



CITY OF KIRKLAND
Department of Finance & Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3100
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Kathi Anderson, City Clerk
Michael Olson, Director of Finance and Administration

Date: June 8, 2020

Subject: Potential Ballot Measure Pro/Con Committee Authorization to Advertise

RECOMMENDATION:

That the City Council authorize staff to initiate the public process to call for community volunteers to prepare statements in favor of and in opposition to a potential Fire and Emergency Medical Services ballot measure which the City Council may place before voters at the November 3, 2020 general election.

BACKGROUND DISCUSSION:

The City Council received a report from the City Manager at the May 19, 2020 regular meeting reviewing options for a potential Fire and Emergency Medical Services ballot measure for the November 2020 general election. While the Council has not yet decided whether to proceed with a measure, and would still need to decide what elements would be included in any measure, there are some process timelines that have to be met in order to place a measure on the ballot. The process timeline was included in the May 19th presentation.

That timeline included options for the proposed authorization for recruitment of pro and con statement volunteers at a meeting no later than July 7th and appointment no later than the July 21st meeting, in order to allow sufficient time for such volunteers to express their interest and, subsequently, to meet and prepare their arguments for submittal to King County Elections before the voters' pamphlet statement deadline of August 11, 2020. The reason staff is proposing to initiate recruitment before the Council makes a final decision is that it can be difficult to reach and recruit potential volunteers during the summer holidays, and for the committees to have sufficient time to meet the required deadlines.

For these reasons, if the Council decides to conduct a public hearing and to proceed with a ballot measure at a July 2020 regular meeting, it would be optimal if Council has already received statements of interest to enable them to concurrently appoint members to the statement committees at that meeting.

Authorization to proceed with recruitment can be made by a motion and passed by a voice vote.

ORDINANCE O-4731

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KIRKLAND, WASHINGTON, PROVIDING FOR THE FORM OF THE BALLOT PROPOSITION AND SPECIFYING CERTAIN OTHER DETAILS CONCERNING SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY AT A SPECIAL ELECTION TO BE HELD THEREIN ON NOVEMBER 3, 2020, OF A PROPOSITION AUTHORIZING THE CITY TO LIFT THE LEVY LIMIT ESTABLISHED IN RCW 84.55.010 IN ORDER TO PROVIDE FUNDS TO PAY THE COSTS OF IMPROVING CITY FIRE AND EMERGENCY MEDICAL SERVICES.

1 WHEREAS, in 2011, the City Council (the "Council") of the City
2 of Kirkland (the "City") engaged the services of Emergency Services
3 Consulting International ("ESCI") to conduct an organizational review of
4 the City Fire Department; and
5

6 WHEREAS, since 2012, Fire Department staff has worked with
7 other City departments and the City Manager's Office to implement
8 certain ESCI recommendations, including through the budget process;
9 and
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11 WHEREAS, the Council completed a Fire Strategic Plan in 2012
12 to identify needed investments in staffing, equipment and technology to
13 provide for better response times for fire and Emergency Medical
14 Services ("EMS"); and
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16 WHEREAS, on February 21, 2017, the Council approved
17 Resolution R-5239 adopting the City's 2017-2018 Work Program to
18 "explore potential ballot measures for fire station modernization and
19 public safety operations to further the goals of Public Safety,
20 Dependable Infrastructure, and Financial Stability"; and
21

22 WHEREAS, on December 12, 2017, the Council adopted
23 Resolution R-5290, revising the 2017-2018 City Work Program to defer
24 exploration of a fire facilities and operations ballot measure to at least
25 2020 due to public concerns about the cumulative financial impact of
26 property tax increases due to state and regional legislation; and
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28 WHEREAS, the Council subsequently implemented a two-phased
29 approach to addressing public safety needs; and
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31 WHEREAS, phase one included a sales and use tax for enhanced
32 police and public safety services, which was approved by the voters at
33 an election held in November 2018, and phase two includes a bond
34 and/or levy lid lift for fire station seismic renovation, capacity expansion,
35 and additional firefighter/EMT staffing; and

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WHEREAS, on February 19, 2019, the Council adopted the 2019-2020 City Work Program which ranked “exploring a potential ballot measure in 2020 to fund Fire Station modernization and enhanced operations to further the goal of Public Safety” as its number one priority; and

WHEREAS, the City has and expects to continue to experience unprecedented growth and development, with new types of commercial and residential structures that need fire/EMS services; and

WHEREAS, providing fire/EMS services that match this economic growth and redevelopment are challenged by the expiration of the annexation sales tax credit in 2021, resulting in the loss of nearly \$4 million annually from the City’s general fund; and

WHEREAS, further, Washington State law limits the annual increase of a city’s regular property tax levy to 1% plus an allowance for new construction, unless the voters of a city approve a levy lid lift permitting the collection of regular property taxes in a greater amount; and

WHEREAS, to sustainably fund these potential fire/EMS investments, the City must either identify new revenues or significantly reprioritize existing general fund programs such as parks maintenance and street maintenance that also rank as high priorities with City residents; and

WHEREAS, in 2019, the Council convened the Community Safety Advisory Group (“ComSAG”) to review options to improve response times, keep Fire/EMS stations seismically sound, and improve firefighter health and safety; and

WHEREAS, in February 2020, recommended hiring 24 new firefighter/EMTs to provide a dedicated aid car at fire station 22 in Houghton, fully staff fire station 24 in north Juanita, provide daily 12 hour dedicated patient transport during peak hours, and fund five new firefighter/EMTs to improve response times throughout the City; and

WHEREAS, since the ComSAG completed their recommendation in February 2020, the City proclaimed an emergency to combat the COVID-19 pandemic and has been grappling with the escalating social and economic impact of the virus and related public health and safety orders on the community; and

WHEREAS, the capital and operating elements in the proposed ComSAG recommendation would have significantly improved the City’s response to COVID-19, and the budget challenges created by the economic impacts of the outbreak curtails the City’s ability to fund any of these additional public safety investments without a voter

86 approved revenue source; and

87
88 WHEREAS, at their May 19, 2020 Council meeting, the Council
89 directed staff to reprioritize the capital and operating elements funded
90 within the ballot measure(s) to be no more than the ComSAG's
91 recommendation of \$0.225 per \$1,000 of assessed valuation; and

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93 WHEREAS, in order to provide the level of service identified by
94 the ComSAG, and refined by Council, four potential new firefighter/EMTs
95 and a second ladder were removed from the elements to be funded by
96 the levy lid lift; and

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98 WHEREAS, it is deemed necessary that the City increase its
99 regular property tax levy rate to \$0.22500 per \$1,000 of assessed value
100 for collection in 2021 and thereafter to use the resulting levy amount as
101 the basis for computing the limitations for subsequent levies as allowed
102 by chapter 84.55 RCW; and

103
104 WHEREAS, the Council deems it necessary to submit to the
105 voters of the City the proposition of whether or not the City shall levy
106 regular property taxes for collection in 2021 in excess of the limit factor
107 provided for in chapter 84.55 RCW;

108
109 NOW, THEREFORE, the City Council of the City of Kirkland does
110 ordain as follows:

111
112 Section 1. Findings. The Council hereby finds that the best
113 interests of the residents of the City require the City to provide additional
114 funds to pay for the costs of City operations, facilities and services,
115 including but not limited to the following ("Fire and EMS Services"):

- 116 • Public safety services and operations, such as a dedicated
- 117 aid car at Fire Station 22, additional staff at Fire Station 24, and
- 118 one additional firefighter/EMT, as necessary;
- 119 • Construction, maintenance and improvement of existing and
- 120 new City public safety facilities; and
- 121 • Other City public safety operations, maintenance,
- 122 improvements, equipment, and services as determined to be
- 123 necessary from time to time.
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125
126 The City Council shall determine the timing, order and manner of
127 funding the Fire and EMS Services and other uses of levy proceeds. The
128 cost of all compensation, benefits, training, support services,
129 equipment, vehicles, infrastructure, facilities, and/or administrative
130 expenses and other costs incurred in connection with the Fire and EMS
131 Services shall be deemed a part of the costs of such Fire and EMS
132 Services.

