ownership initiative. This task is consistent with one of the priority strategies identified at the ARCH Workshops in 2007. In the first half of 2009 this will focus on an effort initiated by the Kirkland Council to proactively seek land or existing residential property for affordable housing.

Objective: Identify one or more specific sites on the eastside to be made available for housing.

Preserving HUD Financed Housing. ARCH will continue to monitor and actively pursue efforts to directly assist developments in order to preserve existing HUD assisted affordable housing.

Objective: Preserve existing federally assisted affordable housing in East King County and prevent from converting to market rate housing.

Solicit support from federal legislators to maintain funding for Section 8 and other HUD housing programs.

Park n' Ride/Transit Sites. ARCH staff will continue to work with local staff on exploring the feasibility of pursuing housing projects on Park n' Ride or transit oriented lots. As needed ARCH staff will assist City, County and transit staff with feasibility analysis, and if applicable, project development.

Objective: Assist in exploring the feasibility of and developing regulations for mixed use transit oriented development housing at Kirkland's Park and Ride Facilities. Will involve assisting the cities of Kirkland and Bellevue and King County Metro in this effort.

Issaquah Master Planned Development Sites. Both the Issaquah Highlands and Talus master planned developments (MPD) include 'land set-aside' parcels that are reserved for the development of affordable housing for a specified period of time. ARCH will work with City staff to assist as needed with specific aspects of these parcels, including negotiate and track covenants and resale restrictions to guarantee long term affordability.

Objective: Assist City with work related to development of the 'TOD site in Issaquah Highlands by the YWCA, and Parcel 95 by Habitat for Humanity. Work in 2009 will focus around predevelopment and early construction activities on both these sites.

Eastside Homebuyer Assistance Program. In late 2005 the House Key Plus ARCH down payment assistance program was launched with funding from many East King County cities, King County and the Washington Housing Commission and in 2006 a second round of funding

ATTACHMENT 1

was received from the same initial funders. In 2009, the goal is to seek a third round of funding for the program and to implement updates to the program suggested by the review completed in 2008.

Objective Receive sufficient additional funding to extend the program another 2 years.

Implement updates to the program based on the conclusions of the program evaluation completed in 2008.

Reserve Fund Innovative Program. In the past, ARCH has used its reserve funds to provide unsecured predevelopment loans for innovative projects being sponsored by communities (e.g. Greenbrier (Woodinville), Coast Guard Site (Redmond)). ARCH will work with local staff and the broader community to identify other potential new innovative projects.

Objective: On an as needed basis, assist members with doing feasibility, community outreach and other predevelopment activity on specific sites or programs to assess their potential to provide affordable housing.

II. HOUSING POLICY PLANNING

Work in this section falls into several basic areas of activity:

- Work with individual members on local planning efforts.
- Efforts coordinated through ARCH that benefit multiple members of ARCH.
- Track legislation that increases tools available to cities to create affordable housing.
- Participation in regional workgroups that impact local housing efforts.

A. Local Planning Activities

ARCH Housing Strategy Program. ARCH members have identified a number of Priority Housing Strategies as well as an ongoing education program for members. There are a number of work items in both of these areas including:

Objective: Continue Housing 101 Workshops for staffs and new local officials. Includes updating information in the Housing 101 Workbook as needed and annual study sessions with member councils to review current issues and activities. This includes preparing annual fliers profiling current programs and housing trends.

Objective: Assist cities that incorporate any of the priority strategies into their local work program. (Note: See Local Housing Efforts below for specific activities by members.)

Objective: Several of the Priority Strategies have been identified as being more appropriate to approach in a more collective manner by members. In 2009, initial analysis on one or two of these priority strategies- a dedicated funding source for the Trust Fund, and potentially employer assisted housing program. Includes preparing a work program for review by the Executive Board and work on the initial steps

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identified for each.

Property tax exemption program State legislation now allows communities as small as 5,000 persons to utilize a short term property tax exemption for multifamily housing in mixed use areas. **Considering use of temporary Property Tax Exemption program to encourage affordable housing is one of the priority strategies identified in the ARCH Workshops.** ARCH staff will assist members who are considering such programs. This will include assisting with initial evaluation, and for those cities choosing to implement a program, assisting with establishing administrative procedures. Several cities adopted programs in 2008 and several others may consider such programs in 2009. These are listed under individual cities in the Local Housing Efforts section below.

Legislative Items. ARCH staff will track legislative items that relate to affordable housing and could impact members ability to address affordable housing. As needed staff will report back to the Executive Board and members, and when directed coordinate with other organizations (e.g. AWC, Prosperity Partnership, WLIHA) to contact legislators regarding proposed legislation. Potential pending legislation consistent with the Housing Priorities Strategies include:

- State Housing Trust Fund. This fund source has been a primary funding source for almost all affordable housing created in the last 15 years in east King County.
- Waiver of Impact Fees. Potential legislation would give discretion to cities to waive impact fees without replacing with other public funds.
- Residential Infrastructure Fund. The Prosperity Partnership's Housing Task Force is working on legislation to create a Residential Infrastructure Fund that would provide funding for local infrastructure projects that help achieve goals to increase TOD housing and GMA affordable housing goals.

Housing Background Information. Historically, ARCH has provided a range of housing and demographic information for its members. On an annual basis, ARCH will continue to provide updated housing data information as available. Consider updating and expanding ARCH website to allow members easier access to ARCH studies, background reports and demographic data. **This updated housing information will be incorporated into the education fliers developed as part of the ongoing Housing Education Program developed as a result of the ARCH Workshops.**

Objective:

Continue to keep member jurisdictions and the broader community aware of local housing conditions to assist in their efforts to evaluate current and future efforts to meet local housing objectives.

Include research on recent housing trends, and responses to these trends, in order to inform members of potential issues and local responses (e.g. condominium conversions, foreclosure activity).

Accessory Dwelling Units (ADU) Continue to provide information to the broader community on ADUs through fliers and the ARCH website. As needed, ARCH staff will assist local staff with assessing and modifying existing local ADU regulations. Evaluate to what extent, if any, lender practices limit ability of homeowners to finance construction of ADUs.

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Objective Increase general community awareness and utilization of ADU's .

Local Housing Efforts: ARCH jurisdictions are updating land use, zoning and other codes in order to implement policies identified in their Comprehensive Plans. ARCH staff will continue to assist local staffs in these efforts. Following are specifically identified areas that ARCH will assist local staff with accomplishing.

Objective: Assist local staff with completion of the following updates of local codes and specific plans:

Bellevue

Assist City staff as needed with Bellevue's planning initiatives included in Bellevue's Housing Element update and in the Two-Phase Housing Work Program identified by the Council. (e.g. updates to ADU regulations, update city-wide housing incentives, more innovative forms of housing, MF tax exemption.)

Assist City staff with developing and implementing incentives to encourage affordable housing, work force housing, and housing choice in the Bel-Red Planning Area (Phase I) and citywide (Phase II).

Assist with Council evaluation of a MF Tax exemption program in Bel-Red and potentially other areas of the City. In the event Council provides direction to develop a program, assist City Staff to develop code language for a program.

Work with City staff to develop TOD policy and land use regulations that include incentives for affordable housing.

Explore administrative adjusted parking standards for affordable housing, based on parking needs assessment.

Assist in land use planning in identified ST2 corridors where transit oriented housing and mixed income housing development is an important component of the initial planning work.

Assist City staff to evaluate long term options for the Landmark property which was purchased in 2002 by the King County Housing Authority.

Bothell

Assist City with finalizing the Housing Strategy Plan, and assist implementation of initial strategies..

Assist City staff and Planning Commission with update to the Downtown Plan and related zoning regulations, specifically providing assistance on components related to housing and affordable housing. This could also include assisting City staff as needed with implementing housing components of the downtown Lift program.

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Clyde Hill

Assist City staff with a general review of housing regulations.

Assist City with rental of City's affordable rental unit.

Issaquah

Assistance is anticipated for the following projects:

Talus: Assist in any administrative activity related to implementing the Phase II affordability requirements.

Central Issaquah Plan:

Winter/Spring 2009: Continue work with City staff to refine housing parts of the Central Issaquah Plan as well as the related development standards and incentives. Participate in related presentations to the Planning Policy Commission and/or City Council at key milestones for assistance on affordable housing.

Summer/Fall 2009: Work with City staff on additional strategies needed to implement the Central Issaquah Plan after adoption, including items such as any amendments to the local TDR program, potential use of tax incentives and assistance on potential demonstration projects.

Issaquah Highlands: Monitor the implementation of the Issaquah Highlands affordable housing development agreement. This includes monitoring annual progress toward achieving affordability goals and providing information to developers on details about how the program is implemented.

Assist City staff with the implementation of the Block 9, YWCA affordable housing project.

Kenmore

Downtown Site. Assist with implementing the affordability requirements for the town center site, including if applicable, the property tax exemption program.

Downtown Plan /LakePointe: Assist, as needed, work with City staff to implement the requirement to provide affordable units in the downtown area and/or the LakePointe master planned development.

Housing Regulations: Assist city staff with their update of its zoning and subdivision codes as they relate to housing and housing affordability.

Kirkland

Assist City staff with follow-up work related to the priorities established by the City Council in 2008 including:

- Evaluating regulations to encourage affordable housing as part of market

ATTACHMENT 1

rate housing development. This will include a detailed analysis of inclusionary approaches that will be considered, and legal issues and constraints associated with these options.

- Preservation of existing affordable housing. This will include completion of inventory work , and assistance with subsequent tasks such as analysis of data, contacts to property owners and evaluation of possible funding sources for preservation efforts. Assistance with discussions on this topic with the City Council Housing Committee, begun in 2008, will continue.
- Exploring the feasibility of mixed use transit oriented development housing at the South Kirkland Park & Ride lot. Assistance from ARCH will include coordination with Metro, the City of Bellevue, and for profit or non-profit housing developers, if needed. Additional tasks associated with the study and development of regulations administering affordability requirements and project development may be included.
- Identifying and exploring use of a small surplus city property for an innovative housing (e.g. cottages, duplex or triplex).

Mercer Island.

Assist staff and council with evaluating and, if appropriate, implementing a tax incentive program for affordable housing in the Mercer Island Town Center, as allowed under RCW 84.14.

Assist City staff and City Council with a community evaluation of the potential for considering innovative housing within the community.

Assist City Staff and Planning Commission with updating the Housing Strategy Plan, and with initial implementation of high priority strategies.

Newcastle

Assist City staff with implementation of high priority strategies from their Housing Strategy Program.

Assist City staff in reviewing [and adding clarifying language to the affordable housing requirements for the downtown, Community Business Center](#) Also assist with agreements for any project that would include an affordable housing requirement, including those related to the Community Business Center.

Assist with establishing and implementing the property tax exemption program for the Community Business Center (Library site).

Redmond

Assist with update of housing regulations related to the update in the Housing Element of the Comprehensive Plan that are part of an overall housing initiative, that will result in the development of a package of policy and regulatory reforms to help increase the supply and diversity of new housing.

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Assist City staff and council with evaluating and, if appropriate, implementing a tax incentive program for affordable housing, as allowed under RCW 84.14.

Continue to assist with negotiating and administering the provision of affordable housing in developments required to provide affordable housing units pursuant to city regulations.

Provide assistance as needed in updating Overlake and Viewpoint Neighborhood Plans with respect to housing, including periodic attendance at CAC meetings to help identify housing issues within the neighborhood and develop policy responses.

Assist with the refinement of existing incentive programs to create affordable housing, especially related to methods for alternative compliance and bonus area in downtown projects..

Assist in implementing and preliminary analysis of the City's innovative housing ordinance and pilot program.

Sammamish

ARCH staff will assist City staff on several efforts including:

Assist with regulatory development for the Town Center plan including Planning Commission and City Council review.

Assist with evaluating and potentially implementing a demonstration program for cottage housing.

Assist with initial implementation of high priority strategies identified in the Housing Strategy Plan, including efforts to encourage Accessory Dwelling Units, regulatory incentives to include affordable units within private developments, and processes and standards for homeless encampments.

Woodinville

Review and strengthening of affordable housing and accessory dwelling unit programs and regulations.

Continue work to assist City staff and Planning Commission with ways to encourage housing in the Downtown/Little Bear Creek Master Plan area.

King County See Regional/Planning Activities below.

Complete standard covenants, and monitor the implementation of the Northridge/Blakely Ridge and Redmond Ridge Phase II affordable housing development agreements. This includes monitoring annual progress toward achieving affordability goals; and providing information to developers on details about how the program is implemented.

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General Assistance. In the past, there have been numerous situations where member staffs have had requests for support on issues not explicitly listed in the Work Program. Requests range from technical clarifications, to assisting with negotiating agreements for specific development proposals, to more substantial assistance on unforeseen work. ARCH sees this as a valuable service to its members and will continue to accommodate such requests to the extent they do not jeopardize active work program items.

B. Regional/Countywide Planning Activities

Affordable Housing Tracking System. The Growth Management Act/Countywide Affordable Housing Policies call for jurisdictions to track the development/preservation of housing affordable to low and moderate income families. This work is being coordinated through the Benchmarks Task Force. ARCH staff will continue to assist cities and the County with collecting data needed for Benchmarks.

Objective: Collection and analysis of data as specified in Benchmark Task Force report.

Maintain an eastside housing database for storing benchmark and related housing data. The database should allow the creation of standardized reports, yet be flexible enough to also meet the individual reporting needs of members..

Information collected for this will be incorporated into the annual updates prepared as part of the ongoing ARCH Housing Education program.

County-Wide Housing Committees. Support local staff by providing staff support as needed to 'regional'/statewide working groups/committees, and disseminating key information back to local staffs. Groups include the Growth Management Planning Council (GMPC), the McKinney review team, and DCTED Housing Trust Fund Policy Advisory Team.

Committee to End Homelessness (CEH)/ Eastside Homeless Advisory Committee (EHAC). Anticipated work of the CEH in the coming year include: more coordinated allocation of resources; and initiating several specific proposals (e.g. Landlord Liaison program). In 2009 role for ARCH staff is expected to include participating in the CEH Funders group and its efforts to coordinate funding. Also continue to participate in efforts to implement homeless efforts within East King County through EHAC

Objective: Keep member jurisdictions informed of significant regional issues and pending legislation that could affect providing housing in East King County.

Ensure that perspectives of communities in East King County are addressed in regional housing activities, including the Committee to End Homelessness.

Have one or more specific local programs initiated as part of the 10 Year Plan to End Homelessness.

III. HOUSING PROGRAM IMPLEMENTATION

Monitoring Affordable Rental Housing. Administer ongoing compliance of affordability

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requirements. This includes affordable rental housing created through direct assistance (e.g. Trust Fund allocation, land donations) from member jurisdictions, and through land use incentives. Some Trust Fund projects also require monitoring of project cash flow related to loans made by jurisdictions to projects.

Objective: Ensure projects are in compliance with affordability requirements which involves collecting annual reports from projects, screening information for compliance, and preparing summary reports for local staffs. To the extent possible this work shall:

- Minimize efforts by both owners and public jurisdictions.
- Coordinate ARCH's monitoring efforts with efforts by other funding sources such as using shared monitoring reports.
- Utilize similar documents and methods for monitoring developments throughout East King County.
- Ensure accurate records for affordable ownership units, including audit units for owner occupancy and proper recording of necessary documentation.
- Establish working relationship with other public organizations that can help assess how well properties are maintained and operated (e.g. code compliance, police, and schools).

Monitoring Affordable Ownership Housing. As more price restricted homes are created, monitoring of affordable ownership housing created through local land use regulations is becoming of increased importance. In addition, will continue to monitor general trends with ownership units, and as necessary evaluate and if warranted, complete revisions to the ownership covenants in order to better insure long term affordability of ownership units.

Objective: Oversee resale of affordable ownership homes.

Complete revisions to the affordability covenant and administrative procedures to better protect against potential loss of long term affordability.

Mailing List of Low/Moderate Income Households Maintain a list of families potentially interested in affordable housing (both rental and ownership) created through the efforts of the participating jurisdictions.

Objective: Maintain lists of affordable housing in East King County, and making that available as needed to people looking for affordable housing.

Maximize use of the ARCH web site to assist persons looking for affordable housing.

Relocation Plans. Assist as necessary with preparing relocation plans and coordinate monitoring procedures for developments required to prepare relocation plans pursuant to local or state funding requirements.

Objective: Maximize efforts to ensure that existing households are not unreasonably displaced as a result of the financing or development of new or existing housing.

IV. SUPPORT/EDUCATION/ADMINISTRATIVE ACTIVITIES

Education/Outreach. Education efforts should tie into efforts related to public outreach/input on regional housing issues. However, much of ARCH's outreach/education work will occur through work with individual members on local housing efforts. Potential outreach tools include the Housing 101 workbook and related brochures,, housing tours, a portfolio of successful projects, and ARCH brochure.

Objective: **Consistent with the Education program discussed at the ARCH Workshops,** using input from the broader community, develop education tools to inform councils, staffs and the broader community of current housing conditions, and of successful efforts achieved in recent years.

Objective: **Consistent with the Education program discussed at the ARCH Workshops,** on a regular basis, conduct education sessions for new local officials and staffs on local housing conditions and programs (Housing 101 East King County, East King County Plan to End Homelessness), and hold annual discussion with member councils on recent housing trends and efforts.

Objective: Be a resource for members to assist with outreach and education activities on affordable housing associated with local planning efforts.

ARCH Web site. Currently this site is primarily geared to those utilizing programs administered through ARCH (e.g. listing of available rental and ownership affordable units, application for Trust Fund, consumer information on Accessory Dwelling Units, linkages to other housing related services in the community). In addition, information will be added to the website regarding general needs for affordable housing. In the last year this has primarily involved adding material from the Housing 101 Workbook. In the coming year, opportunities will be looked at to additional information to this part of the website.

Objective: Maintain the ARCH web site and update the community outreach portion by incorporating information from Housing 101 East King County, as well as updated annual information, and links to other sites with relevant housing information (e.g. CEH, HDC).

Make presentations, including housing tours, to at least 10 community organizations.

Media coverage on at least six topics related to affordable housing in East King County related to work done by Cities/ARCH and articles in local city newsletters.

Advice to Interested Groups. Provide short-term technical assistance to community groups, faith communities and developers interested in community housing efforts. Meet with groups and provide suggestions on ways they could become more involved.

Objective: Increase awareness of existing funding programs by potential users.

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Increase opportunities of private developers and Realtors working in partnership with local communities on innovative/affordable housing.

Assist community based groups who want to provide housing information to the broader community by assisting with preparing background information.

Administrative Procedures. Maintain administrative procedures that efficiently provide services to both members of ARCH and community organizations utilizing programs administered through ARCH. Prepare quarterly budget performance and work program progress reports. Prepare the Annual Budget and Work Program. Staff the Executive and Citizen Advisory Boards.

Objective: Maintain a cost effective administrative budget for ARCH, and keep expenses within budget. Administrative costs should be equitably allocated among ARCH's members.

Maintain membership on the ARCH Citizen Advisory Board that includes broad geographic representation and wide range of housing and community perspectives.

Complete evaluation of ARCH's administrative structure to determine if any system changes would improve overall administration of programs, especially related to administering the Trust Fund. Implement recommendations resulting from the evaluation.

2009 ARCH Administrative Budget

Dec-2008

I. ANNUAL OPERATING EXPENSES

Item	2008 Budget	2009 Budget	Change Budget	Percent Change
Staffing				
Sub-total	\$ 417,836	\$ 453,190	\$ 35,354	8%
Rent	\$ 11,531	\$ 12,052	\$ 521	5%
Utilities	Incl^	Incl^	Incl^	Incl^
Telephone	\$ 2,575	\$ 2,575	\$ -	0%
Operating				
Travel/Training	\$ 2,000	\$ 2,000	\$ -	0%
Auto Mileage	\$ 3,000	\$ 3,650	\$ 650	22%
Copier Costs	\$ 2,610	\$ 2,750	\$ 140	5%
Office Supplies	\$ 2,000	\$ 2,068	\$ 68	3%
Office Equipment Service	\$ 4,000	\$ 4,000	\$ -	0%
Fax/Postage	\$ 2,060	\$ 2,060	\$ -	0%
Periodical/Membership	\$ 3,588	\$ 3,588	\$ -	0%
Misc. (e.g. events,etc.)	\$ 1,840	\$ 1,840	\$ -	0%
Insurance	\$ 7,000	\$ 8,420	\$ 1,420	20%
Equipment Replacement	\$ 2,870	\$ -	\$ (2,870)	-100%
Sub-total	\$ 30,968	\$ 30,376	\$ (592)	-2%
TOTAL	\$ 462,910	\$ 498,193	\$ 35,283	7.62%

* Actual salary increases based on Bellevue's approved Cost of Living Adjustment

III. ARCH ADMINISTRATIVE BUDGET: RESOURCE DISTRIBUTION

A. Cash Contributions		2008	2009	Change	Percent Change		
Bothell	\$	36,627	\$	39,191	\$	2,564	7.00%
Issaquah	\$	13,736	\$	14,698	\$	962	7.00%
King County	\$	47,406	\$	43,466	\$	(3,940)	7.00%
Kirkland	\$	55,858	\$	59,768	\$	3,910	7.00%
Mercer Island	\$	27,927	\$	29,882	\$	1,955	7.00%
Newcastle	\$	9,308	\$	9,960	\$	652	7.00%
Redmond	\$	55,858	\$	59,768	\$	3,910	7.00%
Woodinville	\$	11,120	\$	11,898	\$	778	7.00%
Beaux Arts Village	\$	1,467	\$	1,569	\$	103	7.00%
Clyde Hill	\$	2,486	\$	2,660	\$	174	7.00%
Hunts Point	\$	1,467	\$	1,569	\$	103	7.00%
Medina	\$	2,486	\$	2,660	\$	174	7.00%
Yarrow Point	\$	1,467	\$	1,569	\$	103	7.00%
Sammamish	\$	43,167	\$	46,188	\$	3,022	7.00%
Kenmore	\$	23,546	\$	25,195	\$	1,648	7.00%
Other*	\$	-	\$	11,400	\$	11,400	
TOTAL	\$	333,926	\$	361,442	\$	27,516	
B. In-Kind Contributions		2008	2009	Change	Percent Change		
Bellevue	\$	128,985	\$	136,791	\$	7,806	6.05%
C. Total Contributions							
Bellevue	\$	128,985	\$	136,791	\$	7,806	6.05%
Bothell	\$	36,627	\$	39,191	\$	2,564	7.00%
Issaquah	\$	13,736	\$	14,698	\$	962	7.00%
King County	\$	47,406	\$	43,466	\$	(3,940)	-8.31%
Kirkland	\$	55,858	\$	59,768	\$	3,910	7.00%
Mercer Island	\$	27,927	\$	29,882	\$	1,955	7.00%
Newcastle	\$	9,308	\$	9,960	\$	652	7.00%
Redmond	\$	55,858	\$	59,768	\$	3,910	7.00%
Woodinville	\$	11,120	\$	11,898	\$	778	7.00%
Beaux Arts Village	\$	1,467	\$	1,569	\$	103	7.00%
Clyde Hill	\$	2,486	\$	2,660	\$	174	7.00%
Hunts Point	\$	1,467	\$	1,569	\$	103	7.00%
Medina	\$	2,486	\$	2,660	\$	174	7.00%
Yarrow Point	\$	1,467	\$	1,569	\$	103	7.00%
Sammamish	\$	43,167	\$	46,188	\$	3,022	7.00%
Kenmore	\$	23,546	\$	25,195	\$	1,648	7.00%
Other*	\$	-	\$	11,400	\$	11,400	
TOTAL	\$	462,911	\$	498,233	\$	35,322	7.63%
TOTAL COSTS	\$	462,910	\$	498,193	\$	35,283	7.62%
BALANCE	\$	0.61	\$	39			

* This is the administrative fee collected from Redmond Ridge East (\$250 / initial sale).

**CITY OF KIRKLAND****Department of Planning and Community Development**
123 Fifth Avenue, Kirkland, WA 98033 425-587-3225
www.ci.kirkland.wa.us**MEMORANDUM**

To: David Ramsay, City Manager

From: Dawn Nelson, AICP, Planning Supervisor

Date: February 2, 2009

Subject: ARCH HOUSING TRUST FUND RECOMMENDATION FOR FALL 2008, File MIS09-00001

RECOMMENDATION

Staff recommends that the City Council approve the recommendations and conditions of approval of the ARCH Executive Board for the Fall 2008 Housing Trust Fund to allocate \$200,000 to the YWCA Family Village at Issaquah project.

BACKGROUND DISCUSSION

As in previous funding rounds, general funds set aside by the Council for low and moderate income housing development projects are administered through the ARCH Housing Trust Fund application process. The ARCH Executive Board has recommended that \$200,000, previously allocated from the Kirkland general fund to the ARCH Housing Trust Fund, be awarded to the YWCA Family Village at Issaquah project. This project will provide 97 units of rental housing affordable to families earning between 30% and 60% of median income. Five of the units will be set aside to serve the homeless. A child care center will also be included in the project. The property has been donated by the City of Issaquah and will likely include a second phase with an additional 48 units of affordable housing, YWCA corporate offices, housing related service offices and community spaces. The award would be made in the form of a contingent loan.

A summary of the Executive Board recommendation for this project is included as Attachment 1 to this memorandum. Additional information about the project and its financing is included as Attachment 2. Additional information regarding the proposed projects can be provided at the February 17th City Council meeting, if desired.

Cc: Arthur Sullivan, ARCH, 16225 NE 87th Street, Suite A-3, Redmond, Washington 98052

TO: City of Bellevue Council Members
City of Kirkland Council Members
City of Issaquah Council Members

FROM: Ava Frisinger, Chair, ARCH Executive Board

DATE: January 9, 2009

RE: Fall 2008 Housing Trust Fund (HTF) Recommendation

The ARCH Executive Board has completed its review of the three applications applicable to the Fall funding round of the 2008 Housing Trust Fund. The ARCH Executive Board recommends funding for the YWCA Family Village project, as summarized below. The actual amount will depend on final action by the City Councils.

Following is a summary of the application, the ARCH Executive Board recommendation and rationale, and proposed contract conditions for the proposal recommended for funding at this time. Also enclosed is a project summary table, an economic summary for the project, funding leveraging chart and a summary of funded projects to date.

YWCA – Family Village at Issaquah

Funding Request: \$750,000 (Contingent Loan)
97 affordable rental units

ARCH Executive Board Recommendation: \$750,000 (Contingent Loan)
See attached Funding Chart for distribution
of City Funds
\$250,000 City of Issaquah
\$200,000 City of Kirkland
\$300,000 City of Bellevue

Project Summary:

YWCA is proposing to build 97 affordable housing units located in Issaquah on a site donated by the City of Issaquah for the purpose of providing affordable housing. This proposal is part of a larger two phase development being done by the YWCA in junction with the City that will have a total of approximately 145 residential units and a variety of community spaces. The City of Issaquah has taken significant steps to show its local support, including providing donated land and fee waivers that, combined, approximate an \$8 million dollar development cost savings

The project will include 97 units of affordable housing, and one residential unit for management staff, a community meeting room, and a child care center. The project's unit mix will include approximately 6% studio, 34% 1 bedroom, 39% 2 bedroom, and 20% 3 bedroom units. The

project will provide housing affordable at 30%, 50% and 60% of median income. In addition, 5 of the project's units are planned to serve the homeless.

YWCA also envisions a second phase of this project in the future. While funds are not being requested for a second phase of this project at this time, the plans for that phase include an additional 48 units of affordable housing, YWCA corporate offices, housing-related service space, community areas, and building management offices.

Services to residents will be provided by an onsite resident coordinator, YWCA regional headquarter services located on site, and agencies who refer residents.

In addition to typical public funding, the YWCA includes a campaign to raise \$12 million which will be used to pay for the child care center, community spaces, a portion of the overall construction costs and to establish an endowment for operation of the regional headquarters.

Construction of the first phase is projected for late 2009, and finishing in mid 2011. Phase II would start mid 2010 and be completed in late 2011.

Funding Rationale:

The CAB supported the intent of this application for the following reasons:

- There would be 97 units of affordable housing serving a range of income levels, including some homeless.
- The site is centrally located and located close to transit, retail and employment.
- Is a project the City has been planning for affordable housing, and city has strongly supported by providing land at no cost, and significant reductions in building and impact fees. Creates opportunity for increasing housing diversity in this new community.
- The YWCA has a strong track record.
- The proportionately low ARCH funding versus other funders provides a good opportunity when considering the number of units provided.

Funding Conditions:

1. The funding commitment shall continue for twelve (12) months from the date of Council approval and shall expire thereafter if all conditions are not satisfied. An extension may be requested to City staff no later than sixty (60) days prior to the expiration date. At that time, the applicant will provide a status report on progress to date, and expected schedule for start of construction and project completion. City staff will consider an extension only on the basis of documented, meaningful progress in bringing the project to readiness or completion. At a minimum, the applicant will demonstrate that all capital funding has been secured or is likely to be secured within a reasonable period of time. City staff will grant up to a 12 month extension. If necessary a second extension of up to 6 months may be requested by following the same procedures as the first extension.

2. Funds will be in the form of a contingent loan. Loan terms will account for various factors, including loan terms from other fund sources and available cash flow. Final loan terms shall be determined prior to release of funds and must be approved by City Staff. Based on the preliminary development budget, it is anticipated that loan payments will be based on a set repayment schedule, and begin in the year after repayment of the deferred developer fee (approximately 15 years), with 1% interest. The terms will also include a provision for the Agency to request a deferment of a payment if certain conditions are met (e.g. low cash flow due to unexpected costs). Any requested deferment of loan payment is subject to approval by City Staff, and any deferred payment would be repaid from future cash flow or at the end of the amortization period.

3. Until such time as the deferred developer fee is fully repaid, all cash flow after payment of operating expenses and debt service, shall be used to repay the deferred developer fee.

4. A covenant is recorded ensuring affordability for at least 50 years, with affordability as shown in the following table. There will be no set-aside units for particular populations other than the 5 units for homeless, and up to 26 Section 8 project-based vouchers, unless otherwise approved by City Staff. Affordability levels will be defined using the requirements for tax credits, and utility costs will be based on King County Housing Authority allowances, unless otherwise approved by City Staff.

Median Income Level	Studio	1 Bedroom	2 Bedroom	3 Bedroom	Total
Very Low Income 30% AMI	6	8	5	20*	39*
Low Income * 31-50% AMI	0	12	23	0	35*
Moderate Income 51-60% AMI	0	13	11	0	24
Total	6	33	39	20	98

- *26 of the two and three bedroom units may be Section 8 units.
- The manager's unit will not be income restricted

5. Submit documentation of the City's approval of the provision of parking for residents. If required, submit a copy of the parking management plan for City review and approval.

6. Submit evidence of the Agency's ability to access the funds necessary to complete the project, which is expected to include funds raised through the organization's capital campaign and/or a corporate guarantee prior to ARCH funding. Provide update on status of capital campaign on a quarterly basis. Additionally, submit evidence of the YWCA's endowment or other form of commitment to provide the necessary operating support for the regional YWCA office to be located in Issaquah Highlands prior to occupancy of the affordable units.

7. The Agency shall maintain documentation of any necessary land use approvals and permits required by the City. Unless otherwise approved by the City of Issaquah, the plans shall include a minimum of 4,000 square feet of community space and administrative offices, a pedestrian bridge, and a licensed childcare center similar to what has been described in the application. Recognizing that achieving the licensed child care is contingent on receiving capital dollars in excess of housing capital, in the event that the Agency is unable to proceed with the licensed child care, the City of Issaquah shall be consulted in determining an appropriate alternative course of action, subject to mutual agreement of the Agency and the City Council. The Agency shall provide a description of the status of the energy conservation features incorporated into the final design.

8. The Agency shall submit a property management plan prior to release of funds. At a minimum, the property management plan will address: a description of the relationship of residents to the program and services; resident selection procedures including marketing and outreach process, including local targeted marketing outreach to local business and community organizations such as community centers and churches; management procedures to address resident needs, services available for residents; and a short and long term strategy for covering operating expenses. It shall also include a summary of the ARCH annual monitoring procedures, a plan for the use of community space for residents, YWCA programs, and Issaquah Highlands community-wide use; a description of the duties of the resident services coordinator; a description of services offered through the regional headquarters; and a plan for ongoing communication with the broader Issaquah Highlands community. The residential management plan must be approved by City Staff to ensure compliance with the funding conditions.

9. In addition to the five units set aside for homeless households, the Agency will give priority for an additional 5 units to be available for households transitioning out of homeless programs (transitional households) pursuant to the following:

- The unit mix of the units prioritized for transitional households will be reviewed and approved by City staff;
- Families / residents will be graduating from transitional housing facilities serving the homeless;
- Families / Residents will have their own support services, and if needed, rent buy down assistance, through the Agency's partner agencies that work with persons at risk for homelessness;
- Units will be held for up to two weeks while trying to find a qualified transitional household. If one is not found then that unit will be rented to an otherwise qualified tenant and the next available, comparable unit will be targeted to a Transitional household;
- The Agency will continue to maintain relationships with service providers who serve homeless households and will perform outreach to these service providers to try to place eligible clients in units at Issaquah Highlands.
- Working with specifically identified partner service agencies, the Agency will utilize more relaxed screening criteria on these units, similar to those used in other Agency developments serving transitional households
- Prior to completion of construction, the Agency will work with City Staff to identify specific partner service agencies for this project;

- In the event a coordinated/centralized screening and referral system is adopted by the County and ARCH, the Agency will participate in that program as a source for identifying homeless households for residency. Use of a centralized screening and referral system would be consistent with the other provisions of this condition.

10. Funds shall be used by the Agency toward project construction, appraisal, architecture and engineering design fees, construction project management, construction technical assistance, and construction monitoring, or other development costs, as approved by City Staff. Funds may not be used for any other purpose unless city staff has given written authorization for the alternate use.

11. The Agency shall submit evidence of funding commitments from all proposed public and private sources. In the event commitment of funds identified in the application cannot be secured in the time frame identified in the application, the Agency shall immediately notify city staff, and describe the actions it will undertake to secure alternative funding and the timing of those actions subject to city staff's review and approval. Prior to initiating construction, the Agency shall submit evidence of all public and private resources needed to complete the project.

12. The Agency shall provide a revised development budget based upon actual funding commitments, which must be approved by City staff. If the Agency is unable to adhere to the budget, City staff must be immediately notified and a new budget shall be submitted by the Agency for the City's approval. The City shall not unreasonably withhold its approval to a revised budget, so long as such new budget does not materially adversely change the Project. This shall be a continuing obligation of the Agency. Failure to adhere to the budgets, either original or as amended, may result in withdrawal of the City's commitment of funds.

13. In the event federal funds are used, and to the extent applicable, federal guidelines must be met, including but not limited to: contractor solicitation, bidding and selection; wage rates; and Endangered Species Act (ESA) requirements. The Agency shall also provide evidence that the project is subject to Davis Bacon Residential Rates.

14. Submit monitoring reports quarterly through completion of the project, and annually thereafter. Submit a final budget upon project completion. If applicable, submit initial tenant information as required by the City.

**ARCH HOUSING TRUST FUND (HTF) APPLICATIONS
FALL 2008**

Applicant	Funds Requested (Grant/Loan) / Recommendation	Housing Type/ # of units/ bdrms	Income Served	Project Location	Duration of benefit	Total cost per unit	HTF cost per aff. unit	Project completion
YWCA - Family Village at Issaquah	\$750,000 (Deferred Loan)	New Construction 97 Total 1 Mngr Unit Community Room Child Care Center	39 at 30% 35 at 50% 24 at 60% (Includes 5 units for homeless)	Corner of Highlands Drive and NE High Street Issaquah	50 Years	\$297,406	\$7,653	June 2011

ARCH HOUSING TRUST FUND, FALL 2008

Leveraging Funds - -

	YWCA Family Village at Issaquah	
ARCH	\$ 750,000	3%
Local Public Loan Repayment - Historic	\$4,495,567	15%
King County HOF/HOME/CDBG 2060/2163 Veterans/Human Services Other	\$1,500,000	
KC TOTAL	\$ 1,500,000	5%
WA HAP WA HTF WA HFC (Equity Fund) WA Homeownership	\$2,000,000	
WA TOTAL	\$ 2,000,000	7%
Federal/HUD Section 811 McKinney Other (VA Per Diem)		
FEDERAL TOTAL	\$ -	0%
Tax Credits	\$12,537,250	43%
Federal Home Bank		0%
Bonds		0%
Bank Loans	\$5,500,000	19%
Deferred Developer Fee	\$750,000	3%
Private	\$1,612,948	6%
Other		0%
TOTAL COST	\$ 29,145,765	100%

ECONOMIC SUMMARY: YWCA

1. Applicant/Description: Issaquah Highlands / New construction of 97 affordable rental units including 5 homeless units.

2. Project Location: Corner of Highlands Drive and NE High Street, Issaquah

3. Financing Information:

Funding Source	Funding Amount	Commitment
ARCH	\$ 750,000	Applied for Fall 2008
King County	\$ 1,500,000	Applied for Fall 2008
State HTF	\$ 2,000,000	Applied for Fall 2008
Tax Credits	\$ 12,537,250	Apply for in 2009
Private Debt	\$ 5,500,000	Apply for in Spring 2009
YWCA Deferred Fees	\$ 750,000	Committed
YWCA Capital Campaign	\$ 1,612,948	Ongoing
City of Issaquah Land Donation	\$ 3,582,069	Committed
City of Issaquah Fee Waivers	\$ 913,498	Committed
TOTAL	\$ 29,145,765	

4. Development Budget:

ITEM	TOTAL	PER UNIT	HTF
Acquisition	\$ 3,595,724	\$ 36,691	
Construction	\$ 19,880,779	\$ 202,865	\$ 591,606
Design	\$ 1,082,490	\$ 11,046	\$ 47,999
Consultants	\$ 419,600	\$ 4,282	\$ 110,395
Developer fee	\$ 750,000	\$ 7,653	
Finance costs	\$ 1,724,190	\$ 17,594	
Reserves	\$ 550,000	\$ 5,612	
Permits/Fees/Other	\$ 1,142,982	\$ 11,663	
TOTAL	\$ 29,145,765	\$ 297,406	\$ 750,000

5. Debt Service Coverage: Debt service payments will be finalized upon commitment. Basic terms will include a 50 year amortization, deferral of payments for a period of between 10 and 15 years, 1% interest, and ability to request a deferral of annual payment to preserve economic integrity of property.

6. Security for City Funds:

- A recorded covenant to ensure affordability and use for targeted population for 50 years.
- A promissory note secured by a deed of trust. The promissory note will require repayment of the loan amount upon non-compliance with any of the loan conditions.

ARCH: EAST KING COUNTY TRUST FUND SUMMARY
LIST OF PROJECTS FUNDED (1993 - Fall 2007)

Project	Location	Owner	# Units/Beds	Funding	% of Total Allocation	Distribution Target
1. Family Housing						
Andrews Heights Apartments	Bellevue	St. Andrews	24	\$400,000		
Garden Grove Apartments	Bellevue	DASH	18	\$180,000		
Overlake Townhomes	Bellevue	Habitat of EKC	10	\$120,000		
Glendale Apartments	Bellevue	DASH	82	\$300,000		
Wildwood Apartments	Bellevue	DASH	36	\$270,000		
Somerset Gardents (Kona)	Bellevue	KC Housing Authority	198	\$700,000		
Pacific Inn	Bellevue *	Pacific Inn Assoc.	118	\$600,000		
Eastwood Square	Bellevue	Park Villa LLC	48	\$600,000		
Chalet Apts	Bellevue	St Andrews	14	\$163,333		
YWCA Family Apartments	K.C. (Bellevue Sphere)	YWCA	12	\$100,000		
Highland Gardens (Klahanie)	K.C. (Issaquah Sphere)	St. Andrews	54	\$291,281		
Crestline Apartments	K.C. (Kirkland Sphere)	Shelter Resources	22	\$195,000		
Parkway Apartments	Redmond	KC Housing Authority	41	\$100,000		
Habitat - Patterson	Redmond	Habitat of EKC	24	\$446,629		
Avon Villa Mobile Home Park	Redmond **	MHCP	93	\$525,000		
Terrace Hills	Redmond	St. Andrews	18	\$442,000		
Village at Overlake Station	Redmond	KC Housing Authority	308	\$1,645,375		
Summerwood	Redmond	DASH	166	\$1,198,034		
Habitat - Bothell Site	Bothell	Habitat of EKC	8	\$170,000		
Habitat - Newcastle Site	Newcastle **	Habitat of EKC	12	\$240,837		
RoseCrest	Issaquah ***	St. Andrews	40	\$1,063,718		
Mine Hill	Issaquah	St. Andrews	28	\$450,000		
Clark Street	Issaquah	St Andrews	30	\$355,000		
Issaquah Highlands Property	Issaquah ***	SAHG/SRI	45	\$569,430		
Habitat Issaquah Highlands	Issaquah ***	Habitat of EKC	10	\$200,000		
Greenbrier Family Apts	Woodinville **	DASH	50	\$286,892		
Plum Court	Kirkland	DASH	61 /66	\$1,000,000		
Kenmore Court	Kenmore	LIHI	33	\$350,000		
ADU Loan Program	Various		6 est	\$70,000		
Homeowner Downpayment Loan	Various	KC/WSHFC/ARCH	60 est	\$415,000		
SUB-TOTAL			1669	\$13,447,530		58.2% (56%)
2. Senior Housing						
Cambridge Court	Bellevue	Resurrection Housing	20	\$160,000		
Ashwood Court	Bellevue *	DASH/Shelter Resources	50	\$1,070,000		
Evergreen Court (Assisted Living)	Bellevue	DASH/Shelter Resources	64 /84	\$1,280,000		
Vasa Creek	K.C. (Bellevue Sphere)	Shelter Resources	50	\$190,000		
Riverside Landing	Bothell **	Shelter Resources	50	\$225,000		
Kirkland Plaza	Kirkland	St. Andrews	24	\$610,000		
Heron Landing	Kenmore	DASH/Shelter Resources	50	\$65,000		
Ellsworth House Apts	Mercer Island	St. Andrews	59	\$900,000		
Greenbrier Sr Apts	Woodinville **	DASH/Shelter Resources	50	\$131,192		
SUB-TOTAL			417	\$4,631,192		20.0% (19%)

ARCH: EAST KING COUNTY TRUST FUND SUMMARY
LIST OF PROJECTS FUNDED (1993 - Fall 2007)

Project	Location	Owner	# Units/Beds	Funding	% of Total Allocation	Distribution Target
3. Homeless/Transitional Housing						
Hopelink Place	Bellevue	** Hopelink	20	\$500,000		
Chalet	Bellevue	St Andrews	4	\$46,667		
Kensington Square	Bellevue	Housing at Crossroads	6	\$250,000		
Dixie Price Transitional Housing	Redmond	Hopelink	4	\$71,750		
Avondale Park	Redmond	Springboard (EHA)	18	\$280,000		
Avondale Park Redevelopment	Redmond	** Springboard (EHA)	60	\$1,502,469		
Petter Court	Kirkland	KITH	4	\$100,000		
Talus Property	Issaquah	*** St. Andrews	10	\$265,930		
Issaquah Highlands Property	Issaquah	*** SAHG/SRI	5	\$70,000		
SUB-TOTAL			113	\$3,086,815		13.4% (13%)
4. Special Needs Housing						
My Friends Place	Uninc. KC	EDVP	6 Beds	\$65,000		
Stillwater	Redmond	Eastside Mental Health	19 Beds	\$187,787		
Foster Care Home	Kirkland	Friends of Youth	4 Beds	\$35,000		
FOY New Ground	Kirkland	Friends of Youth	6 Units	\$268,000		
DD Group Home 4	Redmond	Community Living	5 Beds	\$111,261		
DD Group Homes 5 & 6	Redmond/TBD	Community Living	10 Beds	\$250,000		
United Cerebral Palsy	Bellevue/Redmond	UCP	9 Beds	\$25,000		
DD Group Home	Bellevue	Residence East	5 Beds	\$40,000		
AIDS Housing	Bellvue/Kirkland	Aids Housing of WA.	10 Units	\$130,000		
Harrington House	Bellevue	AHA/CCS	8 Beds	\$290,209		
DD Group Home 3	Bellevue	Community Living	5 Beds	\$21,000		
Parkview DD Condos III	Bellevue	Parkview	4	\$200,000		
IERR DD Home	Issaquah	IERR	6 Beds	\$50,209		
Foster Care Home	Bothell	FOY	4 Beds	\$50,000		
Oxford House	Bothell	Oxford/Compass Ctr.	8 Beds	\$80,000		
Parkview DD Homes VI	Bothell/Bellevue	Parkview	6 Beds	\$150,000		
SUB-TOTAL			115 Beds/Units	\$1,953,466		8.4% (12%)
TOTAL			2314	\$23,119,003		100.0%

* Funded through Bellevue Downtown Program

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

*** Amount of Fee Waiver still to be determined



CITY OF KIRKLAND
Planning and Community Development Department
123 Fifth Avenue, Kirkland, WA 98033 425.587-3225
www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Nancy Cox, Development Review Manager

Date: February 5, 2009

Subject: FAST TRACK ZONING CODE AMENDMENTS – ROSTER; FILE NO. ZON09-00002

RECOMMENDATION

Approve the attached roster of proposed Zoning Code amendments. This will allow the proposed amendments to be drafted and submitted for public review.

BACKGROUND DISCUSSION

PROCESS

Council approval of the roster (Attachment 1) will authorize the Planning Director and the Houghton Community Council to conduct a joint public hearing on the proposed amendments. Following the hearing, the Planning Director will return to the City Council with a recommendation with respect to adoption of the amendments.

In 1997, the City Council adopted the “fast track” Process IVA review process to allow the efficient review of minor Zoning Code amendments. Process IVA, codified in Chapter 161 KZC, is limited to the review of Zoning Code amendments which are not quasi-judicial, not controversial, and do not need extensive policy study. Amendments, which promote clarity, eliminate redundancy, or correct inconsistencies are eligible for review under this process.

In accordance with Chapter 161 KZC, a roster summarizing the proposed amendments was created on January 15, 2009 and was distributed to the City Council and other parties. As this roster indicates, the proposed amendments would amend, create, or delete a wide variety of Zoning Code provisions.

The roster was introduced to the Houghton Community Council by staff on January 26, 2009 for initial discussion. No action was required at that meeting. A joint public hearing before the Planning Director and Houghton Community Council is scheduled for March. We expect the Planning Director’s recommendation to be forwarded to the City Council for final action in April.

COMMENTS FROM A CITIZEN ON THE ROSTER

Line Nos. 105-107 regarding Accessory Structure height in RSX zones:

115.08 Accessory Structure (Detached Dwelling Unit Uses Only) – Allow height for a detached ADU above a garage to match the underlying zone. Reorganize the section for clarity and add reference to Section 115.07.

The City received the following comment from Andy Held:

“The intent is to match what height of the underlying zone? The primary residence? This is not a simple ‘clean-up’ edit, but a significant change which would apply to all the RSX zones. It should not be included in this group of edits.”

Staff response:

The City Council reviewed this issue with the annexation zoning project in 2008 and requested the amendment. The height limit in RSX zones for detached dwelling units is 30 feet above ABE. The height limit for Accessory Structures is 25 feet above ABE in all single family zones. It was an oversight not to have the same height limit for accessory structures in RSX zones as the detached dwelling unit.

Line Nos. 145-147 regarding adding a nonconformance section for paddocks:

162.____ Add a new nonconformance regulation to assure that substandard paddocks do not have to be brought into conformance even when new septic systems are installed.

