



CITY OF KIRKLAND

CITY COUNCIL

James Lauinger, Mayor • Joan McBride, Deputy Mayor • Dave Asher • Mary-Alyce Burleigh
Jessica Greenway • Tom Hodgson • Bob Sternoff • David Ramsay, City Manager

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AGENDA

KIRKLAND CITY COUNCIL STUDY SESSION

Peter Kirk Room
Tuesday, December 4, 2007
6:00 p.m.

COUNCIL AGENDA materials are available on the City of Kirkland website www.ci.kirkland.wa.us, at the Public Resource Area at City Hall or at the Kirkland Library on the Friday afternoon prior to the City Council meeting. Information regarding specific agenda topics may also be obtained from the City Clerk's Office on the Friday preceding the Council meeting. You are encouraged to call the City Clerk's Office (587-3190) or the City Manager's Office (587-3001) if you have any questions concerning City Council meetings, City services, or other municipal matters. The City of Kirkland strives to accommodate people with disabilities. Please contact the City Clerk's Office at 587-3190, or for TTY service call 587-3111 (by noon on Monday) if we can be of assistance. If you should experience difficulty hearing the proceedings, please bring this to the attention of the Council by raising your hand.

1. *CALL TO ORDER*
 2. *ROLL CALL*
 3. *STUDY SESSION*
 - a. Facilities Financing Options
 - b. Public Safety Feasibility Study Results
 - c. Potential Annexation Process Discussion
 - d. Potential Annexation Zoning Update
 4. *ADJOURNMENT*
- Item 3. b. Public Safety Feasibility Study results has been updated.



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

MEMORANDUM

To: David Ramsay, City Manager

From: Tracey Dunlap, Director of Finance and Administration

Date: October 25, 2007

Subject: Facilities Financing Overview

Purpose: To identify potential financial resources that could be available to finance the City's facilities needs, particularly a Public Safety Campus and expansion at the Maintenance Center and City Hall. It is important to recognize that a detailed financing plan based on the facility needs and timing will be developed based on the results of the upcoming feasibility study, as discussed later in this document.

Assumptions:

- The potential sources identified below reflect funding options using current potential revenue sources.
- Sources are assumed to be applied to councilmanic (non-voted) debt. If voted debt is an option, it would be in addition to these sources since it would be accompanied by a new excess levy (new revenue).
- Debt calculations assume 30 year bonds at 5% interest (note that the City's existing fiscal policy limiting G.O. bond maturities to 20 years will need to be revised as part of the debt management policy discussion).

Potential Sources:

Cash Resources

Available capital reserves: The Preliminary CIP staff report included an estimate of the increment of available funding from existing capital reserves that could provide a source to use towards part of the unmet facility needs (see Attachment A). As shown in the following chart, short term facility needs are already tapping into that available balance. These cash resources could provide a source for a portion of the upfront design and acquisition costs, prior to issuing long-term debt.

Commitments Against Capital Reserves

| | REET 1 | Building & Property Reserve | Facilities Expansion Reserve | Total |
|---|------------------|-----------------------------|------------------------------|------------------|
| 2008 Revised Ending Cash Balance | 5,921,872 | 2,411,002 | 800,000 | 9,132,874 |
| Less: City Hall Annex Renovation | 1,800,000 | 0 | 0 | 1,800,000 |
| Less: Target | 1,500,000 | 0 | 0 | 1,500,000 |
| Potential Available towards Facilities | 2,621,872 | 2,411,002 | 800,000 | 5,832,874 |

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Grant Funding: The City has received a \$750,000 state grant for Phase I planning and design funding for a public safety campus that would provide a wide range of services to citizens that are engaged in the criminal justice system. The campus would include a police station, municipal court, municipal jail, probation services, and crime lab. The Kirkland Public Safety Campus would consolidate key services to manage transportation demand, decrease congestion, and reduce the cost and critical staff resources devoted to jail transport. The plan will also explore the option of integrating the campus location into land adjacent to the City's existing municipal court. The grant and local match are expected to be used to complete the site plans, final architectural drawings, and fund initial land acquisition.

Potential sale of 505 Market St. building: If a major expansion of City Hall is undertaken, it could result in the City selling the 505 Market St. building. The debt associated with the 505 building will be retired by the end of 2007. An earlier evaluation of facilities funding (January 2006) contained an estimate of proceeds from such a sale at \$2 million, which could logically be put toward new facilities costs. If the space provided by the 505 building becomes part of the facilities solution, this funding source would not be available.

Other Sources: As of this draft, we are still researching whether there may be some cash resources available from the following sources:

- Projected Sinking Fund Balances related to existing impacted facilities – depending on the timing of facilities expansions, there may be some projects planned to be funded from the facilities sinking fund that would be incorporated into the expansion projects. Sizing of this potential cash resource is dependent on the location and schedule for expansion and will be estimated as more detailed facilities needs become available.
- Any unspent portion of current near-term police facilities projects – based on current project estimates, approximately \$800,000 in planned expenditures would be avoided if a new public safety facility is pursued. In that case, this funding could be redirected to that project.

In total, identified cash resources fall in the \$7.3-9.3 million range, assuming that no other expenditures are authorized against these balances.

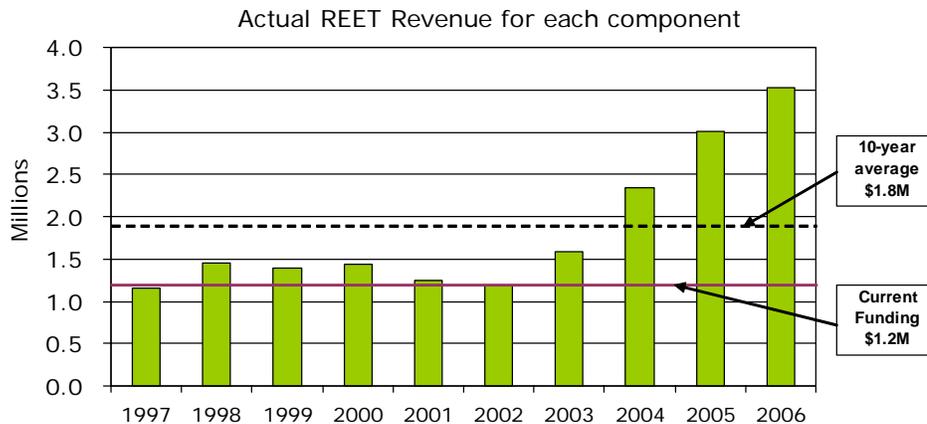
Revenues to Support Debt

Revenues supporting current debt: The annual debt service on councilmanic bonds is currently being paid from a variety of general revenue sources (details on the specific debt issues, balances, and funding sources is included in Attachment B). The current outstanding principal balance on this debt is \$11.1 million. As this debt is retired, the revenue streams currently dedicated to pay the debt service can be used for new debt without impacting General Fund operating revenues. In 2011, \$350,000 becomes available as the maintenance center debt is retired and in 2015, another \$750,000 becomes available as the parking garage and City Hall expansion debt is retired. By 2021, all of the outstanding non-voted G.O. debt will be retired. The City has the ability to structure debt and/or to combine the use of reserves and debt in order to take advantage of these revenue streams as they become available. By “wrapping” new debt service around the existing debt service resources as the debt retires, the City could issue up to \$18.7 million in new bonds, and using approximately \$4.2 million in reserves to make interest only payments until the existing debt retires. An example of this strategy is included as Attachment C.

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Potential commitment of future REET1 revenues: As part of the March 2007 City Council Retreat, the current trends in REET collections reflect the strong real estate market, as shown in the graphic below. The preliminary CIP assumes an additional commitment of \$300,000 (to a total of \$1.0 million) for Parks projects.



If we were to commit additional receipts of \$300,000 per year to facilities debt, which is supportable based on the ten year average, it would service approximately \$4.5 million in borrowing. Based on receipts in recent years, a larger commitment might be possible, but it is important to recognize the cyclical nature of these revenues in contemplating such a commitment.

Court lease payments: The Municipal Court currently makes lease payments averaging about \$210,000 per year (base rent) and the lease term ends in 2011. If the Court is incorporated into the Public Safety Campus and this revenue stream could be available to service additional debt after the end of the term or earlier if a sublet is secured. These revenues could support an additional \$3.2 million in borrowing.

Other Sources: There may be additional options for servicing debt that are being researched further:

- Contribution/Participation of City utilities and other fee-generating activities – How much of the facilities needs will serve functions with dedicated revenues sources?
- Annexation Sales Tax Credit – As discussed in the Phase I annexation report (see excerpt in Attachment D), the analysis assumed that the facilities related to providing service in the potential annexation area would be eligible cost for inclusion in the 10-year annexation sales tax credit calculation. To determine how much of the facilities cost can be attributed to annexation, the more detailed assessment of facilities needs will have to be completed. Structuring debt to take advantage of the credit would require a 10-year amortization, which would need to be analyzed in concert with the “wrap around” scenario described above. Since the results of the public safety facility feasibility study that is currently in progress will impact both the overall costs and allocation between the existing City and the PAA, it is difficult to size how much debt the sales tax credit may support, but a revised estimate is expected to be developed once additional information becomes available.

Total debt that could be supported from identified revenues (before annexation) is in the range of \$25 million, assuming use of \$4.2 million in reserves to make initial interest only payments. Potential debt that may be supported by the annexation sales tax credit is currently under evaluation.

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Process to Define Facilities Needs:

This discussion identifies potential revenue sources that represent the “means” for pursuing the City’s facilities requirements, but an equally important component is to identify the specific facilities “needs”. As discussed earlier, a Public Safety Campus feasibility study is underway which is expected to better define the space needs related to public safety, with and without annexation. Based on the outcome of that effort, the City will need to determine how the public safety options relate to meeting the needs at the Maintenance Center and City Hall, again with and without annexation. A full financing strategy can only be developed by marrying the means and the needs, given the number of variables involved, especially related to the sizing of facilities and the timing of needs. As the needs become more focused, specific strategies can be developed regarding the size and timing of debt issues and cash resources. Several of the key decision points include:

- Should a separate public safety campus be planned, regardless of annexation? Initial City Council direction was to evaluate this option, in addition to serving existing city needs on the City Hall site. Note that this assumption differs from that reflected in the Phase I annexation study and will need to be evaluated as specific options are identified further.
- What size jail facility should be planned for?
- What are the cost and timing considerations for the public safety facility with and without annexation?
- What are the cost and timing considerations for the maintenance center expansion, with and without annexation?
- What are the cost and timing considerations for the City Hall expansion, with and without annexation?

Summary:

| Resource | Total |
|---|---------------------|
| Available Capital Reserves | \$5,832,874 |
| Public Safety Grant | 750,000 |
| Potential 505 Market Sale | 2,000,000 |
| Potential Savings on Police Projects | 800,000 |
| Debt Supported by Retiring GO Sources | 18,700,000 |
| Less: Reserves for Interest Only Payments | (4,200,000) |
| Debt Supported by \$300,000 of REET | 4,500,000 |
| Debt Supported by \$210,000 Court Lease | 3,200,000 |
| Potential Available towards Facilities | \$31,582,874 |

Initial estimates based on current assumptions are that identified revenue sources could support facilities costs of \$25-32 million (before factoring in potential annexation sales tax credit revenue), made up of a combination of debt and cash resources. More detailed estimates and strategies will be developed as needs are identified and further costs become available.

Note that any increases in operating costs associated with new or expanded facilities will need to be factored into the operating budget.

The debt management policy discussion is expected to occur at the Finance Committee meetings in late 2007 and early 2008, with recommended changes expected to be available for consideration by the full City Council well in advance of any potential debt issues.



CITY OF KIRKLAND

Department of Finance & Administration

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MEMORANDUM

To: Dave Ramsay, City Manager

From: Tracey Dunlap, Director of Finance and Administration
Sandi Hines, Financial Planning Manager

Date: July 5, 2007

Subject: Report on Capital Reserves – Uses and Balances

The Finance Committee reviewed draft Capital Improvement Program (CIP) information at their May 29 and June 26 meetings. As part of the discussion regarding funding sources, the Finance Committee requested to see what capital-related reserves we use and their current balances. The table below shows two perspectives of the reserves. First, the reserve balances are shown based on budget amounts. When the 2007-08 budget was developed, the estimated starting balance was calculated and netted against the planned uses for CIP projects, McAuliffe debt service and the balloon payment on the 505 Market Building and the planned additions of interest income, revenue, and operating transfers. The net result is the projected 2008 Budgeted Ending Balance. This balance was displayed in the reserve section of the budget document, as well as used for fiscal notes. This budgeted ending balance is then netted of any Council authorized uses and additions that have occurred to-date.

The second look at reserves is from the actual cash balance. The actual cash balance forward into 2007 is net of the planned uses and additions, as described above. Also, the Council authorized uses and additions are netted against the cash balance to give a revised ending cash balance as of a point in time (in this case, June 2007).

| | REET 1 | General Capital Contingency | Building & Property Reserve | Facilities Expansion Reserve ¹ | Total |
|---|------------------|-----------------------------------|-----------------------------------|---|-------------------|
| 2008 Budgeted Ending Balance | 6,673,678 | 3,312,834 | 2,421,002 | 800,000 | 13,207,514 |
| 2007 Authorized Uses | 791,394 | 0 | 10,000 | 0 | 801,394 |
| 2007 Authorized Additions | 0 | 0 | 0 | 0 | 0 |
| 2008 Revised Ending Budget Balance | 5,882,284 | 3,312,834 | 2,411,002 | 800,000 | 12,406,120 |
| | | | | | |
| 2007 Beginning Cash Balance ² | 8,536,539 | 4,075,350 | 2,421,002 | 800,000 | 15,832,891 |
| 2007-08 Planned Uses ^{3,4} | 5,229,273 | 0 | 0 | 0 | 5,229,273 |
| 2007-08 Planned Additions ³ | 3,406,000 | 394,174 | 0 | 0 | 3,800,174 |
| 2007 Authorized Uses | 791,394 | 0 | 10,000 | 0 | 801,394 |
| 2007 Authorized Additions | 0 | 0 | 0 | 0 | 0 |
| 2008 Revised Ending Cash Balance | 5,921,872 | 4,469,524 | 2,411,002 | 800,000 | 13,602,398 |

¹ Balance available net of 2006 CIP projects: IT Dept. Reconfiguration, Police Evidence Storage/Lab, and Police Dept. Safety Improvements

² 2007 actual beginning cash balance

³ Planned uses and additions based on Revised 2006-11 CIP; does not include or assume Preliminary 2008-13 CIP

⁴ Includes balloon payment for 505 Market building of \$1.75 million

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Two other capital-related reserves are the REET 2 reserve and the Street Improvement Reserve. Both of these reserves are dedicated to the Transportation CIP. Council has dedicated the second quarter of the 1 percent REET revenue (i.e. REET 2) to solely fund transportation capital improvements. The Street Improvement reserve is made up mostly of excess gas tax revenue received over budget. Gas tax revenues are restricted for the purposes of maintaining and improving the streets.

The City faces the challenge of multiple facility needs over the coming years including City Hall expansion, Maintenance Center expansion, and a potential Public Safety campus. Capital reserves will play a small part in helping to fund these needs. A more detailed financing plan will be done as needs assessments are completed. Based on the chart above, actual cash balances in the capital-related reserves are \$1.2 million greater than the budgeted balances. This increment of available funding would be a source to use towards part of the unmet facility needs. As shown in the following chart and described below, short term facility needs are already tapping into that available balance.

Commitments Against Capital Reserves

| | REET 1 | General Capital Contingency ¹ | Building & Property Reserve | Facilities Expansion Reserve | Total |
|---|------------------|--|-----------------------------|------------------------------|-------------------|
| 2008 Revised Ending Cash Balance | 5,921,872 | 4,469,524 | 2,411,002 | 800,000 | 13,602,398 |
| Less: City Hall Annex Renovation | 1,800,000 | 0 | 0 | 0 | 1,800,000 |
| Less: Target | 1,500,000 | 8,189,400 | 0 | 0 | 9,689,400 |
| Uncommitted Balance | 2,621,872 | (3,719,876) | 2,411,002 | 800,000 | 2,112,998 |
| Potential Available towards Facilities | 2,621,872 | 0 | 2,411,002 | 800,000 | 5,832,874 |

¹ Target set at 10% of the non-utility funded Preliminary 2008-2013 CIP

The **REET 1 Reserve** has been committed in the Preliminary 2008-2013 CIP to fund the renovation of the City Hall Annex building at \$1.8 million. This renovation is part of the short term strategy of addressing space needs at City Hall. The target (minimum balance) for the REET 1 reserve is set equal to one year's allocation of CIP funding (i.e. \$1 million for Parks and \$.5 million for Transportation).

The **General Capital Contingency** is a reserve that is available to fund general capital projects (i.e. non-utility projects) when the scope or cost of the project exceeds the budgeted amount. The target established by fiscal policy is ten percent of the funded six-year Capital Improvement Program (CIP) less utility projects. The target listed in the table is the updated target based on the Preliminary 2008-2013 CIP and is substantially larger than the previous target of \$5,822,280. This reserve is not recommended to be used towards funding facility needs because it is intended to cover unexpected cost and scope changes on CIP projects. Also, using the Preliminary CIP as the basis for the target, this reserve is significantly under the updated target as set by Council policy.

The **Building and Property Reserve** balance of \$2.4 million is available as a funding source for facility needs. This reserve does not have a target and has been used for such projects in the past as land acquisition and building improvements. Examples of past projects include all or partial funding for the Carter house, McAuliffe property, 505 Market building and costs related to the historic church relocation (now known as Heritage Hall).

The **Facilities Expansion Reserve** does not have a predetermined target; however the Council made strides in the past year to bring this reserve to \$2 million. The 2006 CIP had identified three facilities projects to be partially funded from this reserve in the amount of \$1.2 million. These projects include the Police Evidence Storage/Processing Lab (Phase 1 & 2) at the Municipal Court (total cost of \$685,000), Police Department Safety Improvements (Phase 1) at City Hall (total cost \$998,000) and the Information Technology Department Reconfiguration (total cost \$201,000). Of these projects, the project improvements at the Court for Police evidence storage and processing lab and the reconfiguration of the IT Department are expected to be completed as planned. The Police Department Safety Improvement project included safety improvements for the jail booking area as well as some improvements to general office space. Most of the safety improvements for the jail area are being completed, but the general office space improvements are on hold and will be

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evaluated with more middle to longer term solutions. The estimated amount of unspent budget from this project that would be available towards all facilities needs is \$498,000.

