



CITY OF KIRKLAND
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MEMORANDUM

To: City Council
From: Kurt Triplett, Kirkland City Manager
Date: May 30, 2018
Subject: COMMUNITY SAFETY BALLOT MEASURE OPTIONS

RECOMMENDATION

That the Council reviews options for potential Public Safety ballot measures based on feedback from the Council's May 24 Fiscal Retreat and provides direction. The options include:

- To consider a combined Police/Fire public safety sales tax ballot measure for November of 2018;
- To consider a two-phased approach to public safety ballot measures. Phase 1 would be a 2018 voter-approved sales tax measure investing in police and community safety initiatives. Phase 2 would be a larger 2020 bond or levy lid lift for fire station seismic renovation and capacity expansion and additional Firefighter/EMTs to improve community resiliency and reduce response times.
- Not to consider any public safety ballot measure in 2018 and reevaluate in future years.

BACKGROUND DISCUSSION

As highlighted at the Council's May 24th retreat, public safety continues to be the top priority for the Council and for the community. The 2018 Community Survey results (**Attachment A**) once again show fire/emergency medical services and police services as the two most important services that Kirkland provides.

The community also rated both fire and police services among the top three in performance, but survey respondents still indicated a willingness to raise taxes or fees to provide enhanced public safety services. 66% of respondents supported additional Fire/EMS personnel to reduce response times, and 61% supported the creation of a proactive police unit to combat illegal drugs, burglaries, shoplifting and car prowls.

Similar results were found from the companion online survey that asked the same questions. While the online version is self-selected, 936 people took the survey. The online respondents ranked Fire/EMS and police services first and third in importance, respectively. Managing traffic flow slightly edged out police services as second in importance. The online results were even more supportive of new fees or taxes for enhanced public safety services. 79% supported the creation of a proactive police unit and 77% supported additional Fire/EMS personnel.

In addition to meeting high community expectations, the recently completed [Police Strategic Plan](#) and [Fire Strategic Plan](#) identify the need for additional investments in staffing to provide for more proactive community policing and better response times for fire and emergency medical services. The Fire Strategic Plan also identifies significant needs for renovation and expansion of existing fire stations and the construction of a new relocated Fire Station 27 east of I-405. The 2017-2018 City Work Program (**Attachment B**) originally called for the exploration of potential property tax measures for fire station modernization and public safety operations. In December of 2017, the Council deferred this item to at least 2020 due to resident concerns about current high property taxes from state and regional actions. However, these capital and operating investments are increasingly necessary as Kirkland experiences unprecedented economic growth and redevelopment. This prosperity brings new jobs, new shops and restaurants, new services, and new housing options. But along with that prosperity comes more people, more businesses, more traffic and new types of buildings to protect.

Fire and Police Strategic Plan Staffing Priorities

As the Council considers how to meet these challenges during the 2019-2020 Biennial Budget process, staff will use the adopted strategic plans to guide the next round of public safety investments. The Police Strategic Plan next prioritizes full funding and activation of a ProAct Unit within the Department, as well as additional patrol officers. The ProAct Unit requires five positions, including four ProAct Police Officers and a support staff position. A fully funded ProAct Unit is approximately \$680,000 per year. This ongoing expense would rise over time. There are also significant one-time costs to the program for vehicles and equipment.

The next staffing priority of the Fire Strategic Plan would be to add five additional Firefighter/EMTs to fully staff new Station 24 in Juanita when it is completed in 2020. The initial cost of the five Firefighters is approximately \$590,000 year. This new ongoing expense would also rise over time.

The combined one-time and ongoing costs of these police and fire positions are shown in the table below that was produced for the fiscal retreat discussion of a .1% sales tax measure.

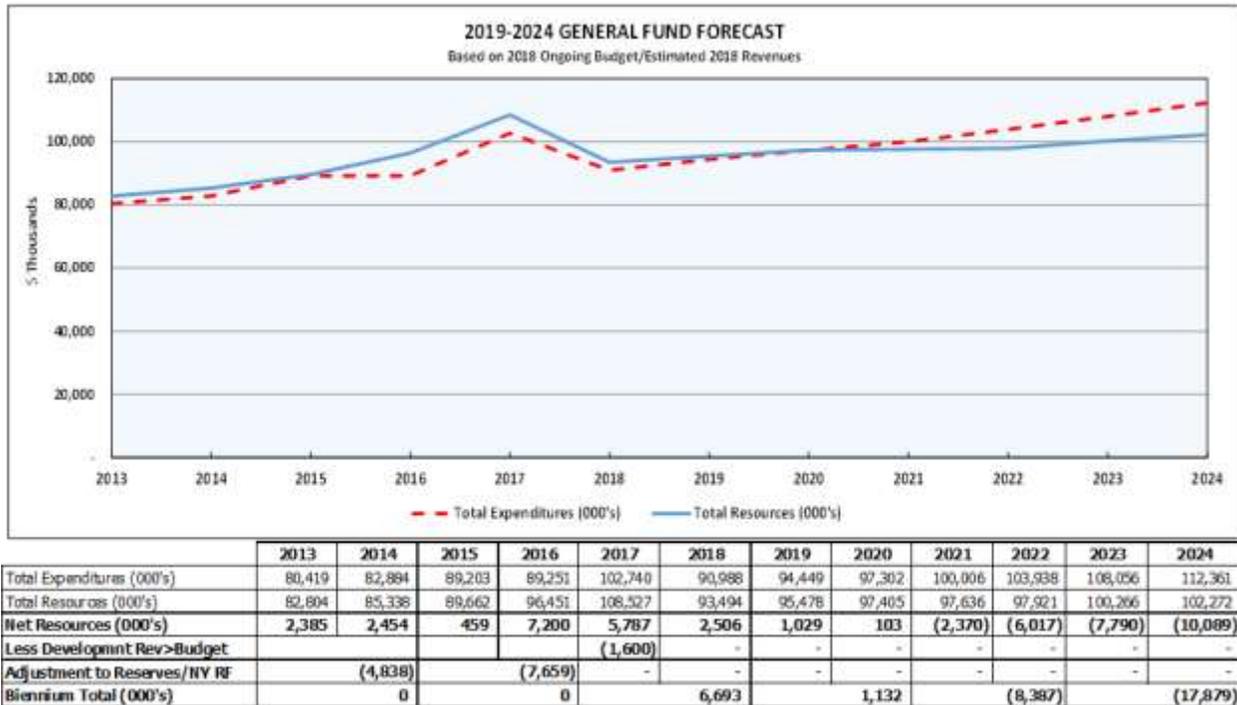
Table A

<i>Estimated Costs</i>	Year 1		Year 2
	<i>One-Time</i>	<i>Ongoing</i>	<i>Ongoing</i>
ProAct Unit			
4 Police Officers	226,284	565,468	666,406
1 Police Analyst	23,845	112,590	117,795
Subtotal ProAct Unit	250,129	678,058	784,201
5 Firefighters	92,950	588,985	605,550
Total Costs	343,079	1,267,043	1,389,751
Combined Costs - One-time and Ongoing		1,610,122	1,389,751
Est. Revenues from 0.1% Sales Tax (assumes 3% growth)		1,782,000	1,835,460
Remaining Revenues for Other Programs		171,878	445,709

Financial Forecast and Fiscal Sustainability

The updated General Fund financial forecast was also presented at the May 24th retreat. The forecast presentation is summarized in Chart B below from the retreat memo.

Chart B



The forecast identifies significant one-time revenue available in 2018 and 2019 that makes it financially feasible to add these Police Officers and Firefighters in the short term. Unfortunately, the chart also shows that this new level of service would not be sustainable starting in 2022, unless new revenue is realized, offsetting budget reductions are made elsewhere, or both. During the recession, reductions fell primarily in Parks, Public Works, and internal services.

At both the February 23 and May 24 retreats, the Council considered alternative revenue options (**Attachment C**), including potential fee increases for Parks, Public Works or Planning that could be implemented to free up General Fund to support the public safety investments. The Council's preliminary conclusion was that such fees should be reserved to sustain or enhance those services instead, since the 2018 survey also identified the community's desire for additional investments in open space, parks programs, sidewalks, street maintenance and more.

Public Safety Ballot Measure Options

As an alternative to fees, staff also provided the Council with information about RCW 82.14.450, which authorizes cities to submit to voters a City Sales and Use Tax that cannot exceed 0.1%. One-third of funds received must be used solely for criminal justice purposes, fire protection purposes, or both. A majority of 50% plus one is required to pass the measure, which is then ongoing. RCW 82.14 exempts Motor Vehicle sales from the tax, and fifteen percent of the tax proceeds must be shared with King County.

Finance estimates that the net new revenue generated by this sales tax would be approximately \$1.7 million annually. Sales tax is a volatile revenue source but generally rises over time. As shown in **Table A** previously, if approved by voters, the revenue generated would sustainably fund both the police and fire investments, which average about \$1.3 million annually plus one-time costs. The proposed measure as described would dedicate over 70% of the revenue to police and fire services. If the one-time investments are also included, the percentage in the first year is over 90% dedicated to public safety.

As highlighted by the table, after the initial start-up, if the economy continues to do well, there will likely be additional sales tax revenue to program. Some potential options for this additional revenue could include dedicated funding for the Women and Family Shelter Operations, contributions towards School Resource Officers in Kirkland's middle schools, mental health initiatives to support both police and fire, or additional human services/housing funding.

Council Feedback

The Council deliberations of the potential sales tax measure for police and fire was thoughtful and wide ranging. Every member agreed that the City did not want to propose a measure that would fail. There was some interest in exploring the joint measure now, and how the unallocated funds should be most effectively invested. But concerns were also raised about whether there was sufficient time for a successful measure in 2018. Other questions included whether the voters of Kirkland would see a problem to be solved given the high level of satisfaction with public safety in the Community Survey. There was considerable discussion about whether this was the right measure at the right time. An alternative was proposed that a larger, more comprehensive public safety measure that included staffing as well as fire station modernization and expansion be considered for the 2020 ballot instead. The rationale was that 2020 is a presidential election year that traditionally results in significantly higher voter turnout and stronger support for well-defined ballot proposals. Under this scenario, 2019 and 2020 could be spent developing the comprehensive measure and educating the community on the needs.

There was not a clear majority for any option, but the Council did agree that staff should initiate a community conversation to identify whether there is public and stakeholder support for the measure. The Council also provided direction to conduct additional survey work to gather more information. The City Manager and City Attorney will prepare any proposed survey based on the guidelines provided by the Washington State Public Disclosure Commission (PDC) and will ask the PDC to review the final survey language prior to commencing the survey. Staff will return to the Council in July with the results of the outreach.

Two-Phase Public Safety Ballot Measures Option

Based on the Council feedback and staff discussions that have occurred since the May 24th retreat, staff is proposing an additional option for Council consideration. The new two-phase option would be to propose a sales tax measure in 2018 focused on Police and community safety, and a much larger 2020 bond or levy measure dedicated to fire stations, Firefighter/EMT staffing and possibly training facilities.

The first event that sparked this concept of a two phased approach happened on the night of May 24th, following the retreat. Assistant City Manager Jim Lopez attended a meeting of

community stakeholder groups that have organized around Kirkland's Gun Safety and Community Safety Initiative. The groups included Kirkland Indivisible, Kirkland Safe, Moms Demand Action for Gun Sense in America, LWPTSA Council, Alliance for Gun Responsibility, and the Forward Together Network. Groups that were not in attendance that night but that expressed interest in the meeting include the Iman Center, Lake Washington Christian Church, Kirkland Interfaith Network, and the Lutheran Peace Fellowship. These groups and others will be attending the June 20 Gun Safety and Community Safety Town Hall. They are passionate and energized and emphasized that they will be requesting that Kirkland take strong action at all levels.

As part of the leveraging strategy that was discussed at the retreat, the Assistant City Manager did encourage them to engage in the City budget process as well as the Community Safety Initiative. The groups did not identify any specific budget actions at that meeting. But several days later they proposed to the Assistant City Manager that the City consider programs such as suicide prevention, mental health assistance, gun safety training, gun buy-back programs, and support for "safe storage" efforts such as the purchase of trigger locks and gun safes.

Phase One - 2018 Community Safety Sales Tax Ballot Measure

The City Manager and Assistant City Manager discussed the stakeholder meeting on Friday, May 25th and also the initial outreach to groups who seek less regulation and more enforcement of existing laws. Those groups generally express support for similar programs and also additional police officers and school safety measures instead of regulation. Staff also discussed the preliminary research for the Community Safety report due to the Council in July. Lost and stolen guns are a major contributor that can be reduced through education, trigger locks and gun safes. As the Council is aware, research also shows that mental health issues often play a key role in to significant categories of gun violence, suicide and mass shootings. Mental health issues also are a key driver in many 911 service calls for both police and fire every day. Using this research and feedback, the City Manager spoke with the Police Chief the best ways to integrate mental health solutions with proactive policing. The Chief's research shows that one effective model is to pair a dedicated police officer with a mental health professional.

Building on these conversations, the concept is to consider a Community Safety Initiative using the .1% sales tax authority to be responsive to both sides of the gun safety issue as well as to implement the Police Strategic Plan and improve overall community safety.

Staff is still developing a firm proposal for the Community Safety Initiative, but if all of the \$1.7 million were dedicated to the Community Safety Initiative, key investments (with annual allocations) could include Police Strategic Plan elements as well as suggested community proposals:

- The ProAct Unit (\$680K)
- City share of three School Resource Officers in Kirkland Middle Schools - these could rotate among the elementary schools that feed into each middle school as well. (\$240K)
- A Neighborhood Resource Officer paired with a dedicated Mental Health Liaison. This unit could provide services to the schools and community, as well as to fire and police calls with mental health elements such domestic violence, suicide attempts or homeless persons. (\$240K)

- Alternative A - a second Neighborhood Resource Officer/Mental Health Liaison as a swing shift or night shift option. (240K)
- Alternative B – as an alternative the second unit, the City could dedicate \$240,000 per year to proven mental health and human services programs for suicide prevention, domestic violence prevention, drug addiction and reducing homelessness. (\$240K)
- Dedicated funds for gun buy-back programs, subsidized trigger locks and gun safes, and gun safety training in the community. (\$200K)
- Women’s Shelter Operating funds. (\$100k)

This preliminary concept list totals approximately \$1.7 million annually. A ballot measure like this, or one similar to it, has the potential to make a strong impact on community safety throughout Kirkland. More extensive community engagement would be required to refine the elements.

The City Manager discussed the community feedback and the Community Safety Initiative concept with the Mayor and Deputy Mayor on Tuesday, May 29nd following the Agenda setting meeting. They requested that a memo outlining the background and concept be drafted and an agenda item placed on the June 5th Council meeting. This memo responds to that request.

Phase Two - 2020 Comprehensive Fire Ballot Measure

The Community Safety Initiative would be paired with a levy or bond measure in 2020 dedicated to fire station modernization and staffing. The elements of this measure are already well documented as this was being considered as part of the 2017-2018 City Work Plan. Key investments would include:

- Construction of a new Fire Station 27 located near Evergreen Health on the East side of I-405.
- Seismic renovation, modernization and expansion of Fire Station 26, Fire Station 22, and Fire Station 21.
- Additional firefighters to fully staff new Fire Station 24 in Juanita when completed in 2020.
- Consideration of adding a new dedicated Aid Car to Station 22 and other options identified by the public and Council.
- Consideration of training center investments at station locations, especially new Station 24.

Cost estimates for the identified fire station projects are estimated at around \$42 million in capital costs. No estimates have yet been made for specific training facilities, but those can be implemented over time. Training facilities can run from low cost modular options to much more comprehensive structures. Operating costs would depend upon how many firefighters are proposed, but the five for Station 24 are estimated in Table A at approximately \$600,000 per year.

If Council does wish to explore the Two-Phase approach, staff would recommend including in the 2019-2020 budget money for significant community outreach, survey work, and the creation of a community advisory group to refine the potential fire measure in 2019 for 2020. It would also be necessary to budget for the election costs in 2020.

Council Direction Needed

As stated at the beginning of the memo, staff has identified three options for the Council to consider:

- A combined Police/Fire public safety sales tax ballot measure for November of 2018;
- A two-phased approach to public safety ballot measures. Phase 1 would be a 2018 voter-approved sales tax measure investing in police and community safety initiatives. Phase 2 would be a larger 2020 bond or levy lid lift for fire station seismic renovation and capacity expansion and additional Firefighter/EMTs to improve community resiliency and reduce response times.
- Not to consider any public safety ballot measure in 2018 and reevaluate in future years.

Staff is seeking feedback and direction on which option to pursue. June is a significant month for the community engagement process on the budget and any potential ballot measure. A survey instrument must also be drafted. At the retreat, the Council provided direction to explore the combined police and fire sales tax measure as presented. Staff will proceed with that option unless the Council provides different direction on June 5.

If a 2018 measure is to be considered, it is important to note that there are key actions and timelines required by state law. A preliminary schedule is included below:

Preliminary Schedule for the November 6 General Election Ballot

Ballot Measure Public Hearing – July 3 or 17

Ballot Measure Ordinance Approved – July 17 or by August 7

Pro/Con Committee Appointments Authorized – July 3

Pro/Con committee Appointments Confirmed – July 17

Ballot Measure Resolution due to King County – August 7 (If no action in July, may require rescheduling the August 8 Council meeting to Monday, August 6, or creating a Special Meeting.)

Explanatory Statement - August 10

Pro/Con Statements Due – August 14



**Live Telephone Survey of Kirkland Residents
City of Kirkland
Conducted April 26 - May 4, 2018
n=512; Margin of Error ± 4.3 percentage points
EMC Research #18-6718**

**All numbers in this document represent percentage (%) values, unless otherwise noted.
Please note that due to rounding, percentages may not add up to exactly 100%.**

Where applicable, results are compared with:

<i>April 25th – May 2nd, 2016</i>	<i>n=502</i>	<i>MoE =± 4.4</i>	<i>EMC #16-5961</i>
<i>April 6th-11th, 2014</i>	<i>n=501</i>	<i>MoE =± 4.4</i>	<i>EMC #14-5106</i>
<i>January 30th- February 2nd</i>	<i>n=500</i>	<i>MoE =± 4.4</i>	<i>EMC #12-4567</i>

Hello, my name is _____, may I speak with **(NAME ON LIST)**.
[MUST SPEAK TO NAME ON LIST]

Hello, my name is _____, and I'm conducting a survey for the City of Kirkland to find out how people in your area feel about some of the different issues facing them. We are not trying to sell anything, and are collecting this information on a scientific and completely confidential basis.

	2018	2016	2014	2012
1. Do you live in Kirkland?				
Yes → CONTINUE	100%	100%	100%	100%
No → TERMINATE	--	--	--	--
(Don't know/NA) → TERMINATE	--	--	--	--
2. Gender [RECORD BY OBSERVATION]				
Male	48%	48%	48%	48%
Female	52%	52%	52%	52%
3. How many years have you lived in Kirkland? [IF LESS THAN 12 MONTHS RECORD AS 1 YEAR, IF RANGE GIVEN, ASK FOR AN APROXIMATION]				
1 year	2%	4%	4%	--
2-5 years	17%	18%	19%	--
6-10 years	15%	15%	18%	--
11-25 years	33%	39%	35%	--
25+ years	33%	23%	24%	--
(Don't know/NA)	0%	4%	4%	--

	2018	2016	2014	2012
4. What neighborhood do you live in? [READ LIST IF NECESSARY]				
Bridle Trails	4%	5%	5%	4%
Central Houghton	8%	6%	6%	8%
Everest	1%	2%	2%	<1%
Finn Hill	14%	17%	16%	14%
Highlands	3%	4%	3%	2%
Kingsgate/ Evergreen Hill	12%	11%	14%	9%
Lakeview	0%	--	--	--
Market	4%	3%	5%	3%
Moss Bay	2%	4%	3%	3%
Norkirk	3%	5%	5%	4%
North Juanita	17%	14%	19%	15%
North Rose	5%	10%	6%	7%
South Juanita	7%	6%	1%	8%
South Rose	5%	2%	3%	6%
Totem Lake	4%	2%	2%	5%
Other	9%	8%	9%	4%
(Don't know/NA)	2%	1%	1%	4%
5. How would you rate Kirkland as a place to live? Would you say it is an excellent, very good, satisfactory, only fair, or a poor place to live?				
Excellent	39%	47%	40%	35%
Very Good	43%	39%	46%	50%
Satisfactory	11%	9%	11%	11%
Only Fair	3%	2%	2%	3%
Poor	3%	2%	1%	1%

	2018	2016	2014	2012
6. What do you like best about living in Kirkland?				
Location/Close to Amenities	29%	27%	41%	--
Water/Water front	15%	12%	6%	--
Small town feel/Community	11%	22%	20%	--
Safe/Quiet	10%	11%	8%	--
The People	9%	2%	4%	--
Parks	7%	6%	7%	--
Green space	7%	5%	4%	--
City government/ Services available/ Schools	5%	2%	0%	--
Other	5%	7%	7%	--
No/None/Nothing	2%	2%	2%	--
Don't Know	2%	4%	2%	--
7. When you think about the way things are going in Kirkland, what, if anything, concerns you?				
Traffic	16%	15%	10%	--
Population Growth/Crowds	12%	6%	6%	--
Over development	9%	16%	16%	--
Housing	9%	4%	2%	--
Taxes/Spending	8%	5%	9%	--
Crime	6%	3%	2%	--
City Government	6%	6%	4%	--
Increased Prices	5%	4%	3%	--
Infrastructure	3%	3%	3%	--
School Funding	2%	1%	3%	--
Public Transportation	2%	5%	1%	--
Lack of small businesses	1%	2%	1%	--
Parking	1%	1%	2%	--
Jobs	--	0%	1%	--
Police presence	--	1%	3%	--
Building Maintenance	--	0%	2%	--
Other	4%	5%	5%	--
No/None/Nothing	15%	22%	23%	--
Don't Know/Refuse	2%	1%	3%	--

8INT. Please tell me how you think Kirkland City government is doing in each of the following areas. Use a scale of excellent, good, only fair, or poor. If you aren't sure one way or the other, please just say so.

	Excellent	Good	Only Fair	Poor	(Don't know)	(NA)	Positive	Negative
[RANDOMIZE]								
8.	the job the City is doing overall							
2018	13%	57%	20%	4%	5%	1%	70%	25%
2016	11%	59%	21%	4%	4%	1%	70%	25%
2014	9%	62%	21%	3%	5%	1%	71%	24%
2012	10%	58%	18%	5%	9%	--	68%	23%
9.	the job the City is doing managing the public's money							
2018	7%	30%	21%	12%	26%	4%	37%	33%
2016	6%	31%	25%	9%	27%	2%	37%	34%
2014	5%	30%	24%	7%	32%	3%	35%	30%
2012	5%	28%	24%	8%	34%	2%	33%	32%
10.	the job the City does keeping residents informed							
2018	15%	42%	28%	9%	6%	1%	57%	37%
2016	11%	50%	25%	7%	6%	1%	62%	32%
2014	13%	50%	23%	6%	7%	1%	63%	29%
2012	12%	50%	22%	7%	8%	1%	63%	29%
11.	the job the City does delivering services efficiently							
2018	17%	53%	16%	3%	9%	2%	69%	19%
2016	18%	52%	17%	2%	9%	1%	71%	19%
2014	13%	57%	15%	3%	11%	1%	70%	18%
2012	16%	53%	17%	5%	8%	1%	69%	23%
12.	the job the City does focusing on the priorities that matter most to residents							
2018	7%	36%	24%	12%	18%	3%	42%	36%
2016	7%	40%	26%	10%	15%	1%	47%	36%
2014	6%	40%	22%	7%	23%	1%	46%	29%
2012	5%	41%	20%	9%	21%	3%	46%	30%

[END RANDOMIZE]



13INT. I'm going to read you a list of services and functions provided by the city. For each one, please tell me how important that city function is to you and your household. Use a scale of 1 to 5, where 1 means that it is "not at all important" and 5 means it is "extremely important."