133
134 Section 2. Calling of Election Regarding the Levy of Additional
135 Regular Property Taxes. It is hereby found and declared the best

136 interests of the City require the submission to the qualified electors of
137 the City of the proposition whether the City shall levy regular property
138 taxes above the levy limitations established in RCW 84.55.005 and
139 RCW 84.55.010 for their ratification or rejection at an election to be held
140 on November 3, 2020. For the purpose of providing funds to pay the
141 costs of the Fire and EMS Services, the King County Director of Records
142 and Elections (the "Director"), as *ex officio* supervisor of elections in
143 King County, Washington, is hereby requested to call and conduct such
144 election to be held on such day and to submit to the qualified electors
145 of the City for their approval or rejection a proposition to increase the
146 City's regular property tax levy by up to \$0.22500 per \$1,000 of
147 assessed valuation (to a total rate not to exceed \$1.22500 per \$1,000
148 of assessed valuation) for collection in 2021, as allowed by chapter
149 84.55 RCW. The 2021 levy amount will be used as the basis to calculate
150 subsequent levy limits.

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152 Upon approval of the voters of the proposition hereinafter set forth, the
153 City may use proceeds of such levy to pay the costs of the Fire and EMS
154 Services as more particularly described herein.

155 Section 3. Election. The City Clerk is hereby authorized and
156 directed to certify the following proposition to the Director, in
157 substantially the following form. Such election shall be conducted by
158 mail.

CITY OF KIRKLAND PROPOSITION NO. 1
LEVY LID LIFT FOR
FIRE AND EMERGENCY MEDICAL SERVICES AND OPERATIONS

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The City Council of the City of Kirkland adopted Ordinance 4731 concerning funding for fire and emergency medical services. This proposition would provide funding for fire and EMS, including stockpiling Personal Protection Equipment, hiring additional firefighter/Emergency Medical Technicians, constructing and equipping a fire station, improving existing facilities and response times by increasing the City's regular property tax by \$0.22500/\$1,000 to a maximum rate of \$1.22500/\$1,000 of assessed valuation for collection in 2021. The 2021 levy amount will be used as the basis to calculate subsequent levies, consistent with RCW 84.55. Seniors and other individuals qualifying under RCW 84.36 would be exempt.

Should this proposition be approved:

YES?

NO?

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

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

The proper City officials are authorized to perform such duties as are necessary or required by law to submit the question of whether the regular property tax shall be increased, as provided in this ordinance, to the electors at the November 3, 2020 election.

Section 4. Exemption. If the ballot proposition set forth herein is approved by the voters, as authorized by RCW 84.36.381, senior

207 citizens, disabled veterans, and other people with disabilities (as defined
208 in RCW 84.36.381) shall be exempt from the tax increase resulting from
209 such levy lid lift.

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211 Section 5. Voters' Pamphlet. The preparation and distribution
212 of a local voters' pamphlet providing information on the foregoing ballot
213 measure is hereby authorized. The pamphlet shall include arguments
214 advocating approval and disapproval of the ballot measure. In
215 accordance with RCW 29A.32.280, the arguments advocating approval
216 and rejection of the ballot measure shall be prepared by committees
217 appointed by the City Council by resolution not later than forty-five days
218 before the publication of the pamphlet. Each committee shall be
219 composed of not more than three persons; however, a committee may
220 seek the advice of any person or persons. The committee advocating
221 approval shall be composed of persons known to favor the ballot
222 measure, and the committee advocating rejection shall be composed of
223 persons known to oppose the ballot measure.

224
225 Section 5. Ratification. Any act consistent with the authority
226 and prior to the effective date of this ordinance is hereby ratified and
227 confirmed.

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229 Section 6. Effective Date. This ordinance shall be in full force
230 and effect five days from and after its passage by the Kirkland City
231 Council and publication of a summary of this ordinance in accordance
232 with Kirkland Municipal Code 1.08.017.

233
234 Passed by majority vote of the Kirkland City Council in open
235 meeting this ___ day of _____, 2020.

236
237 Signed in authentication thereof this ___ day of _____,
238 2020.

Penny Sweet, Mayor

Attest:

Kathi Anderson, City Clerk

Approved as to Form:

Pacifica Law Group LLP, Bond Counsel

CERTIFICATE

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

1. That the attached Ordinance is a true and correct copy of Ordinance No. 4731 of the City (the "Ordinance"), as finally adopted at a regular meeting of the City Council held on _____, 2020, and duly recorded in my office.

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

Dated this ____ day of _____, 2020.

CITY OF KIRKLAND, WASHINGTON

Kathi Anderson, City Clerk

ORDINANCE O-4729

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KIRKLAND, WASHINGTON, PROVIDING FOR THE FORM OF THE BALLOT PROPOSITION AND SPECIFYING CERTAIN OTHER DETAILS CONCERNING SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY AT A SPECIAL ELECTION TO BE HELD THEREIN ON NOVEMBER 3, 2020, OF A PROPOSITION AUTHORIZING THE CITY TO LIFT THE LEVY LIMIT ESTABLISHED IN RCW 84.55.010 IN ORDER TO PROVIDE FUNDS TO PAY THE COSTS OF IMPROVING CITY FIRE AND EMERGENCY MEDICAL SERVICES.

