



*The newly renovated downtown Kirkland: Kirkland Urban*

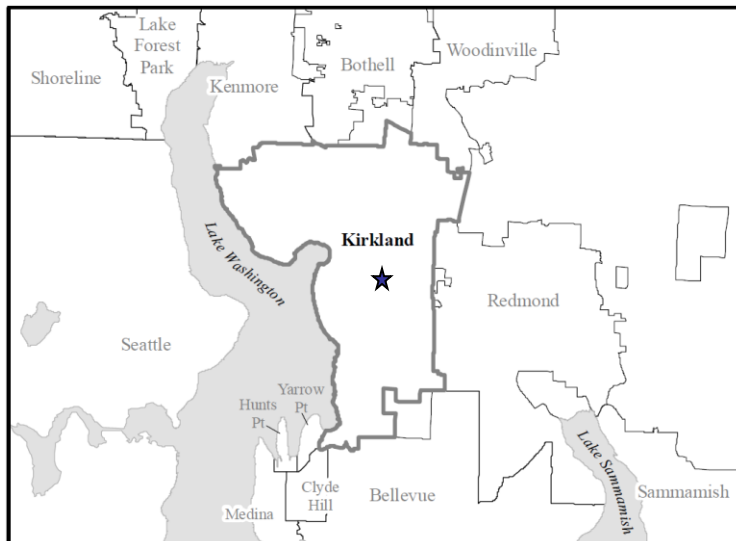
# 2017-2018



## city of kirkland BUDGET

*The view from I-405 of the Village at Totem Lake*





### Kirkland at a Glance

Founded	1888
Incorporated	1905
Population	84,680
Elevation	18 to 534 feet
Land Area	18 square miles
Miles of City Streets	247
Miles of City Sewers	123
Miles of Water Lines	171
Residential Dwellings	37,135
Fire Department Rating Class	4
City Employees (Full-Time Equivalents)	604.9
General Obligation Bond Rating:	
Moody's	Aa2
Standard and Poor's	AAA

### City Council

Mayor, Amy Walen ♦ Deputy Mayor, Jay Arnold ♦ Dave Asher  
 ♦ Shelley Kloba ♦ Doreen Marchione ♦ Toby Nixon ♦ Penny Sweet

#### Administrative Staff

##### *City Manager*

Kurt Triplett

##### *Deputy City Managers*

Marilynne Beard

Tracey Dunlap

##### *Municipal Court Judge*

Michael Lambo

##### *City Attorney*

Kevin Raymond

##### *Director of Finance & Administration*

Michael Olson

##### *Fire Chief*

Joe Sanford

##### *Director of Human Resources & Performance Management*

James Lopez

##### *Chief Information Officer*

Brenda Cooper

##### *Director of Parks & Community Services*

Lynn Zwaagstra

##### *Director of Planning & Building*

Eric Shields

##### *Police Chief*

Cherie Harris

##### *Director of Public Works*

Kathy Brown

The City of Kirkland is located on the eastern shore of Lake Washington. It is a suburban city, surrounded by other suburban cities and pockets of unincorporated King County. The City is near several major transportation routes including Interstate 405, State Route 520, and Interstate 5. These routes connect the City economically and socially to the greater Seattle area.

At the time of incorporation in 1905, the City of Kirkland's population was approximately 530. The current estimated population is 84,680. Kirkland is the thirteenth largest city in the State of Washington and the sixth largest in King County.

Since its incorporation, Kirkland has grown in geographic size to eighteen square miles - approximately twenty times its original size. This growth occurred primarily through the consolidation of the cities of Houghton and Kirkland in 1968, the annexations of Rose Hill and Juanita in 1988 and the annexation of North Juanita, Finn Hill, and Kingsgate areas in 2011.

Kirkland operates under a Council-Manager form of government. The City Council is the policy-making branch of Kirkland's government and consists of seven members elected at large to staggered, four-year terms. The Mayor is elected from within the Council. The City Council is supported by several advisory boards and commissions and the City Manager. The City Manager is appointed by the City Council and serves as the professional administrator of the organization, coordinating its day-to-day activities.

The City government offers a full range of municipal services which are provided by eleven operating departments. The City boasts forty-five parks, including eleven that are located on the waterfront, as well as two community centers, a swimming pool, and a teen center. The broad range of recreational facilities provides year-round services for citizens of all ages.

# 2017-2018 Budget

**KIRKLAND WASHINGTON**



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## City of Kirkland Mayor & City Council



Amy Walen  
Mayor



Jay Arnold  
Deputy Mayor



Dave Asher  
Council Member



Shelley Kloba  
Council Member



Doreen Marchione  
Council Member



Toby Nixon  
Council Member



Penny Sweet  
Council Member



# CITY OF KIRKLAND

## 2017-2018 BUDGET

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*2017-2018 BUDGET*  
***BUDGET MESSAGE***

Dear Council Members and Residents of Kirkland,

We are pleased to deliver the City Manager's proposed 2017-2018 budget which focuses on community priorities, prepares the City for the future and continues progress on the Goals adopted by City Council. The local and national economy has been in a slow but steady growth pattern which enables the proposed budget to be balanced and financially sound, with basic government operations funded with on-going, recurring revenues, significant contributions made to our reserves, and investments to fund community priorities.

Kirkland established three Strategic Anchors in the 2013-2014 Budget which continue to be guiding principles for the budget recommendations:

- **The Price of Government** – to ensure that Kirkland's services remain affordable to the residents;
- **The Kirkland Quad Chart** – to ensure through surveys and outreach that the City provides the services that matter most to the community, and does so in a way that meets the performance expectations of the residents;
- **The 2017-2022 Financial Forecast** – to recognize that the projected revenue through 2021 is insufficient to meet the expenditures necessary to fund Kirkland's current level of service over that same time frame. This "diverging line" problem is compounded after 2021 with the expiration of the Annexation Sales Tax Credit. Solving the diverging line dilemma requires careful planning and either significant new tax revenue, curtailed City expenditures, or a combination of new revenue and lower cost growth.

Along with the Strategic Anchors, the framework also builds off of key City Council initiatives to make measurable progress in implementing the **Council Goals** through an adopted biennial **City Work Program**. The budget recommendations are also structured with the goal of maintaining Kirkland's AAA credit rating.

The influence of the anchors on the budget recommendations, and the impact of the proposals on the anchors, are described later in the budget message. In the sections that follow, we highlight changes in revenues and expenditures and then categorize all notable investments under the appropriate **Council Goal**.

**INTRODUCTION**

The 2017-2018 Budget continues the themes of "**Stay Steady, Get Ready**" that were the foundation of the 2015-2016 Budget. This budget strives to be disciplined and conservative. It invests the revenues from the economic rebound in the "**Stay Steady**" strategy of replenishing reserves and addressing capital needs, while limiting increases in on-going costs to prepare for the 2021 expiration of the Annexation Sales Tax Credit (ASTC), a loss of \$4 million per year in operating revenues. At the same time, this budget fully funds previous service levels and makes significant one-time investments in modernization, efficiencies, and backlog reduction to allow the current work force to serve the public better and more effectively. Key features supporting the "stay steady" component include:

- Continued dedication of 1% of the operating budget to replenish reserves,
- Utilization of the modified two-year lag for sales tax revenue,
- Continued efforts to control wage and benefit growth, most notably through continuation of the Healthy Kirkland Initiative which is helping employees get healthier while saving hundreds of thousands of dollars by slowing the growth of health care costs for the City, and
- Replacement of the City's 18 year old core financial system which is no longer supported by the vendor. A modern Enterprise Resource Planning (ERP) solution including Financial and Human Resource software should dramatically improve the efficiency and effectiveness of both the Finance and Human Resources Departments.

For the first time since the recession, the City is also using \$2.4 million in General Fund resources toward capital projects.

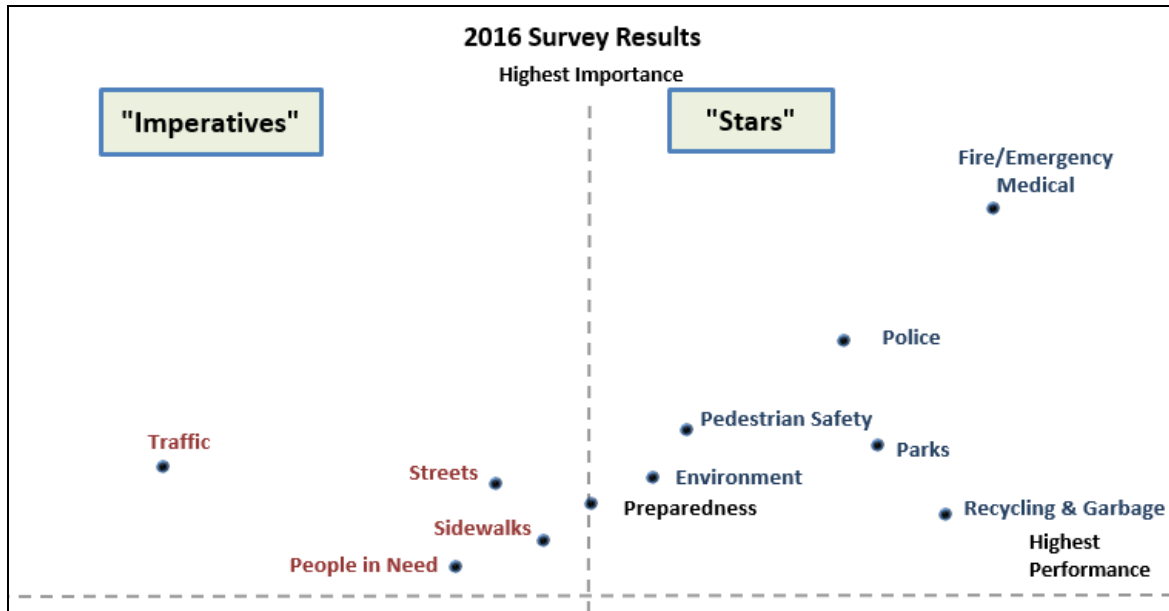
But for this biennium, Kirkland must not just **"Get Ready"** for the expiration of the annexations sales tax credit, it must also get ready to accommodate the tremendous growth we face.

This budget includes several significant measures to help deal with the ASTC expiration including:

- Planned completion of reserve replenishments from on-going revenues by the end of the 2019-2020 biennium, which will free up funds to reduce the gap in 2021;
- Planned reduction in debt service payments related to the Kirkland Justice Center and use of Real Estate Excise Tax (REET) toward a portion of those payments starting in 2021, which also frees up ongoing revenue to be applied to the gap.
- \$5 million in REET 2 balances that have been earmarked toward the City's \$15 million commitment to public infrastructure under the Totem Lake Development Agreement. Using unallocated REET funds for a portion of this investment reduces the planned debt service backed by the general fund. This avoids dedicating approximately \$350,000 per year (depending on interest rates) to debt service and allows it to be applied towards the gap.
- Setting aside an additional \$500,000 in ongoing funds to prepare for the sunset of the ASTC. These funds are currently planned to be added to the Major Systems Reserve, but they could also be set aside in a separate "Annexation Sales Tax Transition Reserve" for future funding needs with the loss of the ASTC in 2021.

If these combined efforts are sustained in future budgets, they reduce the \$4 million annual gap by approximately \$2.5 million. A major component to addressing the remainder is **economic development**. With the groundbreaking this year of both Kirkland Urban (on the former Park Place site) and the Village at Totem Lake, this piece of the strategy is starting to unfold. However, this also means that thousands of residential units and over a million square feet of office and commercial development are in the permit pipeline right now in the City. This budget prepares for this growth in many ways.

The key to maintaining quality of life in the face of growth is to preserve those things that make Kirkland such an exceptional place to live, work and play. The Kirkland Quad provides guidance for the services that matter to our public, which services we are providing well and which need improvement. The goal of the 2017-2018 budget is to preserve performance of the "stars" while also improving results of key "imperatives" in the face of such large scale redevelopment as the City is experiencing.



### **The Stars – Services that are top priorities to residents which are performing well**

The most fundamental duty of the government, and the top priority of our residents, is to protect public safety. To keep the new buildings, new residents and new employees safe, this budget invests in new police resources and firefighters and the equipment and vehicles they need to perform their jobs. This budget also invests meaningfully in environmental protection, particularly in the area of water quality and storm water protection. Significant funding of parks and recreation services and related maintenance helps to maintain the quality of life. In addition, a dedicated Parks Sinking Fund to maintain park structures is established for the first time. The City's strong commitment to improved pedestrian safety also continues.

### **The Imperatives – Services that are top priorities to residents that need to improve**

The budget takes important steps to help people in need. It increases the on-going commitment to human services grants and fully funds "Option 2", recommended by the Human Services Advisory Commission which maintains current (2016) funding levels. In addition, this budget proposes the first major increase in A Regional Coalition for Housing (ARCH) Trust Fund contribution since annexation in 2011. The budget proposal also dedicates millions of dollars to improve streets and traffic flow, and reduce congestion by providing options to walk, bicycle or ride transit.

The remainder of this budget message will outline in more specific detail how the proposed budget implements the Kirkland Quad priorities and accomplishes the Council goals.

## **BUDGET SUMMARY**

In keeping with the biennial budget format, most of the descriptions and comparisons presented in the budget reflect two-year totals. In some cases, annual changes are shown to illustrate trends.

**The total biennial budget for 2017-2018 is \$694.4 million** which is a 7.5% increase from the 2015-2016 budget of \$645.8 million. Factors contributing to the change include:

#### *Major Increases*

- Increased spending for Public Safety and Transportation improvements in the capital budget;
- Higher revenue collections in 2016 for sales taxes, which adjusts the basis used for both 2017 and 2018;

- Increases in expected revenues from impact fees due to the high level of development activity, which are used to fund capacity projects for Parks and Transportation;
- Assumed reserve replenishment of one-percent of General Fund revenue and other substantial reserve additions described in later sections;
- Water, sewer and surface water rate increases approved by Council on October 4, 2016 and solid waste rate increases approved by Council on October 18, 2016 primarily to reflect pass through increases from other agencies; and,
- Higher debt service payments due to the inclusion of debt for the City Hall Remodel project.

#### *Major Decreases*

- Lower costs for external services, including NORCOM and liability insurance payments to the Washington Cities Insurance Authority (WCIA);
- Lower internal charges for fleet costs, largely due to reduced fuel costs; and,
- Lower health benefit payments to the Health Fund, due to recalibration of premium payments due to transition to the high deductible plan for self-insurance.

The following table shows the relative change in the budget's major components:

	<b>2015-16 Budget</b>	<b>2017-18 Budget</b>	<b>% Change</b>
<b>GENERAL GOV'T</b>			
General Fund	202,056,951	215,882,713	6.8
Other Operating	32,768,364	31,817,725	(2.9)
Internal Service Funds	81,317,730	79,391,256	(2.4)
Non-Operating Funds	155,358,229	186,203,948	19.9
<b>UTILITIES</b>			
Water/Sewer	95,410,865	100,231,004	5.1
Surface Water	44,631,864	44,416,829	(0.5)
Solid Waste	34,292,594	36,424,964	6.2
<b>TOTAL BUDGET</b>	<b>645,836,597</b>	<b>694,368,439</b>	<b>7.5</b>

**The general fund budget totals \$215.9 million**, which represents a two-year increase of 6.8% over the previous two-year period. Much of the increase in the General Fund is driven by assumed growth in wage and benefit costs, additions to reserves, and funding of service packages, as described below.

The typical focus for the Council's budget discussion relates to the operating budget which accounts for basic services to the public. The most important (and largest) component of the operating budget is the General Fund which accounts for the majority of general government services and most of the City's general purpose revenue sources. The following sections describe overall revenue and expenditure trends that influenced this budget recommendation and provide a context for understanding this budget and for future financial planning decisions.

#### **GENERAL FUND TRENDS**

The General Fund forecast for the 2017-2018 biennium presented at the City Council Retreat in May projected a very small shortfall between ongoing revenues and expenditures in 2017-18 (approximately 0.27%). Since that time, the General Fund revenue and expenditure projections have been refined as part of the budget process to reflect current economic conditions and the budget information submitted by departments. The result is that there was a small amount of on-going General Fund revenue available (before service packages) to fund identified on-going needs. In addition, one-time resources from revenues collected in 2015-2016 over budgeted amounts were available to fund one-time service packages. Over half of these available funds are the planned result of the City's policy to budget sales

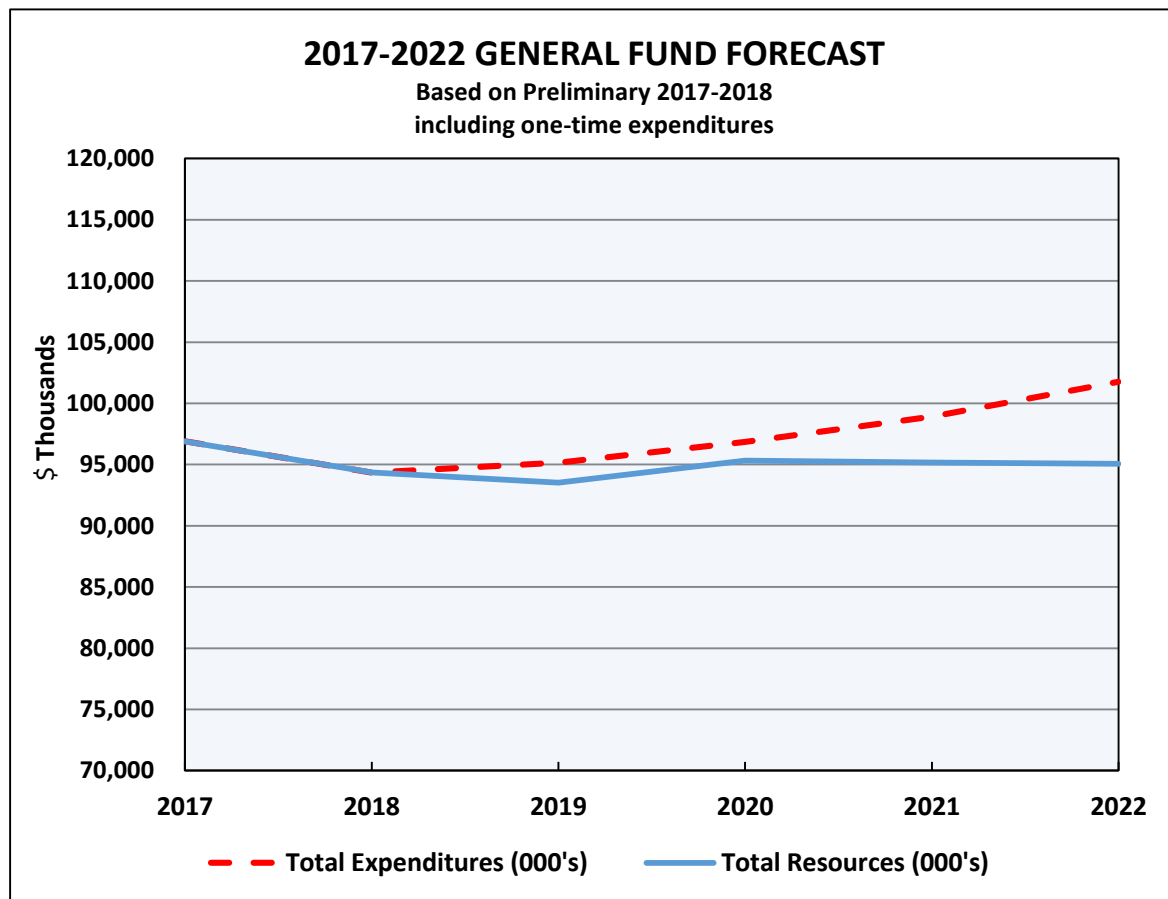
tax on a modified two-year lag. The major revenue and expenditure assumptions, are discussed further below.

The revised forecast reflects a balanced budget for 2017-2018, although there is still a structural imbalance in subsequent years due to the underlying mismatch between predictable growth in revenues and the rate of cost increase to provide City services. The imbalance is also exacerbated by the expiration of the Annexation Sales Tax Credit in 2021. The gap continues to narrow compared to the prior forecast, due to actions taken to balance this budget and the City's continued focus on "bending the cost growth curve" to a more sustainable level. These actions are discussed in more detail in the [Budget Balancing issue paper](#).

One of the issues in balancing the budget was the number of one-time expenditures from the 2015-2016 budget, including mid-biennial and mid-year adjustments. The revised financial projections allowed a few of those services to be funded with on-going revenues beginning in 2017, but the majority of those identified needs are funded again with one-time funds. The following table includes service packages that are funded as one-time in 2017 and 2018 that are not supported by ongoing revenue:

<b>Service Package Title</b>	<b>2017</b>	<b>2018</b>
2018 Community Survey	-	30,000
4Culture Arts Sustained Support	8,000	8,000
ARCH Housing Trust Fund HTF	415,000	415,000
CIP Outreach Coordinator	67,090	67,509
Community Programs and Events	32,000	16,000
Commute Trip Reduction Enhancements-ORCA	43,125	86,250
Commute Trip Reduction Incentives - Outside Businesses	-	60,000
Court Security	111,768	108,441
Eastside Timebank Operating Support	3,000	3,000
Engineering Program Assistant	49,223	49,508
Grant Support for Capital Engineering	30,000	30,000
Jail Administrative Support	75,719	72,999
Kirkland Performance Center (KPC) Operating Support	50,000	50,000
Leadership Eastside Leadership Enrichment Program	12,000	12,000
Learning Management System	13,011	13,011
Monetary Recovery - Pilot Program	5,000	5,000
Neighborhood Traffic Control Coordinator	67,090	67,509
State Legislative Advocacy Services	60,000	60,000
Supplemental Human Services Grant Funding	84,865	84,865
Transportation Planner	128,603	135,055
<b>Total</b>	<b>1,255,494</b>	<b>1,374,147</b>

The following chart represents the financial projection if these uses were to continue beyond 2018:

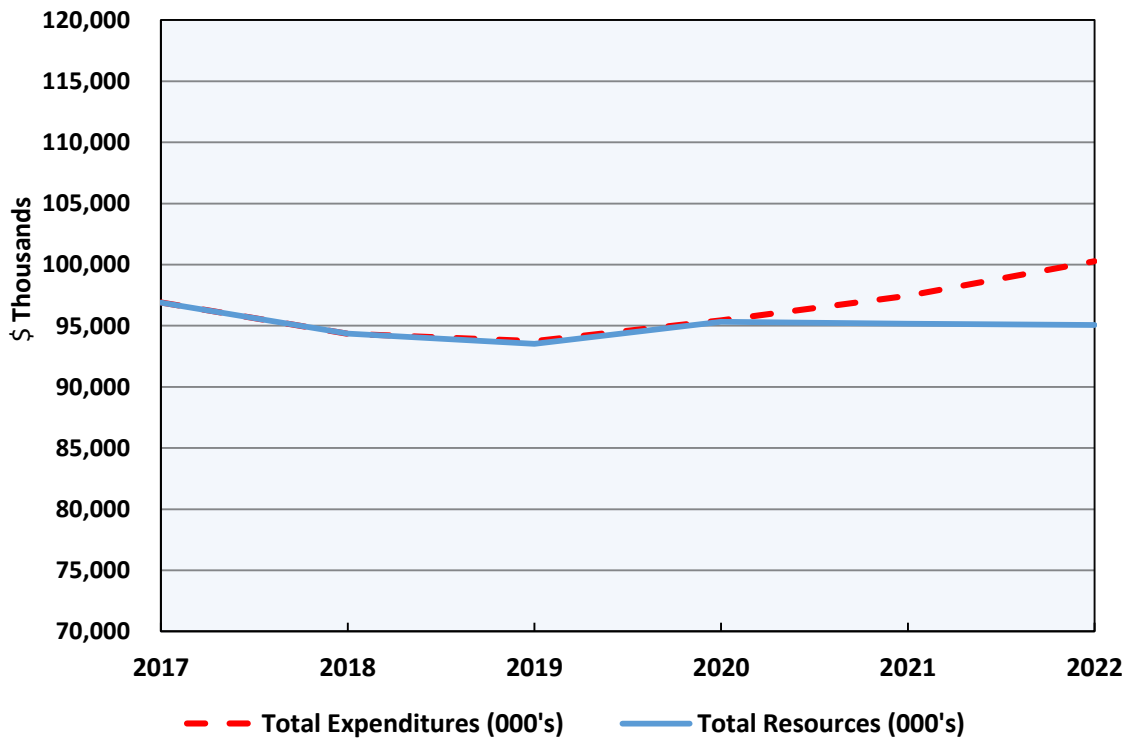


	2017	2018	2019	2020	2021	2022
Total Expenditures (000's)	96,909	94,338	95,152	96,866	98,916	101,753
Total Resources (000's)	96,892	94,355	93,528	95,316	95,176	95,076
<b>Net Resources (000's)</b>	<b>(17)</b>	<b>17</b>	<b>(1,624)</b>	<b>(1,550)</b>	<b>(3,740)</b>	<b>(6,677)</b>
<b>Biennium Total (000's)</b>	<b>0</b>		<b>(3,174)</b>		<b>(10,417)</b>	

As shown in the chart, the 2019-2020 biennial deficit would be approximately \$3.2 million, growing to \$10.4 million in 2021-2022 after the expiration of the Annexation Sales Tax Credit. From an alternate perspective, if these one-time items are not continued beyond the current biennium the 2019-2020 deficit would decrease to \$0.3 million, with a \$7.5 million deficit after the expiration of the ASTC. This is shown in the following chart:

## 2017-2022 GENERAL FUND FORECAST

Based on Preliminary 2017-2018 Budget  
Excluding one-time expenditures



	2017	2018	2019	2020	2021	2022
Total Expenditures (000's)	96,909	94,338	93,750	95,436	97,457	100,264
Total Resources (000's)	96,892	94,355	93,528	95,316	95,176	95,076
<b>Net Resources (000's)</b>	<b>(17)</b>	<b>17</b>	<b>(222)</b>	<b>(120)</b>	<b>(2,281)</b>	<b>(5,188)</b>
<b>Biennium Total (000's)</b>	<b>0</b>		<b>(342)</b>		<b>(7,469)</b>	

### REVENUE TRENDS

Revenues continued to improve during 2015-2016, with sales tax growth building on the base set in 2013-2014. The assumptions for revenue growth reflect cautious optimism related to continuation of moderate growth. No increases in tax rates are reflected in the preliminary budget, except for the 1% optional increase in property tax. The Revenue Generating Regulatory License, a per FTE charge to businesses operating in Kirkland, is proposed to increase from \$100 per FTE to \$105 per FTE. This change, the first to this fee since its inception in 2009, is expected to generate \$140,000 per year for public safety investments. The table that follows provides a summary of the major General Fund revenue changes.

<b>GENERAL FUND REVENUE SUMMARY</b>			
<b>Category</b>	<b>2015-16 Budget</b>	<b>2017-18 Budget</b>	<b>% Change</b>
Property Tax	35,343,807	36,902,400	4.4
Retail Sales Tax	35,927,494	39,782,000	10.7
Annexation Sales Tax Credit	7,727,500	7,870,000	1.8
Utility Tax	30,191,031	29,476,871	(2.4)
Business Licenses /Permits	5,943,797	6,448,609	8.5
Liquor Profits/Excise Tax	2,009,501	2,235,679	11.3
Development Fees	13,582,489	15,247,174	12.3
Internal Charges	13,276,029	13,965,450	5.2
All Other	31,871,308	34,036,177	6.8
<b>SUBTOTAL-CURRENT REVENUE</b>	<b>175,872,956</b>	<b>185,964,360</b>	<b>5.7</b>
Resources Forward	26,183,995	29,918,353	14.3
<b>TOTAL BUDGET</b>	<b>202,056,951</b>	<b>215,882,713</b>	<b>6.8</b>

**Property tax** supports services in the General Fund, Street Operating Fund (117), Parks Maintenance Fund (125), and 2012 Parks Levy Fund (128). A one percent increase in revenue from new construction is assumed for 2017 and 2018, along with a one percent optional increase in the levy each year. RCW 84.55.0101 requires a resolution declaring "a finding of substantial need" to take the one percent optional increase in 2017, as the implicit price deflator (IPD) for the past 12 months is 0.953%. Note that with the annexation, three City property tax rates apply to different areas of the City, with the pre-annexation City paying for existing voted debt, those previously served by Fire District 41 paying a tax component toward the District's remaining debt, and those previously served by Woodinville Fire and Rescue paying only the base rate.

For the Street, Parks Maintenance, and Parks Levy funds, property tax is either the primary or sole source of income, the growth of which is legally restricted to one percent plus new construction. Historically, the growth in revenues has not been sufficient to offset the growth in costs, necessitating service level adjustments and/or some level of general fund subsidy. The Street Fund is projected to use cash reserves to support budgeted expenditures. Public Works has been focused on expending budgeted resources to provide funded service levels. If this effort is successful and there are not under-expenditures in the Street Fund (which have offset the need to use reserves in the past), there will soon come a point where service levels may need to be adjusted or additional general fund resources allocated. This dynamic is worsened by the fact that the street light costs in the annexation area are currently funded by the Annexation Sales Tax Credit (ASTC) in the amount of \$285,000 per year, which will expire in 2021. The 2012 Park Levy fund does not yet require a subsidy as additional revenues were built in to help recognize the costs of inflation in the early years with the expectation that the level of capital funding will decline after the initial projects are completed to help revenues keep pace with future operating expenses. Given the complex dynamics of these funds, staff is closely tracking cash flow trends.

**Sales tax** revenue has continued to show improvement over the last biennium. The 2017-2018 Budget continues the "modified" two year lag strategy that was applied to the 2015-2016 Budget. The 2017 budgeted sales tax revenues are set equal to the estimated 2016 revenues. For 2018, the preliminary budget is also based on estimated 2016 revenues. The modified approach represents a hedge against the expiration of the state annexation sales tax credit in 2021. By using this more conservative strategy, the City can use any actual growth in sales tax in each biennium toward capital or other one-time needs and then, in 2021, consider returning to the one-year lag strategy. The budget assumes that the revenues from the Annexation Sales Tax Credit (ASTC) continue at the current level of approximately \$4 million per year through the biennium.

**Utility taxes** represent another large General Fund revenue source. This category is composed of taxes on both public and private utilities. Private utility taxes, including electric, gas, telecommunications and cable utility taxes are budgeted to remain at 2016 estimated levels (which are estimated below budget) due to the uncertainty about how these can change based on weather conditions (gas, electric) and the regulatory environment (telecommunications, cable). Public utility taxes, including Water/Sewer, surface water and solid waste, are projected to increase concurrent with adopted rate changes.

**Business license fees** consist of a base fee of \$100 that is shown in the license and permit category and the revenue generating regulatory license fee of \$100 per full time equivalent employee (FTEs), which is shown in the tax category. The fee per FTE has not been increased since it was put in place in 2009. The preliminary budget proposes to raise the fee per FTE to \$105, which is less than the impact of inflation since that time. The additional revenue of \$280,000 will provide capacity to support the addition of a 1.0 FTE ProAct police officer. A second ProAct officer is funded by reassigning the Eastside Narcotics Task Force officer, since that program has been discontinued. Note that \$540,000 of the business license fee revenue is budgeted in the Street Fund to support transportation needs.

**Development fee** revenues have hit all-time highs during 2015-2016, driven in part by the redevelopment of Kirkland Urban (formerly Park Place) and the Village at Totem Lake. The 2017 budget projects continued robust development activity, with a return to more moderate levels in 2018. Note that revenues collected that are unspent at the end of the biennium are set aside in reserves to accomplish future work.

Consistent with the Kirkland Municipal Code (KMC 5.75.010), the budget assumes an inflation adjustment to the City's **EMS transport fees** of 2% in 2017 and 2018. The EMS transport fee was established in 2011 to restore proposed reductions in EMS services ("rolling brownouts") during the recession. Overall General Fund revenues have recovered sufficiently since the recession that the EMS transport fee revenues can now be used to add firefighters. In mid-2016, the Council approved adding 5 firefighters using one-time funds so that recruits could enter the training academy. Those positions are funded with ongoing revenue in the 2017-2018 budget using EMS transport fee revenues.

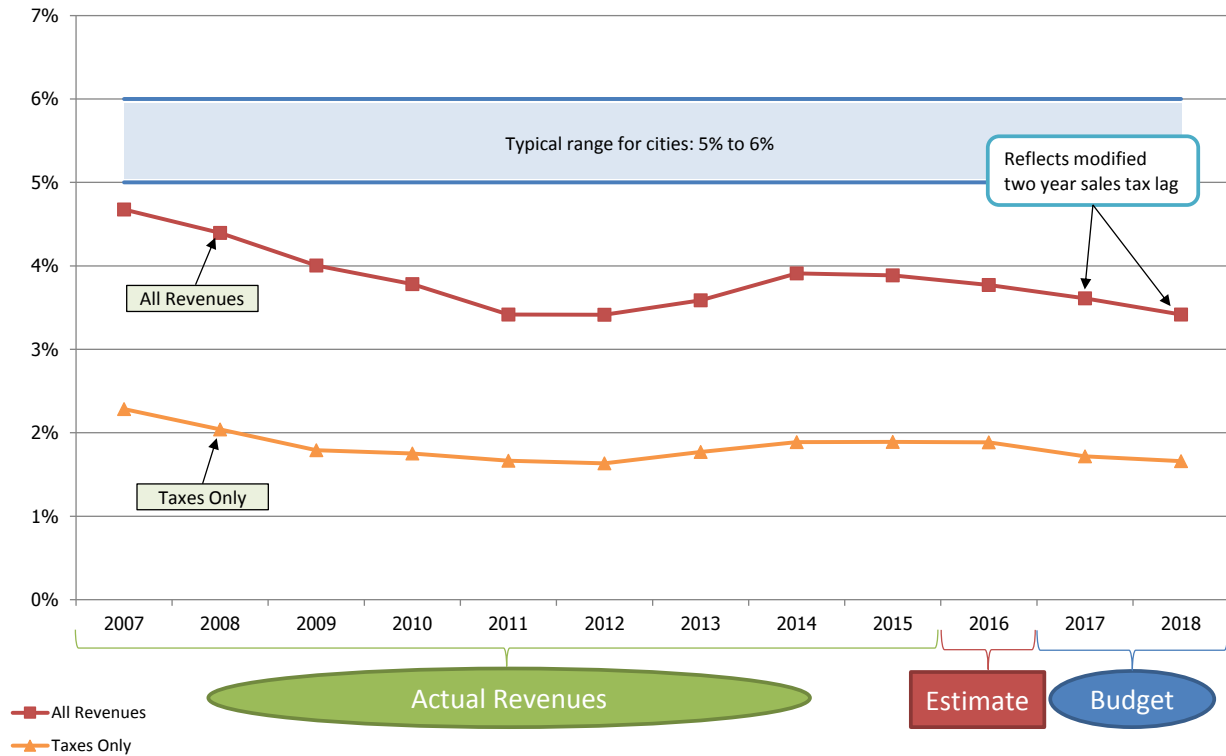
While not a General Fund revenue, **Real Estate Excise Tax (REET)**, which is generated by the sale of real property, has been made available by the State Legislature to provide maintenance for facilities constructed with REET funds. The budget reflects using REET revenues to support some street and parks maintenance during the upcoming biennium. In addition, \$5 million in REET 2 balances have been earmarked toward the City's \$15 million commitment to public infrastructure under the Totem Lake Development Agreement to reduce future debt service requirements.

#### **THE KIRKLAND "PRICE OF GOVERNMENT"**

In evaluating these revenue assumptions, one question raised by taxpayers is "how affordable is government"? The "Price of Government" is a measure of this concept used by some jurisdictions as a comparison of the revenues from taxes and fees of the government to the aggregate personal income level of the City's constituents. In general terms, the calculation is used to help define a band in which residents are willing to pay for government services.

The graph that follows shows Kirkland's Price of Government as a percent of personal income decreasing over the past several years with projections of 3.5 percent in 2017 and 3.3 percent in 2018 in the proposed budget reflecting the modified two-year sales tax lag. Over that period, total revenues as a percentage of personal income have ranged between three and four percent. As noted in the last budget, a Price of Government between 5 percent and 6 percent is typical for local governments. This approach does not provide a tool for universal evaluation across cities. Differences in service delivery approaches and expectations make cross city comparisons virtually impossible. The value of this approach is largely with respect to the City's own history, and by this metric Kirkland continues to improve its affordability.

# **The Price of Government** **City of Kirkland, Washington** (Revenue as a percent of Aggregate Personal Income)



## **EXPENDITURE TRENDS**

Salary and benefit costs comprise over 58.3% of the General Fund budget. **Salary costs** are assumed to increase by 2.0% in both 2017 and 2018. AFSCME and Teamsters contracts are settled through 2017 with a 2.0% increase and management and confidential (MAC) salary increases are expected to be consistent with the AFSCME contract. The Police Guild, Lieutenants and Non Commissioned bargaining units are open in 2017, as well as Firefighters which is currently open. Funds have been set aside in the Nondepartmental budget to be distributed for personnel cost increases and in anticipated settlement of the open contracts, assuming potential annual raises of 2% each year. Offsetting a portion of the wage growth is the impact of staff turnover, primarily due to retirements and the strong job market. To help attract and retain employees, the budget includes a one-time pilot program to provide Orca passport cards to City employees.

The Healthy Kirkland program implemented in 2015 has been successful in holding medical **benefit costs** flat since 2014. Prior budgets used the demographic average for the City as a whole (employee, spouse, and 0.3 dependent) to budget costs by department and fund. This approach resulted in some departments/funds being under budget if their employees had less than that average and other departments being over budget if their demographic was higher than average. The 2017-2018 Budget reflects the actual demographic average of each department/fund at the time the budget was developed. This approach should provide a more accurate picture by department, but there is also a risk that, as turnover occurs, the demographic for any individual department could shift. Additional funds totaling \$0.8 million have been added to the General Fund working capital to help mitigate for this risk.

Budgeted benefits include pension contributions, which are projected to increase into the future. These rates are set by the State of Washington. The rates used for the Public Employees' Retirement System contributions, the Public Safety Employees Retirement System contributions and the Law Enforcement Officers 2 Retirement System contributions increased by 1.9 percent, 4.9 percent and 2.3 percent, respectively.

The recommended budget provides for significant investments in **Public Safety**, one of the top priorities to the Kirkland community. These investments include creating two ProAct Officer positions with the addition of one FTE and reassigning the ENTF officer since that program has been discontinued, adding 1.2 Justice Support Officers to provide security at the Municipal Court, funding the addition of 5 on-going firefighter FTEs to fill a 4<sup>th</sup> firefighter position at Fire Station 25 using EMS transport revenues, and funding election costs and a public process for a potential ballot measure in 2018 related to fire station modernization and operations. A more complete list of proposed investments in Public Safety can be found in the *Key Recommendations by Goal Area* later in the budget message.

**Facilities** to serve the larger City continue to be a focus. With the completion of the City Hall remodel at the end of 2016, focus will shift to meeting the needs of Parks and Public Works maintenance. In addition, the City is actively pursuing the purchase of property for the new Fire Station 24 and the possible relocation of Fire Station 27, while renovations to Fire Station 25 are currently in the design phase.

This budget continues the City's commitment to investing in **Human Services**. The preliminary budget funds human services grants at a level consistent with 2016 and includes a one-time increase of \$200,000 to the City's contribution to the ARCH Trust Fund. More detail can be found in the [Human Services issue paper](#).

For the first time since the recession, the City is using \$2.4 million in General Fund one-time cash resources toward **capital projects**. Capital investments from this source include Fire Station 27 property acquisition (\$1.7 million), emergency generators (\$60,000), on-going support of Geographic Information Systems (GIS) (\$224,000), Court system improvements (\$154,000), TRIM/Sharepoint upgrade (\$37,100), and funds in addition to those from the Major Systems Reserve for the Financial and Human Resources software replacement (\$200,000).

The City has a number of sinking funds to ensure that we can "take care of what we have", including City Facilities, Fleet, IT infrastructure, PCs, and Public Safety Equipment. This budget proposes establishing a new **Parks Facilities Sinking Fund** to ensure that major maintenance on structures in the parks is funded in a timely manner. A starting balance of \$500,000 is recommended from General Fund cash, with on-going contributions to begin in 2019 from 2013 levy capital funds. Additional description of the parks facilities funding strategy is included in the [Park Facilities Sinking Fund issue paper](#).

One of the strategies to absorb the loss of the ASTC in 2021 is the planned one percent of General Fund revenues used for reserve replenishment. This replenishment can be discontinued after reserves meet policy targets. Continuing planned reserve replenishment of one-percent of General Fund revenue results in a total of \$1.8 million of the projected 2017-2018 operating revenues being set aside toward the reserve target level, based on the Council's reserve replenishment principles as adopted by resolution (R-4948). Staff is recommending other substantial additions to reserves, including:

- Adding \$500,000 to the Major Systems Reserve for potential additions needed with the replacement of the Financial and Human Resource system (although Council may wish to use this to create an ASTC transition fund);
- Transferring an additional \$563,000 from the 2016 year end cash surplus to the General Capital Contingency; and,

- Retaining \$4.3 million in development revenues in reserves to accommodate future workload, given the volatility of the development cycle.

It is important to remember that reserve targets are set as percentages, and not fixed dollar amounts and therefore increase as the City's budget increases. However, the reserve targets are projected to be met by the end of the 2019-2020 biennium, allowing for elimination of this budget item to help offset loss of the ASTC.

As discussed above, there were a number of one-time service packages budgeted in 2015-2016, including additions at the mid-biennium. Some of these service packages are recommended for ongoing funding in 2017-2018, while many continue to be funded using one-time revenues and a few are not recommended to continue in favor of other funding priorities. **Service packages** were evaluated in the context of reprioritizing or trade-offs and many proposed additions are supported by new revenues or through reductions or reallocations in other activities. The table that follows provides a brief summary of the staffing additions and the proposed funding sources.

<b>General Fund</b>	<b>Ongoing</b>	<b>Temporary</b>
Development Fees/Reserves	0.50	7.50
Other Revenues/Balances	4.00	1.25
Capital Improvements Program	(0.20)	-
Position Authority Only (Overhires)	5.00	-
One-time cash	-	5.50
<b>Subtotal General Fund</b>	<b>9.30</b>	<b>14.25</b>
<b>Other Funds</b>		
Utility Supported	2.75	-
Internal Rate Supported	0.50	2.00
Other Revenue/Balances	0.25	0.98
<b>Subtotal Other Funds</b>	<b>3.50</b>	<b>2.98</b>
<b>Grand Total Service Packages</b>	<b>12.80</b>	<b>17.23</b>

The recommended service packages include a variety of one-time investments that result in efficiencies or enhance productivity. These investments include replacement of the City's aging Finance and Human Resources software, purchase of a 5-ton dump truck for the Parks department to be able to transport larger loads more economically, temporary staff to clear backlogs in business licensing, false alarms, and police records and funding for an IT infrastructure assessment to ensure that the City is planning ahead to capitalize on evolving technology.

The City Manager's recommendations regarding these service packages are summarized in the following sections, including a limited number of on-going service packages and requests funded using one-time resources. The full list and recommendations are summarized later in the budget document.

#### **COMMUNITY AND COUNCIL PRIORITIES**

One of the main tools used to assess the **community's priorities** is the **Citizen Survey** that the City conducts every two years. The results of the most recent survey (May 2016) were presented to the City Council at the May retreat. The overall results indicated that 86% of those surveyed rated Kirkland as a "very good" or "excellent" place to live. An additional 9% rated the City as "satisfactory". One of the key graphics from that survey is the *Quadrant Analysis*, which provides an important basis for prioritizing the proposed budget recommendations. The survey report describes the *Quadrant Analysis* as follows:

*"Plotting the importance and performance on a quadrant chart allows items to be categorized in the following ways:*

**1) High Importance & Performance (top-right quadrant)** – These are the services that residents view as very important and that the City is doing best with. Items in this category should be considered Kirkland’s most valued strengths.

**2) High Importance, Low Performance (top-left quadrant)** – Services falling into this category should be viewed as opportunities for improvement. These are the items that residents feel are very important but the City could be doing better with. Improving the services in this quadrant will have the greatest effect in improving citizens’ overall favorability of the City.

**3) Low Importance & Performance (bottom-left quadrant)** – Services in this category are low-priority items for residents and so lower performance here is not a critical issue for them. Some of these items may be raised by a vocal minority of residents but, for the most part, focusing too much on them will have a minimal impact on improving overall attitudes about the City.

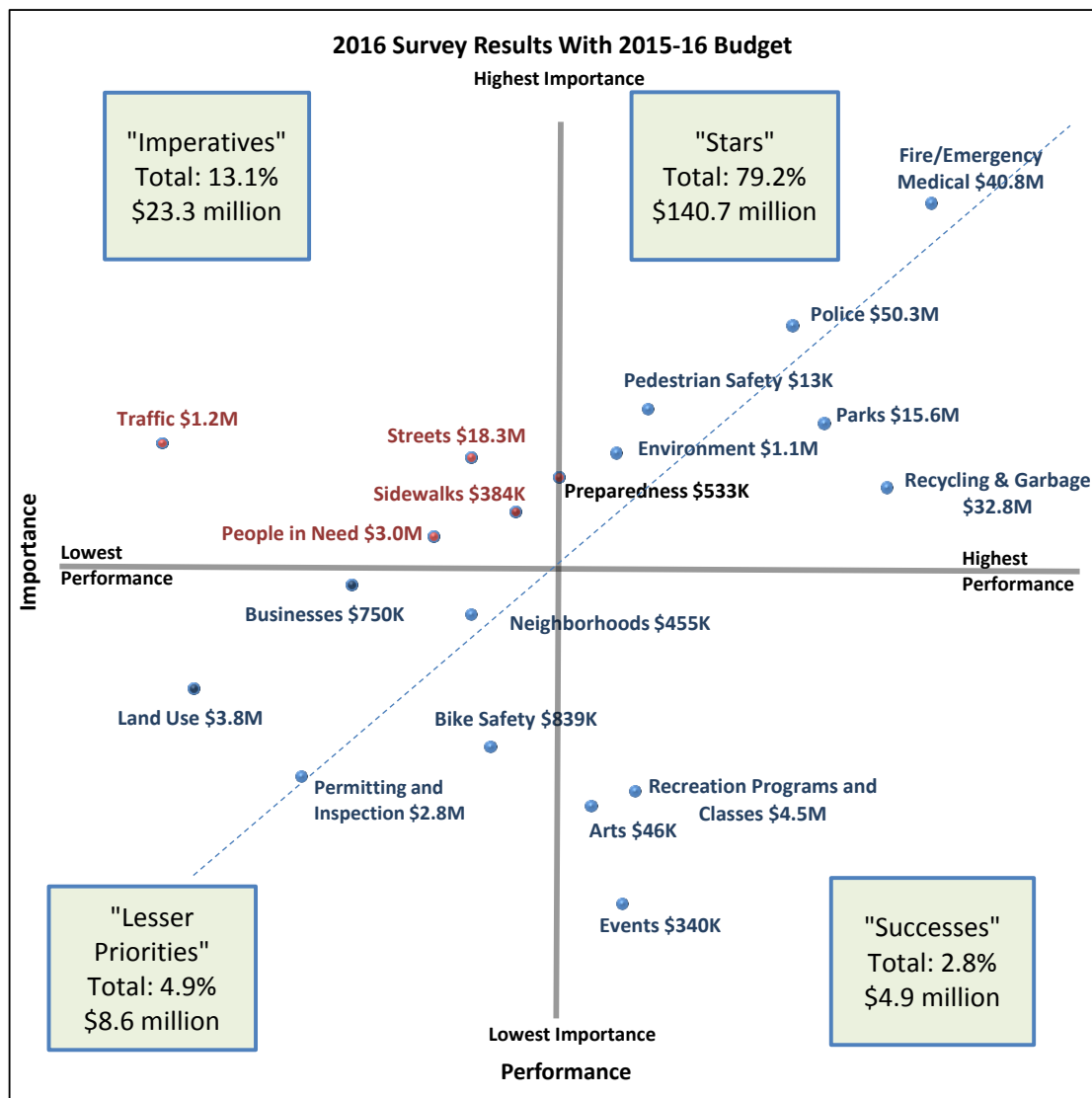
**4) Low Importance, High Performance (bottom-right quadrant)** – This quadrant represents services that citizens think the City is doing well with but are believed to be less important. While items in this quadrant can be considered successes with certain niche groups, for most citizens, they are not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

The diagonal line overlaying the chart represents where the ideal performance should be relative to the level of importance. Services falling on or near this line are performing optimally compared to how citizens value them. Items significantly left of the line may be potentially valuable improvement opportunities (even if they appear in quadrants 1 or 3) while items far right of the line may result in wasted resources if given too much focus.

This view shows that, overall, many items are exactly where they should be, with appropriate performance levels for their importance. Further, it once again shows that the City is doing well with most of the higher importance items – fire & emergency, police, parks, pedestrian safety, recycling/garbage and environment.

The most critical area for improvement opportunities is managing traffic flow. Among the higher importance services/functions, city parks and recycling/garbage services are over performing.”

The City turns the *Quadrant Analysis* into the “**Kirkland Quad**” by adding the budget allocated to each of the surveyed services and referring to the four quadrants described above as “Stars”, “Imperatives”, “Lesser Priorities”, and “Successes”. The Kirkland Quad that follows shows the 2016 survey results with the related expenditures on the surveyed services in the 2015-2016 budget. A version reflecting the 2017-2018 preliminary budget follows the *Key Recommendations by Goal Area* summarized below.



### KEY RECOMMENDATIONS BY GOAL AREA

The City Manager's recommendations were crafted to address the community and City Council priorities within the context of the City Council goals. The funded service packages, key policy recommendations, and major capital investments are presented within the goal area they primarily support, although many of the recommendations support multiple goals.



**NEIGHBORHOODS**

*The citizens of Kirkland experience a high quality of life in their neighborhoods.*

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

- Fund the 2018 Community Survey to assess priorities and satisfaction, \$30,000 one-time
- Increase Neighborhood Services Matching Grant to match 2015-16 level, \$10,202 one-time
- Continue the CIP Neighborhood Services Outreach Coordinator position to enhance communication about capital projects, \$134,599 (temporary 0.5 FTE)

- Add a new Senior CIP Neighborhood Services Outreach Coordinator position to provide senior level public outreach and involvement processes for the City's Capital Improvement Program, \$151,740 ongoing (offsetting revenue and expenditure savings of \$151,740)
- Provide neighborhood leadership training through Leadership Eastside by funding registration for neighborhood leaders, Board or Commission members and City employees (three in 2017 and three in 2018) to enroll, \$24,000 one-time



*Ensure that all those who live, work and play in Kirkland are safe.*

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

- Fund Fire Station renovation (Station 25), replacement (Station 24) and property acquisition (Station 27), \$16.4 million in the 2017-2018 CIP
- Municipal Court Security, add 1.20 FTE temporary Justice Support Officers, \$220,209 one-time
- Authority for 2.0 FTE over hire Police Officer positions and 3.0 FTE over hire Firefighter positions to address staffing shortages and anticipated upcoming retirements: overhire positions are positions only funded as needed
- Reestablish Police ProAct Unit with 2.0 FTE ProAct Officers by adding 1 officer and redirecting the Eastside Narcotics Task Force (ENTF) officer to Pro Act, \$377,678 (offsetting revenue of \$320,000)
- Funding for the City to provide an Animal Services Program locally beginning in 2018, includes one-time start-up costs of \$160,703 in 2017 for purchasing equipment and adding an ongoing 1.0 FTE, ongoing costs of \$187,194 in 2018 (offsetting revenue of \$284,330)
- Purchase 4 tablets for Incident Command System to be placed in Fire command vehicles, \$8,880 (\$4,000 one-time, \$4,880 ongoing)
- Replace and update gas monitors at all Fire stations to meet regulations on gas detectors, \$66,258 (\$45,658 ongoing, \$20,600 one-time)
- Purchase two vehicles for Fire Prevention staff, \$89,234 (\$48,000 one-time, \$41,234 ongoing)
- Update Alerting Systems at Stations 26 (\$6,800 one-time) and 27 (\$95,000 one-time)
- Purchase station beds for fire stations 21, 22, 26 and 27 to increase availability of storage, \$32,500 one-time
- Fund firefighter recruits to attend the Eastside Metro Training Group (EMTG) Recruit Academy, \$57,000 ongoing (offsetting revenue of \$57,000)
- Continue a temporary 0.5 FTE Neighborhood Traffic Control Coordinator, \$134,599 one-time
- Continue a temporary 0.75 FTE Engineering Program Assistant responsible for ongoing work tasks related to Kirkland's neighborhoods and public safety, \$98,731 General Fund, \$52,615 Street Fund, one-time
- Continue a temporary 1.0 FTE Police Support Associate to assist with records maintenance and requests and provide supplemental administrative support, \$161,839 one-time
- Fund a temporary 1.0 FTE Jail Administrative Support, \$188,718 one-time
- Fund on-site medical care for inmates housed at the Kirkland Justice Center (KJC) with Inmate Contracted Medical services, \$286,000 ongoing (offset by \$286,000 of expenditure savings in jail contract services)
- Purchase a second speed radar trailer to enhance ability to respond to citizen speeding complaints, \$17,280 (\$14,000 one-time and \$3,280 ongoing)
- Purchase online Safety Data Sheets program, \$10,000 ongoing



*Kirkland is a diverse and inclusive community that respects and welcomes everyone and is concerned for the welfare of all.*

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

- Increase on-going funding level for human services agencies to \$1.4 million
- Continue operating support to Eastside Timebank, \$6,000 one-time
- Continue enhanced human services grant funding at current (2016) levels, \$169,730 one-time
- Continue CDBG funding of human service grants, \$60,000 on-going
- Continue staffing for participation in regional human services initiatives
- **For further information on Human Services funding, see the related [Issue Paper](#)**



*Kirkland values an integrated multi-modal system of transportation choices.*

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

- Fund Non-motorized Transportation CIP projects totaling \$17.7 million for 2017-2018 (\$7.4 million of external funding), including \$11 million for the NE 124<sup>th</sup> St/124<sup>th</sup> Ave NE Pedestrian Bridge design and construction
- Fund Transportation CIP projects totaling \$11.3 million in 2017-2018 (\$7 million of external funding), including \$3 million for Totem Lake intersection improvements
- Update Bellevue/Kirkland/Redmond (BKR) traffic demand model, \$52,150 one-time (Kirkland's share of \$149,000)
- Commute Trip Reduction Enhancements (ORCA card for employees), \$129,375 one-time
- Continue the Kirkland Green Trip (KGT) program and implementation of the Growth and Transportation Efficiency Center (GTEC) through 2018, \$60,000 one-time



*Kirkland values an exceptional park, natural areas and recreation system that provides a wide variety of opportunities aimed at promoting the community's health and enjoyment.*

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

- Continue funding Parks Operation and Maintenance from Real Estate Excise Tax (REET) and convert a temporary 1.0 FTE Senior Groundsperson to ongoing, \$225,377 ongoing
- Replace two pay stations at the Kirkland Marina and add a new pay station at the boat launch, \$43,781 one-time (offsetting revenue of \$43,781)
- Install cameras at Marina Park to provide boaters real-time information on availability of moorage slips, \$12,000 one-time
- Add Program Assistant to support growth in recreation programming, 1.0 FTE, \$195,794 ongoing (offsetting revenue of \$195,794)
- Purchase a Dingo TX 525 compact tractor to improve Parks Maintenance operation staff efficiency and reduce equipment rental costs, \$55,120 (\$42,362 one-time and \$12,758 ongoing, offsetting expenditure savings of \$2,500)
- Update and print new park and trail maps, \$5,000 one-time
- Provide maintenance and operations of planned CIP improvements at Edith Moulton Park, \$125,875 (\$48,475 one-time, \$77,400 ongoing) funded from the 2012 Parks Levy

- Provide basic amenities and ongoing maintenance and operations to assume ownership of Hazen Hills Park, \$61,915 (\$24,617 one-time, \$37,298 ongoing) funded from the 2012 Parks Levy
- Fund Parks CIP projects totaling \$6.0 million in 2017-2018, including \$1.7 million for Totem Lake Park master plan and development



*The City's housing stock meets the needs of a diverse community by providing a wide range of types, styles, size and affordability.*

Goal: To ensure the construction and preservation of housing stock that meets a diverse range of incomes and needs.

- Increase ARCH Housing Trust Fund parity contribution by \$200,000 for a total of \$830,000, one-time
- Continue CDBG contribution to ARCH Housing Trust Fund, \$250,000, on-going
- Continue support of affordable housing projects in the City



*Citizens of Kirkland enjoy high quality services that meet the community's priorities.*

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

- Continue compliance with the adopted Fiscal Policies:
  - No basic operations funded by one-time revenues
  - Continue incorporating a component into the on-going budget for replenishment of reserves based on 1% of the General Fund budget, \$1.8 million in the 2017-2018 proposed budget
  - Maintain the revenue stabilization reserve to 100% of target
- Replenish and enhance reserves as summarized in the table that follows showing the recommended replenishments and target status:

**2017-2018 General Purpose Reserves with Targets**

Reserve	2017-2018 Budget Target	2016 Estimated Ending Balance	Planned Additions to/(Use of) Reserves	2018 Estimated Ending Balance	(Under)/Over Target	2018 Ending Balance as % of Target
Contingency (Fund 152)	6,076,030	4,036,425	1,638,696	5,675,121	(400,909)	93.4%
General Capital Contingency (Fund 310)	6,317,430	4,993,407	716,361	5,709,768	(607,662)	90.4%
General Operating Reserve (Rainy Day Reserve)	4,829,865	4,803,388	26,477	4,829,865	-	100.0%
Revenue Stabilization Reserve	3,029,951	2,848,220	181,731	3,029,951	-	100.0%
Council Special Projects	250,000	250,000	-	250,000	-	100.0%
Building and Property Reserve	600,000	3,600,000	(3,000,000)	600,000	-	100.0%
<i>Expected Use for North Kirkland Fire Stations</i>						
<b>TOTAL</b>	<b>21,103,276</b>	<b>20,531,440</b>	<b>(436,735)</b>	<b>20,094,705</b>	<b>(1,008,571)</b>	<b>95.2%</b>

- Fund modern Enterprise Resource Planning (ERP) solution including Financial and Human Resource software to improve the efficiency and effectiveness of both the Finance and Human Resources Departments, \$2.5 million in CIP with an additional \$500,000 available funded in the Major Systems Reserve
- Partner with King County to engage in monetary recovery pilot program, \$10,000 one-time
- Add temporary .30 FTE to an existing .70 FTE regular Human Resources Analyst position to focus on special projects, \$69,492 one-time
- Continue funding Learning Management System (LMS), software offering safety/compliance training for staff through 2018, \$26,022 one-time

- Continue Investment Advisor Services on an ongoing basis, \$78,000 (offsetting interest earnings \$78,000). Note that staff will present a housekeeping adjustment to the Fiscal Policies to recognize the use of interest earnings
- Add temporary 0.25 FTE to increase acceptance hours for passport customers, \$40,454 one-time (offsetting revenue of \$40,454)
- Add temporary 1.0 FTE Office Specialist to assist with Business License and False Alarm processing, \$164,673 one-time (offsetting revenue of \$164,673)
- Add temporary .50 FTE Customer Accounts Associate solely dedicated to Cemetery Administration, \$86,086 one-time from the Cemetery Fund



*We are committed to the protection of the natural environment through an integrated natural resource management system.*

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

- Fund contract Arborist services for permit review, \$120,000 one-time
- Fund Scope 5 Dashboard software to track and measure City and community greenhouse gas emissions as part of City's participation in the King County-Cities Climate Collaboration (K4C), \$10,000 one-time
- Fund items related to the Critical Areas Ordinance (CAO) and 2016 Surface Water Design Manual (SWDM):
  - Fund professional services contract to provide regulatory assistance and project oversight, \$150,000 one-time
  - Add 2.0 FTE ongoing maintenance personnel for Natural Areas and Low Impact Development techniques (LID), \$457,068 (\$48,080 one-time, \$408,988 ongoing, offsetting revenue of \$408,988) from the Surface Water utility
  - Fund Consultant services to evaluate surface water design manual decisions, \$142,000 one-time
- Establish adequate rates to support the needs of the Sewer, Surface Water, and Solid Waste utilities, resulting in:
  - Sewer rate increases for single family residential of 4.8% in 2017 and 1.3% in 2018, for multifamily and commercial 2.7% in 2017 and 1.4% in 2018
  - Surface Water 2.0% annual rate increase in 2017 and 2018
  - Solid Waste proposed 2.5% average rate increase for 2017 and 1.7% in 2018
- Purchase three replacement street sweepers, one new specialized sweeper, add 1.0 senior maintenance FTE to increase level of service for bike lanes and all City streets, \$790,053 (\$524,100 one-time, \$265,963 ongoing)
- Provide financing for Surface Water utility CIP projects totaling \$3.4 million for 2017-2018
- Provide financing for Sewer utility CIP projects totaling \$6.3 million for 2017-2018, including \$3.5 million for the 1<sup>st</sup> Street sewer main replacement
- Fund \$4.7 million in the 2017-2018 CIP to provide for additional design and construction costs related to updates to the Critical Areas Ordinance (CAO) and the Surface Water Design Manual (SWDM) as summarized in the table that follows:

Program	2017-2018	Funding Source
Transportation		
Non-motorized (NM)	1,600,000	REET 2 Reserves
Transportation (TR)	500,000	REET 2 Reserves
Surface Water	1,400,000	Surface Water Construction Reserves
Utilities		
Water (WA)	500,000	Water/Sewer Construction Reserves
Sewer (SS)	700,000	Water/Sewer Construction Reserves



*Kirkland has a diverse, business-friendly economy that supports the community's needs.*

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

- Earmark \$5 million in REET 2 balances toward the City's \$15 million commitment to public infrastructure under the Totem Lake Development Agreement that spurred Mall redevelopment
- Continue Kirkland Performance Center (KPC) Operating Support, \$100,000 one-time
- Increase tourism staff support hours, \$59,243 one-time
- Fund Consultant services to improve Totem Lake Business District Enhancement Plan, \$40,000 one-time
- Fund Lake and Central Redevelopment Feasibility Study, \$150,000 one-time
- Continue funding Community Programs and Events, \$112,000 one-time (\$48,000 from Waste Management matched with \$64,000 of City funds) **(for further discussion on event funding, see the [Outside Agency Funding Issue Paper](#))**
- Purchase Special Event/Promotional Banner Pole System, \$108,086 one-time
- Fund 4Culture Arts Sustained Support, \$16,000 one-time (grant funded)
- Fund hourly resources to implement Photo/Imaging Cataloging Software, \$12,493 one-time
- Fund Electronic Plan Review Monitor Upgrade, \$4,000 one-time
- Continue Tourism Outside Agency Grant funding, \$20,000 one-time
- Add resources to Development Services to address workload and maintain/enhance customer service expectations (these activities are all funded from development revenues or related reserves):
  - Add 1.0 FTE temporary Assistant Planner position, \$101,870 one-time
  - Continue a temporary 1.0 FTE Associate Planner position, \$127,748 one-time
  - Continue a temporary 1.0 FTE Planner position, \$115,665 one-time
  - Continue a temporary 1.0 FTE Plans Examiner II positions, \$254,039 one-time
  - Continue a temporary 1.0 FTE Electrical Building Inspector, \$250,783 one-time
  - Increase overtime and hourly (on-call) wages for Building Inspectors and Permit Technicians, \$217,899 one-time
  - Convert an ongoing 1.0 FTE Inspector position to a temporary Lead Inspector position, \$20,707 one-time
  - Convert a temporary .50 FTE Office Specialist to ongoing, \$94,080 ongoing
  - Fund Land Use Consulting Contingency, \$15,000 one-time
  - Add On-call support to process building public records requests, \$31,700 one-time
  - Increase hourly wages for ongoing scanning work, \$79,250 one-time



*Kirkland has a well-maintained and sustainable infrastructure that meets the functional needs of the community.*

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

- Establish adequate rates to support the needs of the Water Utility resulting in a 1.7% annual increase in 2017 and 2018 for single family and irrigation customers and no increase in multifamily and commercial rates
- Finance Water utility CIP projects totaling \$4.7 million for 2017-2018, including \$0.8 million for the 6<sup>th</sup> St. South water main replacement
- Finance Street CIP projects totaling \$10.4 million for 2017-2018, including \$8.2 million for street preservation
- Establish Parks Facilities Sinking Fund with \$500,000 of General Fund cash

- Replenish major systems reserve, \$500,000 to support the Finance and Human Resource software replacement
- Continue a temporary 1.0 FTE Transportation Planner to respond to traffic/transportation-related issues, \$263,658 one-time
- Continue temporary 1.0 FTE Permit Technician to assist with increased permit activity, \$205,062 one-time
- Purchase two additional Construction Inspector vehicles to manage workloads related to CIP and development improvements, \$81,216 (\$28,216 ongoing and \$53,000 one-time, offsetting revenue of \$54,716)
- Purchase a 5-Yard Dump Truck for Parks Operations, \$237,000 (\$175,000 one-time, \$62,000 ongoing)
- Provide technical and analytical support for pursuing grant funding for Surface Water and CIP projects, \$90,000 one-time
- Fund electronic record keeping services, \$20,000 one-time (offsetting revenue of \$20,000)
- Continue the opportunity fund to pay for street improvements and overhead utility line undergrounding in conjunction with development projects, \$50,000 one-time
- Purchase new sign manufacturing equipment for the City's sign shop, \$60,800 (\$51,000 one-time, \$9,800 ongoing, offsetting expenditure savings of \$9,800)
- Provide Commercial Driver's License (CDL) Training from a 3<sup>rd</sup> party training institute, \$40,000 ongoing (offsetting expenditure savings of \$40,000)
- Continue a temporary 1.0 FTE GIS Analyst for Lucity support and maintenance, \$165,250 one-time
- Provide funding to complete an Information Technology Infrastructure Assessment, \$100,000 one-time
- Fund an ongoing 0.5 FTE GIS Analyst for addressing work related to Development Services, \$125,942 ongoing
- Continue a temporary 1.0 FTE Senior Applications Analyst to support increasing demand of technology projects and systems, \$235,276 one-time
- Restore IT Standby funding for highest risk times, \$48,728 one-time

In addition to recommendations directly related to the Goal areas, the following service packages are recommended:

- Provide boxed meals for Council Members at Council meetings, \$8,200 ongoing
- Continue State Legislative Advocacy Services, \$120,000 one-time

<b>PRELIMINARY WORK PLAN</b>
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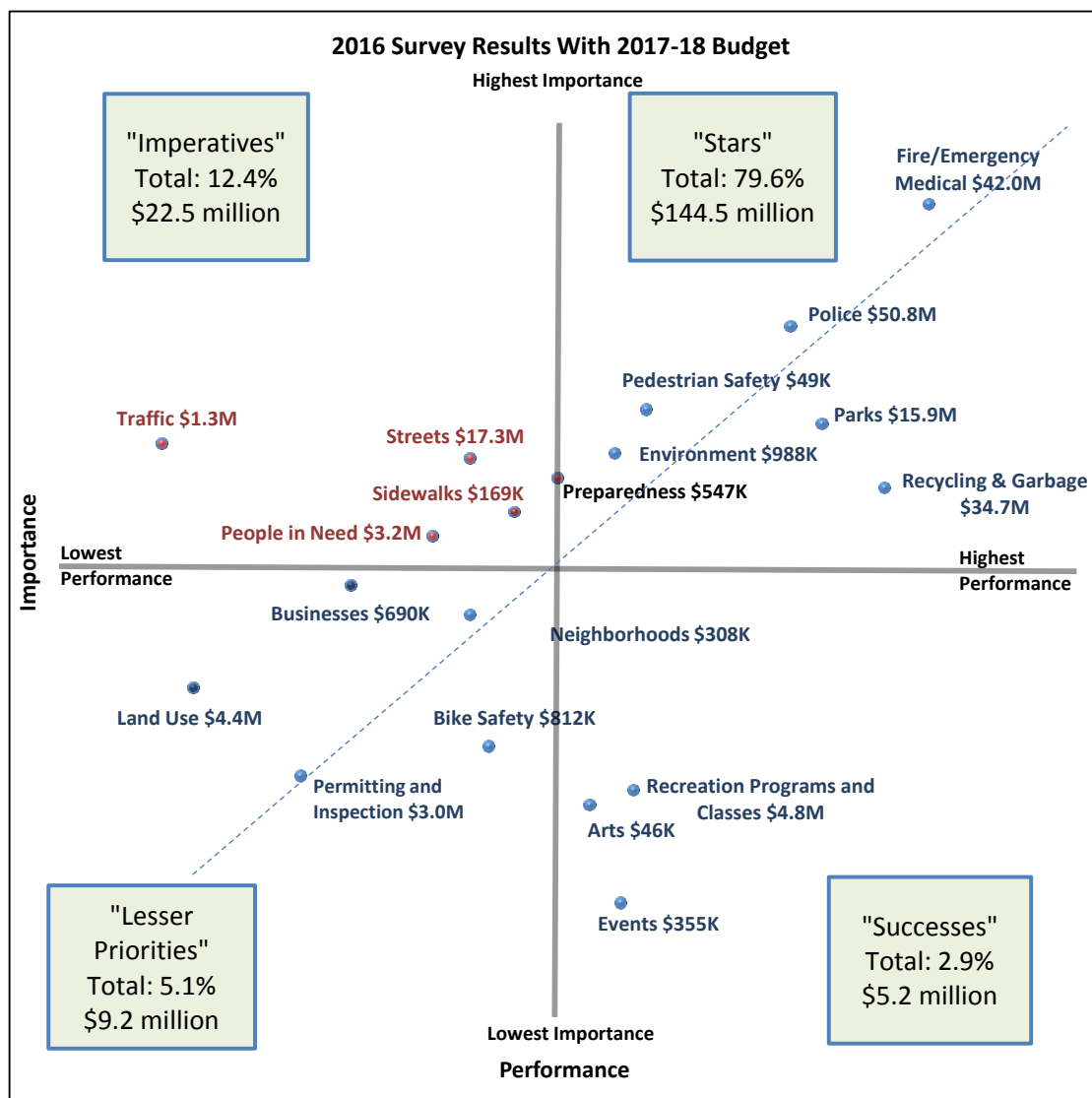
The draft 2017-2018 City Work Program is compiled from the recommendations by Council Goal Area and a continuation of some 2015-2016 Work Program elements. The following are preliminary recommendations for the 2017-2018 biennium:

- Continue the implementation of the Cross Kirkland Corridor Master Plan (Council Goals: Balanced Transportation, Parks and Recreation, Economic Development, Neighborhoods)
- Improve Fire and Emergency Medical Services with the renovation of Fire Station 25, construction of a new Fire Station 24 and property acquisition for a new Fire Station 27 (Council Goal: Public Safety)
- Explore a potential ballot measure to fund Fire station modernization and operations (Council Goal: Public Safety)
- Expand Maintenance Center facilities to serve the larger City (Council Goals: Neighborhoods, Economic Development, Parks and Recreation and Dependable Infrastructure)
- Partner with A Regional Coalition for Housing and non-profit organizations to finance and construct a permanent Eastside women's shelter in Kirkland

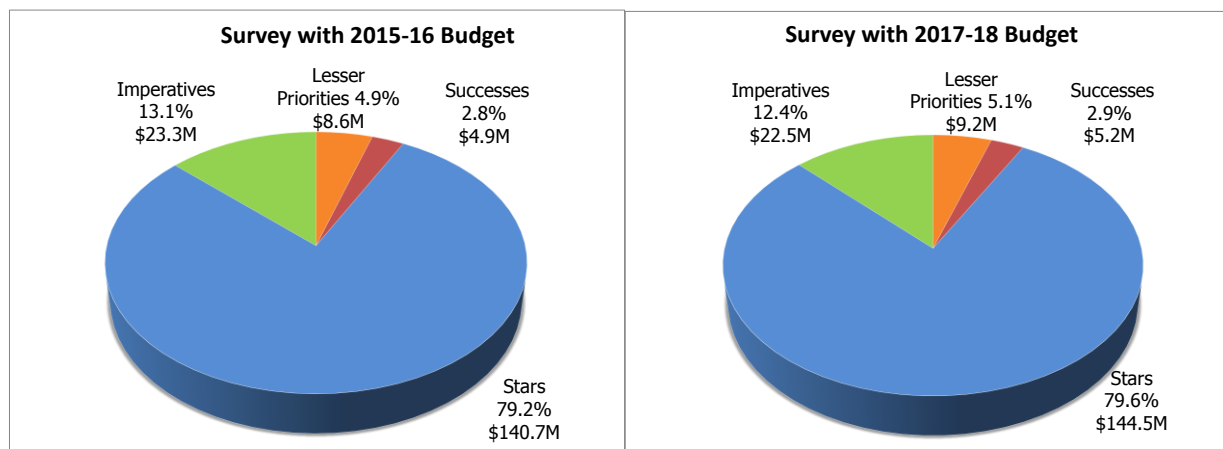
- Fund capital investments to support growth, especially in Totem Lake (Council Goals: Economic Development, Financial Stability)
- Procure and implement an Enterprise Resource Planning (ERP) solution to replace the City's core Finance and Human Resource software (Council Goals: Financial Stability, Dependable Infrastructure)
- Facilitate Community Policing through implementing elements of the Police Strategic Plan (Council Goals: Public Safety)

## CONCLUSION

The proposed budget is focused on the City Council goals and community priorities. The recommended decisions result in proposed 2017-2018 investments in the services on the Kirkland Quad, as summarized below:



The pie charts that follow show the investments in each quadrant in the 2015-2016 budget versus the proposed 2017-2018 budget. It is worth noting that, due to significant one-time items in Streets and Sidewalks in 2015-2016, including funding for conversion of street lights to an LED standard for efficiency savings, a comprehensive sidewalk survey and a downtown parking program, the graphs depict a decline in spending on “Imperatives”. This anomaly is more an example of how one-time items can impact this measure rather than an indication of shifting budget priorities. It is largely due to this type of volatility that the quadrant totals exclude spending in the capital program, which can vary widely between years due to the magnitude of individual projects.



The 2015-2016 budget presented a “Wants, Needs, and Resources” framework to help with prioritization as the City continues to focus on 2021 and beyond. The vision set by the Kirkland 2035 comprehensive Planning process is being brought into sharper focus through the completed master plans (Fire Strategic Plan, Parks Recreation and Open Space (PROS) Plan, Transportation Master Plan, Surface Water Master Plan, and Water and Sewer Comprehensive Plan updates), the draft Police Strategic Plan, and the recommended Information Technology Infrastructure Assessment. The needs identified in these plans will be reviewed and updated by the City Council as part of future biennial budget and CIP processes. Needs will also continue to be identified through public outreach to Neighborhood Associations, Business organizations, advocacy groups, and residents.

Key strategies to develop sufficient revenues to fund the desired services and close the gap between the diverging lines include:

- Replenish reserves (see Fiscal Policies adopted by R-4948 later in the document)
- Generate new revenue through economic development – Park Place, Totem Lake Mall, Google expansion, Waterfront revitalization
- Moderate the growth of employee wages and benefits to lower cost of future levels of service through collective bargaining, the budget process and the Healthy Kirkland Plan
- Generate new revenue through ballot measures

The 2017-2018 budget sets aside funds for the outreach and election costs of a possible ballot measure in 2018 to assist in implementing key elements of the Fire Strategic Plan, particularly modernization of the fire stations.


The City Council will continue to prioritize the wants, needs and resources through the Council Goals and the City Work Program. **Council Goals** articulate the key policy and service priorities for Kirkland that are to be achieved over time. Goals should be reviewed and updated every two years in even-numbered years following Council elections to ensure that the Goals reflect the priorities of each new Council. The updated Goals will then form the basis for subsequent City Work Programs and budgets. **City Work**

**Programs** are "action plans" adopted every two years by the Council following the budget process to accomplish major policy and administrative goals and demonstrate priority focus on major cross-departmental efforts with significant impacts designed to maintain the public health, safety and quality of life in Kirkland. City Work Programs are essential to accomplishing Council Goals in a methodical and measurable manner.

As always, we expect that we will be discussing the budget with the City Council frequently during the biennium and making adjustments as conditions warrant. At a minimum, we expect to provide an update at the Council Retreat in late spring, with the mid-year budget report in June, and with the mid-biennium budget update in November 2017.

The development of the preliminary budget requires an enormous commitment by all City Departments and the Budget Leadership Team. The Financial Planning staff especially have done extraordinary work on the coordination and calculations necessary to make this document possible and deserve recognition for their incredible efforts. We have every reason to be proud of the work done day in and day out by all City staff. With the support of the City Council, it is the efforts of our outstanding employees that make the City work for our residents and make Kirkland an exceptional place to live, work and play.


Respectfully Submitted,



Kurt Triplett  
City Manager



Tracey Dunlap  
Deputy City Manager



Michael Olson  
Director of Finance and Administration

**POSTSCRIPT**

Between October and December 2016, the City Council held a series of study sessions and public hearings to review the 2017-2018 Preliminary Budget proposed by the City Manager. The City Council adopted the 2017-2018 Final Budget on December 13, 2016. Overall, the 2017-2018 Final Budget totals \$695.8 million, which represents a 7.7 percent increase compared to the 2015-2016 Amended Budget. The 2017-2018 Final Budget is summarized in the following table by fund type:

	<b>2015-16 Amended Budget</b>	<b>2017-18 Final Budget</b>	<b>% Change</b>
<b>GENERAL GOV'T</b>			
General Fund	202,056,951	216,128,384	7.0%
Other Operating	32,768,364	32,172,645	-1.8%
Internal Service Funds	81,317,730	79,391,256	-2.4%
Non-Operating Funds	155,358,229	187,376,648	20.6%
<b>UTILITIES</b>			
Water/Sewer	95,410,865	100,231,004	5.1%
Surface Water	44,631,864	44,108,885	-1.2%
Solid Waste	34,292,594	36,424,964	6.2%
<b>TOTAL BUDGET</b>	<b>645,836,597</b>	<b>695,833,786</b>	<b>7.7%</b>

The City Council requested changes to the preliminary budget totaling \$0.77 million, including increased funding for human services seasonal labor for streets and additional communications program staffing. A full list of Council-directed changes is provided at the top of the table on the following page. In addition, the following housekeeping adjustments were made, including recognition of contributions made subsequent to the Preliminary Budget:

- Adjusting Special Revenue fund budgets to account for higher property tax new construction estimates;
- Technical correction to service package funding in the Lodging Tax fund, which should have been available resources forward but was incorrectly posted to 2017-2018 fund balance;
- CIP adjustments related to changes made adopting the final 2017-2022 CIP; most notably the project scope expansion for Totem Lake Park Development Phase 1; and,
- Adjusting Utility Tax revenue upwards to account for the two percent Surface Water rate increase.

Note that a portion of these needs are one-time in nature and funded through the use of 2016 year-end resources (\$563,665) and, therefore, do not require an adjustment to the total budget appropriation. The 2017-2018 Biennial Budget increases \$1.5 million as a result of these changes as shown in the following table.

	2017-18 Cost		
	Ongoing	One-time	Total
<b>Preliminary 2017-18 Budget</b>			<b>694,368,439</b>
<b>General Fund</b>			
<i>Council Directed Actions</i>			
Human Services Option 3	-	172,569	172,569
Human Services Commission	-	70,000	70,000
Streets Seasonal Labor (to Street Fund)	-	150,990	150,990
Communications Staffing	-	92,494	92,494
Transportation Engineering Consultants	-	25,000	25,000
Performance Management Consultant	-	50,000	50,000
Forterra Research Project	-	40,000	40,000
Green Kirkland Funding (to Parks Levy)	-	34,300	34,300
City Council Contingency Addition	-	131,927	131,927
<i>Subtotal Council Directed Action</i>	-	767,280	767,280
Utility Tax RV Adj (from Surface Water)	42,056	-	42,056
Reserves Offset of Council Directed Action	-	(563,665)	(563,665)
<b>Subtotal General Fund</b>	<b>42,056</b>	<b>203,615</b>	<b>245,671</b>
<b>Special Revenue Funds</b>			
Property Tax Adjustment	93,630	-	93,630
Technical Correction to 112 Svc Pkg Funding	80,000	-	80,000
Streets Seasonal Labor (from GF)	-	150,990	150,990
Green Kirkland (from GF)	-	34,300	34,300
Parks Levy Housekeeping	(4,000)	-	(4,000)
<b>Subtotal Special Revenue Funds</b>	<b>169,630</b>	<b>185,290</b>	<b>354,920</b>
<b>Capital Projects Funds</b>			
CIP Adjustments	-	1,172,700	1,172,700
<b>Subtotal General Capital Projects Fund</b>	<b>-</b>	<b>1,172,700</b>	<b>1,172,700</b>
<b>Utility Funds</b>			
Surface Water Utility Tax Adjustment (to GF)	42,056	-	42,056
Surface Water Capital Projects CIP Adj	-	(350,000)	(350,000)
<b>Subtotal Surface Water Fund</b>	<b>42,056</b>	<b>(350,000)</b>	<b>(307,944)</b>
<b>Final 2017-18 Biennial Budget</b>			<b>695,833,786</b>

In addition to formal adoption of the 2017-2018 Budget, the Council approved the following actions to implement the budget decisions on December 13, 2016:

- An update to the City's Investment Policy; and,
- A report on the use of Real Estate Excise tax proceeds for approved maintenance expenses in the operating budget.

The final 2017-2018 City Work Program will be adopted during the first quarter of 2017. If any budget adjustments are needed to implement the Work Program, they will be brought forward in June 2017.



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**City of Kirkland  
2017-2018 Budget  
Service Package Requests**

Pkg#	2017-18 Department Request					2017-18 City Manager Recommended				
	FTE	Temp	Ongoing	One-time	Total	FTE	Temp	Ongoing	One-time	Total
<b>GENERAL FUND</b>										
<b>City Council</b>										
<b>Renewals of One time</b>										
17GCC01 2018 Community Survey	-	-	-	30,000	30,000	-	-	-	30,000	30,000
<b>New</b>										
17GCC02 City Council Meetings Food^	-	-	8,200	-	8,200	-	-	8,200	-	8,200
<b>Subtotal City Council</b>	<b>-</b>	<b>-</b>	<b>8,200</b>	<b>30,000</b>	<b>38,200</b>	<b>-</b>	<b>-</b>	<b>8,200</b>	<b>30,000</b>	<b>38,200</b>
<b>City Manager</b>										
<b>Renewals of One time</b>										
17GCM01 State Legislative Advocacy Services	-	-	-	120,000	120,000	-	-	-	120,000	120,000
17GCM02 4Culture Arts Sustained Support*	-	-	-	16,000	16,000	-	-	-	16,000	16,000
17GCM03 Community Programs and Events*	-	-	-	112,000	112,000	-	-	-	112,000	112,000
17GCM04 Neighborhood Services Matching Grant	-	-	-	10,202	10,202	-	-	-	10,202	10,202
<b>New</b>										
17GPW07 Sr Nghbrhd Svc Outreach Coord Position Xfr to PW	(0.50)	-	-	-	-	(0.50)	-	-	-	-
17GCM05 Photo/Image Cataloguing Software	-	-	-	12,493	12,493	-	-	-	12,493	12,493
<b>Subtotal City Manager</b>	<b>(0.50)</b>	<b>-</b>	<b>-</b>	<b>270,695</b>	<b>270,695</b>	<b>(0.50)</b>	<b>-</b>	<b>-</b>	<b>270,695</b>	<b>270,695</b>
<b>Parks &amp; Community Services</b>										
<b>Renewals of One-time</b>										
17GPK01 Eastside Timebank Operating Support	-	-	-	6,000	6,000	-	-	-	6,000	6,000
17GPK02 Kirkland Performance Center (KPC) Operating Support	-	-	-	100,000	100,000	-	-	-	100,000	100,000
17GPK03 Park Maintenance from Real Estate Excise Tax	1.00	-	225,377	-	225,377	1.00	-	225,377	-	225,377
<b>New</b>										
17GPK04 Marina & Second Ave Docks Boat Launch Pay Stations*	-	-	-	43,781	43,781	-	-	-	43,781	43,781
17GPK05 Park Operations 5-Yard Dump Truck	-	-	62,000	175,000	237,000	-	-	62,000	175,000	237,000
17GPK06 Marina Web Camera	-	-	-	12,000	12,000	-	-	-	12,000	12,000
17GPK07 Recreation Program Assistant*	1.00	-	193,268	2,526	195,794	1.00	-	193,268	2,526	195,794
17GPK08 Park Operations - Dingo^	-	-	12,758	42,362	55,120	-	-	12,758	42,362	55,120
17GPK09 Park and Trail Maps Update	-	-	-	5,000	5,000	-	-	-	5,000	5,000
17GPK10 Human Services Funding Enhancement	-	-	-	169,730	169,730	-	-	-	169,730	169,730
<b>Subtotal Parks and Community Services</b>	<b>2.00</b>	<b>-</b>	<b>493,403</b>	<b>556,399</b>	<b>1,049,802</b>	<b>2.00</b>	<b>-</b>	<b>493,403</b>	<b>556,399</b>	<b>1,049,802</b>

\* Partially or entirely funded with new revenue, ^ Partially or entirely offset by expenditure savings

**City of Kirkland  
2017-2018 Budget  
Service Package Requests**

Pkg#	2017-18 Department Request					2017-18 City Manager Recommended				
	FTE	Temp	Ongoing	One-time	Total	FTE	Temp	Ongoing	One-time	Total
<b>Human Resources</b>										
<b>Renewals of One-time</b>										
17GHR01 Leadership Eastside Enrichment Program	-	-	-	24,000	24,000	-	-	-	24,000	24,000
<b>New</b>										
17GHR02 Monetary Recovery - Pilot Program	-	-	-	10,000	10,000	-	-	-	10,000	10,000
17GHR03 HR Analyst	0.30	-	67,142	2,350	69,492	-	0.30	-	69,492	69,492
17GHR04 Safety Data Sheets On-line Program	-	-	10,000	-	10,000	-	-	10,000	-	10,000
17GHR05 Learning Management System	-	-	26,022	-	26,022	-	-	-	26,022	26,022
<b>Subtotal Human Resources</b>	<b>0.30</b>	<b>-</b>	<b>103,164</b>	<b>36,350</b>	<b>139,514</b>	<b>-</b>	<b>0.30</b>	<b>10,000</b>	<b>129,514</b>	<b>139,514</b>
<b>Public Works</b>										
<b>Renewal of One time</b>										
17GPW01 Transportation Planner	1.00	-	276,658	-	276,658	-	1.00	-	263,658	263,658
17GPW02 Neighborhood Services Outreach Coordinator (CIP)*	0.50	-	141,099	-	141,099	-	0.50	-	134,599	134,599
17GPW03 Temporary Permit Technician*	-	1.00	-	218,062	218,062	-	1.00	-	205,062	205,062
17GPW04 Neighborhood Traffic Control Coordinator	0.50	-	141,099	-	141,099	-	0.50	-	134,599	134,599
17GPW05 Engineering Program Assistant (GF Portion)	0.75	-	157,846	-	157,846	-	0.50	-	98,731	98,731
<b>New</b>										
17GPW06 CAO/SDM CIP Environmental Planner (CIP Funded)*	-	1.00	-	261,293	261,293	-	-	-	150,000	150,000
17GPW07 Senior Neighborhood Svc. Outreach Coordinator (CIP)^ <i>reduce Project Engineer</i>	1.00 (0.70)	-	148,834 (148,834)	2,906 (2,906)	151,740 (151,740)	1.00 (0.70)	-	148,834 (148,834)	2,906 (2,906)	151,740 (151,740)
17GPW08 CIP & Development Construction Inspection Vehicles*	-	-	28,216	53,000	81,216	-	-	28,216	53,000	81,216
17GPW09 BKR Travel Demand Model Update	-	-	-	52,150	52,150	-	-	-	52,150	52,150
17GPW10 Electronic Plan Review Monitor Upgrade*	-	-	-	4,000	4,000	-	-	-	4,000	4,000
17GPW11 Grant Support for Capital Engineering (GF Portion)	-	-	60,000	-	60,000	-	-	-	60,000	60,000
17GPW12 City Commute Trip Reduction Enhancements	-	-	129,375	-	129,375	-	-	-	129,375	129,375
17GPW13 Electronic Record Keeping*	-	-	-	20,000	20,000	-	-	-	20,000	20,000
17GPW14 Speed Radar Trailer	-	-	3,280	14,000	17,280	-	-	3,280	14,000	17,280
17GPW15 Commute Trip Reduction Incentives (External)	-	-	60,000	-	60,000	-	-	-	60,000	60,000
17GPW16 Senior Surface Wtr Utility Engineer (CIP/Dev Funded)*	-	1.00	-	293,970	293,970	-	-	-	-	-
17GPW17 Transportation Engineering Consultants	-	-	-	25,000	25,000	-	-	-	-	-
17GPW18 Shared-Use Mobility Partnerships	-	-	-	20,000	20,000	-	-	-	-	-
<b>Subtotal Public Works</b>	<b>3.05</b>	<b>3.00</b>	<b>997,573</b>	<b>961,475</b>	<b>1,959,048</b>	<b>0.30</b>	<b>3.50</b>	<b>31,496</b>	<b>1,379,174</b>	<b>1,410,670</b>

\* Partially or entirely funded with new revenue, ^ Partially or entirely offset by expenditure savings

**City of Kirkland  
2017-2018 Budget  
Service Package Requests**

Pkg#	2017-18 Department Request					2017-18 City Manager Recommended				
	FTE	Temp	Ongoing	One-time	Total	FTE	Temp	Ongoing	One-time	Total
<b>Finance &amp; Administration</b>										
<b>Renewals of One time</b>										
17GFA01 Investment Advisor Services*	-	-	78,000	-	78,000	-	-	78,000	-	78,000
<b>New</b>										
17GFA02 Increase Passport Hours*	-	0.25	-	40,454	40,454	-	0.25	-	40,454	40,454
17GFA03 Temporary Office Specialist - Business Licensing*	-	1.00	-	164,673	164,673	-	1.00	-	164,673	164,673
<b>Subtotal Finance &amp; Administration</b>	<b>-</b>	<b>1.25</b>	<b>78,000</b>	<b>205,127</b>	<b>283,127</b>	<b>-</b>	<b>1.25</b>	<b>78,000</b>	<b>205,127</b>	<b>283,127</b>
<b>Planning &amp; Building</b>										
<b>Renewals of One Time</b>										
17GPB01 Public Records Assistance (Building)*	-	-	-	31,700	31,700	-	-	-	31,700	31,700
17GPB02 Temporary Electrical Building Inspector^	-	1.00	-	263,783	263,783	-	1.00	-	250,783	250,783
17GPB03 Arch Housing Trust Fund (HTF)	-	-	-	630,000	630,000	-	-	-	830,000	830,000
17GPB04 Office Specialist 0.5 FTE*	0.50	-	92,561	1,519	94,080	0.50	-	92,561	1,519	94,080
17GPB05 Temporary Associate Planner*	-	1.00	-	127,748	127,748	-	1.00	-	127,748	127,748
17GPB06 Temporary Planner*	-	1.00	-	115,665	115,665	-	1.00	-	115,665	115,665
17GPB07 Temp Plans Examiner II^	-	1.00	-	267,039	267,039	-	1.00	-	254,039	254,039
<b>New</b>										
17GPB08 Hourly Wages for Ongoing (Current) Scanning Work^	-	-	-	79,250	79,250	-	-	-	79,250	79,250
17GPB09 Lead Inspector	-	1.00	-	20,707	20,707	-	1.00	-	20,707	20,707
17GPB10 Assistant Planner*	1.00	-	101,870	-	101,870	-	1.00	-	101,870	101,870
17GPB11 Arborist Contract for Development Services*	-	-	-	120,000	120,000	-	-	-	120,000	120,000
17GPB12 Land Use Consulting Contingency^	-	-	-	15,000	15,000	-	-	-	15,000	15,000
17GPB13 Scope 5 Dashboard	-	-	-	10,000	10,000	-	-	-	10,000	10,000
17GPB14 Totem Lake Business District Enhancement Plan	-	-	-	40,000	40,000	-	-	-	40,000	40,000
17GPB15 Planning & Building Overtime & Hourly Wages^	-	-	-	217,899	217,899	-	-	-	217,899	217,899
<b>Subtotal Planning &amp; Building</b>	<b>1.50</b>	<b>5.00</b>	<b>194,431</b>	<b>1,940,310</b>	<b>2,134,741</b>	<b>0.50</b>	<b>6.00</b>	<b>92,561</b>	<b>2,216,180</b>	<b>2,308,741</b>

\* Partially or entirely funded with new revenue, ^ Partially or entirely offset by expenditure savings

**City of Kirkland  
2017-2018 Budget  
Service Package Requests**

Pkg#	2017-18 Department Request					2017-18 City Manager Recommended				
	FTE	Temp	Ongoing	One-time	Total	FTE	Temp	Ongoing	One-time	Total
<b>Police</b>										
<b>Renewals of One time</b>										
17GPD01 Temporary Police Support Associate	-	1.00	-	161,839	161,839	-	1.00	-	161,839	161,839
17GPD02 Court Security	1.20	-	229,783	6,026	235,809	-	1.20	-	220,209	220,209
17GPD03 Jail Administrative Support*	1.00	-	196,292	5,426	201,718	-	1.00	-	188,718	188,718
17GPD04 Jail Medical Contract^	-	-	286,000	-	286,000	-	-	286,000	-	286,000
<b>New</b>										
17GPD05 Police Officer Over Hire	2.00	-	-	-	-	2.00	-	-	-	-
17GPD06 ProAct Unit*^	1.00	-	292,385	97,293	389,678	1.00	-	285,385	92,293	377,678
17GPD07 ProAct and Crime Analysis Support	1.00	-	168,143	7,617	175,760	-	-	-	-	-
17GPD08 Animal Services Program	1.00	-	280,582	73,815	354,397	1.00	-	187,194	160,703	347,897
<b>Subtotal Police</b>	<b>7.20</b>	<b>1.00</b>	<b>1,453,185</b>	<b>352,016</b>	<b>1,805,201</b>	<b>4.00</b>	<b>3.20</b>	<b>758,579</b>	<b>823,762</b>	<b>1,582,341</b>
<b>Fire</b>										
<b>New</b>										
17GFD01 Incident Command System and Tablets	-	-	4,880	4,000	8,880	-	-	4,880	4,000	8,880
17GFD02 Gas Monitor/Testing Replacement	-	-	45,658	20,600	66,258	-	-	45,658	20,600	66,258
17GFD03 Prevention Vehicles	-	-	41,234	48,000	89,234	-	-	41,234	48,000	89,234
17GFD04 Update Fire Station 27 Alerting	-	-	-	95,000	95,000	-	-	-	95,000	95,000
17GFD05 Update Fire Station 26 Alerting	-	-	-	6,800	6,800	-	-	-	6,800	6,800
17GFD06 Station Beds	-	-	-	32,500	32,500	-	-	-	32,500	32,500
17GFD07 Firefighter Over Hire (FTE Only)	3.00	-	-	-	-	3.00	-	-	-	-
17GFD08 EMTG Academy*	-	-	57,000	-	57,000	-	-	57,000	-	57,000
17GFD09 Emergency Dock Signage	-	-	2,000	10,000	12,000	-	-	-	-	-
17GFD10 Fire Inspections Program	-	-	12,400	8,300	20,700	-	-	-	-	-
17GFD11 Knox Box Core Replacement	-	-	-	65,000	65,000	-	-	-	-	-
<b>Subtotal Fire</b>	<b>3.00</b>	<b>-</b>	<b>163,172</b>	<b>290,200</b>	<b>453,372</b>	<b>3.00</b>	<b>-</b>	<b>148,772</b>	<b>206,900</b>	<b>355,672</b>
<b>GENERAL FUND TOTAL</b>	<b>16.55</b>	<b>10.25</b>	<b>3,491,128</b>	<b>4,642,572</b>	<b>8,133,700</b>	<b>9.30</b>	<b>14.25</b>	<b>1,621,011</b>	<b>5,817,751</b>	<b>7,438,762</b>
<b>OTHER FUNDS</b>										
<b>Cemetery Fund</b>										
<b>New</b>										
17CFA01 Customer Accounts Associate-Temporary^	-	0.50	-	86,086	86,086	-	0.50	-	86,086	86,086
<b>Subtotal Cemetery Fund</b>	<b>-</b>	<b>0.50</b>	<b>-</b>	<b>86,086</b>	<b>86,086</b>	<b>-</b>	<b>0.50</b>	<b>-</b>	<b>86,086</b>	<b>86,086</b>

\* Partially or entirely funded with new revenue, ^ Partially or entirely offset by expenditure savings

xxx

**City of Kirkland  
2017-2018 Budget  
Service Package Requests**

Pkg#	2017-18 Department Request					2017-18 City Manager Recommended				
	FTE	Temp	Ongoing	One-time	Total	FTE	Temp	Ongoing	One-time	Total
<b>Parks Levy Fund</b>										
<b>New</b>										
17PPK01 Edith Moulton Park Operations & Maintenance*	-	-	77,400	48,475	125,875	-	-	77,400	48,475	125,875
17PPK02 Hazen Hills Park O&M/Capital Improvements*	0.25	-	37,298	24,617	61,915	-	-	37,298	24,617	61,915
<b>Subtotal</b>	<b>0.25</b>	<b>-</b>	<b>114,698</b>	<b>73,092</b>	<b>187,790</b>	<b>-</b>	<b>-</b>	<b>114,698</b>	<b>73,092</b>	<b>187,790</b>
<b>Street Operating Fund</b>										
<b>Renewal of One time</b>										
17SPW01 Street Imp./Utility Undergrounding Opportunity Fund	-	-	-	50,000	50,000	-	-	-	50,000	50,000
17SPW02 Engineering Program Assistant (Street Portion)*	0.25	-	52,615	-	52,615	-	0.25	-	52,615	52,615
<b>New</b>										
17SPW03 Sign Production Equipment	-	-	9,800	51,000	60,800	-	-	9,800	51,000	60,800
17SPW04 Signal Technician III (\$100k CIP funding)*	1.00	-	173,743	3,581	177,324	-	-	-	-	-
17SPW05 Street Sweepers (Street portion, 25% of upgrades)	-	-	10,318	59,775	70,093	-	-	10,318	59,775	70,093
17SPW06 Street Sweeping Enhancements	0.25	-	46,085	-	46,085	0.25	-	46,085	-	46,085
17SPW07 Seasonal Labor*	-	-	-	151,290	151,290	-	-	-	-	-
17SPW08 Commercial Driver's License (CDL) Training (Streets)	-	-	10,000	-	10,000	-	-	10,000	-	10,000
17SPW09 Neighborhood Gateway Sign Replacement	-	-	-	50,000	50,000	-	-	-	-	-
17SPW10 Special Event/ Banner Pole System Update	-	-	-	108,086	108,086	-	-	-	108,086	108,086
<b>Subtotal Street Operating Fund</b>	<b>1.50</b>	<b>-</b>	<b>302,561</b>	<b>473,732</b>	<b>776,293</b>	<b>0.25</b>	<b>0.25</b>	<b>76,203</b>	<b>321,476</b>	<b>397,679</b>
<b>Lodging Tax Fund</b>										
<b>Renewals of One Time</b>										
17LCM01 Additional Hours to Support Tourism Program^	-	0.23	-	59,243	59,243	-	0.23	-	59,243	59,243
17LCM02 Tourism Outside Agency Funding^	-	-	-	20,000	20,000	-	-	-	20,000	20,000
<b>Subtotal Lodging Tax Fund</b>	<b>-</b>	<b>0.23</b>	<b>-</b>	<b>79,243</b>	<b>79,243</b>	<b>-</b>	<b>0.23</b>	<b>-</b>	<b>79,243</b>	<b>79,243</b>

\* Partially or entirely funded with new revenue, ^ Partially or entirely offset by expenditure savings

**City of Kirkland  
2017-2018 Budget  
Service Package Requests**

Pkg#	2017-18 Department Request					2017-18 City Manager Recommended				
	FTE	Temp	Ongoing	One-time	Total	FTE	Temp	Ongoing	One-time	Total
<b>Surface Water Fund</b>										
<b>New</b>										
17DPW01 CAO/SWDM - Natural Areas & LID Maint. Personnel*	2.00	-	408,988	48,080	457,068	2.00	-	408,988	48,080	457,068
17DPW02 Street Sweepers (SWM portion)*	-	-	71,296	464,325	535,621	-	-	71,296	464,325	535,621
17DPW03 Critical Areas Ord./Surf. Wtr Design Manual Monitoring	-	-	-	214,000	214,000	-	-	-	-	-
17DPW04 Critical Areas Ord./Surf. Wtr Design Manual Studies	-	-	-	142,000	142,000	-	-	-	142,000	142,000
17DPW05 Street Sweeping Enhancements*	0.75	-	138,254	-	138,254	0.75	-	138,254	-	138,254
17DPW06 Forbes Creek Storm water Retrofit Study	-	-	-	285,000	285,000	-	-	-	-	-
17DPW07 External Permit Process Coordination	-	-	-	24,000	24,000	-	-	-	-	-
17DPW08 Grant Support for Capital Engineering (SWM Portion)	-	-	30,000	-	30,000	-	-	30,000	-	30,000
17DPW09 Commercial Driver's License (CDL) Training (SWM)	-	-	10,000	-	10,000	-	-	10,000	-	10,000
<b>Subtotal Surface Water Fund</b>	<b>2.75</b>	<b>-</b>	<b>658,538</b>	<b>1,177,405</b>	<b>1,835,943</b>	<b>2.75</b>	<b>-</b>	<b>658,538</b>	<b>654,405</b>	<b>1,312,943</b>
<b>Water/Sewer Fund</b>										
<b>New</b>										
17UPW01 Commercial Driver's License (CDL) Training	-	-	20,000	-	20,000	-	-	20,000	-	20,000
<b>Subtotal Water/Sewer Fund</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>
<b>Information Technology Fund</b>										
<b>Renewals of One Time</b>										
17IIT02 GIS Analyst for Lucy Support	-	1.00	-	165,250	165,250	-	1.00	-	165,250	165,250
<b>New</b>										
17IIT03 Senior Application Analyst	-	1.00	-	235,276	235,276	-	1.00	-	235,276	235,276
17IIT04 City Fiber-Optic Network	-	-	-	100,000	100,000	-	-	-	-	-
17IIT05 Infrastructure Assessment	-	-	-	125,000	125,000	-	-	-	100,000	100,000
17IIT06 GIS Analyst-Addressing*	0.50	-	125,942	-	125,942	0.50	-	125,942	-	125,942
17IIT07 Restore IT Standby Funding--Highest Risk	-	-	48,728	-	48,728	-	-	-	48,728	48,728
<b>Subtotal Information Technology Fund</b>	<b>0.50</b>	<b>2.00</b>	<b>174,670</b>	<b>625,526</b>	<b>800,196</b>	<b>0.50</b>	<b>2.00</b>	<b>125,942</b>	<b>549,254</b>	<b>675,196</b>
<b>TOTAL OTHER FUNDS</b>	<b>5.00</b>	<b>2.73</b>	<b>1,270,467</b>	<b>2,515,084</b>	<b>3,785,551</b>	<b>3.50</b>	<b>2.98</b>	<b>995,381</b>	<b>1,763,556</b>	<b>2,758,937</b>
<b>TOTAL ALL FUNDS</b>	<b>21.55</b>	<b>12.98</b>	<b>4,761,595</b>	<b>7,157,656</b>	<b>11,919,251</b>	<b>12.80</b>	<b>17.23</b>	<b>2,616,392</b>	<b>7,581,307</b>	<b>10,197,699</b>

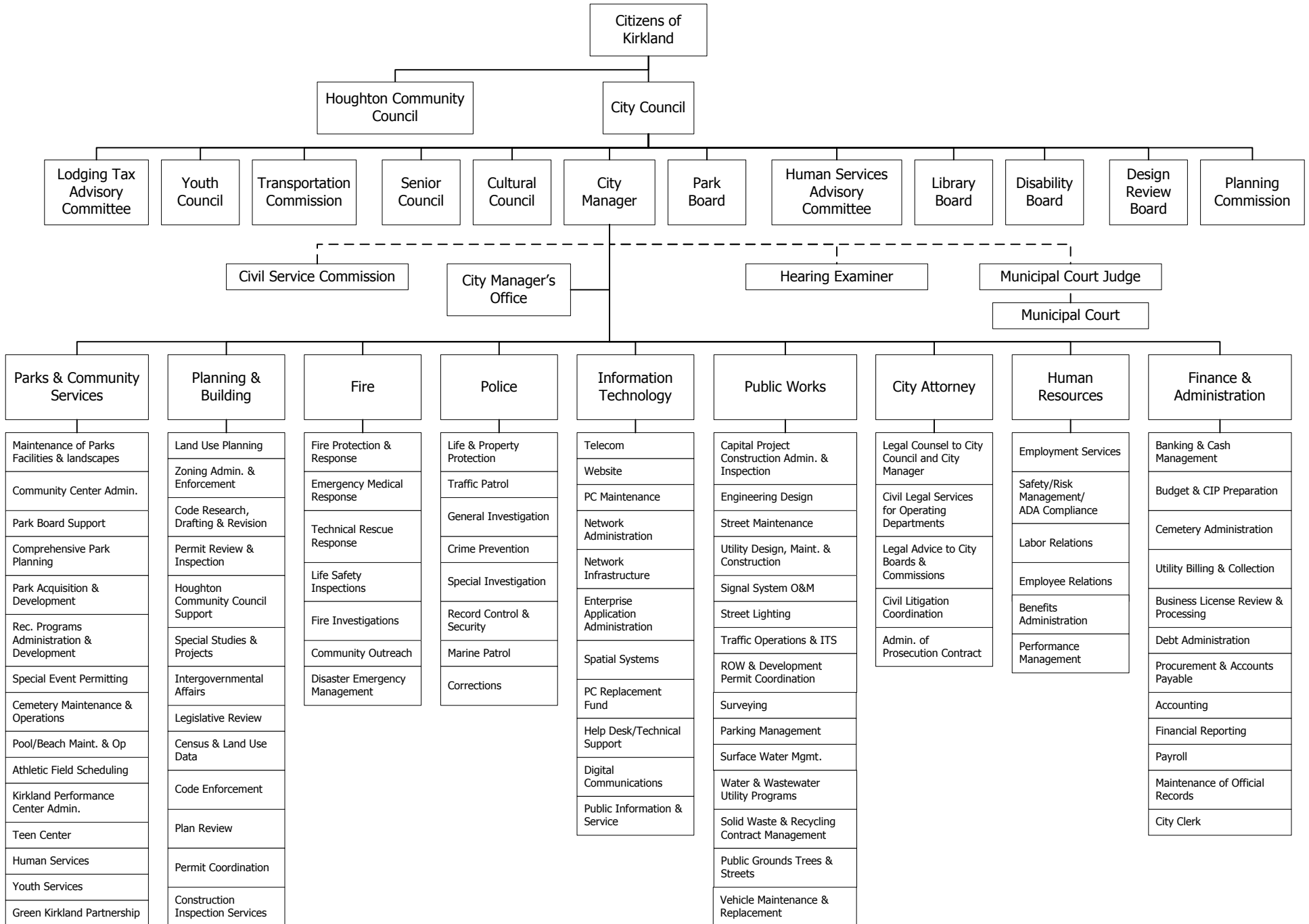
\* Partially or entirely funded with new revenue, ^ Partially or entirely offset by expenditure savings

# KIRKLAND PROFILE



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# CITY OF KIRKLAND





# CITY OF KIRKLAND

## CITY COUNCIL GOALS

The purpose of the City Council Goals is to articulate key policy and service priorities for Kirkland. Council goals guide the allocation of resources through the budget and capital improvement program to assure that organizational work plans and projects are developed that incrementally move the community towards the stated goals. Council goals are long term in nature. The City's ability to make progress towards their achievement is based on the availability of resources at any given time. Implicit in the allocation of resources is the need to balance levels of taxation and community impacts with service demands and the achievement of goals.

