

who we are

40.7%

tree canopy
coverage

118

target for number of
affordable housing units
made available each year

98%

of residents
feel safe

73.4

miles of
bike lanes



KIRK
at

\$154,973

value of labor residents
volunteered to neighborhood
projects from 2010 to 2013

81%

of residents are
of Kirkland's g

74

out of 100 is the average score of Kirkland's street network on the Pavement Condition Index

AAA

Kirkland's S&P Bond Rating



68%

of residents live within 1/4 mile of a park

LAND
a glance

62

human service organizations receive funding from Kirkland

are satisfied with the availability of goods and services

VISION STATEMENT FOR THE KIRKLAND OF 2035

Kirkland is one of the most livable cities in America. We are a vibrant, attractive, green and welcoming place to live, work and play. Civic engagement, innovation and diversity are highly valued. We are respectful, fair, and inclusive.

We honor our rich heritage while embracing the future. Safe, walkable, bikeable and friendly neighborhoods are connected to each other and to thriving mixed-use activity centers, schools, parks and our scenic waterfront.

Convenient transit service provides a viable alternative to driving. Diverse and affordable housing is available throughout the city. Kirkland strives to be a model, sustainable city that values preserving and enhancing our natural environment for our enjoyment and future generations.



ABOUT OUR CITY

The City of Kirkland is located on the eastern shore of Lake Washington. It is a suburban city, surrounded by other suburban cities and pockets of unincorporated King County. Kirkland is near several major transportation routes, including interstates 5 and 405 and State Route 520. These routes connect the City to the greater Seattle area.

At the time of incorporation in 1905, the City of Kirkland's population was approximately 530. The current estimated population is 82,590. Kirkland is the 13th largest city in Washington and the sixth largest in King County.

Since its incorporation, Kirkland has grown in geographic size to eighteen square miles—approximately 20 times its original size. This growth occurred primarily through the consolidation of the cities of Houghton and Kirkland in 1968, the annexations of Rose Hill and Juanita in 1988 and the annexation of North Juanita, Finn Hill, and Kingsgate areas in 2011.

GOVERNMENT

Kirkland operates under a Council-Manager form of government. The City Council is the policy-making branch of Kirkland's government and consists of seven members elected at-large to staggered, four-year terms.

The Mayor is elected from within the Council. The City Council is supported by sev-

eral advisory boards, commissions and the City Manager. The City Manager is appointed by the City Council and serves as the professional administrator of the organization, coordinating its day-to-day activities.

The City government offers a full range of municipal services which are provided by 11 operating departments.

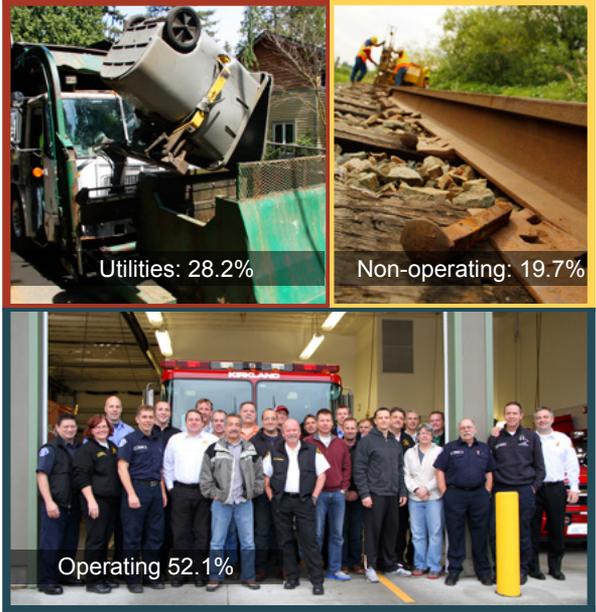
The City boasts 45 parks, including 11 that are located on the waterfront, as well as two community centers, a swimming pool, and a teen center. The broad range of recreational facilities provides year-round services for citizens of all ages. 🌳