1 WHEREAS, in 2011, the City Council (the "Council") of the City
2 of Kirkland (the "City") engaged the services of Emergency Services
3 Consulting International ("ESCI") to conduct an organizational review of
4 the City Fire Department; and
5

6 WHEREAS, since 2012, Fire Department staff has worked with
7 other City departments and the City Manager's Office to implement
8 certain ESCI recommendations, including through the budget process;
9 and
10

11 WHEREAS, the Council completed a Fire Strategic Plan in 2012
12 to identify needed investments in staffing, equipment and technology to
13 provide for better response times for fire and Emergency Medical
14 Services ("EMS"); and
15

16 WHEREAS, on February 21, 2017, the Council approved
17 Resolution R-5239 adopting the City's 2017-2018 Work Program to
18 "explore potential ballot measures for fire station modernization and
19 public safety operations to further the goals of Public Safety,
20 Dependable Infrastructure, and Financial Stability"; and
21

22 WHEREAS, on December 12, 2017, the Council adopted
23 Resolution R-5290, revising the 2017-2018 City Work Program to defer
24 exploration of a fire facilities and operations ballot measure to at least
25 2020 due to public concerns about the cumulative financial impact of
26 property tax increases due to state and regional legislation; and
27

28 WHEREAS, the Council subsequently implemented a two-phased
29 approach to addressing public safety needs; and
30

31 WHEREAS, phase one included a sales and use tax for enhanced
32 police and public safety services, which was approved by the voters at

33 an election held in November 2018, and phase two includes a bond
34 and/or levy lid lift for fire station seismic renovation, capacity expansion,
35 and additional firefighter/EMT staffing; and
36

37 WHEREAS, on February 19, 2019, the Council adopted the 2019-
38 2020 City Work Program which ranked "exploring a potential ballot
39 measure in 2020 to fund Fire Station modernization and enhanced
40 operations to further the goal of Public Safety" as its number one
41 priority; and
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43 WHEREAS, the City has and expects to continue to experience
44 unprecedented growth and development, with new types of commercial
45 and residential structures that need fire/EMS services; and
46

47 WHEREAS, providing fire/EMS services that match this economic
48 growth and redevelopment are challenged by the expiration of the
49 annexation sales tax credit in 2021, resulting in the loss of nearly \$4
50 million annually from the City's general fund; and
51

52 WHEREAS, further, Washington State law limits the annual
53 increase of a city's regular property tax levy to 1% plus an allowance
54 for new construction, unless the voters of a city approve a levy lid lift
55 permitting the collection of regular property taxes in a greater amount;
56 and
57

58 WHEREAS, to sustainably fund these potential fire/EMS
59 investments, the City must either identify new revenues or significantly
60 reprioritize existing general fund programs such as parks maintenance
61 and street maintenance that also rank as high priorities with City
62 residents; and
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64 WHEREAS, in 2019, the Council convened the Community Safety
65 Advisory Group ("ComSAG") to review options to improve response
66 times, keep Fire/EMS stations seismically sound, and improve firefighter
67 health and safety; and
68

69 WHEREAS, in February 2020, recommended hiring 24 new
70 firefighter/EMTs to provide a dedicated aid car at fire station 22 in
71 Houghton, fully staff fire station 24 in north Juanita, provide daily 12
72 hour dedicated patient transport during peak hours, and fund five new
73 firefighter/EMTs to improve response times throughout the City; and
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75 WHEREAS, since the ComSAG completed their recommendation
76 in February 2020, the City proclaimed an emergency to combat the
77 COVID-19 pandemic and has been grappling with the escalating social
78 and economic impact of the virus and related public health and safety
79 orders on the community; and
80

81 WHEREAS, the capital and operating elements in the proposed
82 ComSAG recommendation would have significantly improved the City's

83 response to COVID-19, and the budget challenges created by the
84 economic impacts of the outbreak curtails the City's ability to fund
85 any of these additional public safety investments without a voter
86 approved revenue source; and

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88 WHEREAS, at their May 19, 2020 Council meeting, the Council
89 directed staff to reprioritize the capital and operating elements funded
90 within the ballot measure(s) to be no more than the ComSAG's
91 recommendation of \$0.225 per \$1,000 of assessed valuation; and

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93 WHEREAS, in order to provide the level of service identified by
94 the ComSAG, and refined by Council, four potential new firefighter/EMTs
95 and a second ladder were removed from the elements to be funded by
96 the levy lid lift; and

97
98 WHEREAS, it is deemed necessary that the City increase its
99 regular property tax levy rate to \$0.11565 per \$1,000 of assessed value
100 for collection in 2021 and thereafter to use the resulting levy amount as
101 the basis for computing the limitations for subsequent levies as allowed
102 by chapter 84.55 RCW; and

103
104 WHEREAS, the Council deems it necessary to submit to the
105 voters of the City the proposition of whether or not the City shall levy
106 regular property taxes for collection in 2021 in excess of the limit factor
107 provided for in chapter 84.55 RCW;

108
109 NOW, THEREFORE, the City Council of the City of Kirkland does
110 ordain as follows:

111
112 Section 1. Findings. The Council hereby finds that the best
113 interests of the residents of the City require the City to provide additional
114 funds to pay for the costs of City operations, facilities and services,
115 including but not limited to the following ("Fire and EMS Services"):

- 116
117 • Public safety services and operations, such as a dedicated
118 aid car at Fire Station 22, additional staff at Fire Station 24, and
119 one additional firefighter/EMT, as necessary;
120 • Construction, maintenance and improvement of existing and
121 new City public safety facilities; and
122 • Other City public safety operations, maintenance,
123 improvements, equipment, and services as determined to be
124 necessary from time to time.

125
126 The City Council shall determine the timing, order and manner of
127 funding the Fire and EMS Services and other uses of levy proceeds. The
128 cost of all compensation, benefits, training, support services,
129 equipment, vehicles, infrastructure, facilities, and/or administrative
130 expenses and other costs incurred in connection with the Fire and EMS
131 Services shall be deemed a part of the costs of such Fire and EMS
132 Services.

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Section 2. Calling of Election Regarding the Levy of Additional Regular Property Taxes. It is hereby found and declared the best interests of the City require the submission to the qualified electors of the City of the proposition whether the City shall levy regular property taxes above the levy limitations established in RCW 84.55.005 and RCW 84.55.010 for their ratification or rejection at an election to be held on November 3, 2020. For the purpose of providing funds to pay the costs of the Fire and EMS Services, the King County Director of Records and Elections (the "Director"), as *ex officio* supervisor of elections in King County, Washington, is hereby requested to call and conduct such election to be held on such day and to submit to the qualified electors of the City for their approval or rejection a proposition to increase the City's regular property tax levy by up to \$0.11565 per \$1,000 of assessed valuation (to a total rate not to exceed \$_____ per \$1,000 of assessed valuation) for collection in 2021, as allowed by chapter 84.55 RCW. The 2021 levy amount will be used as the basis to calculate subsequent levy limits.

Upon approval of the voters of the proposition hereinafter set forth, the City may use proceeds of such levy to pay the costs of the Fire and EMS Services as more particularly described herein.

Section 3. Election. The City Clerk is hereby authorized and directed to certify the following proposition to the Director, in substantially the following form. Such election shall be conducted by mail.

CITY OF KIRKLAND PROPOSITION NO. 1
LEVY LID LIFT FOR
FIRE AND EMERGENCY MEDICAL SERVICES AND OPERATIONS

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The City Council of the City of Kirkland adopted Ordinance 4729 concerning funding for fire and emergency medical services. This proposition would provide funding for fire and EMS, including stockpiling Personal Protection Equipment, hiring additional firefighter/Emergency Medical Technicians, acquiring equipment, improving facilities and response times by increasing the City's regular property tax by \$0.11565/\$1,000 to a maximum rate of \$ [redacted] /\$1,000 of assessed valuation for collection in 2021. The 2021 levy amount will be used as the basis to calculate subsequent levies, consistent with RCW 84.55. Seniors and other individuals qualifying under RCW 84.36 would be exempt.