The City received the following comment from Andy Held:

“Is this specific to the Bridle View annexation? It seems overly general in that case.”

Staff response:

Although the proposed amendment was drafted to address a concern identified by residents of the Bridle View Annexation, it would apply to paddocks throughout the City. The amendment would establish a regulation to govern when a nonconforming paddock must be brought into conformance. Currently, nonconforming paddocks are governed by a regulation that could require paddocks to be enlarged or in some other way brought into conformance when relatively small improvements to the site are made. Bridle View residents pointed out that many paddocks are currently nonconforming because they overlap with septic tank drain fields. In such a situation, current nonconformance regulations might actually prevent replacement of a failing tank without removing a portion of the main residence on the property (to provide the necessary space for both the drain field and paddock). The proposed new regulation would require paddocks to be brought into conformance only when an improvement is made that costs more than 50% of the value of a dwelling unit. This would result in a more lenient threshold for triggering when nonconforming paddocks are required to be brought into conformance.

ITEMS DELETED SINCE THE ROSTER WAS DISTRIBUTED ON JANUARY 15

Line Nos. 66-70 regarding Planned Area 16 (PLA 16) General Regulations:

~~60.180 — General Regulations — Delete Numbers 2 and 3; they are no longer relevant.~~

Upon further consideration and review of a citizen comment, staff has deleted this from the Fast Track Roster after it was distributed on January 15.

Line Nos. 69-70 regarding regulations pertaining to the number of horses in PLA 16:

~~60.180.010 — Detached Dwelling Unit — Delete regulation limiting the number of horses; this is already regulated by Section 115.20.~~

Upon further consideration and review of a citizen comment, staff has deleted this from the Fast Track Roster after it was distributed on January 15.

Line Nos. 114-116 regarding placement and screening of garbage and recycling receptacles:

~~115.45 — Garbage and Recycling Receptacles – Placement and Screening – Amendments to require adequate space for garbage and recycling containers in new development. Also addresses location and screening.~~

Based on input from Public Works staff, this item was deleted after the roster was mailed out on January 15.

ITEMS ADDED SINCE THE ROSTER WAS DISTRIBUTED ON JANUARY 15

The following items were added to the roster after it was sent out on January 15.

Line Nos. 85-87 regarding signs for mixed use developments:

100.55 Development Containing Uses in More Than One Sign Category - Clarify that in commercial/residential mixed use projects, commercial uses would be regulated by the commercial “sign category” while residential uses would be regulated by the residential category. Currently, the sign category for the predominant use governs both uses.

Line Nos. 140-141 regarding participation in appeals:

Various Use consistent language regarding participation in appeals within all process chapters.

Line Nos. 162-163 regarding amendments to the local State Environmental Policy Act (SEPA) ordinance:

KMC 24.02 SEPA Procedures and Policies – Ensure that posting, noticing and mailing is consistent with same for underlying permit.

FURTHER ELABORATION ON SELECTED ITEMS

Line No. 91 regarding electronic reader boards:

Various Chapters – Revisions to allow electronic reader boards at schools and fire stations.

The School District and PTA's have requested electronic reader boards at the two high schools. The Fire Department is requesting electronic reader boards at 3 fire stations within Kirkland to display emergency management information. The City Council reviewed these requests several months ago and directed that they be added to the code amendment list. Amendments specific to reader board signs for high schools and fire stations only, including design standards, are needed.

Line Nos. 125-141 regarding amendments to the process chapters:

- Various Delete an outdated requirement for bonds to be submitted to ensure proper maintenance and removal of public notice signs.
- Various Allow for the publication of all public notices by summary in the official newspaper or in full on the City website, or both.
- Various Allow for the distribution of a summary notice of decision rather than the full decision and for distribution by email as an alternative to postal mail.
- Various Change to post a single notice at the beginning of the development process. The notice would cover all stages of development.
- Various Allow for email notification and distribution of staff reports.
- Various Use consistent language regarding participation in appeals between the process chapters.

Most of the amendments to the process chapters 142 – 161 (i.e. Design Review, Process I, IIA, IIB, etc.) are cost saving measures. Staff is researching new ways to provide public notice so that in the end it will be equal to or better than it is currently.

Attachments:

January 15, 2009 Roster (Updated Feb. 5, 2009)

cc: Andy Held
Steven Cole, LWSD
Helen Ahrens-Byington, Deputy Fire Chief

FILE NO. ZON09-00002
 ROSTER OF PROPOSED FAST TRACK AMENDMENTS
 JANUARY 15, 2009
 (*Updated FEBRUARY 5, 2009 - items shown shaded*)

Kirkland Zoning Code

Chapter 1 - User Guide

1.05 How To Use This Code - Eliminate the listing of zones shown on zoning map.

Chapter 5 - Definitions

5.10.145 Commercial Zones - Add TL 4C

5.10.____ High Density Use - Create a new definition for High Density Use that correlates with the Low Density Use and Medium Density Use definitions.

5.10.485 Low Density Use - Fix overlap; a detached dwelling unit on 5,000 - 7,199 sq. ft. lot is in both the Low and Medium Density Use definitions.

5.10.515 Medium Density Use - Fix overlap; a detached dwelling unit on 5,000 - 7,199 sq. ft. lot is in both the Low and Medium Density Use definitions.

5.10.960 Use Zone - Clarify that the Use Zones are the designations shown on the Zoning Map without listing them.

Chapter 17 - Single Family Residential Annexation (RSX) Zones

17.10.020 Church - Addition to Special Regulation 2 to mirror the same RS zone regulation.

17.10.030 School or Day-Care Center - Addition to Special Regulation 2 to mirror the same RS zone regulation.

Chapter 45 - Community Business (BC) Zones

45.130 School or Day-Care Center - Change to front setback to mirror the same BCX zone regulation.

45.150 Assisted Living Facility - Change to allow lobby on ground floor like in Stacked Dwelling Unit use listing.

45.160 Convalescent Center or Nursing Home - Change to front setback to mirror the same BCX zone regulation.

Chapter 47 - Community Business Annexation (BCX) Zone

- 51
52 47.08 General Regulations - Delete No. 3; the area referred to is already
53 zoned JBD.
54
55 47.10.150 Assisted Living Facility - Change to allow lobby on the ground floor like
56 in the Stacked Dwelling Unit use listing. Add density requirement to
57 mirror the same BC zone regulation.
58
59 **Chapter 48 - Light Industrial Technology (LIT) Zones**
60
61 48.15.220 Commercial Recreation Area and Use - Delete this section; the area
62 referred to is already zoned TL 10C, 10D and 10E.
63
64 **Chapter 60 - PLA 16**
65
66 ~~60.180 General Regulations - Delete Numbers 2 and 3; they are no longer~~
67 ~~relevant.~~
68
69 ~~60.180.010 Detached Dwelling Unit - Delete regulation limiting the number of~~
70 ~~horses; this is already regulated by Section 115.20.~~
71
72 **Chapter 95 - Tree management and Required Landscaping**
73
74 95.10 Definitions - Clarify that a "Qualified Professional" for tree removals in
75 critical areas must have Tree Risk Assessor certification.
76
77 95.35.2.b Tree Plan and Retention Requirements - Clarify that for a Tree Plan 1 -
78 Major that a "report" is required instead of an "assessment."
79
80 95.35.3.c Tree Plan Review Procedure and Appeals - Clarify that an email date
81 may start the appeal period if email is being used.
82
83 **Chapter 100 - Signs**
84
85 ~~100.55 Development Containing Uses in More Than One Sign Category - Clarify~~
86 ~~that in commercial/residential mixed use projects commercial would~~
87 ~~keep its sign category and residential would keep its sign category.~~
88
89 **Various Chapters**
90
91 Revisions to allow electronic reader boards at schools and fire stations.
92
93 **Chapter 105 - Parking Areas, Vehicle and Pedestrian Access, and Related**
94 **Improvements**
95
96 105.103.2.a Modifications - Authority to Grant and Duration - Clarify that the
97 Planning Official should approve modifications of this chapter for Design
98 Review applications.
99
100 **Chapter 115 - Miscellaneous Use Development and Performance Standards**

101		
102	115.07.11.c	<u>Accessory Dwelling Units - Preexisting Units</u> - Delete; this section is no longer applicable because it is out-of-date.
103		
104		
105	115.08	<u>Accessory Structure (Detached Dwelling Unit Uses Only)</u> - Allow height for a detached ADU above a garage to match the underlying zone.
106		
107		Reorganize the section for clarity and add reference to Section 115.07.
108		
109	115.43	<u>Garage Setback Requirements for Detached Dwelling units in Low Density Zones</u> -There are two Section 115.43's in the code with different effective dates. Delete the first section with the effective date that has passed.
110		
111		
112		
113		
114	115.45	<u>Garbage and Recycling Receptacles - Placement and Screening - Amendments to require adequate space for garbage and recycling containers in new development. Also addresses location and screening.</u>
115		
116		
117		
118	Chapter 117 - Personal Wireless Service Facilities	
119		
120		Add a new section to require or allow the City to attain a performance bond prior to issuance of the permit similar to other chapters.
121		
122		
123	Chapters 142-161- Process Chapters	
124		
125	Various	Delete an outdated requirement for bonds to be submitted to ensure proper maintenance and removal of public notice signs.
126		
127		
128	Various	Allow for the publication of all notices by summary in the official newspaper or in full on the City website, or both.
129		
130		
131	Various	Allow for the distribution of a summary notice of decision rather than the full decision and for distribution by email as an alternative to postal mail.
132		
133		
134		
135	Various	Change to post only the first notice (i.e. Notice of Application) per application per public notice sign.
136		
137		
138	Various	Allow for email notification and distribution of staff reports.
139		
140	Various	<u>Use consistent language regarding participation in appeals between the process chapters.</u>
141		
142		
143	Chapter 162 - Nonconformance	
144		
145	162.____	Add a new nonconformance regulation to assure that substandard paddocks do not have to be brought into conformance even when new septic systems are installed.
146		
147		
148		
149	Chapter 175 - Bonds	
150		

151 175.25 Supplemental Administrative Costs - Delete the \$100 minimum cash
152 deposit and state that the minimum amount will be administratively set
153 and updated.

154

155 Chapter 180 - Plates

156

157 Plates 1,2, Clarify encroachment of posts into parking stalls in garages.

158 3,4,8A

159

160 Kirkland Municipal Code

161

162 KMC 24.02 SEPA Procedures and Policies - Ensure that posting, noticing and
163 mailing is consistent with same for underlying permit.

164

165

166

167



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
Sandi Hines, Financial Planning Manager

Date: February 6, 2009

Subject: **2009-2010 BUDGET ADJUSTMENT: 2007-2008 OPERATING CARRYOVERS & OTHER ADJUSTMENTS**

RECOMMENDATION:

The City Council adopts the attached ordinance increasing the 2009-2010 budget appropriations for selected funds.

BACKGROUND DISCUSSION:

State law prohibits expenditures from exceeding the budgeted appropriation for any fund and requires the City to adjust appropriations when:

1. Unanticipated revenue exists and will potentially be expended;
2. New funds are established during the budget year which were not included in the original budget; or
3. The City Council authorizes positions, projects, or programs not incorporated into the current year's budget.

This budget adjustment allows for appropriation increases where it is anticipated that total expenditures may be in excess of the adopted 2009-2010 budget.

There are two types of adjustments in the proposed 2009-2010 budget amendment totaling \$2.3 million—carryovers and other adjustments. Following is a recap of major items requested in this budget adjustment:

1. **Carryovers** relate to uncompleted projects, contracts, or purchases that were authorized but not spent in the prior biennial budget. In order to complete these items, both the funding and the expenditure authority need to be "carried over" from the 2007-2008 Budget to the 2009-2010 Budget. Accordingly, the 2009-2010 Adopted Budget needs to be amended. Carryovers from the 2007-2008 Budget represent about \$1.9 million of the total requested amendment. Funding for carryovers primarily comes from recognizing cash that was obligated but not spent in the prior biennium (i.e. Resources Forward).

Capital projects carryovers are not included in this budget adjustment and will be presented at the March 17th Council meeting. Carryovers included in this adjustment are for operating budgets only.

Carryover requests in the operating funds primarily consist of service packages and other one-time projects or activities. About \$1.1 million in carryover requests are recommended in the General Fund. Of this total, about \$490,000 relates to the Planning Work Program (including ARCH funding of \$431,993—the budget for this program is being moved out of the General Fund to the Parks & Municipal Reserve Fund in 2009). Other examples in the General Fund include the following:

- **Waterfront Parks Irrigation Systems Water Rights (\$101,370).** The 2007-08 Budget included a service package for the acquisition of water rights from Water District #1 for irrigation at eight waterfront parks. This project is expected to be completed in early 2009.
 - **Electronic Ticketing (\$63,805) and Patrol Tablet PC's (\$35,850).** These two service packages for Police Department technology are expected to be completed in 2009.
 - **2008 Invoice Payments –** The end of the fiscal period always sees some outstanding invoices where the goods or services were received before the period ended but the vendor does not invoice the City in time to pay during that period. The budget to pay for the goods and services received in 2008 needs to be carried over to pay for the invoices in 2009, so as not to adversely impact the department's 2009 budget.
2. **Other Budget Adjustments** include items that have been identified since the 2009-10 Budget preparation process and housekeeping adjustments and corrections. In total, they represent a positive adjustment of \$436,109.
- The adjustment for the Planning Information Specialist and reception position switch approved by Council at the budget adoption meeting was accomplished within the adopted budget appropriation. No further adjustment is needed.
 - Acknowledge the transfer of ARCH Housing Trust Fund from the General Fund to the Parks & Municipal Reserve Fund (\$431,993).
 - Use of Council Special Projects Reserve to partially fund the Neighborhood Connections program in 2010 (\$25,000) and provide a facilitator for the 2009 Council Retreat (\$2,000).
 - Recognize prior year sign deposit revenue received in 2009 (\$4,100).
 - Housekeeping correction to the Water/Sewer Debt Service Fund.
 - Housekeeping adjustment for the boat launch bollard replacement service package funding.

All proposed budget adjustments are summarized in Attachment A.

Parks & Community Services will be presenting a staff recommendation in the near future that reflects the Human Services Advisory Committee's recommendation to establish a human services emergency fund.

February 2009 Budget Adjustment Summary--Operating Funds Carryovers & Other Adjustments

Adjustment Type	Dept.	Description	Uses	Funding Source				Funding Source Notes
				Reserves	Resources Forward	Operating Transfers	External Revenue	
General Fund								
Carryover	CM	Economic Development Supplies and Services	17,800		17,800			Fund Balance
Carryover	CM	Public Art Strategic Planning	24,000		24,000			Fund Balance
Carryover	CM	Neighborhood Matching Grant Funds	16,700		16,700			Fund Balance
Carryover	CM	Jail Study	6,000		6,000			Fund Balance
Carryover	CM	Outside Agency Pending Contract Payments	8,550		8,550			Fund Balance
Carryover	CM	Court-Office Supplies/Equipment	4,979		4,979			Fund Balance
Carryover	HR	Automate Personnel Action Form	6,360		6,360			Fund Balance
Carryover	HR	Healthcare Benefit Consulting	10,000		10,000			Fund Balance
Carryover	HR	Fire Chief Recruitment	23,000		23,000			Fund Balance
Carryover	PCS	2008-Human Service Contracts and Projects	74,324		74,324			Fund Balance
Carryover	PCS	Waterfront Parks Irrigation Project	101,370		101,370			Fund Balance
Carryover	PCS	Rose Hill Meadows Project Operations and Maintenance	42,950		42,950			Fund Balance
Carryover	PCS	Teen Center (Friends of Youth) Pending Invoice	13,300		13,300			Fund Balance
Carryover	PCS	Kirkland Performance Center Pending Invoice	8,400		8,400			Fund Balance
Carryover	PCS	Parks & Recreation Open Space (PROS) Plan Update	5,900		5,900			Fund Balance
Carryover	PCS	Dock/Pier Material Supplies	6,000		6,000			Fund Balance
Carryover	PCS	Houghton Beach Restroom Roofing Material	7,500		7,500			Fund Balance
Carryover	PCS	Youth Services Grants	2,100		2,100			Fund Balance
Carryover	PCS	Senior Council Special Projects (Vial of Life)	5,294		5,294			Fund Balance
Carryover	PCS	Peter Kirk Community Center Furniture/Equipment	4,600		4,600			Fund Balance
Carryover	PCS	Special Recreation Program Pending Invoice	4,000		4,000			Fund Balance
Carryover	PCS	Playground Playchip Surfacing	10,000		10,000			Fund Balance
Carryover	PW	Non Motorized Plan	30,000		30,000			Fund Balance
Carryover	PW	Permit Process Review Phase 2 Fee Study	18,360		18,360			Fund Balance
Carryover	PW	Scanner	20,000		20,000			Fund Balance
Carryover	F&A	Annexation Analysis Support	30,000		30,000			Fund Balance
Carryover	F&A	Park Place and Annexation Professional Services	20,000		20,000			Fund Balance
Carryover	PCD	Regulatory Changes – Affordable Housing Incentives	10,000		10,000			Fund Balance

E-page 181 Adjustment Type	Dept.	Description	Uses	Funding Source				Funding Source Notes
				Reserves	Resources Forward	Operating Transfers	External Revenue	
General Fund continued								
Carryover	PCD	ARCH Housing Trust Fund	431,993		431,993			Fund Balance-xf to Parks & Muni Rsv Fund
Carryover	PCD	Green Team/Community Conversations	15,000		15,000			Fund Balance
Carryover	PCD	Review for Permits in Process	8,167		8,167			Fund Balance
Carryover	PCD	Capacity Model Maintenance/Data Management	6,000		6,000			Fund Balance
Carryover	PCD	Downtown Plan	3,000		3,000			Fund Balance
Carryover	PCD	Green Building Program	4,000		4,000			Fund Balance
Carryover	PCD	Pending Downtown EIS Invoice	1,183		1,183			Fund Balance
Carryover	PD	E-ticketing Project	63,805		63,805			Fund Balance
Carryover	PD	Table PC's Hardware and Software	35,850		35,850			Fund Balance
Carryover	PD	King County Marine Patrol Pending Invoice	39,000		39,000			Fund Balance
Carryover	PD	Leased Vehicle Pending Invoice	1,200		1,200			Fund Balance
Other Adj.	CC	Council Retreat Facilitator	2,000	2,000				Council Special Projects Reserve
Other Adj.	PCD	Planning Signs	4,100				4,100	Sign deposit revenue
Other Adj.	PCS	Boat Launch Bollard Replacement Project	(22,500)			(22,500)		Housekeeping-service package funding
General Fund Total			1,124,285	2,000	1,140,685	(22,500)	4,100	
OTHER FUNDS								
Street Operating Fund								
Carryover	PW	Intelligent Transportation System	6,530		6,530			Fund Balance
Carryover	PW	Neighborhood Traffic Control Program	41,828		41,828			Fund Balance
Carryover	PW	Lakeview Elementary Lighted Crosswalk Repair	12,000		12,000			Fund Balance
Carryover	PW	100th Ave Fiber Connection	17,268		17,268			Fund Balance
Carryover	PW	Parking Garage Lighting	15,000		15,000			Fund Balance
Carryover	PW	Annual Striping Program	31,697		31,697			Fund Balance
Carryover	PW	Replacement Trees	21,000		21,000			Fund Balance
Carryover	PW	Street Improvement/Utility Underground Opportunity Funds	41,361		41,361			Fund Balance
Carryover	PW	Parking Pay Stations	50,925		50,925			Fund Balance
Carryover	PW	Snow Removal Equipment/Supplies	37,000		37,000			Fund Balance
Street Operating Fund Total			274,609	-	274,609	-	-	

E-page 182 Adjustment Type	Dept.	Description	Uses	Funding Source				Funding Source Notes
				Reserves	Resources Forward	Operating Transfers	External Revenue	
Park and Municipal Reserve Fund								
Other Adj	PCD	ARCH Housing Trust Fund	431,993			431,993		Transfer from General Fund
Park and Municipal Reserve Fund Total			431,993	-	-	431,993	-	
General Capital Projects Fund								
Other Adj	ND	Neighborhood Connections Program	25,000	25,000				Council Special Projects Reserve
General Capital Projects Fund Total			25,000	25,000	-	-	-	
Water/Sewer Operating Fund								
Carryover	PW	Telemetry-Improvements and Water Analysis	25,358		25,358			Fund Balance
Carryover	PW	Mobile Computers	14,718		14,718			Fund Balance
Water/Sewer Operating Fund Total			40,076	-	40,076	-	-	
Water/Sewer Debt Service Fund								
Housekeeping	PW	Debt Service	(4,484)			(4,484)		Adjust operating transfer
Water/Sewer Debt Service Fund Total			(4,484)	-	-	(4,484)	-	
Surface Water Operating Fund								
Carryover	PW	ESA Regulatory Costs	20,214		20,214			Fund Balance
Carryover	PW	Shoreline Inventory	17,274		17,274			Fund Balance
Carryover	PW	Index of Biotic Integrity Sampling	5,670		5,670			Fund Balance
Carryover	PW	UW Soils Map	30,000		30,000			Fund Balance
Carryover	PW	Forbes Lake Monitoring	10,810		10,810			Fund Balance
Carryover	PW	Juanita Creek Hydraulic Study	40,000		40,000			Fund Balance
Carryover	PW	Nature Vision School Program	1,810		1,810			Fund Balance
Carryover	PW	Stormwater Focus Groups	7,000		7,000			Fund Balance
Carryover	PW	Mobile Computers	23,000		23,000			Fund Balance
Surface Water Operating Fund Total			155,778	-	155,778	-	-	
Information Technology Fund								
Carryover	IT	Disaster Recovery	50,000		50,000			Fund Balance
Carryover	IT	Microsoft Enterprise Agreement (Software Licensing)	75,891		75,891			Fund Balance
Carryover	IT	Qwest SmartNet Maintenance	54,755		54,755			Fund Balance
Carryover	IT	Multimedia Services Pending Invoices	2,390		2,390			Fund Balance
Carryover	IT	ESRI Special Programming for GIS/Pending Invoice	10,000		10,000			Fund Balance
Information Technology Fund Total			193,036	-	193,036	-	-	

E-page 183 Adjustment Type	Dept.	Description	Uses	Funding Source				Funding Source Notes
				Reserves	Resources Forward	Operating Transfers	External Revenue	
Facilities Maintenance Fund								
Carryover	PW	Peter Kirk Community Center Floor Maintenance	2,000		2,000			Fund Balance
Carryover	PW	Parks Maintenance move to KCHA building	16,095		16,095			Fund Balance
Carryover	PW	Inventory Control Specialist in lieu of Contracted Services	44,498		44,498			Fund Balance
Facilities Maintenance Fund Total			62,593	-	62,593	-	-	
TOTAL OTHER FUNDS			1,178,601	25,000	726,092	427,509	-	
TOTAL ALL FUNDS			2,302,886	27,000	1,866,777	405,009	4,100	

ORDINANCE NO. 4180

AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING THE BIENNIAL BUDGET FOR 2009-2010.

WHEREAS, the City Council finds that the proposed adjustments to the Biennial Budget for 2009-2010 reflect revenues and expenditures that are intended to ensure the provision of vital municipal services at acceptable levels;

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

Section 1. February 2009 adjustments to the Biennial Budget of the City of Kirkland for 2009-2010 are hereby adopted.

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

<u>Funds</u>	<u>Current Budget</u>	<u>Adjustments</u>	<u>Revised Budget</u>
General	124,687,343	1,124,285	125,811,628
Lodging Tax	794,424	0	794,424
Street Operating	9,087,068	274,609	9,361,677
Cemetery Operating	199,498	0	199,498
Parks Maintenance	2,203,287	0	2,203,287
Recreation Revolving	2,825,090	0	2,825,090
Contingency	2,324,515	0	2,324,515
Cemetery Improvement	598,528	0	598,528
Impact Fees	7,165,555	0	7,165,555
Park & Municipal Reserve	10,050,552	431,993	10,482,545
Off-Street Parking Reserve	217,610	0	217,610
Tour Dock	122,675	0	122,675
Street Improvement	2,613,576	0	2,613,576
Grant Control Fund	216,458	0	216,458
Excise Tax Capital Improvement	24,039,092	0	24,039,092
Limited General Obligation Bonds	2,735,723	0	2,735,723
Unlimited General Obligation Bond	2,703,581	0	2,703,581
General Capital Projects	26,142,349	25,000	26,167,349
Grant Capital Projects	5,307,113	0	5,307,113
Water/Sewer Operating	46,479,043	40,076	46,519,119
Water/Sewer Debt Service	3,510,123	(4,484)	3,505,639
Utility Capital Projects	18,837,106	0	18,837,106
Surface Water Management	12,515,606	155,778	12,671,384
Surface Water Capital Projects	6,765,553	0	6,765,553
Solid Waste	18,753,863	0	18,753,863
Equipment Rental	13,971,736	0	13,971,736

<u>Funds</u>	<u>Current Budget</u>	<u>Adjustments</u>	<u>Revised Budget</u>
Information Technology	10,111,156	193,036	10,304,192
Facilities Maintenance	9,804,443	62,593	9,867,036
Firefighter's Pension	1,635,961	0	1,635,961
	<u>366,418,627</u>	<u>2,302,886</u>	<u>368,721,513</u>

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

Passed by majority vote of the Kirkland City Council in open meeting this 17th day of February 2009.

Signed in authentication thereof this _____ day of February, 2009.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney



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
Ray Steiger, P.E., Capital Projects Manager

Date: February 7, 2009

Subject: WATER SUPPLY STATION NO. 2 UPGRADES – AUTHORIZATION TO BID

RECOMMENDATION:

It is recommended that the City Council authorize staff to advertise for contractor bids for the Water Supply Station No. 2 Improvements Project; current estimates indicate a budget shortfall of \$121,000.

BACKGROUND DISCUSSION:

Water Supply Station No. 2 is a water system facility that is located on the southeast corner of 132nd Avenue NE and NE 85th Street just within the Redmond City limits (Attachment A). The facility provides water to the 650 and 545 pressure zones and is jointly owned by Kirkland and Redmond (pressure zones are each identified by the delivery pressure of the water to the customer within the zone). Kirkland has the overall responsibility for operation and upkeep of the facility; however Redmond participates in the improvements through design review and cost sharing.

The plan to upgrade this station was originally identified in the Water Comprehensive Plan, and a corresponding project was funded in the 2004-2009 CIP. In 2008, during development of the project design and after consultation with the City of Redmond, it was determined to add telemetry upgrades to the project scope of work to coincide with a City-wide upgrade of telemetry panels being done at other water facility sites. The telemetry system allows remote monitoring and control of the facilities by the City's maintenance personnel.

Improvements to this below ground Supply Station now consist of replacing the existing ball control valves with hydraulic control valves to allow the station to operate in more efficient control modes, new energy efficient lighting, improved heating and ventilation, and a new telemetry communications panel consistent with the City's new standards.

The total project budget identified for the Station Upgrades is \$124,000 (Attachment B), however the current engineer's estimate for all planned Station improvements is \$368,000. Under the terms of the Joint Facility Agreement with Redmond, Kirkland has a 66% share of this facility (and any associated project costs), and the City of Redmond has a 34% share; thus, Kirkland is responsible for \$245,000, and Redmond's estimated contribution is approximately \$123,000.

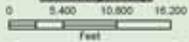
Kirkland's share is approximately \$121,000 more than was funded in the CIP. A combination of project delays, the project was originally anticipated to be under construction in 2004, and the addition of a new telemetry system, adding approximately \$45,000 in costs including design, have nearly doubled Kirkland's cost of the improvements. The bidding environment however in recent months has become more competitive; recently bid projects in the region have received record numbers of bidders and prices generally have come in significantly below the engineer's construction estimate.

At this time, staff recommends that Council authorize the bid to determine the actual benefit from the more competitive bidding climate and allow staff to return to City Council with an award memo and recommendation for actual funding needs at a later time; it is anticipated that water/sewer capital contingency will be available for the added funds (Attachment C). With Council's authorization to advertise for contractor bids, staff will report back with the bid results and options for awarding the Project at a regular meeting in March, 2009.

Attachments: (3)

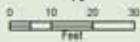


Vicinity Map

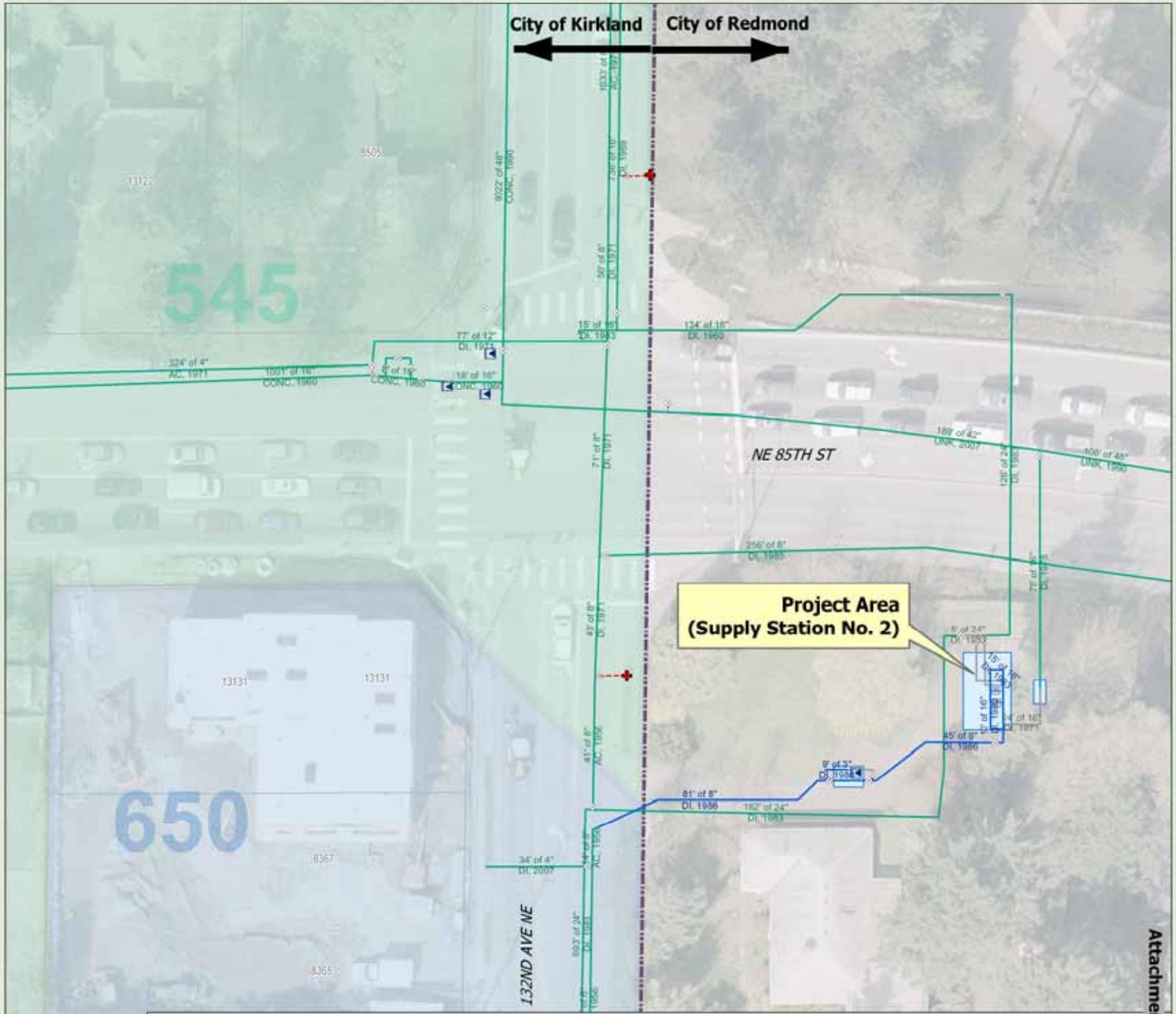


Map Legend

- Vault
- Hydrants
- Water Valves**
 - Valve
 - Hydrant Valve
 - Pressure Relief Valve
 - Zone Valve
- Water Appurtenances**
 - Air Valve
 - Blowoff
 - Pump
- Water Mains**
 - 545 PC Main
 - 650 PC Main
 - Unknown
- Water Laterals**
 - Hydrant Lateral
 - Other Lateral
- Service Boundary
- Water Poly
- Water Pressure Zones**
 - 545 Pressure Zone
 - 650 Pressure Zone
- Street Addresses
- City Limits
- Tax Parcels



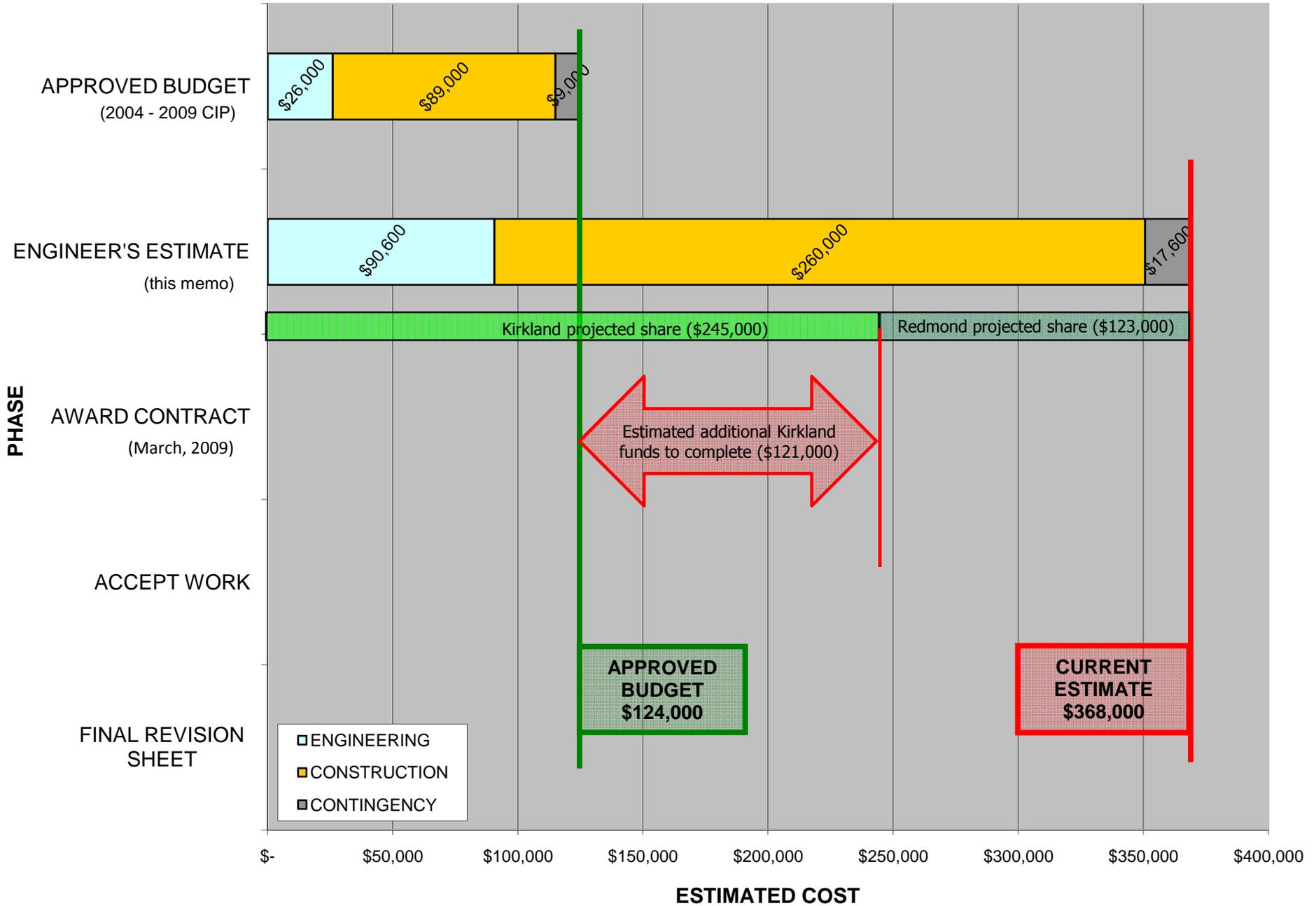
Produced by the City of Kirkland, ©2008. The City of Kirkland, all rights reserved. No warranty of any kind, including but not limited to accuracy, there of or reliability, accompany this product.



Attachment A - Supply Station No. 2 Site Map

Attachment A

SUPPLY STATION NO. 2 IMPROVEMENTS (CWA-0065) PROJECT BUDGET REPORT



FISCAL NOTE

CITY OF KIRKLAND

Source of Request							
Daryl Grigsby, Public Works Director							
Description of Request							
Request for additional funding of \$121,000 from the Water/Sewer Capital Contingency for the completion of the Supply Station #2 Improvement Project. This project was originally budgeted in the 2004-09 CIP and has had a scope change to include telemetry system upgrades to coincide with a City-wide upgrade of telemetry panels at other water facility sites. The total project cost has increased from \$124,000 to \$368,000 due to the addition of the telemetry upgrades as well as inflation over the past five years since this project was originally planned. This project is a joint project with the City of Redmond and they will be contributing 34% of the total project cost.							
Legality/City Policy Basis							
Fiscal Impact							
One-time use of \$121,000 of the Water/Sewer Capital Contingency. The contingency is able to fully fund this request.							
Recommended Funding Source(s)							
Reserve	Description	2010 Est End Balance	Prior Auth. 2009-10 Uses	Prior Auth. 2009-10 Additions	Amount This Request	Revised 2010 End Balance	2010 Target
	Water/Sewer Capital Contingency	2,756,710	0	0	121,000	2,635,710	2,756,710
Revenue/Exp Savings							
Other Source							
Other Information							

Prepared By	Sandi Hines, Financial Planning Manager	Date	February 5, 2009
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CITY OF KIRKLAND
Department of Finance & Administration
 123 Fifth Avenue, Kirkland, WA 98033 425.587.3000
 www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Tracey Dunlap, Director of Finance and Administration

Date: February 17, 2009

Subject: Remittance of Duck Dash Raffle Tax Receipts to Selected Agencies

RECOMMENDATION:

Approve the remittance of the Duck Dash raffle tax receipts to an agency or agencies on the list of Community Human Services Agencies recommended to the City Council by the Human Services Advisory Committee.

BACKGROUND DISCUSSION:

The Kirkland Rotary has a Duck Dash each year on the Fourth of July. This fundraising event provides funds to support the Kirkland Rotary. The event continues to grow, and currently raises over \$40,000 after deduction for prizes.

All organizations that have raffles in Kirkland are required to collect and remit a raffle tax to the City. Gross revenues less cash paid as/for prizes are used to determine the taxable amount. When a raffle is conducted by a charitable or nonprofit organization, no tax is imposed on the first ten thousand dollars (per calendar year) of gross receipts. The raffle tax due is based on the taxable amount times a rate of five percent.

At the June 1, 1999 City Council meeting, the Council requested that staff and the Human Services Advisory Committee review options and make recommendations for a process to distribute raffle tax revenues to human service agencies. Since that time, the City has honored this request by distributing raffle tax collected to local nonprofit or charitable organizations as requested by the event organizer.

City staff is proposing that the 2007 and 2008 Kirkland Rotary Duck Dash raffle tax be paid to the following agencies:

2007	\$650.77	Hopelink - Emergency Food Services
	\$650.78	King County Sexual Assault Resource Center
2008	\$961.05	Senior Services of Seattle King County - Meals on Wheels Program
	\$961.05	YWCA – Homeless Women’s Day Center



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

MEMORANDUM

To: David Ramsay, City Manager
From: Sheila Cloney, Special Projects Coordinator
Date: February 5, 2009
Subject: LODGING TAX ADVISORY COMMITTEE APPOINTMENT

RECOMMEDATION

On behalf of the Lodging Tax Advisory Committee (LTAC), staff recommends that City Council consider Brian Flaherty, General Manager of the Woodmark Hotel, Yacht Club & Spa for appointment to the LTAC (Mr. Flaherty's application is attached).

BACKGROUND

The Lodging Tax Advisory Committee makes recommendations to City Council on the use of Lodging Excise Tax funds for tourism promotion activities. State Statute and Chapter 5.19 of the Kirkland Municipal Code govern the use of lodging tax funds and committee membership. The committee shall consist of one member of the Kirkland City Council (chair), three representatives from businesses required to collect the lodging tax (lodging establishments), and three representatives of organizations involved in activities authorized to be funded by lodging tax revenue.

Mr. Flaherty has over twenty-seven years of experience in the hospitality industry. The Woodmark Hotel, Yacht Club & Spa is located at Carillon Point in Kirkland. Mr. Flaherty would fill the vacant hotel position. Currently LTAC members are Chair and City Council Member Tom Hodgson, hotel representative Ryan Noel of the Courtyard Marriott, hotel representative Les Utley, General Manger of The Heathman Hotel, Shirley Day, Luanne Erickson, and Julie Metteer. Appointment of Mr. Flaherty will make the membership complete.



CITY OF KIRKLAND

received 1-30-09
11:00 AM
AB

APPLICATION: Lodging Tax Advisory Committee - Lodging Member Vacancy

Please print or type:

Name/Representing: Brian Flaherty

Date 1-29-09

Address 1200 Callon Point
Kirkland, WA.

Phone - Home ^M 206-371-9633

Email brian.flaherty@mtluxurylodging.com

Work 425-803-5565

Please tell us about your current occupation and personal background. Also note any particular experience with tourism: _____

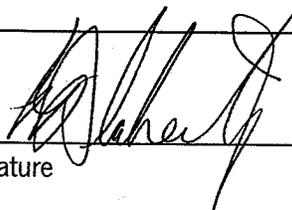
- General Manager - Woodmark Hotel, Yacht Club & Spa
- 27 years plus in hospitality
-

Organizational Affiliations: _____

- Assorted hospitality related Board affiliations

Why are you seeking appointment? _____

- To assist the community.


Signature

Completed applications must be received prior to 4:00 p.m., Friday, January 30, 2009 at Kirkland City Hall, 123 Fifth Avenue, Kirkland, WA 98033.



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: Barry Scott, Purchasing Agent

Date: February 5, 2009

Subject: REPORT ON PROCUREMENT ACTIVITIES FOR COUNCIL MEETING OF FEBRUARY 17, 2009

This report is provided to apprise the Council of recent and upcoming procurement activities where the cost is estimated or known to be in excess of \$50,000. The "Process" column on the table indicates the process being used to determine the award of the contract.

The City's major procurement activities initiated since January 22, 2009 are as follows:

	Project	Process	Estimate/Price	Status
1.	Supply Station No. 2 Improvements Project	Invitation for Bids	\$260,000	Invitation for Bids to be advertised during week of 2/16.

Please contact me if you have any questions regarding this report.

**CITY OF KIRKLAND****Planning and Community Development Department**
123 Fifth Avenue, Kirkland, WA 98033 425.587-3225
www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Eric Shields, Planning Director
Jeremy McMahan, Planning Supervisor
Jon Regala, Senior Planner

Date: February 9, 2009

Subject: CENTRAL BUSINESS DISTRICT AMENDMENTS PUBLIC HEARING, FILE NO. ZON08-00019

RECOMMENDATION

Continue City Council deliberations on the draft amendments to the Central Business District (CBD) and provide staff with additional direction for any desired revisions to the amendments. If Council concludes their deliberations on the highlighted topics on February 17th, staff recommends that the public hearing be reopened for public testimony at the March 3rd City Council meeting.

BACKGROUND

The following list summarizes Council direction to staff from the February 3rd meeting. The first three topics are highlighted as areas where additional Council direction may be needed. The remaining topics summarize Council direction but don't need further deliberation at this time.

FURTHER COUNCIL DIRECTION NEEDED

- A. Revise building heights to a two-tier approach where lower buildings would be held to lesser standards for required retail depth and required retail height (see Attachment 1, General Regulation 3 and Section 50.62.2).**
- **New buildings that are at least 10' below the maximum allowed height would only be required to provide a 20' average retail depth (10' minimum) and a minimum 13' ground story retail height.**
 - **Buildings that are proposed at the maximum allowed height would be required to provide a 30' average retail depth (20' minimum) and a minimum 15' ground story retail height.**

Clarifying discussion: In providing this direction on February 3rd, Council expressed concern that if the retail depth and height requirements applied to all buildings, then there was no incentive for an applicant who wished to build a lower building. Although staff has not conducted any economic analysis of the two tier

system to determine if it would provide enough incentive to build a lower building, it appears unlikely that it would. The benefit of the additional 10' of building height would likely far outweigh any cost associated with the additional retail height and depth. It should also be noted that in CBD 1A, a 35' height limit (without the additional retail height and depth) would adversely affect typical office floor to floor heights.

If the goal is to achieve the mix of building heights envisioned in the Downtown Plan, measures previously discussed, including different height limits in the CBD 1A and CBD 1B zones and establishing height limits along Lake Street and Central Way, will be more effective at creating that mix.

B. Remove the word “Related” from the use “Banking and Related Financial Institutions” so that it reads “Banking and Financial Institutions”.

Clarifying discussion: This change would seem to broaden the list of uses to any financial institution. The current requirement is that only banking-related financial institutions are allowed. Staff is not sure that the Council intended to broaden the allowance. Options include:

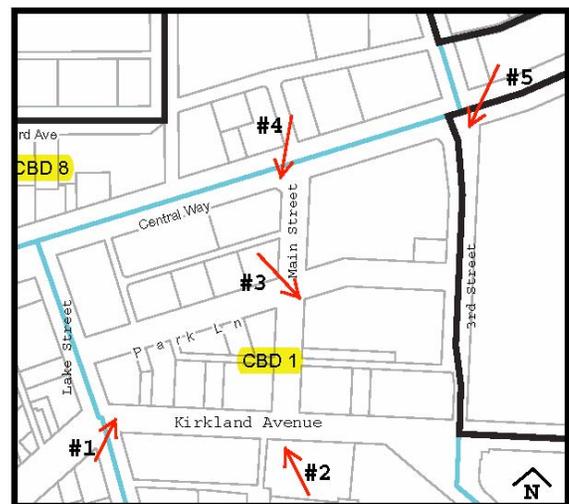
- Removing the word “related” if the intent is to broaden the list of allowed financial institutions.
- Leaving the wording as is and defer discussion.
- Remove “related financial institutions” entirely, allowing only banks on the ground floor (the office use listing would be expanded to include financial institutions, thereby allowing them above the ground floor).

C. Staff should present options for regulating upper story setbacks on sites with multiple frontages.

Discussion: For all streets other than Central Way and Lake Street, the draft regulations propose a 20' average building setback within a 30' setback zone for all stories above the second story. This setback is measured from the property line prior to any dedication for a wider sidewalk. In addition, the 20' average setback may be reduced to an average of 15' if each square foot of additional building area proposed within the setback is offset with an additional square foot of public open space at the street level. These regulations codify the Downtown Plan policies that recommend significant upper story step backs and a reduction of building mass for stories above the 2nd story.

As drafted, this regulation applies to all street frontages regardless of the number of streets fronting on the subject property. Property owners within CBD 1 have expressed concern that application of this regulation will negatively affect development on properties with multiple street frontages.

Staff has provided diagrams that show how corner properties may be affected. The map to the right shows locations within CBD 1 corresponding to the five perspective diagrams on the following pages that depict the affected properties.



Please note that the following SketchUp diagrams and measurements are approximations and do not represent actual or proposed development. Where sidewalk dedications are assumed to happen, a 6' property dedication was used for measurement and study purposes.

