



PROFESSIONAL SERVICES AGREEMENT

ECONorthwest – Economic Competitiveness and Minimum Wage Study

The City of Kirkland, Washington, a municipal corporation (“City”) and ECONorthwest, whose address is 920 SW 6th Avenue, Suite 1400, Portland, OR 97204 (“Consultant”), in consideration of the mutual benefits and conditions set forth below, agree and contract as follows.

I. SERVICES BY CONSULTANT

- A. The Consultant agrees to perform the services described in Attachments A and B to this Agreement (“Services”), which attachments are incorporated herein by reference.
- B. The Services shall be performed in accordance with the ordinary and reasonable care, skill, and diligence that a competent professional in the same field would exercise under similar circumstances.

II. COMPENSATION

- A. The total compensation to be paid to the Consultant for these Services shall not exceed \$35,065 for the Economic Competitiveness Study and \$17,540 for the Minimum Wage Study, totaling \$52,605, including all applicable taxes, as detailed in Attachments A and B.
- B. Payment to the Consultant by the City in accordance with the payment ceiling specified above shall be the total compensation for all Services performed under this Agreement and supporting documents hereto as well as all subconsultants’ fees and expenses, supervision, labor, supplies, materials, equipment or the use thereof, reimbursable expenses, and other necessary incidentals.
- C. The Consultant shall be paid based on invoices submitted. Invoicing will be on the basis of percentage completed or on the basis of time, whichever is applicable in accordance with the terms of this Agreement.
- D. If the City objects to any portion of an invoice, it will notify the Consultant. In the event of an invoice dispute, the City will timely pay any undisputed portion of the invoice, and the parties will promptly make reasonable efforts to resolve the disputed portion. The City shall have the right to withhold payment to the Consultant for any services not completed in a satisfactory manner until such time as the Consultant modifies such services to the satisfaction of the City.
- E. Unless otherwise specified in this Agreement, any payment shall be considered timely if a warrant is mailed or is available within 30 days of the date of actual receipt by the City of an invoice conforming in all respects to the terms of this Agreement.

III. GENERAL ADMINISTRATION AND MANAGEMENT

The City Manager's Office for the City of Kirkland shall review and approve the Consultant's invoices to the City under this Agreement, shall have primary responsibility for overseeing and approving the services, and shall coordinate all communications with the Consultant from the City.

IV. DURATION

The estimated completion date for the Consultant's performance of the Services is December 31, 2026. For the purposes of submitting and paying final invoices, this Agreement expires on February 28, 2027.

The Consultant will diligently proceed with the Services, but the Consultant shall not be held responsible for delays occasioned by factors beyond its control which could not reasonably have been foreseen at the time of the execution of this Agreement. If such a delay arises, the Consultant shall forthwith notify the City.

V. TERMINATION OF AGREEMENT

The City or the Consultant may terminate or suspend this Agreement at any time, with or without cause, by giving ten (10) days' notice to the other in writing. In the event of termination, all finished or unfinished reports, or other material prepared by the Consultant pursuant to this Agreement, shall be provided to the City. In the event the City terminates prior to completion without cause, the Consultant may complete such analyses and records as may be necessary to place its files in order. The Consultant shall be entitled to receive just and equitable compensation for any satisfactory services completed on the project prior to the date of termination, not to exceed the payment ceiling set forth above.

VI. OWNERSHIP OF WORK PRODUCT

- A. Ownership of the originals of any reports, data, studies, surveys, charts, maps, drawings, specifications, figures, photographs, memoranda, and any other documents which are developed, compiled or produced as a result of this Agreement, whether or not completed, shall be vested in the City. Any reuse of these materials by the City for projects or purposes other than those which fall within the scope of this Agreement or the project to which it relates, without written concurrence by the Consultant will be at the sole risk of the City.
- B. The City acknowledges the Consultant's plans and specifications as instruments of professional service. Nevertheless, the plans and specifications prepared under this Agreement shall become the property of the City upon completion of the services. The City agrees to hold harmless and indemnify the Consultant against all claims made against the Consultant for damage or injury, including defense costs, arising out of any reuse of such plans and specifications by any third party without the written authorization of the Consultant.
- C. Methodology, materials, software, logic, and systems developed under this Agreement are the property of the Consultant and the City, and may be used as either the Consultant or the City sees fit, including the right to revise or publish the same without limitation.
- D. The Consultant, at such times and in such forms as the City may require, shall furnish to the City such statements, records, reports, data, and information as

the City may request pertaining to matters covered by this Agreement. All of the reports, information, data, and other related materials, prepared or assembled by the Consultant under this Agreement and any information relating to personal, medical, and/or financial data will be treated as confidential only as allowed by Washington State laws regarding disclosure of public information, including Chapter 42.56 RCW.

