



CITY OF KIRKLAND
Parks and Community Services Department
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Lynn Zwaagstra, Director
Hillary De La Cruz, Management Analyst

Date: October 19, 2022

Subject: Parks Ballot Measure(s) Issue Paper

BACKGROUND

On [March 1](#), with the adoption of [R-5514](#), City Council directed staff to:
*Explore potential comprehensive Parks ballot measure options to be placed before Kirkland voters in 2023 for the purpose of maintaining and expanding natural areas, open spaces, aquatic and recreational facilities, and program opportunities that enhance the health and wellbeing of the community to further the goals of **abundant parks, open spaces, and recreational services.***

Staff are actively working on this goal with a timeline that will provide City Council with information needed, including robust cost analysis and community input, to make a decision in late spring 2023 about whether to pursue a ballot measure(s) and what mechanism(s) to use. This issue paper provides an update on budget appropriations and needs related to the ballot measure work, details about potential ballot measure funding mechanisms, the high-level project timeline, and information about the Parks Funding Exploratory Committee (PFEC).

CITY BUDGET APPROPRIATION AND BUDGET PROCESS

During the 2021-2022 mid-biennial budget process in December 2021, City Council appropriated \$401,410 of preliminary funding to support the exploration of a potential ballot measure(s). These funds are being used in 2022 to support two ballot measure specific positions (a Management Analyst and a Communications Program Specialist, both hired in May 2022), recreation and aquatics facilities feasibility study, community education and outreach, and supporting the PFEC.

To continue support for a robust ballot measure(s) preparation process, a service package has been submitted for the \$400,042 needed to fund related work in 2023. This funding would continue support for PFEC expenses and facilitation, the remainder of the facilities feasibility study, bond and/or legal counsel, and the production of various educational poster boards and print materials. Additionally, the two staff positions, Management Analyst and Communications Program Specialist, are requested for continuation through 2023.

A list of potential ballot measure investments that was created based on feedback from over 4,700 community members during the 2022 Parks, Recreation and Open Space (PROS) Plan

update, needs named in other spaces, Council priorities, and the City's Capital Improvement Plan (CIP). All investment items being considered are listed in the CIP. The six-year funded CIP shows \$22,892,233 for the full 2023-2028 period. The unfunded project list totals \$322,083,300. At the current average of funding available annually, \$3,815,000, it will take upwards of 84 years to complete all projects listed. Funding through a potential ballot measure(s) would increase the speed with which the City will be able to provide these capital improvements prioritized by the community, as well as accompanying operating needs.

If Council decides to place a ballot measure(s) on the November 2023 ballot, voter approval could result in increased revenue available for specified parks and recreation capital and operating investments in 2024 and following years. This potential revenue and spending would be discussed during the mid-biennial budget update process in late 2023 and a project Steering Team would be formed for ongoing oversight and implementation. A project plan would be developed and revisited during each biennial budget process with ongoing reports throughout.

POTENTIAL BALLOT MEASURE FUNDING MECHANISMS

State law provides several revenue tools that the City may choose to use to generate additional funding for capital improvements and operating needs. Table 1 (see following page) provides a comparison of four potential funding mechanisms that each require voter approval to implement. The main funding options mechanisms are levy lid lifts (which can be temporary or permanent and single- or multi-year), excess property tax levy/general obligation bond, and creating a metropolitan park district.

Kirkland's Total 2022 Regular Levy Assessed Value (Total AV) is \$36,970,894,548. Using 2022 Total AV, raising the property tax levy by one (1) cent per \$1,000 AV would generate \$369,709 total in revenue for the City to use as directed by a ballot measure. The 2022 median home value is \$880,000, indicating that every 1 cent of a property tax levy increase would cost the median homeowner \$8.80 annually.

For example, a 20 cents per \$1,000 AV levy increase would generate \$7,394,180 annually and cost the median homeowner \$176 annually. A 30 cents per \$1,000 AV levy increase would generate \$11,091,268 annually and cost the median homeowner \$264 annually.

