



CITY OF KIRKLAND
Parks and Community Services Department
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Lynn Zwaagstra, Director
Hillary De La Cruz, Management Analyst
Sri Krishnan, Deputy Director, Finance and Administration
George Dugdale, Financial Planning Manager, Finance and Administration

Date: June 27, 2023

Subject: Parks Ballot Measure Discussion

RECOMMENDATION:

It is recommended that the City Council review the staff proposed total 2024 levy amount of \$10,800,000 for the levy lid lift and maximum levy rate of \$1.3818 per \$1,000 assessed value (AV). Staff would also like Council to consider funding a communication position with the levy that would result in a levy amount of \$10,960,000 and a levy rate of \$1.3859. The detailed memo that follows explains how those numbers were derived. Council will receive information on assumptions and updates that went into the financial modeling. Staff will seek Council's feedback about the total dollar amount, funding structure, and any changes that Council wants to see so that staff can return to the July 18, 2023, Council meeting with a finalized budget and estimated levy rate.

It is further recommended that Council review and comment on the draft ballot title and draft ballot measure ordinance. The draft ordinance authorizes placement of a single-year permanent levy lid lift on the November 7, 2023, ballot to fund expanded aquatics, recreation and parks facilities, operations, and programs. The ordinance requires that the Council will only levy the amount needed to fund the \$10,800,000 (or \$10,960,000) if the final assessed valuation results in the levy rate being set too high. The final ordinance will be presented for Council action at the July 18, 2023, meeting, which is the last regularly scheduled meeting where the Council may take action to place the measure on the November 7, 2023, ballot.

BACKGROUND DISCUSSION:

City of Kirkland Councilmembers have discussed a potential parks and recreation ballot measure during Council meetings in 2021, 2022, and 2023. To place a measure on the November 7, 2023, ballot, the City will need to file an effective election ordinance and related documents with King County Elections by August 1, 2023. To meet this timeline, Council needs to take final action on an election ordinance no later than the July 18, 2023, Council meeting. The Council could also convene a special meeting between July 18 and August 1, 2023. To make their decision, Councilmembers are relying on and balancing multiple sources of community feedback including the 2022 Parks, Recreation, and Open Space (PROS) Plan¹,

¹ <https://kirklandwa.gov/playitforward>

Parks Funding Exploratory Committee (PFEC Report²), Park Board³, Youth Council⁴, the Community Survey (both statistically valid⁵ and open link⁶), and additional feedback shared directly with Councilmembers and staff.

At the June 20, 2023, Council study session⁷, Councilmembers reviewed their top priorities for park investments, mechanisms for funding these priorities, and considerations about timing of a ballot measure including the forecasted drop in assessed valuations in Kirkland. Council also received an update from the June 13, 2023, Parks Funding Exploratory Committee (PFEC) meeting outlining PFEC's majority recommendation that Council continue to pursue a November 2023 ballot measure.

At the June 20, 2023, Council business meeting, Councilmembers finalized the elements to prioritize for funding through a ballot measure and Limited Tax General Obligation (LTGO) bonds (debt service paid through the General Fund). The final elements selected were all included as priorities in the 2022 PROS Plan, and named as priorities by the combination of PFEC, Park Board, and community members (through the community survey).

Table 1 outlines the priority elements selected by Council on June 20, 2023, and indicates the funding source for each of these priority elements. An item included in the modeling shown on June 20 was "Selected Current Parks Operations". This includes two new "implementation positions", a management analyst and a planner/design specialist, that are necessary for ballot measure implementation, but that were not included in the PFEC recommendations. Staff also recommend including a third position, a communication program specialist, but that position is not yet included in the current funding plan. Staff will highlight the benefit and financial impact of these three positions later in the memo. **Attachment A** provides an overview of the sequencing of these projects, programs, and staffing from 2024-2027. Details about each of the potential elements and what services and enhancements are included are included in **Attachment B**.

² <https://www.kirklandwa.gov/files/sharedassets/public/parks-amp-comm-services/parks-administration/ballot/parks-funding-exploratory-committee-report-final.pdf>

³ https://www.kirklandwa.gov/files/sharedassets/public/city-council/agenda-documents/2023/may-16-2023/3a_study-session.pdf

⁴ Ibid

⁵ <https://www.kirklandwa.gov/files/sharedassets/public/parks-amp-comm-services/parks-administration/ballot/kirkland-parks-recreation-statistically-valid-survey-05-16-2023.pdf>

⁶ <https://www.kirklandwa.gov/files/sharedassets/public/parks-amp-comm-services/parks-administration/ballot/parks-and-recreation-community-survey-open-link-may-2023.pdf>

⁷ https://www.kirklandwa.gov/files/sharedassets/public/city-council/agenda-documents/2023/june-20-2023/3b_study-session.pdf

Table 1: Council's Priority Elements and Funding Source for Operating and Capital Expenses

	Annual Operating (Levy Funded)	Pay-Go Capital (Levy Funded)	Financed Capital (Debt service on bonds paid from General Fund)
Parks and Recreation Project			
Aquatics and Recreation Center at Houghton Park & Ride (approximately 86,000 sq ft)	✓	✓	✓
Additional Year-Round Restrooms: 3 new, 6 winterized	✓	✓	
Enhanced Park Safety & Security: 1 FTE + 2,400 hours seasonal Park Rangers, 6 automatic gates	✓	✓	
Green Loop Trail Priority Segments		✓	
Sports Courts 4 TBD: Likely Pickleball/Sand Volleyball	✓	✓	
Teen Programs & KTUB Operations	✓		
Increased Lifeguarding at Beaches & Water Safety Education Program	✓		
Implementation Positions*	✓		
Selected Current Parks Operations	✓		
NKCC Repair/Replacement Site Assessment	<i>Funded through Facilities Fund</i>		

*Implementation positions are outlined in Table 5.

To fund these investments, Councilmembers indicated their support for a single-year permanent levy lid lift to pay for operating and pay-go capital projects and selected current parks operations as outlined below. Councilmembers also indicated their preference to use 30-year LTGO bonds to finance construction and some design related costs of the aquatics and recreation center. Finally, Council directed staff to prepare for a November 2023 ballot measure, knowing that the final decision of whether to go to the ballot will be made in July.

Answers from Councilmember questions from June 20, 2023, related to Park Rangers, cost of 20-year bonds compared to 30-year bonds, and the bond issuance impact on General Fund budget are included at the end of this memo.

The ballot measure package investments and costs have evolved several times over the past three months as Council has made decisions and staff have updated financial assumptions. Staff has created Table 2 on the next page to provide a high-level overview of how the elements have changed and resulted in the final 2024 amount of \$10,800,000. Updating operating expenses for 2024 and including recently adopted labor contracts increased costs, while assuming 30-year debt on LTGO bonds reduced the general fund revenues needed.

Row 1 is the PFEC base package recommendation.⁸ Row 2 includes the Council priority elements from June 20, 2023.⁹ Row 3 repeats Row 2 elements, but uses updated costs, primarily for aquatics and recreation center positions (see below). Rows 3 and 4 have the same elements and the same cost per element with row 4 using the more detailed financial model. Row 5 uses the financial modeling as Row 4 with slight refinements to add the recommended two implementation positions. Row 6 demonstrates what the total package would look like with the addition of the Communications Program Specialist position (see below). Further details about the evolution of these numbers are provided throughout this memorandum.

⁸ See page 4: https://www.kirklandwa.gov/files/sharedassets/public/city-council/agenda-documents/2023/june-6-2023/3a_study-session.pdf

⁹ See page 15: https://www.kirklandwa.gov/files/sharedassets/public/city-council/agenda-documents/2023/june-20-2023/3b_study-session.pdf

Table 2: Evolution of Ballot Package Investments and Costs

Row	Package	LTGO Debt Financing Term for Facility (Years)	Facility percent pay-go	Estimated Levy Amount
1	Cost Estimated PFEC Recommended*	20	N/A	\$11,219,350
2	Cost Estimated Council Recommended Package (includes all Council elements)*	20	N/A	\$11,258,081
3	Cost Estimate Council Recommended Package with Cost Revisions (details below)*	20	N/A	\$11,787,055
4	Financially Modeled Council Recommended Package with 30 year debt service	30	4%	\$10,500,000
5	Financially Modeled Council Recommended Package + 2 Implementation Positions	30	3.85%	\$10,800,000
6	<i>Financially Modeled Council Recommended Package + 2 Implementation Positions + Communications Position</i>	30	3.85%	\$10,960,000

*Cost Estimated packages (rows 1-3) are listed in 2023 dollars for comparison to what PFEC was discussing ("PFEC Recommended"). All other packages were calculated in the more detailed financing model in 2024 dollars.

Considerations for Parks and Recreation Investments

Since initial discussions with PFEC and Council on estimated costs for the ballot measure investments, staff have developed more sophisticated modeling to better reflect the financial conditions being discussed. These updates brought the two-dimensional static cost projections into a three-dimensional model with multivariate factors that fluctuate over time.

- Convert some capital investments from being funded over 20 years to pay-go capital expenses carried out in the first 5 years.
- For the aquatics and recreation center investment, the bond debt service term was changed from 20 years to 30 years. As indicated previously, the General Fund would pay debt service on LTGO bonds for this capital investment.
- For planning and sequencing of investments, staff inflated expenses and revenues to their anticipated future values using inflationary estimates provided by the City's Finance and Administration and Public Works Capital Improvement staff. The implementation of elements was planned out by year. The numbers provided in tables in this section are the actual estimated costs for the corresponding year in which the component is being implemented.
- Two new implementation positions necessary to implement and operate the elements were added. A third position is recommended, but not yet added.
- Some salary assumptions were updated based on current wage schedules recently updated through collective bargaining agreements. These adjustments had the most significant impact on the positions for aquatics and recreation center operations.

