



**CITY OF KIRKLAND**  
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## **MEMORANDUM**

**To:** Dave Ramsay, City Manager

**From:** Marilynne Beard, Assistant City Manager  
Annexation Staff Team

**Date:** June 4, 2009

**Subject:** POTENTIAL ANNEXATION UPDATE

### **RECOMMENDATION:**

City Council receives an update on the potential annexation and provides direction on key policy matters concerning annexation.

### **BACKGROUND DISCUSSION:**

On March 28, after several years of study, the City Council directed staff to prepare a resolution of intent to annex the City's potential annexation area consisting of the North Juanita, Kingsgate and Finn Hill neighborhoods. On April 7, the City Council approved the resolution and on April 8 the City filed a notice of intent with the King County Boundary Review Board (BRB) to hold an annexation election on November 3, 2009 (General Election). Since that time, staff has been completing tasks necessary for the BRB process and preparing for a November election. The purpose of the June 16 study session is to present an annexation work plan, describe activities to date and to highlight key dates and activities occurring between June and December. There are also several policy issues that require direction from Council:

1. Form and content of the ballot title
2. Process and timeline for selection of pro and con committees
3. Possible effective dates for the potential annexation
4. Implications of new legislation governing card rooms that are annexed into an existing city

Of these four issues, direction on the form and content for the ballot title is the most critical in order to meet the deadlines established by King County for the upcoming election.

## WORKPLAN

A draft work plan was developed to identify near term (pre-election) and longer term activities. The work plan is in a draft stage at this point with some dates and responsibilities still needing to be identified. All departments have contributed to the work plan for annexation with specifics of the plan focused on pre-election activities at this time. Several work groups have formed and meet regularly:

- Annexation Steering Team – Consisting of the City Manager, Assistant City Manager, Intergovernmental Relations Manager, City Attorney and the directors of Finance and Planning. The Steering Team reviews work plans, communications materials and determines appropriate staff for various work items and policy issues.
- Annexation Staff Team – Consisting of representatives from all City departments and functions. The “A Team” develops and implements work plan items, prepares materials for Council and coordinates with other agencies (e.g. King County and special purpose districts) regarding service transition.
- Communications Team – Consisting of the Communications Program Manager, Information Technology Director, Annexation Administrative Assistant, Intergovernmental Relations Manager, webmaster and City Clerk. Develops and distributes informational materials, responses to citizen emails and responds to public disclosure requests.
- Operational Work Groups – Consisting of cross-departmental subgroups of the A Team. For example, the Development Services subgroup has representatives from Public Works, Planning and Building and is identifying issues related to transfer of permit functions and in-progress permits. Another interdepartmental work group is organized around solid waste collection issues.

The work plan is organized by major categories:

- **Communication** – Includes development of key messages, print materials, community meetings, web page, mailers and electronic notifications.
- **Financial Analysis** – Includes development of a cash flow model, cost tracking and development of a pre-annexation budget process.
- **Legal and Election** – Includes all election preparation steps as well as any other legal requirements.
- **Annexation Process** – Includes steps needed to complete the annexation process such as the Boundary Review Board process.
- **Intergovernmental** – Includes coordination and development of interlocal agreements with King County and eight special purpose districts.
- **Operational** (organized by department/function) – Includes identification of service transition issues, coordination with counterparts at King County and in the special purpose districts, zoning and mobilization issues.

The work plan focuses primarily on pre-election tasks by providing more specific dates and staff assignments. Post-election tasks are also identified, but in less detail pending the results of the

election. Some tasks do not have to be completed for the election itself, but require initial work to allow for a timely initiation of post-election tasks. A copy of the work plan is included as Attachment A to this memo. The work plan is a dynamic product that is constantly updated to reflect completed tasks and new tasks that were identified. The following narrative highlights key tasks and initiatives currently underway.

**Communications**

Public Outreach

Much of the public outreach has and will involve meetings, public hearings and informational events. All public information is based upon Key Messages (Attachment B).

Neighborhood Meetings

Staff presented an update on the annexation process at the following neighborhood meetings:

<b>Name</b>	<b>Date</b>	<b>Number attended</b>
Denny Creek Alliance	April 22	100+ residents
Totem Lake Neighborhood Association	May 20	20 residents

City Sponsored Community Meetings, Events & Public Hearings

The City is hosting three informational meetings to be held in June:

June 18, 7-9 p.m.	Juanita High School Auditorium	10601 NE 132 <sup>nd</sup> St
June 23, 7-9 p.m.	Finn hill Jr. High Gym	8040 NE 132 <sup>nd</sup> St
June 29, 7-9 p.m.	Kamiakin Jr. High Cafeteria	14111 132 <sup>nd</sup> Ave NE

On June 2, the Planning Department hosted an informational Open House on the proposed zoning regulations for the potential annexation area. Approximately 10 people attended. Display information was posted to the City's website and a list serv announcement was issued about the Open House.

On June 2, the City Council held the first of two public hearings on the proposed zoning regulations. Two persons provided public comment during the public hearing. A second public hearing is scheduled for July 7.

Other Public Hearings

The Boundary Review Board (BRB) held a Public Hearing on June 8 (with the potential for continuation to June 10) to consider the City's annexation proposal. The BRB made a voted to approve the annexation proposal pending final approval of an written decision on July 9.

## Print Messaging

The following Frequently Asked Question (FAQ) handouts were developed and made available at the June 2 Proposed Annexation Zoning Open House and at some neighborhood meetings (Attachment C).

- Annexation Process
- Annexation Finances
- Public Safety Services
- Zoning & Building Requirements
- Community Involvement
- Parks, Recreation and Community Services
- Utility, Solid Waste & Other Services (under development)

All FAQ's will be posted to the Annexation webpage.

In addition to the FAQs, updates on the annexation process will be published in "City Update," the City's online newsletter. The 2009 publication schedule is July 2009, September 2009 and December 2009

## Web-based Messaging

The City's Annexation webpage ([www.ci.kirkland.wa.us/annexation](http://www.ci.kirkland.wa.us/annexation)) is the main source of public information about the City's proposed annexation. The landing page received more than 10,000 visits in 2008 (January 1-December 1). So far in 2009, the site has received close to 3,000 visits; with the most visits occurring in late March/early April. (These numbers do not include visits by city staff members.)

## Media Messaging

Two City-issued news releases were released since January 1, 2009:

- "City Council Considers Annexation Next Step" (March 25, 2009)  
[http://www.ci.kirkland.wa.us/News\\_Room/NR032509anxmtg.htm](http://www.ci.kirkland.wa.us/News_Room/NR032509anxmtg.htm)
- "Public Participation Opportunities for Kirkland's Proposed Annexation" (May 13, 2009)  
[http://www.ci.kirkland.wa.us/News\\_Room/NR051309annxpub.htm](http://www.ci.kirkland.wa.us/News_Room/NR051309annxpub.htm)

The May/June edition of "Currently Kirkland," the City's TV news program, included a "News Desk" announcement about the June community meetings. The show can be streamed from the website at [www.ci.kirkland.wa.us/depart/TV/Video\\_On\\_Demand.htm](http://www.ci.kirkland.wa.us/depart/TV/Video_On_Demand.htm) (Select May 20, 2009). When the production timing of the monthly program allows, future information will be included. The Kirkland Reporter newspaper has published several articles about the proposed annexation and several "Letters to the Editor."

## Email-based Messaging

Public information about the annexation proposal is "pushed out" via email primarily using three list serves: Annexation, Neighborhood E-Bulletin, News Room. Any City news release about the proposed annexation is released via these three email notifications.

<b>List Serv</b>	<b># of subscribers as of 4/24/09</b>	<b># of subscribers as of 6/1/09</b>
Annexation	682	709
Neighborhood E Bulletin	730	740
News Room	143	153

There are currently 452 subscribers to the webpage where City Update is posted. When a new edition is posted, subscribers receive an email that includes the link to the page so that they can view the newsletter online.

In addition to list serv notices, an announcement about the June 2 Open House was emailed to 50 PAA residents who had participated in the 2008 zoning workshops sponsored by the Planning & Community Development Department.

### Internal Communications

The City's Annexation Team (A-Team) has been meeting weekly since April 17 and will continue to do so for the coming months. Representatives from the core departments and major functions of the City comprise the A-Team.

CMO staff continues to maintain the Annexation Information page on KirkNet (<http://srv-portal02/SiteDirectory/Annexation/Pages/default.aspx>). The City Manager/Assistant City Manager's email newsletter to employees, "In Tune" often includes annexation updates and is posted to KirkNet.

Annexation updates are being presented at the City Manager's monthly "Budget Briefings" with City staff.

### **Financial Analysis**

The financial analysis since the notice of intent was filed has focused on developing a detailed cash flow analysis that projects the probable timing of revenue receipts and expenses needed to prepare for and provide services to the annexation area. One outcome of this analysis is the development of a recommendation regarding an effective date. Operational considerations (that drive expenditures) dictate some timelines and, when compared to the expected phase in of revenue receipts, provide a range of practical effective dates. Although the actual effective date is established by the City Council after the election, it is important to have an estimated date for planning and public information purposes.

### Annexation Costs

Finance is also maintaining a cumulative tally of hard costs to date related to annexation. This includes all staff that were funded from Council-approved annexation funding requests and that are assigned specifically to annexation. The City Council requested a recap of the costs of annexation to date. The costs summarized below include studies, consultants, communications, and dedicated staffing that has been added for annexation efforts.

Summary of Annexation Costs by Phase

<b>Phase</b>	<b>Costs</b>
Phase I	113,900
Phase II	620,000
Current	200,000
<b>TOTAL</b>	<b>\$933,900</b>

Details of Phase I Annexation Costs

Phase I costs were for professional services for development of a financial model (Berk & Associates) and communication/outreach (EnviroIssues).

Details of Phase II Annexation Costs

The table on the following page summarizes the annexation-related costs incurred by the City during Phase II of the process, during 2007 and 2008.

<b>Department/Activity</b>	<b>Costs</b>
<b>City Manager</b>	
Annexation Public Safety Building Feasibility Analysis	29,700
Annexation Coordination	82,764
Annexation Communications – Phases 2 & 3	121,236
Annexation Administrative Support	74,806
<b>Public Works</b>	
Annexation PW CIP Assessment of Streets	47,270
Annexation Surface Water Facility Assessment	14,482
<b>Finance &amp; Administration</b>	
Annexation Fiscal Services Resources	39,316
<b>Planning &amp; Community Development</b>	
Annexation Planning Department Support	76,428
<b>Police</b>	
Annexation Recruitment & Liaison Officer	133,660
<b>TOTAL</b>	<b>\$619,662</b>

## Details of Current Annexation Costs

The table below summarizes the annexation-related costs in the current phase of the process which were approved by the City Council on May 5.

<b>Item</b>	<b>Amount</b>
Budget Analyst	50,000
Professional Services	10,000
Administrative Support	32,000
Communication Support	10,000
Temporary IT Resource	23,000
Planner Reallocation	75,000
<b>TOTAL</b>	<b>\$200,000</b>

At this juncture, staff is not tracking the time spent by existing employees related to annexation. Most exempt positions within the City do not breakdown daily time into detailed tasks, since we do not bill for services hourly. Increments of regular staff time spent on annexation is considered part of the normal course of business and fluctuates greatly from week to week like many of the special projects or focused studies that we undertake as a City on behalf of the City Council. The sales tax credit from the State does not contemplate detailed time tracking for substantiation; rather the costs are expected to be identified on an allocation basis. Staff recommends continuing to track costs that are approved specifically for annexation rather than those costs already contained in the base budget.

### **Legal and Election**

There are legal considerations surrounding all of the work associated with annexation. Existing laws governing annexation as well as new legislation must be taken into account in the planning process. Likewise, the election process is very proscribed and involves a number of deadlines that must be met to move forward. The City Attorney's Office is also providing guidance on rules governing the dissemination of information and the Public Disclosure Commission (PDC) rules for Council and staff in the election process.

### **Annexation Process**

This category covers the procedural steps required for annexation under the election method. This includes the Boundary Review Board (BRB) process that is currently underway. In order to place an annexation election measure on the ballot, the BRB must approve the annexation proposal. Much of the staff time associated with the BRB has been related to preparation of the presentation that was delivered at the BRB hearing on June 8<sup>th</sup>. Intergovernmental activities have also informed the BRB process, identifying interests of special purpose districts that the BRB will consider in their decision.

### **Intergovernmental**

At the time that the City Council expressed its intention to proceed with annexation, letters were sent to each of the special purpose districts informing them of Kirkland's intent to hold an annexation election. The letter also advised them that the City is interested in meeting with

them to understand their interests and to plan for service transition should the annexation proceed. This notification step is required as part of the Boundary Review Board process.

Since then, meetings have been held with various King County departments (King County Sherriff, Natural Resources, Executive, Public Works and development services), utility districts, fire districts and the park district. In some cases multiple meetings have been held. The purpose of these meetings has been to listen to the districts' concerns and to answer questions and better understand the time frames and considerations involved in a potential transition. The meetings have been productive and useful to City staff in developing work plans.

Of special note are the meetings that have been held with Woodinville Fire and Life Safety District. Annexation of the PAA would transfer between eight and nine percent of the district's valuation and service area from the district to the City. The district has one station located within the PAA from which they serve a portion of the PAA as well as portions of their district outside of our PAA. State law requires the City to assume responsibility for fire services following annexation, however, state law does not govern how that occurs. There are a number of options for how that can be accomplished including phased transition, contracting back and shared coverage. The area is already served by multiple agencies under existing automatic aid agreements.

State law also governs the transfer of assets between fire districts and cities that have annexed fire district territory. The newest legislation (SSB 5808) provides for transfer of employees between jurisdictions and maintenance of service levels. After an initial meeting with representatives from the district (including two district commissioners), we determined that the issues were sufficiently complex that we would need to "compartmentalize" them and have the appropriate individuals work together. We identified three subgroups – operations, finance and employee relations – that have representatives from the district and the City. The three subgroups have been meeting throughout May and June as have the two labor unions. A number of options have been discussed with regard to transition and the district has been helping to coordinate our meetings with them. The complexity and the need for each entity to exercise due diligence will require a significant investment of time; however, we anticipate that we can reach conceptual agreement with the district prior to the election.

### **Operational Planning (including zoning)**

Each department has begun to identify tasks and timelines for operational planning. Although this portion of the work will begin in earnest after an election, this planning exercise identifies preliminary tasks and responsible staff.

As noted earlier in this memo, preliminary zoning has been prepared for the PAA and the first of two public hearings and an open house were held on June 2. The zoning must be adopted to be included in the ordinance for the election. Citizens from the annexation area were invited to workshops in 2008. As a result of that early involvement, we received public comment on the proposed zoning. The proposed zoning reflects the input from the PAA and the direction from the City Council. An ordinance adopting the proposed zoning will be presented on July 7 (the same meeting as the second public hearing) for Council consideration. If changes are needed, the ordinance will be presented on July 21 for adoption.

## **Calendar of Key Dates**

A calendar showing key dates for the remainder of 2009 is provided with deadlines and Council decision points. A second calendar summarizes the timelines for all of the upcoming the election processes: annexation, potential utility tax, renewal of the Houghton Community Council, and terms for City Council, the Municipal Judge and the Houghton Community Council (Attachment D).

## **POLICY ISSUES**

Several policy issues require Council's consideration and input at this point. At least one policy issue – the form and content of the ballot title -- requires specific direction from Council in order to comply with subsequent deadlines.