In addition to the Council goal statements, there are operational values that guide how the City organization works toward goal achievement:

- **Regional Partnerships** – Kirkland encourages and participates in regional approaches to service delivery to the extent that a regional model produces efficiencies and cost savings, improves customer service and furthers Kirkland's interests beyond our boundaries.
- **Efficiency** – Kirkland is committed to providing public services in the most efficient manner possible and maximizing the public's return on their investment. We believe that a culture of continuous improvement is fundamental to our responsibility as good stewards of public funds.
- **Accountability** – The City of Kirkland is accountable to the community for the achievement of goals. To that end, meaningful performance measures will be developed for each goal area to track our progress toward the stated goals. Performance measures will be both quantitative and qualitative with a focus on outcomes. The City will continue to conduct a statistically valid citizen survey every two years to gather qualitative data about the citizen's level of satisfaction. An annual Performance Measure Report will be prepared for the public to report on our progress.
- **Community** – The City of Kirkland is one community composed of multiple neighborhoods. Achievement of Council goals will be respectful of neighborhood identity while supporting the needs and values of the community as a whole.

The City Council Goals are dynamic. They should be reviewed on an annual basis and updated or amended as needed to reflect citizen input as well as changes in the external environment and community demographics.

**K**irkland is one of the most livable cities in America. We are a vibrant, attractive, green and welcoming place to live, work and play. Civic engagement, innovation and diversity are highly valued. We are respectful, fair, and inclusive. We honor our rich heritage while embracing the future. Kirkland strives to be a model, sustainable city that values preserving and enhancing our natural environment for our enjoyment and future generations.



### NEIGHBORHOODS

The citizens of Kirkland experience a high quality of life in their neighborhoods.

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



### PUBLIC SAFETY

Ensure that all those who live, work and play in Kirkland are safe.

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



### HUMAN SERVICES

Kirkland is a diverse and inclusive community that respects and welcomes everyone and is concerned for the welfare of all.

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



### BALANCED TRANSPORTATION

Kirkland values an integrated multi-modal system of transportation choices.

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



### PARKS, OPEN SPACES AND RECREATIONAL SERVICES

Kirkland values an exceptional park, natural areas and recreation system that provides a wide variety of opportunities aimed at promoting the community's health and enjoyment.

**Council Goal: To provide and maintain natural areas and recreational facilities and opportunities that enhance the health and well being of the community.**



### HOUSING

The City's housing stock meets the needs of a diverse community by providing a wide range of types, styles, sizes and affordability.

**Council Goal: To ensure the construction and preservation of housing stock that meet a diverse range of incomes and needs.**



### FINANCIAL STABILITY

Citizens of Kirkland enjoy high-quality services that meet the community's priorities.

**Council Goal: Provide a sustainable level of core services that are funded from predictable revenue.**



### ENVIRONMENT

We are committed to the protection of the natural environment through an integrated natural resource management system.

**Council Goal: To protect and enhance our natural environment for current residents and future generations.**



### ECONOMIC DEVELOPMENT

Kirkland has a diverse, business-friendly economy that supports the community's needs.

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



### DEPENDABLE INFRASTRUCTURE

Kirkland has a well-maintained and sustainable infrastructure that meets the functional needs of the community.

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

# ***KIRKLAND'S CITY MANAGEMENT***

City departments are involved in a number of long-range planning efforts to assure that community growth supports the balance of livability and prosperity. Financial planning occurs as an integral part of operating department initiatives. Examples of some of the more important planning tools that contribute to the City's financial strength are:

- **Fiscal Policies** which are adopted by the City Council and provide guidance in the areas of budgeting, capital improvements, reserves, debt, cash management and investments and financial reporting.
- **Investment Policies** that dictate the manner in which excess funds will be invested.
- The **Six-Year Capital Improvement Program (CIP)** which provides a long-term plan for building, enhancing, and maintaining the City's infrastructure. The CIP, which includes a financing plan and is adopted biennially, reflects other major capital plans including the Six-Year Transportation Master Plan, the Sanitary Sewer Plan, the Surface Water Management Master Plan, and the Water Master Plan.

**Kirkland's Comprehensive Plan** is updated annually. As required by the Growth Management Act (GMA), the last major update process was completed as part of the Kirkland 2035 Comprehensive Plan Update and adopted in December 2015.

Among the several elements included in the Comprehensive Plan as required by the GMA, a **Capital Facilities Element** is completed in coordination with the six-year CIP. A **Transportation Element** identifies needed transportation improvements, and an **Economic Development Element** that links community economic health with land use and growth policies.

Other master planning efforts, such as the **Fire Strategic Plan, Police Strategic Plan, Neighborhood Plans,** and **Kirkland's Comprehensive Park, Open Space and Recreation Plan** provide further examples of Kirkland's efforts to respond to the changing needs of the community through careful planning and community involvement.

The City's mission statement and basic values summarize the qualities that are an integral part of its management efforts:

*We are committed to the enhancement of Kirkland as a community for living, working, and leisure with an excellent quality of life, which preserves the City's existing charm and natural amenities.*

*Basic Values*

*Integrity*

*Excellence*

*Respect for the Individual*

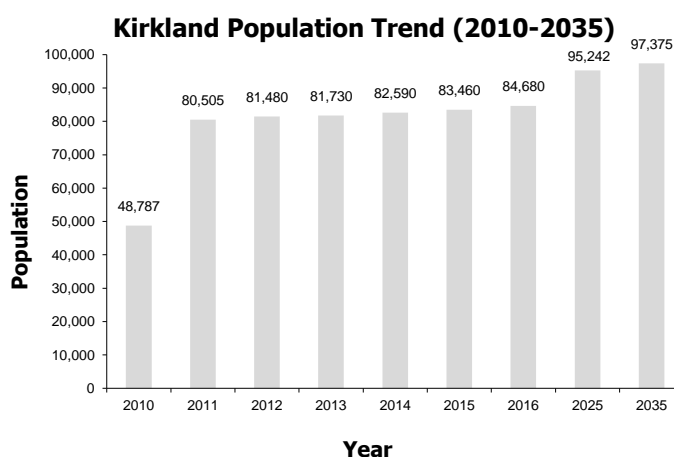
*Responsiveness*

## CITY OF KIRKLAND

# ECONOMIC ENVIRONMENT

### POPULATION

Following the annexation of South Juanita, North Rose Hill and South Rose Hill in 1988, population growth has generally been modest, but steady. In 2011, the City annexed Finn Hill, Kingsgate, and Juanita increasing the population by 31,816. The following chart presents actual population data for the past seven years and projections for 2025 and 2035.



### EMPLOYMENT BASE

A diverse range of businesses comprise Kirkland's employment base. Key factors contributing to Kirkland's attraction include the following:

- High quality of life, housing, and local amenities.
- Availability of high quality human resources.
- Proximity to other major business centers.
- Availability of high quality office space.

Approximately 45,000 individuals are employed within the City limits. The following table presents the City's top 10 employers as of 2016.

### Kirkland's Major Employers

Employer	# Persons Employed
Evergreen Healthcare	4,281
Lake Washington School District	1,115
Google, Inc.	1,020
City of Kirkland	580
Astronics Advanced Electronic Systems	483
Fairfax Hospital	444
Kenworth Truck Company	428
Wave Broadband	409
ATG Stores	361
Tableau Software	317

### UNEMPLOYMENT RATE

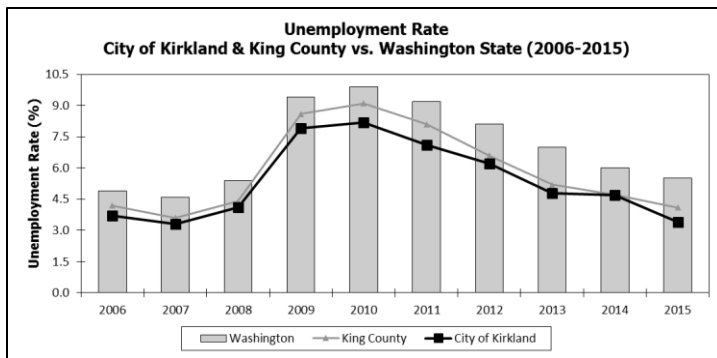
Unemployment rates in King County generally run parallel to state and national rates but at a lower level. Since 2006, King County's unemployment rate has been consistently below the national rate. The City of Kirkland unemployment rate consistently runs below the national, State of Washington and King County rates. The following table and chart provide comparative unemployment rate data for the past 10 years.

### Unemployment Rates<sup>1</sup>

Year	Kirkland*	King County	Washington State	United States
2006	3.7	4.2	4.9	4.6
2007	3.3	3.6	4.6	4.6
2008	4.1	4.4	5.4	5.8
2009	7.9	8.6	9.4	9.3
2010	8.2	9.1	9.9	9.6
2011	7.1	8.1	9.2	8.9
2012	6.2	6.6	8.1	8.1
2013	4.8	5.2	7.0	7.4
2014	4.7	4.7	7.0	6.2
2015	3.4	4.1	5.5	5.3

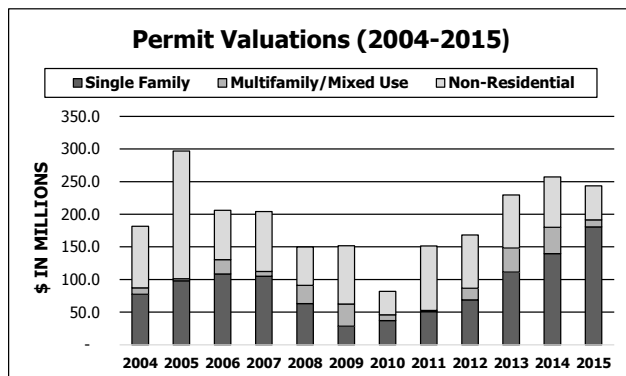
<sup>1</sup> Rate is per the U.S. Bureau of Labor Statistics.

\*Rate for the pre-annexation City. According to the BLS, statistics for annexation areas will be included after the 2020 census.



## BUILDING ACTIVITY

Kirkland's local construction trends are a microcosm of the regional economy. The strong economy in the Puget Sound area beginning in 2004 drove development growth in Kirkland (as shown in the following chart and table) during the boom years of the mid 2000's. Construction activity skyrocketed in 2005 and continued at a rate above historical averages before declining in 2008 and 2009 due to the recession. Kirkland's development hit its post-recession low in 2010 before construction started its slow climb back to pre-recession levels. In 2011 and 2012 there was some growth in development due to annexation, but the level of activity was still slow due to a sluggish economy. Development picked up in 2013 and 2014 and has continued through 2015 and 2016, largely driven by some large commercial and public projects, which have brought project valuations to their highest level in Kirkland since 2005, but still below the pre-annexation peak.



**Permit Valuation in Millions of Dollars\***

Year	Single Family	Multifamily/Mixed Use	Non-Residential	Total
2004	77	10	95	182
2005	98	3	196	297
2006	109	22	75	206
2007	105	7	92	204
2008	63	28	59	150
2009	29	34	89	152
2010	37	9	36	82
2011	51	2	99	152
2012	69	18	82	169
2013	111	37	82	230
2014	139	40	77	256
2015	180	11	52	243

\* Based on building permits issued by the City of Kirkland Building Division.

## OTHER ECONOMIC INDICATORS

### Office Vacancies

- According to the latest report available from CB Richard Ellis Real Estate Services, the Eastside office vacancy rate dropped to 10.7 percent in the second quarter of 2016, continuing the region's downward trend since 2009. Kirkland's office vacancy rate is much lower—3.6 percent. The Puget Sound region's office vacancy rate is 11.3 percent.
- The Kirkland Urban development will increase the City's supply of rentable office space by 38 percent. Wave Broadband and Tableau Software have already preleased 30 percent of this 625,000 square foot development.

### Housing Values

- Kirkland home values trended up over the last two years, rising 11.0 percent from August 2014 to August 2015 and 14.6 percent from August 2015 to August 2016 according to Zillow.com, a 27.2 percent increase over 24 months.

### Inflation

- The Seattle Metro Consumer Price Index (CPI), a measure of price inflation for goods and services, has grown over the 2015-16 biennium with an increase of 1.79 percent from August 2014 to August 2015 and growth of 2.10 percent from August 2015 to August 2016.



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# BUDGET GUIDE

A user's guide to understanding Kirkland's budget document



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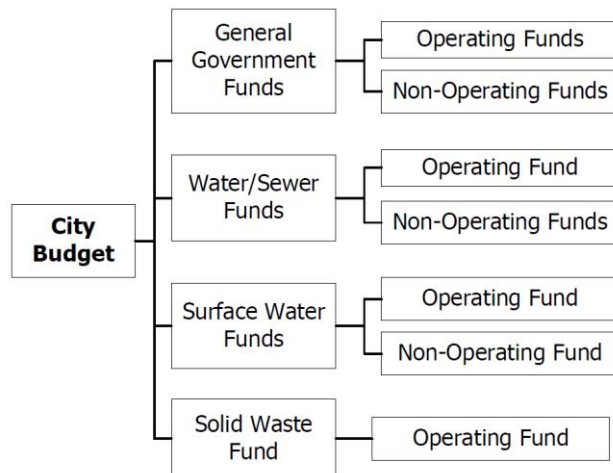
# ***GUIDE TO BUDGET FUND STRUCTURE***

The City Budget is composed of 24 separate funds that are each balanced independently – revenues equal expenditures. The City's budget is divided into four primary sections – General Government, Water/Sewer Utility, Surface Water Utility and Solid Waste Utility. Within each of these primary sections there are operating and non-operating funds, with the exception of the Solid Waste Utility which is comprised of an operating fund only.

The general government operating funds include the General Fund, five special revenue funds, and four internal service funds. General government operating funds account for services to the public including public safety, street maintenance, land use, parks and administrative functions. Taxes, fees and charges, and contributions from other governments are the primary financing sources for general government functions. The general government non-operating funds account for debt service, capital improvements and reserves related to these operating funds.

Like the general government funds, the Water/Sewer Utility and the Surface Water Utility both have operating and non-operating components. The Solid Waste Utility consists of only an operating fund. All utility operating funds account for the cost of providing and maintaining services to its customers. Distinct from the general government funds, each of the utilities operate much the same as a business (enterprise), with customer charges (rates) supporting all costs. Resources of the utilities cannot be used to subsidize general government functions.

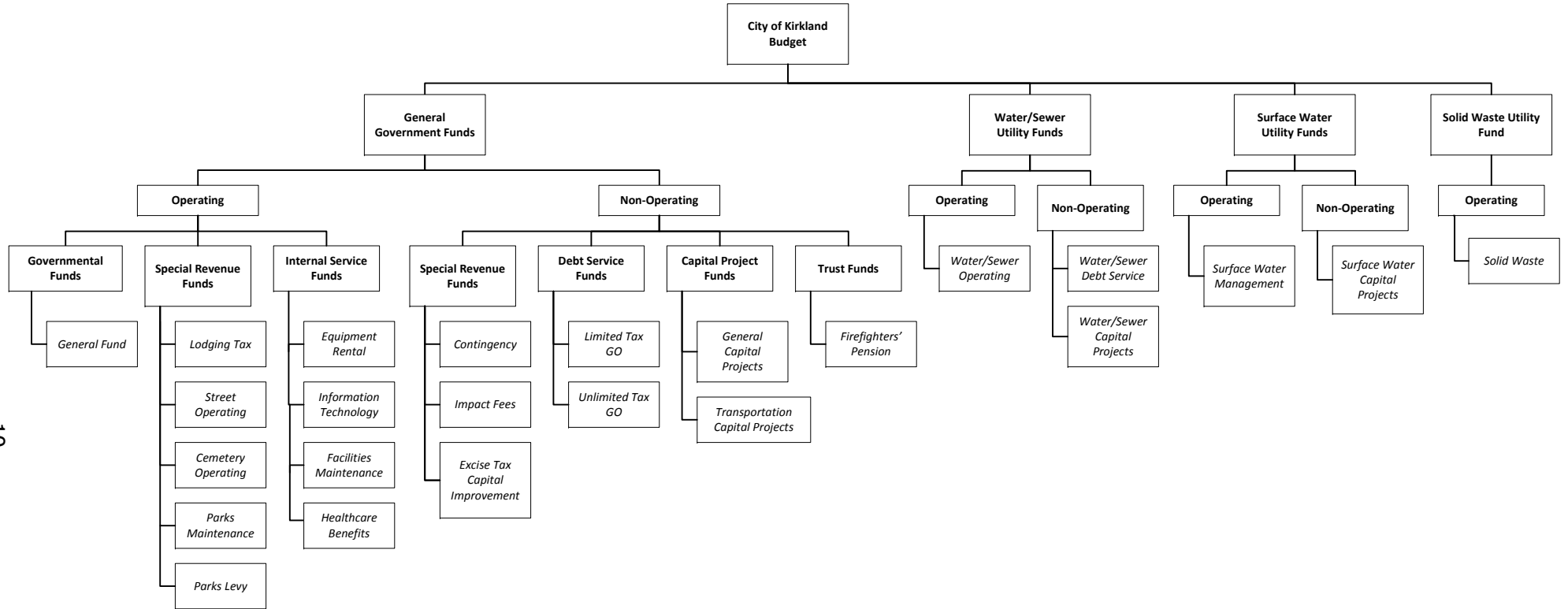
The budget document is presented in a manner that acknowledges these components as shown on the following chart.



The chart on the following page illustrates the organization of funds in greater detail.

# CITY OF KIRKLAND

## Organization of Funds



## ***BUDGETING, ACCOUNTING AND REPORTING BASIS***

The City's financial structure is consistent with Washington State's required Budgeting, Accounting, and Reporting System (BARS). This system provides for a uniform chart of accounts and procedures for all Washington local governments. While each agency has minor differences, this system provides useful comparative data to the state regarding local spending.

### **BUDGETARY BASIS**

**Budget projections for revenues and expenditures are prepared on a cash basis.** Cash basis of accounting means that transactions are recognized at the point when cash is received or paid. This method matches the cash projected to be available to the cash projected for necessary payments.

**Revenues are prepared at the "line-item" or source-of-revenue level** (e.g., gas utility tax, amusement license, plumbing permit, etc.). General government operating revenues are summarized by revenue type (e.g., taxes, licenses and permits, charges for services, etc.) and across funds. Major revenue sources and trends are highlighted in the Budget Summary section.

**Expenditure budgets, like revenues, are prepared at the "line-item" or object-of-expense level** (e.g., regular wages, uniforms and clothing, office supplies, professional services, etc.). Summary totals are provided for "object groups" (e.g., wages, benefits, supplies, capital outlay etc.). Subtotals are provided by organizational units (divisions) within each department which represent costs by function. The financial overview page contained within each department section provides summary level financial data with data for comparative bienniums.

Non-operating fund expenditures are presented at the "by purpose" level (reserve, debt service, capital improvement and other).

### **ACCOUNTING AND REPORTING BASIS**

**The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units.** Generally Accepted Accounting Principles are minimum standards and guidelines for financial accounting and reporting. Reporting in accordance with GAAP assures that financial reports of all state and local governments contain the same types of financial statements and disclosures, for the same categories and types of funds and account groups, based on the same measurement and classification criteria.

**Governmental funds use the modified-accrual basis of accounting.** Under this basis, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be reasonably determined. "Available" means collectible within the current fiscal year or soon thereafter to pay for expenditures incurred during the fiscal year. Expenditures are recognized when the related obligations (goods have been purchased or services have been received) are incurred (two exceptions are employee leave benefits and long-term debt which are recognized when due).

**Proprietary operations of the City - enterprise and internal service functions - use the accrual basis of accounting.** Under this method, revenues are recorded when earned (e.g., revenues for water/sewer utility services are recognized when the services are provided) and expenses are recorded at the time obligations are incurred. This method is similar to private business enterprises.

## **CITY OF KIRKLAND**

# ***BUDGET PROCESS***

### **BUDGET PREPARATION PROCESS**

Kirkland follows a biennial budget process. State law requires that the first year of a biennial budget be an odd numbered year. Accordingly, the preparation of the biennial budget occurs during an even numbered year, beginning in June and continuing through the end of the year. The following are key steps that the City takes to prepare its budget. (See the next page for a diagram of this process.)

1. The City Council holds its mid-year budget review meeting in June and receives a status report on the current biennial budget and an updated six-year financial forecast, with an emphasis on the coming biennium. In addition, the City Manager requests input from the City Council about budget priorities and overall direction.
2. In July, the Finance & Administration (F&A) Director makes the official "budget call" to all department directors requesting expenditure and revenue estimates for the current year and the coming two years.
3. The F&A Department prepares all general purpose revenue estimates, which mostly consist of taxes, state shared revenues and entitlements, and intergovernmental service revenues, during the first half of August. In addition, the F&A Department receives and reviews all departmental revenue estimates during the same time period. All departmental expenditure estimates for the current year and "basic budget" requests for the coming biennium, which represent the estimated cost of maintaining the current service level, are received and reviewed by the F&A Department during the second half of August.
4. In late August, the F&A Director, City Manager and Deputy City Managers meet with each department to review their basic budget requests.
5. In early September, departments submit additional funding requests (called "service packages") for new positions, equipment, and projects which are over and above their basic budgets. The F&A Department reviews all service package requests by mid-September. In years when funding is limited, departments may also be asked to submit proposed expenditure reductions.
6. In mid-September, the City Manager meets with each department to review their basic budget and service package requests. In addition, the City holds a public hearing in mid-September to gather citizen input on proposed revenue sources for the coming biennium.
7. The City Manager finalizes the preliminary budget proposal, which includes recommended service packages and reductions (if any), by the end of September. In October, the City Manager and F&A Director brief the Council Finance & Administration Committee on the preliminary budget proposal.
8. In October, the F&A Department prepares and prints the preliminary budget document for the coming biennium. By November 1st, the preliminary budget document is filed with the City Clerk, distributed to the City Council and the departments, and made available to the public.
9. The City Council meets in October and/or November for a series of budget study sessions to review the City Manager's proposed budget and to determine if there are any changes they wish to make.
10. The City holds at least one public hearing in mid-November to gather citizen input on the preliminary budget as well as on any changes made by the City Council during their budget deliberations.
11. In December, the City Council adopts the final property tax levy for the coming year and the final budget for the coming biennium each by ordinance via a simple majority of the members present. The appropriation approved by the City Council is at the individual fund level.

12. The F&A Department publishes the final budget document during the first quarter of the following year, distributes the document to the City Council and the departments, and makes copies available to the public.

#### **BUDGET ADJUSTMENT PROCESS**

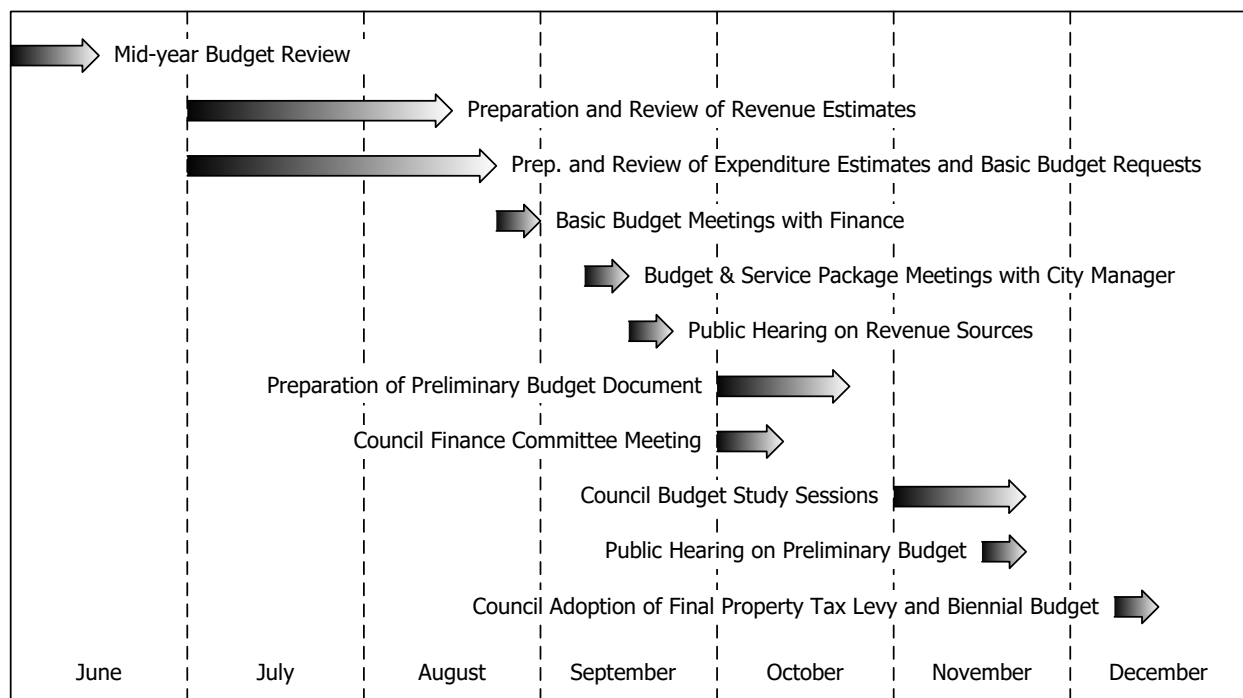
There are two types of adjustments related to the adopted budget: 1) transfers between line items or between departments within the same fund; and 2) changes to an individual fund's total appropriation. The former is handled administratively when needed with the approval of the F&A Director. The latter can take place at various times during the biennium and requires Council approval by ordinance.

The first opportunity to adjust a fund's total appropriation generally occurs in June of the first year of the biennium. Typically, this is when funding for projects and other significant purchases that were not completed during the prior biennium is "carried over" to the new biennium. The second opportunity takes place during the mid-biennial budget review which culminates in December of the first year of the biennium. This adjustment primarily relates to the following: 1) outside agency and new service package funding requests for the second year of the biennium; 2) any unanticipated needs, events, or revenue sources. Review at midyear of the second year of the biennium assesses any needed adjustments for anticipated needs or revenue sources. The final opportunity to adjust a fund's total appropriation occurs at the end of the biennium in December. This is the last time that adjustments for unanticipated needs, events, and revenue sources can be recognized and approved. Also, this is when the General Fund's total appropriation is adjusted, if necessary, to provide the budgetary authority to transfer excess net resources to other funds in order to replenish or build-up reserves and to fund one-time service packages in the coming biennium. In addition to the three adjustment processes described above, other adjustments may occur during the biennium as needed.

The process for changing a fund's total appropriation is as follows:

1. Requests for budget adjustments are submitted in writing to the F&A Director.
2. If approved, requests are consolidated in an ordinance and presented to the City Council at a regular meeting at one of the four times noted above.
3. The City Council approves adjustments to a fund's total appropriation for the biennium by a simple majority of the members present.
4. Approved adjustments are incorporated into the existing biennial budget resulting in a revised appropriation for the current biennium.

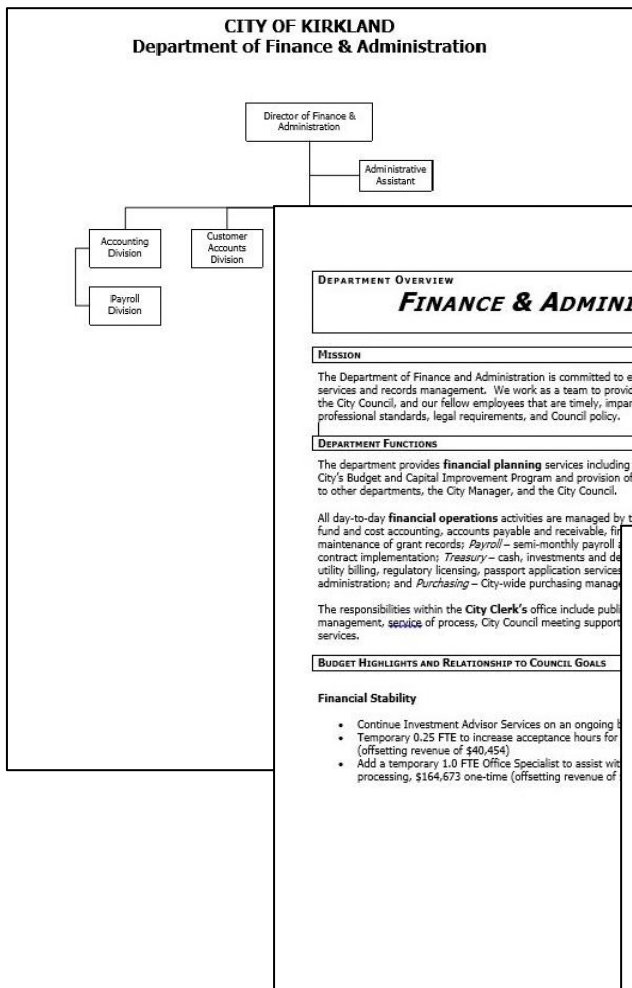
#### **BIENNIAL BUDGET PREPARATION TIMELINE**



# GUIDE TO KIRKLAND'S BUDGET DOCUMENT

## OPERATING FUND AND DEPARTMENT SECTIONS

The following sections are organized by fund and department. Within each fund, organization charts, department overviews, budget analyses and financial overviews are provided for each department as well as detailed schedules of revenues. Line item expenditure detail reports are provided in an ancillary document titled, "Budget Line Item Detail."



The reporting relationships are delineated in each department section. Positions that are funded by a different fund are indicated by a double-lined box.

The mission and functional areas are described in each department's overview along with the relationship of the department's activities to Council goals and budget highlights for the coming biennium.

### 2017-2018 FINANCIAL OVERVIEW

#### FINANCE & ADMINISTRATION

##### FINANCIAL SUMMARY BY OBJECT

	2013-2014 Actual	2015-2016 Estimate	2015-2016 Budget	2017-2018 Budget	Percent Change
Salaries and Wages	4,787,895	5,002,871	5,084,144	5,331,764	4.87%
Benefits	2,085,273	2,290,523	2,530,028	2,528,795	-0.05%
Supplies	47,105	37,018	35,096	33,313	-5.08%
Other Services	1,384,643	1,607,336	1,626,297	1,575,999	-3.09%
Government Services	851,223	295,704	271,220	317,600	17.10%
Capital Outlay	-	-	-	-	n/a
<b>TOTAL</b>	<b>9,156,139</b>	<b>9,233,452</b>	<b>9,546,785</b>	<b>9,787,471</b>	<b>2.52%</b>

##### FINANCIAL SUMMARY BY DIVISION

	2013-2014 Actual	2015-2016 Estimate	2015-2016 Budget	2017-2018 Budget	Percent Change
Financial Planning & Admin.	2,548,954	2,456,659	2,586,995	2,347,162	-9.27%
Treasury/Customer Services	2,327,417	2,561,441	2,613,211	2,903,013	11.09%
Financial Operations	2,534,845	2,875,719	2,952,083	3,114,153	5.49%
City Clerk	1,744,923	1,339,633	1,394,496	1,423,143	2.05%
<b>TOTAL</b>	<b>9,156,139</b>	<b>9,233,452</b>	<b>9,546,785</b>	<b>9,787,471</b>	<b>2.52%</b>

##### POSITION SUMMARY BY DIVISION

	2013-2014 Actual	Adjustments	2015-2016 Budget	Adjustments	2017-2018 Budget
Financial Planning & Admin.	8.00	-1.00	7.00	0.00	7.00
Treasury/Customer Services	11.50	0.00	11.50	0.00	11.50
Financial Operations	10.50	1.50	12.00	0.00	12.00
City Clerk	3.80	1.00	4.80	0.00	4.80
<b>TOTAL</b>	<b>33.80</b>	<b>1.50</b>	<b>35.30</b>	<b>0.00</b>	<b>35.30</b>

The Financial Overview contains financial summaries by category of expense and division.

# **GUIDE TO KIRKLAND'S BUDGET DOCUMENT**

Revenue needed to support fund activities is presented in detail with summaries at the revenue category level. For each revenue item, data is presented for the prior biennium actual amount received, the total estimated for the current biennium, the current biennial budget, and the budgeted amount for the coming biennium.

City of Kirkland 2017 - 2018 Budget Revenues						
		2013 - 2014 Actual	2015 - 2016 Estimate	2015- 2016 Budget	2017 - 2018 Budget	Percent Change
<b>Fund:</b>	<b>General Fund (010)</b>					
<b>Department:</b>	<b>General</b>					
<b>Division:</b>	<b>Not Applicable</b>					
<b>Key:</b>	<b>General Fund (0100000000)</b>					
<b>Taxes</b>						
Property Tax-Real & Personal	3111001	33,317,730	35,312,807	35,343,807	38,902,400	4.40%
Retail Sales Use Tax	3131101	34,029,060	38,834,811	35,927,494	39,782,000	10.72%
Annexation Sales Tax	3131201	7,551,028	7,917,095	7,727,500	7,870,000	1.84%
Brokered Nat Gas Use Tax	3136101	5,472	4,182	5,454	3,780	-30.69%
Crim Justice-Local Sales Tax	3137101	3,748,839	4,338,672	4,133,831	4,668,000	12.92%
Rev Generating Regulatory Lic	3161001	4,966,001	4,935,724	4,702,714	5,045,272	7.28%
Electric Utility Tax-Private	3164101	7,448,855	7,411,168	7,727,244	7,801,000	0.95%
Gas Utility Tax-Private	3164301	2,857,756	2,531,489	3,054,378	2,428,000	-20.50%
Television Cable-Private	3164601	3,147,017	3,248,687	3,223,700	3,280,000	1.74%
Telephone Utility Tax-Private	3164701	6,393,510	5,718,801	6,426,862	5,636,000	-12.30%
Telephone Util Tax Priv Audit	3164702	398,614	119,475	119,475	0	0.00%
Water Customer Utility Tax	3164811	2,708,424	3,013,370	2,773,878	2,948,116	6.28%
Sewer Customer Utility Tax	3164812	2,449,265	2,656,353	2,566,069	2,802,319	9.20%
Solid Waste Customer Util Tax	3164813	3,089,982	3,258,477	3,018,155	3,190,023	5.69%
Surface Water Cust Util Tax	3164814	1,305,979	1,402,675	1,281,272	1,391,413	8.59%
Punch Boards and Pull Tabs	3168101	361,506	605,207	273,585	720,522	163.36%
Bingo and Raffles	3168201	2,254	3,991	267	912	241.57%
Amusement Games	3168301	2,825	2,999	2,151	3,124	45.23%
Card Games	3168401	1,686,031	2,002,315	1,478,624	1,713,088	15.85%
Leasehold Excise Tax	3172001	280,443	158,376	183,924	183,490	-11.11%
Admissions Tax	3181101	207,372	171,247	191,828	150,750	-21.41%
<b>Total for Taxes:</b>		<b>115,957,943</b>	<b>123,647,921</b>	<b>120,162,210</b>	<b>126,500,209</b>	<b>5.27%</b>
<b>License and Permits</b>						
Cabaret License	3217003	600	575	812	250	-69.21%
Amusement License	3217009	75	25	0	0	0.00%
Franchise Fees	3219101	7,666,596	8,029,009	7,872,086	8,033,307	2.04%
Business License Fee	3219901	1,164,617	1,257,432	1,241,083	1,403,337	13.07%
Building Permits	3221001	3,431,043	3,969,386	4,424,650	3,917,551	-11.46%
Plumbing Permits	3221002	321,800	338,422	317,784	325,800	2.52%
Clear Grade Permits	3221003	26,110	15,276	25,588	15,480	-39.50%
Side Sewer Permits	3221004	214,884	253,896	180,000	180,000	0.00%
Mechanical Permits	3221005	689,314	715,592	556,782	619,200	11.21%
Sign Permits	3221006	59,028	51,589	58,524	36,000	-38.48%
Electrical Permits	3221007	955,941	1,078,469	880,556	972,000	10.38%



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# FISCAL POLICIES



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# ***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.

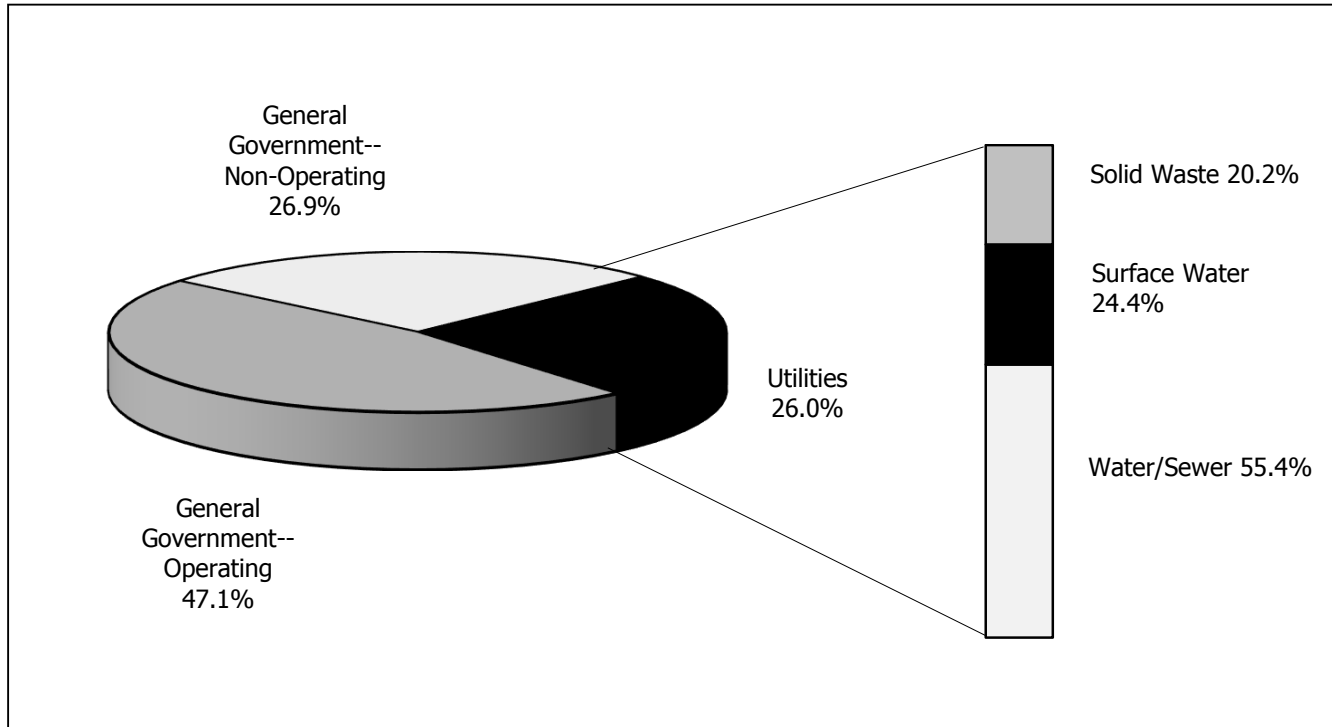
- General Obligation bonds will be issued with maturities of 30 years or less unless otherwise approved by Council.
- The maturity of all assessment bonds shall not exceed statutory limitations. RCW 36.83.050.
- The City will use refunding bonds, where appropriate, when restructuring its current outstanding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

<b>CAPITAL IMPROVEMENT POLICIES</b>
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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.

**CITY OF KIRKLAND**  
**2017-18 BUDGET**  
**\$695,833,786**



The City Budget is composed of General Government functions and the City's three Utilities which are operated as separate enterprises. Both the General Government and Utilities budgets have operating and non-operating components. The operating portion of the budget represents services to the public and support services within the organization. Non-operating budgets account for debt service, capital projects and reserves.

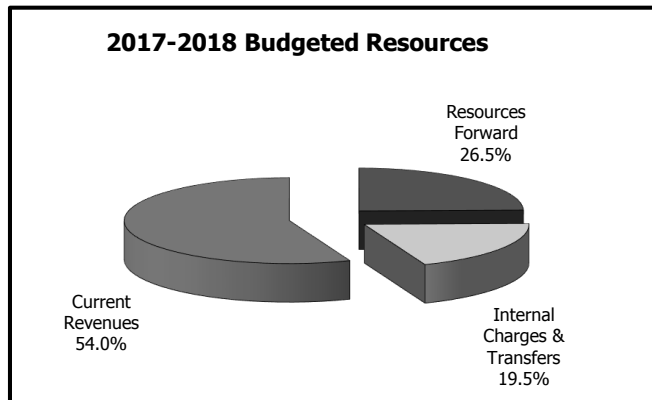


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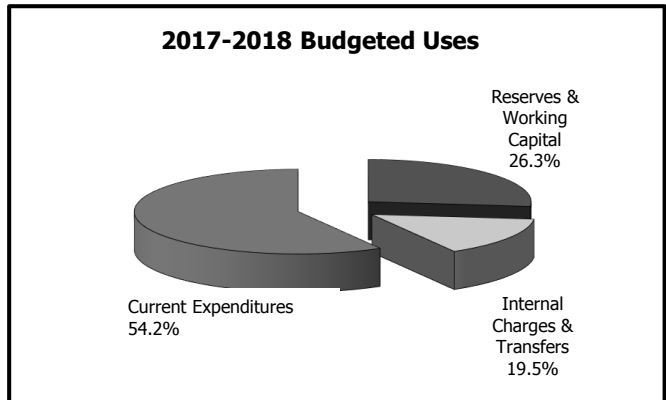
# CITY OF KIRKLAND

## 2017-2018 TOTAL RESOURCES AND USES

### WHERE THE MONEY COMES FROM



### WHERE THE MONEY GOES



<b>Total Budgeted Resources</b>	<b>\$695,833,786</b>
<b>Less Resources Forward (Cash)</b>	<b>(185,191,689)</b>
<b>Less Internal Charges &amp; Transfers</b>	<b>(135,345,523)</b>
<b>Current Revenues</b>	<b><u>\$375,296,574</u></b>

<b>Total Budgeted Uses</b>	<b>\$695,833,786</b>
<b>Less Reserves &amp; Working Capital</b>	<b>(183,185,177)</b>
<b>Less Internal Charges &amp; Transfers</b>	<b>(135,345,523)</b>
<b>Current Expenditures</b>	<b><u>\$377,303,086</u></b>

The total budget of \$695.8 million encompasses all resources and uses, including reserves, unreserved working capital, and internal transactions involving payments or transfers from one fund to another. Including these transactions in the budget provides a full accounting of the activities in each fund. However, they also have the effect of "grossing up" the total budget.

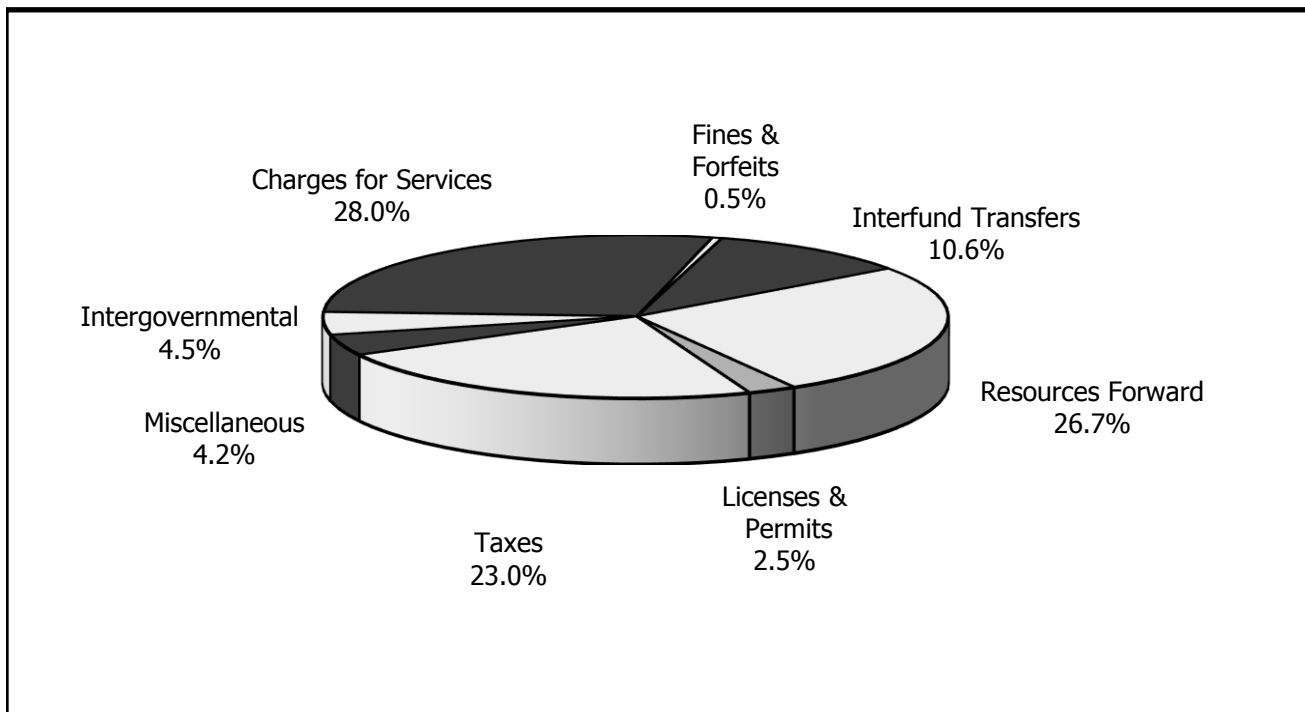
Current revenues reflect what the City expects to receive from external sources. Across all functions, about \$375.3 million is projected to be received during the next biennium, which is equivalent to the City's biennial income.

Current expenditures correspond to what the City plans to actually spend in terms of payments to employees, vendors, outside agencies, and other governments. About \$377.3 million is projected to be spent during the next biennium citywide. The \$2.0 million difference between current revenues and current expenditures represents a draw on balances to fund one-time expenditures.

# CITY OF KIRKLAND

## TOTAL BUDGET

### 2017-2018 REVENUE SUMMARY: BY REVENUE TYPE



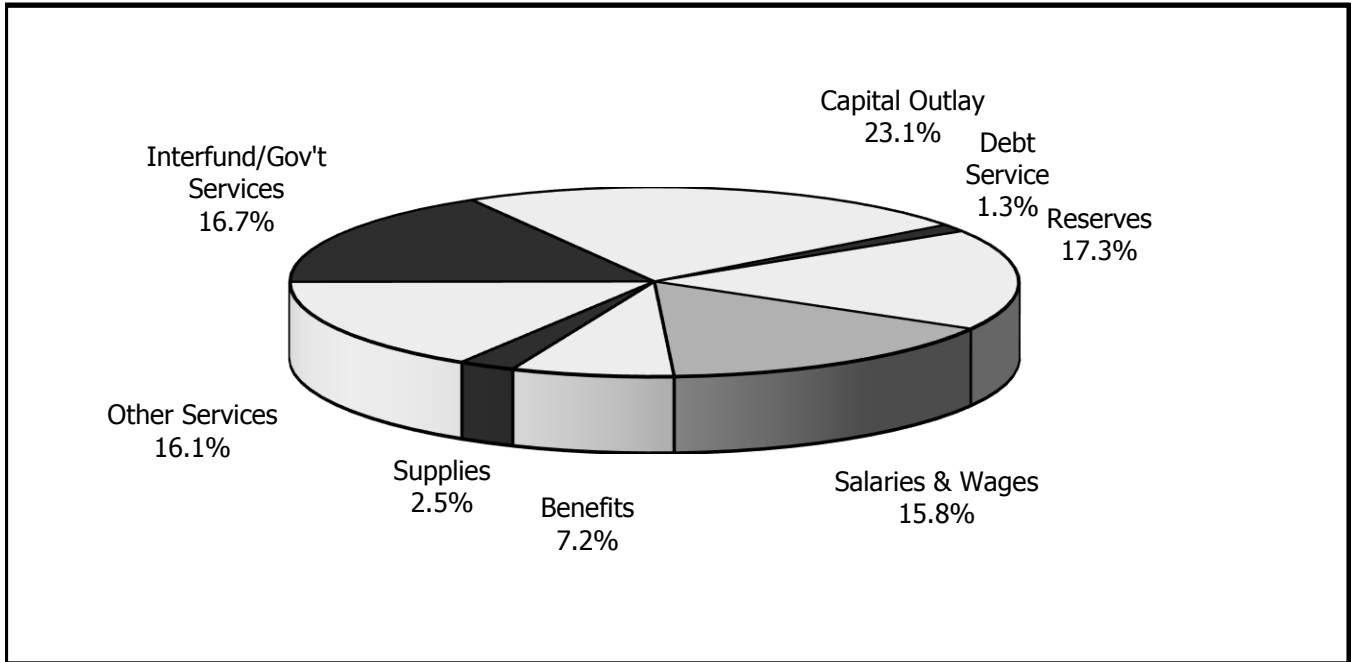
### Analysis of Change

Revenue Sources	2013-14 Actual	2015-16 Budget	2017-2018 Budget	Percent Change
Taxes	151,213,889	152,780,106	160,307,556	4.93%
Licenses and Permits	16,219,460	16,904,465	17,241,573	1.99%
Intergovernmental	16,338,919	33,292,621	31,181,264	-6.34%
Charges for Services	155,579,630	176,205,808	195,152,561	10.75%
Fines and Forfeits	4,288,354	4,380,426	3,773,570	-13.85%
Miscellaneous	40,599,044	41,304,011	29,079,185	-29.60%
Interfund Transfers	56,721,855	64,094,854	73,906,388	15.31%
Resources Forward	140,910,477	156,874,306	185,191,689	18.05%
<b>Total</b>	<b>581,871,628</b>	<b>645,836,597</b>	<b>695,833,786</b>	<b>7.74%</b>

# CITY OF KIRKLAND

## TOTAL BUDGET

### 2017-2018 EXPENDITURE SUMMARY: BY CATEGORY



### Analysis of Change

Category	2013-14 Actual*	2015-16 Budget	2017-18 Budget	Percent Change
Salaries & Wages	94,148,924	106,039,344	110,402,049	4.11%
Benefits	40,322,262	50,948,843	50,002,000	-1.86%
Supplies	15,206,421	18,725,761	17,554,949	-6.25%
Other Services & Charges	103,294,754	108,726,542	111,896,342	2.92%
Intergovernmental/Interfund Services	91,920,920	104,836,570	115,988,310	10.64%
Capital Outlay	67,343,434	135,586,822	160,507,460	18.38%
Debt Service	10,844,667	10,265,416	9,169,670	-10.67%
Reserves	86,907,916	110,707,299	120,313,006	8.68%
<b>Category Total</b>	<b>509,989,298</b>	<b>645,836,597</b>	<b>695,833,786</b>	<b>7.74%</b>

\*2013-14 reserves are budgeted, but not spent

**CITY OF KIRKLAND**  
**2017-2018 BUDGET OVERVIEW: BY FUND TYPE/FUND**  
**General Government Operating Funds**

<b>Fund</b>	<b>2015-16 Budget</b>	<b>2017-18 Budget</b>	<b>Percent Change</b>
<b><i>General Fund</i></b>			
010 General	202,056,951	216,128,384	6.96%
<b><i>Special Revenue Funds</i></b>			
112 Lodging Tax	950,532	885,950	-6.79%
117 Street Operating	22,008,295	21,145,874	-3.92%
122 Cemetery Operating	888,646	939,616	5.74%
125 Parks Maintenance	3,230,970	3,333,101	3.16%
128 Parks Levy Fund	5,689,921	5,868,104	3.13%
<b>Total Special Revenue Funds</b>	<b>32,768,364</b>	<b>32,172,645</b>	<b>-1.82%</b>
<b><i>Internal Service Funds</i></b>			
511 Health Benefits Fund	26,872,580	25,300,741	-5.85%
521 Equipment Rental	22,787,047	24,266,810	6.49%
522 Information Technology	15,170,675	15,346,561	1.16%
527 Facilities Maintenance	16,487,428	14,477,144	-12.19%
<b>Total Internal Service Funds</b>	<b>81,317,730</b>	<b>79,391,256</b>	<b>-2.37%</b>
<b>Total General Government Operating Funds</b>	<b>316,143,045</b>	<b>327,692,285</b>	<b>3.65%</b>

**General Government Non-Operating Funds**

<b>Fund</b>	<b>2015-16 Budget</b>	<b>2017-18 Budget</b>	<b>Percent Change</b>
<b><i>Special Revenue Funds</i></b>			
152 Contingency	4,036,425	5,675,121	40.60%
156 Impact Fees	10,221,084	11,653,381	14.01%
190 Excise Tax Capital Improvement	22,192,787	30,149,192	35.85%
<b>Total Special Revenue Funds</b>	<b>36,450,296</b>	<b>47,477,694</b>	<b>30.25%</b>
<b><i>Debt Service Funds</i></b>			
210 LTGO Debt Service	8,297,431	7,176,915	-13.50%
220 UTGO Debt Service	1,449,743	1,506,576	3.92%
<b>Total Debt Service Funds</b>	<b>9,747,174</b>	<b>8,683,491</b>	<b>-10.91%</b>
<b><i>Capital Projects Funds</i></b>			
310 General Capital Projects	50,481,920	57,568,379	14.04%
320 Transportation Capital Projects	56,963,504	72,219,113	26.78%
<b>Total Capital Projects Funds</b>	<b>107,445,424</b>	<b>129,787,492</b>	<b>20.79%</b>

# CITY OF KIRKLAND

## 2017-2018 BUDGET OVERVIEW: BY FUND TYPE/FUND

### General Government Non-Operating Funds (Continued)

Fund	2015-16 Budget	2017-18 Budget	Percent Change
<i>Trust Funds</i>			
620 Firefighter's Pension	1,715,335	1,427,971	-16.75%
<b>Total Trust Funds</b>	<b>1,715,335</b>	<b>1,427,971</b>	<b>-16.75%</b>
<b>Total General Government Non-Op Funds</b>	<b>155,358,229</b>	<b>187,376,648</b>	<b>20.61%</b>

### Water/Sewer Utility Funds

Fund	2015-16 Budget	2017-18 Budget	Percent Change
<i>Operating Fund</i>			
411 Water/Sewer Operating	60,816,693	67,459,821	10.92%
<b>Total Operating Fund</b>	<b>60,816,693</b>	<b>67,459,821</b>	<b>10.92%</b>
<i>Non-Operating Funds</i>			
412 Water/Sewer Debt Service	903,200	956,438	5.89%
413 Utility Capital Projects	33,690,972	31,814,745	-5.57%
<b>Total Non-Operating Funds</b>	<b>34,594,172</b>	<b>32,771,183</b>	<b>-5.27%</b>
<b>Total Water/Sewer Utility Funds</b>	<b>95,410,865</b>	<b>100,231,004</b>	<b>5.05%</b>

**CITY OF KIRKLAND**  
**2017-2018 BUDGET OVERVIEW: BY FUND TYPE/FUND**

**Surface Water Utility Funds**

Fund		2015-16 Budget	2017-18 Budget	Percent Change
<i>Operating Fund</i>				
421	Surface Water Management	24,924,338	27,112,512	8.78%
<b>Total Operating Fund</b>		<b>24,924,338</b>	<b>27,112,512</b>	<b>8.78%</b>
<i>Non-Operating Fund</i>				
423	Surface Water Capital Projects	19,707,526	16,996,373	-13.76%
<b>Total Non-Operating Funds</b>		<b>19,707,526</b>	<b>16,996,373</b>	<b>-13.76%</b>
<b>Total Surface Water Utility Funds</b>		<b>44,631,864</b>	<b>44,108,885</b>	<b>-1.17%</b>

**Solid Waste Utility Fund**

Fund		2015-16 Budget	2017-18 Budget	Percent Change
<i>Operating Fund</i>				
431	Solid Waste Utility	34,292,594	36,424,964	6.22%
<b>Total Operating Fund</b>		<b>34,292,594</b>	<b>36,424,964</b>	<b>6.22%</b>
<b>Total Solid Waste Utility Fund</b>		<b>34,292,594</b>	<b>36,424,964</b>	<b>6.22%</b>

<b>TOTAL ALL FUNDS</b>		<b>645,836,597</b>	<b>695,833,786</b>	<b>7.74%</b>
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# REVENUE

A guide to major revenue sources and trends



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## ***REVENUE TRENDS & ASSUMPTIONS***

### **TAXES**

#### **PROPERTY TAX**

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

Property taxes are the single largest revenue source for the City and the second largest source of revenue in the General Fund behind sales taxes. They are the largest revenue source for the Street Operating Fund, and the primary source of revenue in the Parks Maintenance and Parks Levy Funds.

All real and personal property (except where exempt by law) is assessed by the King County Assessor at 100 percent of the property's fair market value. Assessed values are adjusted each year based on market value changes.

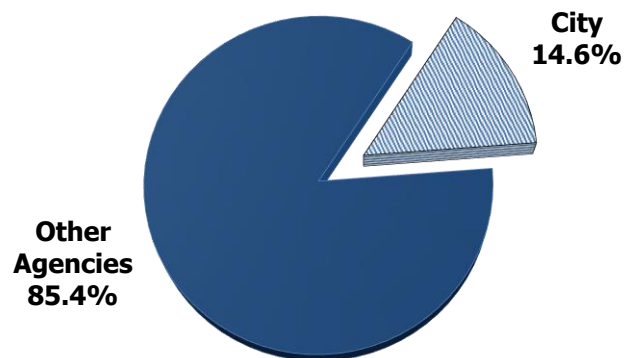
Although property taxes represent a major source of funding for City services, the portion of each property owner's total tax bill allocated to the City is relatively small. Due to annexation, the City's rate varies depending on specific neighborhood. In 2016, the total typical property tax rate in Kirkland is \$9.60 per \$1,000 of assessed valuation. Of that total, about 14.62 percent, or \$1.40 per \$1,000 assessed valuation, goes to the City. This rate includes the 2002 and 2012 levy lid lifts for parks maintenance and the 2012 levy lid lift for street preservation and pedestrian safety.

State statute limits the annual increase in the regular property tax levy to the lesser of one percent or the Implicit Price Deflator (an inflation factor published by the Bureau of Economic Analysis). The City can exceed the limitation with the approval of voters or by using levy capacity from prior years that was "banked" for future specified purposes. The City has used all of the banked levy.

The City is also provided an allowance for new construction, which entitles the City to the property tax revenue generated by newly constructed businesses and homes. The new construction levy does not increase the overall tax rate paid by property owners. The City's total rate cannot be more than \$3.15 per \$1,000 of assessed valuation.

The annual tax impact on a property owner is usually different than the percent increase of the levy, since it depends on several factors such as changes in the assessed valuation of the property, growth or decline in the City's overall assessed valuation, and levy increases by other taxing districts. The actual levy rate also changes based on these variables. The property tax rate is determined by dividing the levy amount by the assessed valuation per \$1,000.

**2016 Property Tax Distribution**



**Budget**

Property Tax	2017-2018	2015-2016
	\$59,345,857	\$56,625,265
General Fund	\$37,106,015	\$35,343,807
Street Operating Fund	\$5,818,382	\$5,546,691
Street Maintenance/Pedestrian Safety Levy (Street Operating Fund)	\$6,484,885	\$6,182,047
Parks Maintenance	\$2,726,189	\$2,598,920
Parks Levy Fund	\$2,586,174	\$2,348,669
Parks Levy allocated to Capital Projects	\$2,500,000	\$2,500,000
Fire District Debt Service	\$960,352	\$961,076
Voted Debt Service (UTGO Fund)	\$1,163,860	\$1,144,055

**Trends and Assumptions***Methodology*

- Based on prior year's levy plus new construction and any additional levy increase up to one percent unless otherwise approved by voters.

*Trends*

- New construction as a percentage of each year's total base regular levy has ranged between 0.34 percent and 3.94 percent over the last ten years.
- The 2016 new construction levy of \$411,394 added 1.53 percent to the total base regular levy for 2016.
- The 2017-2018 Property Tax is based on final property tax information received from King County, including a new construction levy of \$478,765 that added 1.69 percent to the final levy.

*Key Assumptions*

- One percent growth in new construction in 2017 and 2018.
- One percent optional levy increase in 2017 and 2018.

## **SALES TAX**

Sales tax is one of the primary sources of funding for general City services, and is budgeted to be the largest single source of General Fund revenue in the 2017-18 biennium.

Sales tax is levied on the sale of consumer goods (except most food products and some services) and construction. In Kirkland, retail businesses are the largest generator of sales tax, followed by contracting, services, and wholesale businesses. The amount of revenue generated by sales tax fluctuates from year to year due to changes in the economy, buying habits of consumers, and the level of construction taking place in the City.

The general sales tax rate within the City of Kirkland is 9.5 percent\*. Of the 9.5 percent, 0.85 percent is returned to the City of Kirkland, and the remainder is distributed to the State, King County, and other public agencies. An additional 0.3 percent sales tax is collected by Washington State on vehicle sales and leases to fund transportation improvements. The distribution of the sales tax is displayed in the table to the right.

<b>Jurisdiction</b>	<b>Rate (%)</b>
State of Washington	6.50
King County/METRO	1.00
King County Criminal Justice Levy	0.10
City of Kirkland (1.0 with 0.15 remitted to King County for administrative costs)	
City Portion	0.85
County Portion	0.15
Regional Transit Authority	0.90
<b>Total General Sales Tax Rate</b>	<b>9.50</b>
Additional Auto Sales/Lease Rate	0.30
<b>Total Auto/Sales Lease Rate</b>	<b>9.80</b>

\*Sales tax rate increasing to 10% effective April 1, 2017.

## **Budget**

<b>Sales Tax</b>	<b>2017-2018</b>	<b>2015-2016</b>
	<b>\$39,782,000</b>	<b>\$35,927,494</b>
General Fund	\$39,782,000	\$35,927,494

## **Trends and Assumptions**

### *Methodology*

- The City's fiscal policy is to budget in the coming year an amount equivalent to the total expected sales tax revenue collected in the prior year. The 2016 revenue estimate projects revenues to be 5.0 percent higher than 2015. The 2017 and 2018 budget amounts are equal to the 2016 estimated revenue.

### *Trends*

Annual sales tax over the last 6 years:

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 est</b>
Revenue (\$ millions)	13.39	14.34	16.34	17.96	18.94	19.89
% Change from Previous Year	4.5%	7.1%	13.9%	9.9%	5.5%	5.0%

- Sales taxes have been recovering strongly since the "great recession" in 2009, with particularly strong growth in 2013 and 2014.
- The City started receiving revenue from the annexation area in September 2011, which contributed about 1 percent of the gain for that year.
- Revenues over the past three years (2014-2016) have increased due to very large increases in automobile sales, strong improvement in development related activity and solid growth in the retail sectors.

#### *Key Assumptions*

- City sales tax rate of 0.85 percent (one percent less 0.15 percent remitted to King County for administrative costs).
- 2017 and 2018 budgeted sales taxes are based on 2016 estimated receipts.

#### **STATE SALES TAX CREDIT**

The City is eligible to levy a temporary sales tax for providing services in the annexation area and first imposed the tax in 2011 since annexation occurred in June of that year. The tax is credited against the state sales tax, so it is not an additional tax to the consumer.

The purpose of the tax is to provide financial assistance to cities that annex an area where revenues received from the annexed area do not offset the costs of providing services to the area. For annexations greater than 20,000, a City can impose a rate of 0.2 percent. The tax is limited to no more than ten years from the date it is first imposed and must be used to provide services for the annexation area. If revenues do exceed the amount needed to provide services, the tax must be suspended for the remainder of the year. Prior to March 1 of each year, the City must notify the Department of Revenue of the maximum amount of distributions it is allowed to receive for the upcoming fiscal year.

#### **Budget**

Sales Tax Credit	2017-2018	2015-2016
	<b>\$7,870,000</b>	<b>\$7,727,500</b>
General Fund	\$7,870,000	\$7,727,500

#### **Trends and Assumptions**

##### *Methodology*

- Based on the difference of the amount the City deems necessary to provide services for the annexation area and the general revenue received from the annexation area.
- By state statute, the City must adopt a resolution each year and notify the Department of Revenue prior to March 1<sup>st</sup> of the estimated sales tax credit required to provide municipal services to the annexation area for the state fiscal year starting on July 1st.

##### *Trends*

- State sales tax credit is linked to regular sales tax and follows the same trends.

##### *Key Assumptions*

- 0.2 percent sales tax credit against the state sales tax.
- Based on estimated shortfall of revenue supporting municipal services in the neighborhoods in the annexation area.
- The amount of the credit is based on retail sales for the entire City of Kirkland, including the annexation area.

## **KING COUNTY CRIMINAL JUSTICE LEVY**

Under the authority granted by the State and approved by the voters, King County levies an additional 0.1 percent sales tax to support criminal justice programs. The State collects this optional tax and retains 1.5 percent for administration. Of the amount remaining, 10 percent is distributed to the county and 90 percent is distributed to cities. This revenue must be used exclusively for criminal justice purposes and cannot replace existing funds designated for these purposes.

### **Budget**

<b>Criminal Justice Levy</b>	<b>2017-2018</b>	<b>2015-2016</b>
	<b>\$4,668,000</b>	<b>\$4,133,831</b>
General Fund	\$4,668,000	\$4,133,831

### **Trends and Assumptions**

#### *Methodology*

- Distributed on the basis of population.

#### *Trends*

- 2016 revenues are estimated to increase over 2015 by 5.5 percent.

#### *Key Assumptions*

- 2017-18 budget based on 2016 estimate plus 3.5 percent in 2017 and 2.5 percent in 2018.

## **UTILITY TAXES**

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

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

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

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

## **Budget**

Utility Taxes (General Fund)	2017-2018	2015-2016
	\$29,518,927	\$30,191,031
Electric Utility (Private)	\$7,801,000	\$7,727,244
Gas Utility (Private)	\$2,428,000	\$3,054,376
Television Cable (Private)	\$3,280,000	\$3,223,700
Telephone Utility (Private)	\$5,636,000	\$6,546,337
Water Utility (City-owned)	\$2,948,116	\$2,773,878
Sewer Utility (City-owned)	\$2,802,319	\$2,566,069
Solid Waste Utility (City-contracted)	\$3,190,023	\$3,018,155
Surface Water Utility (City-owned)	\$1,433,469	\$1,281,272

## **Trends and Assumptions**

### *Methodology*

- Based on historical trends with greater emphasis on current year receipts.

### *Trends*

- Telephone utility tax revenue declining due to changes in consumer behavior.
- Electricity, gas, and water utility tax revenues are sensitive to weather conditions that impact consumer demand for services as well as regional commodity prices.

### *Key Assumptions*

- 2017-18 budget based on 2016 estimates plus no growth assumptions each year for private utilities and growth in public utilities based on approved changes in public utility rates.

## **REAL ESTATE EXCISE TAX**

The Real Estate Excise Tax is levied on all sales of real estate, measured by the full selling price, including the amount of any liens, mortgages, and other debts given to secure the purchase. The State levies this tax at the rate of 1.28 percent. Cities are also authorized to impose a local tax of 0.50 percent. The first 0.25 percent tax must be used primarily for local capital improvements identified under the capital facilities plan element of the City's Comprehensive Plan. The second 0.25 percent, which is optional, must be used to fund transportation capital projects according to City ordinance.

State legislation allows for the use of a portion this revenue, with specific reporting requirements for maintenance of capital facilities. Given this new provision, the preliminary 2017-2018 budget includes funding for park maintenance purposes.

## **Budget**

Real Estate Excise Tax	2017-2018	2015-2016
	\$10,000,000	\$10,000,000
Excise Tax Capital Improvement Fund	\$10,000,000	\$10,000,000

## **Trends and Assumptions**

### *Methodology*

- Real estate excise tax collections are primarily a function of the real estate market and mortgage rates.

### *Trends*

- 2015 revenues were significantly higher than expected, with actual revenues collected at 176 percent of budget. Revenue is expected to increase about 11 percent in 2016 from 2015, and is expected to finish the year at 195 percent of budget.
- 2015-16 revenue is expected to be 143 percent higher than 2013-2014 actual revenues, reflecting an increase in real estate sales activity.

### *Key Assumptions*

- Real Estate Excise Tax of 0.5 percent.
- Current allocation for 2017-18 budget:
  - REET 1 -

Parks CIP	\$1,183,000
Transportation CIP	\$ 908,000
Fire Facilities	\$8,672,153
Parks Maintenance	\$ 317,217
  - REET 2 -

Transportation CIP	\$7,183,900
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These allocations include amounts collected from prior years that are held in reserves.

## **GAMBLING TAX**

Gambling tax revenues are primarily used for gambling enforcement purposes. The maximum tax rates allowed by state statute are five percent for bingo, raffles, punchboards, and pull tabs and two percent for amusement games. The City Council amended the Kirkland Municipal Code (KMC) to prohibit card rooms beginning in 1999. On July 7, 2009, City Council adopted non-binding legislation (Resolution 4766), which expressed the City Council's intent to allow the continued operation of existing card rooms in the annexation area if any such license exists. State legislation adopted in 2011 allows for the continued operation of existing card rooms without requiring the City to license card rooms. There is currently one establishment that meets this "grandfathered" requirement. The current tax rate on card rooms is 11 percent.

## **Budget**

Gambling Tax	2017-2018	2015-2016
	\$2,437,646	\$1,754,627
Card Games (General Fund)	\$1,713,088	\$1,478,624
Other Revenue (General Fund)	\$724,558	\$276,003

## **Trends and Assumptions**

### *Methodology*

- Based on historical trends with greater emphasis on current year's receipts.

### *Trends*

- Gambling revenue expected to exceed budget and remain relatively constant between 2015 and 2016.

### *Key Assumptions*

- Current establishments will continue to operate with stable activity.

## **LODGING TAX**

A lodging excise tax of one percent is imposed on most short-term accommodations, such as hotels and motels. This revenue is limited to funding tourism promotion and the operation of tourism-related facilities.

## **Budget**

Lodging Tax	2017-2018	2015-2016
	\$585,818	\$520,000
Lodging Tax	\$585,818	\$520,000

## **Trends and Assumptions**

### *Methodology*

- Based on current year receipts.

### *Trends*

- 2016 revenue expected to increase about 2.7 percent over 2015.

### *Key Assumptions*

- Current establishments will continue to operate.

## **LICENSES AND PERMITS**

### **BUILDING RELATED PERMITS**

This category consists of revenue collected by the Building Division and the Public Works Department. Included in this category are building permits, plumbing permits, land surface modification permits, side-sewer permits, mechanical permits, electrical permits, and sign permits. Fees imposed for permits are subject to a base charge determined by the type of permit, plus additional fees determined by either the dollar value or size (square foot or number of units) of the project.

## **Budget**

Building Permits	2017-2018	2015-2016
	\$6,067,856	\$6,446,932
General Fund	\$6,067,856	\$6,446,932

## **Trends and Assumptions**

### *Methodology*

- Based on historical trends, the number of permits pending in the planning process, and the Building Division's projections of upcoming construction projects.

### *Trends*

- Development-related activity has improved dramatically in recent years and remains high as significant activity, particularly at Totem Lake and Kirkland Urban, continues.

### *Key Assumptions*

- The 2017 budget is based on 2016 estimates, with current levels expected to continue. The 2018 budget assumes a 20 percent decrease from 2017 levels.

### **BUSINESS LICENSES AND PERMITS**

This category includes the issuance of business licenses and licenses for certain activities such as cabaret (live music/dancing), massage parlors, pawnbrokers or devices such as cigarette machines and amusement devices. The fee structure for business permits is typically an annual fee or one-time charge depending on the particular type of license or permit.

The business license fee structure has a \$100 base fee for annual renewals and an annual charge of \$105 per full time equivalent (FTE) for all employees of non-exempt businesses. This program also requires

businesses with no physical presence in Kirkland that are doing business in the City (e.g. contractors) to obtain a business license. The base fee is considered a license revenue and the per FTE charge is considered a “revenue generating regulatory license.”

Business license revenue is a dedicated funding source for transportation-related capital projects (\$540,000) during the biennium.

### **Budget**

<b>Business Licenses &amp; Permits</b>	<b>2017-2018</b>	<b>2015-2016</b>
	<b>\$6,988,859</b>	<b>\$6,484,609</b>
Revenue Generating Regulatory Fee	\$5,045,272	\$4,702,714
Business License Fee & Permits	\$1,403,587	\$1,241,895
Street Operating Fund (RGRL)	\$540,000	\$540,000

### **Trends and Assumptions**

#### *Methodology*

- Based on current year receipts.

#### *Trends*

- The 2016 Revenue Generating Regulatory fee revenues are estimated to be about 11.4 percent higher than 2015. This is largely due to efforts to bring a number of expired business licenses into compliance.

#### *Key Assumptions*

- 2017-18 base budget is based on 2016 estimates, with 2017 revenues budgeted one percent higher than 2017 and 2018 revenues budgeted at one percent above 2017.
- The 2017-2018 Budget includes a \$5 per FTE increase in the license fee, from \$100 to \$105. This generates \$140,000 for public safety investments in 2017 and in 2018.

### **FRANCHISE FEES**

Franchise fees are charges levied on utilities for the right to use city streets, alleys and other public properties. Charges on light, natural gas, and telephone utilities are limited to the actual administrative expenses incurred by the City. Cable TV franchise fees are governed by federal rather than state law and may be levied at a rate of five percent of gross revenues, regardless of the cost of managing the franchise process. Franchise fees are also collected from the Northshore Utility District, Olympic Pipeline and Woodinville Water District.

### **Budget**

<b>Franchise Fees</b>	<b>2017-2018</b>	<b>2015-2016</b>
	<b>\$8,033,307</b>	<b>\$7,872,086</b>
General Fund	\$8,033,307	\$7,872,086

### **Trends and Assumptions**

#### *Methodology*

- Based on historical trends and rate increases approved at the time estimates are prepared.

#### *Trends*

- 2016 revenue is estimated to increase 1.2 percent over 2015 due to contractual increases.

#### *Key Assumptions*

- 2017-18 budget based on a 2 percent per year increase above 2016 budget.

## **INTERGOVERNMENTAL**

### **EMERGENCY MEDICAL SERVICES (EMS) LEVY**

This is a voter approved levy that is collected by King County and distributed to cities based on a formula. A six-year levy was approved by voters in November 2013.

#### **Budget**

EMS Levy	2017-2018	2015-2016
	\$1,898,107	\$1,822,723
General Fund	\$1,898,107	\$1,822,723

#### **Trends and Assumptions**

##### *Methodology*

- The current levy is set at a rate \$0.28235 per \$1,000 of assessed valuation.
- Distribution is based on a formula that considers the number of calls for service, total assessed valuation, and the consumer price index (CPI-U).

##### *Trends*

- 2016 revenue is estimated to be 2 percent higher than 2015
- Voters renewed the levy in 2013 to continue for 2014-2019.

##### *Key Assumptions*

- Estimate provided by King County.
- Growth of one percent from the optional property increase plus one percent new construction in each year.

### **LIQUOR BOARD PROFITS AND EXCISE TAX**

A voter initiative approved in November 2011 eliminated the state monopoly on liquor sales and allows liquor sales in privately owned retail stores as of June 1, 2012. Profits from the state-owned liquor stores and liquor excise taxes have historically been shared with local governments to help defray the costs for policing of liquor establishments located within city limits.

The liquor board profits have been replaced with licensing fees charged to retailers as a result of the initiative (although the State is still calling them profits). Liquor taxes also continue to be collected on liquor sales. Under the law, profit distributions to local governments have been reduced by \$10 million per year but the law does require that local governments receive liquor board profits of no less than was received in the four quarters prior to passage of the initiative. In addition, \$10 million will be distributed to local governments statewide to enhance public safety programs due to the increased number of retailers.

#### **Budget**

Liquor Board Profits & Excise Tax	2017-2018	2015-2016
	\$2,235,679	\$2,009,501
Liquor Board Profits (Licensing Fees)	\$1,427,984	\$1,452,224
Liquor Excise Tax	\$807,695	\$557,277

#### **Trends and Assumptions**

##### *Methodology*

- Based on forecast provided by Municipal Research and Services Center (MRSC).

### *Trends*

- 2016 revenue is estimated to be 4 percent higher than 2015.

### *Key Assumptions*

- Per capita calculation from the MRSC:
  - Liquor Excise Tax: \$4.67 per capita
  - Liquor Board Profits: \$8.45 per capita

## **MOTOR VEHICLE FUEL TAX ("GAS TAX")**

In Washington State, cities receive a portion of the State-collected gasoline tax. The City allocates a set portion for capital construction and street preservation projects and the balance for street operations.

### **Budget**

<b>Motor Vehicle Fuel Tax (Street Operating Fund)</b>	<b>2017-2018</b>	<b>2015-2016</b>
	<b>\$3,732,779</b>	<b>\$3,359,821</b>
MVFT-Street Operations	\$2,500,779	\$2,157,821
MVFT-Capital	\$1,232,000	\$1,202,000

## **Trends and Assumptions**

### *Methodology*

- Estimate based on forecast provided by MRSC. Gas tax is imposed as a fixed amount per gallon of gas purchased (i.e. fluctuations in the price of gas will effect gas tax revenues only if consumption changes).

### *Trends*

- 2016 revenue is estimated to be 3.1 percent higher than 2015, indicating an increasing level of consumption as gas prices have declined.
- Statewide, the revenue base is increasing as consumer gas consumption increases in response to lower gas prices and population increases.

### *Key Assumptions*

- Estimated annual per capita amount of \$20.84 in 2017 and 2018.

## **CHARGES FOR SERVICES**

## **PLANNING FEES AND PLAN CHECK FEES**

These fees are collected for development-related services involving the issuance of permits and the review of plans for compliance with the City's codes. Fees are generally collected at a level estimated to recover the cost of the service provided.

### **Budget**

<b>Planning Fees &amp; Plan Check Fees</b>	<b>2017-2018</b>	<b>2015-2016</b>
	<b>\$6,644,003</b>	<b>\$4,878,524</b>
General Fund	\$6,644,003	\$4,878,524

## **Trends and Assumptions**

### *Methodology*

- Based on historical trends, the number of development plans pending in the planning process, and the Building Division's projections of upcoming construction projects.

#### *Trends*

- 2016 revenue is expected to be 31 percent higher than 2015 due to several large development projects. The level of development activity remains high and is expected to remain at this level in the near term and taper off into 2018.

#### *Key Assumptions*

- 2017 budget based on 2016 estimates, with revenue expected to decline nearly 20 percent in 2018 as large projects work through the development pipeline.

### **EMERGENCY TRANSPORT FEE**

The Kirkland Fire Department began its Basic Life Support (BLS) Transport User Fee Program in March 2011. The Program was established to create a sustainable revenue source to support essential emergency medical services. Fees from the BLS transport user fee help cover the cost of providing emergency medical service, including ongoing funding for 5 firefighters that were added in 2016 with one time funds, and the administrative staff of the program.

#### **Budget**

Emergency Transport Fee	2017-2018	2015-2016
	\$1,923,658	\$1,782,785
General Fund	\$1,923,658	\$1,782,785

### **Trends and Assumptions**

#### *Methodology*

- Based on historical trends.

#### *Trends*

- 2016 revenue is expected to be 5.8 percent higher than 2015.

#### *Key Assumptions*

- 2017 budget based on 2016 estimates plus 2 percent and 2018 is assumed to increase by 2 percent over 2017.

### **ENGINEERING DEVELOPMENT FEES**

These fees are collected from developers for the inspection of public improvements associated with private developments under construction.

#### **Budget**

Engineering Development Fees	2017-2018	2015-2016
	\$3,347,315	\$3,697,442
General Fund	\$3,347,315	\$3,697,442

### **Trends and Assumptions**

#### *Methodology*

- Based on historical trends.

#### *Trends*

- 2016 revenue is estimated to exceed budget and is expected to be 5 percent higher than 2015 due to high levels of development. The current level of development activity is expected to continue in 2017.

*Key Assumptions*

- 2017-18 budget based on estimated development activity continuing at 2016 levels in the first year and dropping 20 percent in the second.

**TRANSPORTATION AND PARK IMPACT FEES**

The City collects impact fees for transportation and parks. As authorized under the Growth Management Act, applicants of new development are charged for a change in use to pay for the cost of new public facilities that provide future capacity needed to accommodate new growth and development. The fees cannot pay for existing deficiencies in level of service for the public facilities or normal maintenance and repairs. The fee charged to each development is based on a proportionate share of the new facilities.

**Budget**

Impact Fees	2017-2018	2015-2016
	<b>\$8,240,080</b>	<b>\$4,422,700</b>
Road Impact Fees	\$5,740,080	\$2,174,000
Park Impact Fees	\$2,500,000	\$2,248,700

**Trends and Assumptions***Methodology*

- Based on expected development.

*Trends*

- Increased development activity has improved this revenue significantly; 2016 revenues exceeded \$2 million due to several large projects. 2016 is estimated to finish the year with about 25 percent less revenue than 2015 due to fewer large projects, though collections remain robust.

*Key Assumptions*

- 2017-18 budget assumes very high level of development as Totem Lake, Kirkland Urban and other projects begin, bringing new residential units and commercial space.

**FINES AND FORFEITS / ENFORCEMENT FEES**

The City of Kirkland and the State of Washington share revenue that is collected from fines, forfeitures, fees, costs, and penalties associated with the enforcement of ordinances and statutes. The type of statute violated determines the percentage of each payment that is retained by the City.

**Budget**

General Fund	2017-2018	2015-2016
	<b>\$5,057,570</b>	<b>\$5,875,426</b>
Fines and Forfeits	\$3,773,570	\$4,380,426
Probation Fees	\$1,100,000	\$1,230,000
Electronic Home Detention Fees	\$184,000	\$265,000

**Trends and Assumptions***Methodology*

- Based on the number of cases filed with the court and their disposition.

#### *Trends*

- 2016 fine revenues are expected to be 16.7 percent less than 2015 revenues. Actual revenues in Fines and Forfeits have been lower than budget in 2015-16 due to a lower number of parking and traffic infraction citations.

#### *Key Assumptions*

- 2017-18 budget based 2016 estimates.

### **MISCELLANEOUS REVENUE**

#### **INVESTMENT INCOME**

Available cash is pooled and invested for the benefit of designated funds and the General Fund. The amount of interest received will vary with interest rates and the amount of cash available for investments during any particular budget year. After satisfying the interest income obligations to funds required by the State to receive their own interest earnings and for the debt service and capital project commitments made by the Council, any remaining interest income is allocated to the General Fund.

#### **Budget**

Investment Income	2017-2018	2015-2016
	\$2,300,500	\$1,672,453
Various Funds	\$2,300,500	\$1,672,453

#### **Trends and Assumptions**

##### *Methodology*

- Interest earnings are estimated based on the current portfolio and expected interest rate trends.

##### *Trends*

- Interest rates are expected to grow compared to last biennium largely due to the addition of a contracted investment advisor, who is better able to increase earnings despite historically low rates. Economic conditions are improving and the bond market is generating higher yields for the City's investments reflected in the 2017-18 revenue estimates.

##### *Key Assumptions*

- Rates are expected to improve in 2017-18 when compared to the historically low rates in 2015-16.

#### **RESOURCES FORWARD**

Resources Forward represents the beginning fund balance and is comprised of the following: capital reserve, operating reserve, and working capital. A capital reserve is dedicated for the replacement of vehicles and computers and for funding major capital improvement projects. It also includes unspent bond proceeds related to the facilities expansion bond and Consolidated Fire Station projects. An operating reserve is an appropriated contingency account set aside for unanticipated expenditures. Working capital consists of excess net operating resources brought forward from the prior year to fund one-time "service packages" and equipment costs and to provide an operating cash flow buffer against seasonal fluctuations in revenues and expenditures. At the end of each year, it is the City's practice to transfer net resources in excess of designated working capital from the General Fund to one or more of the City's reserve funds.

**Budget**

Resources Forward	2017-2018	2015-2016
	\$185,191,689	\$156,874,306
All Funds	\$185,191,689	\$156,874,306

**Trends and Assumptions***Methodology*

- Amount budgeted must cover one-time service packages approved in the budget, any designated working capital, and operating or capital reserves.

*Trends*

- Not applicable.

*Key Assumptions*

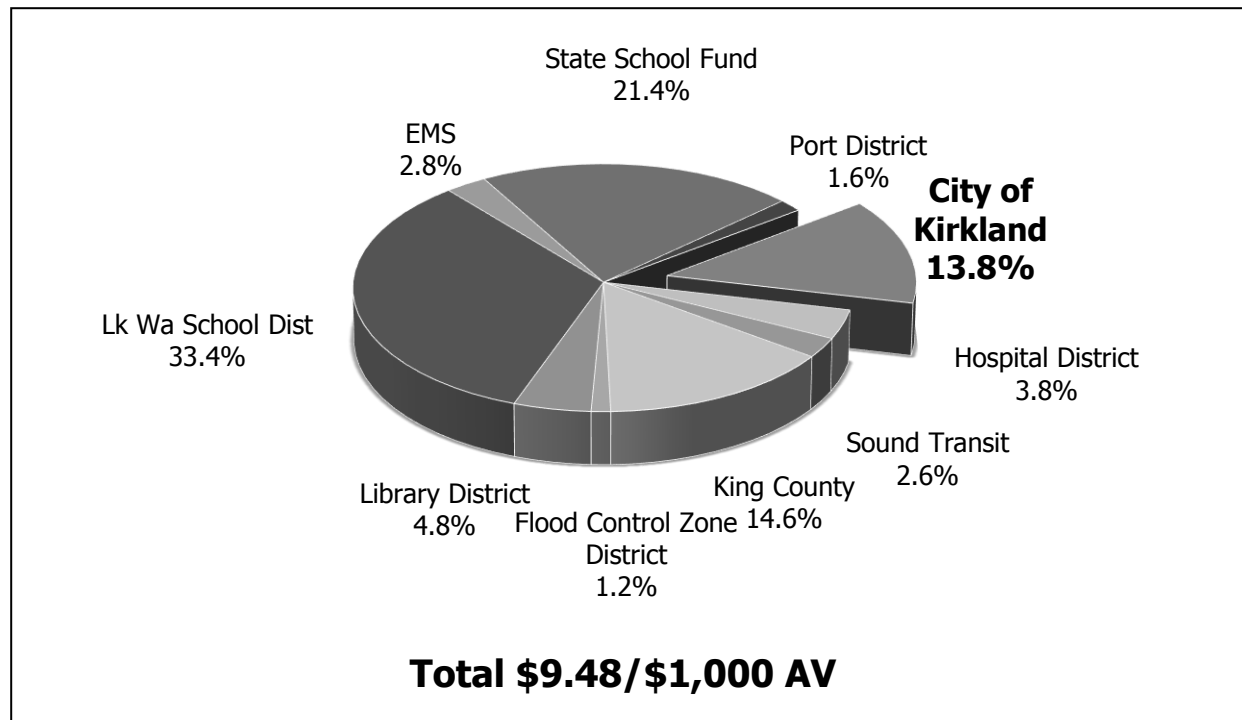
- Not applicable.



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## CITY OF KIRKLAND

### 2017 PROPERTY TAX DISTRIBUTION



The City is limited to an annual increase on its regular property tax levy of the lesser of 1% or the Implicit Price Deflator, plus an allowance for new construction. The actual impact on an individual's property tax bill is not necessarily the same as the change in the levy. Other factors, such as the assessed valuation of the property, growth or decline in the City's overall assessed valuation, or levy increases (or decreases) of other governments will determine the final tax bill.

Although property taxes represent a major source of funding for City services, the portion of each property owner's total tax bill that goes to the City is relatively small. In 2017, the total typical property tax rate in Kirkland is \$9.48 per \$1,000 of assessed valuation. Of that total, about 13.8%, or \$1.31 per \$1,000 assessed valuation, goes to the City, of which about \$0.04 is for voter-approved debt service (where applicable).

The graphic and narrative depict the most common tax distribution for Kirkland residents. Due to annexation, the City's rate varies from \$1.28 to \$1.37 depending on the specific neighborhood. Residents in the new neighborhoods do not pay for voter-approved debt prior to annexation. However, residents located within the former boundaries of Fire District #41 pay for bonds issued for fire station property acquisition and construction. In addition, there are variations in the taxing district boundaries within the city limits, so total tax rates vary as well.

# CITY OF KIRKLAND

## 2017-2018 DISTRIBUTION OF INVESTMENT INCOME

Total Estimated Earnings		\$ 2,300,000
Earned Interest Allocated to Utility Funds		
Water/Sewer	433,012	
Surface Water Management	267,307	
Solid Waste	<u>20,933</u>	
Subtotal to Utility Funds		721,252
Earned Interest Allocated to Consolidated Fire Station Bonds		62,710
Earned Interest Allocated to Lodging Tax Fund		6,039
Earned Interest Allocated to Cemetery Improvement/Operating Fund		12,849
Earned Interest Allocated to Park Maintenance Fund		10,001
Earned Interest Allocated to 2012 Park Levy Fund		17,011
Earned Interest Allocated to Impact Fee Fund		109,330
Earned Interest Allocated to REET Fund		291,145
Earned Interest Allocated to Self Insurance Fund		118,695
Earned Interest Allocated to Equipment Rental Fund		178,620
Earned Interest Allocated to Firefighter's Pension Fund		21,767
Net to Allocate		750,581
Dedicated Proceeds (General Fund):		
Financial Investment Advisor		78,000
Public Safety and Information Technology Equipment Replacement Sinking Funds		672,581
Net to Distribute		<u>\$ -</u>

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## BUDGET FOCUS

Selected schedules and charts focusing on key facts,  
issues and processes reflected in the 2017-2018 Budget



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**CITY OF KIRKLAND*****FUND BALANCE AND RESERVES***

Reserves and fund balance are two important indicators of the City's fiscal health. Reserves represent "savings accounts" that are held to meet unforeseen budgetary needs ("general purpose reserves"). Some specialized reserves are dedicated by purpose and are held until an appropriate expenditure is needed ("special purpose reserves"). Fund balance includes both reserves and working capital. Working capital is needed within each fund to meet its cash flow needs.

The chart following this narrative summarizes the changes in fund balance across all funds. An analysis of the changes in fund balance is included with each section of the budget (i.e. General Government Operating, Water/Sewer Utility, etc.) in addition to the summary provided here. The analysis shows the 2018 delineation between reserved fund balance and working capital. The following narrative highlights the major reserve policy components as they are incorporated in the 2017-2018 Budget.

**FUND BALANCE**

Each fund begins the year with a beginning fund balance which may be comprised of: capital reserves, operating reserves, and unreserved working capital. As the year progresses, the expenditures made from the fund and revenues received will change the fund balance. A minimum amount of fund balance should be maintained in each operating fund to meet cash flow needs and, if needed, as a means of meeting commitments when a revenue shortfall occurs. A reduction in fund balance during the biennium (unless it is planned) can be seen as a potential sign of fiscal stress – current revenues are not adequate to meet current expenses. Fund balance in excess of the amount needed for minimum cash flow purposes can be used to fund one-time expenses or to replenish or enhance reserves. Budgeted fund balances recognize all cash resources estimated to be available as of the end of the biennium.

**GENERAL PURPOSE RESERVES**

General purpose reserves are available to meet a wide variety of contingencies. They are funded by general purpose revenues, which have no restrictions on the public purpose for which they are spent. The utility funds have a companion set of reserves distinct from those in the General Government category.

General Purpose Reserves are described in the City Fiscal Policies. The table below shows how the balance is expected to change during the biennium. The City is making significant contributions to replenish these reserves in 2017-2018. However, the planned use of \$3 million set aside for fire stations from the Building & Property reserve gives the incorrect impression that these reserves are only slightly increasing, although there are planned additions of over \$3 million dollars in 2017-2018.

Reserves	Description	Estimated 2016 Ending Balance	Projected Changes	Estimated 2018 Ending Balance
<b>GENERAL PURPOSE</b>				
Contingency	Unforeseen expenditures	4,036,425	1,638,696	<b>5,675,121</b>
General Capital Contingency	Changes to general capital projects	4,993,407	716,361	<b>5,709,768</b>
General Oper. Reserve (Rainy Day)	Unforeseen revenues/temporary events	4,803,388	26,477	<b>4,829,865</b>
Revenue Stabilization Reserve	Temporary revenue shortfalls	2,848,220	181,731	<b>3,029,951</b>
Council Special Projects Reserve	One-time special projects	250,000	131,927	<b>381,927</b>
General Fund Contingency	Unforeseen expenditures	50,000	-	<b>50,000</b>
Building & Property Reserve	Property-related transactions	3,600,000	(3,000,000)	<b>600,000</b>
Annexation Sales Tax Credit Reserve	Preparation for credit expiration in 2021	-	500,000	<b>500,000</b>
<b>Total General Purpose</b>		<b>20,581,440</b>	<b>195,192</b>	<b>20,776,632</b>

## SPECIAL PURPOSE RESERVES

Special purpose reserves are set by Council policy, management practice, or by state or local laws that govern their use. The following table shows how the balance is expected to change during the biennium. Of particular note, the large balance in development services reserves reflects obligations for significant staffing resources required to complete future inspections. Also, sinking funds are being established for Park facilities and Park rental properties in 2017-2018.

Reserves	Description	Estimated 2016 Ending Balance	Projected Changes	Estimated 2018 Ending Balance
<b>SPECIAL PURPOSE RESERVES</b>				
General Fund Reserves:				
Litigation Reserve	Outside counsel costs contingency	93,871	56,129	<b>150,000</b>
Labor Relations Reserve	Labor negotiation costs contingency	74,342	2,000	<b>76,342</b>
Fire Overtime & Equipment Reserve	Overtime and Equipment Contingency	190,704	9,296	<b>200,000</b>
Police Equipment Reserve	Equipment funded from seized property	81,687	(12,500)	<b>69,187</b>
LEOFF 1 Police Reserve	Police long-term care benefits	618,079	-	<b>618,079</b>
Development Services Reserve*	Revenue and staffing stabilization	5,782,995	675,853	<b>6,458,848</b>
Development Services Technology Rsv.*	Permit system replacement	1,425,872	-	<b>1,425,872</b>
Tour Dock	Dock repairs	281,408	46,000	<b>327,408</b>
Park Rentals Sinking Fund	20-year facility life cycle costs	-	150,000	<b>150,000</b>
Tree Ordinance	Replacement trees program	74,585	15,000	<b>89,585</b>
Donation Accounts	Donations for specific purposes	428,594	1,600	<b>430,194</b>
Revolving Accounts	Fee/reimbursement for specific purposes	16,102	155,600	<b>171,702</b>
Lodging Tax Fund	Tourism program and facilities	220,068	(63,568)	<b>156,500</b>
Street Fund Operating Reserve	Unforeseen expenditures	100,000	-	<b>100,000</b>
Cemetery Improvement	Cemetery improvements/debt service	727,390	24,045	<b>751,435</b>
Off-Street Parking	Downtown parking improvements	217,695	165,900	<b>383,595</b>
Fire Equipment Sinking Fund	20-year equipment life cycle costs	750,804	613,400	<b>1,364,204</b>
Park Facilities Sinking Fund	20-year facility life cycle costs	-	186,000	<b>186,000</b>
Police Equipment Sinking Fund	20-year equipment life cycle costs	980,914	(1,800)	<b>979,114</b>
Technology Equipment Sinking Fund	20-year equipment life cycle costs	1,315,713	(585,700)	<b>730,013</b>
Firefighter's Pension	Long-term care/pension benefits	1,225,835	(248,880)	<b>976,955</b>
<b>Total Special Purpose Reserves</b>		<b>14,606,658</b>	<b>1,188,375</b>	<b>15,795,033</b>

\*Balances pending final reconciliations

## GENERAL CAPITAL RESERVES

In addition to the General Capital Contingency shown under General Purpose Reserves, there are other capital reserves dedicated either by Council policy or by state or local laws that govern their use. The following table shows how the balance is expected to change during the biennium.

Reserves	Description	Estimated 2016 Ending Balance	Projected Changes	Estimated 2018 Ending Balance
<b>GENERAL CAPITAL RESERVES</b>				
Excise Tax Capital Improvement:				
REET 1	Parks/transportation/facilities projects	5,213,854	(1,776,942)	<b>3,436,912</b>
REET 2*	Transportation capital projects	6,000,344	2,074,666	<b>8,075,010</b>
Impact Fees				
Roads	Transportation capacity projects	1,926,771	(863,531)	<b>1,063,240</b>
Parks	Parks capacity projects	1,523,337	1,107,724	<b>2,631,061</b>
<b>Total General Capital Reserves</b>		<b>14,664,306</b>	<b>541,917</b>	<b>15,206,223</b>

\*Includes \$5 million held for potential Totem Lake infrastructure obligations

## UTILITY RESERVES

Utility reserves are available to meet a wide variety of contingencies, either by Council policy, management practice, or by state or local laws that govern their use. However, they can only be used in the utility. Following is a table with the preliminary 2018 estimated ending balance in these accounts.

Reserves	Description	Estimated 2016 Ending Balance	Projected Changes	Estimated 2018 Ending Balance
<b>UTILITY RESERVES</b>				
Water/Sewer Utility:				
Water/Sewer Operating Reserve	Operating contingency	2,659,932	101,501	<b>2,761,433</b>
Water/Sewer Debt Service Reserve	Debt service reserve	501,024	(439,002)	<b>62,022</b>
Water/Sewer Capital Contingency	Changes to Water/Sewer capital projects	613,300	603,100	<b>1,216,400</b>
Water/Sewer Construction Reserve	Replacement/re-prioritized/new projects	10,591,907	(3,138,009)	<b>7,453,898</b>
Surface Water Utility:				
Surface Water Operating Reserve	Operating contingency	893,306	89,729	<b>983,035</b>
Surface Water Capital Contingency	Changes to Surface Water capital projects	391,380	349,112	<b>740,492</b>
Surface Water Construction Reserve	Replacement/re-prioritized/new projects	7,828,203	(3,702,779)	<b>4,125,424</b>
<b>Total Utility Reserves</b>		<b>23,479,052</b>	<b>(6,136,348)</b>	<b>17,342,704</b>

## INTERNAL SERVICE FUND RESERVES

There are four internal service funds with reserves dedicated either by Council policy or by state or local laws that govern their use. These funds include the Health Benefits, Equipment Rental, Information Technology and Facilities Maintenance funds. Revenue to these funds is derived primarily from user charges to other funds. Note it has been determined the Health Benefits Rate Stabilization Reserve is no longer needed and will be used toward funding of the City's financial system software replacement. Following is a table with the preliminary 2018 estimated ending balance in these accounts.

Reserves	Description	Estimated 2016 Ending Balance	Projected Changes	Estimated 2018 Ending Balance
<b>INTERNAL SERVICE FUND RESERVES</b>				
Health Benefits:				
Claims Reserve	Health benefits self insurance claims	2,058,311	(35,626)	<b>2,022,685</b>
Rate Stabilization Reserve	Rate stabilization	1,000,000	(1,000,000)	<b>-</b>
Equipment Rental:				
Operating Reserve	Unforeseen operating costs	290,815	(12,899)	<b>277,916</b>
Vehicle Reserve	Vehicle replacements	8,570,163	968,406	<b>9,538,569</b>
Radio Reserve	Radio replacements	8,463	9,487	<b>17,950</b>
Information Technology:				
Operating Reserve	Unforeseen operating costs	502,075	50,513	<b>552,588</b>
PC Replacement Reserve	PC equipment replacements	308,543	(2,959)	<b>305,584</b>
Major Systems Replacement Reserve	Major technology systems replacement	1,300,289	(1,300,289)	<b>-</b>
Facilities Maintenance:				
Operating Reserve	Unforeseen operating costs	800,000	-	<b>800,000</b>
Facilities Sinking Fund	20-year facility life cycle costs	3,152,544	1,329,606	<b>4,482,150</b>
<b>Total Internal Service Fund Reserves</b>		<b>17,991,203</b>	<b>6,239</b>	<b>17,997,442</b>

## RESERVES WITH TARGETS

There are some reserves listed above for which the City of Kirkland City Council has adopted reserve targets as described in the City Fiscal Policies. The table below compares the estimated ending 2018 balance to the 2017-18 reserve target.

Reserves	Estimated 2016 Ending Balance	Estimated 2018 Ending Balance	2017-18 Target	Revised Over (Under) Target
<b>GENERAL PURPOSE RESERVES WITH TARGETS</b>				
Contingency	4,036,425	5,675,121	6,076,030	(400,909)
General Capital Contingency	4,993,407	5,709,768	6,317,430	(607,662)
General Oper. Reserve (Rainy Day)	4,803,388	4,829,865	4,829,865	-
Revenue Stabilization Reserve	2,848,220	3,029,951	3,029,951	-
Council Special Projects Reserve	250,000	381,927	250,000	131,927
Building & Property Reserve	3,600,000	600,000	600,000	-
<b>General Purpose Reserves with Targets</b>	<b>20,531,440</b>	<b>20,226,632</b>	<b>21,103,276</b>	<b>(876,644)</b>
<b>ALL OTHER RESERVES WITH TARGETS</b>				
Excise Tax Capital Improvement:				
REET 1	5,213,854	3,436,912	1,585,000	1,851,912
REET 2*	6,000,344	8,075,010	6,731,000	1,344,010
<b>Other Reserves with Targets</b>	<b>11,214,198</b>	<b>11,511,922</b>	<b>8,316,000</b>	<b>3,195,922</b>
<b>Total Reserves with Targets</b>	<b>31,745,638</b>	<b>31,738,554</b>	<b>29,419,276</b>	<b>2,319,278</b>

\*Includes \$5 million held for potential Totem Lake infrastructure obligations

**CITY OF KIRKLAND**  
**CHANGE IN FUND BALANCE (Beginning 2015 to Ending 2018)**  
**SUMMARY OF ALL FUNDS**

	General Government		Utility			All Funds
	Operating Funds	Non-Operating Funds	Water/Sewer Utility	Surface Water Utility	Solid Waste Utility	
<b>2015 Actual Beginning Fund Balance</b>	<b>62,278,933</b>	<b>48,423,185</b>	<b>28,113,972</b>	<b>17,064,825</b>	<b>993,391</b>	<b>156,874,306</b>
<i>Reserved</i>	<i>38,060,398</i>	<i>26,768,978</i>	<i>17,299,265</i>	<i>8,122,561</i>	-	<i>90,251,202</i>
<i>Unreserved Working Capital</i>	<i>24,218,535</i>	<i>21,654,207</i>	<i>10,814,707</i>	<i>8,942,264</i>	993,391	<i>66,623,104</i>
Plus: 2015-16 Estimated Revenues	260,920,749	102,652,142	69,834,648	27,594,052	33,357,441	<b>494,359,032</b>
Less: 2015-16 Estimated Expenditures	258,646,119	80,703,592	66,869,254	26,951,342	32,871,342	<b>466,041,649</b>
<b>2016 Estimated Ending/2017 Budgeted Beginning Fund Balance</b>	<b>64,553,563</b>	<b>70,371,735</b>	<b>31,079,366</b>	<b>17,707,535</b>	<b>1,479,490</b>	<b>185,191,689</b>
Plus: 2017-18 Budgeted Revenues	263,138,722	117,004,913	69,151,638	26,401,350	34,945,474	<b>510,642,097</b>
Less: 2017-18 Budgeted Expenditures	276,383,347	155,060,320	81,011,555	33,978,137	34,692,354	<b>581,125,713</b>
<b>2018 Budgeted Ending Fund Balance</b>	<b>51,308,938</b>	<b>32,316,328</b>	<b>19,219,449</b>	<b>10,130,748</b>	<b>1,732,610</b>	<b>114,708,073</b>
<i>Reserved</i>	<i>39,179,958</i>	<i>32,316,328</i>	<i>11,493,753</i>	<i>5,848,951</i>	-	<i>88,838,990</i>
<i>Unreserved Working Capital</i>	<i>12,128,980</i>	-	<i>7,725,696</i>	<i>4,281,797</i>	<i>1,732,610</i>	<i>25,869,083</i>
<b>Change in Fund Balance: Beginning 2015 to Ending 2018</b>	<b>(10,969,995)</b>	<b>(16,106,857)</b>	<b>(8,894,523)</b>	<b>(6,934,077)</b>	<b>739,219</b>	<b>(42,166,233)</b>

**Notes:**

Change in Fund Balance depicts the effects of the current and coming year's financial transactions on available resources. A minimum level of fund balance must be maintained in each fund to assure adequate cash flow. In all cases, fund balance is at or above the minimum level. A negative change in fund balance is not necessarily a reflection of a problem. Rather, it typically reflects the use of accumulated resources for planned expenditures (e.g. use of bond proceeds for capital projects). The significant decline in non-operating funds is partially due to the planned expenditure of bond proceeds on capital projects during the biennium.

Greater detail regarding the change in fund balances can be found in the following sections: General Government Operating Funds, General Government Non-Operating Funds, Water/Sewer Utility Funds, Surface Water Utility Funds and Solid Waste Utility Fund.