BASIC VALUES

Integrity
Excellence
Respect for the Individual
Responsiveness

TOTAL TWO-YEAR BUDGET: \$584,061,831

The City budget is comprised of general government functions and the City's three utilities, which are operated as separate enterprises. Both the general government and utilities budgets have operating and non-operating components. The operating portion of the budget represents services to the public and support services within the organization. Non-operating budgets account for debt service, capital projects and reserves. 🍌



THE BUDGET CALENDAR

JUNE

City Council reviews mid-year budget; receives report on current biennium's budget and updated six-year financial forecast, with emphasis on coming biennium. City Manager

requests input from City Council about budget priorities and direction for coming biennium.

JULY-AUGUST

Each department prepares a budget request, which consists of the basic budget, which is

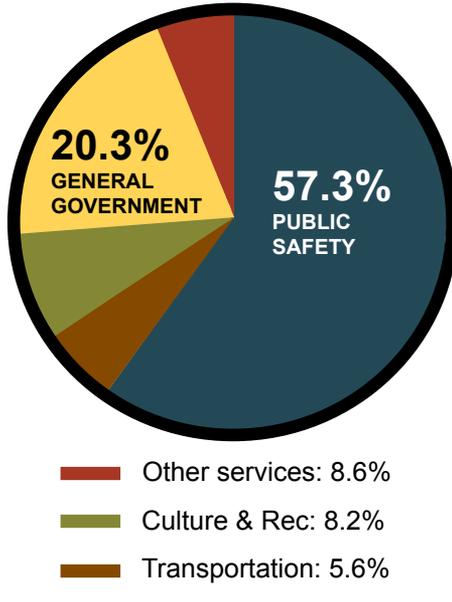
a projection of costs for current services, expenditure reductions and service packages—requests for new services, equipment, and projects.

SEPTEMBER

City Manager finalizes

TWO-YEAR GENERAL FUND: \$194,798,557

The General Fund is the primary operating fund of the City. The General Fund accounts for resources traditionally associated with government. The General Fund accounts for about 57.2% of the City's General Government Operating budget. The majority of the expenditures in the General Fund are devoted to public safety—police, fire, building inspection, and municipal court services.



eral Government, which includes legislative, executive, legal, administrative, financial, community planning services. The 2015-2016 General Fund budget reflects a 9 percent, two-year increase over 2013-2014. This is driven by assumed growth in wages and benefits, additions to financial reserves

and select service packages. 🍪

The next largest program is Gen-

department budget requests from each department after reviewing them. City Council hosts public hearing to solicit citizen-input on proposed revenue sources for upcoming biennium.

OCTOBER-NOVEMBER
Preliminary budget is

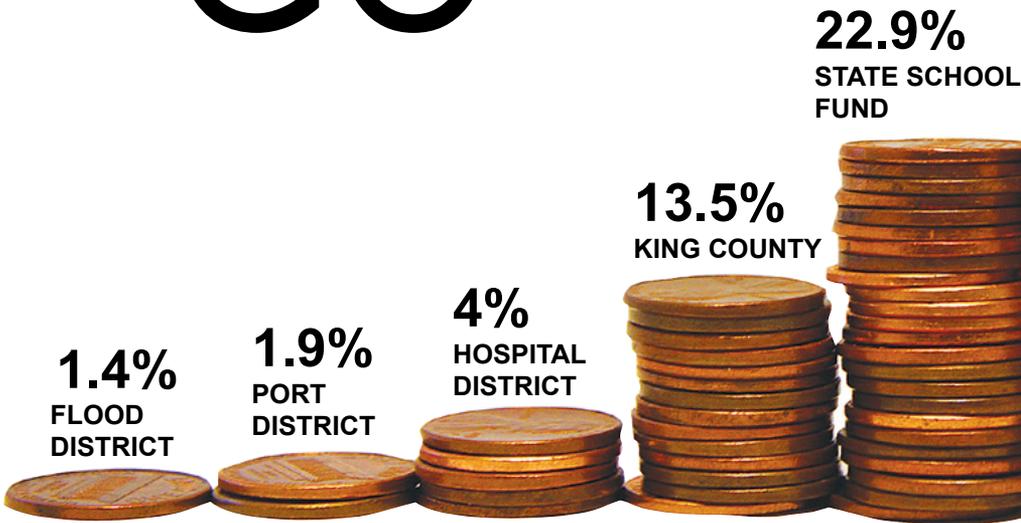
published. Council holds study sessions dedicated to the review of the preliminary budget. Council hosts public hearing to solicit citizen input on the preliminary budget and preliminary property tax levy.