Additionally, the elements themselves have been adjusted and updated based on feedback received in the past several City Council meetings. For example, components of the park safety and security element have been added. This element is heavy in annual operations versus capital expenses and the capital expenses would be funded as pay-go and not financed. To make space for this addition while remaining near the total levy amount recommended by PFEC, the Green Loop and Sports Courts elements were reduced, both of which were primarily capital costs.

More details of the financial modeling are outlined below.

Estimated Expenses of Priority Elements

Table 3 outlines the estimated annual levy-funded pay-go capital expenses for each element by year. This table shows the sequencing of the funding plan with anticipated completion of the capital projects by the end of 2027. A narrative version of this table that explains which specific capital components are completed in which year is available in **Attachment A**.

Staff estimated costs for all capital projects besides the aquatics and recreation center. In these estimates, staff used the following assumptions:

- Design contingency of 10% included in all capital projects
- Construction contingency of at least 10% included in all capital projects
- Capital costs were calculated in 2022 dollars and inflated to the year costs would be realized with the following inflation rates:
 - 2022 to 2023: 15%
 - 2023 to 2024: 6.25%
 - 2024 to 2025: 3.5%
 - 2025 to 2026: 3.5%
 - 2026 to 2027: 3.5%

Table 3: Levy Lid Lift Capital Elements paid on Pay-Go Basis

Capital Element	2024	2025	2026	2027
Park Restrooms	240,843	3,238,286	4,545,641	
Green Loop		2,254,359	2,333,262	
Park Safety & Security		604,435		
Sport Courts		368,643	234,083	748,458
Aquatics and Recreation Center RFP & Design (pay-go portion)	2,158,702	2,158,702		
Total Capital	\$2,399,545	\$8,624,425	\$7,112,985	\$748,458

Table 4 outlines the estimated annual capital expense for the aquatics and recreation center design and construction. As noted in Table 3, a portion of the RFP and Design expenses will be covered as pay-go capital from levy lid lift revenue. The remainder of the capital expenses for the facility will rely on LTGO bonds with debt service paid from the General Fund.

Opsis Architecture and their subconsultant, DCW Cost Management, estimated the capital costs for the aquatics and recreation center using the following assumptions:

- Capital costs were calculated in May 2025 dollars by DCW who used a 15.83% cost inflation from January 2023 to May 2025
- Design contingency: 15%
- Construction contingency: 5%
- Soft costs: 30%
- Staff used the following assumptions when sequencing facility related costs:
 - Soft costs split across project years in alignment with anticipated need.
 - Facility design costs that are planned to be realized in 2024 and 2025 were kept in the 2025 dollars estimated by DCW.
 - Costs for future years were further inflated using the following inflation rates:
 - 2025 to 2026: 3.5%
 - 2026 to 2027: 3.5%

Table 4: Aquatics and Recreation Center Development Timeline and Capital Expense

	2024	2025	2026	2027
Development Stage	RFP & Design	Design & Permitting	Bidding & Construction	Construction
Capital Expense	\$8,339,960	\$10,079,604	\$81,819,317	\$11,901,485

Table 5 outlines the estimated annual levy-funded operating expenses for each new element by year. Staff planned sequencing for starting new positions and programs which results in 2027 being the first year that all new elements are anticipated to be fully operational. See **Attachment A** for a narrative version of this table that explains which staff and programs are started in which years.

Implementation positions necessary for Parks and Community Services to plan for and operate the increased investments were mentioned verbally at the June 20, 2023, Council meeting. These two positions include a Management Analyst (2024 hire), and a Park Planner/Design Specialist (2024 hire) with related expenses outlined in Table 5. Staff further recommend including a Communications Program Specialist (2024 hire), but that cost is not yet included in the financial projections pending Council discussions.

Table 5: Levy Lid Lift Annual Operating Expenses for New Elements

Operating Element	2024	2025	2026	2027	2028
Aquatics & Recreation Center (Expenses minus Revenue)		1,252,965	1,988,910	2,287,047	2,127,623
Park Restrooms	349,860	270,355	315,643	327,732	340,318
Park Safety & Security	239,220	202,317	228,657	237,819	247,365
Sport Courts		3,420	3,489	8,304	11,317
Teen Programs & KTUB	460,000	469,200	478,584	488,156	497,919
Beach Lifeguards & Water Safety Program	104,845	105,064	97,830	101,569	105,454
Implementation Positions	361,900	371,010	385,895	401,405	417,566
Total New Program/ Operating Costs	\$1,515,825	\$2,674,331	\$3,499,008	\$3,852,032	\$3,747,563

To fund these investments, the levy lid lift would need to raise approximately \$10,800,000 in 2024. With inclusion of the Communications Program Specialist, the final number would be \$10,960,000. To raise the \$10,800,000, staff assumed an estimated 20% drop in assessed value, with the corresponding incremental levy rate increase to be approximately \$0.27921/\$1,000 AV, and a maximum levy rate of \$1.3818/\$1,000 AV. Table 6 outlines the impacts of adding the Communications Program Specialist to the recommended package. Staff are continuing conversations with the King County Assessor's Office and Bond Counsel and will return to the July 18, 2023, meeting with the updated estimated rate for consideration for the final ballot measure ordinance.

Table 6: Impact of Adding Communications Program Specialist to Levy Package

	Total Annual Amount (2024)	Levy Rate / \$1,000 AV	Estimated Impact to Property Valued \$1M in 2023*	City's Maximum Levy Rate / \$1,000 AV
Recommended Package	\$10,800,000	\$0.27921	\$223.37	\$1.3818
Addition of Communications Program Specialist	\$160,000	\$0.00414	\$3.31	See adjusted total
Adjusted Total	\$10,960,000	\$0.28335	\$226.68	\$1.3859

*Property valued at \$1,000,000 in 2023 estimated to be valued at \$800,000 in 2024.

Financial Modeling

As discussed at the June 20, 2023, Council study session, staff are proposing the creation of a new fund for the proposed Parks Levy. This fund would receive the levy lid lift revenue, as well as fees for use of the aquatics and recreation facility, which would fund all the costs laid out in Table 3 and Table 5 above. The new fund would also fund selected current Parks operations costs, which are currently in the General Fund. With these costs moved to the new fund, General Fund resources will be available for debt service payments.

The debt is for the design and construction of the aquatics and recreation center since only four percent of the estimated cost of the center will be covered by the levy revenue. Table 7 summarizes the capital funding plan.

Table 7: Capital Funding Plan

Capital Funding	Pay-Go	Debt Financed
Park Restrooms	100%	0%
Green Loop	100%	0%
Sport Courts	100%	0%
Park Safety & Security	100%	0%
Aquatics and Recreation Center	3.85%	96.15%

To ensure the viability of funding plans staff tested the assumptions being made on the following criteria:

- The annual fund balance of the new levy fund remains positive for at least 20 years
- The current parks operations that are being removed from the General Fund are at least as large as the annual debt service payments

The two criteria, and the costing in Table 3 and Table 5, can be achieved with the following assumptions regarding debt issuance:

- \$14 million debt issued in 2024 for 30 years
- \$94 million debt issued in 2026 for 30 years
- Assumes one semi-annual payment in first year of debt issuance

The estimated debt service impact on the General Fund between 2024 and 2028 with the planned issuance of two bonds is shown in Table 8.

Table 8: Debt Service Impact on General Fund

Impact to General Fund	2024	2025	2026	2027	2028
Debt Issuance 1	427,648	855,296	855,296	855,296	855,296
Debt Issuance 2	-	-	2,797,566	5,595,132	5,595,132
Total Required Debt Service	\$427,648	\$855,296	\$3,652,862	\$6,450,428	\$6,450,428

To create the required debt service capacity in the General Fund, the Parks operating costs in Table 9 will be moved to the proposed Parks Levy fund in the corresponding year.

Table 9: Timeline of Costs moved from General Fund to Parks Levy Fund

Costs Moved to Parks Levy Fund	2024	2025	2026	2027	2028
Current Parks Operating Costs	-	\$1,506,523	\$5,797,175	\$6,000,209	\$6,211,147

It is anticipated that the General Fund will have the capacity to offset the estimated debt service of \$427,648 in 2024. This will be considered as part of mid-biennial budget adjustments that will be brought to the Council in December 2023.