Should this proposition be approved:

YES?

NO?

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

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

The proper City officials are authorized to perform such duties as are necessary or required by law to submit the question of whether the regular property tax shall be increased, as provided in this ordinance, to the electors at the November 3, 2020 election.

Section 4. Exemption. If the ballot proposition set forth herein is approved by the voters, as authorized by RCW 84.36.381, senior citizens, disabled veterans, and other people with disabilities (as defined

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

209
210 Section 5. Voters' Pamphlet. The preparation and distribution
211 of a local voters' pamphlet providing information on the foregoing ballot
212 measure is hereby authorized. The pamphlet shall include arguments
213 advocating approval and disapproval of the ballot measure. In
214 accordance with RCW 29A.32.280, the arguments advocating approval
215 and rejection of the ballot measure shall be prepared by committees
216 appointed by the City Council by resolution not later than forty-five days
217 before the publication of the pamphlet. Each committee shall be
218 composed of not more than three persons; however, a committee may
219 seek the advice of any person or persons. The committee advocating
220 approval shall be composed of persons known to favor the ballot
221 measure, and the committee advocating rejection shall be composed of
222 persons known to oppose the ballot measure.

223
224 Section 5. Ratification. Any act consistent with the authority
225 and prior to the effective date of this ordinance is hereby ratified and
226 confirmed.

227
228 Section 6. Effective Date. This ordinance shall be in full force
229 and effect five days from and after its passage by the Kirkland City
230 Council and publication of a summary of this ordinance in accordance
231 with Kirkland Municipal Code 1.08.017.

232
233 Passed by majority vote of the Kirkland City Council in open
234 meeting this ___ day of _____, 2020.

235
236 Signed in authentication thereof this ___ day of _____,
237 2020.

Penny Sweet, Mayor

Attest:

Kathi Anderson, City Clerk

Approved as to Form:

Pacifica Law Group LLP, Bond Counsel

CERTIFICATE

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

1. That the attached Ordinance is a true and correct copy of Ordinance No. 4729 of the City (the "Ordinance"), as finally adopted at a regular meeting of the City Council held on _____, 2020, and duly recorded in my office.

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

Dated this ____ day of _____, 2020.

CITY OF KIRKLAND, WASHINGTON

Kathi Anderson, City Clerk

ORDINANCE O-4728

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KIRKLAND, WASHINGTON, PROVIDING FOR THE FORM OF THE BALLOT PROPOSITION AND SPECIFYING CERTAIN OTHER DETAILS CONCERNING SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY AT A SPECIAL ELECTION TO BE HELD THEREIN ON NOVEMBER 3, 2020, OF A PROPOSITION FOR THE ISSUANCE OF ITS GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$56,000,000, OR SO MUCH THEREOF AS MAY BE ISSUED UNDER THE LAWS GOVERNING THE INDEBTEDNESS OF CITIES FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE THE CONSTRUCTION OF A NEW FIRE STATION, MODERNIZATION AND RENOVATIONS TO EXISTING FIRE STATIONS, AND OTHER PUBLIC HEALTH AND SAFETY IMPROVEMENTS, AND LEVY EXCESS PROPERTY TAXES TO PAY THE BONDS.

1 WHEREAS, in 2011, the City Council (the "Council") of the City
2 of Kirkland (the "City") engaged the services of Emergency Services
3 Consulting International ("ESCI") to conduct an organizational review of
4 the City Fire Department; and
5

6 WHEREAS, since 2012, Fire Department staff has worked with
7 other City departments and the City Manager's Office to implement
8 certain ESCI recommendations, including through the budget process;
9 and
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11 WHEREAS, the Council completed a Fire Strategic Plan in 2012
12 to identify needed investments in staffing, equipment and technology to
13 provide for better response times for fire and Emergency Medical
14 Services ("EMS"); and
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16 WHEREAS, on February 21, 2017, the Council approved
17 Resolution R-5239 adopting the City's 2017-2018 Work Program to
18 "explore potential ballot measures for fire station modernization and
19 public safety operations to further the goals of Public Safety,
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22 WHEREAS, on December 12, 2017, the Council adopted
23 Resolution R-5290, revising the 2017-2018 City Work Program to defer
24 exploration of a fire facilities and operations ballot measure to at least
25 2020 due to public concerns about the cumulative financial impact of
26 property tax increases due to state and regional legislation; and

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28 WHEREAS, the Council subsequently implemented a two-phased
29 approach to addressing public safety needs; and

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31 WHEREAS, phase one included a sales and use tax for enhanced
32 police and public safety services, which was approved by the voters at
33 an election held in November 2018, and phase two includes a bond
34 and/or levy lid lift for fire station seismic renovation, capacity expansion,
35 and additional firefighter/EMT staffing; and

36
37 WHEREAS, on February 19, 2019, the Council adopted the 2019-
38 2020 City Work Program which ranked "exploring a potential ballot
39 measure in 2020 to fund Fire Station modernization and enhanced
40 operations to further the goal of Public Safety" as its number one
41 priority; and

42
43 WHEREAS, the City has and expects to continue to experience
44 unprecedented growth and development, with new types of commercial
45 and residential structures that need fire/EMS services; and

46
47 WHEREAS, providing fire/EMS services that match this economic
48 growth and redevelopment are challenged by the expiration of the
49 annexation sales tax credit in 2021, resulting in the loss of nearly \$4
50 million annually from the City's general fund; and

51
52 WHEREAS, to sustainably fund these potential fire/EMS
53 investments, the City must either identify new revenues or significantly
54 reprioritize existing general fund programs such as parks maintenance
55 and street maintenance that also rank as high priorities with City
56 residents; and

57
58 WHEREAS, in 2019, the Council convened the Community Safety
59 Advisory Group ("ComSAG") to review options to improve response
60 times, keep Fire/EMS stations seismically sound, and improve firefighter
61 health and safety; and

62
63 WHEREAS, in February 2020, ComSAG recommended building a
64 new fire station 27 in Totem Lake, renovating fire station 21 in Forbes
65 Creek, station 22 in Houghton, station 26 in North Rose Hill, and
66 constructing a new training building at the site of new station 24 in
67 North Juanita; and

68

69 WHEREAS, since the ComSAG completed their recommendation
70 in February 2020, the City proclaimed an emergency to combat the
71 COVID-19 pandemic and has been grappling with the escalating social
72 and economic impact of the virus and related public health and safety
73 orders on the community; and

74
75 WHEREAS, the capital and operating elements in the proposed
76 ComSAG recommendation would have significantly improved the City's
77 response to COVID-19, and the budget challenges created by the
78 economic impacts of the outbreak curtails the City's ability to fund
79 any of these additional public safety investments without a voter
80 approved revenue source; and

81
82 WHEREAS, at their May 19, 2020 Council meeting, the Council
83 directed staff to reprioritize the capital and operating elements funded
84 within the ballot measure(s) to be no more than the ComSAG's
85 recommendation of \$0.225 per \$1,000 of assessed valuation; and