- E. The Consultant will, at any time during normal business hours and as often as the City may deem necessary, make available for examination all of its records and data with respect to all matters covered, directly or indirectly, by this Agreement and shall permit the City or its designated authorized representative to audit and inspect other data relating to all matters covered by this Agreement. The City shall receive a copy of all audit reports made by the agency or firm as to the Consultant's activities. The City may, at its discretion, conduct an audit, at its expense, using its own or outside auditors, of the Consultant's activities which relate, directly or indirectly, to the Agreement.
- F. The Consultant will provide all original operation and maintenance manuals, along with all warranties, from the manufacturer for any equipment or items installed or supplied to the City has part of this contracted project.
- G. The Consultant shall maintain accounts and records, including personnel, property, financial, and programmatic records, which sufficiently and properly reflect all direct and indirect costs of any nature expended and services performed pursuant to this Agreement. The Consultant shall also maintain such other records as may be deemed necessary by the City to ensure proper accounting of all funds contributed by the City to the performance of this Agreement.
- H. The foregoing records shall be maintained for a period of six years after termination of this Agreement unless permission to destroy them is granted by the Office of the Archivist in accordance with Chapter 40.14 RCW and by the City.

VII. SUCCESSORS AND ASSIGNS

The Consultant shall not assign, subcontract, transfer, convey, pledge, or otherwise dispose of this Agreement or any part of this Agreement without prior written consent of the City.

VIII. NONDISCRIMINATION

The Consultant shall, in employment made possible or resulting from this Agreement, ensure that there shall be no unlawful discrimination against any employee or applicant for employment in violation of RCW 49.60.180, as currently written or hereafter amended, or other applicable law prohibiting discrimination, unless based upon a bona fide occupational qualification as provided in RCW 49.60.180 or as otherwise permitted by other applicable law. Further, no person shall be denied or subjected to discrimination in receipt of the benefit of any services or activities made possible by or resulting from this Agreement in violation of RCW 49.60.215 or other applicable law prohibiting discrimination.

IX. HOLD HARMLESS/INDEMNIFICATION

- A. To the greatest extent allowed by law, the Consultant shall defend, indemnify, and hold harmless the City, and its officers, officials, employees, and volunteers (“Indemnified Parties”) from any and all claims, injuries, damages, losses or suits (including reasonable attorney fees and costs) arising out of or in connection with performance of this Agreement, except for injuries and damages caused by the sole negligence of the Indemnified Parties.
- B. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of the Services or bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the Indemnified Parties, the Consultant’s liability hereunder shall be only to the extent of the Consultant’s negligence.
- C. It is further specifically and expressly understood that the indemnification provided herein constitutes the Consultant’s waiver of immunity under Title 51 RCW, Washington’s industrial insurance law, solely for the purpose of this indemnification. This waiver has been mutually negotiated by the parties.
- D. The provisions of this section shall survive the expiration or termination of this Agreement.

X. LIABILITY INSURANCE COVERAGE

The Consultant shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property that may arise from or in connection with the performance of the Services by the Consultant and/or its agents, representatives, or employees. A failure to obtain and maintain such insurance or to file required certificates and endorsements shall be a material breach of this Agreement.

The Consultant’s maintenance of insurance as required by this Agreement shall not be construed to limit the liability of the Consultant to the coverage provided by such insurance, or to otherwise limit the City’s recourse to any remedy available at law or in equity.

- A. **Minimum Scope and Amounts of Insurance.** The Consultant shall obtain and maintain insurance of the types and limits described below:
 - 1. Commercial General Liability insurance shall be as least as broad as Insurance Services Office (ISO) form CG 00 01 and shall cover liability arising from premises, operations, stop-gap independent contractors and personal injury and advertising injury. The City shall be named as an additional insured under the Consultant’s Commercial General Liability insurance policy with respect to the work performed for the City using an additional insured endorsement at least as broad as ISO CG 20 26.
 - a. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.

2. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be as least as broad as ISO form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
 - a. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.
4. Professional Liability insurance appropriate to the Consultant's profession.
 - a. Professional Liability insurance shall be written with limits no less than \$1,000,000 per claim and \$1,000,000 policy aggregate limit.

B. Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability and Commercial General Liability insurance:

1. The Consultant's insurance coverage shall be primary insurance as respects the City. Any insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of the Consultant's insurance and shall not contribute with it.
2. The Consultant shall provide the City and all Additional Insureds for the Services with written notice of any policy cancellation within two business days of the Consultant's receipt of such notice.

C. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

D. Verification of Coverage

The Consultant shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Consultant before commencement of the Services.

E. Failure to Maintain Insurance

Failure on the part of the Consultant to maintain the insurance as required shall constitute a material breach of this Agreement, upon which the City may, after giving five business days' notice to the Consultant to correct the breach, immediately terminate the Agreement or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Consultant from the City.

F. City Full Availability of Consultant Limits

If the Consultant maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Consultant, irrespective of whether such limits maintained by the Consultant are greater than those required by this Agreement or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by the Consultant.

XI. COMPLIANCE WITH LAWS/BUSINESS LICENSE

The Consultant shall comply with all applicable state, federal, and local laws, ordinances, regulations, and codes. The Consultant must obtain a City of Kirkland business license or otherwise comply with Chapter 7.02 of the Kirkland Municipal Code.

XII. FUTURE SUPPORT

The City makes no commitment and assumes no obligations for the support of the Consultant's activities except as set forth in this Agreement.

XIII. INDEPENDENT CONTRACTOR

The Consultant is and shall be at all times during the term of this Agreement an independent contractor and not an employee of the City. The Consultant agrees that they are solely responsible for the payment of taxes applicable to the Services and agrees to comply with all federal, state, and local laws regarding the reporting of taxes, maintenance of insurance and records, and all other requirements and obligations imposed on them as a result of their status as an independent contractor. The Consultant is responsible for providing the office space and clerical support necessary for performing the Services. The City shall not be responsible for withholding or otherwise deducting federal income tax or social security or for contributing to the state industrial insurance of unemployment compensation programs or otherwise assuming the duties of an employer with respect to the Consultant or any employee of Consultant.

XIV. EXTENT OF AGREEMENT/MODIFICATION

This Agreement, together with all attachments and addenda, represents the final and completely integrated Agreement between the parties regarding its subject matter and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended only by written instrument properly signed by both parties. The terms of this Agreement supersede any conflicting provisions contained in any attachments and/or addenda.

XV. ADDITIONAL WORK

The City may desire to have the Consultant perform work or render services in connection with the project other than provided for by the express intent of this Agreement. Any such work or services shall be considered as additional work, supplemental to this Agreement.

XVI. NON-ENDORSEMENT

As a result of the selection of a consultant to supply services to the City, the Consultant agrees to make no reference to the City in any literature, promotional material, brochures, sales presentation, or the like without the express written consent of the City. However, notwithstanding the foregoing, the City consents to the Consultant including information describing the Consultant's participation in this project in bids, statements of qualifications, or other similar proposals submitted to other municipal, governmental, or similar project sponsor, so long as the information included is factually accurate.

XVII. NON-COLLUSION

By signature below, the Consultant acknowledges that the person, firm, association, co-partnership or corporation herein named, has not either directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in the preparation or submission of a proposal to the City for consideration in the award of a contract on the specifications contained in this Agreement.

XVIII. WAIVER

Waiver by the City of any breach of any term or condition of this Agreement shall not be construed as a waiver of any other breach.

XIX. DEBARMENT

The Consultant certifies that it is not suspended, debarred, proposed for debarment, declared ineligible or otherwise excluded from contracting with the federal government, or from receiving contracts paid for with federal funds.

XX. GOVERNING LAW AND VENUE

This Agreement shall be interpreted in accordance with the laws of the State of Washington. The Superior Court of King County, Washington, shall have exclusive jurisdiction and venue over any legal action arising under this Agreement.