Depending on the structure of a ballot measure, the City could use debt to deliver on capital projects more quickly. City Council, considering PFEC's recommendations, will need to determine which ballot funding mechanism to use, and what tax rate to use. A list of funding mechanism options is shown in Table 1 below. Table 2 shows existing Kirkland property tax levies.

Over the coming months, PFEC members and Council, with the support of staff, will discuss in more detail potential parks investment scenarios to maintain and expand natural areas, open spaces, aquatic and recreational facilities, and program opportunities that enhance the health and wellbeing of the community. Once the a recommended list of investments is determined, the Council and PFEC will also consider scenarios for revenue generation to determine what type of ballot measure(s) may be most viable to accomplish the outcomes desired..

Table 1: Ballot Measure Funding Mechanism Options

Ballot Measure Type Revenue Source	"One-bump" Single-Year* Property Tax Levy Lid Lift	Multi-Year* Property Tax Levy Lid Lift	Excess Property Tax Levy Measure/ General Obligation Bond	Metropolitan Park District (MPD)
Vote Required	50% + 1	50% + 1	60% with validation ***	50% + 1
Use: Capital	Yes	Yes	Yes	Yes
Use: O&M	Yes	Yes		Yes
Notes about use	Any lawful government purpose, does not need to be specified in ballot measure.	Any limited purpose stated in the ballot measure. No supplanting: Cannot be used to pay for existing programs.**	Can only be used for capital.	Depends on funding mechanism. If using excess property tax levy/bonds for capital expenses, subject to 60% with validation.
Duration	Temporary or permanent Limit 9 years if used for debt service on bonds.	Temporary or permanent If permanent: increases by more than 1% for 6 years, then only increases by 1% in remaining years. Limit 9 years if used for debt service on bonds.	Collected for as many years as necessary to repay bonds, often 20+ years depending on initial structure of bonds.	Once created an MPD is an independent governing body which may also be the City Council and has junior taxing district authority. Duration of taxing impact depends on specific taxing mechanism.
Limitations on Revenue Source	Can increase by more than 1% for first year. Future years limited to 1% annual increase.	Can increase by more than 1% for up to 6 years. After 6 years, limited to 1% annual increase. Ballot states total tax rate for year 1 and maximum "limit factor" which total levy amount may not exceed. Limit factor can differ each year.	No 1% limit. Levy amount for each year calculated to repay the exact amount of debt for that year. Calculated according to length of obligation and associated amortization schedule prepared at the time of the bond sale.	Statutory maximum levy amount is \$0.75/\$1,000 of assessed property tax valuation, but this maximum levy amount may be set at a lower level in the initial MPD formation ballot measure.****
Tax collection start date based on 11/2023 ballot	January 2024	January 2024	January 2024/TBD: Bonds can be issued any time after the election is certified. Taxes collected after the bonds issued.	January 2025

Notes: O&M: Operating and Maintenance

***Years" in type of levy lid lift: 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%? With a single-year lid lift, the City can exceed the 1% annual limit for one year only, and future increases are limited to 1% (or inflation) for the remainder of the levy. With a multi-year lid lift, the City can exceed the 1% annual limit for up to 6 consecutive years. Both types can be temporary or permanent. Details: [MRSC Levy Lid Lifts](#).

**Supplanting allowed if levy funds would be replacing lost funding due to lost federal funds or state grants/loans.

***Validation: 40% voter turnout based on the prior year General Election voter turnout.

**** Kirkland championed a successful change in State law in 2017 with [SSB 5138](#) to allow voters to set a maximum levy amount in the initial ballot measure, which can be lower than \$0.75/\$1,000. This provision was not in place when Kirkland voted on establishing a MPD in 2015. See [RCW 35.61.210](#). For reference, Table 2 shows Kirkland's current property tax levies, including the base General Fund property tax levy and those approved for non-parks purposes, and how they stack up against Kirkland's maximum property tax levy capacity.

