



Preliminary

CITY OF KIRKLAND

2021-22 BUDGET

Investing in a more
equitable, safe
and resilient
Kirkland

WASHINGTON

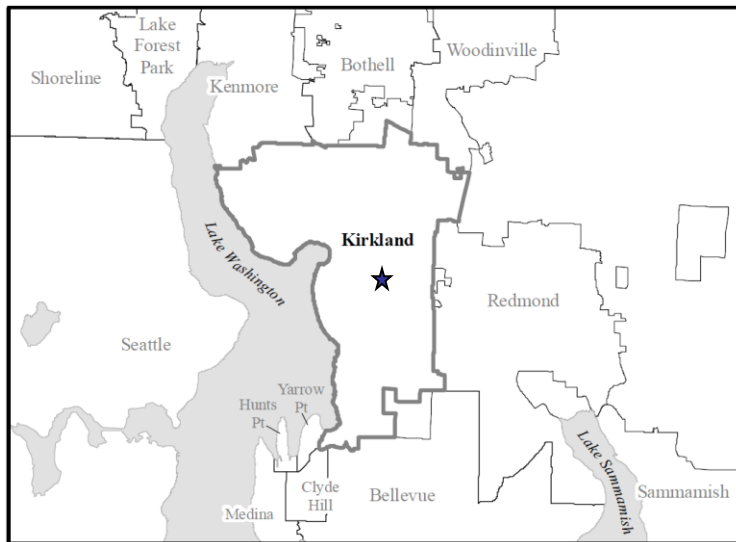
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Kirkland at a Glance

Founded	1888
Incorporated	1905
Population	90,660
Elevation	18 to 534 feet
Land Area	18 square miles
Miles of City Streets	257
Miles of City Sewers	136
Miles of Water Lines	179
Residential Dwellings	39,995
Fire Department Rating Class	4
City Employees (Full-Time Equivalents)	638
General Obligation Bond Rating:	
Moody's	Aaa
Standard and Poor's	AAA

City Council

Mayor, Penny Sweet ♦ Deputy Mayor, Jay Arnold ♦ Neil Black
♦ Kelli Curtis ♦ Amy Falcone ♦ Toby Nixon ♦ Jon Pascal

Administrative Staff

City Manager

Kurt Triplett

Deputy City Manager

Tracey Dunlap

Assistant City Manager

James Lopez

Municipal Court Judge

John Olson

City Attorney

Kevin Raymond

Director of Finance & Administration

Michael Olson

Fire Chief

Joe Sanford

Director of Human Resources

Anh Hoang

Chief Information Officer

Smitha Krishnan

Director of Parks & Community Services

Lynn Zwaagstra

Director of Planning & Building

Adam Weinstein

Police Chief

Cherie Harris

Interim Director of Public Works

Julie Underwood

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

At the time of incorporation in 1905, the City of Kirkland's population was approximately 530. The current estimated population is 90,660. Kirkland is the thirteenth largest city in the State of Washington and the sixth largest in King County.

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

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

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

2021-2022

Budget

KIRKLAND

WASHINGTON



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City of Kirkland Mayor & City Council



Penny Sweet
Mayor



Jay Arnold
Deputy Mayor



Neal Black
Council Member



Kelli Curtis
Council Member



Amy Falcone
Council Member



Toby Nixon
Council Member



Jon Pascal
Council Member



CITY OF KIRKLAND

2021-2022 BUDGET

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2021-2022 BUDGET
BUDGET MESSAGE

Dear City Council, Kirkland Residents, Kirkland Business Owners and all members of the Kirkland Community,

Kirkland's Budget Leadership Team is pleased to deliver the City Manager's 2021-2022 Preliminary Budget, **"Investing in a More Equitable, Safe and Resilient Kirkland."** This budget proposal is profoundly shaped by the dramatic and historic events that continue to unfold in 2020. The budget was developed even as the City is still grappling with the social, financial and health impacts of the COVID-19 outbreak that erupted in Kirkland on February 29, 2020 and spread throughout the nation. The budget was also created amid the racial justice movement reignited by the death of George Floyd in Minneapolis on May 25, 2020. This budget proposal responds to the commitment made by the City Council on August 4, 2020 through Resolution R-5434 to affirm that Black lives matter, to improve the safety and respect of Black people, and to help end structural racism. The [full text of R-5434](#) and the accompanying implementation overview are included as an issue paper with the budget. In addition to responding to the coronavirus pandemic and supporting the need for societal change, this budget addresses the expiration of the state Annexation Sales Tax Credit (ASTC) in 2021, which results in the loss of nearly \$5 million per year in General Fund revenue.

Despite these enormous challenges, the Leadership Team is presenting a focused, balanced, preliminary budget that sustains most current base budget government operations with stable ongoing revenues, retains previous one-time funded service packages, and invests in new community safety initiatives. This proposal also retains our existing financial reserves with the exception of the intentional use of the ASTC Reserve Fund, which was created to buffer the loss of the sales tax credit. Use of this reserve was an important element in balancing the 2021-2022 Preliminary Budget. Kirkland's long history of conservative budgeting, combined with innovative reprioritizations and prudent operating savings, has allowed the City to weather these financial storms.

The sound financial management policies and strategies that have served the City so well are retained in the 2021-2022 Preliminary Budget. Kirkland's three Strategic Anchors below continue to be key foundations for the budget recommendations:

- **The 2021-2026 Financial Forecast:** To ensure that Kirkland is always striving for balanced budgets, with sustainable services supported by sustainable revenues, while also maintaining Kirkland's AAA credit rating. When the forecast shows that expenditures will exceed revenues, the City takes proactive fiscal and policy actions to curtail City expenditures, generate new tax revenue, or identify combinations of new revenue and reduced costs;
- **The Price of Government:** To ensure that Kirkland's services remain affordable to residents and businesses; and,
- **The Kirkland Quad Chart:** To ensure that Kirkland remains a decisive, responsive government that funds the services that matter most to our residents and businesses, while also meeting our community's performance expectations for those services, as determined by surveys and outreach.

Along with the Strategic Anchors, the proposed budget retains the existing levels of service in most departments, implements a new *Community Safety Initiative*, and makes major new investments in safer routes to school for children and pedestrian and bicycle improvements throughout Kirkland. Finally, the proposed budget identifies the 2021-2022 Preliminary **City Work Program** to make measurable progress in implementing the **Council Goals**. The reciprocal relationship between the Strategic Anchors, the budget recommendations, and Council Goals are described later in the budget message.

Introduction

The overarching theme of the 2021-2022 Budget is **“Investing in a More Equitable, Safe and Resilient Kirkland.”** Equity, safety and resiliency are all interrelated, and this budget reflects their interdependence.

More Equitable

The financial challenges created by the expiration of the Annexation Sales Tax Credit and the pandemic-related economic slowdown meant that the primary success of this budget is simply sustaining existing service levels in most departments. However, there is one major set of new investments to meet the directive of R-5434 to create policies and programs in the pursuit of racial justice that are “specific, measurable, timely and funded.” The centerpiece of the 2021-2022 budget is the *Community Safety Initiative* designed to help Kirkland become a more equitable and safer city, especially for Black residents, Black business operators and Black visitors. This *Community Safety Initiative* is focused on implementation of R-5434 and related equity needs and consists of three primary elements.

The first element includes *Community Safety Partners*. These are non-commissioned City employee “co-responders” who partner with Police to respond to service calls that require something different than a Police Officer. These partners can relieve the burden on Police by solving conflicts in City parks, helping people with mental illness, or providing support services to those who are experiencing homelessness. The budget proposal sustains the current co-responder positions funded in 2019-2020 such as the Park Ranger and the Animal Control Officer. The budget uses funding from the King County Medic One levy for a Mobile Integrated Health Unit consisting of a mental health professional paired with a firefighter/emergency medical technician. The budget also includes the existing contracted mental health professional paid for by the 2018 “Enhanced Police Services and Community Safety” sales tax ballot measure (hereinafter referred to as Police Proposition 1).

The preliminary budget adds six new community safety partner positions. The first four positions are new co-responders. These employees may be additional mental health professionals, social workers, cultural navigators or homelessness coordinators. These positions are not yet defined or assigned to a specific department. The most effective use of these positions will be based on the outreach and research completed as part of R-5434. The fifth proposed position is a Public Safety Community Relations Specialist. This community relations position will improve connections between the public and the Police and Fire Departments. The position will focus on public safety-related community education and outreach programs. Examples include supporting the gun safety education program for Police and CPR classes or smoke detector campaigns for the Fire Department. The specialist will also provide public information officer support and emergency management and crisis communication support. Finally, the budget creates a new dedicated position to coordinate youth mental health and shelter programs and partnerships with youth service providers through Police Proposition 1 sales tax revenues.

The goal of the community safety partners is to create the availability of “co-responders” 24 hours per day, 7 days a week, 365 days per year. These partners will help connect struggling residents with the social and health services they need, reduce the burden of mental health and social service calls on Police Officers, and contribute to the successful de-escalation of challenging behavioral health situations.

The second element of the initiative includes a wide array of *community and police safety investments*. These investments advance the goals in R-5434 as well as Kirkland's commitment to being safe, inclusive and welcoming for all people. The initiative fully funds the capacity to provide body worn cameras for all Kirkland Police Officers to provide mutual transparency, accountability and safety for Police Officers and members of the public. Included are a new evidence technician and a new public records position necessary to support the body worn camera program. An issue paper providing more details on [body worn cameras](#) is included with the budget transmittal. The initiative also provides dedicated funds to support Police community accountability initiatives that will be defined by the R-5434 process. One example may be the implementation of civilian review of certain Police use of force incidents. In addition, the initiative includes significant funds for diversity recruitment and retention efforts to increase the number of women and people of color in both the Police and Fire Departments. Additional funds are provided to support organization-wide efforts to improve equity and diversity as programs and training are identified through R-5434. In partnership with the Municipal Court Judge, money has been set aside to help institute a pilot program for Community Court in Kirkland to divert disadvantaged populations from the criminal justice system and connect them instead with needed support services. A high-level ongoing Diversity and Inclusion Manager position is included with this initiative. The scope and duties of this position will be defined by the equity gap analysis as part of R-5434 implementation.

The final element of the Community Safety Initiative is significant funding for *housing and human services*. In addition to improving the safety and respect of Black people, another primary goal of R-5434 is to help end structural racism in Kirkland. Through housing and human services programs, the proposed budget acknowledges the intersection between race and poverty by providing additional investments in food and shelter services, behavioral health services and creating a path to recovery and self-sufficiency. This path is further improved by creating more affordable housing and economic opportunity in Kirkland. Beyond R-5434, the Kirkland Quad survey results identified "services for people in need" and "affordable housing for vulnerable residents" as two areas where the City is not meeting public expectations for performance. The proposed budget makes progress towards these goals. The human services grant budget sustains the expanded 2019-2020 base budget funding and reauthorizes the one-time "enhanced" human services funding approved by the Council that was intended to expire after 2020. The Police Proposition 1 funding for mental health programs, domestic violence prevention, suicide prevention and related services is included. Full funding for A Regional Coalition for Housing (ARCH) staffing and the ARCH Trust Fund contribution are also included. An additional \$1.1 million of Real Estate Excise Tax (REET) and new program support dollars have been set aside to catalyze more affordable housing in Kirkland. Finally, the preliminary budget for the first time includes the housing sales tax credit revenues authorized by the state legislature through House Bill 1406 in 2019. The HB 1406 credit is projected to provide over \$200,000 per year and the budget reserves this money for low income resident rental assistance due to the looming COVID-19 eviction crisis. In future years this revenue source will be allocated to ARCH to construct more affordable housing units.

Safe

No community can be equitable if residents and businesses are not safe. Public safety, especially fire and emergency medical services, pedestrian safety, and police services are always among the top priorities identified by Kirkland residents in the biennial community surveys. The proposed budget reflects these safety priorities. In addition to fully funding the existing Fire Department and Police Department budgets, the budget continues to invest the Police Proposition 1 revenues approved by the voters on November 6, 2018. This proposed budget invests 100 percent of these revenues in community safety programs. The budget continues to fund the new "ProAct Unit" of dedicated police officers and a second crime analyst focused on property crimes such as mail theft, car prowls, residential burglaries and shoplifting. The budget funds the second Neighborhood Resource Officer paired with a mental health professional to help those struggling with homelessness and mental illness. The proposal continues investing in the new School Resource Officers (SROs) in Kamiakin Middle School, Finn Hill Middle School, Kirkland Middle School and the International Community School/Emerson K-12. The Kirkland/Lake Washington School District 2019/2020 School Resource Officer Task Force defined the purpose of

Kirkland's SROs as: helping keep students physically, socially and emotionally safe; providing for positive interactions between SROs and all students, families and community members; connecting students with supportive services; and helping keep students out of the criminal justice system.

The budget maintains the Police Proposition 1 investment of hundreds of thousands of dollars annually for human services, mental health services, youth counseling, afterschool programs for at-risk youth, and assistance to homeless families and students. Lastly, the proposed budget pays for gun safety education, gun safes, and gun locks to help keep weapons out of the hands of children, criminals or those suffering from mental illness or suicidal thoughts by reducing firearm loss and theft.

The City Council has also placed *Fire Proposition 1*, a permanent levy lid lift for fire and emergency medical services and facilities, on the November 3, 2020 ballot (see the [Fire Ballot Measure issue paper](#) for additional information). The goals of the levy are to improve fire and emergency services response times throughout the City and to protect firefighter health and safety. If approved by voters, the measure will stockpile pandemic personal protection equipment for first responders, add twenty additional firefighter/emergency medical technicians, build a new Fire Station 27 in Totem Lake, and provide for the seismic renovation and modernization of Fire Station 21 in Forbes Creek, Fire Station 22 in Houghton, and Fire Station 26 in Rose Hill. Because of the size and scope of Fire Proposition 1, the preliminary budget does not include these investments. If the measure is approved, staff will bring the implementation plan and budget amendments to the Council in the first quarter of 2021.

Kirkland has always defined public safety as more than police and fire services. Another critical element of community safety is Kirkland's "Vision Zero" to protect pedestrians, bicyclists and drivers from collisions, injuries and fatalities. The accompanying capital budget dedicates tens of millions of dollars over the next six years for three cornerstone safety projects: The Totem Lake Connector Bridge, the Juanita Corridor Bicycle and Pedestrian Safety improvements, and the 100th Avenue NE multi-modal widening project. Millions more dollars are allocated for Safer Routes to School projects, Greenways, sidewalks, flashing beacons, bike lanes, and trails. The capital budget also funds transit queue jumps, bike paths, and sidewalks to give Kirkland residents safe, non-motorized options to access the Washington State Department of Transportation's NE 132nd Street Ramps, Sound Transit's NE 85th Street Bus Rapid Transit Station, and King County Metro Transit service. These multi-modal investments will also help reduce traffic congestion, which is another underperforming area in the Kirkland Quad.

Resilient

This proposed budget also focuses on keeping Kirkland's finances and infrastructure resilient. *Financial resiliency* is critical with the ASTC expiration in 2021 and the threat of a potential recession from the COVID-19 pandemic. The necessary investments in this budget to support those in need and create a more just and equitable Kirkland intentionally strains financial resiliency somewhat. The financial forecast showing a general fund deficit of \$19.8 million in the 2023-2024 biennium. Much of this deficit is caused by retaining most of the one-time service packages from 2019-2020 and the creation of the *Community Safety Initiative*. These positions and programs were able to be fully funded in 2021-2022 using part of the \$17.5 million in one-time cash from 2018 and 2019. Most of that cash is expected to be expended by the end of 2022. These investments are essential to provide a social safety net during the pandemic and to make real progress in addressing social justice, despite their financial impact in 2023 and beyond. Rather than saving this one-time money to prevent future deficits, the budget acknowledges the current need is too great, and providing programs now is critical. Sustaining the *Community Safety Initiative* and closing the 2023-2024 general fund gap will likely require new revenues from increased recreation fees, parking fees, business license fees, school zone safety camera revenues, REET flexibility and/or other sources. The preliminary budget proposal includes a [revenue options issue paper](#) that outlines potential funding strategies for 2023 and beyond.

However, many important strategies reinforce financial resiliency for 2021-2022. The proposed budget funds “base” ongoing programs with ongoing revenue sources. In addition, the following budget guidelines were used to curtail increases, other than the *Community Safety Initiative*, that would exacerbate the financial gap:

- New service packages were limited to extending existing one-time service packages unless supported by program reductions, or new revenues and fees;
- Additional ongoing positions are funded with new revenue, or through offsetting reductions; and,
- Current one-time staffing and programs deemed necessary are proposed again as one-time service packages.

Additional key budget features supporting financial resiliency include:

- No general fund reserves, other than the ASTC Reserve, were used to balance the 2021-2022 budget, retaining these reserves against a potential economic downturn;
- The modified two-year lag for sales tax revenue is continued as a financial policy for the 2021-2022 budget;
- All internal service rates and sinking funds were extensively reviewed and some were recalibrated, providing significant ongoing general fund savings;
- \$7.5 million in required contributions to The Village at Totem Lake are funded entirely in 2021-2022 with one-time resources (REET and General Fund), rather than debt service, freeing up general fund money to sustain ongoing services instead;
- Issuing municipal bonds is proposed to finance critical transportation safety investments such as the Totem Lake Connector Bridge, Juanita Drive bicycle and pedestrian improvements and the 100th Avenue NE widening project. These significant multi-modal projects provide safer transportation options for our rapidly growing community now, while spreading the cost over time. This debt has not yet been issued, so the debt service payments are not reflected in the Preliminary Budget. However, Real Estate Excise Tax (REET) revenues have been set aside to support the debt service, when incurred. After the City Council approves issuance of the bonds and the bonds are issued, a budget adjustment will be brought forward to recognize the actual debt service obligation funded using those REET revenues.

This budget also makes important strides in *resilient infrastructure*. The base budget and utility rates provide safe and efficient delivery of water, sewer, stormwater and solid waste services. The budget funds improvements to the underlying utility infrastructure, maintaining and replacing pipes, pumps, drainage facilities and more. The proposed budget includes the City’s first ever installment of earthquake-resistant water transmission lines that will be replaced as part of the I-405/NE 85th Street BRT station. The preliminary budget invests in “green infrastructure” resiliency. A new public tree inventory and funds to formalize a tree bank and tree credit program are included. Strong environmental programs in the Planning, Public Works and Parks Departments that protect air quality, water quality, the tree canopy, open spaces and natural resources are also fully funded.

By investing in a **more equitable, safe and resilient Kirkland**, the proposed budget advances the Council’s commitment to making Kirkland a safe, inclusive and welcoming city for all people.

The programs and projects listed above are only highlights of the overall budget. As with past budget documents since 2015, the sections that follow describe how these themes are implemented in the department budgets, identify changes in revenues and expenditures, and categorize all notable investments under the appropriate Council Goal. As these goals are achieved, Kirkland will remain one of the best places in America to live, work and play.

BUDGET SUMMARY

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

The total biennial budget for 2021-2022 is \$812.5 million, which is 5.5 percent less than the 2019-2020 revised biennial budget of \$859.5 million. The following table shows the relative change in the biennial budget's major components:

Major Components	2019-2020 Revised Budget	2021-2022 Prelim. Budget	% Change
General Government:			
General Fund	268,950,156	265,498,642	-1.3%
Other Operating Funds	37,184,640	36,604,363	-1.6%
Internal Service Funds	80,603,694	83,511,257	3.6%
Non-Operating Funds	259,121,735	219,505,038	-15.3%
Utilities:			
Water/Sewer Funds	118,010,553	114,394,972	-3.1%
Surface Water Funds	56,525,644	51,455,970	-9.0%
Solid Waste Fund	39,108,580	41,520,106	6.2%
Total Budget	859,505,001	812,490,348	-5.5%

Factors contributing to the change include:

Major Decreases

- Reductions in reserve balances for planned uses, such as using the Annexation Sales Tax Credit reserve (\$2.66 million) in 2022 to help bridge the projected revenue shortfall;
- Lower General Capital Projects Fund budget in 2021-2022 versus 2019-2020, which included major projects, such as Juanita Beach Park, Fire Station 24, and Totem Lake Park;
- Reduction in fleet internal rates following a major update to the fleet rate model, which resulted in lower replacement rate contributions based on Kirkland's vehicle use trends;
- Declining fund balances in the Lodging Tax Fund due to lower revenues in 2020 related to economic impact of COVID-19 and a conservative revenue forecast in 2021-2022;
- Decrease in Impact Fees Fund balance as a result of the 2019-2024 CIP Update, which transferred accumulated funds to specific projects in 2019-2020;
- Lower debt service payments due to the planned public improvements at The Village at Totem Lake being funded with General Fund cash and real estate excise tax rather than financed with debt. The City also refinanced the 2010 Build America Bonds in 2020, which funded the Kirkland Justice Center, producing an annual average savings of \$312,800 for the next 20 years.

Major Increases

- Increased funding for Transportation improvements in the 2021-2022 Capital Budget to address regional population growth (this increase is largely driven by partner projects with Sound Transit);

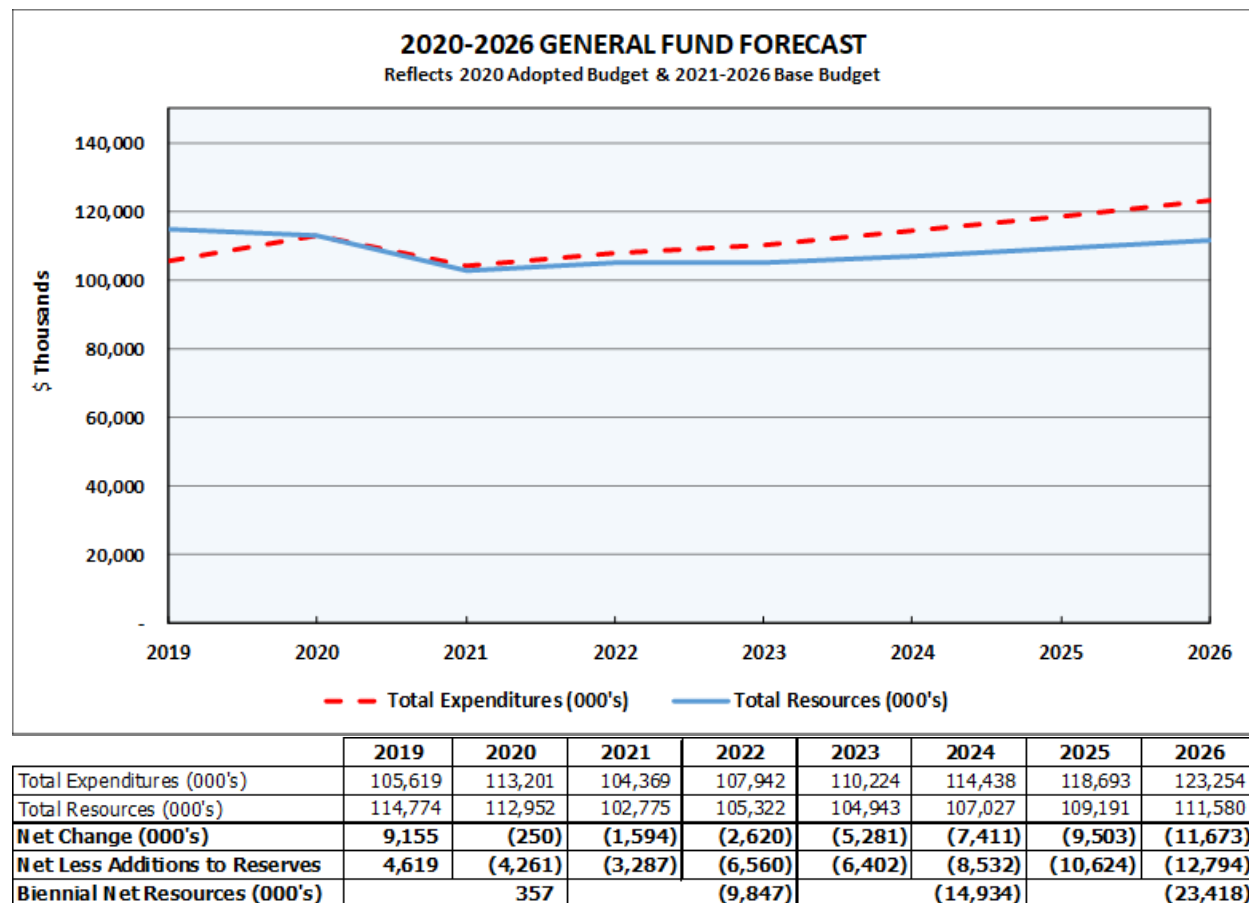
- Base budget increases in personnel costs, including contractual salary adjustments (e.g., 2019-2022 Police Commissioned and Police Lieutenants collective bargaining agreements);
- Higher costs for some external services, including liability insurance payments to the Washington Cities Insurance Authority (WCIA); and,
- Increase in reserves with two significant changes being the addition of GEMT (\$4.3 million) and the School Zone Camera reserve (\$2.1 million).

The primary focus for the Council's budget discussion relates to the operating budget which accounts for the most visible basic services to the public. The most important (and largest) component of the operating budget is the General Fund, which accounts for most general government services and most of the City's general-purpose revenue sources. **The 2021-2022 General Fund budget totals \$265.5 million**, which represents a 1.3 percent decrease from the current biennium.