# CITY OF KIRKLAND

## POSITION SUMMARY

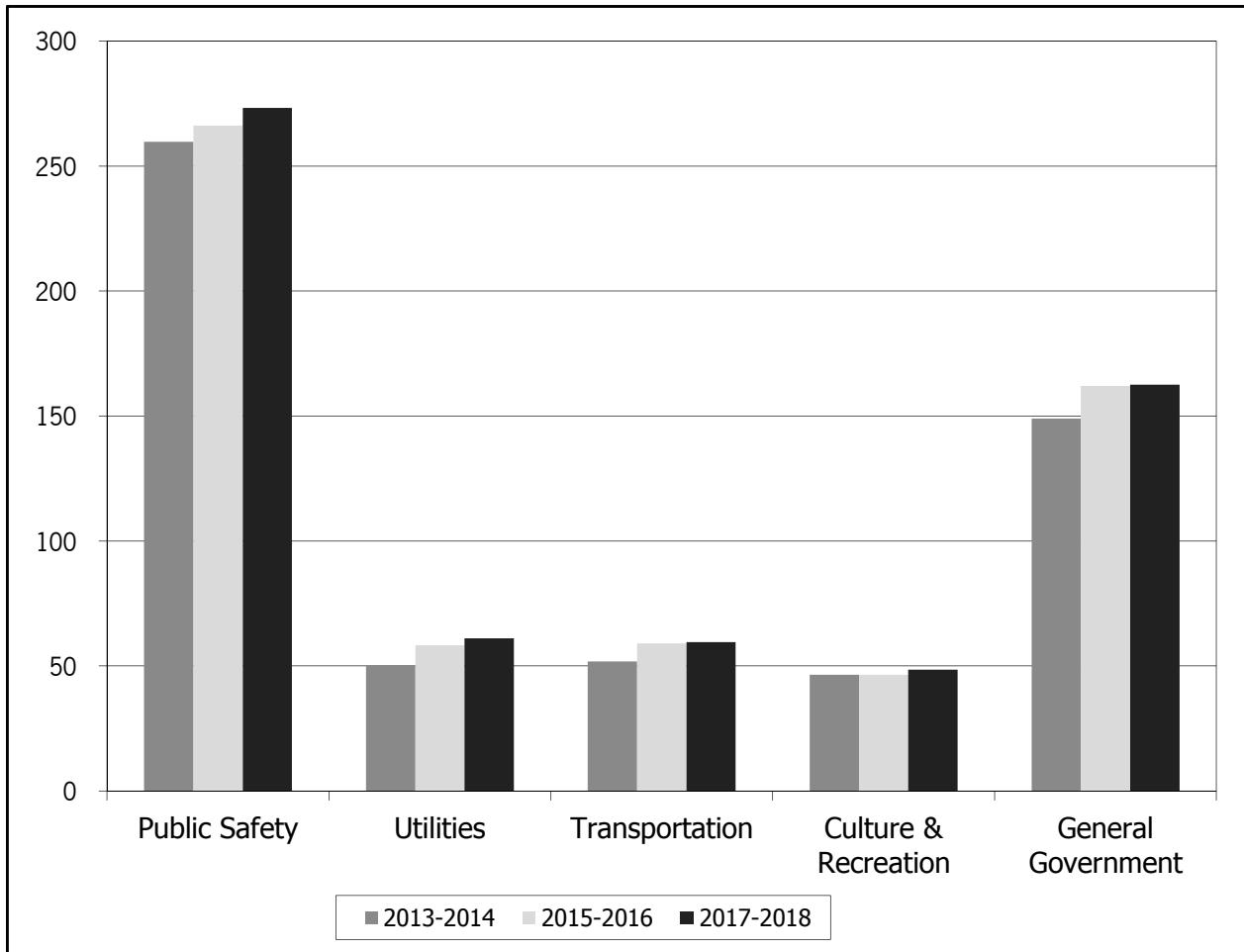
### By Fund

Fund/Department	2013-2014	2015-2016	2017-2018
<b><i>General Fund:</i></b>			
City Council	7.00	7.00	7.00
City Manager's Office	8.54	10.94	10.44
Human Resources	8.70	9.20	9.20
City Attorney's Office	4.00	4.00	4.00
Municipal Court	18.75	18.75	18.75
Parks and Community Services	30.00	31.00	33.00
Public Works	30.95	37.25	37.55
Finance and Administration	33.80	35.30	35.30
Planning & Building	46.23	52.85	53.35
Police	135.50	136.00	140.00
Fire	105.50	111.50	114.50
<b>Total General Fund</b>	<b>428.97</b>	<b>453.79</b>	<b>463.09</b>
<b><i>Other General Gov't Operating Funds:</i></b>			
Lodging Tax	0.66	0.66	0.66
Street Operating	20.90	21.79	22.04
Parks Maintenance	9.25	8.50	8.50
2012 Parks Levy	7.25	7.00	7.00
Facilities Maintenance	7.95	7.95	7.95
Equipment Rental	7.40	7.45	7.45
Information Technology	24.70	26.70	27.20
<b>Total Other General Gov't Operating Funds</b>	<b>78.11</b>	<b>80.05</b>	<b>80.80</b>
<b><i>Utility Funds:</i></b>			
Water/Sewer Operating	19.76	21.51	21.51
Surface Water Management	27.69	33.95	36.70
Solid Waste	2.80	2.80	2.80
<b>Total Utility Funds</b>	<b>50.25</b>	<b>58.26</b>	<b>61.01</b>
<b>Total Positions</b>	<b>557.33</b>	<b>592.10</b>	<b>604.90</b>

# CITY OF KIRKLAND POSITION SUMMARY

## By Program

Program	2013-2014	2015-2016	2017-2018
Public Safety	259.75	266.25	273.25
Utilities	50.25	58.26	61.01
Transportation	51.85	59.04	59.59
Culture & Recreation	46.50	46.50	48.50
General Government	148.98	162.05	162.55
<b>Total Positions</b>	<b>557.33</b>	<b>592.10</b>	<b>604.90</b>



## CITY OF KIRKLAND

### PAYMENTS TO OTHER GOVERNMENT AGENCIES

Approximately \$45.4 million, or 4.58 percent, of the City's total 2017-2018 budget for general government operations, water/sewer operations, surface water management operations, and solid waste operations is paid to other governmental agencies. The City either absorbs annual increases in payments to other agencies through growth in general revenue sources (e.g. Air Pollution Control) or passes them along to users through charges for service (e.g. Sewage Treatment and Water Purchases).

Service	Agency	2015-2016 Budget	2017-2018 Budget
Sewage Treatment <sup>1</sup>	King County	15,644,234	16,613,434
Alcohol Treatment <sup>1</sup>	King County	35,370	44,714
Air Pollution Control <sup>1</sup>	King County	159,954	170,684
Prisoner Expense <sup>1</sup>	Various <sup>2</sup>	857,555	474,850
Marine Patrol <sup>1</sup>	King County	134,000	201,000
Hazardous Waste Fee <sup>1</sup>	King County	1,002,000	900,000
Solid Waste "Tipping" Fees <sup>1</sup>	King County	6,444,181	7,178,031
Surface Water Billing Charge <sup>1</sup>	King County	275,000	412,436
Animal Control <sup>1</sup>	King County	24,600	24,600
Elections and Records Costs <sup>1</sup>	King County	536,800	630,000
Other Permits and Services <sup>1,3</sup>	King County	33,600	30,200
<b>Subtotal King County</b>		<b>25,147,294</b>	<b>26,679,949</b>
Water Purchase <sup>1</sup>	Cascade Water Alliance	9,413,295	9,902,678
Water Connection Charges <sup>1</sup>	Cascade Water Alliance	1,300,000	1,400,000
Police and Fire Dispatch <sup>1</sup>	NORCOM	5,454,242	5,358,540
Housing Trust Fund <sup>1,4</sup>	ARCH	790,000	1,080,000
ARCH Dues <sup>1</sup>	ARCH	209,200	209,200
State Purchasing Contract <sup>1</sup>	State of Washington	4,000	5,600
Financial Audits <sup>1</sup>	State of Washington	175,220	200,000
Regional Surface Water Monitoring <sup>1</sup>	State of Washington	68,364	70,000
800 MHz Radios (Public Safety) <sup>1</sup>	EPSCA	210,343	199,374
On-Line Services <sup>1</sup>	eCityGov Alliance	402,745	325,779
SWAT Membership <sup>1</sup>	Northsound Regional SWAT	16,000	16,000
WACIC, NCIC, ACCESS Service Lines <sup>1</sup>	Washington State Patrol	4,200	4,200
Community Connectivity Consortium <sup>1</sup>	Community Connectivity Consortium	7,140	10,710
Hazardous Materials Unit <sup>1</sup>	Regional Haz Mat Agreement	19,078	25,000
Healthcare Assessments <sup>1</sup>	U.S. Government	192,654	5,000
Other Permits and Services <sup>1,3</sup>	Various Gov't Agencies	16,700	16,700
<b>Total Payments to Other Agencies</b>		<b>43,430,475</b>	<b>45,508,730</b>
<b>Percent Increase (Decrease) from Prior Biennium</b>			<b>4.79%</b>

<sup>1</sup> These services are mandatory contractual obligations with other governments. The rates are established by the contractor agency.

<sup>2</sup> King, Snohomish, Yakima and Okanogan Counties; and Cities of Enumclaw and Issaquah. Utilization of these facilities is expected to decrease due to the completion of the jail at the Kirkland Justice Center.

<sup>3</sup> Includes fees such as: health permits, recording fees, Crimestoppers membership, and other miscellaneous fees

<sup>4</sup> These totals include \$250,000 in each biennium directed to ARCH by King County at the City's direction.

## CITY OF KIRKLAND

### HUMAN SERVICES FUNDING

Funding for Human Services is incorporated into a variety of operating and non-operating budgets. The following summary provides an overview of Human Services funding for 2017-2018.

Program/Funding Source	2015-2016 Budget	2017-2018 Budget
Human Services Program grants (including CDBG)	1,612,608	1,805,815
Human Services Forum and Other Regional Programs	27,450	25,000
Human Services Coordination	317,172	414,108
Senior Center Operations	1,123,715	1,097,564
King County Alcohol Treatment Programs	35,370	44,714
A Regional Coalition for Housing (ARCH) <sup>1</sup>	999,200	1,289,200
Community Youth Services Program/Teen Center	675,913	669,288
Rent Subsidy for Youth Eastside Services <sup>2</sup>	55,998	55,998
Domestic Violence Programs	796,260	833,391
Police School Resource Program (City-funded portion)	217,015	222,827
Senior Discounts for Utility and Garbage Services <sup>3</sup>	80,934	65,108
Kirkland Cares (assistance with utility bills from utilities customer donations)	8,000	8,000
Specialized Recreation Program	14,000	14,000
Recreation Class Discounts	6,000	6,000
<b>Total Human Services Funding</b>	<b>5,969,635</b>	<b>6,551,013</b>

**TOTAL SPENDING PER CAPITA 2015-2016: \$ 71.01**

**TOTAL SPENDING PER CAPITA 2017-2018: \$ 77.36**

<sup>1</sup> 2015-16 ARCH funding reflects the base budget amount of \$209,200, ongoing funding of \$250,000 from Community Development Block Grants, and a one-time service package funding of \$630,000. In addition to these amounts, Affordable Housing in Lieu fees totaling \$478,640 have been remitted to ARCH in 2015-16 that are not reflected in the table above. The 2017-18 Final Budget amount includes the same funding elements and an additional \$200,000 of one-time funding for the Trust fund.

<sup>2</sup> Current rent is \$1/year; figure represents a conservative market rent equivalent.

<sup>3</sup> Reduction is a result of fewer senior accounts registered across all utilities.

## CITY OF KIRKLAND

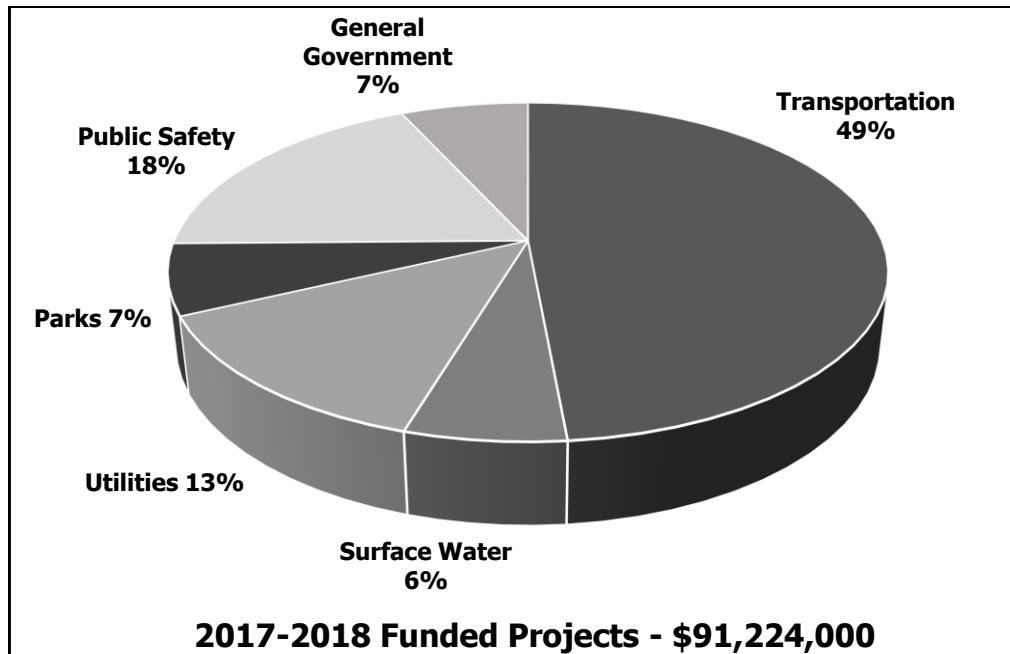
### SUMMARY OF LEGAL SERVICES

General legal counsel is provided by the in-house City Attorney's Office. Prosecution and public defender services are provided by outside attorneys through contracts with the City. The 2017-2018 budget includes an increase in Prosecution and an increase in Public Defender Legal Services. Public Defender costs increased due to new public defense standards limiting the number of cases each attorney can take, necessitating increased attorney hours in the contract. In certain specialized matters, the City is represented by other outside counsel. The Litigation Reserve budget for 2017-2018 reflects setting aside funds for outside counsel in the event they were needed to resolve a potential legal matter.

Legal Service	Budgeted Fund	2015-2016 Budget	2017-2018 Budget	Percent Change
<i>General Legal Services</i>	General Fund	1,731,634	1,680,977	-2.93%
<i>Litigation Reserve</i>	General Fund	150,000	150,000	0.00%
<b>Subtotal General Legal Services and Litigation</b>		<b>1,881,634</b>	<b>1,830,977</b>	<b>-2.69%</b>
<i>Public Safety Legal Services</i>				
Prosecution	General Fund	716,000	730,000	1.96%
Public Defender	General Fund	510,000	572,900	12.33%
<b>Subtotal Public Safety Legal Services</b>		<b>1,226,000</b>	<b>1,302,900</b>	<b>6.27%</b>
<b>Total All Legal Services</b>		<b>3,107,634</b>	<b>3,133,877</b>	<b>0.84%</b>

## ***CAPITAL IMPROVEMENT PROGRAM (CIP)***

### **CIP AT A GLANCE**



- **TRANSPORTATION** includes improvements to streets, sidewalks, intersections, and non-motorized facilities.
- **SURFACE WATER** includes improvements to the City's surface water management system.
- **UTILITIES** includes maintenance, replacement, and new capacity improvements for the City's water and sanitary sewer systems.
- **PARKS** includes projects for acquisition, development, repair, and replacement of park facilities and equipment and improvements to the Kirkland Cemetery.
- **PUBLIC SAFETY** includes buildings and equipment to support the City's police, fire, and emergency management functions.
- **GENERAL GOVERNMENT** includes improvements that are not specific to other areas and benefit all (or several) functions.

More information regarding capital projects is provided in this document in the Capital Project Funds, Water/Sewer and Surface Water Utility sections. Project details are available electronically with an interactive map on the City's website

[http://www.kirklandwa.gov/depart/Public Works/Construction Projects/Capital Improvements.htm](http://www.kirklandwa.gov/depart/Public%20Works/Construction%20Projects/Capital%20Improvements.htm)

### **CIP POLICIES AND PROCESS**

The City will establish and implement a Comprehensive Six-Year Capital Improvement Program that will be prepared and formally adopted by the Council biennially concurrent with the development of the operating budget. In the "off" years, however, the CIP can be modified as needed by Council based on changing priorities or new funding source opportunities.

A full update of the City's Capital Improvement Program (CIP) was delayed until 2015 to coincide with the culmination of various citywide planning efforts that were part of the Kirkland 2035 plan, including:

- Parks and Recreation and Open Space Plan;
- Transportation Master Plan;
- Surface Water Master Plan; and,
- Water and Sewer Comprehensive Plan.

Since that was an off-year in the budget cycle, an additional full update took place in the summer of 2016, to realign the CIP development with operating budget development. As such, project funding tables in the 2017-18 Budget document represent the 2017-2022 CIP as adopted by the City Council on December 13, 2016.

A capital improvement is defined as the construction of new facilities; the expansion, large scale renovation, or replacement of existing facilities; the acquisition of land; or the purchase of major pieces of equipment, including major replacements funded by the Equipment Rental Fund or those that are associated with newly-acquired facilities.

A capital improvement must meet all of the following criteria:

- It is an expenditure that can be classified as a fixed asset.
- It has an estimated cost of \$50,000 or more (with the exception of land).
- It has a useful life of ten years or more, with the exception of certain equipment that may have a shorter life span.

The six-year CIP includes projects that replace or maintain existing assets, provide required capacity needed to meet growth projections and the adopted level of service, and projects that enhance capacity or services to the public.

#### **PROCESS FOR DEVELOPING THE CIP**

All capital improvement projects are subject to a biennial review and revision based upon community needs, priorities, and the availability of funding. The process reflects the need to periodically re-assess and re-prioritize the City's capital needs and includes the following steps:

- Each department is responsible for planning and prioritizing all capital project proposals within their scope of operational responsibility. Departments are provided broad funding guidelines and prepare descriptions of new projects to be considered, revisions to existing projects, and a progress report for current year projects.
- The City Manager reviews each department's requests and a recommended Preliminary Capital Improvement Program is prepared for consideration by the City Council.
- The City Council holds a public hearing to gather citizen comment and revises and/or adopts the CIP recommendation.
- The capital improvement budget for the first and second year of the adopted CIP are formally adopted by the City Council as part of the biennial budget process.
- During the first year of the adopted CIP (an odd-numbered year) an update is prepared by the departments and adopted by the Council to recognize any project modifications resulting from new funding opportunities, changing priorities and project timing changes. The capital improvement budget is then incorporated into and adopted with the biennial budget adoption in December of the even numbered year.
- The City Manager and City departments implement the first two years of the CIP, providing periodic progress reports and updates to the City Council.

#### **FUNDING**

There are four major categories of funding for CIP projects: current revenue, reserves, debt and external sources.

**Current Revenue** is the estimate of annual new revenue that will be received from existing, authorized revenue sources. Certain revenue streams historically have been dedicated to funding the CIP either

through legal mandate or Council policy. The funded projects in the CIP acknowledge those funding sources and also utilize reserves to some extent.

Legal restrictions apply to some revenue sources. Gas tax is dedicated to transportation purposes. Utility connection charges and utility rates are restricted to utility projects. The first quarter percent real estate excise tax (REET 1) is restricted to capital purposes, but can be utilized for almost any category of capital projects (except computer equipment). The second quarter percent real estate excise tax (REET 2) is designated for transportation capital improvements. Road impact fees are dedicated to transportation capital improvements that provide new capacity. Park impact fees are likewise dedicated to park purposes. Recently voter-approved property tax levy lid lifts provide funding for transportation and park projects.

**Reserves** are cash resources that accumulate from prior years and are derived from a variety of revenue sources. The CIP utilizes reserves to a limited extent to fund projects. Although use of reserves is always an option to supplement annual revenue streams, it is a one-time solution using a finite resource. Reserves are used to address short term or time-limited funding deficits.

The 2017-2018 Budget also includes sinking funds for public safety and information technology equipment replacements that are funded by transfers-in of current revenues. In addition, monies reserved in the facilities fund in the operating budget, and park facilities reserves set aside in the General Fund, are available to fund facility repair projects in the General Government and Parks capital programs, respectively.

**Debt** represents a commitment to repay over a long period of time. Debt can take a number of forms including voter-approved general obligation bonds, councilmanic (non-voted) bonds, and utility revenue bonds. The City also has been awarded low interest loans from the State's Public Works Trust Fund that have an interest rate of one to three percent, depending on the amount of the City's matching funds.

**External Sources** are primarily grants, but could include contributions from the private sector or other governmental agencies.

Some capital projects generate future operating costs that are considered when the Council reviews the CIP. Operating costs are listed in the detailed project summaries of the CIP. New operating costs for 2017-2018 that are related to completed CIP projects are highlighted in each department's summary. Projects approved for 2017-2018 are included in the General Government and Utilities non-operating sections of this document. Estimated operating impacts are also included in the summary of 2017-2018 projects.

The following table summarizes revenue sources as used in the 2017-2022 CIP.

**2017-2022 Capital Improvement Program  
Revenue Sources (in thousands)**

<b>Dedicated Revenue</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>6-Year Total</b>
<b>Transportation</b>							
Gas Tax	610	622	634	647	660	673	<b>3,846</b>
Gas Tax (Transportation Package)	100	150	200	200	-	200	<b>850</b>
Business License Fees	270	270	270	270	270	270	<b>1,620</b>
Real Estate Excise Tax (REET) 1	398	410	422	435	448	461	<b>2,574</b>
Real Estate Excise Tax (REET) 2	1,355	1,342	1,279	1,318	1,233	1,274	<b>7,801</b>
Street & Pedestrian Safety Levy	2,626	2,652	2,679	2,706	2,733	2,760	<b>16,156</b>
Transportation Impact Fees	3,440	3,410	1,750	1,000	425	275	<b>10,300</b>
King County Park Levy	-	300	300	-	-	-	<b>600</b>
Walkable Kirkland	520	400	400	400	-	-	<b>1,720</b>
Utility Rates	500	500	500	500	320	260	<b>2,580</b>
Utility Reserves	526	306	207	-	-	-	<b>1,039</b>
Solid Waste Street Preservation	300	300	300	300	300	300	<b>1,800</b>
REET 2 Reserve	3,158	1,579	480	480	480	480	<b>6,657</b>
REET 1 Reserve	100	-	-	-	-	-	<b>100</b>
Carryover PY Funds	600	-	-	-	-	-	<b>600</b>
External Sources	14,436	3,103	4,440	5,742	3,146	3,140	<b>34,006</b>
<b>Subtotal Transportation</b>	<b>28,939</b>	<b>15,344</b>	<b>13,861</b>	<b>13,998</b>	<b>10,015</b>	<b>10,093</b>	<b>92,249</b>
<b>Parks</b>							
Real Estate Excise Tax 1	215	868	1,438	885	160	160	<b>3,726</b>
Impact Fees	110	999	2,891	1,750	1,050	1,150	<b>7,950</b>
Parks Levy	1,250	1,250	1,000	823	250	250	<b>4,823</b>
REET 1 Reserve	100	-	509	-	-	-	<b>609</b>
Surface Water Reserves	200	-	-	-	-	-	<b>200</b>
Park Facilities Sinking Fund	168	146	162	151	162	169	<b>958</b>
Carryover PY Funds	-	698	-	-	-	-	<b>698</b>
External Sources	150	-	-	-	-	-	<b>150</b>
<b>Subtotal Parks</b>	<b>2,193</b>	<b>3,961</b>	<b>6,000</b>	<b>3,609</b>	<b>1,622</b>	<b>1,729</b>	<b>19,114</b>
<b>General Government: Technology, Facilities &amp; Public Safety</b>							
General Fund Contributions for:							
Public Sfty. Equip. Sinking Fund	155	173	693	369	246	149	<b>1,785</b>
Technology Equip. Sinking Fund	289	1,197	209	1,051	545	180	<b>3,471</b>
Utility Rates	456	256	256	256	256	256	<b>1,736</b>
Health Fund Transfer	1,000	-	-	-	-	-	<b>1,000</b>
Facilities Life Cycle Reserve	425	554	529	606	279	190	<b>2,583</b>
Maj Sys Replacement Rsv	1,300	-	-	-	-	-	<b>1,300</b>
REET 1 Reserves	772	3,700	-	-	-	-	<b>4,472</b>
General Fund Cash	3,360	1,937	114	174	114	174	<b>5,873</b>
Fire District 41 Reserves	2,656	-	-	-	-	-	<b>2,656</b>
Carryover PY Funds	87	63	-	-	-	-	<b>150</b>
REET 1	-	4,200	-	-	-	-	<b>4,200</b>
Land Sales Proceeds	-	470	-	-	-	-	<b>470</b>
<b>Subtotal General Government</b>	<b>10,500</b>	<b>12,550</b>	<b>1,801</b>	<b>2,456</b>	<b>1,440</b>	<b>949</b>	<b>29,696</b>
<b>Utilities</b>							
Utility Connection Charges	865	865	865	865	865	865	<b>5,190</b>
Utility Rates - Surface Water	1,801	1,872	1,916	2,120	2,139	2,204	<b>12,052</b>
Utility Rates - Water/Sewer	3,764	4,070	4,355	4,698	5,015	5,368	<b>27,270</b>
Reserves	4,450	50	1,500	50	1,450	50	<b>7,550</b>
External Sources	-	-	-	-	-	-	<b>-</b>
<b>Subtotal Utilities</b>	<b>10,880</b>	<b>6,857</b>	<b>8,636</b>	<b>7,733</b>	<b>9,469</b>	<b>8,487</b>	<b>52,062</b>
<b>Total Revenues</b>	<b>52,512</b>	<b>38,712</b>	<b>30,298</b>	<b>27,796</b>	<b>22,546</b>	<b>21,258</b>	<b>193,121</b>

## POLICY ISSUES

The optimal locations for **fire and emergency medical service delivery** in Kirkland, particularly in the new neighborhoods, has been a key policy issue since annexation in 2011. This will include new assets, coupled with addressing the depreciation of existing fire stations. Capital funding was allocated in the 2015-2016 capital budget to purchase property for a new Station 24, and the 2017-2018 capital budget builds on this progress by adding resources to fund the construction of a new Station 24, acquire property for a new Station 27 and renovate the existing Station 25. Though substantial funding has been allocated to date, there is a total of approximately \$32.6 million of unfunded fire station replacement, expansion and remodel projects; funding of \$150,000 for a public process on how to best engage this unfunded need is included in the 2017-2018 Operating Budget.

The **Critical Areas Ordinance** and the **Surface Water Design Manual** represent regulatory frameworks required of the City by the Washington State Department of Ecology and other State and Federal regulators. Adoption of these regulations is required by Ecology and the intent is for adoption to occur no later than December 31, 2016. The proposed regulations strengthen the protection of the environment and sensitive areas and the mitigation of impacts from surface water run-off. However, they will, in some cases, increase the cost of City capital improvements and the maintenance of those improvements. Required environmental and surface water studies may also add to project design costs and extend the schedule for completing some projects.

While the full extent of the impacts cannot be known with certainty until the regulations are finalized and detailed estimating work can be completed at the project level, staff has developed an order of magnitude assessment of the impacts on funded projects in 2017-2018. At this time, impacts are likely to occur in the Transportation, Parks, and Surface Water and Water/Sewer capital programs. Funding for potential impacts is programmed as placeholder projects in the respective program areas, signified by the '7777' numbering convention in the summary tables later in this document. The intent is to create an administrative approval process to re-allocate funds from the placeholders to funded projects when impacts are known, to minimize schedule impacts.

## PROJECT HIGHLIGHTS

### Notable project highlights for 2017-2018 include:

**Parks** — Phase 1 of the Totem Lake Park Master Plan and Development will include a northern trail and boardwalk segment connecting the park's existing trail system to the Cross Kirkland Corridor, public restrooms, playground, picnicking amenities and parking. Additional project components will include wetland enhancements and environmental interpretive features, viewing decks, landscaping fencing and irrigation. The City will also require ownership of Totem Lake from the King Conservation District, as well as adding property adjacent to the Cross Kirkland Corridor.

**Public Safety** — As discussed above, the 2017-2018 Capital Budget includes funding for Fire Station 25 Renovation, Fire Station 24 Replacement and Fire Station 27 Property Acquisition.

**Transportation** — The property tax levy lid lift approved by voters in 2012 provides additional funding for street preservation, which supports the goal of dependable infrastructure. The levy also provides funding for pedestrian safety projects, including safe school walk routes. The City acquired the 5.75 mile segment of rail corridor running through the middle of the City from the Port of Seattle in 2011. The corridor passes through several neighborhoods and connects two important transportation hubs. Significant projects for 2017-2018 include investments concurrent with the redevelopment in the Totem Lake area, including the NE 124<sup>th</sup> Street/124<sup>th</sup> Avenue NE Pedestrian Bridge Design and Construction and Totem Lake Intersection Improvements.

**Utilities (Water and Sewer)** — In 2017-2018, the City is investing in the 1<sup>st</sup> Street Sewer Main Replacement project, which will replace the 65 year old existing pipe that is deteriorating and exceeding its useful life. Additional smaller investments throughout the City will help extend the useful life of the water and sewer infrastructure.

**Surface Water** — Surface water drainage design and construction along the CKC at Crestwood Park is highlighted in the Surface Water program, as is the repair of the culvert at NE 141<sup>st</sup> Street/111<sup>th</sup> Avenue NE.

**General Government** — The current financial system was implemented in 1999 and will be unsupported at the end of 2016. As such, a major upgrade or replacement is required, since this system is critical to the operation of all departments in the City. The Financial System Replacement project (\$2.5 million, increased from \$1.3 million from the 2015-2020 Adopted CIP due to available cost estimates) in the Information Technology Program will support the one-time costs of replacing the system. Project funding includes approximately \$1.3 million in the Major Systems Replacement Reserve, a \$1 million transfer of the rate stabilization balance from the Health Fund, representing the initial \$1 million “seed money” deposited into the fund when the City transitioned to a self-insured health plan, that is no longer needed, and approximately \$200,000 from sales tax collections above projection in 2015. It is anticipated that the project will commence in 2017, with full implementation completed by 2019.

# CITY OF KIRKLAND

## PERFORMANCE MEASURES · 2015



# ACKNOWLEDGEMENTS

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# MAYOR'S INTRODUCTION

I am pleased to share with you the City of Kirkland's 2015 Performance Measures Report.

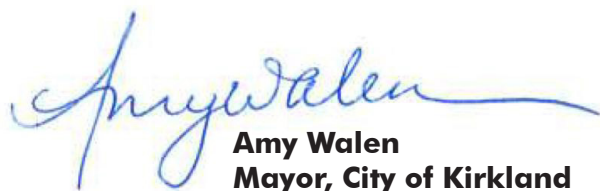
The report is designed around the City Council's ten goals for Kirkland – Balanced Transportation, Dependable Infrastructure, Economic Development, Human Services, Housing, Neighborhoods, Public Safety, Parks, Financial Stability and the Environment – and the long term goals associated with each of these key areas. Each year the Performance Measures Report is compiled to assess how well the City is meeting these goals and to impart to you our changes, challenges and accomplishments.

The City Council and staff use this report to help inform budgets, prioritize projects and establish business strategies. These performance measures are City-wide which means they encompass every department and service from Parks and Recreation to Public Safety. These goals drive the commitment to decisive, responsive action united with fiscal responsibility in every work plan and budget.

The Performance Measures Report is an illustration of where we have been, where we are now and our focus for priorities to achieve the established targets. Consistent with the City's commitment to transparency and responsive government, we are sharing with you how we are meeting the goals the City Council has adopted.

This issue of the Performance Report shares the challenges and successes in 2015 that lay the foundation for changes facing the City in the years to come. We hope this report encourages you to continue to be engaged in your neighborhoods and the greater community and to work with the City to address tough challenges and move Kirkland forward as a strong leader in our region.

As I shared with you in my State of the City address, Kirkland is a city that is thriving. The City Council has adopted a balanced budget for 2015-2016 and we continue to put aside funds into our reserves. We have taken on tough topics such as affordable housing, safe routes to school, the future of the Cross Kirkland Corridor and many others. Listening to the community and responding to the needs of our citizens while being fiscally responsible remain top priorities and will help us keep Kirkland a thriving, livable city.

  
**Amy Walen**  
**Mayor, City of Kirkland**



# CITY COUNCIL VALUES AND GOALS

The purpose of the City Council Goals is to articulate key policy and service priorities for Kirkland. Council goals guide the allocation of resources through the budget and capital improvement program to assure that organizational work plans and projects are developed that incrementally move the community towards the stated goals. Council goals are long term in nature. The City's ability to make progress towards their achievement is based on the availability of resources at any given time. Implicit in the allocation of resources is the need to balance levels of taxation and community impacts with service demands and the achievement of goals. In addition to the Council goal statements, there are operational values that guide how the City organization works toward goal achievement:

- **Regional Partnerships** - Kirkland encourages and participates in the regional approaches to service delivery to the extent that a regional model produces efficiencies and cost savings, improves customer service and furthers Kirkland's interests beyond our boundaries.
- **Efficiency** - Kirkland is committed to providing public services in the most efficient manner possible and maximizing the public's return on their investment. We believe that a culture of continuous improvement is fundamental to our responsibility as good stewards of public funds.
- **Accountability** - The City of Kirkland is accountable to the community for the achievement of goals. To that end, meaningful performance measures will be developed for each goal area to track our progress toward the stated goals. Performance measures will be both quantitative and qualitative with a focus on outcomes. The City will continue to conduct a statistically valid citizen survey every two years to gather qualitative data about the citizen's level of satisfaction. An annual Performance Measure Report will be prepared for the public to report on our progress.
- **Community** - The City of Kirkland is one community composed of multiple neighborhoods. Achievement of Council goals will be respectful of neighborhood identity while supporting the needs and values of the community as a whole.

The City Council Goals are dynamic. They should be reviewed on an annual basis and updated or amended as needed to reflect citizen input as well as changes in the external environment and community demographics.

**Kirkland is an attractive, vibrant and inviting place to live, work and visit. Our lakefront community is a destination for residents, employees and visitors. Kirkland is a community with a small-town feel, retaining its sense of history, while adjusting gracefully to changes in the twenty-first century.**

## **PUBLIC SAFETY**

Ensure that all those who live, work and play in Kirkland are safe.

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

## **DEPENDABLE INFRASTRUCTURE**

Kirkland has a well-maintained and sustainable infrastructure that meets the functional needs of the community.

**Council Goal:** Maintain levels of service commensurate with growing community requirements at optimum life-cycle costs.

## **BALANCED TRANSPORTATION**

Kirkland values an integrated multi-modal system of transportation choices.

**Council Goal:** Reduce reliance on single occupancy vehicles and improve connectivity and multi-modal mobility in Kirkland in ways that maintain and enhance travel times, safety, health and transportation choices.

## **ECONOMIC DEVELOPMENT**

Kirkland has a diverse, business-friendly economy that supports the community's needs.

**Council Goal:** Attract, retain and grow a diverse and stable economic base that supports city revenues, needed goods and services and jobs for residents.

## **PARKS AND RECREATION**

Kirkland values an exceptional park, natural areas and recreation system that provides a wide variety of opportunities aimed at promoting the community's health and enjoyment.

**Council Goal:** Provide and maintain natural areas and recreational facilities and opportunities that enhance the health and well being of the community.

## **ENVIRONMENT**

We are committed to the protection of the natural environment through an integrated natural resource management system.

**Council Goal:** Protect and enhance our natural environment for current residents and future generations.

## **FINANCIAL STABILITY**

Citizens of Kirkland enjoy high quality services that meet the community's priorities.

**Council Goal:** Provide a sustainable level of core services that are funded from predictable revenue.

## **HUMAN SERVICES**

Kirkland is a diverse and inclusive community that respects and welcomes everyone and is concerned for the welfare of all.

**Council Goal:** Support a regional coordinated system of human services designed to meet the basic needs of our community and remove barriers to opportunity.

## **NEIGHBORHOODS**

The citizens of Kirkland experience a high quality of life in their neighborhoods.

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

## **HOUSING**

The City's housing stock meets the needs of a diverse community by providing a wide range of types, styles, size and affordability

**Council Goal:** Ensure the construction and preservation of housing stock that meets a diverse range of incomes and needs.

# WHY MEASURE OUR PERFORMANCE?

Measuring performance provides a quantifiable way in which to recognize successes and areas needing improvement. The City's progress is measured against data from previous years, targets set in master plans and benchmarks with other communities. By measuring our programs using a variety of data, we can see how Kirkland's present state relates to its past indicators and future plans.

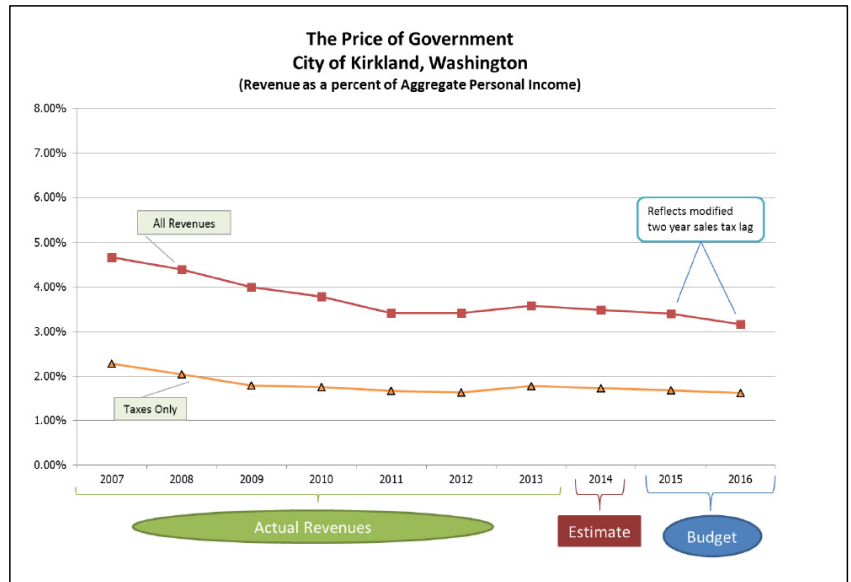
Performance measures offer transparency and allows the public to hold the City accountable. The report provides insight into costs, accomplishments, areas of improvement and citizen satisfaction as determined by the biennial community survey.

Over the past few years, the City has been guided by three key performance measures that have been accepted by City Council as **"strategic anchors"** on which to base major decisions. The anchors keep the City grounded and on a path to success by considering whether the City is affordable, responsive to the needs of its residents, and financially sustainable. Visual representations and explanations of each strategic anchor follow:

**Price of government** is the sum of all the taxes, fees and charges collected by the City divided by the aggregated personal income of its constituents. This yields a percentage that represents what citizens pay for government. A typical percentage for a city is 5% to 6%. For the City of Kirkland the actual price of government for the past several years has been in the 3-4% range, making Kirkland's price of government one of the lowest in the region.

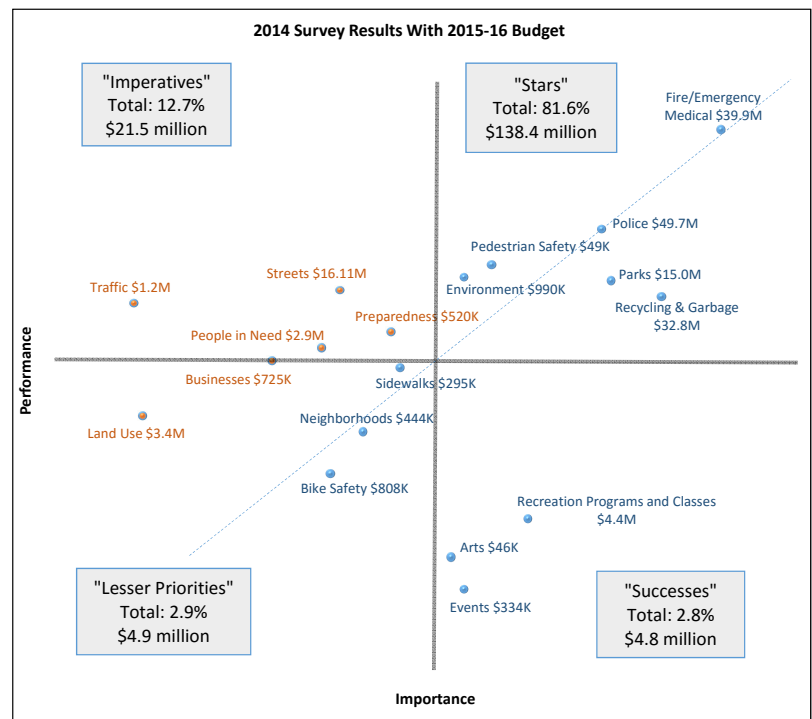
The **"Kirkland Quadrant"** represents eighteen key policy areas (Priority Areas) and the ranking by the citizens through a survey of their importance and the City's performance levels, coupled with the level of investment that the City makes in each area. The dashed line represents the theoretical balance of performance in relation to the level of importance that citizens place on that service. Items significantly to the left of the line may be potentially valuable improvement opportunities, while items far to the right of the line could reflect an imbalance in service resources devoted toward lower quadrant areas.

## The Price of Government: City of Kirkland, Washington (Revenue as a percent of Aggregate Personal Income)



(Figure 1) Affordable Government – from 2015-2016 Biennium Budget

## 2014 Survey Results With 2015-16 Budget



(Figure 2) Responsive and Decisive Government

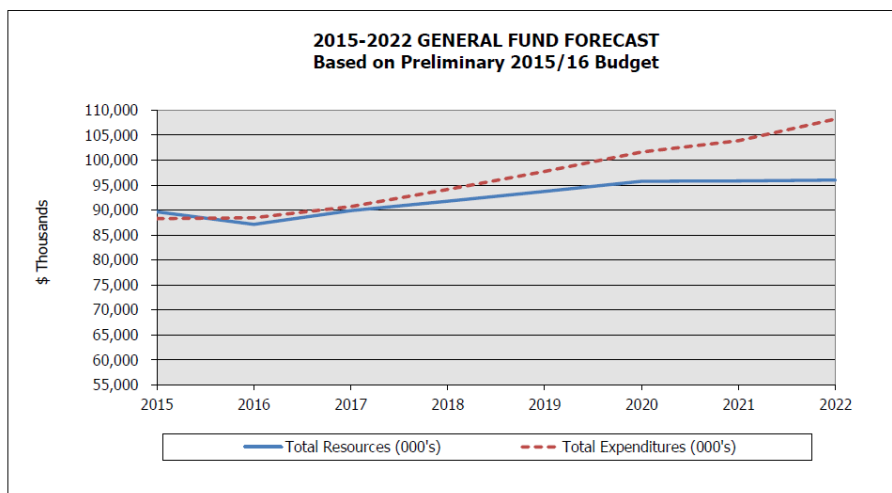
The City uses the Kirkland Quadrant to provide key guidance on the priority areas for investment where opportunities for improvement are identified by the community. In addition, the investment by quadrant is an indicator of how the City is allocating its limited resources to those services, with the majority of investments made in priority areas ranked by the citizens as being of highest importance. This chart represents the data from the 2014 Community Survey and 2015-2016 Budget.

**Financial stability** is creating a balance in the City's efforts to achieve desired outcomes while keeping expenses in line with revenues. This means not only working to balance today's budget, but also keeping in view future needs and opportunities as the City strives to be an excellent steward of the public trust.

These three strategic anchors ground the City's strategic direction, and are used in conjunction with the ten goal areas set forth by the City Council to create a complete performance assessment of how resources have been used in response to citizen expectations.

**Format of Report** – Performance measures provide a logical connection between City resources and desirable community outcomes. If the City devotes resources to a service area, then it should be able to achieve desired outcomes in line with the Council goal of that service area. Each service area includes a performance measures chart of City inputs, outputs, and outcomes. Each section provides a description of why the specific measures were chosen, how the City is performing and how the City is working toward achieving desired outcomes. Each section also includes a case study that highlights specific work for that goal. Data comes from budgeted funding in the Final Budget and Capital Improvement Program documents, department program tracking, master plans and community and business surveys.

**Future of the Report** – The City of Kirkland is changing and the needs of its citizens are changing as well. The goal of the performance report is to show how the City is responding to those needs. This may prompt changes in the scope and scale of performance measures to provide data for decision making at the City and regional level as Kirkland continues to grow as a regional voice. This expansion of impact to the regional level is evident in some of the reports as department leaders strive to find answers to challenges, be good stewards of public funds and provide the best services to the citizens of Kirkland.



	2015	2016	2017	2018	2019	2020	2021	2022
Total Resources (000's)	89,620	87,126	89,879	91,781	93,735	95,742	95,837	95,989
Total Expenditures (000's)	88,285	88,461	90,690	94,124	97,729	101,602	103,894	108,202
<b>Net Resources (000's)</b>	<b>1,334</b>	<b>(1,334)</b>	<b>(812)</b>	<b>(2,343)</b>	<b>(3,994)</b>	<b>(5,860)</b>	<b>(8,056)</b>	<b>(12,214)</b>
<b>Biennium Total (000's)</b>	<b>0</b>		<b>(3,155)</b>		<b>(9,854)</b>		<b>(20,270)</b>	

(Figure 3) Financially Sustainable – from 2015-2016 Biennium Budget

# KEY FINDINGS - COUNCIL GOALS

## Public Safety

- Obtained new water rescue crafts and planned improvements to fire stations
- Shifting schedules for police to address key service needs

## Balanced Transportation

- Cross Kirkland Corridor provides new options for commuters
- Intelligent Transportation System (ITS) phase 1 implemented to improve traffic flow

## Economic Development

- Totem Lake and Kirkland Urban development progress
- Continued decrease in office vacancy rates

## Parks & Recreation

- Continued increase in natural area restoration acreage
- Rise in recreation program participation

## Environment

- Marked improvement in multifamily housing recycling program
- Decreased energy use in City buildings

## Financial Stability

- Sustained Standard and Poor's AAA credit rating
- Adoption of funding for 2015-2020 Capital Improvement Program (CIP)

## Human Services

- Increase in total human services funding
- Growth in number of programs being funded in the community

## Neighborhoods

- Upsurge in neighborhood engagement at neighborhood and City Council meetings
- Expansion in funding for neighborhood capital improvement projects

## Housing

- Increase in City contribution to ARCH Housing Trust Fund
- Continued commitment to affordable and diverse housing

## Dependable Infrastructure

- Pavement Condition Index (PCI) for roadways continues to improve
- Over 30 miles of slurry seal applied to extend roadway lifecycle

# KEY INITIATIVES

The following is a list of the key initiatives that are the actions and work plans for the City based on the ten goals to protect and enhance Kirkland's quality of life. These initiatives create a roadmap from citizen expectations to performance results that ties into future planning, so that the vision we have for tomorrow is being addressed by our actions today.



## KEY INITIATIVES FOR 2015

- Update of Comprehensive Master Plan
- Cross Kirkland Corridor Master Plan
- Neighborhood Safety Program
- Kirkland 2035
- Transportation Master Plan
- Parks, Recreation and Open Space (PROS) Plan
- Aquatics, Recreation and Community Center
- Surface Water Master Plan
- Urban Forestry Strategic Management Plan
- Healthy Kirkland Initiative
- Capital Improvement Project Plan
- Kirkland Urban and Totem Lake Development
- 20 Year Forest and Natural Areas Restoration Plan

# PUBLIC SAFETY

**GOAL** Provide for public safety through a community-based approach that focuses on prevention of problems in a timely manner.

The City provides trained staff and funding

MEASURE	2011	2012	2013	2014	2015	Target
Total Police Services Funding	\$22,763,553	\$24,139,113	\$23,997,564	\$25,608,694	\$25,154,156	N/A
Total Fire and Emergency Management Services Funding	\$18,119,738	\$18,137,506	\$19,628,244	\$19,997,924	\$20,365,020	N/A
Sworn Police FTE's (authorized) per 1,000 population	1.23	1.23	1.20	1.16	1.20	N/A
Paid Fire and EMS staffing per 1,000 population served	1.20	1.11	1.10	1.10	1.10	N/A

So that...

Emergency services provide timely responses

EMS response times under 5 minutes	51%	52%	69%	51%	49%	90%
Fire response times under 5.5 minutes	52%	50%	62%	48%	48%	90%
Building fires contained to area of origin	84%	57%	56%	50%	55%	60%

So that...

Citizens are prepared for an emergency and feel safe

Citizens have at least two working smoke detectors in their residence	*	96%	*	97%	*	100%
Citizens are prepared for a three day emergency	*	70%	*	62%	*	90%
Citizens feel safe walking in their neighborhoods after dark	*	79%	*	82%	*	80%
Citizens feel safe walking in their neighborhoods during the day	*	98%	*	97%	*	90%

\*Community survey occurs in even years

So that...

All those who live, work and play in Kirkland are safe.

## HOW ARE WE DOING?

During this past year, the Police Department has seen a lot of changes. Along with promotions, there has been movement throughout the department. One movement that occurred was the retirement of many of our veteran officers. These retirements, some anticipated, some not, sparked everyone at the Police Department to pitch in and fill in where necessary. Although staffing has been temporarily down, the department has maintained the same level of services to the residents, businesses and visitors of Kirkland as they have come to expect and speak of so highly.

## HOW ARE WE DOING? (cont.)

According to the 2014 Community Survey (survey done every two years), 97% of citizens have at least two working smoke detectors in their place of residence, a slight increase since 2012, and 62% of citizens state that they are prepared for a three day emergency, which is a decrease of 8% since 2012. The survey also revealed that 97% of citizens feel safe walking in their neighborhoods during the day and 82% feel safe walking in their neighborhoods at night. This is the first year both walking safety categories reported figures above their targets.

## WHAT ARE WE DOING?

The Police Department continued its commitment to the community through community-based policing utilizing high visibility strategies to reduce crime and maintain a high level of confidence in public safety. The department has continued to show support to residents and communities by attending as many community meetings and events as possible and always being available to answer questions and work through problems jointly. The department prides itself on using data analysis so that officers and detectives can have a better idea of where and when crimes may be occurring, where collisions are occurring and what is causing them. By focusing our attention on the data, we are able to address the issues by strategically placing our resources. Patrol shifts were changed in 2015 to address the needs of enforcement by time of day and day of the week. This was a significant change in philosophy and was unselfishly navigated by officers, command staff and the City.

With vacancies occurring due to attrition, the Police Department undertook a bold approach to new advertising strategies with its first media recruitment campaign. Radio advertisements, Metro/Sound Transit billboard ads and attendance at many job and career fairs in the region have shown results. Although still in the data gathering stages and mid campaign, initial results show there are many more interested and qualified potential recruits looking to work for the Kirkland Police Department.

The Kirkland Fire Department is a highly trained and well equipped organization, with the protection of resident's lives, property and the environment as its focus. The Fire Department provides fire prevention inspections of commercial properties, fire related plan checks, fire investigation activities, emergency medical response and transport, fire suppression, hazardous material release responses, technical and specialized rescue and emergency management and preparedness to the over 82,000 residents of Kirkland.

The Work Program for the Fire Department for 2014 focused on recommendations from the Fire Strategic Plan including:

- Purchase of land to build a new Fire Station in North Kirkland to better achieve response goals
- Renovation of Fire Station 25 on Finn Hill to upgrade to current codes
- Determine possible locations for replacement of Fire Station 27 (Kingsgate)
- Acquire two Water Rescue Craft and train with them for deployment on surface water rescues
- Plan for renovations of Fire Station 22 (Houghton), Fire Station 26 (Rose Hill) and Fire Station 21 (Forbes Creek)



### Kirkland Fire Department

The Kirkland Fire Department continues to be the regional leader for water rescue. Over fifty classes are taught throughout the year with many surrounding Fire departments utilizing Kirkland's advanced training techniques as their sole source of training. Four levels of training are available starting with the Operations level. All line personnel attend this course each year to gain the skills and knowledge necessary to fill supporting roles for the water rescue technicians entering the water. In 2015, sixty-two personnel were trained to the Rescue Swimmer level allowing them to utilize surface swimming/diving techniques, rescue boards as well as underwater lighting to provide rescue services any time of the year. Of that group thirty-two Rescue Swimmers attended advanced level training to certify them to our Rapid Diver level allowing for extended search and rescue operations beneath the surface. Kirkland remains the only Fire Department in the region to provide a rapid deployment dive service.

In early July 2015, Kirkland took delivery of two custom made Water Rescue Craft. These machines were outfitted with a towable sled, surface and underwater lighting along with other rescue equipment to better allow our rescuers to respond to the forty plus water related emergencies throughout the calendar year. These machines provide the speed (over 50mph) and stable platform to ensure our rescuers have an efficient and safe system to perform rescues in most types of weather. During the months of October through December all Rescue Swimmers received advanced boat operation/rescue training provided at no charge from the Portland Fire Department. The Water Rescue craft labeled Marine 21 and Marine 22 went into service during the early months of 2016.

# BALANCED TRANSPORTATION

## GOAL

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

MEASURE	2011	2012	2013	2014	2015	Target
<i>Percent of Capital Improvement Program Transportation funding devoted to Active Transportation</i>	21%	29%	38%	36%	41%	33%
<i>Percent of proposed Intelligent Transportation System (ITS) projects completed</i>	6%	9%	37%	38%	62%	100% of ITS Strategic Plan
<i>Complete sidewalk construction on at least one side of all school walk routes</i>	83%	88%	89%	89%	89%*	100% by 2019
<i>Percent of bicycle network construction improvement projects completed</i>	50%	50%	64%	80%	80%	100% by 2018
<i>Percentage of designated arterials that are complete streets</i>	58%	59%	60%	60%	60%	100%
<i>Residents surveyed are satisfied with maintenance of active transportation facilities<sup>1</sup></i>	**	No Data	**	82%	**	90%
<i>Automobile crashes involving bikes</i>	14	22	25	14***	24	0
<i>Automobile crashes involving pedestrians</i>	20	25	23	27***	28	0

<sup>1</sup>The planning processes in 2013 and 2014 (Comprehensive Plan update, and the Transportation Master Plan) laid the groundwork for the 2015-2020 Capital Improvement Program update (CIP). In 2015, staff worked to align the CIP priorities with the adopted Kirkland 2035 Comprehensive Plan Vision Statement and Guiding Principles. The result was more emphasis on transit, bicycling, and walking networks. The following processes and programs are examples of this transformation: The City's Neighborhood Safety Program, School Walk Route Program, Walkable Kirkland Initiative, Cross Kirkland Corridor Connections, Suggest-A-Project, and increased coordination with King County Metro. Over \$30 million was allocated in the CIP for bicycle and pedestrian related improvements city-wide with nearly 20% of this funding targeted specifically towards School Walk Routes. Staff has been ramping up to deliver the highest priority projects by the 2019 target date.

\*\*Community Survey conducted in even years

\*\*\*Upon review, the numbers reported for 2014 have been corrected.

City funds active transportation options

So that...

City can implement the adopted Active Transportation and Intelligent Transportation System Plans

So that...

Kirkland has an integrated multi-modal system of transportation that provides mobility and safe travel

## HOW DO WE MEASURE BALANCED TRANSPORTATION?

On November 17, 2015 City Council adopted the City of Kirkland Transportation Master Plan (TMP). It established goals, policies and actions for how the City will expand and maintain a multi-modal transportation system in support of the Comprehensive Plan vision of a livable, walkable, green and connected community. One of the eight goals in the TMP is to "[m]easure and report on progress toward achieving goals and completing actions." The plan provides policy support to implement a multimodal, plan-based concurrency system, establishes acceptable level of service for all modes, adopts a modal split goal for the Totem Lake Urban Center, and ensures TMP implementation by monitoring progress on goals.

# HOW ARE WE DOING?

The percentage of Capital Improvement Program (CIP) projects devoted to Active Transportation increased significantly from 2014, as multimodal projects and corridor studies got underway.

The Intelligent Transportation System (ITS) projects increased dramatically in 2015, as ITS Phase 1 brought 14 intersections online, using advanced technology to improve traffic flow. ITS Phase 2 will begin construction 2016/2017.

Automobile crashes that involved bikes or pedestrians increased in 2015, and after review, the 2014 numbers were found to be inaccurate and have been corrected on the table.

# WHAT ARE WE DOING?

On January 31, 2015 Kirkland residents gathered to celebrate the opening of the Cross Kirkland Corridor (CKC) interim trail. The interim trail is a 10-foot wide crushed rock trail that extends 5.75 miles from the South Kirkland Park and Ride, through the Totem Lake Business District, to 132nd Avenue NE. Completing the interim trail just a few years after the City of Kirkland purchased the corridor means that members of the community could begin using the corridor for transportation and recreation.

Ultimately the entire CKC will be constructed per the CKC Master Plan, which was adopted in June 2014. The CKC Master plan lays out a community vision for this multi-modal transportation corridor, including amenities for pedestrians, bicyclists, and transit riders. The Master Plan includes details about access, amenities, street crossings and mixing zones. In addition to an important multi-modal transportation corridor, the CKC will provide opportunities for community gatherings, events, recreation, and ecological enhancements. Because of the scale of the CKC Master Plan, it will continue to be implemented in phases.

Development on the Google Campus included implementation of a portion of the CKC Master Plan as part of the interim trail. The City is also beginning design of a bridge that will grade separate the CKC at the 124th Avenue NE and NE 124th Street intersection. There are also ongoing efforts by the City and its partners in the community to provide more pedestrian and bicycle connections to the CKC to further increase access and mobility for residents.

The emphasis on pedestrian and bicycle mobility projects not only means more sidewalk and bike lane connections to places people want to go, but it also means better linkage to the regional transit network. The City continues to work with regional transit providers to improve transit in the City.



The Cross Kirkland Corridor



## School Walk Routes

Brad Coulter is the Lakeview Elementary School Librarian and uses the trail daily. "I ride my bike to school from Seattle every day, including the section of the CKC from South Kirkland Park and Ride to Lakeview. I absolutely love the trail. It makes a huge difference to be able to ride on a beautiful gravel trail to work without worrying about cars. I've seen a family of quail, rabbits, three types of woodpeckers, bald eagles, hummingbirds, and even a snake or two on the trail. I often see kids riding or walking. Every May we do a bike to school day, and last year we had about 50 riders on the trail."

The Cross Kirkland Corridor was recognized by the Lake Washington School District as a viable school walk route for children and families walking to school. Over 25,000 people and seven public schools are within 2,000 feet of the corridor making it a very accessible route for students, teachers and administrators.

Four new Cross Kirkland Corridor trail connections were built in 2015 through the Neighborhood Safety Program. Those connections include improved walkways on Northeast 60th Street, 116th Avenue Northeast, and Kirkland Avenue. They also include the bicycle-friendly staircase at Northeast 68th Street.

# ECONOMIC DEVELOPMENT

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

City provides welcoming, supportive environment for businesses

So that...

Kirkland has a healthy business and tourism economy

So that...

Kirkland has a diverse, business-friendly economy that supports the community's needs

MEASURE	2011	2012	2013	2014	2015	Target
Number of businesses helped with consultant services	173	183	187	178	174	N/A
Office space vacancy rate	7.9%	8.4%	7.6%	5.5%	3.3%	Eastside: 9.0%
Lodging tax revenue	\$205,583	\$220,145	\$247,075	\$270,607	\$305,564	Increase
Net new businesses	1475	471	641	**	**	Increase
Visits to ExploreKirkland.com	N/A	105,570	90,523	86,017	111,866	Increase
New Green Businesses	12	9	1	3	**	Increase
Annual number of jobs	N/A	**	**	37,378	**	Increase
Businesses are satisfied with Kirkland as a place to do business	**	**	**	**	81%	80%
Residents are satisfied with the availability of goods and services in Kirkland	*	81%	*	80%	*	80%

\*Community Survey conducted in even years

\*\* No data available

## HOW DO WE MEASURE ECONOMIC DEVELOPMENT?

Net new businesses and office space vacancy rates are both indicators of the health of the local business economy. Kirkland's vacancy rates have decreased as the economy continues to recover from the recession. Lodging tax revenue measures the vitality of the hospitality industry, which in turn supports other tourism assets such as restaurants and retail shops. Internet visits to ExploreKirkland.com website demonstrate the public's interest in Kirkland and often translate to actual visits and extended stays in our city.

# HOW ARE WE DOING?

The City helps to grow the Kirkland economy by recruiting and retaining businesses, promoting Kirkland as a business location, and supporting arts and tourism. Together, these activities enhance the quality of life that residents of Kirkland enjoy and have come to expect. The Kirkland Economic Development Program ministers to small and large businesses. It has invested in a Retention Consultant who provides free services to small businesses in the areas of permitting, marketing, networking and expansion. New businesses are welcomed and can take advantage of a monthly orientation program. Technical assistance is provided through individual work sessions and group seminars and periodic education and networking events. The City-staffed Kirkland Business Roundtable offers CEO-level networking and input on City policy through quarterly meetings. In the past years, the Roundtable has weighed in on the 2035 Comprehensive Plan Update Economic Development Element, downtown vision, and the Cross Kirkland Corridor.

The Tourism Program promotes recreational and leisure opportunities in Kirkland, and brings outside revenues into the City. Exposure to Kirkland through a business trip or attendance at an event can lead to a decision to relocate a home or business here.

# WHAT ARE WE DOING?

The City helps develop the economy of Kirkland through supporting businesses and promoting tourism. Kirkland's Economic Development Program promotes a quality business climate for Kirkland businesses, assists businesses in locating in Kirkland and provides a liaison with City departments. The success of economic development efforts is highly dependent on the general economic climate, regional policies and competing cities' policies regarding business. Local programs help sustain businesses through economic cycles by being responsive to business needs.



## Totem Lake Auto Sales

Looking back to 2015, the City of Kirkland continued efforts to sustain the important automotive sector. Kirkland is home to numerous car dealerships, many of which are located in the Totem Lake Business District. The importance of retail auto sales to the city's economic vitality and generation of sales tax revenue was one of the drivers behind the many steps that the city has taken in 2015 and over the years to enhance the commercial viability of the district.

In late 2010, the City Council adopted a resolution to amend the 2011-2016 Capital Improvement Plan to address flooding problems, and improve transportation access and flow in Totem Lake. Following that action, culvert replacement and beaver dam removal greatly reduced the frequency and severity of roadway closures and property damage due to flooding.

A new connecting roadway between Slater Ave NE and 124th Ave NE was constructed to help improve circulation in 2014. Comprehensive Plan revisions in 2015 enabled the expansions of Hyundai and automobile lines represented by the Rairdon Auto Group to expand.

These infrastructure improvements along with a resurgence in automotive sales, have led to several investments made by auto dealers. These include new Volkswagen, Fiat, Alfa Romeo, Maserati and Nissan dealerships, as well as expansions of the Toyota and Hyundai dealerships.

Table 1.0: New & Used Auto Sales as % of All Sales

CITY	2013	2014	2015
Kirkland	25.8%	24.0%	24.0%
Renton	N/A	18.4%	19.0%
Bellevue	N/A	15.4%	14.7%
Seattle	N/A	3.2%	3.6%
Redmond	N/A	0.3%	0.3%

Historically, the cities adjacent to Kirkland have had a wider array of general merchandise sales and a less dominant percentage of sales attributed to the auto sector. With the delivery of Kirkland Urban and The Village at Totem Lake in the next few years, Kirkland is projected to have a more balanced mix of retail sales and associated sales tax revenue.

Relative to its neighboring cities of Renton, Bellevue, Seattle and Redmond, Kirkland has experienced the highest percentage of new and used auto sales as a percentage of all sales in recent years, peaking at 25.8% in 2013 and falling slightly to 24.0% in 2014 and 2015 (see Table 1.0 below).

Maintaining the health of auto retail in Totem Lake is critically important to generating retail sales tax revenue for the provision of city services and infrastructure investments together with supporting healthy wages and benefits for those employed in the retail automotive industry.

# PARKS AND RECREATION

## GOAL

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

Staff and volunteers maintain parks and manage recreation programs

MEASURE	2011	2012	2013	2014	2015	Target
FTE staff for parks maintenance and recreation programs	48.3	49.43	56.24	59.69	59.76	N/A
Park maintenance FTE's per 100 acres developed land	4.72	4.65	5.05	5.44	5.48	N/A
Number of volunteers	1,909	2,439	2,306	3,012	3,216	N/A
Volunteer hours	14,751	13,901	17,997	19,266	19,431	N/A

So that...

City invests in parks and recreational programs

Parks Capital Improvement Program	\$888,000	\$1,028,000	\$3,537,578	\$3,823,583	\$3,552,615	N/A
Parks Operating & Maintenance Funding	\$3,726,109	\$4,135,489	\$4,969,719	\$5,097,601	\$5,900,339	N/A
Recreation Operating & Maintenance Funding	\$1,879,750	\$2,067,630	\$2,176,292	\$2,198,858	\$2,326,789	N/A

So that...

City progresses on the Park, Recreation and Open Space Plan

Residents with neighborhood park within 1/4 mile radius	68%	68%	68%	68%	68%	100%
Acres of natural area in restoration	38	40.3	48.5	58.6	64.5	487 acres by 2035
Percent of recreation classes meeting minimum enrollment	78%	83%	81.6%	85.4%	87.3%	80%

So that...

Kirkland has an exceptional parks and recreation system

Citizens rate City parks as satisfactory or better	*	96%	*	95%	*	95%
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\*Community survey occurs in even years

## HOW DO WE MEASURE PARKS AND RECREATION SERVICES?

The budget and number of full-time employees (FTE) available to the Parks Department helps measure how often the City is able to maintain its parks. Given the important contribution that volunteers make to the City's work, the number of volunteers and their total number of hours is also tracked.

The Park, Recreation and Open Space (PROS) Plan sets targets that provide benchmarks by which to measure the development and maintenance of Kirkland's parks and natural spaces, including:

- Residents should have access to a neighborhood park within a quarter mile of their home
- All 487 acres of natural areas should be restored to their natural state by 2035

Recreation services are measured by subscription rates. Tracking recreation class attendance demonstrates how well they match residents' preferences.

Citizen satisfaction with the parks, as determined by the Community Survey, provides another measure of how well the park system meets the community's needs.

## HOW ARE WE DOING?

In 2012, Kirkland voters approved a property tax levy to restore and enhance funding for daily park maintenance, summer beach lifeguards, major capital improvements and acquisition of park land, all of which support the health and well-being of the community.

With the infusion of levy funds, park maintenance staffing returned to nearly the level it was in 2010, prior to annexation and recession.

Over 87% of recreation classes met the minimum enrollment, which meets the City's target, a good indication that the classes offered meet the demands of citizens.

## WHAT ARE WE DOING?

Between 2008 and 2012, the acreage maintained by Kirkland parks grew by 20%, mainly due to annexation; however during that period, the department saw funding for maintenance activities reduced by as much as 22%. In 2013, funding from the 2012 voter-approved Parks levy became available to restore labor hours for parks maintenance, materials, supplies and utilities, and establish the Green Kirkland Division to restore and maintain natural areas. Returned were amenities such as restroom service at neighborhood parks, irrigation of lawn areas, staff and materials for weeding and mulching landscape beds, as well as care of park benches, picnic shelters and restroom buildings.

The levy also provided resources for the City to assume from the Finn Hill Park and Recreation District, the maintenance and operation responsibilities of 46-acre O.O. Denny Park. O.O. Denny Park continues to be owned by the City of Seattle.

Further investment in the City's Parks Capital Improvement Program was made through the levy and a number of major projects were started in 2015, such as: Waverly Beach Park Renovation, final design and permitting of Edith Moulton Park improvements, as well as planning and design of the Juanita Beach Bathhouse replacement.

Funding was secured through the levy to keep lifeguards at Houghton and Waverly beaches as well as add water safety services to ever-popular Juanita Beach Park.

In July 2015, the City Council unanimously approved Ordinance 0-4484 placing a ballot to the voters that would create the Kirkland Aquatics and Recreation District. If approved by the voters, the District would have funded an Aquatics-Recreation-Community (ARC) Center. Over the summer, site studies were completed, public meetings and open houses were conducted and in November 2015 the measure went to the voters. The measure was not approved by the voters, so the City did not move forward with the ARC project.

In 2015 the Green Kirkland Partnership finalized updates to its 20-Year Forest and Natural Areas Restoration Plan, a document which guides the City's restoration efforts in its parks and open spaces. The updated Plan, funded by a grant from the King Conservation District, includes the parkland added to the City in 2011 by annexation, and documents the restoration work completed since the original Plan was published in 2008.



Waverly Beach Park



### Green Kirkland Partnership

Did you know that 77% of Kirkland's parklands are natural areas, such as forests and wetlands? Over time, the health of those natural areas has declined due to invasive plant species and impacts associated with adjacent land development. Community residents consistently place high value on natural areas with all the environmental and human health benefits they bring. This led to the Green Kirkland Partnership forming in 2005 to conduct restoration.

The value of restoring natural areas is shown through the support of community organizations, schools, and businesses, and by thousands of volunteers who actively participate each year. Volunteers remove invasive species, plant native species, mulch the ground, and water young plants. In 2015 alone, 2,342 volunteers served 8,715 hours at 228 work parties in 12 parks, at a labor value of \$240,000, and with a total of 65 acres in restoration. More than 90% of the work parties were led by the 25 volunteer Green Kirkland Stewards, who form the golden heart of the Partnership. The Green Kirkland Partnership supports Green Kirkland Stewards with tools and materials, training, publicity, volunteer recruitment, and help by contracted professional crews.

The Green Kirkland Partnership is funded mostly from the 2012 Parks Levy, and with grants and donations. Funding sources in 2015 included grants from the King Conservation District, the Melody S. Robidoux Foundation Fund, and the Washington State Department of Natural Resources; and donations from the Kirkland Parks Foundation and the Kirkland Dog Off-leash Group (KDOG).

To guide restoration work, in November 2015 the City Council adopted the 20-Year Forest and Natural Areas Restoration Plan. The original 2008 Forest Restoration Plan was updated to include new natural areas acquired after annexation in 2011, and to provide ambitious goals and strategies to restore 487 acres of natural parkland by 2035.

# ENVIRONMENT

## GOAL

Protect and enhance our natural environment for current residents and future generations.

MEASURE	2011	2012	2013	2014	2015	Target
Compliance with NPDES Stormwater Permits	100%	100%	100%	100%	100%	100%
Recycling Diversion Rate	52%	53.3%	52.7%	53.7%	54.5%	Increase
City building electricity use (kilowatt/hour)	2,674,348	2,669,158	2,775,022	2,494,101	2,275,122	Decrease
City building natural gas usage (therm)	66,795	61,944	62,237	103,196	91,946	Decrease
Waste entering landfill from residences	17,861 tons	22,109 tons	22,033 tons	21,840 tons	21,742 tons	Annual 2.5% decrease
Annual reduction in City's greenhouse gas emissions as a percent of 2005 levels	38%	*	21%	14%	16%	80 % below 2005 levels by 2050

\*No data available

City implements comprehensive natural resource management system

So that...

Kirkland protects and enhances its natural environment

So that...

Current and future citizens of Kirkland enjoy a healthy natural environment and resources

## HOW DO WE MEASURE ENVIRONMENTAL SUSTAINABILITY?

The National Pollutant Discharge Elimination System (NPDES) stormwater permit compliance encompasses a wide range of actions the City undertakes to improve surface water quality. Recycling diversion rates and waste entering the landfill measure the effect of the City's waste reduction efforts. High resolution satellite imagery and remote sensing and geographic information system (GIS) mapping is used to determine the amount of tree leaf surface covering a large area.

## HOW ARE WE DOING?

The recycling diversion rate increased to 54.5%. This represents the amount of waste that was not sent to landfills, but recycled from both single and multi-family residences (this does not count commercial recycling). Single family housing recycling diversion rates continue to be one of the highest in King County reflecting the City's focus and citizen efforts to recycle more items that would otherwise end up in a landfill. Through increased outreach around our multi-family toolkit program, we were able to raise our multi-family recycling rate from 18.8% in 2014 to 21.4% at the end of 2015.

Electricity usage in City buildings decreased over 218,000 kilowatts per hour, and natural gas usage decreased over 11,000 therms primarily due to the significantly warmer winter.

# WHAT ARE WE DOING?

## Kicking Recycling Off: Kirkland Heights

At Kirkland Heights, a 180-unit property in Kingsgate, the City worked with Waste Management and property management staff to develop a brand new recycling program. Residents attended a recycling kickoff party, where kids played recycling games and each household could take home a recycling guide and container for their home after pledging to recycle.

- Added recycling dumpsters throughout the property
- Increased recycling capacity from 0% to 40%
- Reduced their bill by \$1,600 a month – almost \$20,000 a year!

## Starter Kits and Service Tweaks: Cambridge Place / Village at Juanita

We worked closely with the property management team at Cambridge Place/Village at Juanita, a 130-unit condominium and apartment complex, to increase recycling capacity and add compost service, while educating residents.

- Added additional recycling carts to each enclosure and reduced garbage service
- Added City-provided compost service
- Residents coming into the office received free recycling and composting starter kits
- Increased recycling capacity from 14% to 34%
- Now saving \$800 a month!

Because of the success of the program, property management is considering rebuilding the enclosures to accommodate recycling dumpsters to meet the increased demand for recycling space.

## Half the Trash: Brezza Condominiums

Brezza Condominiums in downtown Kirkland also found savings through increased recycling. They cut their garbage service in half, added compost service, and encouraged residents to increase recycling – and recycle the right way by breaking down boxes and keeping recyclables loose. The property also educates residents on additional waste reduction and recycling opportunities, like donating textiles to local thrift stores and bringing Styrofoam to the City's Styrofest events. This effort has helped to save them \$500 per month on their bill.

## Not Just for Big Properties: Brookside Park

Small properties can benefit from recycling programs too. Brookside Park, a 16-unit condominium complex in Moss Bay found they could decrease their garbage service after implementing recycling this year. The City provided recycling containers, guides, and posters to all residents, and helped the property go from zero recycling available to 48% recycling capacity, while also saving almost \$100 per month on their bill.



Recycling games at Kirkland Heights

solarize kirkland

**Solarize Kirkland** is a partnership with Puget Sound Energy, NW Sustainable Energy for Economic Development (SEED) and Solarize Washington. The Solarize Kirkland program provides opportunity for a group purchase of solar arrays to help residents and businesses obtain affordable solar installation. Solarize Kirkland received a great gain in 2015. Prior to the Solarize Kirkland events there were 71 permitted rooftop solar arrays in the City. After five face-to-face workshops and a webinar, with a total of over 400 attendees there were 42 additional permitted rooftop solar arrays in the City.

## Community Donation

Northwest Electric & Solar agreed to donate a free 3.8 kW 12-panel system to a Kirkland nonprofit when 25 contracts were signed in the Solarize Kirkland project. Eight nonprofits submitted applications. After personal interviews and site assessments, the nonprofit Friends of Youth was selected to receive the award



Solar Panels installed at Friends of Youth Building

# FINANCIAL STABILITY

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

City is fiscally responsible

So that...

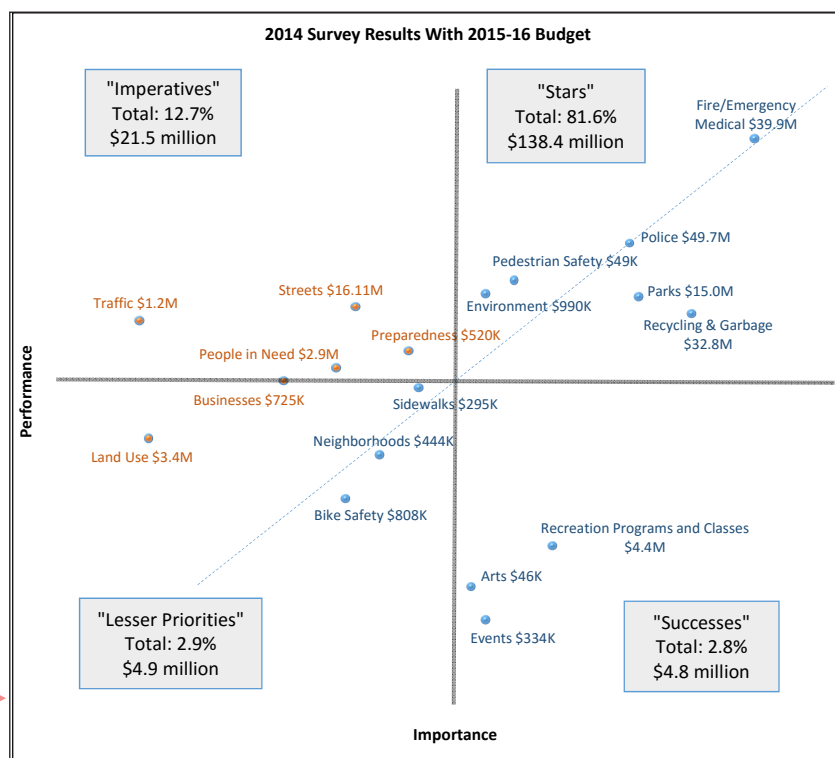
City can invest in community priorities

So that...

The citizens of Kirkland enjoy high quality services that meet the community's priorities

MEASURE	2011	2012	2013	2014	2015	Target
Minimum balance in General Purpose Reserves	72%	74%	76%	78%	89%	80% of budgeted reserve target
Credit Rating	AAA	AAA	AAA	AAA	AAA	AAA
Percent of funding allocated to high priority services (Stars and Imperatives) <sup>1</sup>	*	94.2%	*	94.3%	*	80% of rated services

\*Community Survey conducted in even years



2015 Citizen Survey

## HOW DO WE MEASURE FINANCIAL STABILITY?

Standard and Poor's credit rating provides an external assessment to the City's financial stability, and this measure is used in partnership with revenue and expenditure forecasts to create a picture of the City's stability.

The City also closely monitors available funding for reserves, which demonstrates the City's ability to respond to basic services through economic cycles and meet unforeseen needs.

## HOW ARE WE DOING?

Contingency reserves were used to help balance the budget during the economic downturn, leading to a decrease in the minimum balance in the reserves. The Council began replenishing reserves with the start of the economic recovery in 2011 and following Council action, the City continues to increase reserve levels, with reserves projected to reach target by 2019.

Standard and Poor's AAA credit rating is the highest rating that can be achieved by a municipality and saves Kirkland taxpayers money through lower interest rates when borrowing. Kirkland has retained its AAA rating in recent years, including throughout the great recession. The rating reflects factors including community demographics, use of best practices and financial strength.

Despite constrained budgets, the City has continued to invest in areas that the community has highlighted as a priority. The most recent Community Survey, carried out in 2014, showed that 94.3% of the budget was allocated to high priority areas. Further, the City has also made long term decisions, such as the voter enacted 2012 Streets and Parks Levies, to facilitate greater spending on areas citizens have highlighted as important.

Balancing affordability, sustainability and responsiveness to citizen needs means that the City is able to ensure improvements are made in a financially responsible manner, while sufficiently prioritizing areas citizens are most concerned about.

## WHAT ARE WE DOING?

Financial stability is essential to the City of Kirkland. The City prioritizes maintaining a stable financial base from which to fund core services, and ensures all major decisions are affordable. Kirkland establishes strong financial management policies by:

- Realistically estimating revenues and expenditures
- Consistently monitoring and amending the budget based on actual performance
- Creating a long-term financial plan
- Ensuring long-term capital improvement funding
- Managing investments and debt
- Maintaining reserves to offset economic downturns

The City's biennial budget is an essential planning document and provides strategic insight into current spending allocations and future spending priorities. The City continues to further integrate the budget with the overall performance management framework to ensure that the spending decisions are responsive to citizen needs and council priorities, as well as sustainable and affordable.



### City Adopts Funding Plan for Key 'Kirkland 2035' Goals

In December 2015, Kirkland City Council adopted the 2015-2020 Capital Improvement Program (CIP). This six year funding plan will deliver large scale projects in key areas such as transportation, parks, utilities and surface water.

The 2015-2020 CIP was developed using input from the Kirkland 2035 public involvement initiative, and includes projects identified in recent master plans for Transportation, the Cross Kirkland Corridor, Surface Water and Parks. Combining this wealth of public information and input into a defined and prioritized funding document, enables the City to strategically deliver key projects while staying within the limited financial resources available.

# HUMAN SERVICES

## GOAL

Support a coordinated regional system of human services designed to meet the basic needs of our community and remove barriers to opportunity.

City funds human service agencies

So that...

The City supports programs that help people meet basic needs

So that...

Kirkland meets the needs of our community

MEASURE	2011	2012	2013	2014	2015	Target
Total human services funding	\$2,202,081	\$2,513,170	\$2,654,433	\$2,786,692	\$2,921,624 *	N/A
Human services funding per capita	\$32.29	\$30.84	\$32.58	\$34.13	\$35.01	N/A
Number of programs funded* in each community goal area:						
1. Food to Eat and Roof Overhead	18	18	21	21	23	N/A
2. Supportive Relationships within Families, Neighborhoods and Communities	13	13	13	13	15	N/A
3. Safe Haven from All Forms of Violence and Abuse	9	9	4	4	5	N/A
4. Health Care to Be as Physically and Mentally Fit as Possible	10	10	15	15	16	N/A
5. Education and Job Skills to Lead an Independent Life	6	6	9	9	8	N/A
Funded agencies meet or exceed human services contract goals	95%	94%	94%	94%	94%	100%
Percent of applicant programs receiving funding from the City	77%	74%	84%	84%	88%	100% of eligible programs

\*Represents the 2015 share of the biennial funding (\$6.0 million) and per capita (\$71.67)

## HOW DO WE MEASURE HUMAN SERVICES?

The City contracts with a range of non-profit agencies that have multiple funding sources. The City uses measures such as funding level, and funding per capita to help measure our commitment to the non-profit agencies supported by the City.

The non-profit agencies have service delivery goals and outcome expectations that they are required to track and report to the City on a quarterly basis.

## HOW ARE WE DOING?

Demand for human services in Kirkland remains high. Programs supported by grant funding deliver numerous essential services to provide a safety net for Kirkland residents. For the most part, agencies provide a great deal more service units of shelter, food, clothing, counseling, medical care, employment assistance, mentoring, training and other services to City residents than reimbursed by the City. Programs often utilize the time and talents of community volunteers to help bridge the gap.

The City's investment in human services has continued to increase. The number of funded programs has grown from seven in 1987 to 67 in the 2015-2016 biennium. The amount of funding for grants has also increased to over \$1.6 million. The 2011 annexation of 31,718 new residents to the City did cause a fall in per capita funding for Human Services.

The percentage of funded agencies reaching or exceeding their targets remained high at 94%. The City will continue to work with funded agencies to ensure this number gets to the target of 100%.

## WHAT ARE WE DOING?

In addition to supporting local human service agencies, the City supports its residents through a number of efforts including:

- A Senior Center Program
- A Community Youth Services Program and Teen Center
- Support for Domestic Violence Survivors
- A Police School Resource Program
- Coordination of a neighborhood food drive each fall, where food and cash donations are raised to benefit local food banks. Kirkland Youth Council hosts its own food drive as well each year.

## REGIONAL PARTNERSHIPS

The human service agencies that the City supports are part of a regional delivery system that addresses the needs of residents throughout the Eastside. The City of Kirkland partners with other Eastside cities in a pooled funding program that streamlines the application and reporting process for each program.

The Human Services Division staff represents Kirkland on a number of regional collaborative efforts:

- All Home
- Alliance of Eastside Agencies
- Eastside Easy Rider Collaborative
- Eastside Homelessness Advisory Committee (EHAC)
- Eastside Human Services Forum
- Eastside Refugee and Immigrant Coalition
- Eastside Winter Shelter Task Force
- King County Alliance for Human Services
- King County Community Development Block Grant Consortium
- Kirkland Nourishing Network
- North/East King County Funders Group



### Youth Eastside Services (YES) supports students and their families at John Muir Elementary & Rose Hill Elementary through the Family Net program

The Family Net program provides comprehensive, free-of-charge social services for children and their families at Rose Hill Elementary and John Muir Elementary Schools in Kirkland. Family Net helps solve problems at school, home, or community by supporting parents and children. The Family Support Specialists (FSS) ensure that children and families are connected to needed community services and resources, via information and referrals and provide drop-in counseling support. They also participate in teams which include school staff and parents, to provide recommendations and intervention services. The FSS also foster and manage partnerships with community organizations and businesses, such as Assistance League of the Eastside, Eastside Baby Corner, Hopelink and Kirkland Nourishing Networks which helps provide students and their families with school supplies, school clothes, bikes, meals, and emergency financial needs (such as utility bills). In addition, YES provides their own emergency assistance to provide families or children with interview/working clothing, rent assistance (after an eviction notice), basic foods that are sensitive to family cultural food needs, emergency lunch for children (who forgot their money or parents forgot to pay their account), clothes/supplies to participate in sports, gas gift card to get to their jobs and over-the-counter medicine (such as cold medicines).

# NEIGHBORHOODS

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

City provides funding and outreach for neighborhood participation

MEASURE	2011	2012	2013	2014	2015	Target
Subscriptions/number of e-bulletins sent out	1086/137	1154/340	1231/283	1281/317	1313/264	N/A
Neighborhood CIP funding	0	0	0	\$150,000	\$350,000	N/A
Number/amount of neighborhood matching grants	11/\$11,130	13/\$14,570	10/\$13,890	10/7,943	11/19,250	N/A

So that...

Citizens participate in their neighborhoods and citywide forums

Value of Volunteer hours in neighborhood projects	\$31,776	\$30,836	\$30,199	\$73,862	\$39,452	N/A
Number of attendees at City Council neighborhood meetings	262	67*	123	177	231*	50+ per meeting
Number of questions submitted to City Council neighborhood meetings	100	34	24	68	69	N/A
KAN Neighborhood University attendees	130	20	70	80	350	N/A

So that...

Citizens are satisfied with City services and the quality of life in their neighborhoods

Citizens surveyed are satisfied with neighborhood infrastructure and maintenance (satisfactory or better)	**	81%	**	82%	**	90%
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\* There was one less City Council meeting with neighborhoods in 2010, 2012, and 2015 (adjusted to accommodate the neighborhood's requested change)

\*\*Community Survey conducted in even years

## HOW DO WE MEASURE NEIGHBORHOOD SERVICES?

Citizen satisfaction with neighborhood services and infrastructure demonstrates how well the City understands the needs of residents and subsequently invests in neighborhood planning and capital improvements.

Rates of citizen participation in neighborhood activities reflect the neighborhood organizing work done through the Neighborhood Services Division.

E-bulletin communications, neighborhood funding and outreach programs demonstrate how the City actively connects residents with resources and stimulates participation in local government.

## WHY DID WE CHOOSE THESE MEASURES?

These measures account for the neighborhood organizing work done through the Neighborhood Services Division of the City Manager's Office. This is only one element of what influences a citizen's satisfaction with government and their neighborhood.

## WHAT IS THE CITY OF KIRKLAND'S ROLE?

The City is committed to supporting neighborhoods by:

- Providing neighborhoods with resources to address needs;
- Strengthening the relationship between City Hall and the neighborhoods;
- Supporting the neighborhood associations in expanding their membership;
- Increasing awareness of City services; and
- Building partnerships to improve Kirkland's neighborhoods.

The Neighborhood Services staff provides outreach and resources through personal contact, e-bulletins and the City website. The City distributes neighborhood matching grants for neighborhood projects. Project creation and volunteerism enable residents to actively participate in local government, build community and improve the quality of life in their neighborhood.

Neighborhood Services connects residents with City-wide issues by coordinating City Council meetings in four neighborhoods per year. Citizens can talk directly to City Council members and ask questions regarding neighborhood and City-wide issues.

The Kirkland Alliance of Neighborhoods (KAN), with the help of the City, leads yearly Neighborhood University sessions. These classes teach residents about city government, neighborhood organizing, and leadership. KAN meets five times a year to exchange information about neighborhood issues, network, provide educational opportunities for neighborhood leaders, and connect with City services.

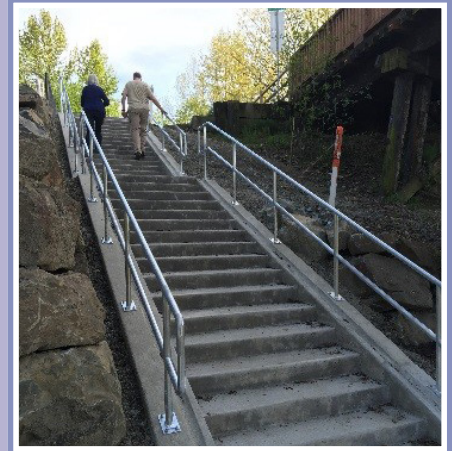
Representatives from the Kirkland Alliance of Neighborhoods and other neighborhood leaders worked with City staff to develop and implement the Pilot Neighborhood Safety Program. The purpose of the program is to "reenergize neighborhoods through partnerships on capital projects implementation".

## WHAT ELSE INFLUENCES THESE MEASURES?

Reenergizing neighborhoods was the focus for 2013 and 2014 (identified in the City's Work Program). As a result, the City Council, Kirkland Alliance of Neighborhoods (KAN) and staff embarked on a multitude of initiatives to create partnerships on capital project implementation and clarify roles in future planning and transportation efforts. The following lists some examples:

- Hundreds of residents participated actively in the Comprehensive Plan and Neighborhood Plan update process.
- Thirty residents participated in annual Town Hall meeting offered by City Council.
- Seven projects were identified, prioritized, and funded through the Pilot Neighborhood Safety Program in the new neighborhoods.
- Nearly two hundred requests were logged into the Suggest-a-Project interactive map.
- Fifty residents attended Neighborhood U (Transportation – traffic impacts facing Kirkland today)

The following projects were funded through the Neighborhood Safety Program in 2015.



Stairs were built for this important connection from Northeast 68th Street to the Cross Kirkland Corridor



Stairs were rebuilt on 116th Avenue Northeast to connect the Highlands Neighborhood to the Cross Kirkland Corridor



Rapid Flashing Beacons were added to crosswalks at three different locations

# HOUSING

**GOAL** Ensure the construction and preservation of housing stock that meets a diverse range of incomes and needs.

MEASURE	2011	2012	2013	2014	2015	Target
City contributions to ARCH (A Regional Coalition for Housing) Trust Fund*	294,337	\$442,098	\$424,108	\$406,092	\$478,476	\$280,000 to \$350,000
Number of low income housing units produced	39	58	15	19**	7***	69 units per year
Number of moderate income housing units produced	21	26	23	8**	0***	49 units per year
Total number of low and moderate income units brought online	60	84	38	27**	7***	118 units per year

\*Includes General Funds, Community Development Block Grant Funds, and reallocation of affordable housing loans that have been repaid.

\*\*Housing market survey units not included. Corrections made to 2014 data.

\*\*\*ADU and housing market survey units not included.

City funds affordable housing

So that...

City has a sufficient stock of affordable housing to meet the needs of the community

## HOW DO WE MEASURE AFFORDABLE HOUSING?

King County's Countywide Planning Policies determine the affordable housing targets for cities based on a variety of factors, including the projected affordable housing needs of low and moderate income households, the existing stock of market rate and subsidized housing, and the number of jobs by wage level and location.

Kirkland's progress towards meeting those targets include affordable housing units that have been built as a result of:

- Housing Trust Fund contributions
- Housing regulations that the City has adopted, such as affordable housing requirements, Accessory Dwelling Units, and tax exemptions
- Private housing development with market rents at affordable levels

## HOW ARE WE DOING?

The City continues to make significant contributions to the A Regional Coalition for Housing (ARCH) Trust Fund. Following the annexation of the North Juanita, Finn Hill and Kingsgate neighborhoods, the City's target for contributions to the Housing Trust Fund increased to reflect the larger population. The combination of the City increasing its contributions, plus a one-time increase in Community Development

Block Grant (CDBG) funds allocated to ARCH through King County, account for the large increase in funding in 2012. The City continued to contribute above targets through 2015.

Progress towards meeting affordable housing targets established in the Countywide Planning Policies fluctuates annually. This is due to a variety of factors, including when the City's trust fund contributions get allocated and to which projects. The City gets credit for affordable housing units based on its monetary contributions, regardless of where the units are built, as well as affordable units that are built in the City through regulatory requirements and market forces. The good news is that affordable housing is being built in Kirkland!

## WHAT ARE WE DOING?

Kirkland continues to take a multi-faceted approach to creating a diverse housing stock that meets a variety of income ranges and needs. Several multi-family and mixed use developments where affordable housing will be required by zoning regulations are currently in the pipeline, from conversations prior to permit submittal through actual construction. The City's growing list of regulations to encourage and enable affordable and diverse housing include:

- Accessory Dwelling Units
- Small lot single family allowances
- Cottage and carriage housing regulations
- Affordable housing requirements with offsetting density bonuses
- Multifamily residential tax exemptions
- Standards for transit-oriented development at South Kirkland Park and Ride
- Impact fee exemptions for affordable housing

Planning staff and the Planning Commission will prepare a new Housing Strategy Plan to provide direction for additional future initiatives that the City will undertake in support of affordable and diverse housing. In addition, the City sees a tremendous return on its annual investment in the ARCH Housing Trust Fund. All of the low income units and about 20% of the moderate income units that the City has been given credit for producing are a result of financial contributions made by the City to affordable housing projects within Kirkland and other ARCH cities through the ARCH Housing Trust Fund.

Public funders have committed \$5 million with \$500,000 from ARCH member cities (including the City of Kirkland), \$2.5 million from the State of Washington, \$1 million from King County, and \$1 million from Seattle. Those public funds have leveraged at least \$13 million in private funds from foundations, mission driven investors and banks and community development financial institutions. The program is able to add additional funds with a long-term goal of having \$25 million available for developments in King, Pierce and Snohomish Counties.

The REDI Fund is intended to increase the spectrum of lending sources available to developers that are interested in equitable transit oriented development. It is a revolving loan fund, which means that as loans are repaid, the money can continue to be reinvested in successive projects in a variety of locations throughout the region.

## Regional Equitable Development Initiative Fund

A Public and Private Partnership Supporting Affordable Housing Near Transit



The City of Kirkland has a long history of working cooperatively with other jurisdictions, agencies and non-profits to create and preserve affordable housing throughout East King County. It was a founding member of A Regional Coalition for Housing (ARCH) in 1993 when it formed to assist with the preservation and creation of affordable housing for low- and moderate- income households. ARCH does this by helping develop housing policies and programs, as well as coordinating the cities' financial support for affordable rental and ownership housing.

The Regional Equitable Development Initiative (REDI) Fund is another example of a regional cooperative effort for ARCH and the City of Kirkland. The goal of the REDI Fund is to create affordable housing near transit, improving opportunities to utilize public transit and reduce transportation and housing costs. The concept emerged from the work of the Growing Transit Communities (GTC) Partnership, a consortium of public, private, and non-profit stakeholders led by the Puget Sound Regional Council (PSRC). The REDI Fund allows strategic early investment in well-served transit oriented neighborhoods. It provides low interest loans to non-profit and private developers to secure land or existing residential properties to create projects that include affordable housing. It also encourages the incorporation of other community facilities into resulting developments.

# DEPENDABLE INFRASTRUCTURE

**GOAL** Maintain levels of service commensurate with growing community requirements at optimum life-cycle costs.

MEASURE	2011	2012	2013	2014	2015	Target
Transportation Capital Projects Funding	\$11,515,600	\$10,708,580	\$12,848,300	\$11,917,000	\$11,089,300	N/A
Water/Sewer Capital Project Funding	\$1,450,000	\$2,850,000	\$5,080,070	\$5,597,000	\$5,679,000	N/A
Street Maintenance crew FTE's per 100 lane miles	3.12	3.12	3.23	3.23	3.07	N/A
Water/Sewer Maintenance crew FTE's per 100 miles of water and sewer mains	5.57	5.55	5.55	5.44	5.54	N/A
Pavement Condition Index for Major and Minor Arterial Streets	60.8	60.8	62.3	62.6	77.0*	70***
Pavement Condition Index for Collectors and Neighborhood Streets	76.1	76.1	74.7	72.8	78.3*	65***
Citizens surveyed rate street maintenance as satisfactory or better	**	89%	**	82%	**	90%
Water Main Breaks	1	2	2	2	2	0
Sewer Obstructions	3	0	2	2	1	0

\* The increase in PCI results from a combination of improved conditions and a change in survey methodology.

\*\* Community Survey conducted in even years.

\*\*\* The optimal target for PCI, in terms of life cycle costs, is approximately 80. Given the new PCI survey, staff recommends changing the target to 80 in the future.

City funds and staffs infrastructure maintenance

So that...

Infrastructure monitoring indicates good conditions

So that...

Kirkland has well maintained and sustainable infrastructure that meets the functional needs of the community

## HOW DO WE MEASURE DEPENDABLE INFRASTRUCTURE?

The Pavement Condition Index (PCI) and the number of water main breaks and sewer obstructions provide some indication as to how well the City is maintaining its infrastructure. In addition to the PCI rating, a resident survey is conducted every other year to determine resident satisfaction with streets. These measures help determine whether or not the City is meeting the community's desired level of service. The level of maintenance the City can perform is directly influenced by available funding and staffing levels.

## HOW ARE WE DOING?

In 2012, Kirkland voters approved a permanent property tax levy for funding of city street maintenance and pedestrian safety measures. Since 2012, the PCI measuring overall rating for city streets has improved. Improvements in average PCI is the result of two factors: 1) a successful pavement maintenance program, and 2) a change in methodology for pavement condition surveys. The rating for major and minor arterial streets has moved from 60.8 in 2012 to 77.0 in 2015. The PCI for collectors and neighborhood streets has gone from 76.1 in 2012 to 78.3 in 2015. Over this same time frame, from 2012 to 2015, citizen satisfaction with street maintenance has remained below the 90% target.

Over the last couple of years, water main breaks and sewer obstructions have remained consistent with a total of two incidents or less per year for each. The City continues to work towards the target goal of zero incidents per year.

In 2016, the City began developing a new Maintenance Management System (MMS). The new MMS will provide information on planned versus actual service and costs for all areas of infrastructure maintenance. New performance measures will be available as the new MMS is implemented.

## WHAT ARE WE DOING?

The Public Works Department maintains a comprehensive system of roads, sidewalks and utility infrastructure. The Prop 1 Levy is providing additional resources to reduce the backlog of deferred street maintenance and to install safety improvements that meet aggressive 20 year targets. In 2015, Street funding helped to apply over 30.8 lane miles of slurry seal to protect and extend the life of Kirkland's streets. Arterials with particularly low PCI ratings were resurfaced with an asphalt overlay. In addition, curb ramps that meet Americans with Disabilities Act (ADA) standards have been installed in the same areas to improve access for everyone.

Professional personnel and reliable facilities ensure that residents do not experience lapses in water or sewer service. Additionally, the City has adopted an updated Surface Water Master Plan that meets the requirements of the federal National Pollutant Discharge Elimination System (NPDES) permit, as well as protecting the environment, homes, and businesses with good surface water practices. By maintaining safe and effective sewer, wastewater, and surface water systems, the City provides a reliable infrastructure for improved business vitality and growth, as well as a healthy and clean quality of life for Kirkland's residents.



City of Kirkland road crew applying Slurry Seal..



## Transportation Master Plan

In 2015, the City adopted the Transportation Master Plan (TMP). The TMP not only looks at how the City will expand multimodal transportation system to keep pace with growth, it also plans for how the City will maintain its existing transportation infrastructure in a state of good repair.

One of the eight goals in the TMP is to "Be Sustainable" and "[a]s the transportation system is planned, designed, built, maintained and operated, provide mobility for all using reasonably assured revenue sources while minimizing environmental impacts." Maintaining existing infrastructure in good condition is a critical requirement of sustainability. The TMP takes into account the 2012 Street Levy which was passed by Kirkland voters. Most of the funding from this Levy goes toward pavement maintenance. Maintenance funding targets for other systems, including sidewalks, traffic signals and lighting systems has been included in the TMP.

The TMP states that the City should place a higher priority on funding maintenance and operation of existing infrastructure, rather than on construction of new facilities. There is also an increased emphasis on maximizing the useful lifetime of the transportation network and optimization of lifecycle costs. The emphasis on maintenance in the TMP means that 43% of the 20-year Transportation Plan budget is allocated to street maintenance and other maintenance for signals, markings and sidewalks.

# DEPENDABLE INFRASTRUCTURE

**GOAL** Maintain levels of service commensurate with growing community requirements at optimum life-cycle costs.

## WHAT ARE WE DOING? (continued)

Several major capital improvement projects were completed in 2015. The Northeast 85th Corridor Improvement Project spanned one-mile of NE 85th Street between I-405 and 132nd Avenue NE. The project replaced the 50-year old water main, provided water quality treatment for surface water, improved pedestrian access as well as lighting and intersection improvements. A new pavement surface, traffic channelization, and landscaping vastly enhanced the overall experience for all users of this important transportation corridor and for the business community. Additionally, the major reconstruction of Park Lane in downtown Kirkland has enlivened the City's streetscape, providing a welcoming pedestrian corridor that is perfect for daily business, as well as public festivals and celebrations.

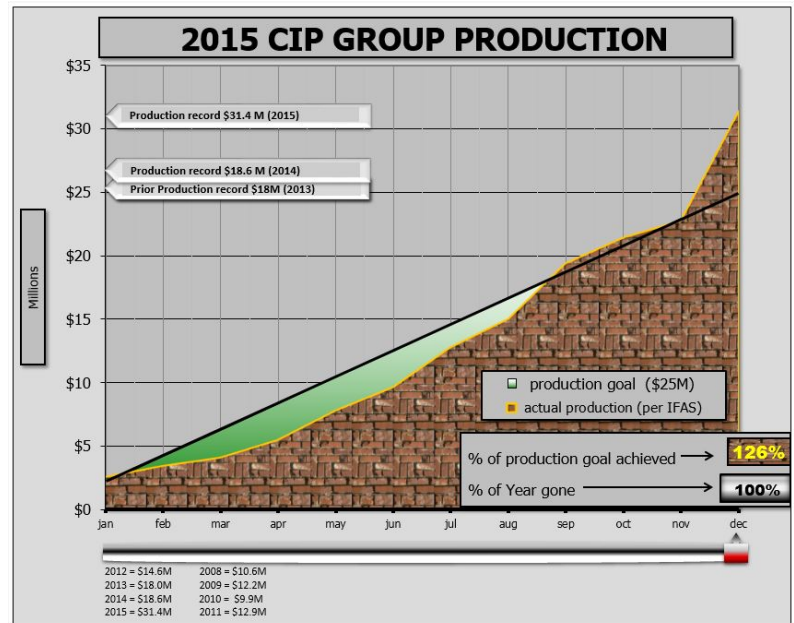
The Park Lane project applies forward-thinking approaches to water quality improvements and for flexible or "plaza" street characteristics, which led to \$1.59 million in grant funding from the State Department of Ecology and the Federal Government for Transportation Alternatives, on this \$3.3 million dollar project. The Park Lane project was selected as Project of the Year in Washington State by the American Public Works Association for projects under \$5 million.

Overall, the City's CIP division completed record work throughout the City:

- Prior to 2015, the production record of the CIP was \$18.6 Million, accomplished in 2014. 2015 was another record setting year, with the total production reaching \$31.4 Million by years-end. Multiple, large-scale projects under construction contributed to this record-setting production. Below are some examples of significant projects:

- o NE 85th Corridor Improvement Project
- o Park Lane Pedestrian Corridor Enhancements and Water Main Replacement
- o Concrete, Curb & Ramp Repairs, Overlay and Slurry Seal
- o 98th Avenue NE Bridge Seismic Retrofit: A seismic vulnerability analysis completed for this bridge in 1995, and again in 2014, indicated that the center bridge pier supports could fail under a severe seismic event, resulting in the collapse of all or part of the bridge. The bridge is a critical link in a major north/south Kirkland corridor and this retrofit will substantially decrease the probability of structural collapse in the event of seismic activity.

The City Council continues to explore and implement ways to help the City keep pace with infrastructure needs. Kirkland citizens can expect to maintain a high quality of life because of professional, reliable, and cost effective management of the City's infrastructure resources.



# DATA SOURCES

## NEIGHBORHOODS

Neighborhoods Services Division  
Neighborhood Safety Program  
City of Kirkland Work Program 2013-2014  
2010, 2012 and 2014 Citizen Opinion Surveys

## PUBLIC SAFETY

Fire & Building Department  
Police Department  
2010, 2012 and 2014 Citizen Opinion Surveys

## HUMAN SERVICES

Human Services Division  
Parks & Community Services Department  
Agency Reports

## PARKS AND RECREATION

Parks & Community Services Department  
Comprehensive Parks, Recreation and Open Space Plan, City of Kirkland, Cross Kirkland Corridor Master Plan, 20 Year Forest & Natural Areas Restoration Plan, City of Kirkland, 2010, 2012 and 2014 Citizen Opinion Surveys

## BALANCED TRANSPORTATION

Transportation Division  
Active Transportation Plan, City of Kirkland  
ITS Strategic Plan, 2010, 2012 and 2014 Citizen Opinion Surveys, Capital Improvement Program Division

## HOUSING

Planning & Community Development Department  
A Regional Coalition for Housing (ARCH)  
Comprehensive Plan, City of Kirkland  
Community Development Block Grant Program  
Finance and Administration Department  
Standard and Poor's Credit Rating  
2010, 2012 and 2014 Citizen Opinion Surveys

## FINANCIAL STABILITY

Finance and Administration Department  
Standard and Poor's Credit Rating  
2010, 2012 and 2014 Citizen Opinion Surveys  
Kirkland Reporter

## ENVIRONMENT

Parks & Community Services Department  
Planning & Community Development Department  
Public Works Department

## ECONOMIC DEVELOPMENT

Economic Development Program  
Finance and Administration Department  
2010, 2012 and 2014 Citizen Opinion Surveys  
2010 Business Satisfaction Survey  
CB Richard Ellis Real Estate Services, Market View  
Puget Sound, 4th Quarter Report  
Washington State Employment Security Division,  
Puget Sound Regional Council, WA,  
Covered Employment by City, 2008-2011

## DEPENDABLE INFRASTRUCTURE

Public Works Department  
Capital Improvement Program Division  
American Public Works Association Water Quality Program  
2010, 2012 and 2014 Citizen Opinion Surveys  
Surface Water Master Plan



**ENVIRONMENT**



**HUMAN  
SERVICES**



**PARKS, OPEN SPACES AND  
RECREATIONAL SERVICES**



**FINANCIAL  
STABILITY**



**ECONOMIC  
DEVELOPMENT**



**BALANCED  
TRANSPORTATION**



**HOUSING**



**NEIGHBORHOODS**



**PUBLIC  
SAFETY**



**DEPENDABLE  
INFRASTRUCTURE**



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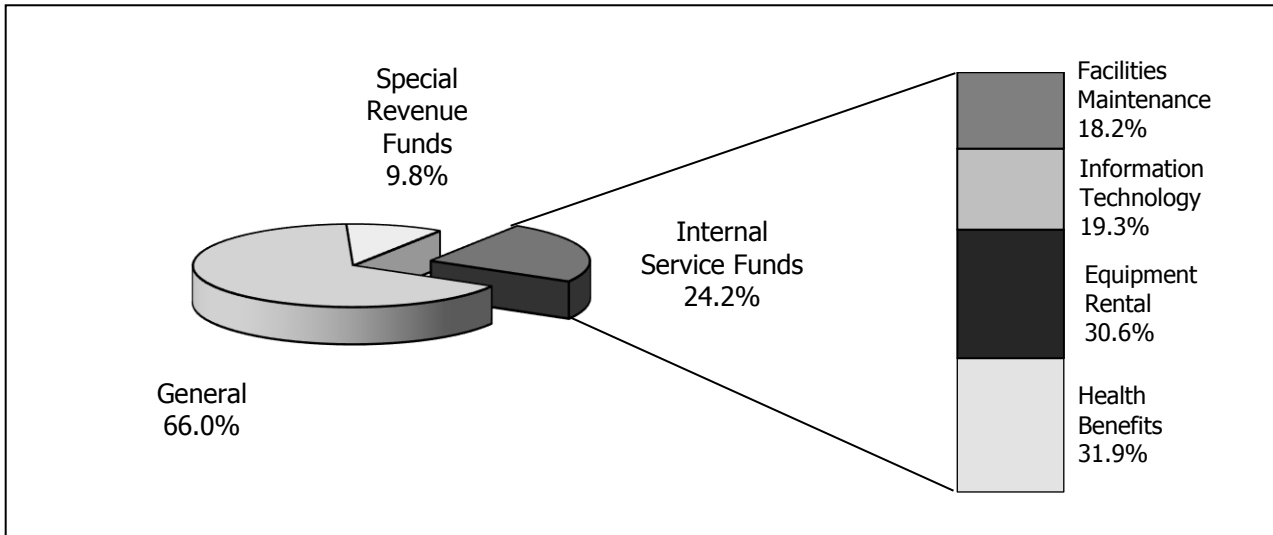
**Produced by the City of Kirkland  
City Manager's Office in cooperation with:**

- Parks and Community Services
- Fire and Building
- Police
- Public Works
- Information Technology
- Human Resources
- Planning and Community Development
- Finance and Administration

# CITY OF KIRKLAND

## GENERAL GOVERNMENT OPERATING

### 2017-2018 BUDGET SUMMARY: BY FUND TYPE/FUND



Expenditures for the general government operations of the City are presented in ten separate operating funds. This pie shows the total operating budget by fund type. The General Fund makes up the largest portion of the operating budget and accounts for general purpose expenditures that do not have a dedicated funding source such as public safety and general government. State law requires that Washington cities adopt a balanced budget for each of their operating funds. These funds finance the normal non-utility service delivery functions of the municipality. Note that the internal service funds are, by definition, double budgeted, appearing once in their own fund and budgeted again as expenses in the other operating funds, including utilities. The following pages summarize the various operating funds and how they are budgeted.