86
87 WHEREAS, in order to provide the level of service identified by
88 the ComSAG, and refined by Council, the training building at new station
89 24 was removed from the elements to be funded by the proposed capital
90 bond; and

91
92 WHEREAS, to finance such capital costs, it is deemed necessary
93 and advisable by the Council that the City issue and sell one or more
94 series of unlimited tax general obligation bonds in the principal amount
95 of not to exceed \$56,000,000 (the "Bonds"); and

96
97 WHEREAS, the Constitution and laws of the State of Washington
98 provide that the question of whether such Bonds may be issued and
99 sold for such purposes and taxes levied to pay such Bonds must be
100 submitted to the qualified electors of the City for their ratification or
101 rejection;

102
103 NOW, THEREFORE, the City Council of the City of Kirkland does
104 ordain as follows:

105
106 Section 1. Findings. The Council hereby finds that the best
107 interests of the residents of the City require the City to construct,
108 develop, equip, upgrade, acquire, and improve its public health and
109 safety facilities, including but not limited to the following projects
110 (together, the "Projects"):

- 111
- 112 • Construct and equip a new fire station and related
- 113 facilities; and
- 114 • Renovate, improve, and equip existing fire stations and
- 115 related facilities, including but not limited to Fire Stations
- 116 22, 21, and 26.

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The Projects shall include the acquisition of real property as necessary to locate such facilities. The City shall complete the Projects at the time, in the order and in the manner deemed most necessary and advisable by the Council. Costs of the Projects, which are estimated to be more than \$56,000,000, will be paid from proceeds of the Bonds authorized herein and other available funds of the City.

The cost of all necessary appraisals, negotiation, property acquisition, closing, architectural, engineering, project management, financial, legal and other consulting services, inspection and testing, demolition, relocation, administrative and relocation expenses, permitting, mitigation, construction, and other costs incurred in connection with the foregoing capital improvements shall be deemed a part of the capital costs of such Projects. Such Projects shall be complete with all necessary real property, equipment and appurtenances.

The Council shall determine the exact specifications for the Projects, and the components thereof, as well as the timing, order and manner of completing the components of the Projects. The Council may alter, make substitutions to, and amend such components as it determines are in the best interests of the City and consistent with the general descriptions provided herein. The Council shall determine the application of moneys available for the various Projects so as to accomplish, as nearly as may be, all of the Projects.

If the Council shall determine that it has become impractical to design, construct, improve, obtain permits, renovate, acquire, develop, or equip all or any component of the Projects by reason of changed conditions, incompatible development, costs substantially in excess of the amount of Bond proceeds or tax levies estimated to be available, or acquisition by or dependence on a superior governmental authority, the City shall not be required to provide such component or components. If all of the Projects have been constructed or acquired or duly provided for, or found to be impractical, the City may apply remaining proceeds of the Bonds authorized herein (including earnings thereon) or any portion thereof to other public safety capital purposes or to the redemption of the Bonds as the Council, in its discretion, shall determine.

In the event that the proceeds from the sale of the Bonds, plus any other money of the City legally available for such purpose, are insufficient to accomplish all of the Projects, the City shall use the available funds for paying the cost of those portions of the Projects deemed by the Council most necessary and in the best interest of the City.

165 Section 2. Authorization of Bonds. For the purpose of providing
166 all or a portion of the funds necessary to finance the costs of the
167 Projects, together with incidental costs and costs of issuance of the
168 Bonds, the City shall issue and sell its unlimited tax general obligation
169 bonds in the aggregate principal amount of not to exceed \$56,000,000
170 (the "Bonds"). The Bonds shall be issued in an amount not exceeding
171 the amount approved by the electors of the City and not exceeding the
172 amount permitted by the Constitution and laws of the State of
173 Washington. The balance, if any, of the cost of the Projects shall be
174 paid out of any other legally available funds. The Bond proceeds (and
175 earnings thereon) shall be used to finance the costs of the Projects,
176 together with incidental costs and costs related to the sale and issuance
177 of the Bonds, and shall not be used for the replacement of equipment
178 or for a purpose other than a capital purpose.

179
180 Section 3. Details of the Bonds. The Bonds provided for in
181 Section 2 hereof shall be issued in such amounts and at such time or
182 times as deemed necessary and advisable by the Council and as
183 permitted by law. The Bonds may be issued in one or more series and
184 shall bear interest payable at a rate or rates authorized by the Council.
185 The Bonds shall mature in such amounts and at such times within a
186 maximum term of 30 years from date of issue of a series, all as
187 authorized by the Council and as provided by law. The Bonds shall be
188 unlimited tax general obligations of the City and, unless paid from other
189 sources, both principal of and interest on the Bonds shall be payable out
190 of annual tax levies to be made upon all the taxable property within the
191 City without limitation as to rate or amount and in excess of any
192 constitutional or statutory tax limitations. The exact date, form, terms,
193 maturities, covenants and manner of sale of the Bonds shall be as
194 hereafter fixed by ordinance or ordinances of the Council.

195
196 In anticipation of the issuance of the Bonds, the City may issue
197 short-term obligations as otherwise authorized by chapter 39.50 RCW.
198 Such obligations may be paid or refunded with proceeds of the Bonds.
199 The proceeds of the Bonds may also be used to reimburse the City for
200 expenditures previously made for such Projects.

201
202 Section 4. Bond Election. It is hereby found that the best
203 interests of the inhabitants of the City require the submission to the
204 qualified electors of the City of a proposition authorizing the City to issue
205 Bonds for the purposes of funding the Projects, at an election to be held
206 on November 3, 2020. The King County Director of Records and
207 Elections (the "Director"), as *ex officio* supervisor of elections in King
208 County, Washington, is hereby requested to assume jurisdiction of and
209 to call and conduct the election to be held within the City and to submit
210 to the qualified electors of the City the proposition hereinafter set forth.
211 Such election shall be conducted by mail.

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The City Clerk is hereby authorized and directed to certify the proposition to the Director in substantially the following form:

CITY OF KIRKLAND PROPOSITION NO. 1
GENERAL OBLIGATION BONDS
FIRE STATION AND PUBLIC SAFETY IMPROVEMENTS

The City Council of the City of Kirkland adopted Ordinance 4728 concerning a proposition for fire and EMS. This proposition authorizes the City to construct and equip a fire station; renovate and modernize existing fire stations; improve firefighter/EMT health and safety; improve response times throughout the City; and issue up to \$56,000,000 of general obligation bonds maturing within a maximum of 30 years to finance such projects; and levy annual excess property taxes to repay the bonds, as provided in Ordinance 4728.

Should this proposition be approved:

YES?

NO?

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

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

The proper City officials are authorized to perform such duties as are necessary or required by law to submit the question of whether the Bonds shall be issued, as provided in this ordinance, to the electors at the November 3, 2020 election.