	1	2	3	4	5	(Don't know)	Mean	
	Not at all Important						Extremely Important	
[RANDOMIZE]								
13.	Managing traffic flow							
2018	4%	5%	12%	23%	55%	1%	4.22	
2016	3%	4%	14%	30%	48%	<1%	4.17	
2014	2%	3%	17%	35%	43%	<1%	4.14	
2012	3%	5%	18%	38%	36%	<1%	4.01	
14.	Maintaining streets							
2018	2%	4%	12%	38%	44%	0%	4.17	
2016	1%	2%	16%	43%	38%	<1%	4.14	
2014	1%	2%	17%	36%	43%	--	4.18	
2012	1%	2%	15%	39%	43%	--	4.21	
15.	Recreation programs and classes							
2018	5%	9%	34%	31%	18%	3%	3.48	
2016	5%	11%	31%	31%	17%	4%	3.46	
2014	5%	12%	30%	33%	18%	2%	3.47	
2012	8%	10%	30%	32%	18%	1%	3.44	
16.	City parks							
2018	2%	3%	17%	31%	46%	1%	4.16	
2016	1%	2%	12%	42%	41%	1%	4.21	
2014	1%	3%	14%	35%	46%	<1%	4.21	
2012	2%	2%	18%	35%	43%	1%	4.14	
17.	Fire and emergency medical services							
2018	1%	1%	4%	17%	76%	1%	4.68	
2016	1%	<1%	4%	23%	72%	1%	4.66	
2014	1%	1%	4%	19%	75%	1%	4.68	
2012	1%	<1%	5%	16%	77%	<1%	4.68	
18.	Police services							
2018	1%	2%	10%	26%	60%	1%	4.43	
2016	2%	2%	10%	26%	60%	1%	4.41	
2014	2%	2%	9%	31%	56%	--	4.37	
2012	2%	3%	9%	24%	61%	1%	4.40	

	1	2	3	4	5	(Don't know)	Mean
	Not at all important		Extremely Important				
19.	Support for neighborhoods						
2018	3%	6%	25%	34%	24%	7%	3.77
2016	2%	6%	25%	35%	26%	6%	3.82
2014	2%	8%	27%	33%	25%	4%	3.74
2012	4%	9%	21%	36%	23%	6%	3.69
20.	Attracting and keeping businesses in Kirkland						
2018	4%	7%	25%	33%	31%	2%	3.82
2016	4%	6%	23%	33%	33%	2%	3.88
2014	3%	5%	19%	34%	37%	2%	3.96
2012	4%	3%	15%	32%	45%	1%	4.13
21.	Pedestrian safety						
2018	2%	4%	15%	26%	52%	1%	4.23
2016	2%	3%	15%	28%	51%	<1%	4.24
2014	2%	4%	13%	32%	50%	<1%	4.26
2012	3%	4%	11%	32%	50%	<1%	4.22
22.	Bike safety						
2018	9%	10%	26%	24%	29%	2%	3.54
2016	9%	11%	23%	27%	28%	3%	3.55
2014	8%	9%	25%	29%	28%	2%	3.61
2012	11%	11%	23%	27%	26%	2%	3.45
23.	Availability of sidewalks and walking paths						
2018	3%	7%	22%	27%	40%	1%	3.94
2016	3%	5%	17%	36%	38%	1%	4.03
2014	2%	6%	20%	37%	34%	<1%	3.94
2012	3%	7%	19%	36%	36%	<1%	3.94
24.	Support for arts in the community						
2018	8%	12%	31%	28%	18%	2%	3.37
2016	4%	13%	33%	31%	17%	2%	3.43
2014	8%	13%	32%	28%	18%	1%	3.35
2012	8%	14%	32%	30%	15%	1%	3.31
25.	Community events						
2018	7%	16%	37%	28%	11%	2%	3.21
2016	5%	16%	37%	29%	10%	3%	3.23
2014	7%	14%	36%	28%	12%	1%	3.25
2012	10%	14%	36%	32%	9%	<1%	3.17

	1	2	3	4	5	(Don't know)	Mean
	Not at all Important		Extremely Important				
26. Zoning and land use							
2018	5%	8%	24%	27%	33%	4%	3.77
2016	7%	7%	24%	32%	26%	4%	3.67
2014	5%	6%	25%	29%	31%	4%	3.79
2012	3%	6%	28%	29%	28%	6%	3.76
27. Recycling and garbage collection							
2018	2%	3%	17%	31%	47%	0%	4.18
2016	2%	4%	18%	35%	41%	--	4.08
2014	1%	4%	15%	37%	43%	--	4.16
2012	1%	2%	13%	36%	48%	--	4.27
28. Emergency preparedness							
2018	1%	4%	19%	31%	41%	3%	4.12
2016	2%	5%	15%	35%	40%	3%	4.10
2014	1%	3%	22%	31%	38%	4%	4.05
2012	2%	3%	18%	28%	46%	3%	4.16
29. Protecting our natural environment							
2018	2%	4%	16%	29%	49%	1%	4.19
2016	3%	3%	13%	36%	43%	1%	4.15
2014	2%	3%	15%	32%	48%	<1%	4.22
2012	4%	2%	17%	34%	42%	1%	4.10
30. Services for people in need							
2018	5%	6%	18%	34%	32%	5%	3.87
2016	2%	4%	20%	33%	33%	7%	3.98
2014	2%	5%	18%	35%	35%	5%	4.00
2012	3%	5%	19%	33%	35%	5%	3.96
31. Building, permitting and inspection							
2018	5%	9%	27%	29%	24%	6%	3.62
2016	6%	9%	30%	27%	19%	8%	3.49
32. Ensuring affordable housing options for seniors, low income and working class residents							
2018	10%	10%	20%	25%	32%	3%	3.62

[END RANDOMIZE]

33INT. Using the same list, please tell me how well you think the city is doing in each area. Use an A through F grading scale where A means Excellent, B means Above Average, C is Average, D is Below Average, and F is Failing.

	A Excellent	B Above Average	C Average	D Below Average	F Failing	Don't Know	Grade
[RANDOMIZE]							
33. Managing traffic flow							
2018	8%	27%	34%	16%	13%	2%	3.02
2016	6%	32%	37%	14%	8%	2%	3.15
2014	6%	32%	39%	14%	6%	3%	3.17
2012	9%	46%	29%	9%	4%	3%	3.48
34. Maintaining streets							
2018	17%	44%	27%	8%	3%	1%	3.65
2016	16%	43%	30%	7%	2%	1%	3.64
2014	16%	45%	27%	9%	3%	2%	3.62
2012	13%	42%	34%	7%	2%	2%	3.58
35. Recreation programs and classes							
2018	25%	40%	19%	2%	0%	14%	4.01
2016	22%	36%	21%	2%	1%	18%	3.91
2014	24%	41%	19%	1%	<1%	15%	4.03
2012	17%	39%	16%	5%	1%	21%	3.84
36. City parks							
2018	41%	43%	13%	1%	0%	2%	4.24
2016	39%	42%	13%	1%	1%	4%	4.20
2014	39%	43%	13%	2%	1%	3%	4.21
2012	28%	47%	16%	3%	1%	5%	4.04
37. Fire and emergency medical services							
2018	54%	33%	5%	1%	0%	7%	4.49
2016	48%	36%	7%	2%	1%	6%	4.37
2014	51%	31%	6%	1%	<1%	10%	4.45
2012	47%	31%	8%	2%	1%	11%	4.36
38. Police services							
2018	43%	39%	10%	2%	1%	4%	4.28
2016	40%	38%	12%	3%	3%	4%	4.15
2014	40%	36%	12%	3%	1%	7%	4.19
2012	40%	35%	11%	4%	3%	7%	4.12

	A Excellent	B Above Average	C Average	D Below Average	F Failing	Don't Know	Grade
39. Support for neighborhoods							
2018	13%	36%	31%	6%	1%	14%	3.62
2016	12%	39%	29%	4%	2%	14%	3.64
2014	12%	39%	25%	5%	1%	18%	3.67
2012	11%	31%	28%	4%	3%	23%	3.56
40. Attracting and keeping businesses in Kirkland							
2018	14%	37%	27%	6%	4%	12%	3.58
2016	12%	34%	28%	7%	5%	13%	3.45
2014	10%	34%	29%	7%	4%	14%	3.47
2012	10%	27%	28%	14%	5%	17%	3.26
41. Pedestrian safety							
2018	27%	46%	19%	4%	1%	3%	3.98
2016	26%	45%	21%	4%	1%	3%	3.92
2014	29%	40%	20%	6%	1%	5%	3.95
2012	27%	44%	18%	4%	1%	6%	3.98
42. Bike safety							
2018	15%	39%	28%	5%	2%	10%	3.66
2016	13%	43%	31%	4%	1%	8%	3.67
2014	11%	39%	29%	5%	2%	14%	3.60
2012	13%	38%	25%	7%	2%	16%	3.65
43. Availability of sidewalks and walking paths							
2018	22%	42%	26%	6%	1%	2%	3.80
2016	17%	45%	26%	7%	2%	2%	3.71
2014	22%	41%	25%	9%	1%	3%	3.75
2012	14%	47%	27%	6%	2%	4%	3.69
44. Support for arts in the community							
2018	20%	43%	23%	2%	0%	10%	3.90
2016	18%	43%	20%	4%	2%	14%	3.83
2014	18%	43%	19%	4%	1%	15%	3.86
2012	17%	38%	22%	5%	1%	17%	3.81
45. Community events							
2018	23%	41%	22%	4%	0%	10%	3.90
2016	19%	44%	22%	2%	1%	12%	3.88
2014	20%	43%	23%	3%	1%	10%	3.89
2012	16%	41%	25%	4%	1%	14%	3.79

	A Excellent	B Above Average	C Average	D Below Average	F Failing	Don't Know	Grade
46. Zoning and land use							
2018	6%	27%	31%	11%	8%	17%	3.14
2016	6%	29%	28%	10%	7%	19%	3.20
2014	6%	28%	28%	12%	6%	20%	3.19
2012	4%	26%	25%	9%	6%	29%	3.20
47. Recycling and garbage collection							
2018	48%	38%	11%	2%	0%	1%	4.32
2016	46%	39%	11%	2%	1%	1%	4.30
2014	49%	36%	10%	3%	1%	2%	4.32
2012	45%	39%	10%	2%	2%	2%	4.27
48. Emergency preparedness							
2018	17%	35%	21%	3%	1%	22%	3.81
2016	18%	31%	24%	3%	2%	22%	3.78
2014	14%	27%	21%	4%	1%	33%	3.73
2012	14%	29%	18%	5%	2%	32%	3.70
49. Protecting our natural environment							
2018	19%	46%	25%	3%	2%	5%	3.80
2016	20%	49%	19%	3%	2%	7%	3.87
2014	19%	47%	21%	2%	1%	10%	3.89
2012	17%	43%	21%	4%	2%	13%	3.81
50. Services for people in need							
2018	4%	26%	29%	9%	3%	30%	3.28
2016	9%	27%	28%	2%	2%	32%	3.58
2014	7%	30%	25%	4%	1%	34%	3.58
2012	9%	28%	20%	4%	1%	38%	3.64
51. Building, permitting and inspection							
2018	9%	25%	22%	10%	8%	26%	3.24
2016	8%	26%	27%	5%	5%	28%	3.37
52. Ensuring affordable housing options for seniors, low income and working class residents							
2018	4%	12%	25%	21%	15%	23%	2.60

[END RANDOMIZE]

	2018	2016	2014	2012
53. Thinking about the types of stores, goods and services available in Kirkland, would you say that you are very satisfied, satisfied, dissatisfied, or very dissatisfied with the availability of goods and services in Kirkland?				
Very satisfied	23%	22%	21%	21%
Satisfied	67%	61%	59%	60%
Dissatisfied	8%	14%	17%	14%
Very dissatisfied	2%	2%	3%	3%
(Don't Know/NA)	1%	2%	1%	2%
54. In general, how safe do you feel walking alone in your neighborhood during the day? Would you say very safe, safe, somewhat unsafe, or very unsafe?				
Very safe	76%	74%	79%	71%
Safe	22%	23%	18%	27%
Somewhat Unsafe	2%	2%	2%	1%
Very unsafe	0%	1%	<1%	<1%
(Don't Know/NA)	0%	<1%	<1%	<1%
55. And how safe do you feel walking alone in your neighborhood after dark? Would you say very safe, safe, somewhat unsafe, or very unsafe?				
Very safe	37%	38%	40%	34%
Safe	42%	44%	43%	45%
Somewhat Unsafe	16%	12%	14%	16%
Very unsafe	4%	3%	2%	4%
(Don't Know/NA)	2%	3%	2%	2%

[IF Q55=3 or 4 ASK FOLLOW UP Q56]

56. (IF UNSAFE) Why do you feel unsafe? (OPEN END, n=100; ±9.8)			
Crime	29%	30%	26%
Strangers	20%	12%	12%
Lack of streetlights/Dark	17%	29%	35%
No sidewalks	9%	11%	7%
Being a woman	8%	--	--
Night time is unsafe	5%	18%	14%
Other/Nothing	9%	8%	7%
Don't Know	3%	--	--

(RESUME ASKING EVERYONE)

	2018	2016	2014	2012
57. In general, how satisfied are you with your neighborhood’s infrastructure such as streets and sidewalks, and roadside landscaping? Are you very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?				
Very satisfied	32%	34%	32%	27%
Satisfied	49%	47%	50%	55%
Dissatisfied	14%	14%	13%	14%
Very dissatisfied	5%	3%	5%	4%
(Don’t Know/NA)	1%	34%	32%	27%

58INT. The following are things that some people have done to prepare their household for disasters or emergencies. Please tell me which of the following you have done at your home...

	Yes	No	(Don’t Know)
[RANDOMIZE]			
58. Stored seven days of food and water for use in the event of an emergency?			
2018	62%	36%	2%
2016	65%	34%	1%
2014	62%	37%	1%
2012	70%	29%	1%
59. Put together a kit for the car, with things like food, flashlights, blankets, and tire chains?			
2018	48%	50%	2%
2016	54%	45%	1%
2014	50%	50%	1%
2012	48%	52%	<1%
60. Established a plan to communicate with friends or relatives out of state?			
2018	53%	46%	1%
2016	47%	50%	2%
2014	48%	50%	2%
2012	51%	47%	2%
61. Put active, working smoke detectors in your home?			
2018	98%	1%	1%
2016	95%	4%	1%
2014	97%	2%	<1%
2012	96%	4%	1%

[END RANDOMIZE]

62INT. Next I am going to read a list of services that some Kirkland citizens feel need to be improved. Each of these would require a tax or fee increase to provide the necessary funding. As I read each one, tell me whether you would support or oppose increasing local taxes or fees for that purpose. Tell me whether you strongly support, somewhat support, somewhat oppose or strongly oppose each one.

SCALE:	Strongly Support	Somewhat Support	Somewhat Oppose	Strongly Oppose	(DK/Refused)	Total Support	Total Oppose
(RANDOMIZE)							
62.	Funding for a new proactive police unit that would combat illegal drugs, burglaries, shoplifting and car prowls						
	28%	33%	21%	13%	5%	61%	34%
63.	Funding to improve response times for fire and emergency medical services by hiring more firefighters and related emergency medical services personnel						
	30%	36%	18%	11%	5%	66%	29%
64.	Funding to expand parks and open space						
	24%	39%	21%	14%	2%	63%	35%
65.	Funding to expand transit options in Kirkland						
	28%	30%	19%	19%	3%	59%	38%

[END RANDOMIZE]

	2018	2016	2014	2012
66. In general, how well-informed would you say you are about Kirkland City government? Would you say you are well informed, somewhat informed, or not very informed?				
Well informed	15%	12%	10%	11%
Somewhat informed	47%	51%	45%	46%
Not very informed	37%	36%	45%	43%
(Don't Know/NA)	1%	1%	<1%	--

	2018	2016	2014	2012
67. What is your primary source of information for finding out what is going on with Kirkland City government? [DO NOT READ LIST]				
Kirkland Reporter	18%	26%	31%	31%
City Newsletter	17%	18%	16%	16%
City webpage	12%	18%	13%	10%
Generic news/newspaper/TV/ internet	8%	--	--	--
Word of mouth	7%	2%	--	6%
Neighborhood association meetings	6%	6%	5%	5%
Facebook	5%	5%	2%	1%
City Television Channel	5%	7%	5%	6%
City email list	4%	5%	3%	6%
City TV Online	4%	--	--	--
Nextdoor	1%	--	--	--
Twitter	1%	0%	1%	1%
Local Blogs	1%	3%	2%	3%
None	7%	3%	4%	5%
(Don't know/NA)	3%	4%	4%	4%
Other	0%	2%	14%	3%

Finally, I'd like to ask you a few questions for statistical purposes only.

68. Which of the following best describes you at this time? Are you. . . [READ LIST]				
Self-employed or a business owner	14%	14%	15%	17%
Employed in the public sector, like a governmental agency or educational institution	12%	12%	13%	10%
Employed in private business	42%	42%	41%	36%
Not working right now	8%	9%	10%	14%
Retired	23%	21%	20%	21%
(Don't know/NA)	1%	2%	1%	2%
69. Which of the following best describes your household? [READ LIST]				
Single with no children at home	17%	22%	23%	26%
Couple with no children at home	33%	29%	35%	29%
Single with children at home	5%	6%	4%	7%
Couple with children at home	40%	37%	35%	33%
Other	3%	2%	2%	1%
(Don't know/NA)	2%	3%	2%	3%

	2018	2016	2014	2012
70. Which of the following best describes your race or ethnic background? [READ LIST]				
African American	1%	1%	1%	1%
Asian / Pacific Islander	6%	6%	4%	4%
American Indian / Native American	1%	1%	1%	<1%
Caucasian	78%	82%	85%	85%
Hispanic / Latino	2%	2%	1%	2%
Other	6%	5%	4%	3%
(Don't know/NA)	6%	3%	4%	4%
71. Do you own or rent the place in which you live?				
Own/(Buying)	81%	80%	82%	76%
Rent	16%	18%	15%	20%
(Don't know/NA)	4%	1%	3%	4%
72. I am going to list five broad categories. Just stop me when I get to the category that best describes your approximate household income - before taxes - for twenty seventeen. [READ LIST]				
\$50,000 or less	11%	10%	14%	22%
Over \$50,000 to \$75,000	9%	12%	16%	14%
Over \$75,000 to \$100,000	11%	14%	14%	13%
\$100,000 to \$150,000	18%	13%	16%	21%
Over \$150,000	32%	24%	20%	12%
(Don't know/NA)	21%	27%	21%	18%
73. In what year were you born?				
18-29	10%	11%	11%	--
30-39	14%	19%	24%	--
40-49	19%	19%	19%	--
50-64	31%	29%	27%	--
65+/Blank	26%	22%	19%	--

	2018	2016	2014	2012
74. And finally are there any topics we did not cover that are important to you? (OPEN END)				
Affordable Housing/ Affordability	15%	6%	--	--
City services (police, fire, etc.)	10%	9%	--	--
Over development	10%			
Education	9%	12%	--	--
Infrastructure	9%	13%	--	--
Parks / Recreation	6%	7%	--	--
Public transportation	6%	12%	--	--
Traffic	5%	6%	--	--
Government officials	5%	6%	--	--
Homelessness	2%	3%	--	--
Plastic bag policy	0%	3%	--	--
Other	9%	15%	--	--
Don't know/ Nothing/ None	1%	2%	--	--
Refuse	13%	9%	--	--

THANK YOU!



City of Kirkland 2018 Residents Survey May 2018

Methodology

- ▶ Live telephone survey of Kirkland residents sampled from an all registered voter list, including landlines and cell phones
- ▶ Interviews conducted by trained, professional interviewers
- ▶ Conducted April 26 – May 4, 2018
- ▶ 512 total interviews; Margin of Error $\pm 4.3\%$ points at the 95% confidence interval
- ▶ Data was weighted to reflect key demographics and geographic proportions
- ▶ Where applicable, the survey data is compared to previous resident surveys conducted by EMC Research.

Key Findings

- ▶ **Most residents rate Kirkland’s quality of life as either excellent or very good. Very few perceive Kirkland negatively as a place to live.**
 - Overall satisfaction with Kirkland as a place to live is down slightly and the share of people who say Kirkland is an “excellent” place to live has returned to 2014 levels after a spike in 2016.
- ▶ **The City’s overall job rating remains high – with over two-thirds of residents giving it positive marks – although there is little intensity.**
 - The City also receives high marks for delivering services efficiently.
 - A majority give a positive rating for keeping citizens informed.
 - Ratings are lower for focusing on priorities that matter most and managing the public’s money, with higher proportions of residents unable to rate the City on these issues.
 - Job ratings for the overall job the City is doing, delivering services efficiently, and managing the public’s money are unchanged from previous years.
 - Ratings for keeping residents informed and focusing on the most important priorities have both declined somewhat since 2016.

Key Findings

- ▶ **Of the City services tested, most are rated at least comparably to their relative performance. The few exceptions are mostly growth-related, including managing traffic flow, affordable housing options, zoning and land use, and services for people in need. All received lower satisfaction ratings than their relative importance ratings in 2018.**
 - Conversely, community events, support for arts, and recreation programs are the biggest overperformers.
 - Most services are seen as important by a majority of residents. More than three-quarters consider Fire/EMS, police, maintaining streets, managing traffic flow, pedestrian safety, protecting the environment, and recycling/garbage, and city parks to be important (4 or 5 out of 5).
 - Fire and EMS services, recycling, police services, and city parks, remain the top-rated City services. Affordable housing options for vulnerable residents and managing traffic flow are the lowest-rated services.
 - Managing traffic flow remains one of the most important, but also one of the lowest rated items, resulting in the largest gap of any service.
 - Although residents don't prioritize affordable housing as highly as other services, it carries the second-largest gap between its importance and relative performance and is a key opportunity for improvement.

Key Findings

- ▶ **Residents’ perceptions of safety and satisfaction with the availability of goods and services neighborhood infrastructure have remained largely consistent with previous years.**
 - Nearly all residents feel safe walking alone in their neighborhood during the day.
 - Most residents also feel safe after dark, but only a third say they feel “very safe” and 1-in-5 feel at least “somewhat unsafe” after dark.
 - Overall safety ratings have remained largely consistent since 2012. Intensity ratings are lower among women and residents 65 and older.
 - A vast majority of residents are satisfied with the availability of goods and services in Kirkland, but only 1-in-4 are “very satisfied.” Residents’ satisfaction with the availability of goods and services in Kirkland has continued to increase.
 - Most residents are satisfied with their neighborhood’s infrastructure. About one-fifth say they are dissatisfied, but negative intensity is low. These ratings are consistent with previous years.

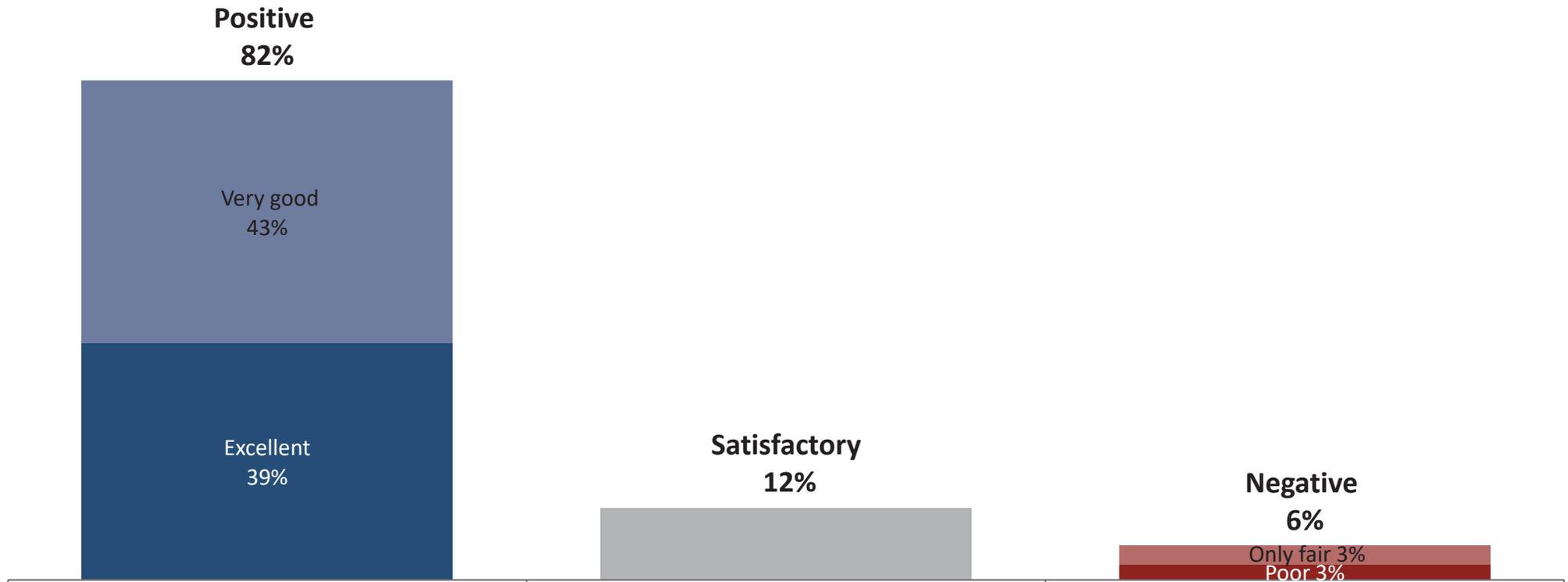
- ▶ **All four potential funding increases – fire/EMS, parks, police, and transit – receive majority support, however intensity of support (“strongly support”) is low, and because these were not actual ballot tests with specific tax increase amounts, they reflect general funding priorities rather than potential support at the ballot box.**



Quality of Life

Kirkland as a Place to Live

Most residents (82%) rate Kirkland's quality of life as excellent (39%) or very good (43%). Very few (6%) have a negative perception of Kirkland as a place to live.



Q5. How would you rate Kirkland as a place to live? Would you say it is an excellent, very good, satisfactory, only fair, or a poor place to live?

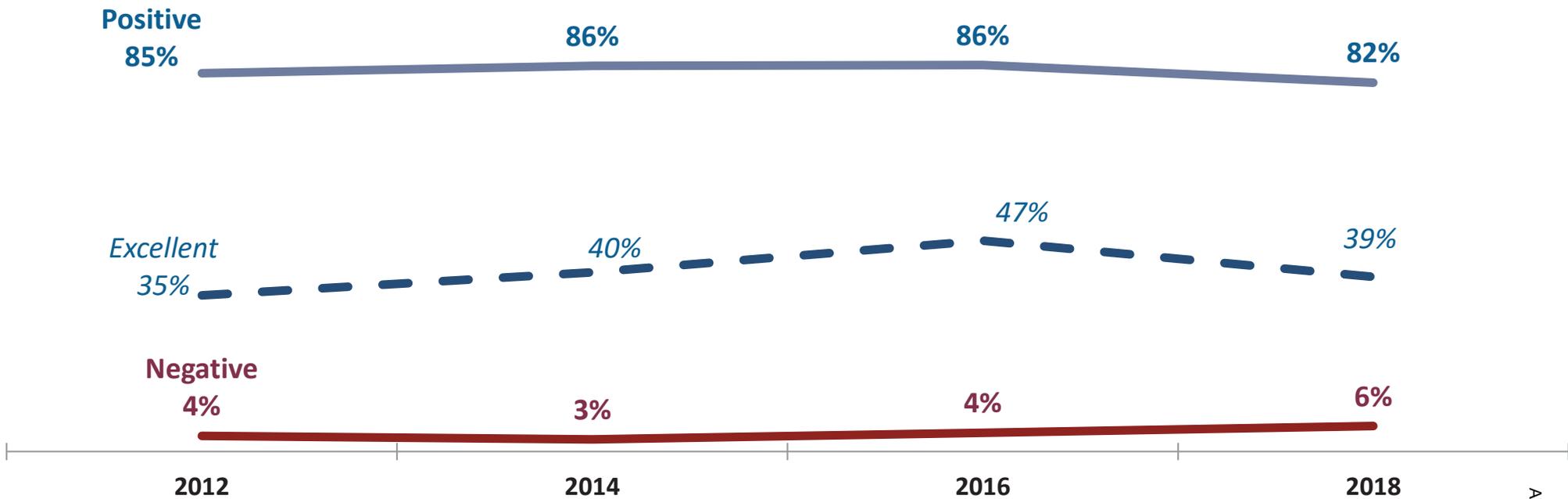
Kirkland as a Place to Live – Trend



Overall satisfaction with Kirkland as a place to live is down slightly and the percentage of people who say Kirkland is an “excellent” place to live (39%) has returned to 2014 levels after a spike in 2016.