The following sections describe overall General Fund revenue and expenditure trends that influenced this budget recommendation and provide a context for understanding this budget and for future financial planning decisions.

GENERAL FUND FORECAST

The August 2020 General Fund forecast, which was presented to the Council on October 6, 2020, is shown below. It includes 2019-2020 and reflects the base budget (i.e., the cost of maintaining current, ongoing service levels) plus \$2.5 million per year (\$5.0 million per biennium) for one-time service packages in 2021-2026.



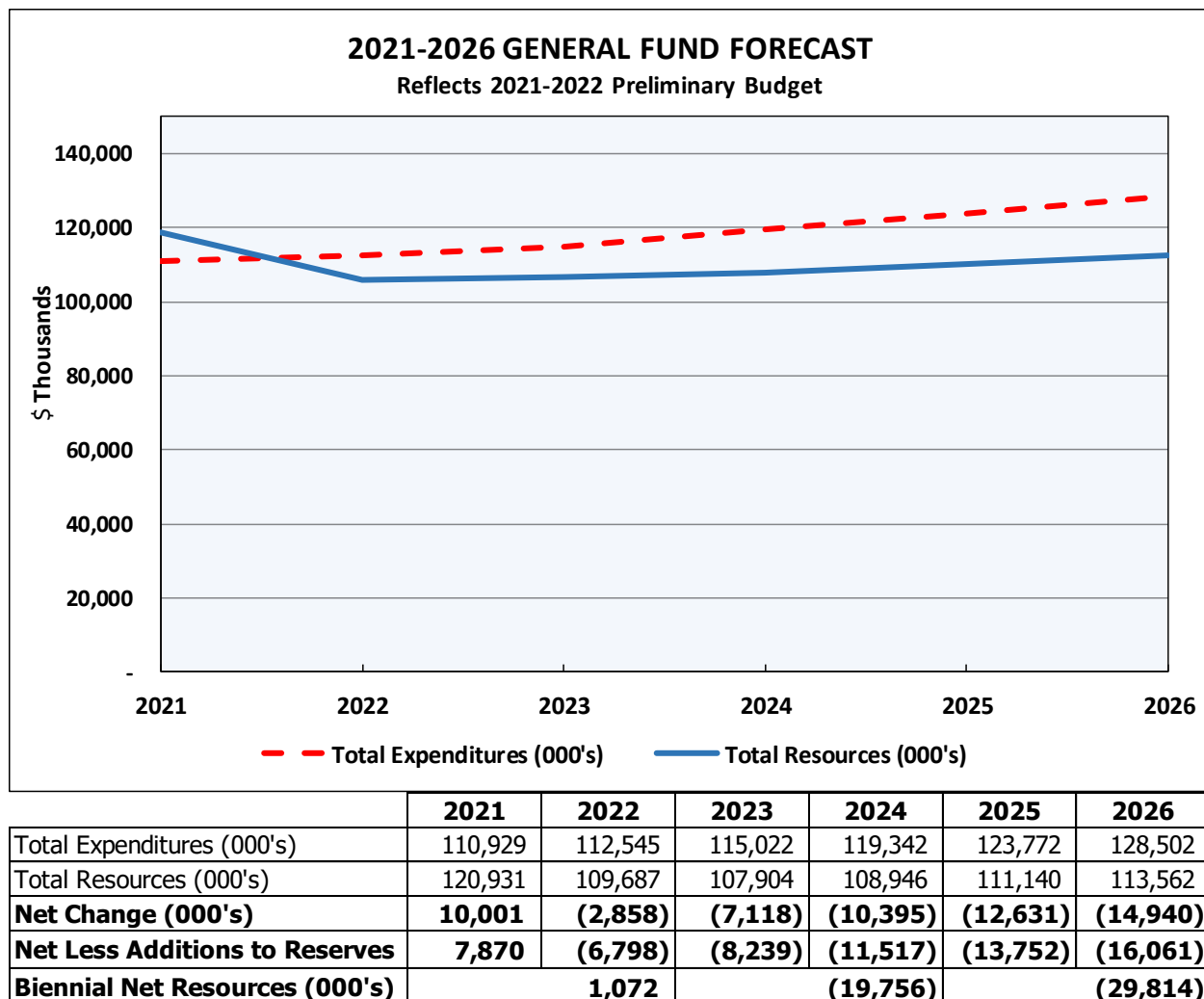
As part of the October 6 presentation, \$17.5 million in available General Fund cash from 2018 and 2019 was identified as available to address the projected deficits in 2020-2022 and to provide one-time funding for service packages in 2021-2022. The table below compares the October 6 figures that were based on the draft budget in September to the updated figures included in the 2021-2022 Preliminary Budget.

Item	10/6/20 Council Memo	2021-2022 Prelim Budget
Available General Fund Cash as of 12/31/2019	\$ 18,088,336	\$ 18,088,336
<i>Council Approved Uses</i>		
Human Services Grants	265,000	265,000
Resolution R-5434	246,839	246,839
FS24/ARCH -- Land Purchase	83,842	83,842
Subtotal Council Approved Uses	\$ 595,681	\$ 595,681
Balance of General Fund Cash after Council Approved Uses	\$ 17,492,655	\$ 17,492,655
<i>Potential and Planned Uses</i>		
Estimated 2020 General Fund gap	1,325,410	1,522,460
Estimated 2021 General Fund gap (base budget)	787,480	854,687
Estimated 2022 General Fund gap (base budget)	4,059,541	3,140,153
2021 Service Packages	4,160,651	4,232,902
2022 Service Packages	3,425,232	3,657,743
Estimated General Fund Carryovers	1,231,970	1,308,570
The Village at Totem Lake Infrastructure Development Contribution	1,703,744	1,703,744
Subtotal Potential and Planned Uses	\$ 16,694,028	\$ 16,420,259
Net Available General Fund Cash	\$ 798,627	\$ 1,072,396

The \$17.5 million in General Fund Cash is proposed to be used to fund a \$1.5 million remaining shortfall in 2020, \$4.0 million funds the 2021-2022 base budget shortfall, and \$7.9 million funds service packages. In addition, \$1.3 million is set aside for estimated operating carryovers (projects budgeted in 2019-2020 that are expected to occur in 2021-2022) and \$1.7 million is used toward the Village at Totem Lake Phase 2 contribution. These leaves an estimated cash balance of \$1.1 million at the end of 2022.

The October 2020 General Fund forecast has been updated to reflect the proposed budget and focuses on 2021-2026, as shown on the following page. Some key observations related to the revised forecast include:

- There continues to be an underlying structural imbalance between revenue growth and the increasing cost of providing services, requiring the use of one-time cash to balance the budget.
- The Annexation Sales Tax Credit reserve (\$2.66 million) is included as a one-time funding source to address the projected deficit in 2022.
- The Preliminary 2021-2022 Budget includes \$15.5 million in service package costs in 2021-2022. \$0.7 million are funded by offsets in other expenditure line items, resulting in a net cost of \$14.8 million. Of these costs, \$3.1 million are funded by development reserves, \$3.8 million in new revenues, \$7.9 million are funded with one-time cash. These service packages, including the *Community Safety Initiative*, are reflected in the revised forecast and are discussed further below.



Note that the 2023-2024 deficit has increased from \$14.9 million in the August projection to \$19.8 million in the current projection:

- The Annexation Sales Tax Credit expires in mid-2021 (\$4.9 million per year) and the impact the upcoming biennium has been mitigated in part by use of the ASTC reserve. The full impacts of the expiration appear in the forecast in the 2023-2024 biennium.
- The one-time service packages in 2022, except for those related to development services, are assumed to continue in 2023-2026.
- All but \$1.1 million in available General Fund cash is fully used by 2022 as discussed above. Continuing the 2021-2022 service packages in future years requires at least \$7.9 million.
- A breakdown of the service packages funded with one-time cash in 2021-2022 is contained in the table on the following page, along with the total for General Fund services packages, which are discussed in more detail later in the message.

General Fund Service Packages	2021	2022	2021-2022 Total
Recurring Service Packages			
2022 Community Survey	-	75,000	75,000
State Legislative Advocacy Services	72,000	72,000	144,000
Outreach and Engagement to Support a Safe, Inclusive, and Welcoming Community	25,000	25,000	50,000
Community Programs and Events - Total Cost	64,000	64,000	128,000
<i>Community Programs - Offsetting Revenues</i>	<i>(32,000)</i>	<i>(32,000)</i>	<i>(64,000)</i>
PCS Office Specialist Administrative Support & Park Ceremonies	37,345	37,527	74,872
Kirkland Performance Center	50,000	50,000	100,000
PCS Human Services Support Options (Program Coordinator) - Total Cost	125,632	132,717	258,349
<i>PCS Human Services - Offsetting Expenditures</i>	<i>(38,931)</i>	<i>(38,931)</i>	<i>(77,862)</i>
Transportation Planner	145,855	147,788	293,643
Engineering Program Assistant (.50 FTE) ¹	53,410	54,273	107,683
Corrections ASA (.50 FTE)	36,266	59,574	95,840
<i>Corrections ASA - Offsetting Revenues</i>	<i>(5,608)</i>	<i>(18,232)</i>	<i>(23,840)</i>
<i>Corrections ASA - Offsetting Expenditures</i>	-	<i>(36,000)</i>	<i>(36,000)</i>
ARCH Housing Trust Fund (HTF)	415,000	415,000	830,000
New Service Packages			
Community Safety Initiative - Total Cost ²	3,260,507	2,372,687	5,633,194
<i>Community Safety Initiative - Offsetting Revenues</i>	<i>(712,157)</i>	<i>(641,316)</i>	<i>(1,353,473)</i>
Special Project Coordinator for Economic Development Pandemic Response - Total Cost	77,521	76,041	153,562
<i>Special Project Coordinator - Offsetting Expenditures</i>	<i>(30,000)</i>	<i>(30,000)</i>	<i>(60,000)</i>
PROS Plan Update with Community Needs Assessment and ADA Assessment	270,000	-	270,000
Special Projects Coordinator	147,542	148,181	295,723
Transportation Engineer	157,401	159,396	316,797
Transportation Program Coordinator - Total Cost	128,238	130,077	258,315
<i>Transportation Program Coordinator - Offsetting Revenues</i>	<i>(64,119)</i>	<i>(65,039)</i>	<i>(129,158)</i>
Formalization and Enhancement of Tree Bank	50,000	-	50,000
Comp Plan Update/Transportation Master Plan	-	500,000	500,000
Grand Total Service Package Cash Uses	4,232,902	3,657,744	7,890,646
<i>Add Back Offsets</i>	<i>882,815</i>	<i>861,518</i>	<i>1,744,333</i>
Service Packages Fully Backed by Revenue or Expenditure Offsets	3,073,426	2,819,987	5,893,413
Grand Total - All General Fund Service Packages	8,189,143	7,339,248	15,528,391
<i>Less Expenditure Offsets</i>	<i>(335,503)</i>	<i>(380,140)</i>	<i>(715,643)</i>
Grand Total - Net Service Package Costs	7,853,640	6,959,108	14,812,748

¹ Net of offset from Street Parking fees.

² Includes continuation of the Human Services "Option B" optional funding at 2019/2020 levels (total of \$483,778).

GENERAL FUND REVENUE TRENDS

The following table compares major General Fund revenues in the 2021-2022 Preliminary Budget to the 2019-2020 Revised Budget.

Resource	2019-2020 Revised Budget	2021-2022 Prelim. Budget	% Change
General Retail Sales Tax	47,107,537	47,865,120	1.6%
Property Tax	39,570,929	41,372,782	4.6%
Utility Taxes (Public & Private)	28,446,819	27,022,539	-5.0%
Development Fees	21,715,644	18,783,005	-13.5%
Internal Charges	16,481,024	19,137,052	16.1%
Annexation Sales Tax Credit	8,370,000	2,467,500	-70.5%
Franchise Fees	7,710,613	8,057,771	4.5%
Business License Fees*	7,337,658	7,096,342	-3.3%
All Other Revenues	41,086,837	40,063,019	-2.5%
Total Revenues	217,827,061	211,865,130	-2.7%
Resources Forward	51,114,753	53,633,512	4.9%
Total Resources	268,941,814	265,498,642	-1.3%

* Includes the revenue generating regulatory license fee, which is considered a tax.

Total revenues are projected to decline 2.7 percent in the 2021-2022 Preliminary Budget primarily due to the following:

- The **Annexation Sales Tax Credit** expires on June 30, 2021, representing a loss of \$4.94 million annually.
- The City was awarded \$4.0 million in **CARES Act grants** in 2020, which constitutes a one-time revenue source. The 2019-2020 Revised Budget only reflects the first grant for \$2.67 million, which was awarded in the first half of 2020. It will be amended in December 2020 to include the second grant for \$1.33 million, which was awarded in September 2020.
- **Development activity** is projected to slow down in 2021-2022, with development fees dropping 13.5 percent. This represents a return to normalcy after an unusually high level of redevelopment in 2017-2020.
- The **general retail sales tax** is projected to grow only 1.6 percent in 2021-2022 due to the negative economic impact of COVID-19 in 2020 and the City's modified two-year sales tax lag policy, which is described below (see general retail sales tax bullet point).
- **Utility taxes** are projected to decline 5.0 percent in 2021-2022 for three reasons: 1) 2019 actual and 2020 estimated electric and telephone utility tax revenues fell short of budget; 2) telephone utility tax is projected to decline 15.0 percent per year in 2021-2022; and 3) cable TV utility tax is projected to decline 4.0 percent per year in 2021-2022.

Additional information is provided for the following General Fund revenues:

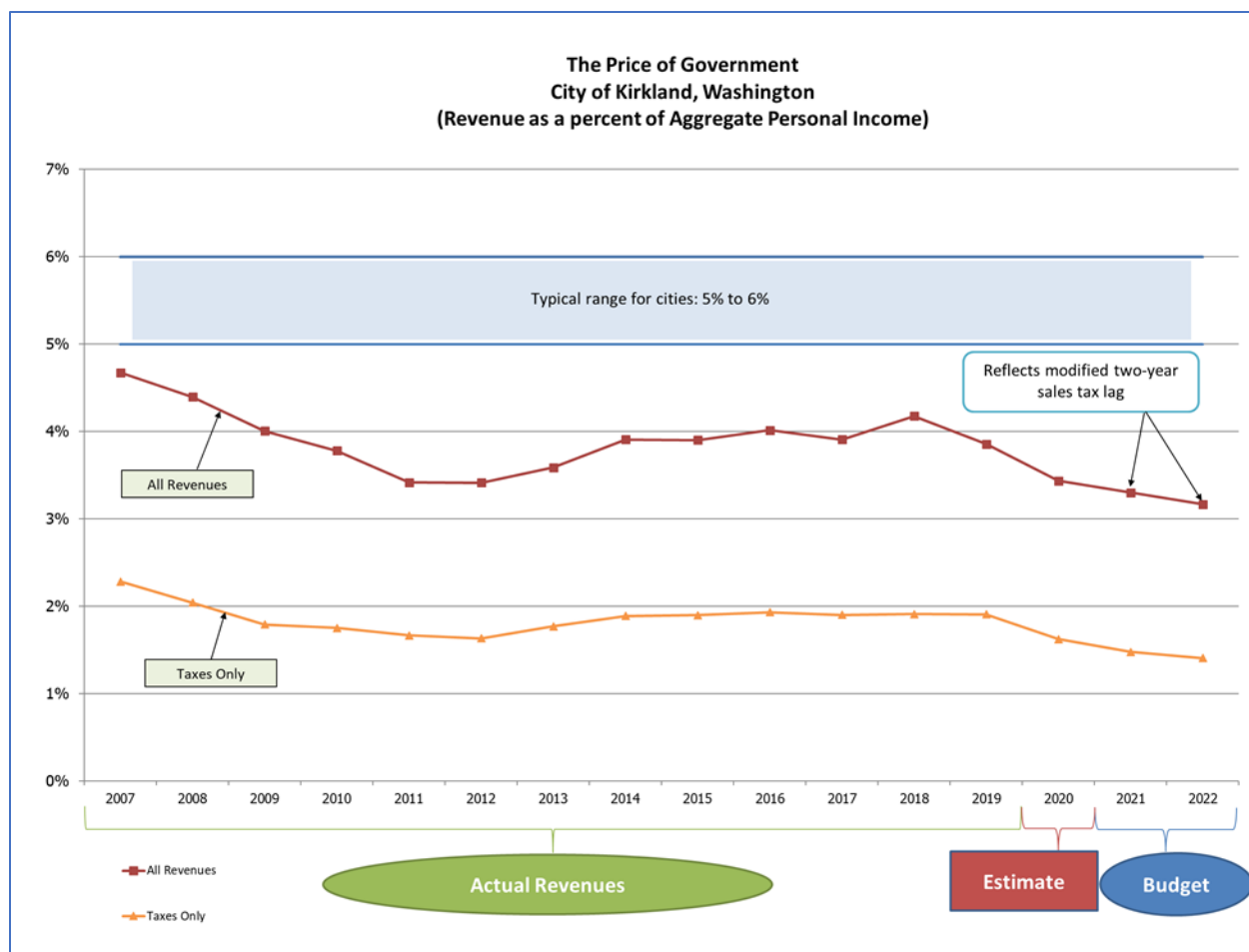
- **Property tax** supports services in the General Fund, Street Operating Fund, Parks Maintenance Fund, and Parks Levy Fund. New construction is projected to generate two percent in new revenue in 2021 and one and a half percent in new revenue in 2022. In addition, a one percent optional increase, which must be approved by the Council, is assumed in the City's 2021 and 2022 budgeted property tax levies. It should be noted that the City has three different property tax rates depending on where a resident lives: 1) those who reside in the pre-annexation portion of the City pay for existing voted debt (which will be retired at the end of 2022); 2) those who were previously served by Fire District 41 pay a portion of the District's remaining debt (which will be retired at the end of 2021); and 3) those who were previously served by Woodinville Fire and Rescue pay only the base rate. Budgeted property tax revenues for 2021 and 2022 will be adjusted after the City's assessed valuation, including new construction additions, has been finalized by the King County Assessor, which typically occurs in December prior to the new levy year.
- **General retail sales tax** is projected to decline 10 percent in 2020 relative to 2019 due to the pandemic. However, the City's modified two-year sales tax lag policy has provided a significant "buffer," with 2020 budgeted revenue being 13 percent below 2019 actual revenue. Consistent with this policy, budgeted sales tax in 2021 and 2022 is equal to forecasted sales tax in 2020. This approach provides a hedge against the expiration of the State Annexation Sales Tax Credit in mid-2021.
- Approved by voters in November 2018, Police Proposition 1, the **public safety retail sales tax**, levies an additional 0.1 percent to support public safety and human services investments. It is projected to generate \$1.96 million per year in 2021-2022.
- **Utility taxes** encompass both public and private utilities. Public utility taxes, which include water, sewer, surface water, and solid waste utilities, are budgeted to increase 5.7 percent in 2021-2022 due to customer growth since 2018, forecasted customer growth in 2021-2022, and planned rate changes in 2022 to offset regional charge increases for water and sewer services. However, the 2021 public utility rates, which were adopted by the Council on October 6, 2020, are not increasing. Private utility taxes, which include electric, gas, telecommunications, and cable television utilities, are budgeted to decline 12.1 percent in 2021-2022 mostly due to market shifts in the cable and telecommunications industries and minimal long-term growth in the electric and gas utilities.
- **Business license fees** consist of a base fee of \$100, which is accounted for as a license and permit revenue, and the revenue generating regulatory license (RGRL) fee of \$105 per full-time equivalent employee (FTE), which is accounted for as a tax revenue. In general terms, this category is expected to grow commensurate with employment growth; however, there are two factors that complicate the forecast. First, the Washington State Department of Revenue (DOR) began collecting business license and RGRL fees on Kirkland's behalf in November 2018, and there is a two-year transition period as the City's business license renewal timing is re-aligned with the state's timing. Second, the negative economic impact of COVID-19 will be delayed one year, because the 2020 RGRL fee paid by each business is based on the number of Kirkland-based employees in 2019. Accordingly, a 10.9 percent decline in RGRL fees is budgeted in 2021, reflecting a projected drop in the number of Kirkland-based employees in 2020, followed by a 10.2 percent rebound in 2022. Note that \$540,000 of the business license fee revenue in 2021-2022 is budgeted in the Street Fund and transferred to the Transportation Capital Fund for street preservation projects.

- **Development fees** hit all-time highs in 2017-2019, mostly driven by the redevelopment of Kirkland Urban and The Village at Totem Lake. However, development activity is projected to slow down in 2021-2022, with development fees declining 6.6 percent in 2020 and 18.0 percent in 2021 before leveling off in 2022. Note that revenues collected may only be spent on development-related expenditures, and unspent funds at the end of the biennium are set aside in development reserves to accomplish future work.
- **Internal charges** are budgeted to increase 16.1 percent in 2021-2022 largely due to an increase in interfund charges for citywide overhead (for services provided by the General Fund to other Operating Funds) and capital project engineering services. The addition of capital project engineering staff through proposed service packages is described in more detail below. Project Engineers and Inspectors, which are budgeted in the General Fund, fully offset their direct and related overhead costs through billable hours charged to the capital projects they manage.
- **"All other revenues"** contains several different categories, including Intergovernmental Revenues, Fines and Forfeitures, Recreation Fees, and Investment Earnings. The 2.5 percent decline in 2021-2022 is primarily due to a 15.2 percent drop in intergovernmental revenues, which include the one-time CARES Act grants noted above.

THE KIRKLAND "PRICE OF GOVERNMENT"

In evaluating these revenue assumptions, an important question to answer for taxpayers is "how affordable is Kirkland's City government"? The "Price of Government" is a measure of this concept used by some jurisdictions as a comparison of the revenues from taxes and fees to the aggregate personal income level of the City's constituents. The "All Revenue" category includes all utility rates and other fees in addition to general government taxes such as property tax and sales tax. In general terms, the calculation is used to help define a band which residents view as a reasonable percentage to pay for government services.

The graph that follows shows Kirkland's Price of Government as a percent of personal income remaining generally flat over the past several years with projections of 3.3 percent in 2021 and 3.2 percent in 2022 in the proposed budget, reflecting the modified two-year sales tax lag. This includes the impact of the 0.1 percent sales tax increase from the passage of Police Proposition 1 in 2018. Since the last recession, total revenues as a percentage of personal income have ranged between three and four percent. According to the literature, a Price of Government between 5 percent and 6 percent is typical for local governments, as shown in the chart. This approach does not provide a tool for universal evaluation across cities. Differences in economic base and service delivery approaches and expectations render multiple city comparisons of limited use. The value of this approach is largely with respect to the City's own history, and by this metric Kirkland continues to improve its affordability. This graph does not reflect the impact of the pending Fire Proposition 1 levy lid lift for fire and emergency medical services and facilities that is on the November 3, 2020 ballot. Should that measure pass, it would increase the projected Price of Government from 3.3 percent to 3.4 percent in 2021.



GENERAL FUND EXPENDITURE TRENDS

The 2021-2022 Preliminary Budget is developed within the context of a range of external and internal factors. Some of these factors transcend biennial budgets while others are more short term in nature and can take the form of state or federal external mandates or regional business cycle fluctuations to which the City's financial plans must adapt. These issues can have a lasting impact on City financial administration.

One broader regional issue has been rapid population growth in the Puget Sound region since the last economic recession. This has been particularly acute in the City of Kirkland after the annexation of the north neighborhoods in 2011. Strong growth has brought economic success, which is best exemplified by the revitalization of the Totem Lake urban area and the Kirkland Urban development. Growth has also brought the challenge to build, maintain, and operate City infrastructure to service the larger population and thriving business community against the backdrop of increasing costs.

Salary and benefit costs represent the largest share of the operating budget. As such, each of these external mandates will have an impact on the budget. Budgeted salaries include step increases for eligible employees and other contractual wage adjustments in 2021-2022. The AFSCME, Teamsters, and IAFF bargaining units have open contracts beginning in 2021, and Non-Commissioned Police has an open contract beginning in 2022. Wage adjustments for employees represented by these unions will be subject to bargaining.

Changes to state law governing wages and benefits, including State legislation and voter-authorizations are also impacting City costs, including:

- Paid Family Medical Leave law, which creates a state-run insurance program to cover qualified medical leave events, funded with employer and employee contributions; and,
- Minimum Wage and Paid Sick Leave law, which provides for scheduled incremental increases to the State minimum wage and entitles employees to paid sick leave.

Health benefits represent the second largest portion of personnel costs after salaries and wages. In 2015, faced with the national issues of rising health care costs and the “Cadillac Tax” imposed as a provision of the Affordable Care Act, the City implemented the Healthy Kirkland Initiative to improve employee health and stabilize the cost of medical claims. The “Cadillac Tax” has since been repealed, but the Healthy Kirkland Initiative’s successes in managing healthcare cost growth helped contribute to Kirkland’s ability to balance the budget amid the COVID-19 pandemic and the related economic downturn. A [Healthcare Program Update Issue Paper](#) is included to provide an update on the program’s budget impact since it began in 2015.

State pension contributions represent the third largest component of personnel costs. There are eight state-administered public retirement systems for state and local government employees. Kirkland employees participate in one of these pension plans, depending on position-type, which are managed by the State Department of Retirement Systems (DRS). Plan selection and enrollment depend on the employee’s position eligibility. Contribution rates to meet each pension system’s funding requirements are set by the state and have a direct impact on the City’s budget.