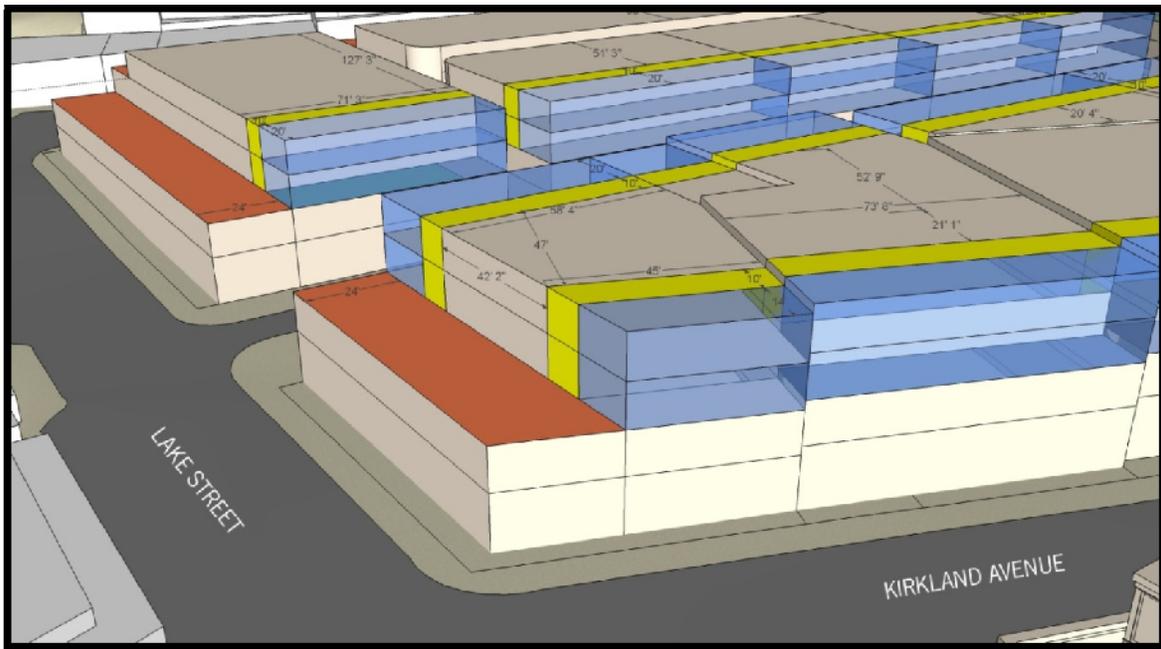
The colors on the diagrams illustrate an approximation of the following:

Orange: 30' setback from Lake Street or Central Way

Yellow: 30' setback zone on all other streets

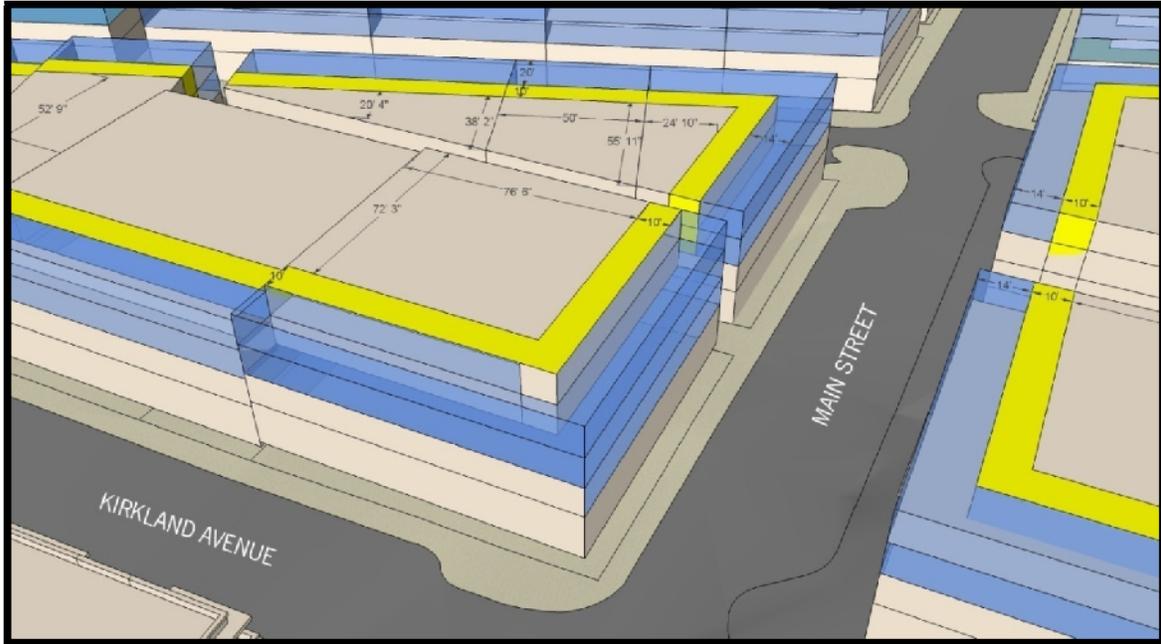
Blue: 20' average setback on all other streets

Diagram #1:



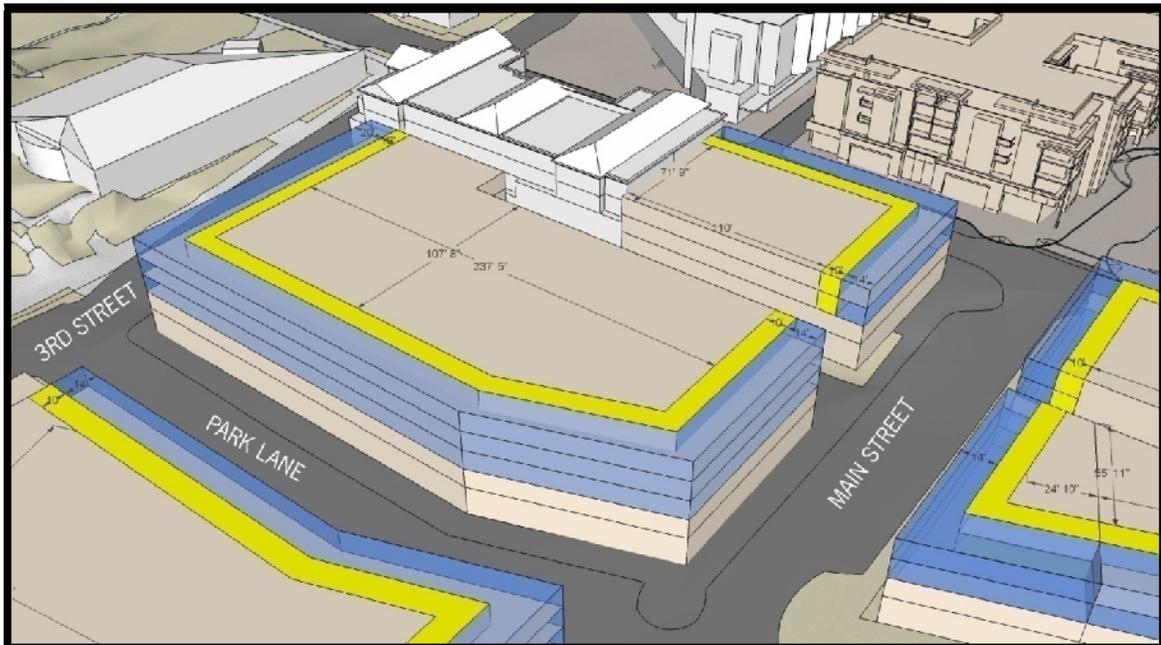
Perspective along Lake Street South looking northeast towards the Starbucks/Lake Street Jewelry property.

Diagram #2



Perspective along Kirkland Avenue looking northwest towards the Frontier Bank property.

Diagram #3



Perspective along Main Street looking southeast towards the Antique Mall property.

Diagram #4



Perspective along Central Way looking southwest towards the Eastside Trains property.

Diagram #5



Perspective along Central Way looking southwest towards the Peter Kirk Square property.

Options for discussion:

- No changes, keep as drafted.
- Require a 20' average upper story setback along Park Lane and Kirkland Avenue and a reduce the requirement to a 10' upper story setback on Third Street, Main Street, and Second Avenue South.
- Require a 20' average upper story setback on one street only. For properties with frontage on more than one street, the average could be reduced to 10' on the additional street frontages. Some regulatory prioritization of streets may be desirable under this option.

COUNCIL DIRECTION – SUMMARY, NO DISCUSSION NEEDED

- A. Retain 13' sidewalk requirement (see Attachment 1, General Regulation 4).
- B. Prohibit banks on Park Lane and Lake Street (see Attachment 1, Section 50.12.025 Special Regulations 1 and 2).
- C. Retain "Entertainment, Cultural, and/or Recreational Facility" as an allowed retail use. Add discussion to "parking lot" for future consideration (see Attachment 1, General Regulation 3).
- D. Measure the 30' Lake Street setback from the property line (see Attachment 1, General Regulation 5).
- E. Keep upper story setbacks on streets (other than Lake Street and Central Way) at 20' average setback within 30' zone (see Attachment 1, General Regulation 5). *Note that the discussion of multiple frontages above may modify this.*
- F. Call out the corner of Central Way and Third Street for special consideration in the Design Guidelines (see Attachment 2).

COMPREHENSIVE PLAN CONSISTENCY

The criteria for amendments to the Kirkland Zoning Code require that the City Council find that the proposed amendment is consistent with the applicable provisions of the Comprehensive Plan. In this case, the intent of the City Council is to explicitly codify the policies found in the Downtown Plan section of the Comprehensive Plan. Note that with the creation of regulations to implement the Comprehensive Plan policies, the draft amendments would cease to use the Comprehensive Plan as a regulatory document. The matrix below summarizes the Downtown Plan policies in the first column and the related draft amendments in the second column.

Policies For All Development	Regulatory Response
2-4 stories in 1A, 2-5 stories in 1B	
<ul style="list-style-type: none"> ▪ Stories above 2nd setback (stepped back) from street 	<ul style="list-style-type: none"> ▪ Establish a building setback formula and supporting design guidelines that require buildings to step back above the 2nd story (see CBD 1A/1B, draft General Regulation 5.c & d).
<ul style="list-style-type: none"> ▪ Buildings 2 stories along Lake Street 	<ul style="list-style-type: none"> ▪ Limit buildings to two stories within 30' of Lake Street (see CBD 1A/1B,

	draft General Regulation 5.a and d).
<ul style="list-style-type: none"> ▪ Street frontages 2 stories along: <ul style="list-style-type: none"> ○ Park Lane west of Main ○ 3rd Street ○ Kirkland Avenue 	<ul style="list-style-type: none"> ▪ Establish a building setback formula and supporting design guidelines that require buildings to step back above the 2nd story (see CBD 1A/1B, draft General Regulation 5.c & d). Applies to all CBD 1A/1B streets other than Lake Street and Central Way).
<ul style="list-style-type: none"> ▪ Buildings up to 3 stories along Central, avoid continuous 3 story street wall 	<ul style="list-style-type: none"> ▪ Limit buildings to three stories within 30' of Central Way (see CBD 1A/1B, draft General Regulation 5.b and d).
<p>Areas designated 1B best opportunities for new development</p>	
<ul style="list-style-type: none"> ▪ Mix of 2-4 stories 	<ul style="list-style-type: none"> ▪ Limit portions of buildings along Lake Street to two stories (see CBD 1A/1B, draft General Regulation 5.a and d). Limit portions of buildings along Central Way to three stories (see CBD 1A/1B, draft General Regulation 5.b and d). Limit height off all other street frontages through average setback requirements above the second story (see CBD 1A/1B, Draft General Regulation 5.c & d).
<ul style="list-style-type: none"> ▪ East of Main modulate height and façade widths to break large buildings into appearance of multiple smaller buildings 	<ul style="list-style-type: none"> ▪ See average setback requirement (CBD 1A/1B, draft General Regulation 5.c & d) and draft new design guidelines. See also existing requirements for vertical and horizontal modulation in Design Guidelines for Pedestrian Oriented Business Districts.
<ul style="list-style-type: none"> ▪ South of Kirkland Avenue building from steps up from north and west, tallest at base of hillside 	<ul style="list-style-type: none"> ▪ See average setback requirement.
<ul style="list-style-type: none"> ▪ Buildings over 2 stories generally reduce mass above 2nd story 	<ul style="list-style-type: none"> ▪ See average setback requirement.

Policies for “Bonus” Story	Regulatory Response
<p>Additional 4th story in Design District 1A, additional 5th story in District 1B</p>	<ul style="list-style-type: none"> ▪ Amend zoning map to divide CBD 1 into CBD 1A and CBD 1B zones consistent with the Design Districts (see draft ordinance O-4178). ▪ Establish allowed height in feet rather than stories (see draft use zone charts). ▪ Allow 45’ maximum height in CBD 1A (see draft CBD 1A/1B use zone charts). ▪ Allow 55’ maximum height in CBD 1B (see draft CBD 1A/1B use zone charts).
<ul style="list-style-type: none"> ▪ At least 2 upper stories are residential in 1A, at least 3 upper stories are residential in 1B 	<ul style="list-style-type: none"> ▪ Establish maximum building heights based on the height of one story of retail (at 15’ minimum) with three (CBD 1A) or four (CBD 1B) stories of residential (at 10’ typical) above. Because office stories are typically taller than residential stories, the allowed heights will continue to incentivize residential use of upper stories (more residential stories would fit within the height envelope). The draft code is not so prescriptive as to require the uppermost stories to be residential. See draft CBD 1A/1B use zone charts.
<ul style="list-style-type: none"> ▪ Height is less than 4’ taller than a 3 story office project in 1A (current code allows at 41’), less than 1’ taller than a 4 story office project in 1B (current code allows 54’) 	<ul style="list-style-type: none"> ▪ Establish maximum building heights of 45’ in CBD 1A and 55’ in CBD 1B (see draft CBD 1A/1B use zone charts).
<ul style="list-style-type: none"> ▪ Stories above 2nd stepped back significantly 	<ul style="list-style-type: none"> ▪ See average setback requirement (CBD 1A/1B, draft General Regulation 5.c & d) and draft new design guidelines. Note guidelines that require building mass to recede as height increases.
<ul style="list-style-type: none"> ▪ Building form stepped back at 3rd, 4th, and 5th stories 	<ul style="list-style-type: none"> ▪ See average setback requirement (CBD 1A/1B, draft General Regulation 5.c & d) and draft new design guidelines. Note guidelines that require building mass to recede as height increases.
<ul style="list-style-type: none"> ▪ Project provides superior retail space at street level 	<ul style="list-style-type: none"> ▪ Establish enhanced retail design standards that apply to all of CBD 1A/1B, regardless of height. ▪ Require retail uses at the street level at a minimum average depth of 30’ (see draft CBD 1A/1B General Regulation 3). <i>Discussion above would reduce for lower buildings.</i> ▪ Require minimum retail height of 15’ (see draft KZC 50.62.2) and draft storefront glazing guidelines (note that existing guidelines already establish strong retail design standards). <i>Discussion above would reduce for lower buildings.</i> ▪ Increase sidewalk width requirement from 10’ to minimum 13’ average (see draft CBD 1A/1B General Regulation 4). ▪ Establish open space/plaza incentives in conjunction with upper story setback requirements (see draft CBD 1A/1B General Regulation 5.d). ▪ Prohibit “Banking and Related Financial Institution” and related drive through uses on Park Lane and Lake Street. Grandfather use existing prior to 2004 (Bank of America). See draft 50.12.025 Special Regulations.
<ul style="list-style-type: none"> ▪ Height of rooftop appurtenances and screening limited and integrated into roof form 	<ul style="list-style-type: none"> ▪ Limit height of rooftop appurtenances to not exceed height of roof form (up to 4’ for flat roofs with parapets, up to 8’ for pitched roofs). Modifications not permitted (see draft KZC 50.62.3).

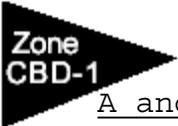
ATTACHMENTS

1. Draft Regulations
2. Draft Design Guidelines

CHAPTER 50 - CENTRAL BUSINESS DISTRICT (CBD) ZONES

50.05 User Guide.

The charts in KZC [50.12](#) contain the basic zoning regulations that apply in the CBD 1 zones of the City. Use these charts by reading down the left hand column entitled Use. Once you locate the use in which you are interested, read across to find the regulations that apply to that use.

 A and <u>1B</u>	Section 50.10 – GENERAL REGULATIONS
	The following regulations apply to all uses in this zone unless otherwise noted: <ol style="list-style-type: none"> 1. Refer to Chapter 1 KZC to determine what other provisions of this code may apply to the subject property. 2. Height measured at the midpoint of the frontage of the subject property on the abutting right-of-way, excluding First Avenue South. Buildings exceeding two stories must demonstrate compliance with the design regulations of Chapter 92 KZC and all provisions contained in the Downtown Plan. The City will determine compliance with these requirements through Design Review (D.R.).

Section 50.10, General Regulations continued on next page

Section 50.10, General Regulations continued

3. Parking and uses other than the following shall be prohibited on the street level floor of all buildings within a minimum depth of 20' and an average depth of at least 30': Retail; Restaurant or Tavern; Banking and Related Financial Services; or Entertainment, Cultural and/or Recreational Facility use. The required depth of uses shall be measured from the face of the building on the abutting right-of-way. The Design Review Board (or Planning Director if not subject to D.R.) may approve a minor reduction in the depth requirements if the applicant demonstrates that the requirement is not feasible given the configuration of existing improvements and that the design of the retail frontage will maximize visual interest. Lobbies for residential, hotel, and office uses may be allowed within this space subject to applicable design guidelines. Within proposed or existing buildings built after April 1, 2009 that are 10' or more below the maximum allowed height of structure, uses other than those listed above shall be prohibited within a 10' minimum depth and a 20' average depth.

4. Where public improvements are required by KZC Chapter 110, sidewalks on Pedestrian-Oriented Streets within CBD 1A and 1B shall be as follows:

a. Sidewalks shall be a minimum width of 12'. The average width of the sidewalk along the entire frontage of the subject property abutting each pedestrian-oriented street shall be 13'. The sidewalk configuration shall be approved through D.R.

5. Upper level setback requirements are as follows. For purposes of the following regulations, the term "setback" shall refer to the horizontal distance between the property line and any exterior wall of the building.

a. **Lake Street:** No portion of a building within 30' of Lake Street may exceed a height of 28' above Lake Street except as provided in Section 50.62. The measurement shall be taken from the property line abutting Lake Street prior to any potential right-of-way dedication.

b. **Central Way:** No portion of a building within 30' of Central Way may exceed a height of 41' above Central Way except as provided in Section 50.62. The measurement shall be taken from the property line abutting Central Way prior to any potential right-of-way dedication.

c. **All other streets:** Within 30' of any front property line, other than Central Way or Lake Street, all stories above the second story shall maintain an average setback of at least 20' from the front property line (prior to any potential right-of-way dedication).

The required upper story setbacks for all floors above the second story shall be calculated as Total Upper Story Setback Area as follows: Total Upper Story Setback Area = (Linear feet of front property line(s), not including portions of the site without buildings that are set aside for vehicular areas) x (Required average setback) x (Number of stories proposed above the second story). See Plate XY.

Note - insert any regulations for multiple frontages here

d. The Design Review Board is authorized to allow a reduction of the 30' setback from Lake Street and Central Way to not less than 25'; and a reduction in the 20' required average setback from all other streets to not less than a 15' average subject to the following:

- 1) Each square foot of additional building area proposed within the setback is offset with an additional square foot of public open space (excluding area required for sidewalk dedication) at the street level.
- 2) The public open space is located along the sidewalk frontage and is not covered by buildings.
- 3) For purposes of calculating the offsetting square footage, along Central Way, include the open space area at the second and third stories located directly above the proposed ground level public open space. Along all other streets, include the open space area at the second story located directly above the proposed ground level public open space.
- 4) The design and location is consistent with applicable design guidelines.

e. The Design Review Board is authorized to allow rooftop garden structures within the setback area.

Section 50.12		DIRECTIONS: FIRST, read down to find use... THEN, across for REGULATIONS									
		Required Review Process	MINIMUMS			MAXIMUMS			Landscape Category (See Ch. 95)	Sign Category (See Ch. 100)	Required Parking Spaces (See Ch. 105)
Lot Size	REQUIRED YARDS (See Ch. 115)			Lot Coverage	Height of Structure						
USE	REGULATIONS		Front	Side	Rear						
.010	Restaurant or Tavern	D.R., Chapter 142 KZC	0'	0'	0'	100%	2 to 4 stories above each abutting right-of-way.	D	E	One per each 125 sq. ft. of gross floor area. See KZC 50.60.	1. Drive-in or drive-through facilities are prohibited.
.020	Any Retail Establishment, other than those specifically listed, limited or prohibited in this zone, selling goods or providing services, excluding banking and related financial services						1A - 45' above each abutting right-of-way. 1B - 55' above each abutting right-of-way.			One per each 350 sq. ft. of gross floor area. See KZC 50.60.	1. The following uses are not permitted in this zone: a. Vehicle service stations. b. The sale, service and/or rental of motor vehicles, sailboats, motor boats, and recreational trailers; provided, that motorcycle sales, service, or rental is permitted if conducted indoors. c. Drive-in facilities and drive-through facilities. 2. Ancillary assembly and manufacture of goods on the premises of this use are permitted only if: a. The assembled manufactured goods are directly related to and dependent upon this use, and are available for purchase and removal from the premises. b. The outward appearance and impacts of this use with ancillary assembly or manufacturing activities must be no different from other retail uses.

Section 50.12

Zone
CBD-1

USE ZONE CHART

USE REGULATIONS		DIRECTIONS: FIRST, read down to find use... THEN, across for REGULATIONS											
		Required Review Process	MINIMUMS			MAXIMUMS		Landscaping Category (See Ch. 95)	Sign Category (See Ch. 100)	Required Parking Spaces (See Ch. 105)	Special Regulations (See also General Regulations)		
Section 50.12	USE →	Banking and Related Financial Services (see spec. reg. 2)	None	REQUIRED YARDS (See Ch. 115)			Lot Coverage	Height of Structure	D	E	One per each 350 sq. ft. of gross floor area. See KZC 50.60.	1. Drive-through facilities are permitted as an accessory use if: a. The drive-through facility existed prior to January 1, 2004, OR the drive-through facility will replace a drive-through facility which existed on January 1, 2004, and which drive-through facility: 1) Was demolished to allow redevelopment of the site on which the primary use was located; and 2) Will serve the same business served by the replaced facility, even if that business moves to a new location; and 3) Does not result in a net increase in the number of drive-through lanes serving the primary use; and b. The Public Works Department determines that vehicle stacking will not impede pedestrian or vehicular movement within the right-of-way, and that the facility will not impede vehicle or pedestrian visibility as vehicles enter the sidewalk zone; and c. The vehicular access lanes will not be located between the street and the buildings and the configuration of the facility and lanes is generally perpendicular to the street; and d. Any replacement drive-through facility is reviewed and approved pursuant to Chapter 142 KZC for compliance with the following criteria: 1) The design of the vehicular access for any new drive-through facility is compatible with pedestrian walkways and parking access. 2) Disruption of pedestrian travel and continuity of pedestrian-oriented retail is limited by minimizing the width of the facility and associated curb-cuts.	
				Lot Size	Front	Side							Rear
.025	→			0'	0'	0'	100%	2 to 4 stories above each abutting right-of-way.					

Except along Park Lane and Lake Street.

2. Unless this use existed on the subject property prior to January 1, 2004, this use may not be located within the 30' depth (established by General Regulation #3 on the street level floor of a building fronting on Park Lane or Lake Street.

Section 50.12		REGULATIONS		USE		DIRECTIONS: FIRST, read down to find use...THEN, across for REGULATIONS										
		USE	REGULATIONS	Lot Size	REQUIRED YARDS (See Ch. 115)	MINIMUMS			MAXIMUMS			Landscape Category (See Ch. 95)	Sign Category (See Ch. 100)	Required Parking Spaces (See Ch. 105)	Special Regulations (See also General Regulations)	
					Front	Side	Rear	Lot Coverage	Height of Structure							
.030	Hotel or Motel	D.R., Chapter 142 KZC	None	0'	0'	0'	0'	100%	2 to 5 stories above each abutting right-of-way.	D	E	One for each room. See Spec. Reg. 2 and KZC 50.60.	1. The following uses are not permitted in this zone: a. Vehicle service stations. b. Vehicle and/or boat sale, repair, service or rental. c. Drive-in facilities and drive-through facilities. 2. The parking requirement for hotel or motel use does not include parking requirements for ancillary meetings and convention facilities. Additional parking requirements for ancillary uses shall be determined on a case-by-case basis.			
.040	Entertainment, Cultural and/or Recreational Facility								2 to 4 stories above each abutting right-of-way.			See KZC 50.60 and 105.25.				

1A - 45' above each abutting right-of-way
1B - 55' above each abutting right-of-way

Section 50.12

Zone
CBD-1

USE ZONE CHART

USE REGULATIONS		DIRECTIONS: FIRST, read down to find use... THEN, across for REGULATIONS									
		Required Review Process	Lot Size	MINIMUMS			MAXIMUMS			Landscape Category (See Ch. 95)	Sign Category (See Ch. 100)
REQUIRED YARDS (See Ch. 115)				Lot Coverage	Height of Structure						
Section 50.12	Private Club or Lodge Office Use	None	Front			Side	Rear	100%	2 to 4 stories above each abutting right-of-way.	D	B
			.060	Private Club or Lodge	None	0'	0'				
.070	Office Use	None	0'	0'	0'	100%	2 to 5 stories above each abutting right-of-way.	D	D	One per each 350 sq. ft. of gross floor area. See KZC 50.60.	
.080	Stacked or Attached Dwelling Units	None	0'	0'	0'	100%	2 to 5 stories above each abutting right-of-way.	D	A	1.7 per unit. See KZC 50.60.	
.090	School, Day-Care Center or Mini School or Day-Care Center	None	0'	0'	0'	100%	2 to 4 stories above each abutting right-of-way.	B	B	See KZC 50.60 and 105.25.	1. A six-foot-high fence is required along all property lines adjacent to outside play areas. 2. Structured play areas must be setback from all property lines by at least five feet. 3. Hours of operation may be limited by the City to reduce impacts on nearby residential uses. 4. An on-site passenger loading area may be required depending on the number of attendees and the extent of the abutting right-of-way improvements. 5. These uses are subject to the requirements established by the Department of Social and Health Services (WAC Title 388).

Section 50.12		USE		REGULATIONS		DIRECTIONS: FIRST, read down to find use...THEN, across for REGULATIONS		Required Review Process	MINIMUMS			MAXIMUMS		Landscape Category (See Ch. 95)	Sign Category (See Ch. 100)	Required Parking Spaces (See Ch. 105)	Special Regulations (See also General Regulations)
		USE	REGULATIONS	Lot Size	REQUIRED YARDS (See Ch. 115)	Front	Side		Rear	Lot Coverage	Height of Structure						
.100	Assisted Living Facility See Special Regulation 3.	D.R., Chapter 142 KZC.	None	0'	0'	0'	100%	2 to 5 stories above each abutting right-of-way	D	A	1.7 per independent unit. 1 per assisted living unit. See KZC 50.60.	1. A facility that provides both independent dwelling units and assisted living units shall be processed as an assisted living facility. 2. A nursing home use may be permitted as part of an assisted living facility use in order to provide a continuum of care for residents. If a nursing home use is included, the following parking standard shall apply to the nursing home portion of the facility: a. One parking stall shall be provided for each bed. b. This use may be located on the street level floor of a building only if there is a retail space extending a minimum of 30 feet of the building depth between this use and the abutting right-of-way. The Planning Director may approve a reduction to the depth requirement for the retail space if the applicant demonstrates that the proposed configuration of the retail use provides an adequate dimension for a viable retail tenant and provides equivalent or superior visual interest and potential foot traffic as would compliance with the required dimension.					
													1. Landscape Category B or C may be required depending on the type of use on the subject property and the impacts associated with the use on nearby uses.				
.110	Public Utility, Government Facility, or Community Facility							2 to 4 stories above each abutting right-of-way	D	B	See KZC 50.60 and 105.25.	1.					
.120	Public Park																

1A - 45' above each abutting right-of-way
1B - 55' above each abutting right-of-way

50.62 Building Height Provisions in the CBD

1. ~~In cases where the height of structures is specified in number of stories, the following heights per story are allowed:~~
 - a. ~~Ground floor retail; ground floor restaurant and tavern; ground floor entertainment/cultural and/or recreational facility shall be a minimum of 13 feet in height and a maximum of 15 feet in height.~~
 - b. ~~Office; private club or lodge; church; school, day care center; public utility, government facility, or community facility; public park; ground floor of hotel or motel; retail above the ground floor shall be a maximum of 13 feet.~~
 - c. ~~Residential; hotel or motel above the ground floor shall be a maximum of 10 feet.~~

2. ~~To determine the allowed height of structure, determine the number of stories allowed in the use zone charts and apply the allowed height per story specified in subsection (1) of this section. For example, if three stories are allowed and the proposed use is ground floor retail with two stories of residential above, the allowed height would be 35 feet.~~

~~Buildings which are not constructed with the maximum allowable number of stories may increase the height of the stories actually constructed by an amount that does not result in a height greater than that which would have resulted from a building constructed with the maximum allowable number of stories. For the purpose of this height calculation, it shall be assumed that each unconstructed story would have been used for residential purposes if constructed, and therefore allows an additional 10 feet of height that can be added to the building.~~

~~For example, if three stories are allowed, but only two stories are constructed, an additional 10 feet may be added to the building height.~~

31. Height shall be measured above the point of measurement (e.g. above average building elevation, or above right-of-way) as specified in the particular use zone charts. For purposes of measuring building height above the abutting right(s)-of-way, alleys shall be excluded.

2. ~~Where retail frontage is required along an abutting street, the minimum story height of ground floor retail; ground floor restaurant and tavern; ground floor entertainment, cultural and/or recreational facility shall be 15 feet; **provided however that in CBD 1A and CBD 1B, any proposed or existing buildings built after April 1, 2009 that are 10' or more below the permitted maximum height of structure shall be required to provide a minimum 13' story height of ground floor retail.**~~

43. ~~In addition to the height exceptions established by KZC 115.60, t~~The following exceptions to height regulations in CBD zones are established:
 - a. Decorative parapets may exceed the height limit by a maximum of four feet; provided, that the average height of the parapet around the perimeter of the structure shall not exceed two feet.
 - b. For structures with a peaked roof, the peak may extend five feet above the height limit if the slope of the roof is greater than three feet vertical to 12 feet horizontal and eight feet above the height limit if the slope of the roof is equal or greater than four feet vertical to 12 feet horizontal.
 - c. Within CBD 1A and 1B, the height of rooftop appurtenances and related screening shall not exceed the maximum applicable height limitation beyond the height exceptions

established in 3.a and 3.b above. In addition, the appurtenances and screening shall be integrated into the design of the parapet or peaked roof form. The height of rooftop appurtenances and the height of related screening may not be modified through Section 115.120.

Street Corners

Issue

Street corners provide special opportunities for visual punctuation and an enhanced pedestrian environment. Buildings on corner sites should incorporate architectural design elements that create visual interest for the pedestrian and provide a sense of human proportion and scale.

Discussion

Corners are crossroads and provide places of heightened pedestrian activity. Rob Krier notes that: "The corner of a building is one of the most important zones and is mainly concerned with the mediation of two facades." Corners may be accentuated by towers and corner building entrances.

Guideline

Property owners and developers should ~~be encouraged to~~ architecturally enhance building corners.

Special Consideration for Downtown Kirkland

Special attention should be paid to both the design and detailing of new buildings on corner sites in the pedestrian oriented design districts. Existing buildings could incorporate some of these elements (human-scale and visual punctuation) through the use of such elements as awnings and well-designed signs at the corner.

Downtown Kirkland has several "T" intersections, and the building located at the terminus of the street view corridor presents a high-visibility opportunity for special architectural treatment.

The corner of Central Way and Third Street marks a prominent gateway to the core area as well as the Downtown Transit Center and deserves special design emphasis.

**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: Tammy McCorkle, LG Management Fellow
Tracey Dunlap, Director of Finance and Administration

Date: February 9, 2009

Subject: Performance Measures and Performance Budgeting

RECOMMENDATION:

Consider how to restructure the City's current performance measures program to better reflect Kirkland services and be more meaningful to residents, City Council, staff and management.

BACKGROUND DISCUSSION:

In 2005, the City of Kirkland initiated an effort to collect and report on key performance measures in six service areas of: Parks and Recreation; Police Services; Fire and Emergency Medical Services; Information Technology; Streets and Highways; and Recycling. To assist in this effort, the City joined the International City Manager's Association (ICMA) Center for Performance Measurement. Kirkland's program adopts many of ICMA's core performance measures and includes other Kirkland-specific measures that are tailored to the priority services that the City provides.

2008 is the third year Kirkland has produced the Performance Measures Guide. The Guide includes four years of performance measurement data for the six key service areas. For each service area, the data is accompanied by a narrative vignette that illustrates a Kirkland service that is being measured. The 2008 results for the 2007 reporting period are summarized in Attachment A. Selected highlights include:

- In 2007, the average pounds of garbage collected per SFR account per week decreased by 5.4 lbs and the SF recycling diversion rate increased to 69% - one of the highest in King County.
- There were no DUI traffic fatalities on City maintained roadways in 2006 or 2007.
- Street sweeping tons increased in 2007 by more than 100 tons. Street sweeping tons reflect not only debris from trees and other natural sources, but also garbage and litter left on the ground.
- The City of Kirkland Parks and Community Services Department realized a significant increase in the number of volunteers and volunteer hours in 2007, with a 184% increase in the number of volunteers and a 249% increase in volunteer hours.
- Use of the City Website has been steadily increasing and the number of user sessions per year has almost doubled since 2004. The City strives to provide a website that is easy to navigate and informative for residents.

In addition to the measures reported on for the performance measures guide, there are many more that are reported on each year to ICMA. Over time, staff has found that the measures reported on are labor intensive to gather and report and many are not useful or meaningful for service delivery. In the 2009-10 budget, dues for the ICMA performance measures program were cut as part of the expenditure reductions.

The ICMA performance measures program was a useful tool for the initial development of a performance measurement program and helped stimulate conversations about the need and usefulness of performance measurement, but the question is “how to proceed from here”?

PERFORMANCE BUDGETING:

One consideration is how to restructure the current performance measures program to make it more meaningful to the budget decision-making process. One suggestion has been to consider a “performance budgeting” approach.

Performance budgeting, unlike program budgeting where the goal is to assemble and budget to program objectives or goals, systematically incorporates measurement into the budgeting process and uses the results of this measurement to allocate scarce public resources.

Governments have embarked on performance budgeting for different reasons, but the main ones are: a financial crisis; growing pressure to reduce public expenditure; or a change in political administration. In many cases, performance information was introduced into the budget process as part of a wider package to control public expenditure or reform public sector management. In many instances, performance budgeting was introduced alongside performance management. (For further description of the concept, see the Organisation for Economic Co-Operation and Development Policy Brief included in Attachment B).

Performance budgeting occurs when the results of service delivery inform decisions about allocation of resources. Using performance data to inform decision-making within the core functions of management requires leadership, management, analytical skills, communication skills and a continuous commitment to providing efficient and effective service delivery. One of the major misconceptions of performance budgeting is that it is a stand-alone budgeting technique. The performance budgeting framework used by the City of Redmond, for example, requires line-item budgeting, program budgeting, performance measurement, and performance management to link inputs to outputs successfully. Line-item budgeting provides the necessary infrastructure for budgeting and accounting for financial resources at the level of detail required for accurate and reliable information.

Another misconception is that performance budgeting begins in the budget office. In reality, it begins with City leadership and extends performance management throughout the organization. Performance management involves the creation of mission statements, service delivery goals, objectives, and performance measures at the program level.

Performance measurement can provide an infrastructure for tracking outputs, outcomes, and efficiencies at the program level. Performance management can also support a core function of management in local government—the budget preparation and adoption process.

A final aspect of performance budgeting is that it requires ongoing leadership from all levels of the organization for successful adoption and implementation. This is especially critical for elected officials and senior managers, who play an important role in changing the organizational culture to accommodate performance budgeting. Numerous jurisdictions in North Carolina have implemented performance budgeting. Hickory is one city where an organizational culture change has occurred. During meetings and workshops, Hickory’s elected officials, department heads, and program managers commonly use financial and performance data to analyze service delivery, identify strategies, and support decisions.

There are three broad types of performance budgeting: presentational, performance-informed, and direct performance budgeting.

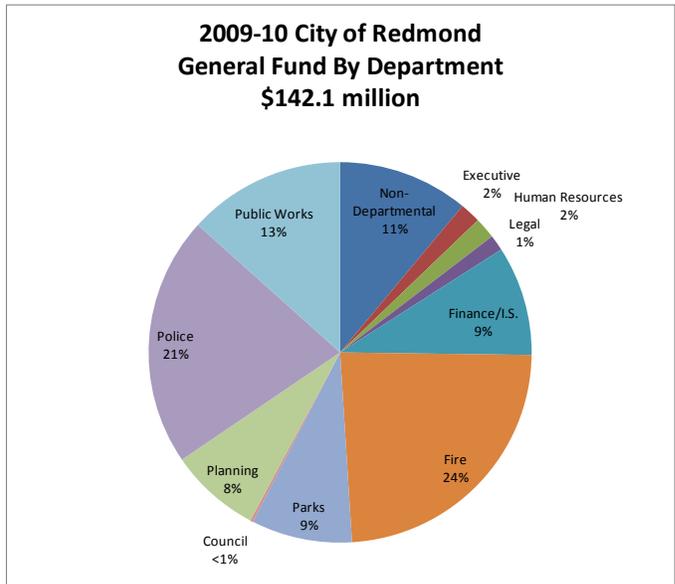
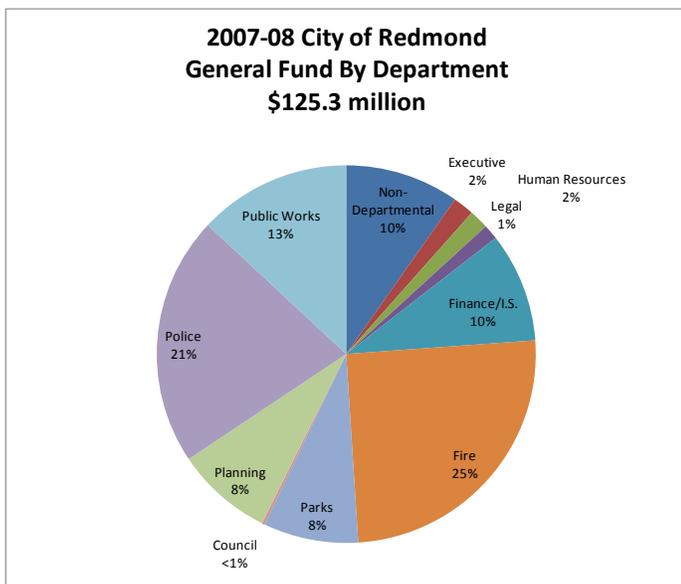
Presentational performance budgeting: The 2009-10 City of Kirkland budget is an example of presentational performance budgeting. The City’s performance information is presented in the budget document, but plays only an occasional role in decision-making, for example, waste diversion and recycling information helps inform solid waste program and rate decisions. This is the simplest form of performance budgeting, although it is still time consuming and does not relate directly to City priorities or goals.

Performance-informed budgeting: “Performance-informed” implies that the City Council and Departments developing budgets look at the performance measurement results and the proposed performance measures, the strategic plan, executive and legislative priorities, and relevant trends in the policy environment and ask if the proposed budget makes sense. Here the question is not: *Can we buy better outcomes?* but a somewhat different one: *Can we get the same outcomes at less cost?*

The City of Redmond implemented a budgeting by priorities program for their 2009-10 budget and began steps towards a type of performance-informed budgeting (see Attachment C City of Redmond). For the City of Redmond the process was long and involved for City Council and staff, a process that began in January. In the end the budget remains in line item format with an appearance of resources being allocated similar in 09/10 as they were in 07/08 (see pie charts below).

Something perhaps not seen by the overview of Redmond's budget is how the money was allocated among the different departmental priorities changed due to the process and some funding requests that would not have been a priority in the past rose to top priority due to the establishment of priorities. For example, a program called Green Lifestyles/Green Buildings was funded in the Planning Department. Redmond reported that this program, promoting a sustainability website and environmentally-friendly building practices, would not have risen to the top as a priority in past budgets. Now that the City has identified one of its top priorities as Clean & Green, the program made sense within the new budget.

The intangible difference was the process used and the level of support the budget received from the Mayor, City Council, and residents as a result of the process. When looking at the City of Redmond budget by department it may appear as though no changes were made, although when discussed with the City of Redmond there were changes within department priorities based on the process and what was done for the 2009-10 budget was only the beginning of a planned transformation of culture and organizational management. Some important questions to stop and think about before embarking on such a process include: *Why would the City spend resources to do this? Is the benefit received by participating in a more labor intensive and costly process equal to or greater than the resources required for the process?*



The City of Charlotte, NC provides an example of a city that has been practicing performance-informed budgeting. In 1994, the City of Charlotte began its implementation of the Balanced Scorecard, a performance management model that challenges departments to evaluate success and achievement. The City's vision, mission, and strategy are captured in the Corporate Balanced Scorecard. The Scorecard gives a quick but comprehensive view of programs through four unique perspectives: Serve the Customer, Run the Business, Manage Resources, and Develop Employees, and 16 corresponding objectives.

Performance-informed budgeting ensures that the budget reflects a commitment to City Council's priorities. In Charlotte, the City Council sets priorities at their annual retreat and identifies focus areas to serve as a framework for allocating funds and resources. The creation of the budget is a team effort. Throughout the budget process, staff discuss priorities and recommendations for improvement with the City Council. The discussions are reflected in the proposed budget.

Performance-informed budgeting can be very beneficial to an organization; it can also be very costly. Performance-informed budgeting is in addition to the regular budget process and in many cases runs as a parallel process to line item budgeting as required by the State.

Direct performance budgeting: Direct performance budgeting is normally not practiced organizationally, but programmatically. Direct performance budgeting must have outcomes that have a strong causal relationship and have a core concept of controllability. This approach is not widely practiced.

The State of Washington Department of Transportation maintenance budgeting system that ties different levels of achievable quality for roads, bridges, etc. to different levels of dollar input is an example of a program using direct performance budgeting. Note though, that this “outcome” is not much different than the output; it simply adds a “quality” dimension. It is an *intermediate* outcome. If one went further out on a “so that” chain, to *higher-level* outcomes such as mobility or economic development goals, for example, the causal linkages become weaker. The strength of the causal relationship is closely related to the core concept of “controllability” – to what extent the outcomes are within the control of the relevant agency.

For example: The City of Kirkland strives to be a safe place. One of the measures currently tracked under Police Services is DUI arrests per 1,000 population. It could be presumed that if people do not drink and drive then Kirkland will be a safer place to be. But, *should the City make budget decisions based on the current DUI arrests per 1,000 populations?* No, because there are too many external factors affecting the outcome including availability of taxi cabs, personal choice, weather, # of officers on duty, etc. This is not to say the information cannot inform budget decisions, only that it should not be solely based on it as the causal relationship is not strong enough. This is the case for many of the services the City provides; fire response times are dependent on traffic, weather, etc. Recycling rates are based on personal choice to participate; satisfaction of services is based on an individual experience or perspective.

This type of budgeting cannot be done in many situations (maybe most) because the causal relationships are not sufficiently strong. One cannot confidently predict how much change in outcomes will result from specified changes in inputs. An example: more state patrol DUI road block actions cannot be easily translated into an impact on the DUI rate. But other forms of performance budgeting are still possible, even where the input-outcome causal relationships are not strong.

APPLICABILITY TO KIRKLAND:

In a time when tough decisions need to be made, guidance and priorities to aid in the process are key to making decisions that are made transparent to the community. Should City Council decide to move toward more performance budgeting, an essential first step is for City Council to revisit their mission statement and work with the community to establish priorities and goals.

The City of Kirkland has a mission statement, values and philosophies established. The philosophies are similar to priorities set by other jurisdictions by title, although they are very broad so they do not necessarily provide specific direction to City services. The priorities established should be over-arching priorities that could help establish direction and focus areas for City services and departments. This direction is essential for linking goals and outcomes, a key component of performance management.

At the 2008 City Council Retreat, there were examples of what other jurisdictions have done to set priorities and goals presented to Council, as well as a starting point for the Kirkland discussion.

To fully develop a mission statement and community priorities and goals, there would need to be a significant amount of time dedicated to the process by City Council and there would be a significant draw on staff time. If the City Council decided that this is a priority, they would need to identify the resources needed and determine how the resources would be freed up (such as diverting staff time and resources from other City priorities).

Once priorities and goals are established, departments would work to apply priorities and goals to the services they provide and develop performance measures. Through applying City priorities and goals to their departments and the services provided, each department can develop goals and performance measures in support of the priorities that reflect their services and are meaningful to management and, through supporting the City priorities and goals, meaningful to the community.

The City of Redmond is working to make a dashboard of the community priorities and goals with a drill down capability for residents interested in the goals and performance measures working towards the priorities. This dashboard should be beneficial not only to

residents, but with alignment of department performance measures and goals to service delivery it should be a meaningful management tool.

Once the performance measures are institutionalized, the City Council could consider how to best incorporate the priorities, goals, and measures into the budget process. This process would also include establishing how to monitor progress and make changes as needed to services to ensure a focused and steady path supporting the City priorities and goals.

Even the best performance measurement program will only tell *what* needs to be done and suggest how to do it. Raw numbers should not drive the decision process, but objective data can *inform* it. A well integrated performance management program provides information that is meaningful and reliable, not just "data" and charts. This information is used in concert with observation and political realities to make decisions.

Performance budgeting or performance management is a long-term process and to be effective an organization wide cultural change would need to occur.

NEXT STEPS:

The next step is for City Council to determine the process to pursue the first step of establishing priorities and goals to move toward a new performance measures program.

Attachments:

- A. Performance Measures Guide
- B. OECD Policy Brief
- C. Redmond budgeting by priorities



PERFORMANCE MEASURES

CITY OF KIRKLAND

PERFORMANCE MEASURES

Since 2004, the City of Kirkland has been monitoring key performance measures in six service areas: Fire and Emergency Medical Services; Streets; Information Technology; Police; Parks and Community Services; and Refuse and Recycling. This section of the budget document includes a report on the key performance measures for each of these service areas along with examples of service provided. As we continue to monitor these key measures over time, we will have a good indicator of how much progress the City is making in meeting our goals for providing high quality services in a cost-effective way. This section is intended to show the citizens of our community how we are doing on the following goals:

Fire and Emergency Medical Services:

Preserve lives and protect property through high quality response to fire and emergency medical incidents.

Key measures: Emergency Response Times and Effectiveness in Containing Fires

Streets:

Construct and maintain the public infrastructure of the City and ensure efficient and reliable public streets for Kirkland residents.

Key measures: Pavement condition rating and citizen rating of street maintenance.

Information Technology (IT):

Proactively provide cost effective, reliable, standardized, and current information technology tools, systems, and services including customer focused support.

Key measures: Share of the City's business that is conducted through E-Commerce and rating of IT services

Police:

Reduce crime and increase the community perception of safety through high quality law enforcement services.

Key measures: Crime rates and citizen ratings of safety in their neighborhoods.

Parks and Community Services:

Enrich and enhance Kirkland's quality of living by effectively managing our public lands and serving the leisure needs of all residents.

Key measures: Citizen rating of the City's parks and recreation programs and citizen enrollment in recreation classes.