As facilities needs become more defined, a more detailed financing plan will be prepared. Based on initial estimates, reserves are expected to play a roll in getting projects started, but the overall financing will require a combination of cash reserves and long-term debt financing.



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MEMORANDUM

To: David Ramsay, City Manager

From: Tracey Dunlap, Director of Finance & Administration

Date: July 5, 2007

Subject: Debt Management Policies and Related Issues

Background

As discussed at the City Council retreat in March 2007, one of the tools available to the City to make progress on capital improvements is the increased use of long-term debt for large projects with long useful lives. As part of that discussion, the City Council requested further information regarding formation of a debt management policy and related issues. This issue paper is organized to provide a refresher on the various bond funding mechanisms, the City's current debt position, an updated look at bond ratings and their affect on the City's financial status, and options related to debt management policies.

Use of City Bonded Debt

The two most common types of tax supported debt 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.

Limited Tax General Obligation (LTGO) Bonds (Councilmanic or non-voted bonds) can be issued with approval of 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.

The City's utility funds have different debt funding options available, including revenue bonds and other loan programs such as the State's Public Works Trust Fund (PWTF), both of which have been used by the City to finance utility infrastructure improvements in the past. The debt service on these instruments is supported by the revenues of each utility and does not have a claim on the City's tax revenues. Since utility rates represent the primary source for paying this debt service and the utility enterprises are expected to be self sufficient, use of these debt instruments is evaluated as part of the master planning process and utility rate studies and will not be addressed as part of this discussion.

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Attachment A summarizes the City's current debt outstanding (LTGO of \$11 million and UTGO of \$10 million) and the City's remaining debt capacity. As the table shows, the legal limits on the City's remaining debt capacity are quite large (\$120 million for LTGO and \$635 million for UTGO). However, there are practical limits in terms of affordability (for LTGO which is paid for from existing revenues) and political realities (for UTGO which requires a 60% majority vote).

Bond & Credit Ratings

When the City issues debt, a thorough review of the City's financial condition is completed by bond rating agencies. Based on their findings, the bonds are given a rating. The City's bond rating is a reflection of its creditworthiness and affects the cost to the City of issuing debt. The City of Kirkland uses two agencies – Moody's Investor Service and Standard & Poor's (S&P) – to rate its credit and bonds. For the 2004 Water and Sewer Revenue Bonds, the City's underlying rating was AA- (S&P) and A1 (Moody's).

Standard & Poor's has identified the "Top 10 Management Characteristics of Highly Rated Credits In U.S. Public Finance"¹ as:

1. An established rainy day/budget stabilization reserve,
2. Regular economic and revenue reviews to identify shortfalls early,
3. Prioritized spending plans and established contingency plans for operating budgets,
4. A formalized capital improvement plan in order to assess future infrastructure requirements,
5. Long-term planning for all liabilities of a government, including pension obligations, other post employment benefits and other contingent obligations would be optimal and allow for comprehensive assessment of future budgetary risks,
6. A debt affordability model in place to evaluate future debt profile,
7. A pay-as-you-go financing strategy as part of the operating and capital budget,
8. A multiyear financial plan in place that considers the affordability of actions or plans before they are part of the annual budget,
9. Effective management and information systems,
10. A well-defined and coordinated economic development strategy.

Upon inspection, Kirkland exhibits all of these characteristics, with number 6 – the debt affordability model – representing an area where additional evaluation is warranted as part of a debt financing plan.

Another credit rating agency, FitchRatings, indicates that typical policies limit direct debt based on one or more of the following measures²:

- 2-5% of full market value,
- Direct debt of \$2,000-3,000 per capita,
- Debt service 8-12% of budgeted expenditures,
- Amortization to 50% or more within 10 years.

It is important to note that Fitch views the appropriateness of such limits in the context of the issuer's overall risk profile. The City's current placement against selected measures, as well as those of selected surrounding jurisdictions, are summarized in the table on the following page. The City compares favorably to Moody's median values and most of the other jurisdictions.

¹ Standard & Poor's Public Finance Publication Date January 11, 2006.

² FitchRatings Public Finance Tax Supported Special Report, "To Bond or Not To Bond", June 21, 2005.

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General Obligation Debt Comparison

Prepared by D.A. Davidson Fixed Income Capital Markets

| Measure | Moody's 2006 Medians ¹ | Kirkland | Redmond ³ | Renton | Bellevue | Lynnwood |
|---|-----------------------------------|----------|----------------------|--------|----------|----------|
| Net Direct Debt (% of Value) | 0.71% | 0.22% | 0.41% | 0.67% | 0.77% | 0.24% |
| Net Direct Debt Per Capita | n.a. | \$506 | \$897 | \$861 | \$1,578 | \$266 |
| Debt Service as % of GF Revenues ² | 8.73% | 1.35% | 4.35% | 5.71% | 5.61% | 1.60% |

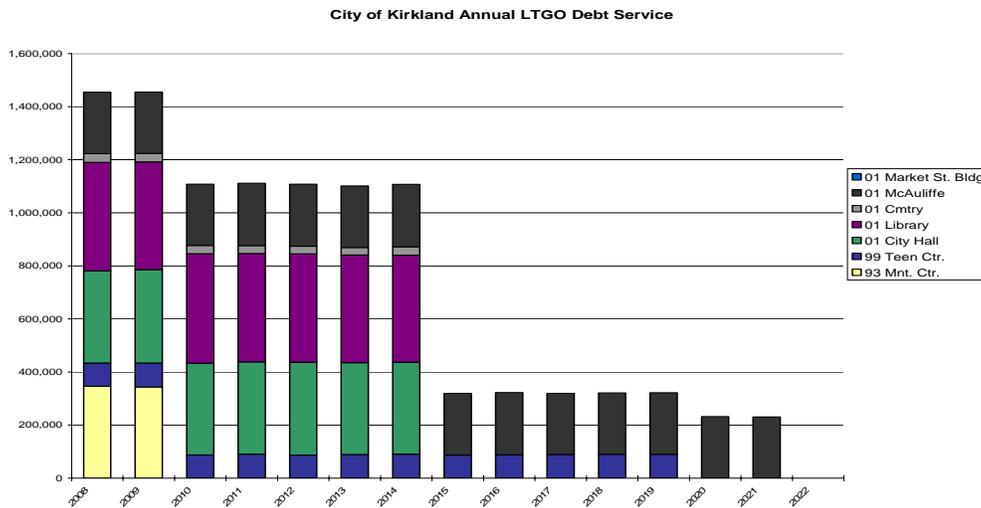
¹ For populations between 50,000 and 100,000

² Does not include debt supported by voter approved excess levies

³ Includes lease revenue issue which was done in 2004 for city hall project by Redmond Community Properties (a 63-20 entity)

Status of Current Indebtedness

Attachment B provides the annual debt service on the City's outstanding indebtedness, with subtotals by type of debt. The graphic below shows the annual debt service on councilmanic bonds by year, which is currently being paid from a variety of general revenue sources. As this debt is retired, the revenue streams currently dedicated to pay the debt service can be used for new debt without impacting General Fund operating revenues. In 2011, \$350,000 becomes available as the maintenance center debt is retired and in 2015, another \$750,000 becomes available as the parking garage and City Hall expansion debt is retired. The City has the ability to structure debt and/or to combine the use of reserves and debt in order to take advantage of these revenue streams as they become available. By 2015, this \$1.1 million could support over \$13.5 million in new borrowing (assuming 20 years and 5% interest); although, if this revenue is used for this purpose, it is not available to meet other potential general fund needs.



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Debt Management Policies

It is strongly recommended by various credit rating agencies and government finance organizations that cities have a formal written debt policy to ensure the correct use and issuance of debt. Such policies help protect the City against financial downfall, as well as provide its bond purchasers with assurance of returned money. Currently, the City of Kirkland has debt management policies incorporated into the Fiscal Policies that are part of the biennial budget (Attachment C). The Government Finance Officers Association (GFOA) describes a debt policy as:

“...written guidelines and restrictions that affect the amount and type of debt issued by a state or local government, the issuance process, and the management of a debt portfolio... [it] improves the quality of decisions, provides justification for the structure of debt issuance, identifies policy goals, and demonstrates a commitment to long-term financial planning, including a multi-year capital plan” (GFOA, 2003).

Attachment D summarizes the GFOA recommended practices regarding debt management policies. In addition, we reviewed several examples of debt policies with varying degrees of complexity. The majority of the sample policies and articles indicate that a formal debt policy should include:

- The uses of debt
- Legal limitations of issuing debt including City and legislative policy/law
- Allowable types of debt
- Methods of sale
- Professional consultation
- Disclosure

In reviewing the City’s existing debt management policies, it appears that an update is warranted to ensure that the policies are current and address all of the common criteria. Staff recommends that the Council Finance Subcommittee undertake a review and update of these policies, to be brought forward for consideration by the full City Council upon completion. An opportune time to address these policies would be as part of the development of the financing plan for City facilities that are currently unfunded in the CIP.

CITY OF KIRKLAND, WASHINGTON

Limited Tax General Obligation Bonds

Debt Capacity Analysis

\$1,450,000 Overall Debt Service Target After 2014

Net Debt Service Schedule

| Date | Principal | Interest | Total P+I | Existing D/S | Net New D/S | Resource Increase (1) |
|--------------|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|
| 12/01/2007 | - | - | - | 916,484.38 | 916,484.38 | |
| 12/01/2008 | - | 841,446.50 | 841,446.50 | 1,454,210.00 | 2,295,656.50 | 841,446.50 |
| 12/01/2009 | - | 841,446.50 | 841,446.50 | 1,455,347.50 | 2,296,794.00 | 842,584.00 |
| 12/01/2010 | - | 841,446.50 | 841,446.50 | 1,108,010.00 | 1,949,456.50 | 495,246.50 |
| 12/01/2011 | - | 841,446.50 | 841,446.50 | 1,111,895.00 | 1,953,341.50 | 499,131.50 |
| 12/01/2012 | - | 841,446.50 | 841,446.50 | 1,108,122.50 | 1,949,569.00 | 495,359.00 |
| 12/01/2013 | - | 841,446.50 | 841,446.50 | 1,101,475.00 | 1,942,921.50 | 488,711.50 |
| 12/01/2014 | - | 841,446.50 | 841,446.50 | 1,107,235.00 | 1,948,681.50 | 494,471.50 |
| 12/01/2015 | 295,000.00 | 841,446.50 | 1,136,446.50 | 319,605.00 | 1,456,051.50 | 1,841.50 |
| 12/01/2016 | 300,000.00 | 829,351.50 | 1,129,351.50 | 322,667.50 | 1,452,019.00 | (2,191.00) |
| 12/01/2017 | 315,000.00 | 816,901.50 | 1,131,901.50 | 319,822.50 | 1,451,724.00 | (2,486.00) |
| 12/01/2018 | 325,000.00 | 803,671.50 | 1,128,671.50 | 321,397.50 | 1,450,069.00 | (4,141.00) |
| 12/01/2019 | 340,000.00 | 789,826.50 | 1,129,826.50 | 322,137.50 | 1,451,964.00 | (2,246.00) |
| 12/01/2020 | 450,000.00 | 775,172.50 | 1,225,172.50 | 232,037.50 | 1,457,210.00 | 3,000.00 |
| 12/01/2021 | 460,000.00 | 755,597.50 | 1,215,597.50 | 231,275.00 | 1,446,872.50 | (7,337.50) |
| 12/01/2022 | 710,000.00 | 735,449.50 | 1,445,449.50 | - | 1,445,449.50 | (8,760.50) |
| 12/01/2023 | 745,000.00 | 704,209.50 | 1,449,209.50 | - | 1,449,209.50 | (5,000.50) |
| 12/01/2024 | 775,000.00 | 670,759.00 | 1,445,759.00 | - | 1,445,759.00 | (8,451.00) |
| 12/01/2025 | 810,000.00 | 635,961.50 | 1,445,961.50 | - | 1,445,961.50 | (8,248.50) |
| 12/01/2026 | 850,000.00 | 599,592.50 | 1,449,592.50 | - | 1,449,592.50 | (4,617.50) |
| 12/01/2027 | 885,000.00 | 561,427.50 | 1,446,427.50 | - | 1,446,427.50 | (7,782.50) |
| 12/01/2028 | 925,000.00 | 521,691.00 | 1,446,691.00 | - | 1,446,691.00 | (7,519.00) |
| 12/01/2029 | 970,000.00 | 479,603.50 | 1,449,603.50 | - | 1,449,603.50 | (4,606.50) |
| 12/01/2030 | 1,010,000.00 | 435,468.50 | 1,445,468.50 | - | 1,445,468.50 | (8,741.50) |
| 12/01/2031 | 1,060,000.00 | 389,513.50 | 1,449,513.50 | - | 1,449,513.50 | (4,696.50) |
| 12/01/2032 | 1,105,000.00 | 341,283.50 | 1,446,283.50 | - | 1,446,283.50 | (7,926.50) |
| 12/01/2033 | 1,155,000.00 | 291,006.00 | 1,446,006.00 | - | 1,446,006.00 | (8,204.00) |
| 12/01/2034 | 1,210,000.00 | 237,991.50 | 1,447,991.50 | - | 1,447,991.50 | (6,218.50) |
| 12/01/2035 | 1,265,000.00 | 182,452.50 | 1,447,452.50 | - | 1,447,452.50 | (6,757.50) |
| 12/01/2036 | 1,325,000.00 | 124,389.00 | 1,449,389.00 | - | 1,449,389.00 | (4,821.00) |
| 12/01/2037 | 1,385,000.00 | 63,571.50 | 1,448,571.50 | - | 1,448,571.50 | (5,638.50) |
| Total | \$18,670,000.00 | \$18,476,463.00 | \$37,146,463.00 | \$11,431,721.88 | \$48,578,184.88 | |

Notes:

(1) New LTGO debt service increment above FY 2008 budget.

*Excerpts from Kirkland Long-Term Fiscal Model Final Summary of Findings Page 16-17
(Contained in Consolidated Summary of Phase 1 Fiscal Analysis dated February 20, 2007)*

Facility Needs

- The City of Kirkland has facility needs regardless of the decision on annexation, though the annexation decision would dramatically increase those needs. An annexation scenario increases total facility needs by approximately \$50 million:
 - **Base City Facility Needs -- \$29.6 million**
 - City Hall expansion and public safety: \$25 million
 - Maintenance facility expansion: \$4.6 million
 - **City Needs with Annexation -- \$80.7 million**
 - City Hall expansion: \$28.9 million
 - New public safety and jail facilities: \$44.0 million
 - Maintenance facility expansion: \$7.8 million
- The 2005 annexation analysis included a \$1.6 million per year charge for facility impacts resulting from annexation based on the debt service for a 30-year bond to pay for specific improvements. The cost was determined based on a "fair share" of new facilities using the number of FTE's to allocate costs. The analysis assumed a PAA facility cost allocation of \$ 25.6 million, comprised of the following shares for specific improvements:
 - City Hall expansion: \$6.6 million
 - Maintenance center expansion: \$3.2 million
 - New public safety building: \$15.8 million
- The \$50 million estimate likely overstates the "true incremental cost" for two reasons:
 - The property owners in the PAA's will, upon annexation, contribute to existing voted-G.O. debt. This will reduce existing City taxpayer burden. From an equity perspective this can be considered an offset against the incremental cost of facilities due to annexation. The present value of these taxpayer savings is approximately \$2.2 million.
 - Regardless of the annexation decision, the City will need to address the base City facility needs. For the purposes of analysis, one could assume that this base need would be funded through a new voted G.O. bond. If this were done, the millage rate to repay these bonds could be applied to the PAA annexation areas to develop a credit that would reflect a balanced base City situation. This credit would be worth approximately \$10.5 million.
- Adjusting the incremental estimate to account for these credits results in a PAA facility cost impact of \$38 million. As a result, the annual facility cost impacts could range from a low of \$1.6 million per year for a "fair share" approach to a high of \$2.7 million per year for an incremental approach.
- There are a number of issues that will influence how facility impacts might be viewed, in particular the eligibility of these costs for sales tax credit and how one interprets potential changes in annexation economics resulting from policy changes to address base fiscal challenges.



CITY OF KIRKLAND
City Manager's Office
123 Fifth Avenue, Kirkland, WA 98033 425.587.3001
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MEMORANDUM

To: Dave Ramsay, City Manager

From: Marilynne Beard, Assistant City Manager

Date: November 29, 2007

Subject: PUBLIC SAFETY BUILDING FEASIBILITY STUDY – **UPDATED**

The purpose of the Public Safety Feasibility study was to update an earlier study completed in 2003 regarding public safety facility needs and to analyze the feasibility of remodeling an existing structure in Kirkland for use as a public safety building (versus new construction). The City issued a request for qualifications in July 2007 and the contract was awarded to Jensen Fey Architects. James McClaren, who had completed the 2003 facilities study, was a subcontractor to Jensen Fey. Specifically, the scope of work included the following tasks:

- Confirm 2003 Space Needs Study (validated for Police and Court)
- Confirm Size/Square Footage for Police and Court
- Prioritize Space Needs
- Update/Determine Facility/Building Size
- Determine Site Size/Land Area
- Determine Development and Construction Square Foot Budgetary Costs
- Develop/Establish Basic Siting Criteria
- Identify Potential Properties
- Perform Preliminary Site/Building Evaluation
- Perform Conceptual Site/Facility Program Fit Test
- Identify Most Likely Properties - Sites/Buildings
- Determine Possible Site/Building Acquisition Costs

The following assumptions were provided to the consultant:

- Co-location of the Municipal Court and Police is optimal
- Develop scenarios with and without annexation
- Assume twenty-year growth scenario
- Assume jail is included and sized with and without annexation

The study was conducted to reaffirm costs assumed in the annexation financial model for anticipated facilities costs needed to house new employees (primarily police). A preliminary estimate of the cost of constructing a public safety building as described in the McClaren report was \$44 million, which was the

estimate used for purposes of the financial model. In addition to the public safety building, annexation would require the expansion of City Hall and the Maintenance Center – two buildings that have been at (or over) capacity for several years. The City Hall and Maintenance Center improvements together were estimated at \$37 million, for a total anticipated facilities improvement cost of \$81 million. One of the questions posed to the consultant was whether the City could realize savings in those projected costs if an existing building were to be retrofitted.