DECEMBER
City Council adopts

final property tax levy for coming year and final budget for coming biennium by ordinance via simple majority of the members present.

JANUARY-MARCH
City publishes the final budget. 🍪

WHERE PROPERTY TAXES GO



Property tax is one of Kirkland's most significant sources of revenue. It accounts for 18.1% of the General Fund. However, Kirkland receives less than 16% of residents' property taxes. State law limits Kirkland to an annual increase of its regular property tax levy by the implicit price deflator or by 1%, whichever is less. It also allows for the addition of new construction. Voters can give Kirkland the authority to exceed this limitation.

Kirkland receives 15.1% of property taxes. The other 85% is divided up between eight jurisdictions, such as King County, Evergreen Hospital, Port of Seattle and a flood district. Public education is the single biggest beneficiary of property taxes. The Lake Washington School District receives 33.2%. The State School Fund gets 22.9%. ●

33.2%
LK. WASH.
SCHOOLS

15.1%
CITY OF
KIRKLAND

5%
LIBRARY
DISTRICT

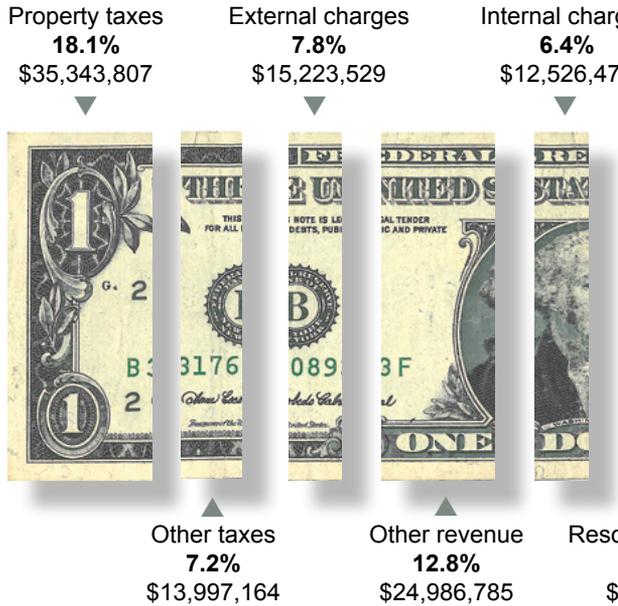
3%
EMERGENCY
SERVICES
LEVY



SOURCES *of the* GENERAL FUND

SALES TAXES

The City budget includes no growth in sales taxes in 2015 and 2016, reflecting a conservative "Modified Two-Year Lag" approach where collections are set equal to the most recent year's estimate of collections. Sales tax revenues have grown rapidly since the low point in the recession, and have recently surpassed the previous high set in 2007.



BUSINESS LICENSE FEES

The revenue for 2015 and 2016 assumes a 1% increase in full-time equivalent employees. Business License Fees consist of a base fee of \$100 and a revenue-generating regulatory license fee of \$100 per full-time equivalent employee. Businesses with fewer than 10 employees are exempt from the per employee fee in their first full year of operation.