Table 2: Existing Kirkland Property Tax Levies

Levy	Year Passed	Duration	Rate/\$1,000 of Assessed Value	2022 Revenue Forecast (\$ in M)
Base Levy (General Fund)	n/a	permanent	0.71663	25.1
Parks Maintenance Levy*	2002	permanent	0.03308	1.6
Road Levy	2012	permanent	0.08820	3.8
Parks Levy	2012	permanent	0.06615	3.0
Fire & EMS Levy	2020	permanent	0.19845	7.3
Total Regular Levy			1.1025	40.8
Excess Levy for 2013 Refinanced Bonds**			0.01010	0.3
Maximum Statutory Levy			3.53268	
Remaining Levy Capacity			2.42008	

* not including 20-year parks capital levy that is set to expire in 2022

** this is the final year of debt service on the 2002 capital levy that expires at the end of 2022

PARKS FUNDING EXPLORATORY COMMITTEE

In order to ensure that any potential ballot measure(s) are designed with significant community input, City Council directed staff to form the Parks Funding Exploratory Committee (PFEC) through the adoption of [R-5551](#) on August 3, 2022. PFEC is comprised of 44 diverse members who started meeting twice a month in September 2022 and meeting will continue through February 2023. The Committee will compile and make recommendations to City Council in March of 2023 regarding what potential ballot measure(s) should include and what funding mechanisms to use. PFEC members will be learning about the ballot measure funding mechanism options outlined in Table 1 and providing a recommendation to Council about which option(s) to pursue. Based on community input, City Council will make a final decision on ballot measure(s) in late spring or early summer of 2023. PFEC is chaired by Councilmember Kelli Curtis, who, along with staff, will provide progress updates to City Council during the PFEC process.

BALLOT MEASURE(S) EXPLORATION PROCESS TIMELINE

Table 3 on the following page shows a high-level timeline of work related to this exploratory process, with an emphasis on City Council and PFEC specific milestones. This timeline has previously been shared with City Council, and staff and PFEC continue to progress through the tasks and remain on schedule.

Table 3: Potential Parks Ballot Measure(s) Timeline

2022	
March 1, 2022	Resolution amending the 2021-2022 Work program adopted
May - September	Ballot Action Team (BAT) begins costing out projects/programs to develop menu of potential ballot measure investments, PFEC curriculum
April – December	Facilities Feasibility Study
August 3	Council adopts resolution establishing PFEC
PFEC Involvement Begins	
September 15 – February 2023	Evening meetings on various topics related to the ballot measure
2023 PFEC	
January – February, 2023	Evaluate options and create recommendations: Facilities Feasibility study results, potential investments, and how to pay for them
January – February	Facilities feasibility study results presented to Council
2 nd March Council Meeting	PFEC recommendations presented to Council for review
PFEC Involvement Ends, City Council Involvement Begins	
1 st April Council Meeting	Council reviews draft resolution accepting PFEC report and recommendations
2 nd April Council Meeting	Council adopts resolution accepting PFEC report and recommendations
April – May	Contract for a statistically valid survey presenting ballot measure capital and operating investments and funding options. Simultaneously run an online self-selected version of the statistically valid survey.
May	Council receives preliminary survey results and discusses finalizing the projects/programs to be included in ballot measure(s)
Remainder of time before filing deadline	Council receives updates from staff, provide direction on exactly how to build the ballot measure(s): investments to include and how to fund it
June	Council reviews final draft ballot measure(s) options, including draft ballot title language
June	Council to authorize recruitment for pro/con committees
Early July	Pro/Con Committee Appointments Authorized
Mid July	Pro/Con Committee Appointments Confirmed
Late July	Last Council Meeting to Approve Ballot Measure Ordinance
Educational Outreach Period	
August	Ballot Measure Resolution due to King County (First week of August)
	Explanatory Statement Due (exact date TBD)
	Pro/Con Statements Due (exact date TBD)
	Create educational materials
	Reach out and get on the agendas of identified groups to give educational presentations (e.g., groups associated with PFEC, other stakeholder groups)
September – October	Meet with community groups, neighborhood associations, businesses, host an “evening with the PCS director” etc. to educate (not advocate) about the ballot measure
November 7	General election