Summary of Report

As noted above, the study focused on confirming the space needs for police, jail and Municipal Court activities and to determine the feasibility and compare the cost of new construction against remodel of an existing building. Police and Court staff worked with the consultant to identify potential savings in square footage by refining staffing projections and deferring certain elements of the building (e.g. indoor firing range). The refined estimates produced a somewhat smaller total square footage need, but did not reduce the acreage needed for a new facility by much. Key challenges raised by the consultant are summarized below:

- A new public safety building (assuming annexation) would require about six acres. There are few, if any, parcels of raw land available of that size in Kirkland that also provide the location and transportation accessibility needed for a police facility. The real estate broker that worked with the consultant also noted that assembling acceptable parcels of raw land would be just as difficult.
- The next option is to purchase an underdeveloped property that fits the size and siting criteria for a public safety building. There are limited properties available for sale and most of the underdeveloped parcels have already been tapped for redevelopment.
- The next option is to purchase a parcel with a structure or structures and either demolish the structures or remodel them. Portions of the public safety facility (e.g. Municipal Court and evidence storage) do not need to be built to “essential facility standards.” The cost to remodel an existing building to non-essential standards can range between \$140 and \$150 per square foot, depending on the condition of the building. The cost to remodel an existing building to essential standards can range between \$200 and \$240 per square foot. New construction to essential standards is estimated at a range of \$250 to 300 per square foot. Remodeling an existing building is more affordable assuming an appropriate structure is available at an acceptable location.
- There has been some discussion about constructing a public safety building regardless of annexation. However, the 2003 McClaren study provided a design for the existing City Hall property (together with adjacent residential properties already owned by the City) that would accommodate police and all City Hall functions, but that would require the Municipal Court to remain off-site. Given the availability and price of land, having a separate facility for public safety may not be cost effective.

Based on the refined staffing and space estimates, it was possible to reduce the total square footage of a public safety building. The consultant provides total estimated costs for two scenarios, ranging from a “low-end” estimate to a “high-end” estimate. The estimates are summarized in the table below.

| | Low End Cost Range | | High End Cost Range | |
|--|--------------------|-----------------|---------------------|-----------------|
| | Without Annexation | With Annexation | Without Annexation | With Annexation |
| Demolish Existing Building and Construct New | \$39,798,951 | \$45,650,920 | \$43,579,768 | \$50,440,520 |
| Remodel Existing Building | \$34,286,458 | \$38,554,326 | \$37,248,894 | \$42,330,236 |

Note that all of the estimates provided assume that the Municipal Court remains in its current location until at least 2011 when the lease expires. Estimates were based on existing buildings located at the 405 Corporate Center where the Municipal Court is currently located.

Remodeling an existing building would seem to save between \$8 and \$12 million, making this a more cost-effective solution. The estimated cost savings may not be sufficient to close the long-term financial gap identified in the most recent annexation fiscal models. Staff will provide an analysis of the impact at the December 4th Council study session.

PUBLIC SAFETY FACILITY SITE FEASIBILITY STUDY REPORT

FOR
CITY OF KIRKLAND, WASHINGTON

November 28, 2007 **DRAFT**



Jensen / Fey
Architecture and Planning

JENSEN/FEY ARCHITECTURE, PLANNING, AND INTERIORS
The Justice White House
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PUBLIC SAFETY FACILITY SITE FEASIBILITY STUDY REPORT FOR CITY OF KIRKLAND, WASHINGTON

November 28, 2007

BY CLAY WALLACE, AIA, LEED-AP
JENSEN/FEY ARCHITECTURE, PLANNING, AND INTERIORS

The City of Kirkland selected Jensen Fey Architecture, Planning, and Interiors to undertake a Public Safety Facility Site Feasibility Study. The purpose of the study is to analyze the feasibility and costs of locating a public safety facility comprising the Police Department, the Municipal Court, and Jail in the city, with particular emphasis on utilizing an existing building or buildings. Jensen Fey assembled a team of consultants which included Jim McClaren of McClaren, Wilson, & Lawrie, Public Safety Facility Planning Consultants of Phoenix Arizona, Ryan Dunham of Ryan Dunham Real Estate, Kirkland and David Rea of DKR & Associates, Cost Consultant of Edmonds Washington.

Background

The City of Kirkland's present population is approximately 47,200. The City covers an area of 11 square miles. The City provides many public services, some of which include necessary public safety services via the Police Department and Municipal Court.

The Police Department is located in the lower level of City Hall at 123 5th Avenue. The Police Department currently occupies approximately 20,200 square feet in City hall and has 103 full-time and is authorized for 114. The police additionally have use of approximately 5,300 square feet in the Municipal Court building for storage or other needs. The Police Department currently is comprised of administrative and operational areas for police staff, evidence storage, a basic forensics lab, the 911 communications center, and a twelve-bed misdemeanor jail. The jail which is located in City Hall is approximately 2,200 square feet in area.

The Municipal Court is located in a leased building at 11515 NE 118th Street within the Kirkland 405 Corporate Center in the Totem Lake area of the city. The City is the sole tenant in this 17,000 square foot building. The court with 10 full-time and 6 part-time is authorized for 12 full-time employees, occupies approximately 11,300 square feet and the Police Department utilizes the remaining area. In addition to Municipal Court services, Probation services are also provided at the Court building. The current building lease will expire in 2011.

The City has determined there is a need for additional space for its delivery of public services, particularly for Police services. To accommodate present needs and future growth, the City is exploring long-term options to develop a new Public Safety Facility. The Public Safety Facility would include the Police Department, the Municipal Court and a Jail.

The need for a new Public Safety Facility has become more urgent due to several developments:

- As Kirkland's population has grown over the last several years, there has been increasing pressure for more facility space to maintain the necessary levels of service in many of the City's departments, especially in the Police Department and Municipal Court. This need for more space is particularly evident at City Hall.
- Kirkland's population is expected to continue to grow which will further place pressure on the City's delivery of services and the need for new employees. This growth will exacerbate the current shortage of space at City Hall as well as its other facilities.
- The City is also considering the possibility of proceeding with a major annexation of unincorporated areas to the north and west of the present City boundaries. This Potential Annexation Area (PAA) encompasses about 7 square miles and has a population of about 33,000. Such annexation, if it proceeds, would increase the City's service area and require approximately 70 new Police and Court staff, with a corresponding need for more space in these departments. After annexation, the City's population would be around 80,200 and the City area would be about 18 square miles. See City Comparison Chart (Figure A) below which shows Kirkland's population after annexation as compared to surrounding cities 2006 populations.

Figure A: City Comparison Chart

| City | Population | Area (Acres) |
|-------------|------------|--------------|
| Kirkland | 80,200 | 18 |
| Bothell | 31,400 | 12 |
| Redmond | 49,000 | 17 |
| Woodinville | 10,100 | 6 |
| Kenmore | 20,000 | 6 |
| Issaquah | 48,800 | 9 |
| Bellevue | 118,200 | 34 |

Annexation would almost instantly exponentially increase the demand for city services with a corresponding staffing need increase which will further impact the shortage of space in the City's current facilities.

- The City of Kirkland 12-bed jail facility is presently inadequate both in its current configuration, capacity and in its operation as it is a struggle to accommodate its current level of use. In 2002 King County advised the City of Kirkland and the many other Eastside communities that misdemeanor jail facility space it has provided for them will no longer be available after December 31, 2012. To address this news and the increasing jail utilization pressures the City contracted to Yakima County for 12.5 beds per day until December 31, 2010. As Kirkland's population continues to grow and combined with the potential annexation, the anticipated significant increase in the needed level of use of the current jail will not be supportable or possible, and the capacity of the jail will become

extremely inadequate. This development requires the City of Kirkland to find a solution for its future jail, detention, and corrections operations needs.

Scope of Study

The scope of this study is to analyze the feasibility and costs of locating a public safety facility comprising the Police Department, the Municipal Court, and Jail within the City of Kirkland, with particular emphasis on utilizing an existing building or buildings, with Annexation included as an impacting factor.

Tasks, Goals & Objectives

For the requirements of this study, the consultant team developed, in concert with City staff, the following list of Tasks, Goals & Objectives:

- Conduct meetings with appropriate City staff for background information and input.
- Perform necessary data collection and facility and other information about current public safety space use.
- Confirm the June 2003 (Revised September 2003) MWL Space Needs Study data for the Police, Jail, and Court Departments.
- Confirm Existing Size/SF of Police Dept and the Court.
- Prioritize Space Needs of the Police Dept for Current Function/Operations/LOS and Expansion & Future Needs.
- Prioritize Space Needs of the Municipal Court for Current Function/Operations/LOS and Expansion & Future Needs.
- Update/Determine New Facility/Building Size for the Police Dept, Court, and Jail.
- Determine Site Size/Land Area.
- Determine Site Development and Construction Square Footage Budgetary Costs.
- Develop/Establish Basic Siting Criteria.
- Identify Potential Properties - Sites and/or Buildings.
- Determine Possible Site/Existing Building Acquisition Costs

Resources

Various reports, documents, and resources were provided to the Consultant team. Some of these included:

- June 2003 (Revised September 2003) MWL Space Needs Assessment Report.
- May 2007 CRS, Inc. Analysis of Jail Options Report.
- Police Department Staffing Levels as of October 2007.
- Portions of Ricci Greene Study of Regional Jail Needs.
- July 3, 2007 Study Session Item # 3a, June 21, 2007 Memorandum.
- July 3, 2007 Jail Planning Update Presentation to City Council

Considerations and Assumptions

From the beginning of the Study, certain considerations, assumption, and requirements were established by City staff and the Consultant team. These were:

- Municipal Court to remain at present location until August 2011 (with option until August 2014).
- New Public Safety Facility Site to be sized for Future Court.
- Assume no Public Safety functions will remain at City Hall.
- Consider Public Safety Campus to include a co-located Police, Jail, and Municipal Court.
- Consider a co-located Police and Jail with the Court being nearby or in close proximity.
- Consider a co-located Police and Jail with future addition or construction of Court building.
- Study options to minimize site/land size as are practicable.
- Assume that 911 Communications and Dispatch may not be needed - dependant upon participation in and development of a regional/Eastside 911 communications center; referred to as NORCOM.
- Baseline will be the 2003 MWL Report's 2003 figures.
- For sizing facilities and site without Annexation - use the 2003 MWL Report's Milestone +2 without Annexation. (The +2 Milestone represents population growth projected approximately 15 to 20 years from today.)
- For sizing facilities and site with Annexation - use the 2003 MWL Report's Milestone +2 with Annexation.

Methodology

The City of Kirkland is facing daunting and difficult decisions for their public safety facilities that requires consideration of many factors, some which may conflict with each other and other City needs.

We began with a review of all provided reports and documents primarily focusing on the applicable portions of the June 2003 (Revised September 2003) MWL Space Needs Assessment Report that pertained to the Police Department, Municipal Court, and Jail's space needs and site considerations. We also digested the May 2007 CRS, Inc. Analysis of Jail Options Report with respect to Jail size based on recommended number of beds and its estimates of jail size and construction cost. We did not review nor consider jail operational costs or specific staffing requirements for jail operation and transportation needs, or attempt to choose from the various options presented in the CRS report.

One of the tasks of this study is to update and further analyze the June 2003 MWL Space Needs Assessment report's Recommended Option 2: New Police/Courts Facility – No Annexation and Recommended Option 2: New Police/Courts Facility – With Annexation, both of which included the Jail. The 2003 MWL report also discussed, from a space needs and planning perspective, whether to build a new public safety facility or buy property with existing buildings to renovate them for a new public safety facility. This study presents two cost scenarios as examples of these later: Purchasing existing property with existing building and demolishing the buildings, partially

renovating the site and constructing new buildings for a public safety facility, and purchasing existing property with existing building partially renovating the site and remodeling the buildings for a public safety facility. Neither of these two cost scenarios includes the Court, which is expected to remain at its current location until 2011, except to provide land for it to be eventually added to the Public Safety Facility.

A detailed analysis of the space needs square footage tabulations of the +2 Milestones with and without annexation as presented in the 2003 MWL report was performed. At the City's request, only the 2003 MWL report's 75-bed Jail space needs option was to be included and analyzed. The 2003 MWL report's 125-bed Jail space needs option was not to be considered as this was deemed to be too large for only Kirkland's jail needs. The +2 Milestone represents population growth approximately 15 to 20 years from today. Our analysis found some anomalies and minor discrepancies the 2003 MWL space needs square footage tabulations. Necessary adjustments were made and are presented in the "Corrected" tabulations (Figure B) below.

An assessment and calculation of the current size (square footage) and areas of City facilities occupied and used by the Police Department, the Court, and Jail was also conducted for a basis of comparison with the future space and area needs. The results are presented as "Current NSF" in the tabulations (Figure B) below.

Figure B:

| Corrected Buildings NSF & Staff | w/o Annexation | | w/ Annexation | | Current NSF | 2007 Staff | Comments |
|---------------------------------|----------------|------------|---------------|------------|---------------|------------|---|
| | + 2 | Staff | + 2 | Staff | | | |
| Police Main Bldg | 26,900 | 146 | 36,100 | 229 | 12,700 | 103 | Current includes Communications staff of 16 in Police |
| Secondary Bldg | 11,700 | | 15,300 | | 5,300 | | Staff in Police |
| Range | 7,000 | | 7,000 | | | | Staff in Police |
| Court | 19,000 | 18 | 20,200 | 27 | 11,300 | 14 | |
| Jail | 20,350 | 23 | 20,450 | 24 | 2,200 | 11 | |
| Total NSF & Staff | 84,950 | 187 | 99,050 | 280 | 31,500 | 128 | |

We subsequently met separately with both the police department and the Municipal Court to review their current and anticipated future staffing levels and their current and anticipated future space needs with and without annexation. The projected future staffing levels from the 2003 MWL report and the current (2007) staffing levels are shown in Figure B above.

Public Safety 2003 staffing levels presented in the MWL Report were: Police staff = 80, Jail staff = 6, Court staff = 11; 97 total. As of 2007, Public Safety staffing levels are: Police staff = 103, Jail staff = 11, Court staff = 14; 128 total. Public Safety staff has increased by 31 in four years. This represents increases of 29 %, 83%, 27%, and 32% total respectively in four years. The largest

increase has occurred in jail staffing. The 2003 MWL Report projection of the Public Safety staffing at the + 2 Milestone (approx. 20 years) without annexation would be 187, a 93% increase over 2003 staffing level and the projection of the Public Safety staffing at the + 2 Milestone (approx. 20 years) with annexation would be 280, a 289% increase over 2003 staffing levels. These staff growth percentages appear to be large increases. However, continuing to add about 31 Public Safety staff every four years (as has occurred in the last four years without annexation) to the current 128, for the remaining 16 years of the 20 year projection, the Public Safety staffing level would be 252 as compared to the 187 without annexation levels in the MWL report. If compared to the 280 with annexation levels in the MWL report, the difference of 28 staff (280-252) could be attributable to the annexation. It should be noted the 2003 MWL report projections indicates a slight percentage growth drop-off after the first ten years for the remaining ten years. We conclude the Public Safety staffing growth is in generally progressing in accordance with the MWL projections (based on Kirkland's population growth) without annexation.

Two primary factors dictate space needs - functions and operations, and staff numbers. Staff requires work spaces such as desks, cubicles, and offices. Operational and functional needs require general and specialized spaces such as copy rooms, meeting rooms, file storage, courtrooms, interview rooms, and lobbies. To determine a reasonable building or facility size, it is necessary to establish both of these factors. When we met with the police department and the Municipal Court we asked for a realistic assessment of their anticipated future staffing levels and their anticipated future space needs based on current status. We asked them to prioritize both future staffing levels and future space needs, to assess what are the necessary functions, spaces, and staff that is required for service delivery in the short-term and what functions and spaces and corresponding staff could be added or expanded later to address the long-term needs. This might help to reduce the overall space need and the +2 milestone building size.

Staffing projections driven by population increases also assume maintaining similar though increasing levels of service delivery. The realities are that fiscal conditions, financial considerations, and funding capabilities also dictate staffing levels and future staffing increases. At additional meetings with City staff, the City of Kirkland's projections for Public Safety staffing levels based on the City's fiscal model's 20-year projections were reviewed. As a result, adjustments were made to the MWL report's +2 Milestone staffing levels to align them with the City's fiscal-driven staffing projections.

Additionally, the Consultant Team reviewed the 2003 MWL report's space standards, and individual space/room square footages, and circulation factors or allowances for efficiency and optimization potentials in the Police, Jail, and Court space needs which may help to reduce the overall space need and the +2 milestone building size. Examples of adjustments made were removal of the 911 Communication Center in the future to reflect the City's decision to join NORCOM, postponing the Police Range until a future date, assuming a few spaces can be expanded or added to at a future date as growth dictates, adding an additional Courtroom and support spaces, and increasing circulation efficiency. The results of these efforts are presented in the Prioritized & Optimized Buildings net square footage (NSF) tabulations (Figure C) below.

Figure C:

| Prioritized & Optimized Buildings NSF | w/o Annexation | | w/ Annexation | | Current | 2007 | Comments |
|---------------------------------------|----------------|-------|---------------|-------|---------|-------|-----------------|
| | + 2 | Staff | + 2 | Staff | NSF | Staff | |
| Police Main Bldg | 20,080 | 109 | 26,450 | 165 | 12,700 | 103 | |
| Secondary Bldg | 8,640 | | 11,490 | | 5,300 | | Staff in Police |
| Range | 0 | | 0 | | 0 | | Staff in Police |
| Court | 17,500 | 16 | 18,580 | 22 | 11,300 | 14 | |
| Jail (50 to75) | 14,800 | 16 | 18,300 | 19 | 2,200 | 11 | |
| Total NSF & Staff | 61,020 | 141 | 74,820 | 206 | 31,500 | 128 | |
| Total Change | 23,930 | 46 | 24,230 | 74 | | | from Corrected |

BUILDING SIZE DETERMINATION

With the Prioritized & Optimized Buildings NSF (net square footage), we calculated the gross square footage as single story buildings and also with a two-story Police building option. Gross square footage (GSF) includes interior floor areas also known as NSF, and a factor for space taken up by walls, structure, systems, and incidental spaces. Sometimes referred to as “grossing factors” the NSF is modified by the grossing factors to produce the GSF. Typical circulation square footage allowances are included in the NSF. See Buildings Gross Square Floor Areas and Footprints (Figure D) below.