Positive: the combined total of “excellent” and “very good” ratings

Negative: the combined total of “only fair” and “poor” ratings



Q5. How would you rate Kirkland as a place to live? Would you say it is an excellent, very good, satisfactory, only fair, or a poor place to live?

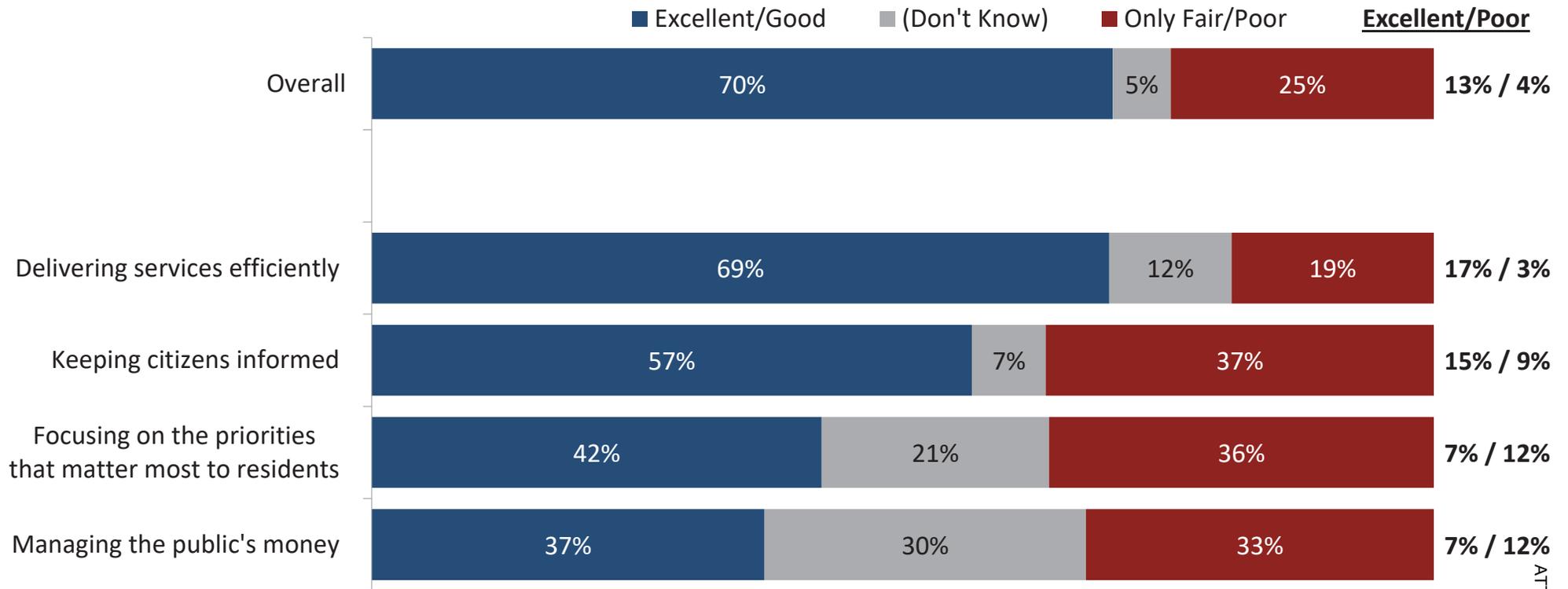


City Job Ratings

Job Ratings



The City's overall job rating remains high (70% positive), although there is little intensity. The City also receives high marks for delivering services efficiently (69%). A majority give a positive rating for keeping citizens informed (57%). Ratings are lower for focusing on priorities that matter most (42%) and managing the public's money (37%), with higher proportions of residents unable to rate the City on these issues.



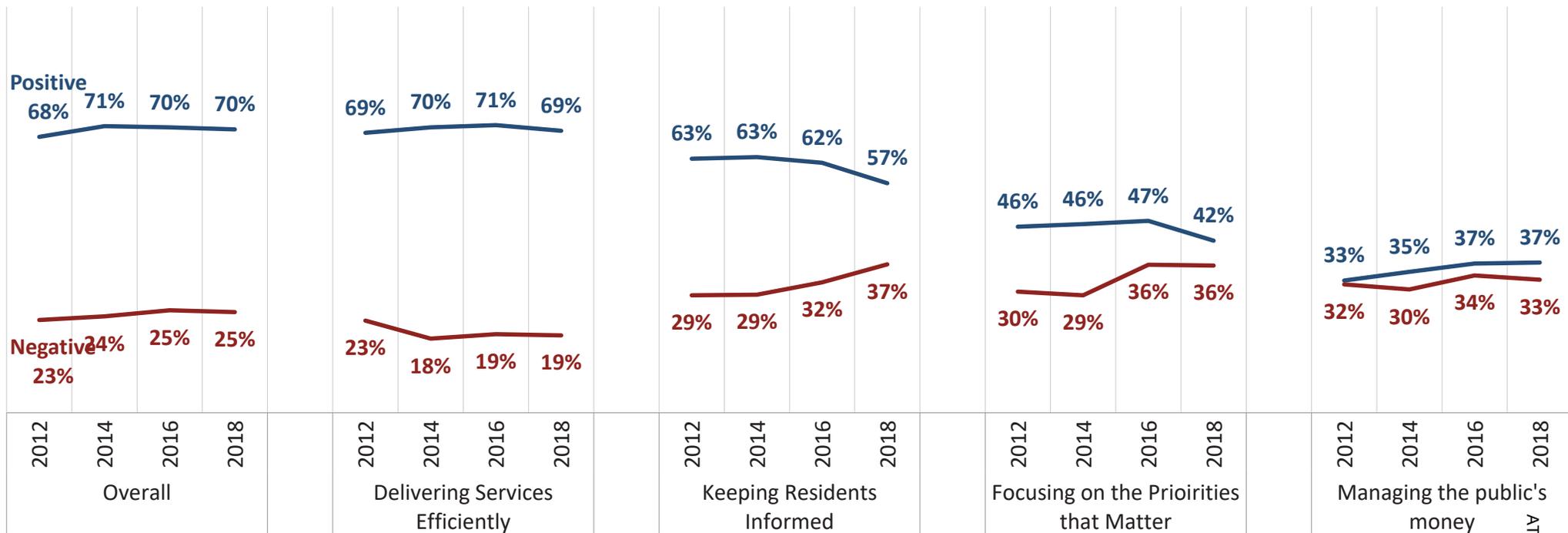
Q8-12. Please tell me how you think Kirkland City government is doing in each of the following areas. Use a scale of excellent, good, only fair, or poor. If you aren't sure one way or the other, please just say so.

City of Kirkland Job Ratings – Trend



Ratings for the overall job the City is doing, delivering services efficiently, and managing the public's money are unchanged. Ratings for keeping residents informed and focusing on the most important priorities have both declined somewhat since 2016.

Positive: the combined total of “excellent” and “good” ratings
Negative: the combined total of “only fair” and “poor” ratings



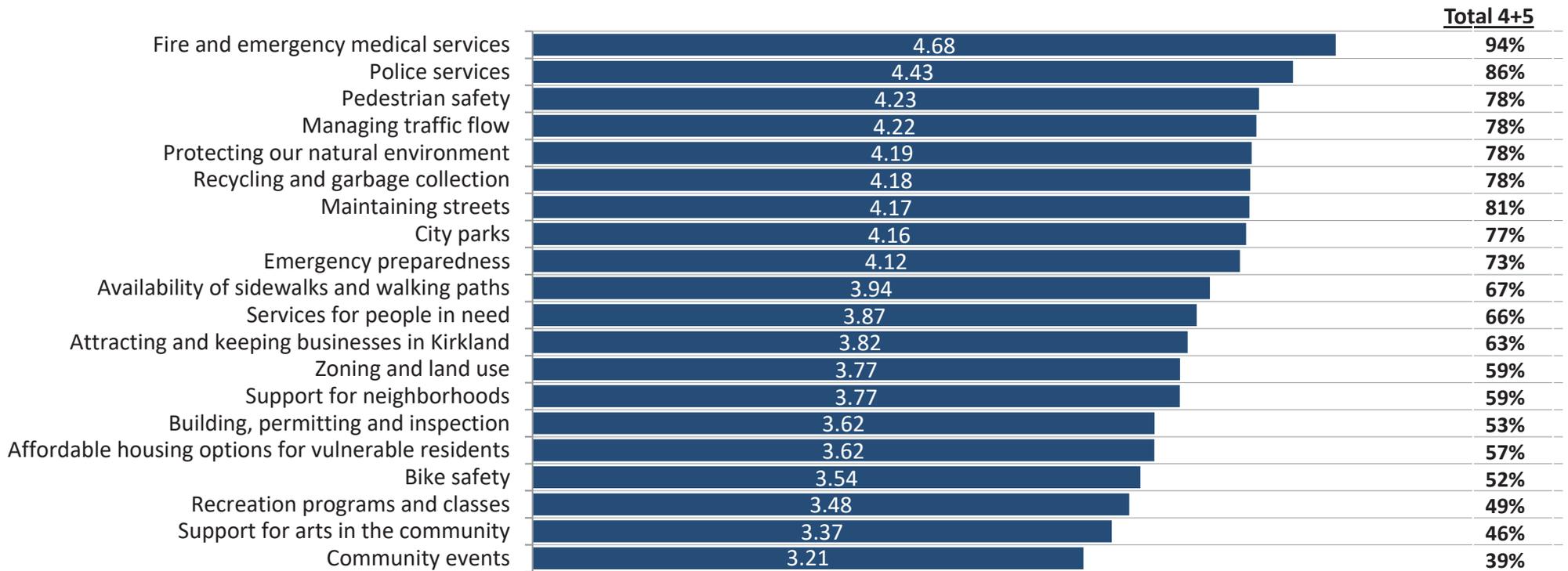
Q8-12. Please tell me how you think Kirkland City government is doing in each of the following areas. Use a scale of excellent, good, only fair, or poor. If you aren't sure one way or the other, please just say so.



City Services Importance and Performance

Importance

Most services are seen as important (“4” or “5”) by a majority of residents. More than three-quarters consider Fire/EMS (94%), police (86%), maintaining streets (81%), managing traffic flow (78%), pedestrian safety (78%), protecting the environment (78%), and recycling/garbage (78%), and city parks (77%) to be important (4 or 5 out of 5).

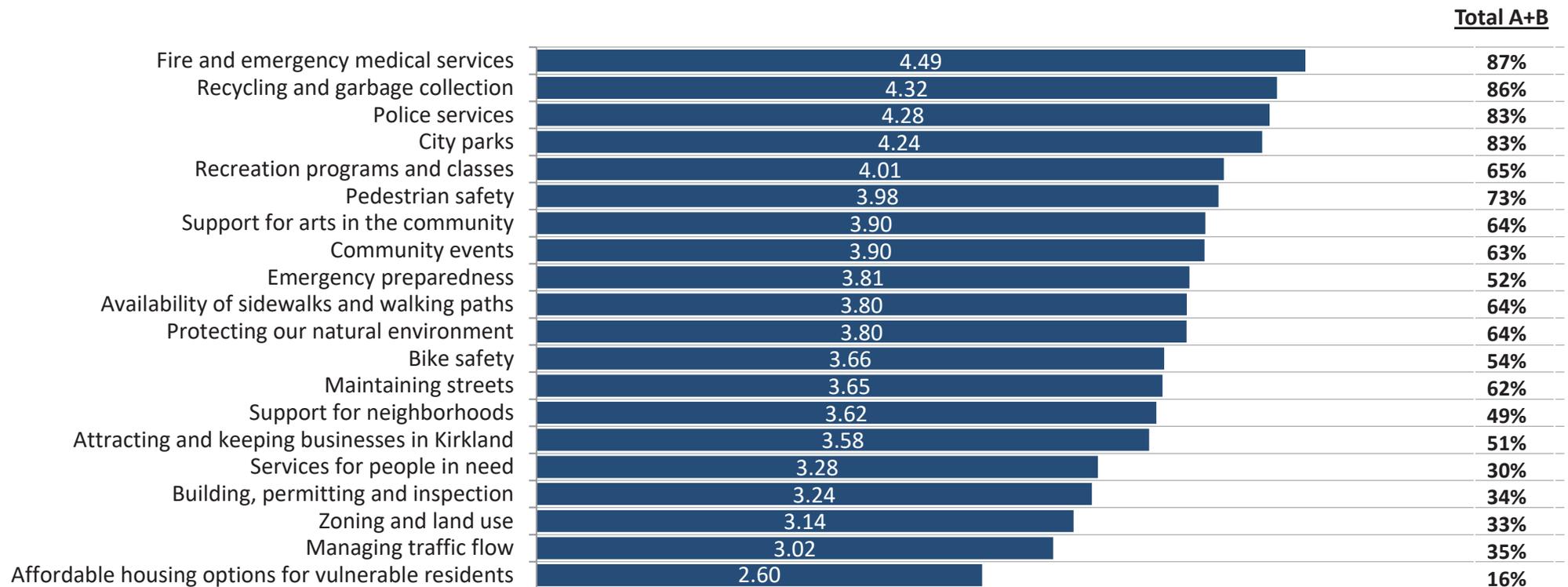


Q13-32. I'm going to read you a list of services and functions provided by the city. For each one, please tell me how important that city function is to you and your household. Use a scale of 1 to 5, where 1 means that it is "not at all important" and 5 means it is "extremely important."

Performance



Fire and EMS services (87% A or B), recycling (86%), police services (83%), and city parks (83%) remain the top-rated City services. Affordable housing options for vulnerable residents and managing traffic flow are the lowest rated services.

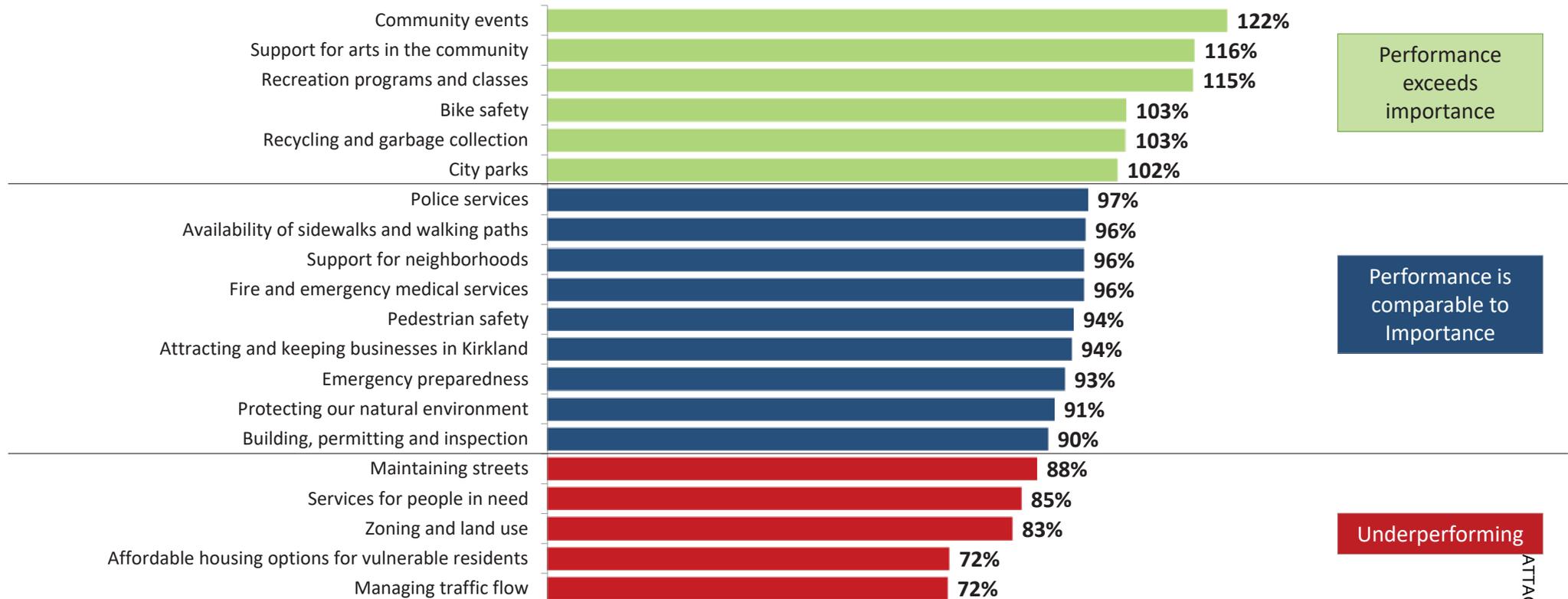


Q33-52. Using the same list, please tell me how well you think the city is doing in each area. Use an A through F grading scale where A means Excellent, B means Above Average, C is Average, D is Below Average, and F is Failing.

Gap Analysis: Performance as Percentage of Importance



Of the City services tested, most are rated at least comparably to their relative performance, with the exception of managing traffic flow (its performance mean was 72% of its importance mean), affordable housing options (72%), zoning and land use (83%), and services for people in need (85%). Conversely, community events (122%), support for arts (116%), and recreation programs (115%) are the biggest overperformers.





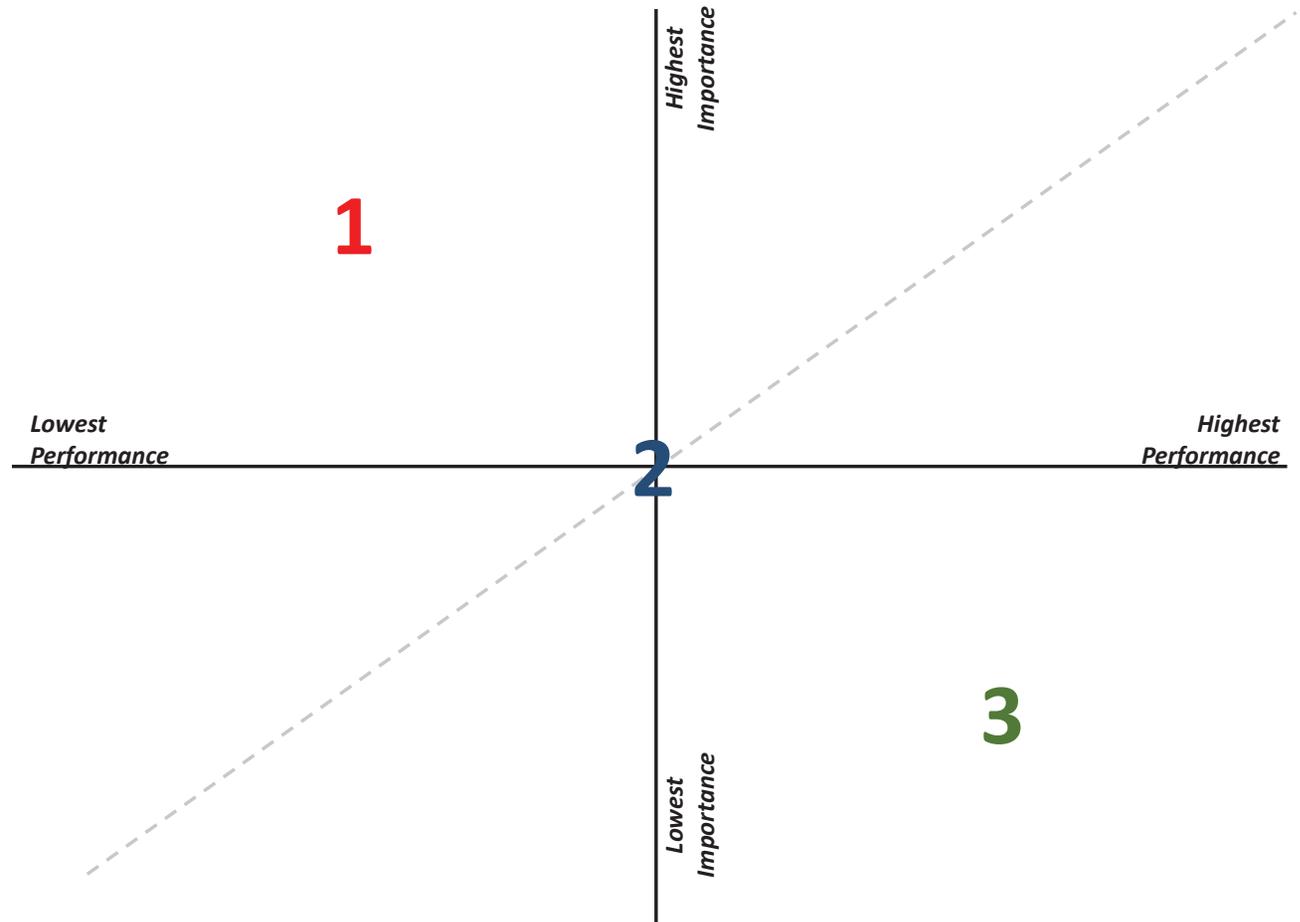
Quadrant Analysis

Quadrant Chart

1) High Importance, Low Performance (top-left quadrant) – Services falling into this category should be viewed as **opportunities for improvement**. These are the items that residents feel are very important but the City could be doing a better job delivering. Improving the services in this quadrant are likely to have the greatest impact on improving citizens' overall favorability of the City of the items tested.

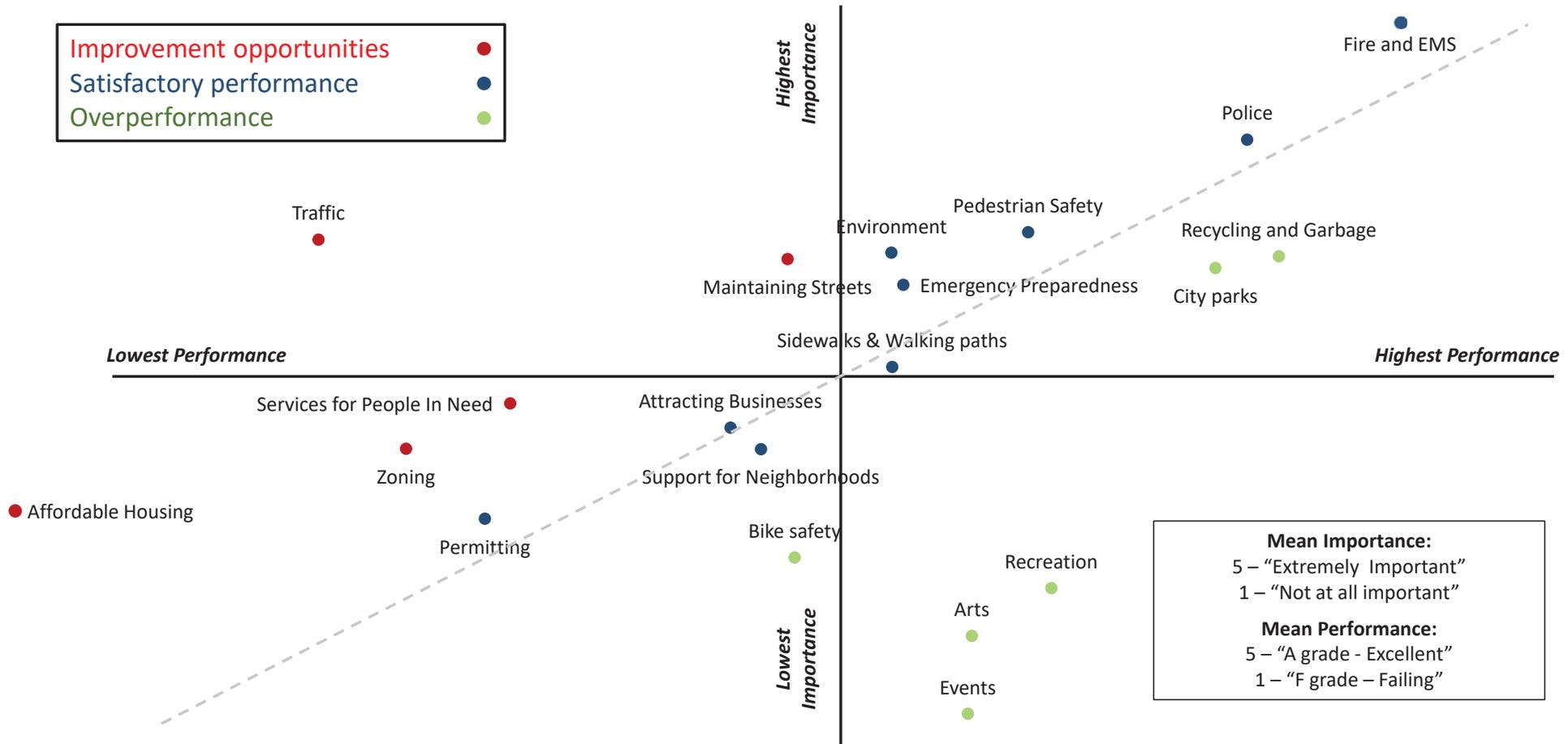
2) Importance & Performance Comparable (bottom-left and top-right quadrants) – Services in these two categories may be rated differently by residents; but in both scenarios, City performance for these services matches the importance that the residents attribute to them.

3) Low Importance, High Performance (bottom-right quadrant) – This quadrant represents services that citizens think the City is doing very well with but are believed to be less important. While items in this quadrant can be considered successes with certain niche groups, for most citizens, they are **not major drivers** of overall satisfaction with the City.



