

STATE OF WASHINGTON  
COUNTY OF KING

CERTIFICATE

*I, Tracey Dunlap, Director of Finance and Administration of the City of Kirkland, Washington, do hereby certify that the foregoing budget entitled "CITY OF KIRKLAND 2013-2014 BUDGET" is a true, full, and correct copy of the 2013-2014 budget adopted by the City Council of Kirkland on December 11, 2012.*

*IN WITNESS WHEREOF I have hereunto subscribed my name and affixed the official seal of the City of Kirkland, Washington, this 5th day of April, 2013.*



*Tracey Dunlap*  
\_\_\_\_\_  
Tracey Dunlap, Director of Finance & Administration  
CITY OF KIRKLAND



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ORDINANCE 4396

AN ORDINANCE OF THE CITY OF KIRKLAND ADOPTING THE BIENNIAL BUDGET FOR 2013-2014.

WHEREAS, the Kirkland City Council conducted a duly noticed public hearing on November 20, 2012, to take public comment with respect to the proposed Biennial Budget of the City of Kirkland for 2013-2014 and all persons wishing to be heard were heard; and

WHEREAS, the City Council finds that the proposed Biennial Budget for 2013-2014 reflects revenues and expenditures that are intended to ensure the provision of vital municipal services at acceptable levels;

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

Section 1. The Biennial Budget of the City of Kirkland for 2013-2014, as set out in Exhibit "A" attached and incorporated by this reference as though fully set forth, is adopted as the Biennial Budget of the City of Kirkland for 2013-2014.

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

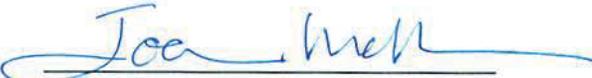
<u>Funds</u>	<u>Estimated Revenues</u>	<u>Appropriations</u>
General	171,626,838	171,626,838
Lodging Tax	690,652	690,652
Street Operating	20,167,286	20,167,286
Cemetery Operating	816,308	816,308
Parks Maintenance	3,060,649	3,060,649
Park Levy	5,006,077	5,006,077
Contingency	2,296,510	2,296,510
Impact Fees	3,111,739	3,111,739
Excise Tax Capital Improvement	12,597,175	12,597,175
Limited General Obligation Bonds	7,719,330	7,719,330
Unlimited General Obligation Bonds	1,770,853	1,770,853
General Capital Projects	54,759,348	54,759,348
Transportation Capital Projects	39,416,383	39,416,383
Water/Sewer Operating	52,829,481	52,829,481
Water/Sewer Debt Service	2,567,358	2,567,358
Utility Capital Projects	22,415,061	22,415,061
Surface Water Management	21,444,357	21,444,357
Surface Water Capital Projects	18,315,303	18,315,303
Solid Waste	32,634,724	32,634,724
Health Benefits	24,617,930	24,617,930

Equipment Rental	19,090,357	19,090,357
Information Technology	12,061,934	12,061,934
Facilities Maintenance	12,771,400	12,771,400
Firefighter's Pension	1,921,858	1,921,858
	<hr/>	<hr/>
	543,708,911	543,708,911

Section 3. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication pursuant to Section 1.08.017, Kirkland Municipal Code in the summary form attached to the original of this ordinance and by this reference approved by the City Council.

Passed by majority vote of the Kirkland City Council in open meeting this 11<sup>th</sup> day of December, 2012.

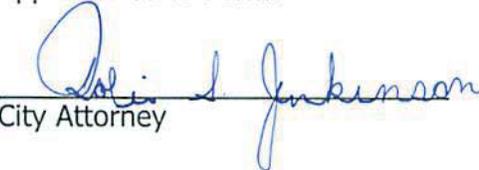
Signed in authentication thereof this 11<sup>th</sup> day of December, 2012.

  
 \_\_\_\_\_  
 MAYOR

Attest:

  
 \_\_\_\_\_  
 City Clerk

Approved as to Form:

  
 \_\_\_\_\_  
 City Attorney

**CITY OF KIRKLAND**  
**2013-14 BUDGET-Preliminary to Final Adjustments**

Exhibit A

**General Government Operating Funds**

Fund	2011-12 Amended Budget	2013-14 Prelim Budget	Adjustments	2013-14 Final Budget	Percent Change
<b>General Fund</b>					
010 General	161,361,264	171,895,906	(269,068)	171,626,838	6.36%
<b>Special Revenue Funds</b>					
112 Lodging Tax	537,249	690,652	-	690,652	28.55%
117 Street Operating	14,716,526	20,294,540	(127,254)	20,167,286	37.04%
122 Cemetery Operating	762,492	816,308	-	816,308	7.06%
125 Parks Maintenance	2,588,335	3,060,649	-	3,060,649	18.25%
128 Park Levy	-	2,747,711	2,258,366	5,006,077	#DIV/0!
<b>Total Special Revenue Funds</b>	<b>18,604,602</b>	<b>27,609,860</b>	<b>2,131,112</b>	<b>29,740,972</b>	<b>59.86%</b>
<b>Internal Service Funds</b>					
511 Health Benefits Fund	15,735,691	24,617,930	-	24,617,930	56.45%
521 Equipment Rental	19,155,624	19,059,357	31,000	19,090,357	-0.34%
522 Information Technology	11,460,982	12,061,934	-	12,061,934	5.24%
527 Facilities Maintenance	10,769,943	12,771,400	-	12,771,400	18.58%
<b>Total Internal Service Funds</b>	<b>57,122,240</b>	<b>68,510,621</b>	<b>31,000</b>	<b>68,541,621</b>	<b>19.99%</b>
<b>Total General Government Operating Funds</b>	<b>237,088,106</b>	<b>268,016,387</b>	<b>1,893,044</b>	<b>269,909,431</b>	<b>13.84%</b>

**General Government Non-Operating Funds**

Fund	2011-12 Amended Budget	2013-14 Prelim Budget	Adjustments	2013-14 Final Budget	Percent Change
<b>Special Revenue Funds</b>					
152 Contingency	2,246,510	2,296,510	-	2,296,510	2.23%
156 Impact Fees	1,971,968	3,111,739	-	3,111,739	57.80%
190 Excise Tax Capital Improvement	12,866,748	15,375,429	(2,778,254)	12,597,175	-2.10%
<b>Total Special Revenue Funds</b>	<b>17,085,226</b>	<b>20,783,678</b>	<b>(2,778,254)</b>	<b>18,005,424</b>	<b>5.39%</b>
<b>Debt Service Funds</b>					
210 LTGO Debt Service	11,370,553	7,719,330	-	7,719,330	-32.11%
220 UTGO Debt Service	2,144,487	1,770,853	-	1,770,853	-17.42%
<b>Total Debt Service Funds</b>	<b>13,515,040</b>	<b>9,490,183</b>	<b>-</b>	<b>9,490,183</b>	<b>-29.78%</b>
<b>Capital Projects Funds</b>					
310 General Capital Projects	52,653,591	54,679,019	80,329	54,759,348	4.00%
320 Transportation Capital Projects	32,914,691	35,099,887	4,316,496	39,416,383	19.75%
<b>Total Capital Projects Funds</b>	<b>85,568,282</b>	<b>89,778,906</b>	<b>4,396,825</b>	<b>94,175,731</b>	<b>10.06%</b>
<b>Trust Funds</b>					
620 Firefighter's Pension	1,767,099	1,921,858	-	1,921,858	8.76%
<b>Total Trust Funds</b>	<b>1,767,099</b>	<b>1,921,858</b>	<b>-</b>	<b>1,921,858</b>	<b>8.76%</b>
<b>Total General Government Non-Op Funds</b>	<b>117,935,647</b>	<b>121,974,625</b>	<b>1,618,571</b>	<b>123,593,196</b>	<b>4.80%</b>

**CITY OF KIRKLAND**  
**2013-14 BUDGET-Preliminary to Final Adjustments**

Exhibit A

**Water/Sewer Utility Funds**

Fund	2011-12 Amended Budget	2013-14 Prelim Budget	Adjustments	2013-14 Final Budget	Percent Change
<b><i>Operating Fund</i></b>					
411 Water/Sewer Operating	45,945,527	52,829,481	-	52,829,481	14.98%
<b>Total Operating Fund</b>	<b>45,945,527</b>	<b>52,829,481</b>	<b>-</b>	<b>52,829,481</b>	<b>14.98%</b>
<b><i>Non-Operating Funds</i></b>					
412 Water/Sewer Debt Service	2,962,187	2,567,358	-	2,567,358	-13.33%
413 Utility Capital Projects	18,054,238	22,442,804	(27,743)	22,415,061	24.15%
<b>Total Non-Operating Funds</b>	<b>21,016,425</b>	<b>25,010,162</b>	<b>(27,743)</b>	<b>24,982,419</b>	<b>18.87%</b>
<b>Total Water/Sewer Utility Funds</b>	<b>66,961,952</b>	<b>77,839,643</b>	<b>(27,743)</b>	<b>77,811,900</b>	<b>16.20%</b>

**Surface Water Utility Funds**

Fund	2011-12 Amended Budget	2013-14 Prelim Budget	Adjustments	2013-14 Final Budget	Percent Change
<b><i>Operating Fund</i></b>					
421 Surface Water Management	18,442,953	21,553,357	(109,000)	21,444,357	16.27%
<b>Total Operating Fund</b>	<b>18,442,953</b>	<b>21,553,357</b>	<b>(109,000)</b>	<b>21,444,357</b>	<b>16.27%</b>
<b><i>Non-Operating Fund</i></b>					
423 Surface Water Capital Projects	14,750,925	18,342,631	(27,328)	18,315,303	24.16%
<b>Total Non-Operating Funds</b>	<b>14,750,925</b>	<b>18,342,631</b>	<b>(27,328)</b>	<b>18,315,303</b>	<b>24.16%</b>
<b>Total Surface Water Utility Funds</b>	<b>33,193,878</b>	<b>39,895,988</b>	<b>(136,328)</b>	<b>39,759,660</b>	<b>19.78%</b>

**Solid Waste Utility Fund**

Fund	2011-12 Amended Budget	2013-14 Prelim Budget	Adjustments	2013-14 Final Budget	Percent Change
<b><i>Operating Fund</i></b>					
431 Solid Waste Utility	25,102,501	32,634,724	-	32,634,724	30.01%
<b>Total Operating Fund</b>	<b>25,102,501</b>	<b>32,634,724</b>	<b>-</b>	<b>32,634,724</b>	<b>30.01%</b>
<b>Total Solid Waste Utility Fund</b>	<b>25,102,501</b>	<b>32,634,724</b>	<b>-</b>	<b>32,634,724</b>	<b>30.01%</b>

<b>TOTAL ALL FUNDS</b>	<b>480,282,084</b>	<b>540,361,367</b>	<b>3,347,544</b>	<b>543,708,911</b>	<b>13.21%</b>
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# POLICIES



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# INVESTMENT POLICY



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# City of Kirkland Investment Policy

Adopted by Resolution (R-4797) on January 5, 2010

## 1.0 Policy Statement

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

## 2.0 Scope

This investment policy applies to all financial assets for the City of Kirkland. These funds are accounted for in the City's annual financial report and include:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Trust and Agency Funds
- Debt Service Funds

Any new funds created by the Finance Director unless specifically exempted.