Section 5. Voters' Pamphlet. The preparation and distribution of a local voters' pamphlet providing information on the foregoing ballot measure is hereby authorized. The pamphlet shall include arguments

259 advocating approval and disapproval of the ballot measure. In
 260 accordance with RCW 29A.32.280, the arguments advocating approval
 261 and rejection of the ballot measure shall be prepared by committees
 262 appointed by the City Council by resolution not later than forty-five days
 263 before the publication of the pamphlet. Each committee shall be
 264 composed of not more than three persons; however, a committee may
 265 seek the advice of any person or persons. The committee advocating
 266 approval shall be composed of persons known to favor the ballot
 267 measure, and the committee advocating rejection shall be composed of
 268 persons known to oppose the ballot measure.

269
 270 Section 6. Ratification. Any act consistent with the authority
 271 and prior to the effective date of this ordinance is hereby ratified and
 272 confirmed.

273
 274 Section 7. Effective Date. This ordinance shall be in full force
 275 and effect five days from and after its passage by the Kirkland City
 276 Council and publication of a summary of this ordinance in accordance
 277 with Kirkland Municipal Code 1.08.017.

278
 279 Passed by majority vote of the Kirkland City Council in open
 280 meeting this ___ day of _____, 2020.

281
 282 Signed in authentication thereof this ___ day of _____,
 283 2020.

 Penny Sweet, Mayor

Attest:

 Kathi Anderson, City Clerk

Approved as to Form:

 Pacifica Law Group LLP, Bond Counsel

CERTIFICATE

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

1. That the attached Ordinance is a true and correct copy of Ordinance No. 4728 of the City (the "Ordinance"), as finally adopted at a regular meeting of the City Council held on _____, 2020, and duly recorded in my office.

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

Dated this ____ day of _____, 2020.

CITY OF KIRKLAND, WASHINGTON

Kathi Anderson, City Clerk



MEMORANDUM

To: Kurt Triplett, City Manager

From: Joe Sanford, Fire Chief
 Andreana Campbell, Management Analyst

Date: June 4, 2020

Subject: POTENTIAL FIRE AND EMERGENCY MEDICAL SERVICES BALLOT MEASURE DRAFT ORDINANCE OPTIONS, DRAFT BALLOT TITLE LANGUAGE, AND FINAL RECOMMENDATION REVIEW TEAM UPDATE.

BACKGROUND

At their May 19 meeting, Council received an update of estimated project and staffing costs from the Recommendation Review Team (RRT), and survey results from two Fire and Emergency Medical Services (EMS) surveys. The RRT estimated a \$9 million-dollar increase in capital costs and a \$500 thousand-dollar annual increase in operating costs. The overall combined total increased from \$0.225/\$1,000 of assessed valuation (AV) to \$0.268/\$1,000AV and \$164 dollars to \$195 dollars annually for the median-valued home.

As mentioned during the presentation of the May 19 Council meeting, the RRT has begun identifying whether some of the permitting and environmental costs for the capital projects are due to City codes or policies that the City has discretion to change. With this analysis, staff has identified savings in capital costs of \$2.2 million dollars. This brings the new and final RRT estimated capital costs from \$67 million dollars to \$65 million dollars and lowers the overall total from \$0.268/\$1,000AV to \$0.264/\$1,000AV and \$195 to \$192 dollars annually. The chart below shows the original ComSAG estimate of the investments they recommended, compared to the latest estimates from the RRT.

ComSAG RECOMMENDATION				
	Total	Annual Cost	Rate	Median Home
Capital	\$58,017,000	\$3,200,000	\$0.10133	\$73.97
Operating	\$3,900,000	\$3,900,000	\$0.12380	\$90.37
Total		\$7,100,000	\$0.22513	\$164.34
FINAL RECOMMENDATION REVIEW TEAM ESTIMATES				
	Total	Annual Cost	Rate	Median Home
Capital	\$64,900,000	\$3,580,000	\$0.12283	\$89.69
Operating	\$4,410,000	\$4,410,000	\$0.14161	\$102.21
Total		\$7,990,000	\$0.26444	\$191.90

Also, at the May 19 meeting, the Council received the results of two Fire and EMS surveys. The first was a statistically valid telephone survey conducted by EMC Research that soft-launched April 21 and was in the field

through April 28 and received 400 responses. The second was the City’s online version of EMC Research’s survey that was in the field from May 6 through May 15 and received 418 responses.

The final RRT cost estimates are below \$200/year. However, after receiving the results of the two surveys, considering the uncertain financial impacts of COVID-19, Council directed staff to bring back two options for Council consideration:

- Option 1) A bond measure and a levy measure that together do not exceed the original ComSAG recommendation cost of \$0.225/1000AV
- Option 2) A single combined measure to fund both operating and capital ballot measure elements keeping the overall cost at or below the ComSAG’s original recommendation of \$0.225/\$1,000AV.

RECOMMENDATION

Following Council’s request to keep estimated costs as close to the ComSAG’s original \$0.225/\$1,000AV, the City Manager has developed recommendations for which elements to prioritize for the ballot and which to defer to future years. Staff prioritized elements based on:

- Improved response time and firefighter health and safety;
- The ComSAG’s element prioritization;
- Kirkland Fire Department review of near-term needs versus longer-term investments;
- Support for each element on EMC Research’s statistically valid telephone survey;
- Support for each element on the City’s online version of the statistically valid survey;

Because a successful ballot measure is required to secure any of these elements, the perceived importance both with the ComSAG and the community at large, was a key criterion in the final decision making.

Ultimately, staff recommends deferring the training building near new station 24, the second ladder truck, and the 12-hour EMS transport (4 firefighter/EMTs). These elements have value and should be revisited in the future. Deferring these three elements in the two measure (bond and levy) option actually comes in slightly below the ComSAG threshold at \$0.21251. Below is the list of elements staff is recommending be included in both the single measure option and two-measure option.

Capital Elements	
Juanita Station 27 design, build, and relocate east of I-405	\$28,500,000
Houghton Station 22 renovation and modernization	\$9,600,000
Forbes Creek Station 21 renovation and modernization	\$6,100,000
N. Rose Hill Station 26 renovation and modernization	\$8,400,000
Temporary Fire Station Facility	\$3,200,000
Total	\$55,800,000
Operating Elements	FF/EMTS
Dedicated Aid Car at Fire Station 22 in Houghton	10
Cross staff new Station 24 in N. Juanita	5
Additional Firefighter/EMT	5
New Facilities Operating Costs	

This updated list decreases the total capital estimate from \$64.9 million dollars to \$55.8 million dollars and decrease the operating estimate from \$4.4 million dollars to \$3.6 million dollars.

The chart below shows the comparison of the original ComSAG estimates to the final RRT estimates subtracting out the recommended deferred elements. The annual costs assume a median home value of \$730,000 determined by the King County Assessor’s Office for 2020.

ComSAG RECOMMENDATION				
	Total	Annual Cost	Rate	Median Home
Capital	\$58,000,000	\$3,200,000	\$0.10133	\$73.97
Operating	\$3,900,000	\$3,900,000	\$0.12380	\$90.37
Total		\$7,100,000	\$0.22513	\$164.34
REPRIORITIZATION AND FINAL ESTIMATES				
	Total	Annual Cost	Rate	Median Home
Capital	\$55,800,000	\$3,000,000	\$0.09686	\$70.71
Operating	\$3,600,000	\$3,600,000	\$0.11565	\$84.43
Total		\$6,600,000	\$0.21251	\$155.14

DRAFT ORDINANCES:

Staff has provided draft ordinances supporting both Council requested options.