XXI. DISPUTE RESOLUTION

All claims, counterclaims, disputes, and other matters in question between the City and the Consultant arising out of or relating to this Agreement shall be referred to the City Manager or a designee for determination, together with all pertinent facts, documents, data, contentions, and other information. The City Manager or designee shall consult with the Consultant's representative and make a determination within thirty (30) calendar days of such referral. No civil action on any claim, counterclaim, or dispute may be commenced until thirty (30) days following such determination. Nothing herein waives any requirements of Chapter 4.96 RCW, if applicable.

XXII. SEVERABILITY

Any provision or part of the Agreement held to be void or unenforceable under any law or regulation shall be deemed stricken. Unless such stricken provision goes to the essence of the consideration bargained for by a party, all remaining provisions shall

continue to be valid and binding upon the parties, and the parties agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

XXIII. EFFECTIVE DATE

This Agreement shall be deemed effective on the last date signed below.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates written below:

CONSULTANT:

CITY OF KIRKLAND:

Signature: *Morgan Shook*
Morgan Shook (Jun 24, 2026 08:53:34 PDT)

Signature: *James Lopez*
James Lopez (Jun 24, 2026 08:54:30 PDT)

Name: Morgan Shook

Name: James Lopez

Title: Partner

Title: Deputy City Manager

Date: 06/24/2026

Date: 06/24/2026

DATE: May 26, 2026
TO: Jen Davis Hayes, CEcD, Economic Development Manager, City of Kirkland
FROM: Morgan Shook
SUBJECT: Statement of Work: Kirkland Economic Competitiveness Study

Project Understanding

The City of Kirkland is interested in understanding how its cost of doing business compares with nearby peer cities and how those costs may influence business location, retention, and expansion decisions. The City's prior competitiveness work evaluated the cost of doing business with and in Kirkland, and the current study is intended to update that work in a way that is targeted, practical, and useful for upcoming budget and policy discussions. The City's draft scope identifies annual rent, local taxes and fees, state and regional taxes and fees, commercial vacancy rates, and representative business types as core elements of the analysis.

The study should be organized around two related but distinct questions.

The first question is: How does Kirkland's tax and fee policy affect business location decisions relative to peer cities? This is the portion of the analysis most directly tied to City policy. It includes taxes, fees, licenses, utility taxes, permitting or development-related charges, and other locally imposed costs that may affect the relative cost of operating, expanding, or locating a business in Kirkland.

The second question is: How expensive is Kirkland as a business location after accounting for broader market and geographic conditions? This includes costs and conditions that are important to businesses but are not primarily controlled by the City, such as commercial rent, labor costs, vacancy, space availability, access to customers, and access to workers. These conditions matter because businesses make location decisions based on total operating economics, not taxes and fees alone.

By separating policy-driven costs from market-driven costs, the study will help the City understand where it has direct policy leverage, where competitiveness is shaped by broader market forces, and how local tax and fee policy fits within the larger business location decision.

Scope of Work

Task 1. Project Initiation and Competitiveness Framework

ECONorthwest will begin by working with City staff to confirm the study objectives, peer cities, business prototypes, data sources, and intended use of the analysis. This task will

establish the organizing framework for the study, including the distinction between local policy costs and broader market/location costs.

The framework will be used to ensure the analysis does not simply rank cities as more or less expensive, but instead explains why Kirkland may be more or less costly and which cost differences are within the City's ability to influence.

Key activities:

- Conduct kickoff meeting with City staff.
- Review prior Kirkland competitiveness materials and the City's current draft scope.
- Confirm peer cities, currently anticipated to include Bellevue, Bothell, Redmond, and Issaquah.
- Confirm representative business types, currently anticipated to include restaurant, retail, and office uses at small, medium, and large scales.
- Develop a study framework that separates:
 - City-controlled or City-influenced tax and fee costs.
 - State, county, regional, and special district costs.
 - Market-driven and geographic costs.
- Identify data sources, assumptions, and known limitations.

Deliverable:

Brief project framework and data plan memo.

Task 2. Business Prototype Development

ECONorthwest will develop representative business prototypes to serve as the basis for comparing costs across cities. These prototypes will be illustrative examples, not estimates for any individual business. The purpose is to translate tax rates, fee schedules, rents, and other cost drivers into practical examples of how different types of businesses experience costs in Kirkland and peer communities.