## 3.0 Objective

The primary objectives, in order of priority, for the City of Kirkland's investment activities are as follows:

- 3.1 Legality: The City's investments will be in compliance with all statutes governing the investment of public funds in the State of Washington.
- 3.2 Liquidity: The City's investments will remain sufficiently liquid to enable the city to meet all operating requirements which might be reasonably anticipated.
- 3.3 Safety: Investments of the City will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from other investments.
- 3.4 Yield: The City's investments will be designed with the objective of attaining a market rate return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow characteristics.

# City of Kirkland Investment Policy

Adopted by Resolution (R-4797) on January 5, 2010

Core investments are limited to relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- a. A security with declining credit may be sold early to minimize loss of principal.
- b. A security swap that would improve the quality, yield or target duration in the portfolio.
- c. Liquidity needs of the portfolio require that the security be sold.

## 4.0 Delegation of Authority

In accordance with City of Kirkland Municipal code, Ordinance No.2455, an Investment Committee was created consisting of the City Manager and Finance Director. Authority is granted to these individuals to invest any portion of the monies in the City's inactive funds or other funds in excess of current needs. The Finance Director may designate a person to coordinate the day to day operations of the investment portfolio.

## 5.0 Prudence

Investments will be made with judgment and care, under circumstances then prevailing, which person of prudence, discretion and intelligence would use in the management of their own affairs, not for speculation, but for investment purposes (Prudent Person Standard).

The standard of prudence to be used by investment officials will be the "prudent person" and will be applied in the context of managing an overall portfolio. Investment officers meeting the "prudent person" standard will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

## 6.0 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that may conflict with the proper execution of the investment program, or may impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to Investment Committee any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any personal financial/investment positions that could be related to the performance of the City's portfolio.

**City of Kirkland**  
**Investment Policy**  
Adopted by Resolution (R-4797) on January 5, 2010

**7.0 Authorized Financial Dealers and Institutions**

The Investment Committee will maintain a list of financial institutions as required by the Public Deposit Protection Commission (PDPC), authorized to provide investment services as outlined in R.C.W. 39.58.080. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness. No public deposits will be made except in a qualified public depository in the State of Washington. These may include "primary" dealers or regional dealers that qualify under SEC Rule 15C3-1 (uniform net capital rule).

All brokers/dealers and financial institutions who desire to do business with the City must supply the Finance Director with the following: Annual audited financial statement, proof of Financial Industry Regulatory Authority (FINRA) Certification, certification of having read the City's investment policy and receipt of the City's Trading Authorization. The Investment Committee will conduct an annual review of the financial condition of authorized brokers/dealers and the safekeeping institution and an audit of the submitted documents on file.

**8.0 Broker Allocation**

Investment transactions will be based upon the financial institution or brokerage firm that offers the best price to the City on each particular transaction. The City will make its best effort to obtain three bids for purchase or sale of government agency securities other than new issues. If circumstances dictate fewer than three bids due to the volatility of the market place, lack of bids, etc. the Finance Director or the Deputy Director has the authority to waive this. Generally all brokers will not have the same inventory of agency securities available to sell, but should be able to offer comparable alternatives. Banker's acceptances and Certificates of Deposit (other than a compensating balance CD) also require the acquisition of at least three bids, and acceptance of the most attractive rate from among comparable alternatives. Where two or more institutions or brokers have offered the same low bid, allocation will go to the lowest bidder that has provided the best service to the City.

**9.0 Authorized and Suitable Investments**

The City is empowered to invest in the following types of securities:

Eligible investments are only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250, and 43.84.080) Eligible investments include:

- Obligations of the U.S. government;  
U.S. Treasury Notes, Bonds and Bills

# City of Kirkland Investment Policy

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- Obligations of U.S. government agencies, corporations wholly owned by the U.S. government or any Government Sponsored Enterprises (GSE's) with the exception of mortgage backed securities (MBS), which are prohibited.

Specific listing:

Federal Home Loan Bank - FHLB  
Federal Farm Credit Bank - FFCB  
Government National Mortgage Association - GNMA  
Federal Home Loan Mortgage Corporation - FHLMC  
Federal National Mortgage Association - FNMA  
Federal Agricultural Mortgage Corporation - FAMC  
Tennessee Valley Authority - TVA

\* Other issuers may qualify if they meet the above criteria.

- Banker's acceptances purchased on the secondary market rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs), at the time of purchase. A-1+, A1+, or P-1. If the banker's acceptance is rated by more than two NRSROs., it must have the highest rating from all the organizations. Banker's Acceptances are considered illiquid as there is no active secondary market for these securities.
- Commercial Paper, provided that the Finance Director adheres with the policies and procedures of the State Investment Board regarding commercial paper (RCW 43.84.080(7), including the following:
  - Must have the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs), at the time of purchase. A-1+, A1+, or P-1.
  - Must be approved by the Investment Committee.
  - Purchases of commercial paper issued by a firm on negative credit watch is prohibited.
  - Procedures for steps to be taken should an issuer be placed on credit watch or downgraded are included in the Investment Procedures.
- Certificates of deposit with financial institutions qualified by the Washington Public Deposit Protection Commission;
- Local Government Investment Pool, for proceeds of bonds, liquidity funds or other debt obligations;

# City of Kirkland Investment Policy

Adopted by Resolution (R-4797) on January 5, 2010

- Obligations of the State of Washington or its political sub-divisions with the following guidelines:
  - Limited to securities which have one of the two highest rating categories by two of the NRSROs. Requiring AA- or better from Fitch and Standard & Poors and a Aa3 by Moodys
  - Purchases of any security on negative credit watch is prohibited.
  - Procedures for steps to be taken should an issuer be placed on credit watch or downgraded are included in the Investment Procedures.
  
- Obligations of a state other than the State of Washington or its political sub-divisions, with the following guidelines:
  - Limited to securities which have one of the two highest rating categories by two of the NRSROs. Requiring AA- or better from Fitch and Standard & Poors and a Aa3 by Moodys
  - Purchases of any security on negative credit watch is prohibited.
  - Procedures for steps to be taken should an issuer be placed on credit watch or downgraded are included in the Investment Procedures.
  
- Repurchase Agreements. The City does not actively invest in repurchase agreements for short term investments. However, if a repurchase agreement is utilized collateralization is required. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be (102%) of market value of principal and accrued interest. Re-pricing of the collateral should occur daily.

The City chooses to limit the collateral to Treasury and GSE Agency securities only, with a maximum maturity of three years.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

If the City chooses to invest in repurchase agreements, only primary dealers are to be used as counterparties to repurchase agreements, short term credit rating must be the highest credit rating, A-1 or the equivalent and a long term rating of A or the equivalent, the approved Bond Market Association's master repurchase agreement must be executed and on file prior to entering into these transactions and the maximum term for a repurchase agreement shall be limited to 30 days.

- The City is prohibited from purchasing securities that leverage the portfolio or are used for speculation on interest rates.

# City of Kirkland Investment Policy

Adopted by Resolution (R-4797) on January 5, 2010

## 10.0 Investment Pools / Mutual Funds

The City is allowed to invest in the Washington State Local Government Investment Pool as authorized by City of Kirkland Resolution 3370. The City is restricted from investing in mutual funds by State Statute.

## 11.0 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the City of Kirkland will be conducted on a delivery-versus-payment (DVP) basis. Securities will be held in safekeeping by a third party custodian designated by a member of the Investment Committee.

## 12.0 Diversification

The City will diversify its investments by security type and institution so that reliance on any one issuer or financial institution will not place an undue financial burden on the City. The City's policy is to assure that no single institution or security is invested to such an extent that a delay of liquidation at maturity is likely to cause a current cash flow emergency.

The following table provides maximum portfolio and issuer limit guidelines for the eligible securities which shall be complied with at the time of a security purchase, unless an exception waiver is approved by the Investment Committee. However, no sale of securities shall be required to meet revised limits due to a decrease in the total size of the portfolio.

Investment	Percent of Fund	Percent Per Issuer	Maturity
US Treasury Obligations	100	100	5 Years
US Agency Obligations	100	30	5 Years
Callable Agency Securities	50	30	5 Years
State or Political Subdivision Securities	20	5	5 Years
Certificates of Deposits	10	5	1 year
Bankers Acceptances	5	5	180 days
A-1/P-1 Commercial Paper	5	5	180 days

Special funds may have maturities in excess of stated guidelines due to specific fund objectives.

**City of Kirkland**  
**Investment Policy**  
Adopted by Resolution (R-4797) on January 5, 2010

**13.0 Maximum Maturities**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, or estimated to cash flow needs, the City will not directly invest in securities maturing more than five (5) years from the date of settlement.

The maximum weighted average maturity (WAM) of the total portfolio shall not exceed 3 years. This maximum is established to limit the portfolio to excessive market exposure. The WAM refers to the final WAM not the effective WAM.

Reserve or Capital Improvement Project monies may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

**14.0 Internal Control**

On an annual basis, the Investment Committee, in conjunction with the State Auditor's Office, will evaluate conformance with the Investment Policy and audit internal controls. The purpose of these examinations shall be to audit the accountability of the City's Investment Portfolio and to verify that Investment Officials have acted in accordance with the investment policies and procedures. Should the Investment Procedures be in conflict with the Investment Policy, the Investment Policy is the final authority.