Figure D:

| Buildings GSF Floor Areas & Footprints | | | | | | | | | |
|--|---------------------------|------|---------------|------|--|------|-------------------|------|--|
| | Building Floor Area (GSF) | | | | Building Footprint (GSF) 2-story Police Main Bldg | | | | |
| | w/o Annexation | | w/ Annexation | | w/o Annexation | | w/ Annexation (1) | | |
| Police Main Bldg | 23,895 | (ss) | 31,476 | (ss) | 14,337 | (ms) | 18,885 | (ms) | |
| Secondary Bldg (ss) | 10,282 | | 13,673 | | 10,282 | | 13,673 | | |
| Range (ss) | 0 | | 0 | | 0 | | 0 | | |
| Court (ss) | 20,825 | | 22,110 | | 20,825 | | 22,110 | | |
| Jail (50 to75) (ss) | 19,240 | | 23,790 | | 19,240 | | 23,790 | | |
| Total GSF | 74,242 | | 91,049 | | 64,684 | | 78,459 | | |
| Total Building Footprint in Acres | 1.7 | | 2.1 | | 1.5 | | 1.8 | | |

Note:

(1) 60/40 Split for Multi-story (ms) assuming 2 story or 2 level building with 60% of square footage on ground floor (footprint) and 40% of square footage for upper floor.

(ss) = Single Story (ms) = multi-story

SITE SIZE DETERMINATION

With the building GSF determined for a all single story buildings option and for a two-story police and single-story Secondary, Court, and Jail building, we determine non-building elements such as parking, landscaping, and other exterior site areas which contribute to site size and the amount of land needed for a facility. See Figures E, F, and G for calculations of Parking Stalls provided and Parking Lot areas, and other site areas such as landscaping, setback zones, and trash dumpster enclosures.

Figure E:

Parking Stall Spaces & Parking Area Determination

| Parking Determinations @ + 2 milestone (1) | | | | | | |
|---|--------------------------------|---------------------------------|----------------|--------------------------------|----------------|--|
| | | Parking Req'd w/o Annexation | | Parking Req'd w/ Annexation | | Comments |
| | | # of Vehicles | Square Feet | # of Vehicles | Square Feet | |
| Police | Dept (2) | 166 | 58,900 | 268 | 98,300 | Communications Staff & Space Removed |
| | Public | see court | | see court | | Includes Secondary Building and Range |
| Court | Dept (3) | 19 | 6,750 | 27 | 9,550 | |
| | Public | 75 | 26,250 | 75 | 26,250 | |
| Jail | Dept | 20 | 7,000 | 35 | 12,250 | |
| | Public | see court | | see court | | |
| Subtotal | | 280 | 98,900 | 405 | 146,350 | |
| Circulation Factor @ 25% | | | 24,275 | | 36,588 | Reduced Circ Factor from 40% optimal to 25% minimum |
| Total Parking SF | | | 123,625 | | 18,938 | |
| Total Parking Acres | | | 2.8 | | 4.2 | |
| Parking Garage Option for Police, Jail, and Court Combined | | | | | | |
| Total SF Required | assume 40% Stack efficiency | | 74,175 | | 109,763 | Parking garage not recommended for Police only and Police/Jail only options. |
| Acres Required | | | 1.7 | | 2.5 | |

Notes:

- (1) Vehicle space allowance is 350 sf typical but some special police vehicles require 450 sf & 250 sf.
- (2) Includes police fleet, staff, & shift overlap allowance.
- (3) Includes staff and one transport van space at 450 sf.

Site Non-Parking & Non-Building SF Determination

Figure F:

| | | w/o Annexation | | w/ Annexation | |
|--|-------------------|----------------|-------------|---------------|-------------|
| | | single story | multi story | single story | multi story |
| Apron Areas (.5% of Parking/Circulation SF) | | 618 | 618 | 915 | 915 |
| Controlled Motor Court Entry/Exit | | 2,000 | 2,000 | 2,000 | 2,000 |
| Emergency Generator & Fuel Tanks | | 700 | 700 | 700 | 700 |
| Outdoor Break Area | | 600 | 600 | 600 | 600 |
| Trash Dumpster Enclosure & Loading Area | | 1,500 | 1,500 | 1,500 | 1,500 |
| Total | | 5,418 | 5,418 | 5,715 | 5,715 |
| Setbacks (1) | | 20,328 | 19,393 | 27,970 | 26,711 |
| Landscaping (2) | | 30,493 | 29,059 | 41,955 | 40,067 |
| (1) 10% of Parking SF + Buildings Footprint + Non-Parking/Building | TOTAL SF | 50,821 | 48,432 | 69,925 | 66,778 |
| (2) 25% of Parking SF + Buildings Footprint + Non-Parking/Building less Setbacks | Total Acres Req'd | 1.2 | 1.1 | 1.6 | 1.5 |

Figure G:

| | | w/o Annexation | | w/ Annexation | |
|--|-------------------|----------------|-------------|---------------|-------------|
| | | single story | multi story | single story | multi story |
| Apron Areas (.5% of Parking/Circulation SF) | | 371 | 371 | 549 | 249 |
| Controlled Motor Court Entry/Exit | | 2,000 | 2,000 | 2,000 | 2,000 |
| Emergency Generator & Fuel Tanks | | 700 | 700 | 700 | 700 |
| Outdoor Break Area | | 600 | 600 | 600 | 600 |
| Trash Dumpster Enclosure & Loading Area | | 1,500 | 1,500 | 1,500 | 1,500 |
| Total | | 5,171 | 5,171 | 5,349 | 5,349 |
| Setbacks (1) | | 15,190 | 14,234 | 20,004 | 18,745 |
| Landscaping (2) | | 22,785 | 21,351 | 30,006 | 28,118 |
| (1) 10% of Parking SF + Buildings Footprint + Non-Parking/Building | TOTAL SF | 37,975 | 35,586 | 50,010 | 46,863 |
| (2) 25% of Parking SF + Buildings Footprint + Non-Parking/Building less Setbacks | Total Acres Req'd | 0.9 | 0.8 | 1.1 | 1.1 |

Site/Land Area Required

Figure H:

Site Size Determination with Surface Parking Option

| SITE Sizing | Single Story Police | | Multi-Story Police (2 floors) | |
|--------------------------------|---------------------|---------------|-------------------------------|---------------|
| | w/o Annexation | w/ Annexation | w/o Annexation | w/ Annexation |
| Police Only | | | | |
| Police Buildings | 34,177 | 45,149 | 24,619 | 32,558 |
| Parking/Circulation | 82,375 | 138,188 | 82,375 | 138,188 |
| Non-Parking/Building | 5,418 | 5,715 | 5,418 | 5,715 |
| Setbacks/Landscape | 50,821 | 69,925 | 48,432 | 66,778 |
| Site SF | 172,791 | 258,976 | 160,844 | 243,238 |
| Site ACRES | 4.0 | 5.9 | 3.7 | 5.6 |
| Police & Jail Only | | | | |
| Buildings | 53,417 | 68,939 | 43,859 | 56,348 |
| Parking/Circulation | 99,876 | 168,813 | 98,875 | 168,813 |
| Non-Parking/Building | 5,418 | 5,715 | 5,418 | 5,715 |
| Setbacks/Landscape | 50,821 | 69,925 | 48,432 | 66,778 |
| Site SF | 209,531 | 313,391 | 197,584 | 297,653 |
| Site ACRES | 4.8 | 7.2 | 4.5 | 6.8 |
| Police, Jail, and Court | | | | |
| Buildings | 74,242 | 91,049 | 64,684 | 78,459 |
| Parking/Circulation | 130,625 | 189,938 | 130,625 | 189,938 |
| Non-Parking/Building | 5,418 | 5,715 | 5,418 | 5,715 |
| Setbacks/Landscape | 50,821 | 69,925 | 48,432 | 66,778 |
| Site SF | 261,106 | 356,626 | 249,159 | 340,888 |
| Site ACRES | 6.0 | 8.2 | 5.7 | 7.8 |

Figure I:

Site Size Determination with Parking Garage/Deck Option

| SITE Sizing | Single Story Police | | Multi-Story Police (2 floors) | |
|--------------------------------|---------------------|---------------|-------------------------------|---------------|
| | w/o Annexation | w/ Annexation | w/o Annexation | w/ Annexation |
| Police Only | | | | |
| Police Buildings | 34,177 | 45,149 | 24,619 | 32,558 |
| Parking/Circulation | 82,375 | 138,188 | 82,375 | 138,188 |
| Non-Parking/Building | 5,171 | 5,349 | 5,171 | 5,349 |
| Setbacks/Landscape | 38,397 | 51,540 | 36,007 | 48,392 |
| Site SF | 160,120 | 240,225 | 148,172 | 224,487 |
| Site ACRES | 3.7 | 5.5 | 3.4 | 5.2 |
| Police & Jail Only | | | | |
| Buildings | 53,417 | 68,939 | 43,859 | 56,348 |
| Parking/Circulation | 99,875 | 168,813 | 98,875 | 168,813 |
| Non-Parking/Building | 5,171 | 5,349 | 5,171 | 5,349 |
| Setbacks/Landscape | 38,397 | 51,540 | 36,007 | 48,392 |
| Site SF | 196,860 | 294,640 | 184,912 | 278,902 |
| Site ACRES | 4.5 | 6.8 | 4.2 | 6.4 |
| Police, Jail, and Court | | | | |
| Buildings | 74,242 | 91,049 | 64,684 | 78,459 |
| Parking/Circulation | 81,175 | 116,763 | 81,175 | 116,763 |
| Non-Parking/Building | 5,171 | 5,349 | 5,171 | 5,349 |
| Setbacks/Landscape | 38,397 | 51,540 | 36,007 | 48,392 |
| Site SF | 198,985 | 264,700 | 187,037 | 248,962 |
| Site ACRES | 4.6 | 6.1 | 4.3 | 5.7 |

AT A GLANCE SUMMARY

An At-A-Glance Summary of the results of the calculations of the three main components of the study; Building Sizes, Parking required and Parking Area Sizes, and Site Size for the +2 Milestones, with and without Annexation follows.

KIRKLAND PUBLIC SAFETY SITE STUDY - AT A GLANCE SUMMARY

11/28/2007

Building Size, Parking, Site Size, and Estimated Construction Costs Summary: Approximate +2 (15 to 20 year) projection milestone

| Buildings Sizes (GSF) | Current Space (Approximate) | Corrected Original Needs (1 Story) | | Corrected Original Needs (2 Story) | | Prioritized/Optimized (1 Story) | | Prioritized/Optimized (2 Story)* | |
|-----------------------|--------------------------------|------------------------------------|----------------|------------------------------------|----------------|---------------------------------|---------------|----------------------------------|---------------|
| | | w/o Annexation | w/Annexation | w/o Annexation | w/Annexation | w/o Annexation | w/Annexation | w/o Annexation | w/Annexation |
| Police | 12,700 | 32,011 | 42,959 | 19,207 | 25,775 | 23,895 | 31,476 | 14,337 | 18,985 |
| Secondary | 5,300 | 13,923 | 18,207 | 13,923 | 18,207 | 10,282 | 13,673 | 10,282 | 13,673 |
| Subtotal | 18,000 | 45,934 | 61,166 | 33,130 | 43,982 | 34,177 | 45,149 | 24,619 | 32,658 |
| Jail | 2,200 | 24,217 | 24,336 | 24,217 | 24,336 | 19,240 | 23,790 | 19,240 | 23,790 |
| Court | 11,300 | 22,610 | 24,038 | 22,610 | 24,038 | 20,825 | 22,110 | 20,825 | 22,110 |
| Range | 0 | 8,330 | 8,330 | 8,330 | 8,330 | 0 | 0 | 0 | 0 |
| TOTAL | 31,500 | 101,091 | 117,870 | 88,287 | 100,666 | 74,242 | 91,049 | 64,684 | 78,458 |

* Only Police Building is 2-story and Police Building GSF shown is estimated size of first floor footprint. Total Police Building GSF is 23,895 w/o Annexation and 31,476 w/ Annexation.

| Parking Required | Department | Corrected Original Needs (1 Story) | | Corrected Original Needs (2 Story) | | Prioritized/Optimized (1 Story) | | Prioritized/Optimized (2 Story)** | |
|-------------------------------------|------------|------------------------------------|--------------------------------|------------------------------------|--------------------------------|---------------------------------|--------------------------------|-----------------------------------|---------------------------------|
| | | Parking Req'd w/o Annexation | Parking Req'd w/ Annexation | Parking Req'd w/o Annexation | Parking Req'd w/ Annexation | Parking Req'd w/o Annexation | Parking Req'd w/ Annexation | Parking Req'd w/o Annexation | Parking Req'd w/o Annexation |
| All Surface Parking | Police | 166 | 268 | 166 | 268 | 166 | 268 | 166 | 268 |
| | Court | 19 | 27 | 19 | 27 | 19 | 27 | 19 | 27 |
| | Jail | 20 | 35 | 20 | 35 | 20 | 35 | 20 | 35 |
| | Public | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 |
| Total # of Vehicles provided for: | | 280 | 405 | 280 | 405 | 280 | 405 | 280 | 405 |
| Parking Square Footage Required (1) | | 138,460 | 204,890 | 138,460 | 204,890 | 123,625 | 182,938 | 123,625 | 182,938 |

** W/O Annexation assumes Court remains at present location.

| Site Sizes (Acres) Required | Corrected Original Needs (1 Story) | | Corrected Original Needs (2 Story) | | Prioritized/Optimized (1 Story) | | Prioritized/Optimized (2 Story)*** | |
|---------------------------------|------------------------------------|--------------|------------------------------------|--------------|---------------------------------|--------------|------------------------------------|----------------|
| | w/o Annexation | w/Annexation | w/o Annexation | w/Annexation | w/o Annexation | w/Annexation | w/o Annexation | w/o Annexation |
| Police & Secondary Only | 5.2 | 7.5 | 4.8 | 7.0 | 4.0 | 5.9 | 3.7 | 5.8 |
| Police, Secondary & Jail Only | 6.2 | 8.9 | 5.8 | 8.4 | 4.8 | 7.2 | 4.5 | 6.8 |
| Police, Secondary, Jail & Court | 7.5 | 10.0 | 7.1 | 9.5 | 6.0 | 8.2 | 5.7 | 7.8 |

Minimum Site Size w/o Annexation (based on 2-story police building, 1-story other buildings & surface parking): **5.6 Acres**

Maximum Site Size w/ Annexation (based on 2-story police building, 1-story other buildings & surface parking): **7.8 Acres**

Note: Providing a Parking Structure will reduce site size further by 0.3 acres but would increase overall facility cost.

Note: Placing the Jail under the Police building will reduce site size further by 0.4 acres but would increase overall building cost.

*** Based on Police Building estimated size of first floor footprint.

BUDGETARY COSTS FOR CONSTRUCTION

The following information is based upon research and analysis of construction square foot (SF) cost for various structures including police facilities, municipal court facilities, detention facilities and a parking garages using similar building types, historical costs, RS Means, and conversations with contractors and architects. Additional cost analysis was performed for surface parking, site development and building demolition. Costs are based upon 2008 construction. Escalation of construction costs ranges from 6% to as high as 12% per year, mostly for material and labor, must be added with 8% being typical in this area. Additionally, these cost averages allow for normal site conditions and do not include extensive site development or special foundations involving piling, shoring and over excavation and backfill. Figure K shows estimated construction costs for each of the Public Safety buildings using the Prioritized & Adjusted (1 Story) Square Footages (see the At-A-Glance Summary) and also using the higher square foot units cost amounts below.

Police Facility

A new facility of medium quality should run from \$210 to \$240 per square foot. Remodeling of an existing building including seismic upgrades and systems upgrades should run from \$125 to \$145 per square foot.

Police Evidence/Storage Secondary Facility

A new facility of medium quality should run from \$140 to \$150 per square foot. Remodeling of an existing building including seismic upgrades and systems upgrades should run from \$85 to \$90 per square foot.

Municipal Court Facility

A new facility of medium quality should run from \$190 to \$220. The cost for this building type can increase substantially with design and level of finishes. Remodeling of an existing building including seismic upgrades and systems upgrades should run from \$115 to \$135 per square foot.

Detention/Jail Facility

A new facility of medium quality and meeting the corrections criteria should average \$250 to \$300 per square foot. Remodeling of an existing building including seismic upgrades and systems upgrades should run from \$200 to \$240 per square foot.

Parking Garage

Assume a 150 stall concrete parking garage with two levels with the first level on grade. Also assume 400 SF per stall to include circulation for an area of 60,000 SF. If the second level is open verses covered, then the cost should average between \$50 and \$60 per square foot, or \$20,000 to \$24,000 per stall. For cost economy, the 1st floor walls would have a large percentage of openings while at the same time provide for structure shear and eliminate the need for ventilation. Cost will escalate considerably with design features, structures above the garage and below grade parking.

Surface Parking

Assume 400 SF per stall to include circulation and require a similar area as a structured parking garage. On grade parking will include components of earthwork, asphalt paving, striping, landscaping, storm system and lighting. Assume limited excavation and earthwork, the cost for new surface parking should average between \$5 to \$7 per square foot of area or between \$2,000 and \$2,800 per stall.

Site Development

Cost of site development can vary greatly depending upon clearing, earthwork and grade changes, utility requirements and the types of site improvements necessary for the project. A typical 6 to 8 acre site with minimum grade changes, useable on site soils, utility connections at property line, limited storm system, standard asphalt parking, landscaping and improvements should run from \$5 to \$8 per square foot. The cost will increase with clearing, demolition, material export or import, storm detention and water quality, water pressure, power requirements and improvements.

