



KIRKLAND PARK BOARD REGULAR MEETING

Date: June 13, 2018

Time: 7:00 p.m.

Place: Council Chambers, City Hall

The mission of the Park Board shall be to provide policy advice and assistance to the Department of Parks and Community Services and City Council in order to ensure the effective provision of Parks and Community Services programs and facilities to the residents of the City of Kirkland.

AGENDA

1. **CALL TO ORDER**
2. **ROLL CALL** 5 minutes
3. **APPROVAL OF MINUTES** 5 minutes
4. **ITEMS FROM THE AUDIENCE** 5 minutes
5. **REVIEW OF ACTION ITEMS**
6. **PUBLIC COMMENT** 15 minutes
Juanita Beach Playground
 - a) Staff Presentation
 - b) Public Comments
 - c) Board Discussion and Recommendation
7. **PRESENTATIONS**
 - a) Introduction of Jennifer Matison 10 Minutes
– Animal Control Officer

Alternate Formats: Persons with disabilities may request materials in alternative formats. Persons with hearing impairments may access the Washington State Telecommunications Relay Service at 711.

Title VI: Kirkland's policy is to fully comply with Title VI of the Civil Rights Act by prohibiting discrimination against any person on the basis of race, color, national origin or sex in the provision of benefits and services resulting from its programs and activities. Any person who believes his/her Title VI protection has been violated, may file a complaint with the City.

To request an alternate format, file a complaint or for questions about Kirkland's Title VI Program, contact the Title VI Coordinator at 425-587-3011 or titlevicoordinator@kirklandwa.gov.

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8. COMMUNICATIONS 20 minutes

- a) Correspondence
- b) Staff Reports
- c) Committee Reports
- d) Comments from the Chair

9. UNFINISHED BUSINESS

- a) Cost Recovery Study Update 10 minutes
Action: Verbal Update
- b) CIP Program Update 10 minutes
Action: Verbal Update

10. NEW BUSINESS

11. GOOD OF THE ORDER 5 minutes

- a. Discussion items or questions for Board liaison role

12. ADJOURNMENT Estimated meeting completion: 8:30 p.m.

Next meetings:

July 11, 2018
July 31, 2018 – Special Meeting
September 12, 2018

KIRKLAND PARK BOARD

Minutes of Regular Meeting

April 11, 2018

1. CALL TO ORDER

The April 11, 2018 Park Board Regular meeting was called to order at 7:00 p.m. by Chair Rosalie Wessels.

2. ROLL CALL:

Members Present: Vice Chair Kelli Curtis, Jason Chinchilla, Uzma Butte, Kobey Chew, Richard Chung, Susan Baird-Joshi and Chair Rosalie Wessels

Members Absent: Excused, Kevin Quille

Staff Present: Jason Filan, John Lloyd, Lynn Zwaagstra and Michael Cogle

Recording Secretary: Heather Lantz-Brazil

New board member, Uzma Butte was introduced by Chair.

3. APPROVAL OF MINUTES

The minutes from March 14 meeting were presented. Ms. Curtis moved to approve the minutes. Mr. Chinchilla seconded. The motion carried (7-0).

4. ITEMS FROM THE AUDIENCE

No items

5. PRESENTATIONS

- a. Introduction of new Parks and Community Services Staff members
 - 1) Ryan Fowler – Parks Maintenance Supervisor, introduced by Mr. Filan
 - 2) Heather Lantz-Brazil – Administrative Assistant, introduced by Ms. Zwaagstra

6. COMMUNICATIONS

- a. Correspondence

Ms. Curtis stated she would address correspondence from Bill Blanchard, Finn Hill Neighborhood Alliance during committee reports.

b. Staff Reports

Ms. Zwaagstra inquired about Board's availability for Edith Moulton Park Grand Opening dates for either July 21 or July 28. There was not a strong preference for either date. Ms. Wessels will address dates at a later time.

Staff responded to questions and comments regarding the report.

c. Committee Reports

Ms. Curtis – She met with Bill Blanchard regarding Big Finn Hill Park. Continues to serve on Housing Strategy Committee and presented at Planning Commission/Houghton City Council.

Ms. Baird-Joshi – Nothing to report for assigned neighborhood. Announced upcoming Gun Safety discussion at Holy Spirit Lutheran Church.

Ms. Butte – Attended a Gun Safety presentation.

Mr. Chew – Reported on Kirkland All City Team Youth Summit.

Mr. Chung – Reported on Totem Lake Arts Committee.

Ms. Wessels – Attended the Shamrock 5K Run in Kirkland. Visited the City of Bellevue Downtown Park and reported on its inclusiveness and interactive features.

Mr. Chinchilla – Nothing to report.

7. UNFINISHED BUSINESS

a. Juanita Beach Bathhouse Project Update

Mr. Cogle presented the updates to the Juanita Beach Bathhouse project. Staff responded to questions and comments.

b. 2019-2024 Park CIP

Mr. Cogle presented the staff recommendations and feedback from City Manager's Office. Staff responded to questions and comments.

Ms. Wessels advised the Board to discuss the 2019-2024 Park CIP during their assigned neighborhood liaison meetings.

8. NEW BUSINESS

a. Neighborhood Liaison Assignments

The Board made the following changes to the assignments:

Market – Ms. Wessels

Everest – Ms. Curtis

Staff confirmed the current and new assignments with Board members.

b. Cost Recovery Study Introduction

Ms. Zwaagstra updated the Board on the Cost Recovery Study and the roles of the two consultants. Ms. Zwaagstra invited the Board to participate in the Public Outreach process and training sessions. Board requested a copy of the 2005 Cost Recovery Study from Staff via email. Staff responded to questions and comments.

9. GOOD OF THE ORDER

a. Discussion items or questions for the Board liaison role

Ms. Zwaagstra announced Mr. Cogle's retirement ceremony on May 31 from 3-5pm in Council Chambers.

10. ADJOURNMENT

Ms. Baird-Joshi moved to adjourn the meeting, Ms. Butte seconded. The motion carried (7-0). The meeting was adjourned at 8:45 p.m.

Lynn Zwaagstra, Director
Parks and Community Services

Rosalie Wessels, Chair
Park Board



CITY OF KIRKLAND
 Department of Parks and Community Services
 123 Fifth Avenue, Kirkland, WA 98033 425.587.3000
www.kirklandwa.gov

MEMORANDUM

To: Park Board

From: Lynn Zwaagstra, Director
 John Lloyd, Deputy Director

Date: June 13, 2018

Subject: Playground Design Review

RECOMMENDATION:

That the Park Board receive and consider public comment for possible new playground to be located at Juanita Beach Park, and make recommendations to staff on the proposed design.

BACKGROUND DISCUSSION:

The Parks and Community Services Department is preparing for construction of a new bathhouse at Juanita Beach Park, consistent with the park's approved master plan. The park master plan calls for the existing facility to be removed and a new bathhouse constructed nearby. In addition to the new bathhouse building, the project scope includes relocation of the park's existing playground and construction of a new picnic shelter.

The budget for the project does not include the funding needed to replace the playground. However, a group of community members have the desire to raise the funds needed to replace the playground with a new structure, rather than reuse the existing equipment. The group, referring to themselves as "The Friends of Juanita Beach Park" have worked with PlayCreation, a regional playground vendor, to develop the proposed design for the new playground.

The Friends of Juanita Beach Park, along with the Kirkland Parks Foundation will lead an effort to raise the funds needed to pay for the new playground. If fundraising is not successful, the current playground will be reinstalled prior to the completion of the bathhouse construction. Staff will work to support their efforts through publicity and public engagement. Staff are seeking public comment on the proposed design of the playground. Preliminary design renderings are available on the Juanita Beach Project website:

http://www.kirklandwa.gov/depart/parks/Park_Planning/Park_Planning___Development/Juanita_Beach_Bathhouse/Juanita_Beach_Playground_Replacement.htm

Following public comment, staff requests that the Park Board provide recommendations on the proposed design which will be taken under consideration.

From: [Antonio Skokos](#)
To: [Park Board](#)
Subject: Questions from the Juanita Neighborhood Association
Date: Monday, May 07, 2018 9:43:00 AM

Dear members of the Park Board,

The board is wondering if it is possible to get porta potties donated for our Summer picnic at Windsor Vista Park as there is no plumbing onsite.

Does the Juanita playground equipment have "years" left to possibly put at Windsor Vista if Juanita Beach gets the updated playground equipment?

Would you like to join us and speak of any Park updates on May 14th at 7pm at our JNA meeting at the Kirkland Justice Center?

Thank you for your time,

Antonio Skokos
Juanita Neighborhood Association

From: [Maegen Ripley](#)
To: [Park Board](#)
Subject: Payment Status For CITY OF KIRKLAND PARKS DEPT.
Date: Monday, May 14, 2018 6:22:50 AM
Attachments: [image001.png](#)
[CD2210038.pdf](#)

Good Morning,
Can I please get payment status on the past due attached invoice?

Type	LedgerId	Dated	DueDate	DaysDue	OrgAmount	OpenAmount	NoteCount	DeliveryOrderNo	ReturnRmaNo
CD	2210038	3/15/2018	4/14/2018	30	964.92	964.92	1	R1255613	

Maegen Ripley
R & R Products, Inc.
3334 E Milber St.
Tucson, AZ 85714
Phone: (520) 889-3593 ext. 7284
Toll Free: 800-528-3446 ext. 7284
Fax: (520) 889-3930
mripley@rrproducts.com

A note to Kirkland Park Board June 5 2018

I attended the well-run public input forum last night at the Kirkland Center. I appreciate the opportunity to provide input into process. The structure of the input is good but it lacks inspiration.

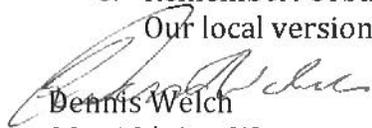
It occurs to me that Kirkland was once leader and envy of the region for its parks. Parks were supreme in the departmental hierarchy. Even above Police and Planning. I speculate that had "public process" been a part of the origins of our system it would not have been so. The "string of pearls" (parks) along the waterfront, at one time dominated the landscape, what was then excess is now scarcely enough. Surely the outcry would have reined in such extravagance had not visionaries acquired these properties thru brute force leadership, in some cases.

What we have now is a laborious transparent process that I will term the "mother of mediocrity". Certainly there is room for manipulation and that may be cloistered in this iteration. I suspect the Aquatic Center is in here somewhere. I would caution that in an eagerness to keep up with adjacent cities, we "get one of them too".

If the Aquatic Center is a motivation for this process then it may well rise or fall on the public input. The vision for Kirkland may need to be steered by leadership that you might provide. Both Staff and Public have agendas, but as the third member of the power triad, YOUR leadership is critical

1. Kirkland's greatest asset is the waterfront, is there any question about that? It is even more impressive than our fleet of patrol cars or array of fire equipment.
2. Parks are the signature statement of what Kirkland is all about. Long before Costco toilet paper, there was a Kirkland signature. Planning has obviously dropped the ball, and turned us into another Redmond.
3. Natural areas are under threat from the built environment for which parks and open spaces are our only weapon to distinguish us and preserve the special nature of Kirkland. Parks are not a land bank for future development.
4. Part of Kirkland's special character is the downtown that has only a small remnant of what was once Peter Kirk Park. The park has already absorbed enough good intentions and launched political careers. When "Urban" is built-out it will be obvious what little remains of this relief from development.
5. It would be well to stand back and let some time pass to absorb the impact of Urban and see if the enthusiasm to make more built environment is truly the vision for Kirkland. Maybe an Aquatic Center, maybe not at Peter Kirk

6. Remember: Urban is not only authentic and vibrant but also collaborative!
Our local version of fake news.

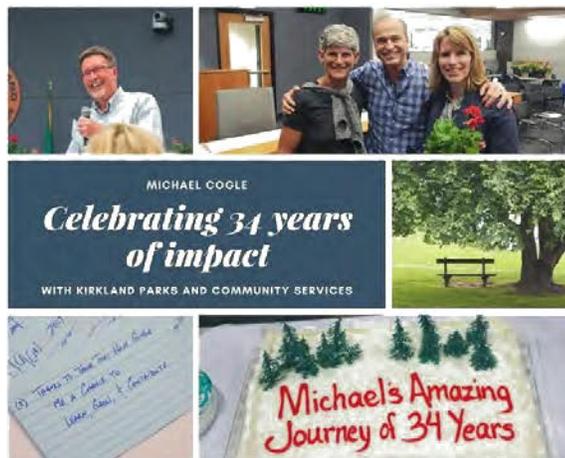
A handwritten signature in black ink, appearing to read "Dennis Welch", written over the printed name.

Dennis Welch
829-18th Ave W

Parks and Community Services
Department Report – May, 2018

Administration, Planning and CIP Projects

- **Parks and Community Services** staff have embarked upon a pivotal cost recovery study. The study involves several components, which will occur in parallel and be carried out by two consulting firms. MGT of America, LLC, a financial consulting firm, will analyze true costs for providing parks, recreation and community services and calculate out current cost recovery levels. GreenPlay, LLC, a nationally renowned parks and recreation consulting firm, will be engaging with the community, staff, and Park Board to understand the value residents place on the more than 50 types of programs and inter-related core services run by the department. Participants in community engagement workshops will examine the community benefit vs. the individual benefit and place programs and services on a pyramid model based on participant values. The final stage of the cost recovery study will be the creation of a resource allocation philosophy and cost recovery fiscal policy that aligns a financial structure with the values identified in the “community versus individual” benefit pyramid. Additional components include benchmarking information, such as market rate of fees for service, and assessment of associated policies, such as scholarship, partnership and facility use policies. Community engagement workshops are scheduled for the first week in June.
- **Edith Moulton Park** – Park development is nearing completion. New amenities that will debut to the public by the end of June include an off leash dog trail, improved environmental preservation and protections, a picnic shelter, restroom and play area. A park opening is scheduled for Saturday, July 21.
- **Juanita Beach Bathhouse and Picnic Shelters** – Design and permitting is nearing completion. Staff hope to release the project for bids by September.
- **Finn Hill Middle School Playfield** – The project was open for bids on Thursday, May 31 and staff are hoping to award the field renovation contract in early June.
- **Totem Lake Park** – Park design work continues and is nearing the 60% completion mark.
- **Michael Cogle**, Deputy Director of Parks and Community Services, ended his tenure with the City of Kirkland to start the retirement chapter of his life. Michael was honored on Thursday, May 31 for his 34 years of service to the community that will leave a lasting legacy.



(Michael Cogle's Retirement Celebration)

Parks Maintenance and Operations

- There were a lot of compliments about the Cemetery this past month. Staff and volunteers worked hard to prepare the site for Memorial Day. Special thanks to Ms. Sue Contreras for her avocation and dedication. Over 430 crosses and flags were placed on our Veterans' headstones.



(Kirkland Cemetery – Memorial Day 2018)

- The Marina now has a camera that provides customers with a live feed of the pier. Special thanks to Parks, Facility, and IT staff for making this a possibility. You can view the Marina with this link. <http://marinacam.kirklandwa.gov> (registration for the software is required).



(Marina Park Pier – May 30, 2018)

- Staff have been busy this spring power-washing all of the sport courts. With all of the dust, pollen, and rain we forget how nice they look after a good cleaning.



(Mark Twain Basketball Court – Work-In-Progress)

- A new power outlet was installed this month at the 2nd Ave Pier. De and AJ of Island Sailing have been providing sailing lessons for over a decade at the site.



(New power outlet – 2nd Ave Pier)

- Phyllis Needy Houghton Neighborhood Park received a new accessible picnic table this month. Relocation of a sand box made some available space to provide the opportunity.



(Phyllis Needy Houghton Neighborhood Park)

- The irrigation project at OO Denny is near completion. Staff will be watering the park this next month and we look forward to providing green grass for patrons to enjoy this summer.
- Parks Staff Kyle Johnston accepted a job this month working for a large rental company. His responsibilities will include overseeing all mechanics from California to Alaska. We wish Kyle the best in his new job. He will be missed!
- Special thanks to Support staff Mike Stack and Jim Fitzpatrick for their tireless work in getting the pool ready for the season. After the contractor finished up the new plaster project there was a tremendous amount of work that took place to ensure safe, clean water for the customers. Great job!

Recreation

- The new mini bus has arrived and has been wrapped with a very recognizable park. The bus was immediately put into service by the City Manager's Office (CMO) as transportation for the KITE (Lake Washington School District and Google STEM) event. The mini bus will be transporting participants in our After School Program daily and will be very busy with summer camp programs.



(New Kirkland PCS Mini Bus)

Customer Service Hub

- Recruitment for the 2018 Harbor Master program is complete. Harbor Masters will be on shift at Marina Park everyday starting Monday, May 28. The program runs through Monday, September 3.
- Staff have finalized two donations at Marina Park. Elie and Julia Goral donated a bench at Marina Park in honor of Pierre Goral. Leslie Bauman donated at bench at Marina Park in honor of Grant and Maryann Williams.
- These vendors are now open for business (weather or game dependent) throughout the City. The Chillz Mobile will be at various locations. Northwest Paddle Surfers will have kayaks, paddleboards, and snacks available at Juanita Beach and Marina Park. Perfect Wave will have

kayaks and paddleboards available at Houghton Beach Park. Kirkland American Little League will be offering concessions at Everest Park, and Kirkland Baseball Commission will be at Lee Johnson Field – Peter Kirk Park.

- Second Season Athletic Field allocations are underway. The Second Season runs August 1 through the end of the year.
- Weekend dates at Heritage Hall are almost booked solid (May through September). Staff continue to look for ways to enhance the customer's experience. One of the recent changes is to allow for multiple rentals on the same day if a wedding is not scheduled. This will improve customer service by allowing more customers to reserve the facility for parties.
- Picnic Shelter reservations are now booking up through the summer. Customers can reserve their shelter online at www.kirklandparks.net, in person at one of our facilities, or by calling our customer service line.

Peter Kirk Community Center

- Peter Kirk Day Camp seasonal staff have been hired for the summer and are working with full-time staff to plan another fantastic summer full of fun. Campers will enjoy participating in tons of activities such as arts and crafts, outdoor games and activities, swimming at the Peter Kirk Pool and local beaches, as well as field trips!
- Consumer Protection Washington, a group of organizations and government agencies dedicated to educating the public on consumer issues, scams, and investigations affecting residents, was on-site Thursday, April 26 for a Fraud Prevention workshop. Over 50 people attended and Madison House in Kirkland co-sponsored the event by providing a box lunch to all participants and speakers.



(Participants at the Fraud Prevention workshop)

Peter Kirk Pool

- The Peter Kirk Pool will open Monday, June 4 to the public on a limited schedule and will begin full operations on Monday, June 18. Houghton, Waverly and Juanita Beaches will be guarded beginning Sunday, July 1. Currently, 75 new staff have been hired to work at the Peter Kirk Pool and beaches this summer as lifeguards, swim lesson instructors, swim team coaches, lifeguard instructors, and to lead water aerobics classes.

- Registration for aquatics programs continues with over 2,720 participants registered for programs such as Learn-to-Swim swimming lessons, Aquarobics, and the Orca Swim Team generating \$211,368 in revenue to date.

North Kirkland Community Center

- Seasonal staff have been hired to work this summer in the Junior Day Camp, Tennis Camps, Theater Camp, and Art Camp. The community center will be loud and full of energy this summer.
- We are in the middle of our spring Adult Volleyball playoffs. We had 47 teams in the league this spring competing for that ever elusive championship t-shirt.
- Summer softball begins at the Crestwoods Ball fields the first week of June and we have five teams competing for the championship title. We have a good variety of returning teams and new teams in the league this summer.
- May The Fourth Be With You event, held on Friday, May 4 was attended by 150 parents and children. Participants enjoyed building their own straw rockets, and then launching the vinegar and baking soda powered rockets outside every half hour. Other activities included: Galactic Slime making, Light Saber construction, Jedi Training, mastering the Obstacle Course of Force challenge, and the popular Museum of Flight "Under the Night Sky" planetarium show.



(May The Fourth Be With You – Galactic Slime)



(May the Fourth Be With You – Rocket Launch)

- Twos in Tutus (a parent/child dance class created just for two-year-olds who couldn't wait to turn three to enter our preschool dance program) is filled to the brim with 63 students enrolled in the spring session. Two additional classes have been added to accommodate children from waiting lists.



(Twos in Tutus)

Youth Sports

- Pee Wee Soccer is in full swing, we have two weeks remaining and our 400 soccer players and 32 volunteer coaches are hoping for good weather the rest of the way.
- Staff are excited to announce our Youth Athletic Volunteer application will now be available online. Staff have been working with Patrick Tefft, Special Projects Coordinator, over the last few months to streamline the volunteer application process. Similar to the current on-going volunteer application, staff created a Youth Athletic Volunteer application adding additional questions in regards to our program areas. This information was historically collected through a paper application process. The application will be on the Volunteer Opportunities webpage and links to the application will be on our sport specific webpages and in CivicRec when customers register. Staff are very excited to continue to streamline and make processes more efficient.

Youth Services & Youth Council

- New Leadership for the 2018-19 school year have been selected.
- We've Got Issues, "Humans of Kirkland" is complete.
- Staffed two water stations along the Mother's Day Half Marathon route.

Upcoming Important Dates:

- Bluefish Festival, Friday, June 1 at Juanita Beach.
- Presentation to City Council on Tuesday, June 5.
- Spring Celebration, Sunday, June 10 in the Council Chambers.

Senior Council

- Work continues on updating the Community Resource Guide.
- Kirkland Reporter column, "Coming of Age...Again" is printed monthly.

