



MEMORANDUM

To: David Ramsay, City Manager

From: Tracey Dunlap, Director of Finance and Administration
Michael Olson, Treasury Manager

Date: September 22, 2006

Subject: Capital Financing with Bonded Debt

Background

At the City Council retreat in March 2006, there was a discussion that resulted in a request that a list of potential park and other bond projects be developed and information should be prepared on the "menu approach" to bond funding. Included in the listing of potential projects were the Public Safety Building, Indoor Recreation Community Center, BNSF Trail, Lakeshore Plaza, and future park projects. This issue paper is organized to provide an update on capital improvement needs in the context of developing the list of projects that are bond candidates, a refresher on the various bond funding mechanisms, the City's current debt position, and a discussion of strategies that includes a "menu approach."

Longer Term Capital Needs

As part of the September 19, 2006 Council study session regarding the 2006-2011 CIP update, there was a brief overview of the City of Kirkland's longer term capital needs, including the unfunded capital needs facing the City. Table 1 summarizes the current CIP, both the funded 6 year program and the near and longer term needs that are unfunded.

Table 1 – Summary of 2006-2011 CIP Needs

	6-year Funded CIP	Unfunded CIP	Total CIP
Transportation	37,496,800	128,996,000	166,492,800
Parks	5,412,100	33,600,000	39,012,100
Public Safety	1,625,500	747,500	2,373,000
General Government	13,688,400	5,163,500	18,851,900
Subtotal	58,222,800	168,507,000	226,729,800
Surface Water	8,767,600	0	8,767,600
Water/Sewer	17,036,400	12,048,000	29,084,400
Utilities Subtotal	25,804,000	12,048,000	37,852,000
Grand Total	84,026,800	180,555,000	264,581,800

In addition to the long list of unfunded capital needs, there are many facilities needs that are not addressed in the current CIP. Space needs have been an ongoing issue for City Hall as well as the Maintenance Center. With the

prospect of annexation those needs grow even larger. Table 2 provides a range of costs for estimated unfunded facilities costs with and without annexation. Note that Table 2 reflects only those projects currently listed in the 2006-2011 CIP plus the major facilities needs. The unfunded figure approaches \$400 million looking out over a 20-year horizon.

Table 2 – Major Facility Needs Not Addressed in the CIP

Major Facility Needs*	Cost Ranges	
	Without Annexation	With Annexation
City Hall Expansion (including Public Safety)	25,000,000	See below
Public Safety/Jail Facilities	Included above	44,000,000
City Hall Space Needs	Included above	28,900,000
Maintenance Center Space Needs	4,564,000	7,763,000
Subtotal Additional Needs	29,564,000	80,663,000
Plus: Unfunded CIP	180,555,000	180,555,000
Less: Existing CIP Projects Replaced by Major Projects (i.e. PD and IT dept. space improve.)	(3,374,800)	(3,374,800)
Total Estimated Unfunded Needs	206,744,200	257,843,200

* List of projects does not include: additional parking facilities, purchase and/or improvements of the Cannery Building, Transportation Master Plan projects not in the CIP, or annexation related projects.

In 2002, the City Council established a Long-Term Capital Improvement Planning subcommittee to identify strategies for addressing the City's large unfunded capital needs. A detailed report was produced that included identifying a variety of policy issues (summarized in the February 28, 2003 memorandum "Long Term Capital Improvement Planning – Status and Policy Issues" which follows this issue paper as Attachment A [without appendices]), including: use of voted debt for parks and sidewalks; use of Local Improvement Districts, impact fees, changes in level of service, and the possible reallocation of non-restricted funding sources. Progress has been made in several areas, including increased funding for the Stormwater utility to fund capital needs and active pursuit of external/grant funding (Totem Lake, Juanita Beach). The implementation of other recommendations is in progress, including an update of the Transportation and Parks impact fees.

The City also has several capital reserve sources that can be used to address both the short term and longer term capital needs. Table 3 on the following page gives an up-to-date look at the capital reserve balances.

Table 3 – Capital Reserve Status

Reserve	2005-06 Est. Ending Balance
General Purpose Reserves	
General Capital Contingency	3,518,137
Building & Property Reserve	1,759,409
Total Gen Purpose Reserves	5,277,546
Special Purpose Reserves	
Excise Tax Capital Improvement:	
REET 1	7,500,814
REET 2	5,853,609
Street Improvement Reserve	1,571,781
Public Safety Building Reserve	1,205,100
Total Special Purpose Reserves	16,130,304

Note that the 2005-06 Estimated Ending Balance in Table 3 includes all budgeted uses and additions, Council approved uses and additions, and an estimated amount of revenue to be received in excess of budget through 2005-06, but does not include any proposed additions discussed in the preliminary 2007-2008 budget.

The purpose of each of these reserves is summarized in the September 19, 2006 staff report. The information is repeated here to emphasize that the City does not currently have the resources to fund its longer term capital funding needs. Even if the additions to the reserves proposed in the preliminary 2007-2008 budget are made, these represent no more than a down payment toward unfunded needs. There are a number of large projects where the use of long-term debt is warranted and will likely be required for the project to go forward. The ten largest projects included in the "unfunded" category in Table 2 are:

Table 4 – Largest Unfunded Projects (by Cost > \$5 million)

Project	Cost Ranges	
	Without Annexation	With Annexation
City Hall Expansion (including Public Safety)	25,000,000	See below
Public Safety/Jail Facilities	Included above	44,000,000
City Hall Space Needs	Included above	28,900,000
NE 132 nd St. Roadway Improvements	27,549,000	27,549,000
Indoor Recreation Space ¹	20,950,000	20,950,000
124th Ave. NE Roadway Widening Impr. (S. section)	18,000,000	18,000,000
132nd Ave. NE Roadway Improvements	14,962,000	14,962,000
120th Ave. NE Roadway Extension	11,035,000	11,035,000
98th Ave. NE Bridge Replacement	5,592,000	5,592,000
NE 130th Street Roadway Extension	5,537,000	5,537,000
Maintenance Center Space Needs	4,564,000	7,763,000
Total Largest Projects	133,189,000	184,288,000
% of Unfunded Needs in Table 2	65%	72%

¹ Figure shown is from the CIP; planning is underway to arrive at a more refined estimate.

Other projects that are not included in the listing in Table 4, but were either specifically identified at the City Council retreat or are currently under discussion include:

- BNSF Trail – This project may be a regional effort, however, Kirkland may be asked to fund the share within its boundaries (approximately 5.6 miles). Current cost ranges of \$325,000-\$600,000 per mile for a trail on existing track bed and \$1.5 - \$2.5 million per mile on converted bridge structures, which could mean that Kirkland's share could range from \$1.8 million to \$3.4 million.
- Lakeshore Plaza – Current cost estimate of approximately \$26 million.
- Juanita Beach Park Master Plan – Estimated improvements of \$15 million.
- Potential participation in Fire District #41 consolidated fire station - \$1 million.
- Additional improvements related to Totem Lake Redevelopment (over \$10 million beyond those identified in the CIP).

These projects were excluded because they are both very early in the discussion stages and are not reflected in the CIP. However, if they were to proceed, they would also be candidates for bond financing.

Debt Financing Options*City Bonded Debt*

The two most common types of debt generally issued by cities to fund capital projects are Limited Tax and Unlimited Tax General Obligation Bonds. General Obligation bonds are the most secure type of debt a City can issue because they pledge the "full faith and credit" of the City based on our ability to levy taxes to repay the debt. As a result of the low risk nature of general obligation debt, it has a lower cost (i.e. can be issued at lower interest rates).

Unlimited Tax General Obligation (UTGO) Bonds provide new revenue to fund the debt service as they represent debt that is approved by voters for a specific purpose. Citizens have agreed to levy property taxes to repay the debt over a period of years. Capital debt is typically repaid over a twenty-year period.

Limited Tax General Obligation (LTGO) Bonds (also called Councilmanic or non-voted bonds) can be issued with approval of the City Council. The debt is repaid from general revenues of the City. It is still based on the City's ability to tax citizens to repay debt. However, it does not provide any additional revenue to fund debt service payments and must be paid from existing revenue sources.

At current market as of 9/18/06, a \$10 million 20-year level debt General Obligation issue would require a \$747,750 annual debt service. A \$40 million bond issue would generate an annual debt service cost of \$2,991,000. For each \$1 million in debt issued, the annual debt service of \$74,775 equates to approximately \$3.45 per year for a home with an assessed valuation of \$400,000. The available debt capacity for both LTGO and UTGO is listed in Table 5.

Table 5 – Available Debt Capacity

General Obligation Bonds		Debt Capacity As of 12/31/2005	Current Debt As of 12/31/2005	Remaining Capacity As of 12/31/2005
Limited (non-voted, councilmanic)		\$118,087,291	\$12,070,000	\$106,017,291
Unlimited (voted)	General Purposes	\$78,724,861	\$1,735,000	\$76,989,861
	Utility	\$196,812,151	0	\$196,812,151
	Parks, Open Spaces, Capital Facilities	<u>\$196,812,151</u>	<u>\$9,345,000</u>	<u>\$187,467,151</u>
Total Unlimited		\$472,349,163	\$11,080,000	\$461,269,163
Grand Total		\$590,436,454	\$23,150,000	\$567,286,454

There are also a number of programs administered by the State of Washington that can provide debt financing options. One major program is the Public Works Trust Fund, which provides below market financing for selected types of capital projects. It is important to note that many jurisdictions apply for these loans and that there is a specific ranking process to obtain funding. The program is oversubscribed, meaning there are more requests than there is funding, and the construction funding provided to any one jurisdiction is limited to a maximum of \$7 million per biennium.

Another type of bond financing available to the utility enterprise funds is revenue bonds. These bonds are supported by the revenues of the utility funds (as opposed to the full faith and credit of the City) and do not require a public vote. Revenue bonds may have a higher interest rate and generally carry a "coverage" requirement, meaning that utility revenues available for debt service must exceed operations and maintenance costs and debt service by a set percentage in any given year.

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63-20 Financings, Public/Private Partnership

63-20 Financings are an alternative source of funding for municipal facilities. Using IRS Revenue Ruling 63-20, a single purpose nonprofit corporation is created in order to issue bonds. Using the bond proceeds, the nonprofit funds the project and contracts with a developer for its construction. The government entity then leases the completed building from the nonprofit. Debt service on the bonds and other costs are covered by the lease payments. At the end of the lease, which coincides with bond maturity, the government entity owns the building.

These financings are currently being used in Washington on a limited basis, primarily to free issuers from constraints of public works law, gain choice of project delivery method, have flexibility in timing transactions and a method to contract for ongoing maintenance. However, entities who have used this method of financing agree that, as a financing tool, 63-20's are more expensive than traditional debt tools, in terms of interest rates, costs of issuance and ongoing fees.

Locally, the City of Redmond recently completed the construction of their new city hall using 63-20 Financing. Redmond believes that this method provided cost savings through the provision of a guaranteed maximum price for the project.

In the Report on 63-20 Capital Projects Financing, issued on January 23, 2006, the Office of the Treasurer recommended that 63-20 financings should be the financing mechanism of last resort, used only under special circumstances as they are more costly than general obligation bonds.

Other Potential Options

There are a variety of other financing options that may involve the use of debt, including participating in projects through developer agreements (such as Totem Lake), tax increment financing (which is difficult under existing statutes, although legislation will be considered in the next session to make the option more viable), and public development authorities. These options are generally project or site specific and would generally be considered only as they relate to a specific development projects.

Bond Financing Strategies

In identifying strategies to be considered related to bond financing, a variety of examples were reviewed:

- Phoenix, AZ Bond Program approach (as summarized on the City's website at <http://phoeniz.gov//2006bond/index.html>) – see Attachment B ,
- Dade County, FL 1996 Bond Measure (as discussed in the June 2001 issue of *Government Finance Review*) – see Attachment C,
- San Francisco, CA SPUR (San Francisco Planning and Urban Research Association) report entitled "Capital Planning in City Government" released January 3, 2005 (not attached due to its length),
- Kirkland's 2002 Park Bond experience (see Attachment D – September 5, 2006 memorandum to the Park Board regarding "Timing Considerations for a Future Park Bond").

There are a variety of policy questions to be considered when evaluating use of bond financing:

- Does the City have adequate revenues to support the debt service on the bonds?
- Does the City have adequate revenues to support the operations and maintenance of facilities constructed with the bonds?
- Are the projects under consideration likely to be appealing or perceived as an essential need to the citizens, making it a candidate for voted bonds?
- Does the project address more general purpose facilities (such as the City Hall), making it a more likely use for non-voted debt?

- If voted bonds are an option, should projects be grouped:
 - By topic (such as Parks and Open Space)?
 - By timing (the projects under consideration for the next five years)?
 - “Menu” approach (select from a broader list)?

In reviewing the experiences of the jurisdictions listed above, two clear themes emerged: (1) the role of citizen surveys and polling in determining the priorities and the appetite for the used of voted debt, and (2) the role of the community (“grass roots” organizations) in support of communications. For example:

- The Phoenix, AZ 2006 Citizen’s Bond Committee, made up of over 700 residents, was charged with the sizing of the overall bond program, including recommending the specific projects to be presented to voters (voters approved the \$878.5 million program in March 2006). These projects must be constructed over the next 5 years.
- Dade County, FL conducted public opinion polling to identify priorities and ascertain the “willingness-to-pay” in terms of the annual cost per household and overall project costs. The County established a Citizens Advisory Committee and orchestrated a grass roots effort to communicate the key messages and to raise funds for the campaign. A \$200 million bond passed in 1996 to fund capital improvements at countywide parks and recreational facilities.
- San Francisco, CA has established a Capital Improvement Advisory Committee (CIAC) to review capital improvement projects and long-term capital financing proposals. It is comprised of a combination of City staff, elected officials, and individual citizens. The CIAC must make recommendations before proposals are submitted to the ballot. The SPUR report recommended a number of changes to enhance the role of the CIAC by clarifying its policy-setting role, expanding representation of the revenue departments in the process, and increasing public participation in the priority-setting process, either by expanding the number of citizens or forming a separate citizens committee.
- Lastly, the City of Kirkland’s own experience with the 2002 Parks Bond emphasizes the important role of public involvement. As summarized in Attachment 1, this successful bond issue involved a 2-3 year process, from Parks Board recommendation to the General Election.