### **Ballot Title**

The Boundary Review Board (BRB) held a public hearing on the proposed annexation on June 8, 2009. The decision of the BRB is anticipated on July 9, 2009. According to RCW 35A.14.050, the City Council must pass a resolution indicating its preference for an election date at its next regular meeting (July 21, 2009). The date of the general election (November 3, 2009), was previously identified as the Council's preferred election date (Resolution R-4751).

#### Submitting the Ballot Title

The resolution requesting the November 3, 2009 election date will also include language for the ballot title. The annexation proposition and the question to authorize assumption of indebtedness may be submitted to the voters in the proposed annexation area as one or two ballot measures. If the proposals are submitted separately, the proposition regarding annexation must be approved by a majority vote. A 60 percent vote is required for approval of the proposition regarding the assumption of indebtedness and the total number of persons voting may not be less than 40 percent of the total number of votes cast in the proposed annexation area at the last preceding general election.

If the measures are combined, the annexation and assumption of indebtedness are approved only if the proposition is approved by a 60 percent majority of the voters voting and the turnout represent at least 40 percent of the total number of votes cast in the area during the last preceding general election. However, the City may adopt a resolution accepting the annexation, without the assumption of indebtedness, if the combined ballot proposition is approved by a simple majority.

#### Timing of Submitting the Ballot Title

The City Council will need to pass the resolution requesting the election date and submitting the proposition(s) for the ballot at its July 21, 2009, meeting. The County Council will be on hiatus during the month of August. In order to maintain the schedule for November 3, 2009, election, the County Council meeting of July 27, 2009, will be the last opportunity for the County Council to pass an ordinance establishing the election date and transmitting the ballot title to the King County Elections.

#### **Policy Question:**

Does the City Council want the City Attorney to prepare a resolution showing a ballot title with the annexation and indebtedness measures combined? Or, does the City Council want the City Attorney to prepare a resolution with the annexation proposition and the question to authorize the assumption of indebtedness as two separate ballot measures?

### **Appointment of Pro and Con Committees**

One of the tasks associated with the annexation election is the selection of committees to write the pro/con statements to be included in the voters' pamphlet. For each measure placed on the ballot, the City Council must formally appoint pro and con committees to prepare arguments advocating voters' approval or rejection of the measure. Each committee shall have no more than three members. Members are to be appointed from persons known to favor or oppose the measure as appropriate. Members should not be drawn from the Council or from staff, in order to avoid the appearance of a conflict of interest. Other than these statutory requirements, the City Council may want to consider whether the parties are residents or business owners in the PAA.

Due to the time required to put the committees in place, it is recommended that advertisement for committee members begin prior to the resolution calling for the annexation election. The City Clerk can begin to advertise for interested parties to serve on the committees in June so that Council may discuss the committee members on July 7 and select committee members on that same date the Council places the issue on the ballot (July 21) . This will allow the committees to have sufficient time to craft their arguments before the deadline. In accordance with our past practice, we will send a press release to the local media, including the Seattle Times and Kirkland Reporter, post an announcement on the City's cable channel and website and send via a listserv delivery. In the past, the City has not received more than three names for each side of an issue, so the interested parties' names were forwarded to the City Council in a memorandum for approval. If more than three individuals express an interest in either side of the issue, the City Council will need to determine the process for selection

***Policy Question:*** Should the City Clerk begin the pro/con committee advertisement process in June to enable appointment on July 21st? If there are more than three parties interested on either side of the issue, what criteria will the Council use to choose a committee?

### **Annexation Effective Date**

There are several factors that need to be considered in determining the ideal effective date for annexation. The two primary concerns in determining the effective date for the proposed annexation area (PAA) of North Juanita, Finn Hill, and Kingsgate neighborhoods are:

- Police staffing timeline
- Timing of revenue receipts

For the purposes of this discussion the two potential annexation effective dates being considered are: April 1, 2011 and July 1, 2011. The rationale for this recommendation is presented below.

The first part of this section addresses the impact of personnel hiring timelines on determining the annexation effective date in greater detail. The second part presents the impact of the

annexation effective date on the timing of revenue receipts; potential effective dates; and the staff recommendation.

### Police Staffing Timeline

The annexation staffing increase proposed to support police calls in the three district plan of the PAA will consist of 37 commissioned officers and 7.5 support personnel. Based on the projected annexation police staffing needs and hiring-process constraints, the police department has determined that it would take approximately 25 months to hire all the staff proposed for annexation. The police department has determined that a phased approach to staffing, whereby the three PAA patrol districts are staffed first, would require a minimum of 12 months from the time the hiring process begins. In order to efficiently hire and train staff, the department would have to train the trainers and generate a list of potential hires which could take several months. In light of these considerations, the police department believes that they could begin the hiring process in April 2010 and have adequate staffing in place for the three PAA police districts by April 1, 2011. The preferred alternative date to have minimum staffing on board to meet police staffing needs in the PAA is July 1, 2011.

#### *Considerations:*

The timeline for conducting job interviews, background checks, pre-academy training, completion of the police academy and field training program for a new officer is 13-14 months depending on academy availability. The timelines for hiring an officer who is currently certified by Washington State is 5-6 months. The availability of experienced officers over the next 6 months is estimated to be the highest in recent history due to the economy and layoffs across the state. We hope to take advantage of this and recruit well-qualified, experienced officers.

Support staff timelines are much shorter ranging from 2-5 months, depending on the position. Based on past experience, hiring and training 37 officers will require conducting approximately 370 interviews and 45 background investigations, with a training failure rate of 15%.

The total timeline for hiring all staff related to annexation is approximately 25 months. This is based on the limited number of officers that can be trained at any given time by the number of trainers within the Kirkland Police Department. The department would need to train 12-14 additional Police Training Officers (PTO's) who would then train the additional employees. This training requires transferring officers from their duties for one week to complete the training process, which will require overtime to backfill their positions.

The two preferred options use a phasing plan that would fill the patrol districts first followed by the specialty assignments such as detectives and traffic. Support positions and supervisor positions will be added as needed to meet the additional work load issues.

The proposed hiring approach eliminates the need to contract with the King County Sheriffs Office for police service (and the duplicate costs of simultaneously training new hires) by using funds available pre-annexation to hire and train Kirkland officers to be ready when annexation occurs.

Costs related to the hiring process will include overtime to backfill positions of members of the department conducting interviews. Background checks would be conducted by a private contractor currently averaging \$2,500 per background (attempts will be made to reduce this rate with contractor due to volume).

With either of the annexation effective dates (April 1, 2011 or July 1, 2011) the Police Department would use the first several months of 2010 to create a list of candidates, create operational plans to train the trainers, conduct training, and otherwise prepare the department for the large increase in staff.

*Options:*

If the annexation measure is approved by voters on the November 2009 ballot, the Police Department would begin conducting new hire interviews in December 2009. The interview, hiring and training process would then be conducted based on the desired effective date (either April 1, 2011 or July 1, 2011).

*Option 1 – April 1, 2011 Effective Date:*

- Initiate the hiring and training process using a combination of lateral and new police officers by early April 2010. This would allow for the shortest timeline while ramping up staffing, meeting minimum staffing requirements to provide patrol service levels to the PAA on day one.
- Begin training of additional Police Training Officers (PTO's) in March 2010 to ensure there are adequate training officers for future officer hires.
- Phase in patrol officers and minimal supervisor/management staff during the ramp up process, relying on current supervision to assist until additional staff is hired in the later months.
- Phase in support staff beginning approximately one month prior to annexation, in preparation of additional work that will begin on day one.
- If this option begins early in April 2010, there would be enough patrol officers to meet the minimum requirements to patrol the PAA by April 2011. Positions would continue to be filled as quickly as possible with a projected full staff end date of March 2012.

*Option 2 – July 1, 2011 Effective Date*

- Initiate the hiring and training process using a combination of lateral and new police officers in July 2010. This would allow for the shortest timeline by number of trained officers while ramping up staffing meeting minimum staffing requirements to provide minimum service levels to the PAA on annexation date July 2011.
- Begin training of additional PTO's in June 2010 to prepare for first group of officers starting.
- Phase in patrol officers and minimal supervisor/management staff during the ramp up process, relying on current supervision to assist until additional staff is hired in the later months.
- Phase in support staff beginning approximately one month prior to annexation in preparation of additional work that will begin on day one.
- This option would begin hiring in early July 2010; there would be enough patrol officers to meet the minimum requirements to patrol the PAA by July 2011. We would continue to fill positions as quickly as possible with a projected end date May 2012.

Attachments E and F illustrate the hiring and deployment patterns of these two options.

The Police Department's recommendation is Option 2 (July 2011) based on the belief that a mixture of lateral entry and new hire officers is the proper blend for such a large group of new employees. Hiring a mixture of experienced officers allows us to ramp up quickly and efficiently utilize the funds related to annexation. By working with Finance we have developed this plan which demonstrates substantial savings, especially in 2010, by assuming the PAA beginning July 1st versus April 1st.

<b>Category</b>	<b>Scenario #1</b>	<b>Scenario #2</b>
<b>Effective Date of Annexation</b>	<b>April 1, 2011</b>	<b>July 1, 2011</b>
First Hires	4/1/2010	7/1/2010
Total New Hires	29.00	29.00
Total Laterals	8.00	8.00
<b>Total Hires</b>	<b>37.00</b>	<b>37.00</b>
At least 18 Officers Deployed on	4/1/2011	7/1/2011
Total Cost in 2010	\$ 2,238,992	\$ 1,332,342
Total Cost in 2011	\$ 4,966,708	\$ 4,785,233

This option allows the Kirkland Police Department to assume police jurisdiction of the PAA on day one without relying on contracting for police service with the King County Sheriff's department for patrol coverage. This option also eliminates the added burden of paying for the contract with King County while simultaneously paying for new Kirkland officers while they are being trained.

The July 1st date also allows more time to conduct interviews and create a hiring list of potential candidates following the annexation voting. The additional few months allows for better preparation and decision-making.

Training, equipment ordering and vehicle ordering are all decisions that take significant time, in some cases months. The July implementation date will allow police staff, Fleet and HR time to get the proper equipment and training needed to ensure a successful transition.

#### Timing of Revenue Receipts

Every annexation will have some financial impact on the annexing city. Financial analysis conducted to date has scoped the magnitude of this impact based on estimated revenues and expenditures, and potential contingencies. The analysis projected a gap between revenue and expenditures in the City's budget and the PAA for the first ten years. A critical factor in minimizing the shortfall in the PAA is the choice of the annexation effective date which impacts the timing of new revenues and in some cases the amounts received. As the Municipal Research and Services Center of Washington (MRSC) notes in its publication, "Annexation Handbook," this date is particularly important for property tax and sales and use tax revenues.

#### 1. Property Tax

Property tax has the longest lag between the annexation effective date and the receipt of the first tax revenues. This is partly because of the fact that the levy approved by a jurisdiction the

prior November becomes effective on January 1 of a given year, with the first substantial portion due in April and the remainder due in October of each year.

RCW 84.09.030 states that for property tax purposes, the boundaries of a city are the "officially established boundaries" that exist on August 1 of the year in which the property taxes are levied. This means that in order for the City to levy taxes in the current year for receipt the following year, it should complete the annexation by August 1. If the annexation effective date is August 2 or later in any given year, the City would have to wait until November of the following year to levy its property tax on the annexed area and will not receive its first substantial property tax revenues until the May of the third year.

For example, if the annexation effective date was August 1, 2011, the City would levy property taxes on the annexed area in November 2011. The levy would become effective January 1, 2012 and the first substantial distribution to the City would be in May 2012. This would result in a lag between annexation effective date and the receipt of revenue of nine months. This would be the shortest possible lag between annexation effective date and revenue receipt.

An effective date too early in the year, that is, well before August 1, merely lengthens the lag between annexation and receipt of property tax revenues from the annexed area. And, as mentioned above, a date later than August 1 is also detrimental. Therefore, the annexation effective date that would result in the shortest lag time for receipt of property tax revenues from an annexed area would be August 1.

If the annexation effective date is April 1, 2011, the City would levy its property tax on the annexed area in November 2011 for taxes effective January 1, 2012 and receives its first substantial property tax revenues in May 2012. This would mean a lag of 13 months between the annexation effective date and the receipt of a substantial portion of the revenues.

If the annexation effective date is July 1, 2011, the City would levy its property tax on the annexed area in November 2011 and receive its first substantial property tax revenues in May 2012. This would mean a lag of 10 months between the annexation effective date and the receipt of a substantial portion of the revenues.

The better annexation effective date with relation to the timing of property tax revenues from the PAA levied by the City would be July 1, 2011. This is only one month longer than the shortest possible lag of nine months as described earlier.

July 1, 2011 is a more practical effective date because it is the beginning of a quarter which is key to the timing of sales tax revenues (described below), and while it would lengthen the lag time by a month (compared to August 1, 2011), it would provide the City with a reasonable period of time to address any issues that might potentially arise in establishing the new official City boundary.

RCW 35A.14.801 allows the City, upon annexation, to receive the revenue from the levied but uncollected county road district taxes. This revenue is required to be placed in the City's Street Fund and is not available to the General Fund. However, this would allow the potential for freeing up some City property tax currently dedicated to the Street Fund for General Fund purposes during the interim period. Application of this statute to the fire district levies is under evaluation as part of the interlocal agreement negotiations.

## 2. Sales and Use Tax

Sales tax changes may take effect only on January 1, April 1, July 1, or October 1. In order to receive additional sales tax revenues resulting from this annexation, the City must notify the Department of Revenue (DOR) at least 75 days before the change takes place. To maximize the sales tax revenue from the proposed annexation area, the effective date of an annexation should be the first day of a quarter – January 1, April 1, July 1, or October 1.

Following proper notification, the standard timeline for receipt of sales and use tax revenues would apply. The lag between annexation effective date and the receipt of sales and use tax revenues is three months for both of the potential annexation effective dates under consideration – April 1, 2011 and July 1, 2011.

If the effective date of annexation is April 1, 2011, taxes collected in the annexed area in April are coded to the City. The retailers remit the taxes to DOR by May 25, and the City receives its first distribution on June 30, 2011.

If the effective date of annexation is July 1, 2011. Taxes collected in the annexed area in July are coded to the City. The retailers remit the taxes to DOR by August 25, and the City receives its first distribution on September 30, 2011.

The requirement that DOR be notified 75 days before the first day of the month in which the City wants taxes to be collected creates some additional deadlines. To start collecting sales tax on April 1, for example, the City Council must pass an ordinance approving the annexation and notify DOR no later than January 16. If the effective date of the annexation is July 1, the ordinance approving the annexation and notification to DOR must be by April 17 for taxes to be levied beginning July 1.

## 3. State Sales Tax Credit

The adoption of SSB 6686, which allows for a credit of sales tax up to 0.2% of the total 6.5% State portion of sales tax revenues, is estimated to provide annual average funding of \$4.4 million for a ten year period. While the State sales tax credit will help bridge the gap between revenues and expenditures in the proposed annexation area (PAA), the credit is only available up to the amount needed to offset shortfalls due to annexation.

The State sales tax credit is an important element in addressing the anticipated shortfall in the PAA. RCW 82.14.415 requires the City to provide DOR with an estimate the revenues, expenditures, and anticipated shortfall (labeled, "new threshold amount") in the PAA for the next fiscal year (based on the State's fiscal year which is July 1 through June 30) and notice of any applicable tax rate changes by March 1 of each year. DOR will then begin the monthly distributions on July 1 and continue until the threshold amount has been reached or end on June 30 of the following year. The distribution is set up to match the State's fiscal year of July through June.