Building Demolition

Building demolition cost run from \$3 to \$5 per square foot, excluding any hazardous waste and materials abatement or removal. These costs vary depending upon the materials being demolish, access to structures, salvage value and size of structure.

Building Remodeling

The cost to remodeling existing spaces for like use will depend on the extent of the renovation and typically exclude any hazardous waste and materials abatement or removal. Renovations can be as little as \$20 SF for painting & new flooring. Complete interior gut and remodel can cost as much as a new structure and more taking into account seismic and code upgrades along with complete mechanical and electrical overhaul and exterior restoration. Generally, excluding seismic, major mechanical and electrical systems upgrades, \$50 to \$60 per square foot is a reasonable budget amount for “office-like” construction and includes interior demolition and minor exterior upgrades but no seismic upgrades.

For seismic upgrades and more extensive remodeling renovation construction costs should be budgeted at approximately 60% of new construction cost for each building type. For more robust institutional and jail construction, the remodeling and major renovation construction costs should be budgeted at approximately 80% of new construction cost for each building type.

Cost for all of the above will vary depending on time of year construction will take place. The economic conditions at the time of construction will also impact cost, such as is now the case in the Puget Sound region.

Construction Cost Contingencies

Construction cost contingencies of between 5% and 20% should be provided for to cover unidentified and unanticipated site and building construction costs, and change orders which may occur during construction. The lower percentage amount may be acceptable for new construction but remodels, renovations, and additions to existing buildings should be included at the higher

percentage unless a thorough assessment and investigation is performed on the existing building and structure prior to design, bid and construction.

Escalation Factor

There is some volatility in the current construction market for both materials and labor which reflects rising fuel prices, cost of production, and the general economic uncertainty. However, for this area, the cost escalation per year for construction is ranging from 6% to 10% mainly for materials cost increases and ongoing shortage of experienced reliable labor. It is suggested that the average figure of 8% be applied for each year beyond the mid-point of 2008 that construction bids for the Public Safety facility have not been received or a contract for construction awarded.

Soft Costs

Soft costs account for all non-construction related costs including sales taxes, design and engineering fees, permit fees, utility charges and fees, FF&E costs for furniture/fixtures/equipment or non-fixed items, moving and relocation costs, and other similar costs. These soft costs can vary greatly from project to project but should range from about 55% to 60% of the construction cost budget.

Sustainability and LEED Compliance Costs

It is generally assumption that applying sustainability requirements to design and construction as well as site development will add significant costs to a project. This is not the case. Implementing sustainability requirements into a project may add about 5% to the construction costs depending on the project including necessary documentation and certification costs, with some projects being much very less.

ESTIMATED CONSTRUCTION COSTS FOR THE PUBLIC SAFETY BUILDINGS

Figure K:

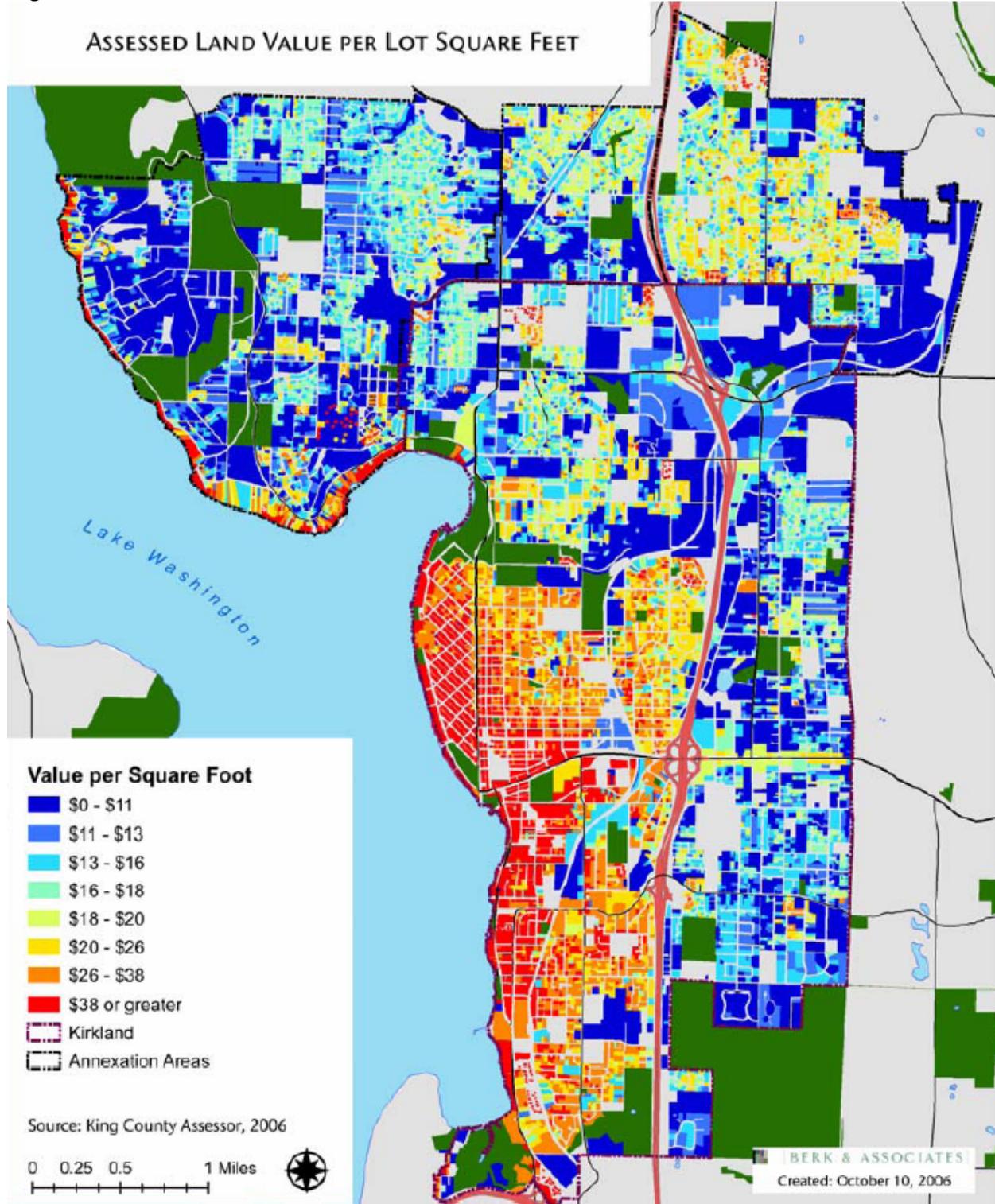
| Estimated Buildings Construction Costs *** | 2008 Cost/SF | | New Building Construction | | Remodel Building Construction | |
|--|--------------|---------|---------------------------|--------------|-------------------------------|--------------|
| | New | Remodel | w/o Annexation | w/Annexation | w/o Annexation | w/Annexation |
| Police | \$240 | \$145 | \$5,734,800 | \$7,554,240 | \$3,464,775 | \$4,564,020 |
| Secondary | \$150 | \$90 | \$1,542,300 | \$2,050,950 | \$925,380 | \$1,230,570 |
| Jail | \$300 | \$135 | \$5,772,000 | \$7,137,000 | \$4,617,600 | \$5,709,600 |
| Court | \$220 | \$135 | \$4,581,500 | \$4,864,200 | \$2,811,375 | \$2,984,850 |
| Range (Deferred) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Construction Cost (2008 \$) | | | \$17,630,600 | \$21,606,390 | \$11,819,130 | \$14,489,040 |
| *** Soft Costs including sales taxes, Contingencies, and Escalation Not Included and Costs shown use the Prioritized & Adjusted (1 Story) Square Footages. | | | | | | |

ASSESSED LAND VALUE AND COST OF PROPERTY

Assessed land values do not directly correlate to the cost or price of property but it may be used as a general indicator of where less costly areas versus more costly areas can be found. In Kirkland, there are patterns in the assessed land values on a per square foot basis; with the highest values find along the water, downtown, and concentrated in some of the older neighborhoods. See Figure X below. There also are significant differences in assessed land values between the PAAs, areas east of I-405, and the higher value areas of the City. Just as assessed land values vary, the cost of property - land and real estate varies significantly throughout Kirkland and even within the same neighborhoods.

Land costs can vary from a several dollars per acre or hundreds of dollars per square foot and more. It is "location, location, location" and potential use, as well as market forces that establishes cost and prices of land and properties. The cost of previously developed and built-on properties is even more variable as the value of the land is tied in with improvements made or built on the land. Comparison of very similar sizes and types of properties is one of the best methods to evaluate real estate. However, all other thing being equal, location will still affect cost.

Figure L:



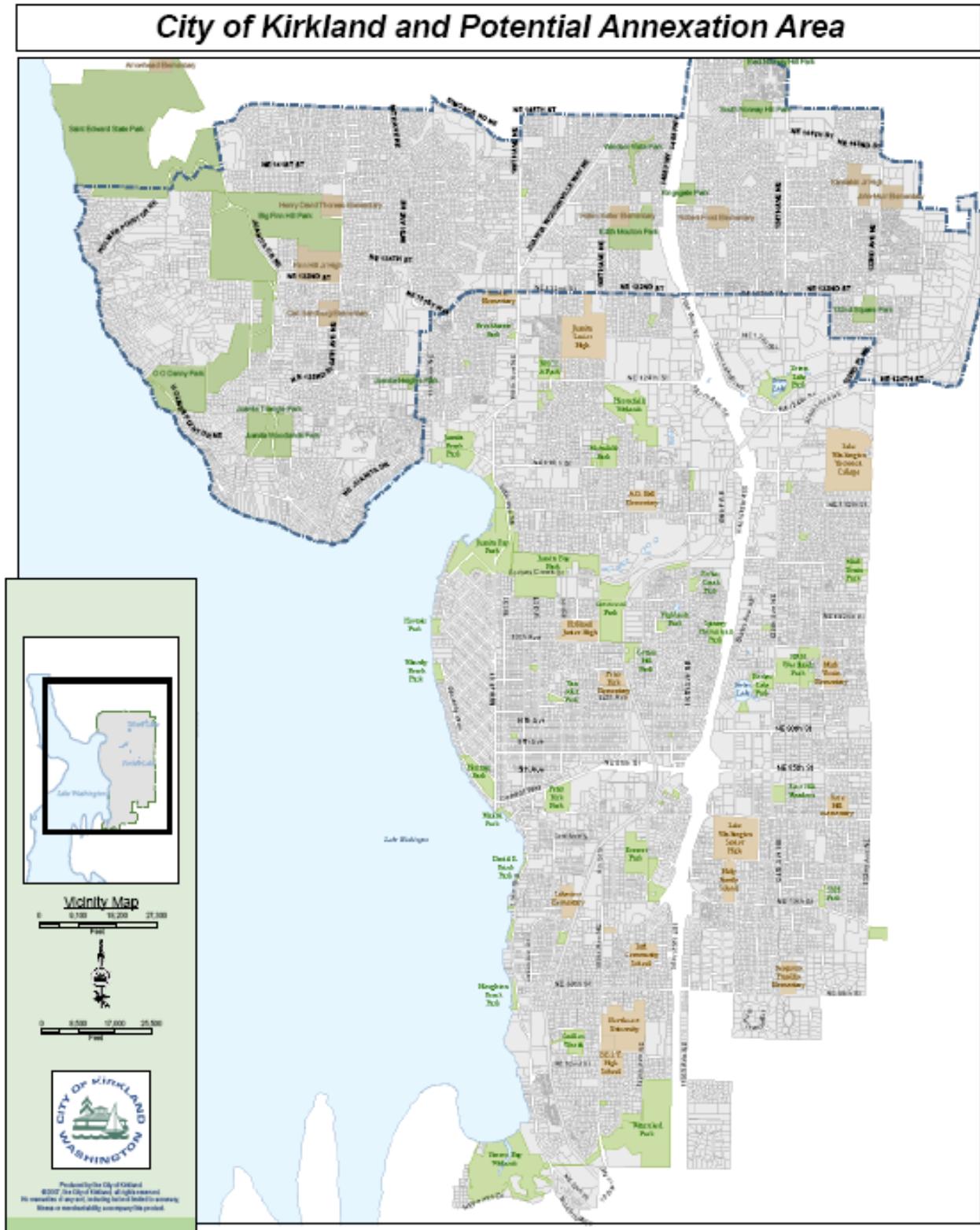
IDENTIFICATION OF POTENTIAL PROPERTIES – SITES AND/OR BUILDINGS

Site Location

While having city administration and core civic facilities near the city center frequently deemed valuable, many believe that the police functions (which rely primarily on vehicular response) can be located in any where as long as they are easy to find, especially for someone in distress. Development of a single Public Safety Facility or co-locating Police and Courts functions makes sense primarily for security and staff safety reasons. Some communities also believe locating a new police facility in a specific area is a way to offer a measure of support for a potentially troubled neighborhood.

Proximity to downtown Kirkland has been discussed and explored. This is partially because the Police Department is already near the historic core of Kirkland and also because many local trends (Bothell, Issaquah, and Bellevue, for example) suggest that staying near or moving even nearer to the core of the City is desirable. Kirkland has always enjoyed a vibrant City core, with a host of entertainment, retail, and cultural amenities. The ability to assemble a suitable parcel of land to address both space needs and adequate parking needs, while allowing for future growth, has probably come and gone, and would likely be too costly for the City. As an alternative to the downtown location, finding an underdeveloped or “raw land” or an underutilized site elsewhere in Kirkland and building a new Public Safety Facility is one siting option that was explored. Other siting options that were considered are purchase and demolish existing structures then build new, or buy and adapt/renovate the existing building or buildings, or some combination of these.

Real estate – land and buildings that are available for sale or “might” be for sale changes rapidly, varying virtually daily. As such it is difficult on any given day to find properties that may be potentially suitable for siting the Public Safety facility. Based on the site and building size requirements presented in this study and during the time span of this study, no undeveloped or “raw” land of even the “without annexation” minimum size was found or available on the market for purchase. A few undeveloped properties, just over 2 acres and a recently sold 7.75 acres parcel were found during our searching. Several previously developed properties with a building or buildings that might be suitable for the Public Safety facility were identified, although all but two would require aggregating adjacent properties or are likely too small either in land area or building square footage for a complete Public Safety facility without acquiring adjacent property or making significant alternations and improvements to them. See the APPENDIX for information about these properties. A map (Figure M) of the City of Kirkland and showing the Potential Annexation Area (PAA) follow is provided for information purposes.



PROBABLE PROJECT COST & BUDGET SCENARIOS

Presented below in Figures N, O, P, and Q are four Estimated Project Budget scenarios including estimates of probable project construction costs and real estate purchase costs for the Public Safety Facility. Two representative properties in the Totem Lake area with existing buildings of appropriate sizes were selected to provide “real-world” property purchase cost as well as site and building square footages. The scenarios present both new construction and remodeling options each using both the lower and higher ends of the unit cost range. Costs are also calculated for both Without Annexation and With Annexation. The representative properties are smaller than this study’s recommended site sizes for the Public Safety facility. The Municipal Court is not included in the calculations because it is assumed it will remain at its current location for several more years. Ideally, the site or buildings would be large enough to reserve space for the eventual relocating and construction of a new Municipal Court building and the associated parking.

Figure N:

| Estimate of Probable Project Costs - Scenario A1: Demolish & Rebuild | | | <i>Representative Example: Kirkland 405 Corporate Center - Buildings C & E</i> | | | | |
|---|----------------|-------|--|---------------|-------|---------------------|--------------------|
| High End of Cost Range | Size/Area | | Estimated Cost | Size/Area | | Estimated Cost | Est. Cost per Unit |
| | w/o Annexation | | | w/ Annexation | | | |
| Property Purchase | 3.36 | Acres | | 3.36 | Acres | | |
| Land (for Police/Secondary/Jail/Court) | 146,362 | sf | 3,659,000 | 146,362 | sf | 3,659,000 | 25 sf |
| with 2 Commercial Building(s) | 71,000 | sf | 15,691,000 | 71,000 | sf | 15,691,000 | 221 sf |
| Combined Property Size & Cost | 217,362 | sf | 19,350,000 | 217,362 | sf | 19,350,000 | 246 sf |
| | | | | | | | |
| Demolish Building(s) | 71,000 | sf | 355,000 | 71,000 | sf | 355,000 | 5 sf |
| | | | | | | | |
| Construction Costs | | | | | | | |
| Site Redevelopment (50%) | 73,181 | sf | 585,446 | 73,181 | sf | 585,446 | 8 sf |
| Construct New Surface Parking (50%) | 82,375 | sf | 576,625 | 138,188 | sf | 967,316 | 7 sf |
| Construct New 2-story Police Bldg | 23,895 | sf | 5,734,800 | 31,476 | sf | 7,554,240 | 240 sf |
| Construct New Secondary Bldg | 10,282 | sf | 1,542,300 | 13,673 | sf | 2,050,950 | 150 sf |
| Court Building - future | 20,825 | sf | 0 | 22,110 | sf | 0 | 0 sf |
| Construct New Jail | 19,240 | sf | 5,772,000 | 23,790 | sf | 7,137,000 | 300 sf |
| Construction Cost Subtotal | | | 14,211,171 | | | 18,294,952 | |
| Construction Contingency (5%) | | | 710,559 | | | 914,748 | |
| Total Construction Cost | | | 14,921,730 | | | 19,209,700 | |
| | | | | | | | |
| Soft Costs (55% of Const Costs) | | | 8,206,951 | | | 10,565,335 | |
| | | | | | | | |
| Total Probable Project Cost | | | 42,833,681 | | | 49,480,035 | |
| | | | | | | | |
| Additional Costs: | | | | | | | |
| Sustainable/LEED Costs | | | 746,086 | | | 960,485 | |
| (5% of Construction Costs) | | | | | | | |
| | | | | | | | |
| TOTAL ESTIMATED PROJECT BUDGET | | | \$43,579,768 | | | \$50,440,520 | |