In reality, a combination of approaches may be appropriate for Kirkland. For example, the 1989 Parks Bond Debt Service is paid off in 2009, which may be an opportune time to pursue a new parks bond. If this approach is selected, the process for preparing for the election should begin soon. Similarly, if annexation occurs, the Public Safety Building might also be a strong “single topic” voted bond, given the importance of public safety to the citizens.

However, the potential impacts of annexation could have a dramatic effect on any contemplated bond vote, both in terms of the projects contemplated and the required public outreach. This uncertainty is magnified by consideration of the “menu approach”, which places a menu of capital projects before the voters and lets them vote for or against some or all of the individual projects. Assessing the interests and willingness of the new, expanded citizen base would take on an even more prominent role.

At this juncture, the potential for annexations renders the recommendation of a specific strategy difficult. However, the City should continue to pursue opportunities for voted debt as they present themselves (such as the retirement of existing voted bonds). We should also continue to optimize existing funding sources, including impact fees, capital facilities charges in the utilities, and external funding sources, to continue to make progress on the unfunded capital improvements. Once the annexation decision is made, a more specific strategy could be pursued.



MEMORANDUM

To: Dave Ramsay, City Manager

From: Marilynne Beard, Finance Director

Date: February 28, 2003

Subject: LONG TERM CAPITAL IMPROVEMENT PLANNING – STATUS AND POLICY ISSUES

BACKGROUND

At their last retreat in 2002, the City Council discussed long term capital needs and financing sources. At the time, the identified twenty-year project needs totaled about \$600 million compared to available funding of \$200 million. The projected \$400 million shortfall could be addressed by reducing project needs or identifying additional funding sources. At the 2002 retreat, the Council was asked to identify preferences for funding sources. At the conclusion of the retreat, the Council referred the follow-up study to the LTCIP subcommittee composed of Mayor Springer, Deputy Mayor McBride and Councilmember Dillon.

The LTCIP subcommittee met periodically over the past year. The results of the Council preference polling were used as a starting point for the subcommittee's work after the retreat. The subcommittee's work to date is summarized below.

- **Costing Projects and Estimating Revenue** – The subcommittee is recommending a change to the financial presentation of project costs and revenues. In past CIP's, projects were presented in "current dollars." In other words, projects planned for year five of the CIP are costed as though they were being done today as opposed to being inflated to reflect the probable future cost. Likewise, revenue is being presented at a constant dollar amount throughout the funding period. In some cases, it is appropriate to inflate revenue to reflect historical growth patterns in that revenue source. In cases where the revenue sources have been flat or inconsistent, it is appropriate to show that funding source as a constant dollar amount (i.e. a more realistic assessment of resources).
- The presentation of the twenty-year CIP needs and funding levels includes an inflationary factor of three percent per year on expenditures. Revenue sources are consistent with historical trends where appropriate. The subcommittee recommends that future CIP presentations adopt this practice.

- **Application of Preferred Funding Sources** – The subcommittee reviewed funding strategies that had a high level of Council consensus and applied them to the projected capital needs. Additional revenue sources that were applied included:

-Voted debt

-Non-voted debt

-Additional real estate excise tax revenue (amount not yet dedicated in annual budget cycle)

-Allocation of the real estate excise tax “grant match” reserve

-Allocation of surface water utility funding to fund portions of transportation projects that related to surface water (e.g. curb/gutters).

Items that showed a high level of consensus as unacceptable funding sources were not applied. Items that had a split vote or that had an inconclusive ranking were set aside for further discussion.

By applying the additional funding sources, the twenty-year unfunded need was reduced by almost \$144 million to \$256 million. A copy of the Council preference results is included in the appendix to this packet.

- **Segregation of Large Unfunded Projects** – During the subcommittee’s review, it became apparent that the high level of funding need was being driven in large part by a relatively few number of very large projects. Although the projects are important in their own right, they are so large that it is unlikely that the City would undertake the project without some sort of financial assistance beyond the level of grant funding normally available. In order to get a better sense of the amount of ongoing funding needed, these very large projects were segregated into an “unfunded” category. Projects that were placed in the unfunded category include:

**Unfunded Projects
(in 000’s)**

124th Avenue NE: 85th Street to 116th Street	\$	14,562
132nd Avenue NE: Slater to NE 85th Street		12,086
Cross Kirkland Trail		3,420
Various Locations: annual pedestrian improv. (2001 ad-hoc)		25,473
124th Avenue NE HOV Lane: 85th Street to 116th Street		15,024
NE 70th Street HOV Lane: 132nd Avenue to I-405		7,614
NE 132nd Street: 100th to 132nd Avenue NE (Add 1 lane each direction)		23,022
Covered Parking Structure over Marina Parking lot		11,000
Total	\$	112,201

By segregating these large projects from the remaining projects, the funding need was restated from \$256 million to \$131 million or \$6.2 million per year. The following chart reconciles the original deficit numbers to the revised funding need:

Total Original Funding	\$202,988
Project Needs	<u>590,035</u>
Difference Funding to Needs	(387,047)
Funding Preferences Applied	
• Voted Debt	67,452
• Non-Voted Debt	39,460
• Additional REET Revenue	16,773
• Surface Water Funding	<u>20,089</u>
Subtotal	143,774
Revised Funding Deficit	(243,273)
Transportation Projects (external)	<u>112,201</u>
Revised Funding Deficit	<u>(\$131,072)</u>
Revised Annual Funding Deficit	(\$6.2 million)*

* Based on total funding need of \$131 million divided by 21 years (total project years incorporated into the LTCIP calculations)

- **Discussion of Criteria for Ranking Project Priorities** – The subcommittee received information about how CIP needs are currently prioritized and how funding is applied. Each category or project (i.e. transportation, parks, surface water, etc.) has its own criteria that staff and advisory boards use to rank projects. The projects that score the highest (i.e. meet the most criteria) have the highest priority to receive funding.

Over the years, the City Council has apportioned funding levels between the different project categories. Some capital revenue sources are legally dedicated to a project type (e.g. gas tax can only be used for transportation improvements). Other revenue sources, such as the real estate excise tax, are legally dedicated to capital but can be used for any project area. Council policy establishes the allocation of REET between categories of projects. General purpose revenue is also used to fund the capital program (i.e. sales tax, interest income). These sources are directed by Council policy from the operating budget to the capital budget and, within the capital budget, to project categories. By designating levels of funding between project categories, the Council has indirectly identified project priorities.

The subcommittee agreed that broad based criteria should be employed to evaluate projects across categories for the purposes of prioritizing funding needs. Examples of broad-based criteria include the following (not in any particular order of importance):

- Maintains or replaces existing asset needed to provide basic public services (street overlay, facilities life cycle repairs, fire station renovation)
- Meets concurrency requirements (transportation capacity projects)

- Funded from restricted source with pre-committed use/no City funds obligated (some of the Sound Transit projects)
- Needed for efficient/effective service delivery of basic public services (public safety information system)
- Provides additional capacity to meet adopted levels of service that do not have concurrency requirements (parks capacity projects)
- Provides new level of non-mandated service (fire training facility)
- Furthers Council-adopted policy initiative (non-motorized transportation projects)
- **Council Retreat Planning** –In preparation for the Council retreat, the subcommittee identified six policy issues for discussion by the full Council.
 - Use of voted debt for parks and sidewalks
 - Use of Local Improvement Districts
 - Impact fees
 - Level of service
 - Possible reallocation of non-restricted funding sources
 - Next steps – (Council/Subcommittee Process, Role of Boards and Commissions, 6-year CIP preparation)

Each of these issues is introduced in the following pages and supported by staff reports. For each issue a policy objective is suggested to help form Council's discussion.

LONG TERM CIP POLICY ISSUES

1. **Use of Voted Debt**

Objective: Reaffirm Council policy direction to use voted debt for certain project types.

Discussion: The Council funding preferences developed at the 2002 retreat indicated a strong consensus for using voted debt for parks capacity projects, sidewalk projects (including the Safe School Walk Routes project) and, possibly, the Public Safety Building. The LTCIP subcommittee applied debt to a number of projects (total value of \$67.5 million) which significantly reduced the funding need.

The following project categories were “funded” by applying the use of voted debt:

Voted Debt (in 000's)	
Sidewalks (voted debt or fee-in-lieu)	
Possible bond-school walk routes	12,226
Other sidewalks	7,269
Subtotal Sidewalks (voted debt or fee-in-lieu)	19,495
Parks Capacity Projects	
Neighborhood parks – future	15,982
Community parks	8,620
Natural areas/open space	4,885
Outdoor sports fields	2,406
Indoor recreation space	11,493
Subtotal Parks Capacity	43,386
Public Safety – Regional Training Facility	4,571
Total Voted Debt	67,452

The subcommittee would like the Council to reaffirm this policy direction which would be based on the assumption that these projects would only be completed if voter approved debt were secured. A summary of major parks property purchases is on the following page that shows the City’s historical funding mechanisms for parks acquisition (i.e. capacity).

The subcommittee also applied non-voted debt to a number of projects. These projects would need to have a general-purpose revenue stream identified in order to service the debt. Projects funded from non-voted debt include:

Non-Voted Debt (structures) (in 000's)	
Downtown parking structure	3,199
Maintenance service center	3,510
Public safety building	11,592
New fire stations	21,158
Total Non-Voted Debt	39,460

As a frame of reference, each \$1 million of non-voted debt requires about \$84,000 in annual revenue to support debt service.

**City of Kirkland
Park Acquisitions - 10 Year Analysis**

Year/Property Name	Use/Area	Amount	Funding Source
1993 Central Houghton Park	Central Houghton Park	180,525	Park Bond
1994 Burhen 1st Summit David Brink Park	Waterfront Park Juanita Bay Park David Brink Park	1,226,557 800,495 1,510,557	Grant/Grant Match Reserve General Purpose Reserve Grant/General Purpose Reserve
1995 Houghton Landfill	Potential Park Site	20,000	General Purpose Reserve
1996			
1997 Daniels Williamson McAuliffe (appraisals)	Forbes Valley N Rose Hill/Woodlands Pk McAuliffe Park	92,466 717,022 3,647	Gen Purpose Rsrv/Open Space Fee-in-Lieu REET 1/Open Space Fee-in-Lieu Building & Property Reserve
1998 McAuliffe (earnest money) Irondale	McAuliffe Park Everest Park	411,000 80,000	REET 1 Gen Purpose Rsrv/Open Space Fee-in-Lieu
1999 Blair Property Gregg Property Miller Property	Near McAuliffe Park S Juanita Neigh. Park S Rose Hill Neigh. Park	198,171 81,246 198,889	REET 1 REET 1 REET 1
2000 Pierce Property Rayne-Currey Property Lindahl Property McAuliffe (appraisals) Fernco Property	S Rose Hill Neigh. Park S Rose Hill Neigh. Park S Rose Hill Neigh. Park McAuliffe Park Forbes Creek Park	27,352 1,900 232,824 12,499 48,333	REET 1 REET 1 REET 1 Building & Property Reserve Building & Property Reserve
2001 McAuliffe (property)	McAuliffe Park	5,750,000	Building & Property Reserve - \$1 million REET 1 Reserve - \$2 million Debt (bonds) - \$2.75 million REET 1 annual revenue for debt svc - \$231,000
2002 Juanita Beach Park	Juanita Beach Park	-	Property transfer from King County

LONG TERM CIP POLICY ISSUES

2. **Use of Local Improvement Districts (LID's)**

Objective: Determine whether and/or where LID's can be applied to unfunded projects in the twenty-year CIP.

Discussion: Local improvement districts have primarily been used to fund utility projects. LID's are appropriate when a defined set of properties will benefit from an improvement and a majority of the property owners want to have the project completed. LID's are financed through the sale of bonds that are retired from assessments to property owners. A more complete discussion of LID's, their historical uses and pros and cons is in the attached memo from Public Works. A listing of previous LID's by type and location is included at the end of the memo.

As their memo indicates, LID's are an appropriate financing method when certain conditions are met. However, there are drawbacks to their use, especially for projects that are traditionally funded from City revenue sources.

The Council funding preference indicated a strong consensus to consider LID's as a way to fund more projects. Before applying LID funding to projects on the twenty-year CIP, the subcommittee wanted to check in with the Council to determine how this funding source can realistically be applied to non-utility projects.



CITY OF KIRKLAND

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MEMORANDUM

To: David Ramsay, City Manager

From: Ray Steiger, P.E., Capital Projects Manager
Jim A. Arndt, P.E., Public Works Director

Date: February 28, 2003

Subject: LOCAL IMPROVEMENT DISTRICTS

This memo briefly summarizes the Local Improvement District (LID) process in response to the Council's desire to look at LIDs as a possible funding mechanism in the City's ongoing long-term CIP. Public Works staff has been directly involved with two completed LIDs, five to six LID "investigations", and has attended as well as conducted a number of LID information/training presentations since starting with the City. Also attached to this memo is an informational brochure that was developed by the City that has been widely distributed in the community to address many of the general questions raised by the public regarding the process.

A Local Improvement District (LID) is a process made available through RCW 35.43 authorizing Cities to plan, construct, and finance improvements that are determined to be in the public's interest. Improvements can range from utilities such as water and sewermain construction, to sidewalks, parks, roads, buildings and parking facilities. Municipalities generally sell bonds to provide the initial funding for the planning and construction, and the benefactors of the improvements are then assessed all or a portion of the cost of the improvements over a predetermined period of time - typically ten years.