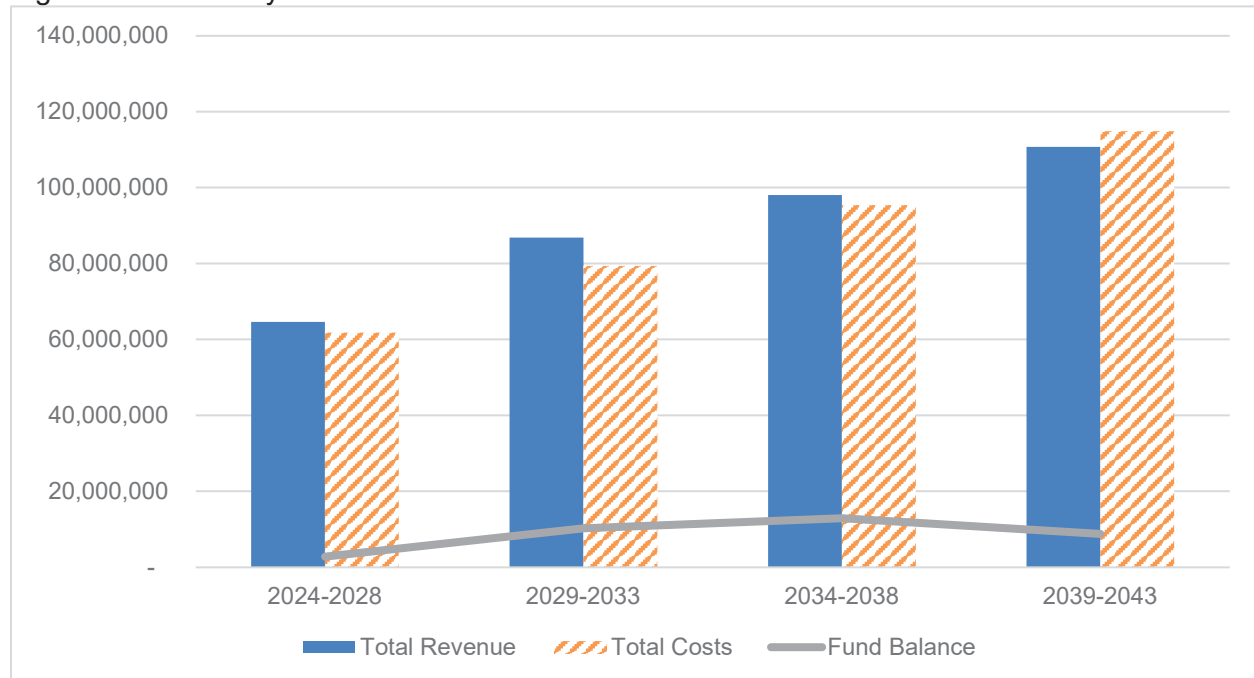
Table 10 shows the cashflow for the proposed Parks Levy Fund between 2024 and 2043. The operating costs include new operating costs and the cost of existing programs being moved from the General Fund to the Parks Levy Fund. The capital costs are the “pay-go” portion of the total capital costs, and the remainder will be debt funded (in the General Fund).

Table 10: Parks Levy Fund Cash Flow 2024 to 2043

Parks Levy Fund	2024-2028	2029-2033	2034-2038	2039-2043
Revenue				
Levy Revenue	56,485,293	63,132,352	70,561,621	78,865,150
Existing GF Recreation Fees	-	-	-	-
Aquatics & Recreation Center	8,110,781	23,683,680	27,455,876	31,828,886
Total Revenue	\$64,596,074	\$86,816,032	\$98,017,498	\$110,694,036
Operating Costs				
New Program/Operating Costs	23,399,540	44,832,778	54,172,662	65,567,401
Existing Parks Admin	6,349,977	9,284,402	11,075,431	13,249,742
Existing Parks Maintenance	13,165,076	25,235,968	30,111,721	36,042,899
Subtotal Operating Costs	\$42,914,593	\$79,353,148	\$95,359,815	\$114,860,043
Capital Costs				
Park Restrooms	8,024,769			
Green Loop	4,587,621			
Sport Courts	1,351,183			
Park Safety & Security	604,435			
Aquatics & Recreation Center	4,317,404			
Subtotal Capital Costs	\$18,885,413			
Total Costs	\$61,800,006	\$79,353,148	\$95,359,815	\$114,860,043
Fund Balance	\$2,796,068	\$10,258,952	\$12,916,635	\$8,750,627

Figure 1 presents the data in Table 10 and shows the use of reserves in 2039-2043 as costs begin to exceed revenues in the Parks Levy Fund.

Figure 1: Parks Levy Fund 20 Years



2024 Kirkland Levy and Levy Rate Finalization Timeline

To place a levy lid lift ballot measure on the November 7, 2023, ballot, the City will have to estimate the maximum City levy rate needed in 2024 to cover the existing base levy (with allowable 1% and new construction increases) plus the incremental new amount needed to cover the parks and recreation investments as outlined above, approximately \$10,800,000 (or \$10,960,000) in 2024. The City must estimate this maximum rate prior to King County providing the City with the updated 2023 Kirkland Regular Levy Assessed Value (total AV of the City) that is used to calculate tax rates for 2024. As shared in prior Council meetings and materials, the King County Assessor has recently made a series of announcements about the probability of assessed values dropping significantly in King County and on the Eastside for the 2024 tax year. On June 15, 2023, a King County Assessor news release stated that “median residential property values fell by 19.8% in the East Kirkland/Rose Hill area” between 2022 and 2023 (see Attachment C). This drop is for a specific geographic area, but similar drops are anticipated across Kirkland. Commercial property assessed values are forecasted to drop as well, however the City has not received an official estimate for changes in commercial property valuations in Kirkland. Staff are in touch with the King County Assessor’s Office and working to gain all possible information about the situation.

Based on the current information, staff estimates that the City’s base levy for 2024, which would be the total regular levy in 2023 plus the 1% increase, plus new construction levied at 2023 levy rate, and corrections, would be \$42,647,026. Assuming a 20% decrease in assessed values in Kirkland, the regular levy rate for 2024 is estimated to be \$1.10256/\$1,000 of AV. Table 11 summarizes this calculation and shows the estimated increase in levy rate of \$0.23837/\$1,000 AV – from \$0.86418/\$1,000 of AV in 2023 to \$1.10256/\$1,000 of AV in 2024.

Table 11: Potential Impact of Drop in AV on City's Base Levy Rate

Category	2023	2024	Change
Prior Year Levy Amount	\$40,691,492	\$41,784,964	\$1,093,472
1% Increase	\$406,915	\$417,850	\$10,935
New Construction	\$634,949	\$394,212	\$ (240,737)
Corrections	\$51,608	\$50,000	\$ (1,608)
Total Levy	\$41,784,964	\$42,647,026	\$862,062
Assessed Valuation	\$47,779,988,257	\$38,223,990,606	\$ (9,555,997,651)
New Construction	\$571,985,308	\$456,167,151	\$ (115,818,157)
Total Assessed Valuation	\$48,351,973,565	\$38,680,157,757	\$ (9,670,953,746)
Property Tax Rate	0.86418	1.10256	0.23837

Table 12 illustrates the impact on the levy rate of a 20% drop in AV for the proposed Parks levy of \$10,800,000. At the 2023 total AV of \$48,351,973,565, the levy rate for the proposed levy would be \$0.23163/\$1,000 of AV. The estimated levy rate in 2024 with the potential 20% drop in AV is \$0.28955/\$1,000 of AV.

Table 12: Potential Impact of Drop in AV on Parks Ballot Measure Levy Rate

Category	2023	2024	Change
Required Levy	\$10,800,000	\$10,800,000	\$ -
Assessed Valuation	\$48,351,973,565	\$38,680,157,757	\$ (9,671,815,808)
Required Rate	\$0.22336	\$0.27921	\$0.05585

The estimated maximum levy rate in 2024 assuming a 20% drop in AV for the City of Kirkland is shown in Table 13. The estimated levy rate for the Parks levy and the estimated maximum levy rate are required elements of the ballot language. Staff will continue to monitor information from the King County Assessor's Office to refine these calculations and will bring the latest information to the Council July 18, 2023 meeting.

Table 13: Potential Impact of Drop in AV on 2024 Levy Rate

Category	2023 AV	2024 AV	Change
Regular Levy Rate	0.86418	1.10256	0.23837
Parks Ballot Measure		0.27921	0.27921
Total Rate	\$0.86418	\$1.38177	\$0.51759

The estimated annual cost of the Parks Levy to the owner of a property valued at \$1,000,000 in 2023 remains approximately \$223 in the first year of the levy regardless of the drop in AV, assuming that the particular property value changes at a rate similar to that of the City's total assessed value. While the City's total assessed value drops and the levy rate per \$1,000 assessed value increases, staff held the estimated cost impact to the homeowner as constant as possible. Table 14 illustrates the effect of a 20% drop in the AV of a property and the resultant change in Park Levy portion of the property tax paid.

Table 14: Potential Impact of Drop in AV to Property Valued at \$1,000,000 in 2023

Category	2023	2024	\$ Change	% Change
Property AV	\$1,000,000	\$800,000	(\$200,000)	-20.00%
Parks Levy Rate	0.22336	0.27921	\$0.05585	25.00%
Parks Levy Estimated Year 1 Cost to Property Owner	\$223.36	\$223.37	\$0.01	0.00%

The timeline in Table 15 provides details about the steps to estimate the maximum levy rate for the ballot measure, then finalize the levy amount to actually be collected, which needs to be communicated to the King County Assessor by November 30, 2023. It is important to note that while the ballot measure must state a maximum levy rate, the City Council can choose to collect less than the maximum rate. As outlined in the section below about the draft ballot title and ordinance language, Council can indicate in the ordinance that they only intend to collect up to the amount needed to fund the priority parks and recreation investments (in addition to the allowable 1% and new construction increases).