The above issues have varied impacts on the 2021-2022 Preliminary Budget. However, they share the common thread that they do not represent new or expanded City services but rather cost increases to the City’s base level of service. As described earlier, the 2021-2022 General Fund Budget is projected to decrease by 1.3 percent. The following table identifies the General Fund base budget by department in 2021-2022 versus 2019-2020, excluding reserves, service packages, and other adjustments. This base budget growth is offset by use of cash balances and reduction in one-time adjustments made in 2019-2020 resulting in the overall General Fund budget reduction.

General Fund Base Budget by Department ¹	2019-2020 Preliminary Budget ²	2021-2022 Preliminary Budget	\$ Change	% Change
City Council	1,087,801	1,045,233	(42,568)	-3.9%
City Manager	4,411,109	4,283,771	(127,338)	-2.9%
Human Resources	3,217,013	3,497,795	280,782	8.7%
City Attorney	2,489,901	2,559,057	69,156	2.8%
Finance & Administration	10,695,151	12,051,889	1,356,738	12.7%
Public Works	14,453,603	14,688,095	234,492	1.6%
Parks & Community Services	18,540,044	19,415,058	875,014	4.7%
Planning & Building	17,217,626	18,094,000	876,374	5.1%
Municipal Court	5,171,984	5,487,392	315,408	6.1%
Police	57,011,097	64,379,891	7,368,794	12.9%
Fire	46,961,994	49,026,168	2,064,174	4.4%
Non-Departmental	19,965,368	14,133,589	(5,831,779)	-29.2%
Total General Fund Base Budget	201,222,691	208,661,938	7,439,247	3.7%

¹ Does not include reserve accounts

² Includes ongoing Service Packages and other adjustments approved for 2019-2020 that are built into the 2021-2022 Base Budget.

Given the known future impact of the expiration of the Annexation Sales Tax Credit in mid-2021, most available resources are one-time in nature. As noted above, there are many one-time service packages budgeted in 2019-2020 that are funded again in 2021-2022 with one-time resources. All **service packages** were evaluated in the context of reprioritizing services or making trade-offs. A number of recommended service packages are supported by reductions or reallocations in other activities or, in some cases, new revenues. The table that follows provides a brief summary of the staffing additions and the proposed funding sources, differentiated by whether the position is a renewal of a one-time authorization in 2019-2020 or a new addition in 2021-2022.

	New		Renewal			
General Fund	FTE ¹	LTE ²	FTE	LTE	Total FTE	Total LTE
Development Fees	-	-	-	4.00	-	4.00
Development Reserves	-	1.00	-	7.50	-	8.50
Other Revenues/Offsets	1.00	0.50	-	-	1.00	0.50
Public Safety Sales Tax	1.00	-	-	-	1.00	-
CIP Charges	-	2.00	-	2.50	-	4.50
General Fund Ongoing	-	-	1.50	-	1.50	-
General Fund One-Time	-	11.15	-	2.50	-	13.65
Total	2.00	14.65	1.50	16.50	3.50	31.15
Other Funds	FTE	LTE	FTE	LTE	Total FTE	Total LTE
Utility Supported	-	1.50	-	1.25	-	2.75
Internal Rate Supported	-	-	-	-	-	-
Special Revenues Funds	0.75	-	-	0.75	0.75	0.75
Total	0.75	1.50	-	2.00	0.75	3.50
Grand Total Service Packages	2.75	16.15	1.50	18.50	4.25	34.65

¹ Full Time Equivalent

² Limited Term Employee

The City Manager's service packages are summarized under *Key Recommendations by Goal Area*.

COMMUNITY AND COUNCIL PRIORITIES – RESIDENT SURVEY AND THE KIRKLAND QUAD

One of the main tools used to assess the **community's priorities** is the **Resident Survey** that the City conducts every two years. The results of the most recent survey (in which interviewing took place from June 25 to July 2, 2020) were presented to the City Council at the September 1, 2020 City Council meeting. The overall results indicated that 84 percent of those surveyed rated Kirkland as a "very good" or "excellent" place to live. An additional 12 percent rated the City as "satisfactory". One of the key graphics from that survey is the *Quadrant Analysis*, which provides an important basis for prioritizing the proposed budget recommendations. The survey report describes the *Quadrant Analysis* as follows:

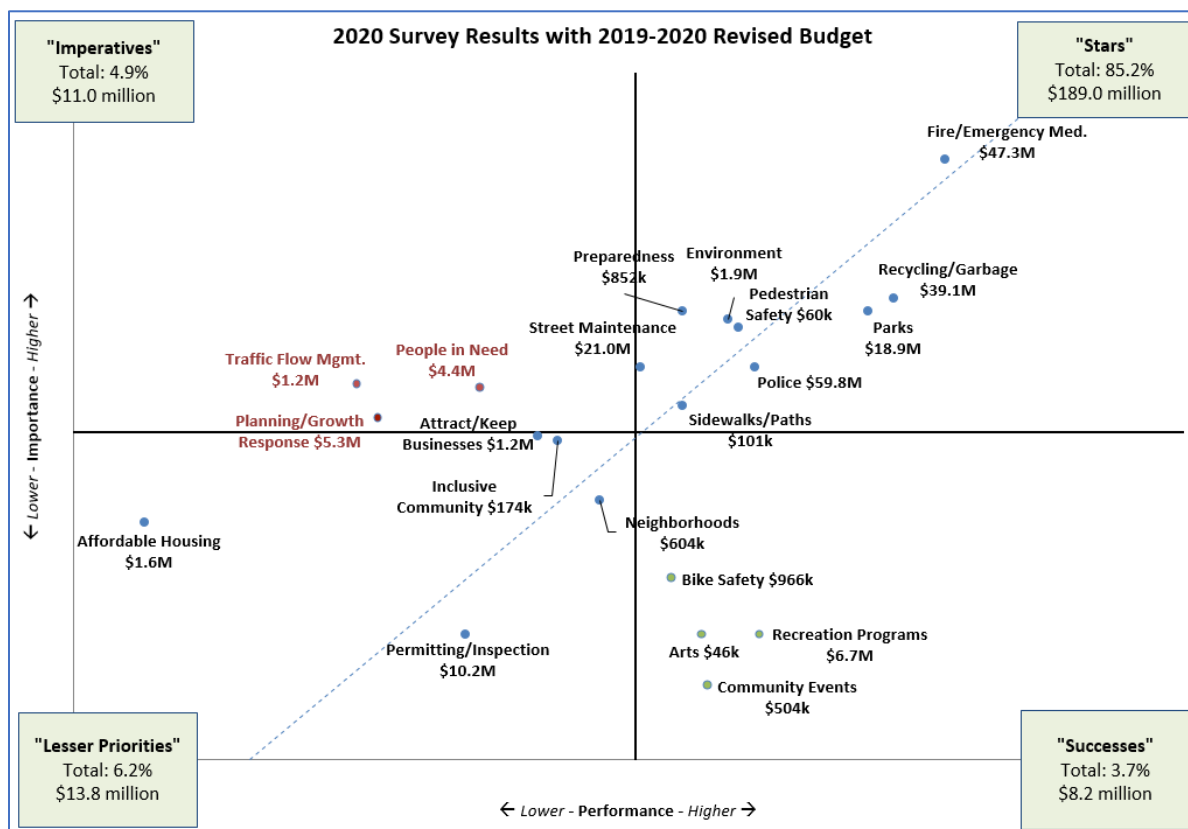
"Plotting the importance and performance on a quadrant chart allows items to be categorized the following ways:

- 1) **Improvement Opportunities: High Importance, Low Performance** (top-left quadrant)
Services falling into this category should be viewed as opportunities for improvement. These are the items that residents feel are very important but the City could be doing a better job delivering. Improving the services in this quadrant are likely to have the greatest impact on improving residents' overall favorability of the City of the items tested.

- 2) **Satisfactory Performance: Comparable Importance & Performance** (bottom-left and top-right quadrants) Services in these two quadrants may be rated differently by residents; but in both scenarios, City performance for these services matches the importance that the residents attribute to them. The items in the top-right quadrant have been identified as relatively strong drivers of satisfaction with City services.
- 3) **Overperformance: Low Importance, High Performance** (bottom-right quadrant) – This quadrant represents services where residents rank the City as performing well but are believed to be less important. While items in this quadrant can be considered successes with certain niche groups, for most residents, they are not major drivers of overall satisfaction with the City.

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

The City turns the *Quadrant Analysis* into the "**Kirkland Quad**" by adding the budget allocated to each of the surveyed services and referring to the four quadrants described above as "Stars", "Imperatives", "Lesser Priorities", and "Successes". The Kirkland Quad that follows shows the 2020 survey results with the related operating expenditures on the surveyed services in the 2019-2020 Revised Budget. The chart does not include capital investments.



A version of the Quad chart reflecting the 2021-2022 Preliminary Budget follows the *Key Recommendations by Goal Area* that are summarized in the next section.

KEY RECOMMENDATIONS BY GOAL AREA

The City Manager's recommendations were crafted to address the community and City Council priorities within the context of the City Council goals. The funded service packages, key policy recommendations, and major capital investments are presented within the goal area they primarily support, although many of the recommendations support multiple goals. Enhanced descriptions and funding details for each item are provided in the Service Package Detail document. Note that Full Time Employee (FTE) refers to regular ongoing positions. Limited Term Employee (LTE) is an updated term in the new financial system for temporary positions that have an end date.



The *Community Safety Initiative* was described in detail earlier in the budget message. The initiative includes many individual elements that fall under multiple Goal areas. To keep the initiative cohesive, the chart below summarizes the elements. Some of the elements, primarily housing and human services, are also highlighted in other City Council Goal summaries that follow. However, most initiative elements are only described here rather than dispersed across the various Goals to provide clarity and avoid duplication.

Community Safety Initiative	FTE	Temp	Ongoing	One-time	Total
Diversity Inclusion Initiatives Citywide	-	-	-	250,000	250,000
4.0 Community Safety Responders + 2 Cars	-	4.0	-	1,430,494	1,430,494
Public Safety Community Relations Coordinator	-	1.0	-	317,853	317,853
Police Community Accountability Initiatives	-	-	-	200,000	200,000
Diversity Inclusion Manager Funded by Special Events Coordinator Changed to One-Time (0 FTE Change)	-	-	41,648	4,940	46,588
Police Diversity Recruiting and Retention	-	-	-	100,000	100,000
Fire Diversity Recruiting and Retention	-	-	-	100,000	100,000
MIH Staffing, vehicle, radio, MDT, and equipment	1.0	-	570,656	77,720	648,376
Community Court Pilot	-	-	-	50,000	50,000
Affordable Supportive Housing Use Tax	-	-	-	423,336	423,336
Housing Initiative	-	-	-	150,000	150,000
Police Body-Worn Cameras	-	2.0	-	1,009,289	1,009,289
Park Ranger Position	-	1.0	-	141,719	141,719
PCS Human Services "Option B" Optional Funding - Continued 2019/20 Levels	-	-	-	483,778	483,778
Public Safety Sales Tax Funds for Wellbeing Coordinator	1.0	-	278,321	3,440	281,761
Total:	2.0	8.0	890,625	4,742,569	5,633,194

NEIGHBORHOODS

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

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

- Fund the 2022 Community Survey to assess priorities and satisfaction, \$75,000 one-time
- Continue the CIP Neighborhood Services Outreach Coordinator position to enhance communication about capital projects, \$148,505 (temporary 0.5 LTE, funded with capital engineering charges)
- Provide funding for Outreach and Engagement to Support a Safe, Inclusive, and Welcoming Community, \$50,000 one-time



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

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

- The City is making extensive investments in community safety for 2021-2022 related to Resolution R-5434, see the related [Issue Paper](#)
- Fund 1.0 FTE Court Security Officer for Municipal Court Security, \$217,886 ongoing, offset by expenditure reductions in the Court and Police budgets
- Convert a 0.5 LTE Temporary Corrections Administrative Support Associate to a 0.5 FTE ongoing (\$94,840 ongoing, \$1,000 one-time)
- Continue a temporary 1.0 LTE Engineering Program Assistant, partially funded through Parking Fees, for ongoing work tasks related to monitoring traffic safety in Kirkland's neighborhoods, \$215,366 one-time.
- Funding for Fire Overtime Backfill for Firefighter Paramedic Training, external funding, \$118,162 one-time
- For further information on Fire Overtime, see the related [Issue Paper](#)
- Contracted jail cost is an ongoing external factor affecting the City's budget and the [Contracted Jail Expenditures Issue Paper](#) provides a detailed review of the underlying data and issues being tracked by staff.
- Maintain current funding levels for Police and Fire for 2021-2022 Budget pending outcome of the November 2020 Fire ballot measure.



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

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

- Convert a 1.0 temporary Senior Office Specialist to a 1.0 LTE temporary Program Coordinator to support to the Human Services Commission and administer the Community Development Block Grant (CDBG) program, \$258,349 one-time (\$77,862 funded from CDBG)
- Increased on-going funding level for human services agencies at \$1.94 million
- Continue enhanced human services grant funding at \$483,778 one-time
- Continue CDBG funding of human service grants, \$77,862 on-going (ARCH-related CDBG grants and Trust Fund allocations are listed under the Housing Goal)
- For further information on Human Services funding, see the related [Issue Paper](#)



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

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

- Fund safety enhancing Non-motorized Transportation CIP projects totaling \$3.6 million for 2021-2022 (\$1.5 million of external funding), including \$1.1 million for Safer Routes to School Action Plans Implementation
- Fund Traffic Improvement CIP projects totaling \$2.37 million in 2021-2022 (\$1.07 million of external funding), including \$1 million in 2021 to complete two intersections at 100th Ave NE/Simonds Rd and 100th Ave NE/NE 145th St., these improvements are focused on intersection performance and safety for drivers, pedestrians and cyclists
- Continue a temporary 1.0 LTE Transportation Planner to coordinate transportation policy implementation and respond to traffic/transportation-related issues, \$293,643 one-time

- Continue a temporary 1.0 LTE Transportation Program Coordinator to support and promote transit and transportation demand management, coordinate with regional partners and provide community outreach and engagement, partly funded through partnership with King County Metro, \$258,315 one-time
- Continue a temporary 1.0 LTE Transportation Engineer in order to optimize and maintain the City's growing traffic signal system, perform project and traffic control plan review and provide in-house expertise for small-scale design studies, \$316,797 one-time
- Fund professional services support for the State-mandated update of the City's Comprehensive Plan, specifically in support of the Environmental Impact Statement (EIS) and updating the Transportation Master Plan (TMP), \$500,000 one time



**PARKS, OPEN SPACES AND
RECREATIONAL SERVICES**

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

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

- Funding for Parks, Recreation and Open Space (PROS) Plan to manage and enhance park and recreation services and provide eligibility for state recreation grants, \$270,000 one-time
- Continue an On-Call Office Specialist and provide administrative support to Park Ceremonies in Parks and Community Services, \$74,872 one-time
- Replace three ongoing 0.75 FTE Groundsperson positions with three 1.0 FTE to provide maintenance and operations for the new Totem Lake Park and renovation to Juanita Beach Park, \$189,193 ongoing
- Fund Parks CIP projects totaling \$4.4 million in 2021-2022 (\$160,000 of external funding), including \$2.25 million for Neighborhood Park Land Acquisition.
- Continue funding for Special Events Coordinator that was converted to a 1.0 LTE to support the coordinating of Special Events for the City for 21-22 Budget, \$295,723 one-time.



HOUSING

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

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

- Continue ARCH Housing Trust Fund parity contribution at \$830,000 over the biennium, on a one-time basis
- Continue CDBG contribution to ARCH Housing Trust Fund, \$250,000, on-going
- Community Safety Initiative rental assistance and affordable housing support, \$573,000 one time



**FINANCIAL
STABILITY**

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

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

- Continue compliance with the adopted Fiscal Policies
- Continue modified two-year sales tax lag
- Replenish and enhance reserves as summarized in the table that follows showing the recommended replenishments and target status according to current Fiscal Policies:

Reserves	Estimated 2021 Beginning Balance	Projected Changes	Projected 2022 Ending Balance	2021 - 2022 Target	Revised Over (Under) Budget
GENERAL PURPOSE RESERVES WITH TARGETS					
Contingency	6,292,477	63,411	6,355,888	6,355,888	-
General Capital Contingency ^{1,2}	5,803,237	-	5,803,237	3,583,140	2,220,097
General Oper. Reserve (Rainy Day)	5,649,288	358,909	6,008,197	6,008,197	-
Revenue Stabilization Reserve	3,622,632	(132,741)	3,489,891	3,489,891	-
Council Special Projects Reserve	250,000	-	250,000	250,000	-
Building & Property Reserve	661,599	-	661,599	600,000	61,599
General Purpose Reserves with Targets	22,279,233	289,579	22,568,812	20,287,116	2,281,696
ALL OTHER RESERVES WITH TARGETS					
Excise Tax Capital Improvement:					
REET 1	6,325,258	2,105,781	8,431,039	1,000,000	7,431,039
REET 2	7,133,359	1,495,431	8,628,790	1,000,000	7,628,790
Other Reserves with Targets	13,458,617	3,601,212	17,059,829	2,000,000	15,059,829

¹ Balance includes \$3,500,000 borrowed for Parks Maintenance Center Capital Projects that will be reimbursed via ten scheduled payments beginning in 2021.

² General Capital Contingency is equal to ten percent of the funded two-year CIP budget. 2021-2022 CIP is much smaller than the 2019-2020 CIP.

- Fund a comprehensive study of the fees that the City charges for review and inspection of new development projects, \$150,000 one-time
- Fund one-time costs to purchase parking payment equipment to facilitate expanding the City's paid parking program in 2023, \$338,778 one time
- The City currently builds credit card costs into its overall fee structure. The [Credit Card Fees Issue Paper](#) provides an update on recent trends, approaches used by neighboring cities, and emerging technologies.
- Public Disclosure Reserve to support timely response in high request periods, \$100,000 one time
- While not part of the budget process, staff provides a report with each biennial budget on public disclosure resources as required by Ordinance 4414, which was adopted by Council on July 6, 2013. A [Public Disclosure Resources Issue Paper](#) is included to satisfy that requirement



ENVIRONMENT

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

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

- Continue funding for a temporary 0.5 LTE Urban Forester position, \$139,002 one-time, funded from the City Forestry Account
- Continue a temporary 1.0 LTE Critical Areas Ordinance and Surface Water Design Manual (CAO/SWDM) Environmental Planner position to foster efficient adherence of City capital projects to CAO/SWDM regulations, \$294,594 one-time funded with charges to capital projects
- Establish adequate rates to support the needs of the Sewer, Surface Water, and Solid Waste utilities, resulting in:
 - Sewer rate increases of 0% for single family residential, multifamily, and commercial in 2021 and 2.6% in 2022.
 - Surface Water 0% annual rate increases in 2021 and 2% in 2022.
 - Solid Waste 0% annual rate increase in 2021 and an incremental rate increase in 2022.
 - Water 0% annual rate increases in 2021 and 1% in 2022.
- Provide financing for Surface Water utility CIP projects totaling \$5.0 million for 2021-2022 (\$1.15 of external funding), including \$1.48 million for the Goat Hill Drainage Ditch Conveyance & Channel Stabilization and \$1.4 million for Water Quality Treatment and Infiltration at NE 111th PI/127th PI NE
- Capital investments of \$4.4 million in Kirkland's parks, including \$1.25 million for Dock and Shoreline Renovations

- Provide financing for Sewer utility CIP projects totaling \$900,000 for 2021-2022
- Continue a temporary 0.25 LTE Environmental Education and Outreach Specialist position to support reuse, waste reduction, and recycling, \$54,002 one-time
- Fund Public Land Tree Inventory Consultant to create an inventory and gap analysis to shape a future tree planting program, \$150,000 one-time, funded from the Surface Water Utility fund
- Fund consultant services for the formalization and enhancement of Kirkland's Tree Bank, \$50,000 one time
- Continue funding a temporary 1.0 LTE Education and Outreach Specialist to continue to build programs for the Surface Water Utility and to educate residents, \$247,740 one-time including \$30,000 grant funding
- Continue funding for a temporary 0.5 LTE Surface Water Strategic Advisor to manage large projects including the Watershed Assessment/Prioritization Plan and Stormwater Management Action Plan and help guide policy decisions, \$186,720 one-time



**ECONOMIC
DEVELOPMENT**

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

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

- Add a temporary 0.50 LTE Special Projects Coordinator for Economic Development Pandemic Response, \$153,562 one-time (\$60,000 in funding from Port of Seattle grant)
- Continue funding for Management and Consulting Support of Start-Up 425, \$253,800 one-time (funded with \$120,000 from partner cities, \$133,800 from Port of Seattle and King County grants)
- Continue Kirkland Performance Center (KPC) Operating Support, \$100,000 one-time
- Increase tourism staff support hours equal to a temporary 0.40 LTE, \$112,359 funded one-time (0.25 Lodging Tax Fund and 0.15 General Fund)
- Continue funding Community Programs and Events, \$128,000 one-time (\$64,000 from Waste Management matched with \$64,000 of City funds). For further discussion on event funding, see the [Outside Agencies Funding Issue Paper](#)
- Continue to fund 4Culture Arts Sustained Support, \$16,000 one-time (grant funded)
- Continue State Legislative Advocacy Services, \$144,000 one-time.
- Continue resources to Development Services to address workload and maintain/enhance customer service expectations (these activities are all funded from development revenues or related reserves):
 - Continue a temporary 1.0 LTE Development Engineer position, \$291,811 one-time
 - Continue a temporary 1.0 LTE Associate Development Engineer position, \$264,857 one-time
 - Continue a temporary 1.0 LTE Development Plans Examiner position, \$248,936 one-time
 - Continue temporary 2.0 LTE Building Inspectors, \$534,372 one-time
 - Continue 4.0 LTE temporary planning positions, including two Temporary Assistant Planners, a Temporary Associate Planner and a Temporary Planner, \$986,393 one-time
 - Continue increased overtime and hourly (on-call) wages for Building Inspectors and Permit Technicians, \$270,707 one-time
 - Convert an ongoing 1.0 FTE Inspector position to a temporary Lead Inspector position, \$19,618 one-time
 - Provide a Land Use Consulting Contingency, \$20,000 one-time
 - Continue a temporary 1.0 LTE Surface Water Engineer for development, capital project and maintenance review, \$279,304 one-time
 - Continue a temporary 1.0 LTE Temporary Receptionist/Administrative Clerk in the Planning and Building Department, \$171,128 one-time
- Continue funding Third Party Structural and Electrical Plan Review professional services to meet plan review obligations and provides electrical, structural, and building plan reviews for complex projects, \$200,000 one-time

- Continue a temporary 1.0 LTE Temporary Electrical Building Inspector to meet inspection obligations and customer service goals, \$272,803 one-time



**DEPENDABLE
INFRASTRUCTURE**

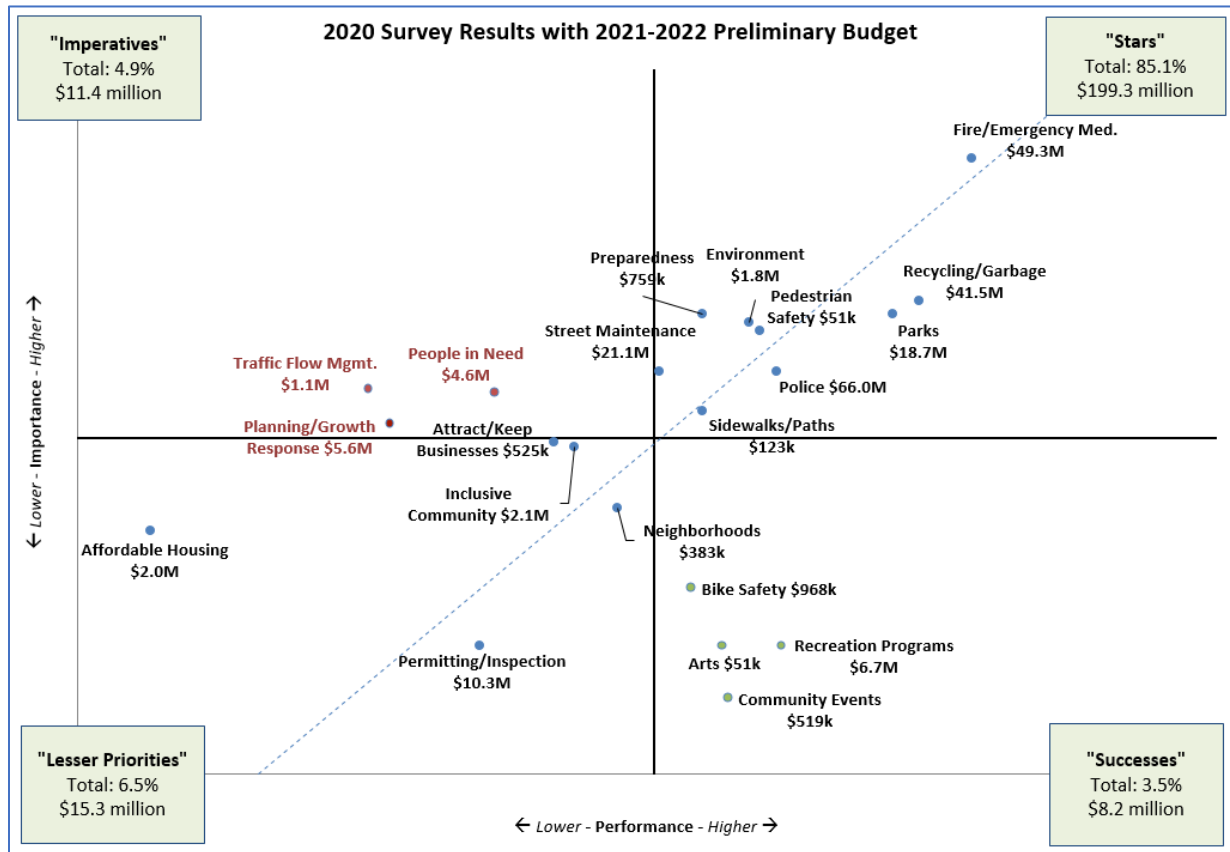
Kirkland has a well-maintained and sustainable infrastructure that meets the functional needs of the community.