If the effective date of annexation is April 1, 2011 and the City notifies DOR by March 1, 2011 of the anticipated shortfall in the PAA, then the credit becomes effective July 1, 2011 and the City receives the first distribution on September 30, 2011. This translates to a lag between the annexation effective date and receipt of revenue of six months.

If the effective date of annexation is July 1, 2011 and the City notifies DOR by March 1, 2011 of the anticipated shortfall in the PAA, then the credit becomes effective July 1, 2011 and the City receives the first distribution on September 30, 2011. This translates to a lag between the annexation effective date and receipt of revenue of three months.

The shorter lag time and the significant contribution the State sales tax credit makes to bridging the anticipated shortfall in the PAA makes July 1, 2011 a better annexation effective date.

Based on conversations with the State Auditor's Office, the City can begin accumulating costs toward the credit in advance of the effective date. It is important to recognize that any such costs have to be paid by the City in advance of the receipt of the credit, which may result in cash flow challenges.

#### 4. State Shared Revenues

State-shared revenues such as gasoline tax, liquor board profits, and the liquor excise tax are distributed to cities on the basis of population. For Kirkland to have its population adjusted for annexation for purposes of state-shared revenue distributions, the Office of Financial Management (OFM) must certify the annexation, after which it will notify the appropriate state agencies of the population change. For purposes of state-shared revenues, the revised City boundaries and the new population are not recognized until the date that OFM approves the annexation certificate submitted to it by the City.

The proposed annexation is estimated to add approximately 33,800 people to the City's population. The magnitude of the population change will mean that the certification process would be very lengthy according to OFM. In this case, the following timeline would apply:

- City submits annexation certificate and supplemental documents to OFM's Forecasting Division within 30 days of annexation effective date.
- OFM needs 6 weeks' notice to process prior to its filing date with State agencies.
- OFM processes and files with State agencies 30 days prior to distribution dates, i.e., it files on the last working days of November, February, May, and August.
- State shared revenues are distributed quarterly on January 1, April 1, July 1, and October 1.

In order to minimize the lag in receipt of state shared revenues from this annexation, the effective date would have to be the first day of the last month of a quarter – March 1, June 1, September 1, or December 1.

If the receipt of state-shared revenues was the highest priority, then selecting March 1, June 1, September 1, or December 1, would be ideal, but since this is not the largest PAA revenue either of the two annexation effective dates (April 1, 2011 or July 1, 2011) under consideration would be equally acceptable. In fact, both dates would result in the same six month lag between annexation effective date and revenue receipts.

If the annexation effective date is July 1, 2011, the City would submit the required certification documents to OFM by July 31, 2011. OFM would complete its review around September 15, 2011 and file with State agencies no later than November 30, 2011. State agencies will begin distributions reflecting the change in population to the City on January 1, 2012. This would

mean that there would be a lag of six months between annexation effective date and the receipt of state-shared revenues.

Options and Staff Recommendation

As the discussion above illustrates, no matter what the date of annexation, there will always be a lag between the time the taxes are collected and when they are distributed to the City. Given the constraints of timing revenue receipts and the need to minimize the impact of the annexation effective date on the City's resources, staff identified two potential dates: April 1, 2011 and July 1, 2011. These dates assume that the annexation vote is on the ballot on November 3, 2009 and that it passes. Annexation-related Police staffing is expected to take a minimum of 18 months after election, which makes April 1 the earliest feasible effective date, as discussed previously.

The table below compares the lag in revenue receipts between the two potential effective dates of April 1 and July 1 for each of the major revenue sources discussed above.

Revenue Source (% of Year 1 Revenue)	Time (Months) between Annexation Effective Date and Revenue Receipt Date	
	April 1 Effective Date	July 1 Effective Date
Property Tax (28%)	13	10
Sales & Use Tax (8%)	3	3
State Sales Tax Credit (18%)	6	3
State Shared Revenues (4%)	6	6

Given the choice of April 1, 2011 or July 1, 2011 as annexation effective dates, staff would recommend July 1, 2011 as the annexation effective date for the proposed annexation of North Juanita, Finn Hill, and Kingsgate neighborhoods. Compared to April 1, 2011, July 1, 2011 would reduce the revenue receipt lag time by 3 months for two significant revenue sources: property tax and the State sales tax credit and allow the City to better match revenues and expenditures thereby reducing the fiscal impact of this annexation on the rest of the City.

**Policy Question:** Should the effective date for annexation be tentatively scheduled for April 1, 2011 or July 1, 2011 (final decision to be made after election)?

## **Gambling**

Substitute Senate Bill 5321 stipulates that a city with a prohibition or limitation on house-banked social card game licenses that annexes an area within a county that permits house-banked social card games may allow a house-banked social card game business that existed on the effective date of the act to continue operating. The bill was signed by the Governor with an effective date of July 26, 2009. A city that allows a house-banked social card game business in an annexed area to continue operating is not required to allow additional house-banked social card game businesses. This legislation is applicable to the Casino Caribbean located in the Kingsgate neighborhood of Kirkland's PAA since Kirkland does not currently allow house-banked social card games in the city.

The Kirkland Municipal Code does have a provision for taxation of card rooms that establishes a tax rate of 20%. King County currently taxes card rooms at a rate of 11%. Annual gambling tax revenue from the social card game establishment in PAA at the King County tax rate of 11% was approximately \$820,000 in 2008. Based on the City's current rate of 20%, the 2008 revenue would have been \$1,490,000. One of the financial scenarios that was prepared assumed the availability of gambling tax at the County's rate of 11% (based on Council's preliminary direction to include it in at least one scenario).

The Washington State Gambling Commission (WSGC) is a law enforcement, licensing and regulatory agency with the responsibility and authority under RCW 9.46 to regulate gambling in Washington State; except for Horse Racing and the Lottery, which have separate Commissions. Legislation passed in 1997 authorized Nevada-style card games in commercial card rooms. These businesses must obtain gambling licenses from the WSGC, a process described in Attachment G or on the WSGC website: [www.wsgc.wa.gov/newsletters/5-139.pdf](http://www.wsgc.wa.gov/newsletters/5-139.pdf).

The decision to allow existing casinos to continue to operate will rest with the City Council in office at the time the annexation is effective. Until the effective date, the Kirkland City Council does not have jurisdiction over gambling in the PAA. For planning purposes and in response to citizen inquiries, the Council may indicate whether their intent is to allow the casino to continue to operate after annexation. The Council may express their intent in a more formal manner by approving a resolution of intent to allow (or not allow) the casino to continue to operate.

### ***Policy Questions:***

1. Does the City Council intend to allow the casino to continue to operate?
2. If yes, at what rate would the casino be taxed?
3. Does the City Council want to consider a resolution expressing their intent?

### **Other Policy Issues**

A variety of other policy issues will need Council's review if the annexation measure is approved. One additional issue that may warrant discussion before the election is solid waste collection. Unincorporated areas are not required to participate in solid waste collection and recycling. Individual households may self-haul garbage to the transfer station and recycling services are available at an additional charge. The Kirkland Municipal Code prohibit self-hauling

of solid waste. Staff is currently researching the legal requirements and contract obligations relative to solid waste and whether or not the City Council can apply different rules to the annexation area on a temporary basis relative to solid waste collection.

# MASTER WORK PLAN - TOPIC INDEX

Attachment A

<b>1</b>	<b>COMMUNICATION</b>
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1.3	Develop Internal Communications Plan
<b>2</b>	<b>FINANCIAL ANALYSIS</b>
2.1	Develop Cash Flow Forecast
2.2	Develop Budget Process for Pre-Annexation Needs
2.3	Coordinate State Shared Revenue
<b>3</b>	<b>LEGAL AND ELECTION</b>
3.1	Prepare for election
3.2	Ordinance accepting annexation/effective date
<b>4</b>	<b>ANNEXATION PROCESS</b>
4.1	Complete Boundary Review Board Process
4.2	Conduct census of PAA
<b>5</b>	<b>INTERGOVERNMENTAL</b>
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5.2	Woodinville Fire and Life Safety
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<b>6</b>	<b>OPERATIONAL PLANNING</b>
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6.2	Police
6.3	Development Services
6.4	Fire and Emergency Services
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6.5.2	PW - Facilities
6.5.3	PW - Fleet
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6.5.6	PW - Solid Waste
6.5.7.1	PW - Surface Water - O&M
6.5.7.2	PW - Surface Water - Engineering
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6.5.9	PW - GIS/Mapping
6.5.10	PW - Capital Improvement Division
6.6	Information Technology
6.7	Human Resources
6.8	Planning
6.9	Finance and Administration

## Annexation Key Messages – Spring 2009

### ***The Kirkland City Council has moved to the next stage of the annexation process.***

- Kirkland has submitted a proposal to the Boundary Review Board to annex Finn Hill, North Juanita and Kingsgate neighborhoods.
- The area is largely residential, approximately 7 square miles, extends north of Kirkland to approximately NE 145<sup>th</sup> Street and would add approximately 33,000 people to the City if annexed.

### ***Kirkland's potential annexation is consistent with the State Growth Management Act and Countywide Planning Policies.***

- For the County to provide urban-level service to small pockets of an unincorporated area is inefficient and creates a burden for all County taxpayers.
- Cities are better suited to provide local services (e.g. police, fire, parks and streets); while counties are better equipped to provide rural and regional services (e.g. transit, wastewater treatment, elections).
- The potential annexation area has been assigned to Kirkland for many years.

### ***The annexation process is guided by a strict sequence of events.***

- The annexation proposal must be approved by the Boundary Review Board.
- The King County Council must authorize its placement on the ballot before the City can hold an annexation election.
- If the annexation is approved by the voters, the Kirkland City Council must pass an ordinance providing for annexation and setting an effective date.

### ***Economic health is a top priority for the City Council and current and potential annexation residents.***

- Similar to other cities, Kirkland has an existing structural imbalance between its revenue and expenditures.
  - The cost of doing city business continues to grow faster than revenue due to tax limitation measures and other economic forces.
  - The imbalance between Kirkland revenues and expenditures occurs with or without annexation.
  - To close the gap between revenue and expenditure and balance the 2009-2010 budget, the City Council cut expenditures, used reserves and increased taxes.
- The City has conducted an in-depth financial analysis of the impacts of annexation.
  - The most recent analysis (February, 2009) revealed that the 2009-2010 budget decisions, particularly the increase in utility taxes, have improved the financial results in the PAA.
  - Changes to assumptions regarding facilities expansion and potential gambling tax revenues also improved the annexation scenario.
- As a City considering a large annexation, Kirkland is eligible to receive up to \$4.4 million in state sales tax credit funding as an incentive for a ten year period.
  - Note that the sales tax credit is only available up to the amount needed to offset shortfalls due to annexation and must be spent on services to the annexation area.
  - The City Council must commence the annexation process by January 1, 2015 to be eligible for the state funding.
  - Without the sales tax credit, annexation could have a significant fiscal impact on existing City finances.
- At this point, any actions the City Council takes to balance the existing City's budget will also close any remaining gap in the annexation area



# Kirkland Annexation Study

Spring 2009

## Frequently Asked Questions—Annexation Process

Since 2006, the Kirkland City Council has been carefully considering the annexation of the Finn Hill, North Juanita and Kingsgate neighborhoods, known as Kirkland's Potential Annexation Area (PAA). (See map on reverse side.) Throughout the City's analysis of the potential annexation, the City Council has endeavored to meet the intent of the Growth Management Act, evaluate financial impacts of annexation and provide public participation opportunities for those impacted. In April 2009, the City Council declared its intent to hold an election in November 2009 and submitted an annexation proposal to the Washington State Boundary Review Board for King County. This Frequently Asked Questions (FAQ) handout is intended to answer questions and concerns the City has heard from current City and PAA residents about the annexation process.

*Annexation is a process by which new land is added to a city. Annexation can occur by an "election," "petition" or "interlocal agreement" method. Each method is guided by State law and involves a strict series of events.*

### Why annex?

The State's Growth Management Act (GMA) calls for annexation of unincorporated urban areas. An underlying principle of GMA is that urban services should be provided by cities and that rural and regional services should be provided by counties. Providing urban-level services to small pockets of unincorporated areas is inefficient and creates a burden for all County taxpayers. The City's PAA has long been assigned to Kirkland in the Countywide Planning Policies and in the City's Comprehensive Land Use Plan.

### How does annexation occur?

The City's Annexation Study is predicated on the "election" method of annexation. The first step to initiate this process was for the City Council to approve a "Resolution of Intent" which it did on April 7, 2009. The next step was to file the Resolution along with a Notice of Intention with the Washington State Boundary Review Board for King County (BRB) which was completed on April 8, 2009. The filing sets the City on a course toward an election but several milestones must first be met.

### What is the role of the Boundary Review Board?

All annexation proposals must be reviewed by the BRB. The BRB provides an independent and neutral review of proposed annexations. The City's filing has now initiated the BRB's public process. The BRB process can range from 45 days to 120 days, depending upon input from affected parties, such as special purpose districts.

### What happens if the BRB approves the annexation proposal?

If the City's annexation proposal is approved by the BRB, the next step is for the King County Council to approve placing the annexation proposal on the ballot. If it is approved by the County, the City Council then needs to declare its preferred election date and notify the King County Elections Office. If the election were to be held in November 2009, the City would need to file the ballot measure with the King County Elections Office no later than August 11, 2009. The City Council's action would need to take place in late July/early August in order to meet the filing date.



### For Annexation Information:

- Visit [www.ci.kirkland.wa.us/annexation](http://www.ci.kirkland.wa.us/annexation)
- Attend or watch a City Council meeting
- Receive Annexation updates via email
- Submit a comment online
- Call City Hall at 425-587-3001

### Upcoming Community Meetings:

#### June 18

Juanita High School, Auditorium, 7-9 p.m.  
10601 NE 132nd Street, Kirkland WA

#### June 23

Finn Hill Jr. High School, Gym, 7-9 p.m.  
8040 NE 132nd Street, Kirkland, WA

#### June 29

Kamiakin Jr. High School, Cafeteria, 7-9 p.m.  
14111 132nd Ave NE, Kirkland, WA

### What happens if the Boundary Review Board rejects the annexation proposal?

The annexation proposal could not move forward unless the City chose to resubmit the proposal to the BRB at least 12 or more months later.

### Who gets to vote on annexation?

If the City Council places the annexation on a ballot, then registered voters of the Finn Hill, Upper Juanita and Kingsgate neighborhoods would be eligible to vote as required by State law.

# Frequently Asked Questions—Annexation Process

## What will voters be asked to decide on in the annexation election?

There are three questions that would be considered for the proposed annexation. The first is whether the voters of the PAA want to annex to Kirkland. At the same time, they will be asked to approve the zoning for the area as proposed by Kirkland. Both of these questions require a simple majority approval. A third question would ask voters in the PAA to assume a proportional share of outstanding debt currently held by the Kirkland. This third question requires approval by 60% of the voters and also requires that at least 40% of the voters who voted in the last general election cast a vote in the annexation election.

## What happens if the ballot measure is approved by voters?

Following the certification of votes from King County that validates the necessary majority vote in favor of annexation, the next step the City Council has to take is to adopt an ordinance that provides for annexation, sets an effective date of annexation, and enacts all related provisions for the ballot measure. Simultaneous to completing post-election requirements, the City would have to notify state and county agencies and special purpose districts.