Upcoming Important Dates:

- Senior Art Show June 7-22 at Merrill Gardens. Opening reception Thursday, June 7 from 5 p.m. to 7 p.m.
- Members will be participating in the 4th of July Parade.

Human Services

Human Services Commission

- The HSC had a very busy month. Members met with the City Council during a joint study session in order to provide an update of their activities and request City Council input regarding the grant funding process. After the joint session on Tuesday, May 15, members held their first special meeting to discuss human services grant applications. Review of applications continued at their regular meeting on Tuesday, May 22. On Wednesday, May 30 the Commission hosted members of human services commissions of Bellevue, Issaquah, Redmond, and Sammamish. At this session they heard about the regional system addressing the homelessness crisis and met in small groups to discuss the various areas of related programs.

Permanent Shelter for Women and Families with Children

- The City of Kirkland participated in a neighborhood outreach evening hosted by Salt House.

Welcome, Safe and Inclusive Community Initiative

- The City hosted a meeting of City Councilmembers from Bellevue, Kirkland, and Redmond to discuss immigrant integration on the Eastside. Debbie Lacy facilitated the meeting. The Eastside Refugee and Immigrant Coalition and the Eastside Human Services Forum co-sponsored the event.

Green Kirkland Partnership

- GKP Supervisor, Sharon Rodman, has announced her retirement from City employment. She established and led the program for over 11 years. Her last day as GKP Supervisor will be Wednesday, July 11.
- On Saturday, May 5, GKP staff hosted a Steward Training Workshop at South Rose Hill Park entitled "Steward Field Skills" where nine current and potential Green Kirkland Stewards received training in site assessment and restoration best management practices.
- GKP Seasonal Laborer, Peter Anderson started work on Tuesday May 8. One of his most important summer tasks will be to water thousands of young native plants until they are established.
- On Wednesday, May 9, two Green Kirkland staff members hosted a Service Day for 60 Eastside Preparatory School, sixth-grade students and teachers at the Watershed Park.
- On Wednesday, May 9, two Green Kirkland Staff attended a noxious weed training hosted by King County to stay current on emerging and ongoing invasive weed topics.
- On Wednesday May 9, Green Kirkland Stewards hosted a volunteer team from Kelly Mitchell at Crestwoods Park. The volunteers helped prepare restoration sites for the large event on Saturday, May 12.

- On Friday May 11, GKP and EarthCorps hosted an environmental stewardship event at Everest Park with T-Mobile, Liberty Mutual and community volunteers in attendance. Volunteers performed critical site maintenance to ready restoration areas for the summer. This event was made possible with support from the King Conservation District.
- On Saturday May 12, Green Kirkland and EarthCorps hosted an environmental stewardship event at Crestwoods Park with over 55 community volunteers in attendance, including the Kingsgate BECU branch. Volunteers tended to new native plantings and prepped the site for the summer watering season. This event was made possible with support from the King Conservation District.
- On Tuesday, May 15, two GKP staff members and one Green Kirkland Steward attended the 2018 Urban Forest Symposium hosted at the Center for Urban Horticulture at UW.
- The Washington Conservation Corps returned to Kirkland, on Monday, May 14 and Tuesday, May 15, to continue restoration work in riparian buffers in Everest Park.
- On Friday, May 18, Green Kirkland Stewards hosted returning volunteers from IHS Markit/Root Metrics at Juanita Bay Park. Volunteers helped install beaver exclusion materials around recently-planted conifer species to reduce ongoing beaver browse.
- On Saturday, May 19, Green Kirkland Stewards hosted an environmental stewardship event at Josten Park with over 16 volunteers helping to remove invasive and weedy plants in restoration areas.
- On Saturday, May 26 Green Kirkland Stewards hosted an environmental stewardship event at Juanita Bay Park with over 20 volunteers helping to spread mulch and remove invasive thistle plants.
- GKP coordinated with Parks recreation and maintenance divisions to provide photos of April Earth Month activities for an Earth Month follow-up video to be shown at City Council. GKP's Earth Day event on Saturday, April 21 at North Rose Hill Woodlands Park is featured prominently in the video.



Green Kirkland Partnership Photos: Terrific community turnout at Crestwoods Park for a Saturday stewardship event (Left, Photo Credit: Andy Watson). RootMetrics employees return every year to lend a hand at Juanita Bay Park – this year the crew helped construct beaver exclusion cages to protect native conifers (Right, Photo credit: J. Jones)

Upcoming Important Dates:

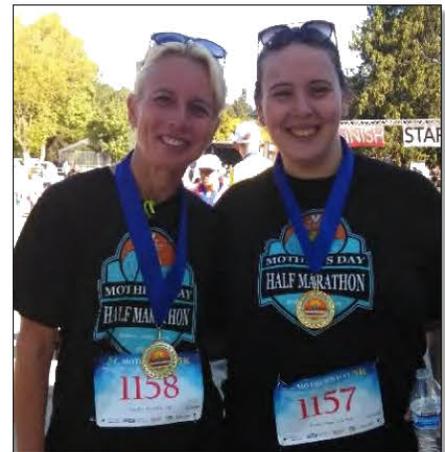
- Wednesday, June 9 from 10 a.m. to 1 p.m. GKP and King County Noxious Weed Staff host a training for Green Kirkland Stewards entitled "Beyond Blackberry: Advanced Invasive Plant Best Management Practices".
- Saturday June 9th, from 10 a.m. to 2 p.m. at Juanita Bay Park. This event is open to the public and made possible with support from King Conservation District.
- Friday June 15th from 10 a.m. to 2 p.m. at Watershed Park, GKP and EarthCorps are hosting an environmental stewardship event targeted for business/corporate volunteers. This event is open to the public and made possible with support from King Conservation District.
- GKP is hosting eight events for Google Serve month in June with the Google Kirkland campus (June 1, 6, 7, 14, 15, 21, 22, 27, 29).

Special Events & Special Events Service Team

- The team did not meet in May
- Staff supported the following events through permitting; coordination with other City departments for street closures, fire and police support, safety and sanitary regulations and banners; City facility use such as parks, parking lots and streets; evening, weekend and holiday on-call logistical support as needed; and communication with the public:

- **Improving Birth Rally, Sunday, May 6**
The expressive event, dedicated to raising awareness about the need for improved maternity care, was held at Marina Park in conjunction with Maternal Health Awareness Week.

- **Mother's Day Half Marathon, Sunday, May 13**
On a spectacularly beautiful Sunday morning, nearly 1,000 people participated in Pro-Motion Events' final event in Kirkland. The Mother's Day Half Marathon has been sold but is expected to return in 2019 under new management. Producing a road race is no small undertaking; combined, the routes required twenty-eight off-duty officers, nearly fifty course monitors and coordination with King County Metro. Event support also included water station staffing by the Kirkland Youth Council, courtesy course sweeps by Public Works and safety inspections. We appreciate all the wonderful memories Brian Oster and his crew helped create here in Kirkland and welcome their return hopefully in the near future.



(2018 Mother's Day Half Marathon)

- **Relay for Life of Kirkland, Saturday, May 19**

The new venue at Juanita Beach Park turned out to be an ideal setting for the American Cancer Society’s fundraising event which included a full slate of activities scheduled from 9 a.m. to 11 p.m. Morning hours were reserved for fun and games for owners and their furry friends while they participated in Bark for Life. Kirkland’s Animal Control Officer, Jennifer Matison, along with several Kirkland Explorers were on hand to educate, answer questions and provide lots of behind the ear scratches. Relay for Life filled the afternoon with team games, performances and laps around the boardwalk. Unfortunately, due to heavy rain, event organizers shut down operations several hours early. Event support included safety inspections and sanitation maintenance.



(2018 Relay for Life of Kirkland)

- **7 Hills of Kirkland, Monday, May 28**

Attain Housing held its annual 7 Hills of Kirkland fundraiser on Memorial Day. Approximately 1,500 cyclists headed out from Marina Park to bike the Traditional Route (40 miles), Metric Century Route (60 miles) and Century Route (100 miles). Participants were treated to delicious strawberry shortcake, miniature golf and massage at the finish line. Event support included one off-duty officer and safety inspections.



(Image credit: Matt Phelps, Kirkland Reporter)

Upcoming Important Dates:

- Saturday, June 2, 8 a.m. - NAMI Walks Washington, Marina Park.
- Sunday, June 3, noon - Corpus Christi Procession, South Rose Hill.
- Saturday, June 16, 5 p.m. - Eastside Salsa Marina, Marina Park.
- Wednesdays, June - September, 2 p.m. to 7 p.m. - Kirkland Wednesday Market, Marina Park.
- Fridays, June - September, 3 p.m. to 7 p.m. - Juanita Friday Market, Juanita Beach.

Interdepartmental/Interagency Committees

Grant Team (Sharon Rodman)

- No meeting in May.

Green Team (Sharon Rodman)

- At the May 9 meeting, April Earth Month activities were reviewed.
- A video will be presented at a future City Council meeting (likely June 19) to show several successful April Earth Month activities.

Volunteer Service Team (Jeremy Jones)

- No May meeting, Emergency procedures for volunteers have been updated and reviewed with PMO, Recreation and GKP staff

Customer Service Team (Jairid Hoehn, Lourdes Mansanarez)

Emergency Management Action Team (Linda Murphy)

- EMAT has hosted many Emergency Container Drills at many different locations where the City has placed containers; Fire Stations, City Hall, North Kirkland and Peter Kirk Community Center.
- Linda Murphy attended King County 2018 Mass Care Regional Forum. This year's program provided real world experience and lessons learned from individuals who responded to the 2017 hurricanes. Presenters include Danielle Bailey, FEMA Region 10 Disability Integration Specialist; Todd Holloway, The Center for Independent Living; and Shaun Jones, The Salvation Army.

Parks and Community Services Monthly Tracking – April 2018

Marina use

	Number	Revenue
Boat slip rentals		\$1117.50
Boat launch cards sold	54	\$3350
Commercial dockings	6	\$924

Green Kirkland Partnership

Number of volunteer hours	1414
Number of volunteer events	23
Value of Volunteer Hours (\$)	\$ 42,471
Acres of new restoration	1.96
Acres in restoration maintained	1.44
Total plants planted	92
Invasive trees removed	94
Contracted crew field hours	329

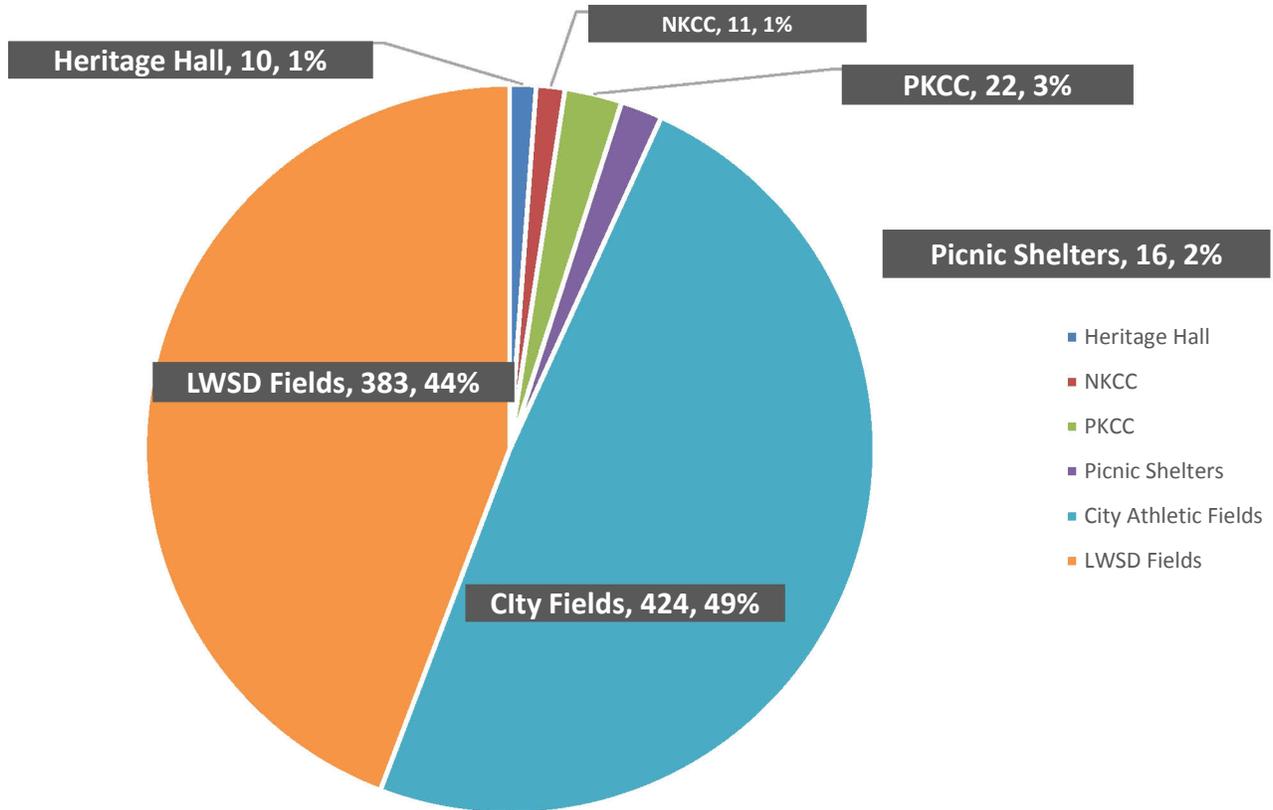
Special Events

Number of events (April)	1
Calendar days	1
Estimated event participants	200

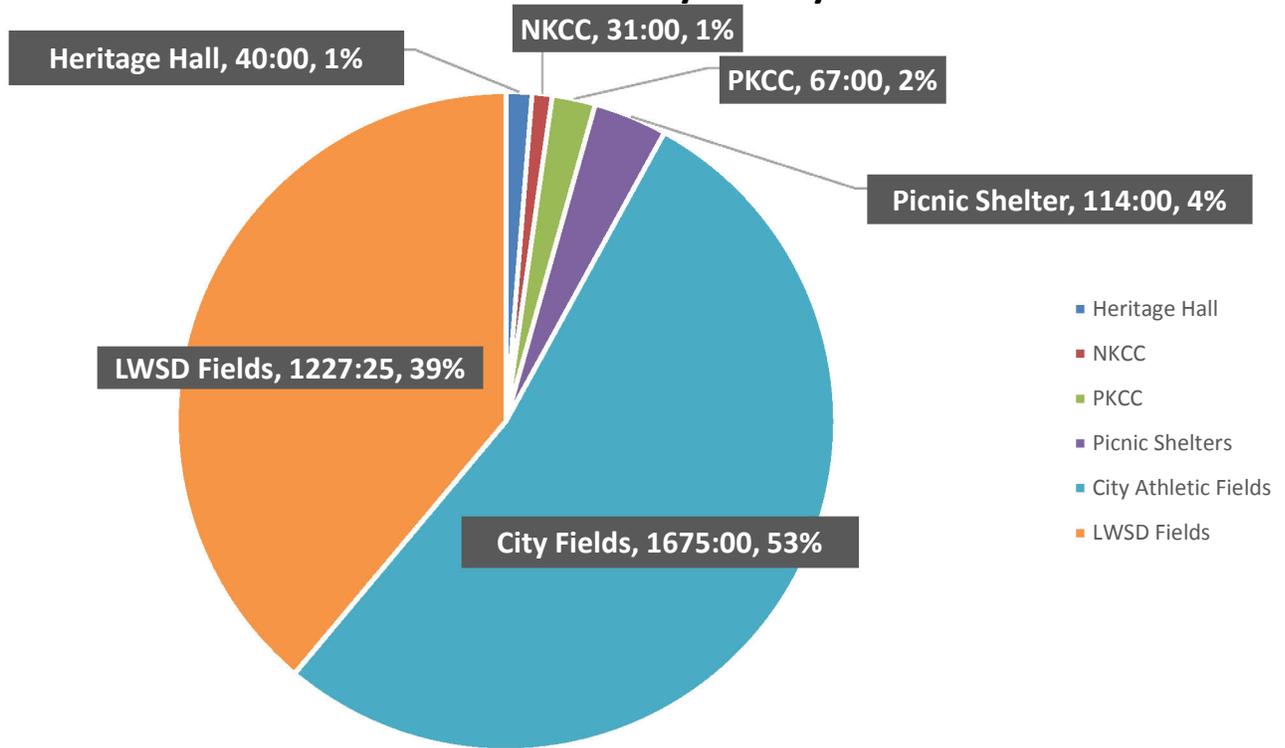
Parks and Community Services Facility Rental Information

	Hours Used by Community	# of Reservations
Heritage Hall	40:00	10
NKCC	31:00	11
PKCC	67:00	22
Picnic Shelters	114:00	16
City Athletic Fields	1675:00	424
LWSD Fields	1227:15	383
Total	3154:15	866

Rental Reservations by Facility



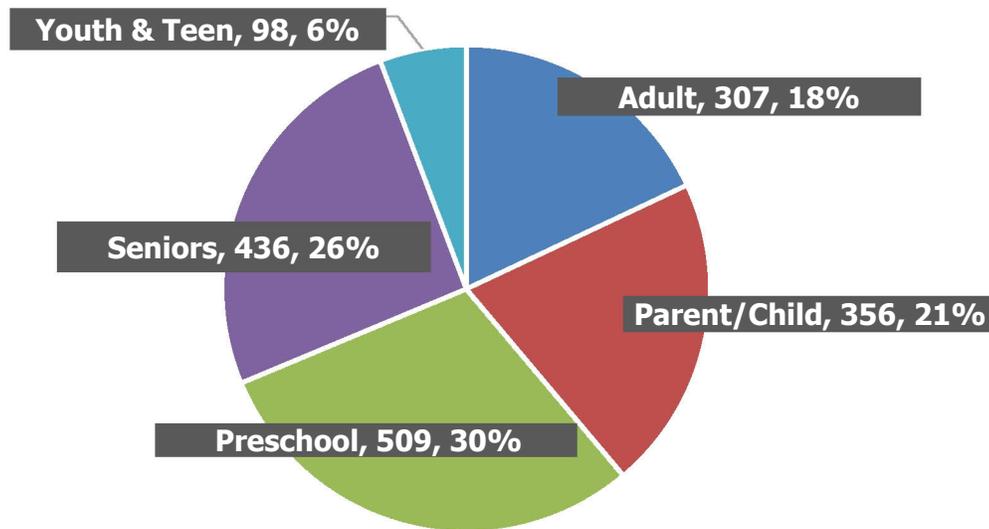
Rental Hours by Facility



Parks and Community Services Program Attendance Information

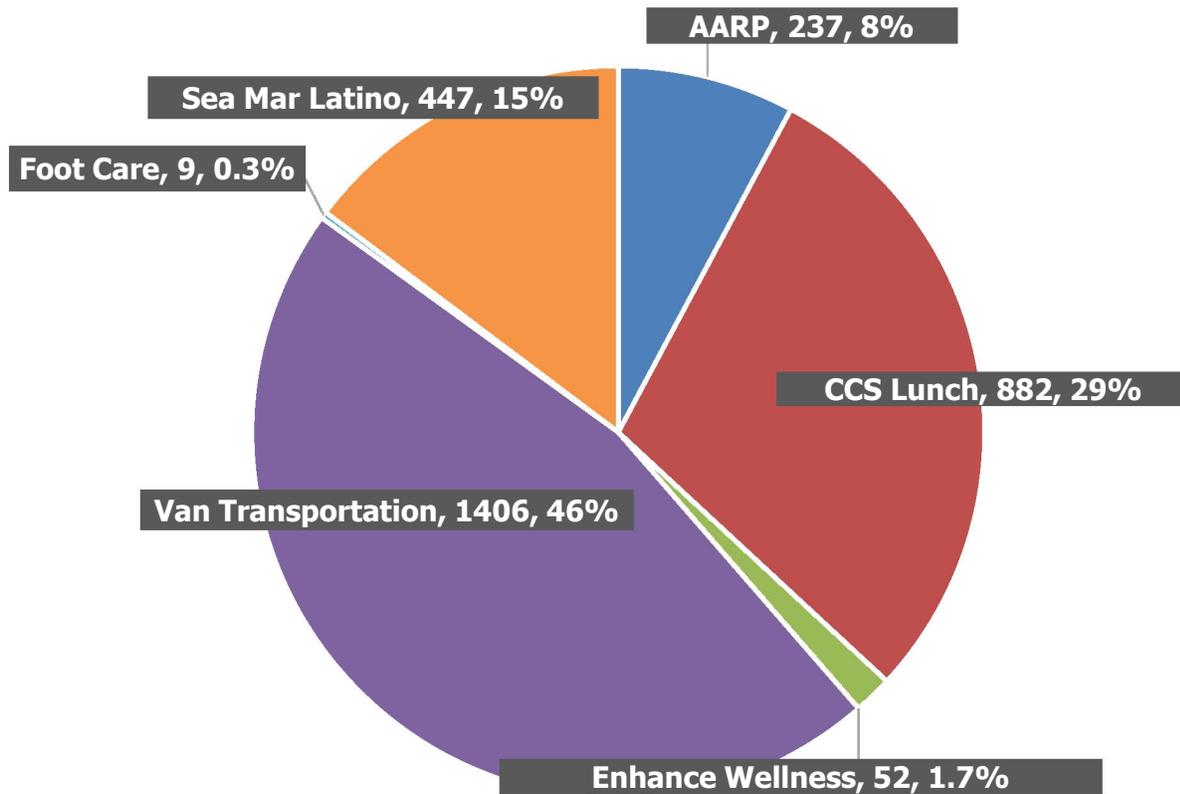
	Recreation Program Participants
Adult	307
Parent/Child*	356
Preschool	509
Senior	436
Youth & Teen	98
Total	1706