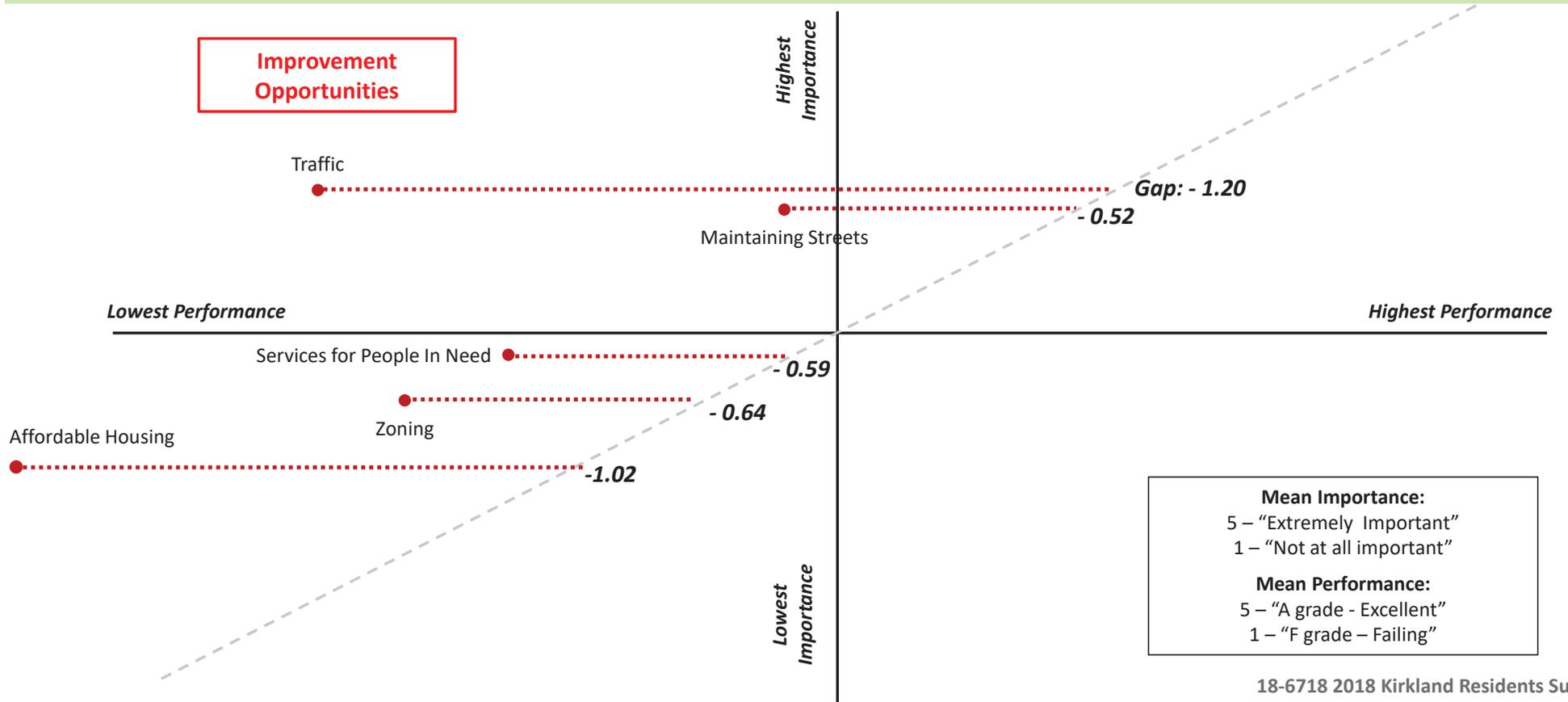
Quadrant Chart

Improvement opportunities	●
Satisfactory performance	●
Overperformance	●



Quadrant Chart

Managing traffic flow remains one of the most important, but also one of the lowest rated items, resulting in the largest gap of any service. Although residents don't prioritize affordable housing as highly as other services, it carries the second-largest gap between its importance and relative performance and is a key opportunity for improvement.



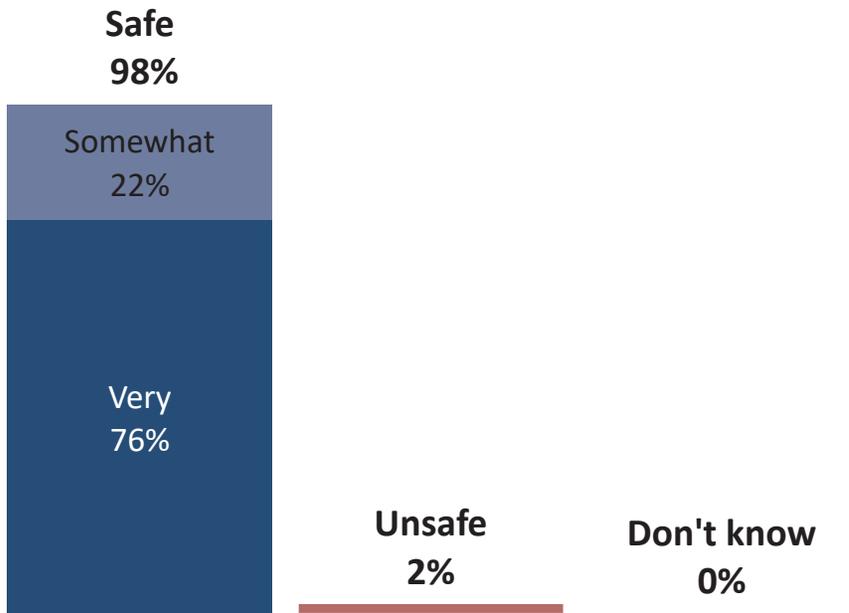


Goods and Services, Safety, & Infrastructure Ratings

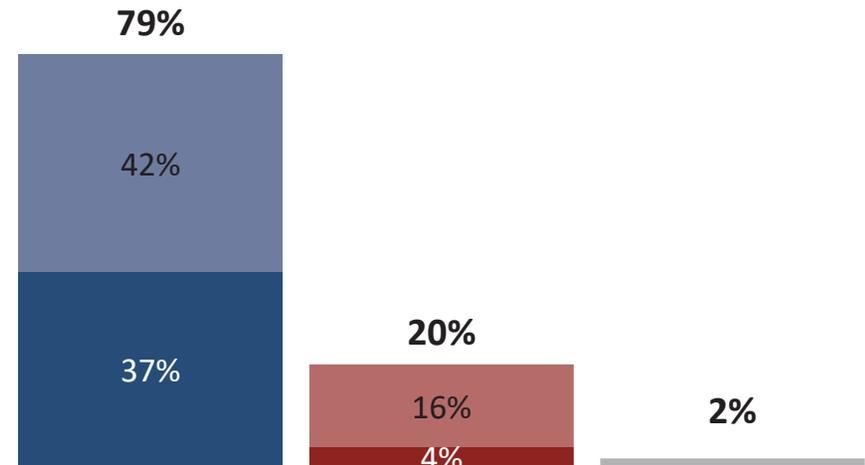
Safety Rating When Walking Alone

Almost all residents feel safe walking alone in their neighborhood during the day. Most residents also feel safe after dark, but only 37% say they feel “very safe” and 1-in-5 feel at least “somewhat unsafe” after dark.

Walking Alone During the Day



Walking Alone After Dark



Q54. In general, how safe do you feel walking alone in your neighborhood during the day? Would you say very safe, safe, somewhat unsafe, or very unsafe?

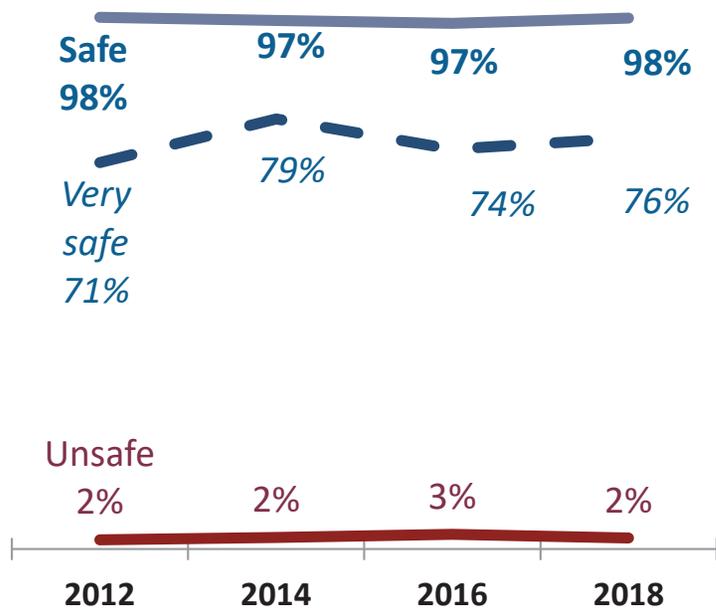
Q55. And how safe do you feel walking alone in your neighborhood after dark? Would you say very safe, safe, somewhat unsafe, or very unsafe?

Safety Rating When Walking Alone – Trend

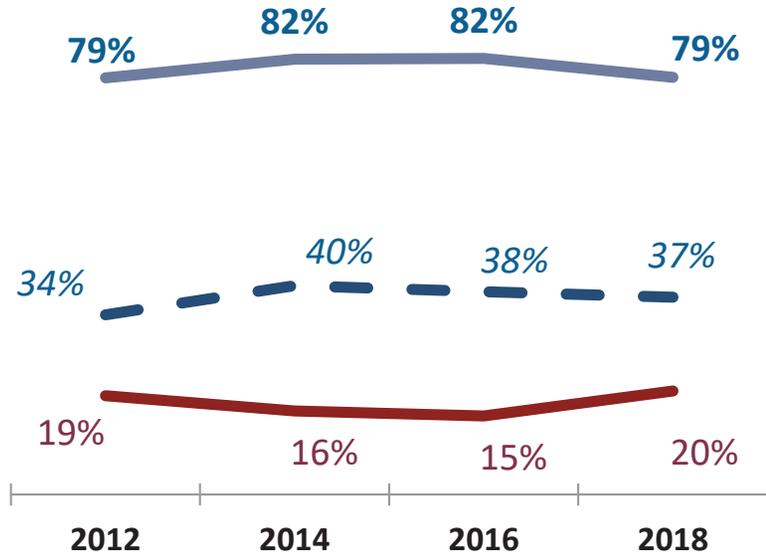


Overall safety ratings have remained largely consistent since 2012. Intensity ratings are lower among women and 65 and older residents.

During the day



After Dark



Safety After Dark by Subgroup	Total "Very Safe" + "Safe" %	"Very Safe" % only
Male	89%	51%
Female	69%	25%
18-49	83%	44%
50-64	82%	35%
65+	69%	28%
North	77%	31%
Central	78%	43%
South	87%	46%

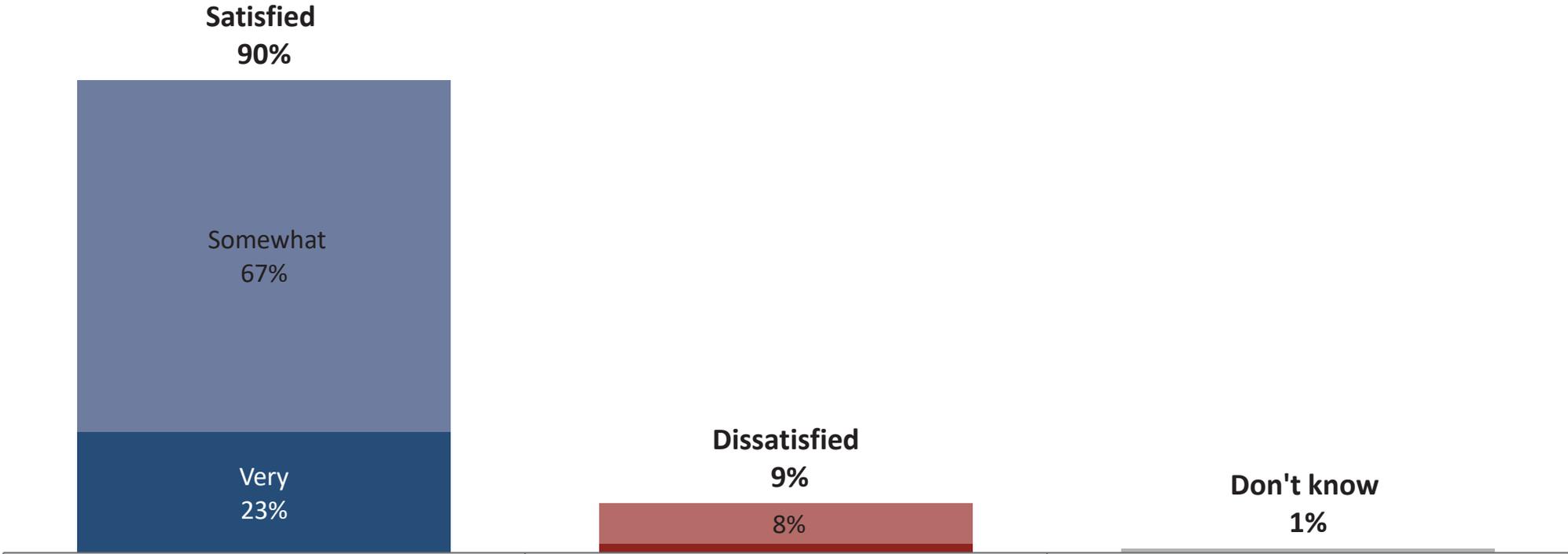
Q54. In general, how safe do you feel walking alone in your neighborhood during the day? Would you say very safe, safe, somewhat unsafe, or very unsafe?

Q55. And how safe do you feel walking alone in your neighborhood after dark? Would you say very safe, safe, somewhat unsafe, or very unsafe?

Availability of Goods & Services



Most residents (90%) are satisfied with the availability of goods and services in Kirkland, but only 1-in-4 are “very satisfied.”



Q53. Thinking about the types of stores, goods and services available in Kirkland, would you say that you are very satisfied, satisfied, dissatisfied, or very dissatisfied with the availability of goods and services in Kirkland?

Availability of Goods & Services – Trend



Residents' satisfaction with the availability of goods and services in Kirkland has continued to increase.



2012

2014

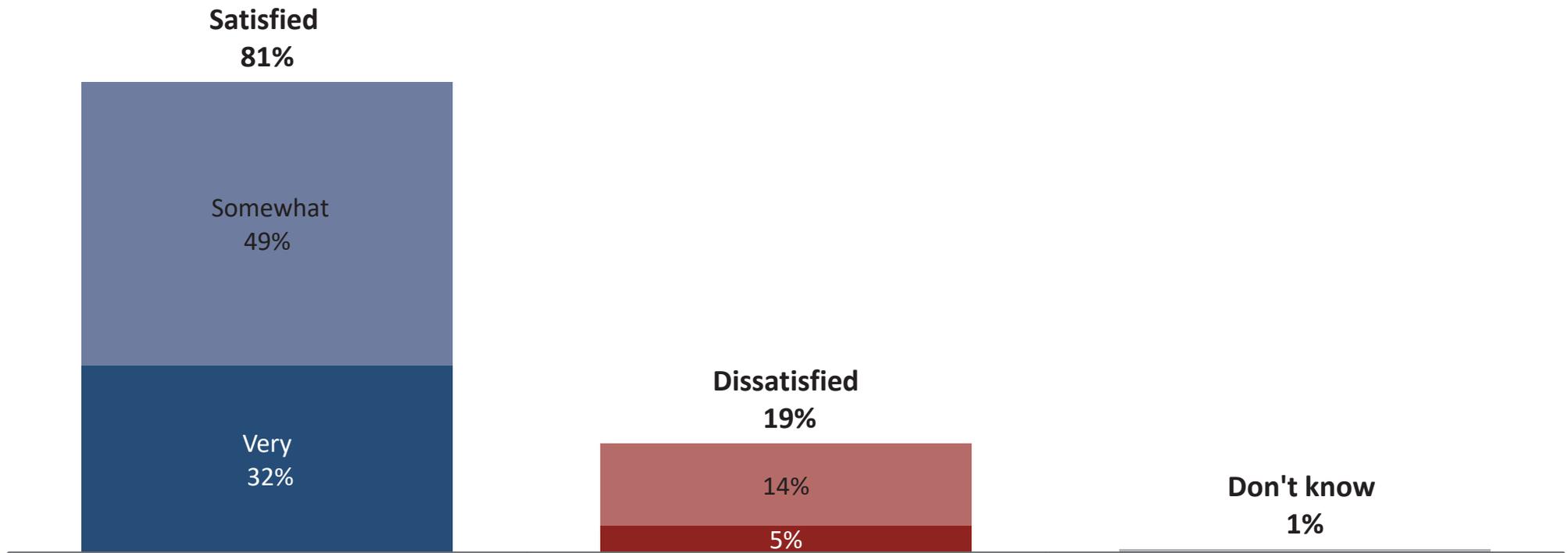
2016

2018

Q53. Thinking about the types of stores, goods and services available in Kirkland, would you say that you are very satisfied, satisfied, dissatisfied, or very dissatisfied with the availability of goods and services in Kirkland?

Infrastructure Rating

Most residents are satisfied with their neighborhood's infrastructure. About one-fifth (19%) say they are dissatisfied, but negative intensity is low (5% "very dissatisfied").



Q57. In general, how satisfied are you with your neighborhood's infrastructure such as streets and sidewalks, and roadside landscaping? Are you very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?

Infrastructure Rating – Trend

Most residents continue to be satisfied with Kirkland's neighborhood infrastructure.



2012

2014

2016

2018

Q57. In general, how satisfied are you with your neighborhood's infrastructure such as streets and sidewalks, and roadside landscaping? Are you very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?

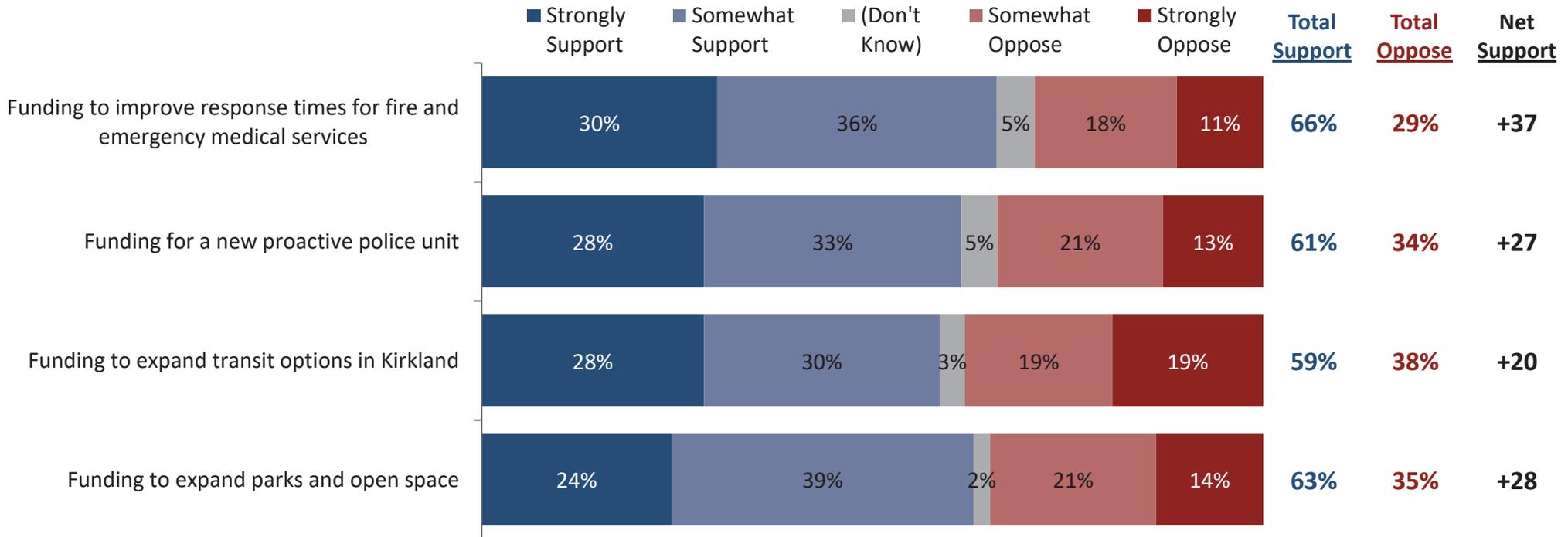


Potential Investments

Potential Funding Increase Areas



All four potential funding increases – fire/EMS, parks, police, and transit – have majority support, however intensity of support (“strongly support”) is low, and because these were not actual ballot tests with specific tax increase amounts, they reflect general funding priorities rather than potential support at the ballot box.



Q62-65. Next I am going to read a list of services that some Kirkland citizens feel need to be improved. Each of these would require a tax or fee increase to provide the necessary funding. As I read each one, tell me whether you would support or oppose increasing local taxes or fees for that purpose. Tell me whether you strongly support, somewhat support, somewhat oppose or strongly oppose each one.

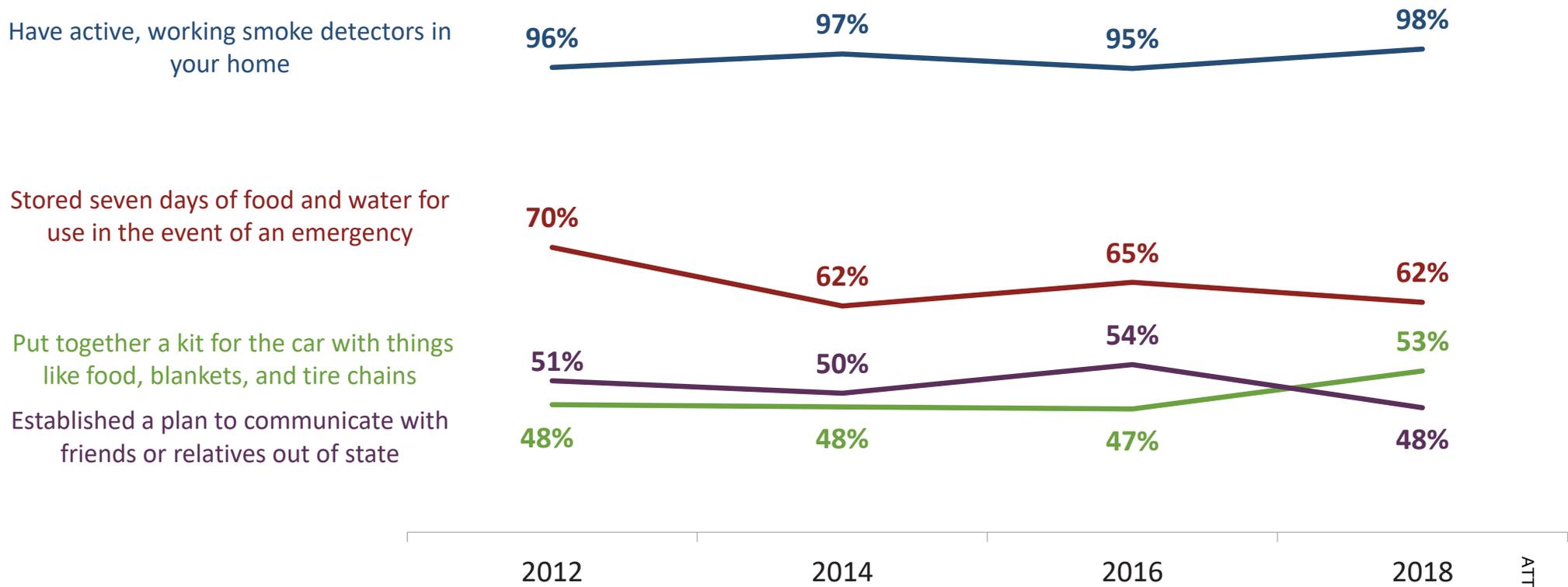


Emergency Preparedness

Emergency Preparedness – Trend



Nearly everyone (98%) reports having working smoke detectors and almost two thirds have three days stored food and water. About half report having a communications plan (53%, up from 47%) and a car emergency kit (48%, down from 54%).



Q58-61. The following are things that some people have done to prepare their household for disasters or emergencies. Please tell me which of the following you have done at your home.



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2017-2018

CITY WORK PROGRAM

PROTECTING AND ENHANCING KIRKLAND'S QUALITY OF LIFE



Resolution R-5239, passed February 21, 2017, by the City Council of the City of Kirkland sets priority goals for 2017-2018 and adopts the 2017-2018 City Work Program.





2017-2018

KIRKLAND WORK PROGRAM

Plan the Work, Work the Plan...

ATTACHMENT B

- » Renovate Fire Station 25, construct new Station 24, and site new Station 27

City Council Goals: Public Safety and Dependable Infrastructure

- » Explore potential ballot measures for Fire Station modernization and public safety operations

City Council Goals: Public Safety, Dependable Infrastructure and Financial Stability

- » Facilitate Community Policing through implementation of **Police Strategic Plan**

City Council Goals: Public Safety and Neighborhoods

- » Fund capital investments to support growth in Totem Lake Urban Center

City Council Goals: Economic Development, Balanced Transportation, Parks, Open Spaces and Recreational Services

- » Partner with Sound Transit, the State Department of Transportation and King County Metro Transit to ensure that investments along I-405 serve Kirkland's mobility needs

City Council Goals: Balanced Transportation, Economic Development



- » Partner with A Regional Coalition for Housing, churches and non-profits to construct a permanent women and family shelter in Kirkland

City Council Goals: Human Services and Housing

- » Implement the Cross Kirkland Corridor Master Plan focused on the Totem Lake Connector and South Kirkland Park and Ride connection

City Council Goals: Balanced Transportation, Parks, Open Spaces and Recreational Services, Economic Development, Neighborhoods

- » Expand Maintenance Center capacity to meet the service needs of the larger City

City Council Goals: Dependable Infrastructure, Parks, Open Spaces and Recreational Services

- » Procure a new solid waste contract and engage King County and Kirkland residents to determine the future of the Houghton Transfer Station and Houghton Landfill

City Council Goals: Environment, Operational Values of Efficiency and Accountability

- » Replace the City's core financial and human resources software

City Council Goal: Financial Stability

- » Enhance resident and business engagement in Kirkland through community-based initiatives that foster a safe, inclusive and welcoming City and a love of Kirkland

City Council Goals: Public Safety, Neighborhoods and Economic Development



2017-2018 CITY COUNCIL GOALS

KIRKLAND'S FOUNDATION FOR THE FUTURE

ATTACHMENT B



* Priority Goals for 2017-2018 Work Program



Neighborhoods:

Achieve active neighborhood participation and a high degree of satisfaction with neighborhood character, services and infrastructure.