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

- Establish adequate rates to support the needs of the Water utility, resulting in 0% Kirkland rate increases for single family residential, irrigation, multifamily, and commercial customers in 2021 and 1% in 2022
- Finance Water utility CIP projects totaling \$15.1 million for 2021-2022 (\$1.7 million in external funding), including \$4 million for the South Reservoir Seismic & Recoating Construction and \$6.5 million for the NE 85th St and I-405 Watermain Relocation
- Fund Street CIP projects totaling \$30.7 million for 2021-2022 (\$13 million in external funding), including \$9.2 million for 124th Ave NE Roadway Improvements, \$4.3 million 100th Avenue NE Roadway Improvements, \$2.45 million for Juanita Drive Auto Improvements
- Continue temporary 1.0 LTE Permit Technician to assist with increased permit activity, \$222,070 one-time funded with engineering development fees
- Continue a temporary 1.0 LTE CIP Planner in the Planning and Building Department to provide focused review of public capital projects, \$262,244 one-time, of which \$131,122 is from non-fee resources
- Reclass 2.0 FTE ongoing Construction Inspector positions to Senior level positions on a temporary basis, \$46,868 one-time
- Add resources to Capital Engineering to help address the extraordinary proportion of highly complex projects in the current Capital Improvement Program (CIP). These positions are largely funded through charges to capital projects, and include:
 - Reclass 2.0 FTE ongoing Project Engineer positions to Senior level positions on a temporary basis, \$62,156 one-time
 - Reclass 2.0 FTE ongoing CIP Construction Inspector positions to Senior level positions on a temporary basis, \$46,868 one-time
 - Reclassify a 1.0 FTE Office Specialist position to a Senior Office Specialist, \$16,913 ongoing
 - Fund a temporary 1.0 LTE Office Specialist, \$205,427 one-time
 - Fund a temporary 1.0 LTE Senior Accounting Associate, \$120,159 one-time
 - Add consulting services to review and provide recommendations for CIP staff practices, process and program metrics, \$100,000 one-time
- Fund the completion of a new Surface Water Master Plan, including a watershed and prioritization plan, as well as a stormwater management action plan, \$450,000 one-time
- Fund the SharePoint Reimplementation project to rebuild the City's existing intranet site and convert it to the Office365 SharePoint platform, \$25,000 one-time
- Extend the Microsoft Premier Support contract to provide adequate support to critical City applications such as Munis, Lucity, EnerGov and GIS, \$73,290 one-time
- Fund Phase 2 of the IT Operations Management (ITOM) Solution Project, including purchasing and deploying a consolidated solution to manage the City's network, applications and systems, \$50,000 ongoing and \$100,000 one-time
- Security Monitoring and Auditing services as part of the City's Information Security Management Strategy and Roadmap, \$39,000 ongoing and \$105,000 one-time
- Fund the replacement of the Microsoft Government Azure Backup with a local solution, \$70,000 ongoing, \$35,000 one-time

CONCLUSION

The proposed budget is focused on the City Council goals and community priorities, as well as addressing the emerging imperative to **Invest in a More Equitable, Safe and Resilient Kirkland**. The preliminary 2021-2022 budget recommendations result in investments in the services on the Kirkland Quad, as summarized below:



The proposed budget maintains 90% of the investments in the high importance "Stars and Imperatives" quadrants. The level of investment in the "Lesser Priorities" increases, recognizing the investments in "Inclusive Community" service area that are contained in the *Community Safety Initiative*.

Council Goals and the 2021-2022 City Work Program

Along with the budget, the City Council prioritizes City resources through the Council Goals and the City Work Program. Council Goals articulate the key policy and service priorities for Kirkland that are to be achieved over time. Goals are intended to be reviewed and updated every two years in even-numbered years following Council elections to ensure that the Goals reflect the priorities of each new Council. The updated Goals then form the basis for subsequent City Work Programs and budgets. Due to the COVID-19 pandemic, Council Goal review did not occur in 2020 and should be completed in 2021. Current Council Goals were used as the basis for the development of the budget and the City Work Program. City Work Programs are "action plans" adopted every two years by the Council following the budget process. The City Work Programs accomplish major policy and administrative goals. The Work Programs demonstrate priority focus on major cross-departmental efforts with significant impacts designed to maintain the public health, safety and quality of life in Kirkland. City Work Programs are essential to accomplishing Council Goals in a methodical and measurable manner.

The Draft 2021-2022 City Work Program below is compiled from the recommendations by Council Goal Area and the continuation of some 2019-2020 Work Program elements. The Draft City Work Program will be modified by the Council during the budget process and will also be the focus of a Council retreat in early 2021 before final adoption. Nine preliminary 2021-2022 recommendations follow:

- Implement R-5434 elements to create a safer and more equitable community that improves the safety and respect of Black people and reduces structural racism, injustice and poverty. (Council Goals: Public Safety, Neighborhoods, Human Services).
- Complete construction and open Fire Station 24 in Juanita with a cross-staffed crew of three firefighter/EMTs. (Council Goals: Public Safety, Neighborhoods).
- If Fire Proposition 1 passes, adopt an implementation plan, stockpile pandemic personal protective equipment, initiate hiring of new firefighter/EMTs, complete the design of new Fire Station 27 in Totem Lake, complete the design of the renovation of Fire Station 22 in Houghton, and locate and complete a temporary fire station (Council Goals: Public Safety, Neighborhoods).
- Identify and implement Affordable Housing Initiatives in Kirkland and adopt affordable housing targets for the City (Council Goals: Housing, Neighborhoods).
- Complete actions and investments necessary to keep the Kirkland community, City staff and City facilities safe during the COVID-19 pandemic and prepare the City organization and the Kirkland community for recovery (Council Goals: Public Safety, Human Services, Neighborhoods, Dependable Infrastructure).
- Complete design and initiate construction of the Juanita Drive and 100th Avenue NE multi-modal transportation projects (Council Goals: Balanced Transportation, Dependable Infrastructure).
- Complete the Totem Lake Connector, Totem Lake Park, 132nd Square Park and continue capital investments to support growth throughout the City and the Totem Lake Urban Center (Council Goals: Economic Development, Balanced Transportation, Parks, Open Spaces and Recreational Services).
- Continue to Partner with Sound Transit, the State Department of Transportation and King County Metro Transit to ensure that investments along I-405 serve Kirkland's mobility needs (Council Goals: Balanced Transportation, Economic Development).
- Develop an equitable, cost effective 2023-2024 budget that eliminates the structural funding gap while investing in community priorities and retaining Kirkland's AAA credit rating (Council Goals: Financial Stability and All Goals).

City staff will be discussing the budget with the City Council frequently during the 2021-2022 biennium and making adjustments as conditions warrant. At a minimum, staff expect to provide an update at the Council Retreat in late spring, with the mid-year budget report in June, and with the mid-biennium budget update in November of 2021.

The development of the preliminary budget requires an enormous commitment by all City Departments and the Budget Leadership Team. The Financial Planning staff especially have done extraordinary work on the coordination and calculations necessary to make this document possible and deserve recognition for their tireless efforts. Community members should feel incredibly proud of the work done each and every day by all City staff to successfully provide essential public services despite the historic challenges of 2020. The Preliminary 2021-2022 Budget provides the framework to continue that consummate public service. With the leadership of the City Council, the talent and dedication of Kirkland's outstanding employees will sustain the quality of life in our City and continue to make Kirkland an exceptional place to live, work and play.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Kurt Triplett". The letters are cursive and fluid.

Kurt Triplett
City Manager

A handwritten signature in blue ink that reads "Tracey Dunlap". The signature is written in a cursive style.

Tracey Dunlap
Deputy City Manager

A handwritten signature in blue ink that reads "Michael Olson". The signature is cursive and somewhat stylized.

Michael Olson
Director of Finance and Administration

A handwritten signature in blue ink that reads "Sri Krishnan". The signature is cursive and includes a long horizontal stroke at the end.

Sri Krishnan
Deputy Director of Finance and Administration

**City of Kirkland
2021-2022 Preliminary Budget
Service Package Requests**

Pg.			2021-2022 Department Request					2021-2022 City Manager Recommended				
			FTE	Temp	Ongoing	One-time	Total	FTE	Temp	Ongoing	One-time	Total
GENERAL FUND												
Community Safety Initiative												
1	New											
	21CS01	Community Safety Initiative	2.00	8.00	890,625	4,742,569	5,633,194	2.00	8.00	890,625	4,742,569	5,633,194
Subtotal Community Safety Initiative			2.00	8.00	890,625	4,742,569	5,633,194	2.00	8.00	890,625	4,742,569	5,633,194
City Council												
3	Renewals of One time											
	21CC01	2022 Community Survey				75,000	75,000				75,000	75,000
Subtotal City Council			-	-	-	75,000	75,000	-	-	-	75,000	75,000
City Manager												
5	Renewals of One time											
7	21CM01	State Legislative Advocacy Services				144,000	144,000				144,000	144,000
9	21CM02	Outreach and Engagement to Support a Safe, Inclusive, and Welcoming Community				50,000	50,000				50,000	50,000
11	21CM03	Management and Consulting Support of Startup 425				253,800	253,800				253,800	253,800
13	21CM04	Community Programs and Events				128,000	128,000				128,000	128,000
	21CM05	4Culture Arts Sustained Support				16,000	16,000				16,000	16,000
15	New											
17	21CM06	Add'l Staffing to Support Tourism Program. (0.25 Lodging Tax, 0.15 General Fund)		0.15		42,134	42,134		0.15		42,134	42,134
	21CM07	Special Project Coordinator for Economic Development Pandemic Response		0.50		153,562	153,562		0.50		153,562	153,562
Subtotal City Manager			-	0.65	-	787,496	787,496	-	0.65	-	787,496	787,496
Parks & Community Services												
19	Renewals of One-time											
21	21PK01	PCS Office Specialist Administrative Support & Park Ceremonies			10,000	64,872	74,872				74,872	74,872
23	21PK02	Kirkland Performance Center				100,000	100,000				100,000	100,000
	21PK03	PCS Human Services Support Options (Program Coordinator)		1.00		258,349	258,349		1.00		258,349	258,349
25	New											
27	21PK04	PCS Human Services Optional Funding - New Level				480,612	480,612				-	-
29	21PK05	PROS Plan Update with Community Needs Assessment and ADA Assessment				270,000	270,000				270,000	270,000
	21PK06	Special Projects Coordinator		1.00		295,723	295,723		1.00		295,723	295,723
Subtotal Parks and Community Services			-	2.00	10,000	1,469,556	1,479,556	-	2.00	-	998,944	998,944
Public Works												
31	Renewal of One time											
33	21PW01	Transportation Planner		1.00		293,643	293,643		1.00		293,643	293,643
35	21PW02	Permit Technician		1.00		222,070	222,070		1.00		222,070	222,070
37	21PW03	Development Plans Examiner		1.00		248,936	248,936		1.00		248,936	248,936
39	21PW04	Development Engineer		1.00		291,811	291,811		1.00		291,811	291,811
41	21PW05	Associate Development Engineer		1.00		264,857	264,857		1.00		264,857	264,857
43	21PW06	Neighborhood Services Outreach Coordinator (NSOC)	0.50		148,505	148,505	148,505	0.50			148,505	148,505
45	21PW07	CIP Surface Water Planner		1.00		294,594	294,594		1.00		294,594	294,594
	21PW08	Engineering Program Assistant		0.50		107,683	107,683		0.50		107,683	107,683
47	New											
49	21PW09	Transportation Engineer		1.00		316,797	316,797		1.00		316,797	316,797
51	21PW10	Transportation Program Coordinator		1.00		258,315	258,315		1.00		258,315	258,315
53	21PW11	Construction Inspector - Temporary Senior Out-of-Class				46,868	46,868				46,868	46,868
55	21PW12	CIP Project Engineer Senior Out of Class Duty Pay				62,156	62,156				62,156	62,156
57	21PW13	CIP Construction Inspector Senior Out of Class Duty Pay				46,868	46,868				46,868	46,868
59	21PW14	CIP Office Specialist Senior Re-Class			16,913	-	16,913			16,913	-	16,913
61	21PW15	CIP Office Specialist		1.00		205,427	205,427		1.00		205,427	205,427
	21PW16	CIP Consulting Services				100,000	100,000				100,000	100,000
Subtotal Public Works			0.50	9.50	165,418	2,760,025	2,925,443	-	10.00	16,913	2,908,530	2,925,443

**City of Kirkland
2021-2022 Preliminary Budget
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Pg.			2021-2022 Department Request					2021-2022 City Manager Recommended				
			FTE	Temp	Ongoing	One-time	Total	FTE	Temp	Ongoing	One-time	Total
	Finance & Administration											
	New											
63	21FA01	CIP Senior Accounting Associate		1.00		120,159	120,159		1.00		120,159	120,159
65	21FA02	Development Fee Study				150,000	150,000				150,000	150,000
	Subtotal Finance & Administration		-	1.00	-	270,159	270,159	-	1.00	-	270,159	270,159
	Planning & Building											
	Renewals of One Time											
67	21PB01	Temporary Building Inspector (2)		2.00		534,372	534,372		2.00		534,372	534,372
69	21PB02	Temporary Lead Building Inspector				19,618	19,618				19,618	19,618
71	21PB03	Urban Forester (.50 FTE)		0.50		139,002	139,002		0.50		139,002	139,002
73	21PB04	Building Division Hourly Wages and Overtime				270,707	270,707				270,707	270,707
75	21PB05	ARCH Housing Trust Fund (HTF)				830,000	830,000				830,000	830,000
77	21PB06	Land Use Consulting Contingency				20,000	20,000				20,000	20,000
79	21PB07	Temp Planner (CIP)		1.00		262,244	262,244		1.00		262,244	262,244
81	21PB08	Receptionist/Administrative Clerk		1.00		171,128	171,128		1.00		171,128	171,128
83	21PB09	Temporary Assistant Planners (2)		2.00		450,161	450,161		2.00		450,161	450,161
85	21PB10	Temporary Planner		1.00		258,459	258,459		1.00		258,459	258,459
87	21PB11	Temporary Associate Planner		1.00		277,773	277,773		1.00		277,773	277,773
	New											
89	21PB12	Third Party Structural and Electrical Plan Review				200,000	200,000				200,000	200,000
91	21PB13	Temporary Electrical Building Inspector		1.00		272,803	272,803		1.00		272,803	272,803
93	21PB14	Public Land Tree Inventory				150,000	150,000				150,000	150,000
95	21PB15	Formalization and Enhancement of Tree Bank				50,000	50,000				50,000	50,000
97	21PB16	Comp Plan Update/Transportation Master Plan				500,000	500,000				500,000	500,000
	Subtotal Planning & Building		-	9.50	-	4,406,267	4,406,267	-	9.50	-	4,406,267	4,406,267
	Police											
	Renewals of One time											
99	21PD01	1.0 FTE Court Security Officer		1.00		217,886	217,886	1.00		217,886		217,886
101	21PD02	0.5 FTE Corrections Administrative Support Associate (ASA)	0.50		94,840	95,840	95,840	0.50		94,840	1,000	95,840
	Subtotal Police		0.50	1.00	94,840	218,886	313,726	1.50	-	312,726	1,000	313,726
	Fire											
	New											
103	21FD01	Fire Purchasing and Logistics 1.0 FTE	1.00		234,603	4,940	239,543					
105	21FD02	Fire Overtime Backfill - External Funding				118,162	118,162				118,162	118,162
107	21FD03	Fire Department Strategic Plan				125,000	125,000					
	Subtotal Fire		1.00	-	234,603	248,102	482,705	-	-	-	118,162	118,162
	General Fund Total		4.00	31.65	1,395,486	14,978,060	16,373,546	3.50	31.15	1,220,264	14,308,127	15,528,391

**City of Kirkland
2021-2022 Preliminary Budget
Service Package Requests**

Pg.	2021-2022 Department Request						2021-2022 City Manager Recommended				
		FTE	Temp	Ongoing	One-time	Total	FTE	Temp	Ongoing	One-time	Total
	OTHER FUNDS										
	Parks Maintenance Fund										
	New										
109	21PK07	Increased Park Service Levels from Park Development	0.25		51,181	51,181	0.25		51,181		51,181
	Subtotal Parks Maintenance Fund		0.25	-	51,181	51,181	0.25	-	51,181	-	51,181
	Parks Levy Fund										
	New										
109	21PK07	Increased Park Service Levels from Park Development	0.50		138,012	138,012	0.50		138,012		138,012
	Subtotal Parks Levy Fund		0.50	-	138,012	138,012	0.50	-	138,012	-	138,012
	Street Operating Fund										
	Renewal of One time										
45	21PW08	Engineering Program Assistant		0.50	107,683	107,683		0.50		107,683	107,683
	New										
111	21PW22	Parking Collection Machines for Downtown and Waterfront Parks			338,778	338,778				338,778	338,778
	Subtotal Street Operating Fund		-	0.50	-	338,778	-	0.50	-	338,778	338,778
	Lodging Tax Fund										
	Renewals of One Time										
15	21CM06	Add'l Staffing to Support Tourism Program. (0.25 Lodging Tax, 0.15 General Fund)		0.25	70,225	70,225		0.25		70,225	70,225
	Subtotal Lodging Tax Fund		-	0.25	-	70,225	-	0.25	-	70,225	70,225
	Surface Water Management Fund										
	Renewal of One time										
113	21PW17	Surface Water Utility Engineer - CIP		1.00	279,304	279,304		1.00		279,304	279,304
	New										
115	21PW18	Surface Water Master Plan			450,000	450,000				450,000	450,000
117	21PW19	Education and Outreach Specialist		1.00	247,740	247,740		1.00		247,740	247,740
119	21PW20	Surface Water Strategic Advisor		0.50	186,720	186,720		0.50		186,720	186,720
	Subtotal Surface Water Management Fund		-	2.50	-	1,163,764	-	2.50	-	1,163,764	1,163,764
	Solid Waste Fund										
	Renewals of One Time										
121	21PW21	0.25 Temporary Solid Waste Education and Outreach Specialist		0.25	54,002	54,002		0.25		54,002	54,002
	Subtotal Solid Waste Fund		-	0.25	-	54,002	-	0.25	-	54,002	54,002
	Information Technology Fund										
	New										
123	21IT01	SharePoint Reimplementation			25,000	25,000				25,000	25,000
125	21IT02	Microsoft Premier Support			73,290	73,290				73,290	73,290
127	21IT03	IT Operations Management (ITOM) Solution			100,000	150,000			50,000	100,000	150,000
129	21IT04	Security Monitoring and Auditing			105,000	144,000			39,000	105,000	144,000
131	21IT05	Relocating Backup for Microsoft Azure to KJC			70,000	105,000			70,000	35,000	105,000
	Subtotal Information Technology Fund		-	-	159,000	338,290	-	-	159,000	338,290	497,290
	TOTAL OTHER FUNDS		0.75	3.50	297,012	1,965,059	0.75	3.50	297,012	1,965,059	2,262,071
	TOTAL ALL FUNDS										
			4.75	35.15	1,692,498	16,943,119	4.25	34.65	1,517,276	16,273,186	17,790,462



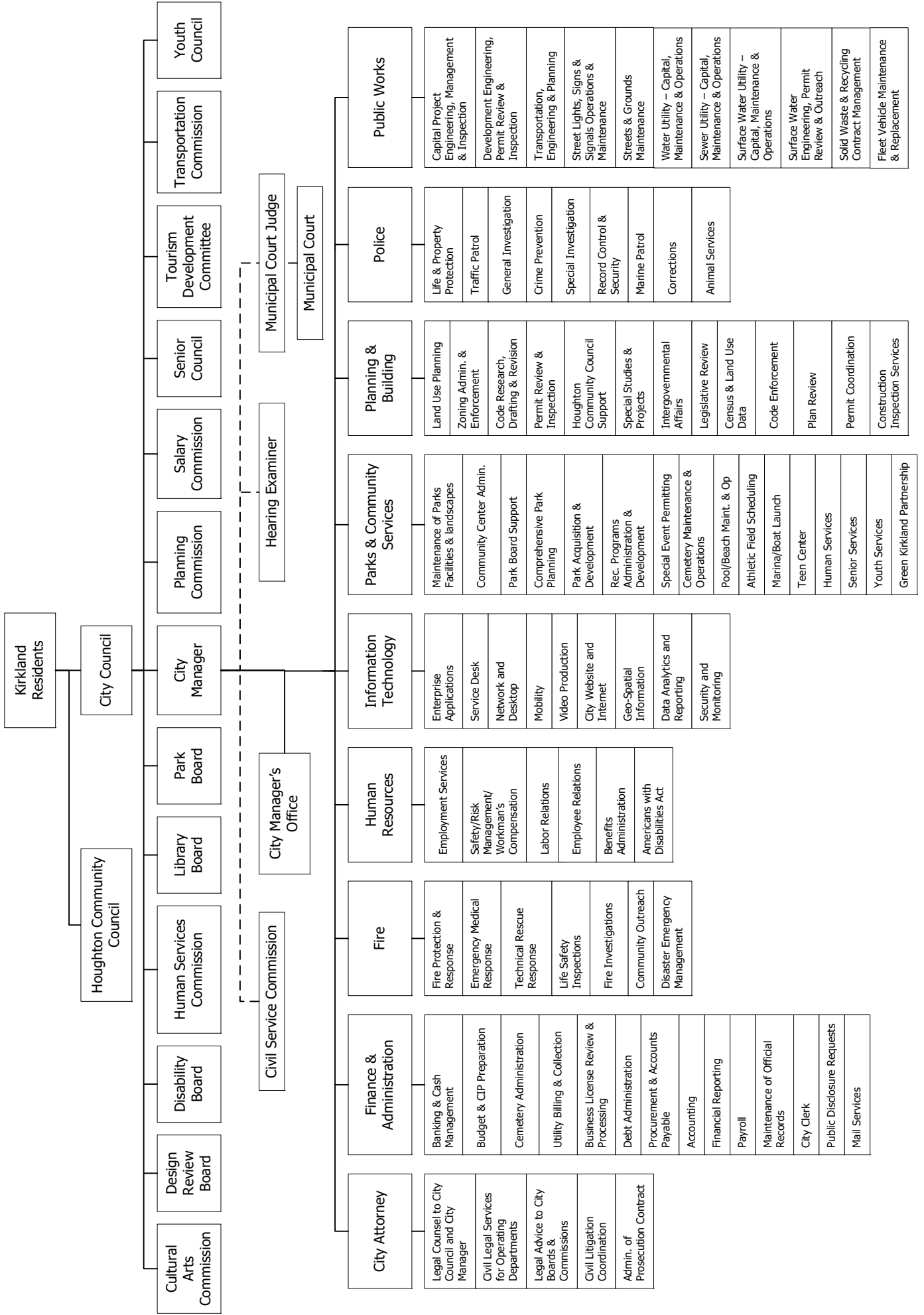
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KIRKLAND PROFILE



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CITY OF KIRKLAND



CITY COUNCIL VALUES AND GOALS

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

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

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

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

PUBLIC SAFETY

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

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

DEPENDABLE INFRASTRUCTURE

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

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

BALANCED TRANSPORTATION

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

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

ECONOMIC DEVELOPMENT

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

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

PARKS AND RECREATION

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

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

ENVIRONMENT

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

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

FINANCIAL STABILITY

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

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

HUMAN SERVICES

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

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

NEIGHBORHOODS

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

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

HOUSING

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

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

KIRKLAND'S CITY MANAGEMENT

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

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

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

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

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

The City's vision statement summarizes the qualities that are an integral part of its management efforts:

Kirkland is one of the most livable cities in America. We are a vibrant, attractive, green and welcoming place to live, work and play.

Civic engagement, innovation and diversity are highly valued. We are respectful, fair, and inclusive. We honor our rich heritage while embracing the future.

Safe, walkable, bikeable and friendly neighborhoods are connected to each other and to thriving mixed use activity centers, schools, parks and our scenic waterfront. Convenient transit service provides a viable alternative to driving.

Diverse and affordable housing is available throughout the city.