Table 15: Timeline for Finalizing 2024 Kirkland Total Levy Amount and Levy Rate

Date	Action
July 2023	Staff estimate maximum levy rate with available information using a conservative approach to ensure that the maximum levy rate is not less than will be needed for base levy including allowable one percent increase and new construction, plus Council's priority parks and recreation investments.
August 1	Ordinance with ballot title stating maximum levy rate for the levy lid lift due to King County Elections.
October	Anticipated month for King County Assessor to send Kirkland initial assessed value worksheets for the City's total AV.
November 7	General Election Day
November (second half)	Anticipated month for King County Assessor to finalize Kirkland's 2023 total AV, used to calculate levy rate for 2024 tax year.
November 28	General Election Results certified by King County Elections
November 28 or 29	Kirkland City Council potential action at special meeting needed to confirm the required total levy (in dollars) for 2024 tax collection. If the ballot measure passes, staff will calculate the required total levy amount to cover the existing base levy and new investments and corresponding levy rate. If staff calculations show that the rate needed is less than the maximum levy rate stated in the ballot measure, Council can pass an ordinance stating the required total levy and ask the King County Assessor to levy less than the maximum rate.* There is no option to collect more than the maximum levy rate.
November 30	Last day for City to inform King County Assessor of the required total levy (in dollars) for 2024 tax collection.
December	King County Assessor calculates Kirkland levy rate for 2024 tax year using required total levy provided by City.
February 2024	Kirkland property owners are informed of their 2024 tax amounts.
November 2024	City calculates required total levy (in dollars) for 2025 tax collection using the 2024 total levy as the base, likely taking the allowed maximum 1% increase to the 2024 total levy + new construction.
December 2024	King County Assessor calculates Kirkland levy rate for 2025.

**Note: Any difference between that levied amount and the maximum stated in the ballot measure becomes "banked capacity" which the City does not collect. The draft ordinance is written in a manner that indicates Council's intention to not collect more than necessary, should the levy rate needed be lower than the maximum amount stated in the ballot title.*

Ballot Title and Ordinance Language

Draft Ballot Measure Ordinance

A draft ordinance requesting that King County Elections place a permanent levy lid lift measure to fund operating and pay-go capital investments for parks and recreation on the November 2023 ballot is included in Attachment D. This ballot measure would require 50%+1 voter approval.

The estimated total annual amount needed in 2024 is \$10,800,000 (or \$10,960,000). To generate this revenue, the levy lid lift would need to raise the City's base levy rate by \$0.27921/\$1,000 AV to a maximum levy rate of \$1.38177/\$1,000 AV. As outlined above, this maximum rate was estimated taking the forecasted drop in AV of 20% into consideration, which alone is estimated to raise the City's base levy rate from \$0.86418/\$1,000 AV to \$1.10256/\$1,000 AV.

The draft ordinance includes statements that convey Council's intent to levy only the amount needed for the ballot measure elements (approximately \$10,800,000 in 2024). To generate enough funds, with the complication of the drop in AV, the City needs to make a conservative estimate of the maximum levy rate in the ballot measure. The ordinance states that should the maximum levy rate be greater than what is needed to offset fluctuations in assessed values and generate the approximately \$10,800,000 in 2024 (plus allowable 1% and new construction increases), the City would ask the King County Assessor to collect less than the maximum rate.

Draft Ballot Title Language

Council reviewed the following draft ballot language at the June 20, 2023, Council meeting as an example of language that incorporates all of the elements Council identified as priorities to receive levy lid lift funding. The draft language focuses on the park and recreation elements and highlights projects that would specifically receive funding for operations or pay-go capital. This language was developed in consultation with Bond Counsel from Pacifica Law Group with the goal for the language to be a clear, fair, accurate, and neutral statement. Specific ballot title requirements are included in the June 20, 2023, Council materials¹⁰. The ballot language needs to contain a concise description of the matter that is before voters. As a single-year permanent levy lid lift, the ballot must state that it is permanent or state that desired effect instead of using the word permanent (e.g., that the dollar amount of the bumped levy will be used to compute the levy in all subsequent years). The draft language totals 75 words measuring after "This proposition funds."

City of Kirkland Proposition No. #

LEVY LID LIFT FOR EXPANDED AQUATICS, RECREATION AND PARKS
FACILITIES, OPERATIONS, AND PROGRAMS

The Kirkland City Council adopted Ordinance No. ____ - ____ concerning funding for expanded aquatics, recreation and parks facilities, operations, and programs. This proposition funds aquatics and recreation center operations, parks maintenance, year-round restrooms, park rangers, beach lifeguards, sports courts, teen services, and green loop trail networks by increasing the City's regular property tax levy to a maximum rate of \$1.3818/\$1,000 of assessed valuation (generating approximately \$10,800,000 for these purposes) for collection in 2024. The 2024 levy amount will be the basis to calculate subsequent levies, per RCW 84.55. Qualifying seniors, disabled veterans, and others would be exempt (RCW 84.36).

¹⁰ https://www.kirklandwa.gov/files/sharedassets/public/city-council/agenda-documents/2023/june-20-2023/3b_study-session.pdf

Staff propose including the approximate average dollars to be collected in 2024 for these purposes as is outlined in the parentheses above. This number is not required, but it helps contextualize the size of the ballot measure for voters. Staff recommend using this instead of the incremental increase levy rate in cents per \$1,000 AV since assessed value is harder to understand. The explanatory statement that is provided in the Voters' Pamphlet has a 250-word limit and can further elaborate on the measure, including the estimated cost to homeowners with properties of certain values and more details about what the measure funds.

Exemptions

2018 legislation requires cities to include in their levy lid lift an exemption under RCW 84.36.381 for qualifying seniors (61+), disabled veterans, and other people who have retired from regular gainful employment by reason of disability if the city would like the exemption to be available. The draft language above includes language for this exemption. The same exemption was included in the 2020 Fire and Emergency Medical Services ballot measure. The levy lid lift statute does not require other possible exemptions that may be available to any regular property taxes levied by the City to be included in the ballot measure. The City does not have the authority to create exemptions that are not otherwise included or authorized by statute.

Pro/Con Committees

Council authorized recruitment for the Pro/Con Committees at the June 20, 2023, Council meeting. Initially staff planned to have the application due date be June 30, 2023, in order to have names for potential appointment at the July 5, 2023, Council meeting. However, staff decided to extend the application due date to July 12, 2023, to allow more time for advertising the opportunity and additional time for interested people to apply.

Councilmember Questions from June 20, 2023

Councilmembers asked staff to provide further information about the following topics at the meeting.

Park Rangers: Councilmembers asked staff to elaborate on how the 2,400 seasonal (or part-time) park ranger hours would be used and wondered if there would be a significant change in the current level of service.

Currently Parks and Community Services (PCS) is budgeted for 1 FTE Park Ranger and 1,200 hours of seasonal park rangers. The FTE park ranger currently works Tuesday – Saturday 5:30am to 2:30pm. In general, current practice is for the seasonal hours to be used by two part-time staff working approximately 600 hours each in the summer, with the majority of their time focused on the marina and other waterfront parks with a schedule that overlaps with the FTE park ranger and provides additional coverage into the evenings (11am – 9pm).

The additional 1 FTE park ranger will be a 100% increase over the current service level and allow the City to have FTE coverage 7 days per week which provides more continuity of service compared to current levels. Additionally, having two FTE park rangers will provide increased consistency in staffing should a staff person need leave, and increased consistency in training for seasonal staff and availability to support people using parks. A focus of the FTE's includes work like monitoring off leash activities, working with neighbors on encroachments (dumping, illegal cutting of vegetation, etc.), ensuring safety and cleanliness in parks, and other pressing needs.

The additional seasonal hours would result in a 200% increase over the current service level and would allow the staff to focus on the entire park system, rather than just the waterfront parks. The additional seasonal hours will allow PCS to expand the program to have seasonals working throughout the year. This could happen in two different ways. Either PCS can hire the positions on a seasonal basis (working up to 40 hours/week for up to 6 months of the year) or

hire staff to work part-time year-round (less than 1,040 hours per year). Staff anticipate more seasonal hours being spent in the summer with the potential for approximately 2,400 summer hours and 1,200 hours throughout the rest of the year for a new total of 3,600 seasonal hours.

Cost of 20-year bonds compared to 30-year bonds: Councilmembers asked staff to provide calculations of the net present value for 20-year bond payments compared to 30-year bond payments to be able to better compare the expenses related to borrowing in 2023 dollars.

Table 16 shows the total debt service payments and the present value (PV) of total debt service payments assuming a 3.75% discount rate across all scenarios for comparison purposes.

Table 16: Comparison of 20- and 30-year term financing

Amount Financed: \$94 million (20-year Term)

	Estimated True Interest Cost (TIC)	Estimated Annual Debt Service	Total Debt Service	PV of Total Debt Service**
Current Rates*	3.46%	\$6,598,500	\$131,969,500	\$91,758,543
Current Rates* plus 50bps	3.84%	\$6,832,600	\$136,652,250	\$95,016,323

Amount Financed: \$94 million (30-year Term)

	Estimated True Interest Cost (TIC)	Estimated Annual Debt Service	Total Debt Service	PV of Total Debt Service**
Current Rates*	3.94%	\$5,402,800	\$162,082,500	\$96,408,041
Current Rates* plus 50bps	4.24%	\$5,609,100	\$168,272,750	\$100,088,258

* AAA rates as of 6/21/2023

** Calculations assume a PV factor of 3.75%

By definition, the True Interest Cost (TIC) is the discount rate that results in the PV of total debt service payments equal to the “purchase price” of the bonds (in this case, the “purchase price” is the \$94 million project plus approximately \$200,000 in estimated issuance costs such as credit rating fees, bond counsel fees, etc.). Conceptually, if the TICs from the Table 16 were used as the discount (PV) rates, the present value of debt service payments would be roughly \$94.2 million across all scenarios.