Public Safety:* Provide for public safety through a community-based approach that focuses on prevention of problems and a timely response.



Human Services: To support a regional coordinated system of human services designed to meet the basic needs of our community and remove barriers to opportunity.



Balanced Transportation:*

To reduce reliance on single occupancy vehicles and improve connectivity and multi-modal mobility in Kirkland in ways that maintain and enhance travel times, safety, health, and transportation choices.



Parks, Open Spaces and Recreational Services:*

To provide and maintain natural areas and recreational facilities and opportunities that enhance the health and well-being of the community.



Housing:* To ensure the construction and preservation of housing stock that meet a diverse range of income and needs.



Financial Stability:

Provide a sustainable level of core services that are funded from predictable revenue.



Environment: To protect and enhance our natural environment for current and future generations.



Economic Development:*

To attract, retain and grow a diverse and stable economic base that supports city revenues, needed goods and services and jobs for residents.



Dependable Infrastructure:*

To maintain levels of service commensurate with growing community requirements at optimum life-cycle costs.

FOR MORE INFORMATION CONTACT:

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For more about the **City Work Program**, City local government and Legislative Agenda, go to www.kirklandwa.gov/council



CITY OF KIRKLAND
Department of Finance & Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3100
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Michael Olson, Director of Finance and Administration
Tom Mikesell, Financial Planning Manager

Date: May 17, 2018

Subject: 2019-2020 REVENUE OPTIONS OVERVIEW

RECOMMENDATION:

City Council receives information on potential revenue sources for the 2019-2020 Biennial Budget process.

BACKGROUND:

The Financial Forecast memo in the retreat packet includes the following conclusion:

"If the Council and the community find the current services levels to be adequate and staffing levels remain somewhat constant, there will be no need for significant new revenues or budget reductions until at least 2022."

However, given Kirkland's low Price of Government, Community Survey results that indicate a willingness to invest in higher service levels, and the growing need for more services across all departments to serve the unprecedented growth and development Kirkland is experiencing, the Council will likely want to explore adding staff and programs to remain responsive to community expectations. This will likely require new revenue in the form of fee or tax increases.

Therefore, Financial Planning staff have researched a number of options for select General Fund revenue sources. At a high level, these options include:

- *Revisit Sales Tax two-year lag policy:* While not new revenue, removing the two-year lag policy would allow potential sale tax revenue growth in FY 2019-2020 to be budgeted as part of the budget process, rather than relying on a zero percent growth assumption. An additional \$225,000 for every one percent of projected growth becomes available to program if this policy is removed;
- *Seek voter approval of a property tax increase, to support either operations or debt service for capital projects:* Based on the latest assessed value (AV) figures for Kirkland from the King County Assessor, each \$0.01/\$1,000 AV increase in the property tax rate would generate approximately \$252,000 per year in new revenue;

- *Activate \$20 car tab for Transportation Benefit District (TBD):* the City created a TBD in 2014 but has not yet charged the \$20 car tab. Formally adopting the car tab would generate approximately \$1.37 million per year. These revenues could be additional money for transportation projects and operations, or could offset current general revenues deposited into the City's Street Operating Fund, freeing these funds to be spend on other budget priorities;
- *Increase Revenue Generating Regulatory Tax (RGRL):* Each \$5 increase in the RGRL would generate approximately \$149,000 per year;
- *Enact a tax on sugar-sweetened beverages:* Revenues from a \$0.01/ounce tax on sugar sweetened beverages could generate approximately \$1.1 million to \$2.1 million per year;
- *Increase Utility Tax Rates:* Each nominal one percent increase in utility tax rates would generate the following revenues:
 - Private Utilities (subject to voter approval):
 - Electric: \$652,335
 - Gas: \$244,722
 - Telephone: \$407,474
 - Cable: \$267,935
 - City Owned Utilities:
 - Water: \$115,944
 - Sewer: \$133,236
 - Surface Water: \$98,319
 - Solid Waste: \$162,933
- *Recover greater share of Development Services' cost from fees:* Based on results from the 2017 fee study, development fees currently recover 80.7 percent of the cost of Development Services work, with the remainder (\$2.01 million) being supported by the General Fund (\$1.7 million) and City Utility Funds (\$250,000). Recovering more of the cost from fees would reduce the General Fund and Utility Fund share of the cost.
- *Recover a greater share of Parks maintenance and recreation program costs from fees:* Parks and Community Services Department programs receive \$5.9 million in General Fund revenues beyond the two parks levies. Recreation programs and rentals generated \$2.3 million in revenues. Parks is currently undergoing a cost of service study. Fees could be set higher to reduce the General Fund contribution towards Parks, freeing up money for other priorities.
- *Seek voter approval of a public safety sales tax increase to fund enhanced police and fire services:* RCW 82.14.450 authorizes cities to place a 0.1% Sales and Use Tax on the ballot for Police and Fire/EMS services. 0.1% generates approximately \$1.7 million per year in revenue that could be used to add Firefighter/EMTs and/or Police Officers.

Details on the each revenue option, including how revenue estimates are calculated, comparative information from neighboring cities, and general steps necessary to implement the option, are included in the remainder of this memorandum.

Sales Tax Modified Two-Year Lag

Recent biennial budgets have employed a "Modified Two-Year Lag" approach, which sets the sales tax revenue budget in the next two years of the biennium in an amount equivalent to the total expected sales tax revenue collected in the prior year. Actual collections above the budgeted amount are then available for programming on a one-time basis in successive budgets. Revising this policy would not generate any additional revenue; though it would make revenue available sooner, assuming actual collections meet forecasted amount. Conversely, if revenues do not meet the forecast, for example in the event of a recession, expenditure reductions could be necessary to keep in line with the lower revenues. The projected difference for every one percent of projected revenue above the Modified Two-Year Lag is approximately \$225,000 per year.

Property Tax Levy Lid Lift

Property taxes are the single largest revenue source for the City and the second largest source of revenue in the General Fund behind sales taxes. They are the largest revenue source for the Street Operating Fund, and the primary source of revenue in the Parks Maintenance and Parks Levy Funds. State statute limits the annual increase in the regular property tax levy to the lesser of one percent or the Implicit Price Deflator (an inflation factor published by the Bureau of Economic Analysis). The City is also provided an allowance for new construction, which entitles the City to the property tax revenue generated by newly constructed businesses and homes. The City's budget and long range General Fund forecast assumes a 2 percent increase per year, a one percent inflation factor and one percent for new construction growth.

The City can only exceed the limitation on the levy with the approval of voters or by using levy capacity from prior years that was "banked" for future specified purposes. The City has used all of the banked levy; therefore, the only remaining way to raise revenue from property taxes above the limit is through a public vote to 'lift' the levy lid.

The Parks Maintenance Fund was created in 2003 as a result of a levy lid lift approved by voters in November 2002 to fund maintenance and operations for new parks. Another parks levy lid lift was approved by voters in November 2012 and it funds parks maintenance, some recreation programming (accounted for in the Parks Levy Fund), and provides funding for parks capital projects. Voters also approved a street maintenance and pedestrian safety levy in November 2012, which funds street preservation and maintenance projects in the Street Operating and Transportation Capital Projects funds. According to the Municipal Research Service:

"There are two types of levy lid lifts: single-year lifts (sometimes known as "one-year," "one-bump," "basic," or "original" lifts) and multi-year lifts." While all levy lid lifts share the common features that they increase revenue from property taxes and require voter approval, they vary in a number of ways including:

- Duration;
- Amount of revenue raised;
- Election timing; and,
- Ballot measure requirements.

Attachment A is an excerpt from the MRSC website explaining the various types of lid-lifts in detail.

In terms of potential new revenue from a property tax increase, based on 2018 Assessed Valuation (AV) figures from the King County Assessor of \$25,233,434,063, a \$0.01/\$1,000 AV increase in City property taxes would generate approximately \$252,000 per year. In terms of the impact to property owner, a \$0.01/\$1,000 AV increase would result in an annual property tax bill increase of \$5 based on the 2017 median assessed value home of \$516,000.

Attachment B is the 2017 Cities and Towns Tax Rates and Levies information from the King County Assessor. The City of Kirkland information includes the rate and levy information for pre-annexation Kirkland and the new neighborhoods; the difference is that the former includes taxes to repay a General Obligation bond that was issued prior to annexation.

Creating Property Tax "Banked Capacity"

A City Council may elect *not* to increase the property tax by the allowed 1% increase in any particular year. A Council may also elect to *reduce* the property tax levy in a given year. If a Council forgoes property tax revenue by either of these actions, the Council may "bank" the forgone property tax amounts for future years. A Council does so by including a statement of intent to bank the capacity in the ordinance enacting the property tax levy. The banked property tax capacity then remains and may be implemented by future Council actions. If no statement of intent to bank the capacity is included in the levy ordinance, the property tax revenue is permanently lost.

Transportation Benefit District

On February 10, 2014 after conducting a Public Hearing, the City Council adopted Ordinance 4435, which created a Transportation Benefit District (TBD) with boundaries equal to the City of Kirkland boundaries. **Attachment C** includes the supporting Staff Summary and Ordinance Language supporting the creation of the district. In simple terms, a TBD is an independent taxing district which exists for the sole purpose of acquiring, constructing, improving, providing and funding "transportation improvements" within the district. The TBD is governed by the legislative authority proposing to establish the TBD; in this case the TBD would be governed by the City Council.

The TBD was created with the authority to collect a \$20 per vehicle car tab fee for renewals of motor vehicle registrations, though this revenue option has not yet been exercised. Recent changes to the TBD statute allow for an increased car tab of \$40 after 24 months have passed from the adoption of the \$20 tab, and an additional increase to \$50 after 24 months have passed from the adoption of the \$40 tab. These revenue increases can be made without a public vote. The increase above \$40 is subject to voter referendum.

The TBD may impose an additional vehicle renewal fee of up to \$80 per vehicle (\$100 total) or seek other sources of funding, subject to voter approval.

According to DOL, there are 68,252 vehicle registration renewals in Kirkland that would be subject to the new car tab, if enacted. This number of vehicles would generate \$1.37 million of revenue at the \$20 car tab amount, \$2.73 million at the \$40 amount, and \$3.41 million at the \$50 amount.

After holding a public hearing, the City Council, as the legislative authority for the TBD, through a majority vote can authorize collecting the \$20 car tab. Subsequent to Council adoption of the new fee, City staff would notify the Department of Licensing (DOL) and submit the approved ordinance; the DOL would draft a contract with the City to cover fee collection, and would begin the necessary programming in the fee collection system. City staff would also be required to contact the Office State Treasurer with information provided by the DOL. State law requires that the fee cannot be collected until six months after approval. It is important to adhere to the strict timeline, as the new fee would be included on vehicle renewal notices that are sent 120 days prior to expiration of tabs.

One General Fund revenue option could use revenues from a car tab to offset a portion of revenues to the City's Street Operating Fund, making them available for other purposes. The Street Fund accounts for the administration, maintenance and minor construction of the City's transportation infrastructure, using a mix of State-levied gas taxes, the 2012 Street Levy, general property taxes, and a portion of the revenue generating regulatory license (RGRL). The latter two sources are essentially general revenue sources, and total approximately \$2.9 million and \$270,000 respectively in 2018. These could be offset with revenues from a car tab fee.

Revenue Generating Regulatory Tax

The City levies a business license fee consisting of two parts: a base fee of \$100 and a revenue generating regulatory license (RGRL) of \$105 per full time employee (FTE). For businesses with annual gross receipts of less than \$12,000, only a registration fee of \$50 is due; no base fee or RGRL would be due in this case. Total revenue from the RGRL in 2017 was \$3.12 million; of this amount \$270,000 was programmed in the Street Preservation Capital Improvement Project, and the remainder was collected in the General Fund.

The City most recently raised the RGRL to \$105 from \$100 as part of the 2017-2018 Biennial Budget. The proceeds of this fee increase were used to fund 1.0 ProAct Police Officer. In terms of regional comparisons, the following table compares our business licensing revenue structure with those of Redmond, Bellevue and Seattle, and includes a simulated estimated annual payment for different types of businesses. Redmond charges an FTE-based fee similar to Kirkland's, while Bellevue and Seattle levy a Business and Occupations Tax on gross receipts and/or square feet of businesses.

Business Size	Business Type	Full Time Employees (FTE's)	Kirkland	Redmond	B & O Tax		Estimated Gross Receipts or Square Feet
			Business License Tax	Business License Tax	Bellevue	Seattle	
Small	Retail	4	\$ 520	\$ 436	419	\$ 723	\$ 280,000
Medium	Restaurant	18	\$ 1,990	\$ 1,962	1,646	\$ 2,519	\$ 1,100,000
Large	Headquarters	70	\$ 7,450	\$ 7,630	18,913	\$ 33,950	19,371 sq ft or \$8 m
Large	Retail	90	\$ 9,550	\$ 9,810	23,936	\$ 35,150	\$ 16,000,000

Staff estimates that each \$5 increase in the RGRL would generate approximately \$149,000 per year in new revenue. To implement this change, Council would adopt an ordinance revising the current fee, and staff would notify businesses of the change in annual renewals.

Sugar Sweetened Beverages Tax

A tax on sugar-sweetened beverages is a fairly new type of excise tax recently enacted in the City of Seattle. A similar tax was first enacted in the City of Berkeley, California in 2015, and at least 6 other cities in the United States have similarly enacted taxes in the intervening years. In 2017, the City of Seattle enacted a similar tax at a rate of \$0.0175/ounce, with a reduced rate

of \$0.01/ounce for certain manufacturers (gross global sales of less than \$5 million but greater than \$2 million).

Rather than a tax on the retail sales of sugar-sweetened beverages, a sugar-sweetened beverage tax is collected from the distributor of these products. The taxes are stated in terms of cents per unit of volume. Similar to the taxes on tobacco products, the tax serves the dual purpose of generating public health benefits from reducing consumption of the taxed commodity, while also generating revenue. The types of beverages that are commonly taxed include the following:

- Carbonated soft drinks
- Fruit drinks
- Sports drinks
- Ready-to-drink tea
- Energy drinks
- Enhanced water
- Ready-to-drink coffee

In terms of potential revenue from this type of tax, first full-year (March 2015 to February 2016) collection results in Berkeley indicated total revenue of \$1.563 million from a \$0.01/ounce tax. Berkeley's 2016 population was 121,241 according to the 2016 American Community Survey (ACS) report from the U.S. Census Bureau. This represents a per capita consumption of 10 gallons per person per year, which is roughly equivalent to two 12 ounce drinks per person per week on average. Extrapolating these results to Kirkland, assuming a population of 87,672 according to the most recent ACS figures, results in a revenue estimate of \$1.13 million.

The City of Boulder, Colorado began collecting revenues from its \$0.02/ounce tax in July 2017. Through November, Boulder's collections have totaled \$2,117,981, which annualizes to approximately \$5.1 million in revenue. Based on Boulder's population estimate of 108,108, and extrapolating the revenue base from the revenue estimate under a \$0.02 tax, this would indicate consumption of sugar sweetened beverages in Boulder equivalent to 18 gallons per person per year. At this level of consumption, a \$0.01 tax would generate approximately \$2.1 million per year.

As both Berkeley and Boulder are homes to major public universities, the demographic characteristics are not directly comparable with Kirkland's. However, there is limited real-world collections data other than at these two cities. Given the wide range in estimates, any decision to deploy this type of tax should favor the low end of the range until a revenue trend is established, in light of the potential impact of price elasticities of demand from this type of tax.

In terms of implementation, Seattle collects its tax concurrent with its business and occupations tax; it is possible that Kirkland could follow a similar course. However, with the transition to state administration of the City's business license program beginning at the end of this year, it would need to be clarified with the Department of Revenue if collection/administration of a sugar sweetened beverage excise tax could be part of this transition. If not, City administration would be required, which could result in additional staff needs.

Utility Taxes

Utility taxes are levied on the gross operating revenues that public and private utilities earn from operations within the boundaries of the City. This applies to electric, natural gas, water, sewer, surface water, solid waste, telephone, and cable TV utilities. Legislation passed in 1982 limits the tax rate on electric, gas, steam, and telephone utilities to six percent. The Cable Communication Policy Act of 1984 states that cable tax rates should not be higher than tax rates on other utilities. Currently, a six percent tax rate applies to both residential and commercial customers of these utilities.

There are no restrictions on the tax rates for water, sewer, surface water, and solid waste utilities. A Washington State Supreme Court decision ruled that fire hydrant maintenance must be paid from taxes rather than water utility rates. As a result, water rates were reduced to remove the costs of the protection and the water utility tax rate was increased as of 2011 to pay for hydrant maintenance from the General Fund.

The current effective tax rates for both residential and commercial customers for City utilities are as follows:

- Surface Water utility: 7.5 percent
- Sewer and Solid Waste: 10.5 percent
- Water: 13.38 percent (reflects the impact of hydrant charges mentioned above)

Any increase in the utility tax (above 6%) on electricity, gas, steam and telephone utilities requires voter approval. For other utilities, a referendum clause may need to be included in the ordinance pursuant to RCW 35.21.706, which provides the option of filing a petition to place the tax increase on the ballot.

Based on 2017 utility taxes, a 1% nominal rate increase would generate additional revenue as shown in the table on the following page:

City of Kirkland Utility Tax Revenues					
	Current Rate	2017 Kirkland Tax Revenue	Calculated 2017 Tax Base	Additional Tax Revenue with 1% Rate Increase	1% Increase with Approval*
Electric*	6.0%	\$ 3,914,012	\$ 65,233,532		\$ 652,335
Natural Gas*	6.0%	\$ 1,468,332	\$ 24,472,197		\$ 244,722
Telephone*	6.0%	\$ 2,444,841	\$ 40,747,357		\$ 407,474
Cable TV*	6.0%	\$ 1,607,608	\$ 26,793,465		\$ 267,935
Water	13.4%	\$ 1,551,333	\$ 11,594,420	\$ 115,944	
Sewer	10.5%	\$ 1,398,981	\$ 13,323,627	\$ 133,236	
Surface Water	7.5%	\$ 737,389	\$ 9,831,853	\$ 98,319	
Solid Waste	10.5%	\$ 1,710,799	\$ 16,293,325	\$ 162,933	
		\$ 14,833,295	\$ 208,289,776	\$ 510,432	\$ 1,572,466

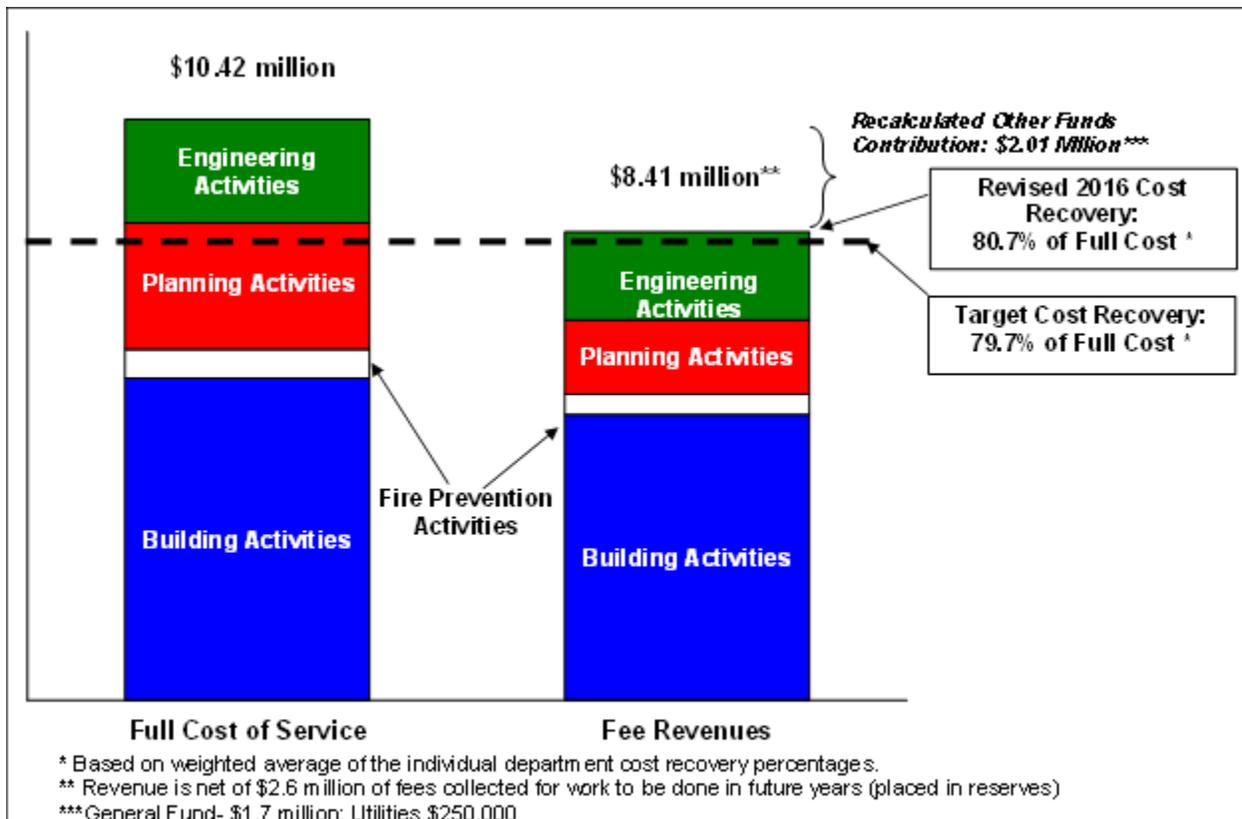
*6% is the maximum allowed without voter approval

The following table includes the utility tax rates charged by comparable cities in the region:

Utility Tax Rates									
City	Population	Electric	Natural Gas	Telephone	Cable TV	Water	Sewer	Surface Water	Solid Waste
Kirkland	86,080	6.0%	6.0%	6.0%	6.0%	13.4%	10.5%	7.5%	10.5%
Bellevue	140,700	5.0%	5.0%	6.0%	n/a	10.4%	5.0%	5.0%	4.5%
Redmond	62,110	6.0%	6.0%	6.0%	3.0%	n/a	n/a	n/a	6.0%
Bothell	44,370	6.0%	6.0%	6.0%	6.0%	11.2%	6.0%	6.0%	5.0%
Woodinville	11,660	2.0%	2.0%	4.0%	n/a	n/a	n/a	n/a	4.0%
Renton	102,700	6.0%	6.0%	6.0%	6.0%	6.8%	6.8%	6.8%	6.8%
Federal Way	96,350	7.8%	7.8%	7.8%	7.8%	n/a	n/a	7.8%	7.8%
Auburn	78,960	6.0%	6.0%	6.0%	6.0%	7.0%	7.0%	7.0%	7.0%
Sammamish	62,240	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Development Fees Full Cost Recovery

At the September 5, 2017 Study Session, the City Council was presented with a review of the City’s Development Fees according to the three-year review schedule in the City’s Financial Policies. Based on the Council feedback from that review, a number of targeted Planning fee increases were recommended by staff and ultimately adopted by Council at its November 8, 2018 Regular Meeting. As shown in the following graph, the cost recovery was revised to 80.7% of full cost, which is slightly higher than the target cost recovery.



After the adopted fee change, it was estimated that approximately \$2.1 million of development services cost was covered by non-development revenues, including \$1.7 million from the General Fund and \$250,000 from City Utility funds. At a high level, a policy of full cost recovery could eliminate this subsidy, allowing these funds to be deployed for other City programs. It is worth noting that the policy of recovering an amount less than the full cost of development services is the result of a number of specific historical and recent policy decisions according to cost layer and line of business. The following table demonstrates this:

Service Cost Layer	Building Services	Fire Prevention	Planning	Engineering	Overall
Direct Services	100%	100%	80%	80%	89%
Code Enforcement	0%	0%	0%	0%	0%
Public Information	50%	50%	20%	50%	40%
Policy Development	20%	20%	20%	20%	20%
Department & City Overhead	as others	as others	as others	as others	as others
2016 Updated Target Recovery	88%	89%	69%	76%	80%

Given the intricacy of these individual policy choices, it is recommended that movement towards a full cost recovery approach review the individual cost recovery decisions by line of business, similar to the approach last fall.

Parks and Community Services Cost Recovery

In 2017, Parks and Community Services Department programs were supported by \$5.9 million in General Fund revenues and \$2.5 million in additional revenues supplied by the Parks Maintenance Levy and the 2012 Parks Levy. Parks and Community Services Department programs generated \$2.3 million in revenues, largely from fees for recreation programs and park facility rentals. When considering costs to the General Fund alone, 27.6% of full costs were recovered. However, when examining the costs of parks, recreation, and community services across all operating funds, the amount recovered falls to 21.0% of full costs.

A cost recovery study is currently underway that will produce revised cost recovery targets and fee schedules for Parks and Community Services programs. Depending on the policy choices made by Council, the results may generate significant new revenues. These revenues could be used to provide higher programming and staffing levels, or be used to free up General Fund revenues and reduce program subsidies if cost recovery targets are set at higher levels in aggregate. Similar to Development Fees, the policy of recovering an amount less than full costs is based on earlier Council policy decisions.

Public Safety Sales and Use Tax Ballot Measure Authorized by RCW 82.14.450

State law allows the City to place up to 0.1% City Sales and Use Tax on the ballot. Motor Vehicle sales are exempt from the tax. One-third of funds received must be used solely for criminal justice purposes, fire protection purposes, or both. The remainder may be used for any City purpose. Fifteen percent of the tax proceeds must be shared with King County. The net revenue estimate of this sales tax after factoring out car sales and the portion provided to King County is approximately \$1.7 million annually.

Levy Lid Lifts

This page provides an overview of the property tax levy lid lift for all cities, counties, and special purpose districts in Washington State, including informational graphics and sample documents.