**Recreation Programs
Number of Participants in Classes Starting April
2018**



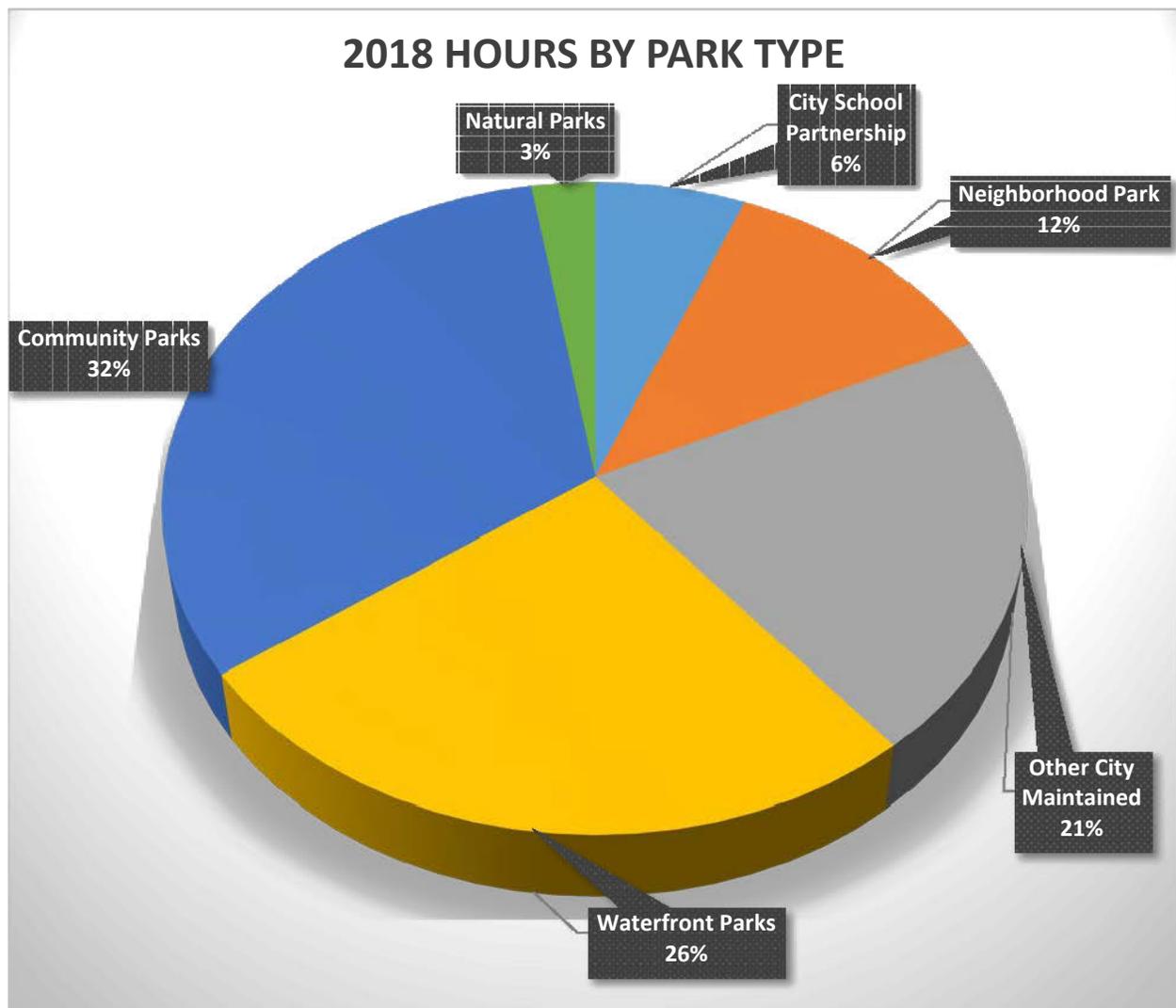
	Seniors Service Participants
AARP Taxes	237
CCS Lunch	882
Enhance Wellness	52
Van Transportation	1406
PKCC Foot Care	9
Sea Mar Latino	447
Total	3033

Senior Services
Number of Participants in Seniors Services for April 2018

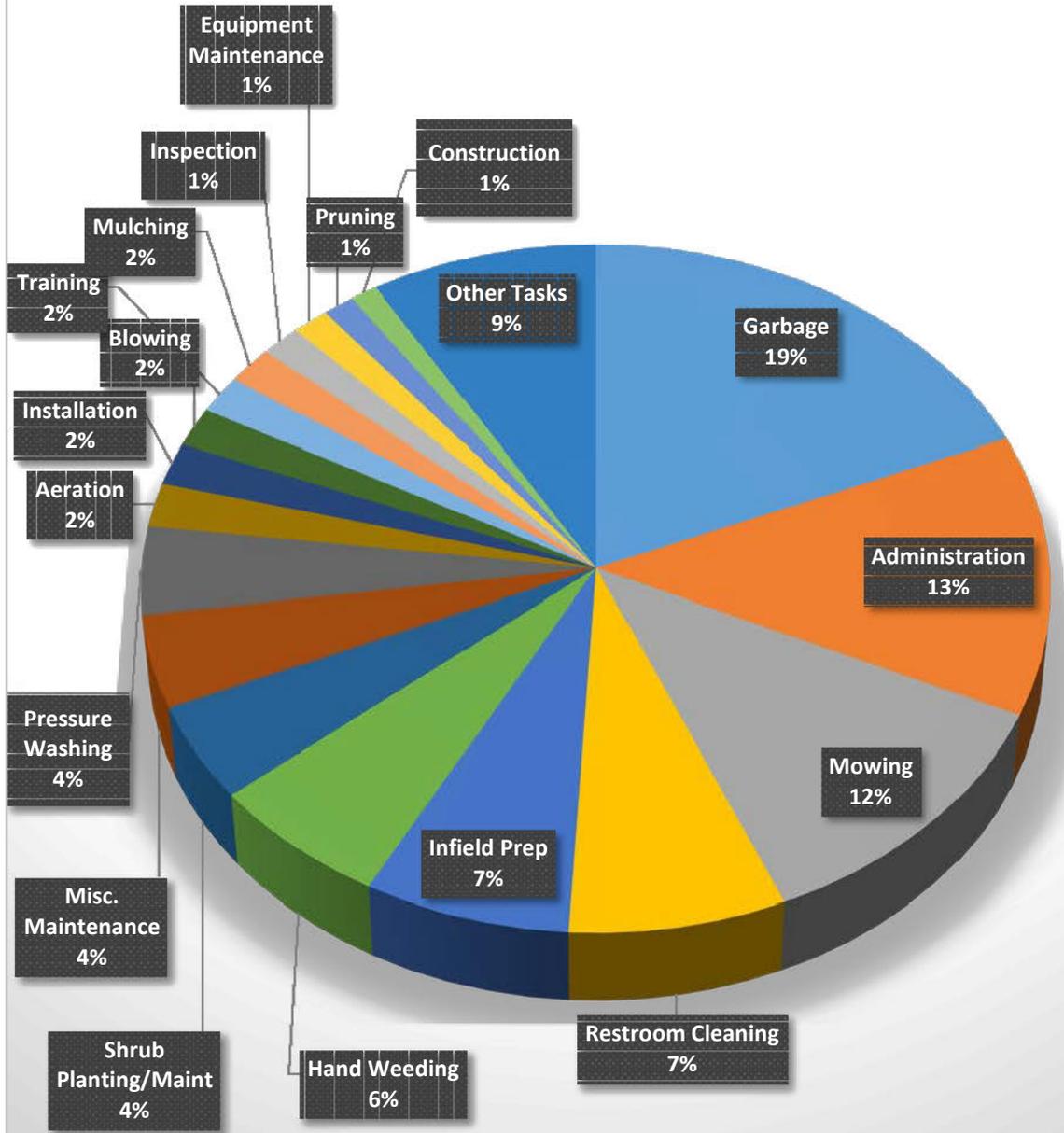


PARKS MAINTENANCE APRIL REPORT

Park Type	Sum of Labor Hours	Percentage
City School Partnership	268	6.15%
Neighborhood Park	513.75	11.79%
Other City Maintained	914.75	21.00%
Waterfront Parks	1144.5	26.28%
Community Parks	1400.25	32.15%
Natural Parks	114.5	2.63%
Grand Total	4355.75	100.00%



APRIL 2018 TASK HOURS



2018 April All Task Hours Report

Task	Labor Hours	%
Garbage	813.25	18.67%
Administration	576	13.22%
Mowing	510	11.71%
Restroom Cleaning	318.25	7.31%
Infield Prep	302.75	6.95%
Hand Weeding	267.75	6.15%
Shrub Planting/Maint	194.25	4.46%
Misc. Maintenance	189.5	4.35%
Pressure Washing	180.75	4.15%
Aeration	90	2.07%
Installation	86	1.97%
Blowing	80	1.84%
Training	77.5	1.78%
Mulching	77.25	1.77%
Inspection	64.75	1.49%
Equipment Maintenance	60.25	1.38%
Pruning	52.5	1.21%
Construction	44.5	1.02%
Repair	41.5	0.95%
Top Dressing/Soil Amends	39.75	0.91%
Turf Repair	26.5	0.61%
Application	23	0.53%
Full Burial	21.75	0.50%
Line Trimming	20.25	0.46%
Fertilization	16	0.37%
Edging	15.25	0.35%
Nursery Management	15	0.34%

Field Striping	14.5	0.33%
Event Support	12.75	0.29%
Carpentry	12.5	0.29%
Flower Planting/Maint	12	0.28%
Urn Burial	11.75	0.27%
Electrical Work	11	0.25%
Painting	8.25	0.19%
Removal	8	0.18%
Trail Work	8	0.18%
Sod Installation	6.5	0.15%
Dock Maintenance	6	0.14%
Leaf Removal	5.5	0.13%
Plumbing	5.5	0.13%
Fencing	4	0.09%
Insect Control	4	0.09%
Winterization	3.5	0.08%
Signage	3	0.07%
Niche Wall Placement	2.75	0.06%
System Trouble Shooting	2	0.05%
Restoration	2	0.05%
Vandalism Repair	1.75	0.04%
Overseeding	1.75	0.04%
Markers Placement, Removal	1.5	0.03%
Lock/Key Maintenance	1	0.02%
CDL/TEST (105)	1	0.02%
Beach Maintenance	0.5	0.01%
Watering	0.5	0.01%
TRAINING (102)	0	0.00%
Total	4355.75	100%

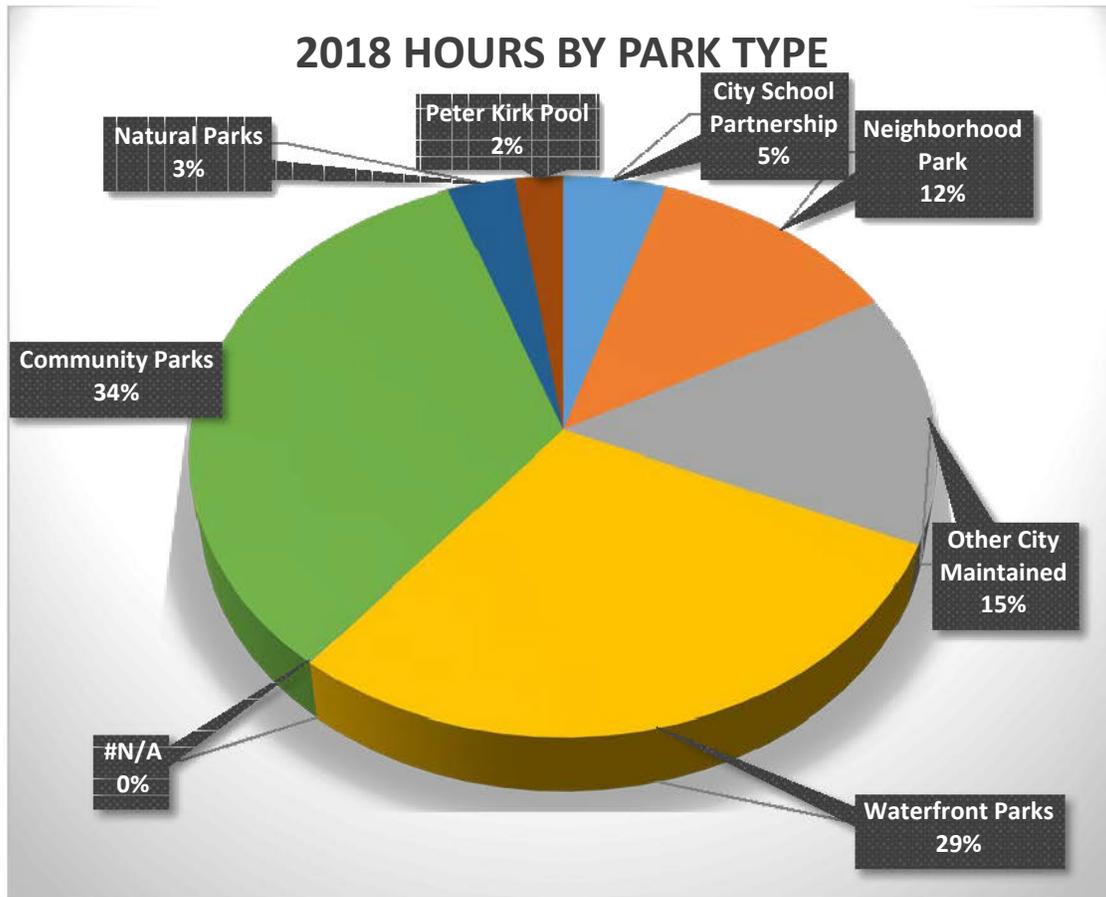
2018 April Park Hours Report

Park/Location	Labor Hours
132nd Square Park	131
2nd Avenue South Dock	19.75
Ben Franklin Elementary School Field	52.75
Brookhaven Park	12.25
Bud Homan Park	6.75
Carillon Woods	26.5
Cedar View Park	10
City Hall	1
Crestwoods Park	188.25
David E. Brink Park	58.75
Doris Cooper Houghton Beach Park	175.25
Edith Moulton Park	10.75
Emerson High School Field	34.25
Everest Park	337.25
Finn Hill Middle School Field	12.75
Forbes Creek Park	24
Hazen Hills Park	14.5
Heritage Park	199
Heronfield Wetlands	8.5
Highlands Park	26.5
Josten Park	5.5
Juanita Bay Park	82.75
Juanita Beach Park	351.25
Juanita Elementary School Field	25
Kirkland Cemetery	160.5
Kirkland Middle School Field	76.5
Kiwanis Park	3.25
Lake Ave W Street End Park	8.25
Lakeview Elementary School Field	7.25

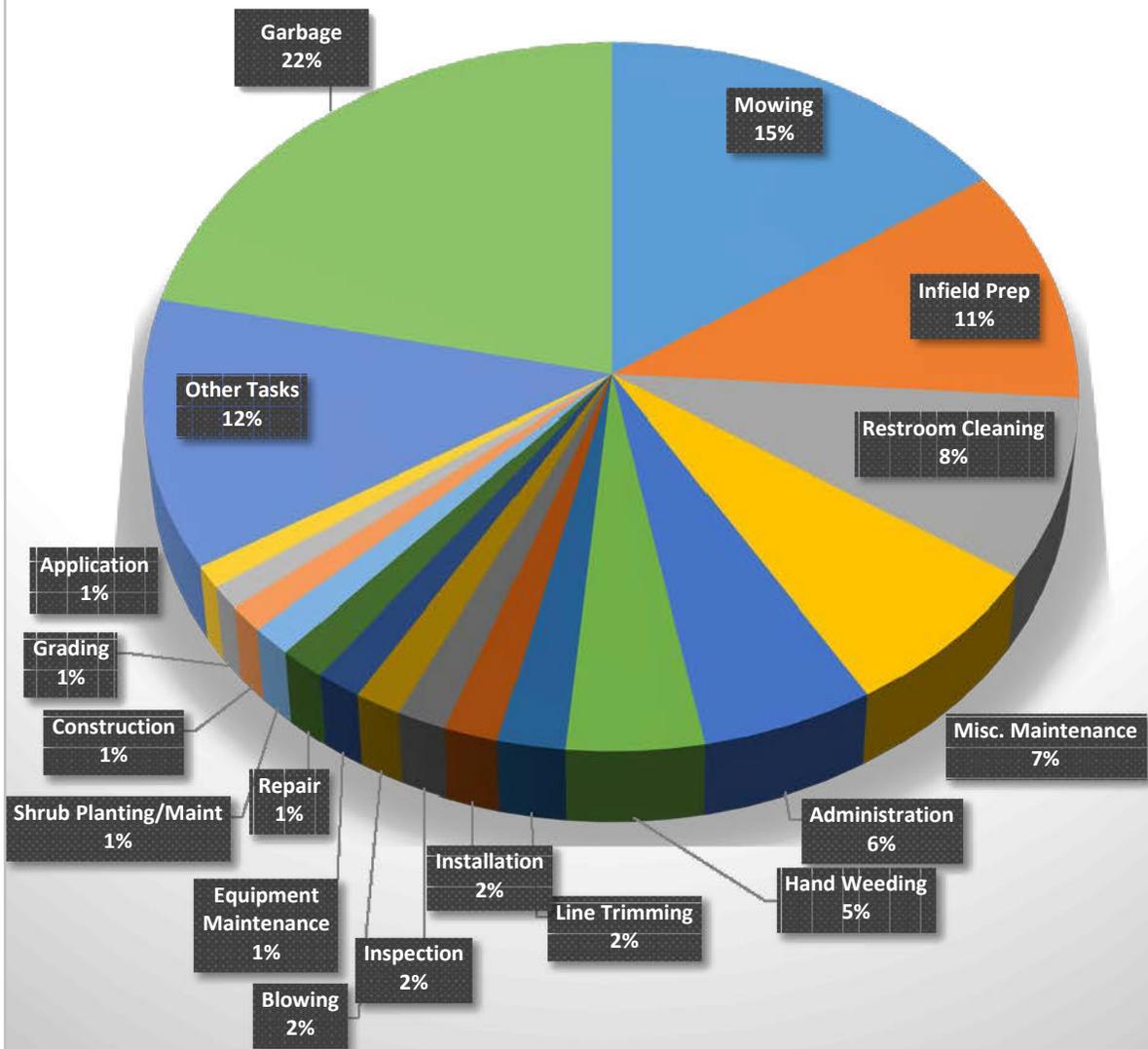
Maintenance center	653.5
Marina Park	147.25
Mark Twain Elementary School Field	34.25
Mark Twain Park	32.5
Marsh Park	98
McAuliffe Park	149
North Kirkland Com Ctr	2.5
North Kirkland Com Ctr & Park	91.5
North Rose Hill Woodlands Park	40.75
O O Denny Park	197.75
Parks Maintenance Center	94.75
Peter Kirk Park	393.25
Phyllis A. Needy - Houghton Neighborhood	45
Reservoir Park	18.5
Rose Hill Elementary School Field	25.25
Rose Hill Meadows	32
Settler's Landing	17.5
Snyder's Corner Park	6
South Norway Hill Park	2
South Rose Hill Park	56
Spinney Homestead Park	25.75
Terrace Park	16.5
Tot Lot Park	9.5
Totem Lake Park	1.5
Van Aalst Park	20.25
Watershed Park	4.5
Waverly Beach Park	67.5
Wiviott Property	3
Total	4355.75

PARKS MAINTENANCE MAY REPORT

Park Type	Sum of Labor	
	Hours	Percentage
City School Partnership	226	4.84%
Neighborhood Park	569.25	12.20%
Other City Maintained	677.25	14.51%
Waterfront Parks	1367.5	29.30%
#N/A	1	0.02%
Community Parks	1570.2	33.65%
Natural Parks	148.25	3.18%
Peter Kirk Pool	107.5	2.30%
Grand Total	4666.95	100.00%



MAY 2018 TASK HOURS



2018 May All Task Hours Report

Task	Labor Hours
Administration	263
Aeration	22
Application	47.75
Beach Maintenance	19
Blowing	71.25
Brush Clearing	10.25
Construction	55.75
Dock Maintenance	1.75
Donation, Install, Clean	29.5
Edging	35.75
Electrical Work	1.5
Equipment Maintenance	68.75
Event Support	40.75
Fencing	4.5
Flower Planting/Maint	41.75
Garbage	1005.95
Grading	49.75
Hand Weeding	210.5
Infield Prep	501.25
Inspection	76
Installation	82.25
Leaf Removal	2
Line Trimming	102.5
Lock/Key Maintenance	1.75
Markers Placement, Removal	16.5
Misc. Maintenance	328
Mowing	715.5
Mulching	18.25
Nursery Management	6.25
Plumbing	9.5
Pruning	14
Removal	19.75

Repair	68.5
Restroom Cleaning	385
Shrub Planting/Maint	62.25
Signage	0.5
System Trouble Shooting	6.5
Trail Work	29.75
Training	16
Tree Inspection	1
Turf Repair	37
Urn Burial	5
Vandalism Repair	2
Winterization	2.5
Restoration	8.5
Pump Maintenance	1.25
Concrete Work	4
Pressure Washing	30.5
Fertilization	10.5
Carpentry	10
Field Striping	20.25
Top Dressing/Soil Amends	29.75
Painting	10
Overseeding	1.5
Watering	3.75
Filter Maintenance	12
Controller Programming	2.25
Water Chemistry	27.75
Tank Cleaning	5
TREES INVESTIGATION (117-P)	1
Grand Total	4666.95

2018 May Park Hours Report

Park/Location	Labor Hours
132nd Square Park	190.5
2nd Avenue South Dock	21
Ben Franklin Elementary School Field	27
Brookhaven Park	12.5
Bud Homan Park	6.75
Carillon Woods	21.5
Cedar View Park	9.25
City Hall	2.5
Cotton Hill Park	0.75
Crestwoods Park	229
David E. Brink Park	43
Doris Cooper Houghton Beach Park	191.25
Edith Moulton Park	8.25
Emerson High School Field	19.5
Everest Park	313.5
Finn Hill Middle School Field	1
Forbes Creek Park	21.5
Hazen Hills Park	21.25
Heritage Park	90
Heronfield Wetlands	14.75
Highlands Park	17.5
Josten Park	3.5
Juanita Bay Park	83.25
Juanita Beach Park	459
Juanita Elementary School Field	17
Juanita Heights Park	1.75
Kingsgate Park	1
Kirkland Cemetery	292.75
Kirkland Middle School Field	99
Kiwanis Park	3.75
Lake Ave W Street End Park	8.25
Lakeview Elementary School Field	7.25
Maintenance center	279
Marina Park	186.25

Mark Twain Elementary School Field	40.75
Mark Twain Park	57
Marsh Park	85.5
McAuliffe Park	192.25
North Kirkland Com Ctr & Park	91.75
North Rose Hill Woodlands Park	43
O O Denny Park	254.75
Ohde Avenue Pea Patch	15
Open Space	2
Parks Maintenance Center	79.5
Peter Kirk Park	550.95
Peter Kirk Pool	107.5
Phyllis A. Needy - Houghton Neighborhood	72.25
poplar, lombardy	6
Reservoir Park	21.25
Rose Hill Elementary School Field	14.5
Rose Hill Meadows	43.75
Settler's Landing	17.75
Snyder's Corner Park	11
South Norway Hill Park	4
South Rose Hill Park	35.75
Spinney Homestead Park	23.25
Terrace Park	23.5
Tot Lot Park	14.25
Totem Lake Park	23.5
Van Aalst Park	25.5
Watershed Park	1.75
Waverly Beach Park	97
Windsor Vista Park	2
Wiviott Property	2
Yarrow Bay Wetlands	1
(blank)	1
Grand Total	4664.95



CITY OF KIRKLAND
Department of Parks and Community Services
123 Fifth Avenue, Kirkland, WA 98033 425.587.3000
www.kirklandwa.gov

MEMORANDUM

To: Park Board

From: Lynn Zwaagstra, Director, Parks and Community Services

Date: June 13, 2018

Subject: Cost Recovery Study Update

RECOMMENDATION

That the Park Board receive a briefing from staff on the cost-recovery study, process and expected outcomes over the next several months.