- For the “Bond and Levy” option, a 30-year bond ordinance for capital investments is included as Attachment A, and a permanent levy to fund operating investments included as Attachment B.
- For the “Combined Measure” option, both capital and operating investments are funded with a permanent levy included as Attachment C.

The “combined measure” option would be set equal to the ComSAG original recommended estimate of \$0.225/\$1,000AV and \$164.34 annually for a median home. This recommendation is shown in the chart below. The combined measure still dedicates \$0.11565/\$1,000AV to hiring 20 firefighter/EMTs and ongoing operations and maintenance. Staff recommends dedicating the remaining \$0.01249 to capital as it will be difficult to bond for capital facilities since it would be a permanent levy requiring only 50% voter approval. The additional \$0.01249 would generate \$390,000 each year. Every dollar will count to accomplish building new Fire Station 27 and renovating Station 22 by the 2023 target year.

REPRIORITIZATION AND FINAL ESTIMATES				
	Total	Annual Cost	Rate	Median Home
Capital	\$55,800,000	\$3,000,000	\$0.09686	\$70.71
Operating	\$3,600,000	\$3,600,000	\$0.11565	\$84.43
Total		\$6,600,000	\$0.21251	\$155.14
REPRIORITIZATION AND FINAL ESTIMATES				
	Cost	Annual Revenue	Tax Rate	Median Home
Capital	\$55,800,000	\$3,390,000	\$0.10935	\$79.82
Operating	\$3,600,000	\$3,600,000	\$0.11565	\$84.43
Total		\$6,990,000	\$0.22500	\$164.25

BALLOT OPTION #1 "Bond and Levy":

In ballot option #1, the chart shows the impact if the Council were to place to separate measures on the ballot, one 30-year capital bond and one permanent levy.

With voter approval, the City may issue unlimited tax general obligation bonds – also known as UTGO bonds – for capital purposes (see RCW 84.52.056 and article VII, section 2(b) of the state constitution). Once the bond has been approved and issued, it is repaid through annual excess levies for the duration of the bond, which in this case would be 30 years. When the bonds are paid off, the excess levy expires and is no longer included in taxpayers’ property taxes. Approval of an excess levy requires a 60% approval rate and “validation” which indicates that at least 50% of the voters that voted in the most recent general election also vote for the measure.

The advantage of a UTGO bond is that excess levies provide a stable revenue stream to repay debt. They are automatically sized to pay the principal and interest on the bonds, and as soon as the debt has been repaid, the excess levies cease. Furthermore, they are not subject to the 1% annual levy lid limit like permanent or multi-year levies are, and each year the levy amount is calculated according to the length of the obligation and the associated amortization schedule prepared at the time of the bond sale. The downside of UTGO bonds is that they do require a higher voter approval threshold at 60% and can only be used for capital investments.

Also included in ballot option #1 is a second measure to fund staffing and operating costs with a permanent levy. A permanent levy lid lift increases the annual property tax levy by the amount requested (in this case, \$0.115/\$1,000AV). After the first year, the levy is subject to the one percent property tax levy limitation.

The advantage of the permanent levy lid lift is that the measure never expires, and the levy lid never reverts. The levy lid lift also requires a lower voter approval threshold than the capital bond, of 50% plus 1 vote. However, the downside of permanent single-year lid lifts is that future annual increases may not exceed 1% without going to the voters for another lid lift. This means at some point in the future the purchasing power of the additional 1% becomes less as inflation increases.

BALLOT OPTION #1 – Two Measures					
Capital Elements		Sequenced Cost	Debt Service	Tax Rate/ \$1,000AV	Annual Impact to Median-Valued Home
30-year Capital Bond		\$55,800,000	\$3,000,000	\$0.09686	\$70.71
Operating Elements	FF/ EMTS	Cost in 2021	Annual Cost	Tax Rate/ \$1,000AV	Annual Impact to Median-Valued Home
Perm. Operating Levy	20	\$3,600,000	\$3,600,000	\$0.11565	\$84.43
Total			\$6,600,000	\$0.21251	\$155.14

BALLOT OPTION #2 "Combined Measure":

For ballot option #2, the Council would place only one combined measure on the ballot. The measure would be a permanent levy to fund both capital and operating investments. This option does not generate the \$55.8 million in capital in the first year like the capital bond. In order to avoid a levy increase beyond \$0.225/\$1,000AV, a "pay-as-you-go" (PAYG) option keeps costs nearly identical to the two-measure option. The tradeoff of PAYG is that the revenue will be generated slowly over time, meaning it will take longer for the City to complete the entirety of the suggested capital projects. Ultimately, this option allows the City the possibility of completing all capital projects in the future because it provides a permanent, dedicated ongoing revenue source. The combined measure can also change the balance of capital and operating over time, with more of the revenue shifting to support staffing levels should future Councils choose to do so.

To address the slower influx of revenue, staff would work with the Finance Department, Bond Counsel, and the City Attorney's Office to bring creative recommendations to the Council that would allow the City to complete Stations 27 and 22 in the first three years of the permanent levy. Again, the focus is on those two stations as they are the most expensive and as the two busiest stations, their investments provide the greatest improvements to response times and firefighter health and safety.

In this PAYG option, staff worked with bond Counsel to structure a levy that utilizes the entirety of the \$0.225/\$1,000AV threshold, generating \$3.39 million dollars a year for capital and \$3.6 million dollars a year for operating. This would allow the City to fund all elements listed in the chart on page 2 and provide the option for completing the training building and other capital projects in the future. Ballot option #2 provides the Council the possibility of bringing a measure to the ballot that affordably achieves the same goal of the two-measure approach while needing only a 50%+1 voter-approval threshold.

BALLOT OPTION #2 – One Measure				
Capital & Operating Elements	FF/EMTS	Annual Revenue Generated	Tax Rate/ \$1,000AV	Annual Impact to Median-Valued Home
Capital		\$3,390,000	\$0.10935	\$79.82
Operating	20	\$3,600,000	\$0.11565	\$84.43
One Permanent PAYG Levy	20	\$6,990,000	\$0.22500	\$164.25

CONSIDERATIONS:

There are tradeoffs within and across each approach. The chart on the next page outlines the tradeoffs of placing one PAYG permanent levy to fund capital and operating investments on the ballot versus placing one 30-year bond to fund capital costs and one permanent levy to fund operating costs on the ballot. Highlights represent the same tradeoffs across both options.