Overview

The passage of Initiative 747 in 2001 established a “101% levy limit” limiting the amount that any taxing jurisdiction can increase its regular property tax levy (the total amount of revenue collected) from current assessed valuation (excluding new construction) without voter approval. The state Supreme Court struck down the initiative in 2007, but the legislature reinstated it.

The levy limit is as follows:

- **Taxing districts under 10,000 population** may not increase the *total levy amount* collected from current assessed valuation by more than 1% annually (the “levy lid”).
- **Taxing districts with a population of 10,000 or more** may not increase the *total levy amount* collected from current assessed valuation by more than 1% annually or the rate of inflation, whichever is lower. However, if the inflation rate is below 1%, these jurisdictions may adopt resolutions of “substantial need” to increase the levy up to 1 percent. For more on the inflation rate and resolutions of substantial need, see our page on the [Implicit Price Deflator](#).

Note: These tax limits apply only to current assessed valuation and do not affect property tax levies from new construction or increases in state-assessed utility valuation.

The 101% limit obviously restricts revenue growth, especially for jurisdictions that are heavily dependent on property taxes and whose costs are increasing more than 1% per year due to inflation, labor and pension costs, and other factors. (To see property tax vs. sales tax reliance for all cities and towns in Washington, see our [Tax Reliance Map](#).)

If property values are increasing more than 1% per year within a jurisdiction, the 1% levy limit also puts downward pressure on the maximum allowable levy rates (the tax rate per \$1,000 assessed value), forcing the jurisdiction to collect a lower rate than it used to.

Example of How the 101% Limit Affects Property Tax Rates

Year	Current Assessed Valuation (excluding new construction), assumes 2% annual increase	Maximum Allowable Levy (1% annual increase)	Maximum Allowable Levy Rate/\$1,000 AV
1	\$100,000,000	\$150,000	\$1.50

Year	Current Assessed Valuation (excluding new construction), assumes 2% annual increase	Maximum Allowable Levy (1% annual increase)	Maximum Allowable Levy Rate/\$1,000 AV
2	\$102,000,000	\$151,500	\$1.49
3	\$104,040,000	\$153,015	\$1.47
4	\$106,120,800	\$154,545	\$1.46
5	\$108,243,216	\$156,091	\$1.44

However, there are two ways for a jurisdiction to increase its regular levy above the 1% limit:

- **Banked capacity:** A jurisdiction may take *less* than the maximum increase in any given year and “bank” the remaining capacity to use in the future. For more information on banked capacity, see our page [Property Tax in Washington State](#). If you do not know whether your jurisdiction has banked capacity that it can use, ask your county assessor.
- **Levy lid lift:** A taxing jurisdiction may seek voter approval to increase its levy more than 1%, up to the statutory maximum rate, for a specified amount of time. However, you must use your banked capacity *before* using additional capacity gained through a lid lift.

Most jurisdictions may also submit a special, or excess, levy to their voters to temporarily increase their taxes above the statutory maximums ([RCW 84.52.052](#) for most agencies and [RCW 84.52.130](#) for fire protection districts). However, this is separate from the regular levy, expires after one year for all agencies except fire protection districts, and requires a 60% majority.

What is a Levy Lid Lift?

A taxing jurisdiction that is collecting less than its maximum statutory levy rate may ask a simple majority of voters to “lift” the total levy amount collected from current assessed valuation by more than 1% ([RCW 84.55.050](#) – also see [WAC 458-19-045](#), which provides a better understanding of the process than the statute). The new levy rate cannot exceed the maximum statutory rate.

Levy lid lifts may generate revenue for any purpose, but if the amount of the increase for a particular year would require a levy rate above the statutory maximum tax rate, the assessor will levy only the maximum amount allowed by law.

There are two types of levy lid lifts: single-year lifts (sometimes known as “one-year,” “one-bump,” “basic,” or “original” lifts) and multi-year lifts. However, these names can be confusing, since “single-year” levy lid lifts typically last for multiple years too.

A good way to think of the difference between “single-year” and “multi-year” lid lifts is: How many years can your total levy increase by more than 1 percent?

With a single-year lid lift, you can exceed the 1% annual limit for one year only, and then future increases are limited to 1% (or inflation) for the remainder of the levy. With a multi-year lid lift, you can exceed the 1% annual limit for up to 6 consecutive years.

Single-Year Levy Lid Lifts

The single-year (“one-bump”) lid lift is the original version created by Initiative 747 in 2001. It allows your jurisdiction to increase the maximum levy by more than one percent for *one year only*. That amount is then used as a base to calculate all subsequent 1% levy limitations for the duration of the levy.

Single-year lid lifts may be used for any purpose, including general government operations, and there are no supplanting limitations. One presumes, however, that citizens believe there will be no supplanting even when the statutes do not prohibit it, and that they will require some accounting from government officials.

Single-year levy lid lifts can be temporary or permanent.

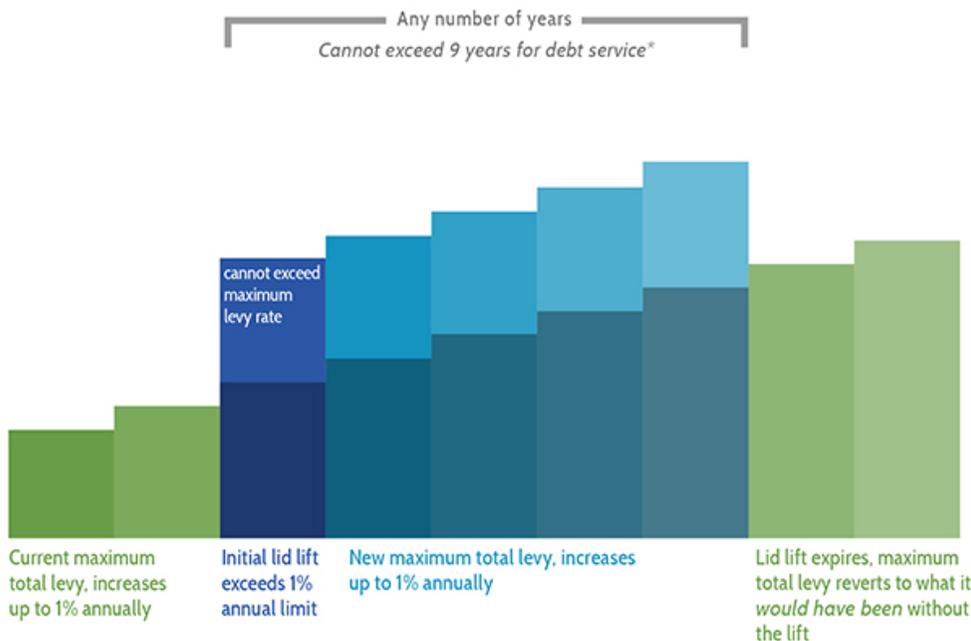
Temporary Single-Year Lid Lifts

With a temporary single-year lid lift, the levy lid bumps up more than 1% in the first year, and then that amount is used to calculate all subsequent 1% levy limitations until the measure expires. A temporary lid lift can be used for any purpose and last for any number of years, but if used to pay debt service it may not exceed nine years (except Thurston County, which may increase the levy lid for 25 years – see [SHB 1344](#)).

When the lid lift expires, the levy lid reverts to what it *would have been* if the levy lid lift never existed and the jurisdiction had increased its levy by the maximum allowable amount each year in the meantime ([RCW 84.55.050\(5\)](#)).

See below for a conceptual example ([click on the image to download a larger version](#)).

Single Year (One-Bump) Levy Lid Lift – Temporary
RCW 84.55.050(1)



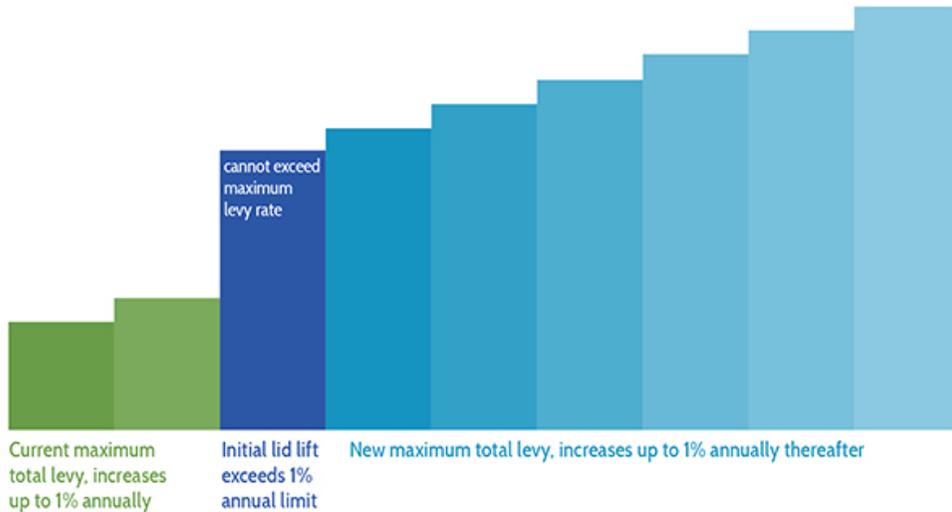
Permanent Single-Year Lid Lifts

With a permanent single-year lid lift, the levy lid bumps up more than 1% in the first year, and then that amount is used to calculate all future 1% levy limitations. The measure never expires and the levy lid never reverts. However, future annual increases may not exceed 1% without going to the voters for another lid lift. A permanent lid lift may be used for any purpose except debt service.

See below for a conceptual example (*click on the image to download a larger version*).

Single Year (One-Bump) Levy Lid Lift – Permanent RCW 84.55.050(1)

Cannot be used for debt service



Multi-Year Levy Lid Lifts

The state legislature added the “multi-year” levy lid lift option in 2003. Unlike the single-year (“one-bump”) levy lid lift, which bumps up once and is then used to calculate the 1% limitation for the remainder of the levy, a multi-year levy lid lift authorizes a jurisdiction to bump up or exceed the 1% limitation *each year* for up to six consecutive years.

A multi-year levy lid lift may be used for any purpose, but the ballot must state the limited purposes for which the increased levy will be used (unlike a single-year lid lift, where there is no requirement to state the purpose).

The lift must state the total tax rate *for the first year only* – it *cannot* state the maximum rate in future years. For all subsequent years, the measure must identify a maximum “limit factor” which the total levy amount may not exceed (stated as an annual percent increase or a specific inflation index). The limit factor does not have to be the same for each year.

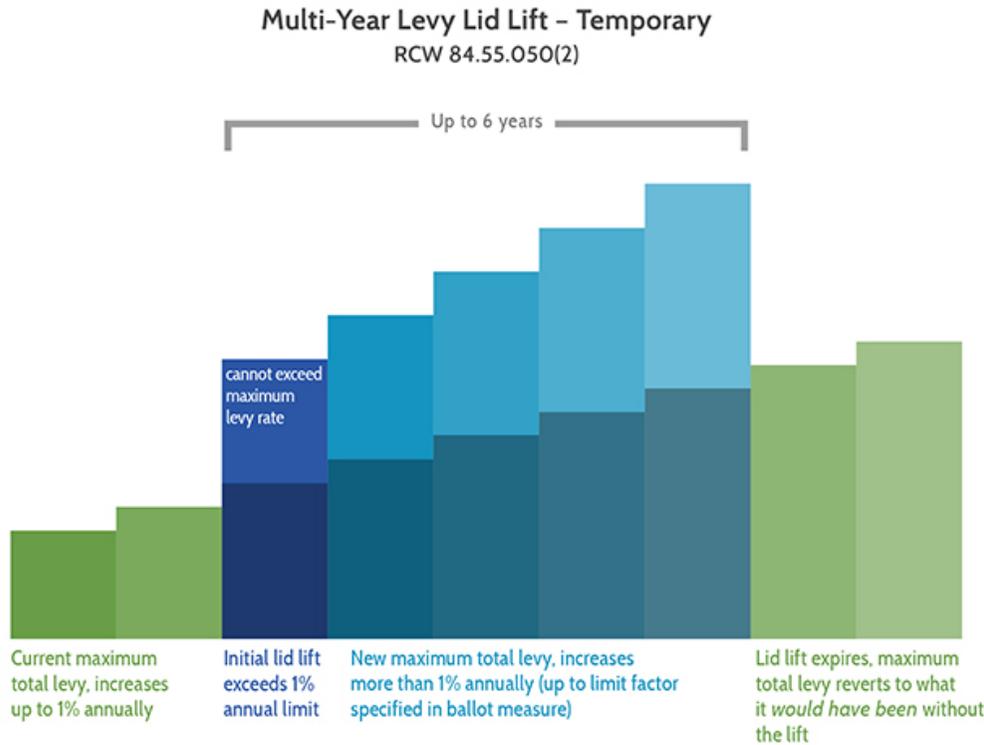
For instance, the limit factor might be 3% annually, 6% annually for the first two years and 4% annually after that, or the annual inflation increase as measured by an index such as the Consumer Price Index (CPI).

Multi-year lid lifts may be temporary (up to six years) or permanent. Multi-year lid lifts may also be used for debt service for up to nine years, in which case they may fall somewhere in between “temporary” and “permanent.”

Temporary Multi-Year Lid Lifts

With a temporary multi-year lid lift, the levy lid bumps up more than 1% each year (subject to the limit factor) for up to six years. When the lid lift expires, the levy lid reverts to what it *would have been* if the levy lid lift never existed and the jurisdiction had increased its levy by the maximum allowable amount each year in the meantime (RCW 84.55.050(5)).

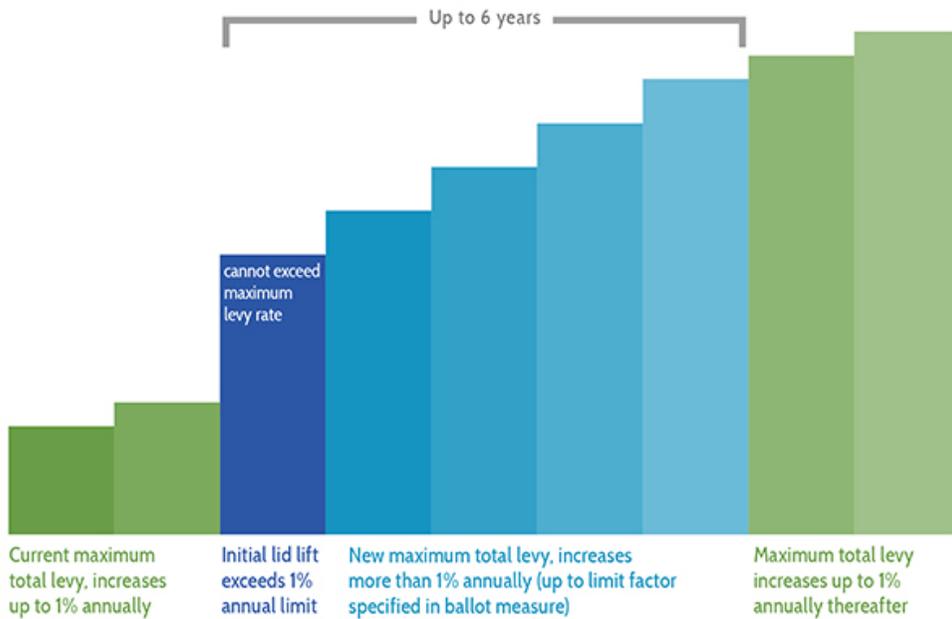
See below for a conceptual example (*click on the image to download a larger version*).



Permanent Multi-Year Lid Lifts

Similarly, with a permanent multi-year lid lift the levy lid bumps up more than 1% each year (subject to the limit factor) for up to six years. However, the lid lift does not revert and the maximum levy is then used as the base to calculate all future 1% levy limitations.

See below for a conceptual example (*click on the image to download a larger version*).



Multi-Year Lid Lifts for Debt Service

If a multi-year lid lift is used to pay debt service, the increased levy may not last for more than 9 years total (25 years for Thurston County – see [SHB 1344](#)). The multi-year lid lift would exceed the 1% limit for up to 6 years, and then the lid would increase up to 1% annually for the remaining years. After no more than nine years, the levy would expire and the levy lid would revert to what it would have been without the lid lift. In this way, a multi-year lid lift for debt service falls somewhere between a temporary (six year maximum) and permanent lid lift.

Choosing a Multi-Year Limit Factor/Inflation Index

A multi-year lid lift must identify a maximum “limit factor” which the total levy amount may not exceed in subsequent years (stated as an annual percent increase or a specific inflation index). The limit factor does not have to be the same for each year.

The main factor to consider when choosing an inflator is how much your assessed valuations are increasing. For instance, if a city seeks to raise its levy lid to its maximum statutory rate of \$3.10 per \$1,000 assessed value, and assessed valuations are rising about 6% annually, the city might want to establish an annual limit factor of 6% (sometimes expressed as 106%) in an attempt to maintain the \$3.10 levy rate. (If the city uses a limit factor of less than 6% in that situation, the levy rate will likely fall in subsequent years as the increase in current assessed valuation outpaces the annual levy lid increase.)

If using an inflation index such as the Consumer Price Index, it is crucial to correctly identify the one you want to use in your ballot measure, since these will vary every year and are beyond the jurisdiction’s control.

Practice Tip: The considerations for choosing an inflation index are the same as choosing a consumer price index for a labor contract. See the Bureau of Labor Statistics webpage on [How to Use the Consumer Price Index for Escalation](#).

Figure out when you will want the information, for budgeting purposes, on how much your property tax levy can be increased. Then make certain that the CPI index you have chosen will be available by that date. For example, the U.S. CPI figures are published monthly between the 15th and 20th following the end of the previous month, while the Seattle-Tacoma-Bremerton index is published bimonthly in odd-numbered months (for the preceding even-numbered month). The Portland-Salem CPIs are only published twice a year; numbers for the first half of the year are published in mid-August, and numbers for the second half of the year are published in mid-February of the following year.

For more information on the CPI, including recent inflation rates, see our [Consumer Price Index](#) page.

Supplanting Restrictions for Multi-Year Lid Lifts

There are no supplanting limitations for jurisdictions outside King County. One presumes, however, that citizens believe there will be no supplanting even when the statutes do not prohibit it, and that they will require some accounting from government officials.

For jurisdictions in King County only, new funds raised through a multi-year lid lift may not supplant existing funds ([RCW 84.55.050\(2\)\(b\)](#)). For instance, a city in King County may not use a levy lid lift for a popular program such as emergency medical services while moving existing EMS funds to pay for a less popular program such as new computer systems. For supplanting purposes, “existing funds” means the actual operating expenditures for the calendar year in which the ballot measure is approved by voters.

However, jurisdictions in King County *may* use a multi-year levy lid lift to replace lost funding due to lost federal funds, lost or expired state grants or loans, extraordinary events not likely to reoccur, changes in contract provisions beyond the jurisdiction’s control, and major nonrecurring capital expenditures.

Election Dates

When deciding on an election date for a levy lid lift, there are a number of factors to consider. Single-year lid lifts may be submitted to the voters at any special, primary, or general election, but multi-year lid lifts are limited to the primary or general election.

Your election date will determine (assuming the measure passes) when you will get your first tax receipts. Levy lid lifts must be submitted no more than 12 months before the levy is made (the date your budget is certified), and taxes levied in November are first due on April 30 of the following year. This means to receive increased tax revenues next year, your election can be no later than November of the current year.

Below are the filing deadlines by which your county auditor must receive your ballot measure resolution ([RCW 29A.04.321](#)):

- **Special election (February or April):** 60 days before the special election
- **Primary election (August):** the Friday before the first day of regular candidate filing
- **General election (November):** the date of the primary election

If you wait until September or October, during budget discussions, to begin discussing a levy lid lift for the coming year, it is too late because the general election deadline has passed. It pays to plan ahead!

Practice Tip: Councils and commissions should ask around to find out what other elections will be coming up during the coming year. You may not want to go head-to-head with a school levy election or a voted bond issue.

Ballot Measure Requirements

All levy lid lifts require a simple majority. However, there are slightly different ballot requirements for single-year and multi-year lid lifts.

Remember, local governments are limited in what they can do to support a ballot measure. For more information, see our page on [Use of Public Facilities to Support or Oppose Ballot Propositions](#).

Single-Year Lid Lift Ballot Requirements

A single-year lid lift ballot measure must:

- State the *maximum tax rate* to be imposed in the first year (for instance, \$1.50 per \$1,000 AV).
- If temporary, state the total duration of the levy (number of years).
- If permanent, state that it is permanent or that the dollar amount of the levy will be used for the purpose of computing the limitations for subsequent levies.
- Be no longer than 75 words ([RCW 29A.36.071](#))

The ballot measure does not have to state:

- The purpose, although doing so is a good idea
- The *increase* in the levy rate (for instance, an increase of \$0.20 per \$1,000 AV), although some jurisdictions do so
- The maximum total levy *amount* (for instance, a total levy amount of \$300,000)

Multi-Year Lid Lift Ballot Requirements

A multi-year lid lift ballot measure must:

- State the total levy duration (number of years)
- If permanent, state that it is permanent or that the dollar amount of the levy will be used for the purpose of computing the limitations for subsequent levies.
- State the maximum tax *rate* to be collected in the first year (for instance, \$1.50 per \$1,000 AV)
- State the *limit factor* to be used for all subsequent years (stated as an annual percent increase or inflation index). The amounts do not need to be the same for each year.
- Be no longer than 75 words ([RCW 29A.36.071](#))

The ballot measure *cannot* state the maximum levy *rate* for subsequent years after the first year.

Which Option is Better?

ATTACHMENT C
The answer, of course, is “it depends”. There are several factors that may impact the decision of single-year vs. multi-year lid lifts. Here are a few to consider:

- How much money you need to raise
- What you need the revenue for, and for how long (for instance, continued operating costs versus a capital project that will only last a few years)
- How quickly your costs, and property values, are increasing
- Your desired election date (special, primary, or general)
- How you think voters will respond to the different alternatives (for instance, a permanent versus temporary tax)

Technically, the multi-year lid lift is more restrictive in its uses, since the purpose must be stated in the ballot title and, for jurisdictions in King County, it cannot be used to supplant existing funds. However, this “restrictiveness” may be more true in theory than in practice – as stated earlier, it is a good idea to state the purpose even if it is not required, and one presumes that citizens believe there will be no supplanting even when the statutes do not prohibit it.

Levy Lid Lift Election Results

Want to know how other recent lid lifts have been structured or fared at the polls? Use our [Local Ballot Measure Database](#) to find out! Select “Filter by Ballot Categories” and, under “Funding Type/Statutory Authority,” select “Levy Lid Lift.” You can further refine your search by government type, subject matter, county, and years, if desired.

In recent years, about 75% of levy lid lifts have passed, although of course the individual results can vary widely depending on local circumstances. Lid lifts are most commonly submitted by fire protection districts and cities. Other local governments that have attempted lid lifts recently include counties, port districts, public hospital districts, library districts, park districts, and even a cemetery district.

Examples of Levy Lid Lifts

Below are examples of levy lid lift resolutions, along with supporting information such as staff reports, ballot resolutions, and fact sheets.

Single-Year Temporary Lid Lifts

- [Bellingham Ordinance No. 2012-06-033](#) (2012) – 7-year levy for affordable housing, combining a single-year lid lift with an affordable housing levy under RCW 84.52.105
- [Duvall Resolution No. 16-13](#) (2016) – Single-year lid lift (9 years) for debt service on ballfields, as well as a full-time school resource officer and IT infrastructure improvements
- [San Juan County Resolution No. 33-2014](#) (2014) – Single-year lid lift (6 years) for a wide variety of county services, canceling an existing levy lid lift

Single-Year Permanent Lid Lifts

- [Cheney Ordinance No. W-68](#) (2015) – Single-year lid lift (permanent) for public safety, governmental services, communications/technology upgrades, and capital facilities.

- ATTACHMENT C
- **Clark County Fire District No. 6 Resolution No. 2015-04 (2015)** – Single-year lid lift (permanent) for fire and EMS
 - YouTube: 2015 Levy Lid Lift – 9-minute recorded presentation
 - **Eatonville Ordinance No. 2008-10 (2008)** – Single-year lid lift (permanent) for the town's fire and EMS, including transition from an all-volunteer fire department to a part volunteer/part full-time department
 - **Kitsap Regional Library Resolution 2017/04 (2017)** – Single-year lid lift (permanent) to maintain and improve library services and prevent service cuts over the next five years
 - **Port of Klickitat Resolution No. 5-2012 (2012)** – Single-year lid lift (permanent) for development and expansion of port district's industrial facilities and properties, replacing an expiring industrial development district levy
 - **West Richland Resolution No. 25-16 (2016)** – Single-year lid lift (permanent) for library services, replacing an existing 2.5% utility tax
 - Staff Report
 - Fact Sheet Mailer
 - Library Funding Tax Calculator – Interactive tool that residents can use to calculate their tax bills under the utility tax compared to the levy lid lift

Multi-Year Temporary Lid Lifts

- **Port of Klickitat Resolution No. 2-2013 (2013)** – Multi-year levy lid lift for port district operations, offsetting an expired industrial development district levy. 6 years, limit factor of 3%.
 - Levy Lid Lift Fact Sheet

Multi-Year Permanent Lid Lifts

- **Island County Resolution No. C-54-10 (2010)** – Multi-year lid lift to retain public safety and other essential services following significant budget cuts due to the Great Recession. 5 years/permanent, limit factor tied to Seattle CPI-U index.
 - Frequently Asked Questions
- **Lake Forest Park Resolution No. 1202 (2010)** – Multi-year lid lift for public safety, parks, and other governmental services, as well as replenishing the “rainy day” reserve fund and/or restoring eliminated positions and services. 6 years/permanent, limit factor tied to Seattle CPI-U index.
 - Frequently Asked Questions
- **Shoreline Resolution No. 389 (2016)** – Multi-year lid lift for police, parks and recreation, and community services. 6 years/permanent, limit factor tied to Seattle CPI-U index.
 - Staff Report
 - Where Do Your Property Taxes Go?
 - Frequently Asked Questions
 - Mailer brochure
 - Community presentation – PDF version of Prezi presentation
- **South Kitsap Fire & Rescue Resolution No. 2017-01 (2017)** – Multi-year lid lift for fire and EMS. 6 years/permanent, limit factor tied to Seattle CPI-W index.