**15.0 External Control**

The City will have an external review of the investment policy and procedures every three (3) years. The City may enter contracts with third-party investment advisory firms when their services are required.

**16.0 Performance Standards**

The portfolio shall be managed to obtain a fair rate of return, keeping in mind the primary objectives of protecting the City's capital and assuring adequate liquidity to meet cash flow needs.

For purposes of this policy, "fair rate of return" will be a band between the average yield of the ninety-day Treasury bill and the 2-year Treasury note for the period of time being evaluated. The goal is for the portfolio to generally perform within or above the band.

# **City of Kirkland Investment Policy**

**Adopted by Resolution (R-4797) on January 5, 2010**

## **17.0 Reporting Requirements**

17.1 The Finance Director shall prepare a quarterly and annual investment report summarizing the activity of the investment portfolio as to types of investments, yields, maturities and other related data.

17.2 Monthly reports will be submitted to the Investment Committee that report market value changes and investment income.

17.3 Additional reporting requirements are outlined in the Investment Procedures.

## **18.0 Investment Policy Adoption**

The City's investment policy shall be adopted by City Council. The policy shall be reviewed annually by the Investment Committee. Any modifications shall be submitted and approved by City Council.

# City of Kirkland Investment Policy

Adopted by Resolution (R-4797) on January 5, 2010

## GLOSSARY

**BANKERS' ACCEPTANCES (Bas)** – Bankers Acceptances are a form of a loan used in import-export financing transactions which becomes negotiable when accepted by a bank. The issuing bank is liable for the payment at its maturity. Terms vary but normally they are under six months and are purchased on a discount basis.

**BROKER** – A middleman who brings buyers and sellers together and handles their orders generally charging a commission for their services.

**CERTIFICATES OF DEPOSIT** – Instruments issued by a bank specifying that a sum of money has been deposited, payable with interest to the bearer of the certificate on a certain date.

**COMMERCIAL PAPER** - A short – term promissory note issued by a bank holding company, for the purpose of financing current transactions. Issues are sold on a discount basis with maturities up to 270 days.

**DELIVERY VS PAYMENT** – Physical delivery of collateral securities or book entry control in exchange for the cash payment. Under this system funds are not transferred until the securities are delivered. If a third party acts as custodian, funds are released by the custodian only when delivery is accomplished.

**DEPOSITORY** – A bank or financial institution accepting cash deposits and investments.

**DIVERSIFICATION** – Dividing available funds among a variety of securities and institutions so as to minimize market risk.

**DURATION** - The number of years required to receive the present value of future payments, both of interest and principle, of a bond, often used as an indicator of a bond's price volatility resulting from changes in interest rates.

**FEDERAL CREDIT AGENCIES** - Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

**FEDERAL HOME LOAN BANKS (FHLB)** - The 12 Federal Home Loan Banks are a system of regional banks from which local lending institutions everywhere in America borrow funds to finance housing, economic development, infrastructure and jobs. About 80 percent of U.S. lending institutions rely on the Federal Home Loan Banks. Because the Federal Home Loan Banks are cooperatives, their low costs are passed on to consumers and communities.

# City of Kirkland Investment Policy

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**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA, or Fannie Mae)** - FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing & Urban Development, H.U.D. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE)** - Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by FHA, VA, or FMHM mortgages. The term passthroughs is often used to describe Ginnie Maes.

**GOVERNMENT SPONSORED ENTERPRISES (GSE's)** - A group of financial services corporations created by the United States Congress. Their function is to reduce interest rates for specific borrowing sectors of the economy, farmers, and homeowners. The mortgage borrowing segment is by far the largest of the borrowing segments that the GSE's operate in.

**LIQUIDITY** - The length of time required to convert any investment to cash.

**LOCAL GOVERNMENT INVESTMENT POOL (LGIP)** – The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE** – The market value of a security is the price at which the last sale of the same issue was sold.

**MATURITY** – The date upon which the principal or stated value of an investment becomes due.

**PRINCIPAL** – The cost of an instrument on which interest is earned.

**REPURCHASE AGREEMENT** – Range in maturity from overnight to fixed time to open end. Repo's involve a simultaneous sale of securities by a bank or government securities dealer to a city with an agreement for the bank to repurchase the securities at a fixed date at a specified rate of interest.

**SAFEKEEPING** – An arrangement under which an organization's securities are kept in a bank vault or in the case of book entry securities, are held and recorded in the customer's name. Evidence of this arrangement is a safekeeping receipt.

# City of Kirkland Investment Policy

Adopted by Resolution (R-4797) on January 5, 2010

**SEC RULE 15c3-1** - An SEC rule that sets minimum net capital requirements for broker-dealers. Firms are expected to have liquid assets equal to or greater than a certain percentage of total liabilities. If the ratio falls below this minimum, the broker-dealer may face restrictions on soliciting new business or on keeping existing business. See UNIFORM NET CAPITAL RULE.

**SECONDARY MARKET** – A market where certain securities may be bought and sold at prevailing market prices after their initial distribution but before their state maturity date.

**TREASURY BILLS** – Short-term marketable securities issued by the U.S. Treasury and secured by the Federal Government and have maximum liquidity.

**TREASURY NOTES AND BONDS** – These are direct obligations of the U.S. Government with maturities from one to ten years on the notes and 10 to 30 years on the bonds.

**UNIFORM NET CAPITAL RULE** - Securities & Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities. Liquid capital includes cash and assets easily converted into cash.

**WEIGHTED AVERAGE MATURITY** - The average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio. Weighted average maturity measures the sensitivity of fixed-income portfolios to interest rate changes. Portfolios with longer WAMs are more sensitive to changes in interest rates because the longer a bond is held, the greater the opportunity for interest rates to move up or down and affect the performance of the bonds in the portfolio.

**EFFECTIVE WEIGHTED AVERAGE MATURITY** - For a single bond, it is a measure of maturity that takes into account the possibility that a bond might be called back to the issuer.

For a portfolio of bonds, average effective maturity is the weighted average of the maturities of the underlying bonds. The measure is computed by weighing each bond's maturity by its market value with respect to the portfolio and the likelihood of any of the bonds being called.

**YIELD** – The rate of annual return on an investment expressed as a percentage.

RESOLUTION R-4797

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ADOPTING A REVISED POLICY FOR INVESTMENT OF CITY FUNDS.

WHEREAS, the City Council of the City of Kirkland deems to have City funds invested in secure depositories and maximize returns on these investments; and

WHEREAS, the City Council of the City of Kirkland desires to develop an investment policy to guide the investment of City funds to meet these objectives; and

WHEREAS, the Kirkland City Treasurer (Deputy Director of Finance) has recommended revisions to the policy for investment of City funds; and

WHEREAS, the City of Kirkland investment policy has been written in accordance with the Washington Municipal Treasurers Model Investment Policy.

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

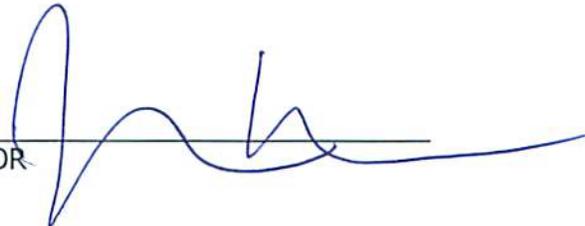
Section 1. The policy for investment of City funds set forth in the document entitled "City of Kirkland Investment Policy September 29, 2009" which is attached hereto as Attachment A and incorporated herein by this reference as if set forth in full is hereby adopted as official policy for investment of City funds.

Section 2. That the document entitled City of Kirkland Investment Policy September 29, 2009, replaces all previous City of Kirkland Investment Policies.

Passed by majority vote of the Kirkland City Council in open meeting this 5th day of January, 2010.

Signed in authentication thereof this 5th day of January, 2010.

MAYOR



Attest:

  
City Clerk

# DEBT MANAGEMENT POLICY



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**City of Kirkland**  
**Debt Management Policy**  
Adopted by Resolution (R-4837) on September 21, 2010

The Debt Policy for the City of Kirkland (City) is established to help ensure that all debt is issued both prudently and cost effectively. The Debt Policy sets forth guidelines for the issuance and management of all financings of the City. Adherence to the policy is essential to ensure that the City maintains a sound debt position and protects the credit quality of its obligations while providing flexibility and preserving financial stability.

**1.0 Uses of Debt**

- 1.1 City of Kirkland uses debt as a mechanism to equalize the costs of needed capital improvements for the benefit of both present and future citizens;
- 1.2 City of Kirkland uses debt as a mechanism to reduce the immediate costs of substantial public improvements.
- 1.3 The City of Kirkland will not use long-term debt to support current operations.
- 1.4 Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.
- 1.5 Non-capital furnishings, supplies, and personnel will not be financed from bond proceeds.
- 1.6 Interest, operating, and/or maintenance expenses will be capitalized only for enterprise activities; and will be strictly limited to those expenses incurred prior to actual operation of the facilities.

**2.0 Debt Limits**

**2.1 Legal Limits:**

- 2.1.1 The general obligation debt of Kirkland will not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property within the City. RCW 39.36.020
- 2.1.2 The following individual percentages shall not be exceeded in any specific debt category:
  - General Debt - 2.5% of assessed valuation
    - Non-Voted      1.5%    Limited Tax General Obligation (LTGO) Bonds
    - Voted            1.0%    Unlimited Tax General Obligation (UTGO) Bonds
  - Utility Debt - 2.5% of assessed valuation
  - Open Space and Park Facilities - 2.5% of assessed valuation

**2.2 Public Policy Limits:**

- 2.2.1 The City will establish and implement a comprehensive multi-year Capital Improvement Program (CIP).
- 2.2.2 Financial analysis of funding sources will be conducted for all proposed capital improvement projects.
- 2.2.3 Debt will be issued in accordance with the CIP as necessary.
- 2.2.4 Where borrowing is recommended, the source of funds to cover debt service requirements must be identified.

**City of Kirkland**  
**Debt Management Policy**  
Adopted by Resolution (R-4837) on September 21, 2010

2.2.5 The City, as determined by the City Council, may consider using long term debt toward public improvements, which have an identified public benefit to the City, associated with economic development to the extent that new revenues from the project, in excess of those identified by the City Council for other City purposes can be agreed upon to support the debt service.