Financing	Pro	Con
Ballot Option #1: One Capital Bond AND One Perm. Levy	<ul style="list-style-type: none"> If either measure passes, or there is a net gain for the Fire Dept and residents. Bonding for capital allows projects to be completed sooner. Increases in taxes from the bond cease after 30 years. Levy requires a lower voter threshold than the bond. The levy is a non-expiring resource for annual operating and maintenance costs 	<ul style="list-style-type: none"> Capital requires 60% voter approval. Capital projects not included in the original measure will not be built in the future through the revenue generated with this. Levy is limited to a 1% increase/year and loses purchasing power over time.
Ballot Option #2: PAYG Perm. Levy	<ul style="list-style-type: none"> Levy requires a lower voter approval threshold (50%+1) to pass. Only one vote required to approve capital and staffing elements. Non-expiring resource for annual operating and maintenance costs. Once capital projects are complete, the entire generated revenue can be used toward ongoing operating and maintenance costs. AND/OR Capital projects can still be considered in the future as this measure would have permanent dedicated funding for capital. 	<ul style="list-style-type: none"> Limited to a 1% increase/year and loses purchasing power over time. Capital projects will take longer to accomplish. Increase in taxes never cease, even after capital projects are complete.

DRAFT BALLOT TITLE EXEMPTION LANGUAGE:

At the May 19 meeting, Council evaluated incorporating RCW 84.36.381 into the language of the levy lid lift ordinance, whether one measure or two. This RCW allows certain senior citizens, disabled veterans, and other people with disabilities to apply for exemptions from the tax increase. The language must be written into the the levy lid lift ballot measure title in order for citizens to be able to apply. Currently as written, it adds eleven words to the seventy-five-word limit. However, it does not need to be written into the language of the bond title for citizens to apply. As a reminder, RCW 84.38.030 which provides a property tax *deferral* for certain senior citizens, disabled veterans, and other people with disabilities, is available to citizens to apply to without having the RCW written into the language of either ballot title.

Staff has provided Council with the financial impact of including RCW 84.36.381. Since the revenue needed in both options is less, so has the impact of RCW 84.36.381. Below shows the new estimated impact.

	Kirkland's AV	Capital Rate/\$1000	Operating Rate/\$1000	Ann. Cap. Impact	Ann. Op. Impact
Impact of RCW	(\$364,090,648)	\$0.0011	\$0.0013	\$0.84	\$0.97

*The RRT Final Estimate does not include training building option B, a second ladder truck, or a 12-hour EMS transport.

Including the exempt properties decreases Kirkland's overall assessed valuation by roughly \$364,000,000. This has an impact of about an additional tenth of a penny on the bond and a tenth and a third of a penny on the levy. This adds an additional \$0.84 per year on the bond and \$0.97 per year on the levy. Since the annual revenue generated in the single PAYG option is the same as the combined total of the annual debt service and generated revenue for the two-measure option, the RCW impact is equal for all options.

With these parameters in mind, staff has worked with the City Attorney's Office and the City Manager to begin drafting three ballot measure titles. Tonight, staff is asking for Council's feedback on:

- Which ballot measure option to carry forward into July;
- Whether to include the RCW 84.36.381 exemption language.

The exemption language is currently written into the ballot title of the Option 1 levy lid lift (Attachment B) and the ballot title of the Option 2 levy lid lift (Attachment C) draft ordinances.

NEXT STEPS:

At the March 17 meeting, Council received a preliminary update on the ComSAG's recommendation. At the April 7 meeting, Council received the full report along with the final fire and EMS community survey questions incorporating Council's feedback. At the April 21 meeting, Council accepted the ComSAG report by adopting Resolution R-5413. On May 19 staff received Council's feedback and direction after being presented the survey results from both EMC Research and the City's online version of the survey.

At the June 16 meeting, staff will be previewing draft ordinances and draft ballot title language for the Council. Preliminary ballot title language for both options is below. After Council has decided which option they would like to move forward to July, staff will continue working with the City Attorney's Office and Bond Counsel to refine the next iteration of the authorizing ordinances and optimize ballot titles. Discussion of ballot titles will occur at the July 7 meeting. The Council must act by July 21st to place measures on the November ballots.

Option 1 "Bond and Levy" Draft Ballot Titles

CITY OF KIRKLAND PROPOSITION NO. 1
GENERAL OBLIGATION BONDS
FIRE STATION AND PUBLIC SAFETY IMPROVEMENTS

The City Council of the City of Kirkland adopted Ordinance _____ concerning a proposition for fire and EMS. This proposition authorizes the City to construct and equip a fire station; renovate and modernize existing fire stations; improve firefighter/EMT health and safety; improve response times throughout the City; and issue up to \$56,000,000 of general obligation bonds maturing within a maximum of 30 years to finance such projects; and levy annual excess property taxes to repay the bonds, as provided in Ordinance _____.

CITY OF KIRKLAND PROPOSITION NO. 1
LEVY LID LIFT FOR
FIRE AND EMERGENCY MEDICAL SERVICES AND OPERATIONS

The City Council of the City of Kirkland adopted Ordinance _____ concerning funding for fire and emergency medical services. This proposition would provide funding for fire and EMS, including stockpiling Personal Protection Equipment, hiring additional firefighter/Emergency Medical Technicians, acquiring equipment, improving facilities and response times by increasing the City's regular property tax by \$0.11565/\$1,000 to a maximum rate of \$_____/ \$1,000 of assessed valuation for collection in 2021. The 2021 levy amount will be used as the basis to calculate subsequent levies, consistent with RCW 84.55. Seniors and other individuals qualifying under RCW 84.36 would be exempt.

Option 2 “Combined Measure” Draft Ballot Title

CITY OF KIRKLAND PROPOSITION NO. 1 LEVY LID LIFT FOR FIRE AND EMERGENCY MEDICAL SERVICES AND OPERATIONS

The City Council of the City of Kirkland adopted Ordinance _____ concerning funding for fire and emergency medical services. This proposition would provide funding for fire and EMS, including stockpiling Personal Protection Equipment, hiring additional firefighter/Emergency Medical Technicians, constructing and equipping a fire station, improving existing facilities and response times by increasing the City’s regular property tax by \$0.22500/\$1,000 to a maximum rate of \$1.22500/\$1,000 of assessed valuation for collection in 2021. The 2021 levy amount will be used as the basis to calculate subsequent levies, consistent with RCW 84.55. Seniors and other individuals qualifying under RCW 84.36 would be exempt.

At the June 16 meeting, staff will seek authorization for the recruitment of both pro and con committees.

Calendar	Item
April 21	Council Adopted Resolution R-5413 Accepting Final ComSAG Report
April 22	EMC Research to Begin the Fire/EMS Community Survey
May	Staff to Receive Top Line Results from Survey
May 19	Council Received Survey Responses
June 16	Staff to Bring Draft Ordinance(s) and Draft Ballot Title Language to Council
June 16	Authorize Recruitment for Ballot Measure Voter Pamphlet Statement Pro/Con Committees
June 30	Deadline for Statements of Interest for Pro/Con Committee appointment
July 7	Staff to Bring Further Refined Draft Ordinance(s) and Ballot Title Language to Council for review
July 7	Appointment of Ballot Measure Voter Pamphlet Statement Pro/Con Committees
July 7 or 21	Public Hearing on Proposed Ballot Measure Ordinances
July 21	Last Council Meeting to Adopt Ballot Measure Ordinances
August 4	Pro/Con Committee notice of appt due to King County Elections
August 4	Ballot Measure Resolution due to King County Elections
August 7	Explanatory Statement due to King County Elections
August 11	Pro/Con Statements due to King County Elections
November 3	General Election