BACKGROUND:

Details of the cost recovery study, including the impetus, goals, project components and outcomes was presented in detail in a memo to City Council on June 5. That memo and its corresponding attachments is included here in **Attachment A**.

A few notable milestones include the following.

- June 5 – Presentation to City Council on the project and community engagement process
- July 17 – City Council Study Session on the department financial analysis and results from the community engagement process
- July 31 – Preliminary presentation to Park Board on the resource allocation and cost recovery fiscal policy
- August 8 – Preliminary recommendations to City Council on the resource allocation, cost recovery fiscal policy and implementation strategies

Attachment A – City Council Cost Recovery Packet June 5, 2018



CITY OF KIRKLAND
Department of Parks and Community Services
123 Fifth Avenue, Kirkland, WA 98033 425.587.3000
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Lynn Zwaagstra, Director, Parks and Community Services
Date: June 5, 2018
Subject: Cost Recovery Study

RECOMMENDATION

That the Council receive a briefing from staff and GreenPlay, LLC on the cost-recovery study, including the process and expected outcomes over the next several months.

BACKGROUND:

The City of Kirkland has defined fiscal policies that are reaffirmed every two years through the adoption of the biennial budget. The current policies are presented in the 2017-2018 budget book, approved by City Council during the budget process and are included in **Addendum A**. The key fiscal policy related to Parks cost recovery is stated below.

"All fees for services shall be reviewed and adjusted (where necessary) at least every three years to ensure that rates are equitable and cover the total cost of service, or that percentage of total service cost deemed appropriate by the City."

In accordance with City policy, the goal of a cost recovery study is to articulate and illustrate a comprehensive resource allocation philosophy and cost recovery fiscal policy in order to ensure a sustainable system into the future by using tax revenues and fees in the most appropriate ways.

The City of Kirkland last conducted a full cost recovery study for Parks and Community Services in 2005 (**Addendum B**). This study was conducted utilizing 2004 budget actuals and served as an update to a previous study conducted in 1999. The study determined actual costs by programmatic area and established a pricing policy based on establishing the level of community benefit (to be funded by taxes) versus individual benefit (to be funded by fees) provided by the recreation and community services programs. The study also conducted benchmarking on fees charged by several surrounding jurisdictions and made recommendations for specific fee changes.

Since that time, the City experienced the Great Recession that resulted in significant changes to the City's financial structure and levels of service. Parks and Community Services implemented service level and staffing reductions. Also, in order to save some valuable recreation programs, fees were increased to market rates versus the previously established cost recovery levels. In 2011, the City annexed the North Juanita, Finn Hill and Kingsgate areas. In 2012, a Park Levy was initiated by the community to restore some park maintenance service levels and establish funding for the Green Kirkland Partnership program. The combination of these factors along

with many incremental changes in service levels since that time, render the 2005 cost recovery policies obsolete.

Other processes that have a bearing on financial and service-related goals and objectives include the department's comprehensive planning and community engagement processes. The most recent process occurred in 2013 through 2015 as part of the Kirkland 2035 Comprehensive Plan Update.

In 2015, the Department completed an update of its own comprehensive plan, called the Parks, Recreation and Open Space (PROS) Plan through extensive community outreach involving community surveys, stakeholder meetings and open houses. This plan articulated the levels of service to the community, community needs and priorities and a capital facilities plan. Through analysis of the community feedback and an extensive industry and department review, the PROS Plan outlined strategic goals for the next 6-year period.

Community surveys conducted through this process showed that nearly 9 in 10 respondents said that parks and recreation were "important" or "essential" to the quality of life in Kirkland. The parks and recreation system generally received high ratings; however, the community also indicated a desire for more. The PROS Plan acknowledged limited resources to meet this need and made recommendations to pursue partnerships, fees for services and rentals and alternative revenue sources in order to fund the articulated needs. A key policy area in the PROS Plan stated *"Use traditional and new funding sources to adequately and cost-effectively maintain and enhance the quality of Kirkland's park and recreation system."*

Policy area 9.5 Funding ([PROS Plan p. 35](#)) then articulated several specific actions to achieve this goal, which included pursuit of grants, donations, partnerships and sponsorships; revenue generated from fees and charges for services and new revenue-generating programs and facilities; continued support from the City's General Fund; and potential voter initiatives.

CURRENT PROJECT:

Financial Analysis

The cost recovery study involves several components to the project, which will occur in parallel and be carried out by two consulting firms. The financial consulting firm MGT of America Consulting, LLC (MGT) will conduct an analysis of the current financial condition of the Parks and Community Services Department. MGT was selected due to their extensive municipal finance experience and expertise with a methodology similar to that used with the development services fee studies. This portion of the study incorporates analyzing true costs for providing parks, recreation and community services. Results of the analysis will be presented to City Council in July 2018.

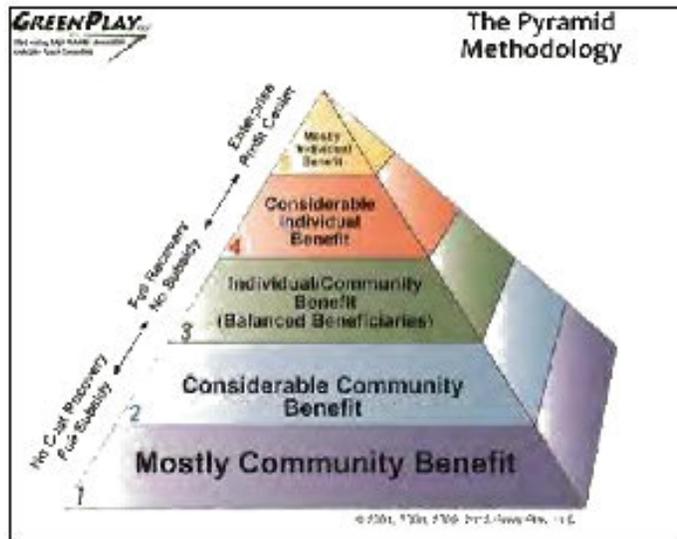
Resource Allocation Philosophy and Cost Recovery Fiscal Policy

The remaining components of the study will be conducted by GreenPlay, LLC (GreenPlay), a nationally renowned parks and recreation consulting firm and was chosen due to their expertise in developing cost recovery models. GreenPlay has provided over 450 assessments, plans and cost recovery studies for parks and recreation departments around the country since 1999. Components of the study include a "community benefit" versus "individual benefit" assessment and development of a resource allocation philosophy and cost recovery fiscal policy.

In this study, GreenPlay will be engaging the community, staff and Park Board to understand the value residents place on the more than 50 types of programs and inter-related core services run by the department. Participants in community engagement workshops will examine community benefit vs. individual benefit and create a pyramid based on participant values.

The pyramid model is shown here; more details can be found in **Addendum C**. GreenPlay will be presenting its Pyramid Methodology and the community involvement process at this City Council meeting. An overview of this process can be found in **Addendum D**.

The final stage of the cost recovery study will be the creation of a resource allocation philosophy and cost recovery fiscal policy that aligns a financial structure with the values identified in the "community versus individual" benefit pyramid created through the community involvement process. Additional components include benchmarking information, such as market rate of fees for service, and assessment of associated policies, such as scholarship policies, partnership policies and facility use policies. The results will be critical components for the management of parks, recreation and community services as well as the future development of parks, facilities, programs, and services.



OPPORTUNITIES AND OUTCOMES OF A COST RECOVERY FISCAL POLICY:

Completing a cost recovery study can create extensive positive outcomes for the City. A few to highlight include:

1. Sustainability
2. Equitability
3. Meeting the Kirkland needs

Sustainability

The parks, recreation and community services industry originated as a core public service and was a predominantly tax-payer funded model. However, over the past 50 years, government entities have experienced increasing difficulty funding core services. As a result, the industry has experienced significant defunding. Many valuable services were reduced or eliminated. Community need for these services did not correspondingly go down, so services began to be funded by user fees. The pendulum began to swing towards the conversion of these services from core services to enterprise funds.

As the financial model in the industry evolved, thinking about use of taxes versus fees has been debated; the question being "we pay taxes, why do we have to pay fees too"? The financial model began to shift to a model of community versus individual benefit. The community versus individual benefit model creates a base level of core services that benefit the greater community as a whole with those services being primarily funded by taxpayer dollars. The model then progresses from the base of community benefit to programs and services that benefit primarily

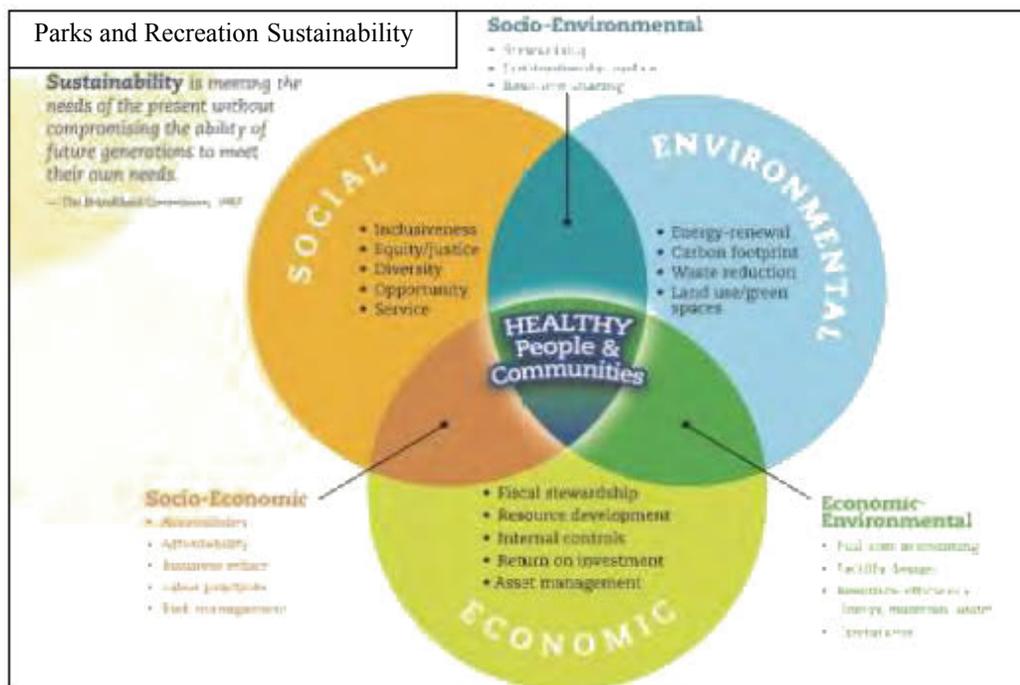
the individual. In this case, the individual incurs some or even all of the cost for that service. This concept can be simplified with the concept that "those who benefit from the service pay for the service".

To illustrate by example, if someone takes a swim lesson or goes on a senior trip, there are benefits to the community from having people know how to swim and be safe around the water and through the social capital and health gained by keeping seniors active and in touch. However, there are certain levels of skill building, social engagement or general recreation that accrue to that person. This warrants covering at least a portion of the cost of a program through an individual fee. The same concept applies to other services in the parks, recreation and community services industry such as facility rentals. When a park pavilion or athletic field generally open to the entire community is rented by a private group, the rental removes access to the greater community. In this case, the private group is receiving the benefit and may pay a portion of the cost. Without the contribution of individual fees, tax dollars pay the entire cost of services that have benefit to a small number of individuals. With limited tax dollars available, the services provided become more limited and the community loses out on crucial health and wellness benefits.

It is important to remember that each community has different values and different circumstances that would sort parks, facilities, programs and services into different levels of the Pyramid Model. Therefore, it is important to engage the community around the assessment of the community versus individual benefits.

Demand for parks, programs and services oftentimes cannot be met by the private sector and the tax payer cannot afford to pay the full costs of the service. Therefore, it becomes essential to balance tax dollars and individual fees in order to create economic sustainability. The goal is to create a sustainable financial model that uses tax revenues in the most appropriate ways, maximizing the provision of core services valued by the community and balancing those core services with additionally demanded services through alternate revenue sources of grants, donations, partnerships and fees.

In addition to the community versus individual benefit model, sustainability in parks, recreation and community services can be shown as a balance of social, environmental and economic



factors shown here. In this model, fiscal stewardship, resource allocation and financial policy are balanced with the social and environmental benefits of parks, recreation and community services.

To provide an example utilizing the park system; the park system provides opportunity for partaking in physical activity and enjoying the serenity of nature, both of which improve physical and mental health. A healthy park contributes to clean air and provides relief from urban density, while also increasing home values and quality of life. These benefits must be balanced with adequate resources to manage and maintain the system over time. Without this consistent funding, parks see deferred maintenance, fall into disrepair and begin to attract illicit activity as a result. This results in diminished park use and a decrease in the benefits offered by parks; and the circular process continues. The goal of sustainability is to create a positive virtuous cycle, and avoid the negative, deteriorating cycle.

Equitability

The sustainability model above mentions accessibility, affordability and equity. The cost recovery fiscal policy is a defined strategy to allocate resources and assess fees for programs and services according to who benefits as set forth in the Pyramid Model. The assessment of fees is no longer arbitrary and can be easily justified and articulated. This brings a measure of fairness, consistency and transparency.

Next comes equitability, or fairness to all residents. All communities want low income residents to have access to parks and recreation programs. In the past, parks, recreation and community services organizations assessed low fees for everyone so that the 20% of the population who can't afford to pay for services would be able to participate. This was equitable, but not as financially sustainable. Another justifiable cost recovery fiscal policy shifts to pricing programs and services to the 80% who can afford to pay and subsidizing the 20% that can't. This is done through associated policies, such as a scholarship policy. This concept is articulated in the "Cost Recovery in Public Parks and Recreation" article located in **Addendum E**.

The sustainability and equitability of the Parks and Community Services Department is influenced by the ability to satisfy community demand, use tax revenues equitably and provide specialized, high-quality services when they are justified by community participation.

Meeting the Kirkland Need

The mission of the Parks and Community Services Department is to support a healthy and sustainable community by providing high quality parks and recreation services, ensuring a collaborative community response to basic human needs, and protecting our natural areas.

Research conducted through the City's recent planning efforts (PROS Plan, Kirkland 2035, Citizen Surveys, etc.) has indicated that nearly 9 in 10 residents believe that parks and recreation are "important" or "essential" to the quality of life in Kirkland. While the parks and recreation system generally receives high ratings; the community has also indicated a desire for more in terms of indoor recreation infrastructure, athletic fields and multi-use trails. This has been especially true regarding the availability of swimming pools. Articulated needs included indoor recreation space, pool access, sports courts, sports fields, synthetic turf fields, trails and trail connectors, and new active recreation amenities such as bike parks, skate parks, bouldering walls and outdoor parkour features. While many of these identified community needs are related to capital projects, there are many needs that can be met through annual operational funding. These types of facility enhancements were also identified in the PROS Plan and include trail and park signage and wayfinding, interpretive signage and shoreline improvements. In addition to facility needs, the PROS Plan identified a desire for expanded

recreation opportunities such as educational programming, youth sports, summer camps and after school programs.

Additionally, staff receive requests for service on a daily basis, which indicates that the balance of social, environmental and economic factors has become unbalanced. Current demands for service are outstripping the resources available to provide those services. Additional City funding for Parks and Community Services must compete with other City priorities such as police, fire and public works investments.

An articulated resource allocation and cost recovery fiscal policy could help ensure the provision of core services and rebalance the assessment of fees for programs and services that have more individual benefit. Some examples include the following.

Expanded Programs That Could be Funded by Revenue Generation

- Expanded youth sports
- Expanded summer camps
- After school programs
- Food truck rodeos
- Expanded boat rentals at waterfront parks
- Health and wellness programming

One potential outcome of a more strategic fiscal policy could be a slight shifting of expenses for individualized programs from being a General Fund expense to being fee-based funded. Should any General Fund money become available, current community feedback has identified the following types of needed services.

Examples of Services and Functions That Could be Funded by Freed up General Fund Money

- Active recreation amenities in parks such as disk golf and outdoor fitness equipment
- Environmental education programming
- Sports field scoreboards
- Expanded park acres in restoration
- "Mutt mits" in parks
- Park rangers
- Off leash areas and off leash code enforcement
- Trail and park signage
- Trail and park wayfinding
- Interpretive signage
- Year-round restroom availability
- Software technology to automate special event permitting
- New playground features in neighborhoods without playgrounds
- More accessible playground features
- Expanded volunteer program throughout the park system
- General park landscaping with colorful and diverse plants
- Garbage cans and removal at all parks

NEXT STEPS AND FUTURE POLICY QUESTIONS

As stated above, the goal of a cost recovery study is to articulate and illustrate a comprehensive resource allocation philosophy and cost recovery fiscal policy in order to ensure a sustainable system into the future by using tax revenues and fees in the most appropriate ways.

Council is scheduled to receive a briefing at the July 17 Council study session on the current financial status of the Parks and Community Services Department and hear the outcome of the

community engagement process on community versus individual benefit. Following these results, the Council will be asked on August 8 to consider a resource allocation and cost recovery fiscal policy. Information presented will include other associated factors, such as market comparisons, a scholarship policy and other pertinent factors.

The resource allocation and cost recovery fiscal policy may have some impact on user fees assessed to currently offered facilities, programs and services. This impact will be assessed and both short term and long term implementation strategies will be discussed.

Addendum A – 2017-2018 Budget Book Fiscal Policy

Addendum B – 2005 Cost Recovery Study

Addendum C – Pyramid Methodology

Addendum D – Methodology Process

Addendum E – Cost Recovery Article

FISCAL POLICIES

BACKGROUND AND PURPOSE

The stewardship of public funds is one of the greatest responsibilities given to the officials and managers of the City of Kirkland. Therefore, the establishment and maintenance of wise fiscal policies enables city officials to protect public interests and ensure public trust.

This document incorporates past financial practices in defining the current policies to be used by the City to meet its obligations and operate in a financially prudent manner. These policies have been established to provide general fiscal guidelines and are intended to provide sound direction in the management of the City's financial affairs.

OPERATING BUDGET POLICIES

The municipal budget is the central financial planning document that embodies all operating revenue and expenditure decisions. It establishes the level of services to be provided by each department within the confines of anticipated municipal revenues.

- The City Council will adopt a biennial budget which will reflect estimated revenues and expenditures for the ensuing two years. A mid-biennium review and update will take place as prescribed by law during the first year of the biennium.
- The City Council will establish municipal service levels and priorities for the ensuing two years prior to and during the development of the preliminary budget.
- The City Manager shall incorporate the Council's priorities in the formulation of the preliminary and final budget proposal.
- Adequate maintenance and replacement of the City's capital plant and equipment will be provided for in the biennial budget.
- The biennial budget will be balanced with resources in that biennium.

REVENUE AND EXPENDITURE POLICIES

Annual revenues are conservatively estimated as a basis for preparation of the biennial budget and City service programs.

Expenditures approved by the City Council in the biennial budget define the City's spending limits for the upcoming biennium. Beyond legal requirements, the City will maintain an operating philosophy of cost control and responsible financial management.