Refuse and Recycling:

Reduce waste generated by Kirkland residents and businesses by recycling, reducing, and reusing materials.

Key Measures: Citizen rating of recycling services and tons of recycling material collected.

Key Findings

Some notable findings of the Performance Measures Guide are:

- In 2007, the average pounds of garbage collected per SFR account per week decreased by 5.4 lbs and the SF recycling diversion rate increased to 69% - one of the highest in King County.
- There were no DUI traffic fatalities on City maintained roadways in 2006 or 2007.
- Increased staffing alone does not equate to decreased response times. Over the past four years response times for both Fire and EMS have increased even with an increase in staffing. Response times are based on many variables including:
 - Fire and EMS staffing,
 - Availability of emergency response resources,
 - Number of simultaneous alarms at each fire station,
 - Time in call center before dispatch,
 - Time it takes fire or EMS staff to leave the station,
 - Traffic and traffic control devices,
 - Weather, and
 - Distance of response resources from emergency.
- Street sweeping tons increased in 2007 by more than 100 tons. Street sweeping tons reflect not only debris from trees and other natural sources, but also garbage and litter left on the ground.
- The City of Kirkland Parks and Community Services Department realized a significant increase in the number of volunteers and volunteer hours in 2007, with a 184% increase in the number of volunteers and a 249% increase in volunteer hours.
- Use of the City Website has been steadily increasing and the number of user sessions per year has almost doubled since 2004. The City strives to provide a website that is easy to navigate and informative for residents.

We hope you will find this section a helpful tool for reviewing and understanding some of the services provided by the City of Kirkland.

REFUSE AND RECYCLING

Goal

The City strives to reduce waste generated by Kirkland residents and businesses by recycling, reducing, and reusing materials. Recycling reduces the amount of garbage that the community produces so that the life span of the local landfill can be extended. Recycling helps protect the environment and reduce the costs of garbage disposal.

Recycling Program	MEASURE	2004	2005	2006	2007
Residents Participate	Participation Rate SFR ¹	66.3%	64.3%	84%	90.7%
	Participation Rate MFR ²	94%	95%	95%	95%
So that....	Total Tons of Recycled Material Collected SFR/MFR/Commercial	9,154 tons	8,714 tons	8,906 tons	9,271 tons
Minimize Garbage Output	Diversion Rate SFR (Goal = 52lbs) ³	60.1%	59.8%	62.5%	68.6%
	Diversion Rate MFR	12.1%	16.4%	16.9%	14.9%
	Total Tons of SFR Food & Yard Waste Collected	7,346 tons	6,664 tons	7,099 tons	7,482 tons
So that....	Total Tons of Garbage Collected SFR/MFR/Commercial	31,213 tons	33,000 tons	33,690 tons	32,698 tons
Divert Waste from Landfill	Average Pounds of Garbage Collected Per Week Per SFR Account (Goal = under 33lbs)	32 lbs	27.30 lbs	25.5 lbs	20.1 lbs
	Actions the City Has Taken to Promote Product Stewardship and Reduce the Generation of Waste	Major expansion of recycling program, including food waste and electronics	Pilot commercial food waste recycling program	Commercial organics and residential food waste, MFR outreach	Promotion of commercial organics, development of MF food waste pilot, MFR outreach
So that....	Expected Life Span of Cedar Hills Landfill	2015	2015	2016	2016
Extend Landfill Life					

¹ SFR – Single Family Residence

² MFR – Multi-Family Residence

³ Diversion Rate – the percent of waste materials diverted from the landfill to be recycled, composted or reused. SFR – includes yard waste, MFR – does not include yard waste.

Analysis

The City of Kirkland has realized significant success in resident participation in waste reduction activities. In the past year alone the average pounds of garbage collected per SFR account per week decreased by 5.4 lbs and the SF recycling diversion rate increased to 69% - one of the highest in King County. The number of participants in the commercial organics program increased from 12 in the fall of 2007 to over 50 by the end of the year accounting for the diversion of over 57 tons of organic material from the landfill.

REFUSE AND RECYCLING BUSINESS OUTREACH

The City of Kirkland has robust business outreach and assistance and commercial organics recycling programs that are offered to all Kirkland businesses. By participating in these programs, businesses are able to save money, promote environmental stewardship, and save space in the landfill.

In 2007, the Holy Family Parish School had a recycling assessment done by the City of Kirkland to ensure appropriate recycling capacity, identify other opportunities to recycle, and to speak with the students and school officials about recycling in a presentation. With the new tools and information in hand, the already motivated staff and students of Holy Family, lead by Steve Carbonetti, made significant changes in the way the school reduces, reuses and recycles.



Below are just a few examples of the efforts and their effects:

- All lunch milk cartons are now being recycled: after lunch there is a bucket for the youth to dump any remaining milk into and a recycling container. With 271 students this could potentially add up to more than 10,840 milk cartons per school year.
- Students at Holy Family Parish School started a Green Team: this is a group of 7th graders that are working to raise recycling awareness with other youth in the school and with parents. They recently ran a contest where parents that were seen using a reusable mug rather than a paper cup in the morning got entered in a drawing for prizes.
- Through increasing recycling and participating in the commercial organics program the school has been able to reduce their garbage service from two six-yard dumpsters to one eight-yard dumpsters for a savings of about \$184/mo. or about \$2,200/yr.



The school is continuing to find ways to reduce, reuse, and recycle. This success story is an example of what can be accomplished when the City's recycling and outreach programs are combined with a highly-motivated group determined to make a difference in their bottom line and their environment.

POLICE SERVICES

Goal

The Kirkland Police Department strives to provide quality law enforcement that builds trust, confidence and respect throughout the community. The Police Department places a strong emphasis on ensuring that all those who live, shop, work, and play in Kirkland feel safe. The Police Department prevents and responds to crime so that Kirkland remains safe for all community members.

Police Department	MEASURE	2004	2005	2006	2007
	Total calls for service	*	43,120	43,682	41,870
	Average # of Calls For Service per shift	*	59.1	59.8	57.4
Prevent and Respond to Crime	Total 911 calls received	*	27,962	28,249	27,633
	Average # of Patrol contacts per shift	9.63	8.82	8.84	8.69
	Criminal Citations	*	1,468	1,775	2,005
	Infractions	*	8,618	7,516	8,167
	Collisions w/enforcement	*	*	668	511
	Sworn FTE's (Authorized) ¹ per 1,000 population	1.36	1.39	1.45	1.47
	Average # of Officers per shift	7.09	6.49	6.59	6.8
So that..... Keep City Safe	Total Arrests per 1,000 population	51.5	42.6	50.9	48.8
	DUI Arrests per 1,000 population	10.9	9.0	5.5	7.5
	Total Part I Violent Crimes ² per 1,000 population	1.7	1.6	1.9	1.4
	Total Part I Property Crimes ³ per 1,000 population	37	39	40	40
	Citizen Rating of Safety in Their Neighborhood During the Day	*	*	Very Safe <u>89%</u> Somewhat Safe <u>9%</u>	*
So that..... Citizens Feel Safe ⁴	Citizen Rating of Safety in Their Neighborhood After Dark	*	*	Very Safe <u>54%</u> Somewhat Safe <u>29%</u>	*

¹ Increased personnel provide for additional patrol coverage, investigations & other police services that keep the community safe.

² Part 1 violent crimes include: murder and non-negligible manslaughter, forcible rape, robbery and aggravated assault.

³ Part 1 property crimes include: burglary, larceny-theft, motor vehicle theft and arson.

⁴ 2006 Citizen Opinion Survey rated Police services as one of the top 5 most important services.

Analysis

Through increased emphasis on enforcement of driving under the influence, DUI arrests increased by 2 additional arrests per 1000 people in Kirkland in 2007 or approximately 94 additional arrests were made. There were no DUI traffic fatalities on City maintained roadways in 2006 or 2007. To ensure a safe community the City of Kirkland Police Department has been emphasizing enforcement of traffic laws such as speeding, crosswalk violations and seatbelt usage.

DOMESTIC ABUSE RESPONSE TEAM (DART)

The Kirkland Police Domestic Abuse Response Team (DART) has been working with victims of domestic violence since 1999. Initially organized by former Advocate Julie Reynolds as a resource to assist the Family Violence Unit, the all volunteer group quickly became an indispensable part of the unit.



The volunteers each receive 30 hours of specialized training and pass a rigorous testing and background process. Frequent meetings and on-going training ensure that DART volunteers are current on the latest developments in the law and aware of resources that may be available.

Kirkland is the only city in east King County that has a program supported by a trained volunteer core, in addition to a detective and family/youth advocate. Domestic Abuse Response Team (DART) volunteers provide crisis intervention, victim support and caseload follow-up. Trained in understanding the cycle of domestic violence, volunteers are quick to offer a reassuring voice and resources to help victims immediately following an incident.



“Domestic violence is one of the most common in-progress offenses against a person that our department responds to,” explains Detective Janelle McMillian. “It usually involves an assault or a violation of a protection order.” Last year, KPD responded to 827 domestic incidents and 91 restraining order violations.

CITY OF KIRKLAND

FIRE AND EMERGENCY MEDICAL SERVICES

Goal

When Fire and Emergency Medical Services employees respond to fires and medical emergencies, they strive to preserve lives and protect property. Their goal is to provide effective and efficient services that enhance a safe environment for the public.

Fire Department	MEASURE	2004	2005	2006	2007
↓	Paid fire and EMS staffing per 1,000 population served	.89	.93	1.0	1.0
Respond to Medical Emergencies	EMS responses per 1,000 population served (BLS and ALS)	66.2	65.2	66.9	64.5
So that....					
Timely Treatment Received	Average EMS response times (ALS & BLS)	5:11 min	5:17 min	5:21 min	5:30 min
↓	% of EMS response times under 5 minutes (Goal = 90%)	53%	52%	51%	49%
Respond to Fires	Total fire incidents per 1,000 population	27.4	26.6	34.4	26.2
↓	Total non-fire incidents per 1,000 population	12	9.6	17.0	12.4
So that....					
Minimize Damage	Average fire (emergency) response times	5:58 min	5:53 min	6:02 min	5:59 min
↓	% of fire response times under 5.5 minutes (Goal = 90%)	43%	49%	46%	47%
So that....					
Keep Community Safe	% of building fires confined to area of Origin	58%	67%	44.8%	41%

†BLS = Basic Life Support and ALS = Advanced Life Support

Analysis

Increased staffing alone does not equate to decreased response times. Over the past four years response times for both Fire and EMS have increased even with an increase in staffing. Response times are based on many variables including:

- Fire and EMS staffing,
- Availability of emergency response resources,
- Number of simultaneous alarms at each fire station,
- Time in call center before dispatch,
- Time it takes fire or EMS staff to leave the station,
- Traffic and traffic control devices,
- Weather, and
- Distance of response resources from emergency.

SERVICE IMPROVEMENT

King County and Kirkland are leaders in EMS and pre-hospital care of patients in cardiac arrest and have been since the introduction of CPR in the late 1960s. Kirkland is on the forefront providing advanced cardiac care, including defibrillation, to patients in their homes, on the street, and at work.



Today people who suffer a cardiac arrest in Kirkland are three times more likely to survive than the national average, and among patients in ventricular fibrillation (a deadly cardiac arrhythmia where a quick shock from a defibrillator is the only treatment) the survival rate in Kirkland is approximately 40%. This is one of the highest survival rates in the world.

Being a leader means continually looking for ways to improve. The City of Kirkland and King County EMS, is participating in an exciting new study investigating the management and treatment of cardiac arrest. The Resuscitation Outcomes Consortium (ROC) performing the study includes large EMS providers throughout North America including San Diego, Toronto, Dallas and the entire states of Iowa and Alabama. Among this elite group Kirkland and King County are leaders. The King County group, including Kirkland, was the first to complete the required training and begin enrolling patients and is recognized as a top performer in compliance with study protocols.



The City of Kirkland EMS strives for 90% of response times to fall under 5 minutes; this goal is driven by the cardiac arrest survival rate curve. Through bystander CPR and quick response times, the chance of survival by a cardiac arrest patient increases. The Kirkland Fire Department is committed to leadership and excellence and providing world-class service to the community.



STREETS

Goal

The Streets Section of the Public Works Department is responsible for keeping City-owned streets and landscaped surfaces maintained. The work includes keeping roads repaired, landscapes aesthetically pleasing, and streets swept often to keep debris from entering the storm system and to improve water quality. The Streets Section works to provide the infrastructure for the City to ensure safe, attractive, efficient and reliable public streets and rights-of-way for Kirkland residents.

Street Maintenance	MEASURE	2004	2005	2006	2007	
Roads are Repaired	Total paved lane miles	351.1	351.8	352.3	352.3	
	Road Rehab Expenses per paved lane mile	\$4,310	\$3,471	\$4,919	\$6,261	
So that....	Roads are well maintained	Pavement condition index (PCI) ¹	70	*	*	*
		Percentage of lane miles assessed as fair or better ²	90%	*	*	*
		Citizen ratings of road maintenance (satisfactory or better) ³	94%	*	95%	*
Sweep Streets	Street sweeping expenditures per capita	\$3.12	\$4.42	\$4.12	\$3.79	
	Street sweeping (tons)	592	517	497	600	
So that....	Streets are clean and storm drains are clear	# of lane miles swept: Commercial Business District (per year)	500	500	500	500
		# of lane miles swept: Residential (per year)	3,744	3,744	3,432	3,432
So that....	Safe Streets and Improved Surface Water Quality	<p>¹The City of Kirkland uses the Washington State DOT method for objectively rating the pavement condition based on factors including cracking, patching, weathering, and rutting. Every 3 to 4 years the PCI ratings for the entire City's street network are updated. The last survey was performed in 2004.</p> <p>²Based on 2004 PCI survey data; "fair or better" equates to a PCI of 40 or better. Pavement Condition Index (PCI) is a rating of the general condition of pavements and is based on a scale of 0 to 100. A PCI of 100 represents a newly constructed road with no distresses; a PCI below 10 corresponds to a failed road requiring complete reconstruction.</p> <p>³Survey completed every other year</p>				

Analysis

There was a large increase in road rehabilitation expenses per lane mile in 2007. This increase was due to a larger overlay contract in 2007 than in prior years. Work was performed on a few arterials (NE 70th and 132nd Ave) which require more traffic control and there was an increase in construction and material costs. In 2006, a few streets were not completed due to utility conflicts and funds were carried over to 2007. In 2007, the City paved more square yards (SY), which used the whole overlay budget (2006 SY paved = 37,508; 2007 SY paved = 64,768).

STREET SWEEPING

Street sweeping is a service that the City of Kirkland provides to residents and businesses that can easily go unnoticed. The sweepers start out early in the morning, so by the time the downtown area gets busy the debris has been removed. In 2007, 600 tons of debris was removed from Kirkland streets.

Street sweeping has been provided by cities as a regular service since before the creation of the automobile. It used to be a manual service provided through the use of a broom and dust pan. Now it is provided mainly through a street sweeping truck and crew.



The City of Kirkland is dedicated to environmental stewardship and providing an excellent quality of life.

Street sweeping is provided for more than making the streets look clean. Street sweeping has also been shown to improve water quality, as the sweeper picks up waste that would otherwise go into the storm water system and eventually out to rivers and lakes.

The Streets section of the City of Kirkland sweeps commercial business districts 100 times a year or approximately two times per week. Imagine the state of the streets without this valuable service.

PARKS AND COMMUNITY SERVICES

Goal

The City strives to provide high quality parks, facilities, and programs to support citizens in increasing their health and activity. The City Parks and Community Services Department wants to enrich and enhance Kirkland's quality of living by effectively managing our public lands and serving the leisure needs of all residents to make Kirkland the place to be.

Parks and Recreation	MEASURE	2004	2005	2006	2007
Parks & Recreation Staff	Total staff for parks maintenance and recreation programs	55.8	59.8	70.89 ¹	57.07
	Park maintenance FTE's per 100 acres developed land	15.5	14.8	19.99	16.19
	Number of volunteers/ volunteer hours	508/1,200	711/2,115	455/1,240	1,293/4,333
So that.... Maintain Parks & Provide Recreation Programs	Total O&M for recreation programs	\$1,501,826	\$1,659,619	\$1,663,761	\$1,686,929
	Recreation O&M per capita	\$32.80	\$36.28	\$35.26	\$35.23
	Total O&M for parks maintenance	\$2,217,657	\$2,446,832	\$2,643,047	\$2,609,170
	Parks maintenance O&M per capita	\$48.42	\$53.49	\$56.02	\$54.48
So that.... Provide High Quality Parks and Recreation Programs	Developed park acreage per 1000 population	4.6	4.6	4.38	4.41
	Citizen ratings of appearance of Parks & Recreation Facilities ² -satisfactory or better	*	*	98%	*
	Citizen ratings of the quality of Parks and Recreation programs -satisfactory or better	*	*	89%	*
	Recreation classes offered	2,868	2,812	2,741	2,778
So that.... Increase citizens' quality of life	Citizens' enrollment in classes	16,030	18,104	18,067	18,075
	So that.... Citizen Satisfaction	Citizen ratings of overall satisfaction with Parks & Recreation – satisfactory or better ³	95%	*	98%

¹ Increased staffing due to increased programs and park development

² 2006 Citizen Opinion Survey results reflect Parks and Community Services as one of the top 5 services offered by the City.

Analysis

The City of Kirkland Parks and Community Services Department realized a significant increase in the number of volunteers and volunteer hours in 2007, with a 184% increase in the number of volunteers and a 249% increase in volunteer hours.

KIRKLAND STEPPERS WALK FOR THE FUN OF IT

The Peter Kirk Community Center's very successful walk program for adults age 50+ is charging into its fifth year. The Kirkland Steppers depart from the Peter Kirk Community Center (PKCC) on scheduled walks every Tuesday and Thursday morning from the first of June through the end of September.

Between 175 and 200 adults participate in this popular program and range in ability from long-time walkers and exercise participants to serious couch potatoes, having never exercised a day in their life. The ages range from 48 to 96! Donning bright orange t-shirts, this lively group of walkers are a visible tour de force seen roaming the streets of downtown Kirkland and neighborhood parks.



In 2007 the Kirkland Steppers, in collaboration with the Kirkland Senior Council and the Police Department launched a Pedestrian Safety Campaign. Because of their sheer numbers, these walkers are the most visible group to demonstrate pedestrian safety practices and they make wonderful role models for the community.



To increase visibility of the Steppers, walkers received an orange visor, a round red flashing LED light that clips on their clothing and a bright orange (bandana size) pedestrian flag. When pedestrian flags are not available at crosswalks, waving these handy, easily accessible bright flags alerts drivers of their presence. Steppers frequently carry extra flags and distribute to other walkers and those with strollers and baby carriages.



The Pedestrian Safety Campaign is also responsible for the recent production of the Senior Council Pedestrian Safety video "Excel as a Pedestrian" that can be viewed by visiting:

http://kirkland.granicus.com/MediaPlayer.php?view_id=13&clip_id=1139

INFORMATION AND TECHNOLOGY

Goal

Proactively provide cost effective, reliable, standardized, and current information technology tools, systems, and services including customer focused support.

IT Department	MEASURE	2004	2005	2006	2007
	Total Apps/Network and Ops IT Staff	4.5 / 5	5 / 6	6.75/6	6.75/5
Usability of Website	Average weekly hours updating site	15	15	17.5	25
	Number of user sessions per year	367,388	452,560	448,100	611,671
So that.... Citizens & Business Informed, Access to Government Anytime and Anywhere	Percentage of Building Permits applied for online that are available online	* ¹	30%	66%	66%
	Percentage Parks & Recreation registration online that is available online	28%	31%	33% ²	38%
So that.... Citizens Satisfied with City Website	E-Gov transactions dollar amount	\$318,569	\$434,469	\$364,125	\$413,310
	% of citizens who have visited the website ³	44%	*	56%	*
Provide IT Tools	# of help desk calls per # of help desk employees	*	*	1,193	1,389
	# of help desk calls per # of permanent city employees	*	*	7.67	8.85
So that.... Increase Staff Productivity and Efficiency	Help desk calls resolved	3,398	3,835	3,580	4,166
	Total training sessions provided ⁴	33	37	9	44
	# of employees that took an IT training class	*	*	53	*
So that.... Staff More Efficient and Satisfied	Internal customer satisfaction: general IT services	*	*	3.6 / 4.0	3.7/4.0

1 Indicates information not collected.

2 In 2007 data was reported as 60% which reflected a point in time. Percent of Parks and Recreation online can be as high as 75% in the beginning of the summer. After processing refunds, and as the year progresses less registration is done online. Numbers reported reflect overall annual registration for all Parks and Recreation Programs.

3 Citizen Opinion Surveys are completed every other year.

4 Total training sessions provided in 2007 is an estimate based on instructor data.

Analysis

Use of the City Website has been steadily increasing and the number of user sessions per year has almost doubled since 2004. The City strives to provide a website that is easy to navigate and informative for residents.

MyPARKSANDRECREATION.COM

The City of Kirkland continues to expand its online accessibility to citizens and in the Fall of 2003 began offering online registration for Parks and Recreation classes.

The City has been involved with the ECityGov Alliance's MyParksandRecreations.com to bring a feature which allows citizens to access Parks and Recreation information in one place for all of the Eastside cities. The Alliance is a group of cities in the Puget Sound Region that have committed to partner together to provide on-line services and information to their customers.

In an effort to offer accessibility to more recreation programs, in the Spring of 2007, the city linked Kirkland-Parks.net with MyParksandRecreation.com allowing users to register for multiple recreation activities on one website.

using Places to Go. Things to Do allows users to search for classes or activities to participate in.

By providing search options that include all of the cities within the ECityGov Alliance, the recreational opportunities available to the community are more numerous and varied than those provided only by the City of Kirkland. On the horizon of Myparksandrecreation.com is the feature of searching special events, and reserving facilities online.

YOUR GOAL: EXPLORE, LEARN, PLAY
OUR GOAL: MAKE IT EASY!

SAME GREAT CLASSES, OR NEW OPPORTUNITIES IN OUR REGION — YOU CHOOSE!

All of your recreation registration needs and parks info are now available on one easy-to-use website. You can now find the same great class you took last time, search for new classes, or explore all of our parks and trails. This site has it ALL!

MyParksandRecreation.com
Over 3000 recreation programs, 300 parks, 9 local cities, ONE web site

MyParksandRecreation.com
Things to Do: Register for Classes Places to Go: Parks Information

CITY OF KIRKLAND PARKS & COMMUNITY SERVICES
RECREATION CLASSES & PROGRAMS

PRESCHOOL | YOUTH | ADULT | AGE 50+ | FALL 2008
Pee Wee Monster Bash - 3rd-6th Grade Basketball - Falls Prevention Fair

Featuring classes at the **NORTH KIRKLAND COMMUNITY CENTER**
and the **PETER KIRK COMMUNITY CENTER**

MyParksandRecreation.com
Things to Do: Register for Classes Places to Go: Parks Information

Through MyParksandRecreation.com, citizens are able to search for recreational activities, facilities, parks and trails throughout the Eastside, and be linked to individual city websites for more in-depth information and registration.

When connecting to the MyParksandRecreation.com page, users are provided with two options: Places to Go or Things to Do. Places to Go gives users the ability to search for parks, trails, and recreational facilities provided by any of the cities with the ECityGov Alliance. If citizens are looking for a boat launch, a dog park, or a place to play tennis, they can find it through a search



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Performance Budgeting: A Users' Guide

What is performance budgeting and why do we need it?

How has it evolved?

How is it put into practice?

How is performance information used in the budget process?

How are results measured?

Where do we go from here?

For further information

For further reading

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Introduction

Tight budgets and demanding citizens put governments under increasing pressure to show that they are providing good value for money. Providing information about public sector performance can satisfy the public's need to know, and could also be a useful tool for governments to evaluate their performance.

Performance information is not a new concept, but the governments of OECD countries have taken a closer look at integrating it into the budget process in the past decade as part of efforts to improve decision making by moving the focus away from inputs ("how much money will I get?") towards measurable results ("what can I achieve with this money?").

The introduction of performance budgeting has been linked to broader efforts to improve expenditure control as well as public sector efficiency and performance. Thus, performance budgeting can be combined with increased flexibility for managers in return for stronger accountability for the results, so as to enable them to decide how to best deliver public services.

OECD countries have reported a number of benefits from using performance information, not least the fact that it generates a sharper focus on results within government. The process also provides more and better understanding of government goals and priorities and on how different programmes contribute to them.

At the same time, performance information encourages greater emphasis on planning and offers a good indication of what is working and what is not. This tool also improves transparency, by providing more and better information to legislatures and the public.

Nonetheless, OECD countries continue to face a number of challenges in developing and using performance information in the budget process to measure results, in improving the quality of information and in persuading politicians to use it in decision making.

This *Policy Brief* looks at the challenges governments face in using performance information to make the budget process more efficient and offers some guidelines to assist in the process. ■

What is performance budgeting and why do we need it?

Performance information is a fairly simple concept: providing information on whether programmes, agencies and public service providers are doing the job required of them effectively and efficiently. Performance information has a long history in OECD countries: most of them have been working on it for at least five years, and almost half of them for more than ten.

Much of this information does find its way into budget documents, but simply including information on performance in budget documents is a long way from performance budgeting. If governments want to use performance information in budget setting, they need to find a way to integrate performance into the budget decision process, not just the budget paperwork.

To complicate matters, there are no single agreed standard definitions of performance budgeting, of the type of information it should include, or of the stage of the budget process when it should be introduced. There is also the question of whether performance information should be used in deciding how to allocate resources and, if so, how.

There is no single model of performance budgeting. Even when countries have adopted similar models, they have taken diverse approaches to implementing them and have adapted them to their own national capacities, cultures and priorities.

The OECD has defined performance budgeting as budgeting that links the funds allocated to measurable results. There are three broad types: presentational, performance-informed, and direct performance budgeting.

Presentational performance budgeting simply means that performance information is presented in budget documents or other government documents. The information can refer to targets, or results, or both, and is included as background information for accountability and dialogue with legislators and citizens on public policy issues. The performance information is not intended to play a role in decision making and does not do so.

In **performance-informed budgeting**, resources are indirectly related to proposed future performance or to past performance. The performance information is important in the budget decision-making process, but does not determine the amount of resources allocated and does not have a predefined weight in the decisions. Performance information is used along with other information in the decision-making process.

Direct performance budgeting involves allocating resources based on results achieved. This form of performance budgeting is used only in specific sectors in a limited number of OECD countries. For example, the number of students who graduate with a Master's degree will determine the following year's funding for the university running the programme. ■

How has it evolved?

OECD countries have embarked on performance budgeting for different reasons, but the main ones are: a financial crisis; growing pressure to reduce public expenditure; or a change in political administration. In many cases, performance information was introduced into the budget process as part of a wider package to control public expenditure or reform public sector management. In many countries, performance budgeting was introduced alongside performance management.

In Denmark and Sweden, for example, performance budgeting and management were an offshoot of spending control policies introduced during the economic crisis of the 1980s and early 1990s. Almost a decade later in Korea, the rapid deterioration of public finances after the Asian financial crisis triggered ambitious wide-ranging reform of the budget process. In the United Kingdom, the 1997 election of the Labour Party created a shift in the wider political landscape which saw numerous public sector management reforms, including changing the budget process.

Countries may have embarked on reform for different reasons and have implemented it in different ways, but they do share some common objectives. These can broadly be grouped into three categories: budget priorities such as controlling expenditure and improving allocation and efficient use of funds; improving public sector performance; and improving accountability to politicians and the public.

Some reforms concentrate on one objective: the United Kingdom has focused on reallocating funds to key budget priorities to improve efficiency and reduce waste. However, most performance reform initiatives have several objectives. The overarching objectives of Australia's reforms, for example, are to improve cost effectiveness and public accountability, while devolving financial and management responsibility.

The objectives can shift over time. In Canada the reforms of the mid 1990s concentrated on reallocating funds and cutting back expenditure, while those of the late 1990s and early 2000s concentrated on developing and improving results-based management and accountability. With the election of a new government in 2006, the focus has again shifted to budget issues.

Having fixed their objectives, governments have to decide how to build performance information into their budget and management systems. Some countries, such as the United States, have introduced reforms through legislation. This ensures some degree of permanence, making it easier for reforms to continue if there is a change in government. But legislating for change is no guarantee that it will happen: it depends on political and administrative support, and on the implementation strategy. Several countries, including Canada, have a mixture of legislation and formal policy guidelines or, like the United Kingdom, they have simply used formal requirements and guidelines issued by the central ministries. ■

How is it put into practice?

When it comes to putting the changes into practice, there are basically three areas where choices must be made: top-down versus bottom-up; comprehensive versus partial; and incremental changes versus a “big bang” approach.

In a top-down approach, central government ministries or agencies play the primary role in developing, implementing and/or monitoring reform. In a bottom-up approach, individual agencies are the key actors. They may be able to choose whether to take part, and they have freedom to develop their own methods to achieve the objectives. Both approaches carry benefits and risks. Too little central involvement can mean that there is no pressure to change, but too much involvement may result in people doing just enough to comply with the letter of the new rules rather than actually improving performance.

The governments of OECD countries have also taken very different approaches to the speed of change, ranging from a “big bang” introduction of a number of

simultaneous sweeping reforms to a more step-by-step approach. These different approaches are clearly illustrated by the experiences of Australia and Korea.

Australia has followed an incremental approach to reform over the past 15 years. Australia says that its approach has allowed the government to proceed with care, making refinements to the plans along the way if unanticipated or unintended effects occur, while still keeping to a long-term path of reform.

In contrast, Korea introduced four major fiscal reforms with great speed. The advantage of this approach is that it creates great pressure for reform and helps to lower resistance to change, but it also demands a level of commitment in terms of political willpower and resources that may not be readily available in many countries. And it carries potentially high risks as it does not provide the opportunity to learn from mistakes and to adapt the reforms as they go along.

Governments are more likely to adopt a “big bang” approach when there are strong drivers for quick change such as an economic crisis or a change in government. Without these drivers, it could be difficult to develop the pressure to introduce sweeping reforms. ■

How is performance information used in the budget process?

Over two-thirds of OECD countries now include non-financial performance information in their budget documents, but this does not mean that it is being used to help make budget decisions. For that to happen, the performance information has to be integrated into the budget process.

First the budget has to be drawn up in a way that looks at why money is allocated and whether its use produces the desired results. For many countries, this has meant changing the whole way the budget is prepared. For example, the health ministry had previously focussed on allocating funds to administrative units, but now specifies tasks such as vaccinating a certain number of patients.

Some ways of presenting budgets make it easier to integrate performance information than others. A line-item format, which can include separate lines for travel, office supplies or salaries, makes it difficult to include any type of performance information. Budgets with a single “envelope” of funds for all operational costs offer more flexibility and make it easier to integrate performance information.

A few countries, such as Australia, the Netherlands, New Zealand and the United Kingdom, have changed their budget structures to focus on results. Others, such as Canada and the United States, have preferred to keep the existing budget structure and to add performance information in supplementary documents provided to the legislature.

Even countries that have altered their budget structures, however, struggle to integrate performance and financial information into the process. The Swedish government changed the structure of its budget to more closely reflect government policy priorities in the mid-1990s, but there is still a clear separation between the financial and performance aspects.

Governments have also tried to include performance information in budget negotiations between the finance ministry and spending ministries, and in negotiations between spending ministries and agencies.

In most countries, budget negotiations have traditionally included some discussion on planning. Performance budgeting has formalised this process and has placed a greater emphasis on setting targets and measuring results. Of those countries that use performance information, most have adopted the performance-informed budgeting approach.

However, most OECD countries do not have a systematic government-wide approach to linking expenditure to performance results. And performance plans and targets are not necessarily discussed or approved during the budget process; in some countries, planning is completely separated from budgeting.

Finance ministries have three basic types of incentives at their disposal to motivate agencies to improve performance: financial rewards or sanctions; increasing or decreasing financial and/or managerial flexibility; and “naming and shaming” poor performers while recognising good performers.

In most cases the finance ministry does not use performance results to financially reward or punish agencies. This is partly because it recognises that such behaviour would generate perverse incentives. For example, poor performance may not be the agency’s fault; poor performance caused by underfunding would hardly be improved by a further cut in funds.

It is a very tall order to expect agencies to provide objective information if it will be used to cut back their programmes, and most OECD countries have not gone down this road. The only country to attempt to do so is Korea, which has announced an automatic 10% budget cut for ineffective programmes. But in some cases the information received from ministries is of poor quality, making it difficult to determine if a particular programme is effective or not.

The “name and shame” approach is popular as it provides comparable information that is easy to understand. The United Kingdom has league tables for hospitals and schools, many state governments in the United States benchmark service performance, and Australia compares states’ performance in delivering public services. ■

Box 1.
DESIGNING PERFORMANCE BUDGETING

Based on OECD research and on country experience, the following suggestions can help governments design performance budgeting:

- Adapt the approach to the national political context as there is no one model of performance budgeting.
- Have clear reform objectives and state them clearly to all participants in the process from the outset.
- Consider how the existing budget systems can be aligned to fit with the performance approach.
- Integrate performance information into the budget process, but avoid government-wide systems that tightly link performance results to resource allocation.
- Design reforms with the end user in mind.
- Involve key stakeholders in designing the reforms.
- Develop a common whole-of-government planning and reporting framework.
- Develop and use different types of performance information.
- Make independent assessments of performance information that are straightforward and delivered in a timely manner.
- Develop incentives to motivate civil servants and politicians to change their behaviour.

How are results measured?

Although many OECD countries say performance information has improved performance, accountability and efficiency, it is difficult to measure the success of government initiatives to introduce performance information into budgeting and management. There are, however, qualitative data available from case studies, OECD surveys and academic literature. One study of United States federal managers, for example, found that 42% felt they had improved programmes to a moderate or greater extent. Even though this assessment is subjective, it does provide some information on the extent of implementation of the reforms.

There are also case studies of individual agencies using performance information in their budget process. In a recent OECD survey, finance ministries named ministries and agencies that had made good use of performance information in their budget formulation process. Success seemed to depend on the type of good or service, the support of top management in the relevant ministry, and political pressure to reform.

While there is strong evidence that transparency has increased, providing information is not an end in itself. The idea is to have objective information and use it to make decisions about policies and programmes and the allocation of resources.

Some international comparisons of performance, such as the OECD Programme for International Student Assessment (PISA) that compares education standards across OECD countries, have provoked debate on policy and performance and resource allocation in some countries. Such data are rare, however; it is difficult to produce reliable data that enable accurate international comparisons. Individual countries generally produce

Box 2.

IMPLEMENTING PERFORMANCE BUDGETING

Based on OECD research and on country experience, the following pointers can help governments implement performance budgeting:

- Find an implementation approach appropriate to the wider governance and institutional structures.
- Allow flexibility in implementation.
- The support of political and administrative leaders is vital to implement change.
- Develop the capacity of the finance ministry and spending ministries.
- Focus on outcomes, not just outputs.
- Have precise goals, and measure and monitor progress towards achieving them.
- Ensure good knowledge of the programme base.
- Limit the number of targets, but use many measures.
- Have information systems that communicate with each other.
- Cross-organisational co-operation is vital.
- Consultation and ownership are important.
- Consider how changes to budget rules can influence behaviour, for good or for bad.
- Adapt reform approaches to changing circumstances.
- Have incentives to motivate civil servants and politicians to change behaviour.
- Improve the presentation and reporting of performance information.
- Recognise the limits of performance information.
- Remember that the journey is as important as the destination.
- Manage expectations.

performance information for internal use, and even then many countries struggle to provide good quality, reliable data.

Questions may also be raised as to whether performance information is objective if it becomes part of the political dogfight between the legislature and the executive. Despite these problems, it is arguably better to have some form of quantitative and/or qualitative performance information than to continue to base discussions on anecdotes and weak evidence.

The “league table” approach to providing information on services such as schools and hospitals may be popular, but it does not explain the underlying causes of good or poor performance. A hospital could have a high mortality rate because it admits a high quota of patients with a fatal illness, for example. Nonetheless, league tables and benchmarking that provide more detailed information can help citizens to choose among local schools and hospitals.

Countries have reported that ministries and agencies have used performance information to improve the management of their programmes and as a signalling device to highlight poor performance and that, for some agencies, it has also contributed to improving efficiency and effectiveness. ■

Where do we go from here?

Most OECD countries continue to struggle with these changes. There are some common challenges, regardless of approach. These include how to: improve measurement; find appropriate ways to integrate performance information into the budget process; gain the attention of key decision makers; and improve the quality of the information. Although there are exceptions, most governments are finding it difficult to provide decision makers with good quality, credible and relevant information in a timely manner, let alone incentives to use this information in budgetary decision making.

Governments carry out a wide variety of functions, from building roads to providing advice on foreign travel, and performance measures are more easily applied to certain types of functions and programmes than others. The areas with the most developed performance measures are education and health. Problems arise especially with regard to intangible activities such as policy advice. It can also be difficult to set clear objectives and establish good systems of data collection. To ensure quality, the data once collected must be verified and validated. These systems can be time-consuming and costly to establish and maintain.

Nonetheless, countries report a number of benefits from the use of performance information in the budget process. Apart from putting more emphasis on results, this tool provides more and better information on government goals and priorities, and on how different programmes are contributing to achieving these goals. The approach also encourages greater emphasis on planning, and provides information on what is working and what is not.

Citizens will continue to demand results for their tax money and, in spite of the challenges associated with this approach, there will be a continuing need for performance information and performance budgeting. ■

For further information

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The OECD Policy Briefs are available on the OECD's Internet site:
www.oecd.org/publications/Policybriefs



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

For further reading

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Redmond Budgeting by Priorities

1 - MRSC Financial Advisor Article

Fiscal First Aid – Financial planning has never been more important

By Mike Bailey and Shayne Kavanagh

Budgeting for Outcomes (aka “Price of Government”)

You might remember when the Washington State government used its Price of Government (POG) approach to balance their budget. They were one of the first in the country to use this novel approach. I’ve heard different views on just how effective that process was, but many insiders confirmed that it was a significant help. In addition to the State of Washington; Snohomish County, the City of Spokane and others have used this approach as well.

Here in Redmond we have been using what we call the Budgeting by Priorities process (BP) for our upcoming biennial budget. While I don’t agree with everything you will find in the foundational text (*The Price of Government* by Osborne & Hutchinson) the City has benefited significantly from the BP process (and potentially you can too).

Here are a few of the good things about this approach:

A true financial framework – “the price” – In our case, the price of government is a range between .05 and .06 percent of total household income. When evaluating fees, taxes or other revenue drivers, we now consider how the changes affect “price of city government”. Everyone knows when the budget process begins how much money they have to work with. Therefore, the budget is not revenue driven nor expenditure driven (a common debate) but lives within a range that is affordable to citizens.

Community and employee based approach – the first step of a POG/BP process is to determine community priorities. This results in a great conversation with your elected officials, community stakeholders, employee groups and others about what is really important. We ended up with six priorities in our process.

Results oriented approach – the priorities are “mapped” into the programs, services or facilities that contribute toward the priorities. This creates a framework for the budget proposals (called offers) that really does focus on results in the context of the priorities.

Cross collaboration within the city – employees and citizens evaluated the offers and made recommendations to the mayor by “ranking” the offers within each priority area. These Results Teams were made up of a cross section of employees and a citizen for each priority. For most, it was the first time they participated in those types of discussions. Additionally, this occurred in place of departments competing for their slice of the budget. The offers came from teams within and across departments.

True policy discussion with council – the preliminary budget was oriented around the six community priorities, the factors that the Results Teams felt were most important in contributing towards those priorities, and the offers (budget proposals) by staff which were to be in alignment with the factors. Each offer included proposed performance measures to illustrate how the results

generated by the offer could be evaluated over time. This created the right context for the council policy discussions on each level (priority, factors and offer results) for our budget work sessions.

Performance management now has meaning – while many governments are now measuring performance in one way or another, most struggle with connecting those measures to strategic decision-making. By using the measures within the offers as a means to evaluate performance by the work units that proposed them, the city (mayor and council) have a new tool to evaluate effectiveness in the context of the priorities.

Here are a few areas of **caution** about this approach:

Understand how it relates to the traditional mechanics of budgeting – In our case, some very talented staff helped to make sure that while we made decisions in the BP context, we could relate those decisions to the number of employees we had, the proper fund accounting that is required and other “mechanics” of the budget process. This can be tricky!

Cut the Cord – Once you decide to take this step, go all the way! Don’t attempt to translate the new budget back into the old format. If people believe they can “go back” they will focus on this comparison and not make the transition to a new way of thinking about budgeting.

Provide adequate training and forums for feedback about what isn’t working – This is new and can be challenging to those who are used to “the way we’ve always done it.” Training about this process for all those involved (including council, department heads, citizens and employees) will be an important part of your success.

Be patient – Again, this is new and challenging. Expectations will be high (especially on the part of citizens) and it takes time to develop the skills necessary to be successful. There will be a concern by participants that they don’t want to take the risks that will be necessary. (We have used the “we are designing and building the car as it moves down the production line” analogy many times!) This new process will take time – at least three months. We used most of the year to prepare our biennial budget.

Use what works for you – It will be important to actively manage the risk and reward balance. Plan to add more elements or precision as you gain more experience. If performance measures are new to you, don’t place too much emphasis on getting the measures just right in the first year.

Make sure leadership is there - top leadership must be fully behind this - otherwise heavy hitters may try to game or just ignore the POG process. If they are successful they can not only derail the current process, but also hurt the credibility of the process for any future attempt.

2 - Supplemental questions posed to the City of Redmond:

- **How far in advance did the city begin preparing for this budget process?**

In January of 2008 the City of Redmond began preparing to use budgeting by priorities for their 2009-2010 budgets. One of the main components developed before the budgeting process began was a tool (attachment 1: screen shots for example) to translate the traditional budget to the budgeting by priorities budget and back. This was done through the use of Access with a SGL Server and provided the means to functionalize budgeting by priorities.

- **Did the budget really change from what was done under the old process?**

Developing the budget has changed and reflects zero based budgeting. The city really likes the process that was used and other than slight variations for improvement a similar process will probably be used for the next budget.

There are certain requirements that need to be met for local government budgets. The budget is now two parts the budgeting by priorities section and the line item section. The budgeting by priorities section is really meant for decision making and gives the 10,000 foot view focused on priorities and goals being sought and what will be funded to meet the priorities. The line item section is meant for the management of the services that are funded under each priority, meeting budget requirements and ensuring resources are used as they are allocated.

Several Council members preferred the budgeting by priorities section to the line item detail because it assisted in making decisions and kept the details out of the conversation allowing for the focus to be on city priorities and services rather than nickels and dimes.

- **Will the organization structure change to better align with the new process?**

At some point there may be slight changes in the structure. Overall the organization will continue operating by department, but how service delivery is managed may change. This is still in review.

- **Were there any challenges lining up the new process with the budget system, BARS manual, financial reporting requirements, etc.?**

No, because budgeting by priorities in Redmond was set up to meet these requirements. All of the data is translated into line item format and separated by fund, etc.

- **How is overhead charged in budgeting by priorities? Legal, Finance, Facilities, IT, etc.**

For the first budget cycle each area including overhead departments did their budget to line up with a priority and was subject to the budgeting by priorities process including the submission of offers. The priority of Responsible Government included areas such as City Council, Legal, Payroll, etc.

In the future, the city is looking at developing a cost of service model or a method of overhead allocation that would be included in service offers to show the true cost of each priority.

- **What happens if a team has forgotten a key expenditure when putting together their offer?**

There were a few instances where a cost was double counted or left out. Each offer was analyzed and data was reviewed to ensure all costs were accounted for and double counting removed.

- **Is there a plan to change the budget format moving forward? If so, what is being done now to make the transition?**

This is still under review, the budget document may be reduced to just the budgeting by priorities section with the line item detail available for review as needed. For budget development the City of Redmond uses an accounting system that is not really meant for government accounting and will need to be looked at.

- **Has the way the budget is being tracked changed? Is it now tracked based on priority?**

The city would like to add a field in their accounting structure for priorities. This will better allow for budgeting and tracking by priority, currently the plan is to do the traditional line item report out to Council and do a report to Council quarterly on the priorities.

- **With each offer there were performance measures attached, was there training provided to teams on how to set up performance measures?**

Training on performance measures was not provided and the ones developed still need a lot of work. This will be worked on in the future.

- **How will the performance measures be used moving forward, tracked and reported on-going or just at budget time?**

The city is looking at implementing a process similar to citistat with the directors holding one another accountable. The actual process is still in discussion, but are looking at report outs and service change input happening at monthly director's meeting and then reporting out on results and actions taken quarterly to City Council.

- **Are there any service areas or functions that did not use the BP process that were funded?**

No, the Mayor wanted to be sure everyone participated.

- **What are the pros and cons of BP?**

Pros:

Revenue to fund offers: Redmond determines the cost of government to citizens. The City or Redmond over time has determined that the cost of city government should fall between 5-600% of 1% of the gross average household income. This calculation includes taking an annual 1% increase in property tax, utility tax increases, etc. Should the city find that the cost to citizens is over 600% of 1% of the gross average household income then expenditures would need to be reduced.

Opened organization: Interdepartmental cooperation did not really exist before the BP process and departments mainly functioned in silo's. This process required that departments work together and there were proposals that were submitted in coordination.

Citizen engagement: The city has never seen such significant amounts of public participation in the budget process before, meetings were packed with people. Citizens were engaged in the process in a way they could understand and appreciate, when the budget was passed there was a standing ovation and the city received a lot of praise for the process.

Conversations with City Council: The conversations had with City Council were ones only dreamed of; there was a lot of discussion about policy and priorities at the 10,000 foot level. The City Council really worked on staying out of the weeds and focusing on the priorities.

Budget passed unanimously: What more is there to say?

Cons:

Risk of overgeneralization: People read into generalized information how they choose, which is of some concern to ensure the right information is communicated and received.

Huge learning curve: To make this process as effective as it can be there is a large learning curve that needs to be overcome. Staff, Management, Directors, City Council and the community all have something to learn to make this process successful. Most of the learning needs to come in pieces and the time required can be intense. A large part of the process is continual learning and improvement. There needs to be a process for learning and making changes as needed.

- **Is there anything you would change about the process Redmond used for BP?**

Training: The training was not proactive enough on all aspects. There was a lot of time spent going back and forth on how, what and why during the budget development process. Especially in areas such as the narrative. With more training up front a lot of energy that was spent on cleaning up could have been saved. There was a staffing shortage for a lot of the process so what occurred worked out well, but if done again (and next time) there would/will be a lot more energy spent on front end training to reduce the time required for clean-up.

CIP: The CIP went through the same budgeting by priorities process; this was very difficult as the CIP is based on a six year cycle. There is currently a process being worked on to include the CIP in the process, but make it easier. One idea is to focus on just the two years covered by the budget for the CIP.

Cost of Service Allocation: Even reserves and required expenditures submitted a proposal for funding. Next time around it would be great to have a cost of service or overhead allocation established to reduce the need for proposals for certain expenditures, which should be included in proposals for service.

Good Financial System: The City of Redmond is on a financial system that is not meant for government accounting. Having a system that can handle tracking and budgeting by priorities is ideal. Currently many departments need to keep shadow books for accounting as the system only serves the needs of the finance department and does not help with managing resources

Managing the mechanics and tools used can help ensure moving parts in the budget are kept under control and will reduce the risk factor of double counting or missing items.

**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
Ray Steiger, P.E., Capital Projects Manager
Kari Page, Neighborhood Programs Coordinator

Date: February 17, 2009

Subject: Park Lane Pedestrian Corridor Enhancements – Status Update

RECOMMENDATION:

City Council receive this status report of the Park Lane Study and provide feedback to Staff prior to the final public open house.