2.3 Financial Limits:

2.3.1 The City's policy is to plan and direct the use of debt so that debt service payments will be a predictable and manageable part of the Operating Budget.

2.3.2 The City will conduct a debt affordability analysis to evaluate the City's ability to support debt. The analysis will review available resources for the amount of debt the City can initiate each year, and project the effects of that financing through six years of the CIP.

3.0 Allowable Types of Debt

3.1 Short Term Obligations: Short-term borrowing will only be used to meet the immediate financing needs of a project for which long-term financing has been secured but not yet received. The City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund's current operations. All interfund loans will be subject to Council approval, will bear interest based upon prevailing rates and have terms consistent with state guidelines for interfund loans.

3.2 Assessment/ LID Bonds: Assessment bonds will be considered in place of general obligation bonds, where possible, to assure the greatest degree of public equity. Local Improvement District (LID) Bonds represent debt that is repaid by the property owners who benefited from the capital improvement through annual assessments paid to the City. LID's are formed by the City Council after a majority of property owners agree to the assessment.

3.3 General Obligation Bonds Limited Tax: General Obligation debt is backed by the full faith and credit of the City and is payable from General Fund revenues and taxes collected by the City. Limited Tax General Obligation (LTGO) Bonds can be issued with the approval of the City Council and will only be issued if:

A project requires funding not available from alternative sources;  
Matching fund monies are available which may be lost if not applied for in a timely manner; or Emergency conditions exist.

3.4 General Obligation Bonds Unlimited Tax: Unlimited Tax General Obligation (UTGO) Bonds are payable from excess tax levies and is subject to voter approval by 60% of the voters.

3.5 Revenue Bonds: Revenue bonds are used to finance construction or improvements to facilities of enterprise systems operated by the City in accordance with the Capital Improvement Program and are generally payable from the enterprise. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limitation nor is voter approval required.

3.6 Leases: Lease purchase or financing contracts are payment obligations that represent principal and interest components which are general obligations of the City.

**City of Kirkland**  
**Debt Management Policy**  
Adopted by Resolution (R-4837) on September 21, 2010

3.7 Other Loan Programs:

3.7.1 Public Works Trust Fund Loans are loans from the Public Works Board, authorized by state statute, RCW 43.155 to loan money to repair, replace, or create domestic water systems, sanitary sewer systems, storm sewer systems, roads, streets, solid waste and recycling facilities, and bridges.

3.7.2 The Local Option Capital Asset Lending (LOCAL) Program is a financing contract with the Office of the State Treasurer under RCW 39.94. It is an expanded version of the state agency lease/purchase program that allows pooling funding needs into larger offerings of securities. This program allows local government agencies the ability to finance equipment needs through the State Treasurer's office, subject to existing debt limitations and financial consideration.

3.7.3 Other state funded programs.

3.8 Alternative types of debt: No variable-rate debt or derivative products shall be utilized.

4.0 Debt Structuring Practices

4.1 Maximum term, Payback Period and Average maturity:

4.1.1 The issuance of bonds shall be financed for a period not to exceed a conservative estimate of the asset's useful life with the average life of the bonds less than or equal to the average life of the assets being financed.

4.1.2 General Obligation bonds will be issued with maturities of 30 years or less unless otherwise approved by Council.

4.1.3 The maturity of all assessment bonds shall not exceed statutory limitations. RCW 36.83.050.

4.2 Debt Service Structure:

4.2.1 Unless otherwise justified and deemed necessary, debt service should be structured on a level or declining repayment basis.

4.3 Criteria for issuance of advance refunding and current refunding bonds

4.3.1 The City will use refunding bonds, where appropriate, when restructuring its current outstanding debt. A debt refunding is a refinance of debt typically done to take advantage of lower interest rates. Unless otherwise justified, such as a desire to remove or change a bond covenant, a debt refunding will not be pursued without a sufficient net present value benefit after expenses.

4.4 Other structuring practices:

4.4.1 Bond amortization schedules will be structured to minimize interest expense with the constraints of revenues available for debt service. The bonds should include call features to maximize the City's ability to advance refund or retire the debt early. However, call features should be balanced with market conditions to ensure that the total cost of the financing is not adversely affected.

**City of Kirkland**  
**Debt Management Policy**  
Adopted by Resolution (R-4837) on September 21, 2010

5.0 Debt Issuance Practices

- 5.1 Council Approval: City Council approval is required prior to the issuance of debt.
- 5.2 Analytical Review: An analytical review shall be conducted prior to the issuance of debt including, but not limited to, monitoring of market opportunities and structuring and pricing of the debt.
- 5.3 Use of credit ratings, minimum bond ratings, determination of the number of ratings and selection of rating services: The City will continually strive to maintain its bond rating by improving financial policies, budget, forecasts and the financial health of the City so its borrowing costs are minimized and its access to credit is preserved. The City will maintain good communication with bond rating agencies about its financial condition, coordinating meetings, and presentations in conjunction with a new issuance as necessary.
- 5.4 Compliance with Statutes and Regulations: The Finance Director, City Attorney and bond counsel shall coordinate their activities and review all debt issuance to ensure that all securities are issued in compliance with legal and regulatory requirements by the State of Washington and the Federal Government's laws, rules and regulations.
- 5.5 Selection and use of professional service providers:
- 5.5.1 The City's Finance and Administration Department shall be responsible for the solicitation and selection of professional services that are required to administer the City's debt program.
- 5.5.2 Bond Counsel: All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the proposed debt. The opinion shall include confirmation that the City has met all city and state constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's federal income tax status and any other components necessary for the proposed debt.
- 5.5.3 Financial Advisor: A Financial Advisor(s) may be used to assist in the issuance of the City's debt. The Financial Advisor will provide the City with the objective advice and analysis on debt issuance. This includes, but is not limited to, monitoring of market opportunities, structuring and pricing of debt, and preparing official statements of disclosure.
- 5.5.4 Underwriters: An Underwriter(s) will be used for all debt issued in a negotiated or private placement sale method. The Underwriter is responsible for purchasing negotiated or private placement debt and reselling the debt to investors.
- 5.5.5 Fiscal Agent: A Fiscal Agent will be used to provide accurate and timely securities processing and timely payment to bondholders. In accordance with RCW 43.80, the City will use the Fiscal Agent that is appointed by the State.
- 5.6 Criteria for determining sales method and investment of proceeds:
- 5.6.1 The Director of Finance and Administration shall determine the method of sale best suited for each issue of debt.
- 5.6.2 The City will generally issue its debt through a competitive process. For any competitive sale of debt, the City will award the issue to the underwriter offering to buy the bonds at a price and interest rates that provides the lowest True Interest Cost (TIC).

**City of Kirkland**  
**Debt Management Policy**  
Adopted by Resolution (R-4837) on September 21, 2010

- 5.6.3 The City will provide for the sale of debt by negotiating the terms and conditions of sale when necessary to minimize the cost and risks of borrowing under the following conditions:
- i. The bond issue is, or contains, a refinancing that is dependent on market/interest rate timing.
  - ii. At the time of issuance, the interest rate environment or economic factors that affect the bond issue are volatile.
  - iii. The nature of the debt is unique and requires particular skills from the underwriter(s) involved.
  - iv. The debt issued is bound by a compressed time line due to extenuating circumstances such that time is of the essence and a competitive process cannot be accomplished.

- 5.7 Bond Insurance: For each issue, the City will evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancement purchases by the City shall be competitively procured.

## 6.0 Debt Management Practices

### 6.1 Investment of Bond Proceeds

The City shall comply with all applicable Federal, State and contractual restrictions regarding the investment of bond proceeds, including City of Kirkland Investment Policy.

### 6.2 Continuing Disclosure

The City shall provide annual disclosure information to established national information repositories and maintain compliance with disclosure statements as required by state and national regulatory bodies. Disclosure shall take the form of the Comprehensive Annual Financial Report (CAFR) unless information is required by a particular bond issue that is not necessarily contained within the CAFR.

### 6.3 Arbitrage Rebate monitoring and filing

The City will, unless otherwise justified, use bond proceeds within the established time frame pursuant to the bond ordinance, contract or other documents to avoid arbitrage. Arbitrage is the interest earned on the investment of the bond proceeds above the interest paid on the debt. If arbitrage occurs, the City will follow a policy of full compliance with all arbitrage rebate requirements of the federal tax code and Internal Revenue Service regulations, and will perform (internally or by contract consultants) arbitrage rebate calculations for each issue subject to rebate. All necessary rebates will be filed and paid when due in order to preserve the tax-exempt status of the outstanding debt.

### 6.4 Federal and state law compliance practices

Discussed in Debt Issuance Practices sections 5.3 and 5.4 and Debt Management Practices sections 6.1 and 6.3.

### 6.5 Market and investor relations efforts

The City shall endeavor to maintain a positive relationship with the investment community. The City shall communicate through its published Biennial Budget, Capital Improvement Program and Comprehensive Annual Financial Statements the City's indebtedness as well as its future financial plans.

### 6.6 Periodic review

The City's debt policy shall be adopted by City Council. The policy shall be reviewed every four years by the Council Finance Committee and modifications shall be submitted to and approved by City Council.

RESOLUTION R-4837

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ADOPTING A REVISED POLICY FOR THE MANAGEMENT OF THE CITY'S DEBT.

WHEREAS, the City Council of the City of Kirkland deems to ensure that all debt is issued both prudently and cost effectively; and

WHEREAS, the City Council of the City of Kirkland desires to set forth guidelines for the issuance and management of all financings of the City; and

WHEREAS, the Kirkland City Treasurer (Deputy Director of Finance) has recommended revisions to the debt management policies; and

WHEREAS, the City of Kirkland debt management policy has been written in accordance with the Association of Public Treasurers of the United States & Canada (APT US&C) guidelines.

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

Section 1. The policy for the management of the City's debt set forth in the document entitled "City of Kirkland Debt Management Policy September 1, 2010," which is attached hereto and incorporated herein by this reference as if set forth in full is hereby adopted as official policy for the management of the City's debt.

Section 2. That the document entitled City of Kirkland Debt Management Policy September 1, 2010, replaces all previous City of Kirkland Debt Management Policies.

Passed by majority vote of the Kirkland City Council in open meeting this 21st day of September, 2010.

Signed in authentication thereof this 21st day of September 2010.