Figure O:

| Estimate of Probable Project Costs - Scenario A2: Remodel | | | <i>Representative Example: Kirkland 405 Corporate Center - Buildings C & E</i> | | | | |
|--|----------------|-------|--|---------------|-------|---------------------|--------------------|
| High End of Cost Range | Size/Area | | Estimated Cost | Size/Area | | Estimated Cost | Est. Cost per Unit |
| | w/o Annexation | | | w/ Annexation | | | |
| Property Purchase | 3.36 | Acres | | 3.36 | Acres | | |
| Land (for Police/Secondary/Jail/Court) | 146,362 | sf | 3,659,000 | 146,362 | sf | 3,659,000 | 25 sf |
| with 2 Commercial Building(s) | 71,000 | sf | 15,691,000 | 71,000 | sf | 15,691,000 | 221 sf |
| Combined Property Size & Cost | 217,362 | sf | 19,350,000 | 217,362 | sf | 19,350,000 | 246 sf |
| | | | | | | | |
| Demolish Building - N/A | 0 | sf | 0 | 0 | sf | 0 | 0 sf |
| | | | | | | | |
| Construction Costs | | | | | | | |
| Site Redevelopment (50%) | 73,181 | sf | 585,446 | 73,181 | sf | 585,446 | 8 sf |
| Construct New Surface Parking (50%) | 82,375 | sf | 576,625 | 138,188 | sf | 967,316 | 7 sf |
| Remodel Bldg for Police | 23,895 | sf | 3,464,775 | 31,476 | sf | 4,564,020 | 145 sf |
| Remodel Bldg for Secondary Bldg | 10,282 | sf | 925,380 | 13,673 | sf | 1,230,570 | 90 sf |
| Court Building - future | 20,825 | sf | 0 | 22,110 | sf | 0 | 0 sf |
| Remodel Bldg for Jail | 19,240 | sf | 4,617,600 | 23,790 | sf | 5,709,600 | 240 sf |
| Construction Cost Subtotal | | | 10,169,826 | | | 13,056,952 | |
| Construction Contingency (10%) | | | 1,016,983 | | | 1,305,695 | |
| Total Construction Cost | | | 11,186,809 | | | 14,362,648 | |
| | | | | | | | |
| Soft Costs (55% of Const Costs) | | | 6,152,745 | | | 7,899,456 | |
| | | | | | | | |
| Total Probable Project Cost | | | 36,689,554 | | | 41,612,104 | |
| | | | | | | | |
| Additional Costs: | | | | | | | |
| Sustainable/LEED Costs (5% of Construction Costs) | | | 559,340 | | | 718,132 | |
| | | | | | | | |
| TOTAL ESTIMATED PROJECT BUDGET | | | \$37,248,894 | | | \$42,330,236 | |

Figure P:

| Estimate of Probable Project Costs - Scenario B1: Demolish & Rebuild | | | <i>Representative Example: Kirkland 405 Corporate Center - Buildings C & E</i> | | | | |
|---|----------------|-------|--|---------------|-------|---------------------|--------------------|
| Low End of Cost Range | Size/Area | | Estimated Cost | Size/Area | | Estimated Cost | Est. Cost per Unit |
| | w/o Annexation | | | w/ Annexation | | | |
| Property Purchase | 3.36 | Acres | | 3.36 | Acres | | |
| Land (for Police/Secondary/Jail/Court) | 146,362 | sf | 3,659,000 | 146,362 | sf | 3,659,000 | 25 sf |
| with 2 Commercial Building(s) | 71,000 | sf | 15,691,000 | 71,000 | sf | 15,691,000 | 221 sf |
| Combined Property Size & Cost | 217,362 | sf | 19,350,000 | 217,362 | sf | 19,350,000 | 246 sf |
| Demolish Building(s) | 71,000 | sf | 213,000 | 71,000 | sf | 213,000 | 3 sf |
| Construction Costs | | | | | | | |
| Site Redevelopment (50%) | 73,181 | sf | 365,904 | 73,181 | sf | 365,904 | 5 sf |
| Construct New Surface Parking (50%) | 82,375 | sf | 411,875 | 138,188 | sf | 690,940 | 5 sf |
| Construct New 2-story Police Bldg | 23,895 | sf | 5,017,950 | 31,476 | sf | 6,609,960 | 210 sf |
| Construct New Secondary Bldg | 10,282 | sf | 1,439,480 | 13,673 | sf | 1,914,220 | 140 sf |
| Court Building - future | 20,825 | sf | 0 | 22,110 | sf | 0 | 0 sf |
| Construct New Jail | 19,240 | sf | 4,810,000 | 23,790 | sf | 5,947,500 | 250 sf |
| Construction Cost Subtotal | | | 12,045,209 | | | 15,528,524 | |
| Construction Contingency (5%) | | | 602,260 | | | 776,426 | |
| Total Construction Cost | | | 12,647,469 | | | 16,304,950 | |
| Soft Costs (55% of Const Costs) | | | 6,956,108 | | | 8,967,723 | |
| Total Probable Project Cost | | | 39,166,578 | | | 44,835,673 | |
| Additional Costs: | | | | | | | |
| Sustainable/LEED Costs (5% of Construction Costs) | | | 632,373 | | | 815,248 | |
| TOTAL ESTIMATED PROJECT BUDGET | | | \$39,798,951 | | | \$45,650,920 | |

Figure Q:

| Estimate of Probable Project Costs - Scenario B2: Remodel | | | <i>Representative Example: Kirkland 405 Corporate Center - Buildings C & E</i> | | | | | |
|--|----------------|-------|--|---------------|-------|---------------------|--------------------|----|
| Low End of Cost Range | Size/Area | | Estimated Cost | Size/Area | | Estimated Cost | Est. Cost per Unit | |
| | w/o Annexation | | | w/ Annexation | | | | |
| Property Purchase | 3.36 | Acres | | 3.36 | Acres | | | |
| Land (for Police/Secondary/Jail/Court) | 146,362 | sf | 3,659,000 | 146,362 | sf | 3,659,000 | 25 | sf |
| with 2 Commercial Building(s) | 71,000 | sf | 15,691,000 | 71,000 | sf | 15,691,000 | 221 | sf |
| Combined Property Size & Cost | 217,362 | sf | 19,350,000 | 217,362 | sf | 19,350,000 | 246 | sf |
| | | | | | | | | |
| Demolish Building - N/A | 0 | sf | 0 | 0 | sf | 0 | 0 | sf |
| | | | | | | | | |
| Construction Costs | | | | | | | | |
| Site Redevelopment (50%) | 73,181 | sf | 365,904 | 73,181 | sf | 365,904 | 5 | sf |
| Construct New Surface Parking (50%) | 82,375 | sf | 411,875 | 138,188 | sf | 690,940 | 5 | sf |
| Remodel Bldg for Police | 23,895 | sf | 2,986,875 | 31,476 | sf | 3,934,500 | 125 | sf |
| Remodel Bldg for Secondary Bldg | 10,282 | sf | 873,970 | 13,673 | sf | 1,162,205 | 85 | sf |
| Court Building - future | 20,825 | sf | 0 | 22,110 | sf | 0 | 0 | sf |
| Remodel Bldg for Jail | 19,240 | sf | 3,848,000 | 23,790 | sf | 4,758,000 | 200 | sf |
| Construction Cost Subtotal | | | 8,486,624 | | | 10,911,549 | | |
| Construction Contingency (10%) | | | 848,662 | | | 1,091,155 | | |
| Total Construction Cost | | | 9,335,286 | | | 12,002,704 | | |
| | | | | | | | | |
| Soft Costs (55% of Const Costs) | | | 5,134,408 | | | 6,601,487 | | |
| | | | | | | | | |
| Total Probable Project Cost | | | 33,819,694 | | | 37,954,191 | | |
| | | | | | | | | |
| Additional Costs: | | | | | | | | |
| Sustainable/LEED Costs | | | 466,764 | | | 600,135 | | |
| (5% of Construction Costs) | | | | | | | | |
| | | | | | | | | |
| TOTAL ESTIMATED PROJECT BUDGET | | | \$34,286,458 | | | \$38,554,326 | | |

SITE CONSIDERATIONS

Site evaluation and selection must be carefully considered whether exploring the possibility of renovation of an existing facility, acquisition of an adaptive re-use facility or new construction. There are many essential components of site evaluation:

- * Cost of land
- * Cost of site development
- * Size and shape of site
- * Potential for multiple uses
- * Public access to site (vehicular and pedestrian)
- * Visibility and views
- * Proximity to other governmental functions – a neighborhood context
- * Travel and mileage issues
- * Positioning of new facility on site
- * Security
- * Noise and traffic impact
- * Expansion possibilities
- * Former use of identified land
- * Possible ground contamination
- * Possibility of locating artifacts during site preparation & excavation
- * Zoning
- * Utilities/easements
- * Topography/geotechnical/soils
- * Waterbodies/wetlands/floodplain/stormwater control

Several acquisition issues must be kept in mind. It is always advisable to consider multiple sites for comparative purposes. All potential sites must be examined carefully for needed characteristics, functions and detractors.

Site & Building Options

Since various options and scenarios may require consideration of a site or sites for a new public safety facility, the following general information is offered to aid in the process.

GENERAL SITE CONSIDERATIONS CRITERIA

It is useful to point out some general site considerations and criteria that historically govern successful Police, Courts, and facility planning and locating site for such facilities.

Provide A Space Cushion

In the past decade the entire Seattle region has seen its population surge. This has particularly been the case in King, Pierce and Snohomish Counties. So while Kirkland's physical size is relatively fixed, unless or until annexation occurs, and assuming Kirkland will not see great surges in

population, the City must address the implications of having rapidly growing neighbors, especially as population densities increase. While the explosive growth of the recent past in the surrounding counties may begin to ease, the entire I-5 and I-405 corridor from Puyallup to Arlington can expect nothing but growth. Any solution for or site under consideration for the locating the Kirkland Public Safety Facility on must allow for the potential of Annexation.

Therefore, any new public safety facility solution must anticipate enough land to allow for Kirkland's complete 'build-out' condition. Further, no matter how well planned any new public safety facility is, by necessity, it undergo periodic renovations and infrastructure upgrades. Therefore, the initial planning effort must seek to provide the best possible foundation for all future expansions.

Multi-Story Solution and/or a Parking Structure

In cities like Kirkland, where large tracts of land are no longer easily available and land is costly, a typical strategy is to build a multi-story building perhaps with under-building parking, underground parking, or an elevated parking deck or structure.

Historically, multi-story Police facilities (two or more stories) of the size here do not work as well operationally as single story configurations. This is because many of the functions in a Police facility need close adjacencies to the public, or with fleet vehicles. In essence, most functions in a Police facility 'want' to be on a ground level. The experience of the Consultant Team indicates that Police facilities are typically limited to one-story until their size exceeds approximately 40,000-45,000 square feet. Since Kirkland's Police and Jail facility exceed this, consideration of a multi-story facility is clearly warranted.

A multi-story solution requires the addition of elevators into the project. It also requires additional restrooms and the inclusion of two or more stairs. The result is a cost trade-off to the project – less land, less roof area, more restrooms and stairs, and elevators. In essence, the cost of preserving land is a building with more space and a degree of redundant space.

Further, Building Codes generally consider Police facilities, 911 Communications/Dispatch Centers, and Emergency Operations Centers as "Essential Services Buildings" requiring them to be constructed to higher seismic and wind standards than more typical construction. As such, the cost per square foot correspondingly increases to meet the higher standards. This also can make renovations or retrofits of existing buildings more difficult and more difficult and costly than the norm. This frequently results in making renovation and remodeling less cost effective. Evidence storage buildings and similar police facilities as well as Municipal Courts and similar public safety buildings typically are not considered "Essential Services Buildings"

For a typical office building or for any commercial building, the minimum level of performance required would be Life Safety. The Life Safety Performance Level contemplates significant damage to both structural and nonstructural components during a seismic event, though at least some margin against either partial or total structural collapse remains. Mechanical, electrical,

plumbing, fire protection and other systems necessary for normal operations are expected to be completely nonfunctional due to failure, breakage, and collapse. If repairs to the structure and other systems are possible, the building can not be occupied while repairs are conducted. Injuries may occur, but the level of risk for life-threatening injury and entrapment is low.

For a building housing the Police Department, jail and other associated or related functions; the minimum level of performance for this type of “essential facility and operations” would be Immediate Occupancy. Immediate Occupancy Performance Level: Some times referred to as Operational Level, buildings at this performance level are expected to experience only negligible damage to structural components and minor damage to nonstructural components. The building’s structure will retain nearly all of its pre-seismic event strength and stiffness, and all mechanical, electrical, plumbing, and other systems necessary for the normal operations are expected to be functional. If repairs are required, these can be conducted at the convenience of the occupants. The risk to life safety is negligible.

If any selected site is large enough to allow for most of the needed parking to be located on-grade, then future building expansions could be easily built by converting parking to a deck when needed. If such a site is not available (and this will likely be the case) then some type of structured parking capable of supporting ‘build-out’ needs would like be necessary.

SITE SIZE

Location and size usually tie for the most important selection criteria for a public safety facility. Any potential candidate site should be capable of providing:

- * On-site secure staff and fleet parking.
- * Highly visible public parking for citizens who will come to transact business public safety center.
- * Space for specialized Police equipment and activities such as vehicle examination, retention of large/bulky evidence, etc.
- * Sufficient space for appropriate landscaping and green buffers.

SITE ACCESS & VISIBILITY

Locate any candidate site on, adjacent to, or very near prominent streets. A new Public Safety facility should become an instantly recognizable landmark. The Police building should be available as an area of refuge for a citizen in distress.

SECOND EXIT

Provide two or more vehicular exits – onto two different streets – to serve the Police fleet areas. This allows for fleet mobility in the event that one of the exits is subjected to closure for any reason.

UTILITY DELIVERY

It is important to locate the primary incoming connections for utilities in a secure area. This prevents the opportunity for mischief and disruptive vandalism.

TRASH DISPOSAL, SUPPLIES & DELIVERIES

Give careful consideration for locating space necessary for trash removal and the delivery of supplies.

TOPOGRAPHY

Optimal sites should not be overly steep in terrain. A flat site or a site with a moderate grade typically allows for more perimeter vehicular access and increases the potential to introduce light into the building. A moderate slope can also be suitable providing access to the building on multiple levels.

PARKING REQUIREMENTS

Development of a new Public Safety facility must be planned so that it does not further burden the overall parking situation on adjoining streets. From a site size and planning standpoint, parking needs would likely warrant the development of a parking structure.

Although physically-challenged staff may serve in key areas such as in administrative areas, many Police job descriptions, by their very nature, preclude disabled persons. As such, visitor parking might be used to fulfill much of the code-mandated, barrier-free spaces.

The typical visitor to a Police facility will spend a relatively short time transacting business. It is recommended that the number of visitor parking stalls should reflect the capacities of the Courts facility, if permitted. However, Police Fleet and Staff, Court Staff, and visitor parking are to be kept completely separate.

MOTOR-COURT

A motor-court is a secure area in which Police can park their fleet and personal automobiles. It is recommended that the motor-court provide a secure area for parking and to stage certain police support functions.

Sustainable Sites - General

Project teams undertaking building projects should be cognizant of the inherent impacts of development on land consumption, ecosystems, natural resources and energy use. Preference should be given to buildings with high performance attributes in locations that enhance existing

neighborhoods, transportation networks, and urban infrastructures. During initial project scoping, preference should be given to sites and land use plans that preserve natural ecosystem functions and enhance the health of the surrounding community. Establishing sustainable design objectives and integrating building location and sustainable features as a metric for decision making encourages development and preservation or restoration practices that limit the environmental impact of buildings on local ecosystems.

SUSTAINABLE SITE SELECTION CRITERIA

(From LEED for New Construction Version 2.2)

Site Selection

Avoid development of inappropriate sites and reduce the environmental impact from the location of a building on a site. Do not develop buildings, hardscape, roads or parking areas on portions of sites that meet any one of the following criteria:

- * Prime farmland as defined by the United States Department of Agriculture in the United States Code of Federal Regulations, Title 7, Volume 6, Parts 400 to 699, Section 657.5 (citation 7CFR657.5)
- * Previously undeveloped land whose elevation is lower than 5 feet above the elevation of the 100-year flood as defined by FEMA (Federal Emergency Management Agency)
- * Land that is specifically identified as habitat for any species on Federal or State threatened or endangered lists
- * Within 100 feet of any wetlands as defined by United States Code of Federal Regulations 40 CFR, Parts 230-233 and Part 22, and isolated wetlands or areas of special concern identified by state or local rule, OR within setback distances from wetlands prescribed in state or local regulations, as defined by local or state rule or law, whichever is more stringent
- * Previously undeveloped land that is within 50 feet of a water body, defined as seas, lakes, rivers, streams and tributaries which support or could support fish, recreation or industrial use, consistent with the terminology of the Clean Water Act
- * Land which prior to acquisition for the project was public parkland, unless land of equal or greater value as parkland is accepted in trade by the public landowner (Park Authority projects are exempt)

During the site selection process, give preference to those sites that do not include sensitive site elements and restrictive land types. Select a suitable building location and design the building with the minimal footprint to minimize site disruption of those environmentally sensitive areas identified above.

Development Density & Community Connectivity

Channel development to urban areas with existing infrastructure, protect greenfields and preserve habitat and natural resources.

OPTION 1 – DEVELOPMENT DENSITY

Construct or renovate building on a previously developed site AND in a community with a minimum density of 60,000 square foot per acre net. Density calculation must include the area of the project being built and is based on a typical two-story downtown development.

OR

OPTION 2 – COMMUNITY CONNECTIVITY

Construct or renovate building on a previously developed site AND within ½ mile of a residential zone or neighborhood with an average density of 10 units per acre net AND within ½ mile of at least 10 Basic Services AND with pedestrian access between the building and the services. Basic Services includes, but are not limited to: 1) Bank; 2) Place of Worship; 3) Convenience Grocery; 4) Day Care; 5) Cleaners; 6) Fire Station; 7) Beauty; 8) Hardware; 9) Laundry; 10) Library; 11) Medical/Dental; 12) Senior Care Facility; 13) Park; 14) Pharmacy; 15) Post Office; 16) Restaurant; 17) School; 18) Supermarket; 19) Theater; 20) Community Center; 21) Fitness Center; 22) Museum. Proximity is determined by drawing a ½ mile radius around the main building entrance on a site map and counting the services within that radius.