BACKGROUND AND DISCUSSION:

The development of a comprehensive street plan in order to leverage funding opportunities and redevelopment along Park Lane between Lake Street and the new Transit Center was funded in the 2008-2013 Capital Improvement Program (Attachment A). The Plan is the first step in coordinating needed capital improvements along the corridor while at the same time identifying and attempting to address other objectives of the Community. The Study's goal was to work with the Community to explore and develop a corridor configuration and to assemble funding scenarios that will allow for the completion of the enhancements along Park Lane.

Primary drivers of the Study at this time are the combination of continually failing sidewalks between Lake Street and Main Street where significant mature trees roots are impacting sidewalks, aging infrastructure (pavement, surface water conveyance systems, and lighting), an "island" of inadequate pedestrian facilities between Main Street and Third Street, and a number of redevelopment opportunities along the corridor including the Kirkland Transit Center and potentially the Antique Mall site. This memo is the second update to the City Council on the progress of this Study; the final design recommendation and funding options will be presented to Council later this spring.

Currently staff is preparing for a final community open house where the preferred alternative will be presented, a cost estimate is being developed and various sources of funding are being examined. Due to the outcome of the Study and consensus to date of the recommended configuration, Staff has worked with Sound Transit to incorporate a raised crosswalk across the east end of Park Lane at the new Transit Center. Staff is also continuing to work with the King County Department of Natural Resources on how the new Pump Station being constructed at the intersection of Park Lane and Third Street can be integrated with the proposed Park Lane enhancements.

Memorandum to David Ramsay
February 17, 2009

Public Involvement: Last year, SvR Design Company was hired to work with the City, adjacent property owners, business owners and interested citizens throughout the design phase. The City and SvR engaged stakeholders to help create a guiding vision, develop design concepts and assist in the culmination of the community's preferred design.

Community Stakeholders: Park Lane business and property owners, neighborhood representatives, Kirkland Steppers, Kirkland Library, Transit Center, Kirkland Downtown Association, Kirkland Library, and Sound Transit.

Staff Expertise: Storm water Engineer, Arborist, Planning, and Fire

Guiding Principles: Stakeholders either participated at the meetings or offered their input through email or phone. Based upon public input, guiding principles were created to help in the development of a consistent vision for the future of Park Lane.

- Develop visual connections along Park Lane (consistent with the long term goal of connecting the Park to the water)
- Enhance Park Lane as a regional destination
- Encourage economic vibrancy and diversity
- Ensure equitable access for all
- Create high performance greenescapes

Design Concepts: Three alternative design themes were developed by the stakeholders working together at a three hour design charrette (Attachment B).

- 1) Complete Street – accommodate all vehicle types (most similar to what exists today between Lake Street and Main Street);
- 2) Festival Street – flexible space within roadway (to accommodate both motor vehicles and pedestrian promenade during festivals); and
- 3) Pedestrian Promenade – access by pedestrians and cyclists only – motor vehicle use prohibited between Lake Street and Main Street.

The three design concepts were presented at public events for input. Comments were received from the Wednesday Market booth, online survey, neighborhood meetings, Kirkland Alliance of Neighborhoods, Downtown Parking Advisory Board, Kirkland Downtown Association, and Kirkland Chamber of Commerce. Displays with comment cards were also placed at the Kirkland Library and City Hall for nearly a month.

Preferred Design Concept: Following the review of the public comments, coordination with the stakeholders, meeting with various community groups and advisory boards and Kirkland staff, a preferred concept was created by SvR. The preferred concept integrates the most favorable elements from each of the design themes (Attachment C).

Tree Canopy: Increase total number of trees adding trees between Main and 3rd Street. Maintain existing healthy tree canopy while removing unhealthy trees. Reduce maintenance conflicts between vegetation, sidewalks and buildings. This master plan

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will allow for a coordinated tree replacement program that can be better understood by the Community.

Balance users: Increase pedestrian use and accessibility, providing seating, use vegetation to provide separation from vehicles, allow flexible use of space for events such as the Wednesday market and other opportunities for outdoor seating.

Vehicular and Parking: Maintain existing traffic flow, manage speed, accommodate emergency vehicle access, provide parking, and facilitate flexible use of vehicular space. The preferred alternative will however result in the net loss of four parking stalls.

There was wide support for street closures for fairs, festivals and markets. In addition to cafes and retail space, the public comments reflect a desire to see public pedestrian spaces without curbs and a raised intersection at Main Street and Park Lane for entertainment. Raised crosswalks, especially at the entrances to Park Lane on both the west and east end, rain gardens or other Low Impact treatments, and a healthy tree canopy were all design elements with strong community support.

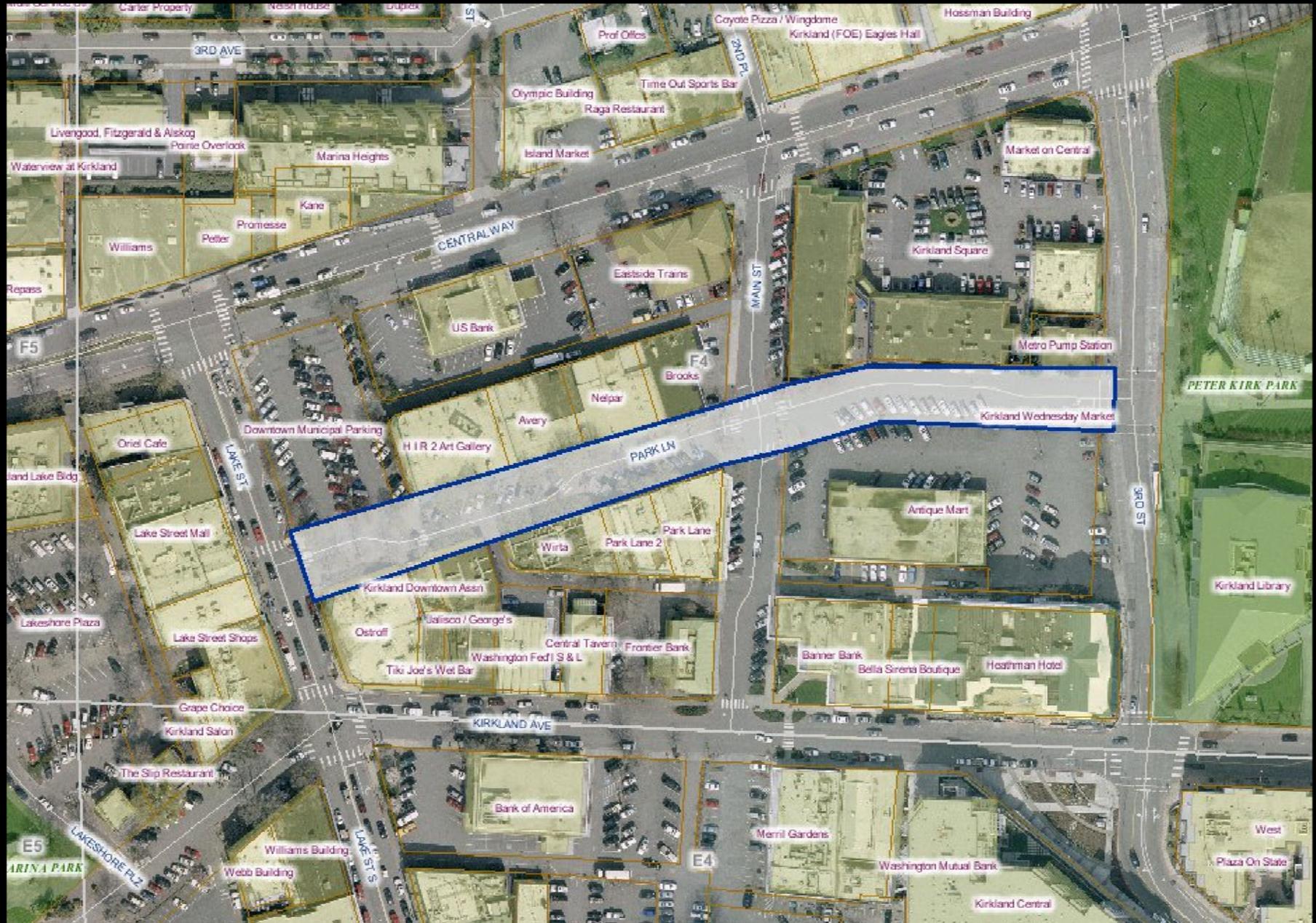
Capital Funding: Once complete, this Study will be used to allow cohesive redevelopment along the corridor and will allow funding opportunities to be sought. Grants, public capital improvement & maintenance funding, and private funding through such mechanisms as a local/business improvement district approach are all potential funding sources at this time. Some specific components include:

- Annual Street Preservation Program for pending street overlay (PCI ~ 60)
- Annual maintenance Programs: storm system rehabilitation/upgrades, sidewalk repair program
- Tree replacements
- Transit Center construction (starting 2009)
- Pump Station construction (starting 2010)
- Antique Mall (with redevelopment)

Next Steps: The next steps are to continue to circulate the preferred concept to various stakeholders including the Transportation Commission, Planning Commission, Downtown Action Committee, and the Parking Advisory Board prior to the final public open house. A final open house is currently scheduled for February 24, 2009, and then Staff will return to Council with a final design recommendation that will reflect the Community's feedback and comments.

Attachments (3)

E-page Attachment A: Study Area



Complete Street - accommodate all vehicle types

multi modal streets

- equal priority for bikes, pedestrians and cars
- separate lanes add protection for bikers
- define spaces for users



A dedicated bike lane separated from traffic by parking

roadway narrowing

- reduce lane width
- add diverters and chicanes
- add a planted median
- introduce angled parking
- add bike lanes
- curb extensions



curb extensions

- curb extends sidewalk into street at crossings
- improves sight-lines for pedestrians
- makes pedestrians more visible to drivers
- added safety of being up on curb



new pedestrian improvements along greenwood avenue near woodland park zoo - curb extensions and signage at a crosswalk

casual parking

- angled parking creates additional buffer between traffic lanes and pedestrians
- reduces traffic speed



planted medians

- creates safe waiting areas for pedestrians to cross
- encourages pedestrian activity and crossing by dividing roadway



chicago street planting - a car-stopping perennial and annual mix fills a median planter

traffic calming

- rounded raised areas of pavement
- frequently accompanied by signage
- often installed in a series



wider walks / more landscape

- enhanced sidewalk area
- larger planters create a buffer from cars
- plantings add color and interest to the street
- trees and plantings cause drivers to slow



Festival Street - flexible space within roadway

bollards

- restricts access
- defines areas



roads that wind



roadway narrowing

- reduce lane width
- add diverters and chicanes
- add a planted median
- introduce angled parking
- add bike lanes
- curb extensions



paving material

- material change identifies different zones
- reduces traffic speed



pedestrian amenities



greenwood ave. bulb - a protected seating area and rotating art exhibit

wider walks / more landscape

- enhanced sidewalk area
- larger planters create a buffer from cars
- plantings add color and interest to the street
- trees and plantings cause drivers to slow



greenwood ave. - lane replaced by bulb, cars slow to negotiate turn, ped space defined and enhanced with plants, seating and art

street furniture / lighting



Pedestrian Promenade - access by pedestrians and cyclists, motor vehicle use prohibited

streets closed to cars

- identified delineation between pedestrian area and adjacent roads



pedestrian amenities

- street furniture for long-term and short-term visits



creating social spaces

- activities for all ages



art elements

- encourage interaction with pedestrians



creating memorable spaces



PREFERRED CONCEPT | FLEXIBLE FESTIVAL STREET | DESIGN NARRATIVE

URBAN FOREST

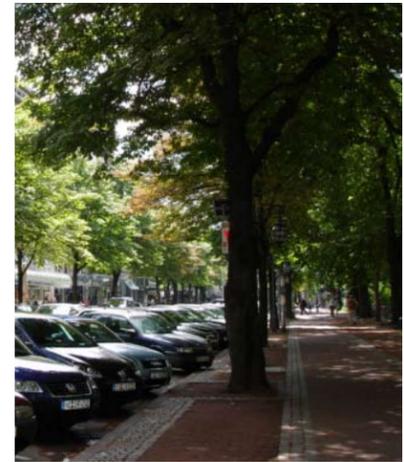


Tree Canopy

- Increase total number of trees
- Create tree canopy between Main and 3rd
- Maintain existing healthy tree canopy
- Remove unhealthy trees and replace with appropriate tree species and locations
- Reduce maintenance conflicts between vegetation and buildings

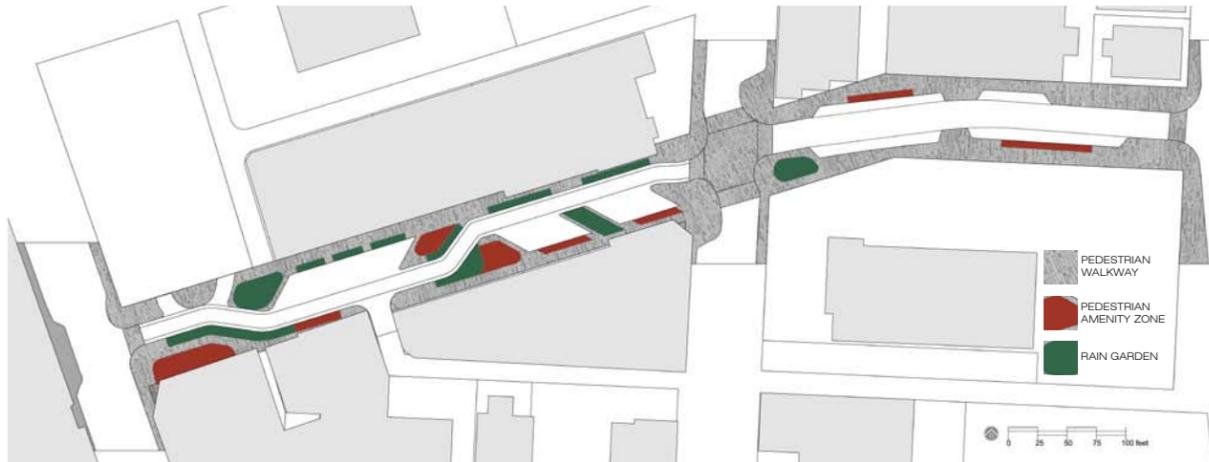


TREE CANOPY ENHANCES RETAIL SPACE



MATURE URBAN FOREST

PEOPLE PLACES



Balance of Users

- Increase pedestrian use and accessibility
- Maintain public space for sidewalk cafes and retail displays
- Provide public seating along corridor
- Incorporate public art
- Use vegetation to provide horizontal separation from vehicles
- Allow for flexible uses when the street is closed to vehicles

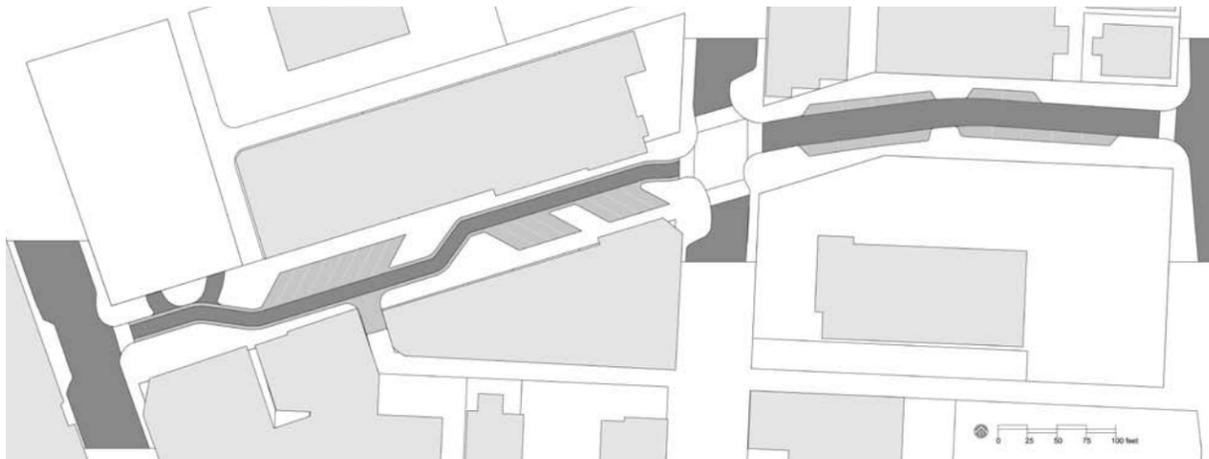


STREET USE TRANSFORMATION



PUBLIC ART AND PEDESTRIAN AMENITIES

RIGHT-OF-WAY GEOMETRY

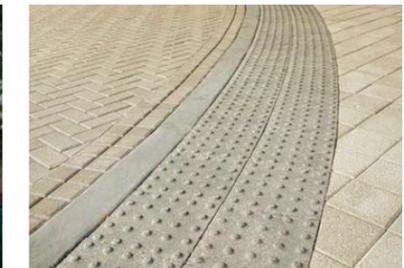


Vehicle Access and Parking

- Maintain existing traffic flow to allow one-way travel down west block, two-way travel down east block
- Manage speed with 10' vehicle travel lanes
- Accommodate emergency vehicle access and maintain 15' minimum clearance
- Provide parking
EXISTING: 35 SPACES
PROPOSED: 31 SPACES
- Facilitate flexible use of vehicular space with curbless design, especially during markets, fairs & other events



EUROPEAN CURBLESS SHARED STREET

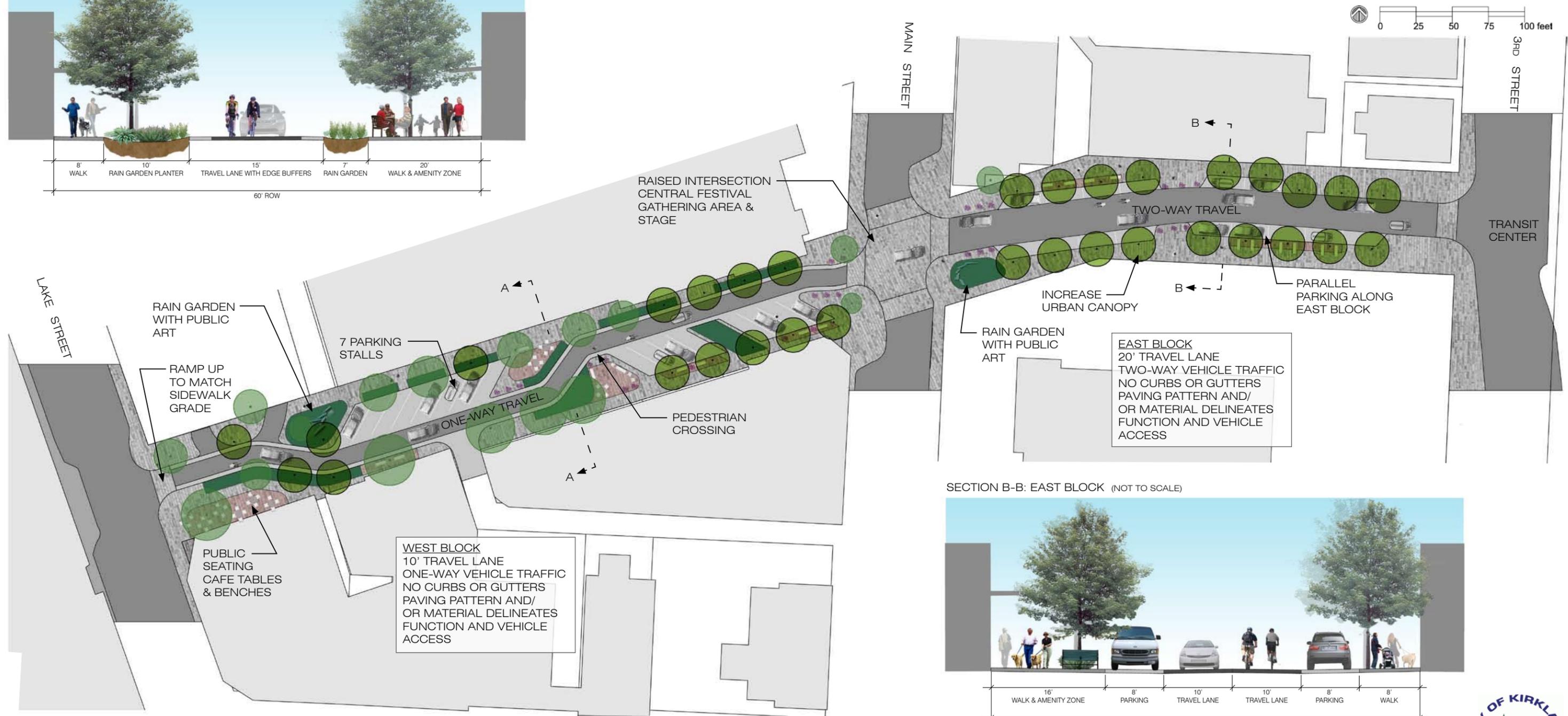
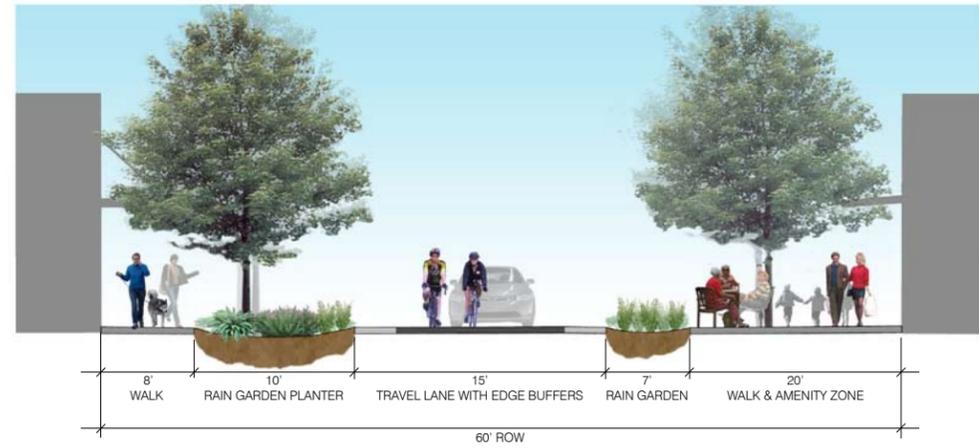


DETECTABLE WARNING PAVERS MAY SEPARATE USES

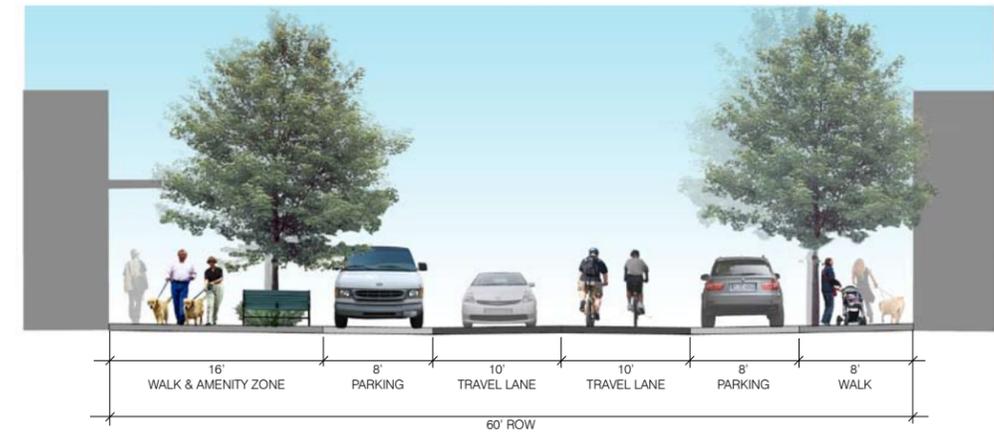


PREFERRED CONCEPT | FLEXIBLE FESTIVAL STREET | PLAN AND SECTIONS

SECTION A-A: WEST BLOCK (NOT TO SCALE)



SECTION B-B: EAST BLOCK (NOT TO SCALE)



LEGEND

- EXISTING TREE
- PROPOSED TREE
- RAIN GARDEN
- PEDESTRIAN AMENITY ZONE
- ROADWAY
- PEDESTRIAN WALKWAY
- PARKING BAND





CITY OF KIRKLAND
Department of Planning and Community Development
123 Fifth Avenue, Kirkland, WA 98033 425-587-3225
www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager
From: Dawn Nelson, AICP, Planning Supervisor
Date: February 2, 2009
Subject: ARCH ADMINISTRATIVE STRUCTURE, File MIS09-00001

RECOMMENDATION

Staff recommends that the City Council review the attached documents and provide comments to staff on the proposed modification to the organizational structure of ARCH and the potential expansion of the ARCH Sphere of Influence to include the cities within the Snoqualmie Valley that must plan under the Growth Management Act.

BACKGROUND DISCUSSION

The ARCH Executive Board is considering whether to shift the administrative structure of ARCH from its current Interlocal Agreement joint board structure to a nonprofit corporation. The primary goal of this effort is to streamline the administration of housing trust fund monies, thus reducing the burden on individual member cities and local housing agencies. These revisions will not change the underlying function of ARCH in terms of its core activities, and its role to assist its members in their individual and collective efforts to address affordable housing needs in our member's communities. Attachment 1 includes background information and a summary of the proposal. Attachment 2 shows how the annual ARCH budget would be affected by the change.

ARCH is collecting input from all member cities at this time. Arthur Sullivan will attend the February 17th City Council meeting to answer questions and hear the Council's discussion of this issue. .

Cc: Arthur Sullivan, ARCH, 16225 NE 87th Street, Suite A-3, Redmond, Washington 98052



SUMMARY

Project Analyzing Impacts of Converting ARCH's Administrative Structure In Order to Streamline Housing Trust Fund Administration for Member Cities

January 2008

The ARCH Executive Board is considering whether to shift the administrative structure of ARCH from its current Interlocal Agreement joint board structure to a nonprofit corporation. The primary goal of this effort is to streamline the administration of housing trust fund monies, thus reducing the burden on individual member cities and local housing agencies. These revisions will not change the underlying function of ARCH in terms of its core activities, and its role to assist its members in their individual and collective efforts to address affordable housing needs in our member's communities.

Background

ARCH is an interlocal agency whose members consist of 15 Eastside cities and King County. Its mission is to promote the creation of affordable housing, assist members with allocation of city funds for affordable housing, and assist members with developing and implementing local housing plans programs. ARCH was created in 1992, and has grown from an original membership of 3 cities and King County, to today's current total of 16 member jurisdictions.

Because ARCH is an interlocal agency with a joint board, it is not a separate legal entity. It cannot sign contracts, own property, hire employees, or undertake other similar activities. ARCH's administrative budget is funded with support from all members, and is administered through the City of Bellevue.

Housing Trust Fund Administration

Individual Projects. The current Trust Fund process is that each Council sets aside funds for affordable housing in their budget. ARCH then screens applications for funding and returns to each Council with recommendations for specific projects for each council to review and approve. Typically, any single housing project is supported by several cities (one recent project had funding from 10 cities), each of which executes a separate funding agreement with the same project developer. Once approved by a City Council, ARCH staff provides much of the staff support working with the applicant and each City to prepare the contracts, administer the release of funds and monitor projects over time. The current process, in addition to requiring ARCH and city staff time to create multiple sets of documents, adds complexity for the applicant in both preparing, and over time, administering separate contracts for each city.

Overall Trust Fund Accounting. In addition to tracking funding for each project, there is also a need to monitor each city's overall funding for affordable housing. This involves tracking new allocations of funds within city budgets, tracking the expenditure of funds over time (projects often take over a year to actually receive funds), and tracking any repayments received by cities from individual projects. This can become complex because each city has their own financial systems and preferred methods of accounting and disbursing funds. A more centralized financial system can simplify the tracking of funds over time.

For over a year, the ARCH Board has looked into ways in which, once Councils approve a project, the administration of funds and funding agreements could be streamlined and simplified. Specifically, the goal was to find a mechanism by which a single contract could be executed with a developer addressing the contributions of multiple cities to any single development project.

The simplest option would be for a member jurisdiction to volunteer to serve as “administering agency” for Housing Trust funds. That “administering agency” would hold the Housing Trust Funds of multiple jurisdictions. Once a project is approved by Councils, the administering agency would enter into a Funding agreement with a developer—a single agreement for each housing project, under which funds from multiple jurisdictions could be applied and tracked. However, no jurisdiction has been interested or willing to take on this responsibility. Therefore, this past summer the ARCH Board determined to analyze other options to achieve this streamlining.

Options Considered

The Board has compared several options, including:

- remaining a joint board and using an administering agency to carry out contracting responsibilities (no member agreed to be the administrator)
- creating a nonprofit corporation
- creating a limited liability corporation
- creating a general or limited partnership.

These options cover the range of legal structures currently available to cities. After examining these options, the Board has determined that if a new administrative structure is pursued, the preferred option is transforming ARCH into a nonprofit corporation – the same mechanism used recently in east King County to create the Cascade Water Alliance and NORCOM (consolidated 911 call center). The Board believes the nonprofit option is preferable because:

- it is relatively simple to accomplish
- it can be implemented without fundamentally changing the current governing arrangement and nature of local city council involvement in decision making
- it will allow the desired streamlining to be accomplished
- as a separate legal entity, ARCH could act more nimbly and quickly in response to opportunities (under the Board's direction)
- the nonprofit form has been used elsewhere and is familiar to many of the Members
- the conversion is inexpensive to accomplish and has a minimal ongoing cost impact

Impact of Implementing Change to ARCH Structure

If the Member Cities ultimately approve a change in ARCH's corporate structure to a nonprofit corporation, the city councils' involvement will remain essentially unchanged. Other administrative and operational activities will change.

What Stays the Same

- ARCH's governing structure (Executive Board, Citizen Advisory Board).
- Council approval of ARCH Work Program and Budget.
- Review process, including city council approval, of applications for funds from the Trust Fund.
- ARCH assistance to cities for other items in the ARCH Work Program. For example:
 - Assisting cities with developing and administering locally developed plans, regulations and programs related to affordable housing;
 - Assisting member cities with local discussions related to affordable housing needs in their community;
 - Collection of housing data for individual cities and the collective 'Eastside';
 - Representing members' perspective at regional meetings.
- ARCH staff remain employees of the City of Bellevue.

What Changes

- Once Trust Fund projects are approved by Councils, the Housing Trust Fund process responsibilities for individual members would be streamlined by having ARCH directly contract with developers. (Consolidates multiple contracts into a single contract through ARCH.) This will result in additional costs to ARCH as legal review will be done directly through ARCH, rather than relying on each City's legal review process. While this will not have a direct offsetting savings to cities, it will result in less city legal, planning and finance staff time being spent on the administration of individual contracts. ARCH staff will also have to spend less time on the process of creating multiple contracts for each project.
- ARCH would establish a centralized financial accounting system in behalf of all members that would monitor all housing funds both collectively and for each individual city. ARCH does this now on a more informal basis, but a new system would be directly linked to the accounts where funds are deposited.
- A new interlocal agreement and supporting bylaws and articles of incorporation would need to be created. ARCH's current governance and funding arrangements in place today could be essentially replicated under a nonprofit corporation form.
- ARCH would directly pay day to day operating expenses rather than being paid through the City of Bellevue.
- ARCH would establish its own bank accounts and a more formal accounting structure.
- As a nonprofit corporation there are requirements to file annual reports with the state and be subject to annual audit like other municipal entities. Currently ARCH creates financial monitoring reports but they are only presented to its members via the Executive Board. There would be some costs associated with the more formal audit procedures.

ATTACHMENT 1

- ARCH would need to retain its own legal counsel and accounting services. (See comments above related to Trust Fund contracts and auditing.) To cover these costs the administrative budget increase, in current dollars, is estimated at about \$20,000 to \$25,000 annually. (ARCH's current operating budget is approximately \$500,000).
- There will be a transition cost associated with the conversion to a nonprofit (cost of developing the new agreements, filing them, establishing bank accounts, an initial accounting review). This is estimated to be less than \$40,000 which is budgeted within the existing ARCH administrative reserve (for consultant contract to explore options and develop the necessary agreements, and setting up financial systems).

Other Implications/Opportunities

- ARCH would be able to take on tasks that cities are currently authorized to undertake individually--should the members so choose, and which a member would prefer ARCH act as a conduit in the City's behalf. These could include things such as holding property or administering programs in behalf of ARCH members.
- ARCH would not be subject to income or property taxation by this conversion. In addition, though infrequent in the past, donations to ARCH would remain tax exempt to the donor as they are today.
- There would be an increased degree of legal insulation between the members and ARCH for actions taken by ARCH (e.g. Trust Fund contracts)
- ARCH Sphere of Influence- Within the ARCH Interlocal Agreement, cities that can join ARCH is defined by the ARCH Sphere of Influence (East King County). Currently all cities within the ARCH Sphere of Influence are members of ARCH. When ARCH was first formed it was anticipated that it might be worth expanding ARCH's Sphere of Influence at some point to include those cities within the Snoqualmie Valley that must plan under the Growth Management Act (Duvall, Carnation, Snoqualmie, North Bend). If the ARCH Interlocal Agreement is revised to address the organization structure of ARCH, it would appear to be timely to also consider expanding the ARCH "sphere of influence" to include these Snoqualmie Valley cities. This does not mean these cities must join ARCH at this time, but it would mean that cities in that area could join ARCH, with ARCH Board approval. This would be similar to what was done in the past for other cities in East King County.

Next Steps

After this informational update is circulated to all Member Councils, feedback will be considered by the Board. Assuming there is general concurrence from Member City Councils, work will proceed to develop the interlocal agreement, articles of incorporation and bylaws necessary to implement the transition. Once those documents are drafted, they will be reviewed by member cities' staff and the Board. As finalized, the documents will be submitted to City Councils for review and approval. If approved, the transition could be completed within the calendar year.

I. ARCH ANNUAL OPERATING EXPENSES**COMPARISON OF CURRENT ARCH BUDGET TO
ESTIMATED BUDGET WITH NEW ADMINISTRATIVE STRUCTURE**

ITEM	<u>CURRENT</u> <u>2009 BUDGET</u>	<u>BUDGET REFLECTING</u> <u>NEW STRUCTURE</u>
Staffing		
Sub-total	\$ 453,190	\$ 453,190
Rent	\$ 12,052	\$ 12,052
Utilities	Incl^	Incl^
Telephone	\$ 2,575	\$ 2,575
Operating		
Travel/Training	\$ 2,000	\$ 2,000
Auto Mileage	\$ 3,650	\$ 3,650
Copier Costs	\$ 2,750	\$ 2,750
Office Supplies	\$ 2,068	\$ 2,068
Office Equipment Service	\$ 4,000	\$ 4,000
Fax/Postage	\$ 2,060	\$ 2,060
Periodical/Membership	\$ 3,588	\$ 3,588
Misc. (e.g. events,etc.)	\$ 1,840	\$ 1,840
Insurance	\$ 8,420	\$ 8,520 *
Legal Services	NA	\$ 7,500 **
Audit/Financial		\$ 15,000 ***
Finance Fees		\$ 1,000
Sub-total	\$ 30,376	\$ 53,976
TOTAL	\$ 498,193	\$ 521,793
TOTAL INCREASE IN BUDGET		\$ 23,600

* Need to add fidelity insurance. (WCIA quoted cost of \$100)

** Primarily legal review of trust fund contracts, plus some general legal.

*** Estimate based on a mid-level accounting review.



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
Ray Steiger, P.E., Capital Projects Manager
Date: February 10, 2009
Subject: STATE OF THE STREETS REPORT

RECOMMENDATION:

It is recommended that the City Council review and discuss the 2008 State of the Streets report.

BACKGROUND AND DISCUSSION:

In 2002 and 2005, City Staff presented Council with reports that summarized the City's Pavement Management System (PMS), the roadway network pavement condition, and made recommendations for funding of the City's Annual Street Preservation Program. Using information presented in the reports, and after discussions with Staff, Council established budgets for the Annual Street Preservation Program. Additionally, based on the 2005 report, Council approved the purchase of a commercial grade asphalt paving machine for use by City maintenance personnel to supplement the Annual Preservation Program, and established an annual sidewalk repair program of \$200,000.

In the spring/summer of 2008 the City's pavement ratings were updated again using the same visual inspection and the standard rating process that is employed by many other agencies throughout the region. This rating process evaluates all of the same attributes that were evaluated in 2002 and 2005 thus allowing internally consistent and comparable results from year to year. This year's report, "2008 State of the Streets" (Attachment A), summarizes where the City roadway network was previously, examines the status of where the network is today, and looks forward under various funding and repair strategies to where the pavement ratings are likely to be in the future. Also included in this year's report are summary maps graphically depicting the roadway condition, the proposed preservation program, and a survey of approximately 75 individuals throughout the community regarding their opinions on the City's street maintenance program.

The overall Pavement Condition Index (PCI) for the City's street network after the 2008 assessment was 65; this compares to a PCI of 70 and 67 in the 2005 and 2002 reports respectively. As a point of reference, a newly paved roadway has a PCI of 100, and over time the PCI decreases depending on environmental and other factors (Figure A). The PCI of the overall network is a combination of all roadways (150 miles of City streets) and their respective PCI's, and is used to examine the overall "health" of the network. Other factors need to be considered such as the type of road with a low PCI (an arterial must keep a higher PCI than a local access road), however the PCI is a good benchmark to use for comparisons. An industry accepted ideal PCI is in the range of a PCI of 85.

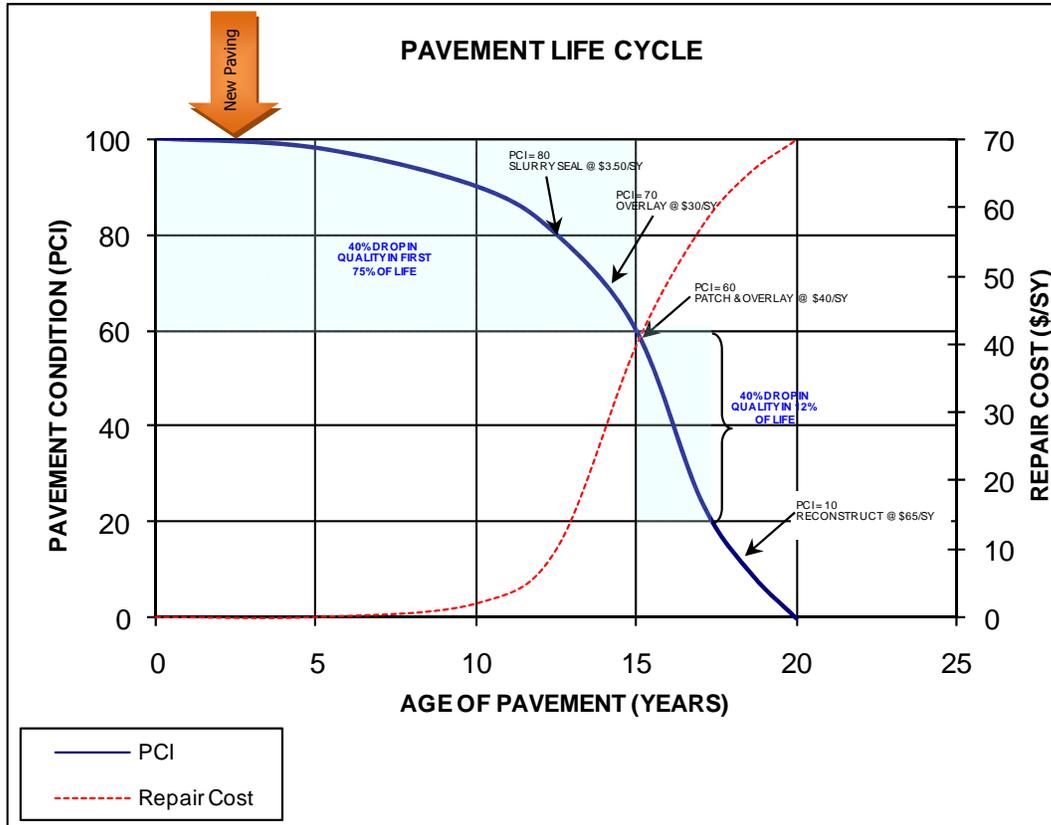


Figure A

A slight degradation of City's PCI since 2005 was anticipated based on a funding level slightly below optimum, however the degradation was accelerated by the reduced purchasing power of the established budget. Analysis done for the 2005 report anticipated an approximate 4% inflation rate, however as has been seen through the City's own experience since that time, the actual inflation rate for asphalt has been significantly above 4%; for the 2002-2007 period, a 12% inflation factor was seen (Figure B). These two factors, budget and inflation, overshadowed maintenance improvements brought about by the purchase of the paving machine.

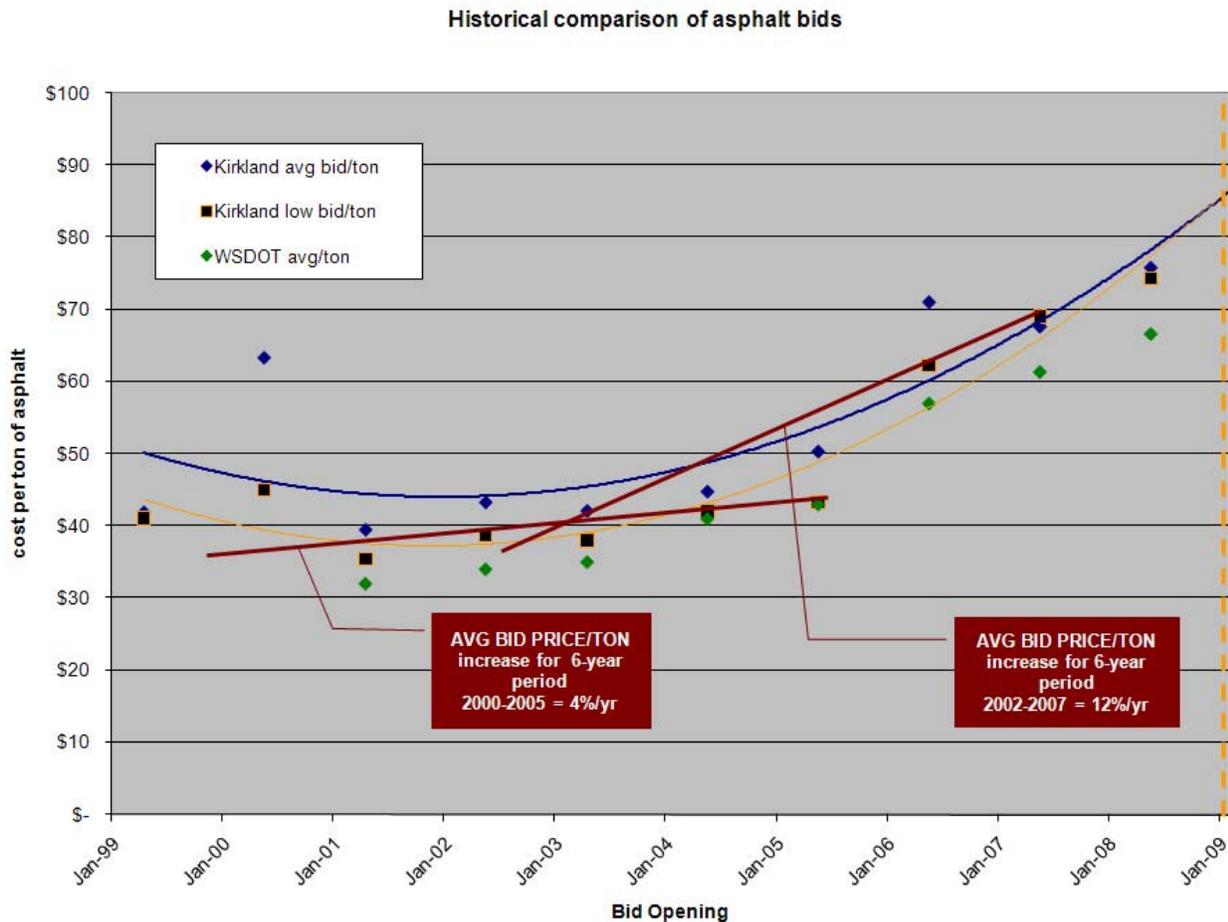


Figure B

A second attribute that is looked at through the PMS is the deferred maintenance of the network – the estimated repair cost in current dollars to bring the whole system to a PCI of 85. In 2005 the deferred maintenance of the City’s street network was approximately \$9,000,000, whereas today replacement of the network would cost an estimated \$15,500,000. The cost per ton of asphalt has increased from approximately \$42 in 2005 to \$80 in 2008; this factor alone would likely double the cost of deferred maintenance calculated in 2005. The fact that deferred maintenance has not doubled indicates that this attribute of the system is being improved and the annual preservation program is moving forward to arrest the degradation of this infrastructure. However, more remains to be done.

The annual street preservation program is one category of the City’s transportation program. Other categories are building the capacity network to comply with concurrence under GMA, other maintenance programs, and building the non-capacity (or non-motorized) network. Approximately \$7.4 million of funding is annually available for the transportation system from a number of sources and for the 2009-2014 CIP were targeted as shown in Figure C.

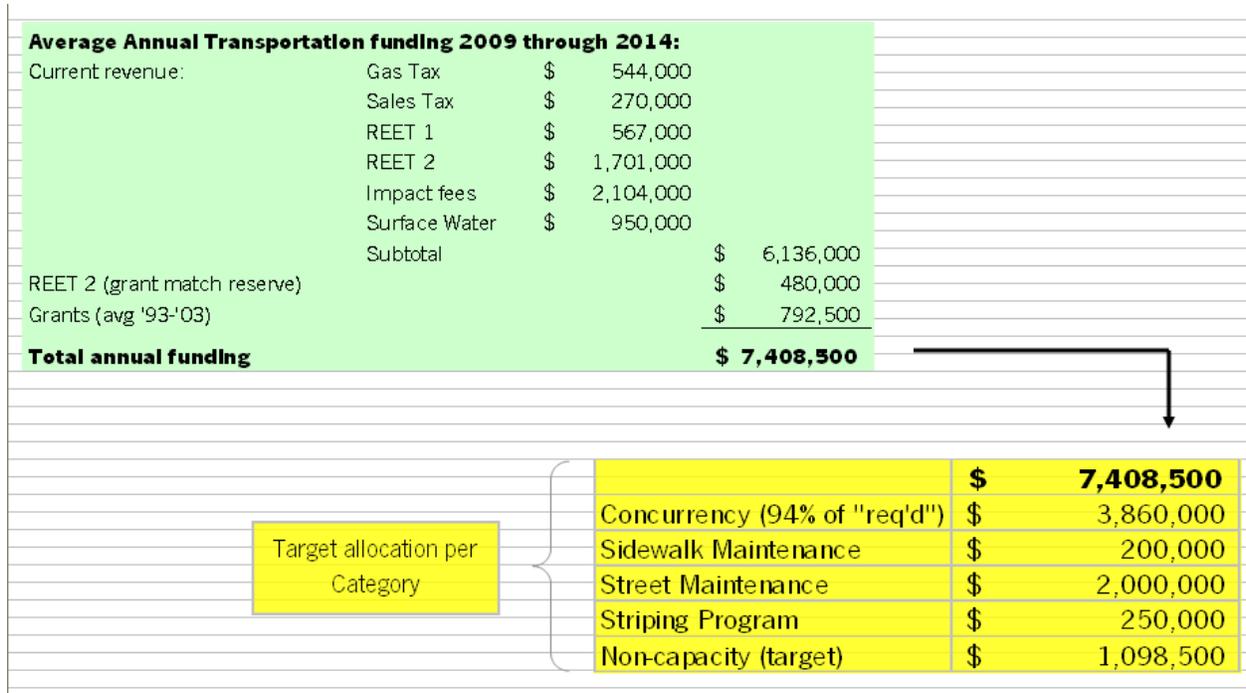


Figure C

For the 2008 State of the Streets report, a number of scenarios were modeled using the PMS to examine the impact of various annual funding levels on the City's overall street network; those scenarios and their required ten year spending amounts are as follows:

- Scenario 1: 2009-1014 CIP Budget (10 yr funding \$24.5M or avg spending \$2.45M per yr)
- Scenario 2: Maintain Current PCI of 65 (\$60M)
- Scenario 3: Increase Current PCI to 70 (\$77M)
- Scenario 4: No Increase in Deferred Maintenance (\$94M)
- Scenario 5: Budget Needs Analysis – Increase PCI to 85 (\$240M)

All of the scenarios utilize higher funding levels than previous preservation programs. 2008's budget was \$2.2M including the CIP and operations and maintenance components, and all have varying outcomes over the next ten year period. A comparison of the scenario's effects on PCI and deferred maintenance are shown below graphically in Figure D and Figure E.