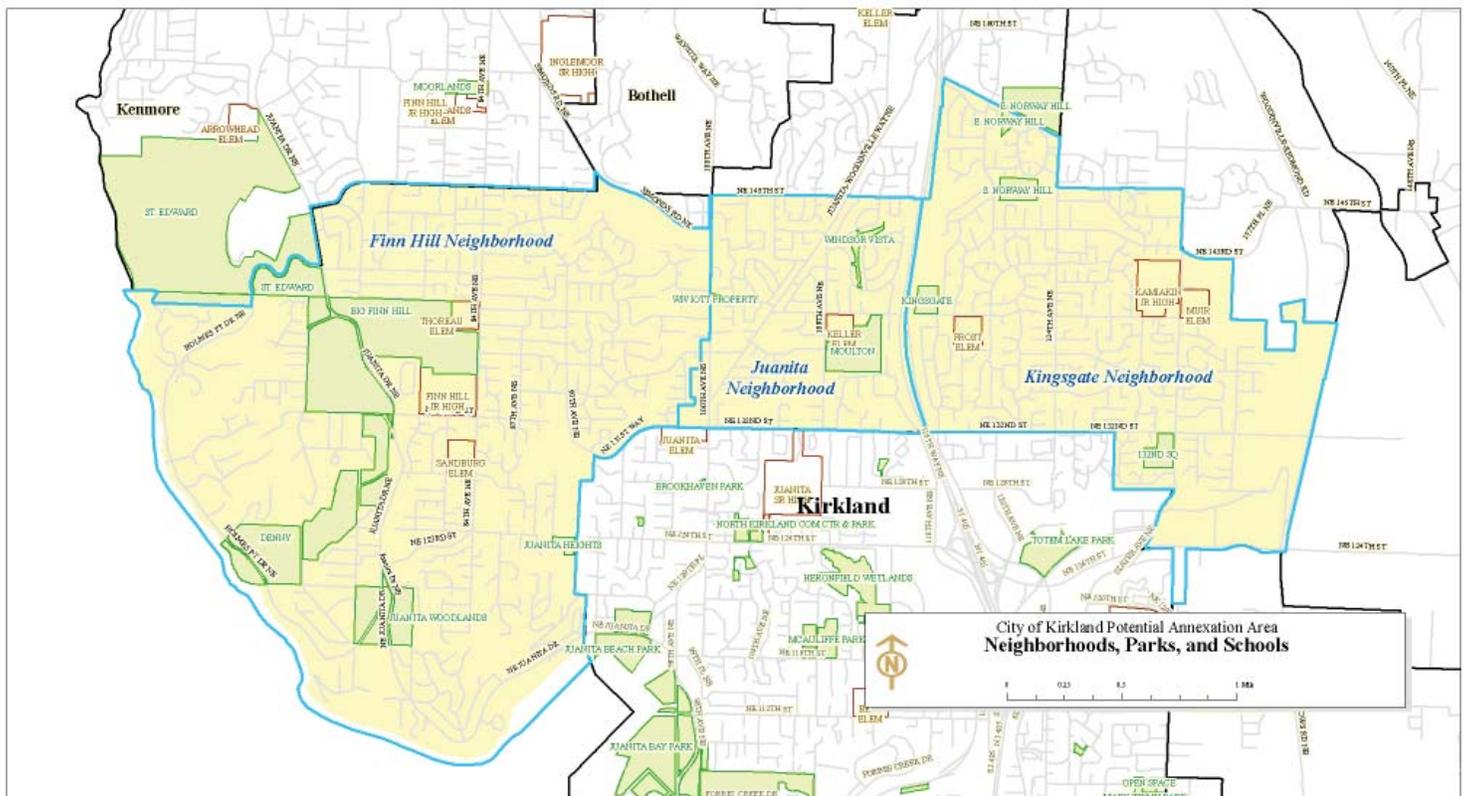
## What happens if the ballot measure is not approved by voters?

The areas would remain unincorporated unless another annexation is undertaken or the area chooses to incorporate into its own city.

## If annexation is approved, when will it be effective?

The effective date for annexation would be established after the election if the voters approve the ballot measure. The City will conduct a detailed analysis of cash flow (the timing of revenue and expenses for the new area) and develop a service transition plan that assures continuity of services for both Kirkland and PAA. Given the size of the annexation and the many services and service providers involved, it is most likely that annexation would take effect late in 2010 or in 2011.

## Kirkland's Proposed Annexation Area





# Kirkland Annexation Study

Spring 2009

## Frequently Asked Questions—City Finances

Since 2006, the Kirkland City Council has been carefully considering the annexation of the Finn Hill, North Juanita and Kingsgate neighborhoods, known as Kirkland's Potential Annexation Area (PAA). Throughout the City's analysis of the potential annexation, the City Council has endeavored to meet the intent of the Growth Management Act, evaluate financial impacts of annexation and provide public participation opportunities for those impacted should annexation occur. In April 2009, the City Council declared its intent to hold an election in November 2009 and submitted an annexation proposal to the Washington State Boundary Review Board for King County. This Frequently Asked Questions (FAQ) handout is intended to answer questions and concerns the City has heard from current City and PAA residents about the impact of the annexation on City finances.

*Several financial studies were completed as part of the Annexation Study. The studies compared short- and long-term financial projections for the City with and without annexation. The analyses were designed to estimate the long-term fiscal impacts of annexation under different development, cost, and revenue scenarios.*

### How is the City of Kirkland impacted by the economic downturn?

Like many cities and other government agencies, Kirkland is feeling the squeeze of the current economic downturn. Sales tax generated from transactions in the City helps to fund essential services such as police, fire, emergency medical and road maintenance. Sales tax revenue has been declining since early 2008. At the same time, the City's cost of doing business increases with inflation.

The continuing decline in revenues and simultaneous increases in costs posed a challenge for the City in balancing its 2009-2010 Budget. In order to address the budget challenge, the City Council put the Annexation Study on hold last spring. To balance the budget, the City Council approved expenditure reductions, utility tax and business license fee increases, and the use of reserves.

### Can the City afford to annex now?

The results of the financial analysis completed in February 2009 show that the 2009-2010 budget decisions, particularly the increase in utility taxes, have improved the financial results in the PAA. This is based, in part, on the fact that utility taxes are a much larger share of the revenues in the PAA than they are in the existing City.

The detailed financial analysis studied multiple fiscal scenarios starting with a "base case" and modeling a variety of contingencies such as slower growth in sales tax, potential gambling taxes, facilities expansion alternatives (with and without a separate public safety building) and lower utility tax rates.

This evaluation revealed that the contingencies generally improve the PAA's fiscal outlook in the near-term, especially the change in facilities alternatives and the inclusion of gambling tax revenue from social card games. Long-term projections are still somewhat worse because of the expected slowdown in sales tax revenue and anticipated increases in jail costs. However, these factors apply both to the existing City and the PAA. The shortfall projected for the PAA is smaller than that for the existing City, so the actions taken to balance the existing City will also balance the PAA.



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If the City Council decides to allow the casino to continue to operate in the PAA, the inclusion of potential gambling tax revenue from social card games (which are currently prohibited in the City of Kirkland), at the King County gambling tax rate of 11%, balances PAA finances in the first five years after annexation (assuming use of the state sales tax credit toward projected shortfalls).

# Frequently Asked Questions—City Finances

## **Will annexation be financially self-supporting?**

With or without annexation, the City Council needs to maintain a balanced budget. Financial analysis conducted to date projects a shortfall of approximately \$3.3 million, before application of the State sales tax credit. State law allows for a credit to the City of up to 0.2% of the State's portion of sales tax revenues; this payment is estimated to provide an average of up to \$4.4 million per year for ten years to help offset the cost of annexation. The sales tax credit is only available up to the amount needed to offset shortfalls due to annexation and can only be spent on services for the annexation area. The state sales tax credit more than offsets the \$3.3 million shortfall anticipated in the first full year of the proposed annexation and the long-term financial analysis assumes that facilities expansion debt will be retired close to the time the sales tax credit ceases. If the gambling tax revenues are not available, the sales tax credit will offset most of the shortfall and the remainder is less than the shortfall in the existing City's forecast.

## **Will the casino/card room in Kingsgate be allowed to continue to operate?**

State legislation (ESSB 5321) adopted in May, 2009 provides the option for the City Council to allow the only casino in the PAA to continue to operate. The City Council has not formally acted on this legislation.

## **How much revenue will the casino/card room generate for the City if annexation occurs?**

If the City Council decides to allow the casino to continue to operate, gambling tax revenue is estimated at \$800,000 per year (assuming King County's tax rate of 11%).

## **Is the City raising the private utility tax?**

As part of its strategy to balance the 2009-2010 Budget, the City Council assumed placing a 1.5% tax increase on private utilities (electric, gas, telephone and cable service) for consideration by Kirkland voters on the November 2009 ballot. As of May 2009, the Council is still considering how to proceed with this strategy.

## **If annexation passes, to whom will I pay property taxes?**

You will continue to pay all of your property taxes to the King County Assessor's Office. King County distributes your property tax payments to all of the taxing districts serving your area.

## **Will I still receive property tax exemptions?**

Annexation will not impact an owner's ability to qualify for property tax exemptions. Note that property tax exemption programs are administered by the King County Assessor's Office. Please visit <http://www.kingcounty.gov/Assessor/Exemptions.aspx> for additional information.

## **Would the amount of my property taxes change upon annexation?**

Your property's Assessed Valuation (AV) is determined by the King County Assessor's Office. Assessed Valuation is based on the appraisal of your real and personal property at 100 percent of its true and fair market value. The 2009 Tax Comparison table compares the estimated taxes the owner of a \$495,000 home in the PAA would pay (prior to annexation) compared to the owner of a similar home in the City of Kirkland.

## **What is bonded indebtedness?**

Bonded indebtedness is debt that has been incurred by a taxing district when the district issues bonds for major capital improvements. The bonds are repaid over twenty or thirty years from property taxes. For example, Kirkland residents voted to approve bonds that were issued for improvements to parks (such as Juanita Beach Park) and a new fire station.

## **Would annexation area residents have to assume an equal share of Kirkland's existing debt?**

Kirkland residents currently pay approximately \$0.11 per \$1,000 of assessed property value—about \$40 per year on a \$495,000 home—to pay off bonds that were issued for the improvements described above. Since annexation area residents would benefit from these facilities, the City will ask the residents of the annexation area to assume a prorated share of the outstanding debt. In this case, since the total taxpayers supporting the debt would increase, the average taxes for a home in Kirkland would decrease by about \$40 and homeowners in the annexation area would pay about the same amount. Even with the additional property tax for debt, the total taxes and fees for the average homeowner in the PAA are still lower in Kirkland than in King County. The assumption of debt by annexation area residents is subject to voter approval as part of the annexation election.

## **See attached 2009 Tax Comparison.**



# Kirkland Annexation Study

Spring 2009

## 2009 Tax Comparison

King County (Area served by FD #41) vs. Kirkland

Property Tax Comparison			
Rate per \$1,000 of Assessed Valuation			
King County		City of Kirkland	
County Road Levy (Levy Code 7337)	\$1.59	Regular Levy	\$1.03
Fire District #41	0.90	Debt*	0.11
Consolidated (State, Port, County)	3.26	Consolidated (State, Port, County)	3.26
Finn Hill Park District**	0.05	Finn Hill Park District**	0.05
EMS	0.27	EMS	0.27
Lake Washington School	2.23	Lake Washington School	2.23
Hospital District	0.40	Hospital District	0.40
Library District	0.42	Library District	0.40
Flood Control Zone District	0.09	Flood Control Zone District	0.09
Ferry District	0.05	Ferry District	0.05
<b>Total County Levy</b>	<b>\$9.26</b>	<b>Total City Levy</b>	<b>\$7.89</b>
<b>Property Tax on \$495,000 home</b>	<b>\$4,583</b>	<b>Property Tax on \$495,000 home</b>	<b>\$3,906</b>
		Difference City to County	\$(678)
		Rate Difference	\$(1.37)

\* Includes fire protection facilities.

\*\* Finn Hill Park District levy only applies to residents within the Finn Hill Park District boundary.

Total Tax Comparison			
Rate per \$1,000 of Assessed Valuation			
	King County	City of Kirkland	Annual Increase or (Decrease)
Property Tax Rate	\$9.26	\$7.89	\$(1.37)
Average Property Tax Paid^	\$4,583	\$3,906	\$(678)
Utility Tax^^	\$0	\$409	\$409
Surface Water Fees	\$111	\$170	\$59
<b>Total</b>	<b>\$4,694</b>	<b>\$4,485</b>	<b>\$(210)</b>

^ These figures are based on an average home value of \$495,000 and assume that residents in the PAA would assume Kirkland's outstanding debt; actual property tax rates vary within different areas of the PAA.

^^ Based on current tax rate. Actual utility taxes for PAA residents may be more or less depending on the utility usage. Potential utility tax increase would add \$72 per year to total taxes and fees.



# Kirkland Annexation Study

Spring 2009

## Frequently Asked Questions—Public Safety

Since 2006, the Kirkland City Council has been carefully considering the annexation of the Finn Hill, North Juanita and Kingsgate neighborhoods, known as Kirkland's Potential Annexation Area (PAA). Throughout the City's analysis of the potential annexation, the City Council has endeavored to meet the intent of the Growth Management Act, evaluate financial impacts of annexation and provide public participation opportunities for those impacted. In April 2009, the City Council declared its intent to hold an election in November 2009 and submitted an annexation proposal to the Washington State Boundary Review Board for King County. This Frequently Asked Questions (FAQ) handout is intended to answer questions and concerns the City has heard from current City and PAA residents about the impact of the annexation about public safety services.

*One of the noticeable changes in services should annexation occur, is that PAA residents would be served by the Kirkland Police Department and not by the King County Sheriff's Office. All but a small portion of the PAA is currently served by the City of Kirkland Fire Department via a contract with King County District #41. If annexation occurs, the City of Kirkland intends to provide the same public safety services to the PAA residents as it does to Kirkland residents.*

### How will annexation affect police services?

If annexation occurs, the City of Kirkland Police Department intends to provide equivalent police services in the annexation area as it provides in existing city limits. Three patrol districts are planned for the PAA; adding to the existing five districts in current city limits.

An officer for each of the new patrol districts and a supervisor will be on duty 24 hours a day, seven days a week. The anticipated hiring of additional officers will provide for more police coverage in the PAA than what is currently provided by the King County Sheriff's Office.

In addition to general patrol services, additional staff would be added to the Investigations, Traffic, K9, Corrections and other police support services to meet the needs of a larger city. For more information about KPD, go to [www.ci.kirkland.wa.us/police](http://www.ci.kirkland.wa.us/police).

### How will the City hire additional police personnel should annexation occur?

At this time, it is anticipated that 37 new commissioned officers will be hired should annexation occur. Most new officers are trained at the State's criminal justice academy and are required to complete "field" work with Kirkland Police Department. The training process can take up to 18 months.

If annexation occurs, the City would immediately begin the hiring process so that police patrol services can be established as quickly as possible for the PAA by the effective date of annexation. Because it is unlikely that the City can hire and train such a large number of officers between the time of the election and the effective date of annexation, it will be necessary to phase in service levels over time.

The City is currently in discussion with the King County Sheriff's Office regarding transition coverage and services.