- The City will maintain revenue and expenditure categories according to state statute and administrative regulation.
- Current revenues will be sufficient to support current expenditures.
- All revenue forecasts will be performed utilizing accepted analytical techniques.
- All fees for services shall be reviewed and adjusted (where necessary) at least every three years to ensure that rates are equitable and cover the total cost of service, or that percentage of total service cost deemed appropriate by the City.

- Revenues of a limited or indefinite term will be used for capital projects or one-time operating expenditures to ensure that no ongoing service program is lost when such revenues are reduced or discontinued.
- Grant applications to fund new service programs with state or federal funds will be reviewed by the City, as they become available, with due consideration being given to whether locally generated revenues will be required to support these programs when outside funding is no longer available.
- The City of Kirkland will establish and maintain Special Revenue Funds which will be used to account for proceeds from a substantial restricted or committed revenue source used to finance designated activities which are required by statute, ordinance, resolution or executive order.
- Biennial expenditures will be maintained within the limitations of biennial revenues. The City will not use short-term borrowing to finance current operating needs without full financial analysis and prior approval of the City Council.
- In order to ensure the continuity of services, the City will budget no more sales tax revenue than was received in the prior year as a hedge against possible future economic events.
- Net interest income revenue will be used to finance one-time capital or time-limited goods or services including debt service on councilmanic bond issues.
- All authorized positions will be budgeted for a full year (or biennium) unless specifically designated by the City Council as a partial-year position.
- In the event that budget reductions are needed in order to balance revenues and expenditures, the City Council will provide policy direction to staff as to the priority order and combination for using the following strategies:
 - Raise revenue
 - Reduce expenditures
 - Use reserves
- The use of reserves to balance the budget will only be used to address short term temporary revenue shortfalls and expenditure increases.
- The biennial budget will be formally amended by the City Council as needed to acknowledge unforeseen expenditures. All requests for funding will be analyzed by the Finance and Administration Department. The Council will be provided with a discussion of the legality and/or policy basis of the expenditure, the recommended funding source, an analysis of the fiscal impact and a review of all reserves and previously approved amendments since budget adoption.
- A request will not be approved at the same meeting at which it is introduced unless it is deemed an urgent community issue by a supermajority vote of the City Council. Requests made to Council outside of the formal budget adjustment process will be analyzed and presented to the Council for approval at the next regular Council meeting that allows sufficient time for staff to prepare an analysis and recommendation.

ENTERPRISE FUND POLICIES

The City will establish enterprise funds for City services when 1) the intent of the City is that all costs of providing the service should be financed primarily through user charges; and/or 2) the City Council determines that it is appropriate to conduct a periodic review of net income for capital maintenance, accountability, or other public policy purposes.

- Enterprise funds will be established for City-operated utility services.

- Enterprise fund expenditures will be established at a level sufficient to properly maintain the fund's infrastructure and provide for necessary capital development.
- Each enterprise fund will maintain an adequate rate structure to cover the costs of all operations, including maintenance, depreciation, capital and debt service requirements, reserves (as established by fiscal policy or bond covenant), and any other cost deemed necessary.
- Rates may be offset from available fund cash after requirements are met for cash flow and scheduled reserve contributions.
- Enterprise fund services will establish and maintain reserves for general contingency and capital purposes consistent with those maintained for general governmental services.
- Revenue bonds shall be issued only when projected operating revenues are insufficient for the enterprise's capital financing needs.
- The City will insure that net operating revenues of the enterprise constitute a minimum of 1.5 times the annual debt service requirements.
- The City will limit the maturities of all utility revenue bond issues to 30 years or less.

CASH MANAGEMENT AND INVESTMENT POLICIES

Careful financial control of the City's daily operations is an important part of Kirkland's overall fiscal management program. Achieving adequate cash management and investment control requires sound financial planning to ensure that sufficient revenues are available to meet the current expenditures of any one operating period. Once steps are taken to ensure that the City maintains a protected cash position in its daily operations, it is to the municipality's advantage to prudently invest idle funds until such time as they are required to make expenditures.

- The City's idle cash will be invested on a continuous basis in accordance with the City's adopted investment policies.
- The City will maintain a formal investment policy which is reviewed and endorsed by state and/or national professional organizations. The complete policy can be found in the appendix of this document.
- The City will invest all funds (in excess of current requirements) in a manner that is in conformance with federal, state and other legal requirements based upon the following order of priority: 1) safety; 2) liquidity and 3) return on investment.
- Investments with City funds shall not be made for purposes of speculation.
- The City is prohibited from investing in derivative financial instruments for the City's managed investment portfolio.
- Proper security measures will be taken to safeguard investments. The City's designated banking institution will provide adequate collateral to insure City funds.
- The City's investment portfolio will be reviewed every three years by a qualified portfolio valuation service to assess the portfolio's degree of risk and compliance with the adopted investment policies.
- An analysis of the City's cash position will be prepared at regular intervals throughout the fiscal year.
- The City Council will be provided with quarterly reports on the City's investment strategy and performance.
- Sufficient cash shall be maintained to provide adequate funds for current operating expenditures.
- Where permitted, the City will pool its cash resources from various funds ("Treasurer's Cash") for investment purposes.

- Net investment income from Treasurer's Cash will be allocated in accordance with KMC 5.24.060 considering 1) average cash balance of the participating fund and 2) the minimum cash balance needs of each fund as determined by the Director of Finance and Administration. Net investment income is the amount of annual investment proceeds after first providing for all costs and expenses incurred in the administration of the common investment fund and an allocation of earned interest is made to certain funds as required by the State and Council-directed obligations are met for General Fund purposes.
- The City of Kirkland will select its official banking institution through a formal bidding process in order to provide the City with the most comprehensive, flexible, and cost-effective banking services available.

ACCOUNTING, FINANCIAL REPORTING AND AUDITING POLICIES

The City of Kirkland will establish and maintain a high standard of accounting practices. Accounting and budgetary systems will, at all times, conform to Generally Accepted Accounting Principles, the State of Washington Budgeting Accounting Reporting System (BARS) and local regulations.

- A comprehensive accounting system will be maintained to provide all financial information necessary to effectively operate the City.
- The City will meet the financial reporting standards set by the Governmental Accounting Standards Board.
- Full disclosure will be provided in all City financial reports and bond representations.
- An annual audit will be performed by the State Auditor's Office and include the issuance of a financial opinion.

RESERVE AND FUND BALANCE POLICIES

Adequate fund balance and reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength.

Maintenance of fund balance for each accounting fund assures adequate resources for cash flow and to mitigate short-term effects of revenue shortages.

City and state regulations have been established to allow the City of Kirkland to create and maintain specific reserve funds. Prudent use of reserve funds enables the City to defray future costs, take advantage of matching funds, and beneficial (but limited) opportunities. Reserve funds provide the City with the ability to exercise flexible financial planning in developing future capital projects. Reserve funds are necessary to enable the City to deal with unforeseen emergencies or changes in condition.

- The City will establish minimum fund balance targets for each fund based on the cash flow requirements of the fund. The City will include all fund balances in the biennial budget.
- The minimum fund balance will be attained and maintained through expenditure management, revenue management and/or contributions from the General Fund.
- All expenditures drawn from reserve accounts shall require prior Council approval unless previously authorized by the City Council for expenditure in the biennial budget or otherwise provided for by City policies.

Reserve Purposes and Targets

- A Contingency Reserve Fund shall be maintained in accordance with RCW 35A.33.145 to meet any municipal expense, the necessity or extent of which could not have been reasonably foreseen at the

time of adopting the biennial budget. The target balance will be set at 80 percent of the statutory maximum of \$0.375 per \$1,000 of assessed valuation.

- The City will maintain a General Operating Reserve at an amount equivalent to five percent of the tax-supported general government budgets (General Fund, Street Operating Fund and Parks Maintenance Fund) for the second year of the biennium. The General Operating Reserve is available to address unforeseen revenue shortfalls or expenditure needs that occur during the current biennium.
- The City will maintain a Revenue Stabilization Reserve to address temporary revenue losses due to economic cycles or other time-limited causes. The Revenue Stabilization Reserve will be maintained at ten percent of selected General Fund revenue sources which, in the judgment of the Director of Finance and Administration, are subject to volatility. The Revenue Stabilization Reserve may be used in its entirety; however, replenishment will be a priority, consistent with adopted policies.
- The City will maintain a Council Special Project Reserve, which is available to the City Council to fund special one-time projects that were unforeseen at the time the budget was prepared. When the reserve is used, it is replenished from the General Fund year-end fund balance to a target balance of \$250,000.
- The City will maintain a General Capital Contingency to address unforeseen project expenditures or external revenue shortfalls in an amount equivalent to ten percent of the funded two-year CIP budget, less proprietary fund projects.
- In establishing targets for the reserves defined above, voted property tax levies will be excluded from the calculations, since the levies are not intended to burden the General Fund and are expected to absorb unexpected costs from levy proceeds.
- The City Manager may authorize the use of capital funding reserves up to an aggregate total of \$100,000 per year in increments not to exceed \$25,000. The City Manager will provide regular reports to the City Council at a regular Council meeting if this authorization is used. Capital funding reserves include: General Capital Contingency, Street Improvement Reserve, REET Reserves, Impact Fee Reserves, Water/Sewer Capital Contingency, Water/Sewer Construction Reserve, Surface Water Capital Contingency, and Surface Water Construction Reserve.
- The City will maintain a Capital Improvement Project Grant Match Reserve as a means of assuring the availability of cash resources to leverage external funding when the opportunity arises. The reserve will be maintained in the Real Estate Excise Tax Capital Reserve Fund and maintained through excise tax revenue received over and above the annual allocation to the Capital Improvement Plan.
- The City will maintain a Building and Property Reserve with a minimum balance of \$600,000. This reserve is used for property purchases, building improvements and other property-related transactions. It can also be used as a general purpose reserve to fund Council-approved unanticipated expenditures.
- The City will maintain fully funded reserves for the replacement of vehicles and personal computers. Contributions will be made through assessments to the using funds and maintained on a per asset basis.
- Additional reserve accounts may be created to account for monies for future known expenditures, special projects, or other specific purposes.
- All reserves will be presented in the biennial budget.

Reserve Replenishment

- Reserve replenishments occur in two ways during periods of economic recovery:
 - Planned - A specific amount is included in the adopted budget, and

- Unplanned - Ending fund balances are higher than budgeted, either due to higher than budgeted revenues or under-expenditures.
- Planned amounts are included as part of the adopted budget. Planned replenishments toward 80% of the target level shall be set to at least 1% of the General Fund adopted expenditures less reserves.
- Unplanned amounts available at the end of each biennium (if any) should help replenish to target faster. A high percentage (up to all) uncommitted funds available at the end of a biennium should be used for reserve replenishment until reserves meet 80% of target and the revenue stabilization reserve is at 100% of target. Some or all of those unplanned funds may be used in place of planned (budgeted) amounts in the following biennium to the extent it meets or exceeds the 1% budgeted amount.
- Once reserves reach 80% of target and revenue stabilization reserve is at 100%, funds may be used to meet other one time or on-going needs. Additional funds should be used to fund a variety of needs, based on the following process:
 - Set 50% of available cash toward reserves until they are at 100% of target.
 - The remaining 50% shall be available for one or more of the following needs, depending on the nature of the funds available (one-time or on-going) and in the following order of priority:
 - Fund liabilities related to sinking funds for public safety and information technology equipment,
 - Maintain current service levels,
 - Fund one-time projects or studies,
 - Increase funding for capital purposes,
 - Restore previous program service reductions,
 - Potential program and service enhancements.
- In terms of priority for replenishing the individual reserves, the following guidelines shall be used:
 - If the Council Special Projects reserve is below target, replenish to target at the start of each biennium.
 - If the revenue stabilization reserve is below target, prioritize replenishing the reserve.
 - To the extent cash is from volatile revenues above budgeted amounts, those funds should be applied to revenue stabilization reserve first.
 - If unplanned funds are available because planned reserve uses did not occur, those funds should be returned to the source reserve.
 - The source of uncommitted funds should be taken into consideration (for example, interest earnings over budget could be applied to the capital contingency, since they are one of the designated sources for this reserve).
 - The degree to which an individual reserve is below target (for example, the reserve that is furthest from its target level on a percentage basis might receive a larger share of the funds).
 - Decisions on how replenishments are allocated to specific reserves will be based on where available funds came from and on each reserve's status at the time the decision is made.
 - The replenishment policy will provide a mechanism whereby Council may take action to suspend replenishment policies if it was found that special conditions existed warranting such action.

DEBT MANAGEMENT POLICIES

The amount of debt issued by the City is an important factor in measuring its financial performance and condition. Proper use and management of borrowing can yield significant advantages. From a policy perspective, the City of Kirkland uses debt in two ways: (1) as a mechanism to equalize the costs of

needed improvements to both present and future citizens; and (2) as a mechanism to reduce the immediate costs of substantial public improvements.

- The City will maintain a formal Debt Management Policy which is reviewed and endorsed by state and/or national professional organizations. The complete policy can be found in the appendix of this document.
- City Council approval is required prior to the issuance of debt.
- An analytical review shall be conducted prior to the issuance of debt.
- The City will continually strive to maintain its bond rating by improving financial policies, budget forecasts and the financial health of the City so its borrowing costs are minimized and its access to credit is preserved.
- All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the proposed debt.
- The City of Kirkland will not use long-term debt to support current operations.
- Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.
- Non-capital furnishings, supplies, and personnel will not be financed from bond proceeds.
- Interest, operating and/or maintenance expenses will be capitalized only for enterprise activities; and will be strictly limited to those expenses incurred prior to actual operation of the facilities.
- The general obligation debt of Kirkland will not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property within the City.
- The following individual percentages shall not be exceeded in any specific debt category:
 - General Debt -- 2.5% of assessed valuation
 - Non-Voted -- 1.5% Limited Tax General Obligation (LTGO) Bonds
 - Voted -- 1.0% Unlimited Tax General Obligation Bonds
 - Utility Debt -- 2.5% of assessed valuation
 - Open Space and Park Facilities -- 2.5% of assessed valuation
- The City's policy is to plan and direct the use of debt so that debt service payments will be a predictable and manageable part of the Operating Budget.
- Short-term borrowing will only be used to meet the immediate financing needs of a project for which long-term financing has been secured but not yet received.
- Assessment bonds will be considered in place of general obligation bonds, where possible, to assure the greatest degree of public equity.
- Limited Tax General Obligation (LTGO) bonds will be issued only if:
 - A project requires funding not available from alternative sources;
 - Matching fund monies are available which may be lost if not applied for in a timely manner; or
 - Emergency conditions exist.
- The issuance of bonds shall be financed for a period not to exceed a conservative estimate of the asset's useful life.

- General Obligation bonds will be issued with maturities of 30 years or less unless otherwise approved by Council.
- The maturity of all assessment bonds shall not exceed statutory limitations. RCW 36.83.050.
- The City will use refunding bonds, where appropriate, when restructuring its current outstanding debt.

CAPITAL IMPROVEMENT POLICIES

Kirkland's City government is accountable for a considerable investment in buildings, parks, roads, sewers, equipment and other capital investments. The preservation, maintenance, and future improvement of these facilities are a primary responsibility of the City. Planning and implementing sound capital improvement policies and programs today will help the City avoid emergencies and major costs in the future, therefore:

- The City will establish and implement a comprehensive multi-year Capital Improvement Program.
- The Capital Improvement Program will be prepared biennially concurrent with the development of the biennial budget. A mid-biennium review and update will take place during the first year of the biennium.
- The City Council will designate annual ongoing funding levels for each of the major project categories within the Capital Improvement Program.
- Financial analysis of funding sources will be conducted for all proposed capital improvement projects.
- A Capital Improvement Budget will be developed and adopted by the City Council as part of the biennial budget and will be amended during the mid-biennial budget review process (during the first year of the biennium) to reflect any changes in the updated Capital Improvement Program.
- The Capital Improvement Program will be consistent with the Capital Facilities Element of the Comprehensive Plan.
- The City Manager may authorize the reallocation of CIP project funds between CIP projects within a CIP category up to \$50,000 per instance. Funding may only be reallocated within a CIP category (i.e. between Transportation projects, or Parks projects, or Public Safety projects, etc.) when one project is over budget and, in the same period, a second project within the same CIP category has been completed and is closing out under budget. The City Manager will provide regular reports to the City Council at a regular Council meeting if this authorization is used.



MEMORANDUM

To: Dave Ramsay, City Manager

From: Marilynne Beard, Director of Finance and Administration

Date: October 10, 2005

Subject: BACKGROUND ON EXTERNAL AND INTERNAL FEES FOR SERVICE

In order to better understand the recommendations and implications of the Parks Cost of Service Study, we are providing an historical perspective on the City's evolution of policies for setting internal and external fees for service.

Purpose of External and Internal Charges for Service

External fees for service are based on the premise that the cost of providing a service should be borne by the beneficiaries. In order to determine a fee, we calculate the full cost of providing the service – direct and indirect (overhead) costs. To the extent that the service benefits an individual only, the individual should bear the full cost. To the extent that the service has general benefits for the community, the cost should be tax-supported. The proportion of fee support to tax support is a policy decision of Council and is based on both objective and subjective assessments of the relative benefits to individuals versus the community.

Internal charges for service acknowledge the support services provided to fee-supported activities. They are developed using a similar methodology as external fees with total costs calculated and then distributed between benefiting funds. Some General Fund internal costs (e.g. finance) are allocable to the General Fund departments (e.g. police, fire, etc). In this case, the General Fund doesn't "charge itself." Non-General Funds (e.g. water/sewer utility, recreation programs) are charged an interfund fee. The Council can make a policy decision to recover all or a portion of the internal costs. If Council decides not to recover the full overhead cost from a fund, then it results in a tax subsidy because the General Fund is not fully reimbursed for its services.

External Charges – Methodology and Evolution

Development and administration of fees for service are a joint responsibility of the operating departments and the department of Finance and Administration. Some fees are established by ordinance within the Kirkland Municipal Code (KMC). Others are established administratively by the operating department. Using a "cost of service" approach, fees are calculated using the following basic steps.

1. The "full cost" of providing a service are calculated including direct costs, department indirect costs and citywide indirect costs.
2. The City Council develops a policy basis for cost recovery targets. The targets represent the Council's assessment of the portion of costs to be recovered from fees versus taxes.
3. Once the cost recovery policies are established, staff develops fee schedules that achieve the Council's policy objectives.

Services that are entirely or partially fee supported include:

<u>100% Fee Supported</u>	<u>Partially Fee Supported</u>
Water/Sewer Utility	Parks & Recreation Services
Solid Waste Utility	Cemetery
Surface Water Utility	Development Services

In 1998, the city completed its first major “cost of service” study as a basis for updating development fees. Since the original study, development fees have been reviewed and updated twice.

In 1999, a similar process was initiated for recreation program fees whereby the full cost of recreation services was calculated; however, cost recovery policies were not developed. Parks and Community Services staff subsequently used a “Benefits Based” study as a way to develop cost recovery targets. The results of the benefits based study were presented in 2002 along with the Park Board’s recommendation about cost recovery targets. The staff and Park Board recommended (and Council agreed) that tax subsidy of some parks and recreation activities was appropriate; however, staff did not complete the development of a fee schedule that reflected the recovery targets and the ongoing financial impact to the General Fund was not identified.

Internal Charges – Methodology and Evolution

Internal charges recognize the services provided by the General Fund and other support funds (e.g. Facilities Maintenance) to other funds. For example, the water and sewer utilities are entirely fee supported but do not have their own administrative systems such as payroll and human resources. In order to recognize the support services provided to the utilities, they are charged for these support services by the General Fund. Internal services such as payroll, facilities, human resources, legal and records are allocated to other funds based on their fair share of the cost. “Fair share” is based on usage indicators such as the proportional number of FTE’s, purchases and items coming before the Council (for example).

In 1996, City staff completed a comprehensive update of the City’s internal charges. Because internal charges had not been updated for a number of years, the 1996 update resulted in the General Fund recovering over \$450,000 in costs from other funds, decreasing the tax subsidy of these fee-supported services. In order for the paying funds to accommodate their updated internal charge, there was a need to increase some external fees and charges.

Each budget cycle, the internal charge model is updated to reflect current costs and allocation factors. Funds that are responsible for paying internal charges include:

- Water/Sewer Utility
- Surface Water Utility
- Solid Waste Utility
- Street Operations Fund
- Recreation Programs Revolving Fund
- Cemetery Fund
- Park Maintenance Fund (special levy)

Forms of Tax Subsidization

Services that are partially tax supported (i.e. a policy decision was made for cost recovery of less than 100%) receive a tax subsidy in a variety of ways.

Development services are budgeted in the General Fund. Development fees are receipted into the General Fund and are added to all of the City’s general revenue to result in a “balanced” General Fund budget. In this case, development services receives its subsidy “by default” by being incorporated within a larger fund that can balance the ebb and flow of development revenue.

The cemetery is partially tax subsidized. Its subsidy comes in the form of a "fixed" interfund charge for maintenance of the cemetery. The full cost of maintaining the cemetery is not charged back to the cemetery; however, it does pay for that portion of costs that is sustainable through the present fee structure. Cemetery operations are supported through lot sales and fees for service (burials, marker settings, etc). Once the remaining lots are sold, the fees will decrease and the tax subsidy will increase. Eventually, the Cemetery will be primarily tax-supported. This tax subsidy was one of the Council's considerations in deciding not to expand the cemetery by purchasing additional residential property adjacent to the cemetery.