Comparison of Scenarios

Pavement Condition Index (PCI)

The figure below illustrates the change in PCI over 10 years for each budget scenario. With unlimited funding ("Budget needs" scenario), the pavement network reaches an optimal PCI of 85 after 5 years. The current budget projects a decrease in the network PCI over the 10 year period.

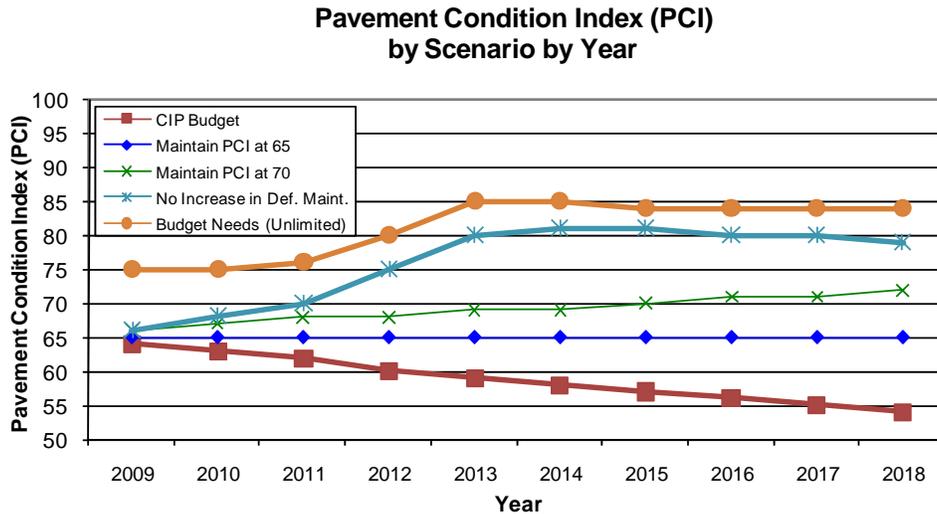


Figure D

Deferred Maintenance

The figure below illustrates the deferred maintenance accumulated over 10 years for each budget scenario. With unlimited funding, the deferred maintenance is zero. The deferred maintenance with the other scenarios increases dramatically after 2011.

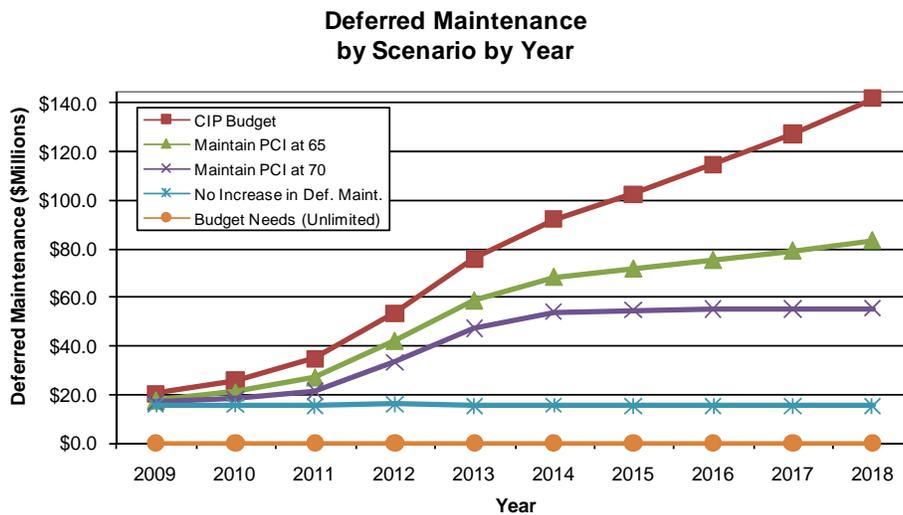


Figure E

Given the pressure on available local funding for the various categories in the City's transportation system, it seems unlikely that increases beyond the current 2009-2014 CIP (Scenario 1) are available and are not recommended at this time by Staff.

Staff is however pursuing additional street preservation funding through the PSRC as a component of the anticipated Federal Stimulus package. Kirkland has included \$3,000,000 for the annual street preservation program in its 2009 request for federal funding; this request along with approximately 450 projects representing \$3.5 billion worth of local agency Puget Sound region transportation needs are being submitted to Olympia this month. Although not an ongoing source of revenue and only available to be used on Federally classified routes (some collector streets and above in Kirkland), infrastructure maintenance remains a key component in the overall Federal stimulus package and identifying the Kirkland needs at a regional level is critical. Staff is also continuing to work with other local agencies in a collective effort to identify overall regional transportation needs while establishing reporting consistency; as related to asphalt preservation, which will mean that repair strategies for one jurisdiction are identified and estimated similarly in other jurisdictions.

Also included within this report are the results of a focus group survey that was undertaken in the Fall of 2008 (Attachment D) as a follow up to the February 2008 Community Survey. The 2008 Community Survey indicated that, along with a few other services, the City's "Street Maintenance" performance was less than the importance of the service provided and as such presented an opportunity for improvement.

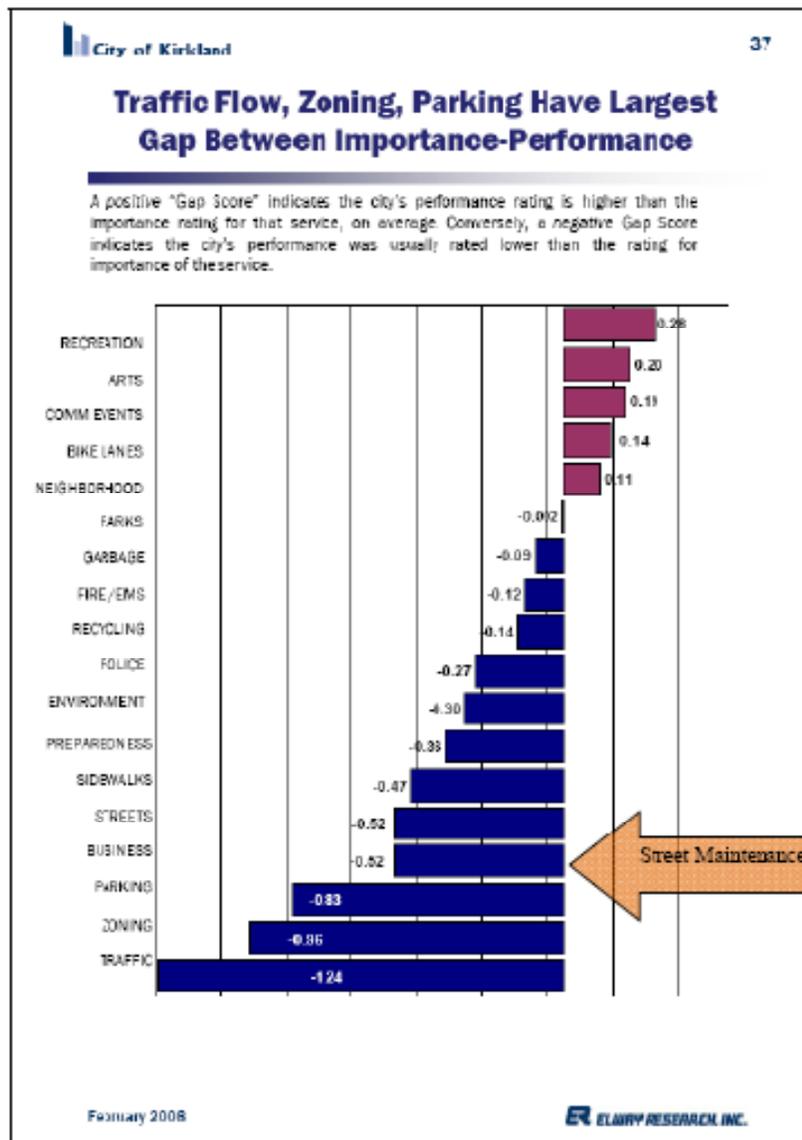


Figure F

In order to better understand the specifics of the community's concern or their "Gap Score" as identified in the 2008 Community Report, street maintenance was broken into a number of specific elements. The elements were then included in an electronic survey which was emailed to a number of community members, and they were asked to respond. Nearly 75 respondents provided feedback in the two week response period. Using the same gap analysis that was employed in the February 2008 Community Survey, staff assembled the responses and a summary is included herein.

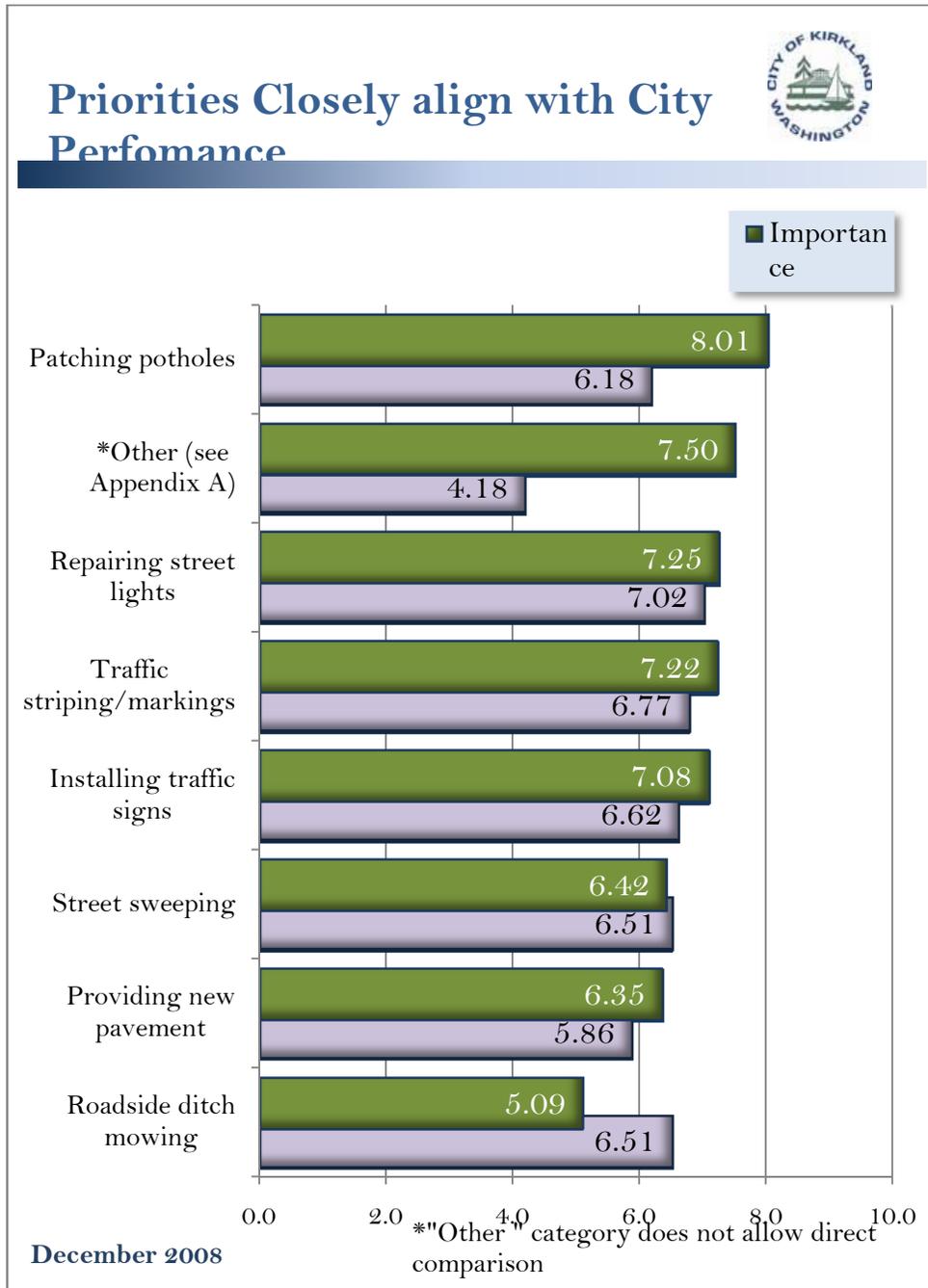


Figure G



Patching Potholes shows the greatest Gap

A *positive* Gap Score indicates that the City's performance rating is higher than the importance rating for that service, on average. Conversely, a *negative* Gap Score indicates the City's performance was usually rated lower than its importance to the respondents.

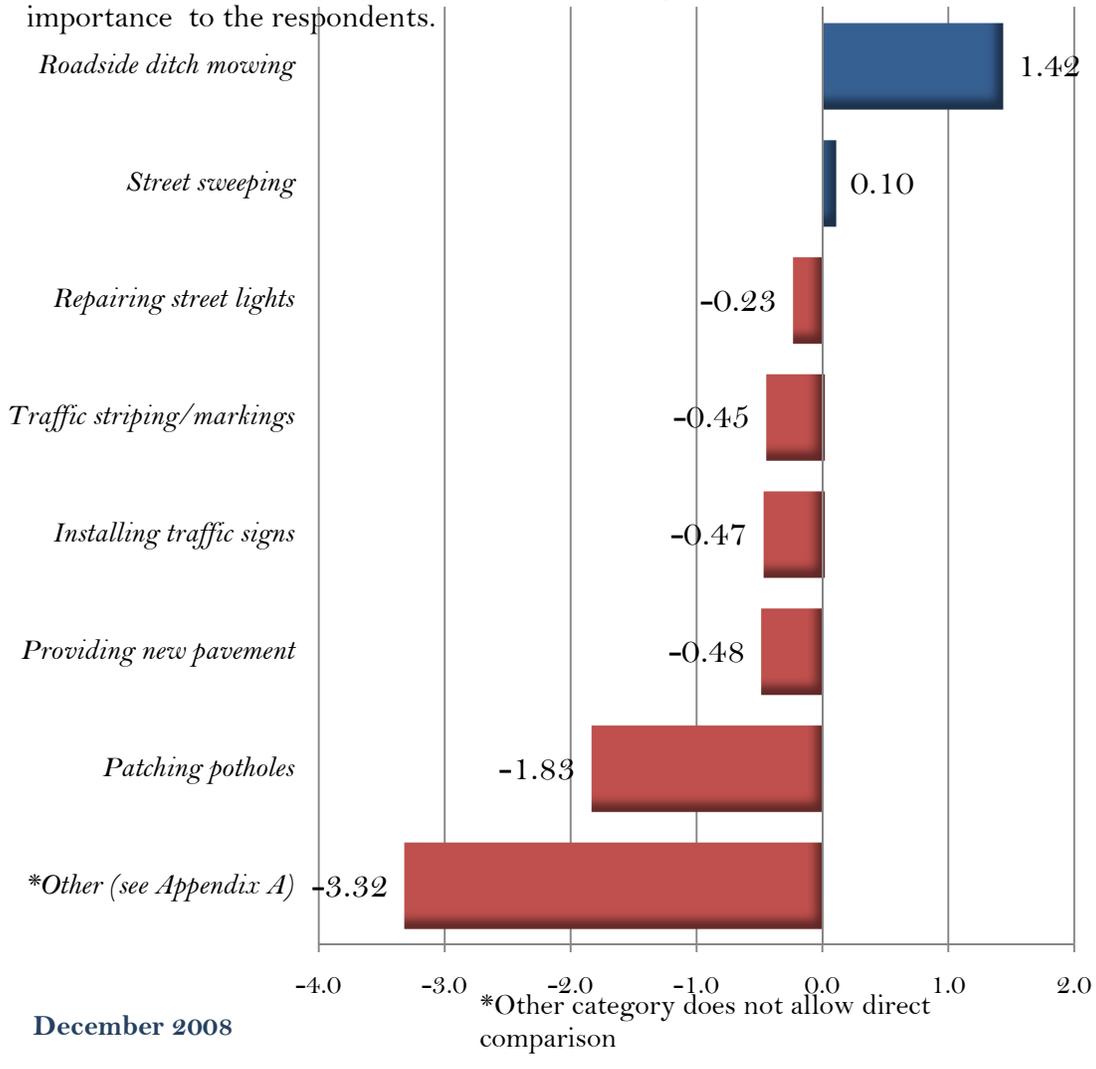


Figure H

The Community's characterization of street maintenance includes a number of areas, and this survey pointed out specific areas where City resources appear to be allocated appropriately as measured by their feedback, however patching potholes and some specific "other" situations appear to be where improvements can be made. Finally, and despite the overall PCI declining since 2005, a subjective response that was received as a part of the survey shows a continued favorable perspective of the City's street network (Figure I).

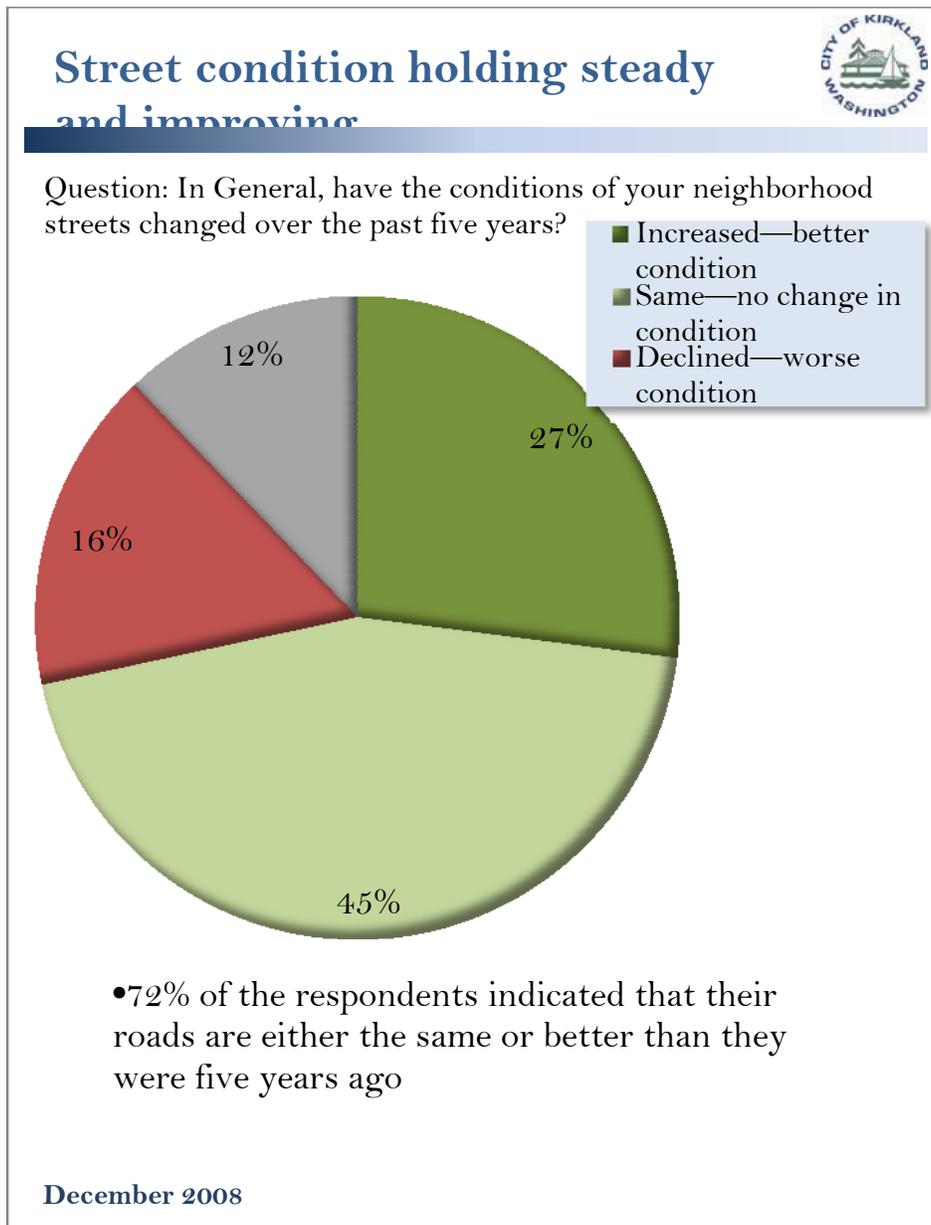


Figure 1

Staff will be available to discuss the 2008 State of the Streets report and to answer questions that Council may have on February 17, 2009.

**CITY OF KIRKLAND
STREET PRESERVATION PROGRAM**

2008 STATE OF THE STREETS

DECEMBER 2008

**PREPARED BY:
DEPARTMENT OF PUBLIC WORKS**

**CONSULTANT:
PAUL SACHS**

Introduction

In 2002 and 2005, City Staff presented Council with reports that summarized the City's Pavement Management System (PMS) and made recommendations for funding of the City's Street Preservation Program. In spring-summer 2008 the City's pavement ratings were updated using a visual inspection and standard rating process employed throughout the region. This rating process evaluates all of the same attributes that were evaluated in 2002 and 2005, thus allowing an internally consistent process. This report, "2008 State of the Streets", takes a look back at where the City was in 2005, examines the status of where we are today and projects forward to where our pavement ratings are going.

This report summarizes the recommendations of the City's Pavement Management System (PMS) and compares the costs of the recommended repair program to the City's current budget, and other scenarios, to improve overall maintenance and rehabilitation practices. It also assesses several alternate funding strategies and their effect on the City's overall pavement condition over the next ten years.

Pavement Management

The Pavement Management System (PMS) is a tool that assists in making the most efficient use of pavement maintenance funds. The 150 centerline miles of streets maintained by the City of Kirkland represent a significant public investment—the replacement cost of this network is estimated at nearly \$153 million. The Public Works Department uses the PMS database to store pavement condition data, identify street segments in need of preventive maintenance or rehabilitation, prioritize projects, and to forecast funding needs in order to maintain desired pavement performance levels. Through the maintenance of the PMS, the City is ensuring compliance with State law requiring "stronger accountability to ensure that cost-effective maintenance and preservation is provided for ... transportation facilities" in order to obtain State funding (RCW 46.68).

Rating Methodology

Pavement condition ratings are a fundamental component of the PMS. Kirkland utilizes the Washington State DOT method for objectively rating the pavement condition based on factors including cracking, patching, weathering, and rutting. From this condition data, the PMS computes a Pavement Condition Index (PCI), which ranges from 0 to 100. A PCI of 100 represents a newly constructed road with no distresses; a PCI below 10 corresponds to a failed road requiring complete reconstruction. Table 1 below shows condition categories and corresponding PCI ranges that will be used throughout this report.

Table 1. Pavement Condition Index

Condition Category	Pavement Condition
	Index (PCI)
Excellent	86 to 100
Very Good	71 to 85
Good	56 to 70

Fair	41 to 55
Poor	26 to 40
Very Poor	11 to 25
Failed	0 to 10

What Affects Pavement Ratings

Many factors contribute to the decline of pavement conditions and therefore pavement ratings.

Pavement Age – As soon as a street is paved it begins aging. Over time, asphalt concrete pavement becomes more brittle, smaller aggregate gets washed away and breaks down over time. Typical signs of distresses due to aged pavement is cracking, raveling, weathering and other non-load rated distresses.

Weather – Just as the weather outside wears the paint on your house, it can also rapidly accelerate the distresses observed in pavements. Rain, snow & studded tires, freeze/thaw, thermal expansion, UV rays all play a part in aging an asphalt concrete pavement surface.

Traffic Loading & Traffic Counts – The number of passenger cars has far less of an impact on pavements than the number of heavy trucks and buses. The majority of pavement damage is accredited to heavy trucks and busses. When designing a pavement sections, loads created by vehicles are commonly converted to an equivalent load. Typically, the equivalent load used is an “equivalent single axle load” (ESAL) and that equates to 18,000 lbs. An excerpt from an online pavement resource organization explains the relationship between axle weight and pavement damage:

From www.pavementinteractive.org:

“The relationship between axle weight and inflicted pavement damage is not linear but exponential. For instance, a 10,000 lbs single axle needs to be applied to a pavement structure more than 12 times to inflict the same damage caused by one repetition of an 18,000 lbs single axle. Similarly, a 22,000 lbs single axle needs to be repeated less than half the number of times of an 18,000 lbs single axle to have an equivalent effect.

- *An 18,000 lbs single axle does over 3,000 times more damage to a pavement than an 2,000 lbs single axle.*
- *A 30,000 lbs single axle does about 67 times more damage than a 10,000 lbs single axle.*
- *A 30,000 lb single axle does about 11 times more damage than a 30,000 lb tandem axle.*

Heavy trucks and buses are responsible for a majority of pavement damage. Considering that a typical automobile weighs between 2,000 and 7,000 lbs (curb weight), even a fully loaded large passenger van will only generate about 0.003 ESALs while a fully loaded tractor-semi trailer can generate up to about 3 ESALs (depending upon pavement type, structure and terminal serviceability).

The impact of the amount of passenger cars has a very minimal affect on pavement damage. However, increased bus and large truck traffic will greatly impact pavement damage. Over recent years there has been an increase in development and construction activities within Kirkland. Along with these increases comes an increase in large trucks and construction equipment adding more loads and damage to the City's streets. Added to this loading, a strong economy with vibrant development and construction leads to significantly more utility work within the roadway surface. Patching and small isolated paving projects also contribute to road damage and more rapid degradation.

Sub-base/Pavement Section – The material on which a pavement section is built needs to have the strength capable of supporting the pavement section and the load of the vehicles that transmit into it. In Kirkland there are several areas around town where poor underlying soils exist. Roads that are placed on these soils will quickly show signs of damage and ultimately fail, particularly where roadway sections are improperly designed.

Water – Water, whether from rainfall, ice, water main breaks, high water table, or storm runoff can be detrimental to pavements. If water is allowed to enter the sub-base, it can quickly make the materials that support the pavement unable to support loads. Water can easily enter the pavement through cracks in the asphalt, cracks in damaged curb and gutter or a leaky storm or water system. The combination of these water related factors will further increase the severity of the distresses observed in pavements.

Why Rate Pavements and Have a Pavement Management System

A functional pavement management system is key to identifying which road segments need treatment and preparing a plan for their treatment. Having an accurate assessment of your pavements helps identify what funding levels are needed to maintain or achieve a certain pavement condition. Over time if pavements are rated on a regular interval, a historical record will be created that will allow one to see how past pavement treatments are performing and how quickly pavement ratings are declining.

Maintenance Strategies

The City's Annual Street Preservation Program utilizes a variety of maintenance techniques including structural patching, overlay, slurry seal, and crack seal. These pavement treatments are often divided into two categories: *rehabilitation* and *preventive maintenance*.

Rehabilitation

The City's pavement rehabilitation program consists of two treatment methods, depending on roadway conditions.

An *asphalt overlay* is the application of 1.5" to 2.5" of asphalt concrete to the existing surface. Pavements with a PCI between 50 and 70 (upper end of "fair" to "good" condition categories) often

are treated with an *overlay*. Isolated areas of structural patching are commonly needed on these streets (see Figure 1 below). Pavements with a PCI between 25 and 50 (“poor” to “fair” condition) usually require a significant amount of patching prior to receiving an overlay. Depending on the functional classification of the street, this method can extend the life of the pavement by 15 to 20 years. About half of the streets in Kirkland are in condition categories where an overlay would be the appropriate treatment.



Figure 1. Overlay Candidate (PCI ~ 50)



Figure 2. Reconstruction Candidate (PCI = 14)

“Failed” pavements have deteriorated to a point that they require complete *reconstruction*. Pavement failure may be due to inadequate pavement structure, weak subgrade, drainage problems, or the pavement may simply have reached the end of its service life. Less than two percent of the pavement in Kirkland falls into this category. Figure 2 above illustrates a failed pavement (5th Pl S in the Moss Bay neighborhood). Figure 3 illustrates a street reconstructed in 2004 (NE 83rd St east of 120th Ave NE).



Figure 3. 2004 Reconstruction Project - NE 83rd Street (PCI Before Reconstruction = 7, 2008 PCI = 95)

Routine and Preventive Maintenance

Routine and preventive maintenance treatments allow the City to manage the pavement network in a cost-effective manner by preserving the streets that are in good condition. The City employs two different methods for preventive maintenance: crack sealing and slurry sealing.



Crack sealing involves grinding, or “routing”, cracks (Figure 4) and filling them with a rubberized asphalt material. This prevents water from infiltrating into the pavement layers. The presence of water reduces the strength of the pavement base layers which results in structural damage and ultimately will lead to pavement failure.

Figure 4.

A *slurry seal* provides a new wearing surface for pavements that are in good condition (but are worn and weathered, rutting or significant cracking) but are worn and weathered. Slurry sealing involves spreading a thin mixture of asphalt emulsion and aggregate over the entire roadway surface (Figure 5).

Figure 5. Slurry Seal

The pavement on the right would benefit from a slurry seal treatment. It is generally in “good condition” but is aging and beginning to lose aggregate and asphalt binder.



Pavement Life Cycle

Figure 6 (below) shows pavement performance and approximate repair costs over the life of a typical pavement. This figure illustrates two important concepts: 1) pavements generally remain in good condition for many years and then deteriorate rapidly, and 2) repair costs increase significantly as the pavement condition decreases. By performing preventive maintenance such as slurry sealing and crack sealing in a timely manner, the pavement’s useful life is extended (Figure 7) and rehabilitation costs are reduced.

Figure 6. Pavement Performance Curve

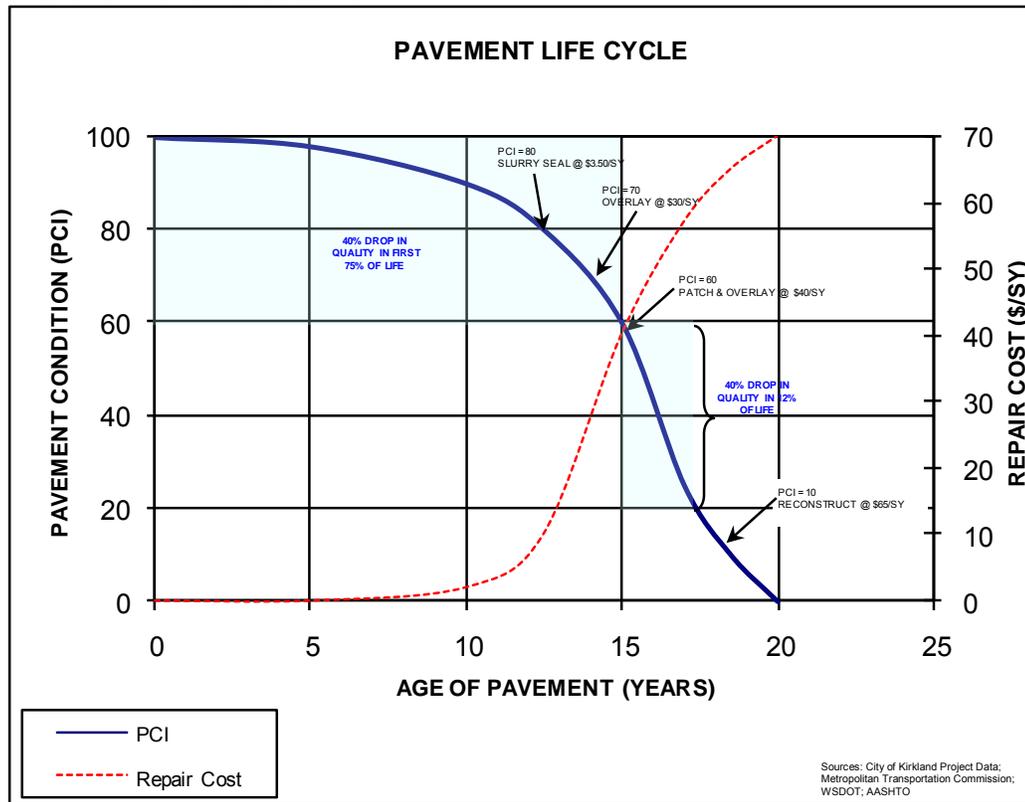
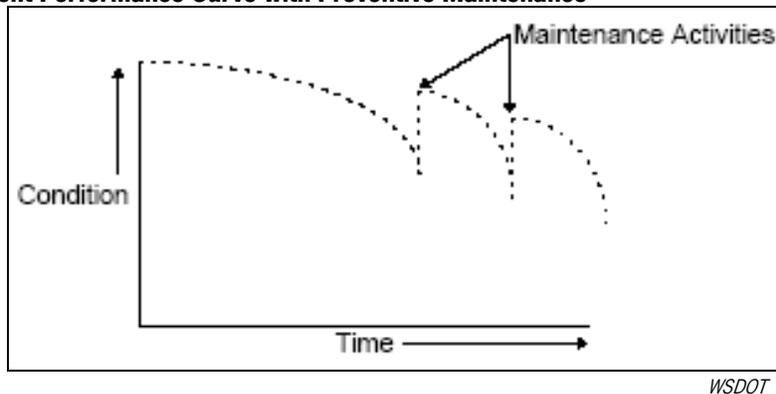


Figure 7. Pavement Performance Curve with Preventive Maintenance



Kirkland’s Comprehensive Maintenance Approach

The Street Preservation Program includes the annual street overlay and slurry seal projects done through the CIP, as well as crack sealing, structural patching, and small-scale paving projects performed by City maintenance staff. Actual project priorities are established through the consideration of numerous factors including volume and type of traffic, upcoming City and development projects, and proximity to similar maintenance projects.

Kirkland’s comprehensive approach to street maintenance also addresses issues beyond the pavement itself, such as the following:

- Areas of broken curb and gutter are also replaced prior to the asphalt overlay. Replacing curb and gutter significantly increases the cost to overlay a street, however, not doing so contributes to pavement deterioration by allowing water to enter and weaken pavement structure.
- To the extent possible, areas of broken sidewalk that pose an immediate hazard to the public are removed and replaced (Figure 8). Funding for this element comes primarily from the annual sidewalk repair program, established by the Council in 2006.



Figure 8. Curb, Gutter, and Sidewalk Rehabilitation

- In addition to the non-pavement work listed above, direction from the Department of Justice regarding the Americans with Disabilities Act (ADA) requires installing ADA-compliant sidewalk ramps on all roadway rehabilitation projects (Figure 9).
- City and franchise utilities are notified of the planned project areas in advance so utilities may be installed or upgraded prior to resurfacing, thus reducing the occurrence of trenching and patching newly resurfaced streets. (This work is funded by the utilities and does not impact the Street Preservation Program budget.)



Figure 9. Sidewalk Ramp Replacement

Kirkland's Pavement Condition Ratings

A Look Back at 2005

Beginning in 1990, Kirkland has conducted pavement condition surveys of its street network every three to four years. In the 2004 survey, Kirkland's average Pavement Condition Index was 70. In the 2005 State of the Streets report that was presented to Council, conclusions and recommendations were summarized as follows:

- The results of the 2004 pavement condition survey indicated a need for additional funding in order to maintain the condition of Kirkland's street network.
- The City's streets with the highest traffic volumes also had the lowest PCIs.
- The analysis showed the need to fund sidewalk and ADA improvements separately from the Street Preservation budget.
- In order to maintain the PCI at the 2004 average of 70, an average annual investment of \$2 million would be required.

As a result of the 2005 report conclusions, and after consideration of limited transportation funding, Council directed staff to make changes in street and sidewalk maintenance programs which include:

- The Annual Sidewalk Maintenance Program was created to help offset increasing costs of repairing damaged or broken sidewalk throughout the City. This program has an annual budget of \$200,000.
- Council authorized the purchase of a paving machine in 2005 to help increase pavement repair efficiencies and allow street crews to pave smaller residential streets/parking lots.
- The Annual Street Preservation Project budget was increased from \$1.5M annually to \$1.8M annually in the 2006-2011 CIP. (Figure 10)

The results of these changes are now able to be measured and are discussed further in this overall 2008 pavement condition assessment. The actual PCI in 2008 has dropped to 65. (Figure 10)

Figure 10. Budget Approved as Result of 2005 State of the Streets Report

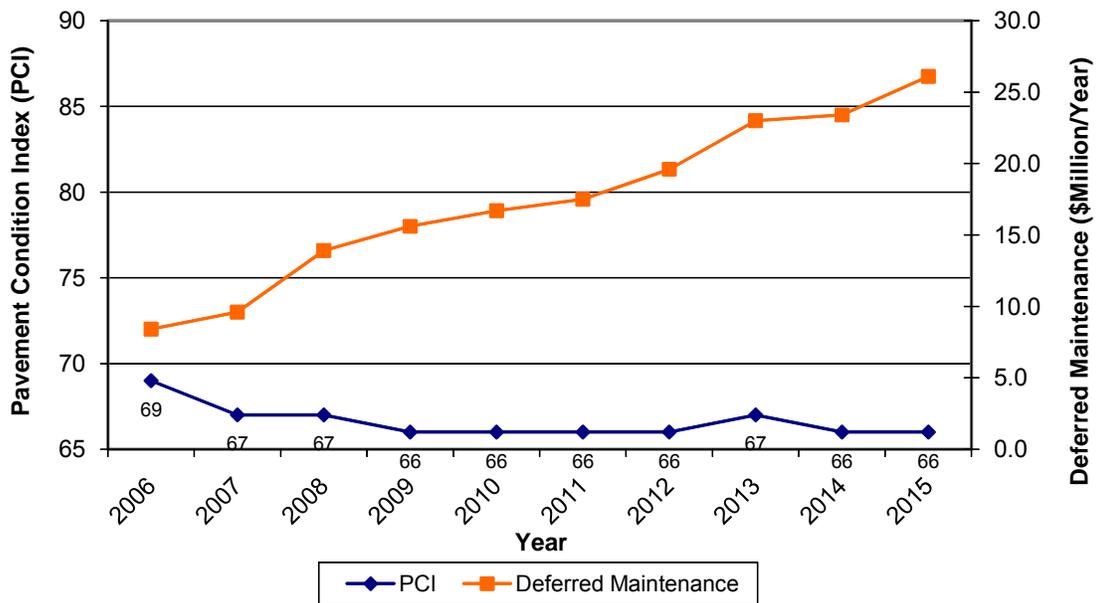
**Budget Approved in 2005 (2006-2011 CIP)
(\$18 Million / 10 years; 4% Inflation Rate)**

This scenario is the from the 2005 State of the Streets Report. It represents the approved budget from the 2006-2011 CIP, purchase of a paving machine, and creation of an annual sidewalk maintenance program.

Summary of Results

Year	Budget (\$)	Rehabilitation (\$)	Preventive Maintenance (\$)	Deferred Maintenance (\$)	PCI
2006	1,800,000	1,400,000	400,000	8,400,000	69
2007	1,800,000	1,400,000	400,000	9,600,000	67
2008	1,800,000	1,400,000	400,000	13,900,000	67
2009	1,800,000	1,400,000	400,000	15,600,000	66
2010	1,800,000	1,400,000	400,000	16,700,000	66
2011	1,800,000	1,400,000	400,000	17,500,000	66
2012	1,800,000	1,400,000	400,000	19,600,000	66
2013	1,800,000	1,400,000	400,000	23,000,000	67
2014	1,800,000	1,400,000	400,000	23,400,000	66
2015	1,800,000	1,400,000	400,000	26,100,000	66
<hr/>					
	\$18,000,000		10 Year Total		

Projected PCI and Deferred Maintenance for Current Budget



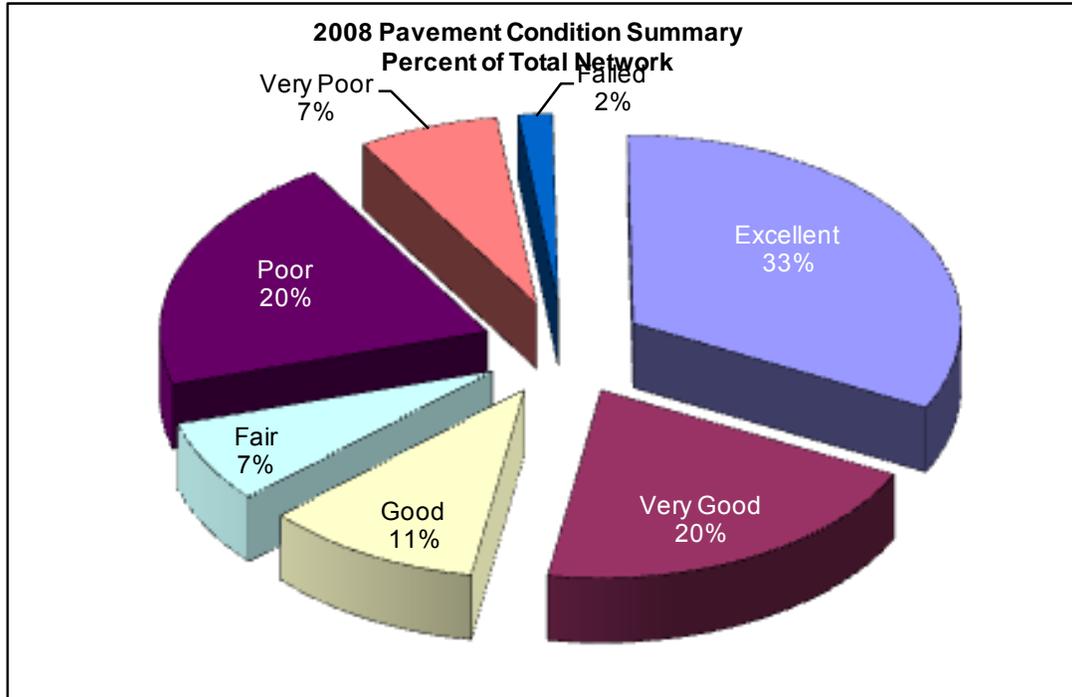
Conclusion:

The network PCI averages 66 over 10 years; deferred maintenance costs increase to \$26 million (by 2015).

Current Pavement Condition (2008 Survey)

In spring/summer 2008 the most recent pavement condition survey was completed. Kirkland's current average Pavement Condition Index was anticipated to be in the approximately 67 range, however the actual PCI is 65. A summary of the current condition of the City's street network is shown in Figure 11. Over half of Kirkland's street network falls in the Excellent or Very Good pavement condition category.

Figure 11. Pavement Condition Summary Percent of Total Network, 2008



From 2004 Survey to 2008 Survey

The city-wide average PCI in 2004 was 70, and now the 2008 average PCI is 65. As anticipated by Figure 10, although the budget approved in the 2006-2011 CIP increased the annual Street Preservation Project budget to \$1.8 million a year, a decline in the city-wide average PCI from 70 to 66 was expected, however, not until nearly 2010. The 2008 pavement rating is 2 points lower than where it was projected to be at this time and one primary reason for this appears to be the accelerated rise in costs. All of the scenarios used in earlier projections were estimated using a 4% inflation factor.

Inflation – In 2004 the inflation rate used when creating and evaluating different budget scenarios was 4 percent. Over the last four years, as more accurate data was collected based on recent project prices a more realistic inflation rate of 11 percent was calculated. The rate of inflation that is used during budget scenario analyses has a major impact on the long term pavement condition index and deferred maintenance. “Deferred maintenance” refers to maintenance activities that should be performed in the current year but, due to insufficient funds, are put off until a later year.

The larger the inflation rate, the less preventative maintenance and rehabilitation can be performed on the streets and the more gets moved into the “deferred maintenance” category. Figure 14 below illustrates overlay costs over the last decade. Since 2005, the cost of asphalt has risen significantly. The increased price in asphalt affects the overall overlay project costs.

Figure 14. Overlay Costs

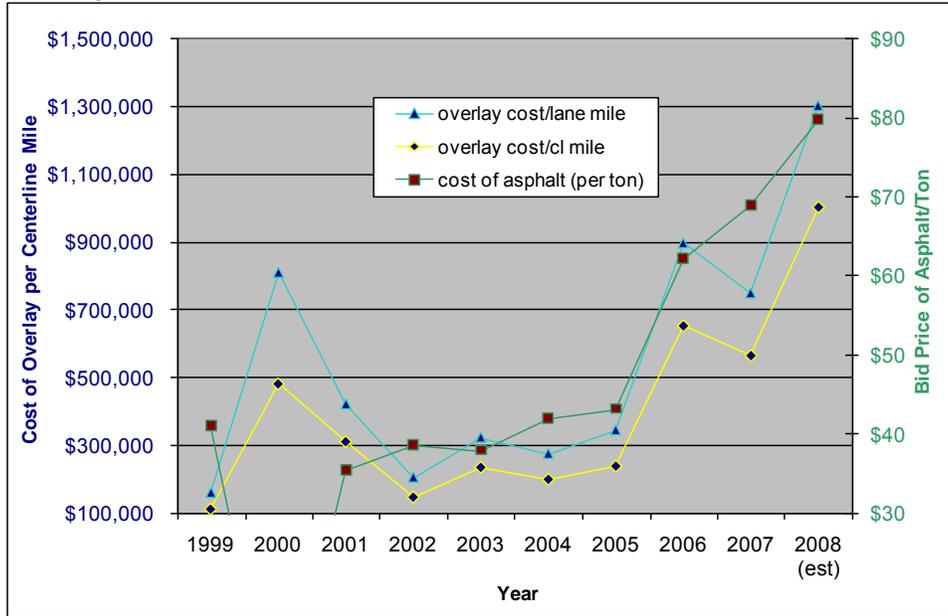


Figure 12 illustrates the current condition of the City’s street network compared to the condition of the network in 2001 and 2004. Since 2001, a larger percentage of streets moved into the “Very Good” and Excellent” condition categories, however more streets slipped into the “Poor” and “Very Poor” condition.

Figure 12. Pavement Condition Summary Percent of Total Network

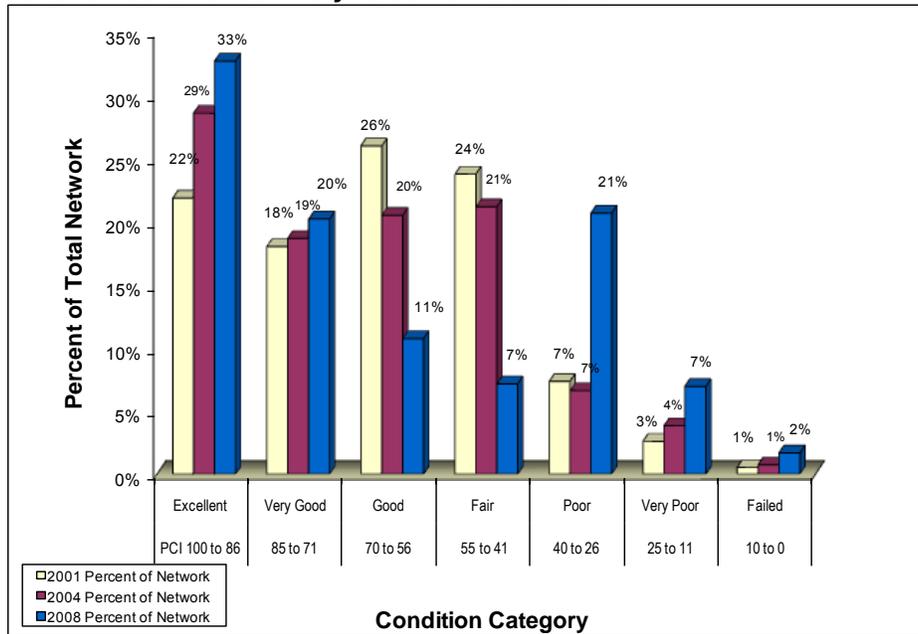


Figure 13 illustrates the average pavement condition for each street functional classification and how it has changed over the last two surveys in 2004 and 2001. By paving some of the minor arterials including State Street, NE 70th Street and portions of 132nd Ave NE over the last few years, the Street Preservation Program has been able to increase the PCI of the minor arterial street classification. However the major arterial street classification, which in 2001 and 2004 was in the bottom end of the “Good” condition category has slipped into the “Fair” condition category, despite recent paving of portions of NE 124th Street in 2008. This is a good example of streets that are hitting the steep decline area shown in the “Pavement Life Cycle” figure (Figure 6 above). Table 2 shows the average condition rating for the City street network over the past several years.