### Analysis of Change

Fund	2015-16 Budget	2017-18 Budget	Percent Change
<b>General Fund</b>			
010 General	202,056,951	216,128,384	6.96%
<b>Special Revenue Funds</b>			
112 Lodging Tax	950,532	885,950	-6.79%
117 Street Operating	22,008,295	21,145,874	-3.92%
122 Cemetery Operating	888,646	939,616	5.74%
125 Parks Maintenance	3,230,970	3,333,101	3.16%
128 Parks Levy Fund	5,689,921	5,868,104	3.13%
<b>Total Special Revenue Funds</b>	<b>32,768,364</b>	<b>32,172,645</b>	<b>-1.82%</b>
<b>Internal Service Funds</b>			
511 Health Benefits Fund	26,872,580	25,300,741	-5.85%
521 Equipment Rental	22,787,047	24,266,810	6.49%
522 Information Technology	15,170,675	15,346,561	1.16%
527 Facilities Maintenance	16,487,428	14,477,144	-12.19%
<b>Total Internal Service Funds</b>	<b>81,317,730</b>	<b>79,391,256</b>	<b>-2.37%</b>
<b>Total General Government Operating Funds</b>	<b>316,143,045</b>	<b>327,692,285</b>	<b>3.65%</b>

**CITY OF KIRKLAND**  
**CHANGE IN FUND BALANCE (Beginning 2015 to Ending 2018)**  
**GENERAL GOVERNMENT OPERATING FUNDS**

	<b>General<sup>1</sup></b>	<b>Lodging Tax<sup>2</sup></b>	<b>Street Operating<sup>3</sup></b>	<b>Cemetery Operating</b>
<b>2015 Actual Beginning Fund Balance</b>	<b>26,183,995</b>	<b>350,280</b>	<b>4,231,808</b>	<b>768,527</b>
<i>Reserved</i>	<i>16,791,717</i>	<i>218,031</i>	<i>245,836</i>	<i>-</i>
<i>Unreserved Working Capital</i>	<i>9,392,278</i>	<i>132,249</i>	<i>3,985,972</i>	<i>768,527</i>
Plus: 2015-16 Estimated Revenues	183,310,986	623,702	18,592,226	217,285
Less: 2015-16 Estimated Expenditures	179,576,628	679,889	20,740,192	189,045
<b>2016 Estimated Ending/2017 Budgeted Beginning Fund Balance</b>	<b>29,918,353</b>	<b>294,093</b>	<b>2,083,842</b>	<b>796,767</b>
Plus: 2017-18 Budgeted Revenues	186,210,031	591,857	19,062,032	142,849
Less: 2017-18 Budgeted Expenditures	194,860,035	641,692	19,822,180	188,181
<b>2018 Budgeted Ending Fund Balance</b>	<b>21,268,349</b>	<b>244,258</b>	<b>1,323,694</b>	<b>751,435</b>
<i>Reserved</i>	<i>19,500,817</i>	<i>156,500</i>	<i>483,595</i>	<i>-</i>
<i>Unreserved Working Capital</i>	<i>1,767,532</i>	<i>87,758</i>	<i>840,099</i>	<i>751,435</i>
<b>Change in Fund Balance: Beginning 2015 to Ending 2018</b>	<b>(4,915,646)</b>	<b>(106,022)</b>	<b>(2,908,114)</b>	<b>(17,092)</b>

**Notes:**

In 1998, the City Council adopted a policy to budget all estimated fund balances. Fund balance is comprised of the following: operating reserve, capital reserve, and unreserved working capital. Reserved fund balance is dedicated for a specific purpose such as equipment replacement. Unreserved working capital represents operating resources brought forward from the prior year to fund one-time "service package" costs and equipment purchases as well as operating contingencies to cover the cash flow needs of the fund.

<sup>1</sup>The City's Fiscal Policies include conservative budgeting practices that provide the ability at year-end to replenish or build reserves toward targeted levels. The decrease in fund balance is due to planned use of reserves and available cash for fire station renovation, replacement and property acquisition, replenishment of general purpose reserves located in other funds, and one-time funded service packages (i.e. projects) for 2017-2018.

<sup>2</sup>One-time projects in 2017-2018 of \$79,243 are planned use of the Lodging Tax Fund cash balance.

<sup>3</sup>The Street Operating Fund budget shows a decline in fund balance due to a combination of planned uses of about \$1.2 million of capital reserves for projects in 2015-16, one-time funded service packages, and a budgeted structural imbalance caused by the fact that property tax revenues in the fund grow slower than the rate of cost growth. Actual performance historically has maintained fund balance.

<b>Parks Maintenance<sup>4</sup></b>	<b>2012 Parks Levy<sup>4</sup></b>	<b>Health Benefits<sup>5</sup></b>	<b>Equipment Rental<sup>6</sup></b>	<b>Information Technology<sup>6</sup></b>	<b>Facilities Maintenance<sup>6</sup></b>	<b>Total</b>
<b>601,486</b>	<b>637,966</b>	<b>6,639,981</b>	<b>11,629,007</b>	<b>3,223,482</b>	<b>8,012,401</b>	<b>62,278,933</b>
<i>67,957</i>	<i>637,966</i>	<i>3,155,697</i>	<i>10,596,444</i>	<i>1,896,442</i>	<i>4,450,308</i>	<i>38,060,398</i>
<i>533,529</i>	<i>-</i>	<i>3,484,284</i>	<i>1,032,563</i>	<i>1,327,040</i>	<i>3,562,093</i>	<i>24,218,535</i>
2,633,947	5,090,147	18,912,297	10,995,212	12,010,633	8,534,314	260,920,749
2,663,722	5,248,334	18,417,068	8,883,163	12,212,363	10,035,715	258,646,119
<b>571,711</b>	<b>479,779</b>	<b>7,135,210</b>	<b>13,741,056</b>	<b>3,021,752</b>	<b>6,511,000</b>	<b>64,553,563</b>
2,761,390	5,388,325	18,165,531	10,525,754	12,324,809	7,966,144	263,138,722
2,812,782	5,549,807	19,135,677	12,350,100	13,687,466	7,335,427	276,383,347
<b>520,319</b>	<b>318,297</b>	<b>6,165,064</b>	<b>11,916,710</b>	<b>1,659,095</b>	<b>7,141,717</b>	<b>51,308,938</b>
<i>355,583</i>	<i>250,000</i>	<i>2,040,810</i>	<i>9,834,435</i>	<i>879,318</i>	<i>5,678,900</i>	<i>39,179,958</i>
<i>164,736</i>	<i>68,297</i>	<i>4,124,254</i>	<i>2,082,275</i>	<i>779,777</i>	<i>1,462,817</i>	<i>12,128,980</i>
<b>(81,167)</b>	<b>(319,669)</b>	<b>(474,917)</b>	<b>287,703</b>	<b>(1,564,387)</b>	<b>(870,684)</b>	<b>(10,969,995)</b>

**Notes:**

<sup>4</sup> The Parks Maintenance Fund and Park Levy Fund budgets shows a decline in fund balance due to a budgeted structural imbalance caused by the fact that property tax revenues in the fund grow slower than the rate of cost growth. Actual performance historically has maintained fund balance.

<sup>5</sup>The Health Benefits Fund balance is declining due to the planned use of \$1 million that had been set aside as a rate stabilization reserve, which has been deemed no longer necessary. This balance will provide funding toward the replacement of the City's enterprise Resource Planning software system. The reserved fund balance represents required balance equivalent to 16 weeks of average claims (set by statute).

<sup>6</sup>In the Facilities Maintenance, Equipment Rental, and Information Technology Funds, reserved fund balance primarily represents cash earmarked for facilities renovations, vehicle replacements, and computer replacements respectively. Increases in fund balance reflect the accumulation of capital reserves. Decreases in fund balance reflect the use of unobligated cash to fund one-time projects and/or the use of capital reserves for facilities renovations, to purchase vehicle replacements, or to purchase computer replacements. The use of the Major Systems reserve for replacement of the City's enterprise Resource Planning software system is the primary reason for the decline in the Information Technology Fund.



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## REVENUE SUMMARY



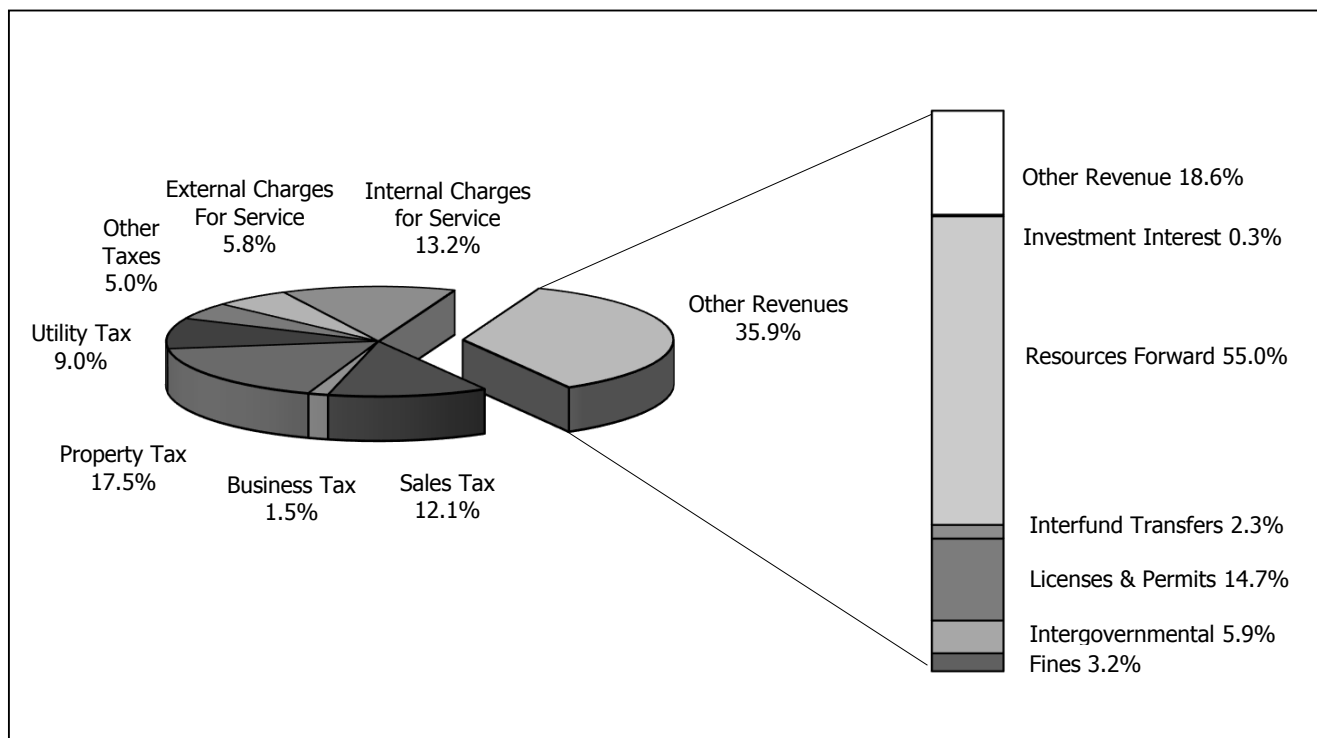
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# CITY OF KIRKLAND

## GENERAL GOVERNMENT OPERATING

### 2017-2018 REVENUE SUMMARY

#### \$327,692,285



Taxes comprise 45.1% of all General Government Operating revenues, representing the single largest revenue category. They are a general purpose revenue source which are used to support basic government services such as public safety, street maintenance, and park maintenance. Internal charges for service reflect payments from one operating fund to another primarily for information technology, fleet, general administration, facilities maintenance, engineering, and billing services provided "in-house." Resources forward represents the collective beginning fund balance for all General Government Operating Funds, and is composed primarily of capital reserves, operating reserves, and unreserved working capital. In addition, resources forward is used to fund one-time service packages.



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**CITY OF KIRKLAND**  
**GENERAL GOVERNMENT OPERATING**  
**2017-2018 REVENUE SUMMARY: BY REVENUE TYPE**

<b>Revenue Sources</b>	<b>2013-14 Actual</b>	<b>2015-16 Estimate</b>	<b>2015-16 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
<b><i>Taxes:</i></b>					
Property Tax	51,443,333	49,562,355	54,520,124	57,221,645	4.96%
Sales Tax:					
General	34,569,060	38,834,811	35,927,494	39,782,000	10.73%
Annexation Sales Tax Credit	7,551,028	7,917,095	7,727,500	7,870,000	1.84%
Criminal Justice	3,748,839	4,338,672	4,133,831	4,668,000	12.92%
Utility Taxes:					
Electric	7,448,855	7,411,168	7,727,244	7,801,000	0.95%
Gas	2,857,756	2,531,489	3,054,376	2,428,000	-20.51%
Television Cable	3,147,017	3,248,687	3,223,700	3,280,000	1.75%
Telephone	6,792,124	5,838,276	6,546,337	5,636,000	-13.91%
Garbage	2,708,424	3,013,370	2,773,878	2,948,116	6.28%
Sewer	2,449,265	2,656,353	2,566,069	2,802,319	9.21%
Water	3,089,962	3,258,477	3,018,155	3,190,023	5.69%
Surface Water	1,305,979	1,402,675	1,281,272	1,433,469	11.88%
Admissions Tax	207,372	171,247	191,828	150,750	-21.41%
Revenue Generating Regulatory License	4,966,001	5,475,724	5,242,714	5,585,272	6.53%
Hotel/Motel Tax	516,195	618,564	596,000	585,818	-1.71%
Gambling & Other Taxes	2,338,531	2,777,070	1,944,005	2,604,916	34.00%
<b>Total Taxes</b>	<b>135,139,741</b>	<b>139,056,033</b>	<b>140,474,527</b>	<b>147,987,328</b>	<b>5.35%</b>
<b><i>Licenses and Permits:</i></b>					
Building/Structural	5,702,058	6,443,523	6,446,932	6,067,856	-5.88%
Franchise Fees	7,666,596	8,029,009	7,872,086	8,033,307	2.05%
Business & Other Licenses	2,779,900	7,766,139	2,585,447	3,140,410	21.46%
<b>Total Licenses and Permits</b>	<b>16,148,554</b>	<b>22,238,671</b>	<b>16,904,465</b>	<b>17,241,573</b>	<b>1.99%</b>
<b><i>Intergovernmental:</i></b>					
Gas Tax	3,370,219	3,620,136	3,359,821	3,942,286	17.34%
Liquor Taxes	1,666,783	1,934,879	2,009,501	2,235,679	11.26%
Grants & Other Intergovernmental	728,546	741,123	733,012	712,839	-2.75%
<b>Total Intergovernmental</b>	<b>5,765,548</b>	<b>6,296,138</b>	<b>6,102,334</b>	<b>6,890,804</b>	<b>12.92%</b>
<b><i>Charges for Services:</i></b>					
Planning Fees	2,293,582	4,486,776	2,808,298	3,044,003	8.39%
Plan Check Fees	2,440,547	3,706,199	2,070,226	3,600,000	73.89%
Engineering Development Fees	2,968,402	3,697,442	2,900,033	3,347,315	15.42%
Recreation Charges	2,535,983	2,826,435	2,430,300	2,781,794	14.46%
Internal Charges	34,377,984	39,627,003	40,776,797	43,275,739	6.13%
Emergency Medical Svcs & Transport Fee	3,522,755	3,640,142	3,605,508	3,821,765	6.00%
Other Charges	3,064,828	2,641,080	2,741,168	2,434,209	-11.20%
<b>Total Charges for Services</b>	<b>51,204,081</b>	<b>60,625,077</b>	<b>57,332,330</b>	<b>62,304,825</b>	<b>8.67%</b>
<b><i>Fines and Forfeits</i></b>	<b>4,288,354</b>	<b>3,538,884</b>	<b>4,380,426</b>	<b>3,773,570</b>	<b>-13.85%</b>
<b><i>Miscellaneous</i></b>	<b>25,084,981</b>	<b>23,937,762</b>	<b>23,722,818</b>	<b>22,061,471</b>	<b>-7.00%</b>
<b><i>Interfund Transfers</i></b>	<b>3,593,307</b>	<b>5,109,898</b>	<b>4,947,212</b>	<b>2,879,151</b>	<b>-41.80%</b>
<b><i>Resources Forward</i></b>	<b>49,751,858</b>	<b>62,278,933</b>	<b>62,278,933</b>	<b>64,553,563</b>	<b>3.65%</b>
<b>General Government Operating Total</b>	<b>290,976,424</b>	<b>323,081,396</b>	<b>316,143,045</b>	<b>327,692,285</b>	<b>3.65%</b>

**CITY OF KIRKLAND**

**GENERAL GOVERNMENT OPERATING**

**2017-2018 REVENUE SUMMARY: BY REVENUE TYPE ACROSS FUNDS**

<b>Revenue Sources</b>	<b>General Fund</b>	<b>Lodging Tax Fund</b>	<b>Street Operating Fund</b>	<b>Cemetery Operating Fund</b>
<b><i>Taxes:</i></b>				
Property Tax	37,106,015	-	12,303,267	-
Sales Tax:				
General	39,782,000	-	-	-
Annexation Sales Tax Credit	7,870,000	-	-	-
Criminal Justice	4,668,000	-	-	-
Utility Taxes:				
Electric	7,801,000	-	-	-
Gas	2,428,000	-	-	-
Television Cable	3,280,000	-	-	-
Telephone	5,636,000	-	-	-
Garbage	2,948,116	-	-	-
Sewer	2,802,319	-	-	-
Water	3,190,023	-	-	-
Surface Water	1,433,469	-	-	-
Admissions Tax	150,750	-	-	-
Revenue Generating Regulatory License	5,045,272	-	540,000	-
Hotel/Motel Tax	-	585,818	-	-
Gambling & Other Taxes	2,604,916	-	-	-
<b>Total Taxes</b>	<b>126,745,880</b>	<b>585,818</b>	<b>12,843,267</b>	<b>-</b>
<b><i>Licenses and Permits:</i></b>				
Building/Structural	6,067,856	-	-	-
Franchise Fees	8,033,307	-	-	-
Business & Other Licenses	2,678,410	-	462,000	-
<b>Total Licenses and Permits</b>	<b>16,779,573</b>	<b>-</b>	<b>462,000</b>	<b>-</b>
<b><i>Intergovernmental:</i></b>				
Gas Tax	-	-	3,942,286	-
Liquor Taxes	2,235,679	-	-	-
Grants & Other Intergovernmental	712,839	-	-	-
<b>Total Intergovernmental</b>	<b>2,948,518</b>	<b>-</b>	<b>3,942,286</b>	<b>-</b>
<b><i>Charges for Services:</i></b>				
Planning Fees	3,044,003	-	-	-
Plan Check Fees	3,600,000	-	-	-
Engineering Development Fees	3,347,315	-	-	-
Recreation Charges	2,781,794	-	-	-
Internal Charges	13,965,450	-	50,000	-
Emergency Medical Svcs & Transport Fee	3,821,765	-	-	-
Other Charges	2,234,621	-	114,788	80,000
<b>Total Charges for Services</b>	<b>32,794,948</b>	<b>-</b>	<b>164,788</b>	<b>80,000</b>
<b><i>Fines and Forfeits</i></b>	<b>3,773,570</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><i>Miscellaneous</i></b>	<b>2,536,149</b>	<b>6,039</b>	<b>493,615</b>	<b>62,849</b>
<b><i>Interfund Transfers</i></b>	<b>631,393</b>	<b>-</b>	<b>1,156,076</b>	<b>-</b>
<b><i>Resources Forward</i></b>	<b>29,918,353</b>	<b>294,093</b>	<b>2,083,842</b>	<b>796,767</b>
<b>Fund Total</b>	<b>216,128,384</b>	<b>885,950</b>	<b>21,145,874</b>	<b>939,616</b>

<b>Parks Maintenance Fund</b>	<b>2012 Parks Levy Fund</b>	<b>Health Benefits Fund</b>	<b>Equipment Rental Fund</b>	<b>Information Technology Fund</b>	<b>Facilities Maintenance Fund</b>	<b>Revenue Total</b>
2,726,189	5,086,174	-	-	-	-	57,221,645
-	-	-	-	-	-	39,782,000
-	-	-	-	-	-	7,870,000
-	-	-	-	-	-	4,668,000
-	-	-	-	-	-	7,801,000
-	-	-	-	-	-	2,428,000
-	-	-	-	-	-	3,280,000
-	-	-	-	-	-	5,636,000
-	-	-	-	-	-	2,948,116
-	-	-	-	-	-	2,802,319
-	-	-	-	-	-	3,190,023
-	-	-	-	-	-	1,433,469
-	-	-	-	-	-	150,750
-	-	-	-	-	-	5,585,272
-	-	-	-	-	-	585,818
-	-	-	-	-	-	2,604,916
<b>2,726,189</b>	<b>5,086,174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,987,328</b>
-	-	-	-	-	-	6,067,856
-	-	-	-	-	-	8,033,307
-	-	-	-	-	-	3,140,410
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,241,573</b>
-	-	-	-	-	-	3,942,286
-	-	-	-	-	-	2,235,679
-	-	-	-	-	-	712,839
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,890,804</b>
-	-	-	-	-	-	3,044,003
-	-	-	-	-	-	3,600,000
-	-	-	-	-	-	3,347,315
-	-	-	-	-	-	2,781,794
-	150,000	-	9,231,256	12,184,809	7,694,224	43,275,739
-	-	-	-	-	-	3,821,765
-	-	-	-	-	4,800	2,434,209
<b>-</b>	<b>150,000</b>	<b>-</b>	<b>9,231,256</b>	<b>12,184,809</b>	<b>7,699,024</b>	<b>62,304,825</b>
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,773,570</b>
<b>35,201</b>	<b>30,011</b>	<b>18,165,531</b>	<b>324,956</b>	<b>140,000</b>	<b>267,120</b>	<b>22,061,471</b>
<b>-</b>	<b>122,140</b>	<b>-</b>	<b>969,542</b>	<b>0</b>	<b>-</b>	<b>2,879,151</b>
<b>571,711</b>	<b>479,779</b>	<b>7,135,210</b>	<b>13,741,056</b>	<b>3,021,752</b>	<b>6,511,000</b>	<b>64,553,563</b>
<b>3,333,101</b>	<b>5,868,104</b>	<b>25,300,741</b>	<b>24,266,810</b>	<b>15,346,561</b>	<b>14,477,144</b>	<b>327,692,285</b>



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## EXPENDITURE SUMMARY

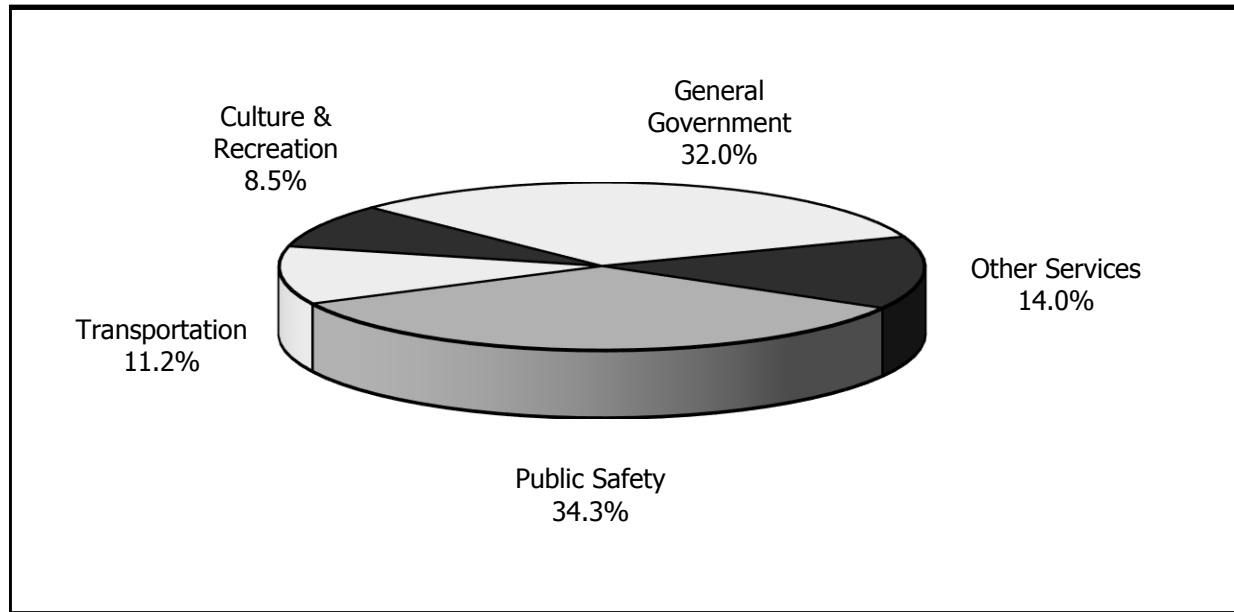


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# CITY OF KIRKLAND

## GENERAL GOVERNMENT OPERATING

### 2017-2018 EXPENDITURE SUMMARY: BY PROGRAM



The General Government Operating Funds account for about 47.1 percent of the City's total budget. The largest program area is Public Safety, comprising police, fire, and municipal court services. General Government represents the next largest program area, which includes legislative, executive, legal, administrative, financial, community planning, building inspection services, technology, and fleet services.

- The Public Safety category increases are due to increasing personnel costs as well as the addition of new positions in both fire and police.
- Transportation increases are related to one-time investments for efficiency improvements.
- Culture & Recreation increased due to the establishment of the Parks facilities sinking fund.
- Increases to the Other Services category are due to the City's staffing reserve to cover future cost of living increases, as well an increase in the amount of money set aside in reserves for development work, for which revenues have been collected but work is ongoing.

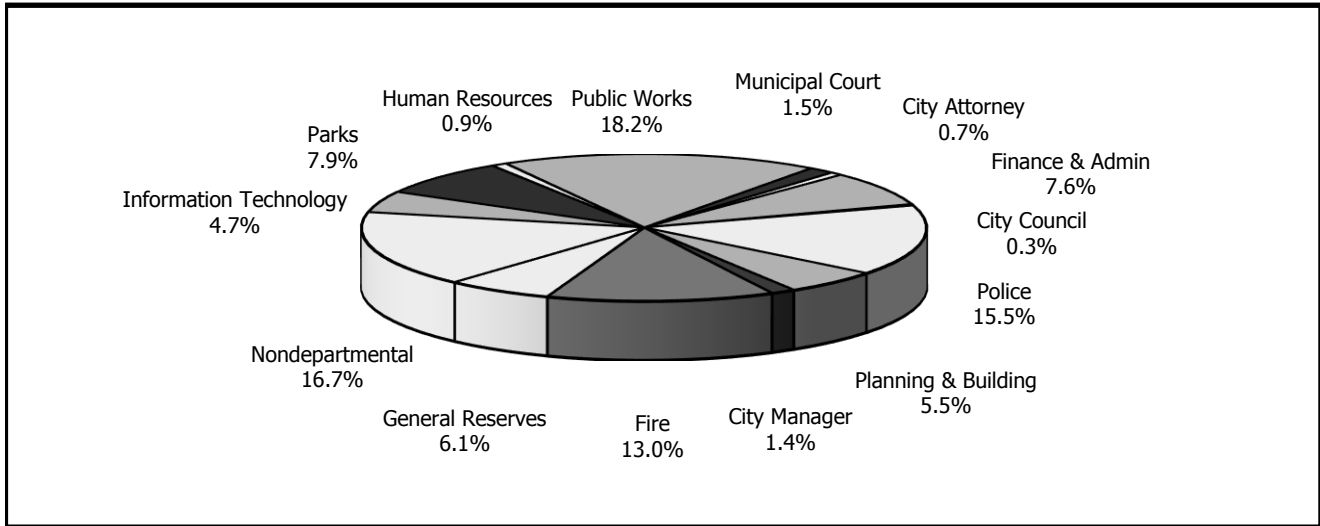
### Analysis of Change

Program	2013-14 Actual	2015-16 Budget	2017-18 Budget	Percent Change
Public Safety	99,856,644	105,297,933	112,324,826	6.67%
Transportation	30,043,118	34,626,725	36,660,383	5.87%
Culture & Recreation	22,717,129	26,951,959	27,893,128	3.49%
General Government	82,794,210	106,096,799	104,824,675	-1.20%
Other Services	30,210,106	43,169,629	45,989,273	6.53%
<b>Program Total</b>	<b>265,621,207</b>	<b>316,143,045</b>	<b>327,692,285</b>	<b>3.65%</b>

# CITY OF KIRKLAND

## GENERAL GOVERNMENT OPERATING

### 2017-2018 EXPENDITURE SUMMARY: BY DEPARTMENT



The largest department in the General Government Operating Funds is Public Works, consisting of engineering, transportation, public grounds, and fleet management services. Public safety services, Fire and Police, are the next two largest departments. Nondepartmental, while larger in total dollars, includes undistributed personnel costs that will apply to all departments once labor agreements are settled.

- General Government Reserves increased with additions to development reserves to support workload.
- Public Works increased due to one-time investments in efficiency and increased fleet reserves.
- Nondepartmental increases are primarily due to retroactive pay increases as contracts settle and repayment of debt for the City Hall remodel.
- Decrease in Finance and Administration is due to one-time transfers in 2015-16.
- The City Council budget increased due to a general increase in internal charges.
- The City Manager's budget decreased due to one-time professional services contracts in 2015-16.
- Planning and Building increased due to one-time additions to support increased development activity.
- Changes in Human Resources, City Attorney, Municipal Court, Parks & Community Services, Fire, Police, and Information Technology represent changes in the methodology of budgeting benefits and cost of living

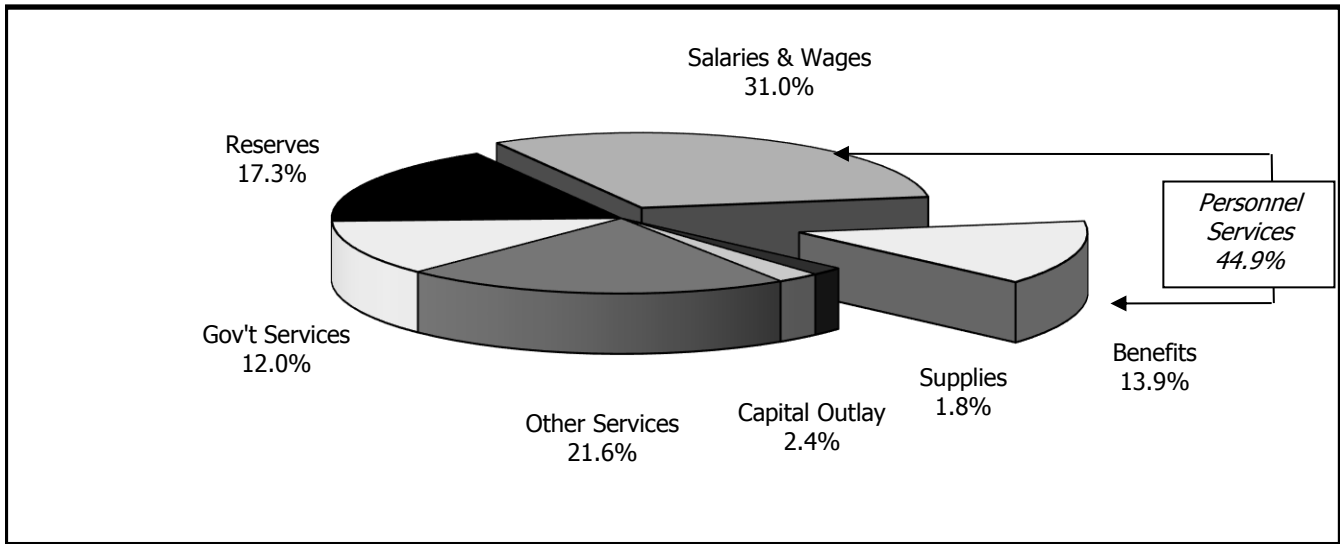
#### Analysis of Change

Department	2013-14 Actual	2015-16 Budget	2017-18 Budget	Percent Change
General Government Reserves	10,539,865	17,930,296	19,439,738	8.42%
Nondepartmental	38,395,288	49,170,960	54,855,980	11.56%
City Council	807,631	975,798	1,069,632	9.62%
City Manager	15,537,720	4,713,808	4,658,557	-1.17%
Human Resources	2,621,741	3,042,089	3,095,006	1.74%
City Attorney	2,650,413	2,447,634	2,410,977	-1.50%
Municipal Court	4,386,450	4,988,596	5,009,367	0.42%
Parks & Community Services	22,090,533	25,545,451	25,896,101	1.37%
Public Works	46,636,864	56,520,219	59,646,107	5.53%
Finance & Administration	9,907,473	26,553,934	24,838,269	-6.46%
Planning & Building	12,817,949	17,432,397	18,010,487	3.32%
Police	47,865,446	50,324,693	50,859,837	1.06%
Fire	39,382,986	41,326,495	42,555,666	2.97%
Information Technology	11,980,848	15,170,675	15,346,561	1.16%
<b>Department Total</b>	<b>265,621,207</b>	<b>316,143,045</b>	<b>327,692,285</b>	<b>3.65%</b>

# CITY OF KIRKLAND

## GENERAL GOVERNMENT OPERATING

### 2017-2018 EXPENDITURE SUMMARY: BY CATEGORY



The largest category of expense in the General Government Operating Funds is Personnel Services (Salaries & Wages and Benefits), of which 50.2 percent is for public safety personnel. Other Services & Charges is the next largest category and includes mostly contracted direct services (such as jail and human services), contracted support services (such as consulting, printing, and repairs/maintenance services), and internal charges from one City fund to another (for information technology, fleet, facilities, and other internal services).

- Salary increases are a combination of cost increases for two years, as well as a number of revenue backed positions to meet the increased demand for development activity. Benefit cost decreases are due to recalibration of premium payments due to transition to the high deductible plan for self-insurance.
- Capital Outlay decreased primarily due to fewer replacements and new additions of vehicles and equipment planned in 2017-18. Vehicle replacements are based on the lifecycle of each vehicle, with some vehicles extended. Fluctuation between biennia is part of normal operations.
- Reserves increased due to ongoing replenishment, as well as money set aside to support development activity.
- Supplies decreased because of lower fuel costs.

## Analysis of Change

Category	2013-14 Actual*	2015-16 Budget	2017-18 Budget	Percent Change
Salaries & Wages	88,082,661	97,961,740	101,604,954	3.72%
Benefits	37,406,745	46,451,306	45,503,809	-2.04%
Supplies	5,513,979	6,419,628	5,925,669	-7.69%
Other Services & Charges	59,839,697	69,968,301	70,904,254	1.34%
Intergovernmental/Interfund Services	34,253,204	39,295,282	39,298,209	0.01%
Capital Outlay	3,361,216	8,220,151	7,844,519	-4.57%
Reserves	37,163,705	47,826,637	56,610,871	18.37%
<b>Category Total</b>	<b>265,621,207</b>	<b>316,143,045</b>	<b>327,692,285</b>	<b>3.65%</b>

\*2013-14 reserves are budgeted, but not spent

**CITY OF KIRKLAND  
GENERAL GOVERNMENT OPERATING  
2017-2018 EXPENDITURE SUMMARY: ACROSS FUNDS**

***By Program***

<b>Program</b>	<b>General Fund</b>	<b>Lodging Tax Fund</b>	<b>Street Operating Fund</b>
Public Safety	112,324,826	-	-
Transportation	15,514,509	-	21,145,874
Culture & Recreation	17,805,973	885,950	-
General Government	50,734,160	-	-
Other Services	19,748,916	-	-
<b>Fund Total</b>	<b>216,128,384</b>	<b>885,950</b>	<b>21,145,874</b>

***By Department***

<b>Department</b>	<b>General Fund</b>	<b>Lodging Tax Fund</b>	<b>Street Operating Fund</b>
General Government Reserves	19,439,738		
Nondepartmental	28,669,289	885,950	-
City Council	1,069,632	-	-
City Manager	4,658,557	-	-
Human Resources	3,095,006	-	-
City Attorney	2,410,977	-	-
Municipal Court	5,009,367	-	-
Parks & Community Services	16,645,934	-	-
Public Works	13,916,423	-	21,145,874
Finance & Administration	9,787,471	-	-
Planning & Community Development	18,010,487	-	-
Police	50,859,837	-	-
Fire & Building	42,555,666	-	-
Information Technology	-	-	-
<b>Fund Total</b>	<b>216,128,384</b>	<b>885,950</b>	<b>21,145,874</b>

***By Category***

<b>Category</b>	<b>General Fund</b>	<b>Lodging Tax Fund</b>	<b>Street Operating Fund</b>
Salaries & Wages	87,210,366	162,382	3,321,096
Benefits	38,735,561	78,564	1,731,786
Supplies	1,911,558	3,000	1,008,883
Other Services & Charges	36,467,212	387,746	6,076,240
Intergovernmental/Interfund Services	25,674,957	-	7,362,975
Capital Outlay	60,381	-	211,200
Reserves	26,068,349	254,258	1,433,694
<b>Fund Total</b>	<b>216,128,384</b>	<b>885,950</b>	<b>21,145,874</b>

Cemetery Operating Fund	Parks Maintenance Fund	Parks Levy Fund	Health Benefits Fund	Equipment Rental Fund	Information Technology Fund	Facilities Maintenance Fund	Program Total
-	-	-	-	-	-	-	112,324,826
-	-	-	-	-	-	-	36,660,383
-	3,333,101	5,868,104	-	-	-	-	27,893,128
-	-	-	-	24,266,810	15,346,561	14,477,144	104,824,675
939,616	-	-	25,300,741	-	-	-	45,989,273
<b>939,616</b>	<b>3,333,101</b>	<b>5,868,104</b>	<b>25,300,741</b>	<b>24,266,810</b>	<b>15,346,561</b>	<b>14,477,144</b>	<b>327,692,285</b>

Cemetery Operating Fund	Parks Maintenance Fund	Parks Levy Fund	Health Benefits Fund	Equipment Rental Fund	Information Technology Fund	Facilities Maintenance Fund	Department Total
-	-	-	25,300,741	-	-	-	19,439,738
-	-	-	-	-	-	-	54,855,980
-	-	-	-	-	-	-	1,069,632
-	-	-	-	-	-	-	4,658,557
-	-	-	-	-	-	-	3,095,006
-	-	-	-	-	-	-	2,410,977
-	-	-	-	-	-	-	5,009,367
48,962	3,333,101	5,868,104	-	-	-	-	25,896,101
-	-	-	-	24,266,810	-	317,000	59,646,107
890,654	-	-	-	-	-	14,160,144	24,838,269
-	-	-	-	-	-	-	18,010,487
-	-	-	-	-	-	-	50,859,837
-	-	-	-	-	-	-	42,555,666
-	-	-	-	-	15,346,561	-	15,346,561
<b>939,616</b>	<b>3,333,101</b>	<b>5,868,104</b>	<b>25,300,741</b>	<b>24,266,810</b>	<b>15,346,561</b>	<b>14,477,144</b>	<b>327,692,285</b>

Cemetery Operating Fund	Parks Maintenance Fund	Parks Levy Fund	Health Benefits Fund	Equipment Rental Fund	Information Technology Fund	Facilities Maintenance Fund	Category Total
59,028	1,150,844	1,385,863	-	1,267,551	5,859,601	1,188,223	101,604,954
33,058	659,462	573,898	-	647,500	2,425,881	618,099	45,503,809
30,600	152,340	153,650	1,000	1,622,068	712,960	329,610	5,925,669
48,095	806,853	680,589	18,125,677	1,028,869	3,183,192	4,099,781	70,904,254
200	1,700	2,700,000	1,009,000	199,374	1,300,289	1,049,714	39,298,209
17,200	-	16,000	-	7,539,738	-	-	7,844,519
751,435	561,902	358,104	6,165,064	11,961,710	1,864,638	7,191,717	56,610,871
<b>939,616</b>	<b>3,333,101</b>	<b>5,868,104</b>	<b>25,300,741</b>	<b>24,266,810</b>	<b>15,346,561</b>	<b>14,477,144</b>	<b>327,692,285</b>



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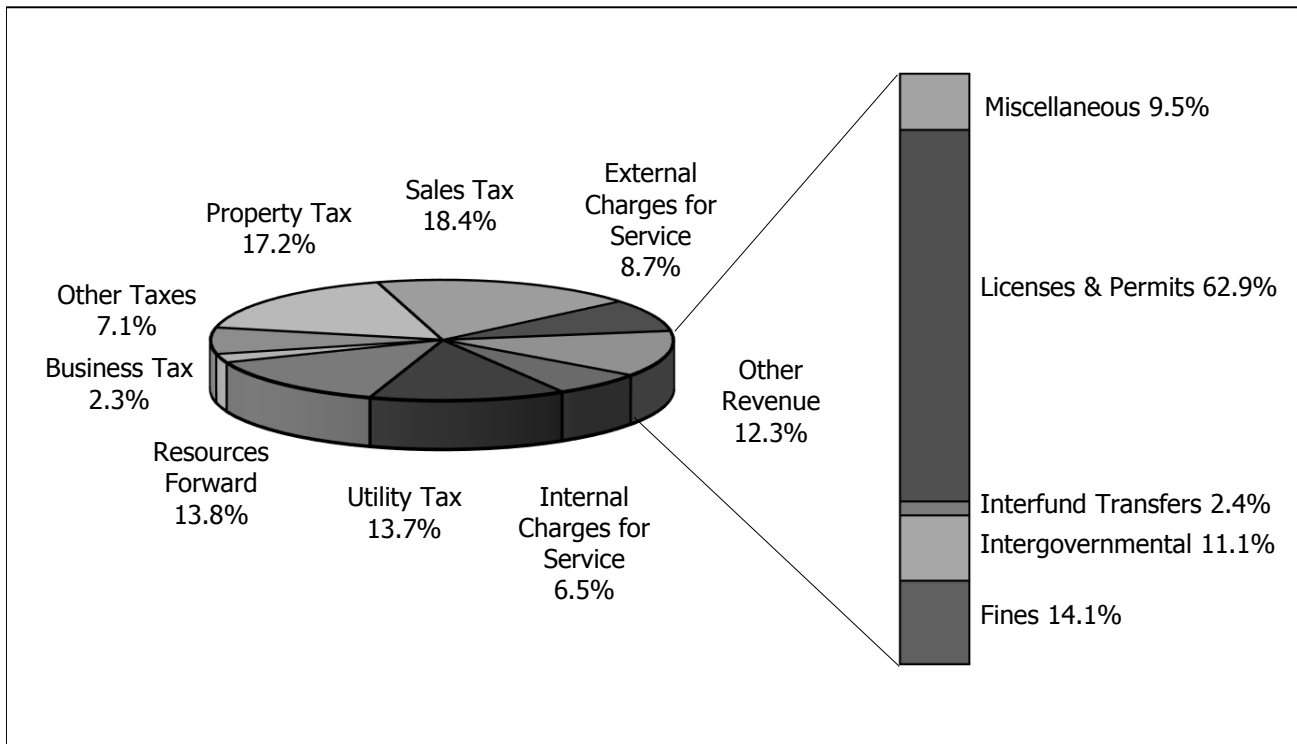
The General Fund is the primary operating fund of the City. The General Fund is used to account for resources traditionally associated with government which are not required by law or by sound financial management practice to be accounted for in another fund.

## GENERAL FUND REVENUE SUMMARY



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**CITY OF KIRKLAND  
GENERAL GOVERNMENT OPERATING  
GENERAL FUND  
2017-2018 REVENUE SUMMARY  
\$216,128,384**



Taxes comprise 58.7% of all General Fund revenues, with sales tax being the single largest revenue, closely followed by property tax. Taxes are a general purpose revenue source which are used to support basic government services such as public safety and park maintenance. Internal charges for service reflect payments from other operating funds primarily for general administration, engineering, and billing services provided "in-house." Resources forward represents the beginning fund balance for the General Fund and is composed primarily of an operating reserve and unreserved working capital. In addition, resources forward is used to fund one-time service packages.

**CITY OF KIRKLAND**  
**GENERAL GOVERNMENT OPERATING**  
**GENERAL FUND**  
**2017-2018 REVENUE SUMMARY: BY REVENUE TYPE**

Revenue Sources	2013-14 Actual	2015-16 Estimate	2015-16 Budget	2017-2018 Budget	Percent Change
<b><i>Taxes:</i></b>					
Property Tax	33,317,730	35,312,807	35,343,807	37,106,015	4.99%
Sales Tax:					
General	34,029,060	38,834,811	35,927,494	39,782,000	10.73%
Annexation Sales Tax Credit	7,551,028	7,917,095	7,727,500	7,870,000	1.84%
Criminal Justice	3,748,839	4,338,672	4,133,831	4,668,000	12.92%
Utility Taxes:					
Electric	7,448,855	7,411,168	7,727,244	7,801,000	0.95%
Gas	2,857,756	2,531,489	3,054,376	2,428,000	-20.51%
Television Cable	3,147,017	3,248,687	3,223,700	3,280,000	1.75%
Telephone	6,792,124	5,838,276	6,546,337	5,636,000	-13.91%
Water	2,708,424	3,013,370	2,773,878	2,948,116	6.28%
Sewer	2,449,265	2,656,353	2,566,069	2,802,319	9.21%
Garbage	3,089,962	3,258,477	3,018,155	3,190,023	5.69%
Surface Water	1,305,979	1,402,675	1,281,272	1,433,469	11.88%
Admissions Tax	207,372	171,247	191,828	150,750	-21.41%
Revenue Generating Regulatory License	4,966,001	4,935,724	4,702,714	5,045,272	7.28%
Other Taxes	2,338,531	2,777,070	1,944,005	2,604,916	34.00%
<b>Total Taxes</b>	<b>115,957,943</b>	<b>123,647,921</b>	<b>120,162,210</b>	<b>126,745,880</b>	<b>5.48%</b>
<b><i>Licenses and Permits:</i></b>					
Building/Structural	5,702,058	6,443,523	6,446,932	6,067,856	-5.88%
Franchise Fees	7,666,596	8,029,009	7,872,086	8,033,307	2.05%
Business and Other	2,195,015	2,326,511	2,205,447	2,678,410	21.45%
<b>Total Licenses and Permits</b>	<b>15,563,669</b>	<b>16,799,043</b>	<b>16,524,465</b>	<b>16,779,573</b>	<b>1.54%</b>
<b><i>Intergovernmental:</i></b>					
Liquor Taxes	1,666,783	1,934,879	2,009,501	2,235,679	11.26%
Grants & Other Intergovernmental	711,537	730,609	722,498	712,839	-1.34%
<b>Total Intergovernmental</b>	<b>2,378,320</b>	<b>2,665,488</b>	<b>2,731,999</b>	<b>2,948,518</b>	<b>7.93%</b>
<b><i>Charges for Services:</i></b>					
Planning Fees	2,293,582	4,486,776	2,808,298	3,044,003	8.39%
Plan Check Fees	2,440,547	3,706,199	2,070,226	3,600,000	73.89%
Engineering Development Fees	2,968,402	3,697,442	2,900,033	3,347,315	15.42%
Recreation Charges	2,535,983	2,826,435	2,430,300	2,781,794	14.46%
Internal Charges	10,620,326	12,418,250	13,276,029	13,965,450	5.19%
Emergency Medical Svcs & Transport Fee	3,522,755	3,640,142	3,605,508	3,821,765	6.00%
Other Charges	2,540,116	2,094,238	2,191,736	2,234,621	1.96%
<b>Total Charges for Services</b>	<b>26,921,711</b>	<b>32,869,482</b>	<b>29,282,130</b>	<b>32,794,948</b>	<b>12.00%</b>
<b><i>Fines and Forfeits</i></b>	<b>4,287,504</b>	<b>3,538,884</b>	<b>4,380,426</b>	<b>3,773,570</b>	<b>-13.85%</b>
<b><i>Miscellaneous</i></b>	<b>2,310,202</b>	<b>3,018,674</b>	<b>2,020,232</b>	<b>2,536,149</b>	<b>25.54%</b>
<b><i>Interfund Transfers</i></b>	<b>721,963</b>	<b>771,494</b>	<b>771,494</b>	<b>631,393</b>	<b>-18.16%</b>
<b><i>Resources Forward†</i></b>	<b>21,345,779</b>	<b>26,183,995</b>	<b>26,183,995</b>	<b>29,918,353</b>	<b>14.26%</b>
<b>General Fund Total</b>	<b>189,487,091</b>	<b>209,494,981</b>	<b>202,056,951</b>	<b>216,128,384</b>	<b>6.96%</b>

† 2013-14 Resources Forward reflect the budgeted amount

**City of Kirkland**  
**2017 - 2018 Budget**  
**Revenues**

		<b>2013 - 2014</b>	<b>2015 - 2016</b>	<b>2015 - 2016</b>	<b>2017 - 2018</b>	<b>Percent</b>
		<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
<b>Fund:</b>	<b>General Fund (010)</b>					
<b>Taxes</b>						
Property Tax-Real & Personal	3111001	33,317,730	35,312,807	35,343,807	37,106,015	4.99%
Retail Sales Use Tax	3131101	34,029,060	38,834,811	35,927,494	39,782,000	10.73%
Annexation Sales Tax	3131201	7,551,028	7,917,095	7,727,500	7,870,000	1.84%
Brokered Nat Gas Use Tax	3136101	5,472	4,182	5,454	3,780	-30.69%
Crim Justice-Local Sales Tax	3137101	3,748,839	4,338,672	4,133,831	4,668,000	12.92%
Rev Generating Regulatory Lic	3161001	4,966,001	4,935,724	4,702,714	5,045,272	7.28%
Electric Utility Tax-Private	3164101	7,448,855	7,411,168	7,727,244	7,801,000	0.95%
Gas Utility Tax-Private	3164301	2,857,756	2,531,489	3,054,376	2,428,000	-20.51%
Television Cable-Private	3164601	3,147,017	3,248,687	3,223,700	3,280,000	1.75%
Telephone Utility Tax-Private	3164701	6,393,510	5,718,801	6,426,862	5,636,000	-12.31%
Telephone Util Tax Priv Audit	3164702	398,614	119,475	119,475	0	-100.00%
Water Customer Utility Tax	3164811	2,708,424	3,013,370	2,773,878	2,948,116	6.28%
Sewer Customer Utility Tax	3164812	2,449,265	2,656,353	2,566,069	2,802,319	9.21%
Solid Waste Customer Util Tax	3164813	3,089,962	3,258,477	3,018,155	3,190,023	5.69%
Surface Water Cust Util Tax	3164814	1,305,979	1,402,675	1,281,272	1,433,469	11.88%
Punch Boards and Pull Tabs	3168101	361,506	605,207	273,585	720,522	163.36%
Bingo and Raffles	3168201	2,254	3,991	267	912	241.57%
Amusement Games	3168301	2,825	2,999	2,151	3,124	45.23%
Card Games	3168401	1,686,031	2,002,315	1,478,624	1,713,088	15.86%
Leasehold Excise Tax	3172001	280,443	158,376	183,924	163,490	-11.11%
Admissions Tax	3181101	207,372	171,247	191,828	150,750	-21.41%
<b>Total for Taxes:</b>		<b>115,957,943</b>	<b>123,647,921</b>	<b>120,162,210</b>	<b>126,745,880</b>	<b>5.48%</b>
<b>License and Permits</b>						
Cabaret License	3217003	600	575	812	250	-69.21%
Amusement License	3217009	75	25	0	0	0.00%
Franchise Fees	3219101	7,666,596	8,029,009	7,872,086	8,033,307	2.05%
Business License Fee	3219901	1,164,617	1,257,432	1,241,083	1,403,337	13.07%
Building Permits	3221001	3,431,043	3,969,386	4,424,650	3,917,551	-11.46%
Plumbing Permits	3221002	321,800	338,422	317,784	325,800	2.52%
Clear Grade Permits	3221003	26,110	15,276	25,588	15,480	-39.50%
Side Sewer Permits	3221004	214,884	253,896	180,000	180,000	0.00%
Mechanical Permits	3221005	689,314	715,592	556,782	619,200	11.21%
Sign Permits	3221006	59,028	51,589	58,524	36,000	-38.49%
Electrical Permits	3221007	955,941	1,078,469	880,556	972,000	10.38%
Temporary Membrane Structures	3221008	1,580	0	2,020	0	-100.00%
House Moving Permits	3221009	2,200	2,850	1,028	1,825	77.53%
Temporary Place of Assembly	3221010	79	0	0	0	0.00%
Animal License	3223001	0	0	0	284,330	0.00%
Street and Curb Permits	3224001	701,153	606,742	420,000	504,000	20.00%

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014</b>	<b>2015 - 2016</b>	<b>2015 - 2016</b>	<b>2017 - 2018</b>	<b>Percent</b>
		<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
Sidewalk Cafe Permit	3224002	13,098	15,824	21,362	21,362	0.00%
Street Vacation Permit	3224003	0	0	10,270	0	-100.00%
Fireworks Permits	3229001	300	0	200	0	-100.00%
Fire Alarm Permits	3229002	43,496	112,086	133,831	127,735	-4.55%
Concealed Weapon Permits	3229003	24,791	28,902	22,000	22,000	0.00%
Other Licenses and Permits	3229005	18,385	28,448	17,500	24,000	37.14%
Fire Sprinkler System Permit	3229006	85,279	128,062	193,840	127,415	-34.27%
Fire Systems-Other Permits	3229007	447	9,382	200	8,442	4121.00%
Liquid Tank Install/Remove	3229008	1,422	0	1,260	0	-100.00%
Recreational Fire Permit	3229009	1,027	79	620	0	-100.00%
Alarm Registration	3229010	137,571	138,954	142,469	136,000	-4.54%
Public Property Permit	3229011	2,754	0	0	0	0.00%
Other Hazardous Activities	3229012	79	162	0	0	0.00%
IFC Requiring Review	3229013	0	9,956	0	6,268	0.00%
IFS Not Requiring Review	3229014	0	4,499	0	7,283	0.00%
IFS Other	3229015	0	3,426	0	5,988	0.00%
<b>Total for License and Permits:</b>		<b>15,563,669</b>	<b>16,799,043</b>	<b>16,524,465</b>	<b>16,779,573</b>	<b>1.54%</b>

**Intergovernmental Revenue**

Community Dev Block Grants	3311420	0	0	248,000	138,000	-44.35%
DOJ Bulletproof Vest Prgrm	3311660	15,325	0	0	0	0.00%
Equi Shar Fed Forfeited Prop	3322100	0	10,119	0	0	0.00%
Ind Fed Summer Food Program	3331055	-961	0	0	0	0.00%
Forest Svc Urban Comm Frstry	3331067	3,599	0	0	0	0.00%
CBDG/Entitlement Grants	3331421	0	29,370	0	0	0.00%
Dept of Justice VAWA	3331658	894	0	0	0	0.00%
Ind Fed DOT Traffic Safety	3332060	44,833	24,438	14,040	0	-100.00%
Ind Fed NHTSA Safety Programs	3332061	9,507	6,796	1,113	0	-100.00%
Ind Fed EPA Grants	3336612	50,000	0	0	0	0.00%
Ind Fed DOE	3338111	10,500	21,140	0	0	0.00%
Indirect FEMA	3339703	5,294	0	0	0	0.00%
Ind Fed EMPG	3339704	16,039	95,017	0	0	0.00%
Homeland Security Ind Fed	3339706	4,092	6,626	0	0	0.00%
Ind Fed RCPGP Hmlnd Sec Grnt	3339711	617	0	0	0	0.00%
CJTC WASPC Grants	3340111	2,707	3,988	3,989	0	-100.00%
WA State Patrol	3340130	1,200	2,400	0	0	0.00%
Dept of Transportation	3340360	38,894	21,625	0	0	0.00%
Dept of Social Health Svcs	3340460	1,208	0	0	0	0.00%
Dept of Health	3340490	1,473	4,556	0	0	0.00%
Streamlined Sales Tax Mitigatn	3360099	184,757	152,987	165,000	109,000	-33.94%
Judicial Contributions - State	3360129	45,299	46,278	45,000	45,000	0.00%
Criminal Just-Violent Crimes	3360621	40,612	45,093	41,398	53,620	29.52%

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014</b>	<b>2015 - 2016</b>	<b>2015 - 2016</b>	<b>2017 - 2018</b>	<b>Percent</b>
		<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
Criminal Justice-Special Pgms	3360626	150,806	164,544	147,375	178,725	21.27%
Marijuana Enforcement	3360641	0	28,742	0	147,470	0.00%
DUI Distribution	3360651	29,519	25,564	29,600	25,024	-15.46%
Liquor Excise Tax	3360694	208,160	594,023	557,277	807,695	44.94%
Liquor Control Board Profits	3360695	1,458,623	1,340,856	1,452,224	1,427,984	-1.67%
Other King County Grants	3370801	45,807	41,326	26,983	16,000	-40.70%
King Conservation District	3370805	9,516	0	0	0	0.00%
<b>Total for Intergovernmental Revenue:</b>		<b>2,378,320</b>	<b>2,665,488</b>	<b>2,731,999</b>	<b>2,948,518</b>	<b>7.93%</b>

**Charges for Goods and Services**

Civil Filing	3412201	432	302	400	400	0.00%
Court Records Services	3413202	25	216	0	0	0.00%
Court Administration Fees	3413301	30,333	28,892	0	29,000	0.00%
Court Services	3414901	94,510	159,510	100,000	200,000	100.00%
Court CopyTape Fees	3416201	3,023	2,636	3,000	2,000	-33.33%
Sale of Merch Taxable	3417010	770	0	0	0	0.00%
Sale of Merch Non Taxable	3417050	1,384	340	1,500	500	-66.67%
Public Disclosure Response	3417055	59	285	0	0	0.00%
Recording Fees	3418101	80,003	125,463	90,000	90,000	0.00%
Public Defender Contract	3419500	0	250	0	0	0.00%
General Govt Services	3419601	171,024	248,620	291,503	346,526	18.88%
Passport Fees	3419901	69,650	94,685	79,281	86,475	9.07%
Law Enforcement Services	3421001	65,882	9,330	9,180	4,600	-49.89%
Law Enf Sec Svc Rev	3421002	7,945	0	0	0	0.00%
Fire Protection Services	3422001	80,800	114,382	40,000	97,000	142.50%
EMS	3422101	1,769,290	1,824,401	1,822,723	1,898,107	4.14%
Adult Probation Charges	3423301	1,206,005	1,013,000	1,230,000	1,100,000	-10.57%
Electronic Home Detention	3423601	235,305	199,721	265,000	184,000	-30.57%
Detention Jail Services	3423604	14,680	20,560	6,400	15,120	136.25%
Booking Fees	3423701	59,626	55,795	60,000	60,000	0.00%
Protective Inspec Spec Hse	3424001	657	704	972	800	-17.70%
DUI Emergency Response	3425001	10,921	19,547	14,000	18,000	28.57%
DUI Emergency Aid	3426001	150	0	500	200	-60.00%
Emergency Transport Fee	3426010	1,753,465	1,815,741	1,782,785	1,923,658	7.90%
Communication Intergovt Svcs	3428101	406,932	0	0	0	0.00%
Res/Storm Erosion Review Fee	3431901	363,711	416,533	270,000	360,000	33.33%
SW Drainage Rpt Review Fee	3431902	374,062	504,373	322,000	432,000	34.16%
Engineering Development	3438801	2,089,234	2,665,538	2,188,033	2,450,915	12.01%
PW Deposit Admin Fees	3441101	76,978	68,990	58,000	54,000	-6.90%
Traffic Control Plan Review	3441310	15,171	2,692	12,000	5,000	-58.33%
Parking Study Review Fee	3441311	2,373	535	0	0	0.00%
Subdivision Fee	3458101	29,805	31,728	51,000	20,000	-60.78%

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014</b>	<b>2015 - 2016</b>	<b>2015 - 2016</b>	<b>2017 - 2018</b>	<b>Percent</b>
		<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
Permit Appeal/Interpretation	3458109	1,275	1,919	850	850	0.00%
Accessory Dwelling Unit	3458110	850	638	0	0	0.00%
Street Improvement Fee in Lieu	3458116	24,376	182,302	0	0	0.00%
Fee In Lieu of Planting	3458117	4,725	10,850	2,000	2,000	0.00%
PCD Off Decisions Modification	3458120	44,062	65,033	40,000	60,000	50.00%
PCD Dir Decisions Modification	3458121	6,534	9,778	6,000	6,000	0.00%
Other PCD Official Decisions	3458125	129,893	114,112	200,000	80,000	-60.00%
Other PCD Director Decisions	3458126	94,553	96,928	80,000	100,000	25.00%
Process I Review	3458127	666,936	982,956	600,000	750,000	25.00%
Process IIA Review	3458128	201,426	347,296	180,000	250,000	38.89%
Process IIB and III Review	3458129	56,820	204,342	200,000	110,000	-45.00%
Design Board Review	3458130	71,732	264,736	250,000	150,000	-40.00%
Affordable Housing Fee In Lieu	3458140	71,817	478,640	0	0	0.00%
Plan Check Fee	3458301	2,440,547	3,706,199	2,070,226	3,600,000	73.89%
Energy Code Fee	3458302	124,981	139,613	126,732	122,400	-3.42%
Electrical Plan Review	3458303	59,837	80,569	50,640	86,400	70.62%
Fire Department Plan Review	3458305	66,268	346,516	153,281	323,263	110.90%
Expedited Review	3458306	129,967	99,860	158,400	75,600	-52.27%
Planning 3rd Party Review	3458307	53,000	101,569	40,000	40,000	0.00%
Short Plat Rec Review	3458309	59,702	77,460	40,000	80,000	100.00%
SEPA Appeal	3458601	0	426	426	426	0.00%
SEPA Transp Review Fee	3458602	45,272	38,781	46,000	41,400	-10.00%
Concurrency Review	3458901	24,733	25,324	24,000	24,000	0.00%
Environmental Review Fee	3458902	23,203	83,729	22,000	40,000	81.82%
Comprehensive Plan Requests	3458904	-310	2,000	3,640	664	-81.76%
Zoning Verification Letter	3458905	0	6,588	0	0	0.00%
Planning Pre-Submittal Meeting	3458906	162,585	165,213	160,000	150,000	-6.25%
Rd Impact Fee-Ind Calculations	3458908	1,601	0	4,000	4,000	0.00%
MBP Service Fee	3458911	184,812	566,651	419,329	572,400	36.50%
Pool Admission Fees	3473001	143,105	169,741	150,000	163,794	9.20%
Boat Launch Fees	3473003	65,671	67,425	60,000	70,000	16.67%
Special Event Admissions	3474001	5,546	5,100	5,400	5,400	0.00%
Open Gym Fees	3476001	0	1	0	0	0.00%
Recreational Sports	3476002	436,213	542,407	398,000	572,000	43.72%
Team Sports	3476003	117,334	119,166	134,000	132,000	-1.49%
Physical Fitness	3476004	134,763	124,181	150,000	132,000	-12.00%
Tennis Badminton	3476005	18,918	17,396	21,000	21,000	0.00%
Day Camp	3476006	248,214	275,162	254,200	280,000	10.15%
Aquatics	3476007	447,845	494,426	418,500	420,000	0.36%
Misc Rec Instructional Activ	3476008	65,857	99,061	54,000	94,000	74.07%
Preschool NKCC Programs	3476009	390,364	399,796	334,000	400,000	19.76%
Recreation Educ Classes	3476010	209,309	219,378	224,000	224,000	0.00%

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014</b>	<b>2015 - 2016</b>	<b>2015 - 2016</b>	<b>2017 - 2018</b>	<b>Percent</b>
		<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
Van Trips	3476015	34,737	42,368	46,000	46,000	0.00%
Misc Youth Programs	3476016	173,767	207,442	140,000	180,000	28.57%
Open Gym	3476017	8,721	8,323	8,000	8,000	0.00%
Bazaars and Flea Markets	3479001	8	0	0	0	0.00%
Parks Advertising	3479002	8,922	6,233	8,000	8,000	0.00%
Conference/Program Fees	3479003	3,360	4,070	3,200	3,600	12.50%
Special Event Services	3479101	23,329	24,759	22,000	22,000	0.00%
Interfund-Accounting Services	3491401	1,507,189	1,715,649	1,715,648	1,798,257	4.82%
Interfund Personnel Services	3491601	8,354	238	0	0	0.00%
Interfund Citywide Overhead	3491801	4,353,672	5,047,358	5,047,358	4,845,261	-4.00%
Interfund-Other Gen Govmnt	3491901	293,637	235,067	513,160	291,616	-43.17%
Interfund Engineering-COS	3493201	703,588	470,370	595,460	637,083	6.99%
Interfund Engineering-CIP Eng	3493202	3,299,457	4,303,785	4,778,779	5,559,114	16.33%
Intrfrnd Engineering-Develp Svc	3493205	330,236	502,514	502,514	693,112	37.93%
Interfund - Planning Services	3495801	124,193	143,269	123,110	141,007	14.54%
<b>Total for Charges for Goods and Services:</b>		26,921,711	32,869,482	29,282,130	32,794,948	12.00%

**Fines and Forfeits**

Mandatory Insurance Costs	3523001	92,206	55,957	100,000	60,000	-40.00%
Boating Safety Infractions	3524000	898	164	1,000	200	-80.00%
Traffic Infraction Penalties	3531001	1,502,846	1,202,282	1,600,000	1,300,000	-18.75%
Non-Traffic Infraction Penalty	3537001	7,407	3,745	7,000	5,000	-28.57%
Parking Infraction Penalties	3541001	1,524,089	1,225,138	1,400,000	1,400,000	0.00%
DUI Fines	3552001	117,600	122,804	110,000	120,000	9.09%
Criminal Traffic Misdemeanor	3558001	363,346	260,707	390,000	300,000	-23.08%
Other Non-Traffic Fines	3569001	109,142	87,717	130,000	100,000	-23.08%
Domestic Violence Penalty Ass.	3569008	4,046	3,246	5,000	4,000	-20.00%
Other Non-Traf Prostitution	3569013	2,264	0	0	0	0.00%
Court* Cost Recoupments	3573001	-5	0	0	0	0.00%
Court Cost Recoupment	3573100	172	0	0	0	0.00%
Public Defender Fees	3573300	132,419	131,525	140,000	140,000	0.00%
Warrants Served	3573400	91,751	67,352	110,000	60,000	-45.45%
Forfeiture of Bonds Deposits	3591001	0	16,037	0	0	0.00%
Business Lic Penalty	3592001	160,926	228,386	191,185	130,000	-32.00%
Business Tax Penalty	3592002	23,151	1,283	18,305	584	-96.81%
Miscellaneous Fines Penalty	3599001	0	3,233	0	0	0.00%
Code Enforcement Fines	3599002	38,816	68,778	40,000	40,000	0.00%
False Alarm Penalty	3599003	116,430	60,530	137,936	113,786	-17.51%
<b>Total for Fines and Forfeits:</b>		4,287,504	3,538,884	4,380,426	3,773,570	-13.85%

**Miscellaneous Revenues**

Investment Interest-Dedicated	3611102	624,136	974,831	604,581	750,582	24.15%
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**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014</b>	<b>2015 - 2016</b>	<b>2015 - 2016</b>	<b>2017 - 2018</b>	<b>Percent</b>
		<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
Unrealized Gain Loss Invest	3613201	2,173	989	0	0	0.00%
Int on Sales Tax Contract AR	3614001	177,122	181,638	150,000	160,000	6.67%
Moorage Rentals	3624001	211,880	185,764	231,150	255,781	10.66%
Senior Center Facility Rentals	3624002	62,373	74,781	32,000	72,000	125.00%
NKCC Rentals	3624003	38,511	33,551	30,000	32,000	6.67%
Park Facility Rentals	3624005	188,330	161,469	153,700	170,900	11.19%
Pool Locker Rentals	3624006	171	50	600	600	0.00%
Other Park Rentals	3624007	39,708	39,268	34,000	36,000	5.88%
Facilities Leases LT-Other	3625002	306,629	380,336	222,851	480,276	115.51%
Facilities Lease LT-Tour Dock	3625005	35,010	60,930	45,850	60,160	31.21%
Housing Rental Leases	3626001	170,684	152,328	147,300	149,350	1.39%
Concession Proceeds Non LET	3628001	7,442	7,218	5,000	5,000	0.00%
Concession Proceeds LET	3628002	68,975	81,158	62,000	62,000	0.00%
CKC Rent Proceeds LET	3628003	160	975	0	0	0.00%
ContribDonations Private	3679901	220,211	330,244	128,700	81,000	-37.06%
Sale of Surplus	3691001	1,045	432	0	0	0.00%
Unclaimed Money Property	3692001	13,099	24,426	3,000	3,000	0.00%
ConfiscatedForfeited Property	3693001	13,940	5,281	11,500	11,500	0.00%
Other Judgements Settlements	3694001	39,504	30,306	0	0	0.00%
Cash Over Short	3698101	-1,612	-13	0	0	0.00%
Other Misc Revenue	3699001	60,440	107,802	158,000	106,000	-32.91%
<b>Total for Miscellaneous Revenues:</b>		2,279,931	2,833,764	2,020,232	2,436,149	20.59%
<b>Other Financing Sources</b>						
Operating Transfer In	3971001	721,963	771,494	771,494	631,393	-18.16%
Ins Rec Gen Govt Non Capital	3980001	30,271	184,910	0	100,000	0.00%
Resources Forward	3999901	0	26,183,995	26,183,995	29,918,353	14.26%
<b>Total for Other Financing Sources:</b>		752,234	27,140,399	26,955,489	30,649,746	13.71%
<b>Total for General Fund:</b>		168,141,312	209,494,981	202,056,951	216,128,384	6.96%

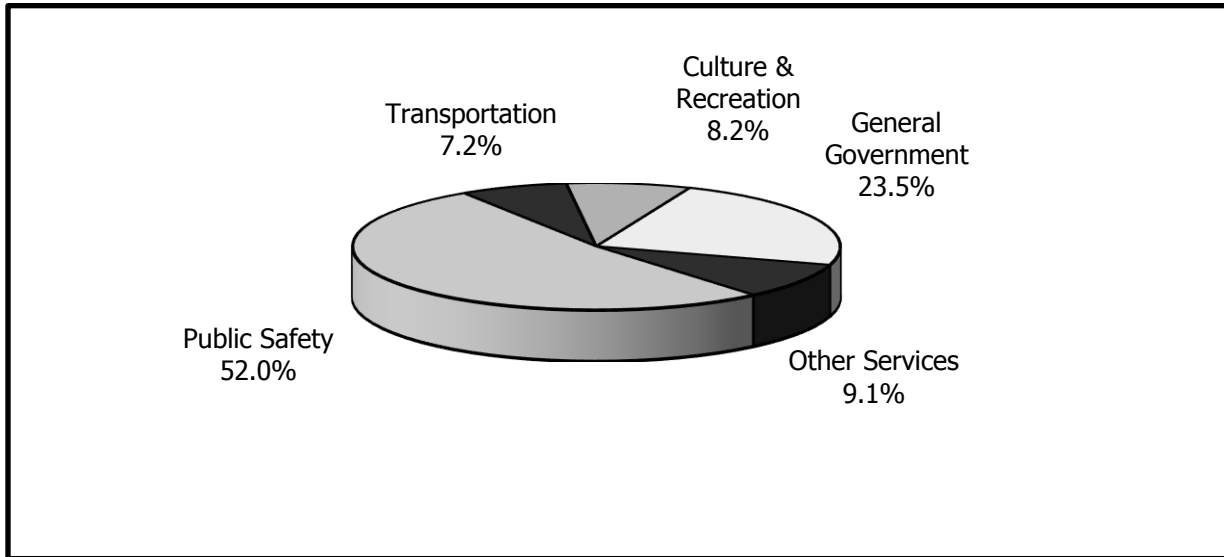
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## EXPENDITURE SUMMARY



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**CITY OF KIRKLAND**  
**GENERAL GOVERNMENT OPERATING**  
**GENERAL FUND**  
**2017-2018 EXPENDITURE SUMMARY: BY PROGRAM**



The General Fund accounts for about 66.0 percent of the City's General Government Operating budget. The majority of the expenditures in the General Fund are devoted to Public Safety (police, fire, and municipal court services), with General Government (legislative, executive, legal, administrative, financial, community planning services, and building inspection services) being the next largest program area.

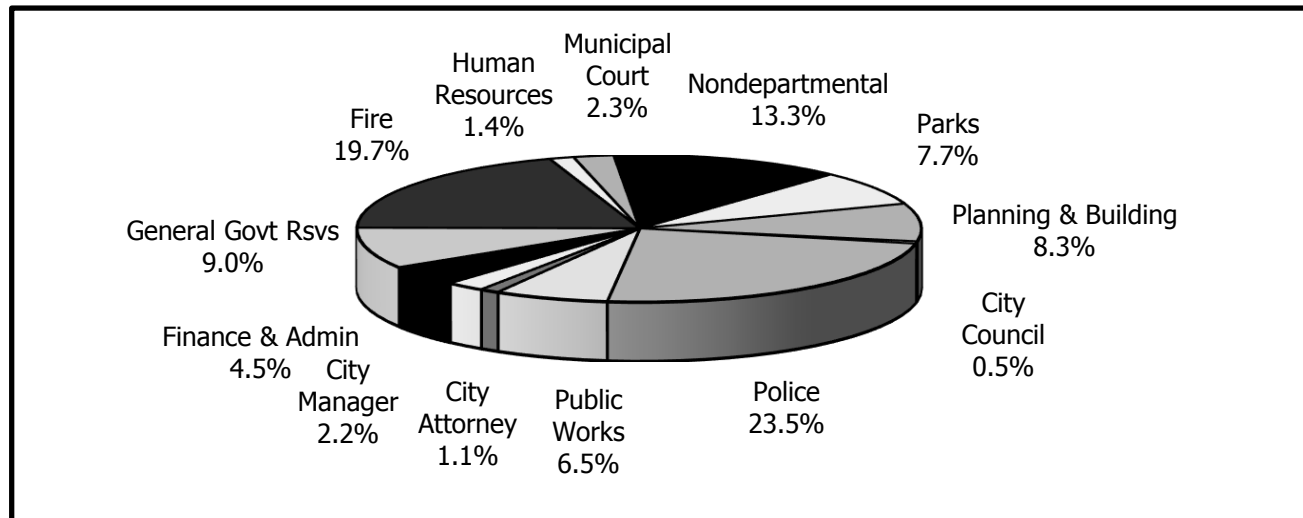
- Increases to the Other Services category are due to reserve replenishment and repayment of debt for the City Hall remodel.
- Spending in Transportation increased due to one-time investments for improved infrastructure and efficiency.
- Public Safety and Culture & Recreation increased due to increased salary and benefit costs.
- The decrease in General Government is due to one-time funding for City Hall renovations in 2015-2016.

## Analysis of Change

Program	2013-14 Actual*	2015-16 Budget	2017-18 Budget	Percent Change
Public Safety	99,856,644	105,297,933	112,324,826	6.67%
Transportation	9,820,678	12,618,430	15,514,509	22.95%
Culture & Recreation	14,621,432	17,080,536	17,805,973	4.25%
General Government	41,492,065	51,651,649	50,734,160	-1.78%
Other Services	8,437,807	15,408,403	19,748,916	28.17%
<b>Program Total</b>	<b>174,228,626</b>	<b>202,056,951</b>	<b>216,128,384</b>	<b>6.96%</b>

\*2013-14 reserves are budgeted, but not spent

**CITY OF KIRKLAND**  
**GENERAL GOVERNMENT OPERATING**  
**GENERAL FUND**  
**2017-2018 EXPENDITURE SUMMARY: BY DEPARTMENT**



The two largest departments in the General Fund are Police and Fire, which provide public safety services. Next is Parks & Community Services which provides recreational and cultural programs, operates/develops the park system and community centers, and provides youth and human services. Nondepartmental, while larger in total dollars, includes undistributed personnel costs that will apply to all departments once labor agreements are settled.

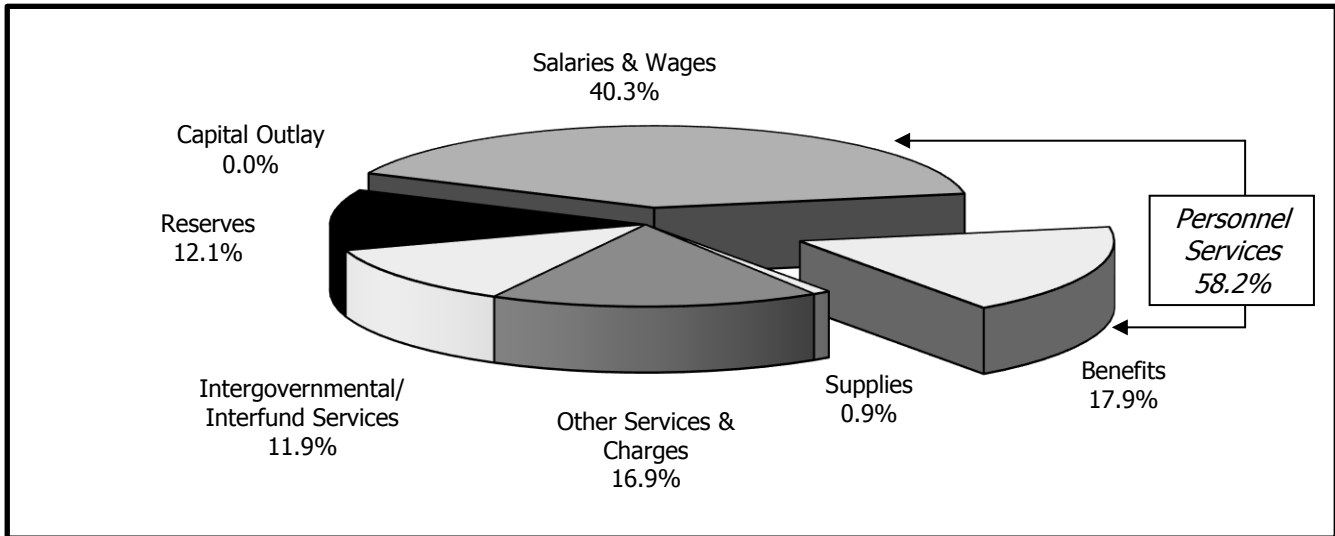
- Nondepartmental increases are primarily due to transfers to the CIP for fire station funding, repayment of debt for the City Hall remodel, and increases to reserves.
- General Government Reserves increases reflect money set aside for future Development Services workload.
- Public Works increased due to one-time efficiency investments and annualization of 2015-16 midyear adds.
- The City Council budget increased due to a general increase in internal charges.
- The City Manager's Office budget decrease is due to one-time professional services contracts in 2015-16.
- Planning and Building increases are due to one-time additions to accommodate increased development activity.
- Changes in Human Resources, City Attorney, Municipal Court, Parks & Community Services Finance & Administration, Fire, and Police represent changes in the methodology of budgeting benefits.

## Analysis of Change

Department	2013-14 Actual*	2015-16 Budget	2017-18 Budget	Percent Change
General Government Reserves	10,539,865	17,930,296	19,439,738	8.42%
Nondepartmental	16,814,069	21,347,848	28,669,289	34.30%
City Council	807,631	975,798	1,069,632	9.62%
City Manager	3,585,786	4,713,808	4,658,557	-1.17%
Human Resources	2,621,741	3,042,089	3,095,006	1.74%
City Attorney	2,650,413	2,447,634	2,410,977	-1.50%
Municipal Court	4,386,450	4,988,596	5,009,367	0.42%
Parks & Community Services	14,555,090	16,572,086	16,645,934	0.45%
Public Works	9,045,061	11,408,426	13,916,423	21.98%
Finance & Administration	9,156,139	9,546,785	9,787,471	2.52%
Planning & Building	12,817,949	17,432,397	18,010,487	3.32%
Police	47,865,446	50,324,693	50,859,837	1.06%
Fire	39,382,986	41,326,495	42,555,666	2.97%
<b>Department Total</b>	<b>174,228,626</b>	<b>202,056,951</b>	<b>216,128,384</b>	<b>6.96%</b>

\*2013-14 reserves are budgeted, but not spent

**CITY OF KIRKLAND**  
**GENERAL GOVERNMENT OPERATING**  
**GENERAL FUND**  
**2017-2018 EXPENDITURE SUMMARY: BY CATEGORY**



Salaries & Wages and Benefits comprise 58.2 percent of the General Fund budget, with Public Safety representing 58.7 percent of these expenditure categories. Other Services & Charges is the next largest category and is comprised mostly of contracted direct services (such as dispatch, jail and human services), contracted support services (such as consulting, printing, and repairs and maintenance services), and internal charges from one City fund to another (for information technology, fleet, and facilities maintenance).

- Personnel costs (salaries and benefits) are a combination of cost increases for two years and the impact of additional recommended staff, mostly to support revenue backed development activity.
- Reserves increased due to replenishment, as well as money set aside to support future development and capital projects in future years.
- Capital Outlay decreased due to one-time expenditures in 2015-16.
- Intergovernmental/Interfund increased due to transfers for fire station funding in the capital budget.

**Analysis of Change**

Category	2013-14 Actual*	2015-16 Budget	2017-18 Budget	Percent Change
Salaries & Wages	76,158,356	84,190,867	87,210,366	3.59%
Benefits	31,993,514	36,615,544	38,735,561	5.79%
Supplies	1,639,441	1,990,315	1,911,558	-3.96%
Other Services & Charges	30,557,766	36,364,130	36,467,212	0.28%
Intergovernmental/Interfund Services	22,954,010	22,397,367	25,674,957	14.63%
Capital Outlay	-	156,440	60,381	-61.40%
Reserves	10,925,539	20,342,288	26,068,349	28.15%
<b>Category Total</b>	<b>174,228,626</b>	<b>202,056,951</b>	<b>216,128,384</b>	<b>6.96%</b>

\*2013-14 reserves are budgeted, but not spent

**2017 - 2018 BUDGET ANALYSIS**

# **GENERAL FUND**

**ANALYSIS OF CHANGES**
**2015-16 Approved Budget**
**202,056,951**

One-Time Adjustments &amp; Carryovers

(19,381,089)

*Percent Change Due to One-Time Adjustments, Carryovers, and Reserves*

-9.59%

**Adjusted Biennial Basis of Comparison for 2015-16 Basic Budget**
**182,675,862**
**2017-18 Basic Budget Changes:**

2015-16 Impact on 2017-18 Salaries &amp; Wages

900,000

2017-18 Impact on Salaries &amp; Wages

4,808,481

Fire Station 25 Staffing Salaries

560,727

Development Services funded onetime staffing

667,367

Employee Benefits &amp; Self Insurance Reserve

824,856

State Pension Contribution Cost Increase

1,392,272

Fleet - Internal Services Rate

(230,676)

IT - Internal Services Rate

892,999

Facilities - Internal Services Rate

(468,262)

Jail Contracted Services

(110,747)

Insurance

(268,450)

Lake and Central Feasibility Study

150,000

Professional Services

678,791

City Hall Bond Transfer

842,430

Fire Station Construction Transfer

4,736,000

Streets Seasonal Labor

150,990

Walkable Kirkland Funding

120,000

Net Miscellaneous Adjustments

723,821

Total Basic Budget Changes

16,370,599

*Percent Change Due to Basic Budget Changes*

8.10%

**Subtotal 2017-18 Basic Budget**
**199,046,461**
**2017-18 Recommended Service Packages**

2017-18 Ongoing Service Packages

1,628,511

2017-18 One Time Service Packages

5,822,751

Estimated Impact of IT Service Packages on Internal Rates

361,151

Subtotal Service Package Costs

7,812,413

Expenditure Offsets and Use of Reserves to Fund Service Packages

(1,658,584)

Total Net Change

6,153,829

*Percent Change Due to Service Packages*

3.05%

**Subtotal 2017-18 Preliminary Budget Before Reserves**
**205,200,290**
**2017-18 Reserve Contributions**

Development Services Reserves

5,140,997

City Council Contingency

131,927

Annexation Sales Tax Reserve

500,000

Parks Sinking Fund Reserve

500,000

Increase in Revenue Stabilization Reserve

278,130

One Percent General Purpose Reserve Replenishment

1,846,904

Change in Revolving Funds Balance

99,396

Changes in Working Capital and Other Replenishments

2,430,740

Total Reserve Changes

10,928,094

*Percent Change Due to Reserves*

5.41%

**COMPARISON OF 2015-16 BUDGET TO 2017-18 BUDGET**
**Total 2017-18 Budget**
**14,071,433**
**216,128,384**
**6.96%**

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## GENERAL GOVERNMENT OPERATING RESERVES



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## DEPARTMENT OVERVIEW

# ***GENERAL GOVERNMENT OPERATING RESERVES***

## MISSION

The purpose of General Government Operating Reserves is to account for reserves in the General Fund, which include general purpose reserves as approved by Council, as well as special purpose reserves that are designated for specific uses. Other General Fund reserves, including a general operating contingency, working capital, and Police LEOFF 1 Pension reserve are located in the Non-departmental section.

## DEPARTMENT FUNCTIONS

This department is the accumulation of general and special purpose reserves, along with related special purpose expenditures.

Monies are accumulated over a period of time and used as needed for operating contingencies or specific projects or purposes, which include:

General purpose reserves:

- General Operating Reserve (Rainy Day): unforeseen revenue changes or temporary events
- Revenue Stabilization Reserve: temporary revenue shortfalls
- Council Special Projects Reserve: one-time projects approved by Council
- Building and Property Reserve: property-related transactions

Special purpose reserves and expenditures include:

- Litigation Reserve: outside counsel costs
- Labor Relations Reserve: labor negotiations costs
- Development Services Reserves: revenue/staffing stabilization and technology support/permit system replacement
- Donations for Fire, Police, and Parks
- Equipment and overtime reserves for Fire, Police and Parks
- Other miscellaneous reserves set aside for obligations for specific activities, such as tree ordinance and required monitoring of closed capital projects

The General Purpose reserves, their targets, and replenishment policies are established in the City's *Fiscal Policies* and adopted by Council resolution.

## BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

### Financial Stability

- Continue compliance with the adopted Fiscal Policies:
  - No basic operations funded by one-time revenues
  - Continue incorporating a component into the ongoing budget for replenishment of reserves based on 1% of the General Fund budget, \$1.8 million in the 2017-2018 proposed budget
  - Maintain the revenue stabilization reserve to 100% of target

### Dependable Infrastructure

- Establish Parks Facilities Sinking Fund with \$500,000 of General Fund cash

**2017-2018 FINANCIAL OVERVIEW**
**GENERAL GOVERNMENT OPERATING RESERVES**
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	-	-	-	-	n/a
Benefits	-	-	-	-	n/a
Supplies	77,068	77,395	27,000	44,600	65.19%
Other Services	626,960	354,809	307,920	62,400	-79.73%
Government Services	1,486,825	1,471,738	1,471,738	500,000	-66.03%
Capital Outlay	-	-	-	-	n/a
Reserves*	8,349,012	16,123,638	16,123,638	18,832,738	16.80%
<b>TOTAL</b>	10,539,865	18,027,580	17,930,296	19,439,738	8.42%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Gen'l. Govt. Oper. Reserves	10,539,865	18,027,580	17,930,296	19,439,738	8.42%
<b>TOTAL</b>	10,539,865	18,027,580	17,930,296	19,439,738	8.42%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Gen'l. Govt. Oper. Reserves	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	0.00	0.00	0.00	0.00	0.00

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

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**NON-DEPARTMENTAL**



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**DEPARTMENT OVERVIEW*****Non-DEPARTMENTAL*****MISSION**

The purpose of Non-departmental is to account for all expenditures that cannot be specifically designated to any operating department within the General Fund.

**DEPARTMENT FUNCTIONS**

Examples of expenses in this area include shared paper products, contracts with outside agencies, LEOFF 1 medical payments, and the Employee Transportation Program.

Non-departmental also includes transfers to reserves and debt service funds.

**BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS****Housing**

- Increase ARCH Housing Trust Fund parity contribution by \$200,000 for a total of \$830,000 one-time
- Continue CDBG contribution to ARCH Housing Trust Fund, \$250,000 ongoing

**Economic Development**

- Earmark \$5 million in REET 2 balances toward the City's \$15 million commitment to public infrastructure under the Totem Lake Development Agreement that spurred Mall redevelopment

# 2017-2018 FINANCIAL OVERVIEW

## NONDEPARTMENTAL

### FINANCIAL SUMMARY BY OBJECT

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	13,749	-	-	-	n/a
Benefits	1,290,073	1,366,556	1,343,537	1,307,477	-2.68%
Supplies	58,716	81,632	81,000	92,000	13.58%
Other Services	824,708	2,196,558	2,242,001	2,029,676	-9.47%
Government Services	12,050,296	13,464,659	13,430,660	18,004,525	34.06%
Capital Outlay	-	24,194	32,000	-	-100.00%
Reserves*	2,576,527	4,218,650	4,218,650	7,235,611	71.51%
<b>TOTAL</b>	16,814,069	21,352,249	21,347,848	28,669,289	34.30%

### FINANCIAL SUMMARY BY DIVISION

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Nondepartmental	16,814,069	21,352,249	21,347,848	28,669,289	34.30%
<b>TOTAL</b>	16,814,069	21,352,249	21,347,848	28,669,289	34.30%

### POSITION SUMMARY BY DIVISION

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Nondepartmental	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	0.00	0.00	0.00	0.00	0.00

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

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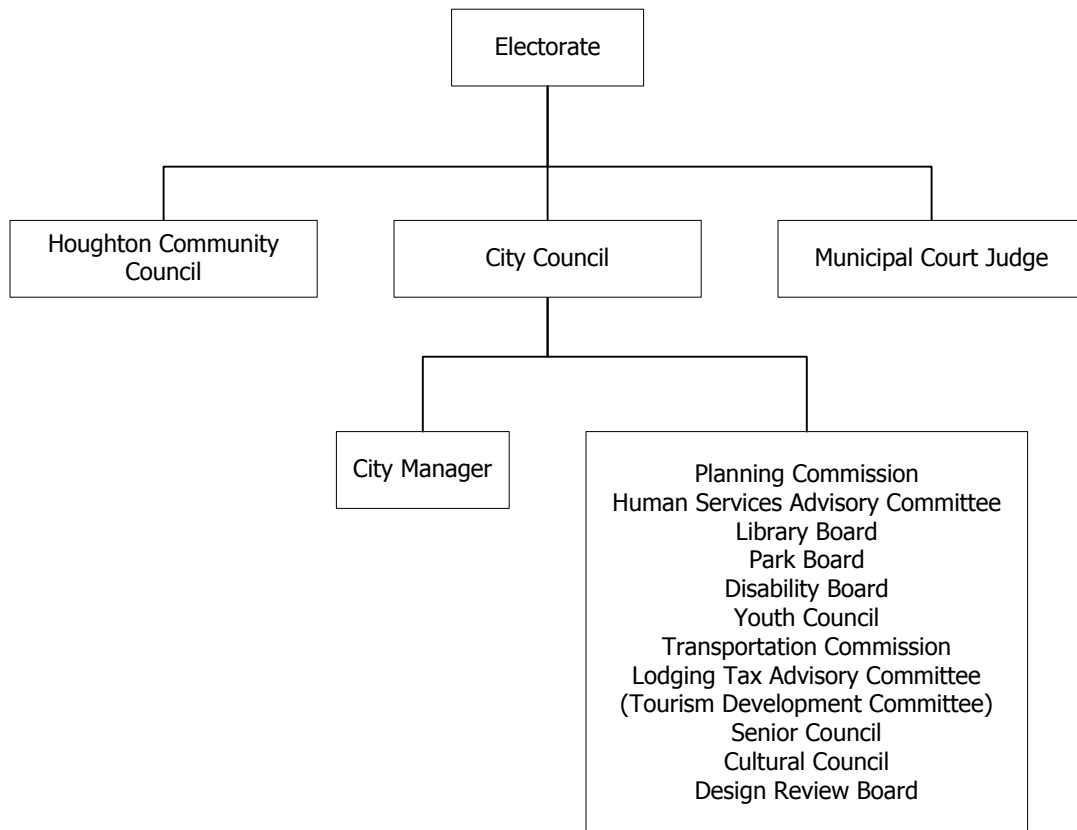
**CITY COUNCIL**



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# CITY OF KIRKLAND

## City Council





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**DEPARTMENT OVERVIEW*****CITY COUNCIL*****MISSION**

The City Council's responsibility is to provide general policy direction for the overall management of the City of Kirkland.

**DEPARTMENT FUNCTIONS**

The primary responsibility of the City Council is to fulfill the legislative function, and to thereby determine the general direction and policies for the operation of the City, including local laws, allocation of resources, and determination of service levels.

**RELATIONSHIP TO COUNCIL GOALS**

In 2009, the Council established ten service areas, value statements and goals. Service areas are identified as priorities by the City Council and through the biennial community survey. The Council reviews and reaffirms the goals annually to ensure they continue to speak to the needs of and input from the community, as well as changes in the external environment and community demographics. The goals help the Council achieve its mission of providing general policy direction for the overall management of the City of Kirkland and moving Kirkland toward its vision.

The City's ability to make progress towards their achievement is based on the availability of resources at any given time. Implicit in the allocation of resources is the need to balance levels of taxation and community impacts with service demands and the achievement of goals.

**Council Goals:****Neighborhoods**

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

**Public Safety**

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

**Human Services**

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

**Balanced Transportation**

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

**Parks, Open Spaces and Recreational Services**

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

**Housing**

To ensure the construction and preservation of housing stock that meet a diverse range of incomes and needs.

**Financial Stability**

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

**Environment**

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

**Economic Development**

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

**Dependable Infrastructure**

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

<b>BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS</b>
------------------------------------------------------------

**Neighborhoods**

- Fund the 2018 Community Survey to assess priorities and satisfaction, \$30,000 one-time

**Other**

- Provide boxed meals for Council Members at Council meetings, \$8,200 ongoing

# 2017 - 2018 FINANCIAL OVERVIEW

## CITY COUNCIL

### FINANCIAL SUMMARY BY OBJECT

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	190,545	197,532	197,772	199,704	0.98%
Benefits	83,961	119,188	187,313	184,192	-1.67%
Supplies	5,304	6,936	3,500	11,700	234.29%
Other Services	527,821	582,049	587,213	674,036	14.79%
Government Services	-	-	-	-	n/a
Capital Outlay	-	-	-	-	n/a
<b>TOTAL</b>	807,631	905,705	975,798	1,069,632	9.62%

### FINANCIAL SUMMARY BY DIVISION

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
City Council	807,631	905,705	975,798	1,069,632	9.62%
<b>TOTAL</b>	807,631	905,705	975,798	1,069,632	9.62%

### POSITION SUMMARY BY DIVISION

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
City Council	7.00	0.00	7.00	0.00	7.00
<b>TOTAL</b>	7.00	0.00	7.00	0.00	7.00

## 2017-2018 POSITION SUMMARY

***CITY COUNCIL***

## POSITION SUMMARY BY CLASSIFICATION

<u>Classification</u>	<u>2015-2016 Budget</u>	<u>Service Packages</u>	<u>2017-2018 Positions</u>	<u>Budgeted 2017 Salary Range</u>
Mayor	1.00		1.00	17,136
Councilperson	<u>6.00</u>		<u>6.00</u>	13,464
<b>TOTAL</b>	7.00	0.00	7.00	

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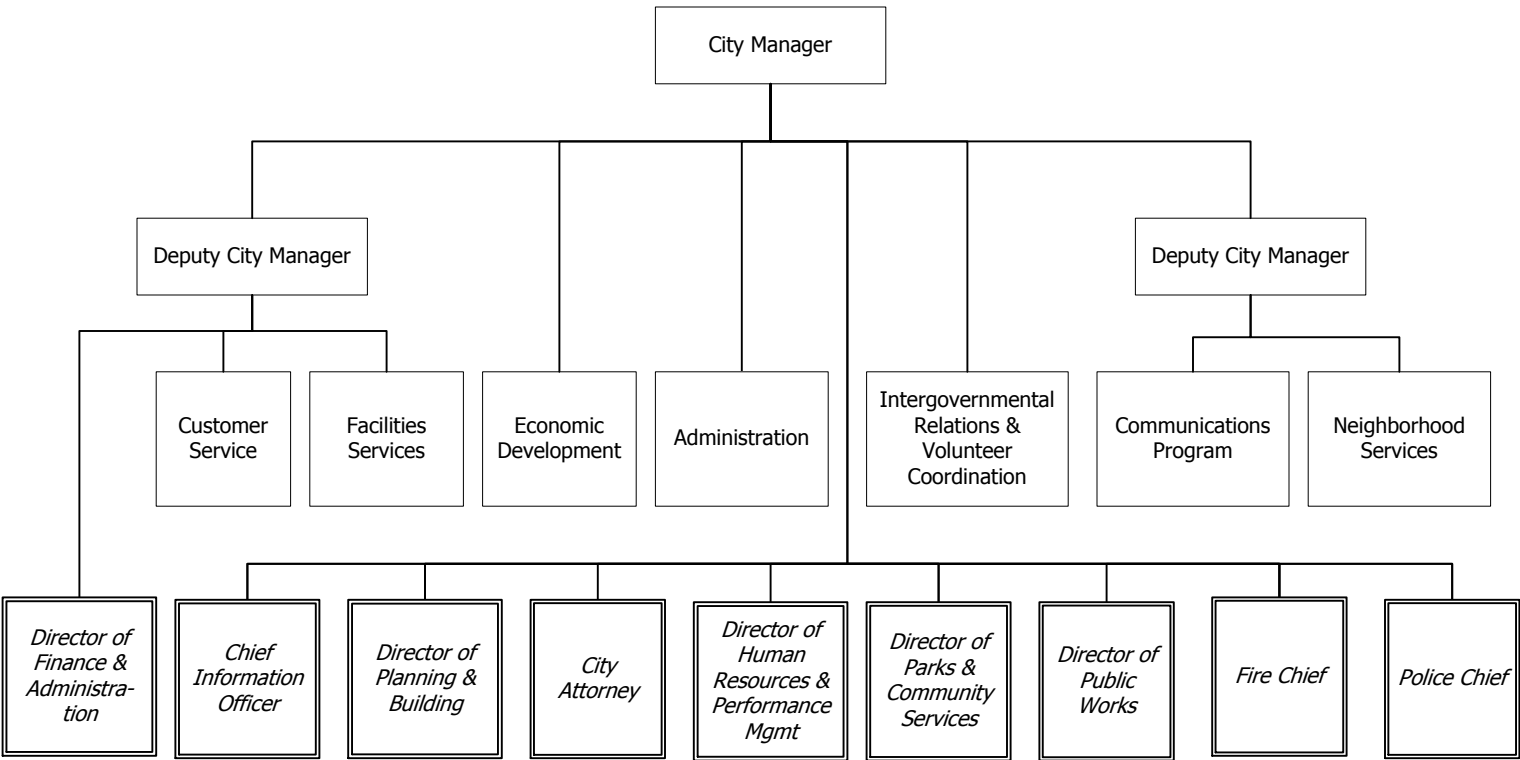
**CITY MANAGER**



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# CITY OF KIRKLAND

## City Manager's Office



*Boxes with a double outline and italic text indicate positions which report to this department but which are budgeted in a separate department and/or operating fund.*



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## DEPARTMENT OVERVIEW

# ***CITY MANAGER'S OFFICE***

## MISSION

The mission of the City Manager's Office is to serve as the professional administrator of the City by effectively implementing the City Council's policies and coordinating day-to-day operations, administration, and communications.

## DEPARTMENT FUNCTIONS

The **City Manager's Office** implements the City Council's policies by overseeing the management of City departments, administering personnel and labor relations, the City budget, and the day-to-day operations of the City. The City Manager serves as the chief advisor to the City Council and is appointed by, and serves at the pleasure of, the City Council. The City Manager proposes an annual City work program to the City Council that implements priority goals.

The **Economic Development Manager** provides business recruitment and retention services and manages the City's tourism and cultural arts programs.

The **Intergovernmental Relations Manager** supports the City Council's legislative agenda and coordinates with other governmental bodies on regional initiatives and partnerships.

The **Communications Program Manager** supports the City Council and City departments in providing effective and timely communications about City issues and events and designs and delivers public involvement strategies for City departments.

The **Neighborhood Outreach Coordinator** serves as the City's liaison between the City Council and City departments and the thirteen neighborhood associations. This position also designs and delivers public involvement and information services.

The **Special Projects** Coordinator manages the City's volunteer program and supports tourism and cultural arts programs.

## BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

### Neighborhoods

- Increase Neighborhood Services Matching Grant to match 2015-16 level, \$10,202 one-time
- Add a temporary 0.5 FTE Communications Program Specialist to enhance communication with City residents regarding municipal services and activities, \$92,494 one-time

### Environment

- Fund regional research project regarding growth on the Eastside, \$40,000 one-time (Kirkland's share of costs)

### Economic Development

- Fund Lake and Central Redevelopment Feasibility Study, \$150,000 one-time
- Continue funding Community Programs and Events, \$112,000 one-time (\$48,000 from Waste Management matched with \$64,000 of City funds)
- Fund 4Culture Arts Sustained Support, \$16,000 one-time (grant funded)

- Fund hourly resources to implement Photo/Imaging Cataloging Software, \$12,493 one-time

**Other**

- Continue State Legislative Advocacy Services, \$120,000 one-time

# 2017 - 2018 FINANCIAL OVERVIEW

## CITY MANAGER

### FINANCIAL SUMMARY BY OBJECT

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	1,947,718	2,359,407	2,449,247	2,508,501	2.42%
Benefits	681,576	887,288	975,961	968,520	-0.76%
Supplies	27,307	23,599	28,222	24,900	-11.77%
Other Services	929,185	1,287,931	1,260,378	1,156,636	-8.23%
Government Services	-	-	-	-	n/a
Capital Outlay	-	-	-	-	n/a
<b>TOTAL</b>	3,585,786	4,558,225	4,713,808	4,658,557	-1.17%

### FINANCIAL SUMMARY BY DIVISION

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
City Manager	3,585,786	4,558,225	4,713,808	4,658,557	-1.17%
<b>TOTAL</b>	3,585,786	4,558,225	4,713,808	4,658,557	-1.17%

### POSITION SUMMARY BY DIVISION

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
City Manager	8.54	2.40	10.94	(0.50)	10.44
<b>TOTAL</b>	8.54	2.40	10.94	(0.50)	10.44

\*0.50 FTE moved to Public Works

2017 - 2018 POSITION SUMMARY

***CITY MANAGER***

POSITION SUMMARY BY CLASSIFICATION

Classification	2015-2016 Budget	Service Packages	2017 - 2018 Positions	Budgeted 2017 Salary Range
City Manager	1.00		1.00	15,850
Deputy City Manager	2.00		2.00	11,093 - 14,313
Economic Development Manager	0.85		0.85	8,539 - 11,018
Intergovernmental Relations Manager	1.00		1.00	7,448 - 9,610
Communications Program Manager	1.00		1.00	6,850 - 8,839
Neighborhood Outreach Coordinator*	1.00	(0.50)	0.50	6,467 - 7,608
Special Projects Coordinator	0.79		0.79	6,134 - 7,216
Customer Service Program Lead	1.00		1.00	5,516 - 6,489
Executive Assistant I	1.00		1.00	4,990 - 6,439
Administrative Assistant	0.80		0.80	4,834 - 5,687
Communications Program Specialist	0.50		0.50	4,590 - 5,400
<b>TOTAL</b>	<b>10.94</b>	<b>(0.50)</b>	<b>10.44</b>	

\* 0.50 FTE moved to Public Works

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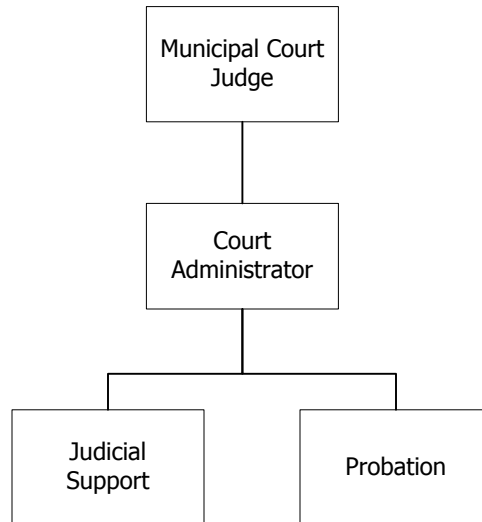
**MUNICIPAL COURT**



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# **CITY OF KIRKLAND**

## **Municipal Court**



## DEPARTMENT OVERVIEW

# ***MUNICIPAL COURT***

## MISSION

The **Municipal Court's** mission is to establish and maintain public trust and confidence in the judicial system. The Court proudly serves the citizens of Kirkland and the general public by providing access to justice and ensuring that all individuals are afforded due process of law as recognized by the Constitution of the United States and the State of Washington.

It is the Municipal Court's mission to continually seek excellence in providing fair, accessible, and timely resolution of alleged violations of the law in an atmosphere of respect for all parties, including members of the public, defendants, lawyers, witnesses, jurors and all Court and City employees.

The Municipal Court is a contributing partner of the City of Kirkland, working toward a safe and vital community.

## DEPARTMENT FUNCTIONS

The **Municipal Court** is a court of limited jurisdiction and an independent branch of government which is authorized by the laws of the State of Washington to preside over all criminal misdemeanors and gross misdemeanors, as well as traffic, non-traffic and parking infractions, and select civil matters occurring within the city limits of Kirkland. All cases filed are processed in accordance with court rules and the laws of the State of Washington, under the direction of the presiding judge.

## BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

### Public Safety

- Municipal Court Security, add 1.2 FTE temporary Justice Support Officers, \$220,209 one-time (budgeted in the Police Department)

**2017-2018 FINANCIAL OVERVIEW**

# ***MUNICIPAL COURT***

**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	2,308,489	2,529,520	2,535,917	2,602,637	2.63%
Benefits	1,049,316	1,199,809	1,303,375	1,197,582	-8.12%
Supplies	24,295	30,718	21,000	22,000	4.76%
Other Services	1,004,350	1,089,595	1,128,304	1,187,148	5.22%
Government Services	-	-	-	-	n/a
Capital Outlay	-	-	-	-	n/a
<b>TOTAL</b>	4,386,450	4,849,642	4,988,596	5,009,367	0.42%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Municipal Court	4,386,450	4,849,642	4,988,596	5,009,367	0.42%
<b>TOTAL</b>	4,386,450	4,849,642	4,988,596	5,009,367	0.42%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Municipal Court	18.75	0.00	18.75	0.00	18.75
<b>TOTAL</b>	18.75	0.00	18.75	0.00	18.75

## 2017-2018 POSITION SUMMARY

***MUNICIPAL COURT*****POSITION SUMMARY BY CLASSIFICATION**

<u>Classification</u>	<u>2015-2016 Budget</u>	<u>Service Packages</u>	<u>2017-2018 Positions</u>	<u>Budgeted 2017 Salary Range</u>
Municipal Court Judge	1.00		1.00	12,503
Court Administrator	1.00		1.00	7,462 - 9,629
Probation Supervisor	1.00		1.00	5,463 - 7,049
Judicial Support Supervisor	1.00		1.00	5,402 - 6,970
Probation Officer	2.00		2.00	5,244 - 6,170
Judicial Support Associate Lead	1.00		1.00	4,699 - 5,528
Judicial Support Associate II	11.75		11.75	3,971 - 4,672
<b>TOTAL</b>	18.75	0.00	18.75	

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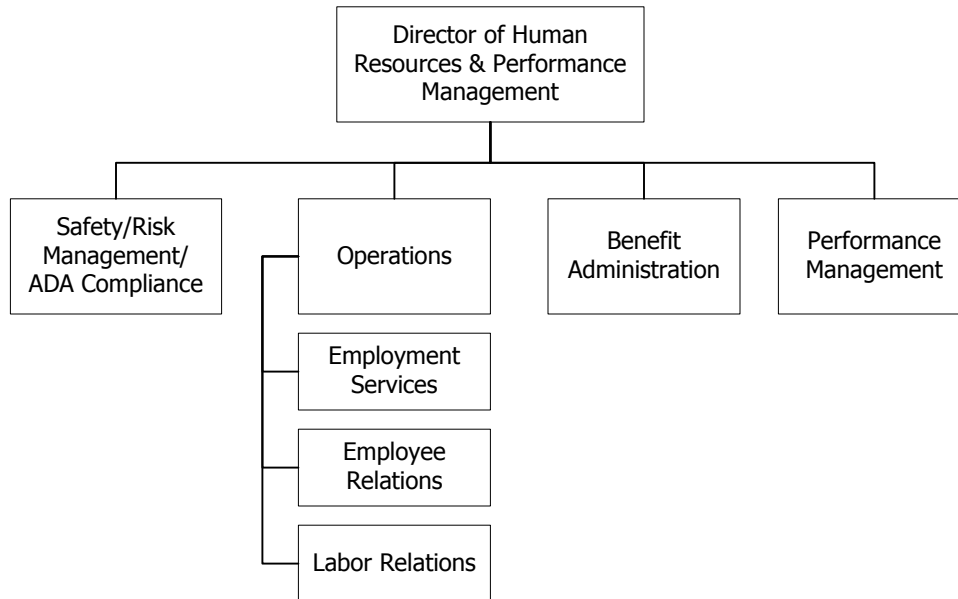
# HUMAN RESOURCES



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# **CITY OF KIRKLAND**

## **Human Resources Department**



**DEPARTMENT OVERVIEW*****HUMAN RESOURCES*****MISSION**

To build, develop and retain a high performing workforce whose work advances the mission, vision and values of the City of Kirkland.