Bond issuance impact on General Fund Budget: Councilmembers asked staff to provide an estimate of what percentage of the General Fund would be budgeted for debt service payments each year of payments.

Table 17 compares the estimated debt service in the first five years (2024 through 2028) to the forecasted General Fund revenue for the same period. The General Fund forecast was presented to Council at the May 2023 retreat¹¹. The estimated debt service assumes the following:

- Two debt issuances: \$14 million in 2024 and \$94 million in 2026
- Half of annual debt service amount paid in first year because of timing of debt issuance
- Debt service based on June 21, 2023, estimates of current rates (for AAA-rated debt) plus 50 basis points (0.5%)

¹¹ See page 12: https://www.kirklandwa.gov/files/sharedassets/public/city-council/agenda-documents/2023/may-31-2023/4_financial-forecast-and-debt-issuances.pdf

Table 17: Annual Debt Service as a Percent of General Fund Revenue

Debt Service from Cash Flow Model, 30-Year Term	2024	2025	2026	2027	2028
Total General Fund Revenue (Forecast)	\$128,723,805	\$132,241,781	\$135,891,534	139,678,677	143,609,080
Estimated Annual Debt Service*	427,648	855,296	3,652,862	6,450,428	6,450,428
Debt Service as a Percent of General Fund Revenue	0.33%	0.65%	2.69%	4.62%	4.49%

* Includes one semi-annual payment in first year of debt issuance.

The debt service as a percentage of the forecasted total General Fund revenue increases each year starting in 2024 and peaks in 2027 – the year both debt issuances pay a full year’s debt service. The debt service will slowly decrease as a percentage of General Fund revenues as revenues increase and debt service amount remains the same until the debt is paid off in 2054 and 2058.

The debt service capacity in the General Fund will be created by moving current Parks operation costs from the General Fund to the proposed Parks Levy Fund. The timing of the Parks operating costs to be moved from the General Fund to the proposed Parks Levy Fund are discussed further below.

NEXT STEPS

Staff will use Council’s feedback on the draft ballot measure title and ordinance to return to the July 18, 2023, meeting with updated documents. July 18, 2023, is the last regularly scheduled Council meeting for Council to adopt an effective election ordinance to be filed with King County Elections by the August 1, 2023, due date. The Council could also convene a special meeting between July 18 and August 1, 2023.

Staff will work to ensure that corresponding materials are received from staff and the Pro/Con Committees by King County Elections in accordance with the timeline in Table 18 on the next page. Should Council pass an ordinance, staff will create educational materials related to the ballot measure to provide the public with fair and accurate information about the ballot measure, in accordance with guidance from the Public Disclosure Commission¹².

¹² <https://www.pdc.wa.gov/rules-enforcement/guidelines-restrictions/guidelines-local-government-agencies-election-campaigns>

Table 18: Ballot Measure Exploratory Process: City Council Steps for 2023 Ballot Measure

Date	Item
July 5	Council discussion on potential ballot measure: Draft ordinance
July 18	Last Regular Council Meeting to approve Ballot Measure Ordinance for November 2023 Election (Special Mtg still possible) Council to confirm Pro/Con Committee appointments (can also happen on 7/18)
August 1	Ballot Measure Ordinance and Pro/Con Committee appointments due to King County Elections
August 4	Explanatory Statement due to King County Elections
August 8	Pro/Con Committee Statements Due to King County Elections
August 10	Pro/Con Committee Rebuttal Statements Due to King County Elections
October 18	Ballots mailed; Vote center opens. (Ballot drop boxes open 10/19)
November 7	Election Day

Attachments: A: Sequencing of Levy Lid Lift Funded Investments
B: Priority Parks and Recreation Elements Details
C: King County Assessor June 15, 2023, News Release
D: Draft Ordinance

Attachment A
Sequencing of Levy Lid Lift Funded Capital (pay-go) and Operating Investments

Element	Cost Type	2024	2025	2026	2027
Park Restrooms	Capital	Winterization of 6 restrooms	Design for 3 new restrooms	Construction for 3 new restrooms	
	Operating	2 FTE Groundspersons hired. Increased utility expenses for expanded winterized restrooms.		Utility expenses for new restrooms.	
Green Loop	Capital		Funds for property acquisition	Funds for property acquisition	
Sport Courts	Capital		Sand Volleyball Court construction	Pickleball Complex design	Pickleball Complex construction
	Operating		Sand Volleyball Court supplies & materials		Pickleball Complex supplies & materials
Park Safety & Security	Capital		Automatic Locking Gates at 6 parks		
	Operating	1 FTE Park Ranger & 2,400 hours seasonal Park Rangers begin	Utility and R&M for gates.		
Aquatics and Recreation Center Design (pay-go portion)	Capital	RFP & Design to begin Q3 2024			
	Operating		Manager and supervisor staff hired to prepare policies, programs and operations	Aquatics coordinator and maintenance tech hired. Select supplies and tech items purchased.	Lifeguards, custodians, and part time staff hired. Remaining supplies purchased. Utility payments begin. <i>Revenues begin.</i>
Teen Programs & KTUB Operations	Operating	KTUB Operations and teen programs start receiving funding.			
Beach Lifeguards & Water Safety Program	Operating	Increased lifeguarding hours begin.	Water safety education materials and programs begin.		
		Loaner lifejacket stations open, and additional life rings purchased.	Life jacket sales begin.		
Implementation Positions	Operating	Management Analyst, Planner/Design Specialist hired			

Priority Parks and Recreation Elements Details

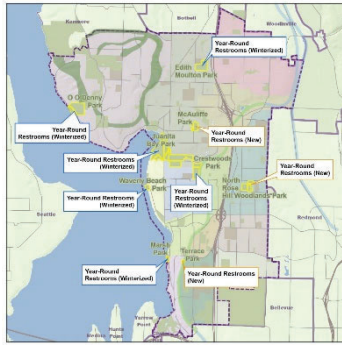
Attachment B provides details about each of the seven priority elements. Cost details inflated to the year when cost will occur are included in the July 5, 2023, Council memorandum.

Aquatics and Recreation Center at Houghton Park and Ride: Approximately 86,000 sq ft



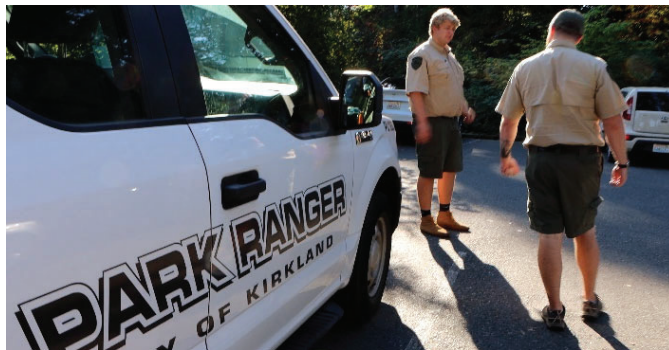
Current Service Level	Community Benefit from Element
<ul style="list-style-type: none"> Current system includes one outdoor seasonal pool and two small community centers: Peter Kirk Community Center at 9,800 square feet and North Kirkland Community Center at 11,942 square feet 	<ul style="list-style-type: none"> A new 86,000 square foot aquatics and recreation facility added in a central location with design based on additional extensive community input. Potential facility features could include: <ul style="list-style-type: none"> 8-lane lap pool Recreation Pool Whirlpool 2 court gym with walk/jog track Cardio & strength areas 2 group exercise rooms 2 community / multi-purpose rooms Commercial kitchen Child watch Party/meeting room Arts/crafts room Makerspace Game room Cultural Center New and expanded programming: swim lessons, arts classes, health & wellness, fitness classes, cultural events, children and youth programming, community and private events, and more. Peter Kirk Community Center and North Kirkland Community Center will continue operations.
<p>What funding covers: Capital costs (primarily LTGO bonds, some pay-go capital as outlined in the July 5, 2023, Council memorandum) cover all design, permitting, sitework, construction, furnishings, equipment needs to make the facility fully functional. Operating costs cover all staff, utilities, and supplies needed and account for revenue from memberships, rentals, and fees.</p>	

Additional Year-Round Restrooms Across Kirkland



Current Service Level	Community Benefit from Element
<ul style="list-style-type: none"> Year-round restrooms at 5 locations: Marina Park, Totem Lake Park, 132nd Square Park, Peter Kirk Park, and Juanita Beach Park Seasonal restrooms at 12 parks Summer portable toilets at 5 parks Winter portable toilets at 7 parks Year-round portable toilets at 4 parks 	<ul style="list-style-type: none"> Add 3 new, inclusive, year-round restrooms at: McAuliffe Park, North Rose Hill Woodlands Park, Terrace Park Convert 6 seasonal restrooms to year-round restrooms: Crestwoods Park, Edith Moulton Park, Juanita Bay Park, Marsh Park, OO Denny Park, Waverly Beach Park
What funding covers: Capital costs cover all expenses related to winterizing six existing restrooms and design, permitting, and construction of three new restrooms. Operating costs include 2 new FTE Groundsperson staff and supplies, utilities, repair and maintenance, and insurance costs related to the nine restrooms.	