Parks and Recreation services represent a hybrid of these two models. Parks and recreation services are budgeted in three different funds – the General Fund, the Recreation Programs Revolving Fund and the Parks Maintenance (special levy) Fund. The Recreation Programs Revolving Fund was originally established to account for recreation programs where the direct costs were fee supported. Over time, other costs were added to the fund including department staff time (to acknowledge program coordination and administration costs) and internal charges. In 1997, 1.85 FTE were charged to the Recreation Revolving Fund and an interfund charge of \$18,156 was assessed to the fund. In 2005, 3.25 FTE are budgeted in the Recreation Revolving Fund and the interfund charge is \$53,043. The increased internal charge was the result of both increased central service costs but also resulted from reallocation of costs by the operating department to the recreation fund such as staff and salary increases and increased usage of support services such as multi-media for production of the quarterly recreation brochure. As additional costs were added to the fund, the issue of the tax subsidy – how much it should be and how it would be implemented – became a more pressing issue to resolve.

In addition to cost recovery policies that contemplate only partial recovery of costs through fees, the ability of program fees to recover these increased costs are limited from a market perspective. Recreation fees are subject to market considerations that effectively "cap" the ability to raise fees to fully recover costs. As part of our fee-setting process, we will compare our fees to those of neighboring jurisdictions. In fact, market pricing is the primary consideration used on pricing recreation classes. If we attempt to recover total costs and our competitors' fees are tax-subsidized, our fees may be too high. If our fees are too high, we cannot compete with surrounding jurisdictions and demand will diminish. While it is important to know the cost of service and amount of tax support recreation programs receive, market considerations will effectively establish ceilings for fees.

Recreation Revolving Fund Financial Condition and Stabilization

Over the past two or three budget cycles we have called attention to the apparent mismatch between revenues and expenditures in the Recreation Programs Revolving Fund – a result of having not identified the General Fund subsidy that is needed or what form that subsidy might take. In the 2005/2006 budget, deficits of as much as \$150,000 over the 2005/2006 budget cycle were estimated with the understanding that the 2005 fee update would include a recommendation for stabilizing the financial future of the fund. That recommendation could include options such as changing cost recovery targets, updating fees, approving a transfer from the General Fund, absorbing the Recreation Programs into the General Fund and changing programming (or some combination of these measures).

The 2005 cost of service study accomplishes all three phases of the study. Updated costs were calculated, proposed cost recovery targets are recommended along with necessary fee adjustments. The current study provides updated costs and compares actual cost recovery levels to target levels. Comparative data from other cities is also provided. We have also estimated the amount of additional General Fund support that is needed and have provided options on how it could be implemented (see memo from Parks and Community Services). Given that the subsidy level will constitute an ongoing General Fund commitment, we recommend that any decisions that impact the General Fund during the current biennium (2005-2006) be considered at the mid-biennial budget review.

CITY OF KIRKLAND

123 FIFTH AVENUE ● KIRKLAND, WASHINGTON 98033-6189 ● (425) 587-3000

**DEPARTMENT OF PARKS AND COMMUNITY SERVICES
MEMORANDUM**

To: David Ramsay, City Manager

From: Carrie Hite, Community Services Manager
Jennifer Schroder, Parks and Community Services Director

Cc: Marilynne Beard, Finance and Administration Director

Date: October 18, 2005

Subject: Parks Cost of Service Study

RECOMMENDATION:

Council to 1. Consider recommendations to revise Parks and Recreation cost recovery targets and 2. Consider establishing a general fund subsidy for the recreation revolving fund for 2006, and 3. Consider restructuring the Recreation Revolving Fund for the next biennial budget, 2007/2008.

BACKGROUND:

The City's revenue policies require that all fees for services be reviewed and adjusted periodically, " to ensure rates are equitable and cover the cost of service or that percentage of total service cost deemed appropriate by the City." A comprehensive review of cost of service for Recreation programs was completed in 1999. An additional internal review was completed in 2002.

In the Fall of 2004, Council approved a service package to complete a Cost of Service study for Parks and Recreation programs. The service package funded a consultant to (1) Update the cost of service study model and determine if any revisions to the current fee structure are needed, and (2) Review the pricing policy and cost recovery targets, and determine if any revisions are needed to blend this policy with the current fee structure.

This paper will review the current status of our Recreation Pricing Policy and the results of the Cost of Service Study, and outline some options for Council to consider as we seek direction to stabilize the Recreation Revolving Fund. Currently we are operating our Recreation programs in accordance with the 2002 Council adopted Pricing Policy, with the exception of applying a subsidy.

This paper will focus on the following:

- Review of current Pricing Policy with current cost recovery goals
- Review results of cost of service study
- Review the Park Board recommended proposed cost recovery targets
- Discuss options to apply subsidy for recreation revolving fund programs.

Pricing Policy

The current Pricing Policy for recreation programs was adopted by Council in June 2002. The Parks and Community Service Department's Pricing Policy achieves the following goals:

- It incorporates the main objective of the Kirkland Comprehensive Plan policy 2.4: Kirkland citizens of all ages and abilities should have the opportunity to participate in diverse, challenging and high quality recreation programs that are both accessible and affordable. Comprehensive recreation opportunities are a major ingredient of a healthy community. By providing services that are creative, productive and responsive to the needs of the public, the City Community Services Division can enhance the quality of life in Kirkland.
- It sets subsidization fee levels for Recreation programs based on priorities and benefits for the citizens of Kirkland.
- It established a 20% differential pricing policy between residents and non-residents.

The Pricing Policy incorporates the National Parks and Recreation program for benefits of recreation and defines programs into three categories to establish cost recovery targets. The three categories of programs that were determined by the Park Board, and given direction by Council, include:

Community Benefit, full subsidy, category includes all the programs that the City would prioritize as having a high community benefit and impact, and can be justifiable of being 100% tax supported.

Community and Individual benefit, partial subsidy, category encompasses those programs that offer a variable range of benefits for the community and individual. These programs are supported by fees, and by a general fund subsidy.

Individual benefit, no subsidy This includes programs that have a high individual benefit. Types of programs that would fall into this category would be considered more entrepreneurial, and would include such programs as golf, tennis centers, private rentals, etc. Currently, we do not operate any entrepreneurial type programs.

Current Cost Recovery Goals

In September, staff presented to the Park Board a comparison of the benefits based pricing targets against the 2004 actual's. Based on their review of the comparison, the Park Board is recommending a

revision to some of the 2002 program cost recovery targets and to set cost recovery targets for program areas that were not included in the 2002 study (see Table A).

The variance in the 2004 actual cost recovery percentages, and the recommended cost recovery targets is a result of the nature of the Recreation business. The Park Board realizes that Recreation programs are somewhat unstable from year to year, so they are recommending conservative cost recovery targets. Recreation programs are dependent on weather, economy, market availability, water quality (for aquatics), and equipment quality. For example, 2004 was a great year for aquatics. We had a hot summer, minor pool shut downs because of water quality or equipment failures, and we had a record revenue year. When the weather is rainy, the pool has to be shut down for various reasons, which has a direct negative impact on our revenue.

What is not included in the recommendation is the amount of general fund subsidy to balance the recreation revolving fund. As previously mentioned the recreation revolving fund in years past was able to balance its expenditures within the balance of fees generated from all the programs in this fund. This was possible because only a limited number of indirect expenses were charged to the fund. Over time we have moved toward including more of the indirect expenditures such as the interfund services associated with the programs addition of staff as well as salary and benefit adjustments. These increases can no longer be balanced by the total amount of revenue generated.

It is important to note that the recreation revolving fund average fee recovery for 2004 comes to 65% which by default identifies the funding gap amount needed to balance the fund. However, we know from our historical performance, the total amount of actual fees generated tends to perform higher than estimated which in turn has made budgeting a specific general fund amount to balance the fund difficult. One of the budget strategies we use to compensate for the fluctuations in the Recreation business is to budget revenues based on average attendance in classes. Therefore, when we have maximum attendance, the revenues exceed budget predictions. When we have minimum attendance, the revenues drop below budget estimates. We have experienced more attendance the past few years, which has resulted in revenues exceeding estimated budget revenues. Staff recommends that one of the outcomes from the cost of services study be to establish a policy on how to balance the recreation revolving fund.

Cost of Service Study Results

The objectives of the study were as follows:

- Identify the programs and associated costs of Parks Maintenance, Recreation, and Community Services.
- Identify the indirect costs associated with providing services and programs.
- Derive the full cost for each service and activity.
- Evaluate current cost recovery against established cost recovery objectives.

Tracey Dunlap, consultant from FCS group, will be providing a summary of the results in a power point slide presentation at the October 18th Council Study session.

This is the first Cost of Service study that includes Park Maintenance activities, including field and facility rentals. We have not had specific cost recovery goals for some of these activities, including sports fields, marina/moorage, Heritage Hall, and Pea Patches. Therefore, we have no historical comparison to actual cost against target cost.

For Recreation and Community Service programs, the following table outlines the target cost recovery against the actual cost recovery. Overall our 2004 actual cost recovery exceeded our target cost recovery, with the exception of Adult sports. In order to recoup the full cost of adult programs, we would price ourselves out of the market. We would need to have the facilities to compete with private recreation entities (i.e. Columbia athletic club, etc). The adult sports programs certainly generate the majority of revenue, and have continually been requested by the community. The Park Board at this time is recommending that we continue providing adult sports, recognize that they do provide a public benefit, and are benefiting tax paying citizens in Kirkland. They are recommending a 30% subsidization for these programs.

Table A

Program/Service	Park Board/Council adopted Subsidization base % (2002)	2002 Target Cost Recovery %	2004 Actual Cost Recovery	2005 Staff Recommended Cost Recovery Targets
NKCC Youth Programs (average) <ul style="list-style-type: none"> • Preschool • Youth Recreation • Teen Recreation • Family Recreation • Day Camps 	65.2%	34.8%	55%	40%
Swim Lessons <ul style="list-style-type: none"> • Non private/Youth 	44.8%	55.2%	68%	60%
Athletics/Youth <ul style="list-style-type: none"> • Basketball • Sports Camps 	60.5%	39.5%	49%	40%
Senior Recreation	69.2%	30.8%	72%	50%
Senior Van Trips	49.5%	50.5%	72%	50%
Adult Sports	0%	100%	68%	70%
Youth/Human Services	100%	0%	0%	0%

Aquatics: Beaches and Pool Lifeguarding	100%	0%	16%	10%
Senior Services	100%	0%	2%	0%
Community/Family Recreation (Concerts, movies, etc)	100%	0%	55%	0%
Sports Fields	n/a	n/a	6%	6%
Marina/Moorage	n/a	n/a	24%	24%
Special Events	n/a	n/a	26%	26%
Heritage Hall	n/a	n/a	2%	10%
Pea Patches	n/a	n/a	1%	1%
Cemetery	n/a	n/a	82%	82%

In researching other local cities, everyone has different means to attaining similar outcomes.

The city of Bellevue has a pricing policy most similar to Kirkland, in that they have three categories of programs: Full subsidy (youth council programs, human services, etc.), Merit Pricing (day camps, sports, recreation programs, both for youth and adults), and Full cost recovery (enterprise programs, i.e. golf, tennis center, etc.). Their merit pricing goal is to recover 100% of direct program cost, including program instructors, supplies and materials, and Divisional overhead staffing costs. What they do not cover in this is any interfund charges, department or city overhead.

The city of Issaquah has a similar formula. Their goal is to recover 70% of direct program costs. They define direct costs the same as Bellevue.

The city of Redmond actually has a different model. They do not set cost recovery targets, but set pricing goals. They price their programs at 120-140% of the direct cost. Direct cost is defined as program instructors, materials, and supplies. The 20-40% of additional revenues then get added into their budget to pay for Divisional staff.

The city of Mercer Island has a very similar model to Redmond. They seek to recoup total direct program costs and add into their pricing a 30% overhead factor. Some program pricing can bear the market over the 30% factor, some under. Their average is 30%.

In all of these cities, including Kirkland, there are other pricing factors considered. The two most factored in to all pricing are market rate, and demand.

Fee Comparison (Market rate):

Attachment A is the Fee comparison of local recreation programs. Based on this information, we will be able to raise fees in several areas: adult fitness, swim lessons, various youth and senior programs. Concurrently to this study, we have adjusted our 2006 revenue projections for Recreation programs. We have been able to add \$30,000.00 to the budget revenues for next year, based on raising fees.

Options for applying subsidy to the Recreation Revolving Fund:

Based on the Cost of Services study we will be able to increase some of the program fees but not enough to cover all the expenses currently charged in the Recreation Revolving Fund.

Options to consider are described in the following table:

Option	Pro	Con
1) Account for all recreation expenses and revenues in the general fund	Receives its subsidy by default by being incorporated in the General Fund	Eliminates historical tracking of cost recovery performance by program area and, eliminates flexibility to re-direct revenue fund balances into program enhancements
2) Allocate staff, administrative overhead and interfund charges to the general fund. Keep variable costs in the Recreation Revolving fund.	Retains the Recreation Revolving fund. Provides flexibility to fund program enhancements from net revenue balances. Reduces expenses charged to the recreation revolving fund. Recovery targets based on direct expenses.	Eliminates the ability to show the full cost of offering recreation programs.
3) Allocate a fixed general fund subsidy to the Recreation Revolving Fund that would increase annually based on inflation	Retains the Recreation Revolving fund and its flexibility to enhance programs from net revenues. Provides a fixed budget to administer recreation programs. Retains identifying the direct and indirect costs associated with recreation programs.	The gap between revenues and expenses continues to grow, therefore, this subsidy would increase every year with inflation and interfund charges, more than fees can generate.

Staff recommends option 3 for 2006: allocate a general fund subsidy of \$39,000 to the Recreation Revolving Fund. In addition, staff recommends as part of the 2007-2008 biennial budget a restructuring of

the Recreation Revolving Fund to only reflect the variable costs (direct program costs) thus clarifying the application of the cost recovery recommendations in the budget. This will allow staff the ability to stabilize the Recreation Revolving Fund and not have to request a general fund transfer every year to balance.

Attachment A

	2005 Cost per Hour (unless otherwise noted)					Averages	
	Kirkland	Redmond	Bellevue	Mercer Island	Issaquah	All Cities (3)	Red/Bel
NKCC							
Preschool Art	\$8.00	\$10.67	\$8.10	\$14.62	\$10.00	\$10.85	\$9.39
Adult Fitness	\$4.19	\$10.63	\$3.75	\$4.42	\$5.00	\$5.95	\$7.19
Youth Misc.	\$8.00	\$10.15	\$10.00	\$9.10	\$9.80	\$9.76	\$10.08
Creat.Mvmnt	\$8.00	\$10.70	\$13.50	\$7.60	NEC	\$10.60	\$12.10
Adult Dance	\$8.00	\$8.00	\$12.00	NEC	NEC	\$10.00	\$10.00
Gen Day Camp/day	\$26.00	\$32.00	\$28.00	\$32.00	\$31.00	\$30.00	\$30.00
Indoor Play	\$2.00	\$1.00	\$2.50	NEC	\$2.00	\$1.83	\$1.75
Sports/Aquatics							
Volleyball (1)	\$32.00	\$25.00	\$33.00	NEC	\$25.00	\$27.67	\$29.00
Adult Basketball (1)	\$61.00	\$61.00	\$68.00	NEC	\$25.00	\$51.33	\$64.50
Youth Basketball (2)	\$8.00	\$7.00	\$7.00	NEC	\$9.75	\$7.92	\$7.00
Swim Lessons	\$10.67	\$12.00	\$12.50	NEC	\$10.80	\$11.77	\$12.25
Open Swim	\$1.25	NEC	NEC	\$1.00	\$1.00	\$1.00	NEC
Tennis	\$6.00	\$13.50	\$10.40	\$7.67	\$10.00	\$10.39	\$11.95
Gymnastics	\$9.00	\$15.00	NEC	\$14.13	NEC	\$14.56	\$15.00
Sports Camps	\$8.00	\$5.80	NEC	\$5.47	\$7.00	\$6.09	\$5.80
Seniors							
Aerobics	\$2.27	\$4.33	\$3.75	\$4.43	NEC	\$4.17	\$4.04
Tap	\$3.86	\$4.00	\$3.75	\$2.08	NEC	\$3.28	\$3.88
Yoga	\$8.75	\$5.38	\$5.00	\$9.20	NEC	\$6.53	\$5.19
Watercolor	\$3.68	\$4.67	NEC	\$4.50	NEC	\$4.59	\$4.67
Acrylic	\$3.63	\$4.00	NEC	\$2.00	NEC	\$3.00	\$4.00
Language	\$6.00	NEC	NEC	\$6.25	NEC	\$6.25	NEC
Spec.Event	\$4.00	\$3.50	\$3.40	NEC	NEC	\$3.45	\$3.45
Computers	\$5.00	\$3.00	\$4.38	NEC	NEC	\$3.69	\$3.69

Attachment A

	2005 Cost per Hour (unless otherwise noted)					Averages	
	Kirkland	Redmond	Bellevue	Mercer Island	Issaquah	All Cities (3)	Red/Bel
Maintenance							
Heritage Hall (4)	\$125.00	NEC	\$156.00	NEC	\$225.00	\$190.50	\$156.00
Adult Softball	\$25.00	\$18.00	\$29.00	\$62.00	\$13.00	\$30.50	\$23.50
Youth Select (non-res)	\$35.00	\$18.00	\$10.50	NEC	\$8.50	\$12.33	\$14.25
Little League (res)	\$0.00	NEC	NEC	\$50.00	NEC	\$0.00	NEC
Picnic Rentals (5)	\$35.00	\$85.00	\$53.00	\$85.00	NEC	\$74.33	\$69.00

(3) Excluding Kirkland
 (4) Bellevue Winters House, Issaquah Tibbets Creek Manor- all rates for Saturday evening peak season.
 (5) Assumes 1-50 people where applicable and half day rental.
 NEC No Equal Comparison

THE PYRAMID METHODOLOGY: COST RECOVERY AND SUBSIDY ALLOCATION PHILOSOPHY

The creation of a cost recovery and subsidy allocation philosophy and policy is a key component to maintaining an agency's financial control, equitably pricing offerings, and helping to identify core services including programs and facilities.

Critical to this philosophical undertaking is the support and buy-in of elected officials and advisory boards, staff, and ultimately, citizens. Whether or not significant changes are called for, the organization should be certain that it philosophically aligns with its constituents. The development of a financial resource allocation philosophy and policy is built upon a very logical foundation, based upon the theory that those who benefit from parks and recreation services ultimately pay for services.



The Pyramid Methodology



The development of a financial resource allocation philosophy can be separated into the following steps:

Step 1 – Building on Your Organization's Values, Vision, and Mission

The premise of this process is to align agency services with organizational values, vision, and mission. It is important that organizational values are reflected in the vision and mission. Oftentimes, mission statements are a starting point and further work needs to occur to create a more detailed common understanding of the interpretation of the mission and a vision for the future. This is accomplished by engaging staff and community members in a discussion about a variety of Filters.

Step 2 – Understanding the Pyramid Methodology, the Benefits Filter, and Secondary Filters

Filters are a series of continuums covering different ways of viewing service provision. **Filters** influence the final positioning of services as they relate to each other and are summarized below. The **Benefits Filter**, however; forms the **foundation** of the **Pyramid Model** and is used in this discussion to illustrate a cost recovery philosophy and policies for parks and recreation organizations.

Filter	Definition
Benefit	Who receives the benefit of the service? (Skill development, education, physical health, mental health, safety)
Access/Type of Service	Is the service available to everyone equally? Is participation or eligibility restricted by diversity factors (i.e., age, ability, skill, financial)?
Organizational Responsibility	Is it the organization's responsibility or obligation to provide the service based upon mission, legal mandate, or other obligation or requirement?
Historical Expectations	What have we always done that we cannot change?
Anticipated Impacts	What is the anticipated impact of the service on existing resources? On other users? On the environment? What is the anticipated impact of not providing the service?
Social Value	What is the perceived social value of the service by constituents, city staff and leadership, and policy makers? Is it a communitybuilder?

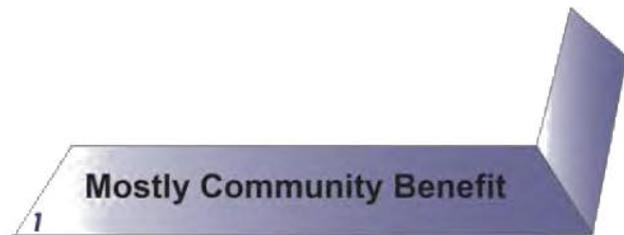
THE BENEFITS FILTER

The principal foundation of the Pyramid is the **Benefits Filter**. Conceptually, the base level of the pyramid represents the mainstay of a public parks and recreation system. Services appropriate to higher levels of the pyramid should only be offered when the preceding levels below are comprehensive enough to provide a foundation for the next level. This foundation and upward progression is intended to represent public parks and recreation's core mission, while also reflecting the growth and maturity of an organization as it enhances its service offerings.

It is often easier to integrate the values of the organization with its mission if they can be visualized. An ideal philosophical model for this purpose is the pyramid. In addition to a physical structure, *pyramid* is defined by Webster's Dictionary as "an immaterial structure built on a broad supporting base and narrowing gradually to an apex." Parks and recreation programs are built with a broad supporting base of core services, enhanced with more specialized services as resources allow. Envision a pyramid sectioned horizontally into five levels.

MOSTLY COMMUNITY Benefit

The foundational level of the Pyramid is the largest, and includes those services including programs and facilities which **MOSTLY** benefit the **COMMUNITY** as a whole. These services may increase property values, provide safety, address social needs, and enhance quality of life for residents. The community generally pays for these basic services via tax support. These services are generally offered to residents at a minimal charge or with no fee. A large percentage of the agency's tax support would fund this level of the Pyramid.