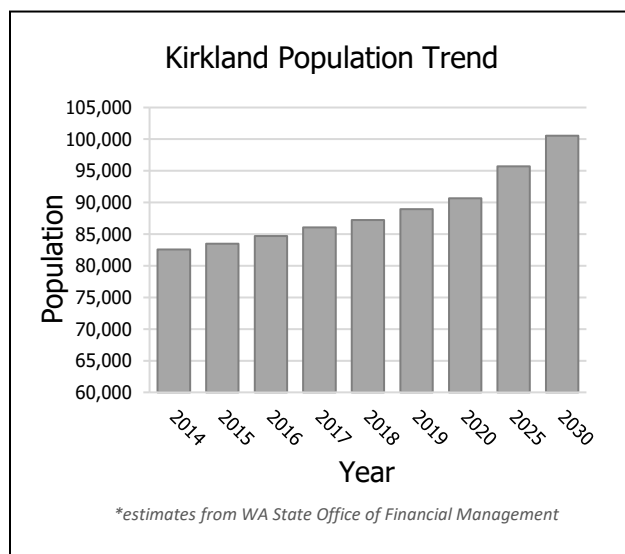
Kirkland strives to be a model, sustainable city that values preserving and enhancing our natural environment for our enjoyment and future generations.

CITY OF KIRKLAND

ECONOMIC ENVIRONMENT

POPULATION

Kirkland has seen modest growth since the City annexed Finn Hill, Kingsgate, and Juanita in 2011. The estimated population in 2020 is 90,660. The City is expected to surpass 95,000 residents by 2025. The chart below shows the City's population over the past seven years including projections for 2020, 2025, and 2030.



EMPLOYMENT BASE

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

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

Approximately 43,360 individuals are employed within the City limits. The following table presents the City's top 10 employers as of 2020.

Kirkland's Major Employers

Employer	# of Employees
Evergreen Healthcare	3,618
Google	2,545
Lake Washington School District	1,157
City of Kirkland	638
Tableau Software	494
Paccar Inc.	475
Astronics Advanced Electronics	464
Desert Newco LLC	388
Lake Washington Technical College	367
Friends of Youth	316
Fairfax Hospital	308
Northwest University	275

UNEMPLOYMENT RATE

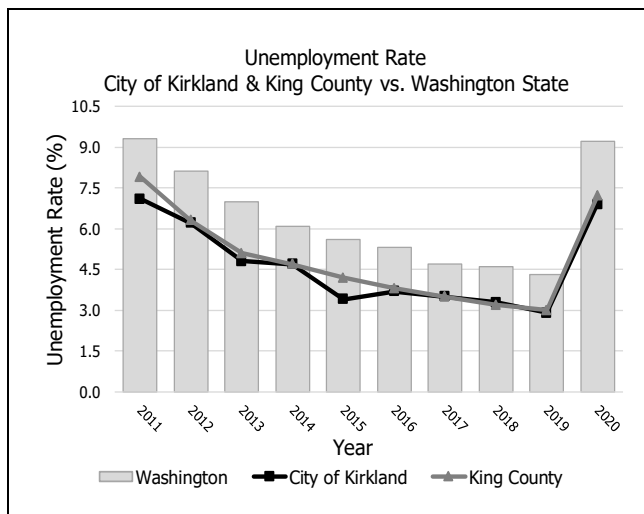
Unemployment rates in King County generally run parallel to state and national rates. Since 2004, King County's unemployment rate has consistently been below the national rate and the City of Kirkland's unemployment rate has remained at or below King County rates. The impact of COVID-19 has led to significantly higher rates of unemployment in 2020, though Kirkland's rate remains below county, state, and national levels. The table and chart below provide comparative unemployment rates for the past 10 years. Data for 2020 is through August.

Unemployment Rates¹

Year	City of Kirkland ²	King County	State of Washington	United States
2011	7.1	8.1	9.3	8.9
2012	6.2	6.6	8.1	8.1
2013	4.8	5.2	7.0	7.4
2014	4.7	4.7	6.1	6.2
2015	3.4	4.1	5.6	5.3
2016	3.7	4.2	5.3	4.9
2017	3.5	3.5	4.7	4.4
2018	3.3	3.5	4.6	3.9
2019	2.9	3.0	4.3	3.7
2020	6.9	8.1	9.2	8.6

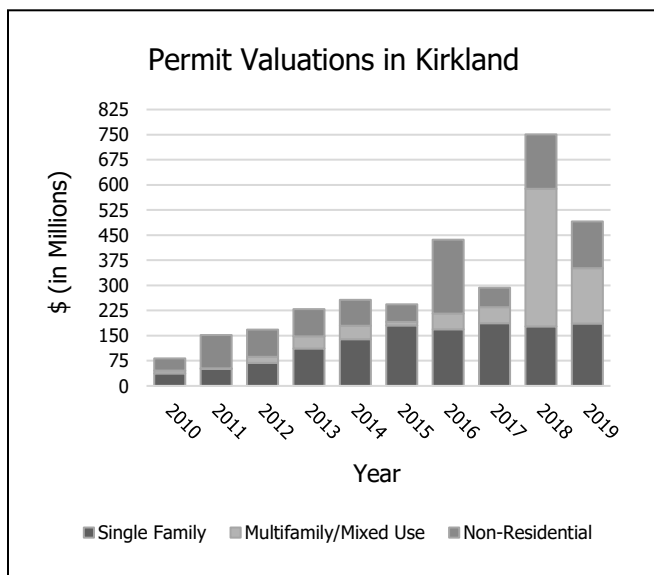
¹ Rate is per the U.S. Bureau of Labor Statistics.

² Rate for the pre-annexation City. According to the BLS, statistics for annexation areas will be included after the 2020 census.



BUILDING ACTIVITY

Kirkland's local construction trends are a microcosm of the regional economy. Construction activity was well above historical averages before declining in 2008 and 2009 during the recession. Kirkland's development hit its post-recession low in 2010 before construction started a slow climb back to pre-recession levels (as shown in the following chart and table). The annexation of Finn Hill, Kingsgate, and Juanita drove development up in 2011, but the level of activity was still slow due to a sluggish economy. By 2013, development began to grow and has remained at its higher rate up to the present. In 2018, large commercial and public projects, like Kirkland Urban and the Village at Totem Lake, drove permit valuations to its highest level in history.



Permit Valuation in Millions of Dollars¹

Year	Single Family	Multifamily Mixed Use	Non-Resident	Total
2010	37	9	36	82
2011	51	2	99	151
2012	69	18	82	168
2013	111	37	82	230
2014	140	41	77	257
2015	181	11	52	244
2016	169	47	221	437
2017	188	47	58	293
2018	178	411	163	751
2019	186	166	140	491

¹ Based on building permits issued by the City of Kirkland Building Division.

OTHER ECONOMIC INDICATORS

Office Vacancies

According to the latest report available from CB Richard Ellis Real Estate Services, Kirkland's office vacancy rate was 6.0 percent at the end of the second quarter of 2020. The Eastside and the Puget Sound region have office vacancy rates of 7.2 percent and 9.6 percent, respectively.

Housing Values

Based on data from Zillow.com, Kirkland home values have continued to trend up since 2012. Although there was a decrease of 3.3 percent between August 2018 and August 2019, home values increased 10.0 percent between August 2019 and August 2020.

Inflation

The Seattle Metro Consumer Price Index (CPI), a measure of price changes for goods and services, has grown over the 2019-20 biennium with an increase of 3.2 percent from August 2018 to August 2019 and growth of 1.6 percent from August 2019 to August 2020.



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BUDGET GUIDE

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



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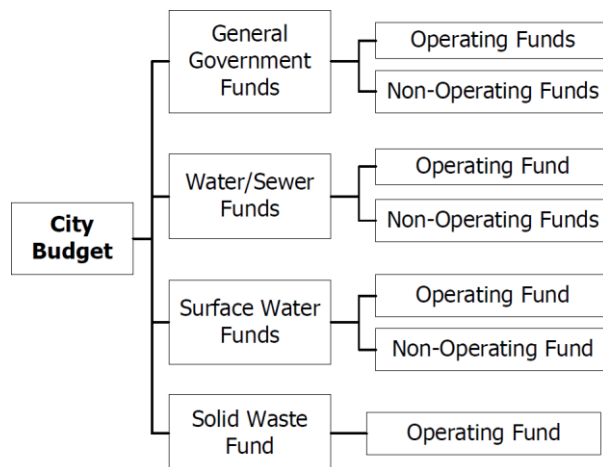
GUIDE TO BUDGET FUND STRUCTURE

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

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

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

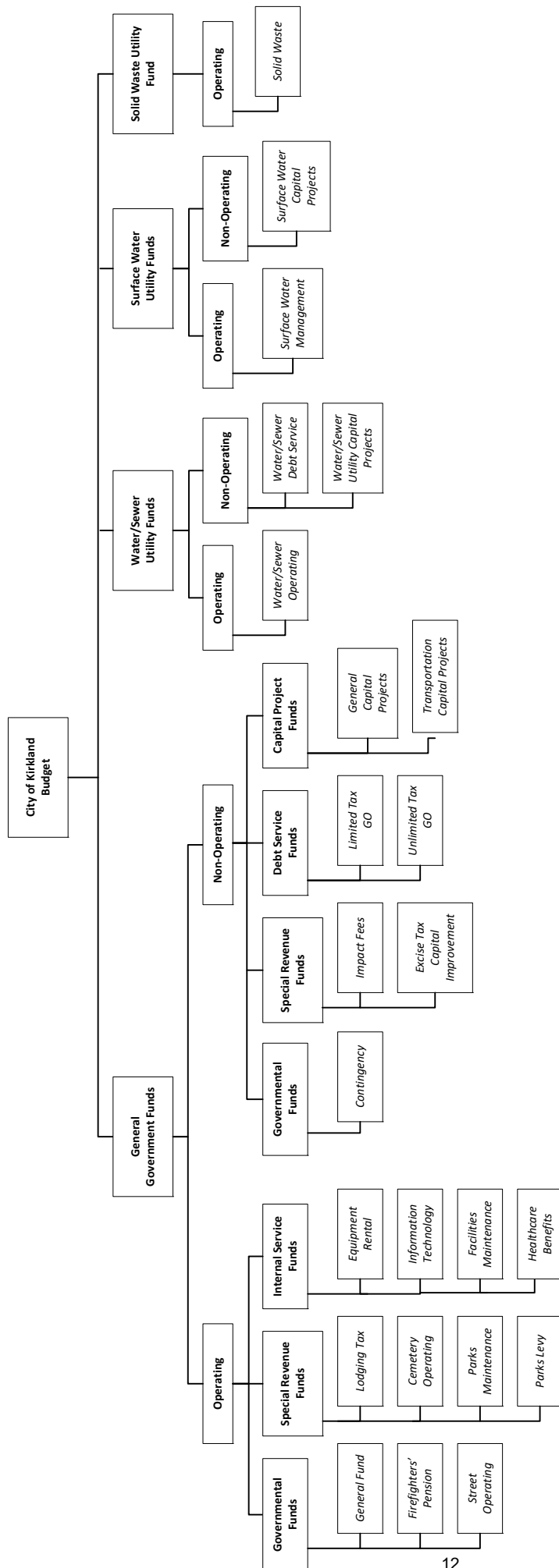
The budget document is presented in a manner that acknowledges these components as shown on the following chart.



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

CITY OF KIRKLAND

Organization of Funds



BUDGETING, ACCOUNTING AND REPORTING BASIS

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

BUDGETARY BASIS

Budget projections for revenues and expenditures are prepared on a cash basis. Cash basis of accounting means that transactions are recognized at the point when cash is received or paid. This method matches the cash projected to be available to the cash projected for necessary payments. Tools have been set up to access budget to actual data on a cash basis from the financial system that records and reports data on an accrual basis.

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

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

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

ACCOUNTING AND REPORTING BASIS

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

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

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

BUDGET PROCESS

BUDGET PREPARATION PROCESS

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

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

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

BUDGET ADJUSTMENT PROCESS

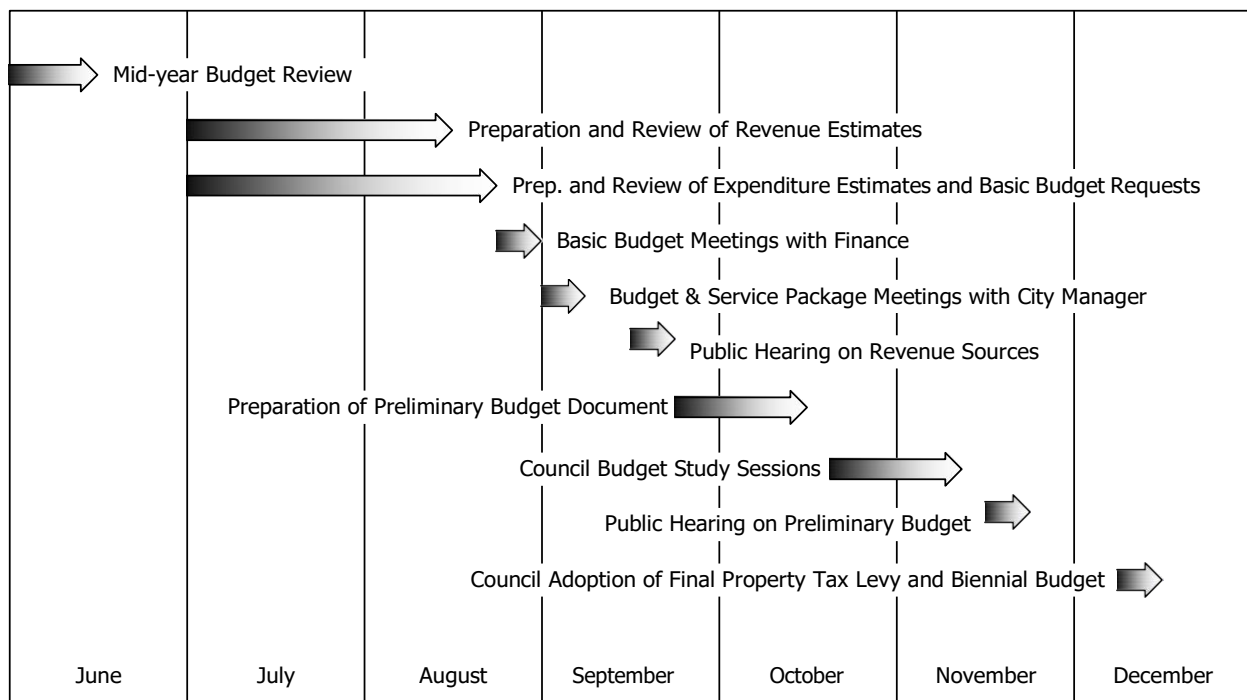
There are two types of adjustments related to the adopted budget: 1) transfers between line items or between departments within the same fund; and 2) changes to an individual fund's total appropriation. The former is handled administratively when needed with the approval of the F&A Director. The latter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

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

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

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

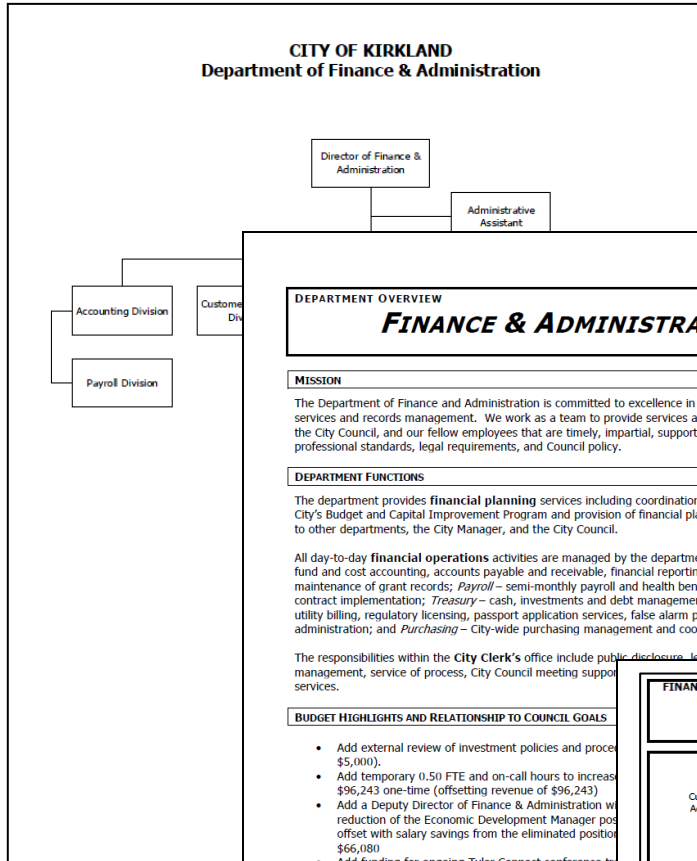
BIENNIAL BUDGET PREPARATION TIMELINE



GUIDE TO KIRKLAND'S BUDGET DOCUMENT

OPERATING FUND AND DEPARTMENT SECTIONS

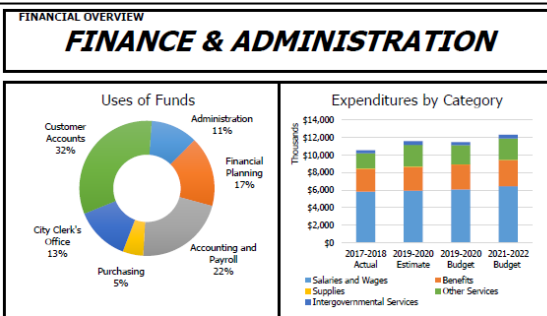
The following sections are organized by fund and department. Within each fund, organization charts, department overviews, and financial overviews are provided for each department as well as detailed schedules of revenues.



The reporting relationships are delineated in each department section. Positions and/or functions that are budgeted in a different fund are indicated by a dashed outline box.

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

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



EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	5,819,830	5,957,725	6,078,830	6,436,531	5.88%
Benefits	2,596,789	2,681,211	2,821,933	2,953,230	4.65%
Supplies	52,596	44,873	37,546	34,796	-7.32%
Other Services	1,737,612	2,473,134	2,184,710	2,468,290	-12.98%
Intergovernmental Services	329,254	402,939	332,530	429,201	29.07%
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	-	-	-	-	n/a
TOTAL	10,536,081	11,559,882	11,455,549	12,322,048	7.56%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Administration	1,340,628	1,670,065	1,542,951	1,394,723	-9.61%
Financial Planning	1,417,207	1,462,104	1,528,033	2,070,928	35.53%
Accounting and Payroll	2,682,615	2,891,164	2,893,244	2,668,952	-7.75%
Purchasing	495,811	582,154	579,735	608,705	5.00%
City Clerk's Office	1,483,939	1,568,695	1,571,953	1,608,262	2.31%
Customer Accounts	3,115,881	3,385,700	3,339,633	3,970,478	18.89%
TOTAL	10,536,081	11,559,882	11,455,549	12,322,048	7.56%

GUIDE TO KIRKLAND'S BUDGET DOCUMENT

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

City of Kirkland 2021-2022 Budget General Fund Revenues						
	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Taxes						
Prop Tax	311101	37,182,183	39,573,251	39,570,929	41,372,782	4.55%
Rtd Sales Use Tax	313111	46,658,818	50,524,293	47,107,537	47,865,120	1.61%
Annex Sales Tx	313121	8,466,237	9,406,731	8,370,000	2,467,500	-70.52%
Spec Purpose Tx Public Safety	313150	-	3,698,794	3,183,534	3,921,998	23.20%
GF - Affrdbl Sprrtv Hsng UseTx	313270	-	615	-	423,336	0.00%
Brok Nat Gax Tax	313611	5,063	5,929	5,362	5,362	0.00%
Criminal Justice Loc Tax	313711	5,008,914	5,231,629	5,130,423	4,956,280	-3.39%
Rev Gen Reg License	316101	5,921,948	5,916,662	6,121,953	5,610,204	-8.36%
Rev Gen Bus Lic Prior Yr	316102	209,423	220,813	-	136,800	0.00%
Electric Utility Tax	316411	7,660,500	7,266,084	8,096,522	7,337,245	-9.38%
Gas Utility Tax	316431	2,733,079	2,718,405	2,637,271	2,951,333	11.91%
TV Cable-Private	316461	3,042,096	2,728,635	2,610,599	2,528,008	-3.16%
Telephone Utility Tax	316471	4,556,011	3,110,981	3,746,292	2,204,096	-41.17%
Telep Util Tax Audit	316472	-	-	-	-	0.00%
Water Cus Utility Tx	316481	3,152,037	3,216,562	3,317,470	3,428,161	3.34%
Sewer Cus Utility Tx	316482	2,835,404	2,921,383	3,003,056	3,114,219	3.70%
Sld Waste Utility Tx	316483	3,539,479	3,685,560	3,465,530	3,858,277	11.33%
SW Cus Util Tx	316484	1,498,464	1,563,835	1,570,079	1,601,200	1.98%
Pnch Bds Pull Tb	316811	492,395	384,205	434,738	386,949	-10.99%
Binquo and Raffle	316821	4,929	6,597	3,446	6,643	92.77%
Amusement Games	316831	3,248	2,402	2,506	2,378	-5.11%
Card Games	316841	2,419,975	1,979,503	2,336,921	1,993,644	-14.69%
Leasehold Excise	317201	161,032	158,682	138,418	158,682	14.64%
Admissions Tax	318111	179,223	135,912	170,726	89,071	-47.83%
Total for Taxes		135,730,458	144,457,464	141,023,312	136,419,288	-3.26%
License and Permits						
Cabaret License	321703	225	-	250	250	0.00%
Amusement License	321709	100	-	-	-	0.00%
Franchise Fees	321911	7,988,488	7,990,334	7,710,613	8,057,771	4.50%
Comm Registrtn/Permit Fees	321912	11,400	2,700	-	-	0.00%
Business License Fee	321991	1,570,163	1,396,949	1,025,705	1,285,293	25.31%
Business Lic Fee Prior Yr	321992	188,515	103,552	190,000	64,045	-66.29%
Building Permit	322101	6,850,059	6,751,162	6,680,728	5,631,999	-15.70%
Plumbing Permit	322102	762,226	598,928	950,000	480,000	-49.47%
Clear Grade Permit	322103	14,025	13,340	13,300	9,600	-27.82%
Side Sewer Permit	322104	238,357	201,690	180,000	180,000	0.00%
Mechanical Permit	322105	1,281,421	1,417,540	950,000	1,062,000	11.79%
Sign Permit	322106	52,761	60,014	38,000	48,100	26.58%
Electric Permit	322107	1,747,228	1,702,310	1,140,000	1,280,000	12.28%
House Moving Permit	322109	5,265	4,221	2,280	2,280	0.00%
Animal License	322301	227,910	395,785	504,000	415,000	-17.66%
Street Curb Permit	322401	726,277	631,946	590,000	604,000	2.37%
Sidewalk Permit	322402	25,704	8,449	21,362	22,000	2.99%
Alarm Registration	322900	166,385	167,091	205,314	170,000	-17.20%
Fireworks Permits	322901	(25)	-	-	-	0.00%
Fire Alarm Permit	322902	138,570	280,126	143,112	150,644	5.26%
C Weapon Permit	322903	31,589	26,388	22,000	26,400	20.00%
Other License Permit	322905	18,192	11,455	22,000	20,000	-9.09%
Fire Sprinkler	322906	212,684	486,319	286,739	301,830	5.26%
Fire System-Other	322907	21,344	32,552	41,925	44,132	5.26%
Pub Prop Permit	322911	-	500	-	-	0.00%
IFC Requiring Re	322913	11,349	36,026	78,700	62,000	-21.22%
IFS Not Requiring	322914	3,052	1,369	70,750	62,000	-12.37%
Total for License and Permits		22,293,263	22,320,747	20,866,778	19,979,344	-4.25%
Intergovernmental Revenue						
GF - COVID19 Non Grant Assist	332921	-	20,753	-	-	0.00%
Medicare/caid Emer Med Transp	332934	252,948	4,456,245	2,257,325	2,692,204	19.27%



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FISCAL POLICIES



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FISCAL POLICIES

BACKGROUND AND PURPOSE

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

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

OPERATING BUDGET POLICIES

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

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

REVENUE AND EXPENDITURE POLICIES

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

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

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

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

ENTERPRISE FUND POLICIES

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

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

CASH MANAGEMENT AND INVESTMENT POLICIES

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

- The City's idle cash will be invested on a continuous basis in accordance with the City's adopted investment policies.
- The City will maintain a formal investment policy which is reviewed and endorsed by state and/or national professional organizations. The complete policy can be found in the appendix of this document.
- The City will invest all funds (in excess of current requirements) in a manner that is in conformance with federal, state and other legal requirements based upon the following order of priority: 1) safety; 2) liquidity and 3) return on investment.
- Investments with City funds shall not be made for purposes of speculation.
- The City is prohibited from investing in derivative financial instruments for the City's managed investment portfolio.
- Proper security measures will be taken to safeguard investments. The City's designated banking institution will provide adequate collateral to insure City funds.

- The City's investment portfolio will be reviewed every three years by a qualified portfolio valuation service to assess the portfolio's degree of risk and compliance with the adopted investment policies.
- An analysis of the City's cash position will be prepared at regular intervals throughout the fiscal year.
- The City Council will be provided with quarterly reports on the City's investment strategy and performance.
- Sufficient cash shall be maintained to provide adequate funds for current operating expenditures.
- Where permitted, the City will pool its cash resources from various funds ("Treasurer's Cash") for investment purposes.
- Net investment income from Treasurer's Cash will be allocated in accordance with KMC 5.24.060 considering 1) average cash balance of the participating fund and 2) the minimum cash balance needs of each fund as determined by the Director of Finance and Administration. Net investment income is the amount of annual investment proceeds after first providing for all costs and expenses incurred in the administration of the common investment fund and an allocation of earned interest is made to certain funds as required by the State and Council-directed obligations are met for General Fund purposes.
- The City of Kirkland will select its official banking institution through a formal bidding process in order to provide the City with the most comprehensive, flexible, and cost-effective banking services available.