### For Annexation Information:

- Visit [www.ci.kirkland.wa.us/annexation](http://www.ci.kirkland.wa.us/annexation)
- Attend or watch a City Council meeting
- Receive Annexation updates via email
- Submit a comment online
- Call City Hall at 425-587-3001

### Upcoming Community Meetings:

#### June 18

Juanita High School, Auditorium, 7-9 p.m.  
10601 NE 132nd Street, Kirkland WA

#### June 23

Finn Hill Jr. High School, Gym, 7-9 p.m.  
8040 NE 132nd Street, Kirkland, WA

#### June 29

Kamiakin Jr. High School, Cafeteria, 7-9 p.m.  
14111 132nd Ave NE, Kirkland, WA

### What will happen to police response times if I annex to Kirkland?

If annexation occurs, the City of Kirkland Police Department intends to provide equivalent police services in the annexation area as it currently provides in existing city limits. As it does now, the Dispatch Center will prioritize 911 emergency calls and dispatch officers as needed. "Priority 1" calls will have the highest priority. Such calls are requests for service of an emergency nature which require immediate police response, as there is reason to believe that a continuing serious threat to life exists.

# Frequently Asked Questions—Public Safety

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## **What about 911 and dispatch services?**

The City of Kirkland, several East King County cities, and numerous fire departments are partners in the regional public safety dispatch center known as the North East King County Regional Public Safety Communications Agency (NORCOM). On July 1, 2009, dispatch services for the Kirkland Police Department will be coordinated from the NORCOM Center located at Bellevue City Hall. For more information on NORCOM, go to [www.norcom.org](http://www.norcom.org).

Dispatch services for the Kirkland Fire Department are currently dispatched from the Bellevue Communications Center and (Fire and Emergency Medical Service) will also be provided by. Whether or not annexation occurs, there will be no noticeable changes for residents of Kirkland and the PAA who call 911.

## **Would the crime rate be affected if annexation occurs?**

Should annexation occur, the Kirkland Police Department anticipates an increase in citizen reports of crimes as residents and businesses in the PAA begin to connect with their local police department. This has occurred with Kirkland's past annexations and with other communities' annexations. The increase in reporting crimes will result in higher crime statistics in the initial phase of transition. With a higher number of patrol officers working in a geographical area, greater emphasis can be placed in areas prone to certain crimes such as motor vehicle thefts, motor vehicle prowls and residential burglaries.

## **Will Kirkland police respond to vandalism and other requests at parks in the PAA that remain with King County?**

The King County Sheriff's Office is the primary responder to King County Parks located within cities' corporate boundaries. Ownership and maintenance responsibilities for Big Finn Hill Park will remain with King County at this time. Currently, when no County deputy is available to respond to County parks issues, the Kirkland Police Department provides assistance on emergency type calls. This assistance will continue.

## **Is a jail going to be located in Kirkland?**

The City of Kirkland is working with other north and east King County cities and the City of Seattle to plan for a regional jail. Most cities within King County have had contracts with the County that allow them to house their misdemeanants in the County's jails. The cities' current contract with the County expires in roughly three years. Because of projected growth in its felony population, the County has stated that it will not have room in its existing jail facilities to house city misdemeanor inmates after the contract expires, and that cities should be planning a replacement facility for the jail beds they are losing at King County. The need for additional jail space is not a result of the potential annexation.

The City of Kirkland currently operates a twelve bed municipal jail which can house a portion of the City's inmates. Like other cities, Kirkland will need to build or contract for more jail beds to house its misdemeanor inmates. A site for a new regional jail has not been chosen at this time. For more information on the regional jail planning efforts, go to [www.necmunicipaljail.org](http://www.necmunicipaljail.org).

## **How will annexation affect fire and emergency medical services?**

The City of Kirkland Fire and Emergency Services intends to provide equivalent services in the annexation area as it currently provides in existing city limits. Presently, through a contract with King County Fire District #41, the City provides fire protection and emergency medical services to all but a small portion of the potential annexation area. The Kingsgate area is served by three separate fire districts: Woodinville Fire & Life Safety District, King County Fire District #41 (contract with City of Kirkland) and the Fire District #34 (contract with City of Redmond). Paramedic (Advanced Life Support) services are funded through the Medic One levy and provided from Kirkland's Fire Station #27 and will continue at the same level should annexation occur.

The City of Kirkland is in discussion with the fire districts that are potentially impacted by annexation regarding transition coverage and services. Recently adopted legislation (ESSB 5808) provides guidance to address annexation of fire districts, particularly the treatment of impacted fire district employees and continuation of existing services.

## **Does the City of Kirkland ban fireworks?**

The sale, possession and discharge of fireworks are prohibited within Kirkland city limits. The ban became effective in 1999. If annexation occurs, the prohibition would apply to the entire City limits.

## **Will animal control services be available if annexation occurs?**

Currently, the animal control is provided by King County Animal Control Services for the City and for King County. If annexation occurs, this service would continue.



# Kirkland Annexation Study

Spring 2009

## Frequently Asked Questions— Zoning and Building Requirements

Since 2006, the Kirkland City Council has been carefully considering the annexation of the Finn Hill, North Juanita and Kingsgate neighborhoods, known as Kirkland's Potential Annexation Area (PAA). (See attached map.) Throughout the City's analysis of the potential annexation, the City Council has endeavored to meet the intent of the Growth Management Act, evaluate financial impacts of annexation and provide public participation opportunities for those impacted. In April 2009, the City Council declared its intent to hold an election in November 2009 and submitted an annexation proposal to the Washington State Boundary Review Board for King County. This Frequently Asked Questions (FAQ) handout is intended to answer questions and concerns the City has heard from current City and PAA residents about zoning and building code requirements.

*Zoning provides the standards and regulations that apply to land and structures in the city or county. Building safety and fire prevention codes address all aspects of construction to ensure structural integrity, proper installation and operation of electrical and other systems. For City of Kirkland residents, land use (zoning) regulations are contained in the Kirkland Zoning Code (KZC). International Code Council building and fire codes are adopted by reference into the Kirkland Municipal Code (KMC). Land use, building and fire codes for King County residents are contained in the King County Code (KCC).*

### Will annexation affect my zoning?

Annexation would not affect zoning within current City of Kirkland limits. If annexation is approved, the City would apply zoning districts to the PAA that are most comparable with King County's zoning. Generally, the City zoning would establish the same densities as currently allowed under King County zoning. In some cases, the difference between County codes and City codes requires some adjustments to the zoning.

In 2008, the City held several workshops with PAA residents to identify zoning concerns that should be addressed should annexation occur. Based upon the feedback, the City has developed proposed zoning regulations for the PAA. Zoning addressed in the proposed regulations includes:

- Rules such as setbacks and building height for single family development, including building homes and subdividing larger parcels
- Rules for commercial zones, including allowed uses and building heights
- Rules for protections of streams, wetlands, and steep slopes.

As part of the annexation process, State law requires that zoning regulations be adopted. State law also requires that the City Council hold two public hearings to consider the proposed zoning and take input from the community about the rules.

### Will existing land uses be allowed to continue?

Existing land uses will be allowed to continue. Generally, the proposed zoning will align closely to the current King County zoning.



### For Annexation Information:

- Visit [www.ci.kirkland.wa.us/annexation](http://www.ci.kirkland.wa.us/annexation)
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To view existing King County zoning, view the maps at [www.kingcounty.gov/operations/gis/Maps/iMAP.aspx](http://www.kingcounty.gov/operations/gis/Maps/iMAP.aspx). To view proposed zoning for the PAA, view the maps at [www.ci.kirkland.wa.us/annexation](http://www.ci.kirkland.wa.us/annexation).

If you have specific concerns with the proposed zoning, please contact Jeremy McMahan, Kirkland Planning & Community Development at 425-587-3229 or [jmcmahan@ci.kirkland.wa.us](mailto:jmcmahan@ci.kirkland.wa.us).

# Frequently Asked Questions—Zoning and Building Requirements

## How will development standards change if my area is annexed?

Generally, the proposed zoning and development standards align closely with King County standards. The City held workshops for residents of the annexation area in 2008. Attendees provided feedback on comparisons between County and City residential development standards. Based on the results of those workshops, some differences are included in the draft regulations for single family development, such as:

- The County allows apartments and townhomes in the R-4 through R-8 zones. Kirkland typically restricts similar zones to single family homes. Attendees generally favored limiting these R zones to single family uses.
- The County allows building heights of 35–45 feet for homes. Kirkland currently has a maximum of 30 feet. Attendees generally favored a 30 foot or 35 foot height limit. The draft regulations include Kirkland’s current 30 foot height limit.
- The County allows homes to be built within 10 feet of the front property line. Kirkland currently requires 20 feet with reduction to 13 feet for front porches. Attendees generally favored Kirkland’s setbacks.
- The County does not limit the size of a home relative to the size of the lot (floor area ratio limits). Kirkland currently limits the size of homes in most residential zones to 50% of the lot area (e.g. 7,200 sq. ft. lot = 3,600 sq. ft. home). Attendees generally favored Kirkland’s floor area ratio limit.

The development standards for multifamily, commercial, and industrial are also similar.

Detailed comparison charts for various development standards can be found at [www.ci.kirkland.wa.us/annexation](http://www.ci.kirkland.wa.us/annexation).

## How will I know about opportunities to comment on proposed projects in my neighborhood?

The City’s Planning & Community Development Department coordinates the legal noticing of proposed land use applications and construction projects. The City’s Public Works Department routinely provides project flyers for public capital improvement projects to affected property owners.

The City’s “Kirkland Permits” website, [www.kirklandpermits.net](http://www.kirklandpermits.net), provides for online searches by permit number, address, neighborhood and person, place or name of business. Online comments for active land use projects can be submitted through the site.

## What will happen to buildings or uses that do not conform to current City zoning standards should annexation occur?

Nonconforming buildings or uses are allowed to continue in perpetuity unless certain thresholds are triggered. For example:

- If a site is redeveloped, the new development must conform to current rules.
- If a non-conforming use is ceased for more than 90 days, the new use must conform to current codes.

Kirkland’s zoning also allows for repair and maintenance of non-conformances that are damaged or destroyed by casualty damage (e.g. fire, earthquakes).

## Will I have to go through the City’s permit process if I’ve already requested a permit from King County?

If annexation is approved by the voters, the City and King County will develop an Interlocal Agreement to determine the specifics of which jurisdiction will follow through on the approvals and inspections of current permits.

## What are the City’s regulations for oversized vehicles?

Under current City of Kirkland regulations, oversized vehicle (boats, trailers, RV’s greater than 9’ high and 22’ long) are not allowed to be parked in residential areas. The regulations provide exceptions for a period of 24 hours to load and unload the vehicle. Existing King County zoning for the PAA has no such limits on vehicle size. Based on direction from workshops held with residents of the PAA, the City will be considering regulations that would “grandfather” oversized vehicles in the PAA. This could involve a program to register existing oversized vehicles while requiring new vehicles to comply with City regulations.

## Are home occupations allowed in the City of Kirkland?

Home occupations are allowed in Kirkland city limits. According to Kirkland Zoning Code (KZC), a home occupation is a “for profit” enterprise, activity, or profession which is incidental to a residential use (KZC 115.65). A home occupation use is allowed in the City of Kirkland if it meets certain land use criteria. All home occupations require a valid City business license. Both King County and Kirkland zoning allow for limited home occupations. Both codes limit those uses so they do not intrude on the residential character of the neighborhood.

For any specific home occupation permit requirements in the City, call the Planning & Community Development Department at 425-587-3225. For business license requirements in the City, call the Licensing Division at 425-587-3141. For general information, go to [www.ci.kirkland.wa.us](http://www.ci.kirkland.wa.us).

# Frequently Asked Questions—Zoning and Building Requirements

## Will Kirkland’s land use requirements restrict farm animals more or less than King County’s?

The following table summarizes the differences in County and City rules for keeping farm animals:

	King County	City of Kirkland
Poultry/fowl	Less than 21,780 sq. ft. lot: 3 per household  More than 21,780 sq. ft. lot: 1/1 sq. ft. structure (maximum structure size is 2,000 sq. ft., must be kept in building or pen)	Less than 35,000 sq. ft. lot: not allowed  More than 35,000 sq. ft. lot: 20 plus 1 for each additional 500 sq. ft. of lot area
Livestock (horses, cows...)	Minimum 35,000 sq. ft. lot (without a permit): 6 per acre in a structure 3 per acre if outside	Minimum 35,000 sq. ft. lot (without a permit): 2 per 35,000 sq. ft. plus 1 for each 17,500 sq. ft.

Additional information about City regulations can be found in Chapter 115 of the City’s online zoning code at [www.ci.kirkland.wa.us](http://www.ci.kirkland.wa.us)).

## If I’m annexed and want to build, will my traffic, park and school impact fees change?

It is likely that impact fee amounts will change. At this time, an analysis has not been completed to determine if the impact fees will increase or decrease. What we can offer at this time is the current City of Kirkland impact fees in comparison to the King County Impact fees. There are many impact fee categories, but because much of the PAA is single-family residential use, we will only list those impact fees here.

Single-family Residential Use	City of Kirkland	King County
Traffic Impact Fee	\$3,825 (one overall zone)	\$258–\$2,295 (ranges over 9 zones)*
Park Impact Fee	\$3,845	Land Dedication Required**
School Impact Fee***	\$0	\$6,492

\*With annexation, the Kirkland Traffic Impact fees will need to be reanalyzed.

\*\*King County does not have Park Impact Fees, but they do have single-family recreational space requirements that must be set aside as part of the development mitigation. If recreation space is not feasible, a fee-in-lieu is required based on the fair market value of the land that would have been set aside as recreation space.

\*\*\*The Kirkland City Council is considering a request from the Lake Washington School District to collect impact fees on behalf of the District.

## Does the City enforce private covenants, conditions and restrictions (CCRs)?

CCRs are typically restrictions on private property that are enacted and enforced by a Home Owner’s Association. CCRs are intended to control the nature and character of a property for the benefit of future owners. Because they are enacted privately and are not part of adopted City or County regulations, the City and County do not enforce CCRs.

## Does the City have a code enforcement program?

The City’s Code Enforcement Program is within the Planning & Community Development Department. The City will investigate potential or actual code violations when a formal complaint is received. If the violation is a life safety issue, the City will investigate without a formal complaint. Complaints may be filed in person at City Hall during regular office hours, by phone at 425-587-3225 or online at [www.ci.kirkland.wa.us](http://www.ci.kirkland.wa.us) (Enter “complaint” in search field).