Examples of these services could include: the existence of the community parks and recreation system, the ability for youngsters to visit facilities on an informal basis, low-income or scholarship programs, park and facility planning and design, park maintenance, or others.

NOTE: All examples above are generic – individual agencies vary in their determination of which services belong in the foundation level of the Pyramid based upon agency values, vision, mission, demographics, goals, etc.

CONSIDERABLE COMMUNITY Benefit

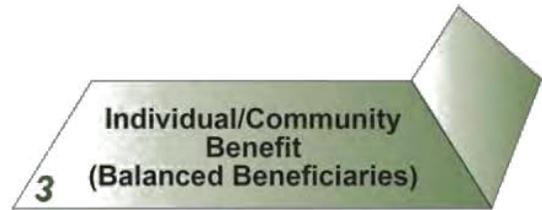
The second and smaller level of the Pyramid represents services which promote individual physical and mental well-being, and may begin to provide skill development. They are generally traditionally expected services and/or beginner instructional levels. These services are typically assigned fees based upon a specified percentage of direct (and may also include indirect) costs. These costs are partially offset by both a tax subsidy to account for **CONSIDERABLE COMMUNITY** benefit and participant fees to account for the **Individual** benefit received from the service.



Examples of these services could include: the capacity for teens and adults to visit facilities on an informal basis, ranger led interpretive programs, beginning level instructional programs and classes, etc.

BALANCED INDIVIDUAL/COMMUNITY Benefit

The third and even smaller level of the Pyramid represents services that promote individual physical and mental well-being, and provide an intermediate level of skill development. This level provides balanced **INDIVIDUAL** and **COMMUNITY** benefit and should be priced accordingly. The individual fee is set to recover a higher percentage of cost than those services that fall within lower Pyramid levels.



Examples of these services could include: summer recreational day camp, summer sports leagues, year-round swim team, etc.

CONSIDERABLE INDIVIDUAL Benefit

The fourth and still smaller Pyramid level represents specialized services generally for specific groups, and those which may have a competitive focus. Services in this level may be priced to recover full cost, including all direct and indirect expenses.



Examples of these services could include: specialty classes, golf, and outdoor adventure programs.

MOSTLY INDIVIDUAL Benefit

At the top of the Pyramid, the fifth and smallest level represents services which have profit center potential, may be in an enterprise fund, may be in the same market space as the private sector, or may fall outside the core mission of the agency. In this level, services should be priced to recover full cost in addition to a designated profit percentage.



Examples of these activities could include: elite diving teams, golf lessons, food concessions, company picnic rentals, and other facility rentals such as for weddings or otherservices.

Step 3 – Developing the Organization’s Categories of Service

In order to avoid trying to determine cost recovery or subsidy allocation levels for each individual agency service including every program, facility, or property, it is advantageous to categorize agency services into like categories. This step also includes the development of category definitions that detail and define each category and service inventory “checks and balances” to ensure that all agency services belong within a developed category. *Examples of Categories of Service could include: Beginner Instructional Classes, Special Events, and Concessions/Vending.*

Step 4 – Sorting the Categories of Service onto the Pyramid

It is critical that this sorting step be done with staff, governing body, and citizen representatives involved. This is where ownership is created for the philosophy, while participants discover the current and possibly varied operating histories, cultures, and organizational values, vision, and mission. It is the time to develop consensus and get everyone on the same page – the page that is written together. Remember, this effort must reflect the community and must align with the thinking of policy makers.

Sample Policy Development Language:

XXX community brought together staff from across the department, agency leadership, and citizens to sort existing programs into each level of the Pyramid. The process was facilitated by an objective and impartial facilitator in order to hear all viewpoints. It generated discussion and debate as participants discovered what different people had to say about serving culturally and economically varied segments of the community, about historic versus active-use parks, about the importance of adult versus youth versus senior activities, and other philosophical and values-based discussions. This process gets at both the “what” and “why” with the intention of identifying common ground and consensus.

Step 5 – Defining Direct and Indirect Costs

The definition of direct and indirect costs can vary from agency to agency. What is important is that all costs associated with directly running a program or providing a service are identified and consistently applied across the system. Direct costs typically include all the specific, identifiable expenses (fixed and variable) associated with providing a service. These expenses would not exist without the service and may be variable costs. Defining direct costs, along with examples and relative formulas is necessary during this step.

Indirect costs typically encompass overhead (fixed and variable) including the administrative costs of the agency. These costs would exist without any specific service but may also be attributed to a specific agency operation (in which case they are direct expenses of that operation). If desired, all or a portion of indirect costs can be allocated, in which case they become a direct cost allocation.

Step 6 – Determining (or Confirming) Current Subsidy/Cost Recovery Levels

This step establishes the expectation that the agency will confirm or determine current cost recovery and subsidy allocation levels by service area based on the new or revised definition of direct and in-direct costs. This will include consideration of revenues sources and services costs or expenses. Typically, staff may not be cost accounting consistently, and these inconsistencies will become apparent. Results of this step will identify whether staff members know what it costs to provide services to the community, whether staff have the capacity or resources necessary to account for and track costs, whether accurate cost recovery levels can be identified, and whether cost centers or general ledger line items align with how the agency may want to track these costs in the future.

Step 7 – Establishing Cost Recovery/Subsidy Goals

Subsidy and cost recovery are complementary. If a program is subsidized at 75%, it has a 25% cost recovery, and vice-versa. It is more powerful to work through this exercise thinking about where the tax subsidy is used rather than what is the cost recovery. When it is complete, you can reverse thinking to articulate the cost recovery philosophy, as necessary.

The overall subsidy/cost recovery level is comprised of the average of everything in all of the levels together as a whole. This step identifies what the current subsidy level is for the programs sorted into each level. There may be quite a range within each level, and some programs could overlap with other levels of the pyramid. This will be rectified in the final steps.

This step must reflect your community and must align with the thinking of policy makers regarding the broad picture financial goals and objectives.

Examples

Categories in the bottom level of the Pyramid may be completely or mostly subsidized, with the agency having established limited cost recovery to convey the value of the experience to the user. An established 90-100% subsidy articulates the significant community benefit resulting from these categories.

The top level of the Pyramid may range from 0% subsidy to 50% excess revenues above all costs, or more. Or, the agency may not have any Categories of Service in the top level.

Step 8 – Understanding and Preparing for Influential Factors and Considerations

Inherent to sorting programs onto the Pyramid model using the Benefits and other filters is the realization that other factors come into play. This can result in decisions to place services in other levels than might first be thought. These factors also follow a continuum; however, do not necessarily follow the five levels like the Benefits Filter. In other words, a specific continuum may fall completely within the first two levels of the Pyramid. These factors can aid in determining core versus ancillary services. These factors represent a layering effect and should be used to make adjustments to an initial placement on the Pyramid.

THE COMMITMENT FACTOR: What is the intensity of the program; what is the commitment of the participant?



THE TRENDS FACTOR: Is the program or service tried and true, or is it a fad?



THE POLITICAL FILTER: What is out of our control?

This filter does not operate on a continuum, but is a reality, and will dictate from time to time where certain programs fit in the pyramid

THE MARKETING FACTOR: What is the effect of the program in attracting customers?



THE RELATIVE COST TO PROVIDE FACTOR: What is the cost per participant?



THE ECONOMIC CONDITIONS FACTOR: What are the financial realities of the community?



FINANCIAL GOALS FACTOR: Are we targeting a financial goal such as increasing sustainability, decreasing subsidy reliance?



Step 9 – Implementation

Across the country, ranges in overall cost recovery levels can vary from less than 10% to over 100%. The agency sets their goals based upon values, vision, mission, stakeholder input, funding, and/or other criteria. This process may have been completed to determine present cost recovery levels, or the agency may have needed to increase cost recovery levels in order to meet budget targets. Sometimes, simply implementing a policy to develop equity is enough without a concerted effort to increase revenues. Upon completion of steps 1-8, the agency is positioned to illustrate and articulate where it has been and where it is heading from a financial perspective.

Step 10 – Evaluation

The results of this process may be used to:

- Articulate and illustrate a comprehensive cost recovery and subsidy allocation philosophy
- Train staff at all levels as to why and how things are priced the way they are
- Shift subsidy to where is it most appropriately needed
- Benchmark future financial performance
- Enhance financial sustainability
- Recommend service reductions to meet budget subsidy targets, or show how revenues can be increased as an alternative
- Justifiably price new services

This Cost Recovery/Subsidy Allocation Philosophy: The Pyramid Methodology Outline is provided by:



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THE PYRAMID METHODOLOGY FOR RESOURCE ALLOCATION AND COST RECOVERY FOR PUBLIC PARKS AND RECREATION OPERATIONS



DEVELOPMENT OF CATEGORIES OF SERVICE
Starts right after Strategic Kickoff. Work continues between workshops. To be completed before Workshop #2A.

DEFINITION OF DIRECT & INDIRECT COSTS
→ APPLICATION METHODOLOGY → FINALIZE CALCULATION OF CURRENT COST RECOVERY
Starts right after Strategic Kickoff. Work continues between workshops. To be completed before Workshop #1.



by Chris Dropinski, CPRP

cost recovery

in public parks and recreation

Any way you look at it, cost recovery is a complex subject. Essentially, it represents a park, recreation or conservation agency's decision to generate revenues by charging fees for some, or all, of its programs and services in order to offset the expenses of providing those programs or services. Cost recovery does not imply that the target is total cost recovery; an agency establishes the target according to a variety of considerations, from 0 percent to more than 100 percent of direct costs.

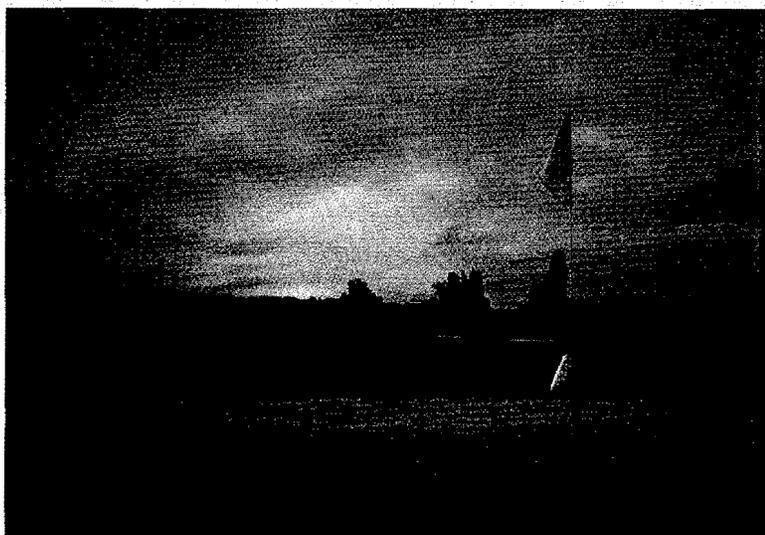
Among the challenges to cost recovery is explaining and justifying the fees to a board of trustees, or to other municipal officials or to members of the community. Two other challenges are assessing appropriate fees and identifying the right target of cost to recover.

Cost recovery through fees and charges means that the cost of the program is not being borne completely by the tax resource and that individuals taking advantage of that particular service or opportunity pay for at least a portion of it.

The public is demanding specific programs; cost recovery is the means by which parks and recreation can meet that demand, says

In this manner, residents' collective taxes do not bear the full costs of all programs; tax dollars can be applied more specifically to broad community services; and specialized programs can be augmented by the residents who participate in them.

Barron noted that in Lisle, as in many communities, there are groups (albeit sometimes small) for almost any interest. "For each, we look at the number of users and how we can accommodate those users. We determine if a program's costs are based on a small group, or if the program is something from which a large number of people can benefit."



Laura Barron, director of parks and recreation for the Oakbrook Terrace Park District in Illinois and formerly the superintendent of recreation for the Lisle Park District.

"[At Lisle] we changed our philosophy in this competitive marketplace: to offer more to a more sophisticated resident," Barron said. It was a matter of balance, she said.

Why Cost Recovery Matters

Cost recovery signifies an agency's responsibility to use its budget wisely, points out Daniel Betts, deputy manager of recreation and facility services for the Denver Department of Parks and Recreation. Agencies are simultaneously accountable for maintaining a functional, sustainable system that attracts the overall community and one that also responds to the interests of the individuals. Park and recreation professionals have a broad mission to provide opportunities and services that will improve the quality of their residents' lives.

Revenues have an obvious impact on their ability to do this.

"In city government, we're not in business to generate a profit. We're only in business to be more efficient with the limited resources we have and to be equitable with our programs, structures and fees," Betts said. "The balance is not giving it away, but also making our services attractive so that folks want to come and play with us."

One philosophy holds that there should be a relationship between the way tax revenues are spent and the extent to which the community as a whole benefits from the resulting opportunity. If some individuals receive greater benefit from a specialized program or service, the opportunity exists to charge them for part, or a bulk of, the operational costs.

Controversy

Public recreation programs were initiated in the United States primarily for social reasons and were supported by taxes. Early programs were free, and there wasn't originally a thought about collecting money. Some parks and recreation professionals hold to that ideal.

As Harvey Feldman notes, "I started in this business because parks and recreation was a public good. I felt that we had a responsibility to provide at least a basic set of recreation services for all of our community members." Feldman is the former superintendent of administration for the Minneapolis Park and Recreation Board and director of the Recreation Facilities Management Institute at the University of Minnesota.

Feldman's concerns relate to community centers that are called enterprise fund operations. For example, he says, some groups convince local communities to build specialized recreation facilities with assurances that they will achieve full cost recovery. "To me, cost recovery becomes an issue mainly when it comes to facilities like golf courses, ice arenas and water parks."

Oftentimes city councils and park boards tell their citizens that facilities of this nature ultimately will not use any tax dollars. But when the facilities are unable to generate the expected revenues, city officials or park boards may blame park agency personnel, said Feldman. "There are directors of parks and recreation, there are community directors and there are ice arena managers being fired because the council and the mayor have suggested to the public that they'll have full cost recovery in these facilities," he said.

Effective Application of Cost Recovery

Reliable cost recovery analysis helps an agency make decisions and discern if it is on track with its own goals and standards. Analysis also provides the means by which an agency can, over time, recognize and respond to changes in the community and in the programs.

"In order for park districts to survive now, they have to adopt a cost recovery philosophy," Barron said. "They need to be run as a government agency that does provide services, but more in a current business fashion, the ways businesses operate today." This does not mean generating a "profit," but being accountable and maximizing resources.

Resources are limited and government agencies have to justify their decisions, expenditures and fees. Effective cost recovery analysis builds credibility with stakeholders. Denver uses its analysis to improve its programs and to explain its pricing, said Betts. "[Our residents] get a better product, because we can invest more into it," he said. "And cost recovery analysis provides the details we need to inform the public and our key stakeholders why we price the way we do."

When parks and recreation professionals want to add programs or services, they try to assess value based on what the outcome is going to be. They match the outcome with the input of resources. But in order to know how costs stack up to benefits, they have to have a clear understanding of what to count as a cost and what revenues can be reasonably expected.

Furthermore, by having a clear understanding of who is benefiting from a particular program, fees can be explained. Being able to explain a pricing structure to community leaders, staff and the residents is empowering for parks and recreation professionals. It raises morale and confidence with all audiences. People are willing to pay for a program when they understand where their tax dollars are going and why it takes a combination of both taxes and fees to offer the caliber of program those patrons say they want.

Counting Costs and Benefits

One way to develop a cost-benefit analysis model and pricing philosophy is to break services into various categories based on the balance of community benefit with individual benefit. The breakdown can be represented in a pyramid shape, because, based on the public parks and recreation mission, the greatest quantity of service goes to the community at large, with less service, comparatively, going to specialized programs.

The foundation level of the model represents the mainstay of a public park, recreation or conservation agency's programming. Programs that serve smaller segments of the population are appropriate to higher levels of the model and should be offered only when the preceding levels are carried out well enough to provide a platform for the next level.

A pyramid structure that graphically represents cost-benefit and pricing – having a foundation with upward progression – can demonstrate both the agency's core mission and the maturity of the organization as it enhances its program and facility offerings.

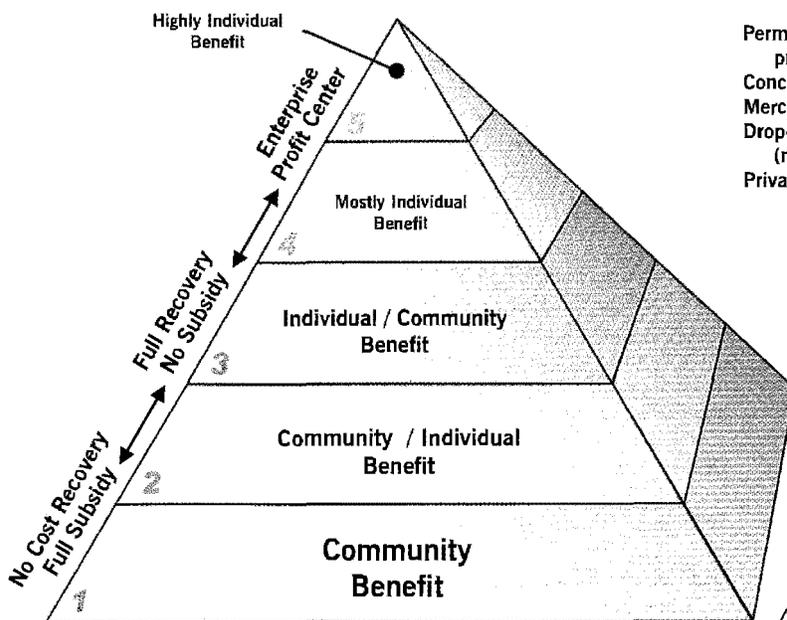
This approach provides perspectives for discussion and requires an agency to determine which programs and services belong on each level. Those determinations will depend largely on the agency's circumstances and history. Cultural, regional, geographical and resource differences play a large role. Each agency that applies this methodology will come up with unique results.

Among the figures that cost recovery analysis will consider are:

- the number of participants,
- fees,
- revenues,
- direct costs and, possibly,
- indirect costs.

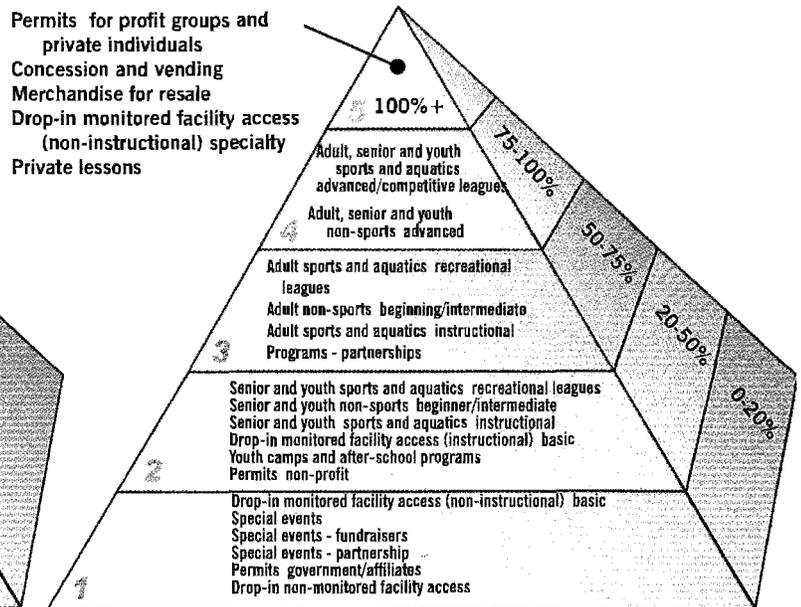
For existing programs, history should provide data regarding

Cost Recovery Pyramid



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Denver Parks & Recreation Department Cost-Benefit Analysis Pyramid / DRAFT



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The cost recovery pyramid is a method that allows agencies to look at their programs from the point-of-view of the breadth of the community served. Generally, agency programs that serve a select segment of the community should recover more – or all – of their costs. The figure on the left is a model cost-recovery pyramid. The figure on the right represents a draft version of how the Denver Parks and Recreation Department is putting the model to use.

participation numbers and revenues. For new programs or services, similar programs or area benchmarks can be used to estimate usage and income.

But a good starting point for any analysis is counting the costs, a task that is more challenging than it may first appear.

Direct Costs

Among the direct costs are the instructors hired to lead a program, the supplies and materials used only in that program and, perhaps, the room rented. In a cost recovery analysis, direct costs are commonly counted and people try to recover all or part of those costs.



Indirect Costs

While some of the costs are obviously and solely associated with a program, the percentage of other costs stemming from a program are less easy to quantify. Indirect expenses – which include the percentage of wages paid to the instructors' superior, who did the legwork to launch the new program, for example – can be difficult to determine. Some costs, such as the administrators' time, are split across several programs, making them difficult to delineate and measure by function or program. As a result, the sincere question for many institutions is: "Do we invest the energy in calculating those costs?"

In Betts' opinion, it is necessary to calculate the indirect costs. "I made the decision to count as much as I can to show a more accurate picture of what our cost recovery actually is," he said. "For all of our programs, we do a business cost-benefit analysis. This gives us insight to assess current programs and to consider prospective programs."

According to Barron, the Lisle Park District does program analyses each season, looking at how the fees and charges are affecting the programs' performance. The agency uses the information not only to make decisions about adding or eliminating programs, but also to make changes to the fees, if necessary.

Obstacles: Educating Decision-makers

In most cases, administrators understand the premise for considering, and possibly implementing, a cost recovery philosophy. However, local governments and staff throughout the organization may not grasp the justification and potential importance of the subject.