Enhanced Park Safety and Security



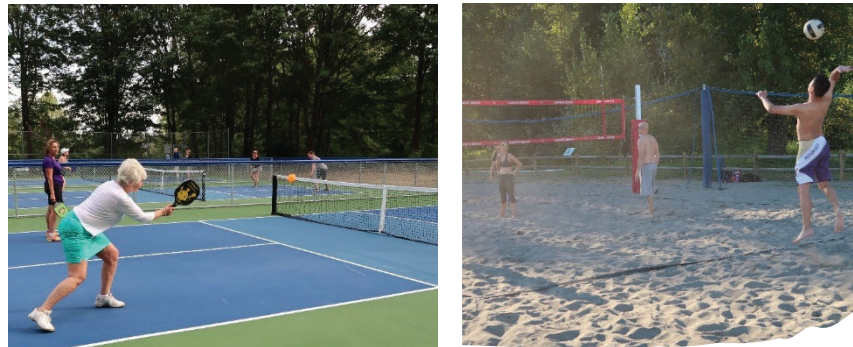
Current Service Level	Community Benefit from Element
<ul style="list-style-type: none"> Manual system. Staff open & close gates daily. This means gates open and close at different times as staff rotate through the system. 1 full-time park ranger with some seasonal support in July & August. 	<ul style="list-style-type: none"> 1 new FTE Park Ranger 2,400 new Park Ranger seasonal hours Automatically locking park gates to control access overnight at six parks: Houghton Beach Park, Juanita Bay Park, Juanita Beach Park, OO Denny Park, Crestwoods Park, Everest Park
What funding covers: Capital costs cover all expenses related to adding automatically locking gates at six parks including contracting, design, permitting, and materials. Operating costs include 1 new FTE Park Ranger, 2,400 new Park Ranger seasonal hours, and expenses related to maintenance and operation of the gates.	

Green Loop Trail Priority Segments



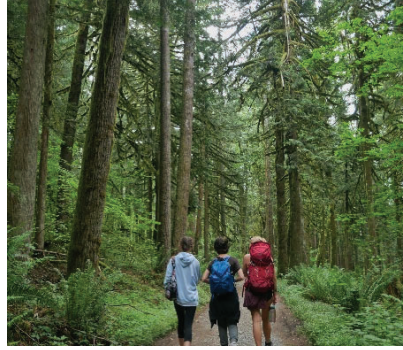
Current Service Level	Community Benefit from Element
<ul style="list-style-type: none"> Partial informally developed foot path in several areas 	<ul style="list-style-type: none"> Completion of priority segment for the Green Loop Acquisition of priority properties and/or easements
<p>What funding covers: Capital costs will go toward land acquisition, easements, and trail development. These funds will be further leveraged through grant applications to increase overall funding for the Green Loop Trail.</p> <p>Notes: The Green Loop Trail Master Plan is already funded and will begin soon. Operating costs related to this phase of the overall project can be absorbed into existing PCS budget.</p>	

New Sport Courts



Current Service Level	Community Benefit from Element
<ul style="list-style-type: none"> 8 tennis courts throughout the park system. 6 full basketball courts and 5 half basketball courts throughout the park system. 3 pickleball courts at Everest Park and 2 parks with dual striped basketball courts. 3 sand volleyball courts at Houghton Beach and Juanita Beach 	<ul style="list-style-type: none"> Pickleball complex with 3 courts Sand Volleyball at OO Denny Park
<p>What funding covers: Capital costs cover all design, permitting, and construction of three pickleball courts and one sand volleyball court.</p> <p>Operating costs cover utilities and supplies (including sand) needed to maintain courts as well as contributions to a sinking fund to resurface pickleball courts every five years.</p> <p>Note: Staff hours needed to maintain new courts will be covered by the 2 FTE Groundsperson staff that are part of the restrooms element.</p>	

Teen Programs and Kirkland Teen Union Building Operations



Current Service Level	Community Benefit from Element
<ul style="list-style-type: none"> • KTUB formerly operated by contract service provider. Not in service from 2020 – 2023. • 2022 grant-funded pilot mobile recreation program for school-age children • 2022 grant-funded pilot teen outdoor recreation program • One-time funding for extensions of both pilot programs in 2023 	<ul style="list-style-type: none"> • 7-day a week operation of the Kirkland Teen Union Building (KTUB) for 25 hours each week including drop-in after school program and teen events. • Bilingual behavioral health professional onsite • Outreach to BIPOC and at-risk youth • Day-time activation of KTUB for adult and preschool programs to alleviate space constraints and meet demand. • Year-round outdoor recreation program for teens and pre-teens including guided hikes, outdoor yoga, water recreation, and winter activities • Teen recreation scholarship program • Free 10-week summer mobile recreation for school-aged children <p>*Note: Total funding needed for this element is \$630,000, leaving a \$170,000 funding gap to be addressed through the budgeting process.</p>
<p>What funding covers: There are no capital costs associated with this element. Operating Costs: see Community Benefits above.</p>	

Increased Beach Lifeguarding and Water Safety Education Program



Current Service Level	Community Benefit from Element
<ul style="list-style-type: none"> • Lifeguards at Houghton Beach Park, Waverly Beach Park, Juanita Beach Park from 12 – 6pm daily from July 1 through Labor Day • Lifejackets provided at the lifeguarded beaches during lifeguard operating hours • Water safety education focuses on swim lessons and testing 	<ul style="list-style-type: none"> • Increased Lifeguarding at three beaches (Juanita Beach Park, Waverly Beach Park, Doris Cooper Houghton Beach Park) • Expanded daily lifeguarded hours at three beaches by one hour each day • Lifeguarded beaches open for 2 weekends before July 1 and 2 weekends after Labor Day • Loaner lifejackets stations at lifeguarded beaches for use 24/7 during swim season • Life jacket fittings and education events • Life rings at all waterfront parks and docks • Water safety education signage for all waterfront parks • Water safety education materials and brochures • Water safety outreach activities at beaches
<p>What funding covers: There are no capital costs associated with this element. Operating costs include staff costs to add eight new weekend days of lifeguarding and extend existing and new day lifeguarding hours by one hour per day. Operating costs also include staff costs to provide water safety education outreach and costs related to ongoing water safety education supplies.</p>	

King County Assessor John Wilson

News Release

June 15, 2023

For Immediate Release

Contact: Assessor John Wilson 206-930-0602

Al Dams, Chief Deputy Assessor 206-263-2255

Property Values Dropped Dramatically in NE King County Neighborhoods

Taxpayers to Receive Re-Valuation Notices Soon

The King County Assessor's office has begun the annual process of mailing property valuation notices to taxpayers. Notices will be arriving in northeast King County neighborhoods soon. Median residential property values fell by 19.8% in the East Kirkland/Rose Hill area.

2023 property values continued to be dramatically affected by the COVID 19 pandemic. After reaching all-time highs in quarter 2 of 2022 due to a lack of inventory for sale, residential property values corrected downwards throughout King County. This trend was especially pronounced in eastside communities.

"COVID changed our lives, and it continues to impact the real estate market," said King County Assessor John Wilson. "In 2020 and 2021, residential prices and values went through the roof because people chose to not put homes on the market, causing a major imbalance between supply and demand. The housing market is still very healthy, but it cooled considerably in 2022, bringing values down a bit."

It is important to remember that voter approved levies have more impact on property tax increase than do changes in home values.

The total amount of property tax collected is derived from the budgets passed by state, county, and local governments, and by locally approved levies. The value of each property determines proportionally how much each taxpayer will pay of that total amount.

Each year, County Assessors set values on every commercial and residential property value in the state. These values – set effective as of January 1 by state law – are then applied to the next year's tax bill. Property values are being set as of January 1, 2023, for taxes due in 2024.

CITY OF KIRKLAND, WASHINGTON

ORDINANCE NO. [_____]

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KIRKLAND, WASHINGTON, PROVIDING FOR THE FORM OF THE BALLOT PROPOSITION AND SPECIFYING CERTAIN OTHER DETAILS CONCERNING SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY AT A SPECIAL ELECTION TO BE HELD THEREIN ON NOVEMBER 7, 2023, OF A PROPOSITION AUTHORIZING THE CITY TO LIFT THE LEVY LIMIT ESTABLISHED IN RCW 84.55.010 IN ORDER TO FUND PARK, RECREATION, AND OPEN SPACE OPERATIONS, MAINTENANCE, SERVICES, AND FACILITIES.