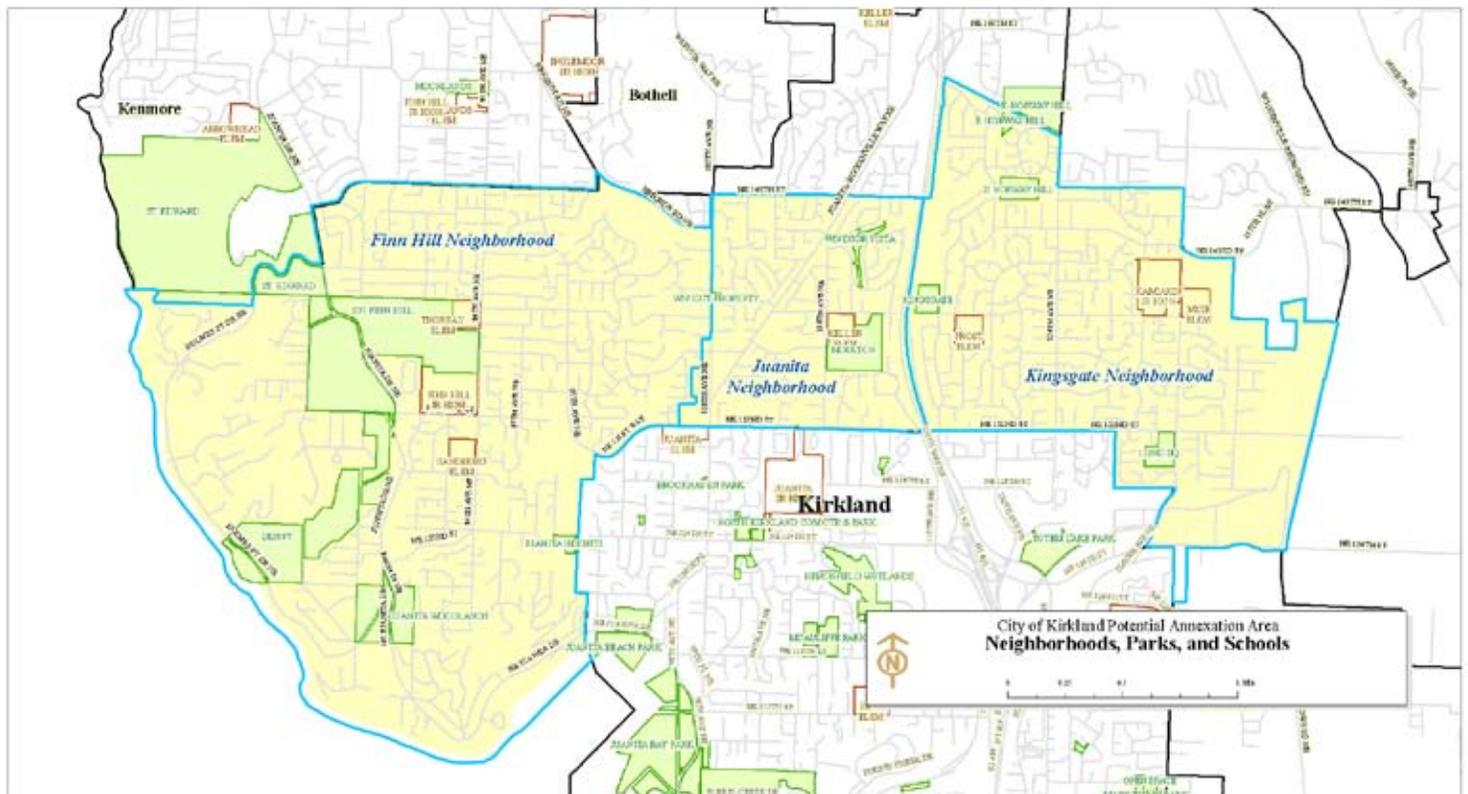
## How would Kirkland’s tree protection regulations affect the potential annexation area?

The City of Kirkland has tree management regulations that promote retention of healthy significant trees with a goal of retaining and enhancing Kirkland’s tree canopy. For properties not under development, the regulations limit removal of significant trees to two per year with exceptions for hazardous trees. For properties being developed, the regulations require an arborist to evaluate existing trees and require retention of healthy significant trees where feasible. The regulations also establish protection measures to ensure that trees designated for retention are not damaged through the development process. Existing King County and City of Kirkland regulations also prohibit tree removal in critical areas like wetlands, streams, and their buffers.

The City is currently in the process of reviewing its tree regulations and determining where changes are needed. To learn more, contact the Kirkland Planning Department at 425-587-3225.

# Frequently Asked Questions—Zoning and Building Requirements

## Kirkland's Proposed Annexation Area



June 1, 2009



# Kirkland Annexation Study

Spring 2009

## Frequently Asked Questions—Community Involvement

Since 2006, the Kirkland City Council has been carefully considering the annexation of the Finn Hill, North Juanita and Kingsgate neighborhoods, known as Kirkland's Potential Annexation Area (PAA). (See map on reverse side.) Throughout the City's analysis of the potential annexation, the City Council has endeavored to meet the intent of the Growth Management Act, evaluate financial impacts of annexation and provide public participation opportunities for those impacted should annexation occur. In April 2009, the City Council declared its intent to hold an election in November 2009 and submitted an annexation proposal to the Washington State Boundary Review Board for King County. This Frequently Asked Questions (FAQ) handout is intended to answer questions and concerns the City has heard from current City and PAA residents about how to stay informed and be involved in the annexation process.

*The best source of City information about the Annexation Study is its website: [www.ci.kirkland.wa.us/annexation](http://www.ci.kirkland.wa.us/annexation). The site contains this and other FAQs, meeting information, maps, City Council staff reports (including links to meeting videos) and background information.*

### If annexation occurs, will my elected representatives change?

Unincorporated King County residents are represented by the King County Executive and the King County Council members. If annexation is approved by voters in the PAA, then the local government elected representation will change from the King County Council to the Kirkland City Council. City of Kirkland residents are represented by seven City Council members. The number of City Council seats is established at by state law.

The City Council is a part-time, nonpartisan body elected at large every two years to staggered, four-year terms. The primary responsibility of the City Council is to establish the policies and long-term goals for the City, and to provide the resources and guidance necessary to carry out these policies.

### Will I be able to run for City Council if I'm annexed?

To be eligible to run for the Kirkland City Council, you must be a registered voter at the time of filing and have lived in the Kirkland City limits for at least one year prior to the election.

### When does the Kirkland City Council meet?

The Kirkland City Council meets the first and third Tuesday of each month at Kirkland City Hall, 123 5th Avenue. Study Sessions are typically held at 6 p.m. in the Peter Kirk Room and Regular meetings are typically held at 7:30 p.m. in the Council Chambers. A public comment period is available during the Regular Meeting for those interested in addressing the City Council about items not on the agenda.

City Council meetings are streamed live and available "on demand" to anyone with internet access from the City's website at [www.ci.kirkland.wa.us/tv](http://www.ci.kirkland.wa.us/tv). For current city residents, the meetings are broadcast live and rebroadcast on KGOV (Channel 21/Comcast; Channel 31/Verizon).



### For Annexation Information:

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- Attend or watch a City Council meeting
- Receive Annexation updates via email
- Submit a comment online
- Call City Hall at 425-587-3001

### Upcoming Meetings:

#### June 2

Informational Open House on Proposed Annexation Zoning Regulations, 4-7 p.m.  
Kirkland City Hall, 123 5th Avenue

City Council Public Hearing on Proposed Annexation Zoning Regulation, 7:30 p.m.  
Kirkland City Hall, 123 5th Avenue

#### June 8

Boundary Review Board Public Hearing on Kirkland's Proposed Annexation, 7 p.m.  
Lake Washington Technical College  
11605 132nd Avenue NE, Room W401  
Kirkland, WA

#### June 18

Juanita High School, Auditorium, 7-9 p.m.  
10601 NE 132nd Street, Kirkland WA

#### June 23

Finn Hill Jr. High School, Gym, 7-9 p.m.  
8040 NE 132nd Street, Kirkland, WA

#### June 29

Kamiakin Jr. High School, Cafeteria, 7-9 p.m.  
14111 132nd Ave NE, Kirkland, WA

#### July 7

City Council Public Hearing on Proposed Annexation Zoning Regulation, 7:30 p.m.  
Kirkland City Hall, 123 5th Avenue

# Frequently Asked Questions—Community Involvement

## How can I learn more about the Kirkland Annexation Study and process?

The best place to start is by visiting the City’s website at: [www.ci.kirkland.wa.us/annexation](http://www.ci.kirkland.wa.us/annexation). The City is available to provide updates at neighborhood and community meetings. You can submit your questions and concerns to the City by emailing [annexation@ci.kirkland.wa.us](mailto:annexation@ci.kirkland.wa.us). To receive email updates on the Annexation process, sign up for the Annexation E-mail Alerts at [www.ci.kirkland.wa.us/E-Bulletins](http://www.ci.kirkland.wa.us/E-Bulletins). For more information, call the City at 425-587-3001.

## Will I be able to serve on an advisory board or commission if I’m annexed?

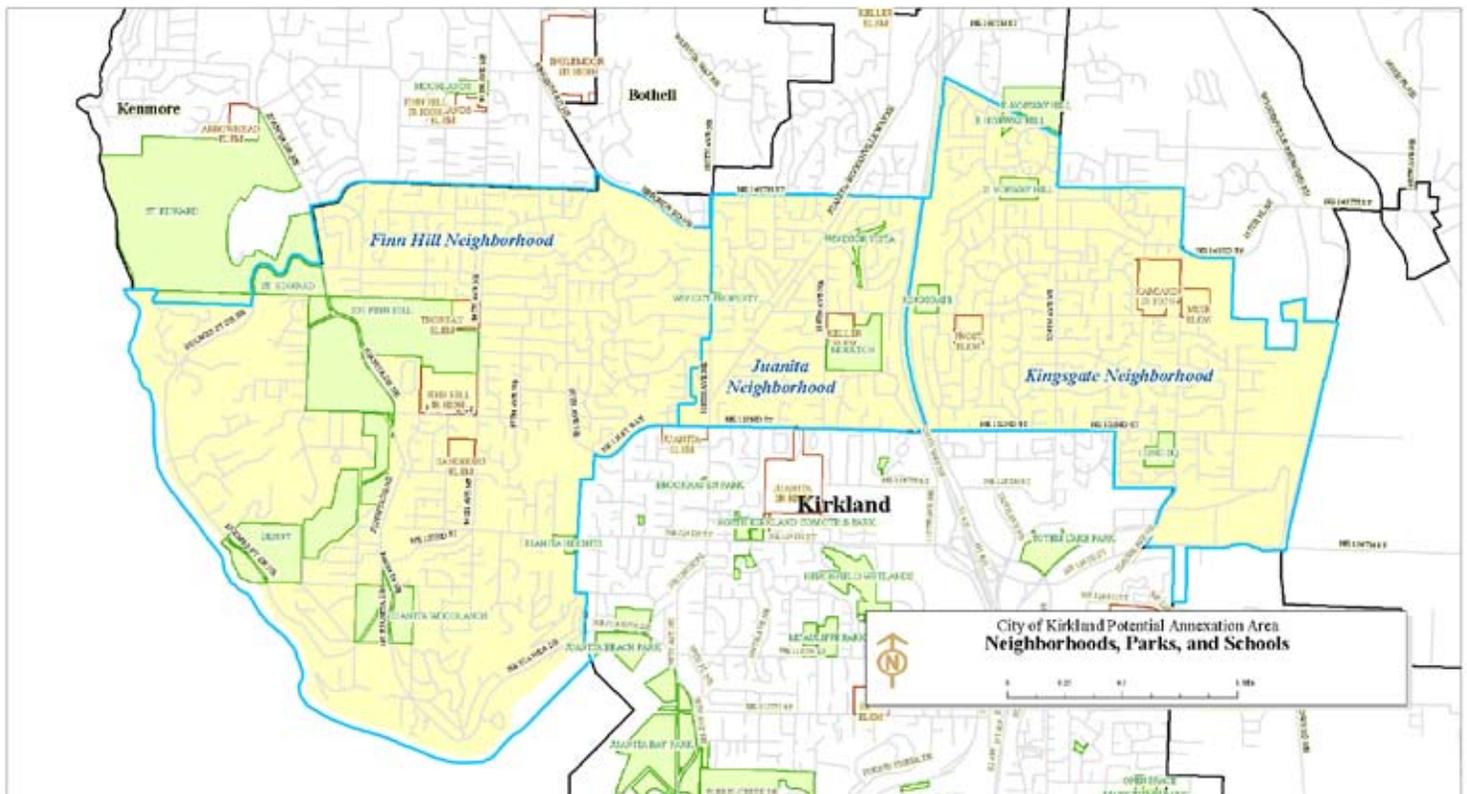
There are 12 City boards and commissions whose members are appointed by the City Council. Many of these advisory boards have adult and youth positions. Several currently have residents of the PAA serving on them. If annexation is approved, it is possible that prior to it becoming effective, the City Council would temporarily increase the number of Planning Commission and Park Board members to ensure representation from the Finn Hill, North Juanita and Kingsgate neighborhoods during the transition. After the initial appointment, annexation area members would need to apply to vacancies as they occur.

To learn more about City volunteer board and commissions, go to [www.ci.kirkland.wa.us](http://www.ci.kirkland.wa.us) and search “Boards and Commissions.”

## Will I become part of a neighborhood association?

There are three neighborhood areas identified in the PAA study—Finn Hill, North Juanita and Kingsgate. There are also existing neighborhood associations and homeowners associations that are already organized. If annexation occurs, the City’s Planning & Community Development Department will initiate a neighborhood planning process and develop more formal boundaries that would take into consideration existing associations and residents of that particular neighborhood area. If the PAA is annexed, the City’s Neighborhood Services Program staff would provide neighborhood leaders with information and resources. To learn more about Kirkland’s Neighborhood Services Program, go to [www.ci.kirkland.wa.us/neighborhoods](http://www.ci.kirkland.wa.us/neighborhoods).

## Kirkland’s Proposed Annexation Area



Annexation Calendar

May 2009						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19 Council Meeting Proposed Annexation Zoning	20 Totem Lake Neighborhood Meeting	21 BRB materials and handouts to BRB	22	23	24
25	26	27	28	29	30	31

June 2009						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
1	2 Zoning Open House and 1 <sup>st</sup> Public Hearing	3	4	5	6	7
8 BRB Public Hearing	9	10 BRB Hearing Continued – Preliminary Decision	11	12	13	14
15	16 Council Study Session Policy Issue Direction	17	18 -1 <sup>st</sup> Community Meeting Juanita High School -Advertise for pro/con committee	19	20	21
22	23 2 <sup>nd</sup> Community Meeting Finn Hill Jr. High	24	25	26	27	28
29 3 <sup>rd</sup> Community Meeting Kamiakin Jr. High	30					

July 2009						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
		1	2	3	4	5
6	7 City Council: -2 <sup>nd</sup> Zoning Public Hearing & Possible Adoption of Zoning -Review of pro-con committee applic.	8	9 BRB Final Decision	10 BRB appeal period begins	11	12
13	14	15	16	17	18	19
20	21 City Council: -Adoption of Proposed Zoning (if needed) -Approval of resolution requesting election -Appointment of pro and con committee	22 Kirkland resolution forwarded to King County	23	24	25	26
27 King County Council Meeting approve ordinance placing Annexation Measure on Ballot	28	29	30	31		

August 2009						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
					1	2
3	4	5	6	7	8	9
10 End of BRB Appeal Period	11 File with King County Records and Elections w/ ballot title, summary and requesting voters pamphlet	12	13	14 Explanatory Statement Reviewed Identification of pro and con committees	15	16
17	18	19 Pro and Con Arguments written by committees	20	21 Pro and Con arguments available for rebuttal	22	23
24/31	25	26	27	28	29	30

September 2009						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October 2009						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November 2009						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
						1
2	3 General Election	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December 2009						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
	1 City Council Meeting -- Ordinance providing for annexation and	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