UTILITY TAXES

Overall utility taxes are projected to grow slowly, influenced by market conditions and user rate changes. These taxes are applied to usage of telecommunications, cable, gas, electric, water/sewer, surface water and solid waste services.



INTEREST INCOME

The City's investment portfolio continues to realize minimal returns consistent with the continuation of historically low interest rates.

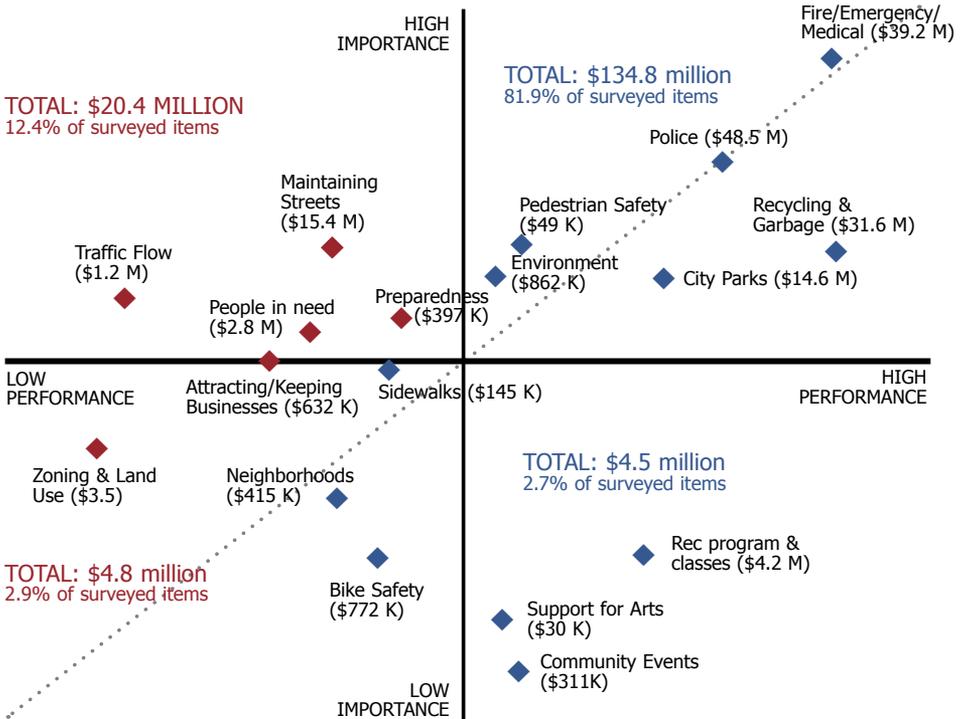
DEVELOPMENT FEES

Local construction activity has increased significantly in recent years as the regional housing market recovered. Activity is expected to remain high over the next two years, which will require City permitting and inspection resources to keep up with the demand. Development fees charged to recover costs of these city services are anticipated to come in at a high level, consistent with the strength in construction economy.

REAL ESTATE EXCISE TAX

Real Estate Excise Tax is generated by real property sales. Although it has been dedicated for capital construction purposes, the City will use some of these tax revenues to maintain streets and parks during the upcoming biennium. This redirection of funds was temporarily approved by the state legislature for a six year period, which is expected to end beginning after 2016. 🍌

2013-2014 BUDGET



CITIZENS OFFER FEEDBACK IN 2014

In the 2014 Community Survey, residents ranked the importance and performance of Kirkland's services.

Every two years, Kirkland's citizens rank the importance of City services to them and Kirkland's delivery of them. 2014 rankings are placed on the above chart.

The diagonal line with 2013-2014 budget allocations represents ideal performance relative to the level of

importance. Services falling on or near this line are performing optimally compared to how citizens value them. Services left of the line are improvement opportunities. For the 2015-2016 budget, they devoted more resources to those services (see next page).