1 WHEREAS, parks and recreation services are a vital component
2 of the quality of life for all Kirkland community members, businesses,
3 and visitors and Kirkland values an exceptional parks, natural areas,
4 and recreation system that provides a wide variety of opportunities
5 aimed at promoting the community's health and enjoyment; and

6 WHEREAS, the Kirkland City Council (the "Council") has
7 continuously included parks and recreation in biennial Council goals,
8 most recently with the 2021-2022 goal of Abundant Parks, Open Spaces
9 & Recreation Services, which seeks to provide and maintain natural
10 areas and recreational facilities and opportunities that enhance the
11 health and wellbeing of the community; and

12 WHEREAS, in the past, significant funding for parks and
13 recreation in the City of Kirkland (the "City") has been secured through
14 bonds and levies placed on the ballot and approved by Kirkland voters;
15 and

16 WHEREAS, since 2001, the City's Comprehensive Parks,
17 Recreation, and Open Space Plans ("PROS Plan") have identified the
18 need for more multi-use recreation space in the community; and

19 WHEREAS, aquatic facilities have been an essential part of the
20 Kirkland community and culture for over 55 years, beginning with the
21 construction of the Peter Kirk Pool in 1968, followed in 1971 with the
22 construction of the Juanita Aquatics Center at Juanita High School; and

23 WHEREAS, the Kirkland community's desire for additional
24 indoor recreation, aquatics and gathering space has been well
25 documented, beginning with the 2001 Indoor Recreation Needs Survey
26 and the 2001 PROS Plan; and

27 WHEREAS, according to the guidelines from the City's 2010,
28 2015, and 2022 PROS Plans, based on guidelines from the National

29 Recreation and Parks Association, the current Kirkland public aquatic
30 facilities do not meet local needs; and

31 WHEREAS, the Kirkland Park Board (the "Board"), together with
32 the Department of Parks and Community Services (the "Department"),
33 conducted an in-depth study and review of City programs, policies, and
34 planning for parks, recreation, and open space, which process included
35 extensive outreach and a statistically valid survey to gather the opinions
36 and desires of community members; and

37 WHEREAS, the Board and Department, on the basis of the study
38 and review, and with input from over 4,700 community members,
39 completed the 2022 PROS Plan; and

40 WHEREAS, the 2022 PROS Plan provides a vision of the City's
41 parks and recreation system, proposes changes to the City's park level
42 of service methodology, includes updates to service guidelines, and
43 addresses goals, objectives, actions, and other management
44 considerations for the provision of high-quality recreation opportunities
45 to benefit community members and visitors to the City; and

46 WHEREAS, on September 20, 2022, the Council adopted
47 Resolution No. R-5555 integrating the 2022 PROS Plan with the City's
48 Comprehensive Plan update; and

49 WHEREAS, the 2022 PROS plan identifies an indoor aquatics
50 and recreation center(s) as a top community need, and other top
51 interests include trails and trail networks, restrooms in parks, park safety
52 and security, accessibility and sustainability measures, aquatics
53 programs, environmental and outdoor education, sports programs,
54 fitness and wellness programs, and community events; and

55 WHEREAS, the Council's 2021-2022 City Work Program
56 included a goal to explore potential comprehensive parks and recreation
57 ballot measure options to be placed before Kirkland voters in 2023 for
58 the purpose of maintaining and expanding natural areas, open spaces,
59 aquatics and recreational facilities, and program opportunities that
60 enhance the health and well-being of the community and further the
61 goals of abundant parks, open spaces, and recreational services; and

62 WHEREAS, the 2022 PROS Plan identified objectives for
63 funding the 2022 PROS Plan, under which any funding plan would
64 include a mix of projects that can be implemented quickly along with
65 phased investments for larger long-term project objectives, advance the
66 City's goal of bringing a park or trail within walking distance to all
67 community members, address impacts of growth by providing open
68 space, and provide significant early funding to maximize leveraged
69 partnerships, opportunistic property acquisitions and development; and

70 WHEREAS, the Council adopted Resolution R-5551 authorizing
71 the City Manager to convene a Parks Funding Exploratory Committee

72 ("PFEC") to meet from September 2022 through March 2023 and to
73 recommend to the Council capital and operating elements and funding
74 mechanisms that could be included in one or more potential parks and
75 recreation ballot measures; and

76 WHEREAS, PFEC included 45 community members who
77 studied Kirkland community needs and priorities based on the 2022
78 PROS Plan and reviewed potential ballot measure elements to meet
79 those needs; and

80 WHEREAS, PFEC completed an initial report in March 2023
81 recommending that a ballot measure or measures should have at least
82 six priority elements, including at least one aquatics and recreation
83 facility, three new and six winterized year-round restrooms in parks
84 across Kirkland, Green Loop Trail segments, seven new sports courts,
85 City-managed Kirkland Teen Union Building ("KTUB") operations
86 including teen recreation programs, and increased beach lifeguard
87 hours and water safety programs; and

88 WHEREAS, PFEC reconvened in May 2023 and reviewed
89 additional indoor aquatics and recreation facility options, and the results
90 of a statistically valid community survey conducted to gather public input
91 on expanded aquatics, parks, and recreational opportunities and PFEC
92 recommended an addendum to the original report; and

93 WHEREAS, in May 2023, PFEC updated its previous
94 recommendation specifying that Council should focus on securing
95 funding for an 86,000 square foot aquatics and recreation center at
96 Houghton Park and Ride in addition to the above mentioned five
97 elements; and

98 WHEREAS, after conversation with the Board and reviewing
99 community survey feedback, Council determined to include parks safety
100 and security as a seventh element from the 2022 PROS Plan to prioritize
101 for funding but adjusted funding for the other elements to keep the total
102 cost similar to the PFEC recommendations; and

103 WHEREAS, to provide long-term financing for the acquisition,
104 design, construction, and equipping of the proposed aquatics and
105 recreation center, the City intends to issue limited tax general obligation
106 bonds within its allowable non-voted debt capacity and to use funds on
107 deposit in the City's General Fund and other legally available revenue
108 to pay debt service on such bonds; and

109 WHEREAS, to provide funding for aquatics and recreation
110 center operations, trails and open spaces, urban park systems, year-
111 round bathrooms, neighborhood and community park facilities, active
112 recreation, park rangers and automatic locking gates, beach lifeguards
113 and water safety programs, sport courts, and teen services identified in
114 the 2022 PROS Plan, and to operate and maintain open space,
115 neighborhood, community, recreation and park facilities as found

116 necessary by the Council, it is deemed advisable that the City impose
117 taxes within the limits permitted to cities; and

118 WHEREAS, RCW 84.55.050 authorizes the voters of a city to
119 authorize an increase above the levy limitations established in RCW
120 84.55.010 (a "levy lid lift"); and

121 WHEREAS, RCW 84.55.050 requires that the ballot measure for
122 a proposed levy lid lift state the aggregate maximum regular property
123 tax rate per \$1,000 of assessed valuation to be levied in the first year of
124 the levy lid lift, taking into consideration the City's regular levy for general
125 City purposes, any allowable increases, and the proposed incremental
126 increase; and

127 WHEREAS, the King County Assessor has cautioned that
128 assessed valuations in certain east King County jurisdictions for
129 purposes of calculating regular property taxes are expected to decrease
130 significantly from 2023 to 2024, including the assessed values in the
131 City; and

132 WHEREAS, in order to generate sufficient funds for the
133 proposed park and recreation projects identified in Section 1 below, it is
134 advisable that the Council increase the aggregate property tax levy rate
135 to \$ 1.3818 per \$1,000 of assessed value for collection in
136 2024 to offset any anticipated decrease in assessed valuation, and
137 thereafter to use the resulting levy amount as the basis for computing
138 the limitations for subsequent levies as allowed by chapter 84.55 RCW;
139 and

140 WHEREAS, should such aggregate property tax levy rate be
141 greater than the rate necessary to offset fluctuations in assessed values
142 and to accomplish the purposes set forth in this ordinance, the
143 incremental increase in the tax rate resulting from the proposed levy lid
144 lift for collections in 2024 shall not exceed an amount necessary to fund
145 the park and recreation projects identified in Section 1 below
146 (approximately \$ 10,800,000); and

147 WHEREAS, the Council deems it necessary to submit to the
148 voters of the City the proposition of whether or not the City shall levy
149 regular property taxes for collection in 2024 in excess of the limit factor
150 provided for in chapter 84.55 RCW;

151 NOW, THEREFORE, the City Council of the City of Kirkland
152 does ordain as follows:

153 Section 1. Findings; Description of the Park and Recreation
154 Projects. The Council hereby finds that the best interests of community
155 members of the City require that the Council accept the priority
156 recommendations of PFEC, the Board, and community members
157 (through the community survey) as described in the recitals of this
158 ordinance which are incorporated herein by this reference. Funding for

159 the recommended elements will be provided from multiple sources,
160 including a ballot measure authorizing a levy lid lift as set forth herein.
161 Furthermore, to provide long-term financing for the acquisition, design,
162 construction, and equipping of the proposed aquatics and recreation
163 center, the City intends to issue limited tax general obligation bonds
164 within its allowable non-voted debt capacity and to use funds in the
165 City's General Fund and other legally available revenue to pay debt
166 service on such bonds. The timing, terms, and authorizing for such
167 bonds shall be set forth in a separate ordinance of the Council.

168 The Council further finds that the best interest of community
169 members of the City requires the City to fund park, recreation and open
170 space operations, maintenance, services, and facilities, including but
171 not limited to the following ("Park and Recreation Projects"):

- 172 - Construct, improve, equip, operate, and maintain an
173 aquatics and recreation center;
- 174 - Modernize, improve, expand, and renovate existing park and
175 recreation facilities;
- 176 - Enhance park safety and security with new park rangers and
177 automatic locking gates;
- 178 - Provide for year-round restrooms at certain park facilities;
- 179 - Fund Green Loop trail networks and improve and maintain
180 trails;
- 181 - Acquire, construct, improve, and equip sport courts;
- 182 - Fund teen programs and other park and recreation
183 operations and programming;
- 184 - Improve, equip, operate and maintain the Kirkland Teen
185 Union Building;
- 186 - Provide extended beach lifeguard hours and water safety
187 education programming and services; and
- 188 - Other park, recreation and open space operations,
189 maintenance, improvements, property acquisition,
190 equipment, and services.