Kirkland has utilized the LID process a number of times for such improvements as sewermain construction, storm drainage, street lighting and sidewalks. The 1980's saw a proliferation of LIDs in Kirkland and were the process used to plan and construct the infrastructure in the Par-Mac area of Totem Lake, the narrowing and pedestrian improvements to Park Lane between Lake Street and Main Street, and the purchase of property and construction of the Lake and Central Parking Lot. Many areas of the City were sewered using LIDs', and most recently the City provided underground power, street and sidewalk improvements to NE 62nd Street in the Lakeview neighborhood. Costs associated with these LIDs have ranged from around \$100,000 to nearly \$2.7 million with the Par-Mac LID. In the Par-Mac LID, grants and other sources of external funding accounted for approximately 50% of the funding while the associated properties were assessed the remaining 50%. Sewer LIDs benefit specific properties and are borne 100% by the associated properties.

LIDs can be formed in two ways: by petition (of the property owners), and by resolution (of the City Council); both are defined in the RCWs. In Kirkland, the resolution method is the preferred method, however to initiate the process, it has been our policy not to undertake investigation and preliminary work until a "petition" representing 70% of the impacted property owners has been submitted.

Often times, there is an iterative process at the initial stages of an LID formation. Prior to agreeing to pay for their costs, affected property owners are primarily interested in what the LID will cost them, however those estimates

cannot be developed to a high level of certainty without the City first incurring up front costs such as planning, property appraisals, preliminary engineering, etc. Staff is put in a position of discussing the costs in generalities that are typically not defined enough for the proponents; on proposed LIDs it is difficult to proceed beyond this stage without a source of funds which, if the LID proceeds, will be included in the overall cost of the LID.

A prospective LID, besides being in the public's interest, must meet two criteria:

- 1) The special benefit of an improvement to an individual included in the LID must be greater than their assessment; and,
- 2) Individual assessments must be proportional to the special benefit to that individual (i.e. the greatest benefit has the greatest assessment).

Special benefit is most typically defined as the increase in property market value with the improvements. This becomes somewhat subjective the more complex a proposed LID becomes. A sanitary sewer LID of 10 equally sized lots with single family homes being served by septic systems is easier to ascertain special benefits for than a mixed zoning/land use LID that proposes to provide underground utilities, street improvements, and other amenities. The more complex the proposed LID is, the greater the potential subjectivity and the higher the initial costs. After the determination of the two essential criteria, the process for the creation of an LID is strictly controlled by statute and involves a number of public notifications, hearings, and protest opportunities. LIDs provide a viable mechanism to perform improvements, but do have strengths and drawbacks.

STRENGTHS AND DRAWBACKS OF AN LID

Strengths:

- 10 year financing for proponents with low interest rates
- relatively "immediate" improvements
- ownership by those participating
- source of funding for desired improvements for the City

Drawbacks:

- Subjective definition of benefactors
- Resource consuming process (hearings, publications, protest periods, etc)
- Potential to pit neighbor against neighbor or resident against the City
- 41% support level can prevail

Projects most suitable:

- Easily defined benefit area or benefactors
- Demonstrated large support level surrounding proposed improvements
- A general class of improvements (i.e. sidewalks on local streets only)

Potential LID projects in the LT CIP:

- Parking garage
- Sidewalks along local streets
- Neighborhood parks

SUMMARY OF LID INFORMATION

LID	IMPROVEMENTS	LOCATION	DATE	MAP SECTION	GRID MAP
1	Assessment map	Houghton	5/59	8, 17	
2	Water extension	Houghton	6/60	17	C3, C4
3	Paving and drainage	Central Houghton	12/61	17	C3
4	Storm, street and sewer	Central Houghton	6/65	8	D3
5	Sewer	Lakeview	7/61	17, 20	C4, B4, A4
6	Sewer	Central Houghton	7/66	17	B3, B4
7	Street, sidewalk, sewer, storm	Central Houghton	9/66	8	D4
8	Sewer	Central Houghton	2/67	8	D3
10	Street, sewer	Central Houghton	7/67	17 (Kirkland LID)	C3
10	Storm, sewer, street	Lakeview	2/65	20 (Bellevue LID)	A4
11	Street, storm	Lakeview	8/67	8	D4
92	Water, street	Central	2/28	5, 6	F4, F5
94	Street	Norkirk, Market	1/50	5, 6	F4, G4, F5, G5
95	Assessment map		1/50	5, 6	
97	Water, sewer	Everest	6/57	8	E3
98	Sewer	Norkirk	11/63	5	F3, G3, F4, G4
99	Assessment map	Market	11/66	6	
100	Street, storm, sewer, water	Norkirk	4/67	5, 6	F3, G3, F4, G4, G5
104	Electrical, storm	Central	8/71	5, 6	F4, F5
105	Assessment map		11/70		
106	Sewer	Bridle Trails	8/70	9	D1, D2
107	Sewer	Central Houghton	8/70	8, 17	C3, D3
108	Assessment map		5/72	6	
109	Sewer	Highlands	4/73	4, 5	F2, G2, F3, G3
110	Sewer	Highlands	4/73	5	G3
112	Sewer	Central Houghton	6/73	17	C3
113	Sewer	Central Houghton	7/74	17	C4
115	Water, road, bridge, sewer, landscaping, storm (Par-Mac)	Totem Lake, North Rose Hill	6/80	28, 32, 33	I2, J2, H3, I3
116	Storm, sewer	Central Houghton	3/78	8	D3
117	Street, electrical, water (Park Lane)	Central	7/79	5	F4
119	Parking lot (Lake/Central)	Central	4/82	5	F4
120	Sewer	South Rose Hill	5/83	4	F2
121	Water, sewer, storm, street (PLA5)	Central	5/84	5	F3, F4
122	Sewer	North Rose Hill	6/91	4	G1
126	UG utilities, storm, street	Lakeview	9/97		

LONG TERM CIP POLICY ISSUES

3. **Impact Fees**

Objective: Determine whether impact fee rates should be increased in order to generate additional capital revenue.

Discussion: The Growth Management Act authorizes collection of impact fees for such capital facilities as roads, parks, fire, schools, hospitals and libraries, to maintain the adopted level of service necessitated by new development. More background information on impact fees and how they must be used is provided in Attachment A, a summary introduction on impact fees from the City's impact fee rate study dated March 1999.

After an eighteen month process, road impact fees were adopted in April 1999 and went into effect on June 14, 1999. Park impact fees were adopted in August 1999 and went into effect on August 30, 1999. The adopted impact fee rates for both roads and parks were set at 50% of what could have been charged under State law for growth-related needs to maintain our adopted level of service.

At the same time, the Lake Washington School District requested that the City Council adopt school impact fees, but the Council decided not to adopt fees for any other facility, including schools.

There are two ways that impact fee revenue can be increased. First, the City Council can increase the percentage recovery assumed in the impact fee calculation. For instance, road impact fees assume a fifty percent recovery rate. If the recovery rate were increased to sixty percent, it would result in additional annual revenue of \$100,000 (which translates to a twenty percent increase in revenue and the fee itself). On the following pages, the City's road impact fees are compared to those of surrounding jurisdictions (including historical rates, current rates and potential new rate at the sixty percent recovery rate).

The second way to increase impact fee revenue is to provide for an annual inflation adjustment to acknowledge the increasing cost of projects. A three percent inflation factor on road impact fees yields about 2.8% more annual revenue or, based on last year's road impact fee revenue of \$537,000, about \$15,000.

Road Impact Fees

Impact fees for transportation have been in effect since 1999, and projections for their contribution to the CIP were originally estimated to be \$1.1 million per year. This estimate was based on what would have been received with the previous year's development pace. The annual projection was reduced to \$600,000 in 2001 for the 2002-2007 CIP based on what was actually being generated. This reduction was due in part to weaker development activity, but it was also due to the fact that a number of developments were installing frontage improvements and thus received "credits" against their required impact fees. Two CIP projects that were the beneficiaries of these improvements in-lieu of impact fees were the Juanita Drive (CST-0030 completed in 2002) and 124th Ave NE (CST-0064 unfunded in the 2002-2007 CIP) roadway improvement projects.

Juanita Village dedicated right-of-way valued at \$97,000 to the City for the Juanita Drive project which would have otherwise had to have been purchased using City and/or TIB funding. This amount of contribution directly reduced the impact fees that they would have had to pay to the City. Four other developments including Esther Park, the Landmark short plat, the Eastwood plat, and Kirkland Village dedicated nearly \$116,000 worth of right-of-way and installed an estimated \$193,000 worth of improvements along 124th

Ave NE. It is appropriate for contributions of this magnitude to reduce the CIP project estimates, and staff is proposing to incorporate these elements into the estimates being prepared for the 2004-2009 CIP.

As a part of the original study to determine the level of Kirkland impact fees, impact fees for a number of other cities were gathered for comparison. In preparation of the Council retreat, a number of those same cities were again contacted to determine their current level of impact fee. The following table is a comparison of impact fees for single family residential development for various cities.

CITY	1999 SF FEE	2003 SF FEE	NOTES
Duvall	2,710		
Enumclaw	2,610		
Mt. Vernon	2,442		
Ferndale	2,300		
La Center	2,248		
Sedro-Woolley	2,000		
Ridgefield	1,913		
Redmond	1,671	2,739	(1)
Newcastle		1,788	(2)
Bothell	1,570	1,570	
Camas	1,375		
Olympia	1,135	1,158	60% impact fee rate
Tumwater	978		
Kirkland	966		50% impact fee rate
Bellevue	917	755	(3)
Vancouver	917		
Stanwood	800		
Washougal	775		
Yelm	757		
Auburn		678	
Poulsbo	420		
Bellingham	350		

NOTES:

- (1) Redmond has seven transportation management districts; the 1999 value represents the highest value and the 2003 value represents the average value for single family impact fees.
- (2) Newcastle, not included in the 1999 table, includes \$810 King County MPS fees to pay for identified King County Transportation projects.
- (3) Bellevue has 15 sub-areas; the 1999 value represents the highest value and the 2003 value represents the average value for single family impact fees.

Although the impact fees are determined using the PM peak hour trips, this comparison of single family fees is the most widely available for comparison purposes. Using the PM peak hour fee as a base, the impact fee for other land uses can also be calculated. Attachment B is a comparison of impact fees for various cities for multi-family, retail, and other land uses.

Park Impact Fees

Currently, the City charges a park impact fee of \$612 for a new single family unit and \$430 for a new multifamily unit. These fees were based on the City charging 50% of the maximum allowable under State law. If new growth in Kirkland was asked to pay its full proportional share for building new park facilities needed to maintain the adopted Level of Service, the impact fee rate would be \$1,226 for single family and \$860 for multi-family. These fee rates were based on the cost of purchasing and developing park facilities in 1998; current costs would be higher.

Attachment C is a chart showing what other cities charge for park impact fees compared to the City of Kirkland based on a survey collected in February 2003.

The original revenue estimate for parks impact fee revenue was \$233,500, however, that estimate was later revised to \$40,000 per year after lower receipts during 2000 and 2001. In 2002, the City collected \$151,264 in parks impact fees. However, \$84,000 of that amount was from one project (Juanita Village) and is not expected to be collected on an annual basis. The annual estimate used in the LTCIP projections is \$40,000.

The following table shows historical road and park impact fee revenue collections compared to budgeted amounts:

	Roads		Parks	
	Budget	Actual	Budget	Actual
1999	\$ 1,100,000	\$ 75,020	\$ 233,500	\$ 350
2000	1,100,000	472,870	233,500	37,642
2001	1,100,000	471,768	233,500	151,264
2002	600,000	536,939	40,000	57,046
Total	\$ 3,900,000	\$ 1,556,597	\$ 740,500	\$ 246,302

INTRODUCTION

DEFINITION OF IMPACT FEES

Impact fees are charges on new development to pay for capital improvements (e.g., parks, schools, roads, etc.) necessitated by that development. *Transportation impact fees* are collected to fund improvements that add capacity to the transportation system to accommodate the travel demand added by new development. The Revised Code of Washington (RCW 82.02.050) defines the legislation as intended to ensure that adequate facilities are available to serve new growth; to establish standards by which new growth and development pay a proportionate share of the cost of new facilities needed to serve new growth and development; and to ensure that impact fees are imposed through established procedures and criteria so that specific developments do not pay arbitrary fees or duplicative fees for the same impact.

LEGAL AUTHORIZATION

The primary enabling mechanism for imposing impact fees in Washington is the Growth Management Act (GMA). Prior to the passage of the GMA, local agencies primarily relied on the State Environmental Policy Act (SEPA) process to exact revenues from developers to fund mitigation projects necessitated by the development.

Growth Management Act (GMA)

The GMA (passed in 1990) modified the portion of RCW 82.02.020 regarding impact fees and specifically authorized the use of impact fees for areas planning under the Act. GMA allows impact fees for system improvements that reasonably relate to the impacts of new development, and specifies that fees are not to exceed a proportionate share of the costs of improvements.

The following are specific requirements for a municipality to impose GMA impact fees:

- The municipality must have an ordinance authorizing impact fees;
- Fees may apply only to improvements identified in a Capital Facilities Plan;
- The agency must establish one or more service areas for fees;
- A formula or other method for calculating impact fees must be established;
- The fees cannot be used to finance improvements to existing capacity deficiencies, although the fees can be used to recoup the cost of improvements already made to address the needs of future development;
- The fees may not be arbitrary or duplicative;
- The fees must be earmarked specifically and be retained in special interest-bearing accounts;

- Fees may be paid under protest; and

- Fees not expended within six years must be refunded with interest.

In calculating impact fees, the following components are to be included:

- Cost of public facilities necessitated by development;
- Adjustment to the cost for past or future payments by development to the extent that such payments are earmarked for or proratable to the particular system improvement,
- Availability of other funds,
- Cost of existing facilities improvements,
- Methods by which existing facilities were financed,
- Credit for the value of any dedication of land to facilities identified in the CIP and required as a condition of approval,
- Adjustment for unusual circumstances, and
- Consideration of studies and data submitted by the developer.