KIRKLAND'S LEADERS RESPOND

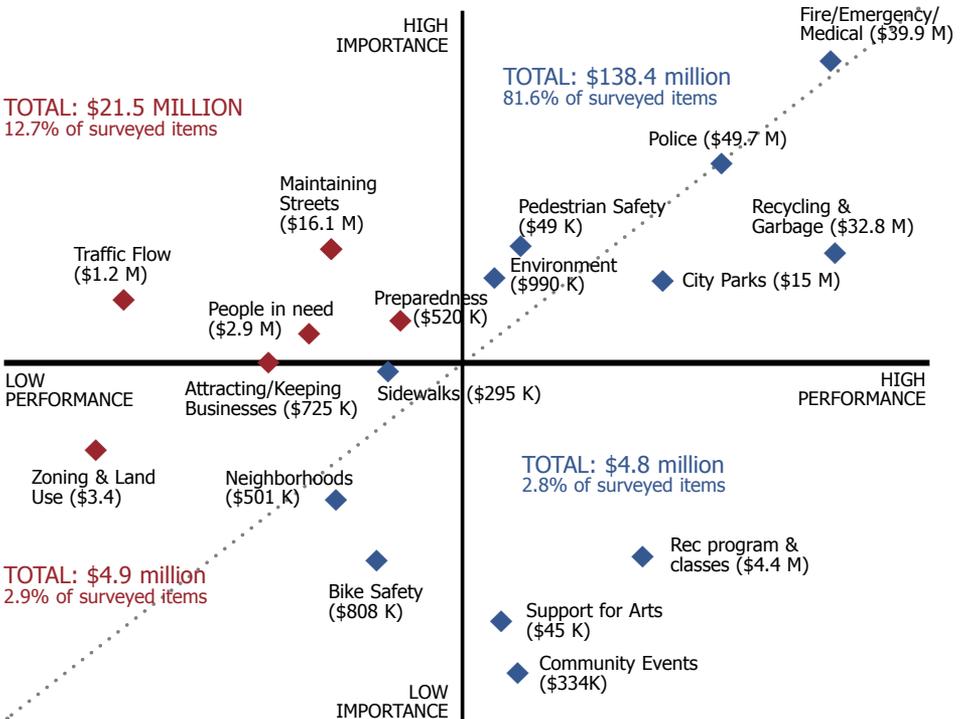
For the 2015-2016 two-year budget, Kirkland leaders responded to citizen feedback.

This updated quadrant chart shows 2015-2016 investments in each service. The comparison demonstrates that we have made progress in addressing the imperatives in the upper left quadrant, with the share of funding for the surveyed items in this quadrant increasing

from 12.4% to 12.7%.

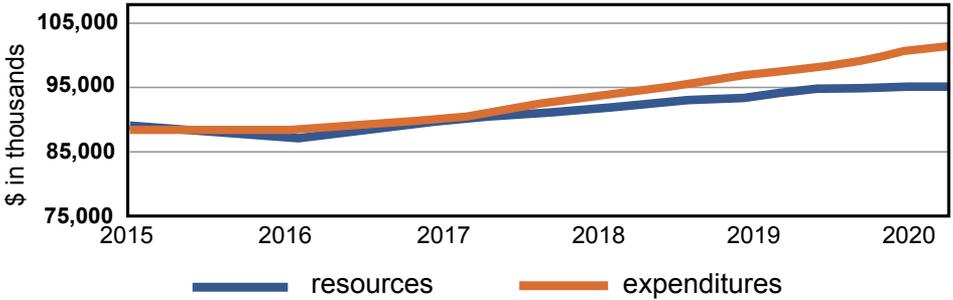
The proposed budget is focused on City Council goals and community priorities. The final decisions result in 2015-2016 investments in the services on the “Quadrant” analysis as summarized below. ●

2015-2016 BUDGET



GENERAL FUND FORECAST

(based on preliminary 2015-2016 budget)



The above chart demonstrates a balance between Kirkland's resources and its expenditures in the current biennium.