This approach uses business prototypes as proxies for real businesses to compare impacts across cities and tax scenarios. That analysis used prototype characteristics such as business income, payroll, employees, taxable assessed value, and space utilization to estimate how different business types were affected by local tax and fee structures.

For Kirkland, the prototypes will focus on the business types identified in the City's draft scope: restaurant, retail, and office. Where feasible, each will be represented at small, medium, and large scales.



Key activities:

- Define representative restaurant, retail, and office prototypes.
- Develop small, medium, and large versions of each prototype where data allow.
- Estimate relevant prototype characteristics, which may include:
 - Square footage.
 - Annual gross receipts or business income.
 - Payroll.
 - Number of employees.
 - Estimated rent.
 - Taxable assessed value or property value assumptions.
 - Utility expenditure assumptions.
 - Pretax profit or margin assumptions where needed for specific tax calculations.
- Document assumptions and review them with City staff before modeling.

Task 3. Local Tax and Fee Policy Analysis

This task will evaluate the question most directly tied to City policy: how Kirkland’s taxes and fees affect business location costs relative to peer cities.

ECONorthwest will identify the local taxes and fees applicable to each prototype in Kirkland and peer cities and estimate the annual cost burden for each business type. The analysis will focus on costs that are directly imposed or materially influenced by local government policy, while also identifying where costs are imposed by state, county, regional, or special district entities.

The analysis will connect each cost to the appropriate tax or fee base. For example, property taxes will be tied to space and assessed value, utility taxes to estimated utility expenditures, business taxes to gross receipts or other applicable tax bases, and license fees to the relevant fee structure. This follows methodology which calculated tax and fee impacts by applying each jurisdiction’s rate structure to standardized business prototype assumptions.

Key activities:

- Compile applicable local tax and fee structures in Kirkland and peer cities.
- Identify which costs are City-controlled, City-influenced, or externally imposed.



- Estimate annual tax and fee costs for each business prototype.
- Evaluate local cost categories such as:
 - Business licenses and registration fees.
 - Utility taxes.
 - Local property tax exposure.
 - Local sales tax exposure where relevant.
 - Business and occupation taxes, if applicable.
 - Permitting or development-related fees where relevant to location or expansion decisions (this assessment will examine the cost of permits for a comparable tenant improvement across peer cities).
 - Special assessments or district charges where applicable.
- Compare Kirkland’s policy-driven cost position to peer cities.
- Identify which taxes or fees are material enough to plausibly influence location, retention, or expansion decisions.

Task 4. Market and Geographic Cost Analysis

This task will evaluate the second major competitiveness question: how expensive Kirkland is as a business location when broader market and geographic conditions are considered.

These factors are important to business location decisions but are not primarily controlled by the City. They include commercial rents, vacancy rates, labor costs, space availability, market access, and proximity to customers and workers. The purpose is to place tax and fee costs in context. A city may have relatively high rents because it is a desirable market; or relatively low local taxes may not offset high rent, labor, or space constraints.

Key activities:

- Compare commercial rents for relevant business types across Kirkland and peer cities.
- Compare commercial rents vacancy rates and availability of suitable space.
- Review labor cost indicators relevant to restaurant, retail, and office businesses.
- Evaluate workforce access and commute considerations where data are available.
- Assess the feasibility of summarizing retail or commercial development pipeline activity by city, as identified in the City’s draft scope.
- Identify which cost differences appear to be market-driven rather than policy-driven.



- Interpret whether higher costs may reflect market strength, scarcity of space, regional growth dynamics, or policy choices.

Task 5. Integrated Business Location Cost Scenarios

ECONorthwest will combine the local tax and fee analysis with broader market cost information into a set of integrated business prototype scenarios. These scenarios will show how different types of businesses experience Kirkland's cost environment relative to peer cities.

The scenarios will be designed to answer questions such as:

- Are Kirkland's local taxes and fees higher or lower than peer cities for specific business types?
- How large are local tax and fee differences relative to rent and labor costs?
- Which business types are most sensitive to local tax and fee policy?
- Which business types are more affected by market conditions than by City policy?
- Are there cost categories where City policy changes could materially improve competitiveness?
- Are some high costs better understood as indicators of market strength rather than policy burden?