A sound accounting system is therefore important to ensure that the impact fees collected are assigned to the appropriate improvement projects and the developer is not charged twice for the same improvement.

PARK IMPACT FEE SCHEDULE – Effective 10/27/99

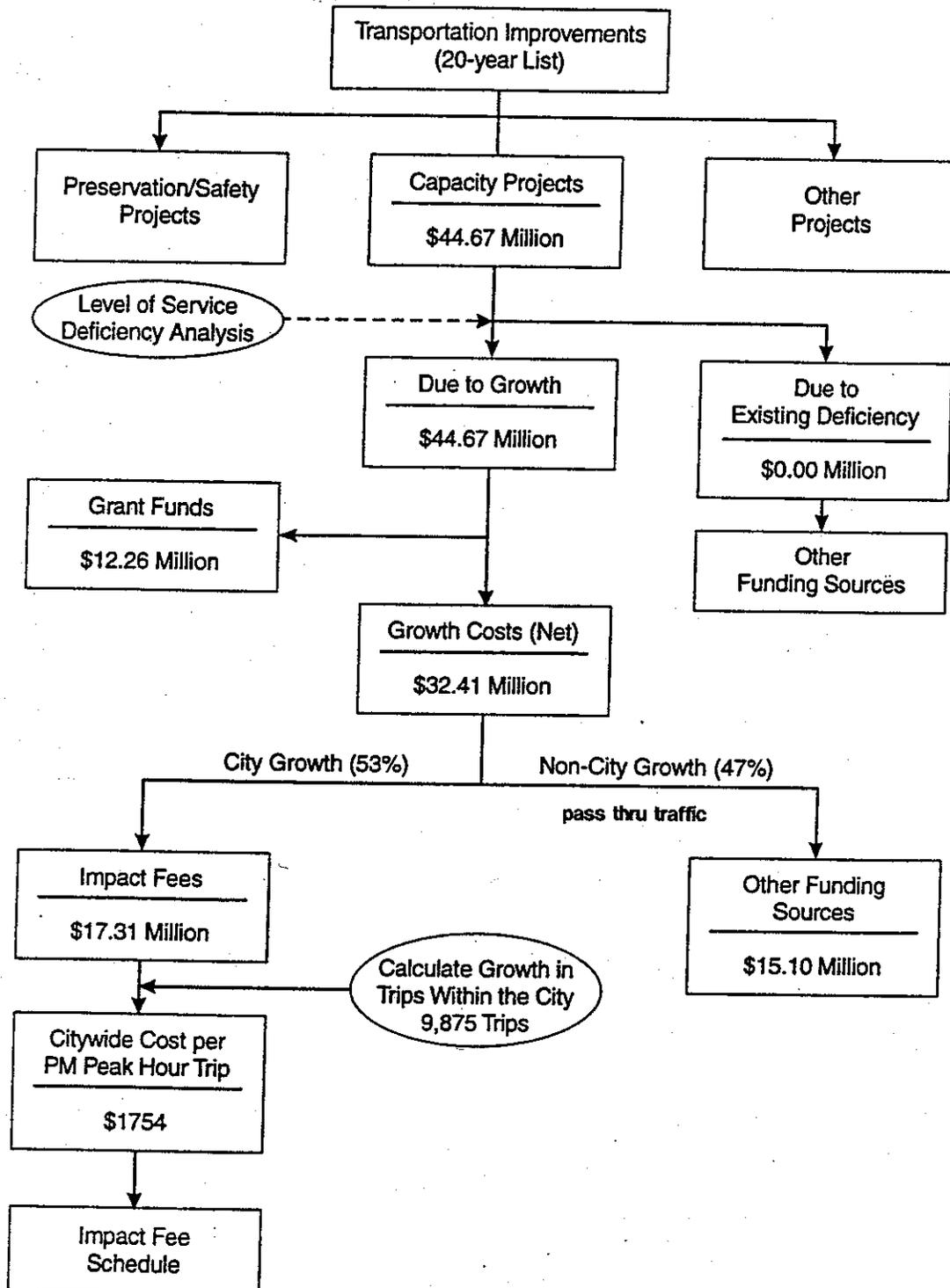
\$612 New single family detached

**\$430 New multifamily (attached, stacked and
assisted living)**

1. For additional information, see Kirkland Municipal Code, Chapter 27.06 (Ordinance 3703 as adopted and Ordinance 3713 as amended).
2. Fees must be paid prior to issuance of Building or Tenant Improvement Permit.
3. Any building permit associated with a previously approved short plat or subdivision in which the Park In Lieu of Open Space Fee has been paid would be exempt from a Park Impact Fee.
4. Accessory Dwelling Units approved under Section 115.65 of the Zoning Code are considered part of the associated single-family unit for the purposes of this fee.

Figure 3
Impact Fee Cost Allocation

1998-1999 Impact Fee Rate Study



Cities	Fee per PM peak Hour Trip Range	Average	Impact Fee Rates from Various Cities											
			Multi-family per unit	Single-family per unit	<10,000 sf	Retail (per square foot) <50,000 sf	<100,000 sf	>100,000 sf	Medical Office	Office (per square foot) <50,000 sf	>100,000 sf	Industrial per sq ft		
BelleVue'	None	\$ 1,012.70	404.75	754.52	1.83	1.54	1.49	1.62	2.82	4.56	2.84	2.23	1.66	1.23
Kirkland'	None	\$ 877.00	566.00	966.00	2.43	1.66	1.52	1.66	4.01	4.71	2.73	2.07	1.86	1.37
Bothell	None	\$ 1,637.06	1,018.63	1,569.68	4.37	3.72	2.87	2.63	6.52	8.34	5.20	4.08	3.00	2.22
Redmond'	\$216.11 to 801.57	\$ 587.00	1,664.08	2,738.89	3.63	3.63	3.63	3.39	8.62	5.39	5.39	5.39	3.48	2.94
Newcastle	None	\$ 1,936.79	600.41	978.08	2.59	2.59	2.59	2.59	3.54	1.44	1.44	1.44	1.44	0.95
King County (KC)	None	\$ 1,936.79	486.00	810.00	see note 3	see note 3	see note 3	see note 3	see note 3	see note 3	see note 3	see note 3	see note 3	see note 3
Newcastle Net Fee	None	\$ 1,096.41	1,096.41	1,798.08	\$2.59 + KC	\$2.59 + KC	\$2.59 + KC	\$2.59 + KC	\$3.54 + KC	\$1.44 + KC	\$1.44 + KC	\$1.44 + KC	\$1.44 + KC	\$1.44 + KC
Auburn	None	\$ 573.50	440.91	677.71	1.69	1.49	1.09	1.13	2.52	2.24	1.82	1.45	1.23	0.96
Sea-Tac'	None	\$ 773.00	see note 4	see note 4	see note 4	see note 4	see note 4	see note 4	see note 4	see note 4	see note 4	see note 4	see note 4	see note 4
Olympia	None	\$ 983.00	703.00	1,158.00	3.70	2.55	1.87	1.92	4.81	4.07	4.07	4.07	2.23	1.64

1. These fees are averages. Redmond and Bellevue have different fee rates for each of their subareas. Bellevue has 15 subareas and Redmond has seven transportation management districts. Kirkland and Bothell do not have different impact fee subareas.
2. These fees are averages of all categories above 100,000 square feet.
3. The City of Newcastle also collects King County (KC) MPS fee to pay for King County projects. The King County fee rates for residential development are shown above. The fee rates for non-residential developments is calculated by the King County traffic model and fees are assessed based on the location of the project and its proportional impact to King County transportation improvement projects.
4. The City of Sea-Tac charges \$773 per PM peak hour trips. Trips are determined through the ITE Trip Generation Handbook.

Cities	Number of unit PM peak hour trips Generated	SAMPLE CALCULATIONS											
		Multi-family	Single-family	Retail (x 1,000 square feet)			Medical Office square feet 8,000	Office (x 1,000 square feet)			Industrial square feet 100,000		
BelleVue'	8	4,048	14	10	50	100	300	30	10	50	100	300	74
Kirkland'	8	5,850	14	33	18,300	208	384	30	15	45,600	142,000	223,000	498,000
Bothell	8	10,186	14	33	24,300	208	384	30	15	47,800	136,500	207,000	558,000
Redmond'	8	16,641	14	33	43,700	208	384	30	15	83,400	260,000	408,000	900,000
Newcastle	8	6,004	14	33	36,300	208	384	30	15	53,900	268,500	539,000	1,044,000
Auburn	8	4,409	14	33	16,900	208	384	30	15	22,400	72,000 + KC fee	114,400 + KC fee	232,000 + KC fee
Sea-Tac'	8	5,864	14	33	24,189	208	384	30	15	10,995	96,000	145,000	369,000
Olympia	8	7,030	14	33	37,000	208	384	30	15	40,700	203,500	407,000	868,000

**Park Impact Fees for
Single Family Homes in Washington**

Place	Fee
Issaquah	\$3,147.00
Camas	\$2,290.00
Brier	\$2,000.00
Bellevue	\$1,976.00
Olympia	\$1,854.00
Woodinville	\$1,726.00
Redmond	\$1,611.00
Lake Stevens	\$1,575.00
Gig Harbor	\$1,500.00
Ridgefield	\$1,408.00
Mukilteo	\$1,400.00
Vancouver	\$1,360.00
Bothell	\$1,345.32
Cheney	\$1,276.09
Kenmore	\$1,087.00
Duvall	\$1,000.00
Coupeville	\$870.00
Gold Bar	\$866.00
Mount Vernon	\$855.00
La Center	\$698.00
Oak Harbor	\$669.00
Ferndale	\$664.00
Stanwood	\$641.00
Anacortes	\$615.00
Ellensburg	\$613.00
Kirkland	\$612.00
Washougal	\$600.00
North Bend	\$591.00
Burlington	\$582.00
Tumwater	\$563.88
Renton	\$530.76
Poulsbo	\$500.00
Pasco	\$495.00
Puyallup	\$491.00
Buckley	\$440.00
Eatonville	\$400.00
Lynden	\$400.00
Blaine	\$352.19
University Place	\$322.00
Kennewick	\$300.00
Sultan	\$300.00
Sedro Wooly	\$250.00
Sumner	\$250.00
Zillah	\$250.00
Marysville	\$200.00
Arlington	\$100.00

Average	\$910.32
Kirkland	\$612.00

**Park Impact Fees for
Multi-Family Homes in Washington**

Place	Fee
Issaquah	\$2,189.00
Bellevue (not city-wide)	\$1,976.00
Woodinville	\$1,726.00
Camas	\$1,717.00
Redmond	\$1,400.00
Mukilteo	\$1,400.00
Olympia	\$1,230.00
Lake Stevens	\$1,155.00
Ridgefield	\$1,126.00
Vancouver	\$1,109.00
Duvall	\$1,000.00
Cheney	\$830.00
Mount Vernon	\$789.00
Bothell	\$762.35
Kenmore	\$711.00
Anacortes	\$615.00
Washougal	\$600.00
Gold Bar	\$589.00
Coupeville	\$557.00
La Center	\$554.00
Ellensburg	\$525.00
Poulsbo	\$500.00
Pasco	\$495.00
Stanwood	\$454.00
Oak Harbor	\$431.00
Kirkland	\$430.00
North Bend	\$415.00
Ferndale	\$405.00
Tumwater	\$371.65
Renton	\$354.51
Blaine	\$352.19
Puyallup	\$323.00
Buckley	\$300.00
Kennewick	\$300.00
Sultan	\$300.00
Burlington	\$250.00
Zillah	\$250.00
Lynden	\$234.00
University Place	\$231.00
Sumner	\$200.00
Marysville	\$100.00

Average	\$1,296.60
Kirkland	\$430.00

*Kirkland's current fee is 1/2 of the total cost of what could have been charged to fund needed park facilities to maintain LOS for new development

Survey done 2/03

LONG TERM CIP POLICY ISSUES

4. **Level of Service**

Objective: Determine whether to change the adopted level of service standard for roads and parks in order to reduce project needs.

Discussion: The adopted level of service directly impacts the CIP by committing the City to capacity projects that allow infrastructure to keep pace with new development. By reducing the level of service, fewer projects are needed to meet the standard. Fewer projects may reduce the unfunded needs generated for transportation. For parks, the LTCIP projections assume that all parks capacity projects will be funded by voted debt and impact fees. Therefore, decreasing the level of service for parks would result in lower impact fee revenue (because fewer projects would generate a different fee) but would not reduce the overall funding need of \$131 million.

The attached memo from Public Works describes the potential impacts of adjusting the adopted level of service for roads.



CITY OF KIRKLAND

Department of Public Works

123 Fifth Avenue, Kirkland, WA 98033 425.828.1243

www.ci.kirkland.wa.us

MEMORANDUM

To: Dave Ramsay, City Manager

From: David Godfrey, P.E., Transportation Engineering Manager *DG*
Thang Nguyen, Transportation Engineer *TN*
Jim A. Arndt, P.E., Public Works Director *JA*

Date: February 28, 2003

Subject: Council Retreat: Vehicular Level of Service

Background

This memo represents an update of the LOS material presented at last year's Council Retreat. Most of the information is the same, but the LOS status information has been updated to reflect current data.

Due to requirements in the Growth Management Act, each city in Washington is required to establish Concurrency thresholds for vehicular level of service (LOS). It was hoped that establishment of LOS thresholds would ensure that new development would be allowed only when roadway projects, keeping traffic congestion at a reasonable level, were constructed concurrently with the development. While LOS thresholds are required to be established by each city, each city may establish them independently and there are no requirements as to what those thresholds must be. They could be loose; meaning that traffic congestion could increase relatively far before steps are taken to control it or they could be tighter; with the intention that development would be restrained or road projects would be built sooner or bigger to achieve less congestion.