STAY STEADY, GET READY

Budget prepares for disappearing funding sources

This budget also acknowledges the continuing threats of a weak global economy and the known future expiration of temporary General Fund revenues sources. Beginning in 2021, the city will no longer receive a tax credit to partially cover costs of services in the annexation area. Totalling approximately \$3.9 million per year in the 2015-2016 budget, the loss of this revenue represents a major portion of the gap between future revenues and expenditures shown above in the chart of the city's General Fund. To prepare, City leaders have adopted a fiscally conservative strategy, including:

- ◆ Budgeting sales taxes with a modified two-year lag, which means the 2015 and 2016 sales tax collections are equal to estimated collections for 2014.
- ◆ New service packages are largely funded with cuts to other areas or new revenues.
- ◆ Planned contributions to the City's financial reserves, bringing balances to almost 90% of target levels by the end of the biennium.
- ◆ The Healthy Kirkland plan, which packages a high-deductible consumer-driven help plan and an employee clinic to curb employee health cost growth. 🍌

INVESTING IN QUALITY OF LIFE

The budget invests directly in Kirkland's most important economic development strategy: quality of life. A key initiative is the Walkable Kirkland initiative, which provides \$2.4 million throughout the next three budgets to accelerate progress on bicycle and pedestrian safety, as well as safe walking routes to schools. The budget also includes substantial investments in:



Everest Park

SURFACE WATER

\$3.2 million

STREETS

\$11.2 million,
\$9.4 million
for street
preservation



N.E. 120th St.

PARKS: \$4 million



Juanita Beach Park



Cross Kirkland Corridor

NON-MOTORIZED TRANSPORTATION

\$3.1 million, including \$1.2 million for the Cross Kirkland Corridor & South Kirkland Park and Ride connector

WATER/SEWER

\$6.1 million



7th Ave. S.



100th Ave. N.E.

TRANSPORTATION

\$3.2 million, including \$2.5 million for 100th Ave/132nd St. improvements

MAKING SERVICES AFFORDABLE

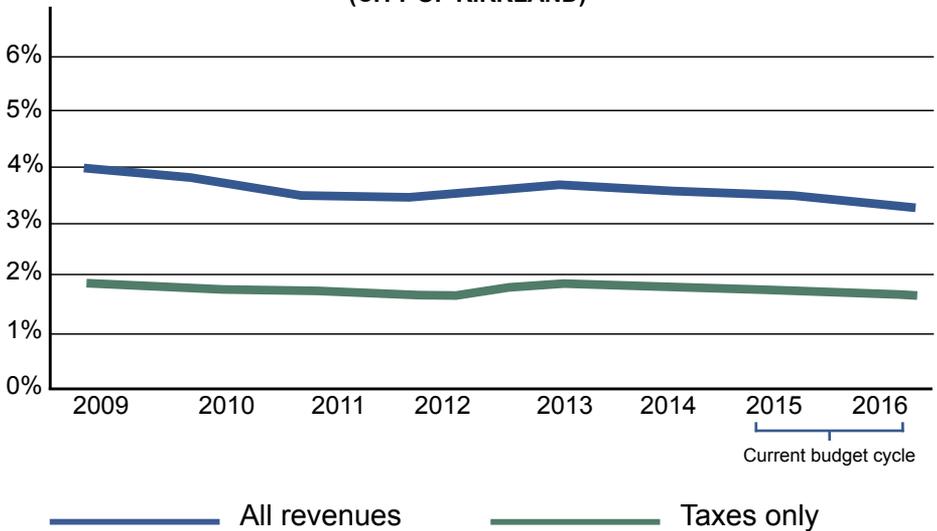
Kirkland's total revenue as a percentage of personal income continues its steady decline. It is now well below 4% in the proposed budget.

The graph below illustrates Kirkland's Price of Government over the past six years and its projection for this two-year budget cycle.