  
MAYOR

Attest:

  
City Clerk

# RESERVE REPLENISHMENT PRINCIPLES



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RESOLUTION R-4900

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ESTABLISHING RESERVE REPLENISHMENT PRINCIPLES.

WHEREAS, reserves are an integral part of the City's financial planning strategy and provide a tangible external measure of financial strength; and

WHEREAS, maintaining reserves is a best practice in government financial management and the Government Finance Officers Association (GFOA) has published best practice guidelines, including "Replenishing Fund Balance in the General Fund"; and

WHEREAS, the economic downturn that began in 2008 resulted in the planned use of over \$4 million dollars in reserves to help smooth the transition to lower revenue and service levels; and

WHEREAS, revenues appear to be stabilizing and the 2011-2012 budget was balanced without the use of reserves, however, the continued discussion of the process for replenishing those uses needs to be a priority;

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

Section 1. The City Manager is hereby authorized and directed to implement the Reserve Replenishment Principles as outlined in the attached "Exhibit 1" dated October 18, 2011.

Section 2. The City Manager is further authorized and directed to incorporate the Reserve Replenishment Principles as outlined in attached "Exhibit 1" into the reserve fiscal policies during the next update for the 2013-2014 budget.

Section 3. The City Manager is further authorized and directed to provide updated reserve targets for Council review and adoption by April 30, 2012, for incorporation into the reserve fiscal policies for the 2013-2014 budget.

Passed by majority vote of the Kirkland City Council in open meeting this 18th day of October, 2011.

Signed in authentication thereof this 18th day of October, 2011.

  
MAYOR

Attest:

  
City Clerk

## Exhibit 1: Reserve Replenishment Principles – October 18, 2011

Reserve replenishments occur in two ways during periods of economic recovery:

- Planned - A specific amount is included in the adopted budget, and
- Unplanned - Ending fund balances are higher than budgeted, either due to higher than budgeted revenues or under-expenditures.

Planned amounts are included as part of the adopted budget. **Planned replenishments toward 80% of the target level shall be set to at least 1% of the General Fund adopted budget.**

Unplanned amounts available at the end of each biennium (if any) should help replenish to target faster. A high percentage (up to all) uncommitted funds available at the end of a biennium should be used for reserve replenishment until reserves meet 80% of target and the revenue stabilization reserve is at 100% of target. Some or all of those unplanned funds may be used in place of planned (budgeted) amounts in the following biennium to the extent it meets or exceeds the 1% budgeted amount.

Once reserves reach 80% of target and revenue stabilization reserve is at 100%, funds may be used to meet other one time or on-going needs. Additional funds should be used to fund a variety of needs, based on the following process:

- Set 50% of available cash toward reserves until they are at 100% of target. The remaining 50% shall be available for one or more of the following needs, depending on the nature of the funds available (one-time or on-going) and in the following order of priority (see flowchart on the following page):
  - Fund liabilities related to sinking funds for public safety and information technology equipment,
  - Maintain current service levels,
  - Fund one-time projects or studies,
  - Increase funding for capital purposes,
  - Restore previous program service reductions,
  - Potential program/service enhancements.

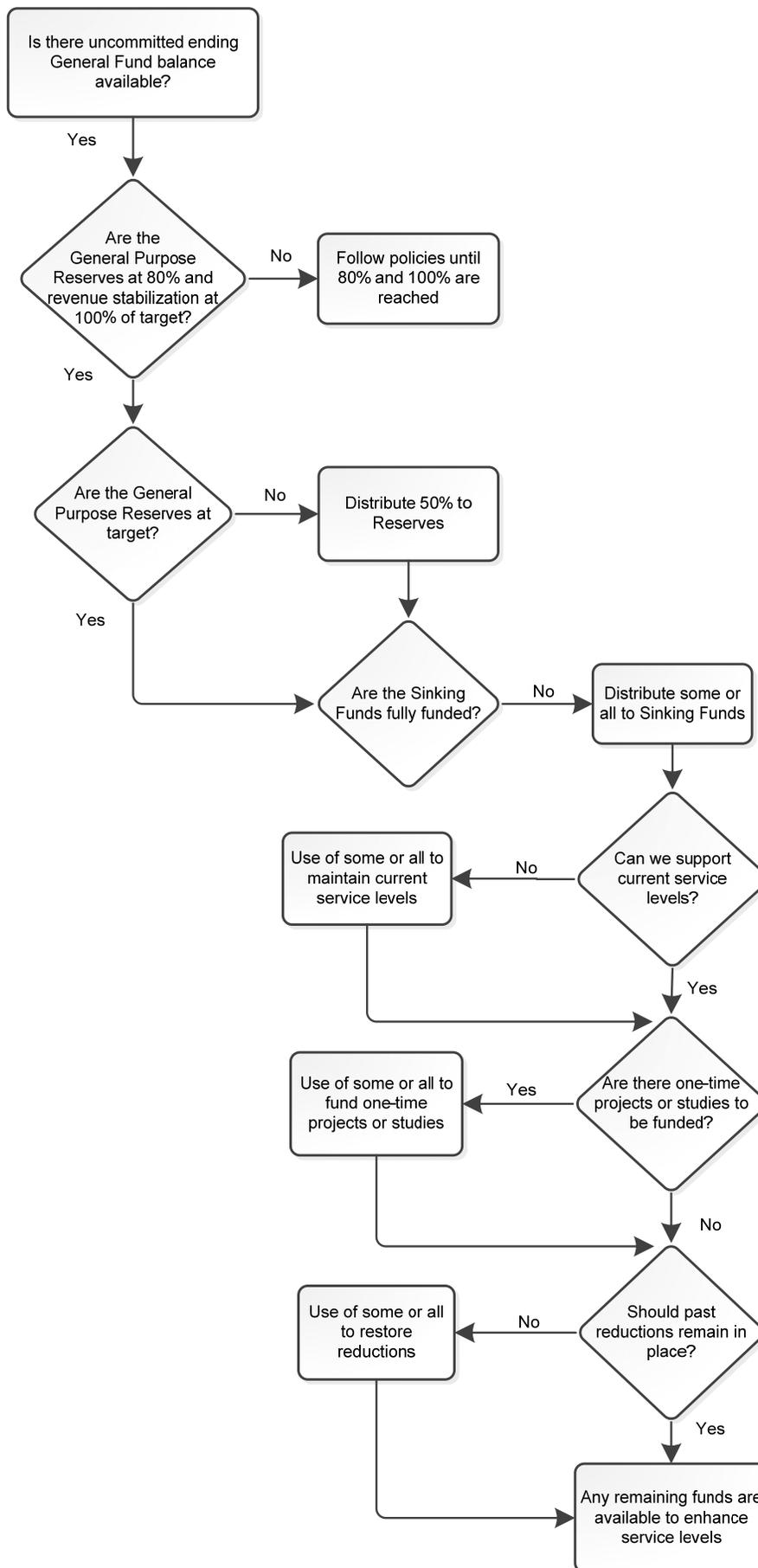
In terms of priority for replenishing the individual reserves, the following guidelines shall be used:

- If the Council Special Projects reserve is below target, replenish to target at the start of each biennium.
- If the revenue stabilization reserve is below target, prioritize replenishing the reserve.
- To the extent cash is from volatile revenues above budgeted amounts, those funds should be applied to revenue stabilization reserve first.
- If unplanned funds are available because planned reserve uses did not occur, those funds should be returned to the source reserve.
- The source of uncommitted funds should be taken into consideration (for example, interest earnings over budget could be applied to the capital contingency, since they are one of the designated sources for this reserve).
- The degree to which an individual reserve is below target (for example, the reserve that is furthest from its target level on a percentage basis might receive a larger share of the funds).

Decisions on how replenishments are allocated to specific reserves will be based on where available funds came from and on each reserve's status at the time the decision is made.

The replenishment policy will provide a mechanism whereby Council may take action to suspend replenishment policies if it was found that special conditions existed warranting such action.

### Decision Making Process for Unplanned Fund Balances if Reserves are Greater Than 80% of Target





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# GLOSSARY



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**CITY OF KIRKLAND**

***GLOSSARY OF BUDGET TERMS***

**ACCOUNT NUMBER**

Kirkland utilizes an account structure that conforms to the state BARS (Budgeting, Accounting, and Reporting System) requirements. The account number is separated into the following parts:

XXX -- XXX -- XXXX \* X -- XX -- XXXX  
FUND DEPT FUNCTION CLASS CATEGORY ELEMENT

**FUND** groups indicate a discrete set of revenues and expenditures. Funds help maintain financial records of transactions. By state law, cities must balance revenues and expenditures at the fund level. BARS assigns the fund groups and the City assigns specific fund numbers. For example, all funds in the 100 group are special revenue funds while Fund 154 is Kirkland's Cemetery Improvement Fund.

**DEPARTMENT/DIVISION** numbers indicate the organizational unit making an expenditure. For example, the Fire and Building Department uses all codes in the 900 group and the Training Division within the Fire and Building Department uses the number 940. Revenue accounts do not contain department numbers; instead, the code 000 occupies the department/division slot. BARS does not dictate department/division numbers.

**FUNCTION** codes indicate the governmental function associated with an expenditure and are assigned by BARS. For example, an expenditure account with the function code 1880 indicates that the expenditure is related to data processing. Revenue accounts do not contain function codes; instead, the code 0000 occupies the function slot.

**CLASS** indicates the type of activity, with a 3 indicating revenue and a 5 designating expenditures. These numbers are assigned by BARS.

**CATEGORY** describes the "what" of the transaction. For expenditures the category indicates the specific item purchased or services obtained. For revenues the category indicates

the source from which the revenues are obtained. For example, an expenditure with a category of 31 would be the purchase of office and operating supplies. Revenue with a category of 11 would indicate property tax.

**ELEMENT** is a further segregation of the Category information.

**ACCURAL BASIS**

An accounting basis which recognizes transactions when they occur. An organization records expenses when the liability occurs and posts revenues when they are earned. The Water/Sewer, Surface Water, Equipment Rental, and Information Technology Funds prepare year-end reports on the accrual basis. Kirkland uses a modified accrual basis of accounting for the reporting of all other funds. The budget is prepared on a cash basis (see later glossary entry).

**ACTUAL**

Denotes final audited revenue and expenditure results of operations for fiscal year(s) indicated.