During the site selection process, give preference to urban sites with pedestrian access to a variety of services.

Alternative Transportation

Public Transportation Access

Reduce pollution and land development impacts from automobile use. Locate project within ½ mile of an existing – or planned and funded – commuter rail, light rail or subway station.

OR

Locate project within ¼ mile of one or more stops for two or more public or campus bus lines usable by building occupants.

Perform a transportation survey of future building occupants to identify transportation needs. Site the building near mass transit.

Alternative Transportation

Parking Capacity

Reduce pollution and land development impacts from single occupancy vehicle use.

OPTION 1 – NON-RESIDENTIAL

Size parking capacity to not exceed minimum local zoning requirements, AND, provide preferred parking for carpools or vanpools for 5% of the total provided parking spaces.

BASIC CRITERIA FOR CONSIDERING AN EXISTING BUILDING

- * Must be of size to accommodate space needs and functions as well as gross square footage or have adjoining area for addition, or be capable of enlarging vertically.
- * Must be non-combustible construction (no wood) for Police use and to provide 2-hour fire rated construction for Jail use.
- * Exterior cladding should be of masonry or concrete such as brick, pre-cast concrete, poured-in-place concrete, etc. for ballistic protection and durability
- * Must not be clad in “Dryvit” or similar exterior “outsulation” type cladding (which offers no ballistic protection).
- * Two-story recommended, three-story maximum for Police only.
- * Two-story recommended, Three-story maximum for combined Police and Courts.
- * Should be newer than 1979 (eliminating potential asbestos usage).
- * Must be ADA compliant with an ADA compliant elevator or space for installing a ADA compliant elevator.
- * Must be equipped with automatic fire sprinkler system.
- * Must have a fire alarm system.
- * Must not have aluminum wiring.
- * Floor-to-floor height should be at least 14 feet or more.

SUSTAINABLE EXISTING BUILDING SELECTION CRITERIA

In addition to the SUSTAINABLE SITE SELECTION CRITERIA From LEED for New Construction, Version 2.2, additional sustainable criteria potentially applicable to the Public Safety Facility can be found in LEED for Existing Buildings, Version 2.0 and LEED for Commercial Interiors, Version 2.0.

APPENDIX

Properties – Land & Buildings Research Findings & Information



CITY OF KIRKLAND
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MEMORANDUM

To: Kirkland City Council

From: David Ramsay, City Manager
Marilynne Beard, Assistant City Manager

Date: November 26, 2007

Subject: POTENTIAL ANNEXATION

RECOMMENDATION:

City Council receives additional information on the potential annexation and provides direction to staff regarding next steps and timelines.

BACKGROUND:

The purpose of this memo is to provide further background in support of the City Council's discussion regarding whether to proceed to Phase 3 of the annexation study. This memo includes:

- A recap of the discussion and direction provided at the November 15 Council study session and the November 20 regular meeting concerning annexation.
- A discussion of potential action steps on annexation and related policy implication
- A recommended process for Council discussion.

.Three additional reports follow this memorandum. They are:

- The draft results of the Public Safety Building Feasibility (see memorandum from Marilynne Beard)
- An overview of facilities financing options (rescheduled from the November 7 Council meeting – see memorandum from Tracey Dunlap); and
- A report from Planning on the status of annexation zoning work (see memorandum from Teresa Swan and Eric Shields).

Recap of November 15 and November 20 Council Meetings

The purpose of the November 15 study session was to provide updated financial information to the City Council and to discuss next steps in the annexation study process. Updated information was provided regarding discussions with fire and parks special districts, the outcome of the infrastructure study and financial capacity to fund a CIP for the PAA, an update to the financial model, financial assistance from King County, and rules for use of the State sales tax

credit. The following bullet points summarize key points raised at the November 15 meeting but do not necessarily reflect Council consensus.

- The updated financial information provided by staff caused Council to become more pessimistic about pursuing annexation.
- Council does not want to change its basic assumptions from Phase 1 at this time.
- Council reiterated its position that service levels in the annexation area will be equivalent to existing Kirkland and annexation will not be pursued if it causes any degradation in services to Kirkland. In addition, the Council confirmed that:
 - *The City Council would continue its ban on commercial card rooms which would require the casino located in the Kingsgate area discontinue operation.*
 - *The City would assume the outstanding debt of Fire District #41 for the fire station consolidation or retire the debt with available cash reserves.*
 - *The City will assume maintenance of O.O. Denny Park.*
- Council acknowledged that Kirkland has a financial problem (structural imbalance) that needs to be solved apart from the issue of annexation and some council members believe it should be talked about and addressed with constituents before annexation decisions are made.
- Council is interested in engaging King County and State legislators in conversations about Kirkland's financial picture, about the true costs of annexation, and the adequacy of the State and County incentive funding to provide sufficient assistance to close the financial gap to support Kirkland's annexation.
- Council members believe that Kirkland should ensure that every possible way to make annexation work has been explored in light of the city's previous annexation of the Totem Lake revenue-producing area.
- Council believes that they have been provided good information and are conducting their "due diligence."
- Council is not ready to make a decision about Phase 3 in December.

Several Items were identified for follow-up:

- Council would like more information about the feasibility and financial impacts of a slower implementation schedule for ramping up services or annexing smaller areas.
- Staff and Council need to approach legislators to see if there is any possibility the State funding window could be extended or additional funding could be made available.
 - Extend State funding beyond ten years.
 - Extend eligibility for "commencing annexation" beyond 2010.
 - Provide significant capital funding for new facilities.
- Council would like to see a mailing to all Kirkland residents updating them on the annexation study.

At the November 20 regular meeting the Council received addition public input and provided further direction to staff:

- Council would like to consider engaging the PAA residents in a dialog about the future of annexation including desired levels of service and alternatives to annexation.
- Council rescheduled their Phase 3 "go/no go" decision from December 11 to January 15, 2008.

As noted above, the full Council had not achieved consensus on the statements or follow-up shown above and further discussion is needed in order to plan our next steps. One of the fundamental issues that needs further discussion is the potential impact of annexation on existing Kirkland residents. There are a variety of actions that could be taken to continue the annexation study; however, the utility of those options may depend on further definition of "impacts to Kirkland."

Potential Actions and Policy Issues

A list of possible topics for discussion and actions that have been suggested are discussed below along with policy implications and items needing further Council direction:

1. **Provide More Definition Regarding “Impacts to Kirkland”** – Several of the potential solutions for making annexation financially feasible relate to differential service levels in the PAA (either temporarily through phasing or indefinitely). A key issue with these options relates to potential impacts to Kirkland. While PAA residents may be willing to accept a lower level of service, there may be collateral impacts on Kirkland. Although those impacts may not be severe or can be mitigated, this option may be in conflict with Council’s assumptions that 1) an equivalent level of service would be provided in the PAA (there won’t be “two Kirklands”) and 2) there will be no impact on existing levels of service in Kirkland.

One relevant example of the possible collateral impacts of differential service levels relates to police services. Staffing levels in the Kirkland Police Department provide an established level of response to calls for service. Any call that is a report of “crime in progress” (e.g. domestic violence, burglary, auto theft), requires more than one officer to respond to ensure officer safety. This means that a car from one patrol district must leave their assigned area to assist another officer. Officers in other patrol districts then cover calls for service in the area left unmanned. This already occurs on a regular basis within Kirkland with officers moving between patrols for back-up. If there are fewer patrol districts in the annexation area (and fewer officers), officer safety will necessarily become the overriding priority and back-up coverage will be needed more often from within the existing boundaries of Kirkland. The recommended level of staffing contained in the fiscal model provides coverage of the PAA at a level consistent with Kirkland.

One of the options suggested in earlier staff presentations to mitigate this challenge would be to **contract with King County for police services in the annexed area**. King County officers could be dispatched by King County and would not be interchangeable with Kirkland police officers (i.e. Kirkland would not provide back-up for their officers and visa versa). King County’s back-up would be provided by deputies serving in surrounding areas such as Woodinville and Kenmore). It is likely that we could still provide a higher level of police protection in the annexed area than is currently provided, however, it would be a lower level than Kirkland has currently. One difficulty would be related to uncertainty regarding the future. Based on the financial information available at this time, it is not clear when Kirkland could commit to assuming police services in the annexed area. Thus, it would simply delay the same set of financial and operational problems that would exist if we assumed the area now. There could also be operational challenges relating to reporting of crime statistics and coordination with the Kirkland Municipal Court.

Other City service areas present different challenges. For instance, would customers coming into City Hall for permit services or planning information be treated any differently than a customer from the existing city? Would we respond to a report of a pot hole differently, given that the liability of not fixing it would be the same in the PAA and the existing city? Kirkland staff prides itself on providing good customer service and would find it difficult to differentiate between customers at the counter or on the phone. Even without the long term financial challenges, simply ramping up services to an additional 33,000 would cause a temporary disruption. However, the disruption would be resolved over time. **Further discussion about acceptable impacts is needed to test Council’s fundamental assumptions about service levels and impacts to Kirkland** before staff proceeds with an analysis of options that result in differential service levels.

2. **Conduct Further Discussions with Annexation Area Representatives** – There was a suggestion that we need to **have a meeting with representatives from the PAA regarding the level of service they desire and whether they are open to various phasing options, either in service levels or in sequencing annexation by sub-areas.** Some PAA residents have come forward and believe that our estimated costs may be overstated (particularly in the area of police services) based on their perception of needed services in their area. They would like the opportunity to discuss a lower level of service that may meet their needs and reduce costs. Before pursuing this conversation, the issues raised in item #1 above should be discussed.

3. **Initiate Discussions with the Woodinville Fire and Life Safety Fire District** – To date, our discussions with this fire district have been conducted via Kirkland’s fire chief and the district’s chief. A suggestion has been made to **hold a meeting between the Council Annexation Subcommittee and the Woodinville Fire and Life Safety district commissioners** so that we can each better understand the challenges and opportunities facing both entities and to determine if there is a middle ground that mitigates their expressed intent to relocate station #34 from Kingsgate. In the past, the Public Safety Committee has met with the commissioners from Fire District #41 to discuss issues of mutual concern. As an alternative to the Annexation Subcommittee, it may be appropriate for the **Public Safety Committee to meet with Woodinville Fire and Life Safety elected officials.** If the Council wants to pursue discussions with the Woodinville Fire and Life Safety commissioners, staff recommends that we **begin to engage Kirkland firefighters (IAFF) regarding which options they would support.**

4. **Initiate discussions with King County and State Legislators to Pursue Additional Funding and/or Time for Annexation** – Potential assistance could come in several forms including:
 - a. An extension of the time available to commence annexation and still be eligible for the State funding (current deadline is January 1, 2010).
 - b. An extension of the State sales tax credit for a period longer than 10 years.
 - c. Additional capital funding towards facilities projects that helps offset long term debt service costs.
 - d. Additional ongoing financial support.
 - e. Clarification from the State Auditor concerning rules for the State sales tax credit.

Given the State and County’s fiscal position and the fact that other cities are undertaking annexation under the current State sales tax rules, securing additional funding from either of these may be challenging. Clarification is needed regarding which of these to pursue, for how long and who will take these initiatives forward (i.e. City Council subcommittee, legislative committee, individual council members, staff).

5. **Further Study the Financial Feasibility of Adjusted Boundaries** – Staff has brought forward the possibility of **changing the boundaries of the proposed annexation area to exclude the Woodinville Fire and Life Safety District.** The district has indicated that if we do not annex that area, they would not relocate the Kingsgate fire station, eliminating the need for an additional engine company to serve that area. The elimination of this area would still leave a total population in excess of the 20,000 eligibility threshold for the maximum amount of State financial assistance. However, it also removes a portion of the revenue base and would reduce the population to be served (and expenditures). A detailed financial and operational analysis has not been conducted for this option, however, we estimate as much as \$4 million would be removed from the revenue base. In order to identify a like amount of expenditure reductions, a significant reduction would need to be achieved from the police services budget (e.g. reduce the number of patrol districts from four to three). A cursory analysis indicates that it would be difficult to achieve \$4 million in savings because some of the economies of scale would be lost. **Further direction is needed from Council about whether to pursue this study as it will require significant staff time to conduct a more detailed analysis** (which may not yield a different result than our initial

review).

One issue related to changing boundaries is that the proposal must still be reviewed and approved by the Boundary Review Board (BRB) and this change may not be seen as acceptable to the BRB and/or may increase the likelihood of an appeal to the BRB's decision.

Another way to adjust boundaries is to **annex smaller portions of the PAA at one time**. We do have the ability within the financial model to calculate the relative cost of providing services and revenues by the major neighborhood areas. This involves more than a simple mathematical calculation since the model divides up FTE's proportionally between the areas and does not take into consideration the realities of providing services with fractions of FTE's . **Since this option would require a significant investment of staff time, further direction from Council is needed about whether to pursue this analysis.**

6. **Study the Potential for a Slower Phase-in of Service Levels** – A question was raised about whether **a slower phase-in of service levels** helps mitigate the financial outlook. The financial model was developed assuming no phasing of services because the purpose of the model was to evaluate the ultimate full cost of services and supporting revenue. If one were to change the near term costs (by initially providing a lower level of service), it simply delays the same financial outcome. If services are added in later years in the model, the cost of those services would be inflated to reflect the estimated cost in the year they are added so there are no long-term, ongoing savings that results from phasing in services. As a practical matter, we will need to phase-in services over some (shorter) period time due to the amount of time it takes to hire and train new employees and to get equipment and facilities in place. However, we can predict an end to that temporary impact, whereas any phasing of a full service level (without changing any of the underlying assumptions as discussed above) simply delays the same outcome. Another potential problem with phasing is that it assumes a lower level of service in the PAA than in existing Kirkland. The longer it takes to implement a full service level, the longer we risk the downsides of differential service levels as described in item #1 above.

An additional issue related to phasing relates to the State sales tax credit rules. The City is eligible for up to a .20% sales tax credit to the extent that we can demonstrate a difference between revenues and expenses of that amount. Each year, the City must demonstrate the difference between revenue received from the annexation area and expenses related to that area. That difference is the amount the City will receive in the State sales tax credit (up to .20%). Our financial model assumes that we will receive the maximum amount of sales tax credit revenue available. We would need to take into account this rule and the potential financial impact of phasing.

7. **Discuss Alternatives to Annexation with Representatives of the PAA** – If Kirkland decides not to annex the PAA, then the question of what happens to that area must be answered. Since the PAA is included in Kirkland's adopted Comprehensive Plan, the Council may amend the plan and present the amendment for consideration to the Growth Management Planning Commission. We can anticipate that we will need to **work with other adjacent cities to reassign all or a portion of the PAA as their annexation areas** unless we keep it in our comp plan. Another potential avenue to explore is to **assist the PAA with a study on incorporation**, with the understanding that they will contract back with Kirkland (and/or other jurisdictions) for their desired level of service. We would not expect that option to be supported by King County as it creates one more "contract city" within the county.

8. **Delay the Annexation for up to One Year** – Some Council members have suggested a “time out” for annexation. During this time, we would suspend major staff work and studies and allow time to pursue legislative assistance and to better assess our own financial condition.

A brief time out might last until the end of the legislative session when we will know more about possible assistance from the State or County. In this scenario, we could still potentially proceed to the Boundary Review Board (BRB process would need to be initiated by March in order to still consider a November 2008 election) concurrent with the legislative session. Council would make a “go/no go” decision in early April 2008.

A longer time out could occur for as long as one year; however, we would need to re-initiate the Boundary Review Board process by March 2009 in order to meet the deadlines for eligibility for State funding. Three timeline scenarios are attached at the end of this memo. Scenario 1 assumes we move forward to Phase 3 with an election in November 2008. Scenario 2 assumes a “go/no go” decision isn’t made until after the legislative session, and the election moves to August 2009. Scenario 3 assumes that the election occurs in November 2009 (at the latest possible time that still allows for eligibility for State funding) and works backwards for other deadlines from that point.

9. **Make a “Go/No Go” Decision** – The City Council can elect to make a decision to discontinue the annexation study. If a **“no go” decision is made, then staff would be directed to demobilize annexation study staffing and consulting services.** Council would also need to determine whether a “no go” decision meant that annexation is **put on indefinite hold** (requiring no change to the Comprehensive Plan) or if they will **seek to find a different solution for the PAA** (either through incorporation or reassignment of the area to other cities, possibly including Kirkland).
10. **Develop a Communication Strategy** – Whatever actions are chosen, an effective communication strategy will be needed. Council has expressed an interest in **developing a mailer to all Kirkland residents** specifically aimed at correcting misinformation distributed in a privately-funded flyer mailed to all Kirkland residents in October of this year. As an alternative, a mailer to Kirkland residents could also describe the Council’s current position on annexation (keep studying, put on hold, discontinue further study). Council may also want to consider a **mailer to all PAA residents** with similar information about the status of annexation. Council may want to consider seeking input from our communications consultant, EnviroIssues, about the content and audience of a mailer and the advisability or **sending one mailer to Kirkland and the PAA or sending different mailers to each area.**

Whether or not the Council chooses to proceed to Phase 3, undertaking some of these actions may require funding currently approved for 2008 or requested as part of the mid-biennial budget adjustment that will be presented to Council for consideration on December 11.

Process Recommendation

The preceding discussion includes a number of possible action steps that could be taken as part of the “no/no go” decision. For instance, the Council may decide to proceed to Phase 3 and take one or more of the action steps described above. Alternatively, the Council could make a “no go” decision and pursue a series of actions complementary to that decision (e.g. in either case, Council may decide to develop a mailer to all Kirkland and PAA residents). It should be noted that additional annexation agenda items are schedule for December and January. On December 11, the Council will be presented with an ordinance amending the 2007–2008 Budget which includes additional funding for annexation activities. The January 2 study session is devoted to discussion of the proposed annexation zoning ordinance. A public hearing on the proposed annexation zoning ordinance is scheduled for the regular meeting on January 15. This schedule is necessary in order to meet the Boundary Review Board schedule based on the November 2008 election timeline. The January 15 hearing would take place under “Public Hearings” which would be on the agenda before the Council takes formal action on the phase three decision.

Given the complex set of interrelated decisions, staff recommends the following process to reach the next “go/no go” decision.