ACCOUNTING, FINANCIAL REPORTING AND AUDITING POLICIES

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

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

RESERVE AND FUND BALANCE POLICIES

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

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

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

- The City will establish minimum fund balance targets for each fund based on the cash flow requirements of the fund. The City will include all fund balances in the biennial budget.

- The minimum fund balance will be attained and maintained through expenditure management, revenue management and/or contributions from the General Fund.
- All expenditures drawn from General Purpose Reserves shall require prior Council approval unless previously authorized by the City Council for expenditure in the biennial budget or otherwise provided for by City policies. General Purpose Reserves include the following, as listed below and described in the *Reserve Purposes and Targets* section:
 - Contingency Reserve Fund;
 - General Capital Contingency;
 - General Operating Reserve;
 - Revenue Stabilization Reserve;
 - Council Special Projects Reserve; and,
 - Building and Property Reserve.

Reserve Purposes and Targets

- A Contingency Reserve Fund shall be maintained in accordance with RCW 35A.33.145 to meet any municipal expense, the necessity or extent of which could not have been reasonably foreseen at the time of adopting the biennial budget. The target balance will be set at the lower of 80 percent of the statutory maximum of \$0.375 per \$1,000 of assessed valuation or the budgeted 2020 year end balance plus inflation as measured by the CPI-W.
- The City will maintain a General Operating Reserve at an amount equivalent to five percent of the tax-supported general government budgets (General Fund, Street Operating Fund and Parks Maintenance Fund) for the second year of the biennium. The General Operating Reserve is available to address unforeseen revenue shortfalls or expenditure needs that occur during the current biennium.
- The City will maintain a Revenue Stabilization Reserve to address temporary revenue losses due to economic cycles or other time-limited causes. The Revenue Stabilization Reserve will be maintained at ten percent of selected General Fund revenue sources which, in the judgment of the Director of Finance and Administration, are subject to volatility. The Revenue Stabilization Reserve may be used in its entirety; however, replenishment will be a priority, consistent with adopted policies.
- The City will maintain a Council Special Project Reserve, which is available to the City Council to fund special one-time projects that were unforeseen at the time the budget was prepared. When the reserve is used, it is replenished from the General Fund year-end fund balance to a target balance of \$250,000.
- The City will maintain a General Capital Contingency to address unforeseen project expenditures or external revenue shortfalls in an amount equivalent to ten percent of the funded two-year CIP budget, less proprietary fund projects and debt proceeds.
- In establishing targets for the reserves defined above, voted property tax levies will be excluded from the calculations, since the levies are not intended to burden the General Fund and are expected to absorb unexpected costs from levy proceeds.
- The City Manager may authorize the use of capital funding reserves up to an aggregate total of \$100,000 per year in increments not to exceed \$25,000. The City Manager will provide regular reports to the City Council at a regular Council meeting if this authorization is used. Capital funding reserves include: General Capital Contingency, Street Improvement Reserve, REET Reserves, Impact Fee Reserves, Water/Sewer Capital Contingency, Water/Sewer Construction Reserve, Surface Water Capital Contingency, and Surface Water Construction Reserve.

- The City will maintain a Capital Improvement Project Reserve as a means of assuring the availability of cash resources to leverage external funding when the opportunity arises and to provide flexibility for project scope changes and unanticipated costs. The reserve will be maintained in the Real Estate Excise Tax Capital Reserve Fund and will provide for \$1 million of Real Estate Excise Tax revenue from the first quarter percent of the tax and \$1 million of revenue from the second quarter percent of the Real Estate Excise Tax. These amounts will be maintained through excise tax revenue received over and above the annual allocation to the Capital Improvement Plan.
- The City will maintain a Building and Property Reserve with a minimum balance of \$600,000. This reserve is used for property purchases, building improvements and other property-related transactions. It can also be used as a general purpose reserve to fund Council-approved unanticipated expenditures.
- The City will maintain fully funded reserves for the replacement of vehicles and personal computers. Contributions will be made through assessments to the using funds and maintained on a per asset basis.
- Additional reserve accounts may be created to account for monies for future known expenditures, special projects, or other specific purposes.
- All reserves will be presented in the biennial budget.

Reserve Replenishment

- Reserve replenishments occur in three ways during periods of economic recovery:
 - Planned - A specific amount is included in the adopted budget,
 - Scheduled – After uses of reserves occur, a repayment schedule can be established to repay the use over a specific time period, and
 - Unplanned - Ending fund balances are higher than budgeted, either due to higher than budgeted revenues or under-expenditures.
- Planned amounts are included as part of the adopted budget. Planned replenishments toward 80% of the target level shall be set to at least 1% of the General Fund adopted expenditures less reserves.
- Scheduled amounts are included in the adopted budgets according to the repayment schedule. The amount scheduled for repayment will be assumed as part of the balance for determining performance against reserve targets.
- Unplanned amounts available at the end of each biennium (if any) should help replenish to target faster. A high percentage (up to all) uncommitted funds available at the end of a biennium should be used for reserve replenishment until reserves meet 80% of target and the revenue stabilization reserve is at 100% of target. Some or all of those unplanned funds may be used in place of planned (budgeted) amounts in the following biennium to the extent it meets or exceeds the 1% budgeted amount.
- Once reserves reach 80% of target and revenue stabilization reserve is at 100%, funds may be used to meet other one time or on-going needs. Additional funds should be used to fund a variety of needs, based on the following process:
 - Set 50% of available cash toward reserves until they are at 100% of target.
 - The remaining 50% shall be available for one or more of the following needs, depending on the nature of the funds available (one-time or on-going) and in the following order of priority:
 - Fund liabilities related to sinking funds for public safety and information technology equipment,
 - Maintain current service levels,
 - Fund one-time projects or studies,

- Increase funding for capital purposes,
 - Restore previous program service reductions,
 - Potential program and service enhancements.
- In terms of priority for replenishing the individual reserves, the following guidelines shall be used:
 - If the Council Special Projects reserve is below target, replenish to target at the start of each biennium.
 - If the revenue stabilization reserve is below target, prioritize replenishing the reserve.
 - To the extent cash is from volatile revenues above budgeted amounts, those funds should be applied to revenue stabilization reserve first.
 - If unplanned funds are available because planned reserve uses did not occur, those funds should be returned to the source reserve.
 - The source of uncommitted funds should be taken into consideration (for example, interest earnings over budget could be applied to the capital contingency, since they are one of the designated sources for this reserve).
 - The degree to which an individual reserve is below target (for example, the reserve that is furthest from its target level on a percentage basis might receive a larger share of the funds).
 - Decisions on how replenishments are allocated to specific reserves will be based on where available funds came from and on each reserve's status at the time the decision is made.
 - The replenishment policy will provide a mechanism whereby Council may take action to suspend replenishment policies if it was found that special conditions existed warranting such action.

DEBT MANAGEMENT POLICIES

The amount of debt issued by the City is an important factor in measuring its financial performance and condition. Proper use and management of borrowing can yield significant advantages. From a policy perspective, the City of Kirkland uses debt in two ways: (1) as a mechanism to equalize the costs of needed improvements to both present and future citizens; and (2) as a mechanism to reduce the immediate costs of substantial public improvements.

- The City will maintain a formal Debt Management Policy which is reviewed and endorsed by state and/or national professional organizations. The complete policy can be found in the appendix of this document.
- City Council approval is required prior to the issuance of debt.
- An analytical review shall be conducted prior to the issuance of debt.
- The City will continually strive to maintain its bond rating by improving financial policies, budget forecasts and the financial health of the City so its borrowing costs are minimized and its access to credit is preserved.
- All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the proposed debt.
- The City of Kirkland will not use long-term debt to support current operations.
- Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.
- Non-capital furnishings, supplies, and personnel will not be financed from bond proceeds.
- Interest, operating and/or maintenance expenses will be capitalized only for enterprise activities; and will be strictly limited to those expenses incurred prior to actual operation of the facilities.

- The general obligation debt of Kirkland will not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property within the City.
- The following individual percentages shall not be exceeded in any specific debt category:
 - General Debt -- 2.5% of assessed valuation
 - Non-Voted -- 1.5% Limited Tax General Obligation (LTGO) Bonds
 - Voted -- 1.0% Unlimited Tax General Obligation Bonds
 - Utility Debt -- 2.5% of assessed valuation
 - Open Space and Park Facilities -- 2.5% of assessed valuation
- The City's policy is to plan and direct the use of debt so that debt service payments will be a predictable and manageable part of the Operating Budget.
- Short-term borrowing will only be used to meet the immediate financing needs of a project for which long-term financing has been secured but not yet received.
- Assessment bonds will be considered in place of general obligation bonds, where possible, to assure the greatest degree of public equity.
- Limited Tax General Obligation (LTGO) bonds will be issued only if:
 - A project requires funding not available from alternative sources;
 - Matching fund monies are available which may be lost if not applied for in a timely manner; or
 - Emergency conditions exist.
- The issuance of bonds shall be financed for a period not to exceed a conservative estimate of the asset's useful life.
- General Obligation bonds will be issued with maturities of 30 years or less unless otherwise approved by Council.
- The maturity of all assessment bonds shall not exceed statutory limitations. RCW 36.83.050.
- The City will use refunding bonds, where appropriate, when restructuring its current outstanding debt.

CAPITAL IMPROVEMENT POLICIES

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

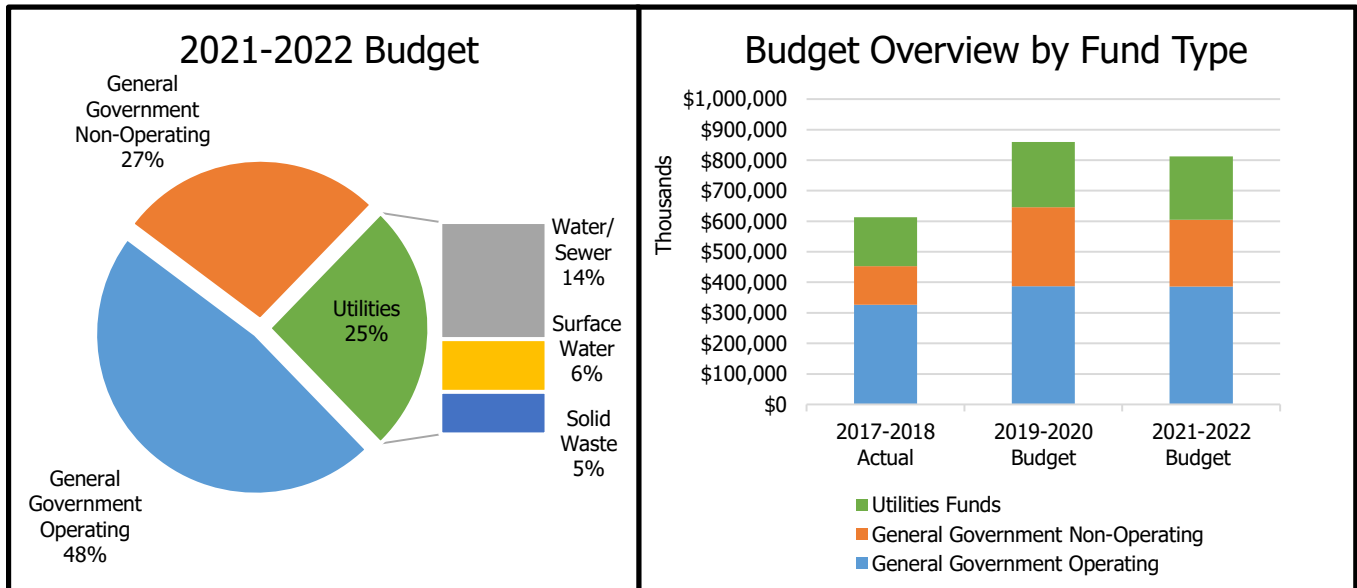
- The City will establish and implement a comprehensive multi-year Capital Improvement Program.
- The Capital Improvement Program will be prepared biennially concurrent with the development of the biennial budget. A mid-biennium review and update will take place during the first year of the biennium.
- The City Council will designate annual ongoing funding levels for each of the major project categories within the Capital Improvement Program.
- Financial analysis of funding sources will be conducted for all proposed capital improvement projects.

- A Capital Improvement Budget will be developed and adopted by the City Council as part of the biennial budget and will be amended during the mid-biennial budget review process (during the first year of the biennium) to reflect any changes in the updated Capital Improvement Program.
- The Capital Improvement Program will be consistent with the Capital Facilities Element of the Comprehensive Plan.
- The City Manager may authorize the reallocation of CIP project funds between CIP projects within a CIP category up to \$50,000 per instance. Funding may only be reallocated within a CIP category (i.e. between Transportation projects, or Parks projects, or Public Safety projects, etc.) when one project is over budget and, in the same period, a second project within the same CIP category has been completed and is closing out under budget. The City Manager will provide regular reports to the City Council at a regular Council meeting if this authorization is used.



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CITY OF KIRKLAND
2021-2022 Budget
Budget Summary
\$812,490,348



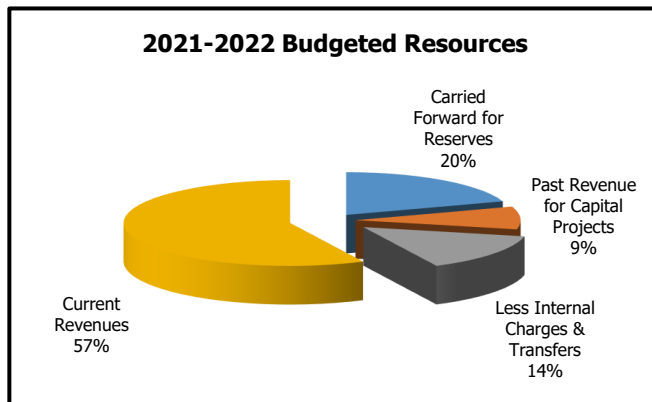
The City Budget is composed of General Government functions and the City's three Utilities which are operated as separate enterprises. Both the General Government and Utilities budgets have operating and non-operating components. The operating portion of the budget represents services to the public and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



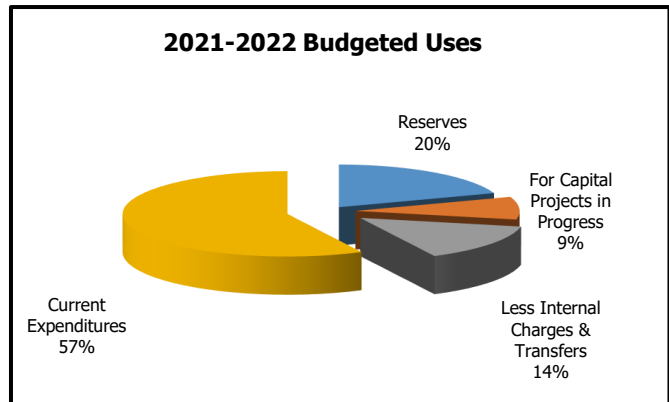
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CITY OF KIRKLAND 2021-2022 TOTAL RESOURCES AND USES

WHERE THE MONEY COMES FROM



WHERE THE MONEY GOES



Total Budgeted Resources	\$812,490,348
Less Resources Forward (Cash)	
Carried Forward for Reserves	(161,299,338)
Past Revenue for Capital Projects	(69,828,166)
Less Internal Charges & Transfers	(116,428,961)
Current Revenues	<u>\$464,933,883</u>

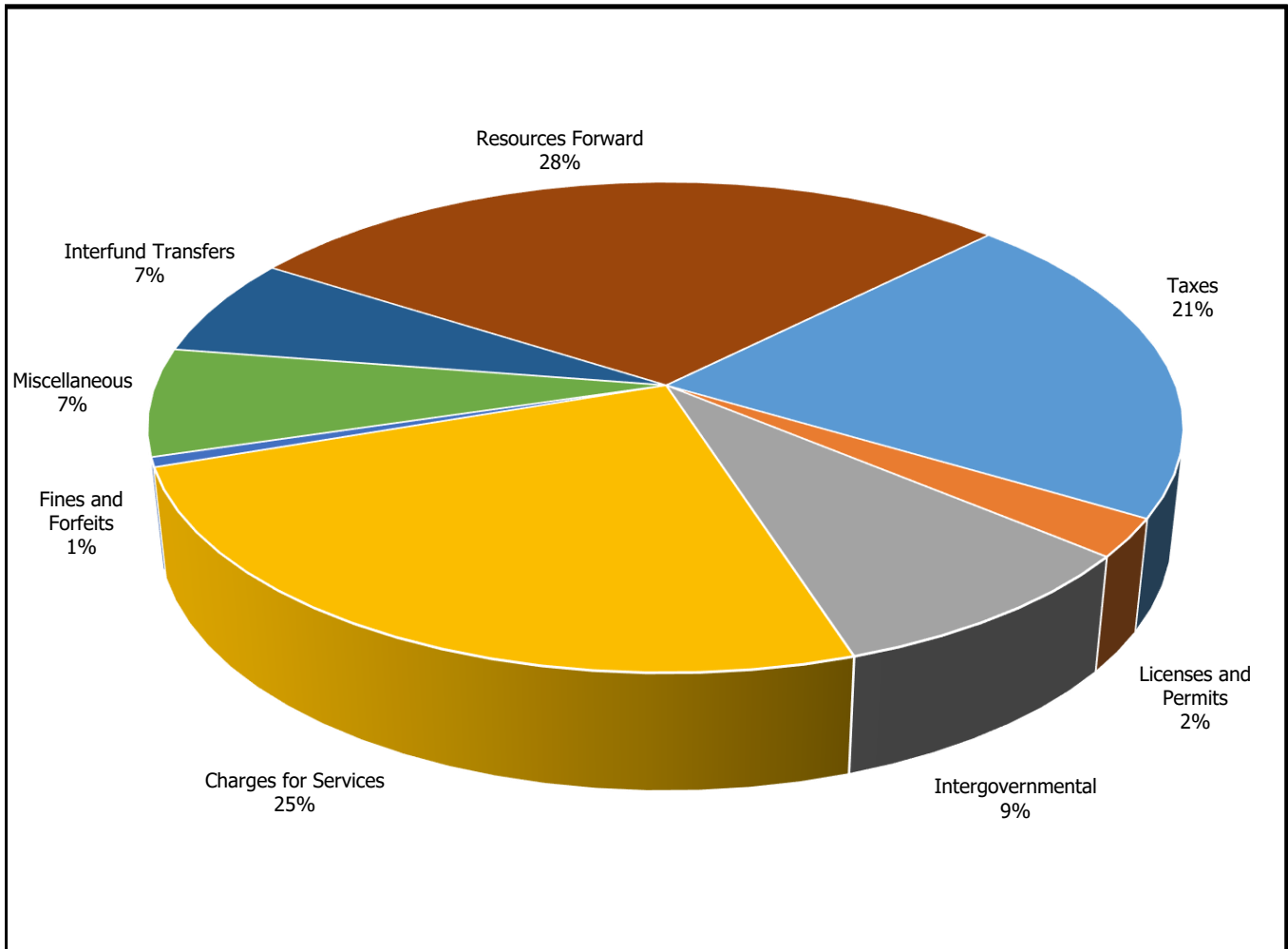
Total Budgeted Uses	\$812,490,348
Less Reserves & Working Capital	
Reserves	(159,663,544)
For Capital Projects in Progress	(69,828,166)
Less Internal Charges & Transfers	(116,428,961)
Current Expenditures	<u>\$466,569,677</u>

The total budget of \$812 million encompasses all resources and uses, including reserves, unreserved working capital, and internal transactions involving payments or transfers from one fund to another. Including these transactions in the budget provides a full accounting of the activities in each fund. However, they also have the effect of "grossing up" the total budget.

Current revenues reflect what the City expects to receive from external sources. Across all functions, about \$464.93 million is projected to be received during the next biennium, which is equivalent to the City's biennial income.

Current expenditures correspond to what the City plans to actually spend in terms of payments to employees, vendors, outside agencies, and other governments. About \$466.57 million is projected to be spent during the next biennium citywide. The \$1.64 million difference between current revenues and current expenditures represents a decrease in fund balance due to uses for service packages and to cover budget gaps created by COVID-19 and the expiration of the Annexation Sales Tax Credit.

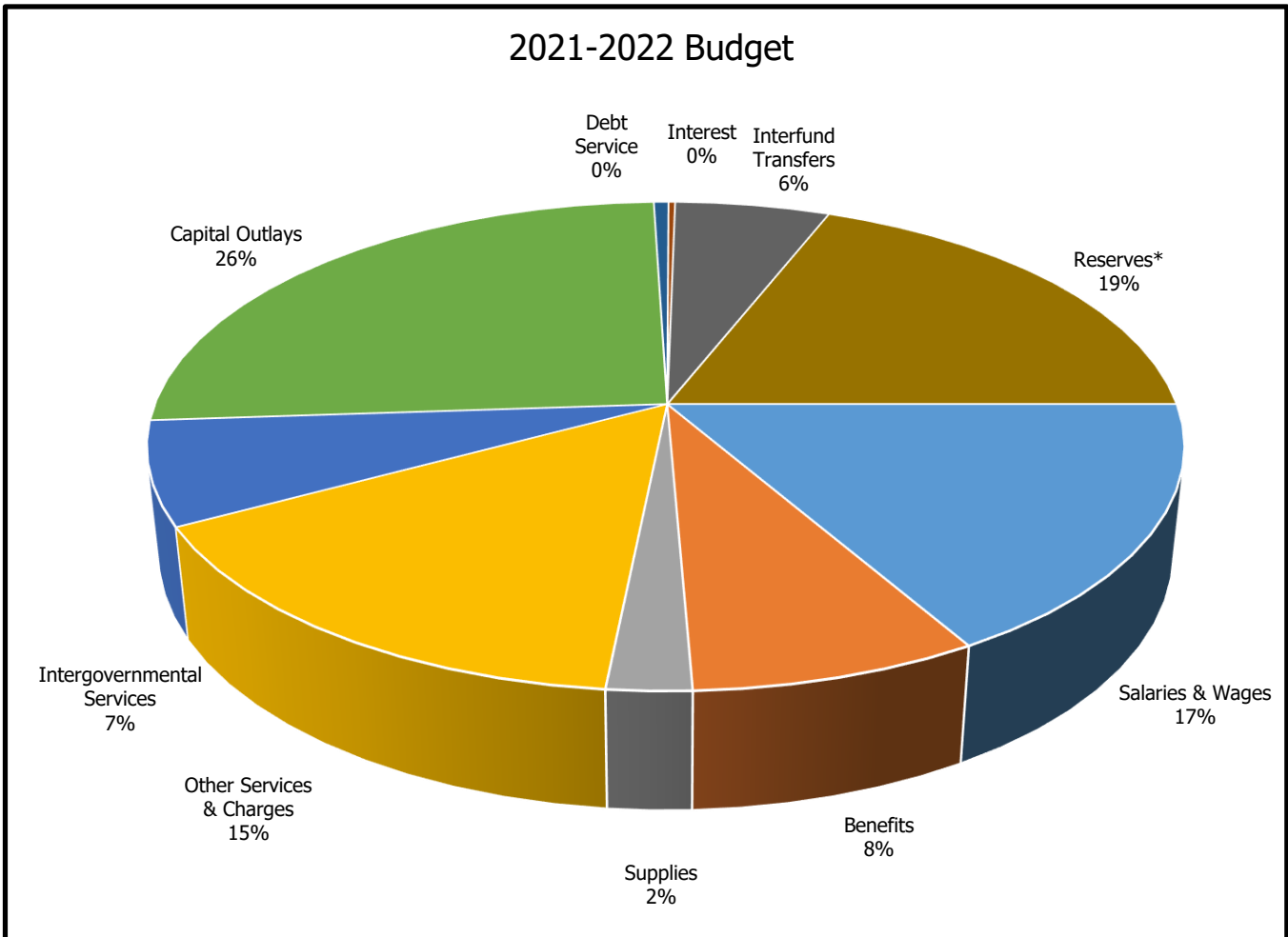
CITY OF KIRKLAND
2021-2022 Budget
Total Government Revenue Summary



Analysis of Change

Revenue Type	2017-2018 Actual	2019-2020 Budget	2021-2022 Budget	Change
Taxes	181,639,112	177,816,361	170,922,699	-3.88%
Licenses and Permits	22,946,093	21,578,566	20,584,954	-4.60%
Intergovernmental	18,971,271	64,124,622	72,762,543	13.47%
Charges for Services	194,103,516	194,993,864	200,700,438	2.93%
Fines and Forfeits	3,371,183	3,703,676	5,167,724	39.53%
Miscellaneous	45,627,281	61,312,835	57,740,471	-5.83%
Interfund Transfers	86,062,438	100,835,456	53,484,015	-46.96%
Resources Forward	194,098,206	235,139,622	231,127,504	-1.71%
Total Revenue	746,819,100	859,505,001	812,490,348	-5.47%