In general, Kirkland standards have been looser due to decisions about capital funding, community values regarding the size of the road network as outlined in the next paragraph. Issaquah is an example of a city where standards are tighter. Kirkland has not yet "run up against" concurrency. Issaquah has; a moratorium on certain types of development is in place there. It's not clear that traffic congestion has lessened as a result of the moratorium. Others have noted a conflict caused by concurrency: when the standards for traffic congestion are too strict, development may be encouraged away from denser areas, yet the denser areas may be exactly where development should be placed to support transportation options such as transit. This conflict is one of the topics being explored in the four-city concurrency group of which Kirkland is a part.

The reason Kirkland's standards are more loose stems from the philosophy by which they are set, which can be generalized as follows:

1. Determine a number of trips from a given land use.
2. Find a road network that is affordable and that isn't based on substantial road widening.
3. Given 1 and 2, calculate the Level of Service and make that level the threshold for concurrency.

By definition, the resulting standard will accommodate the anticipated land use on a network that can be built. There is, however, no guarantee that the adopted level of service will be acceptable. It might be quite poor.

A more traditional approach to setting concurrency standards is as follows:

1. Establish the Level of Service for intersections that is acceptable
2. Determine the number of trips from a given land use
3. Find the network that is needed to accommodate the number of trips from 2, at the level of service in 1.

By setting a good level of service in step 1, there is an assumption that congestion levels will be acceptable or else new development won't be allowed. Of course there is no guarantee that the needed road network is either affordable, aesthetically acceptable, in harmony with the proposed land use or otherwise in keeping with the desires of the community.

In August of 2000, the Transportation Commission was formed and the Council asked the Commission to review concurrency. This review was to include both how we measure LOS and where the thresholds are set. After reviewing a number of possible systems, the Commission recommended keeping the existing system for how we measure; namely, planning level volume to capacity ratios (V/C) at signalized intersections averaged by subareas. However, they recommended a change in what level of service was acceptable. While keeping one measure derived from the first three step process above, they added a cap, beyond which no intersection can deteriorate. This level was set at V/C of 1.4. The Commission examined capping at 1.2, but felt that the cost of projects needed to do this was too high. On the other hand, they felt that some sort of cap was needed to check a decline in level of service, even though they realized that some intersections will exceed 1.4, given proposed land use and proposed projects unless changes were made. They also felt that the subject could be explored again when revised land use projections are available and when Council weighed in with further direction on CIP funding preferences. This work is scheduled for 2003. For reference, Table 1 shows current, 2007 and 2012 thresholds for subarea average V/C.

Table 1

Measure	Subarea Average V/C			
	Southwest	Northwest	Northeast	East
2003 Current value	0.77	0.83	0.76	0.94
2003 Standard	1.00	1.18	1.01	1.09

Options

The options for level of service are:

1. Keep the LOS standards as they are now (with the 1.4 maximum cap).
2. Make the LOS standards more stringent to tolerate less congestion.
3. Make the LOS standards less stringent to allow more congestion.

Option 1 requires improvements beyond the 2012 list (of an unknown additional amount) in order to get all intersections below the 1.4 cap with proposed land use. Still, the level of congestion allowed by the current system is quite high and only a handful of intersections will be close to the 1.4 level.

Option 2 requires more money for road improvements, and the concurrency limits become more important when considering what development projects can be allowed. Those who see new development as a major source of congestion are likely to support Option 2.

Option 3 requires less funding for improvements and concurrency standards are less likely to restrict development. Those who feel that concurrency and LOS standards should not be the main considerations for allowing development, and are willing to accept more congestion, are likely to support Option 3.

Figure 1 illustrates the estimated financial implications of the three options. We looked at three different sets of intersection improvements, holding land use constant. For each network, the average V/C ratio for signalized intersection in each subarea was calculated; the solid line connects these average points. The dots above the lines are the V/C ratios for the worst individual intersection in the subarea. The \$32 million network represents funding as is currently anticipated with the 2012 list. It's estimated that for \$40 million, the worst intersections can be brought to below V/C of 1.4 and for \$50 million, the worst intersections can be brought to below V/C of 1.2. Essentially, as more money is spent on improvements, the extra money is dedicated to improving the worst performing intersections. The data used to prepare Figure 1 is illustrative but may be somewhat dated. Updates of land use for 2022 are currently underway and will eventually be accompanied by a new 2022 network, which may result in different projects with different cost estimates and different LOS impacts.

Alternatively, instead of funding only intersection improvements, some or all of the increased expenditures could fund non-SOV improvements like queue by passes, in order to improve mode split. A quantification of the causal link between non-SOV improvements and mode split is unclear, therefore it is difficult to say with certainty the magnitude of mode split associated with a given set of projects.

It is, of course, possible to reduce funding below \$32 million. The resulting LOS depends on which projects are removed, and so it is not shown on Figure 1. The likely candidates for removal are in the Totem Lake subarea. Alternatively, HOV queue by pass projects could be removed from the \$32 million list to reduce the total. This choice could result in not achieving or maintaining the mode split which is adopted in the Comprehensive Plan and which plays a part in the LOS calculations. Failure to achieve/maintain this mode split would result in a poorer LOS, all other things being equal. Note that Figure 1 would change with changes to factors like land use, mode split, project cost and selection, but the basic relationship should remain constant.

What does 1.2 feel like?

The *planning method* and the *operational method* are two procedures for calculating performance at signalized intersections and it's beyond the scope of this memo to explore either their details or their advantages and disadvantages for various situations. We use the planning method to calculate the V/C ratios at signalized intersections when considering concurrency. The operational method reports results in terms of delay. Delay is the difference between a) how long it takes to travel through the intersection and b) how long it would take if there were no other vehicles on the road. Obviously, it's much easier to mentally picture and compare seconds of delay than V/C.

In order to get a better feel for the V/C ratio, we brought the planning and operational methods together. To do this, we looked at three intersections in Totem Lake, and for each one, we changed the volume (but kept everything else constant) until a planning method V/C of a certain level (1.2, 1.4, 1.6) was met. For each of these specific planning level V/C situations we also performed an operational analysis.

Figure 2 shows the relationship between operational delay and planning V/C. For example the range of delay values for a V/C of 1.2 is between 50 and 90 seconds. Note that the delay values overlap, a delay of 80-90 seconds might be found at either a poorer 1.2 intersection or a better 1.4 intersection. Also note that the ranges of delay are wider as V/C ratio increases; the range for V/C of 1.2 is 40 seconds wide, that for V/C of 1.6 is 60 seconds wide.

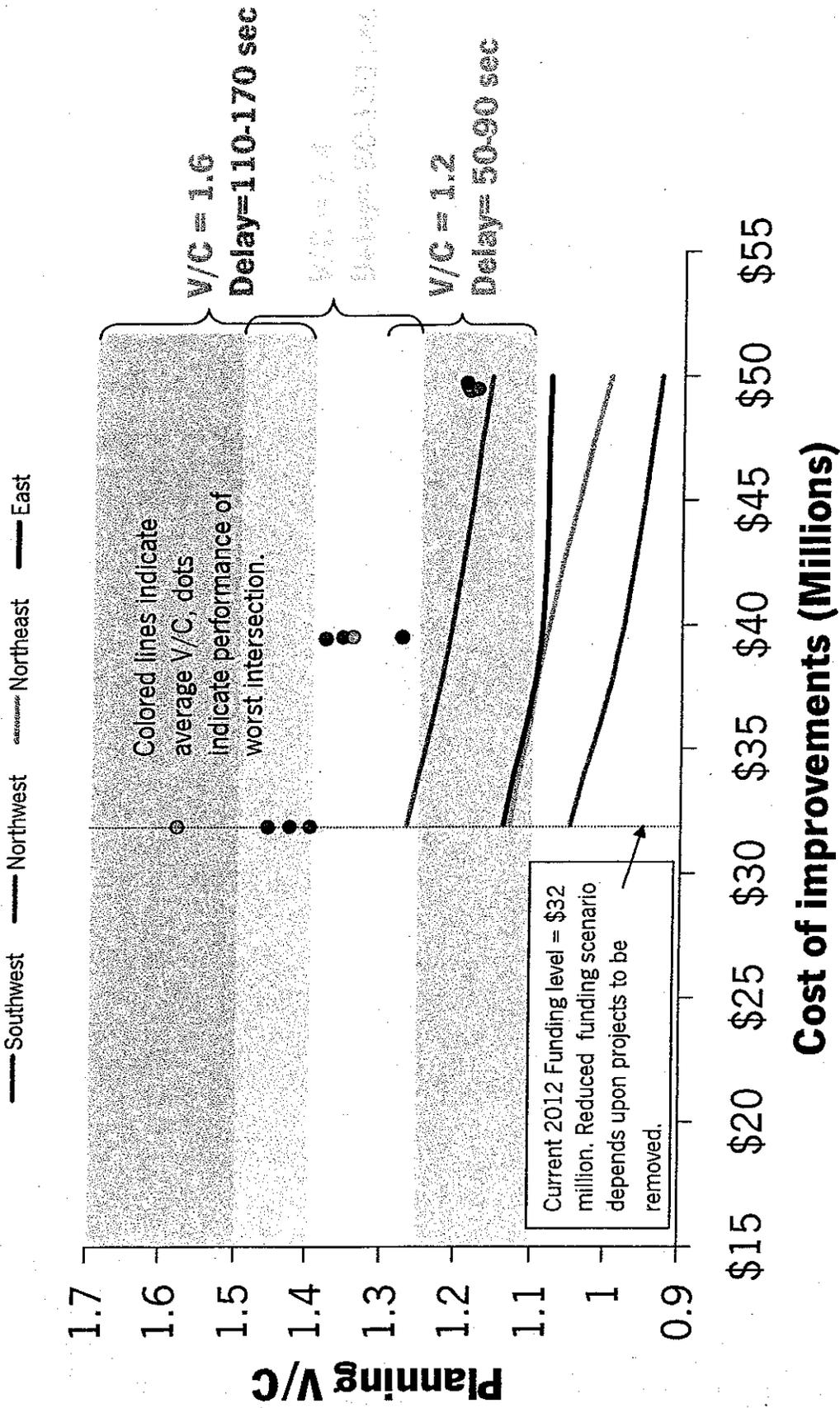
Figure 2

Ping	< Operational Method Delay (seconds) >												
V/C	50	60	70	80	90	100	110	120	130	140	150	160	170
1.2	[Shaded]				[Shaded]								
1.4	[Shaded]			[Shaded]						[Shaded]			
1.6	[Shaded]					[Shaded]							

Figure 3 puts the information from Figure 1 and 2 together. The colored bands represent the overlapping ranges of delay from Figure 2. The purpose of Figure 3 is to put the information from Figure 1 in a delay context to make the impact of changing transportation funding easier to understand.

Figure 3

Planning V/C vs. Cost of Improvements by Subarea 2012



LONG TERM CIP POLICY ISSUES

5. Reallocation of Discretionary Funding

Objective: Determine whether current allocations between project areas should be changed.

Discussion: Discretionary funding sources refers to revenue sources that are general purpose in nature (e.g. sales tax and interest income) or that are legally dedicated to capital purposes but can be broadly used for any capital purpose (e.g. real estate excise tax). The following table shows the current annual funding matrix for all project categories in the CIP.

**Current Revenue Allocations
(in 1,000s of dollars)**

Revenue Source	Surface Water	Transportation	Utilities	Parks	Public Safety	General Gov't*	Total
Gas Tax**		325					325
Motor Vehicle License Fee**		400					400
Sales Tax		670				100	770
Utility Connection Charges***			770				770
Utility Rates***	950		1,209				2,159
Real Estate Excise Tax 1**		100		700			800
Real Estate Excise Tax 2**		1,000					1,000
Interest Income					250	550	800
Impact Fees**		600		40			640
Total	950	3,095	1,979	740	250	650	7,664

* General Government section includes Neighborhood Connection program.

** Indicates revenue sources that are legally restricted to capital purposes.

*** For utility capital purposes only.

The annual funding matrix reflects only those sources of revenue available on an annual ongoing basis. In addition to the funding provided above, the revised LTCIP estimates incorporate additional annual funding as follows:

Additional annual funding by source:

Additional REET 1	\$ 400,000
Additional REET 2 (transportation)	200,000
REET 2 Reserve (transportation)	199,000
Surface Water Rates (transportation)	<u>956,000</u>
Total	1,755,000

Additional annual funding by category:

Transportation	1,355,000
Unallocated	<u>400,000</u>
Total	1,755,000

After applying the additional funding to transportation, the relative level of need changes. The following chart shows the level of remaining unfunded need compared to the average total annual need for each project category.

	Average Annual Need (in 000's)	Unfunded Annual Need (in 000's)	Percent Unfunded
Transportation	14,087	4,860	34%
Parks	3,469	663	19%
Public Safety	1,893	(73)	-4%
Technology	1,693	1,143	68%
Facilities	1,472	8	1%
Other Gen. Govt.	141	41	29%
Total	22,755	6,642	29%

The relative amount of funding needed by project category varies both as a percent and as a total dollar amount due to the variance in total needs. For instance, roads has a 34% funding need based on the current revenue allocation, but needs almost \$5 million more per year. Technology has the largest relative funding deficit at 68%, but only needs \$1.1 million to close the gap.

Public safety appears to be over-funded on this table. This occurs because its annual allocation of \$250,000 per year is more than it needs on an annual basis over 20 years, once the voted and non-voted debt funding is applied. This funding could be moved to any other category.

It should be noted that the additional REET 1 revenue of \$400,000 has not yet been allocated to a project category (it should also be noted that REET 1 could not directly be used for technology projects since this is not allowed under state law). After applying REET 1 to the bottom line, the total unfunded percentage drops from 29% to 27%.

The allocation of funding between project categories would be an indicator of the Council's relative priority for each of the project areas. Within each project area, there are subcategories of projects (e.g. capacity, maintenance and non-motorized transportation projects). Funding can be further allocated at this level. Once these more general resource allocations are done, individual projects can be ranked according the specific criteria that applies to each type of project (i.e. ad hoc committee's transportation criteria, parks board project ranking criteria). A copy of possible broad-based criteria and the current project-specific criteria are included on the following pages.