Figure 13. Pavement Condition by Functional Classification

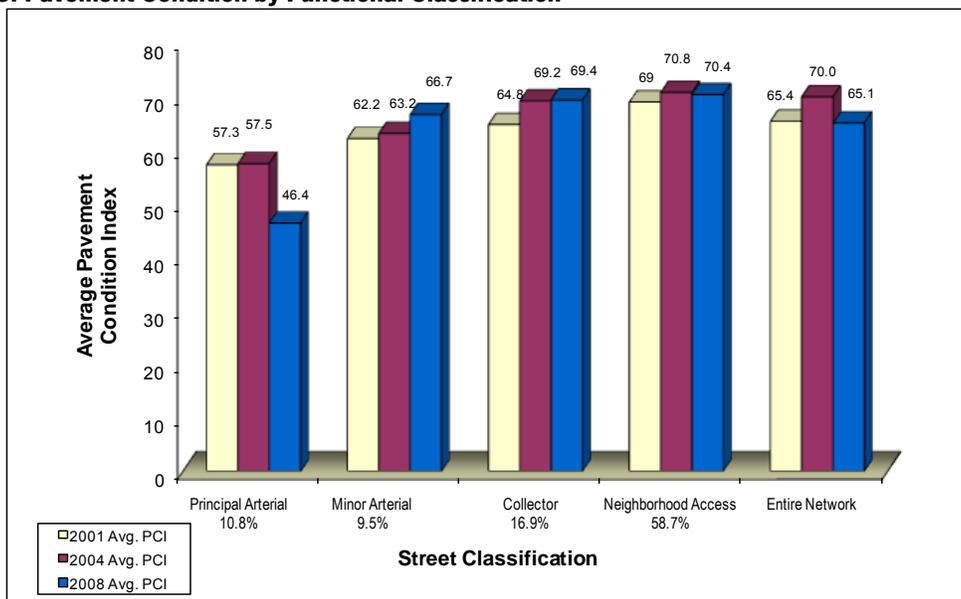


Table 2. Average Pavement Condition by Functional Classification, 1990-2008

Street Functional Classification	Overall Condition Index (OCI)*					PCI		
	1990	1992	1994	1997	1999	2001	2004	2008
Arterial	79	84	73	66	69	57	60	55
Collector	81	83	79	71	75	62	69	69
Neighborhood Access	81	85	67	74	78	71	71	70
Street Preservation Budget	\$210K	\$500K	\$800K	\$850K	\$850K	\$750K	\$1.4M	\$1.8M

* Prior to 2001, the City used a PMS that calculated pavement condition in a different manner than that currently used. A discussion of various PMS condition indices appears later in this report.

Appendix A consists of two maps of pavement ratings for all the City of Kirkland streets. The first map shows the ratings from 2004 and second map shows ratings from 2008. As you can see there is more orange and yellow on the 2008 map than there is on the 2004. The changes in colors represent the overall decline in PCI. Between the 2004 survey and 2008 survey there have been many factors that have influenced our Street Preservation Program. A few of those factors are described in detail below.

Paver Purchase – As mentioned above, in 2005 Council approved the purchase of a paver. The paver has been a useful asset to the street department and to the overall street preservation project. Since the paver was purchased, the street department has completed a number of in-house projects, a few of which are listed below (Table 3). One of the most notable projects in which the street department utilizes the new paver is structural patching of most streets identified for overlay in the Annual Street Preservation Project. Having the structural patching completed prior to the overlay contractor paving saves time and money from the Street Preservation Project.



Figure 15. Waverly Park Parking Lot

Table 3. In-House Paving Projects Completed Since Paver Purchase

Location	Description	Year
12 th Ave btwn. Market St & 1 st St.	Half-street Overlay	2005
City-Wide	Structural Patching on Overlay Streets	2006-2008
112 th Ave NE	Asphalt Sidewalk	2006
122 nd Ave NE	Asphalt Sidewalk/Path	2006
NE 120th St @ 106th Ave NE	Half-street overlay	2008
130th Ave NE @ NE 87th St	Paving of Cul-De-Sac	2008
Waverly Park Parking Lot	2" Repave of Parking Lot	2008

Annual Sidewalk Maintenance Project – in the 2006-2011 CIP the Annual Sidewalk Maintenance project was created to help address the aging and failing sidewalk panels throughout the City. Over time, as more broken and offset panels are replaced, we anticipate seeing a reduction in the amount of damaged sidewalk that will require repairs as part of the Annual Street Preservation Project.

Pavement Maintenance Funding

The average pavement condition, centerline miles, and annual pavement maintenance budget for other local cities are listed in Table 4 (below).

Table 4. Comparison of Street Preservation Programs

City	Centerline Miles	Lane Miles	PCI ¹	OCI ²	Pavement Maintenance Budget
Kirkland	147	355	65		\$1,800,000
Redmond	135	332		85	\$1,000,000
Bellevue	390	942		83	\$5,500,000
Bothell	118	264	68		\$630,000
Olympia	206	500	78		\$2,025,000

1. Bothell and Olympia calculates the PCI similar to Kirkland

2. Bellevue and Redmond use a PMS that produces a different score, called the "Overall Condition Index"

When comparing pavement condition between cities, it is important to note that there is a great deal of variability in these ratings. While the condition index produced by a PMS is valuable for tracking an agency's performance over time, it isn't necessarily an accurate method for comparing performance *between* agencies. One obvious problem with comparing condition scores is that the street networks vary drastically from agency to agency. In particular, some agencies have more land development activity and therefore have newer roads. Also, the traffic volumes and percentage of trucks and buses vary in each jurisdiction. Another difficulty in comparing with other cities arises from the lack of standardization among pavement management systems, for example:

- The various PMS platforms used by area agencies use different algorithms for calculating the condition index
- Agencies may rate their pavements based only on a single "predominant" distress observed, or as Kirkland does, the rating can be based on the percentage and severity of all distresses present
- Each agency may modify the weight given to certain distresses when computing overall condition index

Impacts of Future Funding Levels

Using inputs developed by the City's engineering staff and consultant, the PMS can predict the effects of different budget scenarios on the PCI and deferred maintenance. By examining the effects

on these indicators, the advantages and disadvantages of different funding levels and maintenance strategies become clear.

The following ten-year budget scenarios were analyzed:

Scenario 1: 2009-2014 CIP Budget (\$24.5M)

This scenario uses the proposed 2009-2014 CIP budget and the current Street Maintenance Operating budget over the ten (10) year planning horizon (2009-2018). With this scenario it assumes an average of \$400,000 of the Street Maintenance Operating budget is allocated for routine and preventative maintenance.

Scenario 2: Maintain Current PCI of 65 (\$60M)

This scenario identifies the minimum funding level required to maintain the average network PCI at the current level of 65 over the next ten years.

Scenario 3: Increase Current PCI to 70 (\$77M)

This scenario identifies the minimum funding level required to increase the average network PCI from its current level of 65 to 70 over the next ten years.

Scenario 4: No Increase in Deferred Maintenance (\$94M)

This scenario identifies the minimum funding level required to keep the deferred maintenance at current levels over the next ten years.

Scenario 5: Budget Needs Analysis (\$240M)

This scenario identifies annual funding levels needed to achieve a desired performance level—in this case a street network average PCI of 85 is considered optimal. Deferred maintenance in this scenario would be zero.

Each one of these scenarios used the updated inflation rate of 11%. The results of these scenarios are shown in detail on pages 16-20. A summary of the five scenarios is shown on page 21.

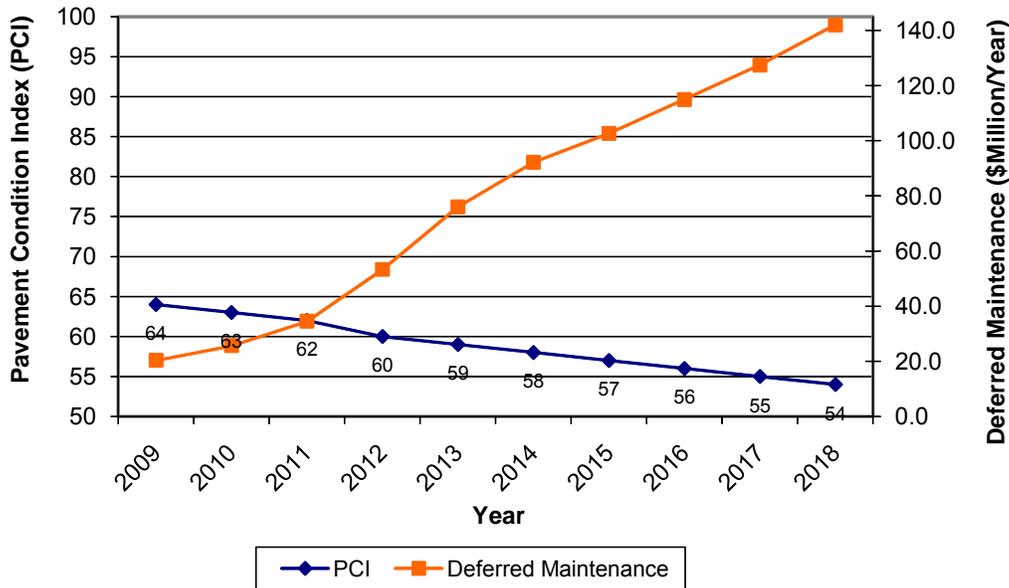
Scenario 1: CIP Budget (2009-2014 CIP)
(\$24.5 Million / 10 years; 11% Inflation)

This scenario includes the 2009-2014 CIP and a portion of the Street Maintenance Operating Budget. The CIP accounts for an annual budget of \$2,000,000*, and it is estimated that \$200,000 of that budget will be used to fund a slurry seal program (preventive maintenance). In addition to the 2.0 M, an average of \$400,000 of the Street Maintenance Operating budget is allocated for routine & preventive maintenance. (*In 2011 the proposed CIP budget is \$2,500,000.)

Summary of Results

Year	Budget (\$)	Rehabilitation (\$)	Preventive Maintenance (\$)	Deferred Maintenance (\$)	PCI
2009	2,400,000	1,800,000	600,000	20,300,000	64
2010	2,400,000	1,800,000	600,000	25,600,000	63
2011	2,900,000	2,300,000	600,000	34,500,000	62
2012	2,400,000	1,800,000	600,000	53,300,000	60
2013	2,400,000	1,800,000	600,000	76,000,000	59
2014	2,400,000	1,800,000	600,000	92,200,000	58
2015	2,400,000	1,800,000	600,000	102,700,000	57
2016	2,400,000	1,800,000	600,000	115,000,000	56
2017	2,400,000	1,800,000	600,000	127,500,000	55
2018	2,400,000	1,800,000	600,000	142,100,000	54
<u>\$24,500,000</u>		10 Year Total			

PCI and Deferred Maintenance for CIP Budget



Conclusion:

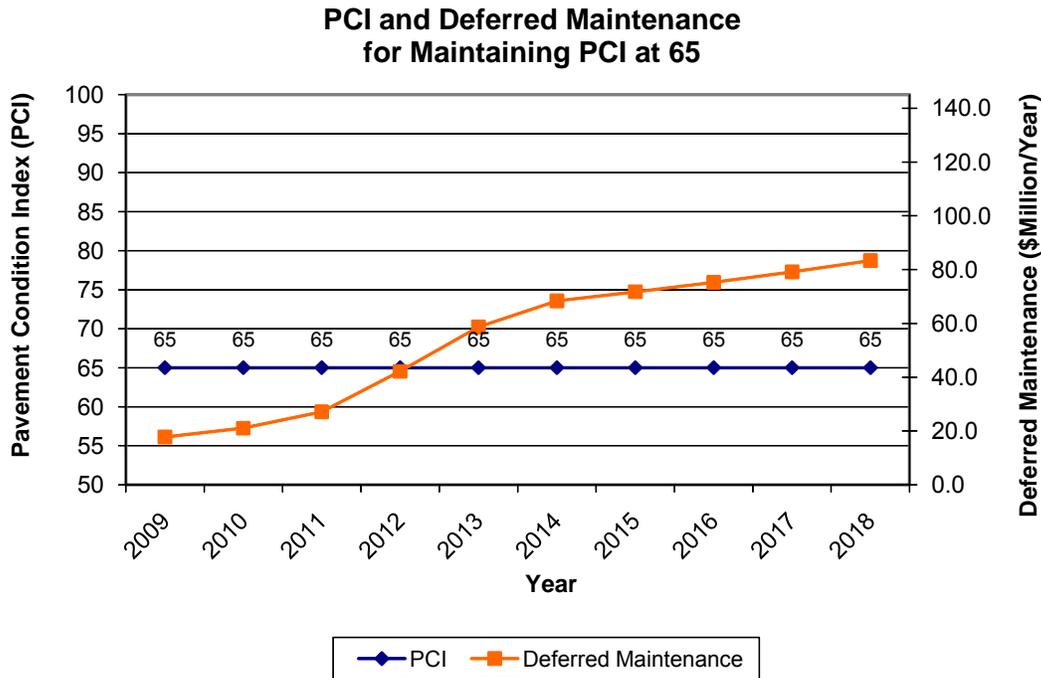
The average network PCI degrades to 54 and the deferred maintenance costs increase to over \$142 million.

Scenario 2: Maintain PCI at 65
(\$60 Million / 10 years; 11% Inflation Rate)

This scenario is the budget needed to increase the current PCI to 70. Annual preventive maintenance is assumed at 5% of the total budget.

Summary of Results

Year	Budget (\$)	Rehabilitation (\$)	Preventive Maintenance (\$)	Deferred Maintenance (\$)	PCI with Treatment
2009	5,000,000	4,750,000	250,000	17,700,000	65
2010	5,000,000	4,750,000	250,000	21,000,000	65
2011	5,500,000	5,225,000	275,000	27,100,000	65
2012	5,500,000	5,225,000	275,000	42,100,000	65
2013	6,500,000	6,175,000	325,000	58,600,000	65
2014	6,500,000	6,175,000	325,000	68,300,000	65
2015	6,500,000	6,175,000	325,000	71,700,000	65
2016	6,500,000	6,175,000	325,000	75,200,000	65
2017	6,500,000	6,175,000	325,000	79,100,000	65
2018	6,500,000	6,175,000	325,000	83,300,000	65
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	\$60,000,000	10 Year Total			



Conclusion:

The average network PCI is maintained at 65 over 10 years and the deferred maintenance costs increase to over \$83 million.

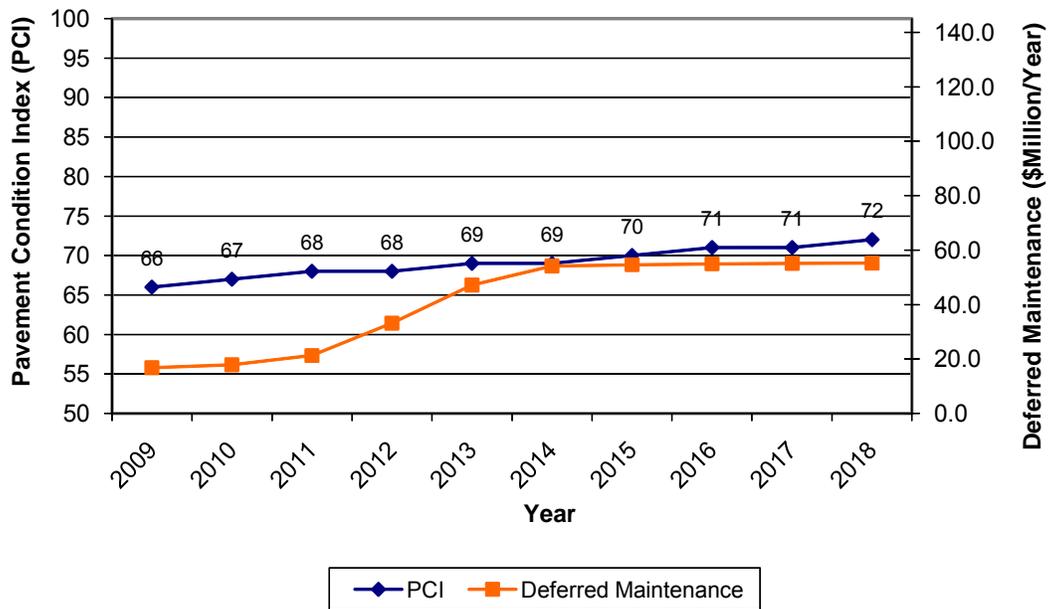
Scenario 3: Increase PCI to 70
(\$77 Million / 10 years; 11% Inflation Rate)

This scenario is the budget needed to increase the current PCI to 70. Annual preventive maintenance is assumed at \$370,000.

Summary of Results

Year	Budget (\$)	Rehabilitation (\$)	Preventive Maintenance (\$)	Deferred Maintenance (\$)	PCI with Treatment
2009	6,000,000	5,630,000	370,000	16,700,000	66
2010	7,000,000	6,630,000	370,000	17,800,000	67
2011	8,000,000	7,630,000	370,000	21,200,000	68
2012	8,000,000	7,630,000	370,000	33,100,000	68
2013	8,000,000	7,630,000	370,000	47,100,000	69
2014	8,000,000	7,630,000	370,000	54,100,000	69
2015	8,000,000	7,630,000	370,000	54,600,000	70
2016	8,000,000	7,630,000	370,000	54,900,000	71
2017	8,000,000	7,630,000	370,000	55,100,000	71
2018	8,000,000	7,630,000	370,000	55,200,000	72
<hr/>					
	\$77,000,000	10 Year Total			

PCI and Deferred Maintenance for Maintaining PCI of 70



Conclusion:

The average network PCI increases to 70 over 10 years and the deferred maintenance costs increase to over \$55 million.

**Scenario 4: No Increase in Deferred Maintenance
(\$94 Million / 10 years; 11% Inflation Rate)**

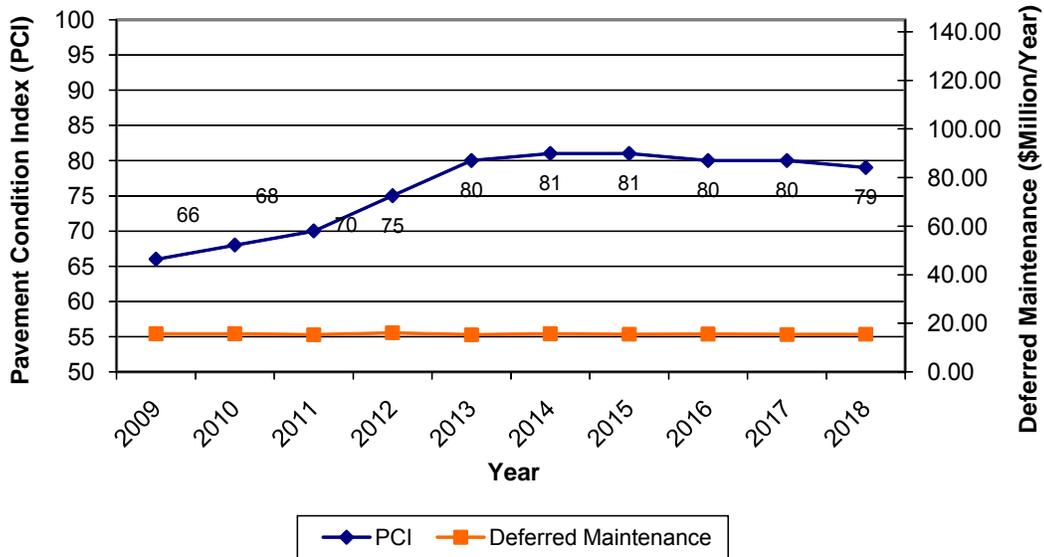
This scenario is the budget needed to keep deferred maintenance from increasing over ten years. Annual preventive maintenance is assumed at 5% of the total budget.

Summary of Results

Year	Budget (\$)	Rehabilitation (\$)	Preventive Maintenance (\$)	Deferred Maintenance (\$)	PCI
2009	7,000,000	6,650,000	350,000	15,700,000	66
2010	8,000,000	7,600,000	400,000	15,700,000	68
2011	11,500,000	10,925,000	575,000	15,300,000	70
2012	18,500,000	17,575,000	925,000	16,100,000	75
2013	21,000,000	19,950,000	1,050,000	15,300,000	80
2014	11,000,000	10,450,000	550,000	15,700,000	81
2015	4,500,000	4,275,000	225,000	15,500,000	81
2016	4,000,000	3,800,000	200,000	15,600,000	80
2017	4,000,000	3,800,000	200,000	15,400,000	80
2018	4,500,000	4,275,000	225,000	15,500,000	79

\$94,000,000 10 Year Total

**PCI and Deferred Maintenance
for No Increase in Deferred Maintenance**



Conclusion:

The deferred maintenance costs is maintained at \$15.5 million over 10 years and the average network PCI increases to 79.

Scenario 5: Budget Needs Analysis
(\$240 Million / 10 years; 11% Inflation Rate)

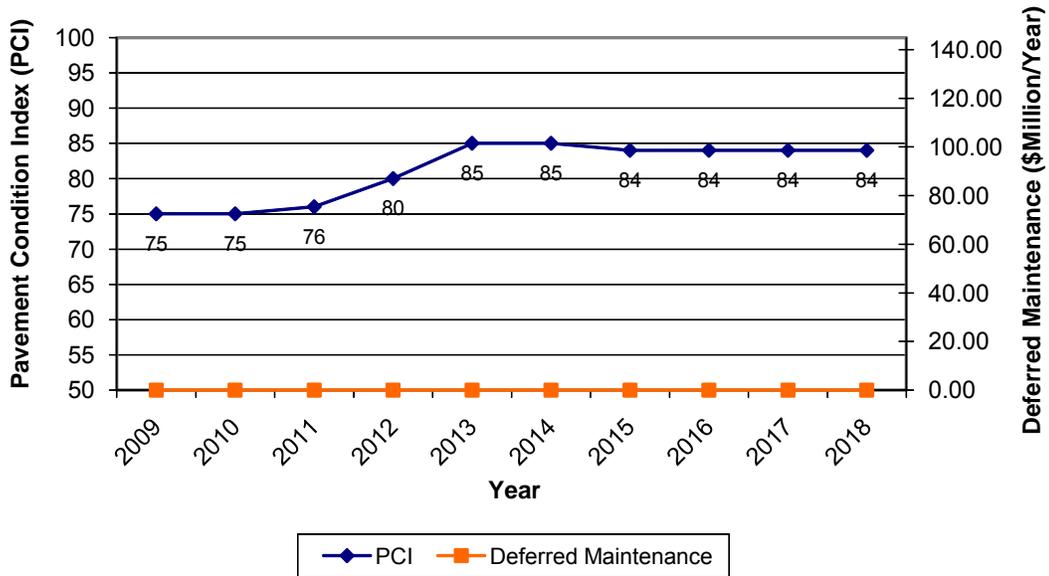
This pavement network *needs* analysis uses the City's defined maintenance strategies to recommend a budget for reaching and maintaining a target PCI of 85.

Summary of Results

Year	Budget (\$)	Rehabilitation (\$)	Preventive Maintenance (\$)	Deferred Maintenance (\$)	PCI
2009	24,000,000	24,000,000	0	0	75
2010	24,000,000	24,000,000	0	0	75
2011	24,000,000	24,000,000	0	0	76
2012	24,000,000	24,000,000	0	0	80
2013	24,000,000	24,000,000	0	0	85
2014	24,000,000	24,000,000	0	0	85
2015	24,000,000	24,000,000	0	0	84
2016	24,000,000	24,000,000	0	0	84
2017	24,000,000	24,000,000	0	0	84
2018	24,000,000	24,000,000	0	0	84

\$240,000,000 10 Year Total

PCI and Deferred Maintenance for Unlimited Budget



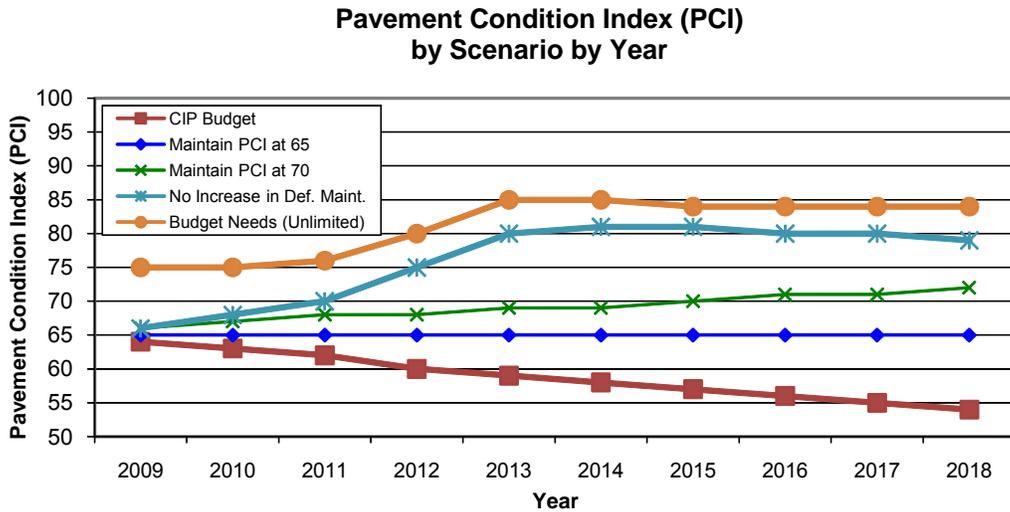
Conclusion:

The average network PCI reaches 85 after 5 years and the deferred maintenance becomes zero.

Comparison of Scenarios

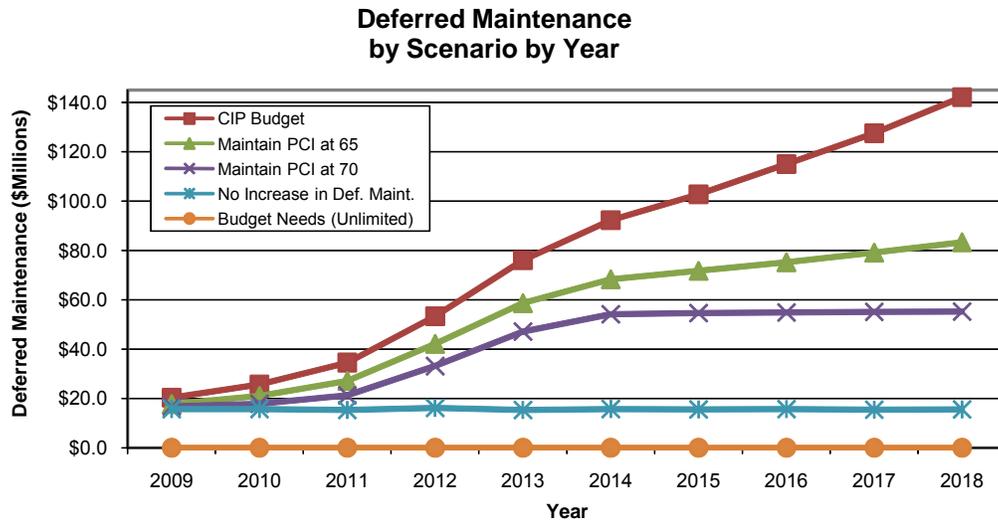
Pavement Condition Index (PCI)

The figure below illustrates the change in PCI over 10 years for each budget scenario. With unlimited funding ("Budget Needs" scenario), the pavement network reaches an optimal PCI of 85 after 5 years. The current budget projects a decrease in the network PCI over the 10 year period.



Deferred Maintenance

The figure below illustrates the deferred maintenance accumulated over 10 years for each budget scenario. With unlimited funding, the deferred maintenance is zero. The deferred maintenance with the other scenarios, increases dramatically after 2011.



Conclusions

The results of the 2008 pavement condition survey indicate a need for additional funding in order to maintain the condition of Kirkland's street network. The existing funding level will result in a rapid decline in the performance of the street network.

Another important factor revealed in the 2004 condition survey and reiterated by the 2008 condition survey is that, as shown in Figure 13, the City's streets with the highest traffic volumes also have the lowest PCIs. Over the last few years some of these higher traffic volume streets have been rehabilitated in effort to avoid more costly repairs later (for example NE 70th Street and 132nd Ave NE in 2007, and portions of NE 124th Street in 2008). However, many of these streets still require rehabilitation in the next few years in order to maintain mobility and safety standards. These streets in general are more costly perform maintenances activities on due to increase traffic control, limited working days and hours, and more coordination with residences, businesses, other utilities and agencies (e.g. WSDOT).

The current budget scenarios run used a more representative inflation rate of 11%. Due to the larger inflation rate, it becomes more and more difficult with realistic funding to maintain the current PCI. The larger inflation rate also results in an increased amount of deferred maintenance because each year, less maintenance can be performed due to the decreased value of the dollar.

The annual street preservation budget of \$24.5 million over 10 years will result in a 17% decrease (from 65 to 54) in the average network Pavement Condition Index.

Appendices

Glossary

Asphalt Concrete	A mixture of aggregate (rock) and asphalt binder compacted into a uniform layer.
Crack Seal	A preventive maintenance remedy where pavement cracks are sealed to prevent damage to the underlying structure of the roadway due to water infiltration.
Deferred Maintenance	Maintenance activity which, as identified by stated maintenance strategy should be carried in the current year, but is not funded. The maintenance activity therefore gets “differed” to a later year.
Grinding	Process performed in preparation for an overlay that removes the top layer of asphalt concrete to create a smooth transition to existing gutter or adjacent pavement or to remove shallow cracks from thick asphalt concrete. Also referred to as “milling” or “planing”.
Overlay	Rehabilitative maintenance remedy that involves placement of a 1.5” to 2” layer of asphalt concrete pavement over the top of the existing roadway. Work includes structural patching and grinding as needed. Also referred to as “resurfacing”.
Pavement Condition Index (PCI)	An objective measurement of pavement grade or condition based on established criteria including cracking, rutting, weathering, and patching.
Pavement Management System (PMS)	A systematic process that provides, analyzes, and summarizes pavement information for use in selecting and implementing cost-effective pavement construction, rehabilitation, and maintenance programs.
Preventive Maintenance	Maintenance activity performed on streets that are in good condition. Remedies, which include crack sealing and slurry sealing, are intended to extend the pavement life by protecting the existing pavement structure.
Reconstruct	Construction of the equivalent of a new pavement structure which usually involves complete removal and replacement of an existing pavement structure including new and/or recycled materials.
Rehabilitate	Pavement rehabilitation is required to extend the useful life of the existing pavement structure. The prevailing rehabilitative remedy

used in Kirkland is an asphalt overlay. The lowest life cycle cost is obtained by rehabilitating the pavement in the early stages of distress to reduce the need for extensive pavement repair and thicker overlays.

Routine Maintenance

Regular day-to-day maintenance, performed by City forces, intended to preserve pavement in adequate operating condition.

Slurry Seal

A pavement maintenance remedy in which liquid or emulsified asphalt is mixed with suitable aggregate and applied to the pavement surface.

References

A Guide For Local Agency Pavement Managers, Washington State Department of Transportation, December 1994.

Pavement Condition Report, City of Seattle Pavement Engineering & Maintenance Section, June 8, 2004.

Pavement Interactive Website,

http://www.pavementinteractive.org/index.php?title=Pavement_Interactive:About

Draft King County Report**Proposed Pavement Preservation Cost Estimating Methodology****A) Purpose**

The purpose of this report is to inform and solicit comments from the King County Project Evaluation Committee (KCPEC) on the proposed methodology to develop a 30 year, planning level pavement preservation cost estimate for King County arterials and residential streets. This report also includes example worksheets showing how the methodology is used to develop a pavement preservation cost estimate. Finally, using the proposed methodology described in this report and for discussion purposes only, an example King County pavement preservation cost estimate is provided. The PSRC is interested in using this effort by KCPEC to better estimate pavement preservation needs in Transportation 2040. Rather than relying on the programmatic estimates used in the previous regional transportation plan, the PSRC would like to use a data based effort built on available pavement condition information to estimate regional preservation needs.

B) Summary of Results

Using the proposed methodology suggested in this report, it is estimated that it will cost King County local jurisdictions at least \$3 billion to preserve their existing arterials and residential streets during the 30 year time span of Transportation 2040. The estimated cost only includes pavement preservation needs and does not include sidewalk improvements, intersection improvements and bridge preservation costs. The PSRC's 2007 Destination 2030 update estimated that King County local jurisdictions preservation needs at about \$2.6 billion between 2007 and 2030.

The KCPEC estimate is based on a two phased, pavement preservation strategy. Phase one includes pavement preservation projects to bring all local jurisdiction federal functional classified arterials up to a PCI 100 level. In addition, it is assumed that local jurisdictions will provide at least a thin overlay ("repair" pavement preservation project category) to the approximately 10,000 lane miles of residential streets in King County. Phase two assumes that local jurisdictions will have to revisit their arterials with at least a thin overlay or "repair" pavement preservation project after Phase one projects. Because of the low traffic and truck volumes on residential streets, Phase two assumes that there will be no additional pavement preservation projects on residential streets.

C) Background

Over the past five years, city and county public works staff has met regularly to discuss local transportation needs. In 2007, a concerted effort was made to compile local needs based on information in local adopted Six Year Transportation Improvement Programs. This was shared with the Public Works Directors in a draft report titled, "*Local Transportation Funding Needs in King County*" which included local project lists. The public works directors agreed that the report was a good beginning, but it did not show the

complete transportation needs picture. They specifically asked King County staff to work with the King County Project Evaluation Committee (KCPEC) to discuss how to better describe the extent of local transportation needs, including pavement preservation needs. Local transportation needs are often underreported; this leads to misunderstandings by agencies and elected officials about the true extent of our transportation problems. This can also negatively impact the amount of funding that is made available to address these needs. This, in turn, increases the financial burden on local governments which are attempting to maintain their infrastructure while providing transportation improvements to support growth.

KCPEC members concluded that it was necessary to have accurate and up-to-date local transportation needs information to help decision makers understand the magnitude of the local transportation funding challenges, provide input for updating PSRC's regional transportation plan, and provide useful information for the upcoming the PSRC grant process. KCPEC asked for updated local transportation needs that included a request that King County staff develop a data based, planning level methodology to estimate King County pavement preservation needs.

The following discussion outlines a planning level, pavement preservation cost estimating methodology that can be use to develop a regional pavement preservation cost estimate.

D) Developing a Planning Level Pavement Preservation Cost Estimating Methodology for King County Arterials and Residential Streets

The following information was used to develop a regional pavement preservation cost estimate for King County arterials and residential streets:

1. Pavement condition index (PCI) information for King County cities, and unincorporated King County federal functional classified arterials.
2. Pavement preservation project categories and associated PCI ranges.
3. Per square yard costs for the pavement preservation project categories.
4. A methodology to calculate a regional pavement preservation cost using the PCI, project descriptions and average per unit cost for pavement preservation project categories.

1. Pavement Condition Index

The proposed pavement preservation methodology is based on pavement condition index (PCI) information provided by the Washington State Department of Transportation (WSDOT). A PCI is based on a visual survey of the pavement and a numerical value between 0 and 100 and defines the pavement condition with 100 representing an excellent pavement. In April 2003 the legislature passed the transportation efficiencies bill. This legislation established planning and efficiency goals for the state and local transportation network. Among the provisions of the bill, there is a requirement for cities to report pavement condition data for their arterials beginning with the 2003-2005 biennium (RCW 46.68.113).

To meet this reporting requirement WSDOT's Highways & Local Programs (H&LP), working in partnership with the Association of Washington Cities, established a split between large and small cities based on a population threshold of 22,500. This is the threshold at which the large cities assume a greater maintenance responsibility for city streets that are also state highways. It was determined that large cities had sufficient resources to survey their street networks and report the results while small cities would need assistance to accomplish this reporting requirement. To assist the small cities, H&LP arranged with the WSDOT Materials Laboratory to use their automated data collection van to survey the state's small cities and forward the results of the survey to H&LP for analysis and reporting.

King County staff obtained the state's latest King County PCI cities data from WSDOT's 2007 biennial Arterials Condition Report. King County Roads Division provided PCI information for unincorporated King County arterials. King County is waiting for segment detail from one more jurisdiction to complete its analysis for that city.

2. Pavement Preservation Project Categories

The following table shows the pavement preservation project categories and the associated PCI ranges for each category. It should be understood that the PCI is a visual assessment of roadway conditions based upon the failure modes that a technician can see on the surface and may not accurately indicate the condition of the underlying base of the pavement structure. However, for the purposes of estimating future roadway preservation costs, the PCI rating is the most scientific basis we have available for condition assessment without expending considerable additional costs to perform more detailed estimates.

An arterial with a PCI score below 50 indicate that the arterial may be a candidate for rehabilitation or reconstruction. This arterial may require additional pavement testing to determine the subsurface condition of the roadway where it is apparent that underlying sub-grades are not supporting the flexible pavement. For the purposes of this planning level estimate, however, using the PCI will provide a more accurate and scientific basis for indication of the condition of a roadway. This information, coupled with the actual bidding experience from jurisdictions that provided cost data for each type of project category, will allow us to gain a more complete and accurate summary of the needs of the system within the County.

Table 1. Pavement Preservation Project Categories and PCI Ranges

Project Categories	Project Description	PCI Range
Routine Maintenance	Routine maintenance activities are performed to maintain a safe traffic condition and include pothole patching, patching around utility structures, and crack sealing. Routine maintenance is often reactive to calls or reports by street maintenance crews with the goal of keeping the roadway driving surface safe.	71-100
Repair	Repair activities are performed to preserve or extend the life of an existing pavement structure that is deemed structurally sound. This work when done within the initial 10 year life of a new pavement helps to prevent potholes from occurring. These activities may mean placing a new surface (2 inches or less) on an existing road way to provide a better all weather surfaces, a better riding surface, and to extend or renew the pavement life. It can also be deep patching or spot repairs, pre-leveling of ruts, crack sealing, and seal coatings.	50-70
Rehabilitation	Indicates that the road way segment maybe a candidate for rehabilitation work generally consists of the preparatory work activities and either thin or thick overlay. Rehab is appropriate when only a small percentage of the roadway segment is damaged. Preparatory work is that work essential to assure the integrity of the foundation of the roadbed to support a flexible pavement and to assure a smooth riding surface once the overlay is done. Preparatory work may involve digging out defective asphalt, base and sub base. A rehab project typically extends the roadway life between 10 – 15 years.	25 - 49
Reconstruction	Indicates that the road way segment may be a candidate for reconstruction when a majority of the pavement or underlying base course has failed and can no longer serve as competent foundation for flexible pavements like asphalt. A rebuild typically extends the life of a roadway between 20-25 years.	Less than 25

3. Pavement Preservation Project per Unit Cost Averages

The following table shows the per square yard unit costs for the four pavement preservation project categories from responding jurisdictions. Using this information, an average cost for each category was developed. It should be noted that these cost represent only the pavement portion of the roadway and does not include costs associated with sidewalks and intersection improvements.

Table 2. Project Categories, Per Square Yard Cost Estimates

Preservation Projects	Bothell	Auburn	Seattle	Renton	Kent	King County	Issaquah	Bellevue	Kirkland	Average
Routine Maintenance	\$1.84	\$2.80	\$1.18	\$2.30	\$1.75	\$4.03	\$0.46	*	*	\$2.05
Repair	\$15.00	\$10.00	\$83.00	\$16.00	\$12.50	\$18.00	\$11.00	\$29.97	*	\$20.69
Rehabilita-tion	\$35.00	\$35.00	\$162.50	\$23.00	\$36.00	\$56.00	\$23.00	*	\$26.30	\$46.31
Reconstruc-tion	\$115.00	\$154.00	\$205.00	*	\$123.00	\$133.00	*	*	*	146.00

* Information not provided

4. Calculating Pavement Preservation Costs for Federal Functional Classified Principal, Minor and Collector Arterials in Large and Small Cities

Large City Arterials: Information on pavement width and segment length is included in the large cities' PCI reports. The following is an example of the methodology used to calculate a square yard cost for a large city preservation project for a large city:

1. (Pavement width) x (segment length) = Square feet of segment length.
2. (Square feet of segment length)/9 = Number of square yards of segment.
3. (Number of square yards of segment) x (Average per unit cost of preservation project) = Project cost for segment.

Small City Arterials: Information on the pavement width and the number of lanes is not provided for small cities, only the centerline feet length is provided. For small cities, a cost per lane mile is used to determine preservation project cost. The following is the methodology used to calculate preservation project cost per lane mile:

1. (Average lane width (12 feet)) x 5280 feet = 63,360 square feet per lane mile.
2. (63,360 square feet per lane mile)/9 = 7040 square yards per lane mile.
3. (7040 square yards per lane mile) x (Average per unit cost of preservation project) = Lane mile cost.
4. (Average lane mile cost x Lane Miles) x (Number of lanes per arterial segment) = Project cost per segment^[1].

Calculating Preservation Cost for Local Roads: There is no PCI information for most of the local roads in King County. While local roads carry relatively low traffic volumes from neighborhoods to the arterial system, it is assumed that jurisdictions will probably have to "repair" these local roads at least once during the 30 years (the time span for Transportation 2040). The local road lane miles for King County jurisdictions and in unincorporated King County is estimated at 10,000 lane miles. The total calculated cost to preserve local roads is:

- 7040 square yards per lane mile x average pavement preservation cost = Repair cost per lane mile
- (Local Lane Miles) x (Cost per lane mile) = Local Lane mile improvement cost.

E) Developing a 30 year Planning Level Pavement Preservation Cost Estimate King County Arterials and Residential Streets

The following two phased strategy was used to calculate a 30 year planning level pavement preservation cost estimate for King County arterials and residential streets (see Table 3).

Phase One

Phase one pavement preservation strategy for arterials and residential streets:

^[1] Information on the number of lanes per arterial is not provided for small cities, this calculation assumes five lanes for principal arterials, three lanes for minor arterials, two lanes for collector arterials

- Identify PCI for federal functional classified principal, minor and collector arterials. Based in the PCI, determine the appropriate pavement preservation project category and cost needed to bring that arterial to a PCI 100 level. (Attachment A shows an example work sheet to determine pavement preservation costs for a large city with a population over 22,500. Attachment B shows an example work sheet to determine pavement preservation costs for a small city with a population less than 22,500)
- Assume that jurisdictions will apply a thin overlay (pavement preservation project category “repair”) on their residential streets at least once during the next 30 years.

Based on this methodology, it will cost approximately **\$2.2 billion** (2007 dollars) to bring King County arterials and residential streets up to excellent condition (PCI 100).

Phase Two

Phase two pavement preservation strategy for arterials and residential streets:

- After the completion of Phase 1, it is assumed that King County jurisdictions will have to revisit their arterials with at least one more round of “repair” pavement preservation projects during the 30 year timeframe of the regional plan. Phase 2 is estimated to cost King County jurisdictions another **\$804 million** (2007 dollars).
- It is assumed that because of the light traffic volumes on residential streets, jurisdictions will not have to overlay their residential streets in Phase 2.

F) Analysis

Based on the proposed KCPEC methodology and the basic 30 year phased pavement preservation strategy, it is estimated that King County and its jurisdictions will need a minimum of **\$3.0 billion** (2007 dollars) to preserve its arterials and residential streets during the 30 year span of Transportation 2040. This estimate does not include costs associated with sidewalk and intersection improvements, it also does not include bridge preservation costs. It should be noted that the purpose of Table 3 is to develop a planning level, pavement preservation cost estimate for the King County region. This information is provided to the KCPEC group to show how a regional cost estimate is proposed to be developed and should not be used as an indicator of actual city needs.

Staff reviewed PSRC worksheets that were used to develop local needs estimates for the 2007 Destination 2030 Update. According to the worksheets, the PSRC estimated King County local jurisdictions preservation needs at about **\$2.6 billion** (2006 dollars) between 2007 and 2030. The PSRC information did not include bridge preservation as part of it \$2.6 billion cost estimate. However, it is unclear if the PSRC’s preservation numbers excluded sidewalk and intersection improvement cost as part of the overall preservation cost estimates.

It should also be noted that the \$2.6 billion PSRC’s preservation estimate does not include the preservation portion of, what the PSRC calls, “backlog” needs. According to PSRC staff, the backlog number was a product of a survey of cities and counties where the PSRC asked for specific information on costs to get assets up to some acceptable standard. This

number was assembled from all survey responses and missing values were estimated. The backlog information included a combined maintenance and preservation costs estimate and a separate capital project costs estimate. Staff was unable to separate out the backlog preservation number from the PSRC's maintenance and preservation backlog cost estimate.

Table 3. 30 Year Pavement Preservation Cost Estimate for King County Cities and Unincorporated King County.