This may be particularly true in a municipal setting. In Betts' opinion, the biggest obstacle is "the political wheel, city government," which he attributes to a lack of education around the significance of cost recovery and poor communication with the upper ranks. This makes the analysis of program costs, tax revenues and fee income important, he says. "If you haven't done the analysis around where

you are and where you want to be, it's hard to even have those conversations," Betts said.

The other big obstacle is determining the fees. "Once you do the analysis, it becomes easier to associate fees to what you do," he said. Betts maintains that letting the abilities of low-income residents define fee amounts is the wrong approach and one that undermines the sustainability of the department. "It's really about pricing our programs to the 80 percent who can afford to pay and subsidizing those who can't," said Betts. "Historically the parks and recreation sector has directed fees for programs to the 20 percent of the community that can't afford to pay. In this scenario, 80 percent get a great bargain and our cost recovery stays in the basement. We're changing that focus, and that's the right thing to do."

It's not uncommon for a community to set up scholarship programs for low-income families and individuals who can't afford to pay, making their access to parks and recreation programs less of a defining issue.

Obstacles: Educating Staff and the Public

The staff interfaces directly with the residents. Their clarity about the subject, conviction in its justification and buy-in to the cost recovery plan influences morale within the organization and understanding from the community.

Cost recovery analysis allows the staff to recognize the needs of the organization as a whole, Barron says. In order to survive, the individual programs depend on the health of the entire organism; they don't exist in a vacuum. The agency's vitality is influenced by its overall ability to satisfy community demand, use tax revenues equitably and provide specialized, high-quality services when they are justified by community participation.

"The staff needs to be educated," Barron said. "When they see the big picture, agency-wide breakdowns, rather than individual program breakdowns, they understand the justification for cost recovery."

One of the biggest dilemmas across the country is that people try to compare their programs and costs to those of other communities. This stems from a perspective of 'shoulds.' For example, the question, "What should our cost recovery percentage be?"

Little work has been done to determine a national average for cost recovery for park and recreation agencies for a variety of reasons. One reason is because agencies do not calculate their percentages the same way; what is, and is not, counted on the cost side varies widely. This obviously undermines the value of comparing cost recovery data from one agency to another.

The breadth of the services under consideration also varies. Some wish to compare an entire park and recreation agency budget, or

"The more inclusive that you can be, the better," Betts said. "It's about informing the people who don't deal with this every day. What we're doing with the cost-benefit analysis is involving key stakeholders – city council, user groups and staff. They've been at the table almost from the beginning, and, by involving them in the conversation, we have given them a broad understanding of the fees and the need for the fees. Our strategy is to communicate with our public and elected officials on a monthly basis. We update them on these kinds of initiatives through a communication that goes strictly to city council. Also, we get on their calendar to present our initiatives in person. Our department is constantly in front of them with issues."

Internally, Denver has created a Fees and Charges Committee devoted to related issues, such as the costs of its programs, pricing them and relevant trends. Additionally, Denver has earned the support of its staff by positioning the subject in slightly different way. "We changed the conversation with our staff by changing the language," Betts said. "We moved from 'cost recovery' to 'cost-benefit.' People can associate spending money if they're benefiting from something. Quality is the driving piece."

Barron notes that when communicating with the public, the possibility exists to provide too much information. At Lisle, her staff generally explained simply that the tax dollars do not support

"We educated the public broadly with annual reports and electronic newsletters, letting them know which portion came from tax dollars and educating them on the big picture."

perhaps just the recreation division. It is more common to consider a single facility such as a recreation center. However, there are also a variety of "cost centers" within a single facility with a wide range of potential cost recovery targets. For example, a senior services wing may have very low cost recovery potential, while a fitness center may experience high cost recovery, making it difficult to compare facilities offering different activities. It may be more beneficial for an agency to set its own cost recovery targets and work to hold that line, modifying the target as circumstances change.

Two other factors that influence a program's cost recovery potential, and also challenge the notion of standards, are the size and type of community. Different economies have different needs. Residents of rural communities have different expectations of a recreation center than residents of affluent suburban communities. The same is true of other demographics, such as age.

National averages do not reflect the nuances of individual communities and they do not reflect a number of decisions that distinct agencies will make in conducting a cost recovery analysis.

Betts considers standards helpful but doesn't apply them to his own process unless he knows what has actually gone into the calculations. "It's easy for the folks to say, 'We did 50 percent cost recovery,' but what are you counting as indirect costs?" Betts said. "Often, that changes the conversation. Some folks who are at a higher cost recovery are not counting the same things I'm counting. I can show on paper a 50 percent or 60 percent cost recovery, but it wouldn't be the real story."

Overcoming the Challenges

Communication is essential to overcoming challenges to implementing a cost recovery approach. The form of communication and frequency will vary by community. Each organization chooses the best means for educating its stakeholders.

everything the agency provides and so the agency relies on user fees to support those services. "We educated the public broadly with annual reports and electronic newsletters, letting them know which portion came from tax dollars and educating them on the big picture," Barron said. "By doing this, they saw that we were funded minimally in comparison to other governmental bodies, such as schools or the fire department."

Cost-Benefit and the Balanced Use of Tax and Fee Revenues

Cost recovery reserves tax revenues for those things that really should be supported by the entire local population. As Barron says, public park, recreation and conservation agencies are entrusted with taxpayer dollars. As such, they are responsible for providing as many high quality services as possible, without placing an exceptional burden on the taxpayers.

By determining the appropriate balance of tax and fee revenues, recreation managers can decide confidently how to broaden participation and serve the expectations of their constituents.

Chris Dropinski, CPRP, has more than 30 years of experience in the public parks, recreation and open space industry. She is currently a management consultant with GreenPlay, LLC. Her career has focused on management, facility development, public and alternative funding, as well as open space and park planning, public process facilitation, board/council relations, analysis and policy research and development. She is a fellow of the American Academy for Park and Recreation Administration and currently serves as chair of the Rocky Mountain Revenue Management School. She is a frequent speaker in the industry.



CITY OF KIRKLAND
Department of Parks & Community Services
123 5th Avenue, Kirkland, WA 98033 425.587.3300
www.kirklandwa.gov

To: Park Board

From: Lynn Zwaagstra, Director of Parks and Community Services
Mary Gardocki, Park Planning and Development Manager

Date: June 12, 2018

Subject: 2019-2024 Capital Improvement Program (CIP) Funding Plan

RECOMMENDATION:

That the Park Board receive an update on the proposed Parks and Community Services 2019 – 2024 Capital Improvement Program (CIP).

BACKGROUND DISCUSSION:

At the Board's April meeting staff presented a proposed projects list and funding plan for the 2019 – 2024 Parks CIP. On Monday, April 9, staff met with the City Manager and Finance Department staff to review this proposal. At this meeting, several modifications to the proposed CIP were considered.

Since that time, the City Council adopted a resolution outlining priorities for the 2019-2024 Capital Improvement Program. The resolution in **Attachment A** was approved at the May 1, 2018 City Council meeting.

Staff will provide an update on anticipated revisions to the 2019-2024 CIP – **Attachment B**.

Attachment A – Resolution: Guiding Policy Principles for 2019 - 2024 CIP project prioritization
Attachment B – 2019 – 2024 Capital Improvement Program



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: April 20, 2018

Subject: 2019-2024 CAPITAL IMPROVEMENTS PRIORITIES

Recommendation

City Council adopt a resolution providing guiding policy principles for 2019 - 2024 CIP project prioritization.

Background

At its February 23rd retreat, the City Council received a staff presentation of current policy priorities many of which had a capital component. Staff is currently engaged in the planning process for the 2019-2024 Capital Improvements Program (CIP) and will present a proposed list of investments for the next 6 years to the Council in July of this year.

As the Council is aware, the current rate of development in Kirkland far outpaces the financial ability of the City to fund all the capital improvements desired to serve the growth in jobs and population. This gap requires that the City strategically prioritize the sequence of current and future capital projects and funding. The purpose of the resolution is allow the Council to provide policy direction to prioritize the capital projects list.

The prioritization framework as presented in the attached resolution envisions a CIP drafted according to eight policy principles. Each of the principles is listed below, along with a short explanation of the purpose of each principle.

- a. Complete capital projects from the 2017-2018 City Work Plan.

New Fire Station 24 and the Office Max building for Parks Maintenance are major elements of the 2017-2018 City Work Program that need additional funds to complete.

- b. Complete public safety capital investments that help implement the Police and Fire Strategic Plans.

There are several key capital investments that will help implement the Police Strategic Plan, including completing the conversion of the "drunk tanks" to flexible jail cells and IT capital projects to improve the efficiency and effectiveness of the Police Department. The Fire Strategic Plan will be advanced through the securing of a site for New Fire Station 27 as well as training facilities necessary to provide Firefighters with the skills to operate in the new mixed-use developments being built.

- c. Complete transportation projects necessary to ensure the success of WSDOT and Sound Transit investments in I-405 and Kirkland.

Sound Transit will be completing a new Bus Rapid Transit Station at NE 85th Street and I-405, as well as enhancements to the flyer stop at NE 128th Street and I-405 and a new parking garage at the Kingsgate Park and Ride. The Washington State Department of Transportation (WSDOT) will complete new southbound and northbound vehicle access ramps linking I-405 to NE 132nd Street. Sound Transit and WSDOT will be investing hundreds of millions of dollars in these major transportation projects and they are scheduled to be completed by 2024. To ensure the maximum benefit and minimum impact of these mega-projects, Kirkland must complete local investments on NE 132nd Street and intersection improvements throughout the Totem Lake Urban Center.

- d. Complete projects necessary to ensure adequate transportation concurrency investments that keep pace with development.

The Council will receive a detailed concurrency briefing at one of the June Council meetings. Some highlights of that briefing are that the current pool of concurrency trip credits has been nearly used up by the explosive growth and development in Kirkland. Unless some major transportation projects are completed in the next six years, the City may run out of trip credits and require that new development proposals either wait, or fund the investments themselves in order to proceed. Some key projects that would add significant trip credits include the Juanita Drive improvements, the 100 Avenue NE improvements and the Totem Lake Connector Bridge. Each of these projects requires significant grant funding or debt financing to be completed.

- e. Invest in parks projects that increase active recreation opportunities throughout the City to meet the needs of a growing population.

Kirkland has recently invested heavily in open space acquisition and regional park projects promised in the 2012 park levy such as Edith Moulton Park, Waverly Beach Park, and dock and shoreline renovations. As the promised levy projects are completed, and a growing population demands more active recreation programming, staff is recommending that the Parks CIP be refocused on creating more active recreation capital projects. Candidate projects include building an artificial turf field at 132nd Square Park as well as playground and park “refreshes” to modernize recreation facilities and provide more opportunity for more residents of all ages to actively use our parks.

- f. Invest in water, sewer and stormwater projects according to the priorities contained in the recently adopted utility Master Plans.

Because water, sewer and stormwater projects are funded by rates, they do not compete with general fund capital projects for funding. Utility projects should be prioritized by the policy priorities outlined in the recently adopted master plans for each utility.

- g. Create measurable progress towards achieving the City Council's ten goals.

All of the CIP projects proposed by staff should demonstrate how they advance accomplishment of one or more of the City Council's goals. In addition, opportunities may arise to help implement the City Council's goals and the CIP must have some contingency funding available to seize these opportunities. Examples of this could include homeless or low income housing projects, transit partnerships, or park opportunities.

- h. Reprioritize revenues from existing CIP projects that do not meet these priorities.

As stated previously, there are not sufficient revenues to fund all of the desired projects. For this reason, staff is proposing that the current CIP be carefully reviewed and some existing projects that do not meet these priority criteria be deferred and the revenues reallocated to projects that implement these priorities.

The resolution is attached for City Council consideration and potential adoption. Staff is seeking concurrence with the proposed policy principles unless the Council has edits or needs additional information before adopting a revised resolution at a future Council meeting.

RESOLUTION R-5314

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND
SETTING POLICY PRINCIPLES FOR PRIORITIZATION IN THE 2019-
2024 CAPITAL IMPROVEMENT PROGRAM.

1 WHEREAS, the Transportation Element of the Kirkland
2 Comprehensive Plan represents a collaboration between residents, staff
3 and the City Council to develop a long-term vision for the City of
4 Kirkland's growth over the next 20 years; and

5
6 WHEREAS, the City Council has adopted ten goals for the City
7 that articulate key policies and service priorities, and guide the allocation
8 of resources for Kirkland through the budget and capital improvement
9 programs; and

10
11 WHEREAS, the City Council desires to retain a high quality of life
12 in Kirkland, while realizing the economic development potential that
13 comes from growth in the community; and

14
15 WHEREAS, the current rate of development in Kirkland far
16 outpaces the financial ability of the City to fund all the capital
17 improvements desired to serve the growth in jobs and population,
18 requiring that the City strategically prioritize the sequence of current
19 and future capital projects; and

20
21 WHEREAS, by 2024, Sound Transit will be completing a new Bus
22 Rapid Transit Station at NE 85th Street and I-405, as well as
23 enhancements to the flyer stop at NE 128th Street and I-405 and the
24 Kingsgate Park and Ride, and the Washington State Department of
25 Transportation (WSDOT) will complete major new vehicle ramps linking
26 I-405 to NE 132nd Street; and

27
28 WHEREAS, Sound Transit and WSDOT will be investing hundreds
29 of millions of dollars to complete these major transportation projects
30 and it is necessary for Kirkland to complete certain related local
31 transportation investments to ensure the maximum benefit and
32 minimum impact of the mega-projects; and

33
34 WHEREAS, the City Work Program is a fundamental tool for the
35 sustainable allocation of resources to meet the wants and needs of
36 Kirkland residents; and

37
38 WHEREAS, the 2019-2024 Capital Improvements Plan provides
39 an opportunity for public investments over the next six years that
40 continue the City's progress towards meeting these objectives.

41 NOW, THEREFORE, be it resolved by the City Council of the City
42 of Kirkland as follows:

43
44 Section 1. The Kirkland City Council endorses development of a
45 2019-2024 Capital Improvement Program to maximize the benefit to the
46 community within the given level of funding prioritized according to the
47 following policy principles:

- 48
- 49 a. Complete capital projects from the 2017-2018 City Work
- 50 Plan.
- 51 b. Complete public safety capital investments that help
- 52 implement the Police and Fire Strategic Plans.
- 53 c. Complete transportation projects necessary to ensure the
- 54 success of WSDOT and Sound Transit investments in I-405
- 55 and Kirkland.
- 56 d. Complete projects necessary to ensure adequate
- 57 transportation concurrency investments that keep pace with
- 58 development.
- 59 e. Invest in parks projects that increase active recreation
- 60 opportunities throughout the City to meet the needs of a
- 61 growing population.
- 62 f. Invest in water, sewer and stormwater projects according to
- 63 the priorities contained in the recently adopted utility Master
- 64 Plans.
- 65 g. Create measurable progress towards achieving the City
- 66 Council’s ten goals.
- 67 h. Reprioritize revenues from existing CIP projects that do not
- 68 meet these priorities.
- 69

70 Passed by majority vote of the Kirkland City Council in open
71 meeting this ____ day of _____, 2018.

72
73 Signed in authentication thereof this ____ day of _____,
74 2018.

MAYOR

Attest:

City Clerk

**City of Kirkland
2019-2024 Preliminary Capital Improvement Program**

PARK PROJECTS

Funded Projects:

Project Number	Project Title	Prior Year Funding	2019	2020	2021	2022	2023	2024	2019-2024 Total	Funding Source							
										Current Revenue					External Sources	Reserves	
										Real Estate Excise Tax	Kirkland Parks Levy	Parks Fac. Sinking Fund	Impact Fees	King County Parks Levy			
PK 0049	<i>Open Space, Park Land & Trail Acq Grant Match Program</i>	100,000	100,000						100,000								100,000
PK 0066	<i>Parks, Play Areas & Accessibility Enhancements</i>	1,015,000	250,000	250,000	150,000	150,000	150,000	150,000	1,100,000		1,100,000						
PK 0087 101	<i>Waverly Beach Park Renovation Phase II</i>		515,000						515,000		515,000						
PK 0121	<i>Green Kirkland Forest Restoration Program</i>	916,061	100,000	100,000	100,000	100,000	100,000	100,000	600,000		600,000						
PK 0133 100 ~	<i>Dock & Shoreline Renovations</i>	1,169,400			300,000	300,000	300,000	300,000	1,200,000					1,200,000			
PK 0133 300	<i>Neighborhood Park Land Acquisition</i>	399,000	918,000	300,000	1,050,000	1,150,000	1,000,000	1,000,000	5,418,000	803,000			4,315,000	300,000			
PK 0134 100 +~	<i>132nd Square Park Playfields Renovation</i>		500,000	1,549,000					2,049,000	50,000	473,000		1,026,000				500,000
PK 0134 200	132nd Square Park Master Plan		135,000						135,000		135,000						
PK 0139 200	<i>Totem Lake Park Development - Expanded Phase I</i>	3,050,000	4,435,200	724,000					5,159,200				3,500,000		325,000		1,334,200
PK 0142 +	<i>Doris Cooper Houghton Beach Park Restroom Replacement</i>			85,000					85,000	85,000							
PK 0151	<i>Park Facilities Life Cycle Projects</i>	460,000	162,000	151,000	162,000	169,000	146,000	160,000	950,000			950,000					
PK 0153	<i>Synthetic Turf Playfields Master Plan</i>		135,000						135,000	135,000							
PK 0154	Indoor Recreation & Aquatic Facility Study				160,000				160,000	160,000							
PK 0155	Finn Hill Neighborhood Green Loop Trail Master Plan					160,000			160,000	160,000							
PK 0156	Park Restrooms Renovation/Replacement Program						1,583,000		1,583,000	833,000			750,000				
PK 0157	Neighborhood Park Development Program							1,583,000	1,583,000	833,000			750,000				
Total Funded Park Projects		7,109,461	7,250,200	3,159,000	1,922,000	2,029,000	3,279,000	3,293,000	20,932,200	3,059,000	2,823,000	950,000	10,341,000	1,500,000	325,000		1,934,200

Notes

Italics = Modification in timing and/or cost (see Project Modification/Deletion Schedule for more detail)

Bold = New projects

+ = Moved from unfunded status to funded status

~ = Partially funded project



CITY OF KIRKLAND
Department of Parks & Community Services
123 Fifth Avenue, Kirkland, WA 98033 425.587.3300
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MEMORANDUM

To: Park Board
From: Lynn Zwaagstra, Director, Parks and Community Services
Date: June 13, 2018
Subject: Park Board Liaison Role

RECOMMENDATION

It is recommended that the Park Board provide information to the community about the Cost Recovery Study and the community workshops. In this Park Board packet is a memo to City Council describing the study and its individual components. Key points include the following.

The cost recovery study involves several components to the project, which will occur in parallel and be carried out by two consulting firms.

Financial Analysis

The financial consulting firm MGT of America Consulting, LLC (MGT) is conducting an analysis of the current financial condition of the Parks and Community Services Department. This portion of the study incorporates analyzing true costs for providing parks, recreation and community services. Results of the analysis will be presented to City Council in July.

Resource Allocation Philosophy and Cost Recovery Fiscal Policy

The remaining components of the study is being conducted by GreenPlay, LLC (GreenPlay). Components of the study include a "community benefit" versus "individual benefit" assessment and development of a resource allocation philosophy and cost recovery fiscal policy.

GreenPlay has engaged the community, staff and Park Board to understand the value residents place on the more than 50 types of programs and inter-related core services offered by the department. Participants in community engagement workshops examined community benefit vs. individual benefit and created a pyramid based on participant values. GreenPlay will present the results of the community engagement process to City Council in July.

The final stage of the cost recovery study will be the creation of a resource allocation philosophy and cost recovery fiscal policy that aligns a financial structure with the values identified in the "community versus individual" benefit pyramid created through the community involvement process. Additional components include benchmarking information, such as market rate of fees for service, and assessment of associated policies, such as scholarship, partnership and facility use policies. This will be a critical component for the management of parks, recreation and community services as well as the future development of parks, facilities, programs, and services.

Preliminary recommendations will be provided to Park Board at a special meeting on Tuesday, July 31 and to City Council on Wednesday, August 8.

BACKGROUND DISCUSSION

The Park Board mission statement is as follows:

“The mission of the Park Board shall be to provide policy advice and assistance to the Department of Parks and Community Services (PCS) and City Council in order to ensure the effective provision of Parks and Community Services programs and facilities to the residents of the City of Kirkland.”

The job description of the Park Board discusses involving the community and meeting with volunteer groups and neighborhoods to determine needs and interests. Some years ago, the Park Board made a decision to assign each board member to be the liaison with one or more neighborhood organizations. These assignments are typically made just after new Park Board members are appointed by City Council.

Park Board members have requested assistance in meeting liaison role expectations. After discussion, it was determined that the following two strategies would be used to prepare Park Board members for neighborhood meetings.

- Park Board members should use the monthly report provided by staff and pick out key items to convey to the neighborhoods. This could be followed by questions and feedback.
- Staff will highlight a topic or a discussion question for use with neighborhoods that would solicit community input for consideration. Discussion questions could be related to upcoming Park Board agenda items or be generic in nature.

Current Neighborhood Liaison Assignments

- Finn Hill Neighborhood – Kelli Curtis
- Market Neighborhood – Kelli Curtis
- Highlands – Richard Chung
- Norkirk – Kevin Quille
- Everest – Uzma Butte
- Evergreen Hill Neighborhood (Kingsgate) – Kobey Chew
- Juanita – Rosalie Wessels
- Lakeview – Rosalie Wessels
- Moss Bay – Richard Chung
- Central Houghton – Jason Chinchilla
- North Rose Hill – Uzma Butte
- South Rose Hill/Bridle Trails – Susan Baird-Joshi