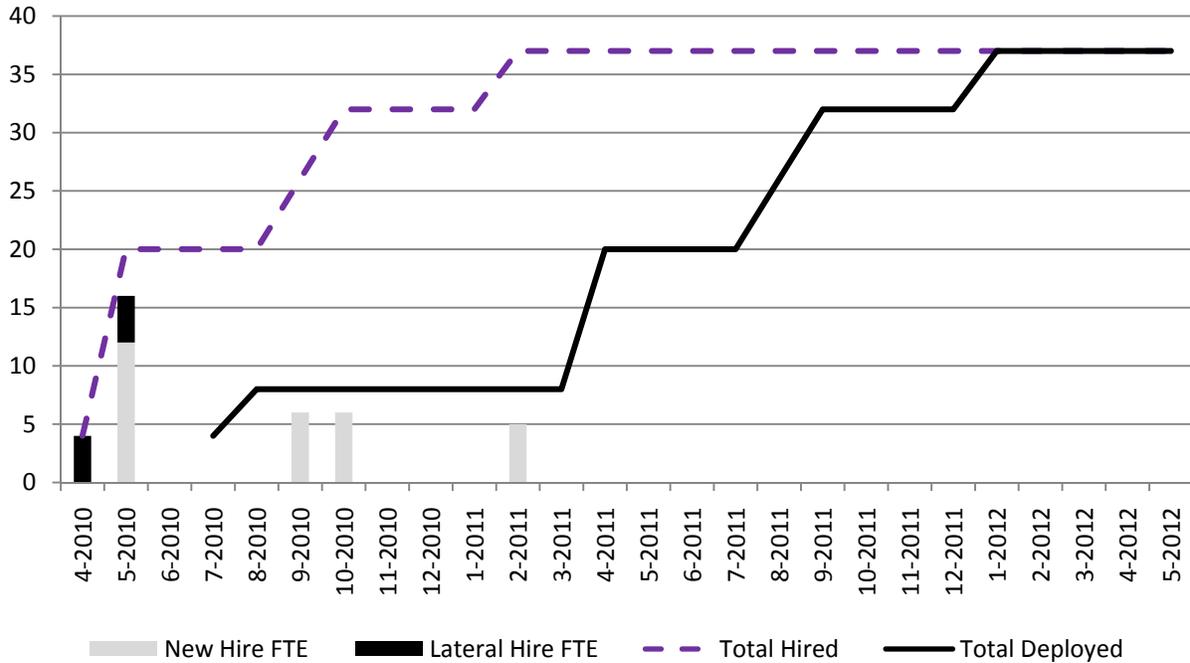
# June 2009

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
1 Candidate Filing Period opens	2 City Council Mtg	3	4	5 Candidate Filing Period Closes	6	7
8 BRB Public Hearing	9	10 BRB PH Continued (Preliminary Decision)  Primary candidate statements for voter pamphlet due	11 Advertise for HCC pro/con committees	12	13	14
15	16 City Council Mtg	17	18 Advertise for Annexation pro/con committees	19	20	21
22	23	24	25 Advertise for Utility Tax pro/con committees	26	27	28
29	30					

July 2009						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
		1	2	3	4	5
6	7 City Council Mtg Utility Tax PH Review of pro-con committee applicants	8	9 BRB Final Decision	10 BRB appeal period begins	11	12
13	14	15	16	17	18	19
20	21 City Council Mtg Approve Utility Tax Ord Appoint Utility Tax pro/con committees Approve Resolution R-4763 requesting annex election date Appoint annexation pro/con committees	22 King Co receives copy of R-4763	23	24	25	26
27 KC Council takes action on Ordinance setting annex election date and transmitting ballot title	28	29	30	31		

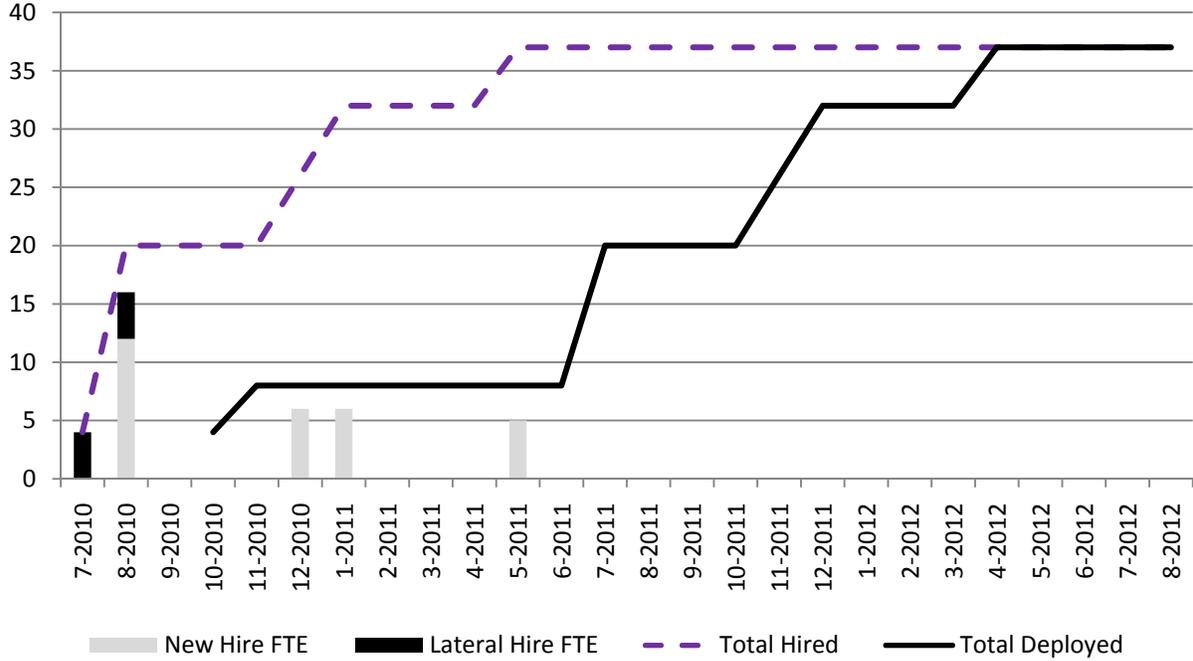
August 2009						
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY
KING COUNTY COUNCIL ON HIATUS DURING AUGUST					1	2
3	4 ONLY SCHEDULED City Council Mtg/AUG	5	6	7		9
8 End of BRB Appeal period	11 Deadline to request special election - KC Elections (Annex, Util Tax, HCC)	12	13	14 Deadline to file KC Elections: ballot title, exp stmt, comm appts for Annex, Utility Tax, HCC	15	16
17	18 <b>PRIMARY ELECTION</b> (if filings >2 per seat for CC, HCC, Muni Judge )	19 Pro/con stmts written by comms for pamph due (Annex, UT, HCC), opp avail after 4:30	20	21 Candidate and Rebuttal statements for voter pamphlets due (Annex, UT, HCC)	22	23
24	25	26	27	28	29	30
31	NO ADDITIONAL DUE DATES AFTER AUGUST UNTIL GENERAL ELECTION ON NOVEMBER 3rd					

## Police Annexation Staffing Scenario #1: Annexation Effective Date of April 1, 2011



- Hiring and training of lateral police officers begins in April 2010 in order to have them available to deploy in July 2010. The hiring and training process for laterals takes approximately three months. Two rounds of lateral hiring will be completed.
- The hiring and training of new police officers begins in April 2010 in order to have them available to deploy in April 2011.

## Police Annexation Staffing Scenario #2: Annexation Effective Date of July 1, 2011



- Hiring and training of lateral police officers begins in July 2010 in order to have them available to deploy in October 2010. The hiring and training process for laterals takes approximately three months. Two rounds of lateral hiring will be completed.
- Hiring and training of new police officers begins in July 2010 in order to have them available to deploy in July 2011.

# **Gambling License Certification Program**



**Our Mission:  
Protect the Public by Ensuring that  
Gambling is Legal and Honest**

# GAMBLING LICENSE CERTIFICATION PROGRAM

The Washington State Gambling Act (RCW 9.46) gives the public an opportunity to engage in limited charitable and social gambling without fear of organized crime infiltration or the potential for fraud by professional gamblers. **The Gambling Commission was established as a regulatory agency with its major responsibility directed toward preventing individuals with undesirable criminal backgrounds from obtaining a gambling license or working in a licensed establishment.**

The Gambling License Certification Program is an investigative process where applicants are evaluated through an in-depth analysis to ensure they are suitable to hold a gambling license..

We use the certification process as an important step in its "prevention" approach to gambling enforcement. Through careful screening and evaluation, the certification program plays a key role in preventing potentially undesirable organizations or individuals from obtaining a gambling license. All applicants must successfully prove they qualify for a license. The ability to get a gambling license rests solely on meeting the criteria outlined in the Gambling Act. We will only issue a license if an applicant successfully passes our background checks.

## Who Can Be Licensed

- Bona Fide Charitable or Nonprofit Organizations
- Commercial Business
  - primarily engaged in selling food and / or drink for consumption on-site,
- OR**
  - engaged in manufacturing / selling gambling equipment / supplies / services.
- Individuals working for licensed organizations or businesses (such as dealers or manufacturer representatives).
- Persons and businesses working for tribal casinos receive a certification, rather than a license (such as dealers or management companies).

## General Qualifications

- **Bona Fide Charitable or Nonprofit Organizations must:**
  1. Be organized to provide one or more of these nonprofit services:
    - Educational                      • Civic                                  • Patriotic
    - Political                              • Social                                • Athletic
    - Fraternal                            • Agricultural
  - Or be one of the following:
    - Religious Society              • Church
    - Fraternal Society                • Grange
    - Agricultural Fair
  2. Be organized and operating at least 12 months prior to applying for a license.
  3. Must have at least 15 actively participating members, 18 years of age or older, each with equal voting rights.
  4. Be classified exempt by the IRS from federal income taxes.
  5. Demonstrate accomplishments of organizational purposes.
  6. Successfully complete a criminal and financial background investigation.
  7. Provide evidence of purchase / start-up funds sources.
- **Commercial Businesses must:**
  1. Demonstrate that the gambling activity would be a commercial stimulant to on-premises food and / or drink sales.
  2. Have a valid liquor license, if applicable.
  3. Provide evidence of purchase / start-up funds sources.
  4. Ensure all persons with a substantial interest successfully complete a criminal and financial background investigation.
  5. Show proof of financial arrangements, ownership, rental or lease agreements.
- **Individuals:**
  1. Must provide proof of employment status.
  2. Must successfully complete a criminal background investigation.

## Licensed Gambling Activities

- **Charitable or Nonprofit Organizations may be licensed to operate:**
  1. Amusement Games
  2. Bingo Games
  3. Fund-Raising Events (Reno / Casino Nights)
  4. Punch Boards and Pull-Tabs
  5. Raffles
  6. Social Card Games
- **Commercial Businesses may be licensed to operate:**
  1. Amusement Games
  2. Card Games
  3. Punch Boards and Pull-Tabs
  4. Punch Board and Pull-Tab Service Business
  5. Distributing (equipment and supplies)
  6. Fund-Raising Event Equipment Distributor
  7. Linked Bingo Prize Provider
  8. Manufacturing (equipment and supplies)
  9. Service Supplying (consulting and other services)
- **Individuals may be licensed as a:**
  1. Cardroom Employee (such as a dealer)
  2. Commercial Gambling Manager
  3. Charitable or Non-profit Gambling Manager
  4. Distributor Representative
  5. Linked Bingo Prize Provider Representative
  6. Manufacturer Representative
  7. Services Supplier Representative
- **Individuals and Commercial Businesses may be certified to work in Tribal Casinos as:**
  1. Class III Gaming Employees (dealers)
  2. Class III Management Companies or Financiers
  3. Class III Manufacturers / Suppliers of gaming services, supplies, and equipment

## Applying For A Gambling License

- Applications are available at our Lacey headquarters office and on our website.
- Applications must be signed, dated, include the proper fee, and be delivered to our Lacey headquarters office.
- The fee for the license you are applying for is listed on your application or on a fee schedule included in your application packet.
- You may be asked to supply fingerprints and provide proof of income from various sources.
- Fingerprinting services are available at our Lacey headquarters office Tuesday through Friday from 9 a.m. to 4:30 p.m. There is a \$13 non-refundable fee. Have the exact amount, \$13, in cash or check. We do not accept credit or debit cards. Bring your application and photo identification. Fingerprinting services may also be available at your local police department.
- It takes about 60 days to process an application. As such, you should submit your application at least 60 days before you want to open a gambling business or begin working for a gambling business.
- If you have questions, contact us before submitting your application. This is helpful in preventing problems/omissions and reducing the time to process your application.

## How The Licensing Process Works

- After we receive your application, a licensing file is created and a Licensing Customer Service Specialist is assigned to review and evaluate your application.
- A Financial Investigative Unit Special Agent may be assigned to conduct a criminal background check and investigate the source of the money used in your gambling business. Investigations may involve local police as well as state, federal, national, and international authorities to ensure all persons that have a substantial interest in a gambling business are qualified to be licensed.
- A copy of your application may be sent to the local Gambling Special Agent assigned to your area. The agent may contact you to inspect your business site.

- You may be contacted during the licensing process to determine your eligibility to hold a license. We may request additional information such as leases, corporate papers, by-laws, purchase agreements, financial statements, criminal history statements, personal information forms, fingerprints, etc. You can avoid delays with timely responses to these requests.
- After the investigative process is finished, your application is reviewed to determine if you qualify for a license.

**If your application is approved,** a license will be mailed to you within one or two days. Accounting packets, a rules manual, problem gambling information and other special notices may be included with your license.

**If your application is denied,** you will be told why. You may not have qualified for a license because you did not:

- Supply the required information
  - Pay the proper fees
  - Pass the criminal or financial background investigations.
- You may supply additional information to prove your suitability or voluntarily withdraw your application.
  - If you do not respond to requests from staff for additional information, we may close your file.
  - If you do not pass our criminal or financial background checks, you may request an administrative hearing to explain your circumstances to an administrative law judge.

## Commonly Asked Questions About The Application Process

**Question:** How long does it take to process a gambling license?

**Answer:** The average processing time for an in-state application is 60 days. Organizations and businesses should plan their activity to allow for this amount of processing time.

**Question:** Why does it take 60 days to process an application?

**Answer:** License applications are processed on a first come, first served basis. This amount of time is needed to conduct the criminal and financial background investigations.

**Question:** What can delay my application?

**Answer:** Delays are commonly caused by:

- Incomplete applications
- Required documents are not attached
- Delays or repeat inquiries to local and national police for background checks
- Applicant not responding to questions
- Applicant qualification problems
- Inability to verify applicant's financial sources

**Question:** When will the Gambling Commission issue my license?

**Answer:** We will issue a license **only** after we are sure you are qualified to operate or participate in the gambling activity.

**Question:** Can commercial business gambling licenses be transferred from one owner to another?

**Answer:** Once a gambling license is issued to a business, the license becomes void if the business is sold. In some special circumstances, licenses can be transferred, such as transfers to family members, incapacity, death, receivership, bankruptcy or assignment for benefit of creditors. (WAC 230-06-106, 230-06-107, 230-06-108)

**Question:** Why must nonprofit gambling managers attend mandatory training?

**Answer:** To educate the managers and increase voluntary compliance with gambling rules by:

- Creating a better understanding of our role in regulating and controlling gambling activities.
- Emphasizing manager responsibilities.
- Familiarizing managers with accounting procedures and local tax reporting requirements.
- Outlining gambling laws, rules, procedures, and other general information.

**Question:** What happens when a license expires?

**Answer:** A license is valid for one year or less. If your license expires before you have a new one, you must immediately stop all gambling activities. Your local Gambling Agent will be notified and visit you to ensure all gambling activities have stopped and / or all gambling equipment has been removed.