CITY OF KIRKLAND
2021-2022 Budget
Total Government Expenditure Summary



Analysis of Change

Expenditure Category	2017-2018 Actual	2019-2020 Budget	2021-2022 Budget	Change
Salaries & Wages	115,280,814	129,110,005	135,404,358	4.88%
Benefits	46,672,730	57,086,987	62,375,086	9.26%
Supplies	17,235,614	22,757,084	18,298,646	-19.59%
Other Services & Charges	116,816,997	124,975,070	125,912,778	0.75%
Intergovernmental Services	45,434,418	53,987,218	55,532,806	2.86%
Capital Outlays	67,198,343	231,476,821	207,854,684	-10.20%
Debt Service	4,392,485	7,765,937	4,359,774	-43.86%
Interest	3,946,819	9,208,942	1,985,749	
Interfund Transfers	86,062,438	101,980,651	46,110,215	-54.79%
Reserves*	109,727,813	121,156,288	154,656,252	27.65%
Total Expenditure	612,768,472	859,505,001	812,490,348	-5.47%

** 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent*

**General Government Operating Funds
2021-2022 Budget Overview: By Type/Fund**

Fund	2017-2018 Actual	2019-2020 Budget	2021-2022 Budget	Change
<i>General Fund</i>				
General Fund	223,224,045	268,950,156	265,498,642	-1.28%
<i>Special Revenue Funds</i>				
Lodging Tax Fund	925,108	1,022,887	835,170	-18.35%
Street Operating Fund	21,193,591	23,299,053	23,257,400	-0.18%
Cemetery Operating Fund	934,833	1,153,586	1,314,279	13.93%
Parks Maintenance Fund	3,309,368	3,719,806	4,026,546	8.25%
Parks Levy Fund	5,058,612	7,989,308	7,170,968	-10.24%
Total Special Revenues Funds	31,421,512	37,184,640	36,604,363	-1.56%
<i>Internal Service Funds</i>				
Health Benefits Fund	22,636,585	20,086,863	22,494,581	11.99%
Equipment Rental Fund	19,908,898	27,616,278	27,180,246	-1.58%
Information Technology Fund	15,457,698	16,943,558	16,492,891	-2.66%
Facilities Maintenance Fund	13,645,037	15,956,995	17,343,539	8.69%
Total Internal Service Funds	71,648,218	80,603,694	83,511,257	3.61%
Gen. Gov't Operating Total	326,293,776	386,738,489	385,614,262	-0.29%

General Government Non-Operating Funds

Fund	2017-2018 Actual	2019-2020 Budget	2021-2022 Budget	Change
<i>Special Revenue Funds</i>				
Contingency Fund	5,675,121	6,292,477	6,355,888	1.01%
Impact Fees	15,018,570	15,884,539	7,735,874	-51.30%
Excise Tax Capital Improvement	30,277,414	37,359,806	22,557,479	-39.62%
Total Special Revenues Funds	50,971,105	59,536,822	36,649,241	-38.44%
<i>Debt Service Funds</i>				
LTGO Debt Service	7,205,293	9,515,637	4,479,887	-52.92%
UTGO Debt Service	1,468,097	1,431,110	1,428,739	-0.17%
Total Debt Service Funds	8,673,390	10,946,747	5,908,626	-46.02%
<i>Capital Projects Funds</i>				
General Capital Projects Fund	39,423,978	73,933,253	53,642,631	-27.44%
Transportation Capital Projects Fund	26,066,814	113,215,562	121,776,020	7.56%
Total Capital Projects Funds	65,490,793	187,148,815	175,418,651	-6.27%
<i>Governmental Funds</i>				
Firefighters' Pension	1,217,152	1,489,351	1,528,520	2.63%
Total Governmental Funds	1,217,152	1,489,351	1,528,520	2.63%
Gen. Gov't Non-Operating Total	126,352,440	259,121,735	219,505,038	-15.29%

Utility Funds

Fund	2017-2018 Actual	2019-2020 Budget	2021-2022 Budget	Change
<i>Water/Sewer Utility</i>				
Water/Sewer Operating Fund	67,439,900	74,836,420	78,014,545	4.25%
Water/Sewer Debt Service	97,796	923,742	798,683	-13.54%
Utility Capital Projects Fund	23,629,864	42,250,391	35,581,744	-15.78%
Water/Sewer Utility	91,167,560	118,010,553	114,394,972	-3.06%
<i>Surface Water Utility</i>				
Surface Water Operating Fund	26,048,118	29,914,147	29,847,859	-0.22%
Surface Water Capital Projects Fund	6,088,175	26,611,497	21,608,111	-18.80%
Surface Water Utility	32,136,293	56,525,644	51,455,970	-8.97%
<i>Solid Waste Utility</i>				
Solid Waste Operating Fund	36,818,404	39,108,580	41,520,106	6.17%
Solid Waste Utility	36,818,404	39,108,580	41,520,106	6.17%
Utility Funds Total	160,122,256	213,644,777	207,371,048	-2.94%
All Funds	612,768,472	859,505,001	812,490,348	-5.47%



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REVENUE

A guide to major revenue sources and trends



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REVENUE TRENDS & ASSUMPTIONS

TAXES

PROPERTY TAX

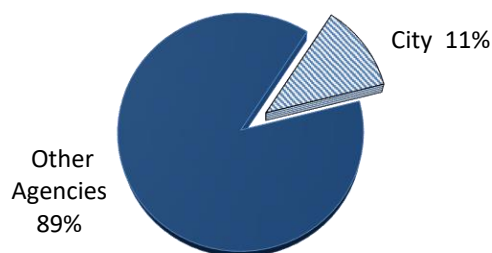
In Kirkland, property taxes fund services in the General, Street Operating, Parks Maintenance, and Parks Levy Funds. The Parks Maintenance Fund was created in 2003 as a result of a levy lid lift approved by voters in November 2002 to fund maintenance and operations for new parks. Another parks levy lid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

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

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

Although property taxes represent a major source of funding for City services, the portion of each property owner's total tax bill allocated to the City is relatively small. Due to annexation, the City's rate varies depending on specific neighborhood. In 2020, the total typical property tax rate in Kirkland is \$9.12 per \$1,000 of assessed valuation. Of that total, about 11 percent, or \$1.02 per \$1,000 assessed valuation, goes to the City. This rate includes the 2002 and 2012 levy lid lifts for parks maintenance and the 2012 levy lid lift for street preservation and pedestrian safety.

2020 Property Tax Distribution



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

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

For each property owner, the change in the annual property tax bill is driven by the following: 1) the annual levy increase (or decrease) by each taxing jurisdiction; and 2) the change in assessed valuation of a property relative to the change in total assessed valuation of each taxing jurisdiction. The latter impacts how a levy increase for each taxing jurisdiction, which is generally limited to one percent per year, with some exceptions, is distributed among property owners. The levy rate for each taxing jurisdiction is determined by dividing the annual levy amount by the total assessed valuation per \$1,000 of each taxing jurisdiction.

Budget

Property Tax	2019-2020	2021-2022
	\$63,111,241	\$65,834,608
General Fund	\$39,570,929	\$41,372,782
Street Operating Fund	\$6,119,955	\$6,778,947
Street Operating Fund (Street Maintenance/Pedestrian Safety Levy)	\$6,998,565	\$7,312,510
Parks Maintenance Fund	\$2,906,880	\$3,061,122
Parks Levy Fund	\$3,600,195	\$5,210,954
Parks Levy Fund (Capital Projects)	\$1,823,000	\$500,000
LTGO Debt Service Fund (Fire District Debt)	\$960,352	\$470,573
UTGO Debt Service Fund (Voted Debt)	\$1,131,365	\$1,127,720

Trends and Assumptions

Methodology

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

Trends

- New construction as a percentage of each year's total base regular levy has ranged from 0.34 percent to 3.94 percent over the last ten years.

Key Assumptions

- 2.0 percent new construction in 2021 and 1.5 percent in 2022.
- 1.0 percent optional levy increase in 2021 and 2022.
- The levy lid lift for Fire and Emergency Medical Services and Facilities, which is on the November 3, 2020 ballot, is excluded, because the outcome is not known yet.

SALES TAX

Sales tax is one of the primary sources of funding for general government services and is the largest single source of General Fund revenue in the 2021-2022 biennium.

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

The general sales tax rate within the City of Kirkland is 10.1 percent, of which 0.935 percent is returned to the City of Kirkland and 9.165 percent is distributed to the State, King County, and other public agencies. An additional 0.3 percent is collected by the State on vehicle sales and leases to fund transportation improvements. Note that Public Safety Sales Tax Ballot Measure passed in 2018, which increased the total General Sales Tax Rate by 0.1 percent in 2019, does not

Jurisdiction	Rate (%)
State of Washington	6.500
King County/METRO	1.000
King County Criminal Justice Levy	0.100
City of Kirkland	
(1.0 with 0.15 remitted to King County for administrative costs)	
Existing City Portion	0.850
New City Portion	0.085
Total City Portion	0.935
Existing County Portion	0.150
New County Portion	0.015
Total County Portion	0.165
Regional Transit Authority	1.400
Total General Sales Tax Rate	10.100
Additional Auto Sales/Lease Rate	0.300
Less 1% ballot measure (n/a)	-0.100
Total Auto Sales/Lease Rate	10.300

impact the total auto sales/lease rate of 10.3 percent per state statute. The distribution of the sales tax is displayed in the table above.

Budget

Sales Tax	2019-2020	2021-2022
	\$50,291,071	\$51,787,118
General Retail Sales Tax (General Fund)	\$47,107,537	\$47,865,120
Public Safety Retail Sales Tax (General Fund)	\$3,183,534	\$3,921,998

Trends and Assumptions

Methodology

- The modified two-year lag policy was applied to 2021 and 2022 budgeted sales tax, which corresponds to 2020 estimated revenue. This policy was also utilized for 2019 and 2020 budgeted sales tax, which equaled 2018 estimated revenue.

Trends

- Actual general retail sales tax and public safety retail sales tax revenues for the past 5 years (2015-2019) as well as the current year estimates (2020) for both revenues are shown in the table below (numbers are in millions).

	2015	2016	2017	2018	2019	2020 Est
General Retail Sales Tax (\$M)	\$18.94	\$20.08	\$21.85	\$24.50	\$26.59	\$23.93
% Change vs. Previous Year	7.1%	6.0%	8.8%	12.1%	8.5%	-10.0%
Public Safety Retail Sales Tax (\$M)*	-	-	-	-	\$1.74	\$1.96
% Change vs. Previous Year	-	-	-	-	-	12.8%

* Voters approved a Public Safety Sales Tax in November 2018, but the City did not receive any revenue until April 2019.

- The strong growth in 2017-2019 is directly related to a high level of development activity and strong retail growth.
- General retail sales tax revenue is projected to be \$23,932,560 in 2020, which is 10.0 percent less than 2019, due to the negative economic impact of COVID-19. It should be noted that 2020 budgeted sales tax is 13.0 percent less than 2019 actual revenue due to the modified two-year lag policy, which provided a significant "buffer" against the economic downturn in 2020.
- Public safety sales tax revenue is projected to be \$1,960,999 in 2020, which is 12.8 percent more than 2019, because the City did not start receiving this new revenue source until May 2019.

Key Assumptions

- 0.935 percent City sales tax rate (1.1 percent less 0.165 percent remitted to King County for administrative costs).
- General retail sales tax and public safety retail sales tax revenues in 2021 and 2022 are projected to be the same as 2020 estimated revenues.
- Automobile sales are exempt from the 0.1 percent sales tax authorized by the Public Safety Sales Tax Ballot Measure per State statute.

STATE SALES TAX CREDIT

Following the annexation of Juanita, Finn Hill, and Kingsgate in 2011, the City has temporarily collected a portion of the state sales tax for providing services to these areas. The tax is credited against the state sales tax and is not an additional tax to the consumer.

The purpose of the tax is to provide financial assistance to cities that annex an area where the revenues generated do not offset the cost of providing services. For annexations greater than 20,000, a City receives a 0.2 percent portion of the state sales tax for Kirkland. The tax is limited to no more than ten years from the date it is first imposed and must be used to provide services to the annexation area. If revenues exceed the cost to provide services, the tax must be suspended for the remainder of the year. Prior to March 1 of each year, the City must notify the Washington State Department of Revenue of the maximum amount of sales tax distributions it can receive in the upcoming state fiscal year (July 1 of the current year through June 30 of the following year). The 10-year credit will end on June 30, 2021.

Budget

Sales Tax Credit	2019-2020	2021-2022
	\$8,370,000	\$2,467,500
General Fund	\$8,370,000	\$2,467,500

Trends and Assumptions

Methodology

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

Trends

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

Key Assumptions

- 0.2 percent sales tax credit against the state sales tax.
- The credit expires on June 30, 2021.

KING COUNTY CRIMINAL JUSTICE LEVY

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

Budget

Criminal Justice Levy	2019-2020	2021-2022
	\$5,130,423	\$4,956,280
General Fund	\$5,130,423	\$4,956,280

Trends and Assumptions

Methodology

- Distributed on the basis of population. Used conservative revenue estimates due to the negative economic impact of COVID-19.

Trends

- Revenue is projected to be \$2,478,140 in 2020, which is 10 percent less than 2019, due to the negative economic impact of COVID-19.

Key Assumptions

- Revenue in 2021 and 2022 is projected to be the same as 2020 estimated revenue.

UTILITY TAXES

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

There are no restrictions on the tax rates for water, sewer, surface water, and solid waste utilities. A 2008 Washington State Supreme Court decision ruled that fire hydrant maintenance must be paid from taxes rather than water utility rates. As a result, water rates were reduced to remove the costs of the protection and the water utility tax rate was increased as of 2011 to pay for hydrant maintenance from the General Fund. In 2013, the Washington State Legislature passed clarifying law enabling hydrant maintenance to be paid from either general government charges or water rates. Kirkland has continued to use increased utility tax rates to pay for these charges.

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

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

Budget

Utility Taxes (General Fund)	2019-2020 \$28,446,819	2021-2022 \$27,022,539
Electric Utility Tax (Private)	\$8,096,522	\$7,337,245
Gas Utility Tax (Private)	\$2,637,271	\$2,951,333
Television Cable Utility Tax (Private)	\$2,610,599	\$2,528,008
Telephone Utility Tax (Private)	\$3,746,292	\$2,204,096
Water Utility Tax (City Owned)	\$3,317,470	\$3,428,161
Sewer Utility Tax (City Owned)	\$3,003,056	\$3,114,219
Solid Waste Utility Tax (City Contracted)	\$3,465,530	\$3,858,277
Surface Water Utility Tax (City Owned)	\$1,570,079	\$1,601,200

Trends and Assumptions

Methodology

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

Trends

- Electric utility tax revenue declined 0.9 percent per year, on average, in 2017-2019, and it is projected to decline 1.1 percent in 2020 (relative to 2019 actual). It should be noted that 2019-2020 actual revenue fell short of budget, with actual 2019 revenue and 2020 estimated revenue collectively being 10.3 percent less than budget. The primary drivers are Puget Sound Energy electric utility rates, summer weather conditions, and population growth.
- Gas utility tax revenue increased 1.9 percent per year, on average, in 2017-2019, and it is projected to increase 14.8 percent in 2020 (relative to 2019 actual) primarily due to a 14.0 percent increase in residential gas rates that took effect on November 1, 2019. The primary drivers are Puget Sound Energy gas utility rates, winter weather conditions, and population growth.
- Television cable utility tax revenue declined 5.2 percent per year, on average, in 2017-2019, and it is projected to decline 3.0 percent in 2020 (relative to 2019 actual) due to changes in consumer behavior.
- Telephone utility tax revenue declined 14.1 percent per year, on average, in 2017-2019, and it is projected to decline 18.0 percent in 2020 (relative to 2019 actual) due to changes in consumer behavior.
- Collectively, water, sewer, solid waste, and surface water utility revenues increased 3.3 percent per year, on average, in 2017-2019, and they are projected to increase 1.5 percent in 2020 (relative to 2019 actuals). The primary drivers are utility rates, summer weather conditions (impacts water utility only), and population growth.

Key Assumptions

- Electric utility tax revenue is projected to increase 1.0 percent in 2021 (relative to 2020 estimate) and 1.1 percent in 2022 (relative to 2021 budget).
- Gas utility tax revenue is projected to increase 1.0 percent in 2021 (relative to 2020 estimate) and 1.1 percent in 2022 (relative to 2021 budget).
- Television cable utility tax revenue is projected to decrease 4.0 percent in 2021 (relative to 2020 estimate) and 4.0 percent in 2022 (relative to 2021 budget).
- Telephone utility tax revenue is projected to decrease 15.0 percent in 2021 (relative to 2020 estimate) and 15.0 percent in 2022 (relative to 2021 budget).
- Collectively, water, sewer, solid waste, and surface water utility tax revenues are projected to increase 3.2 percent in 2021 (relative to 2020 estimate) and 2.7 percent in 2022 (relative to 2021 budget).

REAL ESTATE EXCISE TAX

The real estate excise tax is levied on all sales of real estate based on the full selling price, including the amount of any liens, mortgages, and other debts given to secure the purchase. The State's tax rate used to be a flat 1.28 percent; however, beginning January 1, 2020, the state implemented a graduated tax scale based on the selling price of the property, ranging from 1.1 percent to 3.0 percent. Cities are also authorized to impose a local tax of 0.50 percent. The first 0.25 percent tax must be used primarily for local capital improvements identified under the capital facilities plan element of the City's Comprehensive Plan. The second 0.25 percent, which is optional, must be used primarily to fund transportation capital projects according to City ordinance. In addition, the legislature expanded eligible uses of the second 0.25 percent to include facilities to provide housing for the homeless.

State legislation allows for the use of a portion of this revenue, with specific reporting requirements, for the maintenance of capital facilities. Given this provision, the 2021-2022 Preliminary Budget includes funding for park and street maintenance purposes.

Budget

Real Estate Excise Tax	2019-2020	2021-2022
	\$12,100,000	\$9,000,000
Excise Tax Capital Improvement Fund	\$12,100,000	\$9,000,000

Trends and Assumptions

Methodology

- Real estate excise tax collections are primarily a function of the real estate market and mortgage rates. Revenue projections are intentionally conservative given the inherent volatility of this revenue source.

Trends

- Revenues amounted to \$12,016,564 in 2018 and \$15,198,846 in 2019, and are projected to be \$8,664,794 in 2020, which is 43.0 percent less than 2019.

Key Assumptions

- The City's real estate excise tax rate is 0.5 percent.
- Revenues are conservatively projected to be \$4,500,000 in 2021 (48.1 percent less than 2020 estimate) and 2022 due to the volatility issue noted above and the economic uncertainty surrounding COVID-19 through 2021.
- The current uses for 2021-2022 Preliminary Budget is shown in the table below and includes amounts collected from prior years that are held in reserve.
- Note that an additional \$2.4 million of REET has been set aside for debt service on municipal bonds expected to be issued during 2021-2022. Set asides have also been identified to complete payments for public improvements at the Village at Totem Lake (\$5.8 million), Fire Station 27 property acquisition payback of an interfund loan if the fire proposition does not pass (\$4.46 million), and affordable housing investments (\$1.4 million).

REET Uses	2021-2022
	\$5,497,650
REET 1:	
Transportation CIP	\$1,502,400
Parks CIP	\$234,000
Parks Maintenance	\$400,000
Cross Kirkland Corridor Maintenance	\$127,000
Kirkland Justice Center Debt Service	\$180,250
REET 2:	
Transportation CIP	\$3,054,000

GAMBLING TAX

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

Budget

Gambling Tax	2019-2020	2021-2022
	\$2,777,611	\$2,389,614
Card Games (General Fund)	\$2,336,921	\$1,993,644
Other Revenue (General Fund)	\$440,690	\$395,970

Trends and Assumptions

Methodology

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

Trends

- Revenues are projected to be \$678,131 in 2020, which is 60.0 percent less than 2019, due to the negative economic impact of COVID-19.

Key Assumptions

- Revenues are projected to be \$1,016,926 in 2021 (50.0 percent more than 2020 estimate) and \$1,372,688 in 2022 (35.0 percent more than 2021 budget).

LODGING TAX

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

Budget

Lodging Tax	2019-2020	2021-2022
	\$612,737	\$501,585
Lodging Tax Fund	\$612,737	\$501,585

Trends and Assumptions

Methodology

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

Trends

- Revenue is projected to be \$148,693 in 2020, which is 55.5 percent less than 2019, due to the negative economic impact of COVID-19.

Key Assumptions

- Revenue is projected to be \$234,073 in 2021 (57.4 percent more than 2020 estimate) and \$267,512 in 2022 (14.3 percent more than 2021 budget).
- Current establishments will continue to operate.

LICENSES AND PERMITS

BUILDING-RELATED PERMITS

This category consists of the following revenues, which are collected by the Building Division and the Public Works Department: building permits, plumbing permits, clear grade permits, side-sewer permits, mechanical permits, electrical permits, sign permits, and house moving permits. Fees imposed for permits are subject to a base charge determined by the type of permit, plus additional fees determined by either the dollar value or size (square foot or number of units) of the project.

Budget

Building-Related Permits	2019-2020	2021-2022
	\$9,954,308	\$8,693,979
General Fund	\$9,954,308	\$8,693,979

Trends and Assumptions

Methodology

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

Trends

- Development activity has been very strong in 2018-2020 primarily due to The Village at Totem Lake and Kirkland Urban redevelopment projects. However, development activity is tapering, with revenues projected to be \$5,218,922 in 2020, which is 5.6 percent less than 2019.

Key Assumptions

- Revenues are projected to be \$4,346,989 in 2021 (16.7 percent less than 2020 estimate) and \$4,346,990 in 2022 (flat relative to 2021 budget).

BUSINESS LICENSES AND PERMITS

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

The business license fee structure has a \$100 base fee for annual renewals and an annual charge of \$105 per full time equivalent (FTE) for all employees of non-exempt businesses. This program also requires businesses with no physical presence in Kirkland that are doing business in the City (e.g., contractors) to obtain a business license. The base fee is considered a license revenue and the per FTE charge is considered a "revenue generating regulatory license" (RGRL), which is a tax. A portion (\$270,000 per year) of the RGRL revenue is dedicated to transportation-related capital projects.

Budget

Business Licenses & Permits	2019-2020	2021-2022
	\$7,877,908	\$7,636,592
Revenue Generating Regulatory License Fee (General Fund)	\$6,121,953	\$5,747,004
Business License & Permit Fees (General Fund)	\$1,215,955	\$1,349,588
Revenue Generating Regulatory License Fee (Street Operating Fund)	\$540,000	\$540,000

Trends and Assumptions

Methodology

- Based on current year revenues.

Trends

- RGRL revenue in the General Fund is projected to be \$3,066,769 in 2020, which is flat relative to 2019. The negative economic impact of COVID-19 will be delayed one year, because the 2020 RGRL fee paid by each business is based on the number of Kirkland-based employees in 2019.
- Business license revenues are projected to be \$720,945 in 2020, which is 7.5 percent less than 2019.

Key Assumptions

- RGRL revenue in the General Fund is projected to be \$2,733,465 in 2021 (10.9 percent less than 2020 estimate) and \$3,013,539 in 2022 (10.2 percent more than 2021 budget). The decline in 2021 reflects a projected drop in the number of Kirkland-based employees in 2020, which forms the basis for the 2021 RGRL fee paid by each business. A rebound is projected in 2022.
- Business license revenues are projected to be \$644,403 in 2021 (10.6 percent less than 2020 estimate) and \$704,935 in 2022 (9.4 percent more than 2021 budget).

FRANCHISE FEES

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

Budget

Franchise Fees	2019-2020	2021-2022
	\$7,710,613	\$8,057,771
General Fund	\$7,710,613	\$8,057,771

Trends and Assumptions

Methodology

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

Trends

- Revenues are projected to be \$3,997,611 in 2020, which is flat relative to 2019. Declines in cable TV and telephone franchise fees are offsetting the growth in other franchise fees.

Key Assumptions

- Revenues are projected to be \$4,015,921 in 2021 (0.5 percent more than 2020 estimate) and \$4,041,850 in 2022 (0.6 percent more than 2021 budget).

INTERGOVERNMENTAL

EMERGENCY MEDICAL SERVICES (EMS) LEVY

This is a voter approved levy that is collected by King County and distributed to cities based on a formula. A six-year levy was approved by voters in November 2019 for 2020-2025.

Budget

EMS Levy	2019-2020	2021-2022
	\$2,463,787	\$2,672,767
General Fund	\$2,463,787	\$2,672,767

Trends and Assumptions

Methodology

- The current levy (2020) is set at a rate \$0.26500 per \$1,000 of assessed valuation.
- Distribution is based on a formula that considers the number of calls for service and total assessed valuation.

Trends

- Revenue is projected to be \$1,289,627 in 2020, which is 15.9 percent more than 2019 due to the new six-year EMS levy approved by voters in November 2019 for 2020-2025.

Key Assumptions

- Revenue is projected to be \$1,317,667 in 2021 (2.2 percent more than 2020 estimate) and \$1,355,100 in 2022 (2.8 percent more than 2021 budget).
- The Mobile Integrated Health (MIH) grant revenue, which is funded by the King County EMS levy, is not included in the \$2,672,767 budget for 2021-2022. This new revenue source will be used to fund the Mobile Integrated Health Staffing, Vehicle, and Equipment service package, which is contained within the Community Safety Initiative.

LIQUOR BOARD PROFITS AND EXCISE TAX

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

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

Budget

Liquor Board Profits & Excise Tax	2019-2020	2021-2022
	\$2,335,000	\$2,460,513
Liquor Board Profits (General Fund)	\$1,420,800	\$1,421,549
Liquor Excise Tax (General Fund)	\$914,200	\$1,038,964

Trends and Assumptions

Methodology

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

Trends

- Liquor excise tax revenue is projected to be \$533,987 in 2020, which is 9.6 percent more than 2019.
- Liquor Board profits are projected to be \$728,000 in 2020, which is 2.4 percent more than 2019.