**LONG TERM CIP
BROAD-BASED CRITERIA FOR RANKING PROJECTS**

The following criteria would be assigned a point value and each project (or group of projects) would be matched with criteria that it met. Here are some ideas and projects that might fit under each category (first criteria get more points than those later on the list).

- Maintains or replaces existing asset needed to provide basic public services
 - Street overlay
 - Facilities life cycle repairs
 - Fire station renovation

- Required to meet concurrency (legal level of service)
 - Transportation capacity projects

- Funded from restricted source with pre-committed use/no City funds obligated
 - Some of the Sound Transit projects

- Needed for efficient/effective service delivery of basic public services
 - Public safety information system

- Provides additional capacity to meet adopted levels of service that do not have concurrency requirements
 - Parks capacity projects

- Provides new level of non-mandated service
 - Fire training facility

- Furthers Council adopted policy initiative
 - Non-motorized transportation projects

CRITERIA FOR RANKING PARKS CIP PROJECTS

	Criteria	None 0 Points	Low 1 Point	Moderate 2 Points	High 3 Points
1	Responds to an Urgent Need or Opportunity, Conforms to Legal, Contractual or Government Mandate	<ul style="list-style-type: none"> No need or urgency 	<ul style="list-style-type: none"> Suspected need with no substantiation 	<ul style="list-style-type: none"> Suspected need based upon visual inspection, public comment Suspected threat of development 	<ul style="list-style-type: none"> Report or other documentation has been prepared Confirmed threat of development Fills important gap in park system Significant public comment—survey, petition, public hearing Legal, contractual, gov't mandate
2	Health and Safety Issues	<ul style="list-style-type: none"> No known issues 	<ul style="list-style-type: none"> Suspected health or safety issue with no substantiation 	<ul style="list-style-type: none"> Suspected need based upon visual inspection, or public comment visible deterioration 	<ul style="list-style-type: none"> Documented evidence of unsanitary condition, health and safety code violations, injury
3	Fiscal Values	<ul style="list-style-type: none"> Leveraging of funds through partnerships, grants, bonds or volunteers is unlikely 	<ul style="list-style-type: none"> Leveraging of funds somewhat likely through partnerships, grants, bonds and volunteers 	<ul style="list-style-type: none"> Leveraging of at <i>least</i> 1/2 project funding available from other sources; 	<ul style="list-style-type: none"> Leveraging of <i>more</i> than 50 percent of project costs from other sources
4	Conforms to Park Open Space Plan or Other Adopted Plan	<ul style="list-style-type: none"> Not in any plan document 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Identified in Comprehensive or Functional plan 	<ul style="list-style-type: none"> Helps meet level of service objectives
5	Feasibility, including Public Support and Project Readiness	<ul style="list-style-type: none"> Project simply an idea No public input No other supporting information 	<ul style="list-style-type: none"> Some public involvement such as letters, workshops Professional report 	<ul style="list-style-type: none"> Schematic or conceptual level approval Property identified High public support Completed appraisal 	<ul style="list-style-type: none"> Construction documents complete Option or right of first refusal, willing seller
6	Implications of Deferring Project	<ul style="list-style-type: none"> No impact No imminent threat of development; 	<ul style="list-style-type: none"> Temporary repair measures available without significant liability or added future cost Indications of possible development Program quality limited or reduced 	<ul style="list-style-type: none"> Evidence of possible structural failure Confirmed private development sale possible Program participation limited or reduced 	<ul style="list-style-type: none"> Imminent possible structural failure, facility closure, or other similar factor Program cancellation Unable to meet level of service Imminent sale for private development

7	Benefits to Other New Capital Projects or an existing Park/Facility/Service, or Service Delivery	<ul style="list-style-type: none"> No association with or impacts to other projects 	<ul style="list-style-type: none"> Minimal benefit to existing or other projects 	<ul style="list-style-type: none"> Moderate benefit such as relieving overuse at another facility Corrects minor problem at adjacent facility 	<ul style="list-style-type: none"> Significant benefit such as providing added capacity to a facility Corrects major problem at adjoining facility
8	Number of City Residents Served	<ul style="list-style-type: none"> No residents served 	<ul style="list-style-type: none"> Only one neighborhood served 	<ul style="list-style-type: none"> More than one City neighborhood served 	<ul style="list-style-type: none"> Project will serve a City-wide population
9	Maintenance and Operations Impact	<ul style="list-style-type: none"> Requires substantial new M & O, no current budgetary commitment 	<ul style="list-style-type: none"> Resources/capacity available without additional budget commitment Requires new resources which are available or likely available in budget 	<ul style="list-style-type: none"> Has minimal or no impact on existing M & O resources Resources already allocated or planned for project in budget M & O requirements absorbed with existing resources 	<ul style="list-style-type: none"> Substantial reduction in M&O.
10	Geographic Distribution	<ul style="list-style-type: none"> Duplicates service, significant number of resources available in area, level of service overlap 	<ul style="list-style-type: none"> Adequate number of Parks are nearby, minimal level of service overlap 	<ul style="list-style-type: none"> Parks nearby, no level of service overlap, and gaps in service identified 	<ul style="list-style-type: none"> Underserved area. No facilities within service area.

LONG TERM CIP POLICY ISSUES

6. **Prioritization of Projects and Process**

Objective: Determine how project categories will be prioritized (one against another) and/or how individual projects will be prioritized. Specifically, how should the process work and who should be involved.

Discussion: The LTCIP subcommittee has worked to organize and narrow the capital funding issues needing to be resolved. There is still a gap of \$131 million that should be addressed by some combination of strategies. Three broad categories of strategies are project reductions, funding increases and adjusting the time frame for completing projects.

Project Reductions

As discussed earlier, the LTCIP committee briefly discussed developing broad-based criteria for prioritizing and ranking projects. Each project would be rated based on a set of criteria that would be weighted towards the more important projects. For instance, transportation capacity projects may have a higher ranking than non-capacity projects given the level of service and concurrency requirements in place. Likewise, maintenance of existing infrastructure might take priority over enhancing or increasing capacity for parks. If part of the solution is to eliminate projects (or to at least put them in an “unfunded” category) then a system of ranking projects can inject some objectivity into what would otherwise be a subjective process.

Revenue Increases

The City Council may want to identify additional new revenue sources or divert additional general purpose revenue to the CIP from the General Fund as one means to meet the funding need. The Council preference exercise indicated a high degree of consensus for considering property tax as one funding source. Impact fees also received some support (in particular support for indexing fees to inflation).

Adjusting Time Frame

The LTCIP assumes project needs for the next twenty years. However, it may be necessary to delay projects beyond the twenty years in order to balance the CIP. Many of the larger projects incorporated in the CIP resulted from major planning efforts (business district strategic plans, master plans, etc) and the time frame for realizing the long term goals could be prioritized and/or extended. It should be noted that the planning horizon for the City’s comprehensive plan (and the Capital Facilities Element) is in the process of being updated. This exercise may have the effect of adding to the unfunded capital need.

The Process

The LTCIP committee discussed next steps and determined that this was a conversation that would be appropriate for the City Council retreat. Questions to consider include:

–Who should undertake the next steps of prioritizing projects (including eliminating some)? Should the subcommittee continue to work together to bring a recommendation to the full Council or is it more appropriate for the full Council to discuss the LTCIP from this point forward?

-What is the role of advisory boards and commissions in establishing project priorities (including eliminating projects)? Should the Council provide broad policy guidance or a target to achieve?

-How will the public be involved in this process? Public involvement has been a key component in the development of strategic plans. Identification of funding sources has not traditionally been a requirement for completing a master plan or strategic plan. How do we engage in meaningful planning processes in the future while still considering the financial implications? Is there a way to get the public engaged in solving or at least understanding the overall problem (without overwhelming them)?

-What is the time frame for addressing the LTCIP funding needs? The City needs to continue to prepare six-year CIP's that identify funded projects. That biannual process is scheduled to begin in early spring. Is there key policy direction that the Council wants staff to follow (e.g. inflation adjusted cost estimates and assumption of additional debt financing) when preparing the 2004 to 2009 CIP? What is a reasonable time frame for addressing the long term problem?

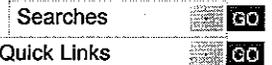
SUMMARY

There is still a great deal of work to be done on capital financing. The purpose of the preceding materials is to provide background and a framework for Council discussion. A complete set of project summaries and detailed project lists is included as Appendix B to this packet.

The policy objectives of the discussion are summarized again below:

- **Use of Voted Debt**
Objective: Reaffirm Council policy direction to use voted debt for certain project types
- **Use of Local Improvement Districts (LID's)**
Objective: Determine whether and/or where LID's can be applied to unfunded projects in the twenty-year CIP.
- **Impact Fees**
Objective: Determine whether impact fee rates should be increased in order to generate additional capital revenue.
- **Level of Service**
Objective: Determine whether to change the adopted level of service standard for roads and parks in order to reduce project needs.
- **Reallocation of Discretionary Funding**
Objective: Determine whether current allocations between project areas should be changed.
- **Prioritization of Projects and Process**
Objective: Determine how project categories will be prioritized (one against another) and/or how individual projects will be prioritized. Specifically, how should the process work and who should be involved.

These materials do not cover all of the outstanding issues relative to the Long Term CIP. For instance, the Council still needs to determine whether to initiate a "1% for the Arts" program and identify a long term funding source for technology system replacement. These topics may be addressed under the "problem" portion of the Council's discussion.



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▶ [Bond Home Page](#) **2006 Bond Program**

▶ [Detailed Five-Year Schedule of Bond Projects](#)

The 2006 Bond Program will bring a comprehensive plan to improve the quality of life and economic vitality of Phoenix. It is about investing in our community.

▶ [Property Tax Levy and Assessed Valuation](#)

The 2006 Bond Program, like the previous city bond program, will not raise your property tax rate. The city borrows money, much like you would for big purchases such as a home or a car, and repays it over the years. The city's \$1.82 property tax will be used to repay the bonds. Also because the city's financial reputation is excellent, it can borrow money at a lower interest rate.

▶ [Frequently-Asked Questions](#)

Many city amenities you currently enjoy were built with bonds, such as the newly renovated Symphony Hall, Burton Barr Central Library, the South Mountain Environmental Education Center, the Phoenix Art Museum, police and fire stations, public housing, branch libraries, and senior centers. Bond funds also have been used to help revitalize neighborhoods, preserve historic buildings, improve streets, increase arts and cultural opportunities, and develop a state-of-the-art radio system so police officers and firefighters can communicate more effectively.

The 2006 Citizens' Bond Committee, made up of over 700 residents, organized around 17 subcommittees, was charged with sizing the overall bond program, establishing annual operating and maintenance costs and reviewing and recommending the specific projects to be presented to the voters on March 14, 2006. The voters approved the \$878.5 million program presented to them.

Now that the overall program has been approved by the voters, each of the projects must be constructed over the next five years and each year's assessed valuation and property tax levy must be analyzed to make sure the program remains financially sound. Careful project scheduling is critical to the program remaining fiscally viable and on schedule.

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2006 Bond Program

Frequently-Asked Questions

What is the Phoenix bond program?

Bonds allow the city to pay for major capital investments, such as new fire stations, libraries, streets, sewers, and parks. Bonds are sold to investors and the dollars are used for the capital projects. The bonds are backed by property tax revenues. As the city collects property taxes each year, the bonds are paid off and the bond investors get their investment returned.

Bond financing cannot be used for operation and maintenance expenditures such as salaries for police officers, firefighters, librarians and other city employees. Such operating expenses are paid for by sales tax and state-shared revenues.

Issuing the capital bonds must be approved by a vote of Phoenix residents at a citywide election.

How often is a bond election held?

Bond elections in Phoenix typically occur every four to six years. This helps to provide ample planning for approved projects, but allows for frequent enough balloting for new programs to meet the rapidly expanding and changing needs of a fast growing city. Prior to 2006, the last bond election was held in 2001.

How large can the bond program be?

First, the Phoenix Finance Department analyzes the city's current and projected property valuations, aligns that with constitutional limits on public debt, and considers the importance of maintaining the city's excellent bond ratings. In addition, the city needs to determine the impact that new facilities will have on the operating budget.

For instance, many firefighters and librarians will have to be hired to staff new fire stations and libraries, while new streets and storm sewers have much less impact on the city's operating budget.

The Fiscal Capacity and Operations and Maintenance subcommittees then made recommendations on how much new debt the city can incur, and how much of that debt can be directed to projects that will require increased operating fund expenditures.

Will these bonds raise my taxes?

Because bonds approved in previous elections are being paid off, the Bond Executive Committee was able to recommend a new bond program that will not raise the property tax rate.

The program subcommittees considered the capital improvement requests prepared by the various city departments, and to hear other

citizen requests. They prioritized and ranked projects and made recommendations to the Bond Executive Committee, which considered all the subcommittee recommendations before presenting final recommendations to the City Council.

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2006 Bond Program

Scheduling the 2006 Bond Program

In scheduling projects over the five-year life of the 2006 Bond Program, it is important to point out three significant constraints. First, the large size of the bond issue - \$878.5 million - was possible only because it was a relatively "back loaded" program. That is, the first two years of the program were assumed to be less than the last three years of the program. This allowed us to "layer in" new 2006 Bond Program debt service as the debt service for prior bond programs is reduced. This is especially critical now that our property tax levy in the first year is \$808,000 less than the estimate used in the original bond committee forecast.

Second, the Operating and Maintenance subcommittee adopted operating and maintenance allowances as follows: \$0 in 2006-07 and 2007-08; \$2.1 million in 2008-09; \$3.8 million in 2009-2010; \$8.15 million in 2010-11. Increased bond project operating costs could force future cuts in existing operating programs.