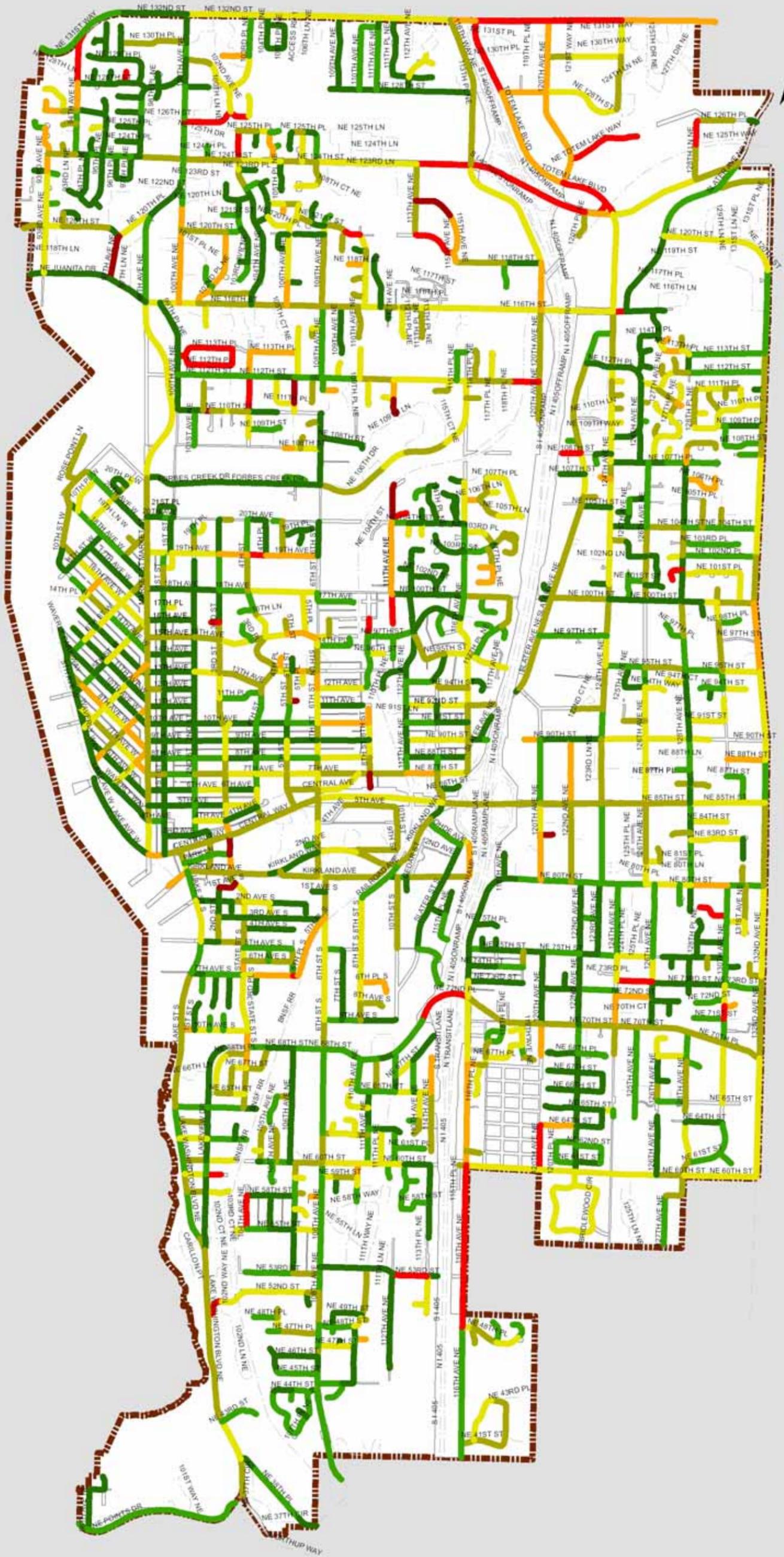
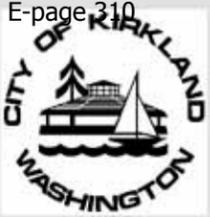
EXMPLE ONLY - 30 Year Pavement Preservation Needs							
Jurisdiction	Phase 1					Phase 2	Totals
	Cost Ests for Fed Functional Arterials Needing "Routine Maintenance" PCI 71 - 100	Cost Ests for Fed Functional Arterials Needing "Repair" PCI 50 - 70	Cost Ests for Fed Functional Arterials Needing "Rehab" PCI 25 - 49	Cost Ests for Fed Functional Arterials Needing "Reconstruction" PCI < 25	Cost Est. for "Repair" Cost for Residential Streets (non arterials)	"Repair" Project on Principal, Minor, & Collector Arterials	
Algona	\$84,801	\$911,943	\$600,251	\$0	\$3,581,170	\$2,035,354	\$7,213,518
Auburn	\$2,173,031	\$6,336,993	\$12,746,020	\$59,520,842	\$32,026,720	\$40,021,138	\$152,824,744
Beaux Arts	\$5,487	\$0	\$0	\$0	\$713,322	\$86,265	\$805,075
Bellevue	\$3,822,249	\$6,150,224	\$9,529,924	\$11,629,143	\$80,474,413	\$50,632,665	\$162,238,618
Black Diamond	\$29,625	\$1,573,569	\$403,341	\$0	\$6,186,980	\$2,052,498	\$10,246,013
Bothell	\$1,870,520	\$5,777,292	\$8,631,242	\$5,002,009	\$29,857,638	\$29,220,894	\$80,359,595
Burien	\$471,102	\$6,894,297	\$2,670,523	\$2,712,680	\$25,606,818	\$13,226,515	\$51,581,934
Carnation	\$0	\$0	\$0	\$0	\$2,110,852		\$2,110,852
Clyde Hill	\$67,643	\$547,914	\$287,011	\$0	\$4,512,856	\$1,358,392	\$6,773,817
Covington	\$53,957	\$1,699,776	\$1,566,530	\$0	\$14,179,102	\$2,943,530	\$20,442,895
Des Moines	\$411,697	\$1,257,444	\$1,457,849	\$5,022,011	\$24,517,910	\$6,775,575	\$39,442,485
Duvall	\$56,476	\$0	\$0	\$0	\$9,593,458	\$569,674	\$10,219,608
Enumclaw	\$121,082	\$1,589,017	\$3,051,356	\$0	\$13,247,416	\$4,172,873	\$22,181,744
Federal Way	\$1,842,795	\$3,263,606	\$2,003,901	\$508,404	\$70,415,111	\$22,829,686	\$100,863,504
Hunts Point	\$31,779	\$0	\$0	\$0	\$262,037	\$320,559	\$614,376
Issaquah	\$537,914	\$2,443,008	\$2,891,130	\$5,788,180	\$44,735,505	\$7,651,918	\$64,047,654
Kenmore	\$361,675	\$1,654,411	\$122,431	\$0	\$16,246,282	\$4,156,701	\$22,541,498
Kent	\$4,483,737	\$4,885,035	\$6,156,889	\$12,205,632	\$69,760,019	\$54,618,386	\$152,109,699
Kirkland	\$776,919	\$10,608,342	\$9,365,194	\$7,358,773	\$29,813,965	\$23,676,477	\$81,599,671
Lake Forest	\$62,745	\$758,556	\$1,165,232	\$0	\$13,247,416	\$3,823,543	\$19,057,492
Maple Valley	\$591,085	\$368,178	\$475,585	\$0	\$30,250,693	\$2,993,428	\$34,678,969
Medina	\$111,216	\$659,013	\$0	\$0	\$2,591,253	\$1,780,847	\$5,142,328
Mercer Island	\$107,784	\$164,243	\$342,848	\$668,800	\$15,591,190	\$8,045,602	\$24,920,467
Milton	\$29,714	\$1,389,617	\$141,622	\$4,645,155	\$4,556,529	\$2,410,482	\$13,173,119
Newcastle	\$81,346	\$1,586,701	\$3,800,910	\$0	\$9,608,016	\$4,104,427	\$19,181,400
Normandy Park	\$84,568	\$798,490	\$1,612,105	\$0	\$6,987,648	\$2,371,367	\$11,854,177
Northbend	\$39,961	\$551,204	\$1,429,075	\$1,508,122	\$5,721,137	\$1,806,003	\$11,055,501
Pacific	\$39,510	\$916,354	\$2,597,895	\$0	\$4,047,013	\$2,474,908	\$10,075,680
Redmond	\$2,090,295	\$3,479,435	\$5,290,645	\$5,542,841	\$27,251,827	\$27,725,324	\$71,380,368
Renton	\$2,398,992	\$6,670,313	\$10,256,430	\$36,198,510	\$40,411,898	\$40,594,642	\$136,530,786
Sammamish	Waiting for info				\$30,964,015	\$0	\$30,964,015
SeaTac	\$656,480	\$2,541,603	\$4,372,549	\$9,515,826	\$15,198,134	\$7,116,450	\$39,401,043
Seattle	\$11,144,499	\$59,739,474	\$91,136,881	\$70,297,086	\$354,267,931	\$222,896,717	\$809,482,587
Shoreline	\$895,013	\$2,222,359	\$2,676,229	\$7,967,836	\$37,806,087	\$13,580,249	\$65,147,774
Skykomish	\$2,867	\$0	\$89,187	\$1,653,888	\$567,746	\$302,991	\$2,616,680
Snoqualmie	\$26,997	\$23,298	\$86,556	\$1,830,003	\$9,701,185	\$593,457	\$12,261,495
Tukwila	\$385,263	\$7,348,514	\$4,802,773	\$3,071,451	\$12,184,711	\$13,814,236	\$41,606,948
Woodinville	\$155,184	\$1,700,766	\$1,849,965	\$8,872,381	\$13,684,144	\$5,348,779	\$31,611,219
Yarrow Point	\$10,810	\$179,819	\$149,365	\$0	\$815,226	\$355,558	\$1,510,779
Unincorp KC	\$14,274,821	\$14,375,050	\$11,539,011	\$83,597,996	\$342,394,752	\$175,388,948	\$641,570,578
Totals	\$50,391,640	\$161,065,859	\$205,298,454	\$345,117,569	\$1,455,690,124	\$803,877,058	\$3,021,440,703

\$2,217,563,645

Community Survey Feedback

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Note: PCI data is based on 2004 pavement condition survey.

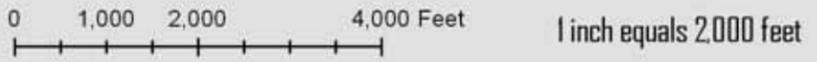
Legend

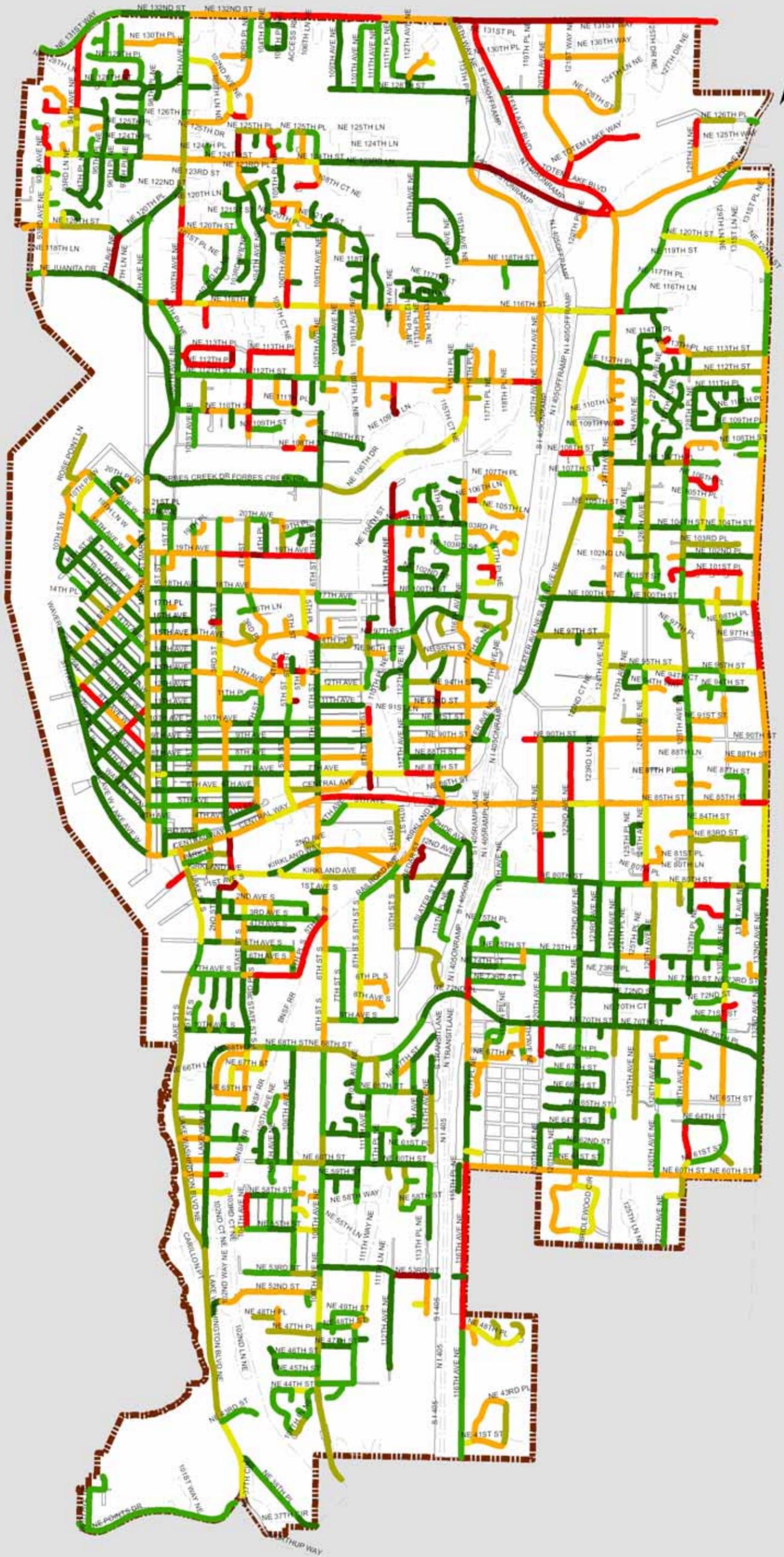
- City Limits
- Street

PCI

- 0 - 10 (Failed or No Data)
- 11 - 25 (Very Poor)
- 26 - 40 (Poor)
- 41 - 55 (Fair)
- 56 - 70 (Good)
- 71 - 85 (Very Good)
- 86 - 100 (Excellent)

City of Kirkland - Department of Public Works Street Preservation Program 2004 Pavement Condition Ratings





Note: PCI data is based on 2008 pavement condition survey.

Legend

- City Limits
- Street

Pavement Condition Index

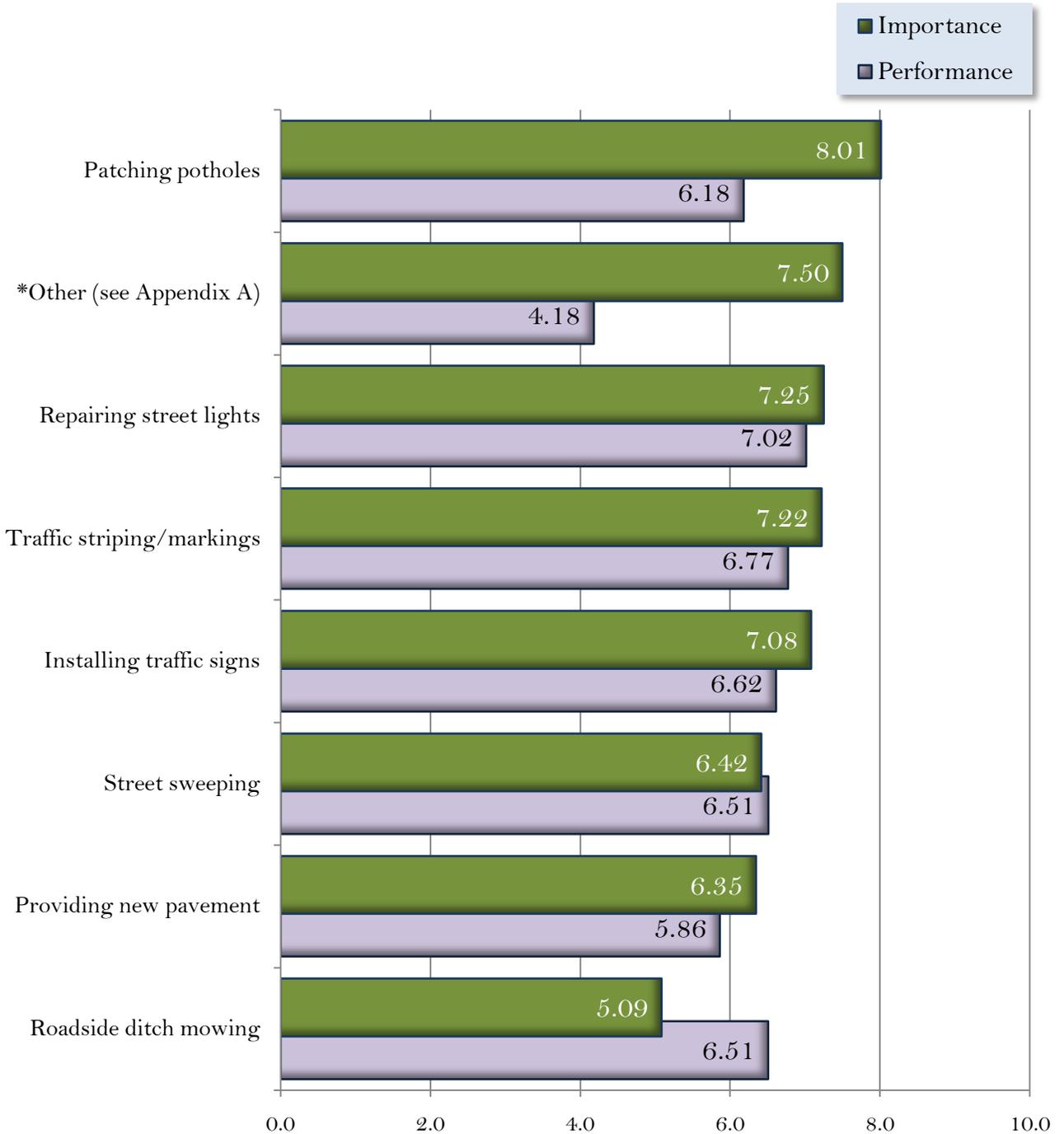
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- 56 - 70 (Good)
- 71 - 85 (Very Good)
- 86 - 100 (Excellent)

City of Kirkland - Department of Public Works Street Preservation Program 2008 Pavement Condition Ratings

0 1,000 2,000 4,000 Feet
1 inch equals 2,000 feet



Priorities Closely align with City Performance



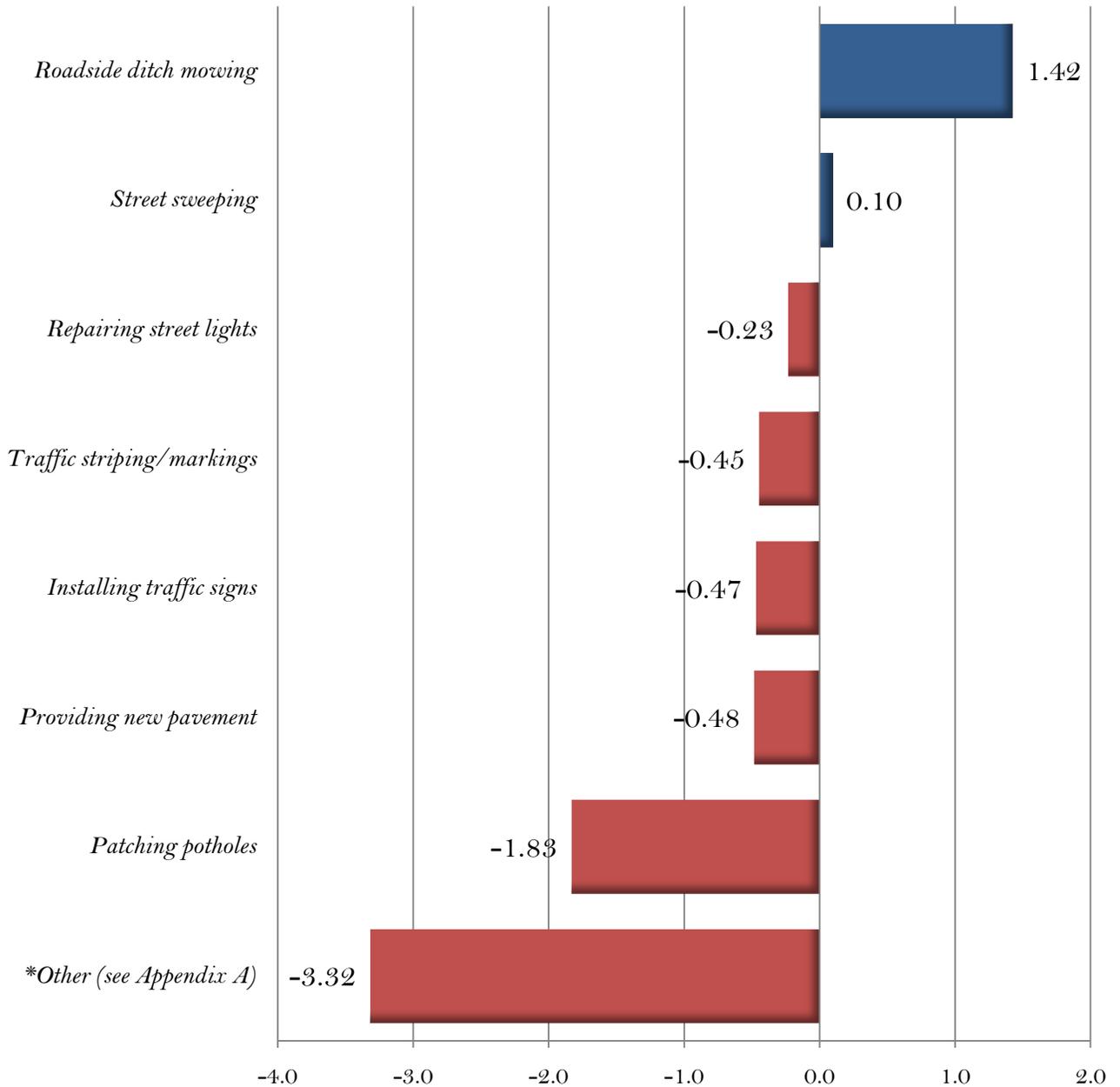
December 2008

*"Other " category does not allow direct comparison



Patching Potholes shows the greatest Gap

A *positive* Gap Score indicates that the City's performance rating is higher than the importance rating for that service, on average. Conversely, a *negative* Gap Score indicates the City's performance was usually rated lower than its importance to the respondents.



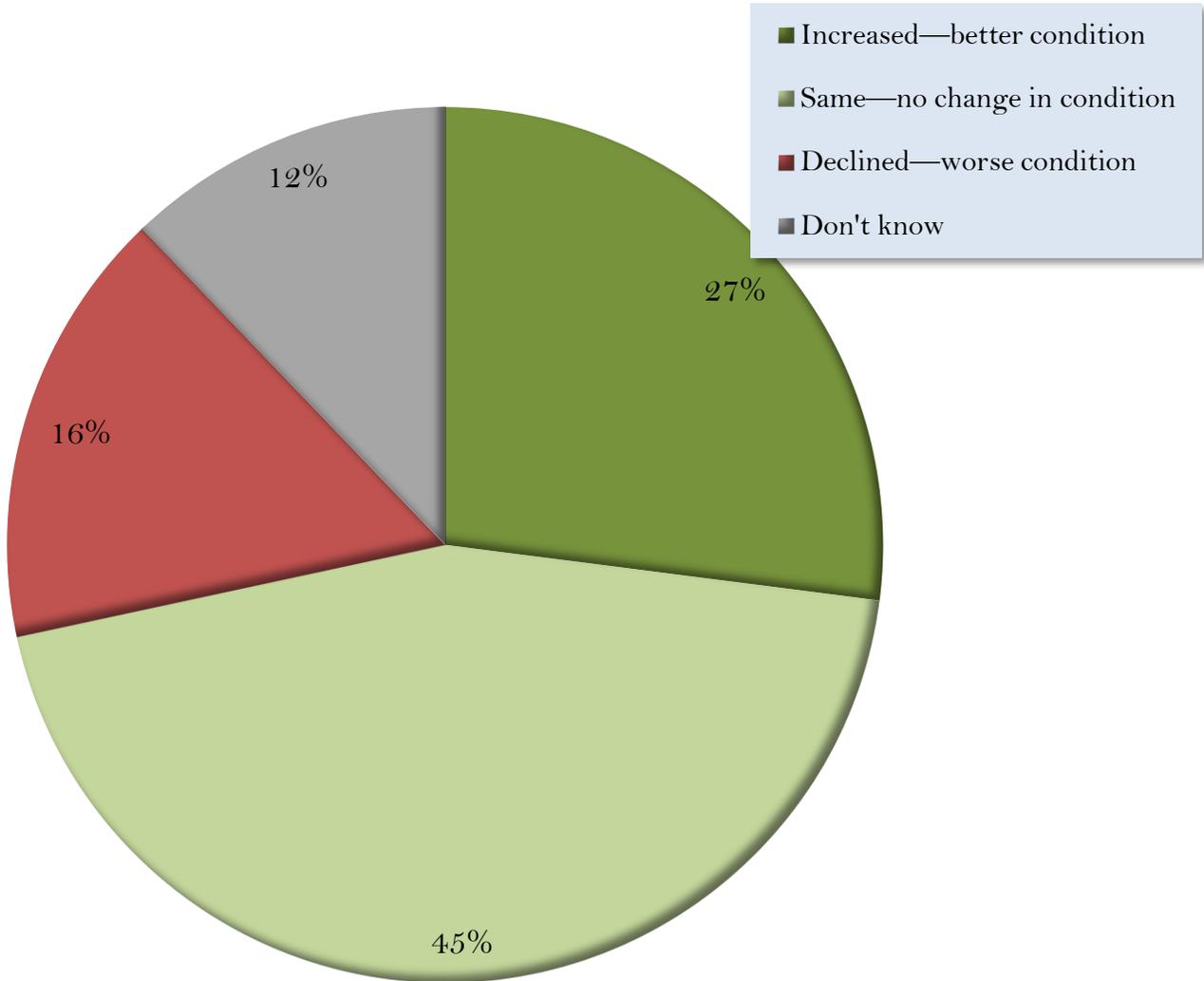
December 2008

*Other category does not allow direct comparison



Street condition holding steady and improving

Question: In General, have the conditions of your neighborhood streets changed over the past five years?



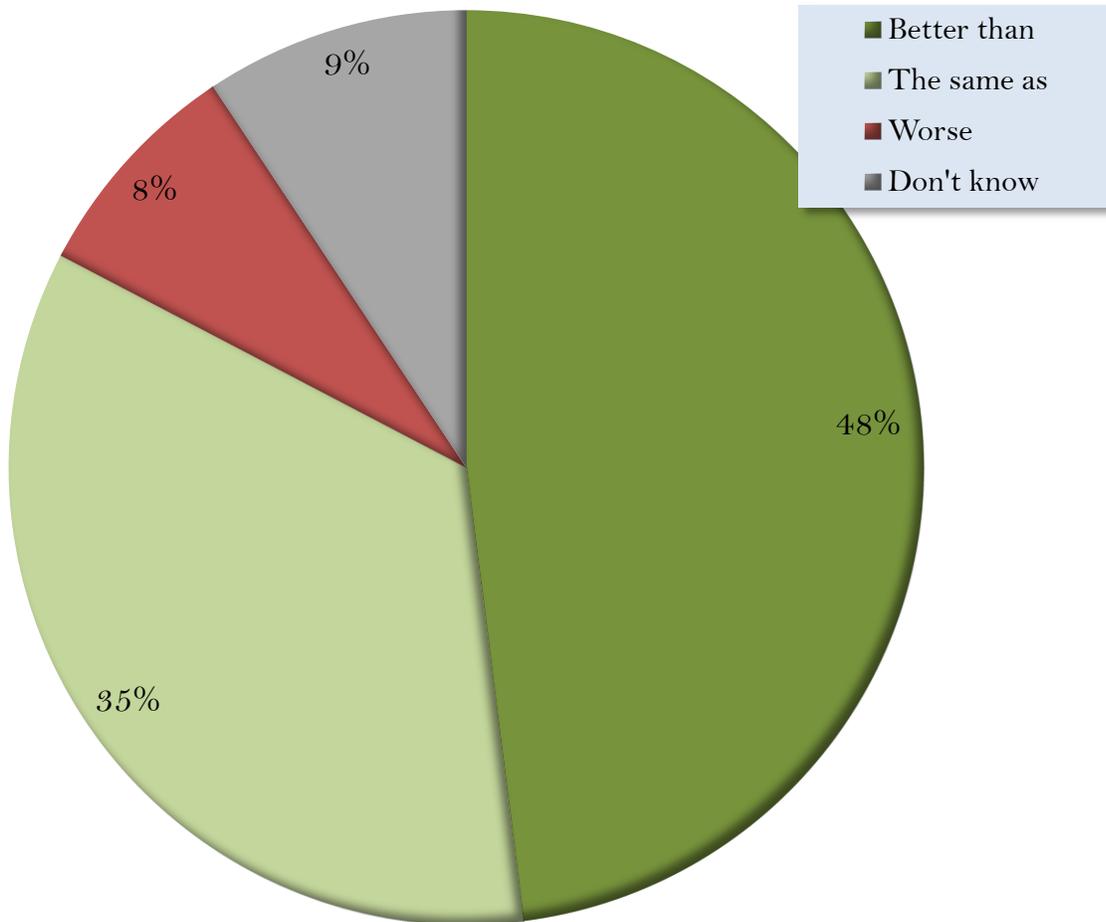
•72% of the respondents indicated that their roads are either the same or better than they were five years ago

December 2008



Kirkland Streets compare favorably in the region

Question: In General, how would you rate neighborhood streets compared to other Cities?



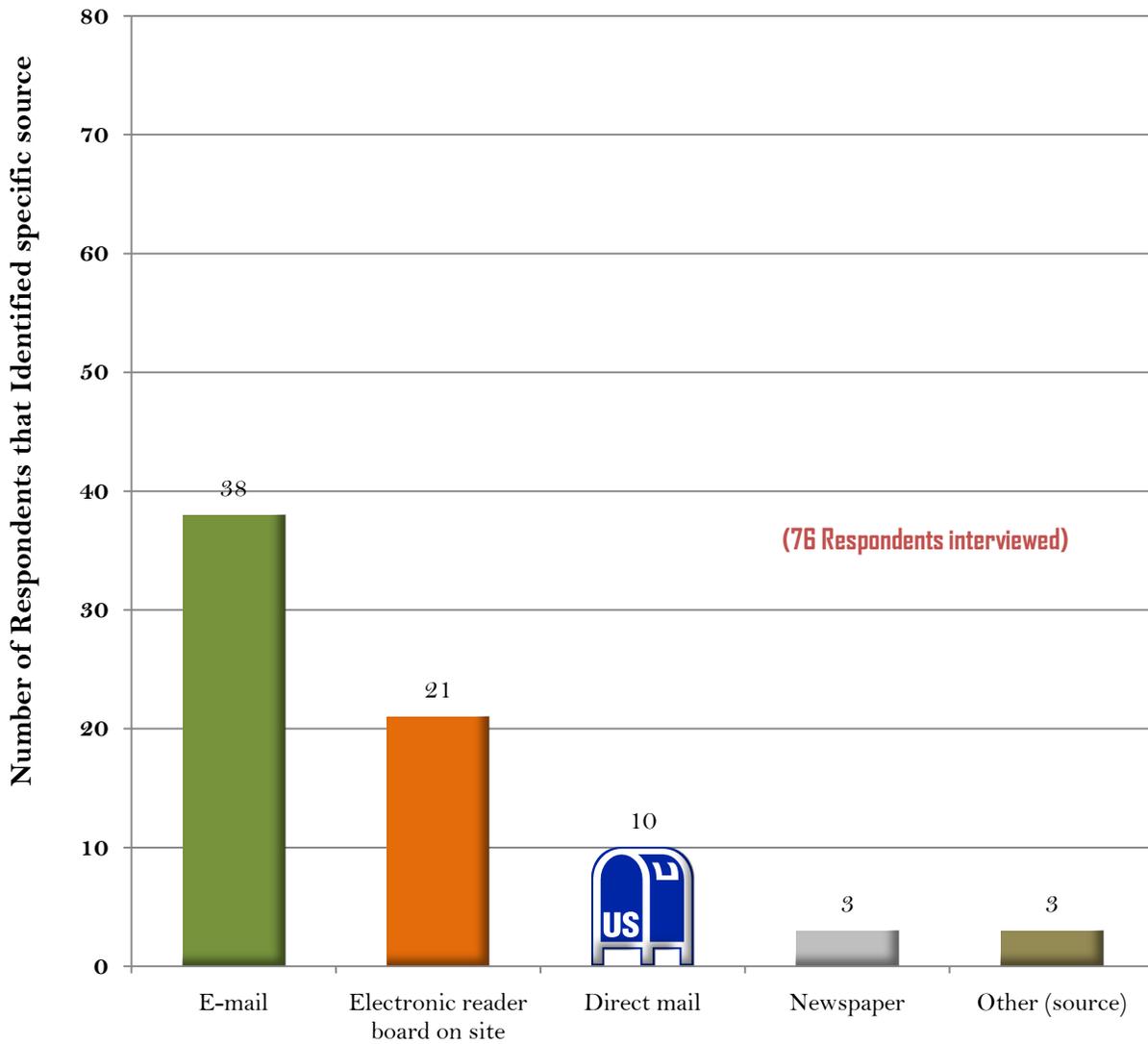
•83% of the respondents indicated that their roads are either the same or better than those in other Cities

December 2008



Email is favored for construction notification

Question: How best would you like to be notified of road construction and detours?



December 2008

Appendix A (responses to "other" choices)

Question: With "1" being *most important* and "10" being *least important*, please rate the following street maintenance services

(For this exhibit the survey values are switched: 10 is most important and 1 is least important)

Rating Comments received under the "other" Category

- 10 Need to do a sweep now, before the heavy rains come and clog drains
- 10 Providing convenient sidewalk network around Houghton Village and
- 10 Pedestrian Safety
- 10 Complete sidewalks along 122 Ave NE between 85th St and 80th St
- 10 I hate to see filthy stormwater that is dumped on public and private land
- 10 Other Patching utility access vaults correctly
- 9 City stated won't sweep street at night when cars are gone
- 9 Adding new sidewalks
- 8 Repair the area east of 116 NE on NE 124th just before the signal
- 7 Trimming branches and bushes around signs so they are readable
- 5 Receptacles should be in place at bus stops to reduce litter
- 4 Trimming bushes, vines encroaching on roadway sidewalks
- 1 Roundabouts and speed humps
- 1 Crosswalks

Question: With "10" being *excellent* and "1" being *poor*, how would you rate the City's performance on the following services?"

Rating Comments received under the "other" Category

- 10 Thanks for taking my calls about burned out lights in our neighborhood,
- 10 Mowing Watershed pedestrian path is great.
- 8 Pedestrian Safety
- 8 Crosswalks
- 4 Trimming bushes, vines encroaching on roadway sidewalks
- 1 Street sweeping by my condo along Kirkland Ave happens at 5-6am and
- 1 No patrols of running red lights
- 1 Our contaminant filled stormwater is dumped on both public and private
- 1 Adding new sidewalks
- 1 Maintaining centerline and fire hydrant reflective bumps
- 1 Roundabouts and street humps

Appendix A (responses to "other" choices)

Question: *What concerns do you have with the roadways within Kirkland city limits? Please select all that apply.*

Comments received under the "other" Category

Specific locations

116th)

Traffic light badly needed at 3rd and Kirkland Ave

128 St and Totem Lake Blvd up hill side

St. onto 108th Ave NE

124th St between 124th Ave and 405 is crumbling!

116th between 42nd Place & 60th really bad surface.

98th St along causeway needs to be illuminated at night

Crosswalk illumination still seems less than ideal on 85th & by Pool.

Streets (general)

Dead animals left for days bloating and distracting

Centerline and fire hydrant reflective bumps damaged and not replaced

Potholes

Need to do a better/more frequent job of roadside ditch mowing

Their pollutants are dumped into our wetlands. Poor stewardship!

Please sweep streets more frequently

property over growth

Bad intersections and poorly timed lights

came up with them?

Too many roundabouts and street humps

Non-motorized (general)

Crosswalks

Pedestrian Safety

Poor sidewalk system!

Condition of sidewalks

Adding new Sidewalks

Positive

You are doing a great job!!!!

I think the St. Dept. does a great job!

Street Maintenance Survey

76 Responses

With "1" being most important and "10" being least important, please rate the following street maintenance services
(For this exhibit the survey values are switched: 10 is most important and 1 is least important)

Description	Most Important										Importance
	10	9	8	7	6	5	4	3	2	1	
Roadside ditch mowing	1	6	4	5	11	12	16	6	4	4	5.09
Providing new pavement	10	8	9	7	10	9	8	7	2	2	6.35
Street sweeping	6	9	11	6	20	8	2	6	1	3	6.42
Installing traffic signs	15	11	12	4	8	9	8	0	1	3	7.08
Traffic striping/markings	11	12	15	11	12	2	2	3	2	2	7.22
Repairing street lights	21	12	6	7	7	6	4	3	4	2	7.25
*Other (see Appendix A)	6	2	1	1	1	0	1	0	0	2	7.50
Patching potholes	36	11	8	1	3	0	2	2	6	3	8.01

#1: Other Need to do a sweep now, before the heavy rains come and clog drains

#1: Other Providing convenient sidewalk network around Houghton Village and Houghton Center malls

#1: Other Pedestrian Safety

#1: Other Complete sidewalks along 122 Ave NE between 85th St and 80th St

#1: Other I hate to see filthy stormwater that is dumped on public and private land

#1: Other Patching utility access vaults correctly

#2: Other City stated won't sweep street at night when cars are gone

#2: Other Adding new sidewalks

#3: Other Repair the area east of 116 NE on NE 124th just before the signal

#4: Other Trimming branches and bushes around signs so they are readable

#5: Other Receptacles should be in place at bus stops to reduce litter

#7: Other Trimming bushes, vines encroaching on roadway sidewalks

#10: Other Roundabouts and speed humps

#10: Other Crosswalks

With "10" being excellent and "1" being poor, how would you rate the City's performance on the following services?

Description	Excellent										Performance	Gap Score	
	10	9	8	7	6	5	4	3	2	1			
Roadside ditch mowing	10	4	8	10	3	14	7	2	2	1	6.51	1.42	Roadside ditch mowing
Providing new pavement	7	4	7	11	7	11	6	5	4	4	5.86	-0.48	Providing new pavement
Street sweeping	14	11	10	6	5	9	6	4	1	8	6.51	0.10	Street sweeping
Installing traffic signs	10	9	10	7	4	13	3	3	4	2	6.62	-0.47	Installing traffic signs
Traffic striping/markings	8	9	18	10	4	11	2	3	4	2	6.77	-0.45	Traffic striping/markings
Repairing street lights	14	8	9	11	4	5	3	1	3	4	7.02	-0.23	Repairing street lights
*Other (see Appendix A)	2	0	2	0	0	0	1	0	0	6	4.18	-3.32	*Other (see Appendix A)
Patching potholes	5	8	11	10	6	7	8	5	4	2	6.18	-1.83	Patching potholes

#10: Other Thanks for taking my calls about burned out lights in our neighborhood, and then coming to fix them.

#10: Other Mowing Watershed pedestrian path is great.

#8: Other Pedestrian Safety

#8: Other Crosswalks

#4: Other Trimming bushes, vines encroaching on roadway sidewalks

Gap Score

-3.32 *Other (see Appendix A)

-1.83 Patching potholes

-0.48 Providing new pavement

- #1: Other Street sweeping by my condo along Kirkland Ave happens at 5-6am and wakes me up every time!
- #1: Other No patrols of running red lights
- #1: Other Our contaminant filled stormwater is dumped on both public and private lands.
- #1: Other Adding new sidewalks
- #1: Other Maintaining centerline and fire hydrant reflective bumps
- #1: Other Roundabouts and street humps

- 0.47 Installing traffic signs
- 0.45 Traffic striping/markings
- 0.23 Repairing street lights
- 0.10 Street sweeping
- 1.42 Roadside ditch mowing

What concerns do you have with the roadways within Kirkland city limits? Please select all that apply.

Description	Number	Other coments
Discolored pavement	4	Dead animals left for days bloating and distracting
Unattended medians or planter strips	12	You are doing a great job!!!!
Debris in roadway	21	Industrial traffic on residential streets (Trucks to the transfer station on 116th)
Poor roadway illumination at night	23	Centerline and fire hydrant reflective bumps damaged and not replaced
Dull or worn paint markings	24	Potholes
Other (see Appendix A)	26	Need to do a better/more frequent job of roadside ditch mowing
Bumpy pavement	36	Crosswalks
Poor intersection visibility (seeing vehicles)	40	Their pollutants are dumped into out wetlands. Poor stewardship! Traffic light badly needed at 3rd and Kirkland Ave 128 St and Totem Lake Blvd up hill side Please sweep streets more frequently Crosswalk illumination still seems less than ideal on 85th & by Pool. Pedestrian Safety Poor sidewalk system! Intersections in neighborhoods cross traffic view obstructed by private property over growth 98th St along causeway needs to be illuminated at night Bad intersections and poorly timed lights Condition of sidewalks I think the St. Dept. does a great job! Once Google opens, I have no idea how I will be able to turn from NE 53rd St. onto 108th Ave NE Adding new Sidewalks 124th St between 124th Ave and 405 is crumbling! Potholes Those stupid median circles are a big joke and a hazard - what consultant came up with them? 116th between 42nd Place & 60th really bad surface. Too many roundabouts and street humps

In general, have the conditions of your neighborhood streets changed over the past five years?

Description	Number	%
Increased—better condition	20	27%
Same—no change in condition	33	45%
Declined—worse condition	12	16%
Don't know	9	12%

In general, how would you rate neighborhood streets compared to other cities?

Description	Number	%
Better than	36	48%
The same as	26	35%
Worse	6	8%
Don't know	7	9%

How best would you like to be notified of road construction and detours?

Description	Number	%
E-mail	38	51%
Electronic reader board on site	21	28%
Direct mail	10	13%
Newspaper	3	4%
Other (source)	3	4%

E-mail and reader board
Phone for affected people not everyone has a computer
KirklandViews.com

General Street Preservation FAQ

1. NE 124th Street from 124th Ave NE to 116th Ave NE (over I-405) is in poor condition. Why is this not scheduled for resurfacing?

Answer: NE 124th Street from 124th Ave NE to 116th Ave NE currently is not identified as a street recommended by the City's pavement management system for resurfacing. The street is in "very poor" condition and is in need of reconstruction. This section of roadway lies within the Washington State Department of Transportation (WSDOT) right-of-way. Although the "City Streets as Part of State Highways" guidelines state the City is responsible for maintenance activities on this street, a permit and coordination with the WSDOT is still required. Resurfacing this street would require a significant portion of the Annual Street Preservation Program budget to do the associated repairs, taking that money away from several other streets that could benefit from it more.

The City Street Department recently did some temporary patching to portions of the overpass and will continue to do pavement repair and patching until enough money can be budgeted to do the full repairs that are required in this section.

There is also an existing CIP project scheduled to begin in Spring 2009 at the NE 124th Street/124th Avenue NE intersection. Portions of that intersection will be resurfaced as part of that project.

2. 116th Ave NE from NE 60th Street to the southern City limits is in poor condition. When will this be resurfaced?

Answer: 116 AVE south of NE 60th St. currently is not identified as a street recommended by the City's pavement management system for resurfacing. The street is in "very poor" condition and is in need of reconstruction. In addition to not being a street recommended by the City's PMS, here are a few additional reasons why 116th Ave NE has not been resurfaced yet.

Currently there is no sewer in the 116th from NE 60th Street south to the location where they were working a few years ago. There is a very good chance that sewer will get installed within the next few years in this location.

Also, there is a future capital improvement project identified for 116th Ave NE that will add sidewalks in this location. Resurfacing the road will be included in that future project. This project is currently in the design phase and the dates for construction have not yet been determined. (There are significant storm water and environmental issues that need to be addressed on this project.)

However in the meantime, our City crews are planning to do some extensive pavement repair in the next year or so that will make the ride a bit smoother for everyone until the future capital improvement project goes to construction.

3. What is involved in scheduling streets for surface treatment and how does the City pick which streets will be overlaid or slurry sealed?

Answer: Many factors are involved when scheduling streets for a surface treatment. The City's pavement management system (PMS) software identifies streets recommended for receiving treatment (slurry seal, crack seal, overlay, etc.) based on the City's current street preservation budget and the pavement conditions of the City streets. These recommendations give City Staff a base point to start at when planning for the Annual Street Preservation Project.

City staff takes the raw recommendations and tries to maximize contiguous sections and minimize "stand-alone" segments by joining adjacent segments and looking for

other nearby segments that will require overlay/seal within next 3-5 yrs. Staff also attempts to schedule projects in the same vicinity each year in order to save construction costs by not having a contractor relocating equipment throughout the City.

After Staff has optimized the project list, it is distributed both internally (Capital Improvements, Development Services, Public Works Maintenance, etc.) and externally (WSDOT, BNSF, PSE, Northshore Utility District, etc.) to minimize the number of potential conflicts. Some treatments end up being postponed due to upcoming capital improvements, development activities, maintenance activities or other agency projects.

4. What is a Pavement Management System?

Answer: "A systematic method for routinely collecting, storing and retrieving the kind of decision-making information needed (about pavements) to make maximum use of limited maintenance (and construction) dollars". As defined by the American Public Works Association (APWA).

5. What are pavement condition ratings and how does the City rate its pavements?

Answer: Every few years the City visually rates the existing pavement condition. All streets are visually surveyed (walking survey) for distresses every three to four years. Data is collected according to WSDOT/NWPMA criteria. Kirkland uses the Metropolitan Transportation Commission (MTC) pavement management system software for calculating the pavement condition index.

6. What are some of the different street preservation techniques utilized by the City of Kirkland?

Answer:

Crack Seal - Cracks are cleaned and filled with a rubberized asphalt material to prevent water from infiltrating into the pavement layers and further deteriorating the roadway. The presence of water reduces the strength of the pavement base layers which results in structural damage and ultimately will lead to pavement failure. Crack Sealing often occurs prior to constructing a Slurry Seal or Asphalt Overlay, but is also a very cost-effective method of preventative maintenance.

Structural Patching - Structural Patching occurs in smaller areas where the pavement is severely distressed and damaged or have failed completely. The City's Street Crew or contractor will grind or dig out and remove the damaged pavement and poor subgrade and repair the area with a new pavement section. Structural Patching often occurs prior to constructing a Slurry Seal or Asphalt Overlay and will prevent premature failure of the new surface that will be applied.

Slurry Seal - Another cost-effective preventative maintenance treatment that prolongs the pavement life without the dust, loose rock, and rough surface that makes Chip Seals so unpopular. Slurry Seal is a thick, cold liquid mixture of asphalt and fine rock (pre-mixed) that is applied to the existing asphalt surface. Depending on weather conditions, Slurry Seal generally requires about six hours to thoroughly cure (dry). Thus, parking and vehicular access to and from streets is restricted on the date of surface seal application. Slurry Seals typically extend the life of the pavement surface by 7-10 years.

Asphalt Overlay - This treatment involves placement of a new layer of pavement on the street generally between 1 1/2 and 3 inches thick. Prior to paving, a six-foot wide section of the street along the edge of the curb and gutter is ground down to allow for the new pavement to conform to the curb and gutter.

While parking and access to and from streets are restricted during both the grinding

and paving operations, traffic controls are typically established by the contractor in lieu of closing streets altogether. Asphalt Overlays are used on streets that exhibit light to moderate stress related failures and like Slurry Seals, require failed pavement sections to be repaired prior to the treatment, although more costly than Surface Seal treatments. Because water is detrimental to all pavement repair treatments, it is also required that you not wash vehicles or water lawns on the date work is scheduled. Pavement overlay will generally extend the life of a street between 15-20 years. See below for Frequently Asked Questions on Asphalt Overlay construction.

Reconstruction - In cases where isolated Structural Patching alone is not adequate to repair severely failed roadways, reconstruction is necessary to remove and replace all or part of the roadway section. Although street reconstructions are the lengthiest and most disruptive method of treatment, vehicular access to and from streets is generally maintained throughout the work via contractor established traffic controls. A reconstructed street is intended to produce a roadway structure that will last 30-50 years and a surface that will last between 15-20 years.

7. Why are certain streets selected for treatment when there are other streets in the City in far worse condition?

Answer: Maintaining streets on a “worst-first” basis is not a cost-effective method of preserving street networks. If all of the street preservation dollars are spent towards repairing streets in the “Very Poor” or “Failed” condition, streets in the “Very Good” to “Fair” condition will slide into a poor condition, making it very costly to rehabilitate those streets. Whereas if most of the street preservation dollars are spent preserving “Good” to “Fair” streets with a few “Very Poor” or “Failed” streets, many more streets can be rehabilitated, keeping the overall City’s Pavement Condition Ratings acceptable.