**DEPARTMENT FUNCTIONS**

**Human Resources** is responsible for the successful design and implementation of the following functions: recruitment, training, employee relations, labor relations, compensation, benefit administration, risk management, workers compensation and performance management.

**BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS****Neighborhoods**

- Provide neighborhood leadership training through Leadership Eastside by funding registration for neighborhood leaders, Board or Commission members and City employees (three in 2017 and three in 2018) to enroll, \$24,000 one-time

**Public Safety**

- Purchase online Safety Data Sheets program, \$10,000 ongoing

**Financial Stability**

- Partner with King County to engage in monetary recovery pilot program, \$10,000 one-time
- Add temporary 0.3 FTE to an existing 0.7 FTE regular Human Resources Analyst position to focus on special projects, \$69,492 one-time
- Continue funding Learning Management System (LMS), software offering safety/compliance training for staff through 2018, \$26,022 one-time
- Fund consultant services to evaluate and recommend improvements to performance management activities, \$50,000 one-time

**2017-2018 FINANCIAL OVERVIEW**

# ***HUMAN RESOURCES***

**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	1,534,021	1,660,809	1,714,103	1,685,681	-1.66%
Benefits	674,430	676,902	755,290	684,806	-9.33%
Supplies	21,508	29,370	32,256	24,460	-24.17%
Other Services	391,073	548,466	540,440	700,059	29.54%
Government Services	709	-	-	-	n/a
Capital Outlay	-	-	-	-	n/a
<b>TOTAL</b>	2,621,741	2,915,547	3,042,089	3,095,006	1.74%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Human Resources	2,621,741	2,915,547	3,042,089	3,095,006	1.74%
<b>TOTAL</b>	2,621,741	2,915,547	3,042,089	3,095,006	1.74%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Human Resources	8.70	0.50	9.20	0.00	9.20
<b>TOTAL</b>	8.70	0.50	9.20	0.00	9.20

2017-2018 POSITION SUMMARY

# ***HUMAN RESOURCES***

POSITION SUMMARY BY CLASSIFICATION

<u>Classification</u>	<u>2015-2016 Budget</u>	<u>Service Packages</u>	<u>2017-2018 Positions</u>	<u>Budgeted 2017 Salary Range</u>
Director	1.00		1.00	10,065 - 12,987
Senior Human Resources Analyst	1.00		1.00	6,011 - 7,756
Human Resources Analyst	5.70		5.70	5,306 - 6,847
Safety/Risk Management Analyst	1.00		1.00	5,306 - 6,847
Human Resources Coordinator	0.00		0.00	4,716 - 6,085
Human Resources Assistant	0.50		0.50	4,273 - 5,513
<b>TOTAL</b>	9.20	0.00	9.20	

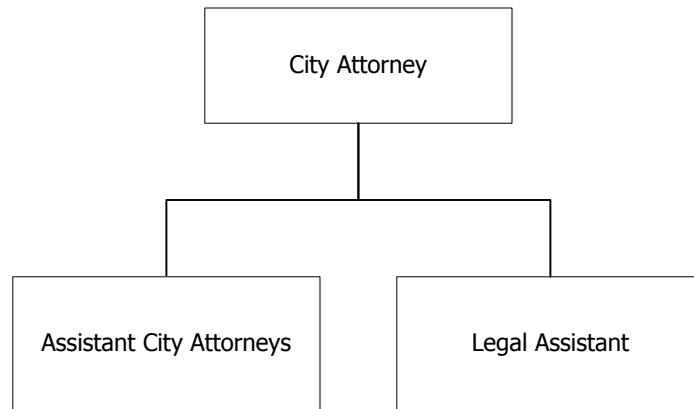
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**CITY ATTORNEY**



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**CITY OF KIRKLAND**  
**City Attorney's Office**



**DEPARTMENT OVERVIEW*****CITY ATTORNEY*****MISSION**

The City Attorney's Office mission is to provide outstanding, timely, and cost effective legal counsel and representation for the City. The objective of this department is to provide sound and practical legal support to City officials and staff to help them achieve the City Council Goals.

**DEPARTMENT FUNCTIONS**

The **City Attorney's Office** is the in-house law firm for the City. The City Attorney's Office works closely with the City Council, City Manager, and City departments. Reliance on outside counsel is limited to those instances where specialized expertise is needed or it is more efficient or cost-effective to outsource. In those instances where the City contracts with outside counsel for special legal services, the City Attorney's Office manages and coordinates these services.

The City Attorney's Office also contracts with a local law firm to serve as "City Prosecutor" for the prosecution of misdemeanors in Kirkland Municipal Court.

**BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS**

No budget highlights.

**2017-2018 FINANCIAL OVERVIEW**
***CITY ATTORNEY***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	903,871	970,129	955,843	975,024	2.01%
Benefits	327,139	364,470	362,309	395,926	9.28%
Supplies	5,673	25,437	28,600	28,900	1.05%
Other Services	1,413,667	1,093,865	1,100,882	1,011,127	-8.15%
Government Services	63	183	-	-	n/a
Capital Outlay	-	-	-	-	n/a
<b>TOTAL</b>	2,650,413	2,454,084	2,447,634	2,410,977	-1.50%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
City Attorney	2,650,413	2,454,084	2,447,634	2,410,977	-1.50%
<b>TOTAL</b>	2,650,413	2,454,084	2,447,634	2,410,977	-1.50%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
City Attorney	4.00	0.00	4.00	0.00	4.00
<b>TOTAL</b>	4.00	0.00	4.00	0.00	4.00

## 2017-2018 POSITION SUMMARY

***CITY ATTORNEY***

## POSITION SUMMARY BY CLASSIFICATION

<u>Classification</u>	<u>2015-2016 Budget</u>	<u>Service Packages</u>	<u>2017-2018 Positions</u>	<u>Budgeted 2017 Salary Range</u>
City Attorney	1.00		1.00	10,220 - 13,187
Assistant City Attorney	2.00		2.00	7,965 - 10,278
Legal Assistant	1.00		1.00	4,469 - 5,767
<b>TOTAL</b>	4.00	0.00	4.00	

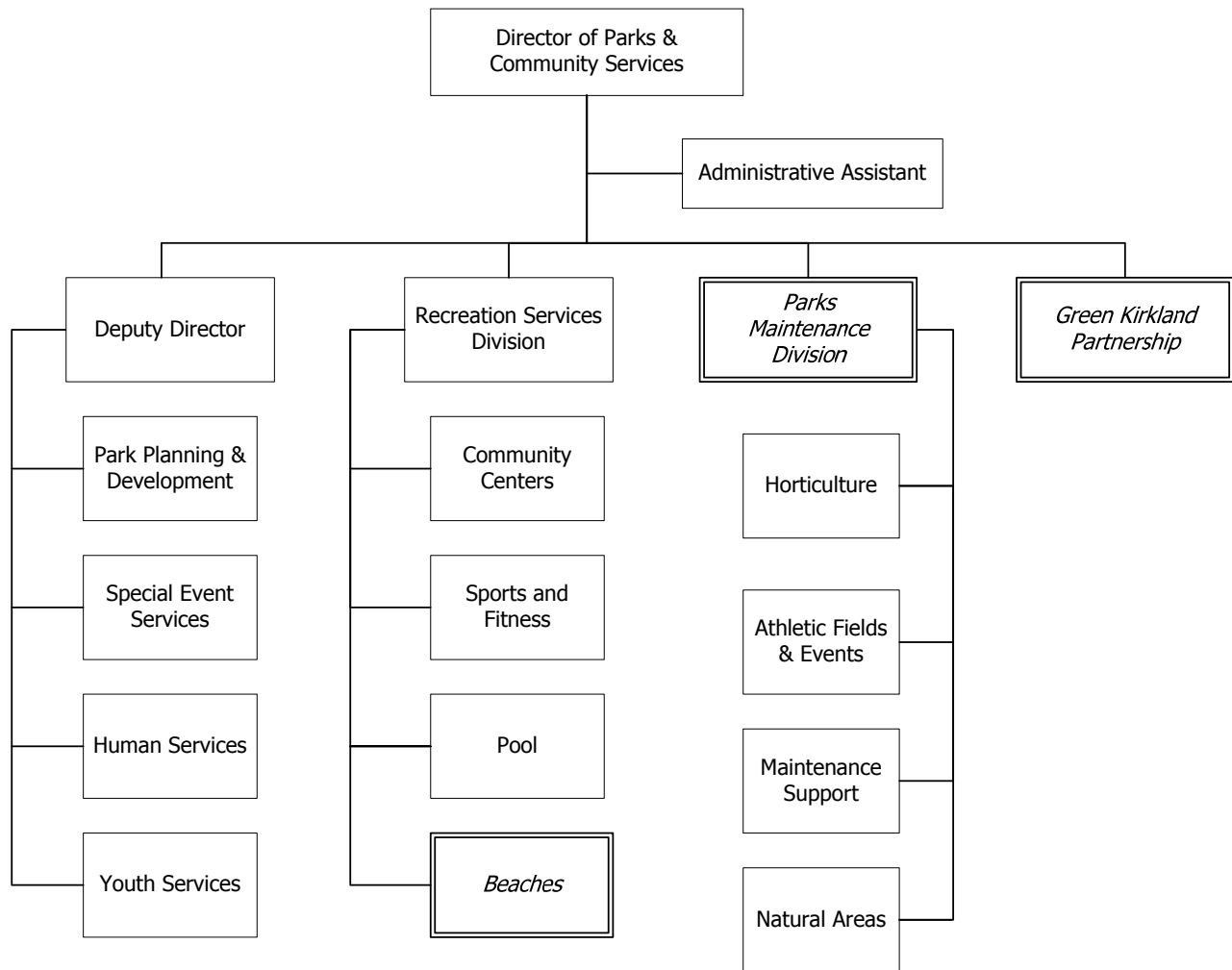
## PARKS & COMMUNITY SERVICES



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# CITY OF KIRKLAND

## Parks & Community Services Department



*Boxes with a double outline and italic text indicate positions which report to this department but which are budgeted in a separate operating fund.*



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## DEPARTMENT OVERVIEW

# ***PARKS & COMMUNITY SERVICES***

## MISSION

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.

## DEPARTMENT FUNCTIONS

The **Administration Division** handles the strategic and tactical leadership for the department, including coordination and communication with the community and the Park Board. It is responsible for staff leadership, financial management, long-range strategic policy planning, park master planning, facility design, land acquisition, capital projects, grant preparation and overall direction for the Parks and Community Services Department. The division oversees implementation of the City's 20-year forest restoration plan, including the Green Kirkland Partnership. It is responsible for Youth and Human Services programs, which includes providing staff support to the Youth Council, the Human Services Advisory Committee, and the Senior Council. The Youth Council provides an opportunity for youth to be involved in their community. The Human Services Advisory Committee works with agencies in the delivery of crisis intervention, stabilization, and prevention services for various human service needs. The Senior Council mission is to maintain and improve the quality of life for Kirkland residents age 50+ by identifying their concerns, advocating for their needs, and creating programs that advance their well-being. This division also is responsible for the City's special events permitting function.

The **Parks Maintenance Division** is responsible for grounds and structural maintenance of 45 parks totaling over 550 acres. In addition, this division maintains the City Cemetery, public art, Heritage Hall and the grounds of the Kirkland Performance Center, Peter Kirk Community Center, Teen Union Building, and Library. This division is also responsible for maintenance and repairs of the swimming pool, docks, moorage, ball fields, boat launch, and other repair and construction projects. The division administers the City-School Partnership program, donations program, parks volunteer program, and scheduling functions of all park space and various property management functions. This division also administers many of the business services functions of the Department such as park food vendor concessions and marina business activities.

The **Recreation Services Division** provides comprehensive programs that include year-round recreation opportunities, special events, enrichment programs, and specialized recreation. The division is responsible for programming and operation of the North Kirkland and Peter Kirk Community Centers, the Peter Kirk Pool, and the Waverly, Juanita and Houghton Beaches. The division also coordinates community recreation programs at Lake Washington School district facilities through an interlocal Facility Use Agreement, and is the City liaison with Bellevue's Highland Center for Specialized Recreation.

## BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

### Human Services

- Increase ongoing funding level for human services agencies to \$1.4 million
- Convert existing hourly Program Assistant into a temporary 0.75 FTE position supporting the expanded role of a new Human Services Commission to provide policy guidance to Council and staff, \$70,000 one-time
- Continue operating support to Eastside Timebank, \$6,000 one-time
- Increase human services grant funding, \$342,299 one-time
- Continue CDBG funding of human service grants, \$60,000 ongoing
- Continue staffing for participation in regional human services initiatives

### **Parks, Open Spaces and Recreational Services**

- Continue funding Parks Operation and Maintenance from Real Estate Excise Tax (REET) and convert a temporary 1.0 FTE Senior Groundsperson to ongoing, \$225,377 ongoing
- Replace two pay stations at the Kirkland Marina and add a new pay station at the boat launch, \$43,781 one-time (offsetting revenue of \$43,781)
- Install cameras at Marina Park to provide boaters real-time information on availability of moorage slips, \$12,000 one-time
- Add Program Assistant to support growth in recreation programming, 1.0 FTE, \$195,794 (\$2,526 one-time and \$193,268 ongoing, offsetting revenue of \$195,794)
- Purchase a Dingo TX 525 compact tractor to improve Parks Maintenance operation staff efficiency and reduce equipment rental costs, \$55,120 (\$42,362 one-time and \$12,758 ongoing, offsetting expenditure savings of \$2,500)
- Update and print new park and trail maps, \$5,000 one-time

### **Economic Development**

- Continue Kirkland Performance Center (KPC) Operating Support, \$100,000 one-time

### **Dependable Infrastructure**

- Purchase a 5-Yard Dump Truck for Parks Operations, \$237,000 (\$175,000 one-time, \$62,000 ongoing)

**2017-2018 FINANCIAL OVERVIEW**
***PARKS & COMMUNITY SERVICES***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	5,364,143	5,806,877	5,850,772	6,109,965	4.43%
Benefits	2,269,580	2,499,830	2,691,283	2,703,889	0.47%
Supplies	388,947	400,867	416,685	411,761	-1.18%
Other Services	6,489,609	7,339,698	7,364,816	7,082,696	-3.83%
Government Services	42,811	72,860	248,530	281,842	13.40%
Capital Outlay	-	2,648	-	55,781	n/a
<b>TOTAL</b>	14,555,090	16,122,780	16,572,086	16,645,934	0.45%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Administration	2,097,709	2,024,970	2,061,045	1,827,426	-11.33%
Parks Maintenance	5,726,903	6,411,425	6,614,575	6,725,606	1.68%
Community Services	2,329,857	2,862,621	3,029,586	2,914,211	-3.81%
Business Services	311,082	333,011	340,475	354,827	4.22%
Culture & Recreation	4,089,539	4,490,753	4,526,405	4,823,864	6.57%
<b>TOTAL</b>	14,555,090	16,122,780	16,572,086	16,645,934	0.45%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Administration	3.00	0.00	3.00	0.00	3.00
Parks Maintenance	16.00	1.00	17.00	1.00	18.00
Community Services	2.00	0.00	2.00	0.00	2.00
Business Services	1.00	0.00	1.00	0.00	1.00
Culture & Recreation	8.00	0.00	8.00	1.00	9.00
<b>TOTAL</b>	30.00	1.00	31.00	2.00	33.00

2017-2018 POSITION SUMMARY

***PARKS & COMMUNITY SERVICES***

POSITION SUMMARY BY CLASSIFICATION

Classification	2015-2016 Budget	Service Packages	2017-2018 Positions	Budgeted 2017 Salary Range
Director	1.00		1.00	10,079 - 13,005
Deputy Director	1.00		1.00	8,060 - 10,400
Parks Operations Manager	1.00		1.00	7,087 - 9,145
Recreation Manager	1.00		1.00	6,488 - 8,371
Parks Maintenance Supervisor	1.00		1.00	5,620 - 7,251
Special Projects Coordinator	1.00		1.00	6,134 - 7,216
Human Services Coordinator	1.00		1.00	6,100 - 7,177
Leadperson	2.00		2.00	5,439 - 6,563
Recreation Coordinator	4.00		4.00	5,540 - 6,518
Youth Services Coordinator	1.00		1.00	5,289 - 6,222
Field Arborist	1.00		1.00	4,677 - 6,042
Parks Coordinator	1.00		1.00	5,133 - 6,039
Senior Groundsperson	6.00	1.00	7.00	4,563 - 5,894
Parks Administrative Assistant	1.00		1.00	4,834 - 5,687
Recreation Systems Administrator	1.00		1.00	4,372 - 5,144
Community Center Program Assistant	1.00		1.00	4,269 - 5,022
Recreation Program Assistant	2.00	1.00	3.00	4,269 - 5,022
Groundsperson	3.50		3.50	3,592 - 4,940
Accounts Associate	0.50		0.50	4,089 - 4,811
<b>TOTAL</b>	<b>31.00</b>	<b>2.00</b>	<b>33.00</b>	

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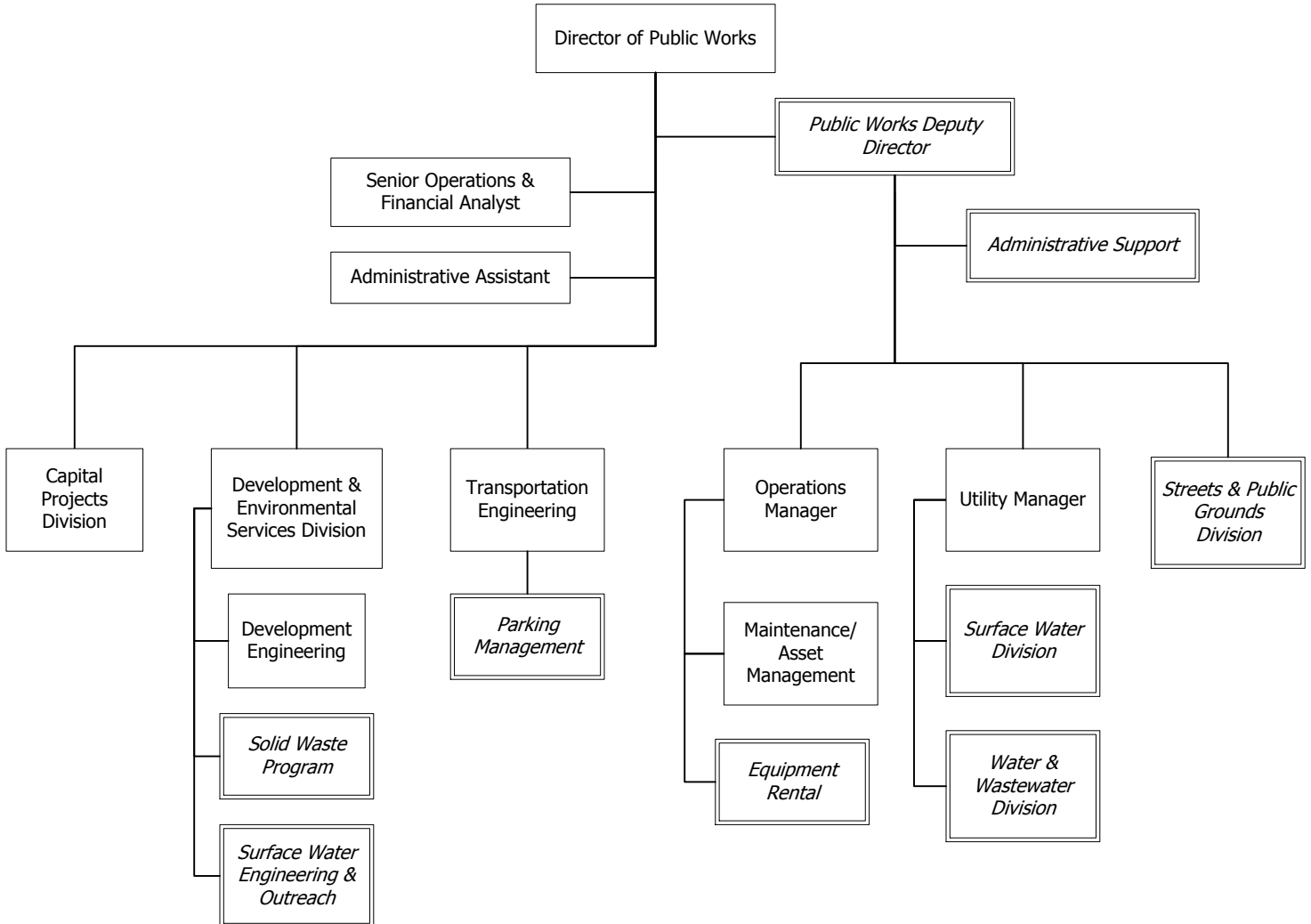
## PUBLIC WORKS



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# CITY OF KIRKLAND

## Public Works Department



*Boxes with a double outline and italic text indicate positions which report to this department but which are budgeted in a separate operating fund.*



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## DEPARTMENT OVERVIEW

# ***PUBLIC WORKS***

## MISSION

The Public Works Department is responsible for the overall planning, design, construction, and stewardship of the City's infrastructure and natural resources to provide for the continued health, safety, and vibrancy of the Community.

## DEPARTMENT FUNCTIONS

Public Works consists of two primary sections: Engineering & Programs and Operations & Maintenance. The sections work in close coordination and with the public and other agencies to ensure the effective development and on-going stewardship of public infrastructure including systems for water distribution and fire protection, wastewater collection, surface water management, the urban forest, both motorized and non-motorized transportation, solid waste disposal and recycling, public grounds maintenance, and City fleet services. Public Works Administration provides overall administrative support and policy direction for the Public Works Department.

### Engineering & Programs Section

The **Capital Projects** Division manages the design and construction of publicly funded infrastructure projects for the City's water, wastewater, and surface water utilities, park capital construction, transportation projects and major facilities.

The **Development and Environmental Services** Division oversees transportation and utility infrastructure projects initiated by private development and franchise utilities, administers the solid waste disposal and recycle program, and provides surface water engineering and program administration.

The **Transportation Engineering** Division coordinates with other Divisions and Departments to plan, design, and operate the City's multimodal transportation system, manages the downtown parking and neighborhood traffic control programs, provides staff support for the Kirkland Transportation Commission and participates in regional transportation planning.

### Operations & Maintenance Section

The **PW Deputy Director** oversees the Streets & Public Grounds, Water, Surface Water, Wastewater, Fleet Management, and Maintenance Center administrative support groups. Fleet Management provides for safe, cost effective, and reliable vehicles and equipment for all City departments.

The **Streets & Public Grounds** Division is responsible for the maintenance, operation, and repair of the City transportation system including pavement, shoulders, bike lanes, walkways, traffic signals, signage, illumination, parking, landscaping and roadside vegetation. Stewardship of public grounds of City buildings and the urban tree canopy located within the public rights of way are also under the Division's care.

The **Water/Wastewater Division** provides daily maintenance and repair activities and assists with the long term planning and efficient operation of the City's water storage and distribution system and its control along with the City's wastewater system which includes collection pipes and manholes and the system of interconnected pumping facilities and their controls.

The **Surface Water Division** provides daily maintenance and repair activities and assists with the long term planning and efficient operation of the City's surface water system. Surface water components

include the built system of inlets, pipes, and vaults and the natural system of streams, ditches and bodies of water.

## **BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS**

### **Neighborhoods**

- Continue the CIP Neighborhood Services Outreach Coordinator position to enhance communication about capital projects, \$134,599 one-time (temporary 0.5 FTE)
- Add a new Senior CIP Neighborhood Services Outreach Coordinator position to provide senior level public outreach and involvement processes for the City's Capital Improvement Program, \$151,740 ongoing (offsetting revenue and expenditure savings of \$151,740)

### **Public Safety**

- Continue a temporary 0.5 FTE Neighborhood Traffic Control Coordinator, \$134,599 one-time
- Continue a temporary 0.5 FTE Engineering Program Assistant responsible for ongoing work tasks related to Kirkland's neighborhoods and public safety, \$98,731 one-time (additional one-time staffing of 0.25 FTE and funding of \$52,615 from Street Operating Fund)
- Purchase a second speed radar trailer to enhance ability to respond to citizen speeding complaints, \$17,280 (\$14,000 one-time, \$3,280 ongoing)

### **Balanced Transportation**

- Update Bellevue/Kirkland/Redmond (BKR) traffic demand model, \$52,150 one-time (Kirkland's share of \$149,000)
- Commute Trip Reduction Enhancements (ORCA card for employees), \$146,625 one-time
- Continue the Kirkland Green Trip (KGT) program and implementation of the Growth and Transportation Efficiency Center (GTEC) through 2018, \$60,000 one-time
- Fund consultant services to provide planning and engineering support for the implementation of the Transportation Master Plan, \$25,000 one-time

### **Environment**

- Fund professional services contract to provide regulatory assistance and project oversight related to the Critical Areas Ordinance (CAO) and 2016 Surface Water Design Manual (SWDM), \$150,000 one-time

### **Economic Development**

- Fund Electronic Plan Review monitor upgrade, \$4,000 one-time

### **Dependable Infrastructure**

- Continue a temporary 1.0 FTE Transportation Planner to respond to traffic/transportation-related issues, \$263,658 one-time
- Continue temporary 1.0 FTE Permit Technician to assist with increased permit activity, \$205,062 one-time
- Purchase two additional Construction Inspector vehicles to manage workloads related to CIP and development improvements, \$81,216 (\$28,216 ongoing and \$53,000 one-time, offsetting revenue of \$54,716)
- Provide technical and analytical support for pursuing grant funding for Surface Water and CIP projects, \$90,000 one-time
- Fund electronic record keeping services, \$20,000 one-time (offsetting revenue of \$20,000)

**2017-2018 FINANCIAL OVERVIEW**
***PUBLIC WORKS***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014</b>	<b>2015-2016</b>	<b>2015-2016</b>	<b>2017-2018</b>	<b>Percent</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
Salaries and Wages	5,060,564	6,257,630	6,611,357	7,979,189	20.69%
Benefits	2,098,707	2,554,358	2,866,730	3,414,433	19.11%
Supplies	33,036	54,246	74,903	51,781	-30.87%
Other Services	1,704,267	1,815,695	1,852,836	2,401,420	29.61%
Government Services	148,487	3,438	2,600	69,600	2576.92%
Capital Outlay	-	180	-	-	n/a
<b>TOTAL</b>	<b>9,045,061</b>	<b>10,685,547</b>	<b>11,408,426</b>	<b>13,916,423</b>	<b>21.98%</b>

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014</b>	<b>2015-2016</b>	<b>2015-2016</b>	<b>2017-2018</b>	<b>Percent</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
Engineering Policy & Prog.	1,550,189	1,450,385	1,502,958	1,540,286	2.48%
Capital Proj. Engineering	3,313,168	3,998,220	4,543,793	5,813,772	27.95%
Development Engineering	3,029,056	3,808,398	3,715,883	4,451,060	19.78%
Transportation Engineering	1,152,648	1,428,544	1,645,792	2,111,305	28.29%
<b>TOTAL</b>	<b>9,045,061</b>	<b>10,685,547</b>	<b>11,408,426</b>	<b>13,916,423</b>	<b>21.98%</b>

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014</b>		<b>2015-2016</b>		<b>2017-2018</b>
	<b>Actual</b>	<b>Adjustments</b>	<b>Budget</b>	<b>Adjustments</b>	<b>Budget</b>
Engineering Policy & Prog.	3.05	0.05	3.10	0.00	3.10
Capital Proj. Engineering	13.20	4.00	17.20	0.30	17.50
Development Engineering	11.50	2.00	13.50	0.00	13.50
Transportation Engineering	3.20	0.25	3.45	0.00	3.45
<b>TOTAL</b>	<b>30.95</b>	<b>6.30</b>	<b>37.25</b>	<b>0.30</b>	<b>37.55</b>

2017-2018 POSITION SUMMARY

***PUBLIC WORKS***

POSITION SUMMARY BY CLASSIFICATION

Classification	2015-2016 Budget	Service Packages	2017-2018 Positions	Budgeted 2017 Salary Range
Director	1.00		1.00	10,211 - 13,175
Deputy Director	0.05		0.05	8,981 - 11,589
Development Engineering Manager	0.65		0.65	8,447 - 10,899
Capital Projects Manager	1.00		1.00	8,419 - 10,863
Transportation Engineering Manager	1.00		1.00	7,795 - 10,058
Development Engineer Supervisor	1.00		1.00	7,379 - 9,521
Capital Projects Supervisor	1.00		1.00	7,308 - 9,430
Senior Project Engineer	2.00		2.00	7,693 - 9,050
Transportation Engineer	3.00		3.00	7,079 - 8,328
Senior Capital Project Coordinator	1.00		1.00	7,069 - 8,316
Project Engineer	7.70	(0.70)	7.00	6,875 - 8,088
Development Engineer	3.00		3.00	6,586 - 7,748
Capital Project Coordinator	1.00		1.00	6,473 - 7,615
Sr. Neighborhood Outreach Coordinator*	-	1.00	1.00	TBD
Neighborhood Outreach Coordinator	0.50		0.50	6,467 - 7,608
Senior Operations & Finance Analyst	1.00		1.00	6,288 - 7,398
Senior Development Engineering Analyst	1.00		1.00	6,280 - 7,388
Senior Development Plans Examiner	1.00		1.00	6,174 - 7,263
Senior Construction Inspector	1.00		1.00	6,100 - 7,177
Construction Inspector	6.00		6.00	5,484 - 6,452
Engineering Technician	1.30		1.30	4,982 - 5,861
Senior Accounting Associate	0.05		0.05	4,899 - 5,764
Administrative Assistant	1.00		1.00	4,834 - 5,687
Public Works Office Specialist	1.00		1.00	3,935 - 4,629
<b>TOTAL</b>	<b>37.25</b>	<b>0.30</b>	<b>37.55</b>	

\* 0.50 Neighborhood Services Coordinator position transferred from City Manager's Office

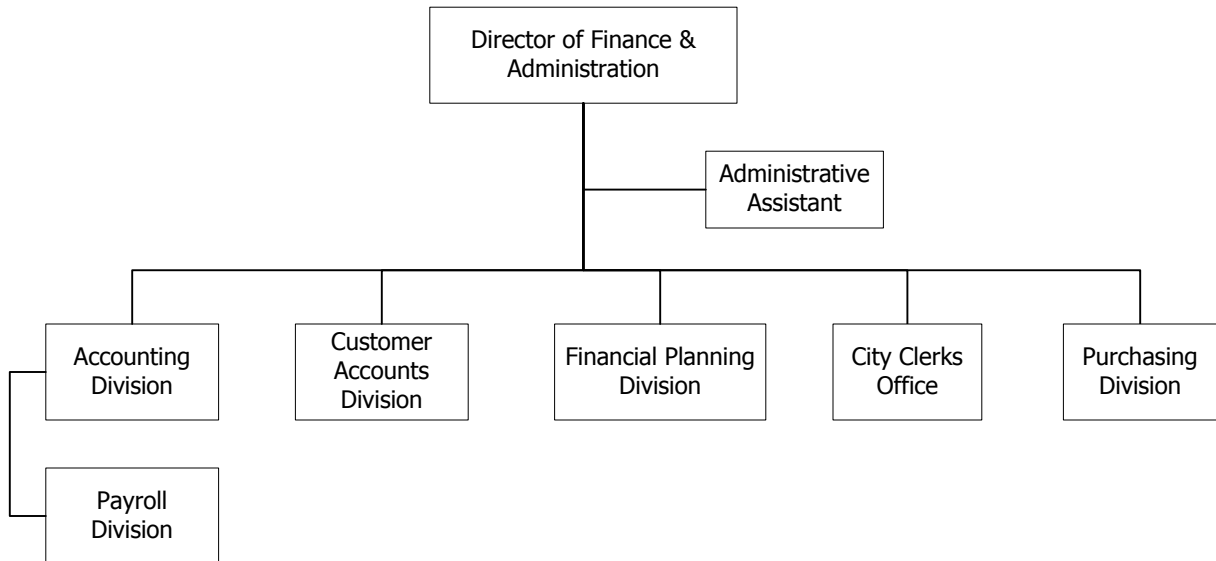
# FINANCE & ADMINISTRATION



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# **CITY OF KIRKLAND**

## **Department of Finance & Administration**



## DEPARTMENT OVERVIEW

# ***FINANCE & ADMINISTRATION***

## MISSION

The Department of Finance and Administration is committed to excellence in the provision of financial services and records management. We work as a team to provide services and information to the public, the City Council, and our fellow employees that are timely, impartial, supportive, and consistent with professional standards, legal requirements, and Council policy.

## DEPARTMENT FUNCTIONS

The department provides **financial planning** services including coordination and preparation of the City's Budget and Capital Improvement Program and provision of financial planning and analysis support to other departments, the City Manager, and the City Council.

All day-to-day **financial operations** activities are managed by the department including: *Accounting* – fund and cost accounting, accounts payable and receivable, financial reporting, auditing, and maintenance of grant records; *Payroll* – semi-monthly payroll and health benefits processing and labor contract implementation; *Treasury* – cash, investments and debt management; *Customer Accounts* – utility billing, regulatory licensing, passport application services, false alarm program, and cemetery administration; and *Purchasing* – City-wide purchasing management and coordination.

The responsibilities within the **City Clerk's** office include public disclosure, legal notices, records management, service of process, City Council meeting support, advisory board recruitments, and mail services.

## BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

### Financial Stability

- Continue Investment Advisor Services on an ongoing basis, \$78,000 (offsetting interest earnings \$78,000)
- Add temporary 0.25 FTE to increase acceptance hours for passport customers, \$40,454 one-time (offsetting revenue of \$40,454)
- Add temporary 1.0 FTE Office Specialist to assist with Business License and False Alarm processing, \$164,673 one-time (offsetting revenue of \$164,673)

**2017-2018 FINANCIAL OVERVIEW**
***FINANCE & ADMINISTRATION***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	4,787,895	5,002,871	5,084,144	5,331,764	4.87%
Benefits	2,085,273	2,290,523	2,530,028	2,528,795	-0.05%
Supplies	47,105	37,018	35,096	33,313	-5.08%
Other Services	1,384,643	1,607,336	1,626,297	1,575,999	-3.09%
Government Services	851,223	295,704	271,220	317,600	17.10%
Capital Outlay	-	-	-	-	n/a
<b>TOTAL</b>	9,156,139	9,233,452	9,546,785	9,787,471	2.52%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Financial Planning & Admin.	2,548,954	2,456,659	2,586,995	2,347,162	-9.27%
Treasury/Customer Services	2,327,417	2,561,441	2,613,211	2,903,013	11.09%
Financial Operations	2,534,845	2,875,719	2,952,083	3,114,153	5.49%
City Clerk	1,744,923	1,339,633	1,394,496	1,423,143	2.05%
<b>TOTAL</b>	9,156,139	9,233,452	9,546,785	9,787,471	2.52%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Financial Planning & Admin.	8.00	-1.00	7.00	0.00	7.00
Treasury/Customer Services	11.50	0.00	11.50	0.00	11.50
Financial Operations	10.50	1.50	12.00	0.00	12.00
City Clerk	3.80	1.00	4.80	0.00	4.80
<b>TOTAL</b>	33.80	1.50	35.30	0.00	35.30

2017-2018 POSITION SUMMARY

***FINANCE & ADMINISTRATION***

POSITION SUMMARY BY CLASSIFICATION

Classification	2015-2016 Budget	Service Packages	2017-2018 Positions	Budgeted 2017 Salary Range
Director	1.00		1.00	10,242 - 13,216
Financial Planning Manager	1.00		1.00	7,456 - 9,621
Accounting Manager	1.00		1.00	7,149 - 9,225
City Clerk	1.00		1.00	6,739 - 8,696
Senior Financial Analyst	1.00		1.00	5,757 - 7,428
Public Safety Senior Financial Analyst	1.00		1.00	5,757 - 7,428
Senior Accountant	2.00		2.00	6,140 - 7,224
Purchasing Agent	1.00		1.00	6,130 - 7,212
Customer Accounts Supervisor	1.00		1.00	5,570 - 6,963
Budget Analyst	2.00		2.00	5,626 - 6,619
Deputy City Clerk	0.80		0.80	5,626 - 6,619
Payroll Systems Coordinator	1.00		1.00	5,318 - 6,256
Buyer	1.00		1.00	4,981 - 5,859
Public Disclosure Analyst	1.00		1.00	4,932 - 5,802
Senior Accounting Associate	3.00		3.00	4,899 - 5,764
Finance Administrative Assistant	1.00		1.00	4,834 - 5,687
Customer Accounts Lead	1.00		1.00	4,699 - 5,528
Accounting Support Associate IV	3.00		3.00	4,402 - 5,178
Customer Accounts Associate Bus. Lic.	2.00		2.00	4,179 - 4,916
Customer Accounts Associate	7.00		7.00	4,126 - 4,854
Office Specialist	1.00		1.00	3,935 - 4,629
Receptionist/Administrative Clerk	0.50		0.50	3,386 - 3,983
Mail Clerk	1.00		1.00	3,386 - 3,983
<b>TOTAL</b>	<b>35.30</b>	<b>0.00</b>	<b>35.30</b>	

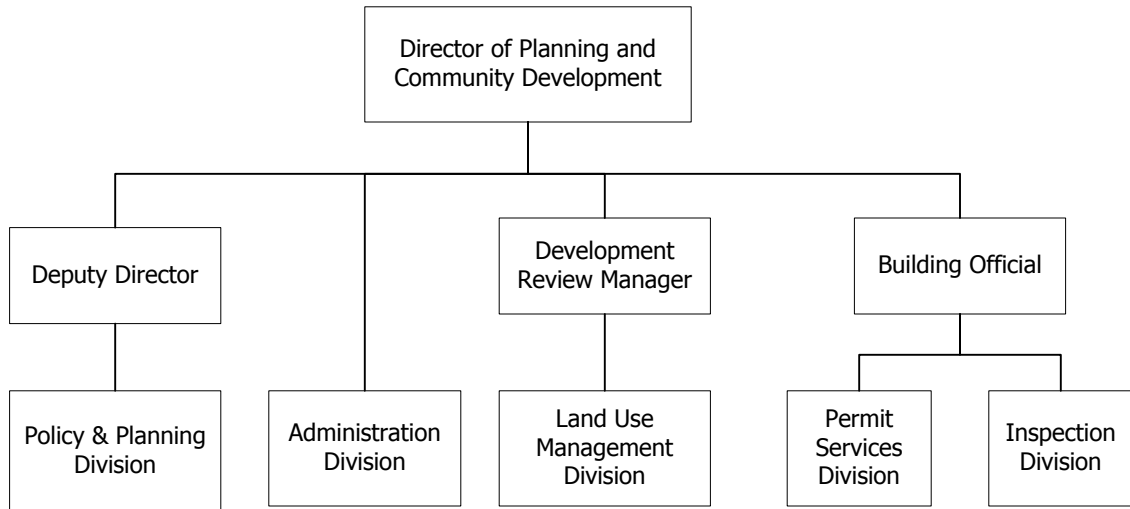
# PLANNING & BUILDING



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# **CITY OF KIRKLAND**

## **Planning and Building Department**





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## DEPARTMENT OVERVIEW

# ***PLANNING & BUILDING***

## MISSION

The **Planning and Building Department** is responsible for the preparation, administration, and enforcement of the City's growth management policies, regulations, and programs, and for safeguarding the lives, property and environment of our community. The department prepares growth plans and development regulations and assures regulatory compliance by reviewing and inspecting proposed development projects and undertaking code enforcement. The department coordinates permit processing with Public Works and Fire, ensuring compliance with zoning and building code regulations. Public outreach is conducted and assistance is provided in response to public inquiries. Activities are coordinated with state, regional, and other local governments.

## DEPARTMENT FUNCTIONS

The **Administration Division** coordinates the department budget, personnel, training, and general administrative activities.

The **Land Use Management Division** performs all regulatory functions required to implement the Comprehensive Plan, Zoning Code, Subdivision Ordinance, State Environmental Policy Act (SEPA), and Shoreline Master Program. While coordinating with the other Development Services departments, the division processes land use development applications, reviews building permits for land use code compliance, provides information about development regulations, and enforces development codes. Staff support is provided to the Hearing Examiner, Design Review Board, Houghton Community Council, and City Council in their roles of reviewing and approving development applications.

The **Policy and Planning Division** prepares the City's Comprehensive Plan, Zoning Code, Subdivision Ordinance, Shoreline Master Program, local SEPA ordinance, and other growth management plans and zoning and development regulations. Amendments to these documents are prepared annually in accordance with the Planning Work Program adopted by the City Council. Staff support is provided to the City Council, Planning Commission, Houghton Community Council, and a variety of citizen committees. The division coordinates with other agencies on regional and state-wide planning issues, monitors legislative activity, maintains development monitoring systems, and undertakes special projects as directed by the City Council or City Manager.

The **Building Division** provides the general public with the minimum standards for the safety and quality of construction of new and remodeled structures, and the installation of electrical, plumbing and mechanical systems. Building receives, routes, and coordinates all building and related permit applications. Building staff works closely with architects, contractors, owners, and developers, as well as working with other departments and agencies to ensure compliance with all City requirements and issuing the permits in a timely manner. This includes plan review, field inspection, accurate record keeping, archiving, public disclosure requests and code enforcement. The Division also improves the quality of the City's adopted construction codes by participating in the code development process at the local, state and national levels.

## BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

### Housing

- Continue support of affordable housing projects in the City

### Environment

- Fund contract Arborist services for permit review, \$120,000 one-time

- Fund Scope 5 Dashboard software to track and measure City and community greenhouse gas emissions as part of City's participation in the King County-Cities Climate Collaboration (K4C), \$10,000 one-time

## **Economic Development**

- Fund consultant services to improve Totem Lake Business District Enhancement Plan, \$40,000 one-time
- Add resources to Development Services to address workload and maintain/enhance customer service expectations (these activities are all funded from development revenues or related reserves):
  - Add 1.0 FTE temporary Assistant Planner position, \$101,870 one-time
  - Continue a temporary 1.0 FTE Associate Planner position, \$127,748 one-time
  - Continue a temporary 1.0 FTE Planner position, \$115,665 one-time
  - Continue a temporary 1.0 FTE Plans Examiner II positions, \$254,039 one-time
  - Continue a temporary 1.0 FTE Electrical Building Inspector, \$250,783 one-time
  - Increase overtime and hourly (on-call) wages for Building Inspectors and Permit Technicians, \$217,899 one-time
  - Convert an ongoing 1.0 FTE Inspector position to a temporary Lead Inspector position, \$20,707 one-time
  - Convert a temporary .50 FTE Office Specialist to ongoing, \$94,080 (\$1,519 one-time, \$92,561 ongoing)
  - Fund Land Use Consulting Contingency, \$15,000 one-time
  - Add on-call support to process building public records requests, \$31,700 one-time
  - Increase hourly wages for ongoing scanning work, \$79,250 one-time

**2017-2018 FINANCIAL OVERVIEW**
***PLANNING & BUILDING***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	7,353,365	9,268,062	9,410,197	10,293,025	9.38%
Benefits	2,871,286	3,920,845	4,291,812	4,778,842	11.35%
Supplies	85,000	115,065	101,042	64,619	-36.05%
Other Services	2,261,595	3,405,751	3,255,208	2,664,601	-18.14%
Government Services	246,703	827,159	374,138	209,400	-44.03%
Capital Outlay	-	-	-	-	n/a
<b>TOTAL</b>	12,817,949	17,536,882	17,432,397	18,010,487	3.32%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Administration	1,759,562	2,682,467	2,797,113	2,673,613	-4.42%
Land Use Management	3,497,494	3,778,856	3,838,331	4,370,188	13.86%
Policy and Planning	1,924,962	2,991,581	2,149,792	1,921,056	-10.64%
Building	5,635,931	8,083,978	8,647,161	9,045,630	4.61%
<b>TOTAL</b>	12,817,949	17,536,882	17,432,397	18,010,487	3.32%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Administration	3.85	0.50	4.35	0.00	4.35
Land Use Management	14.00	0.35	14.35	0.00	14.35
Policy and Planning	5.60	0.05	5.65	0.00	5.65
Building Services	22.78	5.72	28.50	0.50	29.00
<b>TOTAL</b>	46.23	6.62	52.85	0.50	53.35

# 2017-2018 POSITION SUMMARY

## ***PLANNING & BUILDING***

### POSITION SUMMARY BY CLASSIFICATION

<u>Classification</u>	<u>2015-2016 Budget</u>	<u>Service Packages</u>	<u>2017-2018 Positions</u>	<u>Budgeted 2017 Salary Range</u>
Director	1.00		1.00	9,899 - 12,773
Building Official	1.00		1.00	8,103 - 10,456
Deputy Director	1.00		1.00	7,924 - 10,225
Development Services Manager	1.00		1.00	7,538 - 9,727
Planning Supervisor	2.00		2.00	6,958 - 8,978
Plan Review Supervisor	1.00		1.00	6,712 - 8,661
Fire Protection Engineer*	1.00		1.00	8,000
Inspection Supervisor	1.00		1.00	6,116 - 7,892
Senior Planner	5.00		5.00	6,683 - 7,862
Code Enforcement Officer	2.00		2.00	6,213 - 7,310
Urban Forester	0.50		0.50	6,058 - 7,127
Associate Planner	1.00		1.00	6,052 - 7,120
Applications Analyst	1.00		1.00	6,044 - 7,110
Plans Examiner II	6.00		6.00	5,962 - 7,014
Electrical/Building Inspector	8.00		8.00	5,797 - 6,821
Permit Tech Supervisor	1.00		1.00	5,251 - 6,775
Planner	5.00		5.00	5,643 - 6,638
Business Analyst	1.00		1.00	5,626 - 6,619
Planning Administration Supervisor	0.85		0.85	4,851 - 6,259
Assistant Planner	2.00		2.00	5,034 - 5,922
Permit Tech	6.00		6.00	4,585 - 5,394
Senior Office Specialist	1.00		1.00	4,380 - 5,153
Office Specialist	3.50	0.50	4.00	3,935 - 4,629
<b>TOTAL</b>	<b>52.85</b>	<b>0.50</b>	<b>53.35</b>	

\*Salary for position is estimate only

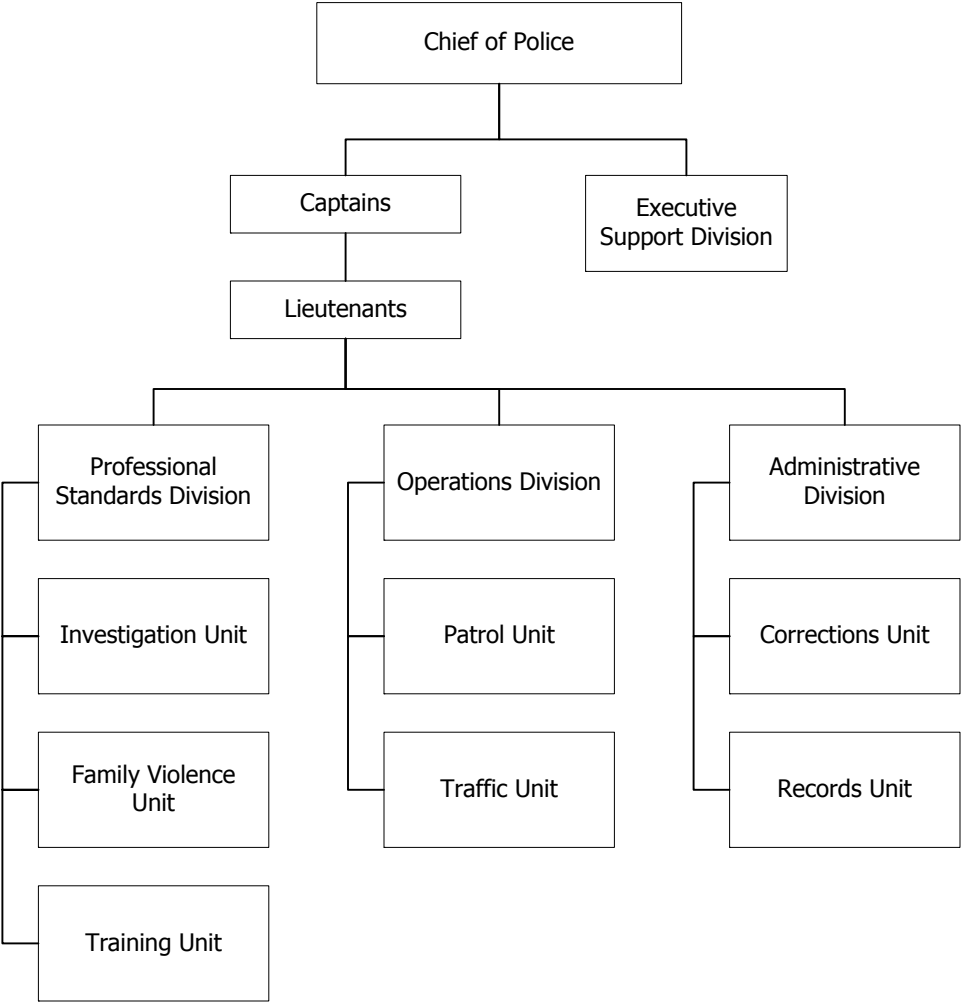
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**POLICE**



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**CITY OF KIRKLAND**  
**Police Department**





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## DEPARTMENT OVERVIEW

# ***POLICE***

## MISSION

To provide quality law enforcement, with fair and respectful treatment of our community, through partnerships, personal dedication and courage.

## DEPARTMENT FUNCTIONS

The **Executive Division** provides overall coordination of department activities, coordinates with other departments and agencies, prepares and monitors budgets, and provides personnel and payroll support.

The **Operations Division** consists of Patrol, Traffic, and K-9. In addition to responding to 911 calls and proactively enforcing the law, this division is responsible for working with neighborhood groups, businesses, and other organizations to identify issues, build partnerships, and resolve mutual problems.

The **Patrol Unit** provides 24-hour-per-day service to the community and provides first-unit response for general calls for police service.

The **Traffic Unit** provides enforcement and education to reduce accidents and traffic congestion. The unit also coordinates and responds to community traffic complaint areas and investigates traffic collisions. Parking Enforcement Officers are part of the Traffic Unit and serve to educate the community about parking issues and enforce parking laws.

The **Administrative Division** consists of Corrections and Records and is also responsible for recruitment, hiring, evidence intake and storage, facility issues, fleet, scheduling, grant compliance, contracts, budget and liaison with NORCOM and other regional boards.

The **Corrections Unit** operates the jail, monitors home detention, work release, and performs all prisoner transports to courts and other detention facilities.

The **Records Unit** provides for the accurate flow and management of all record-keeping duties and provides front counter service during business for all walk-in customers of the Police Department.

The **Professional Standards Division** consists of Investigations, Family Violence, Special Response Team, Crisis Negotiations, Honor Guard, and Training. This division is also responsible for reviewing and updating the department general orders and standard operating procedures, accreditation, police review boards, internal investigations and risk management.

The **Investigation Unit** is an extension to, and a support group for, the Patrol Unit and is staffed by detectives. The main function of the division is to conduct follow-up investigations of all felony crimes and certain misdemeanor crimes. This unit is also responsible for the registration, tracking and community notifications of registered sex offenders within the City of Kirkland. One member of this unit is assigned to a regional electronic crimes task force with the FBI.

The **Crime Analyst** is attached to the Investigation Unit and monitors crime trends, provides analytical support and publishes informational bulletins on wanted subjects and officer safety issues.

The **Family Violence Unit (FVU)** is attached to the Investigation Unit. This unit is staffed by two detectives and a civilian Family/Youth Advocate. The unit conducts follow-up investigation on domestic violence cases, Child Protective Service & Adult Protective Service referrals and conducts training on domestic violence issues. In addition, they supervise the Domestic Abuse Response Team

(DART), which is a volunteer civilian program that provides support services to victims of domestic violence.

The **Training Unit** is responsible for ensuring that all Department training is conducted in accordance with state mandates and ensuring the professional development of all Department members.

<b>BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS</b>
------------------------------------------------------------

**Public Safety**

- Authority for 2.0 FTE over hire Police Officer positions to address staffing shortages and anticipated upcoming retirements: overhire positions are positions only funded as needed
- Reestablish Police ProAct Unit with 2.0 FTE ProAct Officers by adding 1 officer and redirecting the Eastside Narcotics Task Force (ENTF) officer to Pro Act, \$390,178 (\$97,293 one-time and \$292,885 ongoing, offsetting revenue of \$320,000)
- Funding for the City to provide an Animal Services Program locally beginning in 2018, includes one-time start-up costs of \$160,703 in 2017 for purchasing equipment and adding an ongoing 1.0 FTE, ongoing costs of \$187,194 in 2018 (offsetting revenue of \$284,330)
- Continue a temporary 1.0 FTE Police Support Associate to assist with records maintenance and requests and provide supplemental administrative support, \$165,533 one-time
- Fund a temporary 1.0 FTE Jail Administrative Support, \$188,718 one-time
- Fund on-site medical care for inmates housed at the Kirkland Justice Center (KJC) with Inmate Contracted Medical services, \$286,000 ongoing (offset by \$286,000 of expenditure savings in jail contract services)

**2017 - 2018 FINANCIAL OVERVIEW**

# **POLICE**

**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	23,280,908	24,308,213	24,992,124	25,361,416	1.48%
Benefits	9,486,308	9,733,020	10,352,207	10,529,942	1.72%
Supplies	485,727	715,902	662,452	671,520	1.37%
Other Services	7,434,819	8,714,958	8,745,002	9,077,674	3.80%
Government Services	7,177,684	5,425,142	5,448,468	5,219,285	-4.21%
Capital Outlay	-	166,910	124,440	-	-100.00%
<b>TOTAL</b>	47,865,446	49,064,145	50,324,693	50,859,837	1.06%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Administration	10,153,402	12,102,655	12,242,921	11,982,688	-2.13%
Police Investigation	4,476,986	4,569,924	4,698,018	4,827,031	2.75%
Patrol	18,943,756	19,720,428	19,756,128	19,891,603	0.69%
Traffic	2,654,828	2,668,031	2,871,963	2,803,400	-2.39%
Police Services	11,022,320	9,355,316	9,847,254	10,482,937	6.46%
Community Services	614,154	647,791	908,409	872,178	-3.99%
<b>TOTAL</b>	47,865,446	49,064,145	50,324,693	50,859,837	1.06%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Administration	11.00	1.00	12.00	0.00	12.00
Police Investigation	11.00	4.00	15.00	0.00	15.00
Patrol	71.00	-8.00	63.00	3.00	66.00
Traffic	6.00	1.00	7.00	0.00	7.00
Police Services	34.50	2.50	37.00	1.00	38.00
Community Services	2.00	0.00	2.00	0.00	2.00
<b>TOTAL</b>	135.50	0.50	136.00	4.00	140.00

# 2017-2018 POSITION SUMMARY

## ***POLICE***

### POSITION SUMMARY BY CLASSIFICATION

Classification	2015-2016 Budget	Service Packages	2017-2018 Positions	Budgeted 2017 Salary Range
Chief	1.00		1.00	10,527 - 13,583
Captain	3.00		3.00	9,388 - 12,113
Corrections Manager	1.00		1.00	8,637 - 11,145
Lieutenant	5.00		5.00	7,976 - 10,292
Corporal/Detective	22.00		22.00	6,927 - 8,540
Police Officer	58.00	3.00	61.00	5,441 - 8,458
Sergeant	9.00		9.00	7,976 - 8,212
Police Analyst	1.00		1.00	5,184 - 6,472
Corrections Sergeant	2.00		2.00	5,003 - 6,246
Police Support Associate Supervisor	1.00		1.00	5,576 - 5,914
Family-Youth Advocate	1.00		1.00	4,733 - 5,909
Corrections Corporal	3.00		3.00	4,561 - 5,693
Administrative Assistant	1.00		1.00	4,366 - 5,451
Corrections Officer	14.00		14.00	4,152 - 5,184
Executive Assistant II	1.00		1.00	3,969 - 5,121
Police Support Associate Lead	1.00		1.00	5,084
Evidence Technician	2.00		2.00	4,013 - 5,010
Police Support Associate	7.00		7.00	3,789 - 4,729
Administrative Support Associate	1.00		1.00	3,672 - 4,585
Parking Enforcement Officer	2.00		2.00	3,507 - 4,378
Animal Control Officer	0.00	1.00	1.00	TBD
<b>TOTAL</b>	<b>136.00</b>	<b>4.00</b>	<b>140.00</b>	

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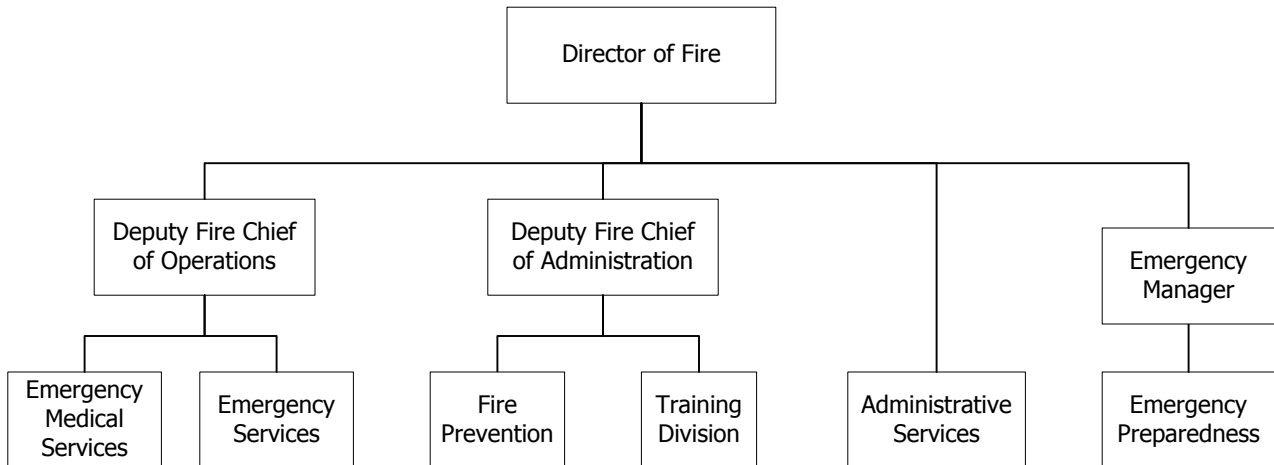
**FIRE**



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# CITY OF KIRKLAND

## Fire Department





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## DEPARTMENT OVERVIEW

# ***FIRE***

## MISSION

Providing timely emergency response and safeguarding the lives, property and environment of our community.

## DEPARTMENT FUNCTIONS

**Administrative Services** provides administrative and support functions for the bureaus and divisions within the department, as well as special boards and commissions. Responsibilities include establishing department priorities; communicating organizational goals and values; administering department policies and staffing requirements; developing and monitoring the financial, organizational, and developmental aspects of the department; implementing the Fire Strategic Plan; coordination and management of support services, project management, records management, and human resources activities.

**Community Risk Reduction** is provided by the Fire Prevention Bureau to prevent dangerous life safety situations before they happen. This is accomplished through application of the International Fire Code and local ordinances pertaining to permitted construction projects, operational permits and life safety inspections of existing occupancies such as schools, churches, businesses, convalescent homes and multi-family apartments and condominiums. Bureau staff is able to provide technical assistance to citizens and respond to safety concerns in the community. All members of the department provide fire and life safety education in our community, including schools, non-governmental organizations, and local businesses. The bureau is also responsible for investigating fires to determine origin and cause. All information from investigations is used to help prevent future fires.

**Emergency Management** prepares the City of Kirkland to respond, mitigate and recover from a disaster. This is accomplished through engaging all levels of the community, City staff, local non-government agencies, schools, businesses and residents to prepare for any disaster and to be ready to partner to serve our community during a time of need. The division is responsible for development and coordination of updates to the City's emergency management plans and to train City staff to operate the Emergency Operations Center (EOC). Emergency Management also participates, when possible, in regional projects, training, committees and other preparedness and response activities in recognition of the interdependence of the region and the City of Kirkland's role. Information is also provided to help educate residents, businesses and community groups on disaster preparation, response, and recovery.

**Emergency Services** responds to emergencies resulting from fires, trauma, disaster, hazardous materials incidents, and related incidents in order to minimize suffering, loss of life and property. The current work program of this division includes the maintenance of a well-trained force to: (1) Provide basic medical life support to victims of illness and trauma (2) Extinguish all fires (3) Perform technical rescues and (4) Mitigate hazardous materials incidents within the City.

**Training Division** develops and coordinates training programs for all emergency services personnel within the fire department. The division conducts and directs training activities within the department through participation in the Eastside Metro Training Group and ensures the department meets legally mandated training requirement. Ongoing training is vital in maintaining our overall level of expertise and safe emergency scene operating practices. The division oversees the health, safety and wellness program. Although hundreds of hours are spent doing on-the-job training, it is also essential that the firefighters are exposed to training programs outside of the department. This enables the department to capitalize on the knowledge of others and keeps us abreast of the ever-changing needs of society.

<b>BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS</b>
------------------------------------------------------------

**Public Safety**

- Authority for 3.0 FTE over hire Firefighter positions to address staffing shortages and anticipated upcoming retirements: overhire positions are positions only funded as needed
- Purchase 4 tablets for Incident Command System to be placed in Fire command vehicles, \$8,880 (\$4,000 one-time, \$4,880 ongoing)
- Replace and update gas monitors at all Fire stations to meet regulations on gas detectors, \$66,258 (\$20,600 one-time, \$45,658 ongoing)
- Purchase two vehicles for Fire Prevention staff, \$89,234 (\$48,000 one-time, \$41,234 ongoing)
- Update Alerting Systems at Stations 26 (\$6,800 one-time) and 27 (\$95,000 one-time)
- Purchase station beds for fire stations 21, 22, 26 and 27 to increase availability of storage, \$32,500 one-time
- Fund firefighter recruits to attend the Eastside Metro Training Group (EMTG) Recruit Academy, \$57,000 ongoing (offsetting revenue of \$57,000)

## 2017 - 2018 FINANCIAL OVERVIEW

# ***FIRE***

### FINANCIAL SUMMARY BY OBJECT

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	23,413,088	24,672,665	24,389,391	24,163,460	-0.93%
Benefits	9,075,865	9,405,911	8,955,699	10,041,157	12.12%
Supplies	379,755	457,234	478,559	430,004	-10.15%
Other Services	5,565,069	6,216,867	6,352,833	6,843,740	7.73%
Government Services	949,209	1,165,657	1,150,013	1,072,705	-6.72%
Capital Outlay	-	-	-	4,600	n/a
<b>TOTAL</b>	39,382,986	41,918,334	41,326,495	42,555,666	2.97%

### FINANCIAL SUMMARY BY DIVISION

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Administration	3,026,973	3,163,726	3,196,337	3,311,146	3.59%
Emergency Services	34,457,057	36,310,088	35,675,918	36,644,387	2.71%
Fire Prevention	1,608,840	1,900,364	1,906,336	2,052,593	7.67%
Emergency Management	290,116	544,156	547,904	547,540	-0.07%
<b>TOTAL</b>	39,382,986	41,918,334	41,326,495	42,555,666	2.97%

### POSITION SUMMARY BY DIVISION

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Administration	8.00	0.00	8.00	0.00	8.00
Emergency Services	92.00	5.00	97.00	3.00	100.00
Fire Prevention	4.00	1.00	5.00	0.00	5.00
Emergency Management	1.50	0.00	1.50	0.00	1.50
<b>TOTAL</b>	105.50	6.00	111.50	3.00	114.50

# 2017-2018 POSITION SUMMARY

## ***FIRE***

### POSITION SUMMARY BY CLASSIFICATION

<u>Classification</u>	<u>2015-2016 Budget</u>	<u>Service Packages</u>	<u>2017-2018 Positions</u>	<u>Budgeted 2017 Salary Range*</u>
Chief	1.00		1.00	10,452 - 13,487
Deputy Chief	2.00		2.00	9,146 - 11,801
Fire Marshal	1.00		1.00	10,289 - 10,807
Battalion Chief	4.00		4.00	9,845 - 10,363
City Emergency Manager	1.00		1.00	7,699 - 9,934
Assistant Fire Marshall	1.00		1.00	9,178 - 9,697
Captain	12.00		12.00	8,734 - 9,253
Fire Inspector	3.00		3.00	8,586 - 8,956
Lieutenant	11.00		11.00	8,142 - 8,512
Firefighter	71.00	3.00	74.00	5,477 - 7,402
Deputy Fire Marshal	0.00		0.00	6,785 - 6,935
Emergency Prep Coordinator	0.50		0.50	5,784 - 6,804
Plans Examiner I	0.00		0.00	5,264 - 6,193
Administrative Supervisor	1.00		1.00	4,851 - 6,259
Administrative Assistant	1.00		1.00	4,834 - 5,687
Office Specialist	2.00		2.00	3,935 - 4,629
<b>TOTAL</b>	<b>111.50</b>	<b>3.00</b>	<b>114.50</b>	

\*IAFF Salary range based on 2014 salary schedules

Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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## LODGING TAX FUND

The Lodging Tax Fund accounts for the City's tourism program and expenditures related to the operation of tourism-related facilities. The primary source of revenue is a one percent lodging tax instituted in January 2002.

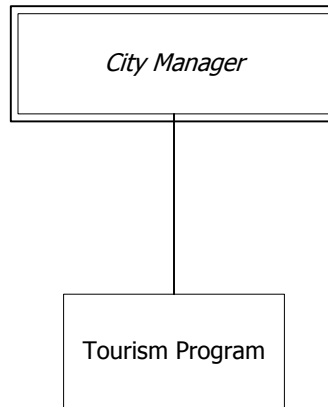


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# **CITY OF KIRKLAND**

## **City Manager's Office**

### Lodging Tax Fund



*Boxes with a double outline and italic text indicate positions which report to this department but which are budgeted in a separate department and/or operating fund.*

**DEPARTMENT OVERVIEW*****LODGING TAX FUND*****MISSION**

The Lodging Tax Fund was created to account for Lodging Tax revenue that provides funding for tourism promotion and marketing activities to attract visitors to Kirkland resulting in increased day trips and overnight stays. The Tourism Program strives to optimize the assets of Kirkland to promote the City as a destination.

**DEPARTMENT FUNCTIONS**

The City Manager's Office oversees the Tourism Program in conjunction with the Economic Development Program, recognizing its role in generating revenue for the City. The program promotes events and programs through the ExploreKirkland.com website, a Facebook page, and monthly electronic event guides. It also provides printed visitor guides, dining guides and event guides to 175 locations in Kirkland and neighboring cities. It provides networking with local and regional tourism providers and familiarization tours for travel writers. The Tourism Program also provides media outreach and public relations to promote Kirkland as a destination and for selected events.

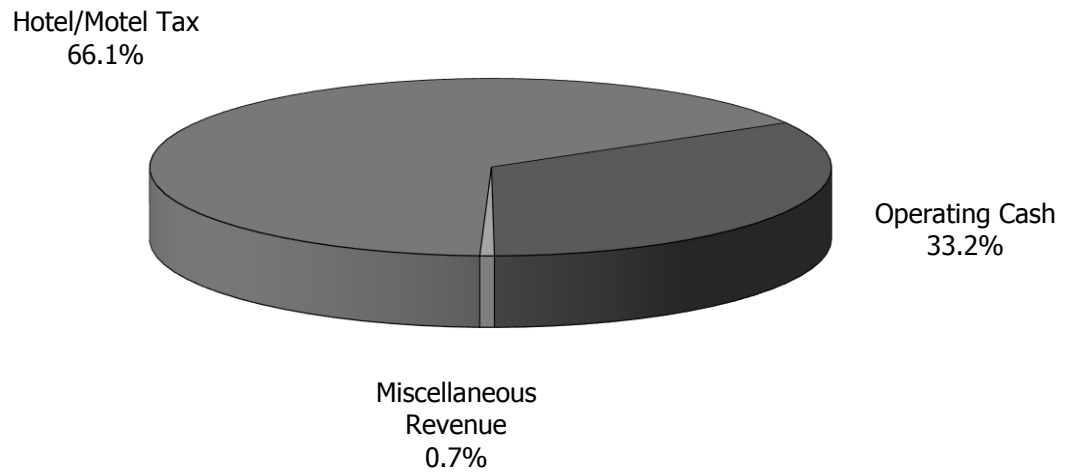
The revenue source for the Tourism Program is the Lodging Excise Tax collected from one percent of the sale of short-term accommodations as authorized by state statute. Use of the Lodging Excise Tax is limited to fund tourism promotion and operation of tourism-related facilities. The City Manager's Office provides staff support to the Tourism Development Committee whose role is to provide recommendations on the use of the lodging tax funds and help guide the tourism program priorities.

**BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS****Economic Development**

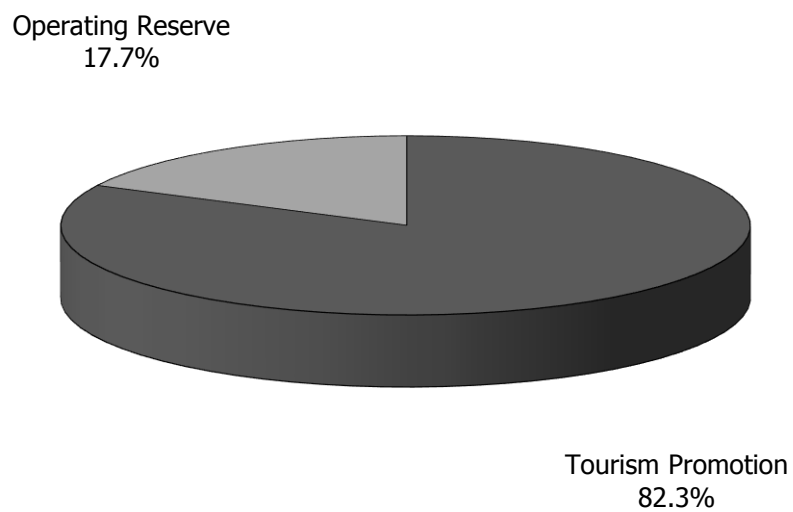
- Increase tourism staff support hours, \$59,243 one-time
- Continue Tourism Outside Agency Grant funding, \$20,000 one-time

## 2017-2018 BUDGET LODGING TAX FUND

### Sources of Funds



### Uses of Funds



**2017-2018 FINANCIAL OVERVIEW**
***LODGING TAX FUND***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	113,130	155,853	156,121	162,382	4.01%
Benefits	40,081	62,073	66,733	78,564	17.73%
Supplies	2,373	2,340	6,000	3,000	-50.00%
Other Services	254,269	359,623	503,647	387,746	-23.01%
Government Services	-	-	-	-	n/a
Capital Outlay	-	-	-	-	n/a
Reserves*	213,390	218,031	218,031	254,258	16.62%
<b>TOTAL</b>	623,243	797,920	950,532	885,950	-6.79%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
City Manager	623,243	797,920	950,532	885,950	-6.79%
<b>TOTAL</b>	623,243	797,920	950,532	885,950	-6.79%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
City Manager	0.66	0.00	0.66	0.00	0.66
<b>TOTAL</b>	0.66	0.00	0.66	0.00	0.66

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

2017-2018 POSITION SUMMARY

***LODGING TAX FUND***

POSITION SUMMARY BY CLASSIFICATION

<u>Classification</u>	<u>2015-2016 Budget</u>	<u>Service Packages</u>	<u>2017-2018 Positions</u>	<u>Budgeted 2017 Salary Range</u>
Economic Development Manager	0.15		0.15	8,539 - 11,018
Special Projects Coordinator	0.31		0.31	6,134 - 7,216
Administrative Assistant	0.20		0.20	4,834 - 5,687
<b>TOTAL</b>	0.66	0.00	0.66	

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014 Actual</b>	<b>2015 - 2016 Estimate</b>	<b>2015 - 2016 Budget</b>	<b>2017 - 2018 Budget</b>	<b>Percent Change</b>
<b>Fund:</b>	<b>Lodging Tax Fund (112)</b>					
<b>Taxes</b>						
Hotel Motel Tax	3133101	516,195	618,564	596,000	585,818	-1.71%
<b>Total for Taxes:</b>		516,195	618,564	596,000	585,818	-1.71%
<b>Miscellaneous Revenues</b>						
Investment Interest	3611101	2,947	5,138	4,252	6,039	42.03%
<b>Total for Miscellaneous Revenues:</b>		2,947	5,138	4,252	6,039	42.03%
<b>Other Financing Sources</b>						
Resources Forward	3999901	0	350,280	350,280	294,093	-16.04%
<b>Total for Other Financing Sources:</b>		0	350,280	350,280	294,093	-16.04%
<b>Total for Lodging Tax Fund:</b>		519,142	973,982	950,532	885,950	-6.79%

Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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## STREET OPERATING FUND

The Street Operating Fund accounts for the administration, maintenance, and minor construction of the City's transportation infrastructure. The primary sources of revenue are property taxes and the State levied gasoline tax. This fund also includes the revenues from the 2012 Street Levy – Levy for City street maintenance and pedestrian safety.

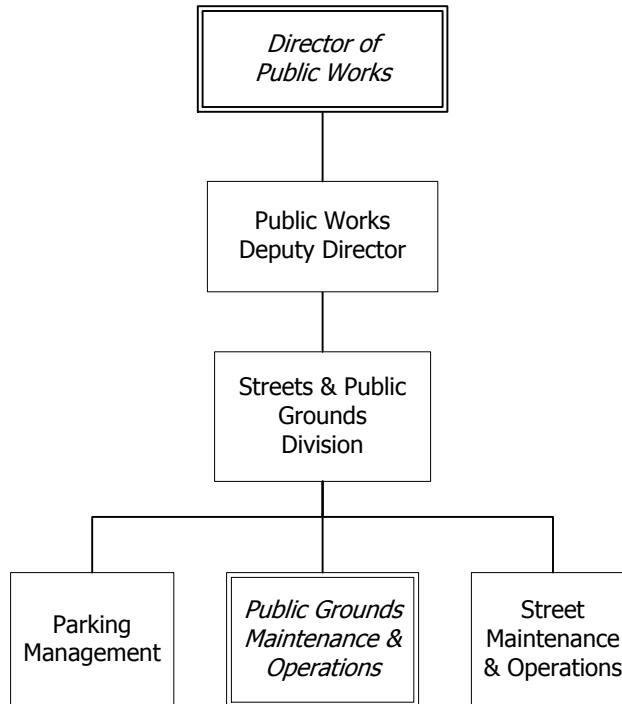


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# CITY OF KIRKLAND

## Public Works Department

### Street Operating Fund



*Boxes with a double outline and italic text indicate positions which report to this department but which are budgeted in a separate operating fund.*

**DEPARTMENT OVERVIEW*****STREET OPERATING FUND*****MISSION**

The Street Operating Fund is established to account for the administration of all resources associated with the maintenance, operation, and minor construction of roadways, sidewalks, pathways, traffic signs and signals, and roadsides.

**DEPARTMENT FUNCTIONS**

Within the Streets and Grounds Division of Public Works, the Street Maintenance Group administers and maintains 648 lane miles of streets with 247 center lane miles, 244 lane miles of sidewalks, 5¾ miles of rail corridor, 66 traffic signals, 27 school beacons, 26 radar signs, 50 flashing crosswalks and approximately 13,000 street signs. The Division is also responsible for street sweeping and mowing public right-of-ways. The Construction Group provides for minor construction of new sidewalks and related equipment costs that are not included in the Capital Improvement Program. Public Grounds provides maintenance of 4 acres of City medians and gateways, 14 acres of Public Building grounds, and approximately 20,000 street trees.

**BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS****Public Safety**

- Continue a temporary 0.25 FTE Engineering Program Assistant responsible for ongoing work tasks related to Kirkland's neighborhoods and public safety, \$52,615 one-time (additional one-time staffing of 0.5 FTE and funding of \$98,731 from General Fund)

**Environment**

- Purchase three replacement street sweepers, one new specialized sweeper, add 0.25 senior maintenance FTE to increase level of service for bike lanes and all City streets, \$116,178 (\$59,775 one-time and \$56,403 ongoing; additional ongoing staffing of 0.75 FTE and funding of \$673,876, \$464,325 one-time and \$209,551 ongoing, from the Surface Water Management Fund)

**Economic Development**

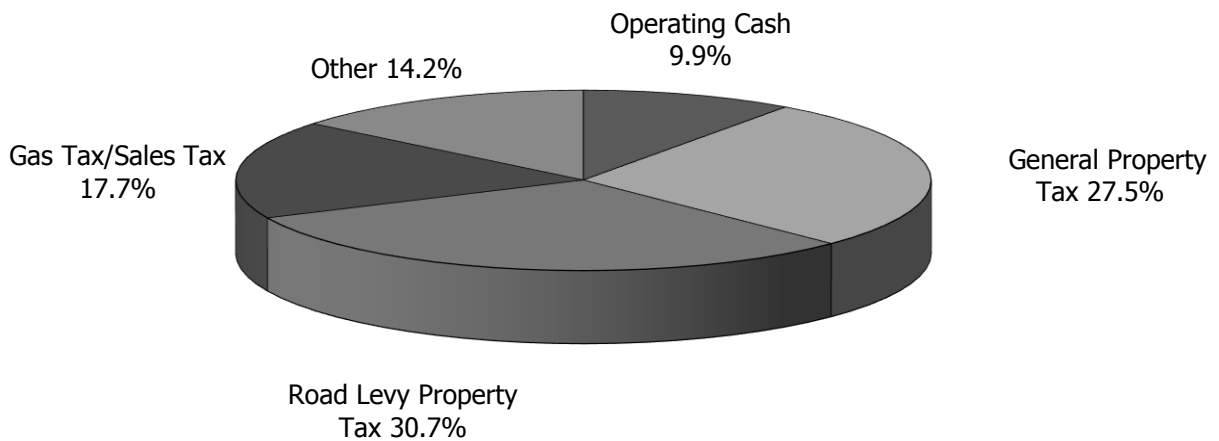
- Purchase Special Event/Promotional Banner Pole System, \$108,086 one-time

**Dependable Infrastructure**

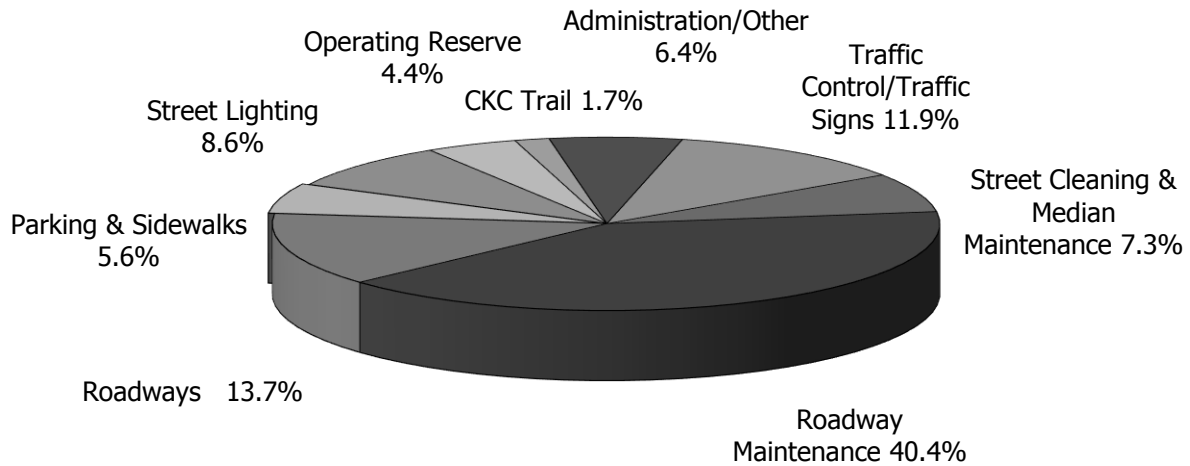
- Continue the opportunity fund to pay for street improvements and overhead utility line undergrounding in conjunction with development projects, \$50,000 one-time
- Purchase new sign manufacturing equipment for the City's sign shop, \$60,800 (\$51,000 one-time, \$9,800 ongoing, offsetting expenditure savings of \$9,800)
- Provide Commercial Driver's License (CDL) Training from a 3<sup>rd</sup> party training institute, \$10,000 ongoing (offsetting expenditure savings of \$10,000; additional funding of \$20,000 from the Water/Sewer Operating Fund and \$10,000 from the Surface Water Management Fund)
- Fund hourly seasonal labor for maintenance of non-parks City facilities at the same level of service provided in 2015-2016, \$150,990 one-time

## 2017-2018 BUDGET STREET OPERATING FUND

### Sources of Funds



### Uses of Funds



**2017-2018 FINANCIAL OVERVIEW**
***STREET OPERATING FUND***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	2,739,953	3,232,699	3,325,051	3,321,096	-0.12%
Benefits	1,582,194	1,786,719	1,941,086	1,731,786	-10.78%
Supplies	833,429	1,108,844	1,119,708	1,008,883	-9.90%
Other Services	4,691,149	5,832,394	6,005,448	6,076,240	1.18%
Government Services	7,165,211	8,298,925	8,261,993	7,362,975	-10.88%
Capital Outlay	161,740	480,611	294,000	211,200	-28.16%
Reserves*	3,048,764	1,061,009	1,061,009	1,433,694	35.13%
<b>TOTAL</b>	20,222,440	21,801,201	22,008,295	21,145,874	-3.92%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Transportation Engineering	498,247	599,086	679,940	521,810	-23.26%
Maintenance	5,758,958	6,906,224	7,565,444	7,450,372	-1.52%
Administrative/General	13,965,235	14,295,891	13,762,911	13,173,692	-4.28%
<b>TOTAL</b>	20,222,440	21,801,201	22,008,295	21,145,874	-3.92%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Maintenance	18.40	1.50	19.90	0.25	20.15
Administrative/General	2.50	-0.61	1.89	0.00	1.89
<b>TOTAL</b>	20.90	0.89	21.79	0.25	22.04

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

2017-2018 POSITION SUMMARY

***STREET OPERATING FUND***

POSITION SUMMARY BY CLASSIFICATION

Classification	2015-2016 Budget	Service Packages	2017-2018 Positions	Budgeted 2017 Salary Range
Deputy Director	0.24		0.24	8,981 - 11,589
Planning & Operations Manager	0.10		0.10	7,141 - 9,214
Street Division Manager	0.95		0.95	7,141 - 9,214
Management Analyst	0.30		0.30	5,928 - 6,974
Electronics Technician I	1.00		1.00	5,826 - 6,952
Leadperson	1.60		1.60	5,439 - 6,563
Electronics Technician II	2.00		2.00	4,723 - 6,344
Senior Maintenance Person	5.50	0.25	5.75	4,563 - 5,894
Yard Maint. & Inventory Control	0.25		0.25	4,563 - 5,894
Senior Craftperson	1.00		1.00	4,563 - 5,894
Senior Accounting Associate	0.05		0.05	4,899 - 5,764
Utility Craftsperson	0.10		0.10	4,253 - 5,437
Utilityperson	5.50		5.50	3,592 - 4,940
Grounds Technician	2.95		2.95	3,592 - 4,940
Public Works Office Specialist	0.25		0.25	3,935 - 4,629
<b>TOTAL</b>	<b>21.79</b>	<b>0.25</b>	<b>22.04</b>	

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014 Actual</b>	<b>2015 - 2016 Estimate</b>	<b>2015 - 2016 Budget</b>	<b>2017 - 2018 Budget</b>	<b>Percent Change</b>
<b>Fund:</b>	<b>Street Operating (117)</b>					
<b>Taxes</b>						
Property Tax-Real & Personal	3111001	5,231,383	5,514,102	5,546,681	5,818,382	4.90%
Property Tax 2012 Road Levy	3111005	5,849,958	6,139,107	6,182,047	6,484,885	4.90%
Retail Sales Use Tax	3131101	540,000	0	0	0	0.00%
Rev Generating Regulatory Lic	3161001	0	540,000	540,000	540,000	0.00%
<b>Total for Taxes:</b>		11,621,341	12,193,209	12,268,728	12,843,267	4.68%
<b>License and Permits</b>						
Street Cut Permit	3224004	584,885	614,967	380,000	462,000	21.58%
<b>Total for License and Permits:</b>		584,885	614,967	380,000	462,000	21.58%
<b>Intergovernmental Revenue</b>						
Traffic Safety Commission	3340350	17,009	0	0	0	0.00%
Multimodal Transportation	3360071	0	85,963	0	209,507	0.00%
MVFT-City Streets	3360087	3,370,219	3,534,173	3,359,821	3,732,779	11.10%
<b>Total for Intergovernmental Revenue:</b>		3,387,228	3,620,136	3,359,821	3,942,286	17.34%
<b>Charges for Goods and Services</b>						
Other*General Government Svcs	3419001	0	385	0	0	0.00%
General Govt Services	3419601	15,907	19,213	10,000	15,000	50.00%
PW Deposit Admin Fees	3441101	16,838	0	0	0	0.00%
Street Sign Fee	3441201	36,270	40,974	30,000	40,000	33.33%
Street Improvement Fee in Lieu	3458116	3,730	0	0	0	0.00%
Interfund Personnel Services	3491601	1,738	2,014	0	0	0.00%
Interfund-Technology Services	3491840	0	204,832	197,346	59,788	-69.70%
Interfund-Other Gen Govnmt	3491901	0	52,577	50,000	50,000	0.00%
Interfund Supplies	3491903	11,051	7,056	0	0	0.00%
Interfund-Road Maint Services	3494201	150,333	17,570	0	0	0.00%
<b>Total for Charges for Goods and Services:</b>		235,867	344,621	287,346	164,788	-42.65%
<b>Fines and Forfeits</b>						
Forfeiture of Bonds Deposits	3591001	850	0	0	0	0.00%
<b>Total for Fines and Forfeits:</b>		850	0	0	0	0.00%
<b>Miscellaneous Revenues</b>						
Parking Meters	3623001	314,532	453,598	354,900	428,615	20.77%
Parking Park Main Ant Mall	3623003	181,686	78,997	90,000	0	-100.00%
Facilities Leases LT-Garage	3625001	38,757	33,184	40,000	40,000	0.00%
Facilities Leases LT-Other	3625002	1,128	1,005	0	0	0.00%
Stall Parking Park Main Ant	3625003	29,914	45,302	10,000	0	-100.00%
ContribDonations Private	3679901	148	1,860	0	0	0.00%

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014 Actual</b>	<b>2015 - 2016 Estimate</b>	<b>2015 - 2016 Budget</b>	<b>2017 - 2018 Budget</b>	<b>Percent Change</b>
Other Judgements Settlements	3694001	3,307	1,062	10,000	10,000	0.00%
Other Misc Revenue	3699001	8,411	2,595	5,000	5,000	0.00%
<b>Total for Miscellaneous Revenues:</b>		577,883	617,603	509,900	483,615	-5.15%
<b>Proprietary Other Income</b>						
Insur Recovery Prop IntSvc	3720001	0	312	0	0	0.00%
<b>Total for Proprietary Other Income:</b>		0	312	0	0	0.00%
<b>Other Financing Sources</b>						
Operating Transfer In	3971001	359,024	960,692	960,692	1,156,076	20.34%
Ins Rec Gen Govt Non Capital	3980001	155,777	240,686	10,000	10,000	0.00%
Resources Forward	3999901	0	4,231,808	4,231,808	2,083,842	-50.76%
<b>Total for Other Financing Sources:</b>		514,801	5,433,186	5,202,500	3,249,918	-37.53%
<b>Total for Street Operating:</b>		16,922,855	22,824,034	22,008,295	21,145,874	-3.92%



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Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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## CEMETERY OPERATING FUND

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The Cemetery Operating Fund accounts for the operation of the City's cemetery.  
The primary source of revenue is user fees.



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**DEPARTMENT OVERVIEW*****CEMETERY OPERATING FUND*****MISSION**

The Cemetery Operating fund is responsible for operating and maintaining the City of Kirkland Cemetery.

**DEPARTMENT FUNCTIONS**

The Parks Department maintenance crews provide for the operation and maintenance of the cemetery and services for interment procedures, including ongoing maintenance service such as mowing, edging, weeding, installation of markers, and verification of gravesites.

The Finance and Administration Department provides cemetery administration support through the sale of lots and markers and maintenance of cemetery records.

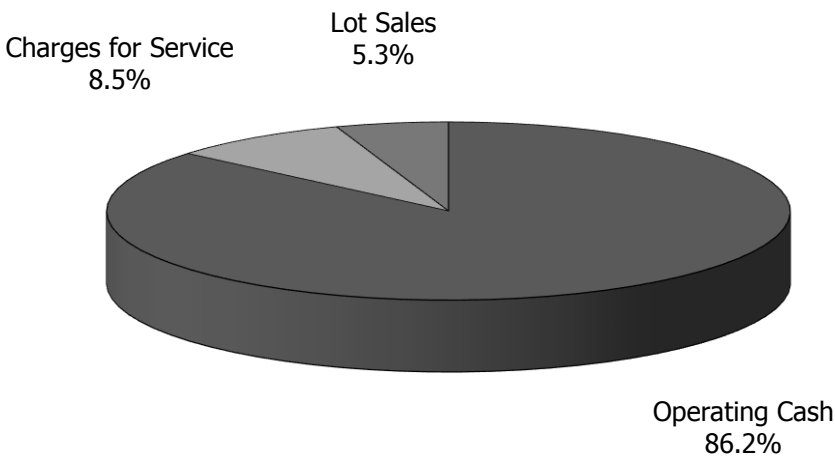
The direct, non-labor costs and reimbursement for the labor costs in Finance and Administration are accounted for in the Cemetery Operating Fund. The labor costs for the Parks department are accounted for in the General Fund.

**BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS****Financial Stability**

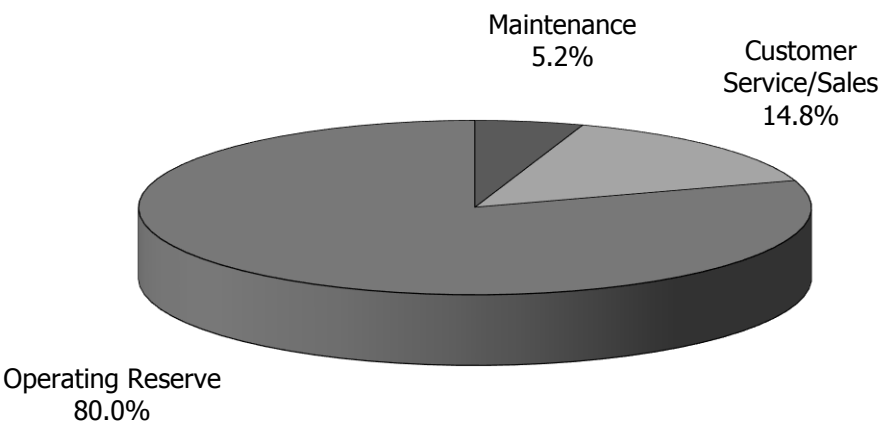
- Add a temporary 0.5 FTE Customer Accounts Associate solely dedicated to Cemetery Administration, \$86,086 one-time

**2017-2018 BUDGET  
CEMETERY OPERATING FUND**

**Sources of Funds**



**Uses of Funds**



**2017 - 2018 FINANCIAL OVERVIEW**
***CEMETERY OPERATING FUND***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	4,238	49,908	41,177	59,028	43.35%
Benefits	-	9,782	7,041	33,058	369.51%
Supplies	22,274	27,261	25,000	30,600	22.40%
Other Services	91,992	83,544	83,038	48,095	-42.08%
Government Services	54	150	200	200	0.00%
Capital Outlay	6,318	18,400	4,800	17,200	258.33%
Reserves*	689,447	727,390	727,390	751,435	3.31%
<b>TOTAL</b>	814,323	916,435	888,646	939,616	5.74%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Parks Maintenance	62,989	51,194	52,474	48,962	-6.69%
Customer Services	751,334	865,241	836,172	890,654	6.52%
<b>TOTAL</b>	814,323	916,435	888,646	939,616	5.74%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Parks Maintenance	0.00	0.00	0.00	0.00	0.00
Customer Services	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	0.00	0.00	0.00	0.00	0.00

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014</b>	<b>2015 - 2016</b>	<b>2015 - 2016</b>	<b>2017 - 2018</b>	<b>Percent</b>
		<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
<b>Fund:</b>	<b>Cemetery Operating (122)</b>					
<b>Charges for Goods and Services</b>						
Sale of Markers	3436001	11,517	11,470	10,000	10,000	0.00%
Marker Setting Fee	3436002	20,210	14,280	16,000	14,000	-12.50%
Open and Close	3436003	80,404	75,630	48,000	56,000	16.67%
Cemetery Liner Fee	3436004	500	0	0	0	0.00%
Marker Engraving Fee	3436005	6,879	11,515	0	0	0.00%
<b>Total for Charges for Goods and Services:</b>		119,510	112,895	74,000	80,000	8.11%
<b>Miscellaneous Revenues</b>						
Investment Interest	3611101	7,283	10,492	10,119	12,849	26.98%
<b>Total for Miscellaneous Revenues:</b>		7,283	10,492	10,119	12,849	26.98%
<b>Other Financing Sources</b>						
Proceeds Sales of Fixed Assets	3951001	82,556	93,898	36,000	50,000	38.89%
Resources Forward	3999901	0	768,527	768,527	796,767	3.67%
<b>Total for Other Financing Sources:</b>		82,556	862,425	804,527	846,767	5.25%
<b>Total for Cemetery Operating:</b>		209,349	985,812	888,646	939,616	5.74%

Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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## PARKS MAINTENANCE FUND

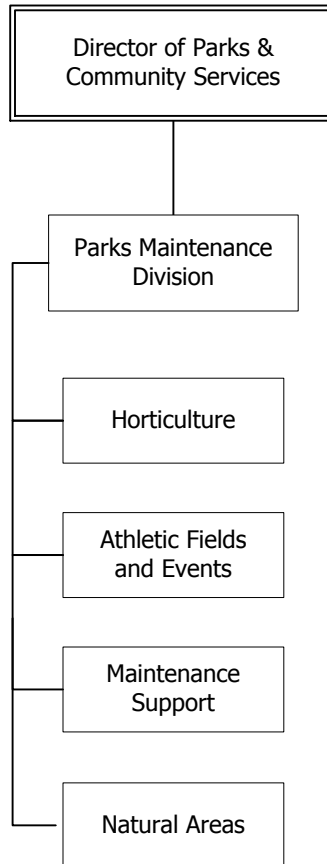
The Parks Maintenance Fund accounts for the maintenance and operation of park properties acquired and/or developed with a park bond passed in November 2002. The primary source of revenue is from a special property tax levy approved in November 2002.



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**CITY OF KIRKLAND**  
**Parks & Community Services Department**

Parks Maintenance Fund



*Boxes with a double outline and italic text indicate positions which report to this department but which are budgeted in a separate operating fund.*

**DEPARTMENT OVERVIEW*****PARKS MAINTENANCE FUND*****MISSION**

To operate and maintain park facilities funded from the voter-approved 2002 park bond and levy, including Juanita Beach Park, Carillon Woods, North Rose Hill Woodlands Park, and select Lake Washington School District school playfields.

**DEPARTMENT FUNCTIONS**

The **Parks Maintenance Fund** accounts for the maintenance and operation of properties acquired and/or developed as a result of a parks bond approved by voters in November 2002. These properties and projects include future park land purchased with the Acquisition Opportunity Fund, and the City-School Partnership program which encompasses school playfield improvements, maintenance, and scheduling administration. The maintenance and operating costs are funded by a special property tax levy approved by the voters in November 2002.

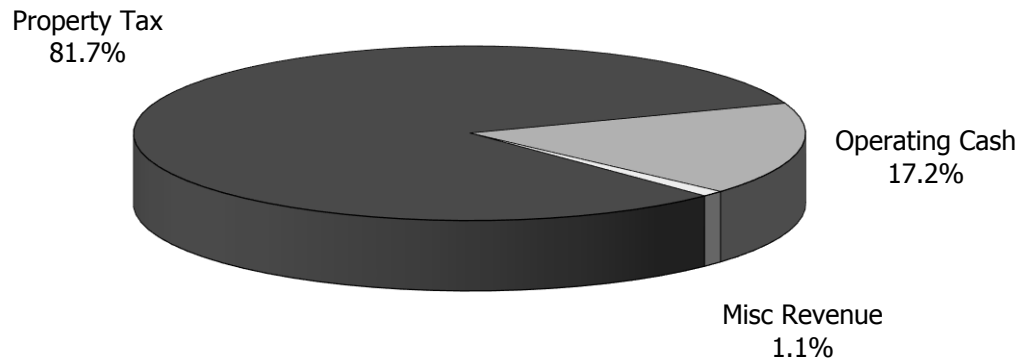
This fund accounts for all landscape and horticulture services, athletic field maintenance and renovations, ball field scheduling and coordination, restroom and park amenity services, trail maintenance, park rentals, and other repair and construction projects of these properties.

**BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS**

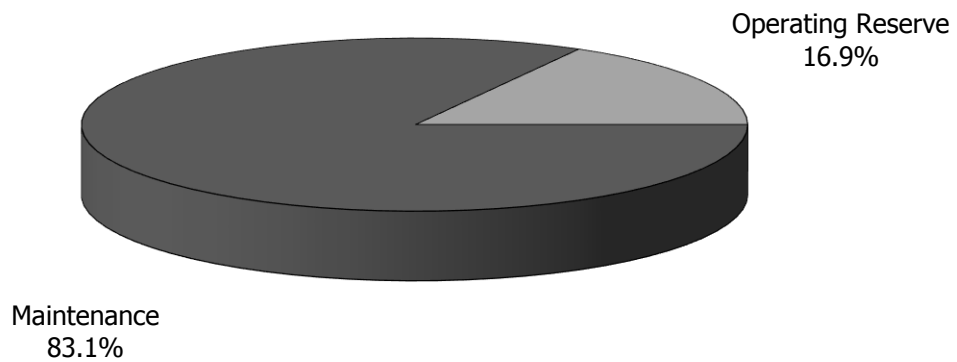
No budget highlights

## 2017-2018 BUDGET PARKS MAINTENANCE FUND

### Sources of Funds



### Uses of Funds



**2017-2018 FINANCIAL OVERVIEW**
***PARKS MAINTENANCE FUND***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	1,105,199	1,069,138	1,116,337	1,150,844	3.09%
Benefits	524,225	577,895	654,746	659,462	0.72%
Supplies	100,992	135,777	162,340	152,340	-6.16%
Other Services	739,129	848,682	871,625	806,853	-7.43%
Government Services	19,355	2,230	1,700	1,700	0.00%
Capital Outlay	-	-	-	-	n/a
Reserves*	346,446	424,222	424,222	561,902	32.45%
<b>TOTAL</b>	<b>2,835,346</b>	<b>3,057,944</b>	<b>3,230,970</b>	<b>3,333,101</b>	<b>3.16%</b>

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Parks Maintenance	2,835,346	3,057,944	3,230,970	3,333,101	3.16%
<b>TOTAL</b>	<b>2,835,346</b>	<b>3,057,944</b>	<b>3,230,970</b>	<b>3,333,101</b>	<b>3.16%</b>

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Parks Maintenance	9.25	-0.75	8.50	0.00	8.50
<b>TOTAL</b>	<b>9.25</b>	<b>-0.75</b>	<b>8.50</b>	<b>0.00</b>	<b>8.50</b>

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

## 2017-2018 POSITION SUMMARY

***PARKS MAINTENANCE FUND***

## POSITION SUMMARY BY CLASSIFICATION

<u>Classification</u>	<u>2015-2016 Budget</u>	<u>Service Packages</u>	<u>2017-2018 Positions</u>	<u>Budgeted 2017 Salary Range</u>
Leadperson	2.00		2.00	5,439 - 6,563
Groundsperson	6.00		6.00	3,592 - 4,940
Recreation Program Assistant	0.00		0.00	4,030 - 4,740
Parks Accounts Associate	0.50		0.50	4,089 - 4,811
<b>TOTAL</b>	8.50	0.00	8.50	

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014</b>	<b>2015 - 2016</b>	<b>2015 - 2016</b>	<b>2017 - 2018</b>	<b>Percent</b>
		<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
<b>Fund:</b>	<b>Parks Maintenance Fund (125)</b>					
<b>Taxes</b>						
Property Tax - Parks M&O Levy	3111002	2,456,057	2,596,339	2,598,920	2,726,189	4.90%
<b>Total for Taxes:</b>		2,456,057	2,596,339	2,598,920	2,726,189	4.90%
<b>Charges for Goods and Services</b>						
Interfund-Other Gen Govnmt	3491901	0	10,514	10,514	0	-100.00%
<b>Total for Charges for Goods and Services:</b>		0	10,514	10,514	0	-100.00%
<b>Miscellaneous Revenues</b>						
Investment Interest	3611101	2,491	7,602	0	10,001	0.00%
Park Facility Rentals	3624005	13,989	17,527	20,050	25,200	25.69%
Other Misc Revenue	3699001	328	862	0	0	0.00%
<b>Total for Miscellaneous Revenues:</b>		16,808	25,991	20,050	35,201	75.57%
<b>Other Financing Sources</b>						
Ins Rec Gen Govt Non Capital	3980001	0	1,103	0	0	0.00%
Resources Forward	3999901	0	601,486	601,486	571,711	-4.95%
<b>Total for Other Financing Sources:</b>		0	602,589	601,486	571,711	-4.95%
<b>Total for Parks Maintenance Fund:</b>		2,472,865	3,235,433	3,230,970	3,333,101	3.16%

Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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## 2012 PARKS LEVY FUND

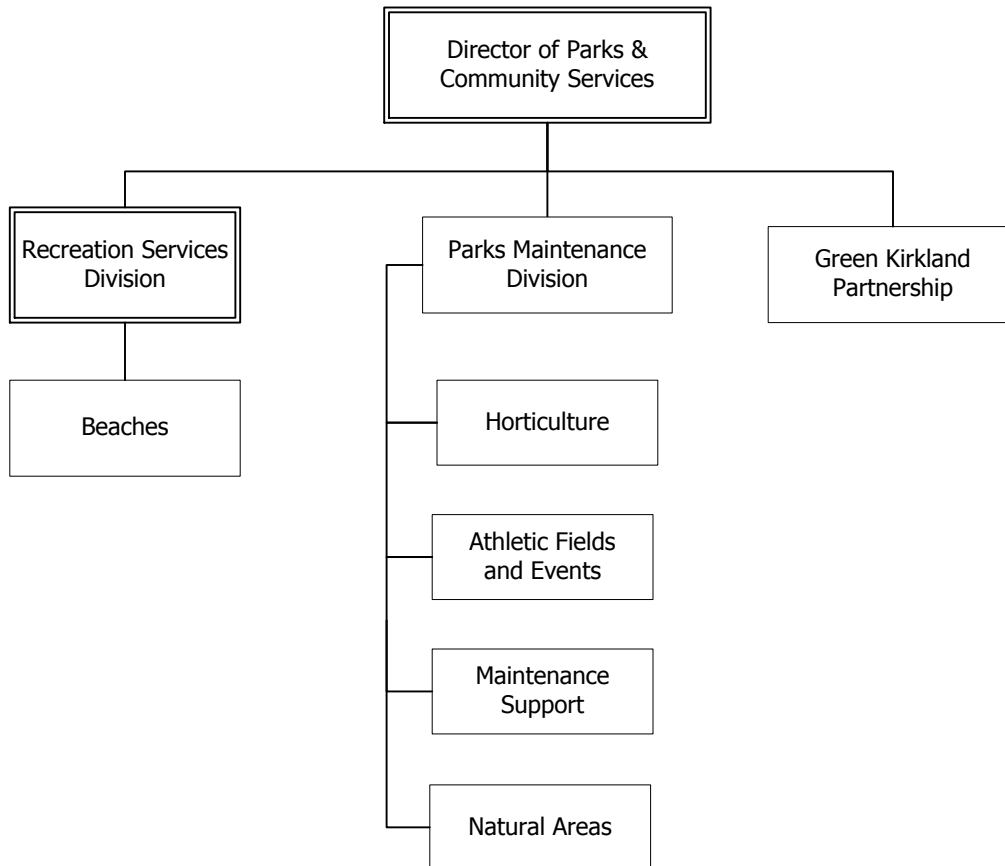
The Parks Levy Fund accounts for the maintenance and operation of park properties acquired and/or developed with the revenues from the 2012 Park Levy – Levy for City parks maintenance, restoration, and enhancement.



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**CITY OF KIRKLAND**  
**Parks & Community Services Department**

**2012 Parks Levy Fund**



*Boxes with a double outline and italic text indicate positions which report to this department but which are budgeted in a separate operating fund.*

## DEPARTMENT OVERVIEW

# ***2012 PARKS LEVY FUND***

## MISSION

To restore and enhance funding for park maintenance and beach lifeguards, acquire park land and open space and to maintain, renovate and enhance docks, park facilities, trails and playfields.

## DEPARTMENT FUNCTIONS

The **2012 Parks Levy Fund** accounts for the proceeds of parks levy approved by voters in November 2012. The levy restores maintenance and beach lifeguard services at Houghton, Waverly and Juanita beaches and restores maintenance at neighborhood parks including restroom operations and repairs. The levy also provides for maintenance of O.O. Denny Park, the Cross Kirkland Corridor and provides ongoing funding for the Green Kirkland Partnership. The levy includes annual capital funding for restoration of docks and park facilities, playfields and open space acquisition.

## BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

### **Parks, Open Spaces and Recreational Services**

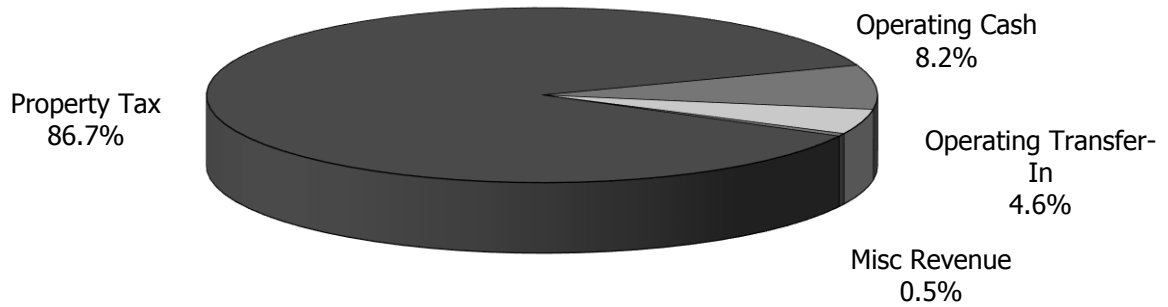
- Provide maintenance and operations of planned CIP improvements at Edith Moulton Park, \$125,875 (\$48,475 one-time, \$77,400 ongoing)
- Provide basic amenities and ongoing maintenance and operations to assume ownership of Hazen Hills Park, \$61,915 (\$24,617 one-time, \$37,298 ongoing)

### **Environment**

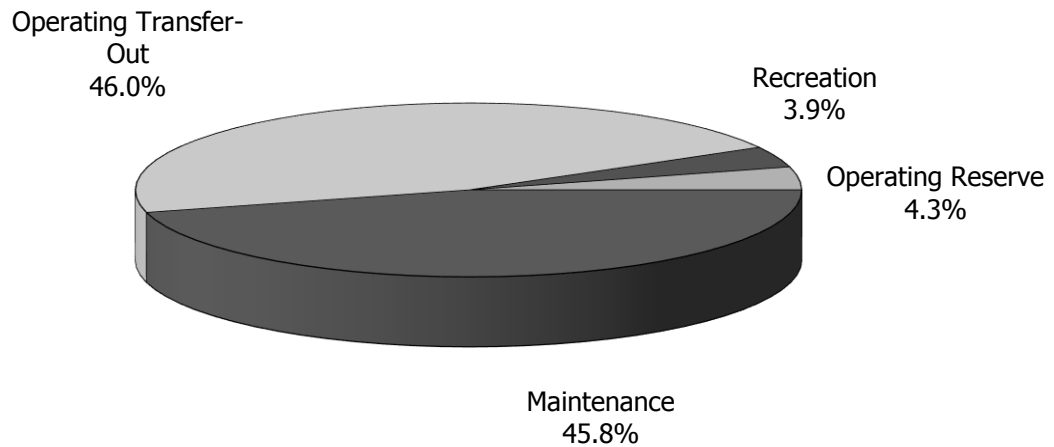
- Fund contracted field crews for the Green Kirkland Partnership to support restoration activities in natural parkland areas, \$34,300 one-time

## 2017-2018 BUDGET 2012 PARKS LEVY FUND

### Sources of Funds



### Uses of Funds



**2017-2018 FINANCIAL OVERVIEW**
**2012 PARKS LEVY FUND**
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	1,045,864	1,300,613	1,284,219	1,385,863	7.91%
Benefits	425,463	559,549	639,441	573,898	-10.25%
Supplies	146,305	175,857	135,700	153,650	13.23%
Other Services	436,841	572,315	597,013	680,589	14.00%
Government Services	2,350,050	2,630,000	2,630,000	2,700,000	2.66%
Capital Outlay	-	-	-	16,000	n/a
Reserves*	232,585	403,548	403,548	358,104	-11.26%
<b>TOTAL</b>	4,637,108	5,641,882	5,689,921	5,868,104	3.13%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Parks Maintenance	4,482,503	5,450,229	5,481,192	5,639,953	2.90%
Community Services	154,605	191,653	208,729	228,151	9.30%
<b>TOTAL</b>	4,637,108	5,641,882	5,689,921	5,868,104	3.13%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Parks Maintenance	4.25	-0.75	3.50	0.00	3.50
Community Services	3.00	0.50	3.50	0.00	3.50
<b>TOTAL</b>	7.25	-0.25	7.00	0.00	7.00

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

## 2017 - 2018 POSITION SUMMARY

***2012 PARKS LEVY FUND*****POSITION SUMMARY BY CLASSIFICATION**

<u>Classification</u>	<u>2015-2016 Budget</u>	<u>Service Packages</u>	<u>2017-2018 Positions</u>	<u>Budgeted 2017 Salary Range</u>
Parks Maintenance Supervisor	1.00		1.00	5,620 - 7,251
Green Kirkland Partnership Sup.	1.00		1.00	5,620 - 7,251
Environ. Education & Outreach Spclst.	0.50		0.50	5,687 - 6,691
Green Kirkland Partnership Coordinator	1.00		1.00	5,289 - 6,222
Senior Groundsperson	1.00		1.00	4,563 - 5,894
Groundsperson	2.50		2.50	3,592 - 4,940
<b>TOTAL</b>	<b>7.00</b>	<b>0.00</b>	<b>7.00</b>	

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014</b>	<b>2015 - 2016</b>	<b>2015 - 2016</b>	<b>2017 - 2018</b>	<b>Percent</b>
		<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
<b>Fund:</b>	<b>2012 Parks Levy (128)</b>					
<b>Taxes</b>						
Property Tax 2012 Park Levy	3111006	4,588,205	4,824,661	4,848,669	5,086,174	4.90%
<b>Total for Taxes:</b>		4,588,205	4,824,661	4,848,669	5,086,174	4.90%
<b>Charges for Goods and Services</b>						
Interfund-Other Gen Govnmt	3491901	0	14,912	0	0	0.00%
Interfund Svcs-Environmnt Svcs	3497902	150,000	75,000	193,286	150,000	-22.39%
<b>Total for Charges for Goods and Services:</b>		150,000	89,912	193,286	150,000	-22.39%
<b>Miscellaneous Revenues</b>						
Investment Interest	3611101	2,886	8,681	0	17,011	0.00%
Park Facility Rentals	3624005	10,250	14,128	10,000	13,000	30.00%
ContribDonations Private	3679901	14,991	34,383	0	0	0.00%
Sale of Surplus	3691001	0	96	0	0	0.00%
Other Misc Revenue	3699001	172	0	0	0	0.00%
<b>Total for Miscellaneous Revenues:</b>		28,299	57,288	10,000	30,011	200.11%
<b>Other Financing Sources</b>						
Operating Transfer In	3971001	265,987	0	0	122,140	0.00%
Resources Forward	3999901	0	637,966	637,966	479,779	-24.80%
<b>Total for Other Financing Sources:</b>		265,987	637,966	637,966	30,649,746	4704.29%
<b>Total for 2012 Parks Levy:</b>		5,032,491	5,609,827	5,689,921	5,868,104	3.13%

Internal Service Funds account for the financing of goods and services provided by one department to other City departments on a cost reimbursement basis.

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## HEALTH BENEFITS FUND

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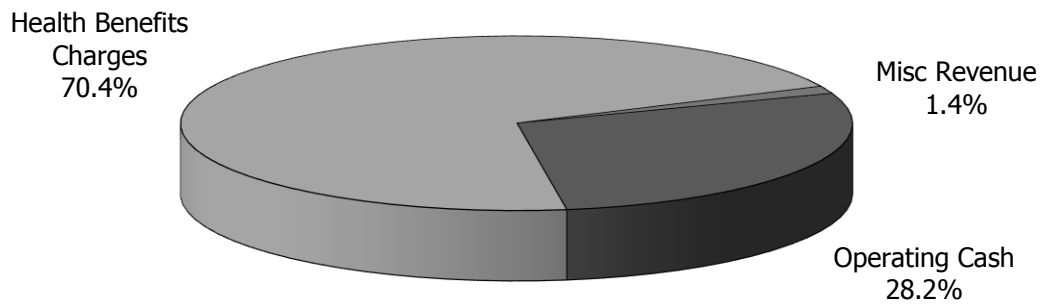
The Health Benefits Fund accounts for programs established to provide employee medical health care coverage. Medical premiums received by the fund are used to pay claims for employees participating in the City's self-insured health care program, purchase "stop-loss" coverage for individual and aggregate claims in excess of self-insured limits, and maintain reserves for the payment of future claims based on actuarial estimates. Employee dental and vision coverage is purchased from an outside carrier.



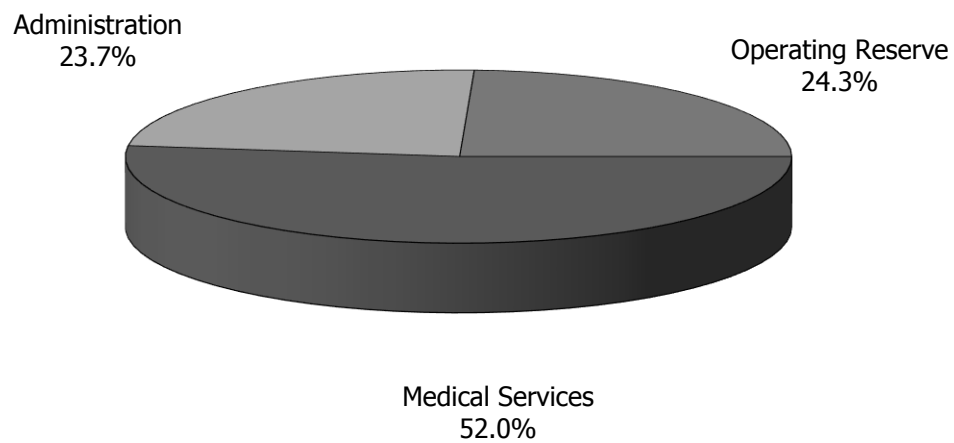
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## 2017-2018 BUDGET HEALTH BENEFITS FUND

### Sources of Funds



### Uses of Funds



**2017-2018 FINANCIAL OVERVIEW**

# **HEALTH BENEFITS FUND**

**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	-	-	-	-	n/a
Benefits	-	-	2,963,630	-	-100.00%
Supplies	3,193	500	1,000	1,000	0.00%
Other Services	17,453,261	18,056,984	17,887,443	18,125,677	1.33%
Government Services	5,666	359,584	200,654	1,009,000	402.86%
Capital Outlay	-	-	-	-	n/a
Reserves*	3,495,856	5,819,853	5,819,853	6,165,064	5.93%
<b>TOTAL</b>	20,957,976	24,236,921	26,872,580	25,300,741	-5.85%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Health Benefits	20,957,976	24,236,921	26,872,580	25,300,741	-5.85%
<b>TOTAL</b>	20,957,976	24,236,921	26,872,580	25,300,741	-5.85%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Health Benefits	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	0.00	0.00	0.00	0.00	0.00

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014 Actual</b>	<b>2015 - 2016 Estimate</b>	<b>2015 - 2016 Budget</b>	<b>2017 - 2018 Budget</b>	<b>Percent Change</b>
<b>Fund:</b>	<b>Health Benefits Fund (511)</b>					
<b>Miscellaneous Revenues</b>						
Investment Interest	3611101	48,354	98,866	71,891	118,695	65.10%
Interfund Medical Cont ER	3665001	224,882	312,170	276,618	320,000	15.68%
Contrib Rebates Prescription	3671901	126,359	235,215	130,000	235,000	80.77%
Stop Loss Rebate	3671902	1,210,921	744,708	0	0	0.00%
Contrib Wellness	3671903	140,720	22,990	0	0	0.00%
Medical Contributions EE	3697201	17,941,013	16,354,225	18,598,553	16,444,359	-11.58%
Medical Cont Retiree	3697202	1,349,359	1,144,123	1,155,537	1,047,477	-9.35%
<b>Total for Miscellaneous Revenues:</b>		21,041,608	18,912,297	20,232,599	18,165,531	-10.22%
<b>Other Financing Sources</b>						
Resources Forward	3999901	0	6,639,981	6,639,981	7,135,210	7.46%
<b>Total for Other Financing Sources:</b>		0	6,639,981	6,639,981	7,135,210	7.46%
<b>Total for Health Benefits Fund:</b>		21,041,608	25,552,278	26,872,580	25,300,741	-5.85%



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Internal Service Funds account for the financing of goods and services provided by one department to other City departments on a cost reimbursement basis.

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## EQUIPMENT RENTAL FUND

The Equipment Rental Fund accounts and assesses user charges for the cost of maintaining and replacing all City vehicles and heavy equipment.

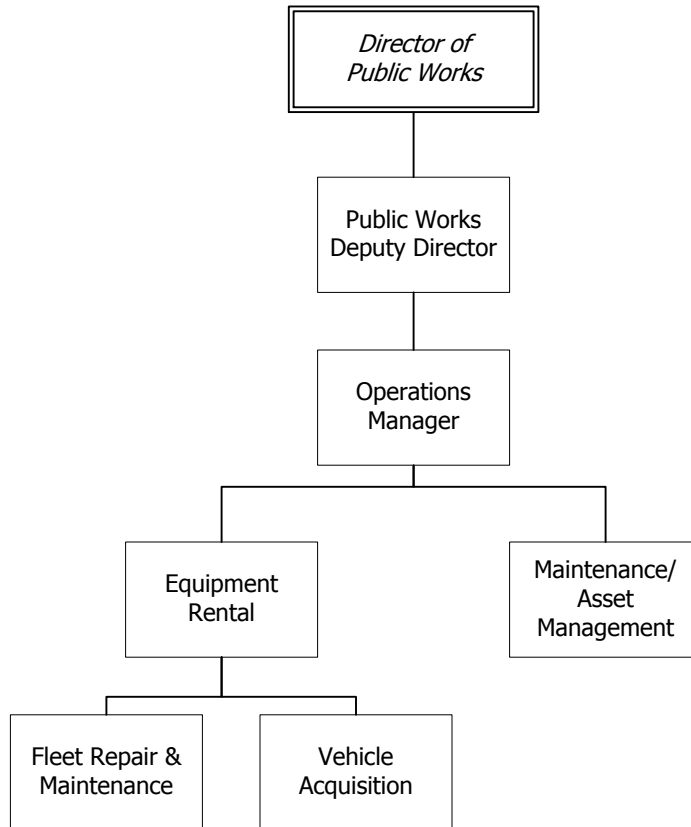


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# CITY OF KIRKLAND

## Public Works Department

### Equipment Rental Fund



*Boxes with a double outline and italic text indicate positions which report to this department but which are budgeted in a separate operating fund.*

**DEPARTMENT OVERVIEW*****EQUIPMENT RENTAL FUND*****MISSION**

The Equipment Rental Fund is established to account for resources associated with providing safe, cost-effective vehicles and equipment to meet the operating needs of all City Departments.

**DEPARTMENT FUNCTIONS**

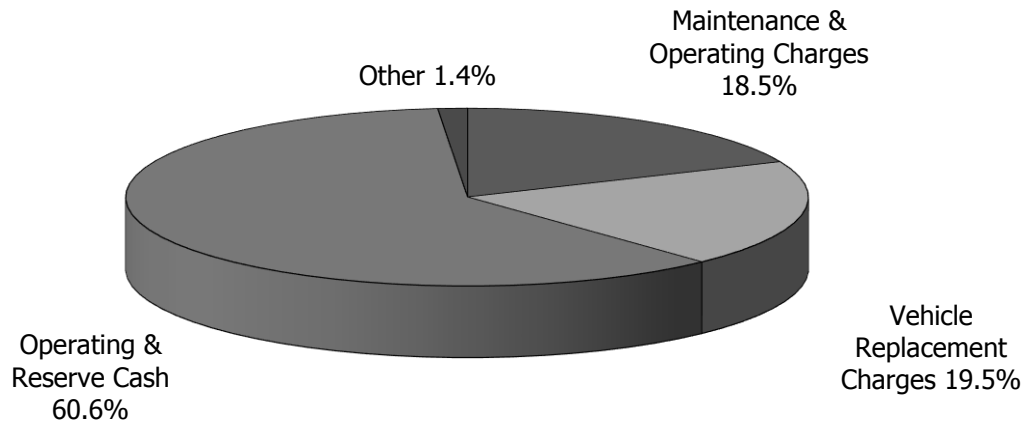
The Public Works Department administers the Equipment Rental Fund. Overseen by the Public Works Deputy Director and the Operations Manager, the Fleet Management Group is responsible for efficient operations of the Fleet Maintenance shop, selection and coordination of outside vendors, vehicle repair and maintenance, fueling systems, acquisition and resale of all vehicles, and provides cost-accounting, rate recommendations, and replacement schedules for the City's fleet. All operations and purchases include environmental considerations. The fund also provides resources for the City's 800 MHz radio program, providing for staff support as a member of the Eastside Public Safety and Communications Agency (EPSCA). The division also maintains 800MHz radio and antenna systems, coordinates vendor repairs, maintenance contracts, and establishes user rates.

**BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS**

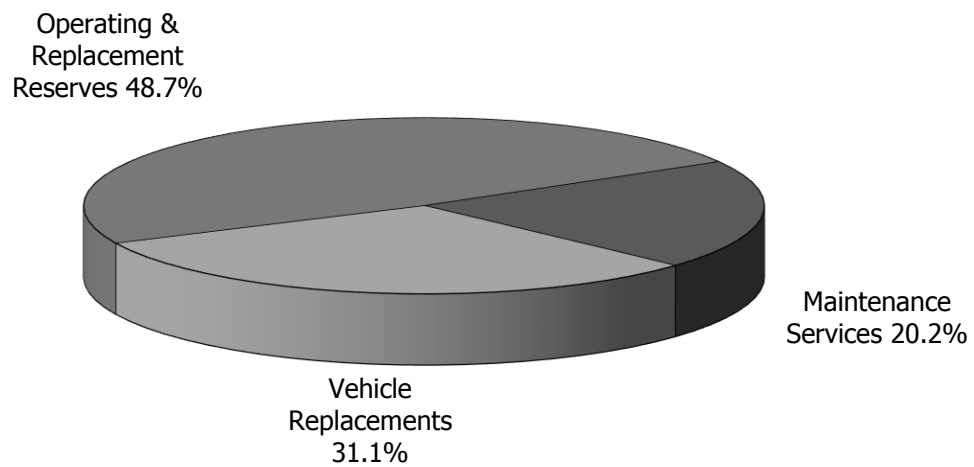
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## 2017-2018 BUDGET EQUIPMENT RENTAL FUND

### Sources of Funds



### Uses of Funds



**2017-2018 FINANCIAL OVERVIEW**
***EQUIPMENT RENTAL FUND***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	960,043	1,149,374	1,182,693	1,267,551	7.17%
Benefits	428,281	562,930	589,950	647,500	9.76%
Supplies	1,847,463	1,029,835	2,006,650	1,622,068	-19.17%
Other Services	854,800	887,854	940,620	1,028,869	9.38%
Government Services	256,065	217,867	210,343	199,374	-5.21%
Capital Outlay	3,171,724	5,035,303	7,764,911	7,539,738	-2.90%
Reserves*	9,581,255	10,091,880	10,091,880	11,961,710	18.53%
<b>TOTAL</b>	17,099,631	18,975,043	22,787,047	24,266,810	6.49%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Fleet Management	17,099,631	18,975,043	22,787,047	24,266,810	6.49%
<b>TOTAL</b>	17,099,631	18,975,043	22,787,047	24,266,810	6.49%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Fleet Management	7.40	0.05	7.45	0.00	7.45
<b>TOTAL</b>	7.40	0.05	7.45	0.00	7.45

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

2017-2018 POSITION SUMMARY

***EQUIPMENT RENTAL FUND***

POSITION SUMMARY BY CLASSIFICATION

Classification	2015-2016 Budget	Service Packages	2017-2018 Position	Budgeted 2017 Salary Range
Deputy Director	0.05		0.05	8,981 - 11,589
Planning & Operations Manager	0.25		0.25	7,141 - 9,214
Fleet Manager	1.00		1.00	6,794 - 8,766
Mechanic I	1.00		1.00	5,379 - 6,470
Emergency Vehicle Technician	4.00		4.00	4,723 - 6,344
Yard Maint. & Inventory Control	1.15		1.15	4,563 - 5,894
<b>TOTAL</b>	7.45	0.00	7.45	

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014 Actual</b>	<b>2015 - 2016 Estimate</b>	<b>2015 - 2016 Budget</b>	<b>2017 - 2018 Budget</b>	<b>Percent Change</b>
<b>Fund:</b>	<b>Fleet Services (521)</b>					
<b>Charges for Goods and Services</b>						
General Govt Services	3419601	11,049	0	0	0	0.00%
Sale of Fuel	3445101	21,131	14,212	0	0	0.00%
<b>Total for Charges for Goods and Services:</b>		32,180	14,212	0	0	0.00%
<b>Miscellaneous Revenues</b>						
Investment Interest	3611101	107,735	179,385	150,618	178,620	18.59%
Interfund Vehicle Rental	3651001	4,339,609	4,595,151	4,715,819	4,488,435	-4.82%
Replacement Reserve	3651002	3,256,548	3,718,650	3,838,713	4,459,077	16.16%
Interfund Radio Rental	3651004	240,603	217,849	211,134	209,676	-0.69%
Interfund Radio Repair	3651005	68,017	74,068	74,078	74,068	-0.01%
Confiscated/Forfeited Property	3693001	0	0	63,920	0	-100.00%
Other Misc Revenue	3699001	16,304	22,842	23,320	15,336	-34.24%
<b>Total for Miscellaneous Revenues:</b>		8,028,816	8,807,945	9,077,602	9,425,212	3.83%
<b>Proprietary Other Income</b>						
Insur Recovery Prop IntSvc	3720001	195,713	52,452	56,000	56,000	0.00%
<b>Total for Proprietary Other Income:</b>		195,713	52,452	56,000	56,000	0.00%
<b>Other Financing Sources</b>						
Proceeds Sales of Fixed Assets	3951001	166,862	171,165	75,000	75,000	0.00%
Operating Transfer In	3971001	613,266	1,949,438	1,949,438	969,542	-50.27%
Resources Forward	3999901	0	1,323,378	1,323,378	2,393,330	80.85%
Resources Forward - Reserve	3999902	0	10,305,629	10,305,629	11,347,726	10.11%
<b>Total for Other Financing Sources:</b>		780,128	13,749,610	13,653,445	14,785,598	8.29%
<b>Total for Fleet Services:</b>		9,036,837	22,624,219	22,787,047	24,266,810	6.49%

## ***EQUIPMENT RENTAL CAPITAL REPLACEMENT***

Included in this section are three summary charts - one listing the vehicles costing \$50,000 or more to be replaced over the six-year period of 2017–2022, and the second and third charts listing all vehicle replacements, regardless of cost, for 2017 and 2018, respectively.

The vehicles planned for replacement costing \$50,000 or more are subject to the same process as the entire fleet with respect to replacement standards. In June of each year, each vehicle whose normal accounting life expires in the coming five budget years is examined to determine if extending its service life is financially sound. Considerations include engine hours, mileage, maintenance history, structural wear, declining resale value, and future intended use of the proposed replacement vehicle. If a determination is made that a vehicle is to be replaced, “right-sizing” of the vehicle for its intended use will be conducted. A vehicle will be replaced in kind or “right-sized” if possible (at a lesser cost). Upgraded vehicles for specific functions will require an approved service package in an amount covering the difference between the replaced vehicle’s replacement reserve account and the cost of the proposed replacement vehicle.

Savings are incurred when the operational life of vehicles can be extended beyond their normal accounting life. This is usually due to low engine hours, mileage, or major repairs that have been performed to the vehicle. The vehicles on the six-year schedule that are measured by engine hours have their replacement reserve based on these hours. If a vehicle has reached its normal accounting life but not the original estimated engine hours, the useful life of that vehicle may be extended.

There are 10 vehicles costing in excess of \$50,000 currently scheduled for replacement in 2017. The Fire Department is replacing three vehicles. A 2006 Chevrolet Suburban (F213), extended one year beyond the end of its normal accounting life, a 2008 Chevrolet Suburban (F216), extended one year beyond the end of its normal accounting life, an Aid Vehicle (F317) also extended one year beyond its scheduled replacement, and a Spartan H&W fire engine (F610) as scheduled. Parks and Community Services Department is replacing five vehicles. Two 2004 2/3 yard Dump Truck (F-14 & F-16) each extended five years, a 2003 Tractor (TR-10) extended four years, a 2007 Passenger Bus (T-04) on schedule, and a 2008 2/3 Yard Dump Truck (F-20) extended one year. The Police Department will be replacing one vehicle costing in excess of \$50,000. A 1993 Van (D93-05), which has been extended 12 years beyond its normal accounting life. In addition to these capital replacements, 57 vehicles will be replaced in 2017.

For 2018, there are 13 vehicles over \$50,000, all of which are being replaced. The Fire Department is replacing four vehicles. A 2006 Suburban (F213) extended three years, a 2010 Rescue Aid Vehicle (F318) on schedule, a 2009 Custom Pickup Truck (F218) extended one year, and a 2010 Suburban (F219) on schedule. The Police Department is replacing one vehicle over \$50,000, a 2011 Custom Van Extended two years. Public Works is replacing eight vehicles. Three are 2011 Street Sweepers (S-06, S-07, & S-08) on schedule. Two are 2006 Aquatech Sewer Trucks (V-03 & V-04) extended two years. A 2008 Flatbed Pickup with a crane extended two years. A 2006 Bucket Truck (U-08) extended 2 years. A 2008 Backhoe (TR-11) on schedule. In addition to these capital replacements 27 vehicles will be replaced in 2018.

**City of Kirkland**  
**2017-2022 Capital Improvement Program**  
**Vehicle Replacements Over \$50,000**

**Fire**

Vehicle	Year / Description	Acct Life	Normal Replacement Date					2021	2022	Six Year Total Cost	Comments
				2017	2018	2019	2020				
F213	2006 / Chevrolet Suburban Command	8	6/1/2014	73,788						73,788	Extended 3 Years, Good Condition
F216	2008 / Chevrolet Suburban Command	8	6/1/2016	81,492						81,492	Extended 1 Year, Good Condition
F317	2008 / Ford Road Rescue Aid Vehicle	8	6/1/2010	221,516						221,516	Extended 7 Years, Annexation
F610	1999 / H&W Spartan Pumper	18	6/1/2017	660,698						660,698	On schedule
F218	2009 / Ford F250 Ext. Cab. Custom	8	6/1/2017		61,889					61,889	Extended 1 Year, Good Condition
F219	2010 / Chevrolet Suburban Command	8	6/1/2018		70,391					70,391	On schedule
F318	2010 / Ford Road Rescue Aid Vehicle	8	6/1/2018		297,009					297,009	On schedule
F319	2012 / Ford Road Rescue Aid Vehicle	8	6/1/2020				259,993			259,993	On schedule
F611	2003 / Spartan-H&W Pumper	18	6/1/2021					758,903		758,903	On schedule
F612	2003 / Spartan-H&W Pumper	18	6/1/2021					758,903		758,903	On schedule
F320	2014 / Ford Road Rescue Aid Vehicle	8	6/1/2022						278,511	278,511	On schedule
F321	2014 / Ford Road Rescue Aid Vehicle	8	6/1/2022						278,511	278,511	On schedule
F214	2014 / Chevrolet 3500 Crew Cab (4x4)	8	6/1/2022						57,879	57,879	On schedule
<b>Total Fire Vehicles</b>				<b>1,037,494</b>	<b>429,289</b>	<b>-</b>	<b>259,993</b>	<b>1,517,806</b>	<b>614,901</b>	<b>3,859,483</b>	

**Parks & Community Services**

Vehicle	Year / Description	Acct Life	Normal Replacement Date					2021	2022	Six Year Total Cost	Comments
				2017	2018	2019	2020				
F-14	2004 / Ford F450 Flatbed	8	6/1/2012	61,538						61,538	Extended 5 Years, Good Condition
F-16	2004 / Ford F450 2/3 Yard Dump Body	8	6/1/2012	58,960						58,960	Extended 5 Years, Good Condition
TR-10	2003 / Ford Ballfield Tractor 5420	10	6/1/2013	50,102						50,102	Extended 4 Years, Good Condition
F-20	2008 / Ford F450 Cr. 2/3 Yd. Dump Body	8	6/1/2016	61,705						61,705	Extended 1 Year, Good Condition
T-04	2007 / Aerotech Passenger Bus	10	6/1/2017	102,966						102,966	On schedule
M-20	2014 / Toro 4010-D Groundsmaster WAM	5	6/1/2019			116,696				116,696	On schedule
M-21	2014 / Toro 5910 Groundsmaster WAM	5	6/1/2019			88,560				88,560	On schedule
M-23	2014 / Toro 360 4WD Groundsmaster	5	6/1/2019			76,930				76,930	On schedule
F-23	2012 / Ford F550XL 2/3 Yd. Dump Body	8	6/1/2020				67,923			67,923	On schedule
M-22	2014 / Toro 4500-D Groundsmaster	6	6/1/2020				76,930			76,930	On schedule
<b>Total Parks &amp; Community Services Vehicles</b>				<b>335,271</b>	<b>-</b>	<b>282,186</b>	<b>144,853</b>	<b>-</b>	<b>-</b>	<b>762,310</b>	

Police

Vehicle	Year / Description	Acct Life	Normal Replacement Date					2021	2022	Six Year Total Cost	Comments
				2017	2018	2019	2020				
D93-05	1993/ Chevrolet G2 Van	8	6/1/2005	51,712						51,712	Extended 12 Years, Good Condition
P110	2011 / Ford F350 Corrections Van	5	6/1/2016		118,991					118,991	Extended 2 Years, Due to KJC
P06-99	2006 / Chevrolet 5C5 Special Response	10	6/1/2016				259,223			259,223	Extended 2 Years, Low Mileage
-	Existing Patrol Vehicle	3	-	below \$50K			51,629			51,629	Will Replace 2017 Model Year
-	Existing Patrol Vehicle	3	-	below \$50K			51,629			51,629	Will Replace 2017 Model Year
-	Existing Patrol Vehicle	3	-	below \$50K			51,629			51,629	Will Replace 2017 Model Year
-	Existing Patrol Vehicle	3	-	below \$50K			51,629			51,629	Will Replace 2017 Model Year
-	Existing Patrol Vehicle	3	-		below \$50K			53,436		53,436	Will Replace 2018 Model Year
-	Existing Patrol Vehicle	3	-		below \$50K			53,436		53,436	Will Replace 2018 Model Year
-	Existing Patrol Vehicle	3	-			below \$50K			55,306	55,306	Will Replace 2019 Model Year
-	Existing Patrol Vehicle	3	-			below \$50K			55,036	55,036	Will Replace 2019 Model Year
-	Existing Patrol Vehicle	3	-			below \$50K			55,036	55,036	Will Replace 2019 Model Year
-	Existing Patrol Vehicle	3	-			below \$50K			55,036	55,036	Will Replace 2019 Model Year
-	Existing Patrol Vehicle	3	-			below \$50K			55,306	55,306	Will Replace 2019 Model Year
-	Existing Patrol Vehicle	3	-			below \$50K			55,306	55,306	Will Replace 2019 Model Year
<b>Total Police Vehicles</b>				<b>51,712</b>	<b>118,991</b>	<b>-</b>	<b>465,739</b>	<b>106,872</b>	<b>331,026</b>	<b>1,074,340</b>	

Public Works

Vehicle	Year / Description	Acct Life	Normal Replacement Date					2021	2022	Six Year Total Cost	Comments
				2017	2018	2019	2020				
F-19	2008 / Ford Flat Bed F350 w/crane	8	6/1/2016		73,028					73,028	Extended 2 Years, Good Condition
U-08	2006 / International Bucket Truck	10	6/1/2016		231,933					231,933	Extended 2 Years, Good Condition
V-03	2006 / International Aquatech Eductor	10	6/1/2016		413,368					413,368	Extended 2 Years, Good Condition
V-04	2006 / International Aquatech Eductor	10	6/1/2016		413,368					413,368	Extended 2 Years, Good Condition
S-06	2011 / Ford Tymco Sweeper	7	6/1/2018		221,770					221,770	On schedule
S-07	2011 / Ford Tymco Sweeper	7	6/1/2018		221,770					221,770	On schedule
S-08	2011 / Ford Tymco Sweeper	7	6/1/2018		221,770					221,770	On schedule
TR-11	2008 / Case Backhoe 580SM (4x4)	10	6/1/2018		130,635					130,635	On schedule
L-02	2007 / Case 621D Loader	10	6/1/2017			148,851				148,851	Extended 2 Years, Good Condition
D-01	2006 / International Dumptruck 5 Yd.	12	6/1/2019			169,389				169,389	Extended 1 Year, Good Condition
D-02	2006 / International Dumptruck 5 Yd.	12	6/1/2019			169,389				169,389	Extended 1 Year, Good Condition
D-03	2006 / International Dumptruck 5 Yd.	12	6/1/2019			169,389				169,389	Extended 1 Year, Good Condition
TR-12	2009 / Case Backhoe SuperM (4x2)	10	6/1/2019			119,400				119,400	On schedule
D-09	2008 / Peterbilt Dump Truck 10 Yard	12	6/1/2020				250,433			250,433	On schedule
M-14	2010 / John Deere Tiger Roadside Mower	7	6/1/2017				136,588			136,588	On schedule
M-14	2010 / J. Deere/Tyger Roadside Mower	10	6/1/2020				136,588			136,588	On schedule
F-21	2011 / Ford F550 2/3 Yard Dump Body	10	6/1/2021					102,796		102,796	On schedule
F-22	2011 / Ford F550 2/3 Yard Dump Body	10	6/1/2021					102,796		102,796	On schedule
R-04	2011 /Hamm Vibratory Roller	10	6/1/2021					53,451		53,451	On schedule
TH-01	2006 / Caterpillar 314C LCR Excavator	15	6/1/2021					160,568		160,568	On schedule
TH-02	2011 / Bobcat E50 Excavator w/Attach.	10	6/1/2021					101,573		101,573	On schedule
M-17	2012 / John Deere/Tyger Roadside Mower	10	6/1/2022						187,373	187,373	On schedule
PU-104	2012 / Ford 550XL Crew 4x2 Utility Body	10	6/1/2022						84,349	84,349	On schedule
V-05	2012 / Vactor Eductor Truck	10	6/1/2022						555,825	555,825	On schedule
<b>Total Public Works Vehicles</b>				<b>-</b>	<b>1,927,642</b>	<b>776,418</b>	<b>523,609</b>	<b>521,184</b>	<b>827,547</b>	<b>4,576,400</b>	
<b>Total All Vehicles</b>				<b>1,424,477</b>	<b>2,475,922</b>	<b>1,058,604</b>	<b>1,394,194</b>	<b>2,145,862</b>	<b>1,773,474</b>	<b>10,272,533</b>	

## City of Kirkland

### Vehicle Replacements for Year 2017

All Vehicles listed will be considered for replacement dependent upon their condition and replacement funding.

Division	Vehicle	Year/Description	Acct Life	Normal Replacement Date	Replacement Cost	Comments
		<b>Finance</b>				
Facilities	PU-62	2006 / Chevrolet Express Van Extended	8	6/1/2014	27,791	Extended 3 years.
Facilities	PU-64	2006 / Chevrolet Express Access Van	8	6/1/2014	27,489	Extended 3 years.
Facilities	PU-91	2009 / Chevrolet Express Cargo Van AWD	8	6/1/2017	30,761	On Schedule.
		<b>Fire</b>				
Operations	F213	2006 / Chevrolet Suburban	8	6/1/2015	73,788	Extended 1 year.
Operations	F216	2008 / Chevrolet Suburban	8	6/1/2016	81,492	Extended 1 year.
Operations	F317	2008 / Ford Road Rescue Aid Vehicle F450 4x4	8	6/1/2016	221,516	Extended 1 year.
Operations	F610	1999 / Spartan-H&W Pumper	18	6/1/2017	660,698	On Schedule.
		<b>Information Technology</b>				
Info Tech	C-07X	2005 / Chevrolet Uplander	8	6/1/2013	38,295	Extended 4 years.
		<b>Parks</b>				
Maintenance	BG-10	2011 / John Deere HPX (4x4) GAS	4	6/1/2015	12,841	Extended 1 year.
Maintenance	BG-11	2012 / John Deere 1200A Field Rake	4	6/1/2016	12,841	Extended 1 year.
Maintenance	BG-12	2012 / John Deere 1200A Field Rake	4	6/1/2016	12,841	Extended 1 year.
Maintenance	BG-13	2013 / John Deere 1200A Field Rake	4	6/1/2017	13,299	On Schedule.
Maintenance	F-14	2004 / Ford F450 2/3 Yard Dump Body (4x4)	8	6/1/2012	61,538	Extended 5 years.
Maintenance	F-20	2008 / Ford F450 Cr. 2/3 Yd. Dump Body	8	5/1/2016	61,705	Extended 1 year.
Maintenance	PU-38	2006 / Chevrolet Silverado 3500 Crew 4x4	8	6/1/2014	43,700	Extended 3 years.
Maintenance	PU-39	2006 / Chevrolet Silverado 1500	8	6/1/2014	29,022	Extended 3 years.
Maintenance	PU-66	2007 / Ford F150 Ext. Cab 4x2	8	6/1/2015	25,128	Extended 2 years.
Maintenance	PU-67	2007 / Chevrolet 1500 Silverado Reg 4x2	8	6/1/2015	23,409	Extended 2 years.
Maintenance	PU-68	2007 / Chevrolet 1500 Silverado Reg 4x2	8	6/1/2015	22,858	Extended 2 years.
Maintenance	PU-69	2007 / Ford F250 XL Reg 4x2	8	6/1/2015	25,747	Extended 2 years.
Maintenance	PU-74	2008 / Ford F150 Pickup 4x4	8	6/1/2016	31,649	Extended 1 year.
Maintenance	PU-79	2009 / Ford F350 4x4 Supercab	8	6/1/2017	45,847	On Schedule.
Maintenance	TL-02A	2007 / PJ Deckover Trailer	10	6/1/2017	9,575	On Schedule.
Maintenance	TR-10	2003 / John Deere 5420 Tractor	10	6/3/2013	50,102	Extended 4 years.
Senior Center	T-04	2007 / Ford AeroTech Passenger Bus	10	6/1/2017	102,966	On schedule.
PK Bond Maint.	F-16	2004 / Ford F450 2/3 Yard Dump Body (4x2)	8	6/1/2012	58,960	Extended 5 years.
PK Bond Maint.	M-15	2011 / Toro Groundsmaster 3505-D	5	6/1/2016	33,656	Extended 1 year.
PK Bond Maint.	TR-09	2003 / John Deere 4710 Tractor	10	6/1/2013	36,929	Extended 4 years.
		<b>Planning &amp; Building</b>				
Building	PU-86	2006 / Ford Escape Hybrid	8	6/1/2014	36,597	Extended 3 years.
Building	PU-88	2006 / Ford Escape Hybrid	8	6/1/2014	36,597	Extended 3 years.
		<b>Police</b>				
Administration	A09-03	2009 / Toyota Camry Hybrid	8	6/1/2017	36,826	On schedule.
Administration	A09-06	2009 / Toyota Camry Hybrid	8	6/1/2017	39,786	On schedule.
Administration	D09-08	2009 / Ford Taurus SE	8	6/1/2017	30,535	On schedule.
Invest	A07-08	2007 / Toyota Camry Hybrid	8	6/1/2015	37,168	On schedule.
Invest	D05-07	2005 / Honda Accord LX	8	6/1/2013	31,435	Extended 2 years.
Invest	D07-01	2007 / Toyota Camry Hybrid	8	6/1/2015	39,794	On schedule.
Invest	D07-02	2007 / Toyota Camry Hybrid	8	6/1/2015	40,948	On schedule.
Invest	P06-51	2006 / Jeep Grand Cherokee	8	6/1/2014	42,965	Extended 1 year.
Invest	D08-04	2008 / Toyota Prius Hybrid	8	6/1/2016	31,854	Extended 1 year.
Invest	D93-05	1993 / Chevrolet G2 Van	12	6/1/2005	51,172	Extended 12 years.
Invest	P06-52	2006 / Dodge Durango	8	6/1/2014	37,228	Extended 1 year.
Invest	P06-53	2006 / Chevrolet Impala	8	6/1/2014	33,484	Extended 1 year.
Invest	P99-98X	1999 / Crime Scene Investigation Unit	8	6/1/2007	11,016	Extended 10 years.
Patrol	P113	2011 / Dodge Charger	3	10/1/2014	46,566	Extended 3 years.
Patrol	P132	2013 / Ford Interceptor AWD	3	10/1/2015	46,566	Extended 2 years.
Patrol	P138	2013 / Ford Interceptor AWD	3	10/1/2015	46,566	Extended 2 years.
Patrol	P139	2014 / Ford Interceptor AWD	3	10/1/2016	46,566	Extended 1 year.
Patrol	P142	2014 / Ford Utility AWD	3	10/1/2016	46,566	Extended 1 year.
K-9	P137	2013 / Ford Interceptor Utility AWD	4	6/1/2017	37,880	On schedule.
Traffic	P107	2011 / Dodge Charger	3	4/1/2014	46,566	Extended 3 years.
Traffic	P118	2012 / Ford Interceptor Utility AWD	3	4/1/2015	46,566	Extended 2 years.
Detentions	P117	2012 / Chevrolet Express Van (PSO)	5	6/1/2017	29,740	On schedule.
Crime Prev	C98-04	1998 / Dodge Grand Caravan SE	8	6/1/2006	33,320	Extended 11 Years.
Crime Prev	P112	2011 / Dodge Charger	2	6/1/2013	5,000	Extended 4 years.
Crime Prev	P114	2011 / Dodge Charger	2	6/1/2013	5,000	Extended 4 years.
Crime Prev	P121	2011 / Dodge Charger	2	6/1/2013	5,000	Extended 4 years.

## City of Kirkland

### Vehicle Replacements for Year 2017

All Vehicles listed will be considered for replacement dependent upon their condition and replacement funding.

Division	Vehicle	Year/Description	Acct Life	Normal Replacement Date	Replacement Cost	Comments
Crime Prev	P122	2011 / Dodge Charger	2	6/1/2013	5,000	Extended 4 years.
		<b>Public Works</b>				
Public Grnds	F-18	2006 / Chevrolet 3500 2/3 Yard Dump	10	6/1/2016	45,623	Extended 1 year.
Public Grnds	PU-70	2008 / Ford F250 Ext. Cab 4x2	8	6/1/2016	31,773	Extended 1 year.
Surf Wat Mgt	PU-55	2005 / Grand Caravan (Pass/Cargo)	8	6/1/2013	25,374	Extended 4 years.
Ops & Maint	C-06	2003 / Toyota Prius (Hybrid)	8	6/1/2011	31,491	Extended 6 years
Ops & Maint	F104	2007 / Ford Escape Hybrid	8	6/1/2015	44,494	Extended 2 years.
Ops & Maint	PU-73	2007 / Chevrolet HHR Panel	8	6/1/2015	27,757	Extended 2 years.
Ops & Maint	PU-71	2008 / Ford F250 (4x4)	8	6/1/2016	41,964	Extended 1 year.
Ops & Maint	PU-78	2009 / Ford F350 SC 4x4 Utility	8	6/1/2017	44,928	On Schedule.
Ops & Maint	TL-06A	1998 / Atlas Copco Air Compressor	12	6/1/2010	20,663	Extended 7 years.
Ops & Maint	TL-15A	2002 / Inger/Rand Air Compressor	12	6/1/2014	22,230	Extended 1 year.
<b>Total All Vehicles</b>					<b>3,197,046</b>	

## City of Kirkland

### Vehicle Replacements for Year 2018

All Vehicles listed will be considered for replacement dependent upon their condition and replacement funding.

Division	Vehicle	Year/Description	Acct Life	Normal Replacement Date	Replacement Cost	Comments
<b>Fire</b>						
Operations	F318	2010 / Ford Road Rescue Aid Vehicle F450 4x4	8	6/1/2018	297,009	On Schedule.
Prevention	F218	2009 / Ford F250 Ext. Cab -Custom	8	6/1/2017	61,889	Extended 1 year.
Prevention	F219	2010 / Chevrolet Suburban	8	6/1/2018	70,391	On Schedule.
Preparedness	F217	2008 / Chevrolet Uplander	8	6/1/2016	26,378	Extended 4 years.
<b>Parks</b>						
Maintenance	BG-14	2004 / Cushman Utility Vehicle	4	6/1/2018	13,577	On Schedule.
Maintenance	PU-94	2010 / Ford F150 Pickup 4x2	8	6/1/2018	27,556	On Schedule.
Maintenance	PU-95	2010 / Ford F150 Pickup 4x2	8	6/1/2018	27,203	On Schedule.
Maintenance	TL-25	2007 / Paros Tilt Flatbed Trailer	10	6/1/2017	3,682	Extended 1 year.
Maintenance	TL-26	2007 / Paros Flatbed Trailer	10	6/1/2017	2,860	Extended 1 year.
Maintenance	TL-27	2007 / Paros Tilt Flatbed Trailer	10	6/1/2017	3,298	Extended 1 year.
PKCC Center	PU-56	2005 / Dodge Grand Caravan	8	6/1/2013	31,979	Extended 5 years.
<b>Planning &amp; Building</b>						
Planning	C-08	2006 / Toyota Prius Hybrid	8	6/1/2014	31,121	Extended 4 years.
Building	PU-89	2008 / Ford Escape Hybrid (4x4)	8	6/1/2016	35,269	On Schedule.
Building	PU-90	2008 / Ford Escape Hybrid (4x4)	8	6/1/2016	35,269	On Schedule.
<b>Police</b>						
Administration	P144	2013 / Ford Explorer XLT AWD	4	6/1/2017	41,029	Extended 1 year.
Patrol	P140	2014 / Ford Interceptor AWD	2.5	10/1/2016	48,196	Extended 2 years.
Patrol	P141	2014 / Ford Utility AWD	2.5	10/1/2016	48,196	Extended 2 years.
Patrol	P145	2014 / Ford Interceptor AWD	2.5	4/1/2016	40,685	Extended 2 years.
Patrol	P146	2014 / Ford Interceptor AWD	2.5	4/1/2016	40,685	Extended 2 years.
Patrol	P147	2016 / Ford Interceptor Utility AWD	2.5	4/1/2018	40,685	On schedule.
Traffic	P123	2012 / Honda ST1300PA Motorcycle	6	6/1/2018	37,026	On schedule.
Traffic	P124	2012 / Honda ST1300PA Motorcycle	6	6/1/2018	37,026	On schedule.
Traffic	P125	2012 / Honda ST1300PA Motorcycle	6	6/1/2018	37,026	On schedule.
Traffic	P126	2012 / Honda ST1300PA Motorcycle	6	6/1/2018	37,026	On schedule.
Detentions	P110	2011 / Ford F350 Custom Box (PSO)	5	6/1/2016	118,991	Extended 2 years.
Detentions	P133	Ford Econoline Van (PSO Insert)	5	6/1/2018	39,075	On schedule.
<b>Public Works</b>						
Cap Proj Eng	PU-75	2008 / Chevrolet Uplander Passenger Van	8	6/1/2016	26,630	Extended 2 years.
Ops & Maint	F-19	2008 / Ford Flat Bed F350 w/crane	8	6/1/2016	73,028	Extended 2 years.
Ops & Maint	M-19	2013 / John Deere 1445 Front Mower	5	6/1/2018	25,921	On Schedule.
Ops & Maint	PU-76	2009 / Ford F150 (4x2)	8	6/1/2017	26,201	Extended 1 year.
Ops & Maint	PU-77	2009 / Ford F350 SC 4x4 Utility	8	6/1/2017	47,129	Extended 1 year.
Ops & Maint	S-06	2011 / International Tymco 600 Sweeper	7	6/1/2018	221,770	On Schedule.
Ops & Maint	S-07	2011 / International Tymco 600 Sweeper	7	6/1/2018	221,770	On Schedule.
Ops & Maint	S-08	2011 / International Tymco 600 Sweeper	7	6/1/2018	221,770	On Schedule.
Ops & Maint	TL-17A	2004 / Atlas Copco 185 CFM Air Compressor	12	6/1/2016	23,749	Extended 2 years.
Ops & Maint	TR-11	2008 / Case Backhoe 580SM (4X4)	10	6/1/2018	130,635	On schedule.
Ops & Maint	U-08	2006 / International Bucket Truck	10	6/1/2016	231,923	Extended 2 years.
Ops & Maint	V-03	2006 / International Aquatech	10	6/1/2016	413,368	Extended 2 years.
Ops & Maint	V-04	2006 / International Aquatech	10	6/1/2016	413,368	Extended 2 years.
<b>Total All Vehicles</b>					<b>3,310,389</b>	

Internal Service Funds account for the financing of goods and services provided by one department to other City departments on a cost reimbursement basis.

## INFORMATION TECHNOLOGY FUND

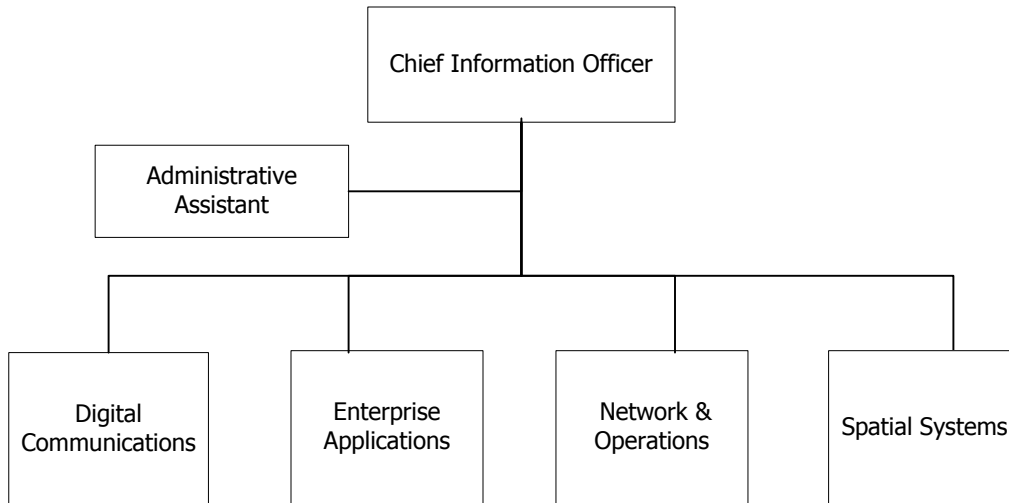
The Information Technology Fund accounts and assesses user charges for the cost of supporting the City's information processing and telecommunication functions and replacing all City computers.



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# **CITY OF KIRKLAND**

## **Information Technology Department**



## DEPARTMENT OVERVIEW

# ***INFORMATION TECHNOLOGY***

## MISSION

Proactively provide cost effective, reliable, standardized, and current information technology tools, systems, and services including customer focused support.

## DEPARTMENT FUNCTIONS

The **Network & Operations Division** designs, maintains, and monitors the City's data and telephone networks. The division orders, delivers, repairs, and maintains all desktop and handheld personal computers, and staffs and manages the technology Service Desk. They also assure the integrity and security of data operations, and oversee and manage the City's data and communications infrastructure.

The **Enterprise Applications Division** procures, maintains, and supports primary computer applications such as finance, payroll, utilities, permitting, public safety, and parks and recreation systems. They maintain system databases, implement major IT projects, manage client/vendor relations and software support contracts.

The **Spatial Systems Division** designs, implements, manages, and maintains enterprise GeoSpatial platform and asset databases; develops, procures, and maintains location-based applications and analytics tools; performs data modeling and analysis; and integrates GIS with business systems such as permitting, maintenance management, and public safety systems. GIS implements enterprise GIS projects, manages vendor relationships and support contracts.

The **Digital Communications Division** supports telecommunications franchising, graphic design for print and other media, video and television programming, and manages the City's two public television stations. This group also manages the City's web site and the City's intranet.

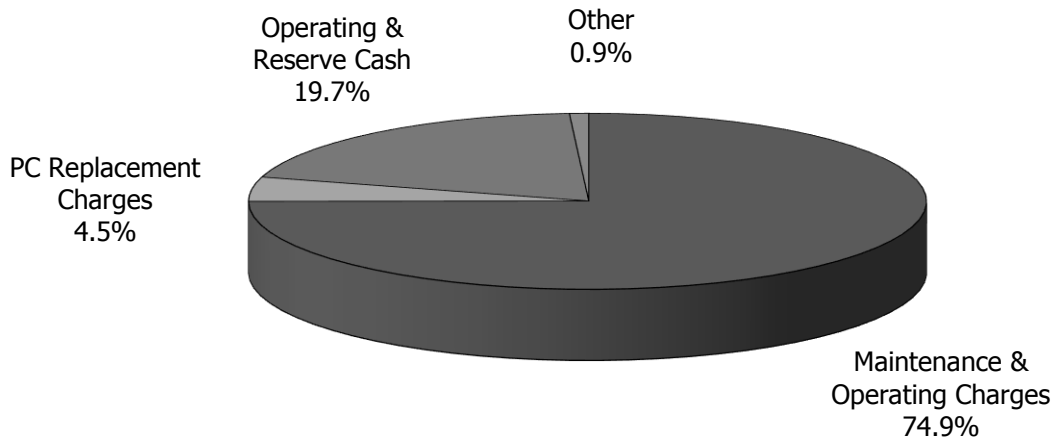
## BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

### Dependable Infrastructure

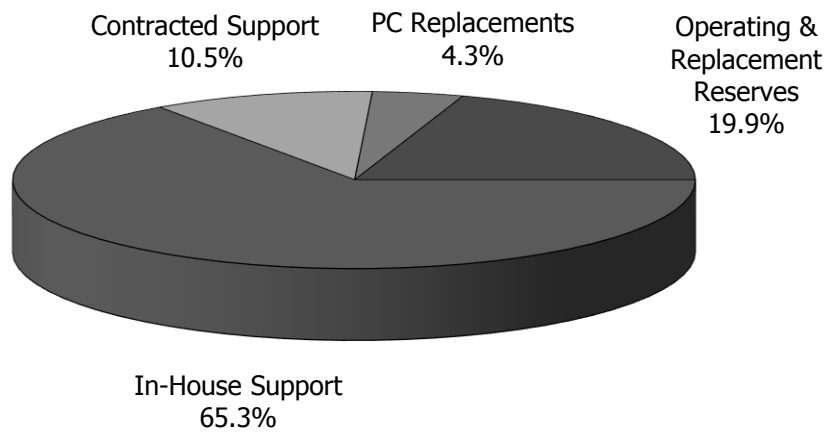
- Replenish major systems reserve, \$500,000 to support the Finance and Human Resource software replacement
- Continue a temporary 1.0 FTE GIS Analyst for Lucity support and maintenance, \$165,250 one-time
- Provide funding to complete an Information Technology Infrastructure Assessment, \$100,000 one-time
- Fund an ongoing 0.5 FTE GIS Analyst for addressing work related to Development Services, \$125,942 ongoing
- Continue a temporary 1.0 FTE Senior Applications Analyst to support increasing demand of technology projects and systems, \$235,276 one-time
- Restore IT Standby funding for highest risk times, \$48,728 one-time

## 2017-2018 BUDGET INFORMATION TECHNOLOGY FUND

### Sources of Funds



### Uses of Funds



**2017-2018 FINANCIAL OVERVIEW**
***INFORMATION TECHNOLOGY FUND***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	4,997,336	5,540,203	5,496,570	5,859,601	6.60%
Benefits	1,936,459	2,256,209	2,350,374	2,425,881	3.21%
Supplies	735,384	547,065	561,097	712,960	27.07%
Other Services	2,021,996	2,674,604	2,888,591	3,183,192	10.20%
Government Services	164,300	1,148,600	1,148,651	1,300,289	13.20%
Capital Outlay	21,434	-	-	-	n/a
Reserves*	2,103,939	2,725,392	2,725,392	1,864,638	-31.58%
<b>TOTAL</b>	11,980,848	14,892,073	15,170,675	15,346,561	1.16%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Information Technology	11,980,848	14,892,073	15,170,675	15,346,561	1.16%
<b>TOTAL</b>	11,980,848	14,892,073	15,170,675	15,346,561	1.16%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Information Technology	24.70	2.00	26.70	0.50	27.20
<b>TOTAL</b>	24.70	2.00	26.70	0.50	27.20

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

2017 - 2018 POSITION SUMMARY

***INFORMATION TECHNOLOGY FUND***

**POSITION SUMMARY BY CLASSIFICATION**

<u>Classification</u>	<u>2015-2016 Budget</u>	<u>Service Packages</u>	<u>2017-2018 Positions</u>	<u>Budgeted 2017 Salary Range</u>
Chief Information Officer	1.00		1.00	10,242 - 13,216
Network & Operations Manager	1.00		1.00	8,128 - 10,488
Enterprise Applications Manager	1.00		1.00	8,128 - 10,488
Spatial Systems Manager	1.00		1.00	8,128 - 10,488
Senior Applications Analyst	4.00		4.00	7,866 - 9,254
Webmaster	1.00		1.00	7,593 - 8,932
Network Engineer	2.00		2.00	7,249 - 8,528
Service Desk Supervisor	1.00		1.00	6,129 - 7,909
Network Analyst	1.00		1.00	6,298 - 7,410
Senior GIS Analyst	3.00		3.00	6,111 - 7,190
Desktop Systems Analyst	1.00		1.00	5,820 - 6,847
GIS Analyst	2.50	0.50	3.00	5,741 - 6,754
Video Production Specialist	1.00		1.00	5,494 - 6,464
Senior Design Specialist	1.00		1.00	5,366 - 6,313
Web & Multimedia Content Spec.	1.00		1.00	5,214 - 6,134
Service Desk Analyst	3.20		3.20	4,981 - 5,860
Administrative Assistant	1.00		1.00	4,834 - 5,687
<b>TOTAL</b>	<b>26.70</b>	<b>0.50</b>	<b>27.20</b>	

**City of Kirkland**  
**2017 - 2018 Budget**  
**Revenues**

		<b>2013 - 2014</b>	<b>2015 - 2016</b>	<b>2015 - 2016</b>	<b>2017 - 2018</b>	<b>Percent</b>
		<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
<b>Fund:</b>	<b>Information Technology (522)</b>					
<b>Charges for Goods and Services</b>						
General Govt Services	3419601	204,801	337,102	336,727	388,907	15.50%
Interfund Data Processing	3488001	8,414,646	9,597,960	9,684,931	11,111,302	14.73%
Data Process Replacement Chg	3488002	581,854	612,558	615,726	684,600	11.19%
Interfund Personnel Services	3491601	16,629	0	0	0	0.00%
Interfund-Other Gen Govnmt	3491901	22,100	0	0	0	0.00%
Interfund Engineering-CIP Eng	3493202	0	247,820	225,650	0	-100.00%
<b>Total for Charges for Goods and Services:</b>		<b>9,240,030</b>	<b>10,795,440</b>	<b>10,863,034</b>	<b>12,184,809</b>	<b>12.17%</b>
<b>Miscellaneous Revenues</b>						
ContribDonations Private	3679901	144,661	143,908	140,000	140,000	0.00%
Sale of Surplus	3691001	0	1,126	0	0	0.00%
Other Misc Revenue	3699001	1,595	0	0	0	0.00%
<b>Total for Miscellaneous Revenues:</b>		<b>146,256</b>	<b>145,034</b>	<b>140,000</b>	<b>140,000</b>	<b>0.00%</b>
<b>Proprietary Other Income</b>						
Insur Recovery Prop IntSvc	3720001	4,712	0	0	0	0.00%
<b>Total for Proprietary Other Income:</b>		<b>4,712</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>Other Financing Sources</b>						
Operating Transfer In	3971001	1,109,559	1,070,159	944,159	0	-100.00%
Resources Forward	3999901	0	3,223,482	3,223,482	3,021,752	-6.26%
<b>Total for Other Financing Sources:</b>		<b>1,109,559</b>	<b>4,293,641</b>	<b>4,167,641</b>	<b>3,021,752</b>	<b>-27.49%</b>
<b>Total for Information Technology:</b>		<b>10,500,557</b>	<b>15,234,115</b>	<b>15,170,675</b>	<b>15,346,561</b>	<b>1.16%</b>

Internal Service Funds account for the financing of goods and services provided by one department to other City departments on a cost reimbursement basis.

## FACILITIES MAINTENANCE FUND

The Facilities Maintenance Fund accounts and assesses user charges for the operations and maintenance of the City's building facilities and public facilities ground maintenance and landscaping.

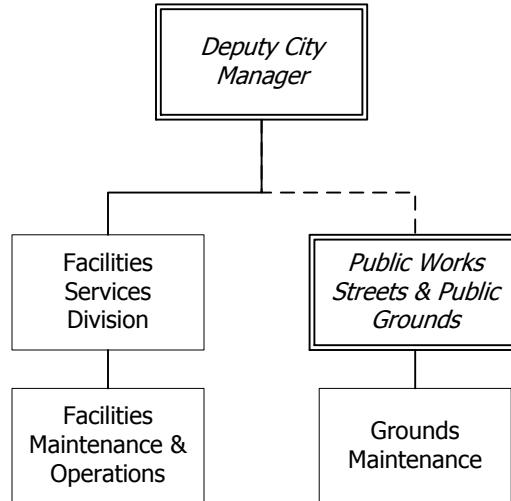


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# CITY OF KIRKLAND

## City Manager's Office

### Facilities Maintenance Fund



*Boxes with a double outline and italic text indicate positions which report to this department but which are budgeted in a separate operating fund.*

**DEPARTMENT OVERVIEW*****FACILITIES MAINTENANCE FUND*****MISSION**

The Facilities Maintenance Fund is established to account for resources associated with ensuring that City buildings, related equipment, and their properties receive the appropriate planning, scheduled maintenance, and repair services to provide a safe, efficient, and healthy environment at which to work, visit, or conduct business.

**DEPARTMENT FUNCTIONS**

The Facilities Maintenance Fund accounts for the Facilities Services group and a portion of the Public Grounds group that are responsible for the protection of City assets, building operations and maintenance, landscaping and grounds maintenance, preventative maintenance, remodels, construction, building life cycle replacement programs, janitorial, and facility security.

Facilities Services is responsible for all work orders for both major and minor repairs and responsible for capital construction and tenant improvements, and optimization of the life cycle program for all City buildings and infrastructure to support these facilities. The group is tasked with space planning, construction management, carpentry, mechanical, electrical, plumbing, finishes, and electronic services. The Public Grounds group, with daily operations overseen within the Public Works Street Maintenance Division, maintains the landscaping and grounds of City buildings including City Hall, City Hall Annex, Maintenance Center, six City Fire Stations and the Kirkland Justice Center.

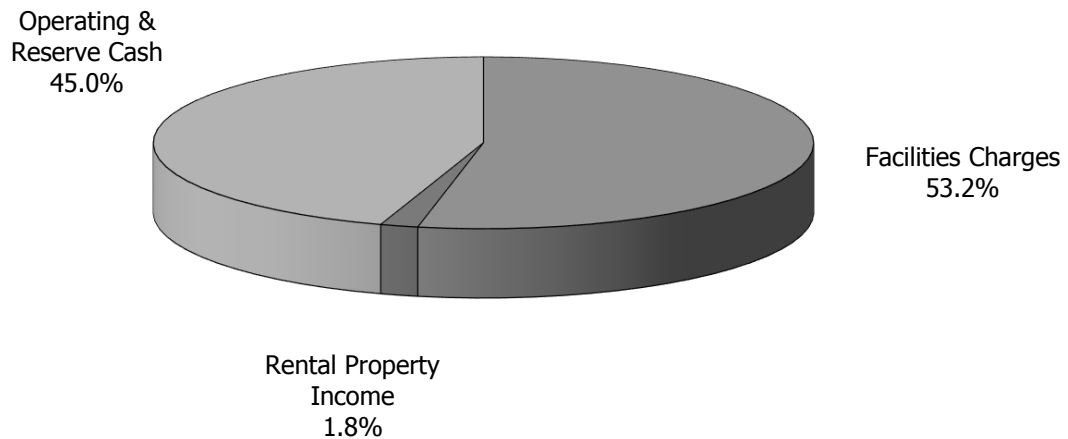
In addition, Facilities Services serves as the City agent for two multi-family properties in Houghton and one residential property in north Juanita and ensures that these facilities are maintained and rented for full market value. Facilities Services also manages the contracted janitorial services for City Hall, City Hall Annex, Kirkland Justice Center, the Maintenance Center Campus including the Parks Maintenance Annex, North Kirkland Community Center, Peter Kirk Community Center, and Kirkland Justice Center.

**BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS****Dependable Infrastructure**

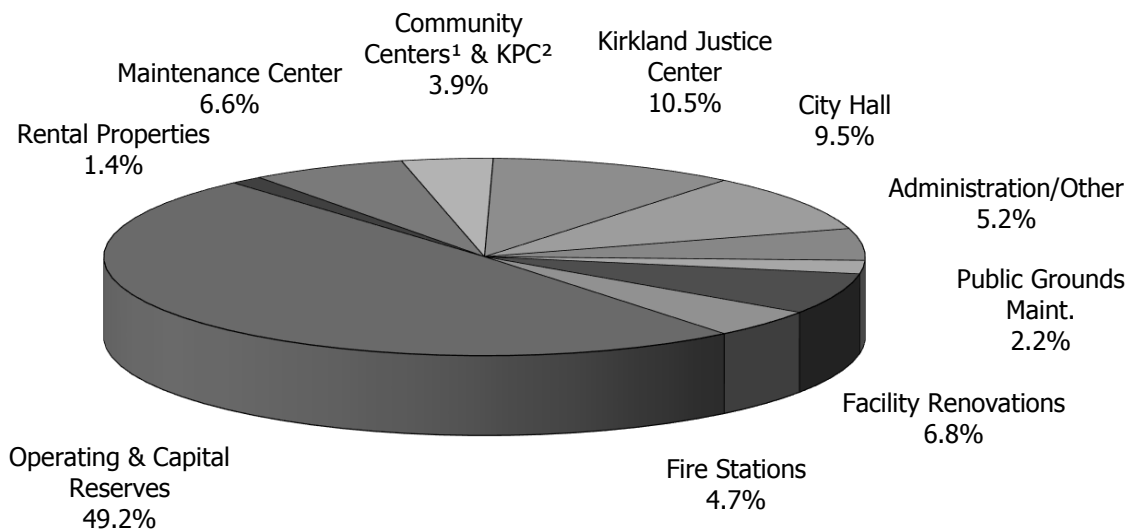
- The City Hall renovation is expected to be complete by 2017 resulting in some cost adjustments including the expected sale of the 505 Market Street building, part of the renovation financing strategy

## 2017-2018 BUDGET FACILITIES MAINTENANCE FUND

### Sources of Funds



### Uses of Funds



<sup>1</sup> Community Centers include: Peter Kirk Community Center, Teen Center and North Kirkland Community Center

<sup>2</sup> Kirkland Performance Center

**2017-2018 FINANCIAL OVERVIEW**
***FACILITIES MAINTENANCE FUND***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	958,542	1,200,393	1,168,705	1,188,223	1.67%
Benefits	476,528	586,152	622,761	618,099	-0.75%
Supplies	183,125	386,298	411,818	329,610	-19.96%
Other Services	2,738,494	3,073,477	3,826,746	4,099,781	7.13%
Government Services	1,338,493	4,539,719	4,444,374	1,049,714	-76.38%
Capital Outlay	-	43,094	-	-	n/a
Reserves*	6,526,484	6,013,024	6,013,024	7,191,717	19.60%
<b>TOTAL</b>	12,221,666	15,842,157	16,487,428	14,477,144	-12.19%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Facilities Services	11,951,934	9,815,793	16,170,977	14,160,144	-12.43%
Grounds Maintenance	269,732	6,026,364	316,451	317,000	0.17%
<b>TOTAL</b>	12,221,666	15,842,157	16,487,428	14,477,144	-12.19%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Facilities Services	7.05	-0.05	7.00	0.00	7.00
Grounds Maintenance	0.90	0.05	0.95	0.00	0.95
<b>TOTAL</b>	7.95	0.00	7.95	0.00	7.95

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

2017-2018 POSITION SUMMARY

***FACILITIES MAINTENANCE FUND***

POSITION SUMMARY BY CLASSIFICATION

Classification	2015-2016 Budget	Service Packages	2017-2018 Positions	Budgeted 2017 Salary Range
Street Division Manager	0.05		0.05	7,141 - 9,214
Facilities Services Manager	1.00		1.00	7,087 - 9,145
Leadperson	1.35		1.35	5,439 - 6,563
Facilities Services Technician I	1.00		1.00	4,677 - 6,042
Facilities Services Technician II	1.00		1.00	4,563 - 5,894
Yard Maint. & Inventory Control	1.00		1.00	4,563 - 5,894
Facilities Services Technician III	2.00		2.00	3,592 - 4,940
Grounds Technician	0.55		0.55	3,592 - 4,940
<b>TOTAL</b>	7.95	0.00	7.95	

**City of Kirkland**  
**2017 - 2018 Budget**  
**Revenues**

		<b>2013 - 2014</b>	<b>2015 - 2016</b>	<b>2015 - 2016</b>	<b>2017 - 2018</b>	<b>Percent</b>
		<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>	<b>Budget</b>	<b>Change</b>
<b>Fund:</b>	<b>Facilities (527)</b>					
<b>Charges for Goods and Services</b>						
General Govt Services	3419601	4,800	4,800	4,800	4,800	0.00%
Interfund-City Hall Facilities	3481803	1,716,949	1,774,435	1,774,434	1,691,539	-4.67%
Interfund-Maintenance Center	3481804	1,045,730	1,075,229	1,075,226	1,113,043	3.52%
Interfund-Senior Center	3481805	296,423	312,906	312,906	307,400	-1.76%
Interfund-NKCC	3481806	229,397	243,630	243,630	240,970	-1.09%
Interfund-Municipal Court	3481807	369,529	0	0	0	0.00%
Interfund-KPC	3481808	50,457	49,843	49,843	57,635	15.63%
Interfund-Fire Stations	3481809	928,441	911,282	911,283	884,547	-2.93%
Interfund-Teen Center	3481810	26,533	22,735	22,736	23,497	3.35%
Interfund Public Safety	3481814	295,658	1,674,273	1,674,272	1,637,209	-2.21%
Interfund-City Hall(sinking)	3481823	466,416	466,416	466,416	466,416	0.00%
Interfund-Maint Ctr(sinking)	3481824	169,298	169,299	169,298	184,022	8.70%
Interfund-Senior Ctr sinking	3481825	89,614	89,615	89,614	89,614	0.00%
Interfund-NKCC sinking	3481826	58,186	58,187	58,186	58,186	0.00%
Interfund Muni Court Sinking	3481827	150,000	570,001	570,002	570,002	0.00%
Interfund-KPCsinking	3481828	71,272	71,272	71,272	71,272	0.00%
Interfund-Fire Stns sinking	3481829	228,536	228,536	228,536	228,536	0.00%
Teen Center sinking	3481830	34,350	34,351	34,350	34,350	0.00%
Interfund-Hertge Hallsinking	3481832	11,334	11,335	11,334	11,334	0.00%
Interfund-Prk Garagesinking	3481833	24,652	24,652	24,652	24,652	0.00%
Interfund Pub Safety sinking	3481834	332,431	0	0	0	0.00%
<b>Total for Charges for Goods and Services:</b>		6,600,006	7,792,797	7,792,790	7,699,024	-1.20%
<b>Miscellaneous Revenues</b>						
Facilities Leases LT-Other	3625002	28,914	0	0	0	0.00%
Housing Rental Leases	3626001	102,849	349,766	328,508	267,120	-18.69%
ContribDonations Private	3679901	0	33,636	32,300	0	-100.00%
Other Judgements Settlements	3694001	1,862	0	0	0	0.00%
Other Misc Revenue	3699001	1,695	0	0	0	0.00%
<b>Total for Miscellaneous Revenues:</b>		135,320	383,402	360,808	267,120	-25.97%
<b>Proprietary Other Income</b>						
Insur Recovery Prop IntSvc	3720001	88,716	0	0	0	0.00%
<b>Total for Proprietary Other Income:</b>		88,716	0	0	0	0.00%
<b>Other Financing Sources</b>						
Operating Transfer In	3971001	523,508	358,115	321,429	0	-100.00%
Resources Forward	3999901	0	8,012,401	8,012,401	6,511,000	-18.74%
<b>Total for Other Financing Sources:</b>		523,508	8,370,516	8,333,830	6,511,000	-21.87%

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

	<b>2013 - 2014 Actual</b>	<b>2015 - 2016 Estimate</b>	<b>2015 - 2016 Budget</b>	<b>2017 - 2018 Budget</b>	<b>Percent Change</b>
<b>Total for Facilities:</b>	7,347,550	16,546,715	16,487,428	14,477,144	-12.19%

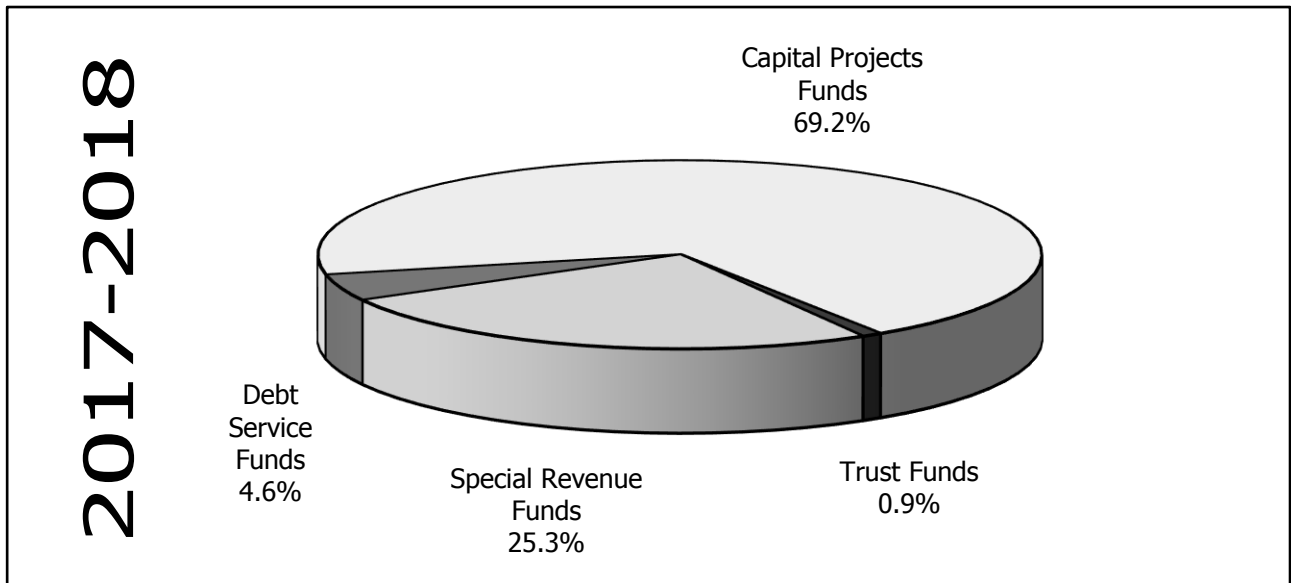
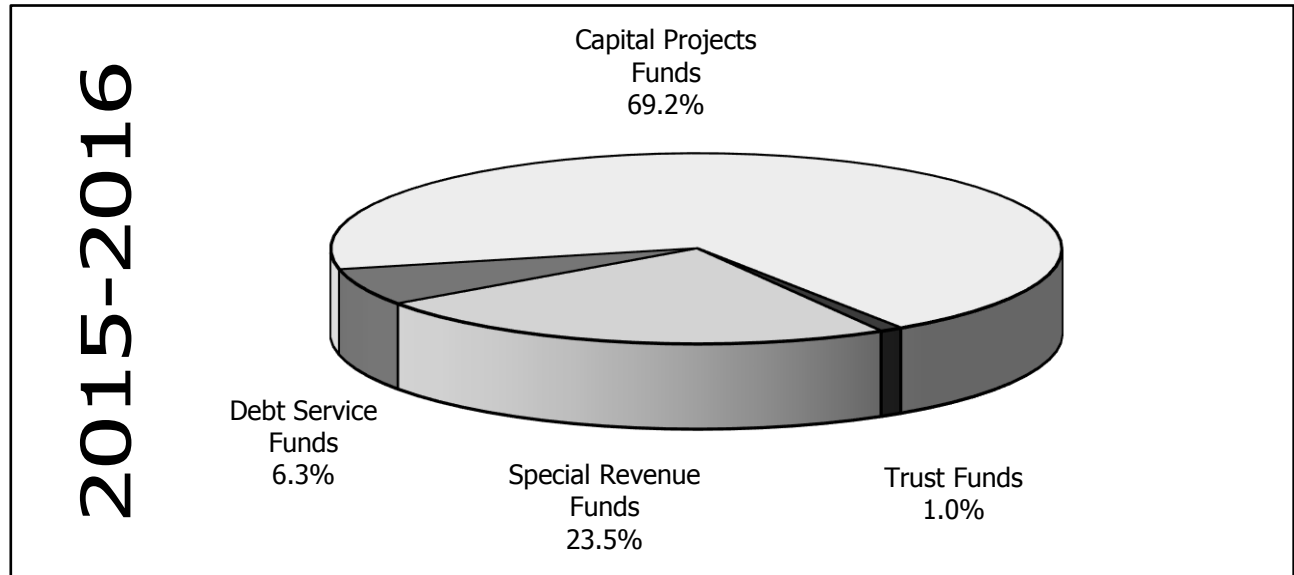


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# CITY OF KIRKLAND

## GENERAL GOVERNMENT NON-OPERATING

### 2017-2018 BUDGET SUMMARY: BY FUND TYPE/FUND



There are four types of funds in the general government non-operating budget:

**Special Revenue** funds account for resources dedicated by policy or law to special purposes and for the City's reserves.

**Debt Service** funds account for principal and interest payments on the City's general obligation debt.

**Capital Projects** funds account for projects approved in the six-year CIP and for reserves specifically dedicated for capital purposes.

**Firefighter's Pension** fund is a trust fund to be used for retired firefighter benefits.

# CITY OF KIRKLAND

## GENERAL GOVERNMENT NON-OPERATING

### 2017-2018 BUDGET SUMMARY: BY FUND TYPE/FUND

Fund	2015-16 Budget	2017-18 Budget	Percent Change
<b><i>Special Revenue Funds</i></b>			
152 Contingency	4,036,425	5,675,121	40.60%
156 Impact Fees	10,221,084	11,653,381	14.01%
190 Excise Tax Capital Improvement	22,192,787	30,149,192	35.85%
<b>Total Special Revenue Funds</b>	<b>36,450,296</b>	<b>47,477,694</b>	<b>30.25%</b>
<b><i>Debt Service Funds</i></b>			
210 LTGO Debt Service	8,297,431	7,176,915	-13.50%
220 UTGO Debt Service	1,449,743	1,506,576	3.92%
<b>Total Debt Service Funds</b>	<b>9,747,174</b>	<b>8,683,491</b>	<b>-10.91%</b>
<b><i>Capital Projects Funds</i></b>			
310 General Capital Projects	50,481,920	57,568,379	14.04%
320 Grant Capital Projects	56,963,504	72,219,113	26.78%
<b>Total Capital Projects Funds</b>	<b>107,445,424</b>	<b>129,787,492</b>	<b>20.79%</b>
<b><i>Trust Funds</i></b>			
620 Firefighter's Pension	1,715,335	1,427,971	-16.75%
<b>Total Trust Funds</b>	<b>1,715,335</b>	<b>1,427,971</b>	<b>-16.75%</b>
<b>Total General Gov't Non-Op Funds</b>	<b>155,358,229</b>	<b>187,376,648</b>	<b>20.61%</b>

**CITY OF KIRKLAND**  
**CHANGE IN FUND BALANCE (Beginning 2015 to Ending 2018)**  
**SUMMARY OF GENERAL GOVERNMENT NON-OPERATING FUNDS**

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Trust</b>	<b>Total</b>
<b>2015 Actual Beginning Fund Balance</b>	<b>19,739,077</b>	<b>329,136</b>	<b>26,862,522</b>	<b>1,492,450</b>	<b>48,423,185</b>
<i>Reserved</i>	<i>19,739,077</i>	<i>329,136</i>	<i>5,208,315</i>	<i>1,492,450</i>	<i>26,768,978</i>
<i>Unreserved Working Capital</i>	<i>-</i>	<i>-</i>	<i>21,654,207</i>	<i>-</i>	<i>21,654,207</i>
Plus: 2015-16 Estimated Revenues	<b>25,228,174</b>	<b>9,467,249</b>	67,747,162	<b>209,557</b>	<b>102,652,142</b>
Less: 2015-16 Estimated Expenditures	<b>17,768,808</b>	<b>9,407,856</b>	53,035,109	<b>491,819</b>	<b>80,703,592</b>
<b>2016 Estimated Ending/ 2017 Budgeted Beginning Fund Balance</b>	<b>27,198,443</b>	<b>388,529</b>	<b>41,574,575</b>	<b>1,210,188</b>	<b>70,371,735</b>
Plus: 2017-18 Budgeted Revenues	<b>20,279,251</b>	<b>8,294,962</b>	88,212,917	<b>217,783</b>	<b>117,004,913</b>
Less: 2017-18 Budgeted Expenditures	<b>26,596,350</b>	<b>8,275,254</b>	119,737,700	<b>451,016</b>	<b>155,060,320</b>
<b>2018 Budgeted Ending Fund Balance</b>	<b>20,881,344</b>	<b>408,237</b>	<b>10,049,792</b>	<b>976,955</b>	<b>32,316,328</b>
<i>Reserved</i>	<i>20,881,344</i>	<i>408,237</i>	<i>10,049,792</i>	<i>976,955</i>	<i>32,316,328</i>
<i>Unreserved Working Capital</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Change in Fund Balance: Beginning 2015 to Ending 2018</b>	<b>1,142,267</b>	<b>79,101</b>	<b>(16,812,730)</b>	<b>(515,495)</b>	<b>(16,106,857)</b>

**Notes:**

Greater detail regarding the change in fund balances can be found in the specific non-operating fund sections.



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Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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## GENERAL GOVERNMENT NON-OPERATING SPECIAL REVENUE FUNDS



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CITY OF KIRKLAND

***GENERAL GOVERNMENT NON-OPERATING  
SPECIAL REVENUE FUNDS***

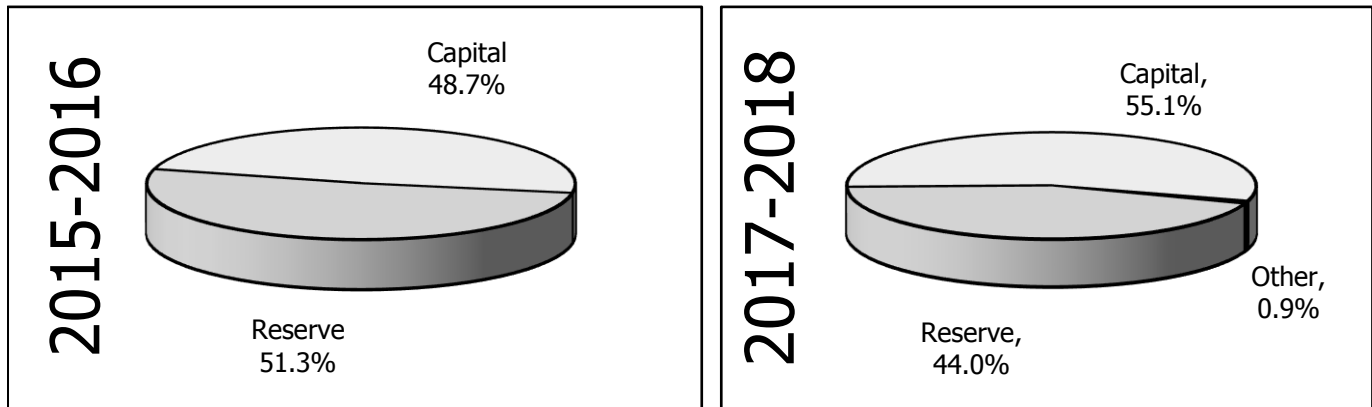
Special Revenue Funds are used to account for revenues that are dedicated for specific purposes either through statute or Council policy. The following Special Revenue Funds are part of the non-operating budget.

The **Contingency Fund** is provided for by state law and allows for the accumulation of resources up to \$0.375 per \$1,000 of assessed valuation for emergency uses.

The **Impact Fee** Fund accounts for transportation and park impact fees initiated in 1999. Impact fees, and the interest earned on them, are deposited in this fund and transferred out to the capital projects funds to pay for transportation and park capacity projects approved in the Capital Improvement Program (CIP).

The **Excise Tax Capital Improvement Fund** was created to account for revenue from both the first and second quarter percent real estate excise tax. Excise tax revenue must be used for capital projects within the categories authorized by state law including streets, sidewalks, traffic improvements, parks, fire protection facilities, and other public facilities as specified by statute. The second quarter percent real estate excise tax, adopted by the City Council in October 1996, is dedicated to transportation-related CIP projects. Funds are transferred out of the Excise Tax Capital Improvement Fund to the capital projects funds and allocated via the CIP funding process. Legislation effective in 2017 replaces previous temporary provisions that allowed cities to use a portion of this revenue for operations and maintenance of capital facilities. The new legislation requires cities to demonstrate they have adequate funding for all of the capital projects in their capital facilities plan for the succeeding two-year period in order to use a portion of this revenue for maintenance that will "preserve, prevent the decline of, or extend the useful life of a capital project." The 2017-2018 Budget uses this revenue for on-going and one-time funded parks maintenance expenditures that meet the new requirements.

# CITY OF KIRKLAND GENERAL GOVERNMENT NON-OPERATING SPECIAL REVENUE FUNDS



## 2015-2016 BUDGET SUMMARY: BY PURPOSE

Fund	2015-16 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
152 Contingency	4,036,425	4,036,425	-	-	-
156 Impact Fees	10,221,084	3,450,108	-	6,770,976	-
190 Excise Tax Capital Improvement	22,192,787	11,214,198	-	10,978,589	-
<b>Total Special Revenue Funds</b>	<b>36,450,296</b>	<b>18,700,731</b>	<b>-</b>	<b>17,749,565</b>	<b>-</b>

## 2017-2018 BUDGET SUMMARY: BY PURPOSE

Fund	2017-18 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
152 Contingency	5,675,121	5,675,121	-	-	-
156 Impact Fees	11,653,381	3,694,301	-	7,959,080	-
190 Excise Tax Capital Improvement	30,149,192	11,511,922	-	18,213,053	424,217
<b>Total Special Revenue Funds</b>	<b>47,477,694</b>	<b>20,881,344</b>	<b>-</b>	<b>26,172,133</b>	<b>424,217</b>

**CITY OF KIRKLAND**  
**CHANGE IN FUND BALANCE (Beginning 2015 to Ending 2018)**  
**GENERAL GOVERNMENT NON-OPERATING**  
**SPECIAL REVENUE FUNDS**

	<b>Contingency<sup>1</sup></b>	<b>Impact Fees<sup>2</sup></b>	<b>Excise Tax Capital Improvement<sup>2</sup></b>	<b>Total</b>
<b>2015 Actual Beginning Fund Balance</b>	<b>2,426,425</b>	<b>5,727,145</b>	<b>11,585,507</b>	<b>19,739,077</b>
<i>Reserved</i>	<i>2,426,425</i>	<i>5,727,145</i>	<i>11,585,507</i>	<i>19,739,077</i>
<i>Unreserved Working Capital</i>	-	-	-	-
Plus: 2015-16 Estimated Revenues	1,610,000	4,341,335	19,276,839	<b>25,228,174</b>
Less: 2015-16 Estimated Expenditures	-	6,764,509	11,004,299	<b>17,768,808</b>
<b>2016 Estimated Ending/2017 Budgeted Beginning Fund Balance</b>	<b>4,036,425</b>	<b>3,303,971</b>	<b>19,858,047</b>	<b>27,198,443</b>
Plus: 2017-18 Budgeted Revenues	1,638,696	8,349,410	10,291,145	<b>20,279,251</b>
Less: 2017-18 Budgeted Expenditures	-	7,959,080	18,637,270	<b>26,596,350</b>
<b>2018 Budgeted Ending Fund Balance</b>	<b>5,675,121</b>	<b>3,694,301</b>	<b>11,511,922</b>	<b>20,881,344</b>
<i>Reserved</i>	<i>5,675,121</i>	<i>3,694,301</i>	<i>11,511,922</i>	<i>20,881,344</i>
<i>Unreserved Working Capital</i>	-	-	-	-
<b>Change in Fund Balance: Beginning 2015 to Ending 2018</b>	<b>3,248,696</b>	<b>(2,032,844)</b>	<b>(73,585)</b>	<b>1,142,267</b>

**Notes:**

<sup>1</sup>Contingency Fund is a reserve set aside for unexpected general government expenditures. The increase in fund balance is due to replenishment from the General Fund to bring the reserve closer to target.

<sup>2</sup>Increases in fund balance of these special revenue funds reflect the building or replenishment of a reserve; whereas decreases in fund balance reflect the planned use of a reserve toward capital projects. Revenues for these funds can be economically sensitive.



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Debt Service Funds account for the payment of general obligation bond principal and interest from governmental resources and the payment of special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

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## GENERAL GOVERNMENT DEBT SERVICE FUNDS



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## CITY OF KIRKLAND

# ***GENERAL GOVERNMENT DEBT SERVICE FUNDS***

There are three types of debt generally issued by the City for general government purposes:

- **Unlimited Tax General Obligation (UTGO) Bonds** represent debt that was approved by voters for a specific purpose. In this case, citizens have agreed to levy property taxes to repay the debt generally over a twenty-year period.
- **Limited Tax General Obligation (LTGO) Bonds** (also called Councilmanic Bonds) can be issued with approval of the City Council. The debt is repaid from general revenues of the City.
- **Local Improvement District (LID) Bonds** represent debt that is repaid by the property owners who benefited from the capital improvement through annual assessments paid to the City. LIDs are formed by the City Council after a majority of property owners agree to the assessment. Currently the City has no LID Bonds outstanding.

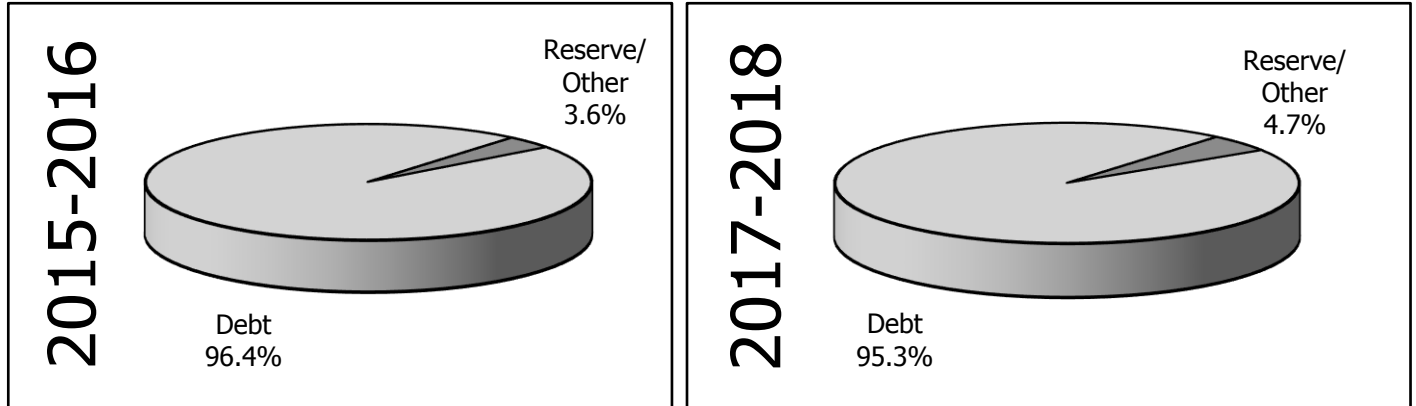
The City's debt management policies provide guidelines for the appropriate use of debt. The complete policies are contained at the end of this document in the appendix. Some key debt management policies include:

- *City Council approval is required prior to issuance of debt.*
- *The City will only use debt to finance capital improvements that cannot be financed through current revenues. The City will not use debt to finance current operations, non-capital furnishings, supplies, or personnel.*
- *Bonds will be issued for a period not to exceed the useful life of the asset being financed.*
- *The City will conduct a thorough analytical review before issuing debt and maintain a good credit rating at all times.*
- *The City's outstanding debt will remain within the limits stated in the City's fiscal policies.*
- *The City will use refunding bonds (refinancing) to restructure current outstanding debt when sufficient savings can be realized from lower interest rates.*

When the City issues debt, a thorough review of the City's financial condition is completed by bond rating agencies. Based on their findings, the bonds are given a rating. The City's bond rating is a reflection of its creditworthiness and affects the cost to the City of issuing debt. There are two rating agencies--Standard and Poor's (S&P) and Moody's Investor Service--that rate Kirkland's bonds. On December 5, 2014 S&P affirmed the City's AAA rating, which is the highest rating. Moody's ratings for Kirkland are now Aa2 for both Unlimited Tax GO Bonds and Limited Tax GO Bonds.

Once bonds are rated, the City enters the bond market to secure the necessary funding. Occasionally, the City will conduct an "over-the-counter" sale where City staff sell bonds directly to Kirkland residents. The proceeds (cash) received from selling the bonds are placed in a capital projects fund to account for the cost of constructing the capital improvement. Separate funds have been created to track the principal and interest payments for limited and unlimited bonds. Each year a sufficient amount of revenue is budgeted and placed in each fund to pay the annual principal and interest due.

# CITY OF KIRKLAND GENERAL GOVERNMENT NON-OPERATING DEBT SERVICE FUNDS



Debt service funds are used to account for principal and interest payments used for the retirement of long-term debt. Debt is used by the City as a means of financing capital improvements. By extending the repayment of debt over the anticipated useful life of the improvement, the cost of an improvement can be more equitably spread among the citizens who benefit from the improvement. Bonds are sold and the proceeds (cash) are used to pay for the construction of capital improvements. The bonds are repaid over a period of time from taxes, fees, or other revenue sources dedicated for that purpose.

## 2015-2016 BUDGET SUMMARY: BY PURPOSE

Fund	2015-16 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
210 LTGO Debt Service	8,297,431	43,880	8,253,551	-	-
220 UTGO Debt Service	1,449,743	305,688	1,144,055	-	-
<b>Total Debt Service Funds</b>	<b>9,747,174</b>	<b>349,568</b>	<b>9,397,606</b>	<b>-</b>	<b>-</b>

## 2017-2018 BUDGET SUMMARY: BY PURPOSE

Fund	2017-18 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
210 LTGO Debt Service	7,176,915	65,521	7,111,394	-	-
220 UTGO Debt Service	1,506,576	342,716	1,163,860	-	-
<b>Total Debt Service Funds</b>	<b>8,683,491</b>	<b>408,237</b>	<b>8,275,254</b>	<b>-</b>	<b>-</b>

**CITY OF KIRKLAND**  
**CHANGE IN FUND BALANCE (Beginning 2015 to Ending 2018)**  
**GENERAL GOVERNMENT NON-OPERATING**

**DEBT SERVICE FUNDS**

	<b>Limited GO Debt</b>	<b>Unlimited GO Debt</b>	<b>Total</b>
<b>2015 Actual Beginning Fund Balance</b>	<b>23,448</b>	<b>305,688</b>	<b>329,136</b>
<i>Reserved</i>	<i>23,448</i>	<i>305,688</i>	<i>329,136</i>
<i>Unreserved Working Capital</i>	<i>-</i>	<i>-</i>	<i>-</i>
Plus: 2015-16 Estimated Revenues	8,286,166	1,181,083	<b>9,467,249</b>
Less: 2015-16 Estimated Expenditures	8,263,801	1,144,055	<b>9,407,856</b>
<b>2016 Estimated Ending/2017 Budgeted Beginning Fund Balance</b>	<b>45,813</b>	<b>342,716</b>	<b>388,529</b>
Plus: 2017-18 Budgeted Revenues	7,131,102	1,163,860	<b>8,294,962</b>
Less: 2017-18 Budgeted Expenditures	7,111,394	1,163,860	<b>8,275,254</b>
<b>2018 Budgeted Ending Fund Balance</b>	<b>65,521</b>	<b>342,716</b>	<b>408,237</b>
<i>Reserved</i>	<i>65,521</i>	<i>342,716</i>	<i>408,237</i>
<i>Unreserved Working Capital</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Change in Fund Balance: Beginning 2015 to Ending 2018</b>	<b>42,073</b>	<b>37,028</b>	<b>79,101</b>

**Notes:**

Fund balances in debt service funds provide for cash flow needs.

**CITY OF KIRKLAND  
GENERAL GOVERNMENT NON-OPERATING  
DEBT SERVICE FUNDS  
2017-2018 PAYMENT AND RESERVE SUMMARY**

**2015-2016 Budget**

Fund	Payment		Reserve	Total
	Principal	Interest		
210 LTGO Debt Service	4,411,886	3,841,665	43,880	8,297,431
220 UTGO Debt Service	965,000	179,055	305,688	1,449,743
<b>Total Debt Service Funds</b>	<b>5,376,886</b>	<b>4,020,720</b>	<b>349,568</b>	<b>9,747,174</b>

**2017-2018 Budget**

Fund	Payment		Reserve	Total
	Principal	Interest		
210 LTGO Debt Service	3,362,485	3,748,909	65,521	7,176,915
220 UTGO Debt Service	1,030,000	133,860	342,716	1,506,576
<b>Total Debt Service Funds</b>	<b>4,392,485</b>	<b>3,882,769</b>	<b>408,237</b>	<b>8,683,491</b>

## CITY OF KIRKLAND

### SCHEDULE OF LONG TERM DEBT

The City uses long term debt to finance the cost of large capital improvements. Councilmanic debt is repaid from general revenues. Voter approved debt is retired from property tax increases put in place for the life of the bond issue. Revenue bonds are repaid from water/sewer utility rates. The following schedule identifies current outstanding long-term debt.

Type of Debt	Issue Date	Original Amount	Outstanding 12/31/2016	Cost Per \$1,000 AV	Avg Annual Debt Service*
<b><i>Councilmanic Bonds:</i></b>					
2015 Limited G.O. (City Hall Renovations)	11/20/15	5,800,000	5,585,000	N/A	421,780
2010 Limited G.O. (Facilities Expansion)	12/21/10	35,345,000	31,270,000	N/A	2,324,738
<b>Total Councilmanic Bonds</b>		<b>41,145,000</b>	<b>36,855,000</b>		<b>2,746,518</b>
<b><i>Voter Approved Bonds:</i></b>					
2013 Unlimited G.O. Refunding (Parks) <sup>1</sup>	10/29/13	4,670,000	3,165,000	0.156	570,491
<b>Total Voter Approved Bonds</b>		<b>4,670,000</b>	<b>3,165,000</b>	<b>0.156</b>	<b>570,491</b>
<b><i>Estimated Remaining Voter Approved Debt Capacity as of 12/31/2016</i></b>				<b>\$</b>	<b>1,479,337,010</b>
<b><i>Fire District #41 Bond:</i></b>					
2011 Limited G.O. (Fire Station Construction)	5/26/11	4,000,000	2,158,401	N/A	470,572
<b>Total Fire District #41 Bond</b>		<b>4,000,000</b>	<b>2,158,401</b>		<b>470,572</b>
<b><i>Public Works Trust Fund Loans:</i></b>					
2000 Lift Station Replacement-Design	7/1/00	227,500	37,605	N/A	12,786
2001 Lift Station Replacement-Construction	9/15/03	1,848,000	514,843	N/A	104,513
2004 Central Way Sewer Replacement	9/1/04	1,086,300	458,660	N/A	58,662
2012 NE 80th ST Water/Sewer Replacement <sup>2</sup>	10/8/12	4,038,000	4,003,217	N/A	260,835
<b>Total Revenue Bonds &amp; Trust Fund Loans</b>		<b>7,199,800</b>	<b>5,014,325</b>		<b>436,796</b>

\*The average annual debt service is based on the remaining principal and interest payments due until the debt is extinguished.

<sup>1</sup> Refunds Original 2003 Issue with 2013 Refund

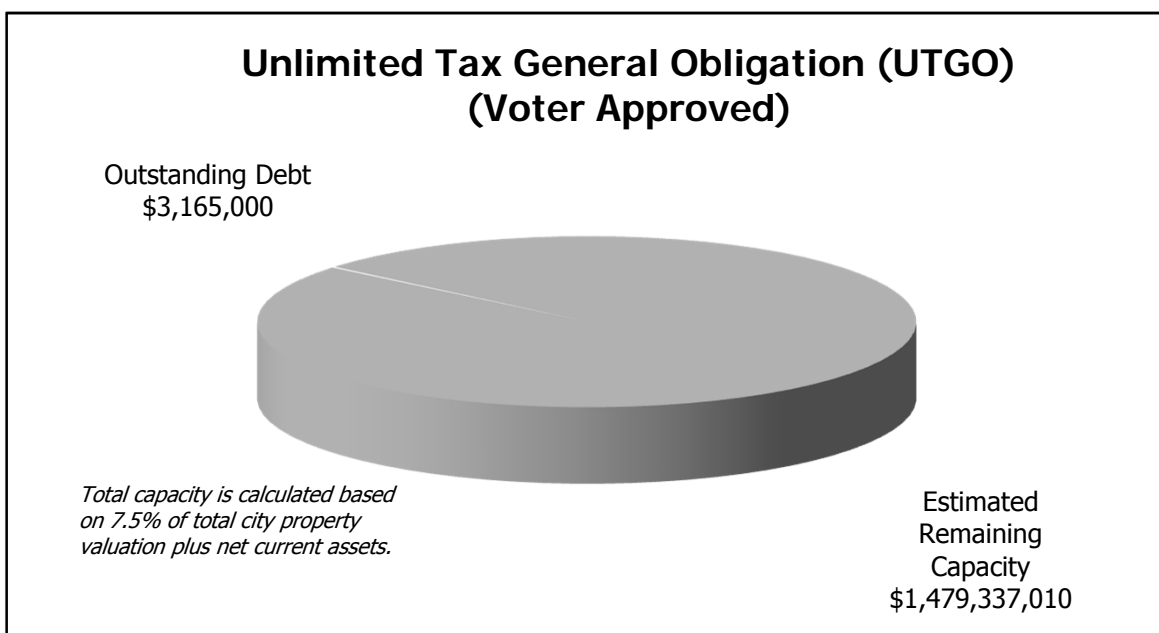
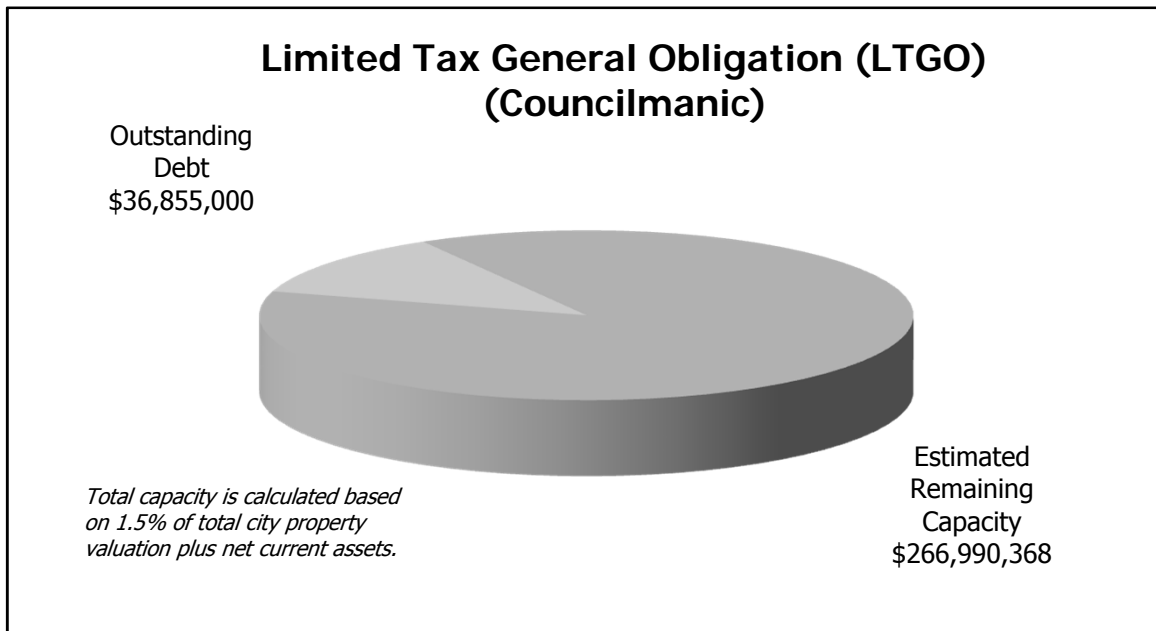
<sup>2</sup> Active PWTF project; draws occur until project is complete. Total amortization schedule may change until draws are complete. Detailed debt schedules are in the Water/Sewer Utility section.

Note: On May 26, 2011, Fire Protection District #41 issued \$4 million in Limited Tax General Obligation Bonds to finance the Consolidated Fire Station Project. On June 1, 2011, the Fire District ceased operation when the City of Kirkland annexed all the territory served by the District. The outstanding debt remains an obligation of the taxable property which was annexed.

## CITY OF KIRKLAND

### DEBT CAPACITY

Washington State law imposes limitations on the total amount of debt that a city can have outstanding to 7.5 percent of total assessed property valuation plus the net of current assets and liabilities. This comprises the City's "Debt Capacity" at any one time. The City Council has authority to issue bonds without voter approval (Councilmanic) for a combined total of up to 1.5 percent of the City's assessed valuation. The following graphs compare the total estimated capacity available to the City's indebtedness:



**City of Kirkland**  
**2010 Build America Bonds and Recovery Zone Economic Development Bonds**

**Purpose: Facilities Expansion**

Amount of Issue	\$35,345,000	Date of Bond Sale	12/21/2010
Ordinance	4272	Net Interest Rate	3.583%
		Org:	2100009010

**DEBT SERVICE SCHEDULE**

Year	Interest Dates:		Interest Rate	Maturity Date	Principal Amount	Total Payment	Principal Balance
	June 1	December 1					
2011	765,233	860,888	0.90%	12/1/2011	135,000	1,761,121	35,210,000
2012	860,280	860,280	1.20%	12/1/2012	640,000	2,360,560	34,570,000
2013	856,440	856,440	1.50%	12/1/2013	645,000	2,357,880	33,925,000
2014	851,603	851,603	1.80%	12/1/2014	655,000	2,358,205	33,270,000
2015	845,708	845,708	2.20%	12/1/2015	990,000	2,681,415	32,280,000
2016	834,818	834,818	2.75%	12/1/2016	1,010,000	2,679,635	31,270,000
2017	820,930	820,930	3.00%	12/1/2017	1,030,000	2,671,860	30,240,000
2018	805,480	805,480	3.40%	12/1/2018	1,045,000	2,655,960	29,195,000
2019	787,715	787,715	3.75%	12/1/2019	1,070,000	2,645,430	28,125,000
2020	767,653	767,653	4.00%	12/1/2020	1,195,000	2,730,305	26,930,000
2021	743,753	743,753	4.20%	12/1/2021	805,000	2,292,505	26,125,000
2022	726,848	726,848	4.40%	12/1/2022	1,000,000	2,453,695	25,125,000
2023	704,848	704,848	4.60%	12/1/2023	1,030,000	2,439,695	24,095,000
2024	681,158	681,158	4.75%	12/1/2024	1,060,000	2,422,315	23,035,000
2025	655,983	655,983	4.90%	12/1/2025	1,095,000	2,406,965	21,940,000
2026	629,155	629,155	5.10%	12/1/2026	1,125,000	2,383,310	20,815,000
2027	600,468	600,468	5.25%	12/1/2027	1,165,000	2,365,935	19,650,000
2028	569,886	569,886	5.40%	12/1/2028	1,205,000	2,344,773	18,445,000
2029	537,351	537,351	5.50%	12/1/2029	1,245,000	2,319,703	17,200,000
2030	503,114	503,114	5.55%	12/1/2030	1,290,000	2,296,228	15,910,000
2031	467,316	467,316	5.60%	12/1/2031	1,340,000	2,274,633	14,570,000
2032	429,796	429,796	5.875%	12/1/2032	1,390,000	2,249,593	13,180,000
2033	388,965	388,965	5.875%	12/1/2033	1,440,000	2,217,930	11,740,000
2034	346,665	346,665	5.875%	12/1/2034	1,495,000	2,188,330	10,245,000
2035	302,749	302,749	5.875%	12/1/2035	1,555,000	2,160,499	8,690,000
2036	257,071	257,071	5.875%	12/1/2036	1,610,000	2,124,143	7,080,000
2037	209,778	209,778	5.90%	12/1/2037	1,675,000	2,094,555	5,405,000
2038	160,365	160,365	5.90%	12/1/2038	1,735,000	2,055,730	3,670,000
2039	109,183	109,183	5.95%	12/1/2039	1,800,000	2,018,365	1,870,000
2040	55,633	55,633	5.95%	12/1/2040	1,870,000	1,981,265	0
Totals	17,275,940	17,371,594			35,345,000	69,992,535	

**City of Kirkland**  
**2015 Limited General Obligation Bonds**

**Purpose: City Hall Renovations 2015**

Amount of Issue	\$5,800,000	Date of Bond Sale	11/20/2015
Ordinance	4490	Net Interest Rate	3.450%
		Org:	2100009015

**DEBT SERVICE SCHEDULE**

Year	Interest Dates:		Interest Rate	Maturity Date	Principal Amount	Total Payment	Principal Balance
	June 1	December 1					
2016	106,164	100,050	3.45%	12/1/2016	215,000	421,214	5,585,000
2017	96,341	96,341	3.45%	12/1/2017	230,000	422,682	5,355,000
2018	92,374	92,374	3.45%	12/1/2018	235,000	419,748	5,120,000
2019	88,320	88,320	3.45%	12/1/2019	245,000	421,640	4,875,000
2020	84,094	84,094	3.45%	12/2/2020	255,000	423,188	4,620,000
2021	79,695	79,695	3.45%	12/1/2021	260,000	419,390	4,360,000
2022	75,210	75,210	3.45%	12/1/2022	270,000	420,420	4,090,000
2023	70,553	70,552	3.45%	12/1/2023	280,000	421,105	3,810,000
2024	65,723	65,722	3.45%	12/1/2024	290,000	421,445	3,520,000
2025	60,720	60,720	3.45%	12/1/2025	300,000	421,440	3,220,000
2026	55,545	55,545	3.45%	12/1/2026	310,000	421,090	2,910,000
2027	50,198	50,197	3.45%	12/1/2027	320,000	420,395	2,590,000
2028	44,678	44,677	3.45%	12/1/2028	335,000	424,355	2,255,000
2029	38,899	38,899	3.45%	12/1/2029	345,000	422,798	1,910,000
2030	32,948	32,947	3.45%	12/1/2030	355,000	420,895	1,555,000
2031	26,824	26,824	3.45%	12/1/2031	370,000	423,648	1,185,000
2032	20,441	20,441	3.45%	12/1/2032	380,000	420,882	805,000
2033	13,886	13,886	3.45%	12/1/2033	395,000	422,772	410,000
2034	7,073	7,072	3.45%	12/1/2034	410,000	424,145	0
Totals	1,109,686	1,103,566			5,800,000	8,013,252	

**City of Kirkland****Fire District #41 Bond (Issued by Fire District prior to Annexation)****Purpose: Fire Station Construction**

Denomination	n/a	Date of Bond Sale	5/26/2011
Amount of Issue	4,000,000	Net Interest Rate	3.200%
Ordinance	n/a	Org:	2100009110

**DEBT SERVICE SCHEDULE**

Year	Interest Dates:		Interest Rate	Maturity Date	Principal Amount	Total Payment	Principal Balance
	June 1	December 1					
2011		65,778	3.20%	12/1/2011		65,778	4,000,000
2012	64,000	61,259	3.20%	12/1/2012	345,313	470,572	3,654,687
2013	58,475	55,646	3.20%	12/1/2013	356,451	470,572	3,298,236
2014	52,772	49,852	3.20%	12/1/2014	367,949	470,572	2,930,287
2015	46,885	43,870	3.20%	12/1/2015	379,817	470,572	2,550,470
2016	40,808	37,696	3.20%	12/1/2016	392,069	470,572	2,158,401
2017	34,534	31,322	3.20%	12/1/2017	404,715	470,572	1,753,686
2018	28,059	24,743	3.20%	12/1/2018	417,770	470,572	1,335,916
2019	21,375	17,952	3.20%	12/1/2019	431,245	470,572	904,670
2020	14,475	10,942	3.20%	12/1/2019	445,156	470,572	459,515
2021	7,352	3,705	3.20%	12/1/2019	459,515	470,572	-
Totals	368,734	402,766			4,000,000	4,771,500	

Note: On May 26, 2010, Fire Protection District #41 issued \$4 million in Limited Tax General Obligation Bonds to finance the Consolidated Fire Station Project. On June 1, 2011, the Fire District dissolved when the City of Kirkland annexed all the territory served by the District. The outstanding debt remains an obligation of the taxable property which was annexed.