**APPROPRIATION**

Through an appropriation ordinance, the City Council legally authorizes the City to spend money and to incur obligations for specific purposes. Budgetary/Operating fund appropriations lapse at the end of each biennium. Non-operating fund appropriations, on the other hand, continue in force until fully expended or until the City has accomplished or abandoned the purpose for which the Council granted the funds. Spending cannot exceed the level of appropriation without the Council's approval.

**ASSESSED VALUATION**

When the King County Assessor's Office determines the value of both real (land and buildings) and personal property, it arrives at the assessed valuation of the property. The

County uses this value to compute property taxes.

#### **ASSET**

Property owned by the government and resources owned or held by a government that has monetary value.

#### **BARS**

The State of Washington Budgeting, Accounting, and Reporting System required for all governmental entities in the state.

#### **BASIC BUDGET**

Kirkland develops its basic budget when it estimates how much it will cost to continue providing the existing ongoing level of service in the next biennium. The basic budget incorporates mandatory increases due to inflation or contract obligations.

#### **BIENNIAL BUDGET**

The City's financial operating plan for the next two fiscal years. Washington state law requires that the first year of a biennial budget be an odd-numbered year. Accordingly, the preparation of the biennial budget falls on an even-numbered year.

#### **BIENNIUM**

A two-year period.

#### **BENEFITS**

City-paid benefits provided for employees, such as Social Security, retirement, worker's compensation, life insurance, and medical insurance.

#### **BOND**

A bond is a written promise to pay a specified sum of money (called the face value or principal amount) at a specified date or dates in the future (called the maturity date) together with period interest at a specified rate. Kirkland uses the sale of bonds to finance some of its large capital projects.

#### **BOND RATING**

When the City issues debt, a thorough review of the City's financial condition is completed by

bond rating agencies. Based on their findings, the bonds are given a rating. The City's bond rating is a reflection of its creditworthiness and affects the cost to the City of issuing debt. There are two rating agencies -- Standard and Poor's (S&P) and Moody's Investor Service -- that rate Kirkland's bonds. As of January 2003, the City's ratings were AA (S&P) and Aa2 (Moody's).

#### **BUDGET**

As the City's financial operating plan for the fiscal biennium, the budget displays the estimated expenditures (costs) for providing services and the estimated sources of revenue (income) to pay for them. Once the City Council appropriates the fund totals shown in the budget, the totals become maximum spending limits. By state law, the City must balance its budget with expenditures equaling available revenues. RCW 35A.33 contains the legal authority and requirements for Kirkland's budget.

#### **BUDGET MESSAGE**

A general discussion of the proposed budget as presented in writing by the City Manager to the legislative body.

#### **CASH BASIS**

A basis of accounting where revenues are recorded when the cash is received and expenditures are recorded when paid. Kirkland prepares its budget on a cash basis.

#### **CAPITAL IMPROVEMENT PROGRAM (CIP)**

The plan or schedule of expenditures and funding sources for major construction of roads, sidewalks, City facilities, and water/sewer systems, and for the purchase of equipment. Kirkland's CIP follows a six-year schedule and includes projects which cost \$50,000 or more to complete. These projects become fixed assets and, with the exception of certain equipment, have a useful life of ten years or more. Although the City adopts the CIP budget in a process which is separate from the adoption of the biennial budget, the biennial budget incorporates the first and second years of the program.

**CAPITAL OUTLAY**

Expenditures for furnishings, equipment, vehicles, or machinery with an individual value greater than \$10,000 and a useful life of more than one year.

**CAPITAL PROJECT**

The acquisition, construction, improvement, replacement or renovation of land, structures and improvements thereon, and equipment. When the City Council authorizes a capital project, it adopts a capital project budget which continues until the project is complete.

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

A general purpose, federal grant primarily used to facilitate the production and preservation of low and moderate income housing and programs.

**CONTINGENCY**

Kirkland appropriates money to these reserve funds which it can use in the future should specific budget allotments run out and the City needs additional funds. Contingency funds are especially useful when emergencies arise that require the City to make unforeseen expenditures.

**COUNCILMANIC DEBT**

Debt which the City Council approves, but which does not require voter approval.

**CREDIT RATING**

The credit worthiness of a governmental unit as determined by an independent rating agency. The City of Kirkland is rated by two rating agencies: 1) Moody's Investor Service and 2) Standard and Poor's.

**DEBT CAPACITY**

The amount of debt which the City can issue given legal limits and fiscal policies. Debt capacity is calculated based on a percentage of the total assessed city property valuation plus the net of current assets and liabilities.

**DEBT SERVICE**

The annual payment of principal and interest on the City's bonded indebtedness.

**DEFICIT**

An excess of expenditure over revenue.

**DEPARTMENT**

To facilitate organizational and budgetary accountability, Kirkland breaks its funds into departments. Each department serves a specific function as a distinct organizational unit of city government.

**DEPRECIATION**

An accounting recognition that reduces a portion of the original cost of a business asset over several years as the value of the asset decreases.

**DIVISION**

As subdivisions of departments, divisions are budgetary or organizational units of government with limited sets of work responsibilities within their department. Divisions also serve to increase budget accountability.

**ENCUMBRANCES**

The amount of funds committed to vendors for goods or services received or to be received by the City as specified in a City purchase order.

**ENTERPRISE FUND**

An accounting entity which the City uses to record and report transactions for its business-type activities. All expenditures must be supported by income dedicated to the fund. The most common enterprise funds are utility funds.

**EXPENDITURE**

The payment for goods and services. On the cash-basis, expenditures are recognized only when the payments are made for the cost of goods received or services rendered.

**FEES**

A general term for any charge for services levied by government associated with providing a

service or permitting an activity. Major types of fees include business licenses and user charges.

#### **FINES AND FORFEITURES**

Revenue category which primarily includes court, police, traffic and parking fines, and forfeitures.

#### **FISCAL POLICY**

The City's policies with respect to revenues, spending, and debt management as these relate to government services, programs, and capital investment. Fiscal policy provides an agreed upon set of principles for the planning and programming of government budgets and their funding.

#### **FISCAL YEAR**

The twelve-month period which an organization designates as its operating year. In Kirkland, the fiscal year coincides with the calendar year. The City prepares a biennial budget for a period of two fiscal years, beginning in an odd-numbered year.

#### **FIXED ASSETS**

A long-term tangible piece of property that the City owns and is not expected to be consumed or converted into cash any sooner than at least one year's time.

#### **FULL-TIME EQUIVALENT (FTE)**

Kirkland budgets its employee positions in terms of the work year of a regular, full-time employee. For example, when the City budgets a position full-time for only six months, that position is 0.5 FTE. Likewise, a half-time position budgeted for a full year is also 0.5 FTE. A full-time position is 1.00 FTE.

#### **FUND**

Municipal governments organize and operate their accounting systems on a fund basis. The formal definition of the fund is an independent financial and accounting entity with a self-balancing set of accounts in which cities record financial transactions relating to revenues, expenditures, assets, and liabilities. Each fund must be budgeted independently with revenues equal to expenditures. With the exception of the General Fund, which accounts for general purpose activities and unrestricted revenue

sources, each fund has a unique funding source and purpose. By establishing funds, the City can account for the use of restricted revenue sources and carry on specific activities or pursue specific objectives.

#### **FUND BALANCE**

The cumulative difference between expenditures and revenue over the life of a fund. A negative fund balance is usually referred to as a deficit.

#### **GAAP (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)**

Both industry and governments use Generally Accepted Accounting Principles as standards for accounting and reporting financial activity. The Governmental Accounting Standards Board (GASB) currently sets government GAAP. Adherence to GAAP assures that financial reports of all state and local governments - regardless of jurisdictional legal provisions and customs - contain the same type of financial statements and disclosures, for the same categories and types of funds and account groups, based on the same measurement and classification criteria.

#### **GASB 34**

Governmental Accounting Standards Board Statement 34 (GASB 34) sets requirements for the content and format of the annual financial report.

#### **GENERAL FUND**

The General Fund accounts for revenues and expenditures associated with ordinary City operations that are not required to be accounted for in another fund. Individual departments within the General Fund account for expenditures incurred to provide various general-purpose municipal services.

#### **GENERAL OBLIGATION BONDS**

Bonds for which the City pledges its full faith and credit (the general taxing power) for repayment. Debt Service is paid from property tax revenue levied (in the case of voter-approved bonds) or other general revenue (in the case of Councilmanic bonds).

**GRANT**

A transfer of county, state, or federal monies to the City, usually for specific programs or activities.

**INDIRECT COST**

Cost of centrally provided internal services for which there is a citywide benefit that cannot be readily identified to specific departments.

**INFRASTRUCTURE**

Long-lived capital assets that can be preserved for a significantly greater number of years than most capital assets and are stationary in nature.

**INTERFUND TRANSFERS**

When the City moves money between its various funds, it makes an interfund transfer.

**INTERGOVERNMENTAL REVENUES**

Revenues from other governments in the form of state shared revenue and grants.

**INTERNAL CONTROLS**

Policies and procedures established to provide reasonable assurance that specific government objectives will be achieved.

**INTERNAL SERVICE FUND**

An accounting entity which the City uses to record and report transactions for goods and services provided by one department to other City departments on a cost reimbursement basis. The City currently has three internal service funds, the Equipment Rental Fund, Facilities Fund and the Information Technology Fund.

**LEOFF**

The State of Washington's Law Enforcement Officers and Firefighters Retirement System.

**LEVY RATES**

The rate of tax to be imposed on the assessed value of real property for the computation of property tax revenues. (See also Property Tax Levy)

**LICENSES AND PERMITS**

Revenue category that includes building permits, business licenses, and any other miscellaneous licenses.

**LID**

In a Local Improvement District the City makes special assessments against certain properties to defray part or all of the cost of a specific improvement or service which it deems will primarily benefit those properties. The assessments can be paid in full or in installments over a set period of time.

**LINE-ITEM BUDGET**

In its biennial budget, Kirkland estimates revenues and expenditures at the line-item level. The line-item budget contains a great degree of detail since it indicates how the City spends its money and the sources from which it receives revenue. Examples of line items in Kirkland's budget are postage, uniforms and clothing, hourly wages, fuel, etc.

**MAINTENANCE**

The act of keeping capital assets in a state of good repair. It includes preventive maintenance, normal periodic repairs, replacement of parts, structural components and so forth, and other activities needed to maintain the asset so that it continues to provide normal services and achieves its optimum life.