The steeper decline in 2011 reveals how the tax and fee revenues that resulted from the annexation did not increase in proportion to the total personal income added.

Some jurisdictions use the 'Price of Government' to compare revenues from taxes and fees to the total personal income level of the City's constituents. In general terms, the calculation is used to help define a band in which residents are willing to pay for government services. Many jurisdictions target, as their goal, between 5% and 6%. Kirkland's is well below that standard. 🍌

THE PRICE OF GOVERNMENT
(CITY OF KIRKLAND)



2015-2016 WORK PLAN

(continued on page 18)



1 Continue implementing Cross Kirkland Corridor Master Plan.

Council goals: Balanced Transportation, Economic Development, Parks and Recreation, Neighborhoods

2 Update the Comprehensive and Transportation Master plans.

Council goals: Balanced Transportation, Economic Development, Parks and Recreation, Neighborhoods, Public Safety, Diverse Housing, Dependable Infrastructure, Financial Stability, Human Services, Environment.

3 Incorporate projects from Kirkland 2035 master plans and Comprehensive Plan into the Capital Improvement Program update.

Council goals: Balanced Transportation, Economic Development, Parks and Recreation, Neighborhoods, Public Safety, Diverse Housing, Dependable Infrastructure



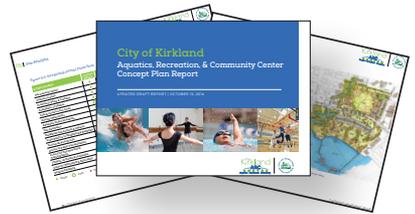
4 Invest in improving fire & emergency medical services to Finn Hill, Juanita and Kingsgate. **Council goals:** Public Safety

5 Renovate City Hall to enhance customer service and meet annexation needs; identify options for Maintenance Center to accommodate Parks and Public Works departments. **Council goals:** Dependable Infrastructure, Economic Development, Parks and Recreation, Neighborhoods



6 Implement actions necessary to facilitate redevelopment of Park Place and Totem Lake. **Council goals:** Economic Development, Financial Stability

7 Provide Kirkland voters the opportunity to vote on a 2015 or 2016 ballot measure to fund an Aquatics, Recreation, and Community Center to replace the Juanita Aquatic Center. **Council goals:** Parks and Recreation, Economic Development



8 Engage Sound Transit to ensure that any Sound Transit ballot measure connects the Totem Lake Urban Center to the region with high capacity transit. **Council goals:** Economic Development, Balanced Transportation

9 Convert all City employees to an email archiving system that improves responsiveness and transparency to the public, while also reducing the cost and complexity of storing email data. **Operational values:** Efficiency and Accountability

10 Partner with A Regional Coalition For Housing and non-profit organizations to site a permanent Eastside women's shelter in Kirkland. **Council goals:** Diverse Housing, Human Services

11 Implement Healthy Kirkland Plan, a consumer-driven healthcare initiative, to pursue sustainability in employee benefits. **Council goals:** Financial Stability





GOING THE DISTANCE

Just 17 months after workers removed the first of more than 130,000 spikes from Burlington-Northern's abandoned rail line, the City of Kirkland presented to the community what it made of those tracks at a Jan. 31, 2015 event. The Cross Kirkland Corridor's 5.75-mile interim trail stretches from the City's southern boundary with Bellevue through Totem Lake. Thousands of residents are already incorporating it into their lives—to relax, to commute, to exercise and to play. 🚲

KIRKLAND CITY COUNCIL

(425) 587-3015

Mayor Amy Walen



Deputy Mayor Penny Sweet

COUNCIL MEMBERS

Doreen Marchione ♦ Dave Asher ♦ Jay Arnold ♦ Shelley Kloba ♦ Toby Nixon



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Marilynne Beard, Deputy City Manager 587-3008

MUNICIPAL COURT

Judge Michael Lambo, Judge 587-3160

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