The output should make clear that business location decisions are not based on a single factor. A business may tolerate higher taxes or rents if Kirkland offers stronger customer access, better workforce access, higher revenues, or strategic location advantages.

Task 6. Business Outreach Support

City staff are expected to lead business outreach, potentially including one to two business focus groups. ECONorthwest will support this outreach by helping design questions, identifying the types of input most useful to the analysis, and incorporating business perspectives into the findings. The City's draft scope anticipates staff-led outreach to help manage costs and coordinate input with the consultant.

The outreach should help test whether the quantitative results align with business experience in Kirkland. It should also help distinguish between costs that businesses view as meaningful barriers and costs that are secondary to broader issues such as rent, labor availability, customer access, or permitting complexity.



Key activities:

- Prepare a focus group discussion guide.
- Identify questions for restaurant, retail, and office businesses.
- Participate in up to two City-led focus groups or listening sessions (ECO will attend these sessions with city of Kirkland staff leading).
- Summarize business feedback.
- Identify where business feedback confirms, complicates, or adds nuance to the quantitative analysis.

Task 7. Findings, Policy Implications, and Final Report

ECONorthwest will synthesize the tax and fee analysis, market cost comparison, prototype scenarios, and business outreach into a concise final report. The report will be written for Council, staff, and public audiences, with clear graphics, summary tables, and plain-language findings. The final report will not simply identify whether Kirkland is “more expensive” or “less expensive” than peer cities. Instead, it will explain:

- Which cost differences are driven by local policy.
- Which cost differences are driven by broader market conditions.
- How local taxes and fees compare with rent, labor, and other business costs.
- Which business types are most affected by Kirkland’s policy choices.
- Whether policy-driven cost differences are large enough to plausibly affect business location decisions.
- Where the City may have practical opportunities to improve competitiveness.
- Where competitiveness challenges are more likely tied to market conditions, land supply, or regional economic dynamics.

Deliverables:

- Draft findings summary.
- Draft final report.
- Final report.
- Council presentation slide deck.
- Present to Council presentation support.



Anticipated Schedule

The City’s current materials indicate a desired schedule of consultant selection and contracting by the end of May, analysis and outreach from June through September, and presentation of findings in September to inform 2027–2028 budget deliberations.

- Project initiation and framework: June
- Business prototype development: June
- Local tax and fee analysis: June–July
- Market and geographic cost analysis: June–August
- Business outreach support: July
- Integrated cost scenarios: Late July
- Draft findings and staff review: August
- Final report and Council presentation: Early September

Budget

ECONorthwest proposes to complete the Economic Competitiveness Study for a not-to-exceed fee of \$35,065, allocated by task as shown below.

TASK	COST
Task 1. Project Initiation	\$2,580
Task 2. Business Prototype Development	\$3,660
Task 3. Local Tax and Fee Policy Analysis	\$3,950
Task 4. Market and Geographic Cost Analysis	\$5,400
Task 5. Integrated Business Location Cost Scenarios	\$4,825
Task 6. Business Outreach Support	\$5,000
Task 7. Findings, Policy Implications, and Final Report	\$9,650
Total	\$35,065

The proposed fee assumes that City staff will provide available local tax, fee, and policy information; assist with identifying appropriate business outreach participants; and lead scheduling and logistics for business focus groups. The budget also assumes that the analysis will rely primarily on readily available public, proprietary, and City-provided data sources. Additional analysis, expanded outreach, additional business prototypes, or more detailed modeling can be scoped separately if requested.





DATE: May 26, 2026
TO: Jen Davis Hayes, CEcD, Economic Development Manager, City of Kirkland
FROM: Morgan Shook
SUBJECT: Statement of Work: Kirkland Minimum Wage White Paper

Project Understanding

The City of Kirkland is considering whether to further evaluate a local minimum wage above the Washington State minimum wage. The City's current draft scope identifies the minimum wage work as an initial exploration, with the recommended first step being a literature review of peer city experiences, including the economic and social impacts of minimum wage ordinances. The purpose of this study is to help Council understand the current state of research, the experience of comparable jurisdictions, and the major tradeoffs that would need to be evaluated before considering a local minimum wage ordinance.

This scope is intentionally designed as a focused first phase, not a full minimum wage impact model. A more comprehensive analysis would include detailed existing conditions analysis, scenario development, first- and second-order impact modeling, equity analysis, fiscal impact analysis, and policy recommendations.