**MODIFIED ACCRUAL BASIS**

Kirkland uses this basis of accounting for year-end reporting which is adapted to the governmental fund type spending. The City recognizes revenues when they become both "measurable" and "available" to finance expenditures of the current period (i.e., when it is received). The City recognizes an expenditure, other than accrued interest on general fiscal long-term debt, when it is incurred (i.e., an obligation is made).

**NONDEPARTMENTAL**

This department has the sole purpose of accounting for all expenditures that the City cannot specifically designate to any operating department within a fund. Examples of expenses in the area include shared paper products and support of outside organizations.

**NON-OPERATING BUDGET**

The non-operating budget contains non-operating funds which the City uses to finance projects with limited objectives and/or finite life spans. By law, these budgets do not lapse at the end of the biennium, but may be carried forward from year to year until the monies are fully expended or their purposes are accomplished or abandoned. As a matter of practice, Kirkland prepares biennial budgets for all non-operating funds. The non-operating budget accounts primarily for debt, reserves, and capital projects.

**OBJECTIVE**

A specific measurable achievement that may be accomplished within a specific time frame.

**OPERATING BUDGET**

The operating budget provides a plan for current expenditures and the proposed means of financing them. In a broader sense, the biennial operating budget is a statement of what services the municipality will deliver to its citizens.

**OPERATING REVENUES**

Funds that the government receives as income to pay for ongoing operations.

**ORDINANCE**

A formal legislative enactment by the Council or governing body of a governmental entity.

**PERFORMANCE INDICATOR**

Specific quantitative and qualitative measures of work performed as an indicator of specific department or program activity or accomplishment.

**PERFORMANCE MEASURE**

A measure of how well a particular result is being achieved. Indicators of program performance that are collected to show the impact of resources spent on city services directly tied to program results.

**PERS**

The State of Washington's Public Employees Retirement System for employees other than police and fire personnel.

**PERSONNEL SERVICES**

Expenditures which include salary costs, wages, and benefits, for full-time and part-time hourly employees and overtime expenses.

**PRELIMINARY BUDGET**

The recommended, but unapproved, biennial budget which the City Manager presents to the City Council and the public.

**PROGRAM BUDGET**

A program is made up of a group of similar services which have a common purpose. A program budget presents planned expenditures for each group of services without regard to the departments involved in performing the services. For example, most services performed by the Police and Fire departments are related to protecting the public and naturally become part of a Public Safety Program along with prosecuting personnel, the municipal court, and other related service activities.

**PROPERTY TAX LEVY – REGULAR**

This represents the amount of property tax allowable under State law which the City may levy annually without approval by the City's registered voters. Kirkland uses this tax primarily to support the General Fund and street-related services. The City also has a separately voted Parks Maintenance Levy. State law fixes the maximum levy in dollars per \$1,000 of assessed valuation and the annual rate at which total regular levy property taxes may increase.

**PROPERTY TAX LEVY – SPECIAL (OR EXCESS)**

This represents the amount of property tax which a city government may charge in excess of the "regular levy" upon the approval of this tax by a vote of the people. Cities most commonly use the revenue to pay the annual costs of voter-approved general obligation bonds. State law imposes a maximum limit on the dollar amount of such bonds which a city may have outstanding at any one time.

**PROPRIETARY FUND**

See Enterprise Fund.

**RESERVE**

An account which the City uses either to set aside budgeted revenues that it does not need to spend in the current biennium or to earmark revenues for a specific future purpose.

**RESOURCES**

Total dollars available for appropriation, including estimated revenues, interfund transfers, and other financing sources such as beginning resources forward balances.

**RESOURCES FORWARD**

Each City fund uses this revenue account to record estimated and actual resources available for expenditure in the biennium because of revenues collected in excess of the budget and/or expenditures less than the budget in the prior biennium. Can also be called Beginning Fund Balance.

**RESTRICTED/UNRESTRICTED REVENUE**

The City most commonly receives restricted revenue in three ways. First, a person pays a fee to the City and the City will use that money to provide a specific product, service, or capital asset. Second, the receipt of money is directly tied to an expenditure or is restricted by law. Finally, the City considers revenue restricted when voters or the City Council have designated it for a specific purpose. All other revenues are unrestricted.

**REVENUE**

Sources of income which the City receives during a fiscal year. Examples of revenue include taxes, intergovernmental grants, charges for service, and other financing sources such as

the proceeds derived from the sale of fixed assets.

**REVENUE BONDS**

City-issued bonds which pledge future revenues, usually water, sewer, garbage, or drainage charges, to cover debt payments in addition to operating costs.

**SERVICE PACKAGE**

Capital equipment, a new service, or a project which City departments add to their basic budget to enhance the quality and/or quantity of service they provide to the public.

**SPECIAL REVENUE FUNDS**

Funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**SUPPLIES**

Cost of goods consumed by the City in the course of its operations.

**TAX LEVY**

The total amount to be raised by general property taxes for the purposes stated in the tax levy ordinance. (See also Property Tax Levy and Levy Rate.)

**UNRESERVED FUND BALANCE**

The funds remaining after reduction for reserved balances.

**USER CHARGES**

The amount the government receives for the provision of services and commodities, or the performance of specific services benefiting the person charged. User charges tend to be voluntary in nature, in contrast to mandatory property and income taxes. Citizens only pay user charges when a specific service is received.



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# COMMUNITY PROFILE



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# Demographics



## Population Growth

Kirkland is a growing, prosperous and diverse community and attracts people from all over the world. In June 2011, the annexation of several neighborhoods of unincorporated King County adjacent to the city increased Kirkland's population to an estimated **81,480**.

## Diversity

Along with population growth, Kirkland is becoming a more diverse community as people from many different ethnic backgrounds move to the city. Between 2000 and 2010, Kirkland's minority population grew from 14.7% to 18.5%. With the growth of the region's high-tech and computer industries, Kirkland is becoming a younger city as well. In 2010, roughly 50% of the population was between the ages of 25-54.

## Households

Kirkland is home to 33,122 households and 19,897 families. As of 2010, Kirkland's median age is 40.2 years; the median age for a householder is 47.1 years.

## Household income

In 2010, Kirkland's estimated **average household income** was **\$101,164**. The estimated median income was **\$81,927**.

## Education

Kirkland is fortunate to be at the center of a dynamic educational region. There are more than 15 colleges and universities within 15 miles of the city. Add to this Kirkland's established, highly educated workforce and employers have an outstanding base of qualified candidates from which to draw. More than 95% of Kirkland's population has at least a high school diploma. And more than 40% of the population age 25 or older has a college degree.

## Employment Snapshot

As of 2012, Kirkland has 4,842 registered businesses and employs 31,254 people. Roughly 40 percent are home-based businesses, and between 15 percent and 20 percent are involved in software development.



*Note: Statistics provided by Hebert Research*



# Education

## Colleges and universities near Kirkland

More than 15 colleges and universities are located in or near Kirkland, providing businesses and their employees with multiple venues and a wide variety of programs. Below is a partial list of local colleges and universities:

- [University of Washington](#), Seattle
- [Seattle University](#), Seattle
- [University of Washington](#), Bothell
- [Bellevue College](#), Bellevue
- [Seattle Community College](#), four campuses
- [Cascadia Community College](#), Bothell
- [City University](#), Seattle

## Schools

Children's educational needs are met through a variety of educational resources in Kirkland. The range of options includes both private and public elementary and secondary schools.

### Lake Washington School District

Kirkland is served by the Lake Washington School District, the sixth largest school district in the state and one of the region's largest employers. The school district covers a 76-mile area from Lake Washington to the Cascade Mountains and serves Kirkland, Redmond, as well as parts of Sammamish, Bothell and Woodinville. More than 23,000 students are enrolled in 51 schools, including 31 elementary schools, 12 junior high schools and eight high schools.

As an example of the district's commitment, U.S. News and World Report ranked Kirkland's International Community School (ICS) number 29 in its top 100 high schools in the United States for the 2009-2010 school year. ICS is a choice school serving students in grades 7 through 12.

### Private schools

In addition to public schools, Kirkland offers the following several private schools:

- [Eastside Preparatory School](#) (grades 6 through 12)
- [Holy Family Parish School](#) (grades Pre-K through 8)
- [Kirkland SDA School](#) (K through 8)
- [Countryside Montessori School](#) (Pre-K through 1),
- [Puget Sound Adventist Academy](#) (grades 9 through 12)
- [St. John's Preschool](#)
- [Our Redeemer Christian School](#) (preschool through Kindergarten)
- [Cedar Crest Academy](#) (preschool through Kindergarten)





## *Land-Use, Transportation & Neighborhoods*

Located on the shore of Lake Washington, Kirkland offers the conveniences of a big city with the personal feel of a small town. Kirkland prides itself on its strong sense of community, features unique neighborhoods and places a strong emphasis on maintaining a highly desirable quality of life for its residents and businesses. The city recognizes that housing diversity, pedestrian friendliness and a variety of transportation choices are key elements to a city's quality of life.

### *Land-Use*

Single and multi-family housing comprise the majority of Kirkland's land use, with the remainder being allocated to commercial, office, industrial, institutions, parks and open space, utilities and vacant space.

**Property Taxes** – In 2012, Kirkland's total property tax rate is \$10.54 per \$1,000 of assessed value. Of that total, \$1.46 per \$1,000 of assessed value goes to the city. For a \$400,000 home in Kirkland, the yearly property tax in 2012 would be \$4,216.

**Jobs-Housing Ratio** – A jobs-housing ratio is a basic measure of a city's economy in terms of the availability of local jobs for local households. With a jobs-housing ratio of 1.63, there are more than half again as many jobs in Kirkland as households. This ratio is higher than King County's ratio of 1.44 and notably higher than the combined ratio of the four county region of King, Snohomish, Pierce and Kitsap counties.

### *Transportation*

Kirkland's central location makes the city a great choice for both residents and businesses. Situated across Lake Washington from Seattle along the Interstate 405 corridor, Kirkland is easily accessible to and from Seattle via State Route 520 (the 520 floating bridge) and State Route 908, which connects Kirkland with neighboring Redmond, Washington.