- **Stanwood Resolution No. 2015-16** (2015) – Multi-year lid lift for contracted police, fire, and EMS services.
6 years/permanent, limit factor of 6%.
 - [ATTACHMENT C](#)
 - [Staff Report](#)
 - [Frequently Asked Questions](#)
 - **Tumwater Ordinance No. O2011-005** (2011) – Multi-year lid lift for police and fire services and facilities.
6 years/permanent, limit factor tied to Seattle CPI-U index.
 - [Frequently Asked Questions](#)
 - [PowerPoint Presentation](#)
-

Recommended Resources

- **WA Department of Revenue Ballot Measure Requirements for Voted Property Tax Levies** – Explains the requirements taxing districts must follow to create property tax ballot measures, including levy lid lifts
- **Stradling Attorneys at Law: Comparison of Levy Lid Lift Mechanisms** (2016) – One-page table comparing single-year and multiple-year lid lifts
- **MRSC: Lessons Learned from Two Successful Levy Lid Lifts** (2013) – Advisor column written by Tracey Dunlap, Finance Director for Kirkland, based on her experience passing two simultaneous levy lid lifts
- **MRSC: Use of Public Facilities to Support or Oppose Ballot Propositions** – Information on what local governments can and can't do to support a ballot measure

Last Modified: January 24, 2018

2017 CITIES AND TOWNS TAX RATES AND LEVIES

District	EXPENSE		VOTED*		VOTED BONDS		TOTAL	
	Levy Rate	Tax Levy	Levy Rate	Tax Levy	Levy Rate	Tax Levy	Levy Rate	Tax Levy
Seattle.....	\$1.34558	\$249,885,351	\$1.11177	\$206,373,943	\$0.16592	\$30,688,512	\$2.62327	\$486,947,806
Algona.....	1.53541	694,614	----	----	----	----	1.53541	694,614
Auburn.....	2.19668	18,760,376	----	----	----	----	2.19668	18,760,376
Beaux Arts.....	1.14123	169,676	----	----	----	----	1.14123	169,676
Bellevue.....	0.78419	38,716,701	0.35702	17,624,287	----	----	1.14121	56,340,988
Black Diamond.....	2.12965	1,508,688	----	----	----	----	2.12965	1,508,688
Bothell.....	1.78539	7,178,001	----	----	0.10670	427,272	1.89209	7,605,272
<i>Bothell-1</i>	<i>1.78539</i>	<i>2,000,927</i>	----	----	----	----	<i>1.78539</i>	<i>2,000,927</i>
Total Bothell.....	----	9,178,928	----	----	0.10670	427,272	----	9,606,199
Burien.....	1.36228	7,640,079	----	----	----	----	1.36228	7,640,079
Carnation.....	1.20256	307,588	----	----	----	----	1.20256	307,588
Clyde Hill.....	0.44646	1,012,679	----	----	----	----	0.44646	1,012,679
Covington.....	1.19511	2,631,507	----	----	----	----	1.19511	2,631,507
Des Moines.....	1.51076	4,825,818	----	----	----	----	1.51076	4,825,818
Duvall.....	1.65864	1,731,766	----	----	----	----	1.65864	1,731,766
Enumclaw.....	1.48170	1,871,955	----	----	----	----	1.48170	1,871,955
Federal Way.....	1.13118	10,657,115	----	----	----	----	1.13118	10,657,115
Hunts Point.....	0.28045	291,014	----	----	----	----	0.28045	291,014
Issaquah.....	0.94476	8,492,955	----	----	0.17853	1,599,999	1.12329	10,092,954
Kenmore.....	1.19805	4,677,050	----	----	0.34036	1,319,999	1.53841	5,997,049
Kent.....	1.41136	23,056,215	----	----	----	----	1.41136	23,056,215
Kirkland.....	1.27609	20,333,790	----	----	0.03670	582,868	1.31279	20,916,659
<i>Kirkland-1</i>	<i>1.27609</i>	<i>8,011,720</i>	----	----	----	----	<i>1.27609</i>	<i>8,011,720</i>
Total Kirkland.....	----	28,345,510	----	----	0.03670	582,868	----	28,928,378
Lake Forest Park.....	1.19055	3,110,827	----	----	----	----	1.19055	3,110,827
Maple Valley.....	1.12921	3,690,957	----	----	----	----	1.12921	3,690,957
Medina.....	0.75186	2,724,166	----	----	----	----	0.75186	2,724,166
Mercer Island.....	0.94458	11,413,738	0.13282	1,604,880	----	----	1.07740	13,018,618
Milton.....	1.47193	148,637	----	----	----	----	1.47193	148,637
Newcastle.....	1.75523	4,724,890	----	----	----	----	1.75523	4,724,890
Normandy Park.....	1.60000	2,294,989	----	----	----	----	1.60000	2,294,989
North Bend.....	1.28559	1,530,103	----	----	0.15107	179,140	1.43666	1,709,243
Pacific.....	1.46389	691,309	----	----	----	----	1.46389	691,309
Redmond.....	1.01088	18,834,062	0.33969	6,328,797	----	----	1.35057	25,162,859
Renton.....	1.60954	24,204,815	----	----	----	----	1.60954	24,204,815
Sammamish.....	1.92616	27,905,570	----	----	----	----	1.92616	27,905,570
Seatac.....	2.89429	15,645,315	----	----	----	----	2.89429	15,645,315
Shoreline.....	1.39000	12,299,529	----	----	0.19415	1,700,012	1.58415	13,999,541
Skykomish.....	1.74438	42,978	----	----	----	----	1.74438	42,978
Snoqualmie.....	2.78000	7,570,274	----	----	0.09116	247,956	2.87116	7,818,230
Tukwila.....	2.58592	14,869,800	----	----	0.47143	2,698,992	3.05735	17,568,792
Woodinville.....	0.95075	3,155,489	----	----	----	----	0.95075	3,155,489
Yarrow Point.....	0.52068	567,888	----	----	----	----	0.52068	567,888
TOTAL - Cities and Towns		\$569,880,920		\$231,931,907		\$39,444,750		\$841,257,576

*Voted Regular Levies:

Temporary Lid Lifts: Bellevue, Mercer Island, Redmond, and Seattle



CITY OF KIRKLAND
Public Works Department
123 Fifth Avenue, Kirkland, WA 98033 425.587.3800
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Pam Bissonnette, Interim Public Works Director
Date: February 6, 2014
Subject: City of Kirkland Transportation Benefit District

RECOMMENDATION:

After conducting a public hearing, the City Council determines whether to approve the attached Ordinance which would establish a transportation benefit district to include the entire City of Kirkland. Staff recommends approval.

BACKGROUND DISCUSSION:

Countywide Transportation Benefit District

The City of Kirkland has long supported regional transportation, and in particular, transit. The King County Executive recently announced a proposal that a countywide transportation district (TBD) be formed pursuant to RCW 36.73 (Attachment A). Under the Executive's proposal, the members of the King County Council will become the governing board of the countywide TBD. The County Council will consider an ordinance to create the countywide TBD on February 10th. If approved, it is anticipated that the newly formed countywide TBD Board will place a transportation funding package on the ballot for a countywide vote in April of 2014. The measure would be for the purpose of funding transit and other transportation projects and programs within the County and cities in the event that the State Legislature does not act this session on a comprehensive transportation package. Voters would be asked to approve a \$60 vehicle license fee and a 0.1percent sales tax that would expire after ten years. The revenues are to be split 60 percent for transit and 40 percent for other transportation projects within cities and unincorporated King County based on population. King County maintains that without new funding, a \$75 million funding gap exists which will result in 600,000 hours of transit service being cut in the fall of 2014.

Kirkland learned of this proposal in early January and requested that King County representatives come and brief the Kirkland City Council regarding the elements of the County TBD proposal and funding package. On February 4th, at the regularly scheduled Council meeting, Diane Carlson, Director of Regional Initiatives for the Executive made a presentation on the countywide TBD to the City Council.

Background on Transportation Benefit Districts (TBDs)

RCW Chapter 36.73 provides for the establishment of transportation benefit districts and for the levying of additional revenue sources for transportation improvements within the district that are consistent with existing state, regional, and local transportation plans and necessitated by existing or reasonably foreseeable congestion levels.

One of the key findings of the Washington Transportation Plan 2030 adopted by the Washington State Transportation Commission was that the mobility of people and goods is fundamental to the functioning of society and that investment must shift from moving vehicles to moving people and products. The Puget Sound Regional Council, a regional planning agency, has adopted its long-range strategy, VISION 2040, and its metropolitan transportation plan, Transportation 2040, both of which call for the development of a transportation system that includes bicycle and pedestrian transportation improvements.

Transportation 2040 calls for creating a regionally integrated network of non-motorized facilities linking bicycle and pedestrian infrastructure within urban places and connecting these facilities to regional transit services. In addition, Transportation 2040 identifies ways to improve transportation system efficiency with intelligent transportation systems by managing congestion, increasing reliability and providing convenient connections for people and goods. Transportation 2040 calls for maintenance, preservation and operation of the transportation system as its highest priority and calls for projects and programs that promote transportation safety, demand management, and system management.

Kirkland's Capital Improvement Program, Transportation Improvement Plan, Active Transportation Plan, Transportation Element of the Comprehensive Plan, as well as the Transportation Master Plan and Cross Kirkland Corridor Master Plan currently under development, outline key strategies, objectives and investments for improving transportation safety, mobility, modal connectivity, and access by providing effective transportation choices. The City's transportation plans are consistent with the existing state and regional transportation plans described above.

King County previously formed a TBD within unincorporated King County without levying revenues. Eleven other cities in King County have already established TBDs within their own boundaries: Covington, Enumclaw, Kenmore, Maple Valley, North Bend, Auburn, Seattle, Burien, Shoreline, Des Moines, and Lake Forest Park.

Types of revenue authorized for a TBD include:

- a \$20 vehicle license fee by majority vote of its governing body;
- a voter approved additional vehicle license fee of up to \$80 (the combined total of vehicle license fees cannot exceed \$100, see above);
- a voter approved sales and use tax of up to 0.2 percent;
- a voter approved district ad valorem property tax in excess of the 1 percent limitation upon property within the district for a one-year period; and
- fees on building construction or land development by vote of its governing body.

Proposed Citywide TBD

The City of Kirkland has considered forming a local TBD within the boundaries of the City over the past several years as one of the important tools for phased funding of transportation improvements of which the voter approved street maintenance and pedestrian safety levy was the first phase. In November of 2012, Kirkland's residents recognized the need for additional local transportation funding and stepped up to approve Proposition 1, a permanent, nearly \$3 million property tax levy to make a significant down payment on City street maintenance and pedestrian safety needs. Despite this investment, the City still has \$249 million in unfunded street, bridge and sidewalk projects. These projects are crucial to the safety of our residents and to the economic vitality of the City.

The City is currently engaged in updating its Comprehensive Plan through 2035, including an updated Transportation Master Plan (TMP) which will further refine the projects and update the levels of investment needed to fund them. The TMP is expected to include a recommendation for funding tools for its implementation. It is essential that Kirkland have all the tools available to meet this crucial need for implementation of the TMP when adopted in 2015. A Kirkland TBD is intended to be one such tool for consideration.

RCW 35.21.225 authorizes the City Council to establish a transportation benefit district subject to the provisions of RCW 36.73. However, it is not clear under RCW 36.73 whether the establishment of a countywide TBD would preclude the City from later establishing its own TBD. Kirkland staff had originally intended to bring the issue of creating a Kirkland TBD to the City Council in March. The County's proposed TBD formation on February 10th has caused the City to accelerate its timetable for consideration of the establishment of its own TBD.

For these reasons staff is proposing that the Kirkland City Council create a Kirkland TBD coterminous with the existing boundaries of the City before King County acts. This requires the Kirkland City Council to approve formation of a Kirkland TBD boundary on the morning of February 10, 2014. Therefore, the City has called a Special Council Meeting at 9:00 a.m. on February 10th for the purpose of holding a public hearing to take and consider public testimony as to whether Kirkland should form a TBD. Forming a TBD at this time will preserve these funding options for future consideration within the context of the TMP. Following the hearing the Council will consider an ordinance to form a TBD. No TBD funding authorities are proposed to be implemented by this action.

Proposed Ordinance O-4355

Under the proposed ordinance, future funds generated by the Kirkland TBD may be used for any purpose allowed by law, including the operation of the TBD and to make transportation improvements that are consistent with existing state, regional and local transportation plans and necessitated by reasonably foreseeable congestion levels pursuant to RCW Chapter 36.73. Any transportation improvements funded by the TBD shall be made to preserve, maintain and operate transportation infrastructure, improve public safety, implement projects identified in the funded and unfunded projects of the Transportation Section of the adopted Capital Improvement Program, the Transportation Improvement Program, the non-motorized transportation facilities in the Active Transportation Plan, the Intelligent Transportation System Strategic Plan, and the Transportation Element of the Kirkland Comprehensive Plan, invest in bicycle and pedestrian mobility, including the Cross Kirkland Corridor, sidewalks, and transit enhancements, and to provide people with choices to meet their mobility needs. Additional

transportation improvement projects may be funded only after compliance with the provisions of RCW 36.73.050(b) following notice, public hearing and enactment of an authorizing ordinance.

The ordinance before the Council forms a Kirkland TBD and establishes a governing board consisting of the members of the Kirkland City Council. None of the available TBD revenue options would be levied or imposed by Council action approving the ordinance. The ordinance specifically provides that any time non-voter approved revenues are being considered to fund the Kirkland TBD transportation improvements, a public hearing shall be held first.

Staff is recommending approval of the formation of the Kirkland TBD to preserve future transportation funding options while not committing the Council to use any of those options.

Notice of the Public Hearing

Notice of the Council's public hearing was provided through distribution of a news release, legal notices placed in *The Seattle Times* and *Kirkland Reporter*, the City's homepage, and email through listserv to the neighborhood associations and all other subscribers.

Attachment:

- A. RCW 36.73 authorizing the establishment of Transportation Benefit Districts

Chapter 36.73 RCW**TRANSPORTATION BENEFIT DISTRICTS**Chapter Listing**RCW Sections**

- 36.73.010 Intent.
- 36.73.015 Definitions.
- 36.73.020 Establishment of district by county or city -- Participation by other jurisdictions.
- 36.73.030 Establishment of district by city.
- 36.73.040 General powers of district.
- 36.73.050 Establishment of district -- Public hearing -- Ordinance.
- 36.73.060 Authority to levy property tax.
- 36.73.065 Taxes, fees, charges, tolls, rebate program.
- 36.73.067 Vehicle fee rebate program -- Low-income individuals -- Report to legislature.
- 36.73.070 Authority to issue general obligation bonds, revenue bonds.
- 36.73.080 Local improvement districts authorized -- Special assessments -- Bonds.
- 36.73.090 Printing of bonds.
- 36.73.100 Use of bond proceeds.
- 36.73.110 Acceptance and use of gifts and grants.
- 36.73.120 Imposition of fees on building construction or land development.
- 36.73.130 Power of eminent domain.
- 36.73.140 Authority to contract for street and highway improvements.
- 36.73.150 Department of transportation, counties, cities, and other jurisdictions may fund transportation improvements.
- 36.73.160 Transportation improvement projects -- Material change policy -- Annual report.
- 36.73.170 Completion of transportation improvement -- Termination of district operations -- Termination of taxes, fees, charges, and tolls -- Dissolution of district.
- 36.73.180 Supplemental transportation improvements.
- 36.73.900 Liberal construction.

Notes:

Roads and bridges, service districts: Chapter 36.83 RCW.

36.73.010**Intent.**

The legislature finds that the citizens of the state can benefit by cooperation of the public and private sectors in addressing transportation needs. This cooperation can be fostered through

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enhanced capability for cities, towns, and counties to make and fund transportation improvements necessitated by economic development and to improve the performance of the transportation system.

It is the intent of the legislature to encourage joint efforts by the state, local governments, and the private sector to respond to the need for those transportation improvements on state highways, county roads, and city streets. This goal can be better achieved by allowing cities, towns, and counties to establish transportation benefit districts in order to respond to the special transportation needs and economic opportunities resulting from private sector development for the public good. The legislature also seeks to facilitate the equitable participation of private developers whose developments may generate the need for those improvements in the improvement costs.

[2005 c 336 § 2; 1987 c 327 § 1.]

Notes:

Effective date -- 2005 c 336: See note following RCW 36.73.015.

36.73.015

Definitions.

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

- (1) "City" means a city or town.
- (2) "District" means a transportation benefit district created under this chapter.
- (3) "Low-income" means household income that is at or below forty-five percent of the median household income, adjusted for household size, for the district in which the fees, taxes, or tolls were imposed.
- (4) "Rebate program" means an optional program established by a transportation benefit district that includes a city with a population of five hundred thousand persons or more for the purpose of providing rebates to low-income individuals for fees, taxes, and/or tolls imposed by such transportation benefit district for: (a) Vehicle fees imposed under RCW 36.73.040(3)(b); (b) sales and use taxes imposed under RCW 36.73.040(3)(a); and/or (c) tolls imposed under RCW 36.73.040(3)(d).
- (5) "Supplemental transportation improvement" or "supplemental improvement" means any project, work, or undertaking to provide public transportation service, in addition to a district's existing or planned voter-approved transportation improvements, proposed by a participating city member of the district under RCW 36.73.180.
- (6) "Transportation improvement" means a project contained in the transportation plan of the state, a regional transportation planning organization, city, county, or eligible jurisdiction as identified in RCW 36.73.020(2). A project may include investment in new or existing highways of statewide significance, principal arterials of regional significance, high capacity transportation, public transportation, and other transportation projects and programs of regional or statewide significance including transportation demand management. Projects may also include the operation, preservation, and maintenance of these facilities or programs.
[2012 c 152 § 1. Prior: 2010 c 251 § 2; 2010 c 105 § 1; 2006 c 311 § 24; 2005 c 336 § 1.]

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Notes:**Findings -- 2006 c 311:** See note following RCW 36.120.020.**Effective date -- 2005 c 336:** "This act takes effect August 1, 2005." [2005 c 336 § 26.]**36.73.020****Establishment of district by county or city — Participation by other jurisdictions.**

(1) The legislative authority of a county or city may establish a transportation benefit district within the county or city area or within the area specified in subsection (2) of this section, for the purpose of acquiring, constructing, improving, providing, and funding a transportation improvement within the district that is consistent with any existing state, regional, or local transportation plans and necessitated by existing or reasonably foreseeable congestion levels. The transportation improvements shall be owned by the county of jurisdiction if located in an unincorporated area, by the city of jurisdiction if located in an incorporated area, or by the state in cases where the transportation improvement is or becomes a state highway. However, if deemed appropriate by the governing body of the transportation benefit district, a transportation improvement may be owned by a participating port district or transit district, unless otherwise prohibited by law. Transportation improvements shall be administered and maintained as other public streets, roads, highways, and transportation improvements. To the extent practicable, the district shall consider the following criteria when selecting transportation improvements:

- (a) Reduced risk of transportation facility failure and improved safety;
- (b) Improved travel time;
- (c) Improved air quality;
- (d) Increases in daily and peak period trip capacity;
- (e) Improved modal connectivity;
- (f) Improved freight mobility;
- (g) Cost-effectiveness of the investment;
- (h) Optimal performance of the system through time;
- (i) Improved accessibility for, or other benefits to, persons with special transportation needs as defined in *RCW 47.06B.012; and
- (j) Other criteria, as adopted by the governing body.

(2) Subject to subsection (6) of this section, the district may include area within more than one county, city, port district, county transportation authority, or public transportation benefit area, if the legislative authority of each participating jurisdiction has agreed to the inclusion as provided in an interlocal agreement adopted pursuant to chapter 39.34 RCW. However, the boundaries of the district need not include all territory within the boundaries of the participating jurisdictions comprising the district.

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(3) The members of the legislative authority proposing to establish the district, acting ex officio and independently, shall constitute the governing body of the district: PROVIDED, That where a district includes area within more than one jurisdiction under subsection (2) of this section, the district shall be governed under an interlocal agreement adopted pursuant to chapter 39.34 RCW, with the governing body being composed of (a) at least five members including at least one elected official from the legislative authority of each participating jurisdiction or (b) the governing body of the metropolitan planning organization serving the district, but only if the district boundaries are identical to the boundaries of the metropolitan planning organization serving the district.

(4) The treasurer of the jurisdiction proposing to establish the district shall act as the ex officio treasurer of the district, unless an interlocal agreement states otherwise.

(5) The electors of the district shall all be registered voters residing within the district.

(6) Prior to December 1, 2007, the authority under this section, regarding the establishment of or the participation in a district, shall not apply to:

(a) Counties with a population greater than one million five hundred thousand persons and any adjoining counties with a population greater than five hundred thousand persons;

(b) Cities with any area within the counties under (a) of this subsection; and

(c) Other jurisdictions with any area within the counties under (a) of this subsection. [2010 c 250 § 1; 2009 c 515 § 14; 2006 c 311 § 25; 2005 c 336 § 3; 1989 c 53 § 1; 1987 c 327 § 2.]

Notes:

*Reviser's note: RCW 47.06B.012 was repealed by 2011 c 60 § 51.

Findings -- 2006 c 311: See note following RCW 36.120.020.

Effective date -- 2005 c 336: See note following RCW 36.73.015.

Severability -- 1989 c 53: "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [1989 c 53 § 5.]

Transportation benefit district tax authority: RCW 82.47.020.

36.73.030

Establishment of district by city.

See RCW 35.21.225.

36.73.040

General powers of district.

(1) A transportation benefit district is a quasi-municipal corporation, an independent taxing "authority" within the meaning of Article VII, section 1 of the state Constitution, and a "taxing district" within the meaning of Article VII, section 2 of the state Constitution.

(2) A transportation benefit district constitutes a body corporate and possesses all the usual powers of a corporation for public purposes as well as all other powers that may now or

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hereafter be specifically conferred by statute, including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, to acquire, hold, and dispose of real and personal property, and to sue and be sued. Public works contract limits applicable to the jurisdiction that established the district apply to the district.

(3) To carry out the purposes of this chapter, and subject to the provisions of RCW 36.73.065, a district is authorized to impose the following taxes, fees, charges, and tolls:

(a) A sales and use tax in accordance with RCW 82.14.0455;

(b) A vehicle fee in accordance with RCW 82.80.140;

(c) A fee or charge in accordance with RCW 36.73.120. However, if a county or city within the district area is levying a fee or charge for a transportation improvement, the fee or charge shall be credited against the amount of the fee or charge imposed by the district. Developments consisting of less than twenty residences are exempt from the fee or charge under RCW 36.73.120; and

(d) Vehicle tolls on state routes, city streets, or county roads, within the boundaries of the district, unless otherwise prohibited by law. However, consistent with RCW 47.56.820, the vehicle toll must first be authorized by the legislature if the toll is imposed on a state route. The department of transportation shall administer the collection of vehicle tolls authorized on state routes, unless otherwise specified in law or by contract, and the state transportation commission, or its successor, may approve, set, and impose the tolls in amounts sufficient to implement the district's transportation improvement finance plan. The district shall administer the collection of vehicle tolls authorized on city streets or county roads, and shall set and impose the tolls in amounts sufficient to implement the district's transportation improvement plan. However, consistent with RCW 47.56.850, the vehicle toll, including any change in an existing toll rate, must first be reviewed and approved by the tolling authority designated in RCW 47.56.850 if the toll, or change in toll rate, would have a significant impact, as determined by the tolling authority, on the operation of any state facility.

[2008 c 122 § 17; 2005 c 336 § 4; 1989 c 53 § 3; 1987 c 327 § 4.]

Notes:

Effective date -- 2005 c 336: See note following RCW 36.73.015.

Severability -- 1989 c 53: See note following RCW 36.73.020.

36.73.050

Establishment of district — Public hearing — Ordinance.

(1) The legislative authorities proposing to establish a district, or to modify the boundaries of an existing district, or to dissolve an existing district shall conduct a hearing at the time and place specified in a notice published at least once, not less than ten days before the hearing, in a newspaper of general circulation within the proposed district. Subject to the provisions of RCW 36.73.170, the legislative authorities shall make provision for a district to be automatically dissolved when all indebtedness of the district has been retired and anticipated responsibilities have been satisfied. This notice shall be in addition to any other notice required by law to be published. The notice shall, where applicable, specify the functions or activities proposed to be provided or funded, or the additional functions or activities proposed to be provided or funded, by the district. Additional notice of the hearing may be given by mail, by posting within the proposed district, or in any manner the legislative authorities deem necessary to notify affected

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persons. All hearings shall be public and the legislative authorities shall hear objections from any person affected by the formation, modification of the boundaries, or dissolution of the district.

(2)(a) Following the hearing held pursuant to subsection (1) of this section, the legislative authorities may establish a district, modify the boundaries or functions of an existing district, or dissolve an existing district, if the legislative authorities find the action to be in the public interest and adopt an ordinance providing for the action.

(b) The ordinance establishing a district shall specify the functions and transportation improvements described under RCW 36.73.015 to be exercised or funded and establish the boundaries of the district. Subject to the provisions of RCW 36.73.160, functions or transportation improvements proposed to be provided or funded by the district may not be expanded beyond those specified in the notice of hearing, unless additional notices are made, further hearings on the expansion are held, and further determinations are made that it is in the public interest to so expand the functions or transportation improvements proposed to be provided or funded.

[2007 c 329 § 3; 2005 c 336 § 5; 1987 c 327 § 5.]

Notes:

Effective date -- 2005 c 336: See note following RCW 36.73.015.

36.73.060

Authority to levy property tax.

(1) A district may levy an ad valorem property tax in excess of the one percent limitation upon the property within the district for a one-year period whenever authorized by the voters of the district pursuant to RCW 84.52.052 and Article VII, section 2(a) of the state Constitution.