For Kirkland, the proposed work should provide Council with a decision-ready foundation and identify what additional analysis would be needed if the City elects to move forward.

The study will address three core questions:

1. What does the research say about the impacts of local minimum wage increases?
This includes effects on workers, household income, employment, hours worked, business costs, prices, turnover, and local economic conditions.
1. What have peer jurisdictions done?
This includes ordinance design, phase-in schedules, indexing, treatment of small businesses, tipped workers or youth workers where relevant, enforcement, and administrative requirements.
2. What would Kirkland need to know before considering implementation?
This includes identifying the industries, workers, businesses, and households most likely to be affected, as well as data gaps and options for a future Kirkland-specific impact analysis.



Scope of Work

Task 1. Project Initiation and Research Priorities

ECONorthwest will begin by meeting with City staff to confirm the purpose of the minimum wage study, the key questions Council wants answered, and the level of detail needed to inform near-term policy discussion. This task will establish the research priorities, identify peer jurisdictions, and confirm the structure of the final deliverables.

The kickoff will also clarify how the minimum wage analysis should relate to the City's economic competitiveness study. This is important because minimum wage policy is one component of a broader business cost environment that also includes rent, taxes, fees, labor availability, and market demand.

Key activities:

- Conduct kickoff meeting with City staff.
- Confirm Council's key policy questions.
- Identify peer or comparable jurisdictions for review.
- Confirm whether the focus should be on Washington cities, regional examples, national examples, or a mix.
- Identify data sources for wage and employment.
- Confirm desired format for findings and Council materials.

Deliverable:

Brief research framework and work plan.

Task 2. Literature Review and Research Synthesis

ECONorthwest will prepare a focused review of recent minimum wage research, emphasizing findings most relevant to local governments considering minimum wage ordinances. The review will summarize the evidence on both benefits and costs, while identifying where the research is strong, mixed, or limited.

Local and state minimum wage increases have created opportunities for researchers to evaluate effects on workers, businesses, prices, employment, and broader economic outcomes. It also recognizes that some impacts can be quantified while others may need to be discussed qualitatively where evidence is limited.

For Kirkland, the literature review will be concise and decision-oriented. It will not attempt to resolve every debate in the minimum wage literature, but it will give Council a clear



understanding of the major findings and how they apply to a high-cost, employment-rich Eastside city.

Key activities:

- Review recent academic, policy, and applied research on local minimum wage increases.
- Summarize findings related to:
 - Worker earnings and household income.
 - Employment and hours worked.
 - Business operating costs.
 - Price pass-through to consumers.
 - Business formation, closure, or relocation.
 - Worker turnover and productivity.
 - Poverty, self-sufficiency, and income inequality.
 - Potential impacts by industry and worker type.
- Identify where research findings are consistent, mixed, or highly context-dependent.
- Summarize relevance to Kirkland’s policy context.

Deliverable:

Minimum wage literature review memo.

Task 3. Jurisdiction Review

ECONorthwest will review minimum wage policies adopted by jurisdictions (3-5) in the region. The purpose is to help Kirkland understand how other cities have structured local minimum wage ordinances and what implementation issues have arisen.

This review will focus on policy design choices rather than legal drafting. It will identify the types of decisions Council would need to make if the City were to proceed, including target wage levels, phase-in timing, indexing, employer size thresholds, treatment of small businesses, and administrative responsibilities.

Key activities:

- Identify relevant peer jurisdictions with local minimum wage ordinances.
- Summarize policy design features, including:
 - Minimum wage level.
 - Phase-in schedule.



- Indexing method.
- Employer size categories.
- Treatment of tipped workers, youth workers, temporary workers, or other subgroups where applicable.
- Exceptions or exemptions.
- Enforcement structure.
- Reporting or compliance requirements.
- Identify lessons learned from peer jurisdictions.
- Highlight design choices that may be most relevant for Kirkland.

Deliverable:

Peer jurisdiction minimum wage policy matrix and summary (draft deck, included in report).

Task 4. Kirkland Context and Affected Sectors Scan

ECONorthwest will prepare a high-level scan of Kirkland’s labor market and business base to identify the sectors and workers most likely to be affected by a local minimum wage policy. This task is not intended to produce a full worker-level impact estimate, but it will provide Council with a clearer sense of where impacts are likely to be concentrated.