**City of Kirkland****2013 Unlimited General Obligation Bonds****Purpose: 2013 Refinance Existing Bonds**

Denomination

Amount of Issue \$4,670,000

Date of Bond Sale

10/29/2013

Ordinance 4420

Net Interest Rate

2.30%

Org Key 220 000 9113

Year	Interest Dates:		Interest Rate	Maturity Date	Principal Amount	Total Payment	Principal Balance
	June 1	December 1					
2014	63,253	53,705	2.30%	12/1/2014	540,000	656,958	4,130,000
2015	47,495	47,495	2.30%	12/1/2015	475,000	569,990	3,655,000
2016	42,033	42,033	2.30%	12/1/2016	490,000	574,065	3,165,000
2017	36,398	36,398	2.30%	12/1/2017	510,000	582,795	2,655,000
2018	30,533	30,533	2.30%	12/1/2018	520,000	581,065	2,135,000
2019	24,553	24,553	2.30%	12/1/2019	515,000	564,105	1,620,000
2020	18,630	18,630	2.30%	12/1/2020	530,000	567,260	1,090,000
2021	12,535	12,535	2.30%	12/1/2021	540,000	565,070	550,000
2022	6,325	6,325	2.30%	12/1/2022	550,000	562,650	0
Totals	281,753	272,205			4,670,000	5,223,958	

Capital Project Funds account for the acquisition and construction of capital facilities not financed by proprietary funds.

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## GENERAL GOVERNMENT CAPITAL PROJECT FUNDS



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**CITY OF KIRKLAND**

***GENERAL GOVERNMENT CAPITAL  
PROJECTS FUNDS***

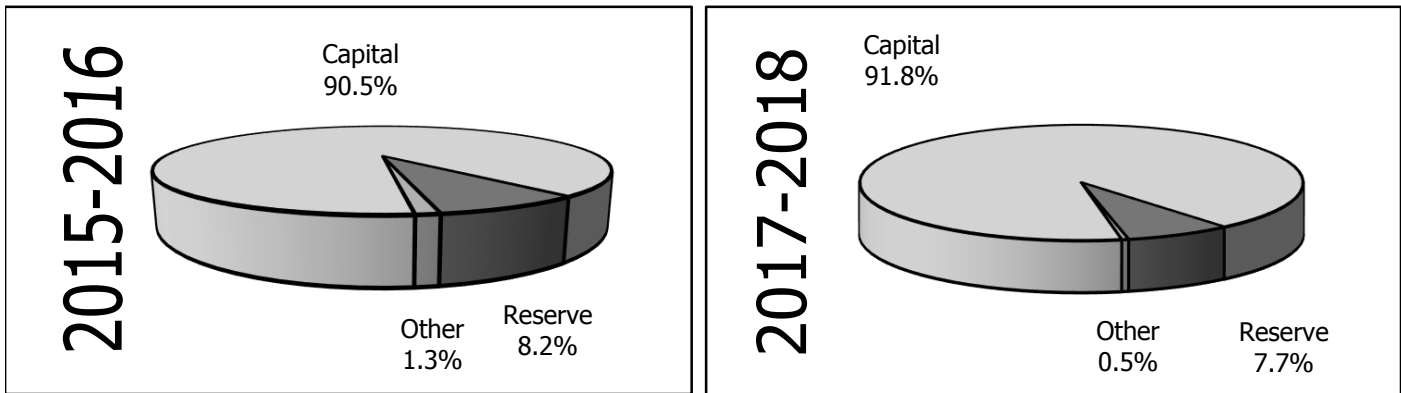
Capital Projects Funds are used to fund and track the construction of projects approved in the Capital Improvement Program. The City Council adopts a six-year Capital Improvement Program (CIP) which is a plan for major improvements or purchases needed in the areas of transportation (streets, sidewalks, signals, and intersections), storm drains, water and sewer systems, parks, public safety, and other government facilities and equipment. The Council revises the CIP biennially. The General Government Capital Projects Funds include projects in all sections of the CIP except those associated with the water/sewer and surface water utilities.

There are two general government capital projects funds:

The **General Capital Projects Fund** accounts for projects funded from general revenue sources. Resources are transferred in as needed, usually from the Excise Tax Capital Improvement Fund, interest income and sales tax allocations. Providing a cushion in the event of unanticipated changes in project scope or cost is the General Capital Contingency, which has a target of ten percent of the funded six-year CIP (less utility projects).

The **Transportation Capital Projects Fund** accounts for all general government transportation projects. City resources are transferred in as needed, usually from the Street Operating Fund, Impact Fee Fund, and the Excise Tax Capital Improvement Fund. Transportation projects also frequently receive external revenue from grants or other agencies such as Sound Transit. Utility portions of transportation projects (water/sewer and surface water) are funded in the respective utility capital funds.

# CITY OF KIRKLAND GENERAL GOVERNMENT NON-OPERATING CAPITAL PROJECTS FUNDS



Capital Projects Funds are used for two purposes - capital construction of projects and capital reserves approved in the Capital Improvement Program. The City Council adopts a six-year Capital Improvement Program (CIP) biennially. The CIP is a plan for major improvements or purchases needed in the areas of transportation (streets, sidewalks, signals, and intersections), storm drains, water/sewer systems, parks, public safety, and other government facilities and equipment.

## 2015-2016 BUDGET SUMMARY: BY PURPOSE

Fund	2015-16 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
310 General Capital Projects	50,481,920	8,722,290	-	41,334,222	425,408
320 Transportation Capital Projects	56,963,504	29,075	-	55,955,387	979,042
<b>Total Capital Projects Funds</b>	<b>107,445,424</b>	<b>8,751,365</b>	<b>-</b>	<b>97,289,609</b>	<b>1,404,450</b>

## 2017-2018 BUDGET SUMMARY: BY PURPOSE

Fund	2017-18 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
310 General Capital Projects	57,568,379	9,957,234	-	47,011,145	600,000
320 Transportation Capital Projects	72,219,113	92,558	-	72,126,555	-
<b>Total Capital Projects Funds</b>	<b>129,787,492</b>	<b>10,049,792</b>	<b>-</b>	<b>119,137,700</b>	<b>600,000</b>

**CITY OF KIRKLAND**  
**CHANGE IN FUND BALANCE (Beginning 2015 to Ending 2018)**  
**GENERAL GOVERNMENT NON-OPERATING**

**CAPITAL PROJECTS FUNDS**

	<b>General Capital Projects</b>	<b>Transportation Capital Projects</b>	<b>Total</b>
<b>2015 Actual Beginning Fund Balance</b>	<b>22,416,301</b>	<b>4,446,221</b>	<b>26,862,522</b>
<i>Reserved</i>	<i>5,179,240</i>	<i>29,075</i>	<i>5,208,315</i>
<i>Unreserved Working Capital</i>	<i>17,237,061</i>	<i>4,417,146</i>	<i>21,654,207</i>
Plus: 2015-16 Estimated Revenues	34,086,704	33,660,458	<b>67,747,162</b>
Less: 2015-16 Estimated Expenditures	25,786,153	27,248,956	<b>53,035,109</b>
<b>2016 Estimated Ending/2017 Budgeted Beginning Fund Balance</b>	<b>30,716,852</b>	<b>10,857,723</b>	<b>41,574,575</b>
Plus: 2017-18 Budgeted Revenues	26,851,527	61,361,390	<b>88,212,917</b>
Less: 2017-18 Budgeted Expenditures	47,611,145	72,126,555	<b>119,737,700</b>
<b>2018 Budgeted Ending Fund Balance</b>	<b>9,957,234</b>	<b>92,558</b>	<b>10,049,792</b>
<i>Reserved</i>	<i>9,957,234</i>	<i>92,558</i>	<i>10,049,792</i>
<i>Unreserved Working Capital</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Change in Fund Balance: Beginning 2015 to Ending 2018</b>	<b>(12,459,067)</b>	<b>(4,353,663)</b>	<b>(16,812,730)</b>

**Notes:**

The reductions in fund balance of the General Capital Projects Fund and the Transportation Capital Projects Fund are due to the completion of projects which were funded but not constructed in prior years. The General Capital Projects Fund reserves serve as contingency reserves for the Transportation Capital Projects as well.

**CITY OF KIRKLAND  
CAPITAL IMPROVEMENT PROGRAM  
2017-2018 BUDGET**

**GENERAL CAPITAL PROJECTS FUND (310)**

<b>Project Category/ Project Title</b>	<b>Project Number</b>	<b>Funding Source</b>
<b>PARKS</b>		
Open Space, Park Land & Trail Acquisition Grant Match	PK 0049	REET 1 Reserve
Park Play Area Enhancements	PK 0066	REET 1/Impact Fees
Green Kirkland Forest Restoration Program	PK 0121	REET 1
City-School Playfield Partnership	PK 0133 200	Kirkland Park Levy
Neighborhood Park Land Acquisitions	PK 0133 300	Kirkland Park Levy
Totem Lake Park Acquisition	PK 0139 101	Kirkland Park Levy/Reserves/External
Totem Lake/CKC Land Acquisition	PK 0139 102	Kirkland Park Levy
Totem Lake Park Master Plan & Development Phase 1	PK 0139 200	REET 1/ Impact Fees
Parks Maintenance Center	PK 0147	REET 1/Impact Fees
Park Facilities Life Cycle Projects	PK 0151	General Fund/Kirkland Park Levy
<b>Total Parks</b>		
<b>PUBLIC SAFETY</b>		
Self Contained Breathing Apparatus (SCBA)	PS 0071	Fire Sinking Fund Reserve
Emergency Generators	PS 0080	General Fund Revenue
Police Equipment Replacement	PS 1000	Police Sinking Fund Reserve
Fire Equipment Replacement	PS 2000	Fire Sinking Fund Reserve
Fire Station 25 Renovation	PS 3001	General Fund Revenue/Fire District Bonds
Fire Station 24 Replacement	PS 3002 002	REET 1/REET 1 Rsv/General Fund/Land Sale
Fire Station 27 Property Acquisition	PS 3003	General Fund/REET 1 Reserve
<b>Total Public Safety</b>		
<b>GENERAL GOVERNMENT</b>		
<b>Technology</b>		
Network Server Replacements	IT 0100	Technology Sinking Fund/Utilities
Network Infrastructure	IT 0110	Technology Sinking Fund
Network Storage, Backup, and Archiving	IT 0120	Technology Sinking Fund/Utilities
Geographic Information Systems	IT 0200	General Fund/Utilities
Court Customer Service Systems Improvements	IT 0302	General Fund
SharePoint and Trim Upgrade	IT 0303	General Fund/Prior Year Savings
Financial System Replacement	IT 0402	Major Systems Rsv/General Fund/Health Fund
Copier Replacements	IT 0500	Technology Sinking Fund
EAM Maintenance Management System Replacement	IT 0702	Utilities
<b>Total Technology</b>		
<b>Facilities</b>		
Electrical, Energy Management, & Lighting Systems	GG 0008	Facilities Sinking Fund Charges
Mechanical/HVAC Systems Replacements	GG 0009	Facilities Sinking Fund Charges
Painting, Ceilings, Partition, & Window Replacements	GG 0010	Facilities Sinking Fund Charges
Roofing, Gutter, Siding, & Deck Replacements	GG 0011	Facilities Sinking Fund Charges
Flooring Replacements	GG 0012	Facilities Sinking Fund Charges
<b>Total Facilities</b>		
<b>Total General Government</b>		
<b>TOTAL GENERAL CAPITAL PROJECTS FUND</b>		

\*\*Total project cost over the 6-year CIP

2017 Budget	2018 Budget	Estimated Total Project Cost**	Additional Annual Maintenance & Operations	
			2017	2018
100,000	-	100,000	-	-
50,000	50,000	400,000	-	-
75,000	75,000	500,000	-	-
500,000	500,000	1,000,000	-	-
360,000	750,000	4,614,000	-	-
550,000	-	550,000	-	-
190,000	-	190,000	-	-
200,000	2,190,000.00	7,059,225	-	-
-	250,000	1,500,000	-	-
168,000	146,000	958,000	-	-
<b><u>2,193,000</u></b>	<b><u>3,961,000</u></b>	<b><u>16,871,225</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
-	9,700	9,700	-	-
-	60,000	180,000	-	-
134,900	116,900	747,600	-	-
20,300	46,600	162,800	-	-
3,787,000	-	3,787,000	-	-
-	10,133,300	10,133,300	-	-
2,500,000	-	2,500,000	-	-
<b><u>6,442,200</u></b>	<b><u>10,366,500</u></b>	<b><u>17,520,400</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
203,700	33,000	607,200	-	-
51,100	119,000	1,385,400	-	-
80,000	1,099,400	1,297,900	-	-
275,000	285,000	1,700,000	-	-
154,400	-	154,400	-	-
123,800	63,300	187,100	-	-
2,500,000	-	2,500,000	-	-
39,000	30,500	230,000	-	-
205,600	-	205,600	-	-
<b><u>3,632,600</u></b>	<b><u>1,630,200</u></b>	<b><u>8,267,600</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
-	38,800	233,800	-	-
176,400	223,300	823,200	-	-
20,900	4,100	451,600	-	-
126,100	231,700	438,900	-	-
101,700	55,600	635,500	-	-
<b><u>425,100</u></b>	<b><u>553,500</u></b>	<b><u>2,583,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>4,057,700</u></b>	<b><u>2,183,700</u></b>	<b><u>10,850,600</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>12,692,900</b>	<b>16,511,200</b>	<b>45,242,225</b>	<b>-</b>	<b>-</b>

**CITY OF KIRKLAND  
CAPITAL IMPROVEMENT PROGRAM  
2017-2018 BUDGET**

**TRANSPORTATION CAPITAL PROJECTS FUND (320)**

Project Category/ Project Title	Project Number	Funding Source
<b>TRANSPORTATION</b>		
<b>Streets</b>		
Annual Street Preservation Program	ST 0006	Gas Tax/RGRL/REET 2/REET 2 Rsv/Solid Waste
Street Levy Street Preservation	ST 0006 003	Kirkland Road Levy
Central Way Street Preservation	ST 0006 004	Gas Tax/External
Totem Lake Blvd Roadway Repair	ST 0006 005	Gas Tax/REET 2
124th Ave NE Roadway Improv. (North Section) Design	ST 0059 101	Impact Fees/External
Annual Striping Program	ST 0080	REET 2 (2nd quarter percent)
Regional Inter-Agency Coordination	ST 9999	REET 1 (1st quarter percent)
<b>Total Streets</b>		
<b>Non-Motorized</b>		
Street Levy - Pedestrian Safety	NM 0006 200	Kirkland Road Levy
Neighborhood Safety Program Improvements	NM 0006 201	Walkable Kirkland
CKC Connection - NE 52nd Street Sidewalk	NM 0007	REET 2 Reserve/External
NE 116th Street Crosswalk Upgrade	NM 0012 001	REET 1/REET 2/Walkable Kirkland/Surface Water
132nd Avenue NE Crosswalk Upgrade	NM 0012 003	REET 2/Surface Water Rates
NE 124th St/124th Ave NE Ped Bridge Design & Constr.	NM 0086 001	Gas Tax/Impact Fees/Sfc Wtr/KC Pk Levy/External
Citywide School Walk Route Enhancements	NM 0087	REET 1/REET 2 Rsv/Walkable Kirkland/SW/Levy
Lake Front Pedestrian and Bicycle Improvements	NM 0089	External
Juanita Drive "Quick Wins"	NM 0090	External
Active Transportation Plan Update	NM 0092	REET 1/REET 2
124th Avenue NE Sidewalk Improvements	NM 0095	Impact Fees/Sf Wtr Rsv/Ext./REET 2 Rsv/Walk Kirk.
Finn Hill Connections	NM 0109 001	Impact Fees/Walkable Kirkland
Citywide Accessibility Improvements	NM 0110 001	REET 2 Reserve
Citywide Greenways Network Project - NE 75th Street	NM 0113 001	Impact Fees/Surface Water Rates
Citywide Greenways Network Project - 128th Avenue NE	NM 0113 002	REET 2/REET 2 Rsv/Surface Water/External
CKC Emergent Projects Opportunity Fund	NM 0115	REET 2
NE 128th Street / 139th Avenue NE Non-Motorized Imps	NM 0118	REET 2/Walkable Kirkland/Surface Water/External
Downtown Pedestrian Access Study	NM 0119	Walkable Kirkland
108th Ave NE Sidewalk Impr. at Edith Moulton Park	NM 0120	Kirkland Park Levy
Annual Non-Motorized CAO/SWDM Surface Wtr Contrib.	NM 7777	REET 2 Reserve
<b>Total Non-Motorized</b>		
<b>Public Transit</b>		
Citywide Transit Study	PT 0001	REET 1/Impact Fees
<b>Total Public Transit</b>		
<b>Traffic Improvements</b>		
NE 85th St/114th Ave Intersection Improv. Phase 2	TR 0079 001	External
Central Way/Park Place Center Traffic Signal	TR 0082	External
NE 124th St/124th Ave NE Intersection Improv. Design	TR 0091 101	Impact Fees/External
NE 116th St/124th Ave NE Dual Left Turn Lanes	TR 0092	Impact Fees/External
NE 132nd St/116th Way NE (I-405) Intersection Improv.	TR 0098	Impact Fees/REET 2 Reserve
6th St & Central Way Intersection Improvements Ph. 2	TR 0100 100	External
Central Way/4th Street Intersection Improvements	TR 0103	External
6th Street/4th Avenue Intersection Improvements	TR 0104	External
Central Way/5th Street Intersection Improvements	TR 0105	External
Annual Signal Maintenance Program	TR 0116	REET 2 Reserve
Citywide Traffic Management Safety Improvements	TR 0117	REET 2 Reserve
Vision Zero Safety Improvements	TR 0117 002	REET 2 Reserve
Neighborhood Traffic Control	TR 0117 003	REET 2 Reserve
General Parking Lot Improvements	TR 0118	REET 1 Reserve
Kirkland Citywide Intelligent Transportation System Study	TR 0119	REET 1/REET 2 Reserve
Kirkland Intelligent Transportation System Phase 3	TR 0120	REET 2 Reserve/External
Totem Lake Intersection Improvements	TR 0122	Impact Fees/External
NE 132nd Street Roundabout	TR 0127	Gas Tax/External
Annual Traffic CAO/SWDM Surface Water Contribution	TR 7777	REET 2 Reserve
<b>Total Traffic Improvements</b>		
<b>TOTAL TRANSPORTATION CAPITAL PROJECTS FUND</b>		

\*\*Total project cost over the 6-year CIP

2017 Budget	2018 Budget	Estimated Total Project Cost**	Additional Annual Maintenance & Operations	
			2017	2018
1,000,000	1,750,000	9,750,000	-	-
2,326,000	2,352,000	14,356,000	-	-
214,000	-	214,000	-	-
720,000	-	720,000	-	-
1,195,400	-	1,195,400	-	-
400,000	500,000	2,900,000	-	-
82,000	82,000	492,000	-	-
<b>5,937,400</b>	<b>4,684,000</b>	<b>29,627,400</b>	<b>-</b>	<b>-</b>
150,000	150,000	900,000	-	-
200,000	200,000	800,000	-	-
454,900	-	454,900	-	-
200,000	230,000	430,000	-	-
-	250,000	250,000	-	-
4,810,000	6,250,000	12,110,000	-	-
864,200	869,000	3,183,200	-	-
11,000	-	11,000	-	-
726,000	-	726,000	-	-
75,000	-	75,000	-	-
830,000	750,000	1,580,000	-	-
-	250,000	250,000	-	-
-	100,000	500,000	-	-
250,000	-	250,000	-	-
-	400,000	800,000	-	-
100,000	100,000	200,000	-	-
800,000	-	800,000	-	-
50,000	-	50,000	-	-
600,000	-	600,000	-	-
1,600,000	-	1,600,000	-	-
<b>11,721,100</b>	<b>9,549,000</b>	<b>25,570,100</b>	<b>-</b>	<b>-</b>
300,000	-	300,000	-	-
<b>300,000</b>	<b>-</b>	<b>300,000</b>	<b>-</b>	<b>-</b>
1,800,000	-	1,800,000	-	-
200,000	-	200,000	-	-
398,500	-	398,500	-	-
976,500	248,500	1,225,000	-	-
238,000	62,000	300,300	-	-
1,866,800	-	1,866,800	-	-
31,000	-	31,000	-	-
580,000	-	580,000	-	-
564,000	-	564,000	-	-
150,000	150,000	1,100,000	-	-
100,000	100,000	600,000	-	-
50,000	50,000	300,000	-	-
-	50,000	150,000	-	-
100,000	-	100,000	-	-
75,000	-	75,000	-	-
-	450,000	2,200,000	-	-
3,031,100	-	3,031,100	-	-
320,000	-	320,000	-	-
500,000	-	500,000	-	-
<b>10,980,900</b>	<b>1,110,500</b>	<b>15,341,700</b>	<b>-</b>	<b>-</b>
<b>28,939,400</b>	<b>15,343,500</b>	<b>70,839,200</b>	<b>-</b>	<b>-</b>

City of Kirkland  
2017-2022 Capital Improvement Program

**PARK PROJECTS**

Funded Projects:

Project Number	Project Title	Prior Year(s)	2017	2018	2019	2020	2021	2022	2017-2022 Total	Funding Source				
										Current Revenue (REET)	Park Levy	Impact Fees	Reserves	External Source
PK 0049	Open Space, Park Land & Trail Acq Grant Match Program		100,000						100,000				100,000	
PK 0066	Park Play Area Enhancements		50,000	50,000	75,000	75,000	75,000	75,000	400,000	320,000		80,000		
PK 0087 101	Waverly Beach Park Renovation Phase 2				250,000	1,000,000			1,250,000		873,000	377,000		
PK 0121	Green Kirkland Forest Restoration Program		75,000	75,000	75,000	75,000	100,000	100,000	500,000	500,000				
PK 0133 100	Dock & Shoreline Renovations				250,000	100,000	250,000	250,000	850,000		850,000			
PK 0133 200	City-School Playfield Partnership		500,000	500,000					1,000,000		1,000,000			
PK 0133 300	Neighborhood Park Land Acquisition		360,000	750,000	600,000	734,000	1,035,000	1,135,000	4,614,000		1,710,000	2,904,000		
PK 0138	Everest Park Restroom/Storage Building Replacement	75,000			803,000				803,000	803,000				
PK 0139 101+	Totem Lake Park Acquisition		550,000						550,000		200,000		200,000	150,000
PK 0139 102	Totem Lake/CKC Land Acquisition		190,000						190,000		190,000			
PK 0139 200	Totem Lake Park Master Plan & Development (Phase I)	660,000	200,000	2,190,000	3,285,225	724,000			6,399,225	678,000		4,514,000	1,207,225	
PK 0147	Parks Maintenance Center			250,000	500,000	750,000			1,500,000	1,425,000		75,000		
PK 0151	Park Facilities Life Cycle Projects		168,000	146,000	162,000	151,000	162,000	169,000	958,000		458,000		500,000	
<b>Total Funded Park Projects</b>		<b>735,000</b>	<b>2,193,000</b>	<b>3,961,000</b>	<b>6,000,225</b>	<b>3,609,000</b>	<b>1,622,000</b>	<b>1,729,000</b>	<b>19,114,225</b>	<b>3,726,000</b>	<b>5,281,000</b>	<b>7,950,000</b>	<b>2,007,225</b>	<b>150,000</b>

Notes

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**Bold = New projects**

+ = Moved from unfunded status to funded status

" = Moved from funded status to unfunded status

**Unfunded Projects:**

<b>Project Number</b>	<b>Project Title</b>	<b>Total</b>
PK 0056 100	Forbes Lake Park Trail Improvements Phase 2	4,000,000
PK 0095 100	Heritage Park Development - Phase III & IV	2,500,000
PK 0097	Reservoir Park Renovation	500,000
PK 0108	McAuliffe Park Development	7,000,000
PK 0114	Mark Twain Park Renovation	750,000
PK 0114 101	Mark Twain Park Renovation (Design)	75,000
PK 0116	Lee Johnson Field Artificial Turf Installation	1,750,000
<i>PK 0119 002"</i>	<i>Juanita Beach Park Development (Phase 2)</i>	<i>1,308,000</i>
PK 0119 200	Juanita Beach Park Development (Phase 3)	10,000,000
PK 0122 100	Community Recreation Facility Construction	67,000,000
PK 0124	Snyder's Corner	1,000,000
PK 0126	Watershed Park Master Planning & Park Development	1,100,000
PK 0127	Kiwanis Park Master Planning & Park Development	1,100,000
PK 0128	Yarrow Bay Wetlands Master Planning & Park Development	1,600,000
PK 0129	Heronfield Wetlands Master Planning & Development	1,600,000
PK 0131	Park and Open Space Acquisition Program	3,000,000
<i>PK 0133 100</i>	<i>Dock &amp; Shoreline Renovations</i>	<i>1,500,000</i>
<i>PK 0134 100"</i>	<i>132nd Pk Playfields</i>	<i>712,000</i>
PK 0135 100	Juanita Heights Park Expansion	1,000,000
PK 0136	Kingsgate Park Master Planning and Park Development	1,150,000
PL 0139 300"	Totem Lake Park Development - Phase 2	2,440,000
PK 0139 400	Totem Lake Park Development - Phase 3	13,000,000
PK 0141 000	South Norway Hill Park Improvements	750,000
PK 0142 000	Doris Cooper Houghton Beach Park Restroom Replacement	850,000
PK 0143 000	Marsh Park Restroom Replacement	700,000
PK 0144 000	Cedar View Park Improvements	150,000
PK 0145 000	Environmental Education Center	2,000,000
<b>PK 0148</b>	<b>Forbes House Renovation</b>	<b>414,000</b>
<b>PK 0149</b>	<b>Taylor Playfields- Former Houghton Landfill Site Master Plan</b>	<b>300,000</b>
<b>PK 0150</b>	<b>North Kirkland Community Center Renovation</b>	<b>786,000</b>
<b>Total Unfunded Parks Projects</b>		<b>130,035,000</b>

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**City of Kirkland**  
**2017-2022 Proposed Capital Improvement Program**

**PUBLIC SAFETY PROJECTS**

**Funded Projects:**

Project Number	Project Title	Prior Year(s)	2017	2018	2019	2020	2021	2022	2017-2022 Total	Funding Source		
										Reserve	Debt	External Source
FIRE												
PS 0062	Defibrillator Unit Replacement	11,000	-	-	-	176,900	-	-	176,900	176,900		
PS 0066	Thermal Imaging Cameras		-	-	-	-	112,200	-	112,200	112,200		
PS 0071	Self Contained Breathing Apparatus (SCBA)		-	9,700	-	-	-	-	9,700	9,700		
PS 0076	Personal Protective Equipment	60,000	-	-	573,100	-	-	2,900	576,000	576,000		
PS 0080	Emergency Generators		-	60,000	-	60,000	-	60,000	180,000	180,000		
PS 2000	Fire Equipment Replacement		20,300	46,600	20,900	25,000	15,800	34,200	162,800	162,800		
POLICE												
PS 1000	Police Equipment Replacement		134,900	116,900	98,800	166,800	117,900	112,300	747,600	747,600		
FACILITIES												
PS 3001	Fire Station 25 Renovation		3,787,000	-	-				3,787,000	3,787,000		
PS 3002 002+	Fire Station 24 Replacement		-	10,133,300	-				10,133,300	9,663,000		470,300
PS 3003	Fire Station 27 Property Acquisition		2,500,000	-	-				2,500,000	2,500,000		
Total Funded Public Safety Projects		71,000	6,442,200	10,366,500	692,800	428,700	245,900	209,400	18,385,500	17,915,200	0	470,300

Notes

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**Public Safety Unfunded Projects:**

<b>Project Number</b>	<b>Project Title</b>	<b>Total</b>
<b>FIRE</b>		
PS 0068	Local Emergency/Public Communication AM Radio	119,100
<b>POLICE</b>		
PS 1200	Police Strategic Plan Implementation	250,000
<b>FACILITIES</b>		
PS 3004	Fire Station 21 Expansion & Remodel	3,885,400
PS 3005	Fire Station 22 Expansion & Remodel	5,812,600
PS 3006	Fire Station 26 Expansion & Remodel	6,763,900
PS 3007	Fire Station 27 Replacement	16,098,500
<b>Total Unfunded Public Safety Projects</b>		<b>32,929,500</b>

Notes

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**City of Kirkland**  
**2017-2022 Capital Improvement Program**

**GENERAL GOVERNMENT PROJECTS - Technology**

**Funded Projects:**

Project Number	Project Title	Prior Year(s)	2017	2018	2019	2020	2021	2022	2017-2022 Total	Funding Source		External Source
										Reserves/ Prior Yr	Debt	
<i>IT 0100</i>	<i>Network Server Replacements</i>		203,700	33,000	71,400	46,400	244,700	8,000	607,200	607,200		
<i>IT 0110</i>	<i>Network Infrastructure</i>		51,100	119,000	114,000	1,006,600	49,100	45,600	1,385,400	1,385,400		
<i>IT 0120</i>	<i>Network Storage, Backup &amp; Archiving</i>		80,000	1,099,400		18,400	20,100	80,000	1,297,900	1,297,900		
<i>IT 0130</i>	<i>Network Phone Systems</i>						250,000		250,000	250,000		
<i>IT 0140</i>	<i>Network Security</i>				75,000	30,000	30,000	75,000	210,000	210,000		
<i>IT 0200</i>	<i>Geographic Information Systems</i>		275,000	285,000	285,000	285,000	285,000	285,000	1,700,000	1,700,000		
<i>IT 0302+</i>	<i>Court Customer Service Systems Improvements</i>		154,400						154,400	154,400		
<i>IT 0303+</i>	<i>Sharepoint and Trim Upgrade</i>		123,800	63,300					187,100	187,100		
<i>IT 0402</i>	<i>Financial System Replacement</i>		2,500,000						2,500,000	2,500,000		
<i>IT 0500</i>	<i>Copier Replacements</i>		39,000	30,500	34,000	34,600	36,000	55,900	230,000	230,000		
<i>IT 0702</i>	<i>EAM Maintenance Management System Replacement</i>	1,239,600	205,600						205,600	205,600		
<b>Total Funded General Gov. Projects - Technology</b>		<b>1,239,600</b>	<b>3,632,600</b>	<b>1,630,200</b>	<b>579,400</b>	<b>1,421,000</b>	<b>914,900</b>	<b>549,500</b>	<b>8,727,600</b>	<b>8,727,600</b>	<b>0</b>	<b>0</b>

Notes

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" = Moved from funded status to unfunded status

**Technology Unfunded Projects:**

Project Number	Project Title	Total
IT 0201	GIS Community Information Portal	100,000
IT 0301	Open Data Solution Implementation	229,800
IT 0602	Business Intelligence/Standard Reporting Tool	132,200
IT 0701	Fleet Management Systems Replacement	80,000
IT 0902	Customer Relationship Management System	17,000
<b>Total Unfunded General Government Projects - Technology</b>		<b>559,000</b>

Notes

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**Bold= New projects**

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" = Moved from funded to unfunded

**City of Kirkland**  
**2017-2022 Capital Improvement Program**

**GENERAL GOVERNMENT PROJECTS - Facilities**

**Funded Projects:**

Project Number	Project Title	Prior Year(s)	2017	2018	2019	2020	2021	2022	2017-2022 Total	Funding Source			
										Current Revenue	Reserve	Debt	External Source
GG 0008	<i>Electrical, Energy Management &amp; Lighting Systems</i>		-	38,800	28,800	-	34,700	131,500	233,800		233,800		
GG 0009	<i>Mechanical/HVAC Systems Replacements</i>		176,400	223,300	314,800	78,200	20,000	10,500	823,200		823,200		
GG 0010	<i>Painting, Ceilings, Partition &amp; Window Replacements</i>		20,900	4,100	144,700	244,700	28,800	8,400	451,600		451,600		
GG 0011	<i>Roofing, Gutter, Siding and Deck Replacements</i>		126,100	231,700	-	74,000	7,100	-	438,900		438,900		
GG 0012	<i>Flooring Replacements</i>		101,700	55,600	40,200	209,400	188,800	39,800	635,500		635,500		
<b>Total Funded General Government Projects - Facilities</b>		-	<b>425,100</b>	<b>553,500</b>	<b>528,500</b>	<b>606,300</b>	<b>279,400</b>	<b>190,200</b>	<b>2,583,000</b>	-	<b>2,583,000</b>	-	-

Notes

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**City of Kirkland**  
**2017-2022 Capital Improvement Program**

**TRANSPORTATION PROJECTS**

Funded Projects:

Project Number	Project Title	Prior Year(s)	2017	2018	2019	2020	2021	2022	2017-2022 Total	Funding Sources					
										Current Revenue	Street Levy	Impact Fees	Walkable Kirkland	Reserve	External/Pending Source
ST 0006	Annual Street Preservation Program		1,000,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	9,750,000	9,694,000				56,000	
ST 0006 003	Street Levy Street Preservation		2,326,000	2,352,000	2,379,000	2,406,000	2,433,000	2,460,000	14,356,000		14,356,000				
ST 0006 004	Central Way Street Preservation		214,000						214,000	30,000					184,000
ST 0006-005	Totem Lake Blvd Roadway Repair		720,000						720,000	720,000					
ST 0059 101+	124th Ave NE Roadway Improvements (North Section) Design		1,195,400						1,195,400			161,500			1,033,900
ST 0080	Annual Striping Program		400,000	500,000	500,000	500,000	500,000	500,000	2,900,000	2,900,000					
ST 0083 102	100th Avenue NE Roadway Improvements				5,000,000	5,485,000			10,485,000	833,000		1,375,000	80,000	263,000	7,934,000
ST 0089+	Juanita Drive Auto Improvements						3,300,000	3,300,000	6,600,000	1,076,000		150,000		79,000	5,295,000
ST 9999	Regional Inter-Agency Coordination	164,000	82,000	82,000	82,000	82,000	82,000	82,000	492,000	492,000					
NM 0006 100	Street Levy-Safe School Walk Routes	150,000					150,000	150,000	300,000		300,000				
NM 0006 200	Street Levy-Pedestrian Safety		150,000	150,000	150,000	150,000	150,000	150,000	900,000		900,000				
NM 0006 201	Neighborhood Safety Program Improvements	400,000	200,000	200,000	200,000	200,000			800,000				800,000		
NM 0007	Cross Kirkland Corridor Connection-NE 52nd Street Sidewalk	682,000	454,900						454,900					40,000	414,900
NM 0012 001	NE 116th Street Crosswalk Upgrade		200,000	230,000					430,000	394,000			36,000		
NM 0012 003	132nd Avenue NE Crosswalk Upgrade			250,000					250,000	250,000					
NM 0012 004	Central Way Crosswalk Upgrade				50,000	50,000			100,000	100,000					
NM 0057	Annual Sidewalk Maintenance Program				200,000	200,000	200,000	200,000	800,000	740,000				60,000	
NM 0086 100	NE 124th St/124th Ave NE Ped Bridge Design & Construction	750,000	4,810,000	6,250,000	1,050,000				12,110,000	1,164,800		3,950,000		615,300	6,379,900
NM 0087	Citywide School Walk Route Enhancements	1,000,000	864,200	869,000	450,000	400,000	300,000	300,000	3,183,200	363,000	300,000	300,000	198,200	1,022,000	1,000,000
NM 0087 001	North Kirkland/JFK School Walk Route Enhancements			500,000	500,000				1,000,000	14,600	300,000		100,000		585,400
NM 0089	Lake Front Pedestrian and Bicycle Improvements	1,000,000	11,000						11,000						11,000
NM 0090	Juanita Drive 'Quick Wins'	686,600	726,000						726,000						726,000
NM 0090 001	Juanita Drive Multi-Modal (On-Street) Improvements					525,000			525,000	100,000		225,000		200,000	
NM 0092	Active Transportation Plan Update		75,000						75,000	75,000					
NM 0095	124th Avenue NE Sidewalk Improvements	420,000	830,000	750,000					1,580,000	155,000		225,080	178,000	521,920	500,000
NM 0098	Kirkland Ave Sidewalk Improvements				300,000	200,000			500,000	489,000				11,000	
NM 0109	Citywide Trail Connections (Non-CKC)					275,000			275,000			275,000			
NM 0109 001	Finn Hill Connections			250,000					250,000			125,000	125,000		
NM 0109 002	Lake Front Promenade Design Study					75,000			75,000	75,000					
NM 0110 001	Citywide Accessibility Improvements			100,000	100,000	100,000	100,000	100,000	500,000	300,000			100,000	100,000	
NM 0113	Citywide Greenways Networks					250,000	250,000	250,000	750,000	15,000		375,000		360,000	
NM 0113 001	Citywide Greenways Network Project-NE 75th Street	250,000	250,000						250,000	50,000		200,000			
NM 0113 002	Citywide Greenways Network Project-128th Avenue NE			400,000	400,000				800,000	182,000			70,000	98,000	450,000
NM 0115	CKC Emergent Projects Opportunity Fund		100,000	100,000					200,000	200,000					
NM 0118	NE 128th Street / 139th Avenue NE Non-Motorized Imps		800,000						800,000	263,200			32,800		504,000
NM 0119	Downtown Pedestrian Access Study		50,000						50,000	50,000					
NM 0120	108th Ave NE Sidewalk Impr. at Edith Moulton Park		600,000						600,000	-				600,000	
NM 7777	Annual Non-Motorized CAO/SWDM Surface Water Support		1,600,000						1,600,000					1,600,000	
PT 0001 000	Citywide Transit Study		300,000						300,000	150,000		150,000			
TR 0079 001#	NE 85th St/114th Ave Intersection Improvements Phase II		1,800,000						1,800,000						1,800,000
TR 0082#	Central Way/Park Place Center Traffic Signal		200,000						200,000						200,000
TR 0091 101	NE 124th St/124th Ave NE Intersection Improvements Design		398,500						398,500			53,900			344,600
TR 0092 +	NE 116th St / 124th Ave NE Dual Left Turn Lanes	150,000	976,500	248,500					1,225,000			435,000			790,000
TR 0098+	NE 132nd St/ 116th Way NE (I-405) Intersect'n Imp		238,000	62,000					300,000			100,000		200,000	
TR 0100 100#	6th Street & Central Way Intersection Improvements Phase 2		1,866,800						1,866,800						1,866,800
TR 0103#	Central Way/4th Street Intersection Improvements		31,000						31,000						31,000
TR 0104#	6th Street/4th Ave Intersection Improvements		580,000						580,000						580,000
TR 0105#	Central Way/5th Street Intersection Improvements		564,000						564,000						564,000
TR 0116	Annual Signal Maintenance Program		150,000	150,000	200,000	200,000	200,000	200,000	1,100,000	374,000				726,000	
TR 0117	Citywide Traffic Management Safety Improvements		100,000	100,000	100,000	100,000	100,000	100,000	600,000					600,000	
TR 0117 002	Vision Zero Safety Improvement		50,000	50,000	50,000	50,000	50,000	50,000	300,000	50,000				250,000	
TR 0117 003	Neighborhood Traffic Control			50,000		50,000		50,000	150,000	34,000				116,000	
TR 0118	General Parking Lot Improvements	720,000	100,000						100,000					100,000	
TR 0119	Kirkland Citywide Intelligent Transportation System Study		75,000						75,000	35,000				40,000	
TR 0120	Kirkland Intelligent Transportation System Phase 3			450,000	400,000	450,000	450,000	450,000	2,200,000	248,400				237,600	1,714,000
TR 0122	Totem Lake Intersection Improvements		3,031,100						3,031,100			2,199,600			831,500
TR 0127	NE 132nd Street Roundabout		320,000						320,000	54,000					266,000
TR 7777	Annual Traffic CAO/SWDM Surface Water Support		500,000						500,000					500,000	
Total Funded Transportation Projects		6,372,600	28,939,400	15,343,500	13,861,000	13,998,000	10,015,000	10,092,000	92,248,900	21,671,000	16,156,000	10,300,080	1,720,000	8,395,820	34,006,000

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  
 " = Moved from funded status to unfunded status  
 # = Projects to be funded with development-related revenues

**TRANSPORTATION PROJECTS****Unfunded Projects in the Capital Facilities Plan Years 7-20**

Project Number	Project Title	Total
ST 0059 102	124th Ave NE Roadway Improvements (North Section) ROW	2,050,800
ST 0059 103	124th Ave NE Roadway Improvements (North Section) Construction	6,753,800
ST 0063	120th Avenue NE Roadway Improvements	4,500,000
ST 0072	NE 120th Street Roadway Improvements (West Section)	15,780,600
ST 0077	NE 132nd St Rdwy Imprv.-Phase I (West Section)	1,348,000
ST 0078	NE 132nd St Rdwy Imprv-Phase II (Mid Section)	316,000
ST 0079	NE 132nd St Rdwy Imprv-Phase III (East Section)	1,119,000
ST 0081	Totem Lake Area Development Opportunity Program	500,000
NM 0012 999	Crosswalk Upgrade Program	4,100,000
NM 0086-003	CKC Roadway Crossings	3,370,100
NM 0090-100	Juanita Drive Bicycle and Pedestrian Improvements	10,650,000
NM 0113 999	Citywide Greenway Network	4,450,000
<b>NM 0117 000</b>	<b>On-Street Bicycle Network Phase I</b>	<b>1,120,000</b>
NM 8888 100~	On-street Bicycle Network	3,280,000
NM 9999 100~	Sidewalk CompletionProgram	6,096,800
PT 0002	Public Transit Speed and Reliability Improvements	500,000
PT 0003	Public Transit Passenger Environment Improvements	500,000
TR 0091 102	NE 124th St/124th Ave NE Intersection Improvements ROW	55,300
TR 0091 103	NE 124th St/124th Ave NE Intersection Improvements Construction	1,144,200
TR 0093	NE 132nd St/Juanita H.S. Access Rd Intersect'n Imp	916,000
TR 0094	NE 132nd St/108th Avenue NE Intersect'n Imp	618,000
TR 0095	NE 132nd St/Fire Stn Access Dr Intersect'n Imp	366,000
TR 0096~	NE 132nd St/124th Ave NE Intersect'n Imp	5,713,000
TR 0097	NE 132nd St/132nd Ave NE Intersect'n Imp	889,000
TR 0125	Kirkland ITS Implementation Phase 4	2,620,000
<b>Capacity Projects Subtotal</b>		<b>78,756,600</b>
ST 0006 ^	Annual Street Preservation Program	22,750,000
ST 0006 003 ^	Street Levy Street Preservation	31,107,000
ST 0080 ^	Annual Striping Program	6,500,000
ST 9999 ^	Regional Inter-Agency Coordination	1,066,000
NM 0006 201 ^	Neighborhood Safety Program Improvements	3,000,000
NM 0057 ^	Annual Sidewalk Maintenance Program	2,600,000
TR 0116 ^	Annual Signal Maintenance Program	2,600,000
TR 0117 ^	Citywide Traffic Management Safety Improvements	1,400,000
TR 0117 002	Vision Zero Safety Improvement	650,000
TR 0117 003	Neighborhood Traffic Control	325,000
<b>Non-Capacity Projects Subtotal</b>		<b>71,998,000</b>
<b>Total Transportation Master Plan Projects Yrs 7-20</b>		<b>150,754,600</b>

**Unfunded Projects in the Capital Facilities Plan Years 7-20 and Transportation Improvement Plan**

NM 0024 201	Cross Kirkland Corridor Opportunity Fund	500,000
NM 0031	Crestwoods Park/CKC Corridor Ped/Bike Facility	2,505,000
NM 0080	Juanita-Kingsgate Pedestrian Bridge at I-405	4,500,000
NM 0081	CKC to Redmond Central Connector	1,500,000
NM 0106	Citywide CKC Connection	360,000
NM 0107	CKC to Downtown Surface Connection	2,000,000
<b>Capital Facilities Projects Not in TMP Subtotal</b>		<b>11,365,000</b>

**Unfunded Transportation Improvement Plan/External Funding Candidates**

Project Number	Project Title	Total
ST 0056	132nd Avenue NE Roadway Improvements	25,170,000
ST 0060	118th Avenue NE Roadway Extension	6,440,000
ST 0061	119th Avenue NE Roadway Extension	5,640,000
ST 0062	NE 130th Street Roadway Improvements	10,000,000
ST 0064	124th Avenue NE Roadway Extension	30,349,000
ST 0073	120th Avenue NE Roadway Extension	16,392,000
ST 0086	Finn Hill Emergency Vehicle Access Connection	900,000
NM 0030	NE 90th Street/I-405 Pedestrian/Bicycle Overpass	3,740,700
NM 0032	93rd Avenue Sidewalk	1,047,900
NM 0043	NE 126th St Nonmotorized Facilities	4,277,200
NM 0046	18th Avenue SW Sidewalk	2,255,000
NM 0050	NE 80th Street Sidewalk	859,700
NM 0054	13th Avenue Sidewalk	446,700
NM 0055	122nd Ave NE Sidewalk	866,700
NM 0058	111th Avenue Non-Motorized/Emergency Access Connection	2,000,000
NM 0062	19th Avenue Sidewalk	814,200
NM 0074	90th Ave NE Sidewalk	353,400
NM 0086	Cross Kirkland Corridor Non-motorized Improvements	65,742,000
TR 0067	Kirkland Way/CKC Bridge Abutment/Intersection Imprv	6,917,000
TR 0114	Slater Avenue NE Traffic Calming - Phase I	247,000
TR 0123	Slater Avenue NE (132nd Avenue NE)/NE 124th Street	2,124,000
TR 0124	116th Avenue NE/NE 124th Street Intersection Improvements	1,081,000
<b>Subtotal Unfunded Transportation Improvement Plan /External Funding Candidates</b>		<b>187,663,500</b>
<b>Grand Total Unfunded Transportation Projects</b>		<b>349,783,100</b>

**Notes***Italics = Modification in timing and/or cost***Bold = New projects**

+ = Moved from unfunded status to funded status

" = Moved from funded status to unfunded status

# = Projects to be funded with development-related revenues

^=Future, unfunded portion of projects funded in years 1-6

~ = Annual Programs with Candidate projects

**Potential Non-Motorized Projects Under Placeholders; Not Included in Totals**

Project Number	Project Title	Total
<b>~NM 8888 100 On-Street Bicycle Network Candidate Projects:</b>		
NM 0001	116th Ave NE (So. Sect.) Non-Motorz'd Facil-Phase II	3,378,000
NM 0036	NE 100th Street Bike lane	1,644,300
<b>NM 9999 100 Sidewalk Completion Program Candidate Projects:</b>		
NM 0026	NE 90th Street Sidewalk (Phase II)	706,200
NM 0037	130th Avenue NE Sidewalk	833,600
NM 0045	NE 95th Street Sidewalk (Highlands)	571,500
NM 0047	116th Avenue NE Sidewalk (South Rose Hill)	840,000
NM 0048	NE 60th Street Sidewalk	500,000
NM 0049	112th Ave NE Sidewalk	527,600
NM 0061	NE 104th Street Sidewalk	1,085,000
NM 0063	Kirkland Way Sidewalk	414,500
NM 0071	NE 132nd Street Sidewalk improvement	363,000
NM 0072	NE 132nd Street Sidewalk at Finn Hill Middle School	840,000
NM 0075	84th Ave NE Sidewalk	4,052,800
NM 0076	NE 140th St Sidewalk - Muir Elem Walk Rt Enhan. Phase 1	1,131,000
NM 0077	NE 140th St Sidewalk - Keller Elem Walk Rt Enhan. - N	1,185,000
NM 0078	NE 140th St Sidewalk - Keller Elem Walk Rt Enhan. - S	747,000
NM 0079	NE 140th St Sidewalk - Muir Elem Walk Rt Enhan. Phase 2	648,000
NM 0088	NE 124th Street Sidewalk	376,000
NM 0097	132nd NE Sidewalk	732,000
NM 0101	7th Avenue Sidewalk	208,000
NM 0102	NE 120th Street Sidewalk	548,000
NM 0103	120th Avenue NE Sidewalk	556,000
NM 0104	NE 122nd Place/NE 123rd Street Sidewalk	1,294,000
NM 0105	120th Avenue NE Sidewalk	812,000

Trust Funds account for resources held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

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## GENERAL GOVERNMENT TRUST FUNDS



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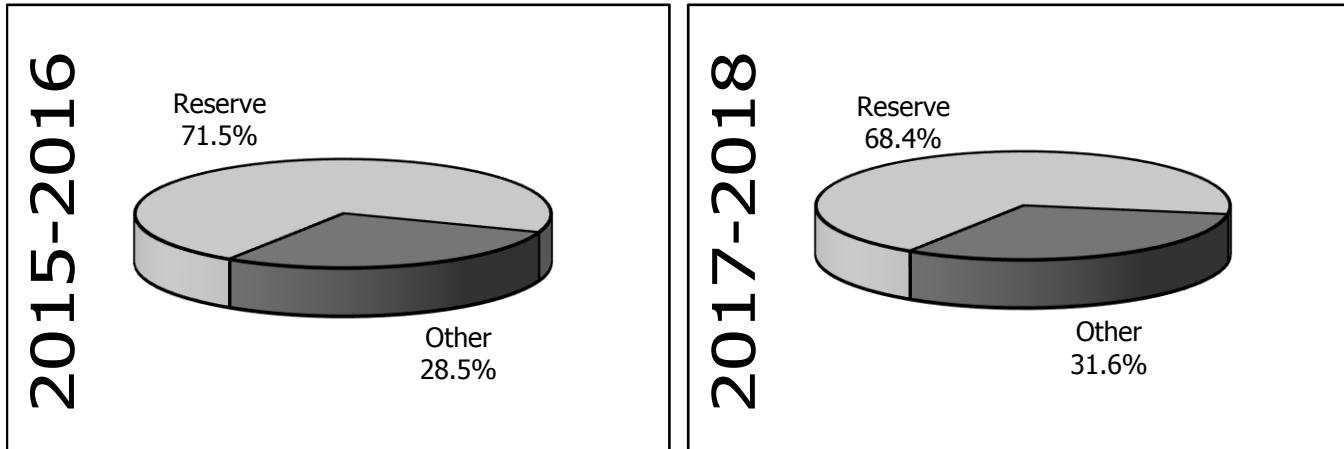
**CITY OF KIRKLAND**

***GENERAL GOVERNMENT TRUST FUNDS***

Trust Funds (fiduciary funds) report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The City has one trust fund:

- The **Firefighter's Pension Fund** provides retirement and disability benefits for firefighters hired prior to March 1, 1970. Revenue includes proceeds of a state-imposed tax on fire insurance premiums and interest.
- Since the pension fund has been actuarially determined to be overfunded, it is also supplementing the cost of medical premiums for firefighter LEOFF 1 retirees.

# CITY OF KIRKLAND GENERAL GOVERNMENT NON-OPERATING TRUST FUNDS



## 2015-2016 BUDGET SUMMARY: BY PURPOSE

Fund	2015-16 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
620 Firefighter's Pension	1,715,335	1,225,835	-	-	489,500
<b>Total Trust Funds</b>	<b>1,715,335</b>	<b>1,225,835</b>	<b>-</b>	<b>-</b>	<b>489,500</b>

## 2017-2018 BUDGET SUMMARY: BY PURPOSE

Fund	2017-18 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
620 Firefighter's Pension	1,427,971	976,955	-	-	451,016
<b>Total Trust Funds</b>	<b>1,427,971</b>	<b>976,955</b>	<b>-</b>	<b>-</b>	<b>451,016</b>

**CITY OF KIRKLAND**  
**CHANGE IN FUND BALANCE (Beginning 2015 to Ending 2018)**  
**GENERAL GOVERNMENT NON-OPERATING**

**TRUST FUND**

	<b>Firefighter's Pension</b>
<b>2015 Actual Beginning Fund Balance</b>	<b>1,492,450</b>
<i>Reserved</i>	<i>1,492,450</i>
<i>Unreserved Working Capital</i>	<i>-</i>
Plus: 2015-16 Estimated Revenues	209,557
Less: 2015-16 Estimated Expenditures	491,819
<b>2016 Estimated Ending/2017 Budgeted Beginning Fund Balance</b>	<b>1,210,188</b>
Plus: 2017-18 Budgeted Revenues	217,783
Less: 2017-18 Budgeted Expenditures	451,016
<b>2018 Budgeted Ending Fund Balance</b>	<b>976,955</b>
<i>Reserved</i>	<i>976,955</i>
<i>Unreserved Working Capital</i>	<i>-</i>
<b>Change in Fund Balance: Beginning 2015 to Ending 2018</b>	<b>(515,495)</b>

**Note:**

The decrease in fund balance reflects the payment of Fire LEOFF 1 retiree medical costs in the General Fund, per recommendations from the 2016 Actuarial Valuation Report.

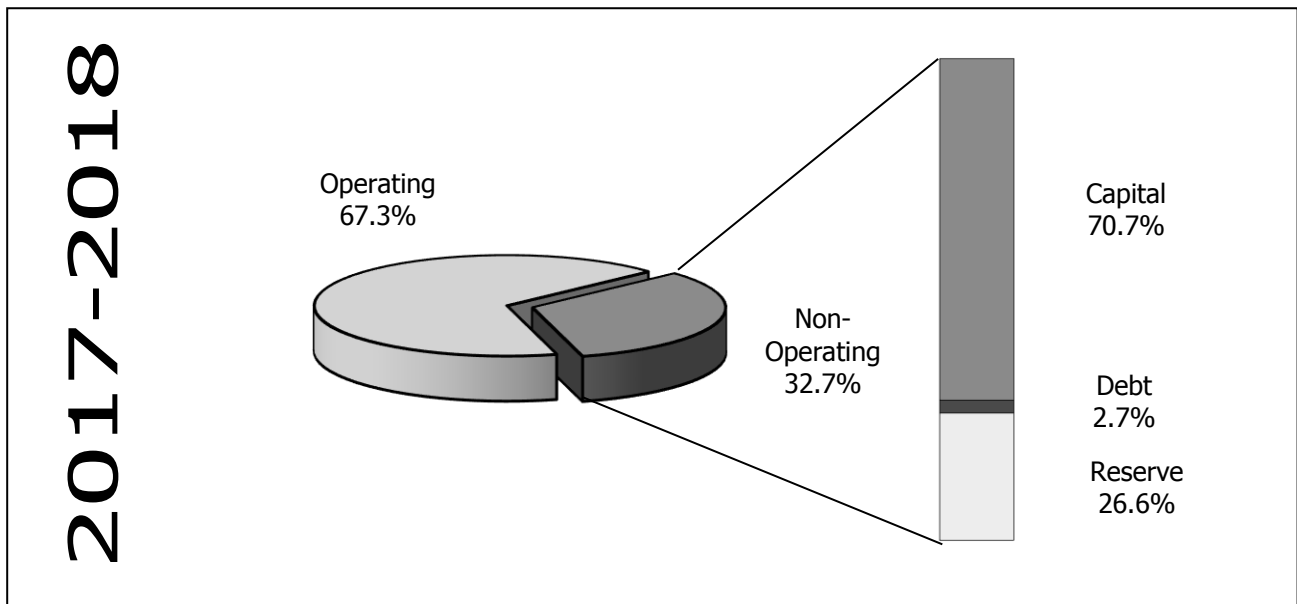


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# CITY OF KIRKLAND

## WATER/SEWER UTILITY

### 2017-2018 BUDGET OVERVIEW: BY FUND TYPE/FUND



The Water/Sewer Utility operating budget accounts for the purchase of water from the Cascade Water Alliance and sewage treatment services from METRO/King County as well as all maintenance and administrative costs. The non-operating budget accounts for principal and interest payments on utility debt, capital projects, and reserves.

### Analysis of Change

Fund	2015-16 Budget	2017-18 Budget	Percent Change
<b><i>Operating Fund</i></b>			
411 Water/Sewer Operating	60,816,693	67,459,821	10.92%
<b>Total Operating Fund</b>	<b>60,816,693</b>	<b>67,459,821</b>	<b>10.92%</b>
<b><i>Non-Operating Funds</i></b>			
412 Water/Sewer Debt Service	903,200	956,438	5.89%
413 Utility Capital Projects	33,690,972	31,814,745	-5.57%
<b>Total Non-Operating Funds</b>	<b>34,594,172</b>	<b>32,771,183</b>	<b>-5.27%</b>
<b>Total Water/Sewer Utility Funds</b>	<b>95,410,865</b>	<b>100,231,004</b>	<b>5.05%</b>

**CITY OF KIRKLAND**  
**CHANGE IN FUND BALANCE (Beginning 2015 to Ending 2018)**  
**WATER/SEWER UTILITY FUNDS**

	Water/Sewer Operating <sup>1</sup>	Non-Operating		Total
		Water/Sewer Debt Service <sup>2</sup>	Utility Capital Projects <sup>3</sup>	
<b>2015 Actual Beginning Fund Balance</b>	<b>7,459,135</b>	<b>488,200</b>	<b>20,166,637</b>	<b>28,113,972</b>
<i>Reserved</i>	<i>2,659,932</i>	<i>488,200</i>	<i>14,151,133</i>	<i>17,299,265</i>
<i>Unreserved Working Capital</i>	<i>4,799,203</i>	<i>-</i>	<i>6,015,504</i>	<i>10,814,707</i>
Plus: 2015-16 Estimated Revenues	55,220,663	136,472	14,477,513	<b>69,834,648</b>
Less: 2015-16 Estimated Expenditures	52,647,694	571,187	13,650,373	<b>66,869,254</b>
<b>2016 Estimated Ending/2017 Budgeted Beginning Fund Balance</b>	<b>10,032,104</b>	<b>53,485</b>	<b>20,993,777</b>	<b>31,079,366</b>
Plus: 2017-18 Budgeted Revenues	57,427,717	902,953	10,820,968	<b>69,151,638</b>
Less: 2017-18 Budgeted Expenditures	56,972,692	894,416	23,144,447	<b>81,011,555</b>
<b>2018 Budgeted Ending Fund Balance</b>	<b>10,487,129</b>	<b>62,022</b>	<b>8,670,298</b>	<b>19,219,449</b>
<i>Reserved</i>	<i>2,761,433</i>	<i>62,022</i>	<i>8,670,298</i>	<i>11,493,753</i>
<i>Unreserved Working Capital</i>	<i>7,725,696</i>	<i>-</i>	<i>-</i>	<i>7,725,696</i>
<b>Change in Fund Balance: Beginning 2015 to Ending 2018</b>	<b>3,027,994</b>	<b>(426,178)</b>	<b>(11,496,339)</b>	<b>(8,894,523)</b>

**Notes:**

<sup>1</sup>The increase in the Operating Fund is due to expenditure savings in 2015-2016 as well as reductions in the debt service transfer.

<sup>2</sup>Requirement for debt service reserve has declined due to the size and nature of utility debt, which is reflected in the decrease in balance in the Debt Service Fund.

<sup>3</sup>The reduction in fund balance of the Utility Capital Projects Fund is due to the completion of capital projects that were funded but not constructed in prior years and an interfund loan for \$4.7 million issued for a purchase of property that will be paid in a subsequent budget period. The water/sewer construction reserve within the Utility Capital Projects Fund accumulates resources for future projects.

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OPERATING

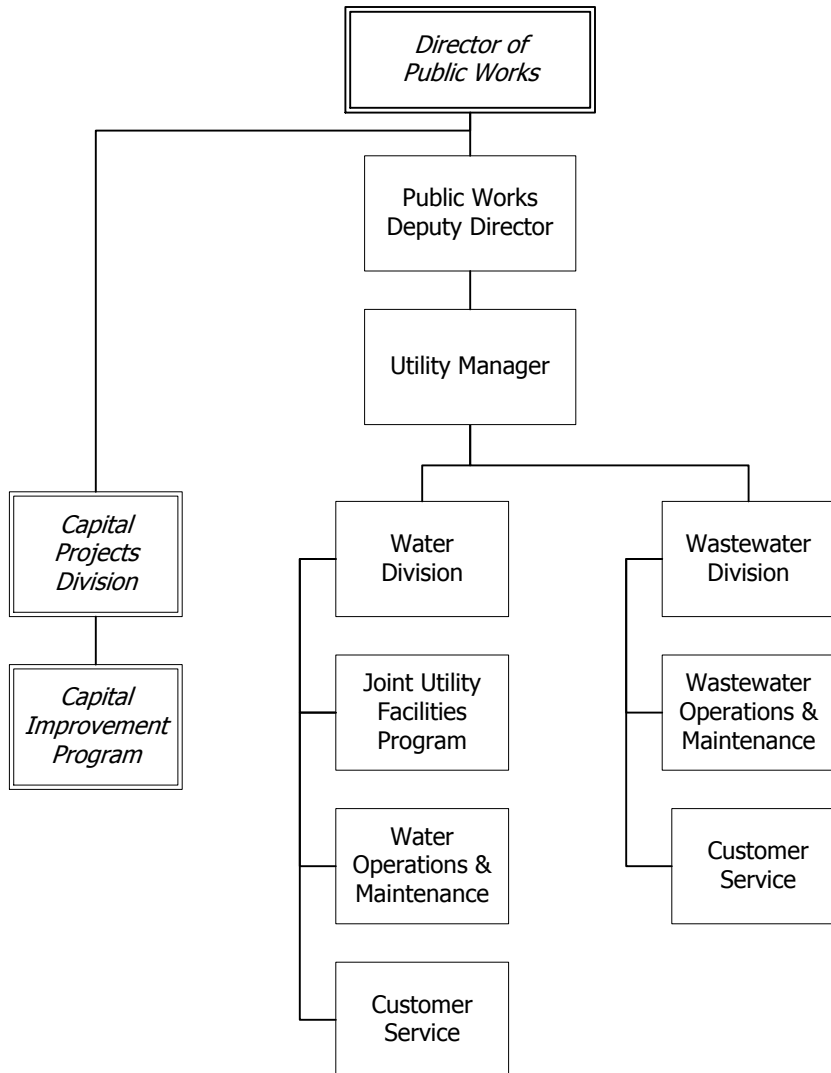


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# CITY OF KIRKLAND

## Public Works Department

### Water/Sewer Fund



*Boxes with a double outline and italic text indicate positions which report to this department but which are budgeted in a separate operating fund.*



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## DEPARTMENT OVERVIEW

# ***WATER/SEWER OPERATING FUND***

## MISSION

The **Water/Sewer Operating Fund** is established to account for the resources necessary for the maintenance, operation, and minor construction of water and sewer system appurtenances, including water and sewer services, mains, pump systems, and other related infrastructure.

## DEPARTMENT FUNCTIONS

The Water and Sewer Divisions of Public Works oversees 173 miles of water mains, 38 pressure-reducing stations (PRVs), three water supply/pump stations, two water reservoirs, 1,899 fire hydrants, and 12,574 service connections. The Wastewater Division operates, maintains, and repairs 116 miles of sewer mains, 3,600 manholes, six sewer lift stations, and 10,598 side sewer connections.

The Water/Sewer utility provides for the repair and replacement of City infrastructure such as water service connections and meters, manhole replacement and rehabilitation, water valve, fire hydrant, and pressure reducing valve replacements that are not included in the Capital Improvement Program.

Major projects that allow the City to meet its water and waste water goals and objectives are administered within the Capital Improvement Program by the Capital Projects Division. Customer billing is administered by the Finance and Administration Department.

## BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

### Environment

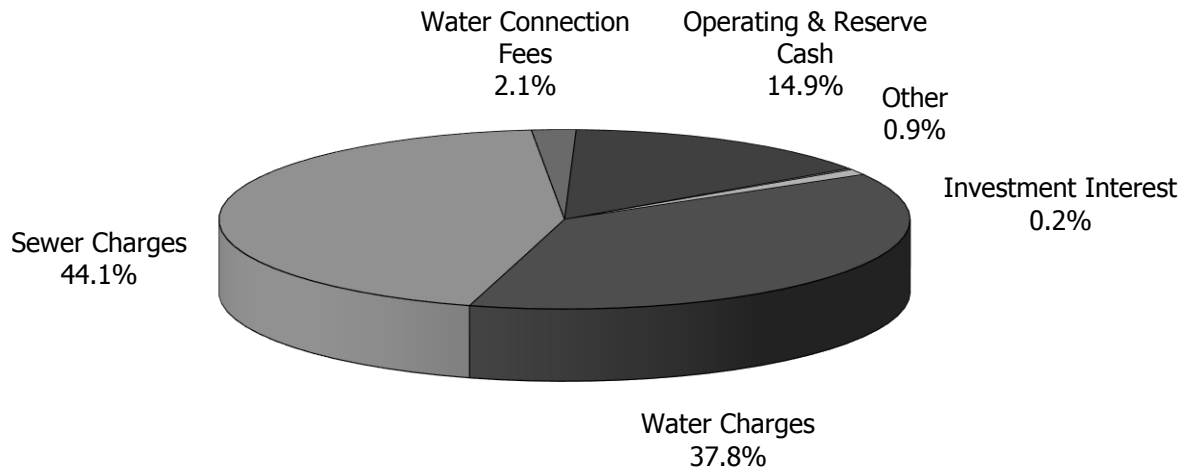
- Establish adequate rates to support the needs of the Sewer utility, resulting in rate increases for:
  - Single family residential of 4.8% in 2017 and 1.3% in 2018
  - Multifamily and commercial 2.7% in 2017 and 1.4% in 2018

### Dependable Infrastructure

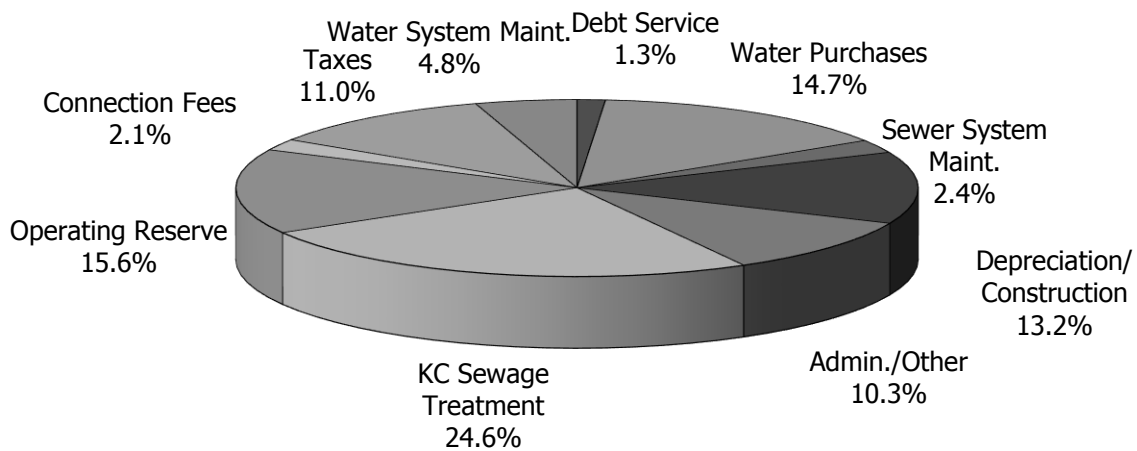
- Establish adequate rates to support the needs of the Water Utility resulting in a 1.7% annual increase in 2017 and 2018 for single family and irrigation customers and no increase in multifamily and commercial rates
- Provide Commercial Driver's License (CDL) Training from a 3<sup>rd</sup> party training institute, \$20,000 ongoing (offsetting expenditure savings of \$20,000; additional funding of \$10,000 from the Street Operating Fund and \$10,000 from the Surface Water Management Fund)

## 2017-2018 BUDGET WATER/SEWER OPERATING FUND

### Sources of Funds



### Uses of Funds



**2017-2018 FINANCIAL OVERVIEW**
***WATER/SEWER OPERATING FUND***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	2,478,105	2,537,419	2,779,242	3,013,308	8.42%
Benefits	1,310,035	1,373,813	1,588,235	1,674,548	5.43%
Supplies	9,011,275	9,970,502	10,059,196	10,513,279	4.51%
Other Services	6,074,893	6,670,081	7,062,853	6,549,415	-7.27%
Government Services	30,359,233	31,976,562	32,292,614	35,014,240	8.43%
Capital Outlay	36,832	119,317	396,513	102,902	-74.05%
Reserves*	5,224,042	6,638,040	6,638,040	10,592,129	59.57%
<b>TOTAL</b>	54,494,415	59,285,734	60,816,693	67,459,821	10.92%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Utility Operations/Maint.	29,097,204	30,898,398	31,510,018	32,882,173	4.35%
Administration	19,193,279	20,509,300	21,078,723	25,422,927	20.61%
Capital Construction	5,943,380	7,606,933	7,809,560	8,769,035	12.29%
Utility Joint Facilities	260,552	271,103	418,392	385,686	-7.82%
<b>TOTAL</b>	54,494,415	59,285,734	60,816,693	67,459,821	10.92%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Utility Operations/Maint.	15.30	1.35	16.65	0.00	16.65
Administration	4.46	0.40	4.86	0.00	4.86
<b>TOTAL</b>	19.76	1.75	21.51	0.00	21.51

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

## 2017-2018 POSITION SUMMARY

***WATER/SEWER OPERATING FUND*****POSITION SUMMARY BY CLASSIFICATION**

<u>Classification</u>	<u>2015-2016 Budget</u>	<u>Service Packages</u>	<u>2017-2018 Positions</u>	<u>Budgeted 2017 Salary Range</u>
Deputy Director	0.25		0.25	8,981 - 11,589
Utility Manager	0.40		0.40	7,202 - 9,293
Planning & Operations Manager	0.45		0.45	7,141 - 9,214
Utility Operations Supervisor	1.00		1.00	7,087 - 9,145
Management Analyst	0.50		0.50	5,928 - 6,974
Leadperson	1.25		1.25	5,439 - 6,563
Senior Craftsperson	1.00		1.00	4,563 - 5,894
Yard Maint. & Inventory Control	0.45		0.45	4,563 - 5,894
Senior Maintenance Person	3.50		3.50	4,563 - 5,894
Engineering Technician	0.40		0.40	4,982 - 5,861
Senior Accounting Associate	0.70		0.70	4,899 - 5,764
Utility Craftsperson	1.75		1.75	4,253 - 5,437
Permit Technician	0.00		0.00	4,585 - 5,394
Grounds Technician	0.10		0.10	3,592 - 4,940
Utilityperson	8.60		8.60	3,592 - 4,940
Public Works Office Specialist	1.16		1.16	3,935 - 4,629
<b>TOTAL</b>	<b>21.51</b>	<b>0.00</b>	<b>21.51</b>	

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014 Actual</b>	<b>2015 - 2016 Estimate</b>	<b>2015 - 2016 Budget</b>	<b>2017 - 2018 Budget</b>	<b>Percent Change</b>
<b>Fund:</b>	<b>WaterSewer Utility Operating (411)</b>					
<b>Intergovernmental Revenue</b>						
Other King County Grants	3370801	0	0	60,000	0	-100.00%
<b>Total for Intergovernmental Revenue:</b>		0	0	60,000	0	-100.00%
<b>Charges for Goods and Services</b>						
General Govt Services	3419601	108,248	186,907	130,000	130,000	0.00%
Residential Water Sales	3434001	10,024,776	11,200,299	10,813,660	11,715,845	8.34%
Multi-Family Water Service	3434003	5,184,571	5,522,091	5,300,009	5,509,409	3.95%
Commercial Water Sales	3434004	4,473,332	4,841,946	4,578,426	4,808,507	5.03%
Water Service Penalties	3434005	126,271	127,524	120,000	120,000	0.00%
Eff Utility Tax Revenue Wtr	3434008	2,620,963	2,876,006	2,768,602	2,948,116	6.48%
Residential Sewer Srvc-City	3435001	13,497,472	14,414,120	14,455,549	15,993,752	10.64%
Multi-Family Sewer Svc-City	3435003	5,233,131	5,723,202	5,635,214	5,857,977	3.95%
Commercial Sewer Srvc-City	3435005	4,261,373	4,620,434	4,410,167	4,837,017	9.68%
Sewer Service Penalties	3435007	156,593	158,248	150,000	150,000	0.00%
Eff Utility Tax Revenue Swr	3435008	2,406,787	2,595,711	2,536,569	2,802,319	10.48%
Misc Utility Revenue	3438901	106,491	99,010	100,000	100,000	0.00%
Water OffOn Charge	3439001	167,471	155,933	160,000	160,000	0.00%
Estimated Final Bill Fee	3439003	49,533	47,772	40,000	40,000	0.00%
Interfund Personnel Services	3491601	4,181	0	0	0	0.00%
Interfund-Other Gen Govnmt	3491901	29,932	9,926	36,000	10,000	-72.22%
<b>Total for Charges for Goods and Services:</b>		48,451,125	52,579,129	51,234,196	55,182,942	7.71%
<b>Miscellaneous Revenues</b>						
Investment Interest	3611101	63,374	129,871	76,377	156,096	104.38%
Facilities Leases LT-Other	3625002	94,042	114,719	116,000	74,000	-36.21%
Hydrant Rental-Interfund	3662001	455,679	519,985	519,985	566,679	8.98%
Sale of Surplus	3691001	27,523	10,202	30,000	27,000	-10.00%
Other Judgements Settlements	3694001	13,769	12,697	20,000	20,000	0.00%
Other Misc Revenue	3699001	52	1,837	1,000	1,000	0.00%
<b>Total for Miscellaneous Revenues:</b>		654,439	789,311	763,362	844,775	10.67%
<b>Proprietary Other Income</b>						
Insur Recovery Prop IntSvc	3720001	7,905	5,393	0	0	0.00%
Regional Water Connection Chg	3791003	1,576,200	1,846,830	1,300,000	1,400,000	7.69%
<b>Total for Proprietary Other Income:</b>		1,584,105	1,852,223	1,300,000	1,400,000	7.69%
<b>Other Financing Sources</b>						
Oper Transfer In-Intra Utility	3971002	100,000	0	0	0	0.00%
Resources Forward	3999901	0	7,459,135	7,459,135	10,032,104	34.49%
<b>Total for Other Financing Sources:</b>		100,000	7,459,135	7,459,135	10,032,104	34.49%

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

	<b>2013 - 2014 Actual</b>	<b>2015 - 2016 Estimate</b>	<b>2015 - 2016 Budget</b>	<b>2017 - 2018 Budget</b>	<b>Percent Change</b>
<b>Total for WaterSewer Utility Operating:</b>	50,789,669	62,679,798	60,816,693	67,459,821	10.92%

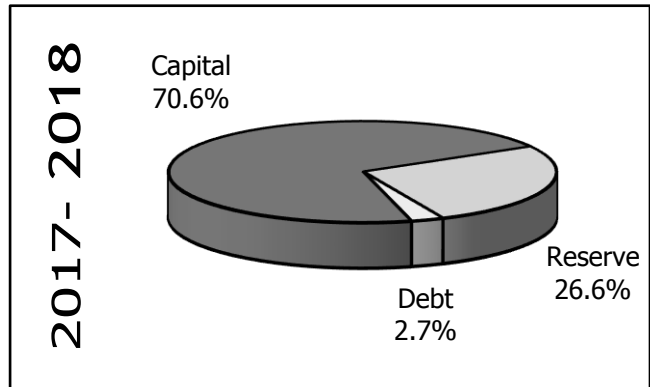
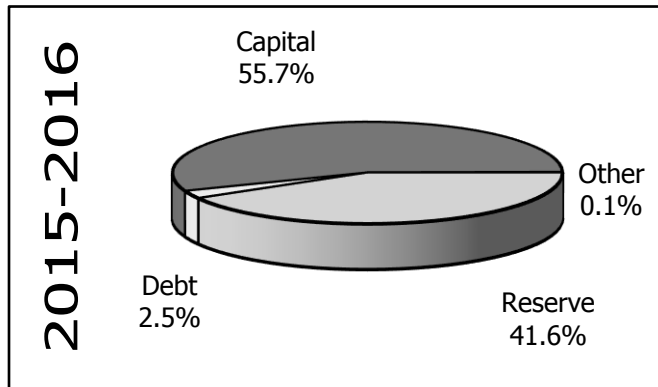
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**NON-OPERATING**



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# CITY OF KIRKLAND WATER/SEWER UTILITY



## 2015-2016 BUDGET SUMMARY: BY PURPOSE

Fund	2015-16 Budget	Purpose			
		Reserve	Debt	Capital	Other
412 Debt Service	903,200	35,390	867,810	-	-
413 Utility Capital Projects	33,690,972	14,359,205	-	19,284,767	47,000
<b>Total Non-Operating Funds</b>	<b>34,594,172</b>	<b>14,394,595</b>	<b>867,810</b>	<b>19,284,767</b>	<b>47,000</b>

## 2017-2018 BUDGET SUMMARY: BY PURPOSE

Fund	2017-18 Budget	Purpose			
		Reserve	Debt	Capital	Other
412 Debt Service	956,438	62,022	894,416	-	-
413 Utility Capital Projects	31,814,745	8,670,298	-	23,144,447	-
<b>Total Non-Operating Funds</b>	<b>32,771,183</b>	<b>8,732,320</b>	<b>894,416</b>	<b>23,144,447</b>	<b>-</b>

**CITY OF KIRKLAND**

***WATER/SEWER UTILITY DEBT SERVICE FUND***

There are two types of debt generally issued by the City for utility purposes:

- **Revenue Bonds** represent debt that is repaid from a designated revenue source such as fees. The City uses revenue bonds to pay for improvements related to the water and sewer utility. The annual debt service requirements of revenue bond issues are incorporated into the water and sewer rates which are paid bi-monthly by utility customers.
- **Local Improvement District (LID) Bonds** represent debt that is repaid by the property owners who benefited from the capital improvement through annual assessments paid to the City. LIDs are formed by the City Council after a majority of property owners agree to the assessment. Currently the City has no LID Bonds outstanding.

In addition to bonds, the City can take advantage of low interest loans from the state's **Public Works Trust Fund**. Loans for approved projects are granted with interest rates ranging from one-half to three percent depending on the amount of the City's matching funds. Loans are awarded through a competitive process. At this time, the City has one outstanding one percent loan and three one-half percent loans, which were issued for water/sewer capital improvement purposes. Debt service is repaid through utility rates.

The City's debt management policies provide guidelines for the appropriate use of debt. The complete policies are contained at the end of this document in the appendix. Some key debt management policies include:

- *City Council approval is required prior to issuance of utility debt.*
- *Revenue bonds shall be issued only when operating revenues are insufficient for the enterprise's capital financing needs.*
- *The City will conduct a thorough analytical review before issuing debt and maintain a good credit rating at all times.*
- *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 use refunding bonds (refinancing) to restructure current outstanding debt when sufficient savings can be realized from lower interest rates.*

When the City issues debt, a thorough review of the City's financial condition is completed by bond rating agencies. Based on their findings, the bonds are given a rating. The City's bond rating is a reflection of its creditworthiness and affects the cost to the City of issuing debt. There are two rating agencies -- Standard and Poor's (S&P) and Moody's Investor Service -- that rate Kirkland's bonds. Standard and Poor's upgraded Kirkland's rating as of November 17, 2008 to AAA from AA- due to the utility's strong performance and the rating agency's revised criteria. As of April 2010, Moody's upgraded the utility's LTGO and UTGO rating from A1 to Aa2.

Once bonds are rated, the City enters the bond market to secure the necessary funding. The proceeds (cash) received from selling the bonds are placed in the Utility Capital Projects Fund to account for the cost of constructing the capital improvement. The Water/Sewer Utility Debt Service Fund was created to track the principal and interest payments for all utility-related debt and required reserves. Each year a sufficient amount of revenue is budgeted and placed in the fund to pay the annual principal and interest due.

**CITY OF KIRKLAND  
WATER/SEWER UTILITY  
DEBT SERVICE FUND  
2017-2018 PAYMENT AND RESERVE SUMMARY**

**2015-2016 Budget**

Fund	Payment		Reserve	Total
	Principal	Interest		
412 Water/Sewer Debt Service	815,246	52,564	35,390	903,200
<b>Total Debt Service Fund</b>	<b>815,246</b>	<b>52,564</b>	<b>35,390</b>	<b>903,200</b>

**2017-2018 Budget**

Fund	Payment		Reserve	Total
	Principal	Interest		
412 Water/Sewer Debt Service	846,075	48,341	62,022	956,438
<b>Total Debt Service Fund</b>	<b>846,075</b>	<b>48,341</b>	<b>62,022</b>	<b>956,438</b>

**City of Kirkland****2000 Public Works Trust Fund Loan****Purpose: Juanita Lift Station Replacement Project-Design**

Amount of Loan	\$227,500	Initial Loan Draw	7/01/2000
Resolution	4236	Net Interest Rate	1.000%
		Org:	4120008941

**DEBT SERVICE SCHEDULE**

Year	Interest Amount	Interest Rate	Payment Date	Principal Amount	Total Payment	Principal Balance
2000	-	-	-	-	-	170,625
2001	1,616	1.00%	7/1/2001	8,980	10,596	161,645
2002	1,616	1.00%	7/1/2002	8,980	10,597	152,664
2003	1,527	1.00%	7/1/2003	8,980	10,507	200,560 *
2004	1,979	1.00%	7/1/2004	12,535	14,514	188,025
2005	1,880	1.00%	7/1/2005	12,535	14,415	175,490
2006	1,755	1.00%	7/1/2006	12,535	14,290	162,955
2007	1,629	1.00%	7/1/2007	12,535	14,164	150,420
2008	1,504	1.00%	7/1/2008	12,535	14,039	137,885
2009	1,379	1.00%	7/1/2009	12,535	13,914	125,350
2010	1,254	1.00%	7/1/2010	12,535	13,789	112,815
2011	1,128	1.00%	7/1/2011	12,535	13,663	100,280
2012	1,003	1.00%	7/1/2012	12,535	13,538	87,745
2013	877	1.00%	7/1/2013	12,535	13,412	75,210
2014	752	1.00%	7/1/2014	12,535	13,287	62,675
2015	627	1.00%	6/1/2015	12,535	13,162	50,140
2016	501	1.00%	6/1/2016	12,535	13,036	37,605
2017	376	1.00%	6/1/2017	12,535	12,911	25,070
2018	251	1.00%	6/1/2018	12,535	12,786	12,535
2019	125	1.00%	6/1/2019	12,535	12,660	-
Totals	21,780			227,500	249,280	

\*Additional principal \$56,875 received 3/15/03.

**City of Kirkland****2001 Public Works Trust Fund Loan****Purpose: Juanita Lift Station Replacement Project-Construction**

Amount of Loan	\$1,848,000	Initial Loan Draw	9/15/03
Resolution	4236	Net Interest Rate	0.500%
		Org:	4120008941

**DEBT SERVICE SCHEDULE**

Year	Interest Amount	Interest Rate	Payment Date	Principal Amount	Total Payment	Principal Balance
2003	-	-	-	-	-	1,755,600 *
2004	7,949	0.50%	7/1/2004	97,533	105,482	1,750,467 *
2005	8,588	0.50%	7/1/2005	102,969	111,557	1,647,498
2006	8,237	0.50%	7/1/2006	102,969	111,206	1,544,529
2007	7,723	0.50%	7/1/2007	102,968	110,691	1,441,561
2008	7,208	0.50%	7/1/2008	102,969	110,177	1,338,592
2009	6,693	0.50%	7/1/2009	102,968	109,661	1,235,624
2010	6,178	0.50%	7/1/2010	102,969	109,147	1,132,655
2011	5,663	0.50%	7/1/2011	102,969	108,632	1,029,686
2012	5,148	0.50%	7/1/2012	102,968	108,116	926,718
2013	4,634	0.50%	7/1/2013	102,969	107,603	823,749
2014	4,119	0.50%	7/1/2014	102,969	107,088	720,780
2015	3,604	0.50%	6/1/2015	102,968	106,572	617,812
2016	3,089	0.50%	6/1/2016	102,969	106,058	514,843
2017	2,574	0.50%	6/1/2017	102,968	105,542	411,875
2018	2,059	0.50%	6/1/2018	102,969	105,028	308,906
2019	1,545	0.50%	6/1/2019	102,969	104,514	205,937
2020	1,030	0.50%	6/1/2020	102,968	103,998	102,969
2021	515	0.50%	6/1/2021	102,969	103,484	-
Totals	86,556			1,848,000	1,934,556	

\* Initial draws totalling \$1,755,600 in 2003, balance drawn in 2004.

**City of Kirkland****2004 Public Works Trust Fund Loan****Purpose: Central Way Sewer Replacement**

Amount of Loan \$1,086,300  
Resolution 4451

Initial Loan Draw 9/01/04  
Net Interest Rate 0.500%  
Org: 4120008941

**DEBT SERVICE SCHEDULE**

Year	Interest Amount	Interest Rate	Payment Date	Principal Amount	Total Payment	Principal Balance
2004	-	-	-	-	-	217,260 *
2005	757	0.50%	7/1/2005	-	757	1,031,985 *
2006	3,738	0.50%	7/1/2006	54,315	58,053	977,670
2007	4,888	0.50%	7/1/2007	57,333	62,221	974,653
2008	4,873	0.50%	7/1/2008	57,333	62,206	917,320
2009	4,587	0.50%	7/1/2009	57,333	61,919	859,988
2010	4,300	0.50%	7/1/2010	57,333	61,632	802,655
2011	4,013	0.50%	7/1/2011	57,333	61,346	745,323
2012	3,727	0.50%	7/1/2012	57,333	61,059	687,990
2013	3,440	0.50%	7/1/2013	57,333	60,772	630,658
2014	3,153	0.50%	7/1/2014	57,333	60,486	573,325
2015	2,867	0.50%	6/1/2015	57,333	60,199	515,993
2016	2,580	0.50%	6/1/2016	57,333	59,912	458,660
2017	2,293	0.50%	6/1/2017	57,333	59,626	401,328
2018	2,007	0.50%	6/1/2018	57,333	59,339	343,995
2019	1,720	0.50%	6/1/2019	57,333	59,052	286,663
2020	1,433	0.50%	6/1/2020	57,333	58,766	229,330
2021	1,147	0.50%	6/1/2021	57,333	58,479	171,998
2022	860	0.50%	6/1/2022	57,333	58,192	114,665
2023	573	0.50%	6/1/2023	57,333	57,906	57,333
2024	287	0.50%	6/1/2024	57,333	57,619	-
Totals	53,243			1,086,300	1,139,543	

\* Initial draw \$217,260 in 2004; balance drawn throughout 2005.

**City of Kirkland****2013 Public Works Trust Fund Loan****Purpose: NE 80th Street Sewer/Water Main Replacement**

Amount of Loan \$4,038,000  
Resolution

Initial Loan Draw 6/06/13  
Net Interest Rate 0.500%  
Org: 4120008941

**DEBT SERVICE SCHEDULE**

Year	Interest Amount	Interest Rate	Payment Date	Principal Amount	Total Payment	Principal Balance
2013						26,843 *
2014	125	0.50%	6/1/2014	5,511	5,635	21,333
2014			Draws	150,679		172,011
2015	739	0.50%	6/1/2015	9,556	10,295	162,455
2015			Draws	172,725		335,180
2016	1,425	0.50%	6/1/2016	19,717	21,141	315,464
2016			Draws	3,687,753		4,003,217
2017	20,016	0.50%	6/1/2017	250,201	270,217	3,753,016
2018	18,765	0.50%	6/1/2018	250,201	268,966	3,502,815
2019	17,514	0.50%	6/1/2019	250,201	267,715	3,252,614
2020	16,263	0.50%	6/1/2020	250,201	266,464	3,002,413
2021	15,012	0.50%	6/1/2021	250,201	265,213	2,752,212
2022	13,761	0.50%	6/1/2022	250,201	263,962	2,502,010
2023	12,510	0.50%	6/1/2023	250,201	262,711	2,251,809
2024	11,259	0.50%	6/1/2024	250,201	261,460	2,001,608
2025	10,008	0.50%	6/1/2025	250,201	260,209	1,751,407
2026	8,757	0.50%	6/1/2026	250,201	258,958	1,501,206
2027	7,506	0.50%	6/1/2027	250,201	257,707	1,251,005
2028	6,255	0.50%	6/1/2028	250,201	256,456	1,000,804
2029	5,004	0.50%	6/1/2029	250,201	255,205	750,603
2030	3,753	0.50%	6/1/2030	250,201	253,954	500,402
2031	2,502	0.50%	6/1/2031	250,201	252,703	250,201
2032	1,251	0.50%	6/1/2032	250,201	251,452	-
Totals	172,425			4,038,000	4,210,425	

\* Initial draw in 2013; balance expected to be drawn throughout 2016.



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CITY OF KIRKLAND

## ***WATER/SEWER UTILITY CAPITAL PROJECTS FUND***

Capital Projects Funds are used to fund and track the construction of projects approved in the Capital Improvement Program. The City Council adopts a six-year Capital Improvement Program (CIP) which is a plan for major improvements or purchases needed in the areas of transportation (streets, sidewalks, signals, and intersections), storm drains, water and sewer systems, parks, public safety, and other government facilities and equipment. The Council revises the CIP biennially. The Water/Sewer portion of the CIP includes only those projects associated with the water/sewer utility.

The **Water/Sewer Capital Projects Fund** accounts for water and sewer projects that are ultimately funded by a portion of the water and sewer rates paid by utility customers. Included in the fund are the Water/Sewer CIP Contingency and the Water/Sewer Construction Reserve. The former has a target of ten percent of the funded six-year Utility CIP and provides a cushion in the event of unanticipated changes in project scope or cost. The latter is comprised of connection charges paid by new customers connecting to the City's water and sewer systems, and provides a one-time solution to address short term or time-limited funding needs.

**CITY OF KIRKLAND  
CAPITAL IMPROVEMENT PROGRAM  
2017-2018 BUDGET**

**WATER/SEWER CAPITAL PROJECTS FUND (413)**

<b>Project Category/ Project Title</b>	<b>Project Number</b>	<b>Funding Source</b>
<b>UTILITIES</b>		
<b>Water</b>		
104th Ave NE Watermain Replacement	WA 0102	Water & Sewer Rates
6th Street South Watermain Replacement	WA 0139	Water & Sewer Rates
3rd Street Watermain Improvement	WA 0153	Water & Sewer Rates
4th Street Watermain Replacement Phase 2	WA 0154	Water & Sewer Rates
120th Avenue NE Watermain Improvement	WA 0155	Water & Sewer Rates/Connection Fees
122nd Avenue NE Watermain Improvement	WA 0156	Water & Sewer Rates/Connection Fees
8th Avenue W Watermain Improvement	WA 0157	Water & Sewer Rates
NE 112th Street Watermain Improvement	WA 0158	Water & Sewer Rates
NE 113th Place Watermain Improvement	WA 0159	Water & Sewer Rates/Connection Fees
126th Avenue NE Watermain Improvement	WA 0160	Water & Sewer Rates
Annual Water CAO/SWDM Support	WA 7777	Reserves
<b>Total Water</b>		
<b>Sewer</b>		
6th Street S Sewermain Replacement	SS 0051	Water & Sewer Rates
108th Avenue NE Sewermain Replacement	SS 0052	Water & Sewer Rates/Connection Fees
1st Street Sewermain Replacement	SS 0069	Water & Sewer Rates/Reserves
5th Street Sewermain Replacement	SS 0070	Water & Sewer Rates
Kirkland Avenue Sewermain Replacement	SS 0072	Water & Sewer Rates
Annual Sewer CAO/SWDM Support	SS 7777	Reserves
<b>Total Sewer</b>		
<b>TOTAL WATER/SEWER CAPITAL PROJECTS FUND</b>		

\*\*Total project cost over the 6-year CIP

2017 Budget	2018 Budget	Estimated Total Project Cost**	Additional Annual Maintenance & Operations	
			2017	2018
-	504,800	686,000	-	-
119,000	719,000	838,000	-	-
317,000	-	317,000	-	-
174,000	-	174,000	-	-
437,000	273,000	710,000	-	-
505,600	190,400	696,000	-	-
-	421,800	710,000	-	-
-	365,000	365,000	-	-
-	373,000	373,000	-	-
-	272,700	990,000	-	-
500,000	-	500,000	-	-
<b>2,052,600</b>	<b>3,119,700</b>	<b>6,359,000</b>	<b>-</b>	<b>-</b>
146,100	818,900	965,000	-	-
-	711,400	5,506,000	-	-
3,465,800	-	3,465,800	-	-
864,500	-	864,500	-	-
-	285,000	2,298,400	-	-
700,000	-	700,000	-	-
<b>5,176,400</b>	<b>1,815,300</b>	<b>13,799,700</b>	<b>-</b>	<b>-</b>
<b>7,229,000</b>	<b>4,935,000</b>	<b>20,158,700</b>	<b>-</b>	<b>-</b>

**City of Kirkland**  
**2017-2022 Capital Improvement Program**

**WATER/SEWER UTILITY PROJECTS**

**Funded Projects:**

Project Number	Project Title	Prior Year(s)	2017	2018	2019	2020	2021	2022	2017-2022 Total	Funding Source			
										Current Revenue	Reserve	Debt	External Source
WA 0102	104th Ave NE Watermain Replacement			504,800	181,200				686,000	686,000			
WA 0134	5th Ave S / 8th St S Watermain Replacement				183,800	389,200			573,000	573,000			
WA 0139+	6th Street South Watermain Replacement		119,000	719,000					838,000	838,000			
WA 0153	3rd Street Watermain Improvement	440,000	317,000						317,000	317,000			
WA 0154	4th Street Watermain Replacement Phase 2	290,000	174,000						174,000	174,000			
WA 0155	120th Avenue NE Watermain Improvement			273,000					710,000	710,000			
WA 0156	122nd Avenue NE Watermain Improvement		505,600	190,400					696,000	696,000			
WA 0157	8th Avenue W Watermain Improvement			421,800	288,200				710,000	710,000			
WA 0158	NE 112th Street Watermain Improvement			365,000					365,000	365,000			
WA 0159	NE 113th Place Watermain Improvement			373,000					373,000	373,000			
WA 0160	126th Avenue NE Watermain Improvement			272,700	717,300				990,000	990,000			
<b>WA 7777</b>	<b>Annual Water CAO/SWDM Support</b>		<b>500,000</b>						<b>500,000</b>		<b>500,000</b>		
WA 8888	Annual Watermain Replacement Program						400,200	933,000	1,333,200	1,333,200			
WA 9999	Annual Water Pump Station/System Upgrade Pgm						400,200	934,000	1,334,200	1,334,200			
SS 0051	6th Street S Sewermain Replacement		146,100	818,900					965,000	965,000			
SS 0052	108th Avenue NE Sewermain Replacement			711,400	3,236,100	1,558,500			5,506,000	5,506,000			
SS 0062	NE 108th Street Sewermain Replacement					3,390,300	3,179,200		6,569,500	5,169,500	1,400,000		
SS 0069	1st Street Sewermain Replacement	354,200	3,465,800						3,465,800	2,065,800	1,400,000		
SS 0070	5th Street Sewermain Replacement	419,500	864,500						864,500	864,500			
SS 0072	Kirkland Avenue Sewermain Replacement			285,000	2,013,400				2,298,400	898,400	1,400,000		
SS 0077 001+	West of Market Sewermain Replacement - Phase I					225,000	2,500,000	2,500,000	5,225,000	5,225,000			
<b>SS 7777</b>	<b>Annual Sewer CAO/SWDM Support</b>		<b>700,000</b>						<b>700,000</b>		<b>700,000</b>		
SS 8888	Annual Sanitary Pipeline Replacement Program						400,200	933,000	1,333,200	1,333,200			
SS 9999	Annual Sanitary Pump Station/System Upgrade Pgm						400,200	933,000	1,333,200	1,333,200			
<b>Total Funded Water/Sewer Utility Projects</b>		<b>1,503,700</b>	<b>7,229,000</b>	<b>4,935,000</b>	<b>6,620,000</b>	<b>5,563,000</b>	<b>7,280,000</b>	<b>6,233,000</b>	<b>37,860,000</b>	<b>32,460,000</b>	<b>5,400,000</b>	<b>0</b>	<b>0</b>

**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

" = Moved from funded status to unfunded status

## WATER/SEWER UTILITY PROJECTS

### Unfunded Projects:

Project Number	Project Title	Total
WA 0052	108th Avenue NE Watermain Replacement	1,584,000
WA 0057	116th Avenue NE Watermain Replacement	2,731,000
WA 0067	North Reservoir Pump Replacement	611,000
WA 0096	NE 83rd Street Watermain Replacement	450,000
WA 0098	126th Ave NE/NE 83rd & 84th St/128th Ave NE Watermain Replacement	1,197,000
WA 0103	NE 113th Place/106th Ave NE Watermain Replacement	841,000
WA 0104	111th Ave NE/NE 62nd St-NE 64th St Watermain Replacement	1,493,000
WA 0108	109th Ave NE/NE 58th St Watermain Replacement	504,000
WA 0109	112th Ave NE Watermain Replacement	1,179,000
WA 0111	NE 45th St And 110th/111th Ave NE Watermain Replacement	1,303,000
WA 0113	116th Ave NE/NE 70th-NE 80th St Watermain Replacement	2,222,100
WA 0118	112th -114th Avenue NE/NE 67th-68th Street Watermain Replacement	3,360,100
WA 0119	109th Ave NE/111th Way NE Watermain Replacement	2,304,000
WA 0120	111th Avenue Watermain Replacement	182,000
WA 0122	116th Avenue NE/NE 100th Street Watermain Replacement	1,506,000
WA 0123	NE 91st Street Watermain Replacement	453,000
WA 0124	NE 97th Street Watermain Replacement	685,000
WA 0126	North Reservoir Outlet Meter Addition	72,300
WA 0127	650 Booster Pump Station	1,603,000
WA 0128	106th Ave NE-110th Ave NE/NE 116th St-NE 120th St Watermain Replacement	2,305,000
WA 0129	South Reservoir Recoating	981,000
WA 0130	11th Place Watermain Replacement	339,000
WA 0131	Supply Station #1 Improvements	61,500
WA 0132	7th Avenue/Central Avenue Watermain Replacement	907,000
WA 0133	Kirkland Avenue Watermain Replacement	446,000
WA 0135	NE 75th Street Watermain Replacement	711,000
WA 0136	NE 74th Street Watermain Replacement	193,000
WA 0137	NE 73rd Street Watermain Replacement	660,000
WA 0138	NE 72nd St/130th Ave NE Watermain Replacement	1,476,000
WA 0145	6th Street South Watermain Replacement	585,100
WA 0146	6th Street/Kirkland Way Watermain Replacement	693,000
WA 0147	106th Avenue NE Watermain Replacement	661,500
WA 0149	Lake Washington Blvd Watermain Replacement	655,000
SS 0068	124th Avenue NE Sewermain Replacement	1,315,000
SS 0077 999	<i>West Of Market Sewermain Replacement</i>	<i>16,456,000</i>
SS 0080	20th Avenue Sewermain Replacement"	812,000
SS 0083	111th Avenue NE Sewer Main Rehabilitation	725,000
SS 0084	Reclaimed Water (Purple Pipe) Opportunity Fund	5,000,000
<b>Subtotal Unfunded Water/Sewer Utility Projects</b>		<b>59,262,600</b>
<b>Funding Available from Annual Programs for Candidate Projects</b>		<b>5,333,800</b>
<b>Net Unfunded Water/Sewer Utility Projects</b>		<b>53,928,800</b>

### Notes

*Italics = Modification in timing and/or cost*

**Bold = New projects**

" = Moved from funded status to unfunded status

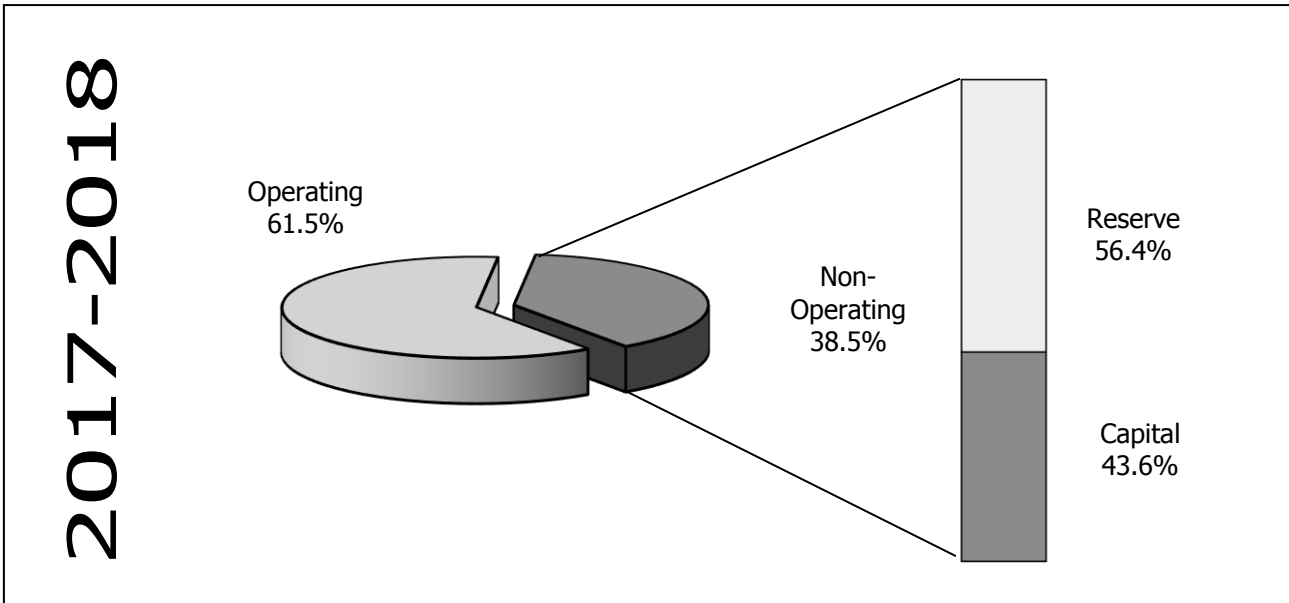


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# CITY OF KIRKLAND

## SURFACE WATER UTILITY

### 2017-2018 BUDGET SUMMARY: BY FUND TYPE/FUND



The Surface Water Utility operating budget accounts for the operation and maintenance of the City's surface water system. The non-operating budget accounts for capital projects and reserves.

### Analysis of Change

Fund	2015-16 Budget	2017-18 Budget	Percent Change
<b><i>Operating Fund</i></b>			
421 Surface Water Management	24,924,338	27,112,512	8.78%
<b>Total Operating Fund</b>	<b>24,924,338</b>	<b>27,112,512</b>	<b>8.78%</b>
<b><i>Non-Operating Fund</i></b>			
423 Surface Water Capital Projects	19,707,526	16,996,373	-13.76%
<b>Total Non-Operating Fund</b>	<b>19,707,526</b>	<b>16,996,373</b>	<b>-13.76%</b>
<b>Total Surface Water Utility Funds</b>	<b>44,631,864</b>	<b>44,108,885</b>	<b>-1.17%</b>

**CITY OF KIRKLAND**  
**CHANGE IN FUND BALANCE (Beginning 2015 to Ending 2018)**  
**SURFACE WATER UTILITY FUNDS**

	<b>Surface Water Management<sup>1</sup></b>	<b>Surface Water Capital Projects<sup>2</sup></b>	<b>Total</b>
<b>2015 Actual Beginning Fund Balance</b>	<b>4,937,187</b>	<b>12,127,638</b>	<b>17,064,825</b>
<i>Reserved</i>	<i>893,306</i>	<i>7,229,255</i>	<i>8,122,561</i>
<i>Unreserved Working Capital</i>	<i>4,043,881</i>	<i>4,898,383</i>	<i>8,942,264</i>
Plus: 2015-16 Estimated Revenues	20,283,763	7,310,289	<b>27,594,052</b>
Less: 2015-16 Estimated Expenditures	19,041,433	7,909,909	<b>26,951,342</b>
<b>2016 Estimated Ending/2017 Budgeted Beginning Fund Balance</b>	<b>6,179,517</b>	<b>11,528,018</b>	<b>17,707,535</b>
Plus: 2017-18 Budgeted Revenues	20,932,995	5,468,355	<b>26,401,350</b>
Less: 2017-18 Budgeted Expenditures	21,847,680	12,130,457	<b>33,978,137</b>
<b>2018 Budgeted Ending Fund Balance</b>	<b>5,264,832</b>	<b>4,865,916</b>	<b>10,130,748</b>
<i>Reserved</i>	<i>983,035</i>	<i>4,865,916</i>	<i>5,848,951</i>
<i>Unreserved Working Capital</i>	<i>4,281,797</i>	<i>-</i>	<i>4,281,797</i>
<b>Change in Fund Balance: Beginning 2015 to Ending 2018</b>	<b>327,645</b>	<b>(7,261,722)</b>	<b>(6,934,077)</b>

**Notes:**

<sup>1</sup>The increase in the Management Fund is due to expenditure savings in 2015-2016.