(2) A district may provide for the retirement of voter-approved general obligation bonds, issued for capital purposes only, by levying bond retirement ad valorem property tax levies in excess of the one percent limitation whenever authorized by the voters of the district pursuant to Article VII, section 2(b) of the state Constitution and RCW 84.52.056.

[2005 c 336 § 6; 1987 c 327 § 6.]

Notes:

Effective date -- 2005 c 336: See note following RCW 36.73.015.

36.73.065

Taxes, fees, charges, tolls, rebate program.

(1) Except as provided in subsection (4) of this section, taxes, fees, charges, and tolls may not be imposed by a district without approval of a majority of the voters in the district voting on a proposition at a general or special election. The proposition must include a specific description of: (a) The transportation improvement or improvements proposed by the district; (b) any rebate program proposed to be established under RCW 36.73.067; and (c) the proposed taxes, fees, charges, and the range of tolls imposed by the district to raise revenue to fund the improvement or improvements or rebate program, as applicable.

(2) Voter approval under this section must be accorded substantial weight regarding the validity of a transportation improvement as defined in RCW 36.73.015.

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(3) A district may not increase any taxes, fees, charges, or range of tolls imposed or change a rebate program under this chapter once the taxes, fees, charges, tolls, or rebate program takes effect, unless authorized by the district voters pursuant to RCW 36.73.160.

(4)(a) A district that includes all the territory within the boundaries of the jurisdiction, or jurisdictions, establishing the district may impose by a majority vote of the governing board of the district the following fees and charges:

(i) Up to twenty dollars of the vehicle fee authorized in RCW 82.80.140; or

(ii) A fee or charge in accordance with RCW 36.73.120.

(b) The vehicle fee authorized in (a) of this subsection may only be imposed for a passenger-only ferry transportation improvement if the vehicle fee is first approved by a majority of the voters within the jurisdiction of the district.

(c)(i) A district solely comprised of a city or cities shall not impose the fees or charges identified in (a) of this subsection within one hundred eighty days after July 22, 2007, unless the county in which the city or cities reside, by resolution, declares that it will not impose the fees or charges identified in (a) of this subsection within the one hundred eighty-day period; or

(ii) A district solely comprised of a city or cities identified in RCW 36.73.020(6)(b) may not impose the fees or charges until after May 22, 2008, unless the county in which the city or cities reside, by resolution, declares that it will not impose the fees or charges identified in (a) of this subsection through May 22, 2008.

(5) If the interlocal agreement in RCW 82.80.140(2)(a) cannot be reached, a district that includes only the unincorporated territory of a county may impose by a majority vote of the governing body of the district up to twenty dollars of the vehicle fee authorized in RCW 82.80.140.

[2012 c 152 § 3; 2007 c 329 § 1; 2005 c 336 § 17.]

Notes:

Effective date -- 2005 c 336: See note following RCW 36.73.015.

36.73.067

Vehicle fee rebate program — Low-income individuals — Report to legislature.

(1) A district that: (a) Includes a city with a population of five hundred thousand persons or more; and (b) imposes a vehicle fee under RCW 36.73.040(3)(b), sales and use taxes under RCW 36.73.040(3)(a), or tolls under RCW 36.73.040(3)(d), may establish a rebate program for the purposes of providing rebates of up to forty percent of the actual fee, tax, or toll paid by a low-income individual.

(2) Funds collected from a vehicle fee under RCW 36.73.040(3)(b), sales and use tax under RCW 36.73.040(3)(a) or tolls under RCW 36.73.040(3)(d) may be used for a rebate program established under this section.

(3) A district that establishes a rebate program is responsible for the development and

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administration of the program and all functions and costs associated with the rebate program.

(4) A district that establishes a rebate program under this section must report back to the legislature two years after the program takes effect. The report must include, but is not limited to, a detailed description of the structure of the program, the average rebate, the total amount of rebates issued, and the number of people that received rebates.

[2012 c 152 § 2.]

36.73.070

Authority to issue general obligation bonds, revenue bonds.

(1) To carry out the purposes of this chapter and notwithstanding RCW 39.36.020(1), a district may issue general obligation bonds, not to exceed an amount, together with any other outstanding nonvoter-approved general obligation indebtedness, equal to one and one-half percent of the value of taxable property within the district, as the term "value of taxable property" is defined in RCW 39.36.015. A district may additionally issue general obligation bonds for capital purposes only, together with any outstanding general obligation indebtedness, not to exceed an amount equal to five percent of the value of the taxable property within the district, as the term "value of taxable property" is defined in RCW 39.36.015, when authorized by the voters of the district pursuant to Article VIII, section 6 of the state Constitution, and may also provide for the retirement thereof by excess property tax levies as provided in RCW 36.73.060(2). The district may, if applicable, submit a single proposition to the voters that, if approved, authorizes both the issuance of the bonds and the bond retirement property tax levies.

(2) General obligation bonds with a maturity in excess of forty years shall not be issued. The governing body of the district shall by resolution determine for each general obligation bond issue the amount, date, terms, conditions, denominations, maximum fixed or variable interest rate or rates, maturity or maturities, redemption rights, registration privileges, manner of execution, manner of sale, callable provisions, if any, covenants, and form, including registration as to principal and interest, registration as to principal only, or bearer. Registration may include, but not be limited to: (a) A book entry system of recording the ownership of a bond whether or not physical bonds are issued; or (b) recording the ownership of a bond together with the requirement that the transfer of ownership may only be effected by the surrender of the old bond and either the reissuance of the old bond or the issuance of a new bond to the new owner. Facsimile signatures may be used on the bonds and any coupons. Refunding general obligation bonds may be issued in the same manner as general obligation bonds are issued.

(3) Whenever general obligation bonds are issued to fund specific projects or enterprises that generate revenues, charges, user fees, or special assessments, the district may specifically pledge all or a portion of the revenues, charges, user fees, or special assessments to refund the general obligation bonds. The district may also pledge any other revenues that may be available to the district.

(4) In addition to general obligation bonds, a district may issue revenue bonds to be issued and sold in accordance with chapter 39.46 RCW.
[2005 c 336 § 7; 1987 c 327 § 7.]

Notes:

Effective date -- 2005 c 336: See note following RCW 36.73.015.

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36.73.080**Local improvement districts authorized — Special assessments — Bonds.**

(1) A district may form a local improvement district to provide any transportation improvement it has the authority to provide, impose special assessments on all property specially benefited by the transportation improvements, and issue special assessment bonds or revenue bonds to fund the costs of the transportation improvement. Local improvement districts shall be created and administered, and assessments shall be made and collected, in the manner and to the extent provided by law to cities and towns pursuant to chapters 35.43, 35.44, 35.49, 35.50, 35.51, 35.53, and 35.54 RCW. However, the duties devolving upon the city or town treasurer under these chapters shall be imposed upon the district treasurer for the purposes of this section. A local improvement district may only be formed under this section pursuant to the petition method under RCW 35.43.120 and 35.43.125.

(2) The governing body of a district shall by resolution establish for each special assessment bond issue the amount, date, terms, conditions, denominations, maximum fixed or variable interest rate or rates, maturity or maturities, redemption rights, registration privileges, if any, covenants, and form, including registration as to principal and interest, registration as to principal only, or bearer. Registration may include, but not be limited to: (a) A book entry system of recording the ownership of a bond whether or not physical bonds are issued; or (b) recording the ownership of a bond together with the requirement that the transfer of ownership may only be effected by the surrender of the old bond and either the reissuance of the old bond or the issuance of a new bond to the new owner. Facsimile signatures may be used on the bonds and any coupons. The maximum term of any special assessment bonds shall not exceed thirty years beyond the date of issue. Special assessment bonds issued pursuant to this section shall not be an indebtedness of the district issuing the bonds, and the interest and principal on the bonds shall only be payable from special assessments made for the improvement for which the bonds were issued and any local improvement guaranty fund that the district has created. The owner or bearer of a special assessment bond or any interest coupon issued pursuant to this section shall not have any claim against the district arising from the bond or coupon except for the payment from special assessments made for the improvement for which the bonds were issued and any local improvement guaranty fund the district has created. The district issuing the special assessment bonds is not liable to the owner or bearer of any special assessment bond or any interest coupon issued pursuant to this section for any loss occurring in the lawful operation of its local improvement guaranty fund. The substance of the limitations included in this subsection (2) shall be plainly printed, written, or engraved on each special assessment bond issued pursuant to this section.

(3) Assessments shall reflect any credits given by a district for real property or property right donations made pursuant to RCW 47.14.030.

(4) The governing body may establish, administer, and pay money into a local improvement guaranty fund, in the manner and to the extent provided by law to cities and towns under chapter 35.54 RCW, to guarantee special assessment bonds issued by the district.

[2005 c 336 § 8; 1987 c 327 § 8.]

Notes:

Effective date -- 2005 c 336: See note following RCW 36.73.015.

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36.73.090**Printing of bonds.**

Where physical bonds are issued pursuant to RCW 36.73.070 or 36.73.080, the bonds shall be printed, engraved, or lithographed on good bond paper and the manual or facsimile signatures of both the treasurer and chairperson of the governing body shall be included on each bond.
[1987 c 327 § 9.]

36.73.100**Use of bond proceeds.**

(1) The proceeds of any bond issued pursuant to RCW 36.73.070 or 36.73.080 may be used to pay costs incurred on a bond issue related to the sale and issuance of the bonds. These costs include payments for fiscal and legal expenses, obtaining bond ratings, printing, engraving, advertising, and other similar activities.

(2) In addition, proceeds of bonds used to fund capital projects may be used to pay the necessary and related engineering, architectural, planning, and inspection costs.
[2005 c 336 § 9; 1987 c 327 § 10.]

Notes:

Effective date -- 2005 c 336: See note following RCW 36.73.015.

36.73.110**Acceptance and use of gifts and grants.**

A district may accept and expend or use gifts, grants, and donations.
[2005 c 336 § 10; 1987 c 327 § 11.]

Notes:

Effective date -- 2005 c 336: See note following RCW 36.73.015.

36.73.120**Imposition of fees on building construction or land development.**

(1) Subject to the provisions in RCW 36.73.065, a district may impose a fee or charge on the construction or reconstruction of commercial buildings, industrial buildings, or on any other commercial or industrial building or building space or appurtenance, or on the development, subdivision, classification, or reclassification of land for commercial purposes, only if done in accordance with chapter 39.92 RCW.

(2) Any fee or charge imposed under this section shall be used exclusively for transportation improvements as defined in RCW 36.73.015. The fees or charges imposed must be reasonably necessary as a result of the impact of development, construction, or classification or reclassification of land on identified transportation needs.

(3) If a county or city within the district area is levying a fee or charge for a transportation improvement, the fee or charge shall be credited against the amount of the fee or charge imposed by the district.

[2010 c 105 § 2; 2007 c 329 § 4; 2005 c 336 § 11; 1988 c 179 § 7; 1987 c 327 § 12.]

Notes:

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Effective date -- 2005 c 336: See note following RCW [36.73.015](#).

Severability -- Prospective application -- Section captions -- 1988 c 179: See RCW [39.92.900](#) and [39.92.901](#).

36.73.130

Power of eminent domain.

A district may exercise the power of eminent domain to obtain property for its authorized purposes in the same manner as authorized for the city or county legislative authority that established the district.

[2005 c 336 § 12; 1987 c 327 § 13.]

Notes:

Effective date -- 2005 c 336: See note following RCW [36.73.015](#).

36.73.140

Authority to contract for street and highway improvements.

A district has the same powers as a county or city to contract for street, road, or state highway improvement projects and to enter into reimbursement contracts provided for in chapter [35.72](#) RCW.

[2005 c 336 § 13; 1987 c 327 § 14.]

Notes:

Effective date -- 2005 c 336: See note following RCW [36.73.015](#).

36.73.150

Department of transportation, counties, cities, and other jurisdictions may fund transportation improvements.

The department of transportation, counties, cities, and other jurisdictions may give funds to districts for the purposes of financing transportation improvements under this chapter.

[2005 c 336 § 14; 1987 c 327 § 15.]

Notes:

Effective date -- 2005 c 336: See note following RCW [36.73.015](#).

36.73.160

Transportation improvement projects — Material change policy — Annual report.

(1) The district governing body shall develop a material change policy to address major plan changes that affect project delivery or the ability to finance the plan. The policy must at least address material changes to cost, scope, and schedule, the level of change that will require governing body involvement, and how the governing body will address those changes. At a minimum, in the event that a transportation improvement cost exceeds its original cost by more than twenty percent as identified in a district's original finance plan, the governing body shall hold a public hearing to solicit comment from the public regarding how the cost change should be resolved.

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(2) A district shall issue an annual report, indicating the status of transportation improvement costs, transportation improvement expenditures, revenues, and construction schedules, to the public and to newspapers of record in the district.

[2005 c 336 § 18.]

Notes:

Effective date -- 2005 c 336: See note following RCW 36.73.015.

36.73.170

Completion of transportation improvement — Termination of district operations — Termination of taxes, fees, charges, and tolls — Dissolution of district.

Within thirty days of the completion of the construction of the transportation improvement or series of improvements authorized by a district, the district shall terminate day-to-day operations and exist solely as a limited entity that oversees the collection of revenue and the payment of debt service or financing still in effect, if any and to carry out the requirements of RCW 36.73.160. The district shall accordingly adjust downward its employees, administration, and overhead expenses. Any taxes, fees, charges, or tolls imposed by the district terminate when the financing or debt service on the transportation improvement or series of improvements constructed is completed and paid and notice is provided to the departments administering the taxes. Any excess revenues collected must be disbursed to the participating jurisdictions of the district in proportion to their population, using population estimates prepared by the office of financial management. The district shall dissolve itself and cease to exist thirty days after the financing or debt service on the transportation improvement, or series of improvements, constructed is completed and paid. If there is no debt outstanding, then the district shall dissolve within thirty days from completion of construction of the transportation improvement or series of improvements authorized by the district. Notice of dissolution must be published in newspapers of general circulation within the district at least three times in a period of thirty days. Creditors must file claims for payment of claims due within thirty days of the last published notice or the claim is extinguished.

[2005 c 336 § 19.]

Notes:

Effective date -- 2005 c 336: See note following RCW 36.73.015.

36.73.180

Supplemental transportation improvements.

(1) In districts comprised of more than one member city, the legislative authorities of any member city that is located in a county having a population of more than one million five hundred thousand may petition the district to provide supplemental transportation improvements.

(2) Upon receipt of a petition as provided in subsection (1) of this section for supplemental transportation improvements that are to be fully funded by the petitioner city, including ongoing operating and maintenance costs, the district must:

(a) Conduct a public hearing, and provide notice and opportunity for public comment consistent with the requirements of RCW 36.73.050(1); and

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(b) Following the hearing, if a majority of the district's governing board determines that the proposed supplemental transportation improvements are in the public interest, the district shall adopt an ordinance providing for the incorporation of the supplemental improvements into any existing services. The supplemental transportation improvements must be in addition to existing services provided by the district. The district shall enter into agreements with the petitioner city or identified service providers to coordinate existing services with the supplemental improvements.

(3) Upon receipt of a petition as provided in subsection (1) of this section for supplemental transportation improvements proposed to be partially or fully funded by the district, the district must:

(a) Conduct a public hearing, and provide notice and opportunity for public comment consistent with the requirements of RCW 36.73.050(1); and

(b) Following the hearing, submit a proposition to the voters at the next special or general election for approval by a majority of the voters in the district. The proposition must specify the supplemental transportation improvements to be provided and must estimate the capital, maintenance, and operating costs to be funded by the district.

(4) If a proposition to incorporate supplemental transportation improvements is approved by the voters as provided under subsection (3) of this section, the district shall adopt an ordinance providing for the incorporation of the supplemental improvements into any existing services provided by the district. The supplemental improvements must be in addition to existing services. The district shall enter into agreements with the petitioner city or identified service providers to coordinate existing services with the supplemental improvements.

(5) A supplemental transportation improvement must be consistent with the petitioner city's comprehensive plan under chapter 36.70A RCW.

(6) Unless otherwise agreed to by the petitioner city or by a majority of the district's governing board, upon adoption of an ordinance under subsection (2) or (4) of this section, the district shall maintain its existing public transportation service levels in locations where supplemental transportation improvements are provided.
[2010 c 251 § 3.]

36.73.900

Liberal construction.

The rule of strict construction does not apply to this chapter, and this chapter shall be liberally construed to permit the accomplishment of its purposes.
[1987 c 327 § 16.]

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ORDINANCE O-4435

AN ORDINANCE OF THE CITY OF KIRKLAND ENACTING A NEW CHAPTER 19.22 OF THE KIRKLAND MUNICIPAL CODE ENTITLED "KIRKLAND TRANSPORTATION BENEFIT DISTRICT"; ESTABLISHING A TRANSPORTATION BENEFIT DISTRICT; SPECIFYING THE BOUNDARIES FOR THE TRANSPORTATION BENEFIT DISTRICT; SPECIFYING THE AUTHORITY OF THE DISTRICT; SPECIFYING THE TRANSPORTATION IMPROVEMENTS TO BE FUNDED BY THE DISTRICT; DECLARING AN EMERGENCY; PROVIDING FOR SEVERABILITY; AND, ESTABLISHING AN IMMEDIATE EFFECTIVE DATE.

WHEREAS, the City Council of the City of Kirkland has the responsibility under the Constitution of the State of Washington for the improvement, maintenance, protection and operation of public ways within the corporate limits of the City pursuant to RCW 35A.11.020 and Chapter 35A.47 RCW; and

WHEREAS, Chapter 36.73 RCW provides for the establishment of transportation benefit districts and for the levying of additional revenue sources for transportation improvements within the district that are consistent with existing state, regional, and local transportation plans and necessitated by existing or reasonably foreseeable congestion levels; and

WHEREAS, one of the key findings of the Washington Transportation Plan 2030 adopted by the Washington State Transportation Commission was that the mobility of people and goods is fundamental to the functioning of society and that investment must shift from moving vehicles to moving people and products; and

WHEREAS, the Puget Sound Regional Council, a regional planning agency, has adopted its long-range strategy, VISION 2040, and its metropolitan transportation plan, Transportation 2040, both of which call for the development of a transportation system that includes bicycle and pedestrian transportation improvements; and

WHEREAS, Transportation 2040 calls for creating a regionally integrated network of non-motorized facilities linking bicycle and pedestrian infrastructure within urban places, and connecting these facilities to regional transit services; and

WHEREAS, in addition, Transportation 2040 identifies that one way to improve transportation system efficiency is with intelligent transportation systems, by managing congestion, increasing reliability and providing convenient connections for people and goods; and

WHEREAS, Transportation 2040 calls for maintenance, preservation and operation of the transportation system as its highest priority, and calls for projects and programs that promote transportation safety, demand management and system management; and

WHEREAS, the City's Capital Improvement Program, Transportation Improvement Plan, Active Transportation Plan, Transportation Element of the Comprehensive Plan, and the Transportation Master Plan and Cross Kirkland Corridor Master Plan which are currently being developed, outline key strategies, objectives and investments for improving safety, mobility, modal connectivity, and access through providing effective transportation choices; and

WHEREAS, the City's transportation plans are consistent with the existing state and regional transportation plans described above; and

WHEREAS, RCW 35.21.225 authorizes the City Council to establish a transportation benefit district subject to the provisions of Chapter 36.73 RCW; and

WHEREAS, the City of Kirkland has explored the establishment of a transportation benefit district since at least 2010 and included the potential revenues from a transportation benefit district in the 2011-2016 Capital Improvement Program; and

WHEREAS, King County officials recently announced a proposal to create a countywide transportation benefit district, including the City of Kirkland, and it is not clear under state law whether the establishment of a countywide transportation benefit district would preclude the City from later establishing its own transportation benefit district; and

WHEREAS, the County's proposed transportation benefit district has caused the City to accelerate its timetable for consideration of the establishment of its own transportation benefit district; and

WHEREAS, the City Council finds that establishing a stable local funding mechanism for funding a portion of transportation improvements is essential to the continued mobility and the economic health and quality of life of Kirkland; and

WHEREAS, the City Council now desires to form a transportation benefit district which includes the entire City of Kirkland; and

WHEREAS, upon proper notice describing the functions and purposes of the proposed transportation benefit district, the City Council conducted a public hearing and took public comment; and

WHEREAS, the City Council finds it in the best interest of the City to establish a citywide transportation benefit district as one tool for the funding and implementation of the transportation improvements described in the funded and unfunded projects in the Transportation Section of the adopted 2013-2018 Capital Improvement Program, the Transportation Improvement Program, the non-motorized transportation facilities in the Active Transportation Plan, Intelligent Transportation System Strategic Plan, and the Transportation Element of the Kirkland Comprehensive Plan; and

WHEREAS, the City Council of the City of Kirkland shall be the governing body for the transportation benefit district acting in an ex officio and independent capacity;

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

Section 1. Purpose. The purpose of this Ordinance is to establish a transportation benefit district pursuant to RCW 35.21.225 and Chapter 36.73 RCW. The City Council finds it is in the public interest to provide adequate levels of funding for the purposes of implementing and funding transportation improvements that preserve, maintain and, as appropriate, construct or reconstruct the infrastructure of the City of Kirkland, consistent with Chapter 36.73 RCW.

Section 2. Creation of New City Code Chapter Providing for the Establishment of a Transportation Benefit District. A new chapter is added to the Kirkland Municipal Code as follows:

Chapter 19.22 Kirkland Transportation Benefit District

19.22.010 Transportation benefit district established.

There is established a transportation benefit district to be known as the Kirkland Transportation Benefit District "District" with geographical boundaries comprised of the corporate limits of the City of Kirkland as they currently exist.

19.22.020 Governing board.

a. The governing board "Board" of the Transportation Benefit District shall be the Kirkland City Council acting in an ex officio and independent capacity, which shall have the authority to exercise the statutory powers set forth in Chapter 36.73 RCW.

b. The treasurer of the transportation benefit district shall be the City Director of Finance and Administration.

c. The Board shall develop a material change policy to address major plan changes that affect project delivery or the ability to finance the plan, pursuant to the requirements set forth in RCW 36.73.160(1).

d. The Board shall issue an annual report, pursuant to the requirements of RCW 36.73.160(2).

19.22.030 Authority of the District.

The Board shall have and may exercise any powers provided by Chapter 36.73 RCW to fulfill the functions of the District.

19.22.040 Transportation improvements funded.

The funds generated by the Transportation Benefit District may be used for any purpose allowed by law including the operation of the District and to make transportation improvements that are consistent with existing state, regional and local transportation plans and necessitated by reasonably foreseeable congestion levels pursuant to Chapter 36.73 RCW. The transportation improvements funded by the District shall be made in effort to preserve and maintain and operate transportation infrastructure, improve public safety, implement projects identified in the funded and unfunded projects in the Transportation Section of the adopted Capital Improvement Program, the Transportation Improvement Program, the non-motorized transportation facilities in the Active Transportation Plan, the Intelligent Transportation System Strategic Plan, and the Transportation Element of the Kirkland Comprehensive Plan, invest in bicycle and pedestrian mobility, including the Cross Kirkland Corridor, sidewalks, and transit enhancements, and to provide people with choices to meet their mobility needs. Additional transportation improvement projects may be funded only after compliance with the provisions of RCW 36.73.050(b) following notice, public hearing and enactment of an authorizing ordinance.

19.22.050 Public hearing before imposing fee or charge.

Prior to imposing a District fee or charge for funding transportation improvements that does not require voter approval, the Board shall hold a public hearing to solicit comment from the public on the proposed fee or charge.

19.22.060 Dissolution of District.

The Transportation Benefit District shall be dissolved when all indebtedness of the District has been retired and when all of the District's anticipated responsibilities have been satisfied.

Section 3. Declaration of Emergency. Based upon the recitals set forth above, the City Council declares a public emergency exists requiring that this ordinance take effect immediately.

Section 4. Severability. If any provision of this ordinance or its application to any person or circumstance is held invalid, the

remainder of the ordinance, or the application of the provision to other persons or circumstances is not affected.

Section 5. Effective Date. This ordinance shall be in force and effect immediately upon passage by the Kirkland City Council.

Section 6. Publication. Publication of this ordinance shall be pursuant to Section 1.08.017, Kirkland Municipal Code in the summary form attached to the original of this ordinance and by this reference approved by the City Council.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of _____, 2014.

Signed in authentication thereof this ____ day of _____, 2014.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney

PUBLICATION SUMMARY
OF ORDINANCE O-4435

AN ORDINANCE OF THE CITY OF KIRKLAND ENACTING A NEW CHAPTER 19.22 OF THE KIRKLAND MUNICIPAL CODE ENTITLED "KIRKLAND TRANSPORTATION BENEFIT DISTRICT"; ESTABLISHING A TRANSPORTATION BENEFIT DISTRICT; SPECIFYING THE BOUNDARIES FOR THE TRANSPORTATION BENEFIT DISTRICT; SPECIFYING THE AUTHORITY OF THE DISTRICT; SPECIFYING THE TRANSPORTATION IMPROVEMENTS TO BE FUNDED BY THE DISTRICT; DECLARING AN EMERGENCY; PROVIDING FOR SEVERABILITY; AND, ESTABLISHING AN IMMEDIATE EFFECTIVE DATE.

SECTION 1. States the purpose of the ordinance to establish a Transportation Benefit District.

SECTION 2. Creates a new City Code Chapter providing for establishment of a Transportation Benefit District.

SECTION 3. Declares that a public emergency exists requiring that the ordinance take effect immediately.

SECTION 4. Provides a severability clause for the ordinance.

SECTION 5. Establishes the effective date as immediately upon passage by the Kirkland City Council.

SECTION 6. Authorizes publication of the ordinance by summary, which summary is approved by the City Council pursuant to Section 1.08.017 Kirkland Municipal Code.

The full text of this Ordinance will be mailed without charge to any person upon request made to the City Clerk for the City of Kirkland. The Ordinance was passed by the Kirkland City Council at its meeting on the _____ day of _____, 2010.

I certify that the foregoing is a summary of Ordinance _____ approved by the Kirkland City Council for summary publication.

City Clerk