1. At the December 4 study session Council should:
 - a. Provide more definition about the acceptable level of impacts to Kirkland that may occur as a result of annexation.
 - b. Once an understanding is reached about that assumption, the Council can provide direction on each of the possible action items and which they want to pursue to support the “go/no go” decision.
 - c. Revisit the current schedule of annexation-related agenda items on January 2 and January 15 and determine if the timing is still appropriate.
2. At the January 15 regular meeting, staff will bring back the results of the December 4 study session along with a resolution for Council consideration regarding proceeding to phase three.

Summary of Possible Action Items to Supplement Go/No Go Decision

The following summary of possible action items is provided to facilitate Council discussion regarding which actions they are interested in pursuing further.

- Conduct Further Discussions with Annexation Area Representatives
 - Have a meeting with representatives from the PAA regarding the level of service they desire.
 - Or whether they are open to various phasing options by geographic area.
- Pursue discussions with King County regarding contracting for police services in the annexed area
- Initiate discussions with the Woodinville Fire and Life Safety Fire District
 - Hold a meeting between the Council annexation subcommittee and the Woodinville Fire and Life Safety elected officials.
 - Or the Public Safety Committee and the Woodinville Fire and Life Safety elected officials.
 - Begin to engage Kirkland firefighters (IAFF) to which options they would support..

- Approach State Legislators to Pursue Additional Funding and/or Time for Annexation
 - An extension of the time available to commence annexation and still be eligible for the State funding (current deadline is January 1, 2010).
 - An extension of the State sales tax credit for a period longer than 10 years.
 - Additional capital funding towards facilities projects that helps offset long term debt service costs.
 - Additional ongoing financial support.
 - Clarification from the State Auditor concerning rules for the State sales tax credit..

- Further Study the Financial Feasibility of Adjusted Boundaries
 - Change the boundaries of the proposed annexation area to exclude the Woodinville Fire and Life Safety district .
 - Annex smaller portions of the PAA at one time.
 - Pursue this study as it will require significant staff time to conduct a more detailed analysis.

- Study the Potential for a Slower Phase-in of Service Levels

- Discuss Alternatives to Annexation with Representatives of the PAA
 - Work with other adjacent cities to reassign the PAA as their annexation areas.
 - Assist the PAA with a study on incorporation and contracting back with Kirkland.

- Delay the Annexation for up to One Year
 - A brief time out (to end of legislative session).
 - Or a longer time out (one year).

- Make a “Go/No Go” Decision
 - Put on indefinite hold.
 - Seek a different solution for the PAA through incorporation or reassignment of the area to other cities, possibly including Kirkland.
 - Direct staff to demobilize annexation study staffing and consulting services.

- Develop a Communication Strategy
 - Develop a mailer to all Kirkland residents.
 - Develop a mailer to all PAA residents.
 - Sending one mailer to Kirkland and the PAA.

There may be other action items not identified above that we can add to the list for Council consideration at the December 4 study session. Many of the possible action items listed above are not mutually exclusive and some are in direct conflict with another. In other words, taking one course of action or maintaining some assumptions may preclude certain other actions. Direction from Council about next steps will ultimately need to reconcile those conflicts and provide a clear course of action for the future of the annexation study.

Annexation Timeline November 2008 Election

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | |
|------|---------------------|-----|--|---|-----|-----|-------------------|--|-----|-----|-----|---------|-----------------------|
| 2007 | | | Go/No Go to Phase 2* | Phase 2 (King County ILA) | | | | | | | | | |
| | | | | Complete infrastructure assessment | | | | | | | | | |
| | | | | <-----Negotiate Planning ILA with King County-----> | | | | | | | | | |
| | | | | Continue Communication with Kirkland and Expand to PAA | | | | | | | | | |
| | | | | Departments Begin Preliminary Planning, Develop Zoning and Work on Operational Plans with King County | | | | | | | | | |
| 2008 | | | Go/No Go to Phase 3** | Phase 3 | | | | | | | | | |
| | | | Approve Zoning (after 2 Public Hearings) | Proceed to Boundary Review Board | | | Set Election Date | July 15 deadline for resolution for Nov 4 election*** | | | | Phase 4 | |
| | | | Continue Implementation Planning | | | | | | | | | | |
| | | | Continue Communication Strategy | | | | | | | | | | |
| 2009 | Phase 4 (continued) | | | | | | | | | | | | |
| | | | | | | | | <-----Effective Date to be determined-----? | | | | | |
| | Continue Hiring | | | | | | | Departments Begin Service Delivery | | | | | Enact Local Sales Tax |

*If "Go" then proceed to ILA negotiation with King County to establish timeline and funding commitment
 **If "Go" then proceed to election and select election date
 ***If annexation measure passes, Council to adopt ordinance accepting annexation.

**Annexation Timeline
August 2009 Election**

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------------|--|-----|----------------------|---|-------------------|--|--|-----|------------------------------------|-----|--|-----|
| 2007 | | | | Phase 2 (King County ILA) | | | | | | | | |
| | | | Go/No Go to Phase 2* | <-----Negotiate Planning ILA with King County----- > | | | | | | | | |
| | | | | Continue Communication with Kirkland and Expand to PAA | | | | | | | | |
| | | | | Departments Begin Preliminary Planning, Develop Zoning and Work on Operational Plans with King County | | | | | | | | |
| 2008 | Phase 2 (cont.) | | | Go/No Go to Phase 3** | Phase 3 | | | | | | | |
| | Discussions/Negotiations with State Legislature, King County, and Woodinville Fire & Life Safety | | | | | | | | | | Approve Zoning (after 2 Public Hearings) | |
| | Continue Implementation Planning | | | | | | | | | | | |
| | Continue Communication Strategy | | | | | | | | | | | |
| 2009 | Phase 3 (cont.) | | | | | | | | | | | |
| | Proceed to Boundary Review Board | | | | Set Election Date | May deadline for resolution for Aug 2009 election*** | | | Post Election Communication | | | |
| | | | | | | | | | Phase 4 | | | |
| 2010 | Phase 4 (continued) | | | | | | | | | | | |
| | | | | | | | | | Departments Begin Service Delivery | | | |
| | | | | | | | | | Enact Local Sales Tax | | | |
| | | | | | | | <-----Effective Date to be determined-----?> | | | | | |
| Annexation Hiring | | | | | | | | | | | | |

*If "Go" then proceed to ILA negotiation with King County to establish timeline and funding commitment

**If "Go" then proceed to election and select election date

***If annexation measure passes, Council to adopt ordinance accepting annexation.

Annexation Timeline

(2009 Election/Implement Tax After Effective Date)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------------|--|-----|----------------------|---|-----|-----|-----|--|-----|-----|-----------------------------|---------|
| 2007 | | | | Phase 2 (King County ILA) | | | | | | | | |
| | | | Go/No Go to Phase 2* | <-----Negotiate Planning ILA with King County----- > | | | | | | | | |
| | | | | Continue Communication with Kirkland and Expand to PAA | | | | | | | | |
| | | | | Departments Begin Preliminary Planning, Develop Zoning and Work on Operational Plans with King County | | | | | | | | |
| 2008 | Phase 2 (cont.) | | | | | | | | | | Go/No Go to Phase 3** | |
| | Discussions/Negotiations with State Legislature, King County, and Woodinville Fire & Life Safety | | | | | | | | | | | |
| | Implementation Planning Time Out | | | | | | | | | | | |
| 2009 | Phase 3 | | | | | | | | | | | |
| | Approve Zoning (after 2 Public Hearings) | | | Proceed to Boundary Review Board | | | | July deadline for resolution for Nov 2009 election | | | | Phase 4 |
| | Continue Communication Strategy | | | | | | | | | | Post Election Communication | |
| 2010 | Phase 4 (continued) | | | | | | | | | | | |
| | <-----Effective Date to be determined-----? | | | | | | | | | | | |
| | Departments Begin Service Delivery | | | | | | | | | | | |
| | Enact Local Sales Tax | | | | | | | | | | | |
| Annexation Hiring | | | | | | | | | | | | |

*If "Go" then proceed to ILA negotiation with King County to establish timeline and funding commitment

**If "Go" then proceed to election and select election date

***If annexation measure passes, Council to adopt ordinance accepting annexation.

**CITY OF KIRKLAND****Planning and Community Development Department**
123 Fifth Avenue, Kirkland, WA 98033 425.587.3225

MEMORANDUM

To: David Ramsay, City Manager

From: Teresa Swan, Senior Planner
Eric Shields, Planning Director

Date: November 20, 2007

Subject: STATUS OF ANNEXATION ZONING

I. INTRODUCTION

If the Kirkland City Council decides to move forward with an annexation vote, the Council must adopt a Zoning Ordinance, applicable to the annexation area, that would be part of the annexation question on the election ballot. The ordinance would need to be adopted prior to proceeding to the King County Boundary Review Board.

The ordinance would include any changes to the Kirkland Zoning Code to reflect the new annexation zoning, a new zoning map for the area and, if needed, changes to the Subdivision Ordinance.

If the City Council would like to have the annexation question on the November 2008 ballot, two hearings held 30 days apart would need to be scheduled in mid January and mid February 2008 on the annexation zoning, and then the annexation application would need to be submitted to the King County Boundary Review Board in early March 2008. The Boundary Review Board process takes several months and then the King County Council must place the annexation on the election ballot. They are not in session during the month of August. This timeline is why the hearings on the annexation zoning would need to be held in the first part of 2008.

Should the City Council decide to move forward with the annexation vote, the Planning staff is ready to start preparing the draft zoning ordinance for the required hearings on the annexation zoning.

II. PROCESS

Over the past several months, the Planning Department has been comparing the King County Zoning Code to the Kirkland Zoning Code, speaking to various County Planning staff and doing field visits of the annexation area to see what uses exist and how neighborhoods have been developed (i.e., uses, building heights, signage). The Planning Department has determined that the County and City codes are very different. In addition, the GIS Department has been mapping existing lot sizes, potential scenarios for determining the appropriate minimum lot size standard for zoning, existing uses and preliminary sensitive

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area information. Lastly, The Watershed Company has prepared a preliminary Annexation Drainage Basin Boundary Map for regulating wetlands and streams under the City's critical area ordinance.

The City has two types of zoning regulations: zone specific regulations found on individual use zone charts (e.g., RS, RSX, CBD) and general regulations found in various chapters following the use zone charts (e.g., wetlands and streams, tree management and landscaping, signage, required public improvements). The approach that staff has been taking is to make the zone-specific regulations similar to the current County regulations for each zone, but to apply the City's general regulations to the annexation, with a possible few exceptions. This is the same approach that the City took with the 1988 annexation.

On November 14, 2007, the Planning Department held an evening workshop with interested annexation residents on zoning issues that the Planning staff had identified. The purpose of the workshop was to do an overview of these zoning issues and then to break into small groups to begin obtaining their feedback on the issues and to hear about any other concerns. Follow-up evening workshops will be held on November 27 through 29, 2007 to continue obtaining their feedback. At the December 4, 2007 City Council study session, staff will provide the City Council with a summary of the residents' comments and concerns.

III. KEY ZONING ISSUES

Below is a list of the key zoning issues that staff is presenting at the annexation zoning workshops. Staff will use the workshop responses to help in preparing the annexation zoning:

A. Zone Specific Regulations (use zone charts to be similar to the County regulations)

1. RESIDENTIAL ZONES

- **Permitted Uses**

- Townhouses and apartments permitted outright in single family neighborhoods
 - County allows them
 - City does not allow them

Question: Should townhouses and apartments be allowed outright in single family zones?

- Commercial uses permitted in single family neighborhoods
 - County allows certain commercial uses (grocery stores, restaurants and office businesses) in residential zones through a public review process, although none exist in area today
 - City does not allow them

Question: Should commercial uses be allowed in single family zones?

- **Height of homes**

- County allows homes to be 35' high (3 stories) and increased to 45' (4 stories) with increased building setbacks
- City allows 25'-30' (2 stories) depending on neighborhood

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Questions: What should be the height limit? Should the height be able to be increased?

- **Distance of home from back yard property line**

- County requires at least 5'
- City requires at least 10'

Question: What should be the minimum required rear yard setback?

- **Size of homes compared to size of lot/floor area ratio**

- City limits square footage of house to 50% of the square footage of the lot
- County does not limit size

Question: Should the floor area ratio provision apply to the annexation area?

- **Lot coverage**

- County allows the home, driveway, patio & other paved areas to cover a lot in the single family zones at 55% in the R-4 zone, 70% in the R-6 zone and 75% in the R-8 zone
- City allows 50% of lot to be covered

Question: What should be the maximum allowable lot coverage for each zone?

- **Residential density**

- Since 1995, County uses a units-per-acre standard that is calculated based on the gross lot area including all roadways, wetlands, streams and associated buffer areas. The single family zoning designations are R-1, R-4, R-6 and R-8 with the R-6 as the most common zone (e.g., R-6 = 6 units per acre). Minimum lot size is 2500 square feet in all of the zones. The result of this system is generally smaller lots comparable to the City's lot sizes.
- City uses only a minimum lot size standard. In some cases, access easements are not included in the lot size, and in all cases dedicated rights-of-way and wetland and stream areas are not included in the lot size. A portion of the buffer area is included. The minimum lot size standard varies by zoning area. The minimum lot size range for single family is from 5000 square feet to 35000 square feet with the most common at 7200 and 8500 square feet.
- Staff has developed 3 options (objective is to maintain current development potential for property owners as much as possible and use the same density system city wide if possible):
 - 1) Stay with the County system. This option continues the very small minimum lot size of 2500 square feet and results in two density systems in Kirkland.
 - 2) Stay with County system but increase the minimum lot size to 70% of the units-per-acre standard (based on past subdivisions in Kirkland where the maximum amount of land area remaining after right-of-way dedication was 70%). This option maintains the County's basic method of calculating density, but provides a more appropriate minimum lot size that would be more compatible with adjacent lots.
 - 3) Use only a minimum lot size standard at either 85% or 90% of the units-per-acre standard (% accounts for not including access easement or road dedication areas in the minimum lot size calculation - Kirkland's subdivisions of 2-3 lots generally lose no land area for access easements or roads, but 4 or more lot subdivisions lose up to

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30% of land area in access easements or road dedications and those of 10 lots or more lose an average of 15% of land area in right-of-way dedications). This option would result in “winners and losers” because subdivisions with no dedication may gain lots and those with dedication would lose lots, and would result in the same density system used in Kirkland.

Question: Which option should be used?

2. COMMERCIAL ZONES

- **Auto and boat sales and leasing**

- County does not allow these uses in the annexation’s commercial areas
- City does allow them in most commercial areas

Question: Should auto and boat sales and leasing be allowed in the commercial areas?

- **Juanita Business District**

- County does not allow hotels and self storage uses
- City does allow them in most commercial areas

Question: Should hotels and self storage uses be allowed in the Juanita Business District?

- **Signs**

- County allows 15’ - 20’ high pole signs
- City allows 12’ high monument signs that have a base

Question: Do you have any concerns with the City’s sign regulations for commercial areas?

B. General Regulations (apply City’s regulations with a few exceptions)

- **Garage setback from main house**

- City requires garages to be setback 5 feet from main house if garage exceeds 50% of front façade. With this provision, garages would have to be setback 25 feet from street if the main house is setback 20 feet from street.
- County requires that garages be setback 20 feet from the street, but the main house can be as close at 10 feet from the street.

Question: Should the garage setback provision apply to the annexation area?

- **Height of detached accessory dwelling units (ADUs)**

- City limits the height of detached dwelling units (typically built above a detached garage) to 25 feet in height.
- County allows structures containing the units to be the same height as the primary house.

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Question: What should be the maximum allowable height for detached ADUs?

- **Size of vehicles parked in residential zones**

- City prohibits RVs, trucks and boats greater than 9' high and 22' wide in size parked for more than 48 hours (may go to 24 hours with current code amendments).
- County does not limit the parking of RV's, trucks and boats.

Question: Should the limitation on parking of vehicles apply to the annexation area?

- **Home occupations**

- County limits number of non resident employees to 1 person and customers must come by appointment (no limitation on number of customers).
- City limits number of non resident employees to 2 people and 6 customers per day with no more than 2 at a time.

Question: Do you have any concerns with the City's home occupation regulations?

- **Tree removal on lot with existing home**

- County allows any tree to be removed on the property, unless the trees are in a greenbelt, wetland/stream area or steep hillside.
- City allows up to 2 significant trees per year to be removed, but none in greenbelt or wetland/stream area. May not remove any trees if it would result in fewer than 2 trees remaining on the property or need to plant 2 new trees.
- For both the County and City, all hazardous and nuisance trees can be removed outside of greenbelts, wetland, stream and steep hillside areas. Within these sensitive areas, hazardous trees can be cut as snags or in some cases removed.

Question: Do you have any concerns with the City's tree removal regulations for existing homes?

- **Tree removal on lot with new home or major addition to home**

- County requires 10 significant trees or 5% of all trees to be saved, whichever is greater, excluding critical areas. Some trees can be counted as 2 tree credits if certain size and quality of tree are met.
- City requires significant trees in front, side and rear setback yards be kept, excluding diseased or hazardous trees. Also, a minimum tree density of 30 tree credits per acre must be provided on site. The number of tree credits assigned to each tree depends on the diameter of the tree. In most cases, tree density is met with existing trees on the site. If not, maybe one or two trees need to be planted on the property.

Question: Do you have any concerns with the City's tree removal regulations for new homes?

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- **Holmes Point Disturbance and Significant Tree Retention Ordinance**

- County has a special ordinance for the Holmes Point area in Finn Hill that reduces the allowable lot coverage, requires 25% of the land kept undisturbed and limits tree removal. However, the ordinance does not require a minimum tree coverage on each lot as Kirkland does. Also, Kirkland's threshold of what is considered a significant tree is greater than the County's threshold.

Question: Do you have concerns about applying the City's tree management regulations to the Holmes Point area.

- **Wetland, Stream and Associated Buffers**

- County and the City use different rating systems, buffer standards for wetland and stream areas, and buffer reductions with mitigation.
- County's required buffer widths are generally greater than the City's standards because the County's standards reflect a wider range of wetland and stream area types covering both urban and rural environments.

Question: Do you have concerns about applying the City's wetland and stream regulations to the annexation area?