Finally, the Arizona Constitution limits outstanding bond debt for combined water, sewer, lighting, open space, parks and recreational purposes to 20 percent of our secondary assessed valuation. All other combined purposes are limited to 6 percent of our second assessed valuation. While our 20 percent capacity is good, there is limited 6 percent capacity in the 2006 bond program. Keeping the bonds relatively back loaded is necessary for us to comply with the 6 percent limitation. Also, the ability to layer in new debt service also helps to cope with the 6 percent limitation. As old 6 percent bonds are retired, new 6 percent bonds can be issued.

The Arizona Legislature is considering changes in the property tax system that could reduce or postpone our ability to fund the bonds.

The project scheduling complies with all of the financial constraints described above. Moving projects up will require us to move other projects back. Also, several of the 2006 Bond Subcommittees adopted project schedules as part of their recommendations. That is, they determined how specific projects would be spread over the five-year bond program. This scheduling presented here remains consistent with those already reviewed project schedules.

- [Summary by Program](#)
- [Summary of Operating Costs by Project](#)
- [2006 Bond Program - Program Detail](#)

- [Police Protection](#)
- [Fire Protection](#)
- [Parks, Recreation and Mountain Preserves](#)
- [Libraries](#)
- [Streets - Major Streets](#)
- [Streets - Other Streets](#)
- [Streets - Traffic Improvements](#)
- [Storm Sewers](#)
- [Human Services](#)
- [Facilities Management](#)
- [Neighborhood Services](#)
- [Economic Development](#)
- [Information Technology](#)
- [Arts and Cultural Facilities](#)

Convention Center
Historic Preservation
HOPE VI
Housing

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SCHEDULE 1
SUMMARY OF PRELIMINARY 2006 BOND PROGRAM
BY PROGRAM
(In Thousands)

Program	2006-07	2007-08	2008-09	2009-10	2010-11	Total
Police Protection	\$ 3,000	\$ -	\$ 26,487	\$ 44,120	\$ 18,619	\$ 92,226
Fire Protection	6,905	12,500	14,800	20,103	19,197	73,505
Parks, Recreation and Mountain Preserves	25,613	31,419	20,424	21,409	20,145	119,010
Libraries	3,500	8,593	5,067	3,287	8,731	29,178
Streets - Major Streets	-	-	14,498	3,801	15,258	33,557
Streets - Other Streets	-	-	5,251	2,763	2,244	10,258
Streets - Traffic Improvements	-	-	6,115	9,443	4,060	19,618
Storm Sewers	9,805	11,736	13,452	14,411	15,996	65,400
Human Services	2,500	3,900	5,400	6,000	5,900	23,700
Facilities Management	500	500	4,494	5,852	9,114	20,460
Neighborhood Services	3,450	6,100	7,450	7,450	7,720	32,170
Economic Development	102,000	59,000	49,740	10,830	8,230	229,800
Information Technology	6,330	2,184	7,474	6,365	5,016	27,369
Arts and Cultural Facilities	6,501	17,471	10,327	28	238	34,565
Convention Center	-	-	6,507	7,882	5,374	19,763
Historic Preservation	2,645	2,595	3,085	1,730	3,055	13,110
HOPE VI	-	-	670	3,363	858	4,891
Housing	3,450	4,600	4,550	8,347	8,973	29,920
Total 2006 Bonds	\$ 176,199	\$ 160,598	\$ 205,791	\$ 177,184	\$ 158,728	\$ 878,500

Strategies for Passing a Bond Referendum

This article highlights successful approaches for passing bond referenda in state and local communities. Two case studies of successful initiatives are provided as examples.

By Margaret C. H. Kelly and Matthew Zieper

When a state, county, or community identifies the need for additional capital, it has several options ranging from increasing sales or other taxes, to special fees for services, to bonding. A jurisdiction often chooses to issue bonds to avoid raising taxes and fees and/or to meet the specific capital needs of the project. While different states have varying restrictions on the abilities of state and local governments to levy taxes or impose fees, all jurisdictions may issue debt.

But issuing debt is not always the easiest option. In most states, bonds backed by general taxes (general obligation bonds) must be approved by the voters. Trying to convince the voters of the need for a \$20 million library or park can be a difficult task. In some communities, anti-tax groups who oppose government spending may organize to oppose the bond measure, and the government is left scrambling to rally support.

Finance officers and elected officials¹ typically do not have the background to organize and then support a bond referendum. But in spite of that, they will need to take on the role of marketing executive/campaign manager/community cheerleader in order to get a bond referendum passed. This article highlights six steps necessary to pass a bond measure and provides case studies of two communities who successfully passed bond measures.

Winning a Bond Measure

Putting a bond referendum before the voters is only the tip of the iceberg. Most of the work already has been done by election day. From structuring a bond package that meets the needs of a community to implementation of the project funded by the bond, there are six steps that facilitate a sound public finance approach:

- 1) capacity building;
- 2) feasibility research;
- 3) polling;
- 4) measure design;
- 5) campaigning; and
- 6) implementation.

The purpose of **capacity building** is to build a broad base of community-based leadership to assist with the development of the proposed public finance measure. At this stage, it is important to identify local leadership and facilitate communication among interested parties.

During the **feasibility research** phase, relevant information is gathered to inform the development of public opinion polling and measure design. At this juncture, it is necessary to consider fiscal issues (current funding, bond ratings, revenue trends, and debt burden), political circumstances (local political trends and other pending ballot questions), key community issues and priorities, and results of past elections.

During the next step, **polling**, the goal is to identify voter priorities. This includes quantifying the amount that voters are willing to pay for these priorities, as well as narrowing down compelling arguments for the project and testing actual ballot language.

Measure design involves developing ballot language that appeals to voters and clearly explains how this measure addresses the particular issue targeted by the bond and meets the needs of the community. At this stage, it is also important to review the proposed measure with the appropriate government and bond counsel.

The focus of the **campaign** is straightforward: publicize the proposed ballot measure and encourage voter turnout. Campaign steps include disseminating direct mail pieces, promoting the cause via other means (e.g., Web sites), and orchestrating media coverage.

The last step, **implementation**, assumes a successful campaign. Now that the voters have approved the measure, it is important to ensure a smooth transition to the next appropriate project phase. Each set of local circumstances requires that this six step continuum be a flexible tool and a work in progress. The two case studies discussed below highlight different circumstances and goals, as well as different approaches.

Case Studies: Two Referendums

This section consists of case studies detailing two successful bond referendum campaigns that the Trust for Public Land assisted governments with—one in a county and one in a state. The first case study—Dade County, Florida—examines the successful passage of a \$200 million general obligation bond to fund the Safe Neighborhood Parks Act of 1996. The second case study looks at the steps taken by the State of California to win passage of the \$2.1 billion Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000.

Dade County, Florida

On November 5, 1996, voters in Dade County approved a \$200 million general obligation bond measure to fund capital improvements at countywide park and recreational facilities. Passed with 67 percent of the vote (the highest percentage for a fiscal measure in Dade County history), the Safe Neighborhood and Parks Act united the county and its municipalities in a common cause: to demonstrate how parks and recreation programs can make a community safer and improve the residents' quality of life. The success of this bond referendum can be attributed to

a thoroughly researched and strategically implemented effort by a well-rounded and devoted community task force. Some background information about Dade County and some of the critical steps taken are discussed below.

In 1972, the Decade of Progress bond referendum established an award-winning parks and recreation system in Dade County, Florida. In the years that followed, however, operating and capital budgets received annual reductions, and in the 10 years prior to the 1996 referendum, there were six failed attempts by Dade County Park and Recreation Department staff to get a capital improvement bond measure on the ballot. By 1995, park and recreation needs were estimated to be more than \$1 billion.

In this hostile, "no new taxes" environment, Dade County Park and Recreation staff and a network of local, state, and national experts pulled together a coalition that took the following—ultimately successful—steps:

Research and Polling. In addition to determining the financial needs of the 29 municipalities in Dade County, a prominent California public opinion firm polled nearly 500 voters from a cross-section of ethnic and socioeconomic backgrounds. The results of this poll ascertained that Dade County voters were concerned about crime (juvenile violence, in particular), government mismanagement, and rampant growth and development. County priorities were identified as providing juvenile crime prevention facilities, protecting natural resources, creating safer neighborhood parks and facilities, and improving the quality of life. To achieve these goals, voters expressed a willingness-to-pay of no more than \$7-10 per household (annually) with a cap of \$200 million in total cost.

A second poll several months later gave the effort its name, the Safe Neighborhood Parks Act of 1996, and helped organizers identify respected community spokespeople, the most beneficial election timing, and the critical swing voters. The poll further emphasized the intensity of the public's distrust of government. Knowing the voters and allowing them to help develop the parameters of the proposed measure were critical to the ultimate success of this referendum.

Measure Design. A coalition of business and civic leaders formed the Trust for Safe Neighborhood Parks (The Trust), which began to screen potential projects

to be included. This draft, or ordinance, was a critical step in the process because it would have to be approved by the Board of County Commissioners (BCC) to appear on the ballot and needed to meet the legal requirements of a bond measure. Furthermore, the ordinance needed to address citizen concerns of government mismanagement of public funds. To assuage this latter concern, the ordinance called for the creation of a Citizens' Oversight Committee, a detailed exhibit of the specific projects funded by this money, and independent annual audits of approved projects. Last, before a draft of the ordinance was finalized, project proponents met with elected officials of both the municipalities and the county to incorporate their feedback and garner support.

With a proposed ordinance in hand, the Trust sought the endorsements of municipal governments, chambers of commerce, law enforcement agencies, religious and educational institutions, and others. They also embarked upon a series of mandatory public forums throughout the county. In July, the BCC approved the ordinance for inclusion on the November ballot and the second phase of the campaign began.

Fundraising, Message Development, and Communications. For practical and logistical purposes, the post-July campaign was split in two: 1) a grassroots effort headed by the local office of a national non-governmental organization (NGO) and their political action committee (PAC), and 2) a media campaign organized by a Citizens Advisory Committee (CAC), which incorporated the Trust.

Fundraising efforts were undertaken at both the grassroots and corporate levels. Sources included parks support organizations with operating budgets (e.g., the Zoological Society), playground equipment vendors, landscapers, corporations, financial institutions, and individuals. The bulk of these funds paid for professional political consultants, airtime, and the production of 30-second Spanish and English television commercials.

The grassroots campaign produced two messages: 1) the benefits-based message, and 2) the consumer message. The benefits-based message focused on quantifying research to highlight the benefits derived from improved park and recreation facilities. The consumer-based message reminded voters that the ordinance had been designed so that "no blank check" would be given to government if voters approved this bond measure.

These two messages were conveyed via direct mail, signs at parks, an active speakers' bureau, and a volunteer phone bank that contacted more than 15,000 potential voters. A professional media campaign included print media (editorial discussions as well as some print advertisement) and broadcast media (public access television, Spanish-language radio, and two 30-second television commercials).

An additional consideration during this phase of the campaign was the presence of competing issues on the ballot. Not only is there the potential for some voters to "drop off" (proceed no further) once they have cast their vote for candidates in the larger elections, but other ballot questions may spark controversy so that voters either vote "no" for all issues or confuse issues. In the Dade County election there was a hotly contested race for the executive mayor's office, a no-new-taxes/anti-government proposal, a "Save the Everglades" proposed amendment, and a referendum to build a new arena for the local professional basketball team. For the most part, these issues were cast in a very negative light, playing on the public's fear of overtaxation, government waste, and environmental damage. The Safe Neighborhood Parks Act countered this ballot competition by offering a positive benefits-based message.

Results and Implementation. On the day of the election, volunteers in "Vote for My Park" t-shirts, carrying placards and handing out palm cards covered the precincts' polling stations. The result was better than most had hoped for, with a 67 percent "yes" vote.

Between the November 1996 win and the fall of 1997—when the first round of bonds were sold—the Administrative Rules of the CAC were drafted. This involved a task force comprised of municipal park and recreation directors. Simultaneously, the BCC appointed a 23-member Nominating Committee charged with finding COC candidates from each parks and recreation district. There are 13 members of the COC—one from each district—who serve on one or more of the three subcommittees: 1) Grant Application and Review, 2) Administrative Rules, and 3) Grant Monitoring and Auditing. Each year, the Safe Neighborhood Parks Bond Program issues a public year-end report highlighting accomplishments and discussing the year's work.

California

On March 7, 2000, the voters of California passed the \$2.1 billion Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act with more than 63 percent of the vote. Prior to this success, the state's last park bond was passed in 1988. While the 1970s generated \$590 million in park bonds and the 1980s produced park bonds totaling \$1.7 billion, the dearth of new bonds funds in the 1990s took its toll on the state's parks and recreational facilities and open space inventory.

Research and Polling. There were several rounds of polling throughout the various stages of the campaign. Early polls, prior to drafting the bill, were conducted to gauge support for the different issues (e.g., parks, water) in an effort to construct a strong and cohesive bill. A campaign poll, conducted after the measure was on the ballot, assessed the strongest arguments for and against the bill and sought to identify key swing voter populations. Finally, results of tracking polls as the election neared gave campaign managers feedback on the effectiveness of their various efforts.

Once the bill was approved by the state legislature and headed for the March election, grassroots support for the bill—now known as Proposition 12 or the proposed Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act—coalesced into a formal steering group: Californians for Safe Neighborhood Parks and Clean Water.

Measure Design and Competing Issues. The bond measure was designed specifically to meet the many and diverse needs of the counties and communities throughout the state. After so many years with no new capital funding for parks and open space, competition for funds was intense. Proposition 12's funding priorities were the result of months of negotiation within the state legislature. In the end, the bill sought to address issues related to coastline, watersheds, Lake Tahoe, open space in the suburbs, farmland, forests, fish and wildlife habitat, and the crumbling parks and recreation infrastructure. The \$2.1 billion was divided between regions and communities, but funds were assigned to agencies or causes as follows: local parks (35 percent), state parks (26 percent), conservancies (17 percent), wildlife and land acquisition (13 percent), park acquisition

for low-income and at-risk youth (5 percent), resources agency (2 percent), and other (2 percent).