The comparable proposal included a detailed existing conditions analysis covering population trends, economic indicators, business and industry characteristics, household and workforce characteristics, and comparative analysis.

For Kirkland, this task would be scaled to match the first-phase nature of the study, using readily available data to identify likely affected industries and workforce groups.

Key activities:

- Summarize Kirkland’s industry and employment profile.
- Identify industries most likely to have workers earning near the minimum wage, such as food service, retail, hospitality, personal services, and selected care-related sectors.
- Review available wage and occupation data.
- Summarize business size and sector composition where data are available.
- Identify whether Kirkland’s labor market is likely to differ from peer jurisdictions due to commute patterns, household income, job mix, or regional labor competition.
- Identify data gaps that would need to be addressed in a full impact analysis.



Deliverable:

Kirkland affected sectors and workforce scan (draft deck, included in report).

Task 5. Findings Report: Policy Options and Future Analysis Pathways

ECONorthwest will synthesize the literature review, peer jurisdiction review, and Kirkland context scan into a practical discussion of policy options and future analysis needs. This task will help Council understand what choices would need to be made if the City advances the discussion, and what level of additional analysis would be needed to support those choices.

This task will not recommend a specific wage level unless directed by the City. Instead, it will identify the major decision points and outline potential paths for further analysis.

Key activities:

- Identify core policy design choices for a local minimum wage ordinance.
- Discuss advantages and tradeoffs of different approaches, including:
 - Fixed target wage.
 - Phase-in schedule.
 - Inflation indexing.
 - Employer size thresholds.
 - Small business treatment.
 - Enforcement and administration.
 - Coordination with neighboring jurisdictions.
- Identify what a future impact model could estimate, including:
 - Number of affected workers.
 - Change in worker earnings.
 - Employer payroll cost exposure.
 - Potential employment or hours effects.
 - Consumer price effects.
 - Household income and equity effects.
 - Business competitiveness effects.
 - Fiscal impacts to the City.

The final product will help Council understand the current evidence, peer jurisdiction experience, likely areas of local impact, and the next decision points. It will also clearly



distinguish between findings that can be supported by existing research and areas where Kirkland-specific modeling would be needed.

Deliverables:

- Draft findings report.
- Final findings report.
- Council presentation slide deck.
- Optional Council presentation support.

Anticipated Schedule

Assuming a June 2026 start, ECONorthwest anticipates completing the Minimum Wage Study by late August, with final presentation materials ready for a September Council presentation.

- Project initiation and research framework: Early June 2026
- Literature review: June 2026
- Jurisdiction review: Mid-June to early July 2026
- Kirkland context and affected sectors scan: Late June to mid-July 2026
- Staff review and revisions: Early to mid-August 2026
- Draft findings report: Early-August 2026
- Final memo and Council presentation materials: Late August 2026
- Council presentation: September 2026

The schedule assumes timely receipt of City feedback and one consolidated round of review on draft materials. The City and consultant team should confirm the target September Council meeting date at project initiation so the final memo and presentation materials can be aligned with the agenda packet schedule.

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Budget

ECONorthwest proposes to complete the Minimum Wage Study for a not-to-exceed fee of \$17,540, allocated by task as shown below.



TASK	COST
Task 1. Project Initiation	\$1,290
Task 2. Literature Review	\$3,525
Task 3. Jurisdiction Review	\$2,050
Task 4. Kirkland Context and Affected Sectors Scan	\$4,975
Task 5. Policy Options and Future Analysis Pathways	\$5,700
Total	\$17,540

The proposed fee assumes a focused first-phase review using readily available data, published research, and peer jurisdiction examples. The scope includes project initiation, a literature review, a peer jurisdiction policy scan, a high-level Kirkland context and affected sectors review, and a policy options memo that identifies potential next steps for any future Kirkland-specific impact analysis.

The budget assumes one kickoff meeting, periodic coordination with City staff, one draft deliverable, one consolidated round of comments, and a final memo. A more detailed Phase 2 analysis — including wage scenario modeling, estimates of affected workers, business cost impacts, household income effects, fiscal impacts, or implementation options — can be scoped separately if requested.