192 The City Council shall determine the timing, order, and manner of
193 funding the Park and Recreation Projects and other uses of levy
194 proceeds. The cost of all compensation, benefits, training, support
195 services, equipment, vehicles, infrastructure, facilities, real property,
196 and/or administrative expenses and other costs incurred in connection
197 with the Park and Recreation Projects shall be deemed a part of the
198 costs of such Park and Recreation Projects. The Council may alter,
199 make substitutions to, and amend such components as it determines
200 are in the best interests of the City and consistent with the general park
201 and recreation descriptions provided herein. The proper officials at the
202 City shall produce an annual accountability report documenting actions
203 and program status of the Park and Recreation Projects and other uses
204 of levy proceeds.

205 Section 2. Calling of Election Regarding the Levy of
206 Additional Regular Property Taxes. It is hereby found and declared the
207 best interests of the City require the submission to the qualified electors
208 of the City of the proposition whether the City shall levy regular property
209 taxes above the levy limitations established in RCW 84.55.005 and
210 RCW 84.55.010 for their ratification or rejection at an election to be held
211 on November 7, 2023. For the purpose of providing funds to pay the
212 costs of Park and Recreation Projects, the King County Director of
213 Records and Elections (the "Director"), as *ex officio* supervisor of
214 elections in King County, Washington, is hereby requested to call and
215 conduct such election to be held on such day and to submit to the
216 qualified electors of the City for their approval or rejection a proposition
217 to increase the City's regular property tax levy to a total rate of not to
218 exceed \$1.3818 per \$1,000 of assessed valuation for collection in 2024,
219 as allowed by chapter 84.55 RCW, to generate approximately
220 \$10,800,000 for Park and Recreation Projects. The 2024 levy amount
221 will be used as the basis to calculate subsequent levy limits.

222 The Council acknowledges that the aggregate regular property
223 tax rate included in the ballot proposition in Section 3 has been
224 increased to offset the anticipated decrease in assessed valuation in the
225 City, as described herein. The Council agrees that should such
226 aggregate property tax levy rate be greater than the rate necessary to
227 offset fluctuations in assessed values and to generate approximately
228 \$10,800,000 for collection in 2024 for the Park and Recreation Projects,
229 the Council will not levy the full authorized rate and will levy only what
230 is necessary to offset fluctuations in assessed values, including the
231 state-authorized one percent increase and new construction revenues,
232 and generate such revenues for the Park and Recreation Projects.

233 The taxes authorized by this proposition will be in addition to the
234 maximum amount of regular property taxes the City would have been
235 limited to by RCW 84.55.010 in the absence of voter approval under this
236 ordinance plus other authorized lid lifts. Thereafter, such levy amount
237 would be used to compute limitations for subsequent years as allowed
238 by chapter 84.55 RCW.

239 Upon approval of the voters of the proposition hereinafter set
240 forth, the City shall use proceeds of such levy to pay the costs of Park
241 and Recreation Projects as more particularly described in this
242 ordinance.

243 Section 3. Election. The City Clerk is hereby authorized and directed
244 to certify the following proposition to the Director, in substantially the
245 following form. Such election shall be conducted by mail unless
246 otherwise determined by the Director.
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248

CITY OF KIRKLAND PROPOSITION NO. 1

249

250

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LEVY LID LIFT FOR
EXPANDED AQUATICS, RECREATION AND PARKS
FACILITIES, OPERATIONS, AND PROGRAMS

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The Kirkland City Council adopted Ordinance No. ____-
_____ concerning funding for expanded aquatics,
recreation and parks facilities, operations, and programs.
This proposition funds aquatics and recreation center
operations, parks maintenance, year-round restrooms,
park rangers, beach lifeguards, sports courts, teen
services, and green loop trail networks by increasing the
City's regular property tax levy to a maximum rate of
\$ 1.3818 /\$1,000 of assessed valuation (generating
approximately \$10,800,000 for these purposes) for
collection in 2024. The 2024 levy amount will be the
basis to calculate subsequent levies, per RCW 84.55.
Qualifying seniors, disabled veterans and others would
be exempt (RCW 84.36).

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Should this proposition be approved:

YES?

NO?

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Section 4. Minor Adjustments. For purposes of receiving
notice of the exact language of the ballot proposition required by RCW
29A.36.080, the City Council hereby designates: (a) the City Clerk and
(b) the City Attorney as the individuals to whom such notice should be
provided. The City Attorney and City Clerk are each authorized
individually to approve changes to the ballot title, if any, deemed
necessary by the Director.

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The City Clerk is authorized to make necessary clerical
corrections to this ordinance including, but not limited to, the correction
of scrivener's or clerical errors, references, numbering,
section/subsection numbers, and any reference thereto.

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The proper City officials are authorized to perform such duties
as are necessary or required by law to submit the question of whether
the regular property tax shall be increased, as provided in this
ordinance, to the electors at the November 7, 2023 election.

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Section 5. Exemption. If the ballot proposition set forth herein
is approved by the voters, as authorized by RCW 84.36.381, senior
citizens, disabled veterans, and other people with disabilities (as defined

286 in RCW 84.36.381) shall be exempt from the tax increase resulting from
287 such levy lid lift.

288 Section 6. Voters' Pamphlet. The preparation and distribution
289 of a local voters' pamphlet providing information on the foregoing ballot
290 measure is hereby authorized. The pamphlet shall include an
291 explanatory statement and arguments advocating approval and
292 disapproval of the ballot measure, if any. In accordance with RCW
293 29A.32.280, the arguments advocating approval and rejection of the
294 ballot measure shall be prepared by committees appointed by the City
295 Council. Each committee shall be composed of not more than three
296 persons; however, a committee may seek the advice of any person or
297 persons. The committee advocating approval shall be composed of
298 persons known to favor the ballot measure, and the committee
299 advocating rejection shall be composed of persons known to oppose the
300 ballot measure.

301 Section 7. Severability; Ratification. If any provisions in this
302 ordinance shall be declared by any court of competent jurisdiction to be
303 contrary to law, then such provision shall be null and void and shall be
304 deemed separable from the remaining provisions of this ordinance and
305 shall in no way affect the validity of the other provisions of this ordinance
306 or of the levy or collection of the taxes authorized by this proposition.
307 Any act consistent with the authority and prior to the effective date of
308 this ordinance is hereby ratified and confirmed.

309 Section 8. Effective Date. This ordinance shall be in full force
310 and effect five days from and after its passage by the Kirkland City
311 Council and publication of a summary of this ordinance in accordance
312 with Kirkland Municipal Code 1.08.017.

313 PASSED by the City Council of the City of Kirkland, Washington,
314 at a regular open public meeting thereof held this ____ day
315 _____, 2023.

CITY OF KIRKLAND, WASHINGTON

Penny Sweet, Mayor

Attest:

Kathi Anderson, City Clerk

Approved as to Form:

Pacifica Law Group LLP, Bond Counsel

CERTIFICATE

I, the undersigned, City Clerk of the City of Kirkland, Washington, and keeper of the records of the City Council, DO HEREBY CERTIFY:

1. That the attached Ordinance is a true and correct copy of Ordinance No. _____ of the City (the "Ordinance"), as finally passed at a regular meeting of the City Council held on _____, 2023, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that quorum of the City Council was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper adoption or passage of said Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

Dated this _____ day of _____, 2023.

CITY OF KIRKLAND, WASHINGTON

Kathi Anderson, City Clerk

PUBLICATION SUMMARY
OF ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KIRKLAND, WASHINGTON, PROVIDING FOR THE FORM OF THE BALLOT PROPOSITION AND SPECIFYING CERTAIN OTHER DETAILS CONCERNING SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY AT A SPECIAL ELECTION TO BE HELD THEREIN ON NOVEMBER 7, 2023, OF A PROPOSITION AUTHORIZING THE CITY TO LIFT THE LEVY LIMIT ESTABLISHED IN RCW 84.55.010 IN ORDER TO FUND PARK, RECREATION AND OPEN SPACE OPERATIONS, MAINTENANCE, SERVICES, AND FACILITIES.

Section 1. Sets forth findings of the Council and authorizes the City to fund park and recreational services and facilities, including but not limited to those operating and capital services set forth therein (the "Park and Recreation Projects").

Section 2. Calls for the submission to the qualified electors of the City of the proposition whether the City shall levy regular property taxes above the levy limitations established in RCW 84.55.005 and RCW 84.55.010 for their ratification or rejection at an election to be held on November 7, 2023 for the purpose of providing funds for Park and Recreation Projects.

Section 3. Sets forth the form of ballot proposition authorizing a levy lid lift for the Park and Recreation Projects.

Section 4. Provides for minor adjustments within the meaning of the Ordinance.

Section 5. Provides for an exemption for qualified senior citizens, disabled veterans, and other persons with disabilities from the regular property tax increase resulting from the levy lid lift.

Section 6. Authorizes the preparation and distribution of a local voters' pamphlet providing information on the levy lid lift ballot proposition.

Section 7. Provides for the severability of the Ordinance and ratifies prior actions taken in furtherance of the purposes of the Ordinance.

Section 8. States the effective date of the Ordinance.

The full text of this Ordinance will be mailed without charge to any person upon request made to the City Clerk for the City of Kirkland. The Ordinance was passed by the Kirkland City Council at its meeting on the ____ day of _____, 2023.

I certify that the foregoing is a summary of Ordinance No. _____
approved by the Kirkland City Council for summary publication.

Kathi Anderson, City Clerk

DRAFT