<sup>2</sup> The reduction in fund balance of the Surface Water Capital Projects Fund is due to the completion of capital projects that were funded but not constructed in prior years. Surface Water Construction Reserve within the Surface Water Projects Fund accumulates resources for future projects.

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OPERATING

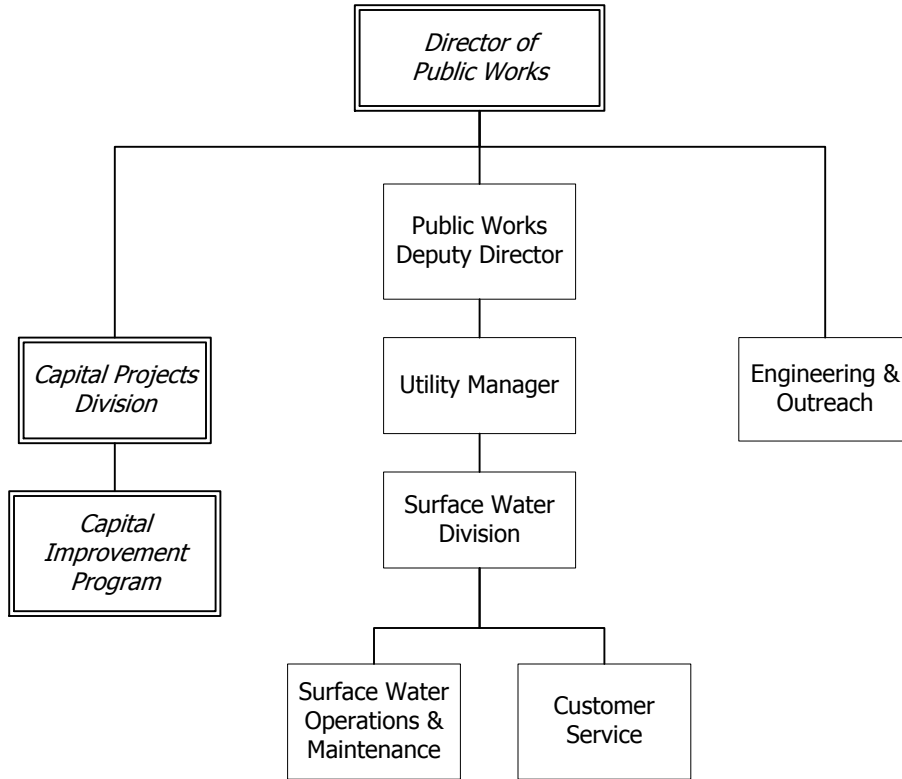


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# CITY OF KIRKLAND

## Public Works Department

### Surface Water Management Fund



*Boxes with a double outline and italic text indicate positions which report to this department but which are budgeted in a separate operating fund.*

**DEPARTMENT OVERVIEW*****SURFACE WATER MANAGEMENT FUND*****MISSION**

The Surface Water Management Fund is established to account for the resources associated with the maintenance, operation, and minor construction components of the City's surface water system; this system includes constructed elements such as pipes and catch basins, and natural resources such as streams and lakes.

**DEPARTMENT FUNCTIONS**

The Surface Water Operations and Maintenance Division of Public Works operates, maintains, and repairs storm drain infrastructure including pipes, manholes, catch basins, ditches, and detention ponds. The storm drain system serves all residential, multifamily, and commercial customers.

The Surface Water Engineering Group in the Development and Environmental Services Division conducts review of development proposals, ensures City compliance with state and federal surface water regulations, monitors the quality of water and aquatic habitat, investigates water quality and drainage complaints, conducts education and outreach programs, inspects private detention systems, and conducts watershed planning.

Capital projects, such as installation or replacement of pipes and manholes or restoration of stream channels, are managed within the Capital Projects Division of Public Works and funded by the Surface Water Utility.

**BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS****Environment**

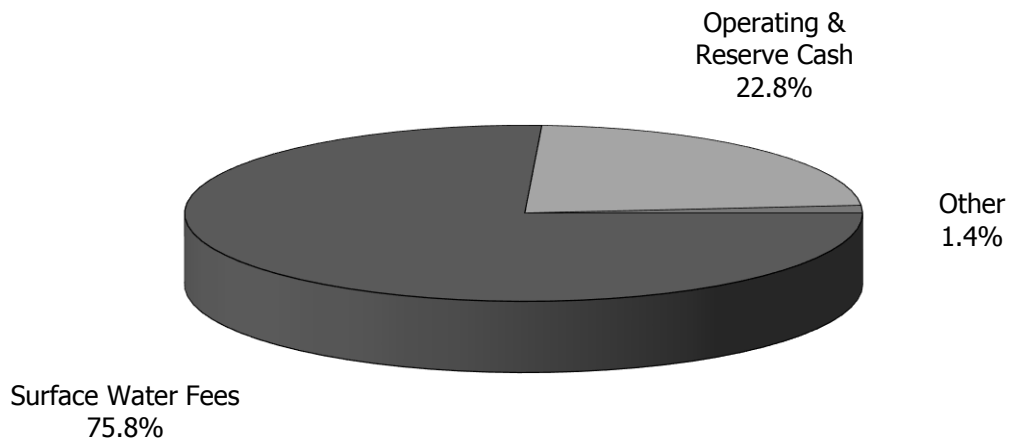
- Fund items related to the Critical Areas Ordinance (CAO) and 2016 Surface Water Design Manual (SWDM):
  - Add 2.0 FTE ongoing maintenance personnel for Natural Areas and Low Impact Development techniques (LID), \$457,068 (\$48,080 one-time and \$408,988 ongoing, offsetting revenue of \$408,988) from the Surface Water utility
  - Fund Consultant services to evaluate surface water design manual decisions, \$142,000 one-time
- Establish adequate rates to support the needs of Surface Water utility, resulting in a 2.0% annual rate increase in 2017 and 2018
- Purchase three replacement street sweepers, one new specialized sweeper, add 0.75 senior maintenance FTE to increase level of service for bike lanes and all City streets, \$673,876 (\$464,325 one-time and \$209,551 ongoing; additional ongoing staffing of 0.25 FTE and funding of \$116,178, \$59,775 one-time and \$56,403 ongoing, from the Street Operating Fund)

**Dependable Infrastructure**

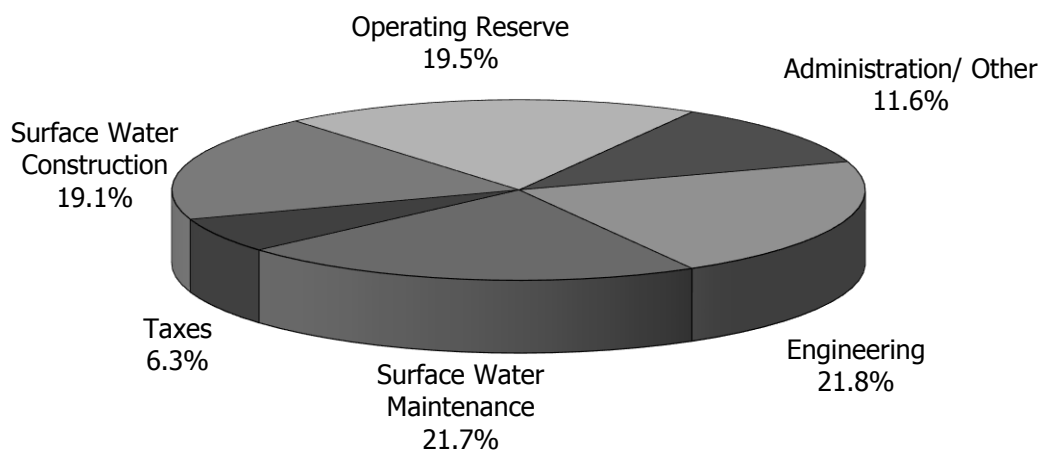
- Provide technical and analytical support for pursuing grant funding for Surface Water and CIP projects, \$30,000 one-time (additional funding of \$60,000 one-time from the General Fund)
- Provide Commercial Driver's License (CDL) Training from a 3<sup>rd</sup> party training institute, \$10,000 ongoing (offsetting expenditure savings of \$10,000; additional funding of \$20,000 from the Street Operating Fund and \$10,000 from the Water/Sewer Operating Fund)

## 2017-2018 BUDGET SURFACE WATER MANAGEMENT FUND

### Sources of Funds



### Uses of Funds



**2017-2018 FINANCIAL OVERVIEW**
***SURFACE WATER MANAGEMENT FUND***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	3,169,737	4,000,276	4,793,868	5,295,397	10.46%
Benefits	1,408,781	1,952,138	2,650,163	2,585,116	-2.45%
Supplies	398,338	489,543	623,802	626,301	0.40%
Other Services	4,301,105	5,120,986	5,320,244	5,430,696	2.08%
Government Services	8,297,433	7,445,553	7,363,849	7,640,435	3.76%
Capital Outlay	77,909	33,017	33,000	89,735	171.92%
Reserves*	3,352,761	4,139,412	4,139,412	5,444,832	31.54%
<b>TOTAL</b>	21,006,064	23,180,925	24,924,338	27,112,512	8.78%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Customer Service	3,071,094	3,675,483	3,828,845	3,573,390	-6.67%
Administration	8,762,498	11,514,124	11,672,779	13,818,149	18.38%
Capital Construction	6,422,454	4,760,118	4,880,926	5,130,889	5.12%
Operations and Maint.	2,750,018	3,231,200	4,541,788	4,590,084	1.06%
<b>TOTAL</b>	21,006,064	23,180,925	24,924,338	27,112,512	8.78%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Customer Service	7.75	1.00	8.75	0.00	8.75
Administration	1.64	1.16	2.80	0.00	2.80
Operations and Maint.	18.30	4.10	22.40	2.75	25.15
<b>TOTAL</b>	27.69	6.26	33.95	2.75	36.70

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

2017-2018 POSITION SUMMARY

***SURFACE WATER MANAGEMENT FUND***

POSITION SUMMARY BY CLASSIFICATION

Classification	2015-2016 Budget	Service Packages	2017-2018 Positions	Budgeted 2017 Salary Range
Deputy Director	0.41		0.41	8,981 - 11,589
Development Engineering Manager	0.25		0.25	8,447 - 10,899
Utility Manager	0.60		0.60	7,202 - 9,293
Planning & Operations Manager	0.20		0.20	7,141 - 9,214
Surface Water Engineer Supervisor	1.00		1.00	7,056 - 9,104
Senior Surface Water Engineer	1.00		1.00	7,562 - 8,896
Surface Water Utility Engineer	1.00		1.00	6,586 - 7,748
Water Quality Programs Coordinator	1.00		1.00	6,582 - 7,743
Surface Water Planner	1.00		1.00	6,387 - 7,514
Urban Forester	0.50		0.50	6,058 - 7,127
Management Analyst	0.20		0.20	5,928 - 6,974
SW Engineering Analyst	1.00		1.00	5,855 - 6,888
Water Quality Specialist	1.00		1.00	5,687 - 6,691
Education Outreach Specialist	1.00		1.00	5,687 - 6,691
Leadperson	1.80		1.80	5,439 - 6,563
Field Arborist	1.00		1.00	4,677 - 6,042
Senior Maintenance Person	9.00	0.75	9.75	4,563 - 5,894
Yard Maint. & Inventory Control	0.15		0.15	4,563 - 5,894
Engineering Technician	0.20		0.20	4,982 - 5,861
Senior Accounting Associate	0.10		0.10	4,899 - 5,764
Utility Craftsperson	0.15		0.15	4,253 - 5,437
Permit Technician	0.00		0.00	4,585 - 5,394
Utilityperson	9.90		9.90	3,592 - 4,940
Grounds Technician	0.40	1.00	1.40	3,592 - 4,940
Public Works Office Specialist	1.09		1.09	3,935 - 4,629
Laborer	0.00	1.00	1.00	3,187 - 3,860
<b>TOTAL</b>	<b>33.95</b>	<b>2.75</b>	<b>36.70</b>	

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014 Actual</b>	<b>2015 - 2016 Estimate</b>	<b>2015 - 2016 Budget</b>	<b>2017 - 2018 Budget</b>	<b>Percent Change</b>
<b>Fund:</b>	<b>Surface Water Managment (421)</b>					
<b>License and Permits</b>						
Public Property Permit	3229011	4,000	0	0	0	0.00%
<b>Total for License and Permits:</b>		4,000	0	0	0	0.00%
<b>Intergovernmental Revenue</b>						
US Fish and Wildlife	3331560	3,802	0	0	0	0.00%
Ind Fed EPA Grants	3336612	82,700	280,022	214,444	0	-100.00%
Dept of Ecology	3340310	231,800	75,000	50,000	0	-100.00%
Other King County Grants	3370801	0	70,000	0	112,000	0.00%
King Conservation District	3370805	0	7,892	20,000	0	-100.00%
<b>Total for Intergovernmental Revenue:</b>		318,302	432,914	284,444	112,000	-60.62%
<b>Charges for Goods and Services</b>						
Residential Storm Drain Fee	3431101	9,601,047	10,492,395	10,413,115	11,095,053	6.55%
Commercial Storm Drainage Fee	3431201	8,228,309	9,094,128	9,052,682	9,451,341	4.40%
Interfund Personnel Services	3491601	62,227	0	0	0	0.00%
Interfund-Other Gen Govnmt	3491901	0	16,026	10,000	10,000	0.00%
Intrfnd Engineering-Develp Svc	3493205	0	96,946	104,000	104,000	0.00%
<b>Total for Charges for Goods and Services:</b>		17,891,583	19,699,495	19,579,797	20,660,394	5.52%
<b>Miscellaneous Revenues</b>						
Investment Interest	3611101	50,255	89,953	61,910	99,601	60.88%
Int on Sales Tax Contract AR	3614001	49,339	39,977	50,000	50,000	0.00%
Other Judgements Settlements	3694001	27,918	8,992	10,000	10,000	0.00%
Other Misc Revenue	3699001	542	3,927	1,000	1,000	0.00%
<b>Total for Miscellaneous Revenues:</b>		128,054	142,849	122,910	160,601	30.67%
<b>Proprietary Other Income</b>						
Insur Recovery Prop IntSvc	3720001	2,490	840	0	0	0.00%
<b>Total for Proprietary Other Income:</b>		2,490	840	0	0	0.00%
<b>Other Financing Sources</b>						
Operating Transfer In	3971001	19,046	7,665	0	0	0.00%
Resources Forward	3999901	0	4,937,187	4,937,187	6,179,517	25.16%
<b>Total for Other Financing Sources:</b>		19,046	4,944,852	4,937,187	6,179,517	25.16%
<b>Total for Surface Water Managment:</b>		18,363,475	25,220,950	24,924,338	27,112,512	8.78%

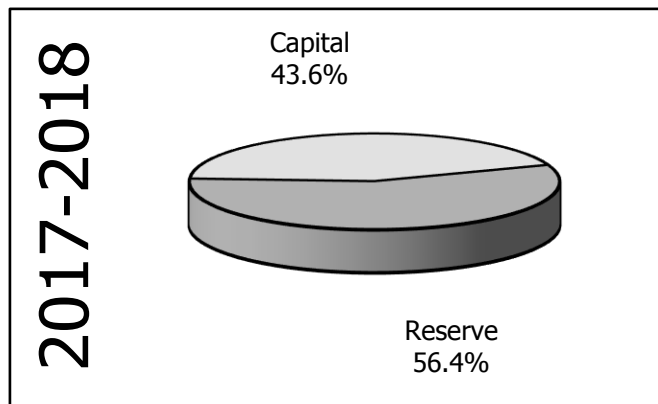
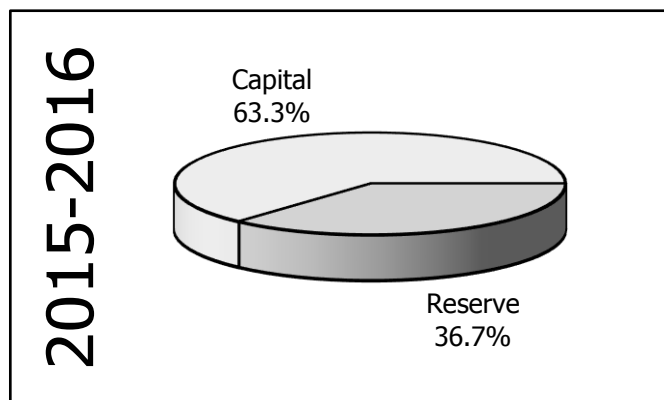
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**NON-OPERATING**



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# CITY OF KIRKLAND SURFACE WATER UTILITY



## 2015-2016 BUDGET SUMMARY: BY PURPOSE

Fund	2015-16 Budget	Purpose			
		Reserve	Debt	Capital	Other
423 Surface Water Capital Projects	19,707,526	7,229,255	-	12,478,271	-
<b>Total Non-Operating Funds</b>	<b>19,707,526</b>	<b>7,229,255</b>	<b>-</b>	<b>12,478,271</b>	<b>-</b>

## 2017-2018 BUDGET SUMMARY: BY PURPOSE

Fund	2017-18 Budget	Purpose			
		Reserve	Debt	Capital	Other
423 Surface Water Capital Projects	16,996,373	9,591,453	-	7,404,920	-
<b>Total Non-Operating Funds</b>	<b>16,996,373</b>	<b>9,591,453</b>	<b>-</b>	<b>7,404,920</b>	<b>-</b>



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CITY OF KIRKLAND

## ***SURFACE WATER UTILITY CAPITAL PROJECTS FUND***

Capital Projects Funds are used to fund and track the construction of projects approved in the Capital Improvement Program. The City Council adopts a six-year Capital Improvement Program (CIP), which is a plan for major improvements or purchases needed in the areas of transportation (streets, sidewalks, signals, and intersections), storm drains, water and sewer systems, parks, public safety, and other general government facilities and equipment. The Council revises the CIP biennially. The Surface Water portion of the CIP includes only those projects associated with the surface water utility.

The **Surface Water Capital Projects Fund** accounts for surface water projects which are ultimately funded by a portion of the surface water fees paid by all property owners within the City. Included in the fund are the Surface Water CIP Contingency and the Surface Water Reserve. The former has a target of ten percent of the funded six-year Surface Water CIP and provides a cushion in the event of unanticipated changes in project scope or cost. The latter is comprised of depreciation funding from a portion of the surface water fees for funding future replacement of the Surface Water infrastructure.

**CITY OF KIRKLAND  
CAPITAL IMPROVEMENT PROGRAM  
2017-2018 BUDGET**

**SURFACE WATER CAPITAL PROJECTS FUND (423)**

<b>Project Category/ Project Title</b>	<b>Project Number</b>	<b>Funding Source</b>
<b>SURFACE WATER MANAGEMENT</b>		
Annual Replacement of Aging/Failing Infrastructure	SD 0047	Surface Water Rates
NE 141st Street/111th Avenue NE Culvert Repair	SD 0076	Surface Water Rates
Brookhaven Pond Modifications	SD 0081	Reserves
Market Street Storm Main Rehabilitation	SD 0084	Surface Water Rates
Silver Spurs Flood Reduction	SD 0087	Surface Water Rates
Comfort Inn Pond Modifications	SD 0088	Surface Water Rates
NE 142nd Street Surface Water Drainage Improvements	SD 0089	Surface Water Rates
Holmes Point Drive Pipe Replacement	SD 0091	Surface Water Rates
Juanita Creek Culvert at NE 137th Street	SD 0092	Surface Water Rates
Pleasant Bay Apartments Line Replacement	SD 0093	Surface Water Rates
Champagne Creek Stabilization	SD 0097	Surface Water Rates
Champagne Creek Stormwater Retrofit	SD 0098	Surface Water Rates
Property Acquisition Opportunity Fund	SD 0105	Reserves
CKC Surface Wtr Drainage at Crestwoods Pk Design/Const.	SD 0106 001	Reserves
Surface Water CAO/SWDM Contribution	SD 7777	Reserves
<b>TOTAL SURFACE WATER CAPITAL PROJECTS FUND</b>		

\*\*Total project cost over the 6-year CIP

2017 Budget	2018 Budget	Estimated Total Project Cost**	Additional Annual Maintenance & Operations	
			2017	2018
200,000	200,000	1,200,000	-	-
683,900	-	683,900	-	-
50,000	-	150,000	-	-
-	268,400	885,000	-	-
-	77,000	77,000	-	-
309,100	-	309,100	-	-
-	194,000	194,000	-	-
205,600	-	205,600	-	-
149,800	535,300	685,100	-	-
252,600	69,400	322,000	-	-
-	402,900	811,000	-	-
-	125,000	125,000	-	-
50,000	50,000	300,000	-	-
350,000	-	350,000	-	-
1,400,000	-	1,400,000	-	-
<b>3,651,000</b>	<b>1,922,000</b>	<b>7,697,700</b>	<b>-</b>	<b>-</b>

**City of Kirkland**  
**2017-2022 Capital Improvement Program**

**SURFACE WATER MANAGEMENT UTILITY PROJECTS**

**Funded Projects:**

Project Number	Project Title	Prior Year(s)	2017	2018	2019	2020	2021	2022	2017-2022 Total	Funding Source				
										Current Revenue	Reserve	Debt	External Source	
SD 0046-001+	Regional Detention in Forbes Creek Basin - Phase I						609,000	1,314,800	1,923,800	1,923,800				
SD 0047	Annual Replacement of Aging/Failing Infrastructure		200,000	200,000	200,000	200,000	200,000	200,000	1,200,000	1,200,000				
SD 0049	Forbes Creek/108th Ave NE Fish Passage Imp				230,400	196,000			426,400	426,400				
SD 0053+	Forbes Creek/Coors Pond Channel Grade Controls						324,900	344,600	669,500	669,500				
SD 0054+	Forbes Creek/Cross Kirkland Corridor Fish Passage Improvements						324,900	344,600	669,500	669,500				
SD 0063	Everest Creek - Slater Ave at Alexander St					661,900	241,800		903,700	903,700				
SD 0076	NE 141st Street/111th Avenue NE Culvert Repair	257,600	683,900						683,900	683,900				
SD 0081	Neighborhood Drainage Assistance Program (NDA)		50,000		50,000		50,000		150,000	50,000	100,000			
SD 0084	Market Street Storm Main Rehabilitation			268,400	616,600				885,000	885,000				
SD 0087	Silver Spurs Flood Reduction			77,000					77,000	77,000				
SD 0088	Comfort Inn Pond Modifications	407,000	309,100						309,100	309,100				
SD 0089	NE 142nd Street Surface Water Drainage Improvements			194,000					194,000	194,000				
SD 0090	Goat Hill Drainage Ditch and Channel Stabilization					243,400	89,600		333,000	333,000				
SD 0091	Holmes Point Drive Pipe Replacement	300,400	205,600						205,600	205,600				
SD 0092	Juanita Creek Culvert at NE 137th Street		149,800	535,300					685,100	685,100				
SD 0093	Pleasant Bay Apartments Line Replacement		252,600	69,400					322,000	322,000				
SD 0094	NE 114th Place Stormline Replacement					270,400			270,400	270,400				
SD 0097	Champagne Creek Stabilization			402,900	408,100				811,000	811,000				
SD 0098	Champagne Creek Stormwater Retrofit			125,000					125,000	125,000				
SD 0099	Goat Hill Drainage Conveyance Capacity				460,900	194,100			655,000	655,000				
SD 0100	Brookhaven Pond Modifications					354,200	298,800		653,000	653,000				
SD 0105	Property Acquisition Opportunity Fund		50,000	50,000	50,000	50,000	50,000	50,000	300,000		300,000			
SD 0106 001	CKC Surface Water Drainage at Crestwoods Park Design/Construction	300,000	350,000	-	-	-	-	-	350,000		350,000			
SD 7777	Surface Water CAO/SWDM Support		1,400,000						1,400,000		1,400,000			
Total Funded Surface Water Management Utility Projects			1,265,000	3,651,000	1,922,000	2,016,000	2,170,000	2,189,000	2,254,000	14,202,000	12,052,000	2,150,000	0	0

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

" = Moved from funded status to unfunded status

## SURFACE WATER MANAGEMENT UTILITY PROJECTS

### Unfunded Projects:

Project Number	Project Title	Total
SD 0045	Carillon Woods Erosion Control Measures	549,600
<i>SD 0046 999</i>	<i>Regional Detention in Forbes and Juanita Creek Basins</i>	<i>8,076,200</i>
SD 0051	Forbes Creek/King County Metro Access Road Culvert Enhancement	1,290,900
SD 0061	Everest Park Stream Channel/Riparian Enhancements	1,095,500
SD 0085 001	Cross Kirkland Water Quality	920,000
<i>SD 0095"</i>	<i>NE 141st Street Stormwater Pipe Installation</i>	<i>170,000</i>
<b>SD 0101</b>	<b>Holmes Point Pipe Replacement at Champagne Creek Basin</b>	<b>240,000</b>
<b>SD 0102</b>	<b>Juanita Drive Culvert Replacement</b>	<b>665,000</b>
<b>SD 0103</b>	<b>Lakeview Drive Conveyance Modification</b>	<b>2,562,000</b>
SD 0107	132nd Square Park Stormwater Retrofit Project	4,510,000
<b>Total Unfunded Surface Water Management Utility Projects</b>		<b>20,079,200</b>

### Notes

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

**Bold = New projects**

" = Moved from funded status to unfunded status



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**CITY OF KIRKLAND**  
**CHANGE IN FUND BALANCE (Beginning 2015 to Ending 2018)**  
**SOLID WASTE UTILITY**

	<b>Solid Waste</b>
<b>2015 Actual Beginning Fund Balance</b>	<b>993,391</b>
<i>Reserved</i>	-
<i>Unreserved Working Capital</i>	<i>993,391</i>
Plus: 2015-16 Estimated Revenues	33,357,441
Less: 2015-16 Estimated Expenditures	32,871,342
<b>2016 Estimated Ending/2017 Budgeted Beginning Fund Balance</b>	<b>1,479,490</b>
Plus: 2017-18 Budgeted Revenues	34,945,474
Less: 2017-18 Budgeted Expenditures	34,692,354
<b>2018 Budgeted Ending Fund Balance</b>	<b>1,732,610</b>
<i>Reserved</i>	-
<i>Unreserved Working Capital</i>	<i>1,732,610</i>
<b>Change in Fund Balance: Beginning 2015 to Ending 2018</b>	<b>739,219</b>

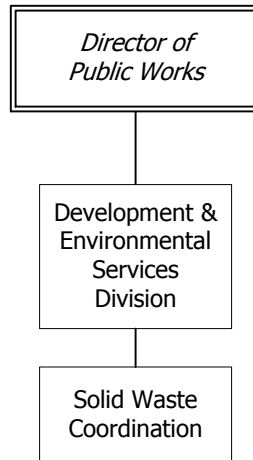
**Note:**

The increase in fund balance is due to the intentional replenishment of working capital for cash-flow purposes.

# **CITY OF KIRKLAND**

## **Public Works Department**

### Solid Waste Fund



*Boxes with a double outline and italic text indicate positions which report to this department but which are budgeted in a separate operating fund.*

**DEPARTMENT OVERVIEW*****SOLID WASTE FUND*****MISSION**

The Solid Waste Fund is established to account for the administration of all resources associated with solid waste and recycling services.

**DEPARTMENT FUNCTIONS**

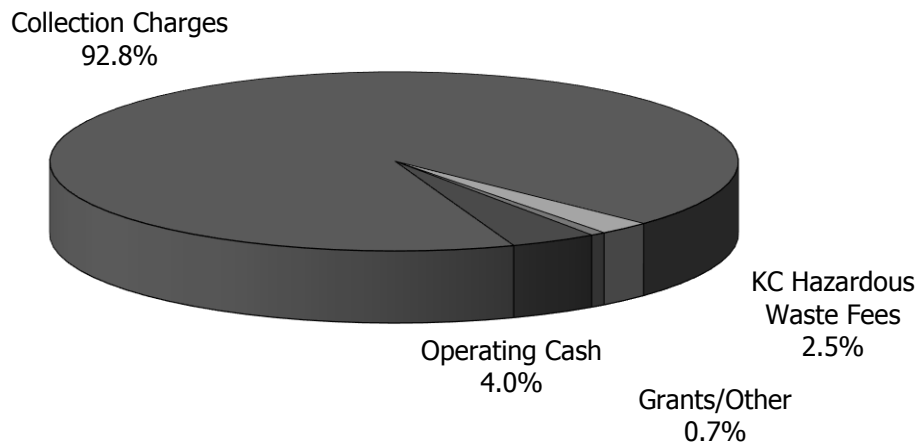
The Public Works Department administers the Solid Waste Fund. The City collects all garbage within the city limits of Kirkland by contracting with a private hauler. The current contract is with Waste Management Inc. and expires June 30, 2018. The Solid Waste Group oversees and administers the waste collection contract and grants and coordinates waste reduction and recycling services, events, and programs for community outreach and education.

**BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS****Environment**

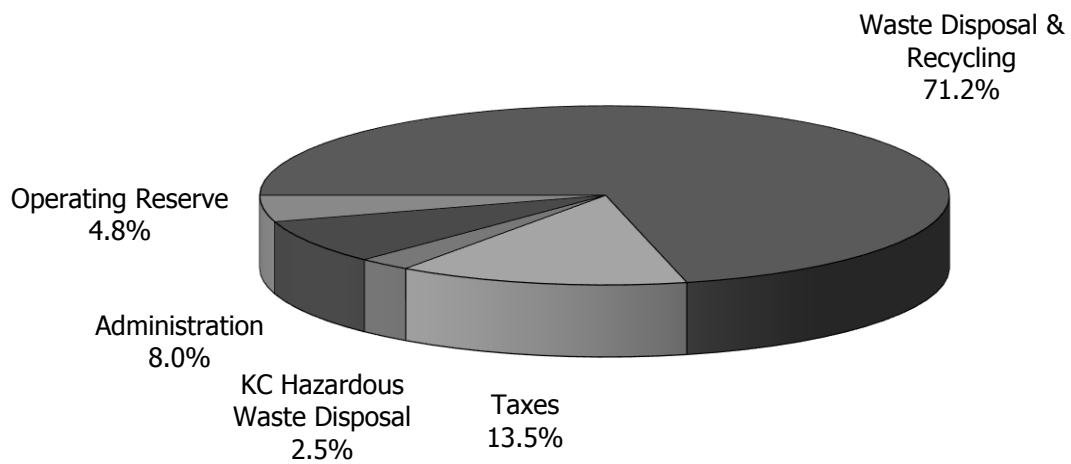
- Establish adequate rates to support the needs of the Solid Waste utility, resulting in a proposed 2.5% average rate increase for 2017 and 1.7% in 2018

## 2017-2018 BUDGET SOLID WASTE FUND

### Sources of Funds



### Uses of Funds



**2017 - 2018 FINANCIAL OVERVIEW**
***SOLID WASTE FUND***
**FINANCIAL SUMMARY BY OBJECT**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Salaries and Wages	418,421	499,973	504,494	488,390	-3.19%
Benefits	166,821	208,639	228,139	208,527	-8.60%
Supplies	49,402	44,198	59,500	48,300	-18.82%
Other Services	25,162,716	26,043,251	25,767,790	27,496,077	6.71%
Government Services	6,079,788	6,075,281	6,280,810	6,433,060	2.42%
Capital Outlay	-	-	-	-	n/a
Reserves*	442,428	1,451,861	1,451,861	1,750,610	20.58%
<b>TOTAL</b>	32,319,576	34,323,203	34,292,594	36,424,964	6.22%

**FINANCIAL SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>2015-2016 Estimate</b>	<b>2015-2016 Budget</b>	<b>2017-2018 Budget</b>	<b>Percent Change</b>
Solid Waste	32,319,576	34,323,203	34,292,594	36,424,964	6.22%
<b>TOTAL</b>	32,319,576	34,323,203	34,292,594	36,424,964	6.22%

**POSITION SUMMARY BY DIVISION**

	<b>2013-2014 Actual</b>	<b>Adjustments</b>	<b>2015-2016 Budget</b>	<b>Adjustments</b>	<b>2017-2018 Budget</b>
Solid Waste	2.80	0.00	2.80	0.00	2.80
<b>TOTAL</b>	2.80	0.00	2.80	0.00	2.80

\*2013-14 actual and 2015-16 estimates reserves are budgeted, but not spent

2017-2018 POSITION SUMMARY

***SOLID WASTE FUND***

POSITION SUMMARY BY CLASSIFICATION

Classification	2015-2016 Budget	Service Packages	2017-2018 Positions	Budgeted 2017 Salary Range
Development Engineering Manager	0.10		0.10	8,447 - 10,899
Solid Waste Program Supervisor	1.00		1.00	5,893 - 7,604
Recycling Programs Coordinator	1.00		1.00	5,687 - 6,691
Education Outreach Specialist	0.50		0.50	5,687 - 6,691
Engineering Technician	0.10		0.10	4,982 - 5,861
Senior Accounting Associate	0.10		0.10	4,899 - 5,764
<b>TOTAL</b>	2.80	0.00	2.80	

**City of Kirkland  
2017 - 2018 Budget  
Revenues**

		<b>2013 - 2014 Actual</b>	<b>2015 - 2016 Estimate</b>	<b>2015 - 2016 Budget</b>	<b>2017 - 2018 Budget</b>	<b>Percent Change</b>
<b>Fund:</b>	<b>Solid Waste (431)</b>					
<b>Intergovernmental Revenue</b>						
Dept of Ecology	3340310	96,287	99,004	140,000	63,344	-54.75%
Local Hazardous Waste	3370803	46,592	48,579	48,000	52,000	8.33%
Waste Reduction Recycling	3370804	137,545	106,874	116,000	122,000	5.17%
<b>Total for Intergovernmental Revenue:</b>		280,424	254,457	304,000	237,344	-21.93%
<b>Charges for Goods and Services</b>						
Residential Collection	3437001	14,092,421	14,716,017	14,663,357	16,065,331	9.56%
Multi-Family Collection	3437002	5,775,929	5,926,049	6,037,852	5,760,695	-4.59%
Commercial Collection	3437003	8,073,122	8,336,669	8,050,470	8,555,148	6.27%
Solid Waste Penalties	3437004	233,679	229,051	200,000	200,000	0.00%
Eff Utility Tax Revenue Gbg	3437008	2,916,734	3,031,723	3,018,926	3,190,023	5.67%
Misc Utility Revenue	3438901	14,579	24,417	12,000	16,000	33.33%
King County Hazardous Waste	3439002	915,282	821,641	1,002,000	900,000	-10.18%
<b>Total for Charges for Goods and Services:</b>		32,021,746	33,085,567	32,984,605	34,687,197	5.16%
<b>Miscellaneous Revenues</b>						
Investment Interest	3611101	8,300	17,417	10,598	20,933	97.52%
Other Judgements Settlements	3694001	50,000	0	0	0	0.00%
<b>Total for Miscellaneous Revenues:</b>		58,300	17,417	10,598	20,933	97.52%
<b>Proprietary Other Income</b>						
Insur Recovery Prop IntSvc	3720001	1,236	0	0	0	0.00%
<b>Total for Proprietary Other Income:</b>		1,236	0	0	0	0.00%
<b>Other Financing Sources</b>						
Resources Forward	3999901	0	993,391	993,391	1,479,490	48.93%
<b>Total for Other Financing Sources:</b>		0	993,391	993,391	1,479,490	48.93%
<b>Total for Solid Waste:</b>		32,361,706	34,350,832	34,292,594	36,424,964	6.22%



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**POLICIES**



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# INVESTMENT POLICY



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**CITY OF KIRKLAND  
INVESTMENT POLICY  
(ADOPTED JULY 19, 2016)**

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**Policy Statement**

This Policy establishes standards and guidelines for the direction, management and oversight for all of the City of Kirkland's ("City") investable funds. These funds include cash for liquidity purposes, intermediate investments for ongoing operations and long term investments for dedicated accounts. Funds must be invested prudently to assure preservation of principal, provide needed liquidity for daily cash requirements, and provide a market rate of return. For purposes of the City's Investment Policy, safety and liquidity are higher priorities than return on investment. All investments must conform to federal, state, and local statutes governing the City of Kirkland public funds investments.

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## 1.0 INTRODUCTION

This Investment Policy defines the parameters within which funds are to be invested by the City of Kirkland (City). This Policy also formalizes the framework to provide the investment authority and constraints for the City to maintain an effective and judicious management of funds within the scope of this Policy.

This Policy is intended to be broad enough to allow the Director of Finance and Administration, or authorized designee, to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

- Sets out guidelines for the prudent management of the City's funds;
- Describes realistic parameters and goals for safely investing those funds;
- Establishes expectations for generally acceptable returns at a suitable level of risk that matches the purpose of the City's funds;
- Provides the framework within which the Director of Finance and Administration will operate by setting out objectives, guidelines, and structure that include details on the universe of permitted investments and any restrictions of their use.

The City Council reserves the right to amend this policy as deemed necessary.

## 2.0 GOVERNING AUTHORITY

The City of Kirkland investment authority is derived from RCW Chapters 35, 39 and 43. The investment program shall be operated in conformance with the Revised Code of Washington and applicable Federal Law. All funds within the scope of this policy are subject to regulations established by the State of Washington.

The City Council has the direct authority to provide for the Director of Finance and Administration or his/her designee, the responsibility for the daily operations of the City's investment program and activities. (Kirkland Municipal Code (KMC) Chapter 5.24)

## 3.0 SCOPE OR IDENTIFICATION OF FUNDS

This policy applies to activities of the City of Kirkland with regard to investing the financial assets of all funds. The amount of funds expected to fall within the scope of this policy is \$90 million to \$120 million, which include, but not limited to, operating, capital improvement, and restricted funds.

This investment policy applies to all investment transactions involving the financial assets and related activity of all City funds.

## 4.0 OBJECTIVES

All funds will be invested in a manner that is in conformance with federal, state and other legal requirements. The objectives, in order of priority, of the investment activities will be as follows:

- 4.1 Safety:** Safety of principal is the primary objective of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this

objective, funds will be diversified, utilizing highly rated securities, by investing in a variety of securities and financial institutions. The investment portfolio will be invested in a manner that meets RCW statutes and all legal requirements of the City.

**4.2 Liquidity:** The investment portfolio will provide liquidity sufficient to enable the City to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a minimum balance to meet daily obligations.

**4.3 Return on Investment:** The investment portfolio will be structured with the objective of attaining a market rate of return throughout economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the portfolio. Nevertheless, return on investment is a lesser objective than safety or liquidity.

## 5.0 STANDARDS OF CARE

### 5.1 Delegation of Authority:

*Governing Body:* The ultimate responsibility and authority for the investment of City funds resides with the City Council who has the authority to direct the management of the City investment program.

*Authority:* Pursuant to the KMC 5.24 and Resolution 5087, the overall management responsibility for the investment program is hereby delegated to the Director of Finance and Administration, or designee, who shall establish written procedures for the operation of the investment program, consistent with this investment policy. The Director of Finance and Administration shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

*Investment Advisor:* The City may contract with an external non-discretionary investment advisor (Advisor) to assist with the management of the City's investment portfolio in a manner that is consistent with the City's objectives and this policy. Such Advisors shall provide recommendations and advice regarding the City investment program including but not limited to advice related to the purchase and sale of investments by this Investment Policy.

### 5.2 Prudence:

The standard of prudence to be used by the Director of Finance and Administration or any designees in the context of managing the overall portfolio is the prudent person rule which states: *Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.*

### 5.3 Ethics:

#### 5.3.1 Employees Involved in the City Investment Program Must Avoid Conflicts of Interest.

Association with the investment program in any capacity is considered employee involvement.

Employees must avoid personal business activity that may:

- Conflict with the proper execution of the investment program.
- Impair their ability to make impartial investment decisions.

*5.3.2 Employees Associated with the City Investment Program Must Disclose Certain Personal Information to the Director of Finance and Administration or His/Her Designee.*

The disclosure should list:

- Any material interests in financial institutions that conduct business with the City.
- Any personal financial or investment positions that could influence the performance of the City's investment portfolio, particularly with regard to the timing of purchases and sales.

## **6.0 SAFEKEEPING, CUSTODY, AND CONTROLS**

### **6.1 Delivery vs. Payment:**

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the City's safekeeping institution prior to the release of funds.

### **6.2 Third Party Safekeeping:**

Prudent treasury management requires that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by an independent third-party financial institution or the City's designated depository.

The Director of Finance and Administration shall designate all safekeeping arrangements and an agreement of the terms shall be executed in writing. The third-party custodian shall be required to provide a statement to the City listing at a minimum each specific security, book yield, description, maturity date, market value, par value, purchase date, and CUSIP number.

All collateral securities pledged to the City for certificates of deposit or demand deposits shall be held in accordance with the State of Washington's Public Deposit Protection Commission (PDPC).

### **6.3 Internal Controls:**

The Director of Finance and Administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in an investment procedures manual.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:

- Control of collusion;
- Separation of transaction authority from accounting and recordkeeping;
- Custodial safekeeping;
- Avoidance of physical delivery of marketable securities;
- Clear delegation of authority to subordinate staff members;
- Written confirmation of transactions for investments and wire transfers;
- Dual authorizations of wire transfers;
- Staff training; and

- Review, maintenance and monitoring of security procedures both manual and automated.

#### **6.4 External Controls**

The City will have an external review of the Investment Policy and procedures every three (3) years. The City may enter contracts with third-party investment advisory firms when their services are required.

## **7.0 AUTHORIZED FINANCIAL DEALERS**

### **7.1 Broker/Dealers:**

The Director of Finance and Administration shall maintain and review annually a list of all authorized financial institutions and broker/dealers that are approved to transact with the City for investment purposes. The City shall follow GFOA best practices for evaluating and selecting financial institutions and broker/dealers.

The Director of Finance and Administration or designee may utilize the investment advisor's approved broker/dealer list in lieu of the City's own approved list. The Advisor must submit the approved list to the City annually and provide updates throughout the year as they occur. The Advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The annual investment advisor broker/dealer review procedures include:

- a. FINRA Certification check:
  - i. Firm profile
  - ii. Firm history
  - iii. Firm operations
  - iv. Disclosures of arbitration awards, disciplinary and regulatory events
  - v. State Registration Verification
- b. Financial review of acceptable FINRA capital or letter of credit for clearing settlements.

The Advisor may be authorized through the contracted agreement to open accounts on behalf of the City with the broker/dealers on the approved broker dealer list.

### **7.2 Investment Advisers:**

Advisers must be registered under the Investment Advisers Act of 1940 and must act in a non-discretionary capacity, requiring approval from the City prior to all transactions.

### **7.3 Bank Institutions:**

The City will only place funds, exceeding the current FDIC insurance limits, with banks who are currently participating in the Washington State PDPC program. Compliance/listing with the PDPC will be verified by the Adviser or designated investment officer utilizing the Washington State Treasurer's website.

### **7.4 Competitive Transactions:**

Transactions must be executed on a competitive basis and documented. Competitive prices should be provided from at least three separate brokers, financial institutions or through a national electronic trading platform. If the purchased security is only offered by one broker then other securities with similar structure may be used for documentation purposes. When an Adviser handles trade executions, they must provide the competitive documentation as requested.

## 8.0 AUTHORIZED AND SUITABLE INVESTMENTS

### 8.1 Authorized Investments:

Eligible investments are only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250, and 43.84.080):

Among the authorized investments are U.S. Treasury and Agency securities (i.e., obligations of any government sponsored enterprise eligible for collateral purposes at the Federal Reserve), municipal debt, certificates of deposit with qualified public depositories within statutory limits as promulgated by the Washington State PDPC at the time of investment, foreign and domestic Bankers Acceptances, Commercial Paper and the Washington State Local Government Investment Pool.

The State of Washington Local Government Investment Pool is the only government-sponsored Pool approved for investment of funds.

### 8.2 Suitable Investments:

The City is empowered to invest in the following types of securities:

**US Treasury Obligations:** Direct obligations of the United States Treasury.

**US Agency Obligations Primary Issuers:** Government Sponsored Enterprises (*GSEs*) – Federal Instrumentality Securities include, but are not limited to Federal National Mortgage Association (*FNMA*), the Federal Home Loan Mortgage Corporation (*FHLMC*), Federal Home Loan Banks (*FHLB*), and the Federal Farm Credit Banks (*FFCB*).

**US Agency Obligations Secondary Issuers:** Other US government sponsored enterprises that are less marketable are considered secondary *GSEs*. They include, but are not limited to: Private Export Funding Corporation (*PEFCO*), Tennessee Valley Authority (*TVA*), Financing Corporation (*FICO*) and Federal Agricultural Mortgage Corporation, (Farmer Mac).

**Commercial Paper:** Unsecured debt obligations of corporate issuers that are rated at least A1+ by Moody's and P1 by Standard and Poor's. Commercial paper holdings may not have maturities exceeding 180 days. Any commercial paper purchased with a maturity longer than 100 days must also have an underlying long-term credit rating at the time of purchase of a minimum rating of AA- by S&P or Aa3 by Moody's RCW 39.59.020.

**Banker's Acceptance:** Banker's Acceptances generally are created based on a letter of credit issued to finance transactions. They are used to finance the shipment of some specific goods within the United States. They are issued by qualified financial institutions eligible for discount by the Federal Reserve System and by a qualified institution whose long-term letter of credit rating is rated in the highest category: AAA.

**Local Government Investment Pool:** Investment Pool managed by the Washington State Treasurer's Office.

**Time Deposits and Savings Accounts Issued by Banks:** Deposits in PDPC approved banks.

**Certificates of Deposit:** Non-negotiable Certificates of Deposit of financial institutions that are qualified public depositories as defined in RCW 39.58.010(2) and by the restrictions within.

**Municipal Debt Obligations:** Bonds of the State of Washington, any local government in the State of Washington, General Obligation bonds outside the State of Washington; at the time of investment the bonds must have a AA- from S&P or a Aa3 from Moody's. In the case of a split rating, the lower rating of these two rating agencies will be used.

### 8.3 Bank Collateralization:

The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. Under RCW 39.58.240, all public treasurers and other custodians of public funds are relieved of the responsibility of executing tri-party agreements, reviewing pledged securities, and authorizing additions, withdrawals, and exchanges of collateral.

## 9.0 INVESTMENT PARAMETERS

### 9.1 Diversification:

The City will diversify the investment of all funds by adhering to the constraints by issuer type in accordance with the following table:

**Table of Constraints on the Portfolio**

Issue Type	Maximum % Holdings	Issuer % per Issue Type	Ratings S&P	Ratings Moody's
US Treasury Obligations	100%	None	N/A	N/A
US Agency Primary Securities FHLB, FNMA, FHLMC, FFCB	100%	30%	Security must be rated	Security must be rated
US Agency Secondary Issuance FICO, FARMER MAC etc	20%	10%	Security must be rated	Security must be rated
Washington LGIP	100%	None	N/A	N/A
Bank Time Deposits/Savings Accounts	50%	None	Deposits in PDPC approved banks	Deposits in PDPC approved banks
Certificates of Deposit	10%	5%	Deposits in PDPC approved banks	Deposits in PDPC approved banks
Commercial Paper	5%	5%	A1+ Long Term: AA-	P1 Long Term: Aa3
Municipal Bonds	20%	5%	AA-	Aa3
Banker's Acceptance	5%	5%	AAA	Aaa

### 9.2 Investment Maturity:

The City will not directly invest in securities maturing more than five (5) years from the date of purchase.

- The maximum weighted maturity of the total portfolio shall not exceed 3 years. This maximum is established to limit the portfolio to excessive price change exposure.

- Liquidity funds will be held in the State Pool, PDPC bank deposits, or cash matched securities.
- Investment funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be only invested in high quality and liquid securities.
- Total Portfolio Maturity Constraints:

<b>Maturity Constraints</b>	<b>Minimum % of Total Portfolio</b>
Under 30 days	10%
Under 1 year	25%
Under 5 years	100%
Weighted Average Maturity	3.0 Years
<b>Maturity Constraints</b>	<b>Maximum % of Total Portfolio</b>
Callable Securities	50%

- Exception to 5 year maturity maximum: Reserve or Capital Improvement Project monies may be invested in securities exceeding 5 years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

### 9.3 Strategic Allocations:

#### 9.3.1 Funds and their Allocation

- Liquidity funds for the operating account will be allocated to LGIP, CD's, PDPC Bank Deposits, Bankers Acceptances, and Commercial Paper.
- The structure of the Investment Core Fund will be targeted to a selected market benchmark based on the risk and return objectives of the portfolio.
- Longer term restricted funds will have an identified market benchmark to manage risk and return.

#### 9.3.2 Monitoring and Portfolio Adjustment: As a general practice, securities will be purchased with the intent to hold to maturity. However, it is acceptable for securities to be sold under the following circumstances:

- A security with a declining credit may be sold early to protect the principal value of the portfolio.
- The portfolio duration or maturity buckets should be adjusted to reflect better the structure of the underlying benchmark portfolio.
- A security exchange that would improve the quality, yield and target maturity of the portfolio based on market conditions.
- A sale of a security to provide for unforeseen liquidity needs.

#### **9.4 Prohibited Investments:**

9.4.1 The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program.

9.4.2 The City shall not invest in:

- a. Mortgage-backed securities
- b. Derivative Products
- c. Securities that leverage the portfolio or are used for speculation of interest rates
- d. Any securities on negative credit watch
- e. Mutual Funds
- f. Repurchase Agreements
- g. Reverse Agreements

### **10.0 REPORTING REQUIREMENTS**

#### **10.1 Reporting:**

The Director of Finance and Administration shall be responsible for investment reporting. At a minimum, quarterly reporting shall be made to the City Council including but not limited to securities holdings, cash balances, and market values in the investment portfolio.

Specific Requirements:

- Book Yield
- Holdings Report including mark-to-market and security description
- Transactions Report
- Weighted Average Maturity

#### **10.2 Performance Standards:**

The portfolio shall be managed to obtain a fair rate of return and earnings rate that incorporates the primary objectives of protecting the City's capital and assuring adequate liquidity to meet cash flow needs.

For purposes of this policy, "earnings rate" will be compared to the LGIP rate. The goal is for the portfolio to generally perform better than the LGIP due to the longer weighted average maturity and the earnings rate is expected to trend in a similar manner as interest rates change.

The investment portfolio performance may be tracked against a market index such as the US treasury 0-3 year index or US treasury 0-5 year index on a total return basis. This will provide for accountability of price changes in the portfolio and help inform the strategy related to the duration of the portfolio.

#### **10.3 Compliance Report**

A compliance report will be generated quarterly comparing the portfolio positions to this investment policy.

#### **10.4 Accounting Method**

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies including but not necessarily limited to the Governmental Accounting Standards Board (GASB).

Pooling of Funds: Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation in the investment program and in accordance with generally accepted accounting principles.

#### **11.0 INVESTMENT POLICY ADOPTION**

The City's Investment Policy shall be adopted by the City Council.

The Policy shall be reviewed annually by the Investment Committee. Any modifications shall be submitted and approved by City Council.

## 12.0 GLOSSARY OF TERMS

**Agency Securities:** Government sponsored enterprises of the US Government.

**Bankers Acceptances:** A time draft accepted (endorsed) by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. BAs are short-term non-interest-bearing notes sold at a discount and redeemed by the accepting bank at maturity for full face value.

**Bond:** An interest-bearing security issued by a corporation, government, governmental agency, or other body. It is a form of debt with an interest rate, maturity, and face value, and specific assets sometimes secure it. Most bonds have a maturity of greater than one year and generally pay interest semiannually.

**Broker:** An intermediary who brings buyers and sellers together and handles their orders, generally charging a commission for this service. In contrast to a principal or a dealer, the broker does not own or take a position in securities.

**Certificates of Deposit:** Instruments issued by a bank specifying that a sum of money has been deposited, payable with interest to the bearer of the certificate on a certain date.

**Collateral:** Securities or other property that a borrower pledges as security for the repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**Commercial Paper:** Short-term, unsecured, negotiable promissory notes issued by corporations.

**Current Maturity:** The amount of time left until an obligation matures. For example, a one-year bill issued nine months ago has a current maturity of three months.

**CUSIP:** A CUSIP number identifies securities. CUSIP stands for Committee on Uniform Security Identification Procedures, which was established under the auspices of the American Bankers Association to develop a uniform method of identifying municipal, U.S. government, and corporate securities.

**Dealer:** An individual or firm that ordinarily acts as a principal in security transactions. Typically, dealers buy for their account and sell to a customer from their inventory. The dealer's profit is determined by the difference between the price paid and the price received.

**Delivery:** Either of two methods of delivering securities: delivery vs. payment and delivery vs. receipt (also called "free"). Delivery vs. payment is the delivery of securities with an exchange of money for the securities.

**Diversification:** Dividing available funds among a variety of securities and institutions so as to minimize market risk.

**Duration:** A measure used to calculate the price sensitivity of a bond or portfolio of bonds to changes in interest rates. This equals the sum of the present value of future cash flows.

**Full Faith and Credit:** Indicator that the unconditional guarantee of the United States government backs the repayment of debt.

**General Obligation Bonds (GOs):** Bonds secured by the pledge of the municipal issuer's full faith and credit, which usually includes unlimited taxing power.

**Government Bonds:** Securities issued by the federal government; they are obligations of the U.S. Treasury; also known as "governments."

**Interest:** Compensation paid or to be paid for the use of money. The rate of interest is generally expressed as an annual percentage.

**Investment Core Funds:** Core funds are defined as operating fund balance and other fund balances that exceeds the City's daily liquidity needs. Core funds are invested out the yield curve to diversify maturity structure in the overall portfolio. Having longer term investments in a portfolio will stabilize the overall portfolio interest earnings over interest rate cycles.

**Investment Securities:** Securities purchased for an investment portfolio, as opposed to those purchased for resale to customers.

**Liquidity:** The ease at which a security can be bought or sold (converted to cash) in the market. A large number of buyers and sellers and a high volume of trading activity are important components of liquidity.

**Liquidity Component:** A percentage of the total portfolio that is dedicated to providing liquidity needs for the City.

**LGIP:** Local Government Investment Pool run by the State of Washington Treasurer's office established to help cities with short-term investments.

**Mark to Market:** Adjustment of an account or portfolio to reflect actual market value rather than book price, purchase price or some other valuation.

**Market Value:** The market value of a security is the price at which can be sold on that date.

**Maturity:** The date upon which the principal or stated value of an investment becomes due.

**Municipals:** Securities, usually bonds, issued by a state, its agencies, by cities or other municipal entities. The interest on "munis" is usually exempt from federal income taxes and state and local income taxes in the state of issuance. Municipal securities may or may not be backed by the issuing agency's taxation powers.

**Non-Discretionary Investment Advisor:** Non-discretionary investment advisor services may include investment management oversight, investment research, portfolio analysis, portfolio reporting and portfolio recommendations based upon the specific investment policy and investment objectives of each client. Clients must approve any such recommendations before the securities are purchased or sold in their accounts.

**Par Value:** The value of a security expressed as a specific dollar amount marked on the face of the security or the amount of money due at maturity. Par value should not be confused with market value.

**Portfolio:** A collection of securities held by an individual or institution.

**Principal:** The cost of an instrument on which interest is earned.

**Prudent Person Rule:** A long-standing common-law rule that requires a trustee who is investing for another to behave in the same way as a prudent individual of reasonable discretion and intelligence who is seeking a reasonable income and preservation of capital.

**Quotation or Quote:** A bid to buy or the lowest offer to sell a security in any market at a particular time.

**Repurchase Agreement:** Range in maturity from overnight to fixed time to open end. Repos involve a simultaneous sale of securities by a bank or government securities dealer to an investor with an agreement for the bank or government securities dealer to repurchase the securities at a fixed date at a specified rate of interest.

**Safekeeping:** An arrangement under which an organization's securities are kept in a bank vault or in the case of book entry securities, are held and recorded in the customer's name. Evidence of this arrangement is a safekeeping receipt.

**Secondary Market:** A market where certain securities may be bought and sold at prevailing market prices after their initial distribution but before their stated maturity date.

**Treasury Bill (T-Bill):** An obligation of the U.S. government with a maturity of one year or less. T-bills bear no interest but are sold at a discount.

**Treasury Bonds and Notes:** Obligations of the U.S. government that bear interest. Notes have maturities of one to ten years; bonds have longer maturities.

**Yield:** The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security. Net yield, or yield to maturity, is the current income yield minus any premium above par or plus any discount from par in the purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**Yield to Maturity:** The average annual yield on a security, assuming it is held to maturity; equals to the rate at which all principal and interest payments would be discounted to produce a present value equal to the purchase price of the bond.

RESOLUTION R-5199

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND  
ADOPTING A REVISED POLICY FOR INVESTMENT OF CITY FUNDS.

1 WHEREAS, the City Council of the City of Kirkland desires to have  
2 City funds invested in secure depositories and maximize returns on  
3 these investments; and  
4

5 WHEREAS, the City Council of the City of Kirkland desires to  
6 develop an investment policy to guide the investment of City funds to  
7 meet these objectives; and  
8

9 WHEREAS, the City's Investment Committee and the Kirkland  
10 City Treasurer (Director of Finance and Administration) have  
11 recommended revisions to the policy for investment of City funds; and  
12

13 WHEREAS, the City of Kirkland investment policy has been  
14 written in accordance with the Washington Municipal Treasurers' Model  
15 Investment Policy;  
16

17 NOW, THEREFORE, be it resolved by the City Council of the City  
18 of Kirkland as follows:  
19

20 Section 1. The policy for investment of City funds set forth in  
21 the document entitled "City of Kirkland Investment Policy July 19, 2016"  
22 which is attached as Exhibit A and incorporated by this reference is  
23 adopted as the official policy for investment of City funds.  
24

25 Section 2. That the document entitled City of Kirkland  
26 Investment Policy July 19, 2016, replaces all previous City of Kirkland  
27 Investment Policies.  
28

29 Passed by majority vote of the Kirkland City Council in open  
30 meeting this 19th day of July, 2016.  
31

32 Signed in authentication thereof this 19th day of July, 2016.

  
MAYOR

Attest:

  
City Clerk



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# DEBT MANAGEMENT POLICY



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**City of Kirkland**  
**Debt Management Policy**  
**Adopted by Resolution (R-4837) on September 21, 2010**

The Debt Policy for the City of Kirkland (City) is established to help ensure that all debt is issued both prudently and cost effectively. The Debt Policy sets forth guidelines for the issuance and management of all financings of the City. Adherence to the policy is essential to ensure that the City maintains a sound debt position and protects the credit quality of its obligations while providing flexibility and preserving financial stability.

**1.0 Uses of Debt**

- 1.1 City of Kirkland uses debt as a mechanism to equalize the costs of needed capital improvements for the benefit of both present and future citizens;
- 1.2 City of Kirkland uses debt as a mechanism to reduce the immediate costs of substantial public improvements.
- 1.3 The City of Kirkland will not use long-term debt to support current operations.
- 1.4 Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.
- 1.5 Non-capital furnishings, supplies, and personnel will not be financed from bond proceeds.
- 1.6 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.

**2.0 Debt Limits**

**2.1 Legal Limits:**

- 2.1.1 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. RCW 39.36.020
- 2.1.2 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 (UTGO) Bonds
  - Utility Debt - 2.5% of assessed valuation
  - Open Space and Park Facilities - 2.5% of assessed valuation

**2.2 Public Policy Limits:**

- 2.2.1 The City will establish and implement a comprehensive multi-year Capital Improvement Program (CIP).
- 2.2.2 Financial analysis of funding sources will be conducted for all proposed capital improvement projects.
- 2.2.3 Debt will be issued in accordance with the CIP as necessary.
- 2.2.4 Where borrowing is recommended, the source of funds to cover debt service requirements must be identified.

**City of Kirkland**  
**Debt Management Policy**  
**Adopted by Resolution (R-4837) on September 21, 2010**

2.2.5 The City, as determined by the City Council, may consider using long term debt toward public improvements, which have an identified public benefit to the City, associated with economic development to the extent that new revenues from the project, in excess of those identified by the City Council for other City purposes can be agreed upon to support the debt service.

**2.3 Financial Limits:**

2.3.1 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.

2.3.2 The City will conduct a debt affordability analysis to evaluate the City's ability to support debt. The analysis will review available resources for the amount of debt the City can initiate each year, and project the effects of that financing through six years of the CIP.

**3.0 Allowable Types of Debt**

3.1 Short Term Obligations: 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. The City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund's current operations. All interfund loans will be subject to Council approval, will bear interest based upon prevailing rates and have terms consistent with state guidelines for interfund loans.

3.2 Assessment/ LID Bonds: Assessment bonds will be considered in place of general obligation bonds, where possible, to assure the greatest degree of public equity. Local Improvement District (LID) Bonds represent debt that is repaid by the property owners who benefited from the capital improvement through annual assessments paid to the City. LID's are formed by the City Council after a majority of property owners agree to the assessment.

3.3 General Obligation Bonds Limited Tax: General Obligation debt is backed by the full faith and credit of the City and is payable from General Fund revenues and taxes collected by the City. Limited Tax General Obligation (LTGO) Bonds can be issued with the approval of the City Council and will only be issued 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.

3.4 General Obligation Bonds Unlimited Tax: Unlimited Tax General Obligation (UTGO) Bonds are payable from excess tax levies and is subject to voter approval by 60% of the voters.

3.5 Revenue Bonds: Revenue bonds are used to finance construction or improvements to facilities of enterprise systems operated by the City in accordance with the Capital Improvement Program and are generally payable from the enterprise. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limitation nor is voter approval required.

3.6 Leases: Lease purchase or financing contracts are payment obligations that represent principal and interest components which are general obligations of the City.

**City of Kirkland**  
**Debt Management Policy**  
**Adopted by Resolution (R-4837) on September 21, 2010**

3.7 Other Loan Programs:

3.7.1 Public Works Trust Fund Loans are loans from the Public Works Board, authorized by state statute, RCW 43.155 to loan money to repair, replace, or create domestic water systems, sanitary sewer systems, storm sewer systems, roads, streets, solid waste and recycling facilities, and bridges.

3.7.2 The Local Option Capital Asset Lending (LOCAL) Program is a financing contract with the Office of the State Treasurer under RCW 39.94. It is an expanded version of the state agency lease/purchase program that allows pooling funding needs into larger offerings of securities. This program allows local government agencies the ability to finance equipment needs through the State Treasurer's office, subject to existing debt limitations and financial consideration.

3.7.3 Other state funded programs.

3.8 Alternative types of debt: No variable-rate debt or derivative products shall be utilized.

4.0 Debt Structuring Practices

4.1 Maximum term, Payback Period and Average maturity:

4.1.1 The issuance of bonds shall be financed for a period not to exceed a conservative estimate of the asset's useful life with the average life of the bonds less than or equal to the average life of the assets being financed.

4.1.2 General Obligation bonds will be issued with maturities of 30 years or less unless otherwise approved by Council.

4.1.3 The maturity of all assessment bonds shall not exceed statutory limitations. RCW 36.83.050.

4.2 Debt Service Structure:

4.2.1 Unless otherwise justified and deemed necessary, debt service should be structured on a level or declining repayment basis.

4.3 Criteria for issuance of advance refunding and current refunding bonds

4.3.1 The City will use refunding bonds, where appropriate, when restructuring its current outstanding debt. A debt refunding is a refinance of debt typically done to take advantage of lower interest rates. Unless otherwise justified, such as a desire to remove or change a bond covenant, a debt refunding will not be pursued without a sufficient net present value benefit after expenses.

4.4 Other structuring practices:

4.4.1 Bond amortization schedules will be structured to minimize interest expense with the constraints of revenues available for debt service. The bonds should include call features to maximize the City's ability to advance refund or retire the debt early. However, call features should be balanced with market conditions to ensure that the total cost of the financing is not adversely affected.

**City of Kirkland**  
**Debt Management Policy**  
Adopted by Resolution (R-4837) on September 21, 2010

**5.0 Debt Issuance Practices**

- 5.1 Council Approval: City Council approval is required prior to the issuance of debt.
- 5.2 Analytical Review: An analytical review shall be conducted prior to the issuance of debt including, but not limited to, monitoring of market opportunities and structuring and pricing of the debt.
- 5.3 Use of credit ratings, minimum bond ratings, determination of the number of ratings and selection of rating services: 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. The City will maintain good communication with bond rating agencies about its financial condition, coordinating meetings, and presentations in conjunction with a new issuance as necessary.
- 5.4 Compliance with Statutes and Regulations: The Finance Director, City Attorney and bond counsel shall coordinate their activities and review all debt issuance to ensure that all securities are issued in compliance with legal and regulatory requirements by the State of Washington and the Federal Government's laws, rules and regulations.
- 5.5 Selection and use of professional service providers:
  - 5.5.1 The City's Finance and Administration Department shall be responsible for the solicitation and selection of professional services that are required to administer the City's debt program.
  - 5.5.2 Bond Counsel: 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 opinion shall include confirmation that the City has met all city and state constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's federal income tax status and any other components necessary for the proposed debt.
  - 5.5.3 Financial Advisor: A Financial Advisor(s) may be used to assist in the issuance of the City's debt. The Financial Advisor will provide the City with the objective advice and analysis on debt issuance. This includes, but is not limited to, monitoring of market opportunities, structuring and pricing of debt, and preparing official statements of disclosure.
  - 5.5.4 Underwriters: An Underwriter(s) will be used for all debt issued in a negotiated or private placement sale method. The Underwriter is responsible for purchasing negotiated or private placement debt and reselling the debt to investors.
  - 5.5.5 Fiscal Agent: A Fiscal Agent will be used to provide accurate and timely securities processing and timely payment to bondholders. In accordance with RCW 43.80, the City will use the Fiscal Agent that is appointed by the State.
- 5.6 Criteria for determining sales method and investment of proceeds:
  - 5.6.1 The Director of Finance and Administration shall determine the method of sale best suited for each issue of debt.
  - 5.6.2 The City will generally issue its debt through a competitive process. For any competitive sale of debt, the City will award the issue to the underwriter offering to buy the bonds at a price and interest rates that provides the lowest True Interest Cost (TIC).

**City of Kirkland**  
**Debt Management Policy**  
**Adopted by Resolution (R-4837) on September 21, 2010**

- 5.6.3 The City will provide for the sale of debt by negotiating the terms and conditions of sale when necessary to minimize the cost and risks of borrowing under the following conditions:
- i. The bond issue is, or contains, a refinancing that is dependent on market/interest rate timing.
  - ii. At the time of issuance, the interest rate environment or economic factors that affect the bond issue are volatile.
  - iii. The nature of the debt is unique and requires particular skills from the underwriter(s) involved.
  - iv. The debt issued is bound by a compressed time line due to extenuating circumstances such that time is of the essence and a competitive process cannot be accomplished.

- 5.7 Bond Insurance: For each issue, the City will evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancement purchases by the City shall be competitively procured.

## 6.0 Debt Management Practices

### 6.1 Investment of Bond Proceeds

The City shall comply with all applicable Federal, State and contractual restrictions regarding the investment of bond proceeds, including City of Kirkland Investment Policy.

### 6.2 Continuing Disclosure

The City shall provide annual disclosure information to established national information repositories and maintain compliance with disclosure statements as required by state and national regulatory bodies. Disclosure shall take the form of the Comprehensive Annual Financial Report (CAFR) unless information is required by a particular bond issue that is not necessarily contained within the CAFR.

### 6.3 Arbitrage Rebate monitoring and filing

The City will, unless otherwise justified, use bond proceeds within the established time frame pursuant to the bond ordinance, contract or other documents to avoid arbitrage. Arbitrage is the interest earned on the investment of the bond proceeds above the interest paid on the debt. If arbitrage occurs, the City will follow a policy of full compliance with all arbitrage rebate requirements of the federal tax code and Internal Revenue Service regulations, and will perform (internally or by contract consultants) arbitrage rebate calculations for each issue subject to rebate. All necessary rebates will be filed and paid when due in order to preserve the tax-exempt status of the outstanding debt.

### 6.4 Federal and state law compliance practices

Discussed in Debt Issuance Practices sections 5.3 and 5.4 and Debt Management Practices sections 6.1 and 6.3.

### 6.5 Market and investor relations efforts

The City shall endeavor to maintain a positive relationship with the investment community. The City shall communicate through its published Biennial Budget, Capital Improvement Program and Comprehensive Annual Financial Statements the City's indebtedness as well as its future financial plans.

### 6.6 Periodic review

The City's debt policy shall be adopted by City Council. The policy shall be reviewed every four years by the Council Finance Committee and modifications shall be submitted to and approved by City Council.

RESOLUTION R-4837

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND  
ADOPTING A REVISED POLICY FOR THE MANAGEMENT OF THE  
CITY'S DEBT.

WHEREAS, the City Council of the City of Kirkland deems to  
ensure that all debt is issued both prudently and cost effectively; and

WHEREAS, the City Council of the City of Kirkland desires to  
set forth guidelines for the issuance and management of all financings  
of the City; and

WHEREAS, the Kirkland City Treasurer (Deputy Director of  
Finance) has recommended revisions to the debt management  
policies; and

WHEREAS, the City of Kirkland debt management policy has  
been written in accordance with the Association of Public Treasurers of  
the United States & Canada (APT US&C) guidelines.

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

Section 1. The policy for the management of the City's debt  
set forth in the document entitled "City of Kirkland Debt Management  
Policy September 1, 2010," which is attached hereto and incorporated  
herein by this reference as if set forth in full is hereby adopted as  
official policy for the management of the City's debt.

Section 2. That the document entitled City of Kirkland Debt  
Management Policy September 1, 2010, replaces all previous City of  
Kirkland Debt Management Policies.

Passed by majority vote of the Kirkland City Council in open  
meeting this 21st day of September, 2010.

Signed in authentication thereof this 21st day of September  
2010.

  
MAYOR

Attest:

  
City Clerk

# POST ISSUANCE COMPLIANCE POLICY



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**CITY OF KIRKLAND**  
**POST ISSUANCE COMPLIANCE POLICY**  
**Adopted by Resolution (R-5004) on October 15, 2013**

This policy is intended to guide the City of Kirkland in meeting its obligations under applicable statutes, regulations and documentation associated with publicly offered and privately placed securities of the City of Kirkland. This policy addresses obligations of the City of Kirkland that arise and will continue following the issuance of securities. The City of Kirkland maintains a separate Debt Policy with respect to matters related to the issuance of security obligations, including compliance with the City of Kirkland's disclosure obligations related to securities issuance. These obligations may arise as a result of federal tax law (with respect to tax-exempt securities) and securities laws (with respect to ongoing disclosure) or as a result of contractual commitments made by the City of Kirkland. This policy outlines obligations that may be applicable to each issue of securities and identifies the party to be responsible for monitoring compliance. In the City of Kirkland, the Director of Finance and Administration will be responsible for ensuring that the policy is followed and compliance checklist and records maintained. The Director of Finance and Administration may delegate responsibility to employees and outside agents for developing records, maintaining records and compliance checklist. The City of Kirkland will support educational opportunities provided by the Government Finance Officers Association (GFOA), Washington Finance Officers Association (WFOA) and Washington Municipal Treasurers Association (WMTA) for the parties identified in this policy with responsibilities for post-issuance compliance in order to facilitate their performance of these obligations.

A. Transcripts.

1. The City of Kirkland's bond counsel shall provide the City of Kirkland with two copies of a full transcript related to the issuance of securities (for each issue). The transcript shall be delivered in the following form: one hardcopy (paper) and one electronic on a CD; and transcripts shall be delivered to the City of Kirkland within three month[s] following the date of issuance of securities. It is expected that the transcript will include a full record of the proceedings related to the issuance of securities, including proof of filing an 8038-G or 8038-GC, if applicable.

2. Bond transcripts will be retained by the following parties and in the following locations within the City of Kirkland: City Clerk's Office.

B. Federal Tax Law Requirements (Applicable only if the securities are issued as "tax-exempt" securities).

1. *Use of Proceeds.*

a. If the project(s) to be financed with the proceeds of the securities will be funded with multiple sources of funds, the City of Kirkland will adopt an accounting methodology that:

♦ maintains each source of funding separately and monitors the actual expenditure of proceeds of the securities;

- ◆ commingles the proceeds and monitors the expenditures on a first in, first out basis; or
- ◆ provides for the expenditure of funds received from multiple sources on a proportionate basis.

b. Records of expenditures (timing of expenditure and object code) of the proceeds of securities will be maintained by the Department of Finance and Administration.

c. Records of investments and interest earnings on the proceeds of securities will be maintained by Department of Finance and Administration. Such records should include the amount of each investment, the date each investment is made, the date each investment matures and if sold prior to maturity, its sale date, and its interest rate and/or yield. Interest earnings on proceeds will be deposited in the fund in which the proceeds of the securities were deposited (if not, then the plan for use of interest earnings will be discussed with the City of Kirkland's bond counsel).

d. Records of interest earnings on reserve funds maintained for the securities.

2. *Arbitrage Rebate.* The Director of Finance and Administration or designee of the City of Kirkland ("Rebate Monitor") will monitor compliance with the arbitrage rebate obligations of the City of Kirkland for each issue ("issue") of securities which are described in further detail in the tax certificate if any, executed by the City of Kirkland for each issue and included in the transcript for the issue. If the City of Kirkland did not execute a tax certificate in connection with an issue, the Rebate Monitor should consult with the City of Kirkland's bond counsel regarding arbitrage rebate requirements.

a. If the Rebate Monitor determines that the total principal amount of tax-exempt governmental obligations (including all tax-exempt leases, etc.) of the City of Kirkland issued by or on behalf of the City of Kirkland and subordinate entities during the calendar year, including the issue, will not be greater than \$5,000,000, the Rebate Monitor will not be required to monitor arbitrage rebate compliance for the issue, except to monitor expenditures and the use of proceeds after completion of the project (see #3 below). For purposes of this paragraph, tax-exempt governmental obligations issued to currently refund a prior tax-exempt governmental obligation will only be taken into account to the extent they exceed the outstanding amount of the refunded bonds.

b. If the Rebate Monitor determines that the total principal amount of tax-exempt governmental obligations (including all tax-exempt leases, etc.) of the City of Kirkland issued or incurred any calendar year is greater than \$5,000,000, the Rebate Monitor will monitor rebate compliance for each issue of tax-exempt governmental obligations issued during that calendar year.

i. *Rebate Exceptions.* The Rebate Monitor will review the tax certificate, if any, in the transcript in order to determine whether the City of Kirkland is expected to comply with a spending exception that would permit the City of Kirkland to avoid having to pay arbitrage rebate. If the tax certificate identifies this spending exception (referred to as the six-month exception, the 18 month exception or the 2-year exception), then the Rebate Monitor will monitor the records of expenditures (see B.1 above) to determine whether the City of Kirkland met the spending exception (and thereby avoid having to pay any arbitrage rebate to the federal government). If the City of Kirkland did not execute a tax certificate in connection with an issue,

the Rebate Monitor should consult with bond counsel regarding the potential applicability of spending exceptions.

ii. *Rebate Compliance.* If the City of Kirkland does not meet or does not expect to meet any of the spending exceptions described in (i) above, the City of Kirkland will:

x. review the investment earnings records retained as described in B.1 above. If the investment earnings records clearly and definitively demonstrate that the rate of return on investments of all proceeds of the issue were lower than the yield on the issue (see the tax certificate in the transcript), then the City of Kirkland may opt not to follow the steps described in the following paragraph.

y. retain the services of an arbitrage rebate consultant in order to calculate any potential arbitrage rebate liability. The rebate consultant shall be selected no later than the completion of the project to be financed with the proceeds of the issue. A rebate consultant may be selected on an issue by issue basis or for all securities issues of the City of Kirkland. The Rebate Monitor will obtain the names of at least three qualified consultants and request that the consultants submit proposals for consideration prior to being selected as the City of Kirkland rebate consultant. The selected rebate consultant shall provide a written report to the City of Kirkland with respect to the issue and with respect to any arbitrage rebate owed if any.

z. based on the report of the rebate consultant, file reports with and make any required payments to the Internal Revenue Service, no later than the fifth anniversary of the date of each issue (plus 60 days), and every five years thereafter, with the final installment due no later than 60 days following the retirement of the last obligation of the issue.

c. *Yield Reduction Payments.* If the City of Kirkland fails to expend all amounts required to be spent as of the close of any temporary period specified in the Tax Certificate (generally 3 years for proceeds of a new money issue and 13 months for amounts held in a debt service fund), the City of Kirkland will follow the procedures described in B.2.b.ii above to determine and pay any required yield reduction payment.

3. *Unused Proceeds Following Completion of the Project.* Following completion of the project(s) financed with the issue proceeds, the Director of Finance and Administration or designee will:

a. review the expenditure records to determine whether the proceeds have been allocated to the project(s) intended (and if any questions arise, consult with bond counsel in order to determine the method of re-allocation of proceeds); and

b. direct the use of remaining unspent proceeds (in accordance with the limitations set forth in the authorizing proceedings (i.e., bond ordinance) and if no provision is otherwise made for the use of unspent proceeds, to the redemption or defeasance of outstanding securities of the issue.

4. *Use of the Facilities Financed with Proceeds.* In order to maintain tax-exemption of securities issued on a tax-exempt basis, the financed facilities (projects) are required to be used for governmental purposes during the life of the issue. The Director of Finance and Administration or designee of the City of Kirkland will monitor and maintain records regarding any private use of the projects financed with tax-exempt proceeds. The IRS Treasury Regulations prohibit private business use (use by private parties (including nonprofit organizations and the federal government)) of tax-exempt financed facilities beyond permitted *de minimus* amounts unless cured by a prescribed remedial action. Private use may arise as a result of:

- a. Sale of the facilities;
- b. Lease of the facilities (including leases, easements or use arrangements for areas outside the four walls, e.g., hosting of cell phone towers);
- c. Management contracts (in which the City of Kirkland authorizes a third party to operate a facility (e.g., cafeteria);
- d. Preference arrangements (in which the City of Kirkland grants a third party preference of the facilities, e.g., preference parking in a public parking lot).

If the Director of Finance and Administration or designee identifies private use of tax-exempt debt financed facilities, the Director of Finance and Administration or designee will consult with the City of Kirkland's bond counsel to determine whether private use will adversely affect the tax-exempt status of the issue and if so, what remedial action is appropriate. The private use may be allocated to those facilities (or portions of facilities) that were funded from sources other than bond proceeds. If the City of Kirkland determines that it is appropriate to complete a final allocation and accounting certification with respect to the expenditure of bond proceeds, pursuant to Treasury Regulation §1.148-6(d), the City of Kirkland will complete the allocation certification not later than the Final Allocation Date. The City of Kirkland may also elect to follow available remedial action procedures available under Treasury Regulations, e.g., allocate sales proceeds to other qualifying capital expenditures.

The City of Kirkland will verify at least once annually that the financed projects do not have impermissible private use. The verification will be noted on the Post Issuance Compliance Policy Checklist.

5. *Records Retention.*

a. Records with respect to matters described in this Subsection B will be retained by the City of Kirkland for the life of the securities issue (and any issue that refunds the securities issue) and for a period of three years thereafter.

- b. Records to be retained:
  - (i) The transcript;
  - (ii) Arbitrage rebate reports prepared by outside consultants;
  - (iii) Work papers that were provided to the rebate consultants;

(iv) Records of expenditures and investment receipts (showing timing of expenditure and the object code of the expenditure and in the case of investment, timing of receipt of interest earnings). (Maintenance of underlying invoices should not be required provided the records include the date of the expenditure, payee name, payment amount and object code; however, if those documents are maintained as a matter of policy in electronic form, then the City of Kirkland should continue to maintain those records in accordance with this policy);

(v) Copies of all certificates and returns filed with the IRS (e.g., for payment of arbitrage rebate); and

(vi) Copies of all leases, user agreements for use of the financed property (agreements that provide for use of the property for periods longer than 30 days), whether or not the use was within the four walls (e.g., use of the roof of the facility for a cell phone tower); and

(vii) Post Issuance Compliance Checklist documented annual review.

C. Ongoing Disclosure. Under the provisions of SEC Rule 15c2-12 (the "Rule"), underwriters are required to obtain an agreement for ongoing disclosure in connection with the public offering of securities. Unless the City of Kirkland is exempt from compliance with the Rule as a result of certain permitted exemptions, the transcript for each issue will include an undertaking by the City of Kirkland to comply with the Rule. The Department of Finance and Administration of the City of Kirkland will monitor compliance by the City of Kirkland with its undertakings. These undertakings may include the requirement for an annual filing of operating and financial information and will include a requirement to file notices of listed "material events." For some types of material events (early bond calls), the State's fiscal agent has undertaken the responsibility of filing notice of the applicable material event.

D. Other Notice Requirements. In some instances, the proceedings authorizing the issuance of securities will require the City of Kirkland to file information periodically with other parties, e.g., bond insurers, banks, rating agencies. The types of information required to be filed may include (1) budgets, (2) annual financial reports, (3) issuance of additional debt obligations, and (4) amendments to financing documents. The Department of Finance and Administration of the City of Kirkland will maintain a listing of those requirements and monitor compliance by the City of Kirkland.

RESOLUTION R-5004

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ADOPTING THE KIRKLAND POST ISSUANCE COMPLIANCE POLICY SETTING FORTH THE POLICY OF THE CITY OF KIRKLAND WITH RESPECT TO MEETING ITS OBLIGATIONS UNDER FEDERAL TAX LAW FOLLOWING THE ISSUANCE OF SECURITIES.

WHEREAS, the City of Kirkland has certain obligations under federal tax law with respect to its publicly offered and privately placed securities; and

WHEREAS, many of these obligations continue to apply throughout the entire term of the securities issued; and

WHEREAS, the City of Kirkland Post Issuance Compliance Policy has been written in consultation with the City's bond counsel; and

WHEREAS, the Kirkland City Treasurer (Deputy Director of Finance) has recommended that the City Council formally adopt the Post Issuance Compliance Policy that the City is following, and will continue to follow, to maintain compliance with applicable federal tax law;

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

Section 1. The "City of Kirkland Post Issuance Compliance Policy," which is attached as "Exhibit A" and incorporated by reference, is adopted as the official policy of the City of Kirkland for meeting its obligations under federal tax law following the issuance of securities by the City of Kirkland.

Passed by majority vote of the Kirkland City Council in open meeting this 15th day of October, 2013.

Signed in authentication thereof this 15th day of October, 2013.

  
MAYOR

Attest:

  
City Clerk

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## GLOSSARY



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## ***GLOSSARY OF BUDGET TERMS***

### **ACCOUNT NUMBER**

Kirkland utilizes an account structure that conforms to the state BARS (Budgeting, Accounting, and Reporting System) requirements. The account number is separated into the following parts:

XXX	--	XXX	--	XXXX *	X	--	XX	--	XXXX
FUND		DEPT		FUNCTION	CLASS		CATEGORY		ELEMENT

**FUND** groups indicate a discrete set of revenues and expenditures. Funds help maintain financial records of transactions. By state law, cities must balance revenues and expenditures at the fund level. BARS assigns the fund groups and the City assigns specific fund numbers.

**DEPARTMENT/DIVISION** numbers indicate the organizational unit making an expenditure. For example, the Fire Department uses all codes in the 900 group and the Training Division within the Fire Department uses the number 920. Revenue accounts do not contain department numbers; instead, the code 000 occupies the department/division slot. BARS does not dictate department/division numbers.

**FUNCTION** codes indicate the governmental function associated with an expenditure and are assigned by BARS. For example, an expenditure account with the function code 1880 indicates that the expenditure is related to data processing. Revenue accounts do not contain function codes; instead, the code 0000 occupies the function slot.

**CLASS** indicates the type of activity, with a 3 indicating revenue and a 5 designating expenditures. These numbers are assigned by BARS.

**CATEGORY** describes the "what" of the transaction. For expenditures the category indicates the specific item purchased or services obtained. For revenues the category indicates the source from which the revenues are obtained. For example, an expenditure with a category of 31 would be the purchase of office

and operating supplies. Revenue with a category of 11 would indicate property tax.

**ELEMENT** is a further segregation of the Category information.

### **ACCRUAL BASIS**

An accounting basis which recognizes transactions when they occur. An organization records expenses when the liability occurs and posts revenues when they are earned. The Water/Sewer, Surface Water/Solid Waste, Equipment Rental, and Information Technology Funds prepare year-end reports on the accrual basis. Kirkland uses a modified accrual basis of accounting for the reporting of all other funds. The budget is prepared on a cash basis (see later glossary entry).

### **ACTUAL**

Denotes final audited revenue and expenditure results of operations for fiscal year(s) indicated.

### **APPROPRIATION**

Through an appropriation ordinance, the City Council legally authorizes the City to spend money and to incur obligations for specific purposes. Budgetary/Operating fund appropriations lapse at the end of each biennium. Non-operating fund appropriations, on the other hand, continue in force until fully expended or until the City has accomplished or abandoned the purpose for which the Council granted the funds. Spending cannot exceed the level of appropriation without the Council's approval.

### **ASSESSED VALUATION**

When the King County Assessor's Office determines the value of both real (land and buildings) and personal property, it arrives at the assessed valuation of the property. The County uses this value to compute property taxes.

**ASSET**

Property owned by the government and resources owned or held by a government that has monetary value.

**BARS**

The State of Washington Budgeting, Accounting, and Reporting System required for all governmental entities in the state.

**BASIC BUDGET**

Kirkland develops its basic budget when it estimates how much it will cost to continue providing the existing ongoing level of service in the next biennium. The basic budget incorporates mandatory increases due to inflation or contract obligations.

**BIENNIAL BUDGET**

The City's financial operating plan for the next two fiscal years. Washington state law requires that the first year of a biennial budget be an odd-numbered year. Accordingly, the preparation of the biennial budget falls on an even-numbered year.

**BIENNIUM**

A two-year period.

**BENEFITS**

City-paid benefits provided for employees, such as retirement, worker's compensation, life insurance, and medical insurance.

**BOND**

A bond is a written promise to pay a specified sum of money (called the face value or principal amount) at a specified date or dates in the future (called the maturity date) together with period interest at a specified rate. Kirkland uses the sale of bonds to finance some of its large capital projects.

**BOND RATING**

When the City issues debt, a thorough review of the City's financial condition is completed by bond rating agencies. Based on their findings, the bonds are given a rating. The City's bond rating is a reflection of its creditworthiness and affects the cost to the City of issuing debt.

There are two rating agencies -- Standard and Poor's (S&P) and Moody's Investor Service -- that rate Kirkland's bonds. The City's current ratings are AAA (S&P) and Aa2 (Moody's).

**BUDGET**

As the City's financial operating plan for the fiscal biennium, the budget displays the estimated expenditures (costs) for providing services and the estimated sources of revenue (income) to pay for them. Once the City Council appropriates the fund totals shown in the budget, the totals become maximum spending limits. By state law, the City must balance its budget with expenditures equaling available revenues. RCW 35A.33 contains the legal authority and requirements for Kirkland's budget.

**BUDGET MESSAGE**

A general discussion of the proposed budget as presented in writing by the City Manager to the legislative body.

**CASH BASIS**

A basis of accounting where revenues are recorded when the cash is received and expenditures are recorded when paid. Kirkland prepares its budget on a cash basis.

**CAPITAL IMPROVEMENT PROGRAM (CIP)**

The plan or schedule of expenditures and funding sources for major construction of roads, sidewalks, City facilities, and water/sewer systems, and for the purchase of equipment. Kirkland's CIP follows a six-year schedule and includes projects which cost \$50,000 or more to complete. These projects become fixed assets and, with the exception of certain equipment, have a useful life of ten years or more. Although the City adopts the CIP budget in a process which is separate from the adoption of the biennial budget, the biennial budget incorporates the first and second years of the program.

**CAPITAL OUTLAY**

Expenditures for furnishings, equipment, vehicles, or machinery with an individual value greater than \$10,000 and a useful life of more than one year.

**CAPITAL PROJECT**

The acquisition, construction, improvement, replacement or renovation of land, structures and improvements thereon, and equipment. When the City Council authorizes a capital project, it adopts a capital project budget which continues until the project is complete.

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

A general purpose, federal grant primarily used to facilitate the production and preservation of low and moderate income housing and programs.

**CONTINGENCY**

Kirkland appropriates money to these reserve funds which it can use in the future should specific budget allotments run out and the City needs additional funds. Contingency funds are especially useful when emergencies arise that require the City to make unforeseen expenditures.

**COUNCILMANIC DEBT**

Debt which the City Council approves, but which does not require voter approval.

**CREDIT RATING**

The credit worthiness of a governmental unit as determined by an independent rating agency. The City of Kirkland is rated by two rating agencies: 1) Moody's Investor Service and 2) Standard and Poor's.

**DEBT CAPACITY**

The amount of debt which the City can issue given legal limits and fiscal policies. Debt capacity is calculated based on a percentage of the total assessed city property valuation plus the net of current assets and liabilities.

**DEBT SERVICE**

The annual payment of principal and interest on the City's bonded indebtedness.

**DEFICIT**

An excess of expenditure over revenue.

**DEPARTMENT**

To facilitate organizational and budgetary accountability, Kirkland breaks its funds into departments. Each department serves a specific function as a distinct organizational unit of city government.

**DEPRECIATION**

An accounting recognition that reduces a portion of the original cost of a business asset over several years as the value of the asset decreases.

**DIVISION**

As subdivisions of departments, divisions are budgetary or organizational units of government with limited sets of work responsibilities within their department. Divisions also serve to increase budget accountability.

**ENCUMBRANCES**

The amount of funds committed to vendors for goods or services received or to be received by the City as specified in a City purchase order.

**ENTERPRISE FUND**

An accounting entity which the City uses to record and report transactions for its business-type activities. All expenditures must be supported by income dedicated to the fund. The most common enterprise funds are utility funds.

**EXPENDITURE**

The payment for goods and services. On the cash-basis, expenditures are recognized only when the payments are made for the cost of goods received or services rendered.

**FEES**

A general term for any charge for services levied by government associated with providing a service or permitting an activity. Major types of fees include business licenses and user charges.

**FINES AND FORFEITURES**

Revenue category which primarily includes court, police, traffic and parking fines, and forfeitures.

#### **FISCAL POLICY**

The City's policies with respect to revenues, spending, and debt management as these relate to government services, programs, and capital investment. Fiscal policy provides an agreed upon set of principles for the planning and programming of government budgets and their funding.

#### **FISCAL YEAR**

The twelve-month period which an organization designates as its operating year. In Kirkland, the fiscal year coincides with the calendar year. The City prepares a biennial budget for a period of two fiscal years, beginning in an odd-numbered year.

#### **FIXED ASSETS**

A long-term tangible piece of property that the City owns and is not expected to be consumed or converted into cash any sooner than at least one year's time.

#### **FULL-TIME EQUIVALENT (FTE)**

Kirkland budgets its employee positions in terms of the work year of a regular, full-time employee. For example, when the City budgets a position full-time for only six months, that position is 0.5 FTE. Likewise, a half-time position budgeted for a full year is also 0.5 FTE. A full-time position is 1.00 FTE.

#### **FUND**

Municipal governments organize and operate their accounting systems on a fund basis. The formal definition of the fund is an independent financial and accounting entity with a self-balancing set of accounts in which cities record financial transactions relating to revenues, expenditures, assets, and liabilities. Each fund must be budgeted independently with revenues equal to expenditures. With the exception of the General Fund, which accounts for general purpose activities and unrestricted revenue sources, each fund has a unique funding source and purpose. By establishing funds, the City can account for the use of restricted revenue sources and carry on specific activities or pursue specific objectives.

#### **FUND BALANCE**

The cumulative difference between expenditures and revenue over the life of a fund. A negative fund balance is usually referred to as a deficit.

#### **GAAP (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)**

Both industry and governments use Generally Accepted Accounting Principles as standards for accounting and reporting financial activity. The Governmental Accounting Standards Board (GASB) currently sets government GAAP. Adherence to GAAP assures that financial reports of all state and local governments - regardless of jurisdictional legal provisions and customs - contain the same type of financial statements and disclosures, for the same categories and types of funds and account groups, based on the same measurement and classification criteria.

#### **GASB 34**

Governmental Accounting Standards Board Statement 34 (GASB 34) sets requirements for the content and format of the annual financial report.

#### **GENERAL FUND**

The General Fund accounts for revenues and expenditures associated with ordinary City operations that are not required to be accounted for in another fund. Individual departments within the General Fund account for expenditures incurred to provide various general-purpose municipal services.

#### **GENERAL OBLIGATION BONDS**

Bonds for which the City pledges its full faith and credit (the general taxing power) for repayment. Debt Service is paid from property tax revenue levied (in the case of voter-approved bonds) or other general revenue (in the case of Councilmanic bonds).

#### **GRANT**

A transfer of county, state, or federal monies to the City, usually for specific programs or activities.

**INDIRECT COST**

Cost of centrally provided internal services for which there is a citywide benefit that cannot be readily identified to specific departments.

**INFRASTRUCTURE**

Long-lived capital assets that can be preserved for a significantly greater number of years than most capital assets and are stationary in nature.

**INTERFUND TRANSFERS**

When the City moves money between its various funds, it makes an interfund transfer.

**INTERGOVERNMENTAL REVENUES**

Revenues from other governments in the form of state shared revenue and grants.

**INTERNAL CONTROLS**

Policies and procedures established to provide reasonable assurance that specific government objectives will be achieved.

**INTERNAL SERVICE FUND**

An accounting entity which the City uses to record and report transactions for goods and services provided by one department to other City departments on a cost reimbursement basis. The City currently has four internal service funds, the Equipment Rental Fund, Facilities Maintenance Fund, the Health Benefits Fund and the Information Technology Fund.

**LEOFF**

The State of Washington's Law Enforcement Officers and Firefighters Retirement System.

**LEVY RATES**

The rate of tax to be imposed on the assessed value of real property for the computation of property tax revenues. (See also Property Tax Levy)

**LICENSES AND PERMITS**

Revenue category that includes building permits, business licenses, and any other miscellaneous licenses.

**LID**

In a Local Improvement District the City makes special assessments against certain properties to defray part or all of the cost of a specific improvement or service which it deems will primarily benefit those properties. The assessments can be paid in full or in installments over a set period of time.

**LINE-ITEM BUDGET**

In its biennial budget, Kirkland estimates revenues and expenditures at the line-item level. The line-item budget contains a great degree of detail since it indicates how the City spends its money and the sources from which it receives revenue. Examples of line items in Kirkland's budget are postage, uniforms and clothing, hourly wages, fuel, etc.

**MAINTENANCE**

The act of keeping capital assets in a state of good repair. It includes preventive maintenance, normal periodic repairs, replacement of parts, structural components and so forth, and other activities needed to maintain the asset so that it continues to provide normal services and achieves its optimum life.

**MODIFIED ACCRUAL BASIS**

Kirkland uses this basis of accounting for year-end reporting which is adapted to the governmental fund type spending. The City recognizes revenues when they become both "measurable" and "available" to finance expenditures of the current period (i.e., when it is received). The City recognizes an expenditure, other than accrued interest on general fiscal long-term debt, when it is incurred (i.e., an obligation is made).

**NONDEPARTMENTAL**

This department has the sole purpose of accounting for all expenditures that the City cannot specifically designate to any operating department within a fund. Examples of expenses in the area include shared paper products and support of outside organizations.

**NON-OPERATING BUDGET**

The non-operating budget contains non-operating funds which the City uses to finance projects with limited objectives and/or finite life

spans. By law, these budgets do not lapse at the end of the biennium, but may be carried forward from year to year until the monies are fully expended or their purposes are accomplished or abandoned. As a matter of practice, Kirkland prepares biennial budgets for all non-operating funds. The non-operating budget accounts primarily for debt, reserves, and capital projects.

#### **OBJECTIVE**

A specific measurable achievement that may be accomplished within a specific time frame.

#### **OPERATING BUDGET**

The operating budget provides a plan for current expenditures and the proposed means of financing them. In a broader sense, the biennial operating budget is a statement of what services the municipality will deliver to its citizens.

#### **OPERATING REVENUES**

Funds that the government receives as income to pay for ongoing operations.

#### **ORDINANCE**

A formal legislative enactment by the Council or governing body of a governmental entity.

#### **PERFORMANCE INDICATOR**

Specific quantitative and qualitative measures of work performed as an indicator of specific department or program activity or accomplishment.

#### **PERFORMANCE MEASURE**

A measure of how well a particular result is being achieved. Indicators of program performance that are collected to show the impact of resources spent on city services directly tied to program results.

#### **PERS**

The State of Washington's Public Employees Retirement System for employees other than police and fire personnel.

#### **PERSONNEL SERVICES**

Expenditures which include salary costs, wages, and benefits, for full-time and part-time hourly employees and overtime expenses.

#### **PRELIMINARY BUDGET**

The recommended, but unapproved, biennial budget which the City Manager presents to the City Council and the public.

#### **PROGRAM BUDGET**

A program is made up of a group of similar services which have a common purpose. A program budget presents planned expenditures for each group of services without regard to the departments involved in performing the services. For example, most services performed by the Police and Fire departments are related to protecting the public and naturally become part of a Public Safety Program along with prosecuting personnel, the municipal court, and other related service activities.

#### **PROPERTY TAX LEVY – REGULAR**

This represents the amount of property tax allowable under State law which the City may levy annually without approval by the City's registered voters. Kirkland uses this tax primarily to support the General Fund and street-related services. The City also has a separately voted Parks Maintenance Levy. State law fixes the maximum levy in dollars per \$1,000 of assessed valuation and the annual rate at which total regular levy property taxes may increase.

#### **PROPERTY TAX LEVY – SPECIAL (OR EXCESS)**

This represents the amount of property tax which a city government may charge in excess of the "regular levy" upon the approval of this tax by a vote of the people. Cities most commonly use the revenue to pay the annual costs of voter-approved general obligation bonds. State law imposes a maximum limit on the dollar amount of such bonds which a city may have outstanding at any one time.

#### **PROPRIETARY FUND**

See Enterprise Fund.

**RESERVE**

An account which the City uses either to set aside budgeted revenues that it does not need to spend in the current biennium or to earmark revenues for a specific future purpose.

**RESOURCES**

Total dollars available for appropriation, including estimated revenues, interfund transfers, and other financing sources such as beginning resources forward balances.

**RESOURCES FORWARD**

Each City fund uses this revenue account to record estimated and actual resources available for expenditure in the biennium because of revenues collected in excess of the budget and/or expenditures less than the budget in the prior biennium. Can also be called Beginning Fund Balance.

**RESTRICTED/UNRESTRICTED REVENUE**

The City most commonly receives restricted revenue in three ways. First, a person pays a fee to the City and the City will use that money to provide a specific product, service, or capital asset. Second, the receipt of money is directly tied to an expenditure or is restricted by law. Finally, the City considers revenue restricted when voters or the City Council have designated it for a specific purpose. All other revenues are unrestricted.

**REVENUE**

Sources of income which the City receives during a fiscal year. Examples of revenue include taxes, intergovernmental grants, charges for service, and other financing sources such as the proceeds derived from the sale of fixed assets.

**REVENUE BONDS**

City-issued bonds which pledge future revenues, usually water, sewer, garbage, or drainage charges, to cover debt payments in addition to operating costs.

**SERVICE PACKAGE**

Capital equipment, a new service, or a project which City departments add to their basic budget to enhance the quality and/or quantity of service they provide to the public.

**SPECIAL REVENUE FUNDS**

Funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**SUPPLIES**

Cost of goods consumed by the City in the course of its operations.

**TAX LEVY**

The total amount to be raised by general property taxes for the purposes stated in the tax levy ordinance. (See also Property Tax Levy and Levy Rate.)

**UNRESERVED FUND BALANCE**

The funds remaining after reduction for reserved balances.

**USER CHARGES**

The amount the government receives for the provision of services and commodities, or the performance of specific services benefiting the person charged. User charges tend to be voluntary in nature, in contrast to mandatory property and income taxes. Citizens only pay user charges when a specific service is received.



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## ACRONYM GUIDE



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## ***ACRONYM GUIDE***

**AC**—Asbestos/Cement

**ACA**—Affordable Care Act

**ACP**—Asphalt Concrete Pavement

**ADA**—Americans with Disabilities Act

**AED**—Automated External Defibrillator

**AFSCME**—American Federation of State, County and Municipal Employees

**AKA**—Also Known As

**ALS**—Advanced Life Support

**AOC**—Administrative Office of the Courts

**APS**—Adult Protective Service

**ARC**—Aquatics, Recreation and Community Center

**ARCH**—A Regional Coalition of Housing

**ARRA**—American Recovery and Reinvestment

**ASTC**—Annexation Sales Tax Credit

**AV**—Assessed Valuation

**AWC**—Association of Washington Cities

**BABS**—Build America Bonds

**BARS**—Budget Accounting Reporting System

**BLS (1)**—Basic Life Support

**BLS (2)**—Bureau of Labor Statistics

**BNSF**—Burlington Northern Santa Fe (Railroad)

**CAFR**—Comprehensive Annual Financial Report

**CAO (1)**—City Attorney's Office

**CAO (2)**—Critical Areas Ordinance

**CBD**—Central Business District

**CCTV**—Closed Circuit Television

**CDBG**—Community Development Block Grant

**CFP**—Capital Facilities Plan

**CIP**—Capital Improvement Program

**CJTC**—Criminal Justice Training Center

**CKC**—Cross Kirkland Corridor

**CMAQ**—Congestion Mitigation and Air Quality

**CMO**—City Manager's Office

**CMOM**—Capacity, Management, Operations and Maintenance Program (for sanitary sewer)

**COLA**—Cost of Living Adjustment

**COPS**—Community Oriented Policing

**CPI**—Consumer Price Index

**CPR**—Cardiopulmonary resuscitation

**CPS**—Child Protective Services

**CTR**—Commute Trip Reduction

**CWA**—Cascade Water Alliance

**DART (1)**—Dial-a-Ride Transportation

**DART (2)**—Domestic Abuse Response Team

**DHS**—Department of Homeland Security

**DOC**—Department of Commerce

**DOE**—Department of Ecology

**DOL**—Department of Licensing

**DOR**—Department of Revenue

**DOT**—Department of Transportation

**DRS**—Department of Retirement Systems

**DSHS**—Department of Social and Health Services

**DUI**—Driving under the Influence

**EAP**—Employee Assistance Program

**EIS**—Environmental Impact Statement

**EMPG**—Emergency Management Performance Grant

**EMS**—Emergency Medical Services

**EMT**—Emergency Medical Technician

**EOC**—Emergency Operations Center

**EPSCA**—Eastside Public Safety Communications Agency

**ER**—Equipment Rental

**ESP**—Emergency Sewer Program

**ETP**—Eastside Transportation Partnership

**F&A**—Finance and Administration

**FI**—Fire

**FASB**—Financial Accounting Standards Board

**FEMA**—Federal Emergency Management Agency

**FMR**—Financial Management Report

**FOG**—Fats, Oils and Grease

**FSA**—Flexible Spending Account

**FTE**—Full Time Equivalent

**FVU**—Family Violence Unit

**FY**—Fiscal Year

**FYA**—Flashing Yellow Arrows

**GAAP**—Generally Accepted Accounting Principles

**GASB**—Governmental Accounting Standards Board

**GFOA**—Government Finance Officers Association

**GIS**—Geographical Information Systems

**GMA**—Growth Management Act

**GO**—General Obligation

**HHS**—Health and Human Services

**HR**—Human Resources

**HRA**—Health Reimbursement Account

**HSA**—Health Savings Account

**HUD**—Housing and Urban Development

**HVAC**—Heating, Ventilation and Air Condition

**IAFF**—International Association of Firefighters

**ICMA**—International City/County Management Association

**IFAS**—Integrated Financial and Administrative Solution (financial software)

**IPD**—Implicit Price Deflator

**IT**—Information Technology

**ITS**—Intelligent Transportation System

**JOC**—Job Order Contracting

**KAC**—Kirkland Arts Center

**KAN**—Kirkland Alliance of Neighborhoods

**KDA**—Kirkland Downtown Association

**KFD**—Kirkland Fire Department

**KJC**—Kirkland Justice Center

**KMC (1)**—Kirkland Municipal Code

**KMC (2)**—Kirkland Municipal Court

**KPC**—Kirkland Performance Center

**KPD**—Kirkland Police Department

**LAN**—Local Area Network

**LEED**—Leadership in Energy and Environmental Design

**LEOFF**—Law Enforcement Officers and Firefighters (retirement system)

**LET**—Leasehold Excise Tax

**LF**—Linear Feet

**LID (1)**—Local Improvement District

**LID (2)**—Low Impact Development

**LTAC**—Lodging Tax Advisory Committee (aka TDC)

**LTGO**—Limited Tax General Obligation

**LWIT**—Lake Washington Institute of Technology

**LWSD**—Lake Washington School District

**MAC**—Management and Confidential Employees

**MEBT**—Municipal Employees Benefit Trust

**MMS**—Maintenance Management System

**MRSC**—Municipal Research and Services Center

**MSA**—Metropolitan Statistical Area

**MVFT**—Motor Vehicle Fuel Tax

**N/A**—Not Applicable *or* Not Available

**NEDC**—Northeast District Court

**NKCC**—North Kirkland Community Center

**NLC**—National League of Cities

**NORCOM**—North East King County Regional Public Safety Communication Agency

**NPDES**—National Pollutant Discharge Elimination System

**NRO**—Neighborhood Resource Officer

**NRSRO**—Nationally Recognized Statistical Rating Organization

**NTC**—Neighborhood Traffic Control

**O&M**—Operations and Maintenance

**OPEB**—Other Post-Employment Benefits

**PC**—Personal Computer

**PB**—Planning and Building

**PCI**—Payment Card Industry

**PCS**—Parks and Community Services

**PDA**—Public Disclosure Act

**PDR**—Public Disclosure Request

**PERS**—Public Employees Retirement System

**PKCC**—Peter Kirk Community Center

**PPE**—Personal Protective Equipment

**PROS**—Parks, Recreation and Open Space plan

**PRV**—Pressure Reducing Valve Vault

**PSERS**—Public Safety Employees Retirement System

**PSRC**—Puget Sound Regional Council

**PW**—Public Works

**PWTF**—Public Works Trust Fund

**RCW**—Revised Code of Washington

**REET**—Real Estate Excise Tax

**RF**—Resources Forward

**(R)RFB**—(Rectangular) Rapid Flashing Beacon

**RGRL**—Revenue Generating Regulatory License

**ROW**—Right of Way

**S&P**—Standard and Poor's

**SAN**—Storage Area Network

**SAO**—State Auditor's Office

**SCA**—Sound Cities Association

**SCBA**—Self Contained Breathing Apparatus

**SDP**—Shoreline Substantial Development Permit

**SEC**—Securities and Exchange Commission

**SEPA**—State Environmental Policy Act

**SQL**—Structured Query Language

**SRO**—School Resource Officer

**SWAT**—Special Weapons and Tactics

**TBD**—Transportation Benefit District

**TDC**—Tourism Development Committee (aka LTAC)

**TIB**—Transportation Improvement Board

**TIP**—Transportation Improvement Plan

**TMP**—Transportation Master Plan

**TOD**—Transit Oriented Development

**TUB**—Teen Union Building

**ULI**—Urban Land Institute

**UTGO**—Unlimited Tax General Obligation

**WAC**—Washington Administrative Code

**WAN**—Wide Area Network

**WCIA**—Washington Cities Insurance Authority

**WISHA**—Washington Industrial Safety and Health Act

**WNR**—Wants, Needs, Resources

**WSDOT**—Washington State Department of Transportation

**WSP**—Washington State Patrol



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