# Washington State Gambling Commission

## Mailing Address

P.O. Box 42400  
Olympia, WA 98504-2400

## Headquarters

4565 7<sup>th</sup> Avenue SE  
Lacey, Washington 98503

**Telephone:** 360.486.3440

**Toll-free in Washington:** 800.345.2529

**FAX:** 360.486.3631

**TDD:** 360.486.3637

**Website:** [www.wsgc.wa.gov](http://www.wsgc.wa.gov)

**E-mail us at:** [CLD@wsgc.wa.gov](mailto:CLD@wsgc.wa.gov)

**For regulatory and operational questions,  
please call or e-mail our Regional Field Office closest to you.**

**Everett**..... 425.304.6300

[EverettFO@wsgc.wa.gov](mailto:EverettFO@wsgc.wa.gov)

**Spokane** ..... 509.325.7900

[SpokaneFO@wsgc.wa.gov](mailto:SpokaneFO@wsgc.wa.gov)

**Tacoma** ..... 253.671.6280

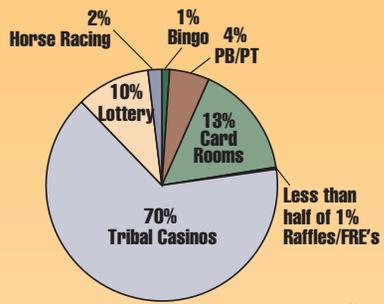
[TacomaFO@wsgc.wa.gov](mailto:TacomaFO@wsgc.wa.gov)

**If you or someone you know  
have a gambling problem call  
800.547.6133**

To inquire about the availability of this document in an alternate format,  
please call 360.486.3466 or 800.345.2529, ext. 3466.  
Teletype (TTY) users please call 360.486.3637

## Net Gambling Receipts for Gambling in Washington State in Fiscal Year 2008

Net Receipts = Gross receipts minus prizes paid



Bingo	11.7 Million
Punch boards/Pull-Tabs (PB/PT)	90.9
Card Rooms	277.8
Raffles/Fund-Raising Events	4.4
Tribal Casinos (estimated)	1,479.5
Lottery	206.2
Horse Racing	38.3
<b>Total</b>	<b>\$2.109 Billion</b>

## Gambling Tax

State law allows cities, counties or towns to tax gambling. Licensees reported paying about \$39 million (about \$1 million less than last year) in local gambling taxes for the fiscal year ending June 30, 2008.

Card rooms reported paying \$28.1 million in gambling taxes to local governments in 2008, which was about the same as in 2007.

Punch board/pull-tab taxes declined 7.4%, from \$11.3 to \$10.4 million.

Bingo taxes declined 20.7%, from \$535,566 to \$424,470.

## Business and Occupation Tax

The state does not collect a gambling tax, but does collect a B&O tax. Card room, punch board/pull-tab and bingo licensees are estimated to have paid approximately \$5.7 million in B&O taxes in fiscal year 2008.

In July 2005, licensed operators with gross income of more than \$50,000 began paying a tax to help fund problem gambling awareness, education and treatment.

## Tribal Gaming



In the fall of 1988, President Reagan signed into law the Indian Gaming Regulatory Act (IGRA). This Federal Act confirmed the rights of Tribes to conduct gaming on Tribal lands through agreements with the state (Tribal-State Gaming

Compacts) and established a statutory framework for the regulation of Indian Gaming.

- IGRA requires the state to negotiate in good faith with Indian Tribes to provide the opportunity to engage in casino type gambling activities that are allowed in some form in the State of Washington.
- The Tribes are only allowed to engage in these activities through a compact with the State.
- Under state law, the Director has been delegated the responsibility to negotiate these compacts and the Commission jointly regulates these activities with the Tribes. A federal agency, the National Indian Gaming Commission, also regulates the Tribes.
- The Commission's licensing division certifies tribal casino employees. The Commission's tribal gaming agents provide on-site enforcement and regulation. Undercover agents circulate through the casinos.
- Since 1992, the state has certified nearly 25,000 individuals to work in Tribal casinos; almost 10,500 of these individuals are currently certified.
- There are 29 federally recognized Tribes in Washington. 28 of those Tribes have successfully negotiated a Tribal-State Compact to offer Class III Nevada-style gaming. Of those Tribes, 17 are currently operating one casino, the Puyallup Tribe, the Spokane Tribe, the Tulalip Tribe, and the Muckleshoot Tribe are each operating two casinos, and the Colville Tribe is operating three casinos, for a total of 28 Tribal casinos in the state.
- The only Tribe that does not have a compact is the Cowlitz Tribe in Southwest Washington.

## Tribal Lottery Machines



From the outset of gaming compact negotiations, there was disagreement between the state and Tribes on whether machine gambling was legal in Washington.

In 1994, in an effort to resolve this, several Tribes, then-Governor Lowry and then-Attorney General Gregoire asked a federal court to determine what types of gambling devices, if any, were permitted under Washington State law.

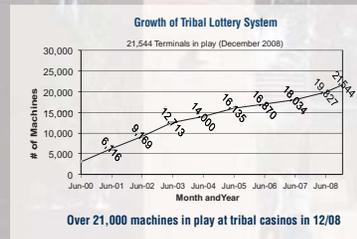
In 1997, the court ruled slot machines weren't legal, but other devices may be permitted.

After a year of negotiations between the state and twelve Tribes, a Compact Amendment was approved for machine gambling that was modeled after the Washington State Lottery's scratch ticket games.

They look like a slot machine; however, unlike a slot machine, the Tribal Lottery Machines are linked to a central computer and the winners are pulled from a pool of pre-determined winners. Tribes began operating the machines in June of 1999.

- Each Tribe is allotted 975 machines.
- Tribes may lease or purchase the rights to additional machines from other Tribes and can typically operate up to 2,500 or 3,500 machines, depending on the compact.
- Currently, Tribes operate over 21,000 machines.
- If all Tribes operated the maximum amount allowed, they could operate 27,300 machines in total.

The Gambling Commission's Electronic Gambling Lab tests electronic equipment related to gambling for compliance and integrity.



# Washington State Gambling Commission

**Peggy Ann Bierbaum**  
Commission Chair  
Appointed July 2005  
Term expires June 2011



Commissioner Bierbaum is an attorney in private practice in Port Townsend. She is from Chicago and moved to Seattle in 1988. She has lived in Quilcena since 1999.

**Keven Rojecki,**  
Commission Vice Chair  
Appointed July 2006  
Term expires June 2012



Commissioner Rojecki is a 15-year veteran firefighter with the SeaTac Fire Department, and is a legislative liaison with the Washington State Council of Firefighters.



## Washington State Gambling Commission

P.O. Box 42400, Olympia, WA 98504-2400  
1-800-345-2529 • www.wsgc.wa.gov

**Mission:**  
Protect the Public by  
Ensuring that Gambling  
is Legal and Honest



**John Ellis, Commissioner**  
Appointed February 2005 - Term expires June 2013



Commissioner Ellis retired from the Attorney General's Office after 28 years and served as a Deputy Director for the Attorney General. He has practiced in his own law firm since 2001.

**Alan Parker, Commissioner**  
Appointed May 2000 - Term expires June 2009



Commissioner Parker is an attorney and a faculty member of The Evergreen State College, where he serves as Director of the Northwest Indian Applied Research Institute.

**Mike Amos, Commissioner**  
Appointed September 2008 - Term expires June 2014



Commissioner Mike Amos retired from the Yakima Police Department as patrol sergeant after 37 years of duty. He is Vice-President of the Eastern Washington State Lodge of the Fraternal Order of Police.

## Ex Officio Members

Senator Margarita Prentice, 11th District  
Senator Jerome Delvin, 8th District  
Representative Geoff Simpson, 47th District  
Representative Gary Alexander, 20th District



## Who We Are

The Washington State Gambling Commission is the second oldest gambling regulatory agency in the nation.

The Legislature created the Gambling Commission in 1973 after a series of gambling related scandals.

- Five citizens are appointed by the Governor, with the consent of the Senate, to act as part-time Commissioners, for a single six-year term.
- Once appointed, a Commissioner can only be removed for cause by a subcommittee appointed by the Chief of the Supreme Court.
- This structure ensures the Commission maintains an arm's length distance from the political structure.
- Four members of the Legislature act as ex officio members and only vote to approve or amend Tribal-State Gaming Compacts.
- The Commission appoints a director, who appoints agency staff. Of the 166 full-time positions authorized, 97 are commissioned law enforcement officers responsible for enforcing gambling laws.

## What We Do

We are a law enforcement, licensing and regulatory agency. The statute on which the Gambling Commission was founded (RCW 9A46) gives us the responsibility and authority to regulate gambling in Washington State; except for Horse Racing and the Lottery, which have separate Commissions.

We meet our mission of "Protecting the Public by Ensuring that Gambling is Legal and Honest" in a number of ways.

- We do everything from criminal background checks, to on-site 'spot' checks, to in-depth records reviews.
- We also investigate crimes, such as theft, cheating and bookmaking.

## Underage Emphasis Patrols

In 2004, we began emphasis patrols to determine if house-banked card rooms were allowing minors to gamble. Our agents work with underage operatives who try to enter card rooms and gamble. The inspections are often done in partnership with the Liquor Control Board and the operative also tries to purchase liquor.

### Compliance

At first, the percentage of card rooms passing inspections was low; it has steadily improved.

Year	Inspections	Passed Inspection
2004	16	44%
2005	42	55%
2006	76	58%
2007	92	72%
2008	105	78%

### Penalties

**1st Violation:** Citations are given to the card dealer and card room operator with a \$200-\$300 fine.

**2nd Violation within a year:** Administrative charges are issued which may result in a suspension of the gambling license, a fine, or both.

### Training

Earlier this year, our agents and Liquor Control Board agents trained card room operators and their staff on ways to prevent minors from gambling and purchasing alcohol, and how to determine a valid ID from a fake one.

## House-Banked Card Games

In 1997, legislation passed authorizing Nevada-style card games, such as Blackjack, in commercial card rooms.



Prior to 1997, commercial card rooms were limited to card games in which customers played among themselves, such as poker. The "house" was not directly involved with the

game. A card room operator profited from the game by collecting a chair fee from players, based on time.

- Since 1997, we have received over 279 applications for house-banked card games and issued over 156 licenses. As new card rooms open and others close, the number at any given time fluctuates. Between 2003 and 2006, the average number of house-banked card rooms was 93. In 2007, there were 84 and by the end of 2008 there were 80.
- The number of applications pending is usually one or two.
- Card rooms employ over 7,000 licensed employees.
- Card rooms can operate up to 15 tables and betting limits are capped at \$300. Most locations in Western Washington are licensed to operate an average of 13 tables. In Eastern Washington, the average is 11 tables.

## Illegal Gambling We Investigate

- Bookmaking - accepting bets on sporting events and charging a fee on losing bets.
- Illegal card or dice games - charging or collecting a fee beyond personal winnings. These games are legal if no fee is collected.
- Loansharking and money laundering related to gambling activities.
- Animal fights that involve betting, such as dog or cockfights.
- Internet gambling.

## Did you know that in 2008...

Field Operations investigated 375 complaints from the public and initiated 570 additional investigations to ensure gambling was operating legally and honestly.

As a result of these investigations:

- 750 violations of gambling rules and laws were found
- 136 criminal violations were found
- 70 criminal cases were sent to prosecutors

Additionally, field staff inspected 4,356 licensed organizations to ensure gambling was operating correctly.

Legal Division issued administrative charges to revoke or suspend the following gambling licenses after it was determined gambling laws or rules were violated:

- 68 organizations (such as card rooms and pull-tab operators)
- 35 individuals (such as card dealers and distributor representatives)

## Local Governments Banning Gambling



Under state law, the Gambling Commission has exclusive authority for the licensing of gambling activities.

Cities and counties may prohibit any and all gambling activities, but may not change the scope of activities allowed by a gambling license. Since house-banked card rooms were introduced in 1997, about 70 jurisdictions have banned card rooms.

Authority to zone card rooms in certain areas, and allow existing card rooms but prohibit new ones (grandfathering) has been the subject of much debate and some lawsuits.

At this time, we are aware of the following restrictions in city/county ordinances relating to card rooms:

**Bans:** 54      **Zoning Restrictions:** 11      **Grandfather:** 4  
**Grandfather with sunset clause:** 1      **Moratorium:** 1

There have now been several cases interpreting the laws.

- In 2003, the Court of Appeals, Division 1, struck down the City of Edmonds' ordinance which had grandfather and sunset clauses.
- In 2003, Pierce County Superior Court ruled in favor of a card room and enjoined the county from enforcing the grandfather clause in their ordinance for five years. The Court of Appeals overturned this. The Supreme Court declined to review the decision.
- In September 2004, a King County Superior Court judge struck down the City of Kenmore's ordinance which had a moratorium and grandfather clause. The city banned all commercial card rooms effective 12-29-05. The U.S. Court of Appeals, Ninth Circuit issued a temporary restraining order against the ban. The case is pending before the King County Superior Court and the United States Court of Appeals, Ninth Circuit.
- In October 1999, the City of Tacoma banned card rooms effective 1-1-06. A Pierce County Superior Court Judge ruled the card rooms could remain open until a special election was held so voters could decide if the card rooms should stay open. The election was held September 2006 and the initiative did not pass. The three card rooms that were operating in Tacoma closed their doors.

## Background Investigations

To ensure crime does not gain a foothold in Washington, our background investigations are among the most thorough in the nation. We conduct criminal background investigations on nearly everyone involved in a gambling business.

- For commercial businesses, we trace funds to ensure the money is from a legitimate source.
- For charitable and nonprofit organizations, we ensure funds are used as intended by state law.
- We licensed almost 3,700 commercial and charitable/nonprofit organizations in 2008.
- We regulate over 17,500 individuals (such as dealers) in the tribal and non-tribal gambling industry. This is up from 16,500 in 2007. In 2006, we licensed/certified over 17,000 individuals, up from 14,000 in 2004, 13,400 in 2003, and 12,000 in 2000.

**In 2008:** 22,300 Criminal history checks  
3,728 Fingerprint cards processed  
358 Applicants did not qualify for a license

## Rick Day

**Director** (360) 486-3446  
RickD@wsgc.wa.gov



Rick was appointed Director of agency in August 2001. He was born and raised in Montana and graduated from Montana State University with a degree in Sociology/Criminal Justice. He has a Masters degree in Public Administration from the University of Washington. Rick began his law enforcement career as a police officer in Montana. He has worked in the criminal justice system for over 31 years, 21 of which were in law enforcement-regulatory work involving tobacco, liquor, and gambling investigations.

## Amy B. Hunter

**Legislative Liaison and Administrator for the Communications and Legal Division** (360) 486-3463  
AmyB@wsgc.wa.gov



Amy has been with the agency since 1994. She oversees the agency's legal department and communication functions and has worked on legislative issues since 1998. Amy graduated from Kansas State University with a degree in Sociology/Criminal Justice and has a law degree from the University of Puget Sound School of Law.

## Other staff that can assist you with legislative questions:

**Dave Trujillo, Assistant Director,**  
Licensing Operations Division: (360) 486-3512  
DaveT@wsgc.wa.gov

**Terry Westhoff, Administrator,**  
Business Operations Division: (360) 486-3488  
TerryW@wsgc.wa.gov

**Arlene Dennistoun, Staff Attorney,**  
Communications and Legal Division: (360) 486-3469  
ArleneD@wsgc.wa.gov

## Agency Funding Source

We are a non-general fund and a non-appropriated agency. No taxes are used to fund the agency. We are funded through licensing and regulatory fees paid by licensees and tribal governments.

We reduced 8 FTEs and nearly \$900,000 from our previously approved FY09 levels. This reduces both staff and expenditures by about 5%.

**Mission:** Protect the Public by Ensuring that Gambling is Legal and Honest