In terms of crafting the actual ballot language, representatives of supporting grassroots and non-government organizations played a significant role by assisting the bill's authors. This constructive dialogue between those in the legislature and those "in the field" ensured that the measure reflected polling results and voter concerns.

There were four additional spending (bond) issues on the March ballot: 1) a water bond known as Proposition 13, 2) a library bond, 3) a bond to build veteran retirement homes, and 4) a bond to build a criminal forensics laboratory. The ballot also consisted of 14 other ballot measures, as well as the primary elections of presidential and legislative candidates.

All of these campaigns were competing to get their particular message to the voters simultaneously. Likewise, each spending proposal would be accepted or rejected by voters based on the unique circumstances of each ballot measure. Because Propositions 12 and 13 had similar conservation-oriented objectives, their proponents sought to achieve a critical mass of sorts and merged forces to run a joint campaign.

Fundraising, Outreach, and Communications. Fundraising efforts were managed by an executive committee of the Californians for Safe Neighborhood Parks and Clean Water. Donations came from land trusts, the environmental community, companies with a significant presence in California, and philanthropic individuals and organizations. In total, the joint campaigns for Propositions 12 and 13 cost approximately \$7 million—all of which was raised from these fundraising sources.

The multi-media publicity campaign behind Propositions 12 and 13 was coordinated by Californians for Safe Neighborhood Parks and Clean Water. Direct mail pieces, the brochure, newspaper advertisements, and fliers made the case for both Propositions 12 and 13. Television and radio spots for the two propositions were run in the few weeks preceding the election. In addition to these materials, direct mail pieces on behalf of the two conservation-oriented propositions were sent out with the endorsements of the California Black Chamber of Commerce, the Latin American Voters of America, the Planning and Conservation League, the American

Association of Retired Persons, the League of Women Voters, the California Chamber of Commerce, and Cal-Tax. These groups demonstrated a wide base of support for the two bond proposals.

The Audubon-California division launched its own media campaign in support of Propositions 12 and 13 in Spanish, recognizing that the urban Spanish population of California represented a key group of voters. Proposition 12, in particular, addressed the parks and recreation concerns of many urban Hispanic constituents.

Results and Implementation. Both Propositions 12 and 13 were passed by voters in the March 7 election, with 63.2 percent and 64.9 percent of the vote respectively. Of the other proposed spending measures on the ballot, only the bond to support a new criminal forensics lab did not pass. Of all the proposed spending measures, however, Propositions 12 and 13 received the highest percentage of votes in favor of the measure.

The bond as passed requires that all funds be appropriated by the California legislature through the budget process. To date, the legislature has approved more than three-quarters of a billion dollars in new bonds under the now implemented Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act.

Conclusion

While it is never easy to ask voters to raise their taxes to pay for critical capital investments, in this case parks and open space, there are several critical steps that can increase the likelihood of success. To boil it down to the core: 1) Find out voter priorities through public opinion research; 2) ask them how much they are willing to pay, 3) craft a ballot measure that reflects voter interests and 4) communicate the benefits to likely supporters. In essence, give the voters what they want. □

NOTE

¹ Some states and local jurisdictions have restrictions against government employees (e.g., finance officers) campaigning on behalf of ballot measures, so be sure to consult your government's legal counsel first. In most instances, however, elected officials are free to campaign for any measure, or finance officers can enlist the help of community leaders to support the measure in their stead.



CITY OF KIRKLAND

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MEMORANDUM

To: Park Board

From: Jennifer Schroder, CPRP, Director of Parks and Community Services
Michael Cogle, Park Planning Manager

Date: September 5, 2006

Subject: TIMING CONSIDERATIONS FOR A FUTURE PARK BOND

RECOMMENDATION

None. For discussion only.

BACKGROUND

As the Parks and Community Services Department moves towards completion of projects funded by the 2002 Kirkland Park Bond, and with the recent completion of the Juanita Beach and McAuliffe Park master plans, there have been some informal discussions about the possibility of a future park bond ballot measure. Staff suggests that the Park Board discuss this issue at your September meeting.

In considering a possible park bond, staff have identified several key issues which may play a part in determining the content of as well as timing of a future ballot measure. These key issues include:

- Possible Annexation of New Neighborhoods
- Comprehensive Park, Recreation, and Open Space (PRO) Plan Update
- Indoor Recreation Study
- Completion of 2002 Park Bond Projects
- End of Debt Service for 1989 Park Bond

➤ **Annexation**

The City is engaged in a multi-phase planning process related to possible annexation of the Kingsgate, Finn Hill, and North Juanita neighborhoods. Phase 1, currently underway, involves long range financial planning as well as outreach/communication with existing Kirkland residents. Based on the results of this first phase, the City Council will decide by the end of this year whether or not to proceed to the next step, which would include (a) initial annexation implementation planning and (b) outreach/communication with residents in the Potential Annexation Area (PAA).

At this point, the City Council has made no decisions on whether or not to annex and when annexation would become effective. However, based on the necessary steps which have been outlined it seems unlikely that the effective date of annexation would occur before 2009.

The possibility of annexation is an issue to consider for park bond planning because it could influence which projects might be included for funding via the ballot measure. We know, for example, that there will be a deficit of neighborhood parks in the PAA, and one way to address this might be funding via a park bond. Another consideration related to annexation is that the cost of a future park bond could be spread among a larger number of property owners if it is placed on the ballot after annexation, thus reducing the cost per household.

➤ **Update to PRO Plan**

The City's current Comprehensive Park, Recreation, and Open Space Plan (PRO Plan) was adopted in 2001, and will need to be updated in 2007. In addition to developing goals and priorities for Kirkland's parks and recreation system, a current and comprehensive PRO Plan is required to be in place in order for the City to remain eligible for many State and Federal grant programs.

Elements of the document will include:

- Goals for the City's park and recreation system;
- Major community issues and opportunities;
- Determine levels of service (LOS) by park type and by park amenities;
- Inventory and evaluation of City-owned and/or managed park and recreation facilities.
- Capital recommendations for acquisition, development, and renovation;
- Mapping and other GIS-related data.

Staff and Park Board will be involved in a year-long extensive public process, including a statistically-valid random telephone survey, several public meetings, interviews with key stakeholders and user groups, and presentations to Park Board and City Council. We anticipate that the updated PRO Plan will be completed by the end of 2007 and that it will cover the years 2008 to 2013.

Based on our experience with the planning process leading up to the 2002 Park Bond, the update to our PRO Plan will provide valuable insight into the priorities of Kirkland citizens and the demand for parks and recreation services and facilities.

➤ **Indoor Recreation**

The City recently commissioned a consulting team led by Opsi Architecture, in association with The Sports Management Group, to work with residents and staff to begin planning for a possible new indoor recreation facility. The consultant team held its first series of meetings this summer to gather information from the community regarding their recreational needs and interests. The needs assessment phase of the planning was begun with a series of meetings with stakeholders representing a wide range of citizens including active adults, youth, families, and local business. Meetings also involved potential partners, including schools, healthcare, and other agencies interested in fitness, wellness and recreation in our community.

Interviews were conducted with City Council members and workshops were held with parks and recreation staff and the Parks and Recreation Board.

Kirkland is challenged by the limited and lack of dedicated indoor active/athletic recreation space. The 2001 Comprehensive Plan defines a service standard for indoor athletic recreation space as 500s.f. per 1000 population served. We have no dedicated space to offer indoor athletic recreation space to the community of 45,000 citizens. Past and present Park Boards adopted work plans that included objectives that develop strategy for determining future indoor recreation space needs.

This project was discussed during the planning process for the 2002 Park Bond and there appeared to be keen community interest at that time (as there is now). However, a lack of clear consensus on the size, location, features, and cost of a new indoor facility led us to conclude that it was not a good candidate for funding via the 2002 ballot measure.

Completion of the indoor recreation study within the next several months will hopefully lead to consensus on the City's future direction for a new facility and it's viability as a voter-approved project.

➤ **2002 Bond-Funded Projects Near Completion**

Below is a summary of the projects which were funded via the 2002 Bond and companion Maintenance Levy:

Project	Capital Bond	M & O Levy
Juanita Beach Park (Planning and interim improvements)	\$200,000	\$270,000
Water District #1 Property (Carillon Woods) (acquisition and development)	\$4,450,000	\$45,000
City-School Partnership (Playfields at Rose Hill, Franklin, Juanita, Kirkland Junior; school-park at Franklin)	\$1,850,000	\$315,000
N. Rose Hill Woodlands Park (Phase 1 development, including Williamson Property)	\$900,000	\$40,000
Acquisition Opportunity Fund (Purchase open space and wildlife habitat)	<u>\$1,000,000</u>	<u>\$0</u>
Total Package Amount:	\$8,400,000	\$670,000
Cost to Owner of \$300K Home:	\$32 per year (20 years)	\$30 per year (perpetual)

The last of these projects to be completed is the Ben Franklin Elementary School park improvements project, which will be constructed in the summer of 2007.

The perpetual M & O Levy is for the maintenance of the following parks and school fields: Juanita Beach Park, Carillon Woods, North Rose Hill Woodlands Park, Mark Twain Elementary, Lakeview Elementary, B.E.S.T High School, Rose Hill Elementary, Juanita Elementary, Ben Franklin Elementary and Kirkland Jr. High. The levy provides funding for 7.5 FTE's to care for these facilities.

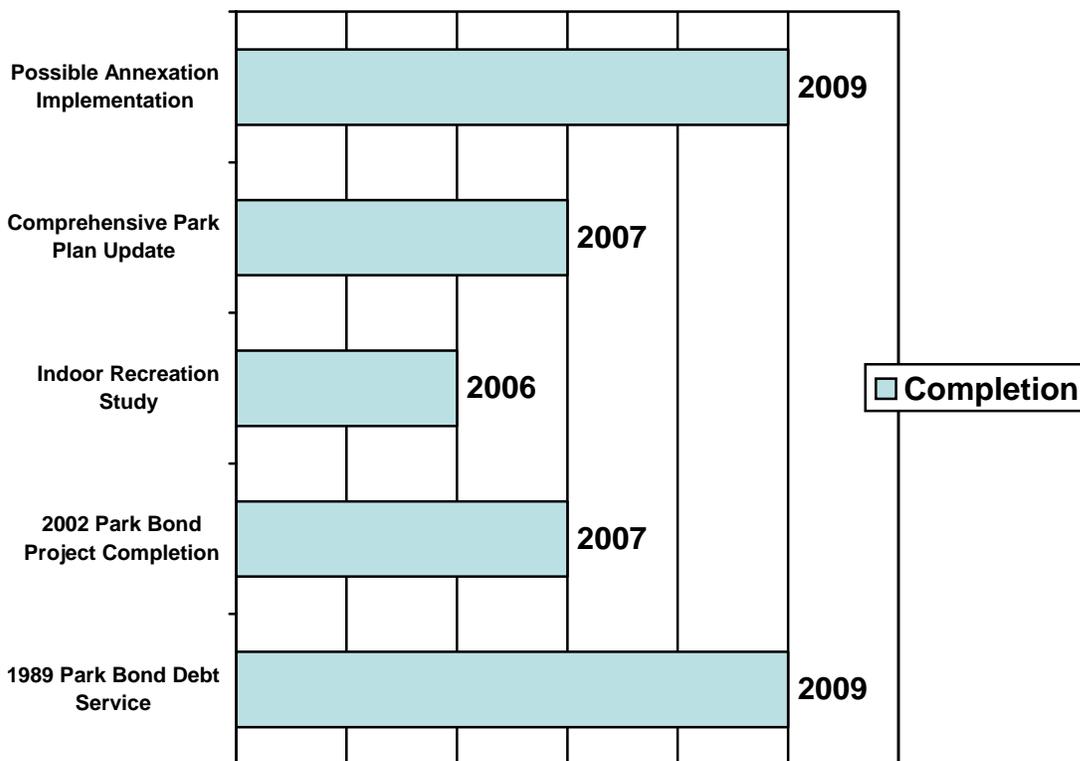
One consideration for the timing of a future park bond is the timely completion of projects from the 2002 ballot measure. There has been some discussion that the next ballot measure should be proposed only after the 2002 projects are completed.

➤ **1989 Park Bond Debt Service**

The 1989 Park General Obligation Bonds have a debt service schedule which concludes in 2009, after which this cost to property owners will come “off the books”. A consideration for the timing of a future park bond is the cumulative “stacking” effect on property taxes of multiple voter-approved funding measures.

➤ **Summary of Timeline Considerations**

Below is a table summarizing the completion timeline for key initiatives which may influence the timing and content of a future park bond ballot measure:



➤ **Review of Timeline for 2002 Park Bond**

Finally, it may be useful to reflect upon the timeline and various key milestones which led to the successful 2002 Park Bond. This is not to suggest that our next ballot measure should follow this same timeline and process; in fact, each of Kirkland's prior park bond initiatives have been unique responses to the political and strategic realities of their time.

2002 Kirkland Park Bond Key Milestones:

	1997	Park Board Recommends that Council consider Park Bond
	1999	Park Board Recommends that Council consider Park Bond
	2000	Update to Comprehensive PRO Plan (Parks, Recreation, and Open Space)
January	2001	PRO Plan Adopted by City Council
March	2001	City Council Approves Park Bond Process and Timeline
April	2001	First Meeting of Park Bond Exploratory Committee
July	2001	List of Projects Prioritized: Semi-Finalists Selected
Aug '01 - Feb '02	2001	Project Planning as Necessary (Design, Costing, Secure Options)
February	2002	Trust for Public Land (TPL) Hired for Strategic Planning
February - April	2002	Public Polling and Council Strategy Sessions
April	2002	Develop Final Draft Package - Additional Polling
May/June	2002	Final Council Deliberations
July	2002	Adopt Ordinance and Place on Ballot
July - November	2002	Community Debate and Campaigning
November	2002	General Election