While many people commute by car, others commute using public transit, bicycles, or by foot. Kirkland commuters are well served by King County Metro Transit, a county-wide bus network, and by Sound Transit, a three-county multi-modal transit network. The city's two major transit centers — one downtown and another along Interstate 405 in the Totem Lake neighborhood — put the entire region within reach. More information is available at:

- King County Metro Transit, <http://metro.kingcounty.gov/>
- Sound Transit, [www.soundtransit.org](http://www.soundtransit.org)
- [City of Kirkland transportation information](#) can be found on the City of Kirkland website under the Public Works Department tab.



Kirkland also offers transportation management services to major employers in order to help businesses make the best use of transit and parking options to ensure that employee's commuting needs are met.



## *Neighborhoods*

Kirkland takes great pride in its 15 neighborhoods, each of which possesses a distinct identity. Neighborhood associations feature community members who take an active role in preserving their neighborhood's character and style. Neighborhood associations also provide an efficient way for the city to interact and communicate with residents. Kirkland officially supports neighborhoods through its [Neighborhood Services Program](#).

- Information about Kirkland's neighborhoods can be found at the city's [Neighborhood Associations](#) page.
- The [Kirkland Alliance of Neighborhoods](#) is an association of the city's neighborhoods that meets to share important information about city-wide issues.

As of February 2010, Kirkland is home to 22,429 households divided between a mix of housing options including single-family homes, duplexes, multiplexes and apartments.



# Commercial Property

The City of Kirkland has premium business property available for lease and purchase, as well as property available for redevelopment.

## Business Districts

Businesses moving to or expanding in Kirkland have several business districts to choose from, each with its own advantages and amenities. Please see the included map for more details. The major business districts and their primary uses are:

- Downtown Kirkland – retail, office, commercial
- Carillon Point – retail, office, commercial
- Yarrow Bay – office, commercial
- Juanita Village – retail, office, commercial
- Market Street Corridor – retail, office, commercial
- 85th Street Corridor – retail, commercial, industrial, light manufacturing
- Totem Lake East and West – retail, commercial, industrial, light manufacturing

## Commercial Zoning

The City of Kirkland's business districts primarily focus on commercial, office space, mixed use space and light manufacturing. Kirkland is generally considered a high-tech, innovative work center with many information technology and service-based businesses, including a growing number of home-based businesses and entrepreneurs.

Kirkland Commercial Real Estate	
<b>OFFICE</b>	
Total RBA	2,336,538 SF
Available SF	250,009 SF
Vacancy Rate	10.7%
Average Rental Rate	\$25.78 Full Service
<b>INDUSTRIAL/FLEX</b>	
Total RBA	2,946,008 SF
Available SF	438,955 SF
Vacancy Rate	14.9%
Average Rental Rate	\$0.87 NNN

(September 2012)



"Tenants in the downtown business district and Carillon Point like the views, location and convenience. Kirkland has a good address."

- Brian Leibsohn,  
President, Linc  
Property Advisors, Inc.

"Downtown Kirkland is an ideal location for retailers because of the critical mass of destination retailers and restaurants."

- Monica Wallace,  
Broker, Wallace  
Properties

"When Google needed to expand to a permanent campus we wanted to remain in a place that would be conducive to talented engineers. Our campus needed to be in an environmentally positive place, close to Seattle and transportation, and a place where people don't end up being overwhelmed by large office parks.."

- Scott Silver,  
Former Google site  
director



## Kirkland Parks

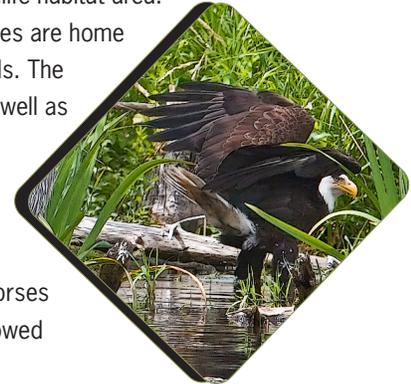
### Priority: Parks

Kirkland's location on the shores of Lake Washington makes it a natural setting for spectacular parks. With 45 parks and nearly 10 percent of the city designated for parks or open space, Kirkland has an established record of developing, promoting and maintaining parks to suit a wide variety of uses.

Nine parks are found along the waterfront. Kirkland's many other parks are tailored toward recreation, neighborhood and community activities. Other parks offer a natural and scenic setting that encourages calm and reflection.

### A sampling of the city's parks includes:

- **Juanita Beach Park.** This large park in the Juanita neighborhood offers a spacious enclosed swimming area, picnic tables and shelters, barbeque bins, lighted tennis courts, little league baseball fields and a public dock among many features.
- **Peter Kirk Park.** More than 12 acres of open space in the heart of downtown, three blocks from the waterfront. A lighted baseball field is the centerpiece of a park that features basketball and tennis courts and a skate park. It's adjacent to the city's public swimming pool, the Kirkland Teen Center and Peter Kirk Community Center. Free Wi-Fi is available as well.
- **Juanita Bay Park.** The city's largest park is an urban wildlife habitat area. More than 100 acres of preserved wetlands and marshes are home to many species of birds, amphibians and other animals. The park features boardwalks, trails, open grassy areas as well as monthly nature walks.
- **Bridle Trails State Park.** Found along Kirkland's south-eastern border are 500 acres of natural woodlands. The park supports and promotes equestrian activities, with 28 miles of equestrian trails and show facilities. Horses are not required. While no motorcycles or bikes are allowed walkers and joggers are more than welcome.
- **Doris Cooper Houghton Beach Park.** Just south of downtown and one of several waterfront Kirkland parks, Houghton Beach Park is especially popular during the summer. A large swimming area, picnic tables, a children's playground and a public dock make for a compelling neighborhood park.
- **McAuliffe Park.** A unique park situated in a residential neighborhood. Acquired by donation in 2001, the site is one of Kirkland's oldest homesteads and was owned by only two families in 124 years. Notable elements include a large forested area, groomed lawns, water features and several well-kept period buildings.
- **Marina Park.** Downtown waterfront park helps define Kirkland's identity. Docks and a boat launch are combined with an amphitheatre, a public pavilion and even free wireless Internet access. Marina Park is a central location for gatherings and summer festivals.
- **O. O. Denny Park.** Located at the foot of Finn Hill. This 46 acre waterfront park was once the country retreat of Seattle pioneer Orvin Orvil Denny.
- **Heritage Park.** Located downtown, the park features trails and open space, interpretive displays and Heritage Hall, a former church and a designated Kirkland landmark.



"Parks, leisure and programs promoting a healthy life style enhance the quality of life in the community."

— Jennifer Schroder, Kirkland Parks and Community Services, Director

"I enjoy the solitude and the way I can walk away from my busy day and experience nature close to home."

— Candace Wallings, Kirkland resident, talking about her frequent visits to Juanita Bay Park

More information can be found at: [www.kirklandwa.gov/depart/parks/Parks.htm](http://www.kirklandwa.gov/depart/parks/Parks.htm) and <http://kirklandparks.net>



## Kirkland Arts

### Creative focus

Visual arts... music... theater... dance. A vibrant and dynamic arts scene is essential to the vitality of any community, and Kirkland has always encouraged the artistic spirit. Home to working artists and numerous professional art organizations, the city promotes a strong artistic atmosphere. The Kirkland Cultural Council, a group of 15 volunteers aided by city staff, works continuously to find ways to enhance and improve Kirkland's artistic climate.

### Arts groups/performance spaces

- **Kirkland Performance Center**

Opened in 1998, this 400-seat theater is Kirkland's centerpiece performing arts venue and one of the most popular venues on the greater Eastside. Showcasing a diverse range of national and local musical and theatrical artists, recent performances have featured Philip Glass, Mike Daisey, Richie Havens and "The King and I".

- **Kirkland Arts Center**

A visual arts community hub. Set in a historic 1892 building, KAC offers a wide wealth of educational programs for artists of all ages and abilities. Each month, classes and workshops help more than 2,000 students in disciplines ranging from painting to ceramics to sculpture. The gallery space provides numerous display opportunities for emerging and established artists alike, and is the only free, professional nonprofit gallery on the Eastside.

- **International Ballet Theater**

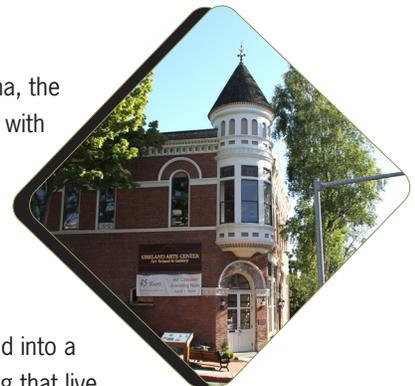
Founded in 2001 by Russian ballet master Vera Altunina, the company presents a diverse classical ballet repertoire with traditional and original choreography. Its International School of Classical Ballet teaches students of all ages how to explore a variety of dance forms through classical dance technique.

- **Studio East**

Noted children's performing arts school recently moved into a new Kirkland location. Operating with the understanding that live theater inspires children's imagination, StudioEast teaches all aspects of stagecraft to the next generation of theater performers. StudioEast's StoryBook Theater productions are classic children's stories set on stage and take place throughout the Puget Sound region.

- **Kirkland Choral Society**

From its modest 1988 beginnings, when rehearsals involved eight vocalists practicing in a rented basement, KCS now includes more than 90 audition-tested members who perform noted choral works from both classical and modern eras, including works by Pachelbel, Beethoven and Haydn, as well as Daniel Pinkham, Benjamin Britten and Leonard Bernstein.



"I love the community here, and to me, community and art are intertwined. I have lived in Kirkland for 15 years. It's a place where you go to the store and run into friends and neighbors. These people have supported my art throughout the years."

— Kirkland artist  
Rebecca DeVere

"Kirkland hosts a vibrant creative arts community. You can see constant renewal with the art walk and pocket galleries, and the collaborations between artists and the city. The Kirkland Cultural Council through its planning and communication ensures that all of these endeavors work together. I don't think you can find a stronger commitment to the arts in such a beautiful setting."

— Former Kirkland  
Arts Center Executive  
Director Christopher  
Shainin

### Galleries

- **Howard/Mandville Gallery** features art in contemporary and traditional styles.
- **Parklane Gallery** displays paintings, photography and mixed-media created by its 35 artist-owners.
- **KPC ArtStage** in the lobby of the performance center offers a range of rotating artists.



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