Key Assumptions

- Per MRSC, liquor excise tax is projected to be \$5.66 per capita in 2021 and \$5.80 per capita in 2022.
- Per MRSC, liquor board profits are projected to be \$7.90 per capita in 2021 and \$7.78 per capita in 2022.

MOTOR VEHICLE FUEL TAX ("GAS TAX")

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

Budget

Motor Vehicle Fuel Tax	2019-2020	2021-2022
	\$3,848,827	\$4,158,762
Street Operations (Street Operating Fund)	\$2,567,827	\$2,425,762
Capital Projects (Street Operating Fund)	\$1,281,000	\$1,733,00

Trends and Assumptions

Methodology

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

Trends

- Revenue is projected to be \$1,507,759 in 2020, which is 18.6 percent less than 2019, due to the negative economic impact of COVID-19, with many employees working from home rather than commuting to work.

Key Assumptions

- Per MRSC, motor vehicle fuel tax is projected to be \$21.24 per capita in 2021 and \$20.43 per capita in 2022.

CHARGES FOR SERVICES

PLANNING FEES AND PLAN CHECK FEES

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

Budget

Planning Fees	2019-2020	2021-2022
	\$7,417,512	\$6,450,156
General Fund	\$7,417,512	\$6,450,156

Trends and Assumptions

Methodology

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

Trends

- Revenue is projected to be \$4,768,048 in 2020, which is 1.5 percent less than 2019.

Key Assumptions

- Revenue is projected to be \$3,229,578 in 2021 (32.3 percent less than 2020 estimate) and \$3,220,578 in 2022 (flat relative to 2021 budget).

EMERGENCY TRANSPORT FEE

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

Budget

Emergency Transport Fee	2019-2020	2021-2022
	\$2,247,311	\$1,084,654
General Fund	\$2,247,311	\$1,084,654

Trends and Assumptions

Methodology

- Based on historical trends.

Trends

- Revenue is projected to be \$802,045 in 2020, which is 20.9 percent less than 2019 due to the pandemic, with there being a sharp decline in the number of people requesting a transport to a hospital (this is a countywide phenomenon according to Fire).

Key Assumptions

- Revenue is projected to be \$542,327 in 2021 (32.4 percent less than 2020 estimate) and \$542,327 in 2022 due to the pandemic, with the sharp decline in the number of people requesting a transport to a hospital expected to continue (this is a countywide phenomenon according to Fire).

ENGINEERING DEVELOPMENT FEES

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

Budget

Engineering Development Fees	2019-2020	2021-2022
	\$3,247,824	\$2,516,000
General Fund	\$3,247,824	\$2,516,000

Trends and Assumptions

Methodology

- Based on historical trends.

Trends

- Revenue is projected to be \$922,115 in 2020, which is 26.2 percent less than 2019.

Key Assumptions

- Revenue is projected to be \$1,258,000 in 2021 (36.4 percent more than 2020 estimate) and \$1,258,000 in 2022.

TRANSPORTATION AND PARK IMPACT FEES

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

Budget

Impact Fees	2019-2020	2021-2022
	\$5,000,000	\$5,400,000
Transportation Impact Fees (Impact Fee Fund)	\$2,600,000	\$3,000,000
Park Impact Fees (Impact Fee Fund)	\$2,400,000	\$2,400,000

Trends and Assumptions

Methodology

- Based on expected development.

Trends

- Transportation impact fees are projected to be \$1,769,495 in 2020, which is 37.5 percent less than 2019.
- Park impact fees are projected to be \$1,000,000 in 2020, which is 55.4 percent less than 2019.

Key Assumptions

- Transportation impact fees are projected to be \$1,500,000 in 2021 (15.2 percent less than 2020 estimate) and \$1,500,00 in 2022.

- Park impact fees are projected to be \$1,200,000 in 2021 (20.0 percent more than 2020 estimate) and \$1,200,00 in 2022.

FINES AND FORFEITS / ENFORCEMENT FEES

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

Budget

Fines & Forfeits / Enforcement Fees	2019-2020	2021-2022
	\$4,397,676	\$5,820,664
Fines & Forfeits (General Fund)	\$3,653,676	\$5,107,724
Probation Fees (General Fund)	\$600,000	\$581,000
Electronic Home Detention Fees (General Fund)	\$144,000	\$131,940

Trends and Assumptions

Methodology

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

Trends

- Fines and forfeits are projected to be \$1,699,134 in 2020, which is 4.8 percent more than 2019. Significantly larger growth was expected in 2020 following the institution of the school safety zone camera program in September 2019; however, the program was put on hold when schools were closed in March 2020 due to COVID-19.
- Probation fees are projected to be \$267,744 in 2020, which is 26.9 percent less than 2019.
- Electronic home detention fees are projected to be \$36,552 in 2020, which is 2.6 percent more than 2019.

Key Assumptions

- Fines and forfeits are projected to be \$2,086,645 in 2021 (22.8 percent more than 2020 estimate) and \$3,021,079 in 2022 (44.8 percent more than 2021 budget) primarily due to the school safety zone camera program, which is expected to resume in January 2021.
- Probation fees are projected to be \$215,000 in 2021 (19.7 percent less than 2020 estimate) and \$366,000 in 2022 (70.2 percent more than 2021 budget).
- Electronic home detention fees are projected to be \$41,708 in 2021 (14.1 percent more than 2020 estimate) and \$90,232 in 2022 (116.3 percent more than 2021 budget).

MISCELLANEOUS REVENUE

INVESTMENT INCOME

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

Budget

Investment Income	2019-2020	2021-2022
	\$6,002,247	\$4,635,803
Various Funds	\$6,002,247	\$4,635,803

Trends and Assumptions

Methodology

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

Trends

- Revenue is projected to be \$3,889,804 in 2020, which is 14.9 percent less than 2019. Interest rates have fallen dramatically in 2020 due to the negative economic impact of COVID-19. The current Fed Funds rate is near zero percent at 0.00-0.25 percent.

Key Assumptions

- Revenue is projected to be \$2,650,902 in 2021 (31.8 percent less than 2020 estimate) and \$1,984,901 in 2022 (25.1 percent less than 2021 budget) due to the dramatic decline in interest rates in 2020 and reduced fund balances as a number of large capital projects will be completed in the 2021-2022 budget period.

RESOURCES FORWARD

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

Budget

Resources Forward	2019-2020	2021-2022
	\$248,837,043	\$231,127,504
All Funds	\$248,837,043	\$231,127,504

Trends and Assumptions

Methodology

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

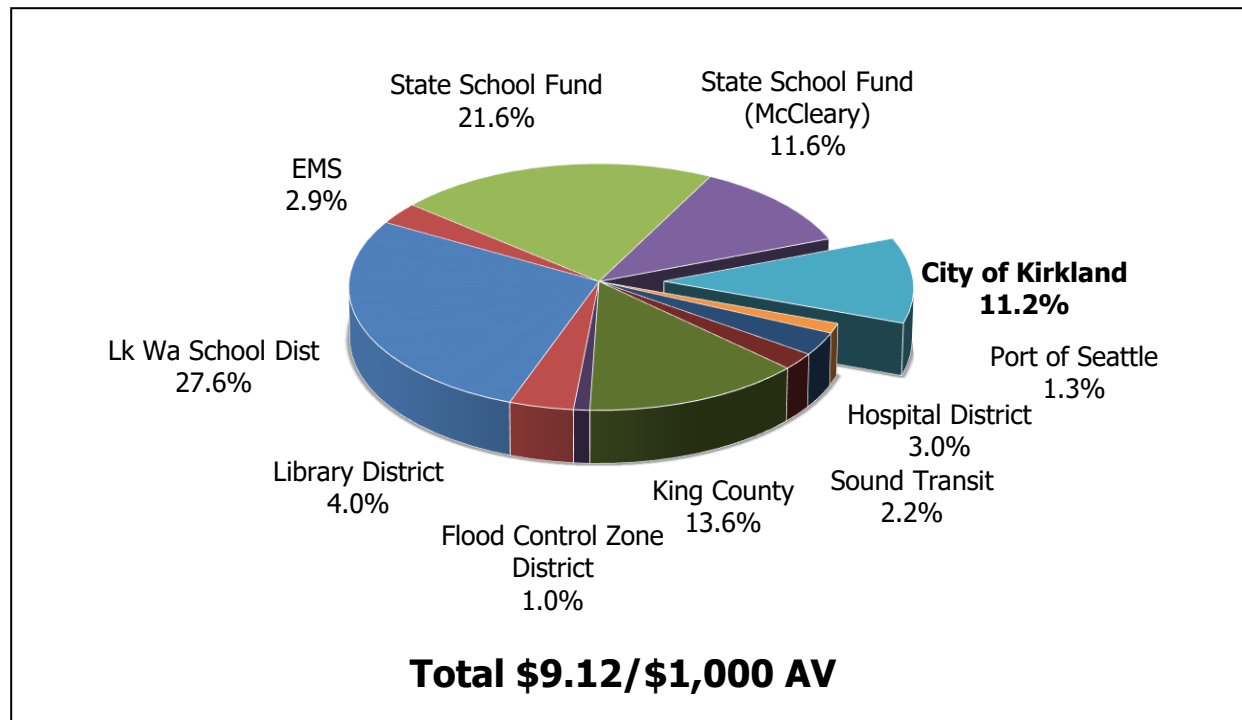
Trends

- Not applicable.

Key Assumptions

- Not applicable.

CITY OF KIRKLAND 2020 PROPERTY TAX DISTRIBUTION



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

Although property taxes represent a major source of funding for City services, the portion of each property owner's total tax bill that goes to the City is relatively small. In 2020, the total typical property tax rate in Kirkland is \$9.12 per \$1,000 of assessed valuation. Of that total, about 11.2%, or \$1.02 per \$1,000 assessed valuation, goes to the City, of which about \$0.02 is for voter-approved debt service (where applicable).

The graphic and narrative depict the most common tax distribution for Kirkland residents. Due to annexation, the City's rate varies from \$0.99 to \$1.07 depending on the specific neighborhood. Residents in the new neighborhoods do not pay for voter-approved debt prior to annexation. However, residents located within the former boundaries of Fire District #41 pay for bonds issued for fire station property acquisition and construction. In addition, there are variations in the taxing district boundaries within the city limits, so total tax rates vary as well.

CITY OF KIRKLAND

2021-2022 DISTRIBUTION OF INVESTMENT INCOME

Total Estimated Earnings		\$ 5,108,000
Earned Interest Allocated to Utility Funds		
Water/Sewer	767,496	
Surface Water Management	413,353	
Solid Waste	66,256	
Subtotal to Utility Funds		1,247,105
Earned Interest Allocated to Lodging Tax Fund		10,770
Earned Interest Allocated to Cemetery Improvement/Operating Fund		24,935
Earned Interest Allocated to Park Maintenance Fund		20,125
Earned Interest Allocated to 2012 Park Levy Fund		41,974
Earned Interest Allocated to Impact Fee Fund*		75,552
Earned Interest Allocated to REET Fund*		98,861
Earned Interest Allocated to Self Insurance Fund		131,457
Earned Interest Allocated to Equipment Rental Fund		383,342
Earned Interest Allocated to Firefighters' Pension Fund		30,918
Net to Distribute		3,042,961
Dedicated Proceeds (General Fund):		
Investment Portfolio & Banking Expenditures		160,200
External Review of Investment Policies & Procedures		5,000
Net to Distribute to General Fund		<u><u>\$ 2,877,761</u></u>

BUDGET FOCUS

Selected schedules and charts focusing on key facts, issues
and processes reflected in the 2021-2022 Budget



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

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

The chart following this narrative summarizes the changes in fund balance across all funds. An analysis of the changes in fund balance is included with each section of the budget (i.e., General Government Operating, Water/Sewer Utility, etc.) in addition to the summary provided here. The analysis shows the 2022 delineation between reserved fund balance and working capital. The following narrative highlights the major reserve policy components as they are incorporated in the 2021-2022 Budget.

FUND BALANCE

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

GENERAL PURPOSE RESERVES

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

General Purpose Reserves are described in the City Fiscal Policies. The table below shows how the balance is expected to change during the biennium. As dictated by fiscal policy the City has committed up to 1% of General Fund revenues to reserve replenishment in 2021-2022 as needed. These resources are allocated to the General Operating Reserve and the Revenue Stabilization Reserve, both held within the General Fund, as well as the Contingency Fund.

Reserves	Description	Estimated 2021 Beginning Balance	Projected Changes	Projected 2022 Ending Balance
GENERAL PURPOSE				
Contingency	Unforeseen expenditures	6,292,477	63,411	6,355,888
General Capital Contingency ^{1,2}	Changes to general capital projects	5,803,237	-	5,803,237
General Oper. Reserve (Rainy Day)	Unforeseen revenues/temporary events	5,649,288	358,909	6,008,197
Revenue Stabilization Reserve	Temporary revenue shortfalls	3,622,632	(132,741)	3,489,891
Council Special Projects Reserve	One-time special projects	250,000	-	250,000
Building & Property Reserve	Property-related transactions	661,599	-	661,599
Total General Purpose		22,279,233	289,579	22,568,812

¹ Balance includes \$3,500,000 borrowed for Parks Maintenance Center Capital Projects that will be reimbursed via ten scheduled payments beginning in 2021.

² General Capital Contingency is equal to ten percent of the funded two-year CIP budget. 2021-2022 CIP is much smaller than the 2019-2020 CIP.

SPECIAL PURPOSE RESERVES

Special purpose reserves are set by Council policy, management practice, or by state or local laws that govern their use. The following table shows how the balance is expected to change during the biennium. Of particular note, the large balance in development services reserves reflects obligations for significant staffing resources required to complete future inspections.

Reserves	Description	Estimated 2021 Beginning Balance	Projected Changes	Projected 2022 Ending Balance
SPECIAL PURPOSE RESERVES				
General Fund Reserves:				
General Fund (CM) Contingency	One-time special uses approved by CM	50,000	-	50,000
Annexation Sales Tax Reserve	Expiration of Annexation Sales Tax Credit	2,160,494	(2,160,494)	-
Litigation Reserve	Outside counsel costs contingency	150,000	-	150,000
Public Disclosure Reserve		100,000	-	100,000
Labor Relations Reserve	Labor negotiation costs contingency	56,037	-	56,037
Fire OT & Equipment Reserve		200,000	-	200,000
Police Equipment Reserve	Equipment funded from seized property	57,830	-	57,830
LEOFF 1 Police Reserve	Police long-term care benefits	618,079	-	618,079
GEMT Reserve		3,241,414	1,121,102	4,362,516
Development Svcs Rsv Staffing Stability	Revenue and staffing stabilization	3,437,293	(372,895)	3,064,398
Development Svcs Rsv Building		5,575,139	666,635	6,241,774
Development Svcs Rsv Planning		194,059	(194,059)	-
Development Svcs Rsv Public Works		1,412,901	(334,340)	1,078,561
Development Svcs Rsv Space Innovation		1,000,000	(1,000,000)	-
Development Svcs Rsv Fire Prevention		358,664	6,041	364,705
Development Services Technology Rsv.		5,893,846	(150,000)	5,743,846
School Zone Camera Penalties		546,709	1,572,836	2,119,545
Tour Dock	Dock repairs	310,864	-	310,864
Forestry Ordinance	Replacement trees program	109,015	-	109,015
Donation Accounts	Donations for specific purposes	478,828	-	478,828
Revolving Accounts		402,309	46,700	449,009
Lodging Tax Fund	Operating Reserve	77,937	-	77,937
Street Operating Reserve	Operating Reserve	100,000	-	100,000
Cemetery Improvement	Cemetery improvements/debt service	1,073,343	62,287	1,135,630
Off-Street Parking	Downtown parking improvements	251,525	41,022	292,547
Fire Equipment Life Cycle		1,178,311	685,000	1,863,311
Police Equipment Life Cycle		1,095,189	16,702	1,111,891
Technology Equipment Life Cycle		42,103	(42,103)	-
Parks Facilities Life Cycle		22,000	(22,000)	-
Facilities Life Cycle (310)		133,791	-	133,791
Firefighter's Pension	Long-term care/pension benefits	1,278,578	129,686	1,408,264
Total Special Purpose Reserves		31,606,258	72,120	31,678,378

GENERAL CAPITAL RESERVES

In addition to the General Capital Contingency shown under General Purpose Reserves, there are other capital reserves dedicated either by Council policy or by state or local laws that govern their use. The projected changes shown in the following table represents the use of these funding sources during the 2021-2022 biennium above the anticipated revenue to these funds.

Reserves		Estimated 2021 Beginning Balance	Projected Changes	Projected 2022 Ending Balance
GENERAL CAPITAL RESERVES				
Excise Tax Capital Improvement:				
REET 1	Parks capital projects	6,325,258	2,105,781	8,431,039
REET 2	Transportation capital projects	7,133,359	1,495,431	8,628,790
Impact Fees				
Roads	Transportation capacity projects	1,469,862	7,385	1,477,247
Parks	Parks capacity projects	790,460	68,167	858,627
Total General Capital Reserves		15,718,939	3,676,764	19,395,703

UTILITY RESERVES

Utility reserves are available to meet a wide variety of contingencies, either by Council policy, management practice, or by state or local laws that govern their use. However, they can only be used in the utility. Following is a table with the preliminary 2022 estimated ending balance in these accounts.

Reserves	Description	Estimated 2021 Beginning Balance	Projected Changes	Projected 2022 Ending Balance
UTILITY RESERVES				
Water/Sewer Utility:				
Water/Sewer Operating Reserve	Operating contingency	3,216,673	135,259	3,351,932
Water/Sewer Working Capital	Fund Balance/operating cash	9,552,010	421,955	9,973,965
Water/Sewer Debt Service Reserve	Debt service reserve	41,713	-	41,713
Water/Sewer Capital Contingency	Changes to Water/Sewer capital projects	4,541,700	-	4,541,700
Water/Sewer Construction Reserve	Replacement/re-prioritized/new projects	9,571,712	(1,230,509)	8,341,203
Surface Water Utility:				
Surface Water Operating Reserve*	Operating contingency	-	-	-
Surface Water Working Capital	Fund Balance	6,279,978	(1,487,608)	4,792,370
Surface Water Capital Contingency	Changes to Surface Water capital projects	1,788,060	-	1,788,060
Surface Water Construction Reserve	Replacement/re-prioritized/new projects	4,096,748	418,068	4,514,816
Solid Waste Utility		2,150,675	74,851	2,225,526
Total Utility Reserves		41,239,269	(1,667,984)	39,571,285

*Surface Water Operating Reserve has been set to \$0 starting in the 2021-22 budget to comply with existing fiscal policy, with the balance in the fund's working capital.

INTERNAL SERVICE FUND RESERVES

There are four internal service funds with reserves dedicated either by Council policy or by state or local laws that govern their use. These funds are the Health Benefits, Equipment Rental, Information Technology and Facilities Maintenance funds. Revenue to these funds is derived primarily from user charges to other funds. Due to the higher than needed fund balance in the health benefits fund, the City is continuing to reduce the fund balance by establishing health premiums charged to employees slightly below anticipated premium costs.

Reserves	Description	Estimated 2021 Beginning Balance	Projected Changes	Projected 2022 Ending Balance
INTERNAL SERVICE FUND RESERVES				
Health Benefits:				
Operating Reserve	16 weeks minimum claims requirement	1,805,313	120,956	1,926,269
Working Capital	Health benefits self insurance claims	3,361,399	(130,997)	3,230,402
Equipment Rental:				
Operating Reserve	Unforeseen operating costs	145,550	1,562	147,112
Vehicle Reserve	Vehicle replacements	16,122,370	(2,137,989)	13,984,381
Radio Reserve	Radio replacements	70,030	-	70,030
Information Technology:				
Operating Reserve	Unforeseen operating costs	678,028	21,148	699,176
PC Replacement Reserve	PC equipment replacements	344,470	439,478	783,948
Facilities Maintenance:				
Operating Reserve	Unforeseen operating costs	800,000	-	800,000
Facilities Sinking Fund	20-year facility life cycle costs	5,488,409	375,918	5,864,327
Total Internal Service Fund Reserves		28,815,569	(1,309,924)	27,505,645

RESERVES WITH TARGETS

There are some reserves listed above for which the City of Kirkland City Council has adopted reserve targets as described in the City Fiscal Policies. The table below compares the estimated ending 2022 balance to the 2021-2022 reserve target.

Reserves	Estimated 2021 Beginning Balance	Projected Changes	Projected 2022 Ending Balance	2021 - 2022 Target	Revised Over (Under) Budget
GENERAL PURPOSE RESERVES WITH TARGETS					
Contingency	6,292,477	63,411	6,355,888	6,355,888	-
General Capital Contingency ^{1,2}	5,803,237	-	5,803,237	3,583,140	2,220,097
General Oper. Reserve (Rainy Day)	5,649,288	358,909	6,008,197	6,008,197	-
Revenue Stabilization Reserve	3,622,632	(132,741)	3,489,891	3,489,891	-
Council Special Projects Reserve	250,000	-	250,000	250,000	-
Building & Property Reserve	661,599	-	661,599	600,000	61,599
General Purpose Reserves with Targets	22,279,233	289,579	22,568,812	20,287,116	2,281,696
ALL OTHER RESERVES WITH TARGETS					
Excise Tax Capital Improvement ³					
REET 1	6,325,258	2,105,781	8,431,039	1,000,000	7,431,039
REET 2	7,133,359	1,495,431	8,628,790	1,000,000	7,628,790
Other Reserves with Targets	13,458,617	3,601,212	17,059,829	2,000,000	15,059,829

¹ Balance includes \$3,500,000 borrowed for Parks Maintenance Center Capital Projects that will be reimbursed via ten scheduled payments beginning in 2021.

² General Capital Contingency is equal to ten percent of the funded two-year CIP budget. 2021-2022 CIP is much smaller than the 2019-2020 CIP.

³ Note that an additional \$2.4 million of REET has been set aside for debt service on municipal bonds expected to be issued during 2021-2022. Set asides have also been identified to complete payments for public improvements at the Village at Totem Lake (\$5.8 million), Fire Station 27 property acquisition payback of an interfund loan if the fire proposition does not pass (\$4.46 million), and affordable housing investments (\$1.4 million).

CITY OF KIRKLAND
CHANGE IN FUND BALANCE (Beginning 2019 to Ending 2022)
SUMMARY OF ALL FUNDS

	General Government		Utility			All Funds
	Operating Funds	Non-Operating Funds	Water/Sewer Utility	Surface Water Utility	Solid Waste Utility	
2019 Actual Beginning Fund Balance	85,348,871	95,716,433	38,274,892	18,969,649	1,904,440	240,214,285
<i>Reserved</i>	<i>63,145,424</i>	<i>44,698,547</i>	<i>4,094,785</i>	<i>3,416,022</i>	<i>-</i>	<i>115,354,779</i>
<i>Unreserved Working Capital</i>	<i>22,203,447</i>	<i>51,017,886</i>	<i>34,180,107</i>	<i>15,553,627</i>	<i>1,904,440</i>	<i>124,859,506</i>
Plus: 2019-20 Estimated Revenues	306,984,636	143,680,981	84,971,702	34,399,545	37,880,294	607,917,157
Less: 2019-20 Estimated Expenditures	297,489,408	146,333,379	93,113,538	38,667,828	37,634,058	613,238,212
2020 Estimated Ending/2021 Budgeted Beginning Fund Balance	92,546,357	93,064,035	29,757,263	13,609,175	2,150,675	231,127,505
Plus: 2021-22 Budgeted Revenues	293,067,906	126,441,003	84,637,709	37,846,795	39,369,431	581,362,844
Less: 2021-22 Budgeted Expenditures	305,536,968	187,870,501	88,144,459	40,360,724	39,294,580	661,207,232
2022 Budgeted Ending Fund Balance	80,077,295	31,634,537	26,250,513	11,095,246	2,225,526	151,283,117
<i>Reserved</i>	<i>62,117,917</i>	<i>31,634,537</i>	<i>16,276,548</i>	<i>6,302,876</i>	<i>-</i>	<i>116,331,878</i>
<i>Unreserved Working Capital</i>	<i>17,959,377</i>	<i>-</i>	<i>9,973,965</i>	<i>4,792,370</i>	<i>2,225,526</i>	<i>34,951,238</i>
Change in Fund Balance: Beginning 2019 to Ending 2022	(5,271,576)	(64,081,896)	(12,024,379)	(7,874,403)	321,086	(88,931,167)

Notes:

Change in Fund Balance depicts the effects of the current and coming year's financial transactions on available resources. A minimum level of fund balance must be maintained in each fund to assure adequate cash flow. In all cases, fund balance is at or above the minimum level. A negative change in fund balance is not necessarily a reflection of a problem. Rather, it typically reflects the use of accumulated resources for planned expenditures (e.g. use of bond proceeds for capital projects). The decline in General Government Operating funds is related to the planned use of reserves in response to the economic impact of COVID-19 and the end of the Annexation Sales Tax Credit in July 2021. The significant decline in Non-Operating, Water/Sewer, and Surface Water funds is due to the use of accumulated balance on capital projects.

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

CITY OF KIRKLAND

POSITION SUMMARY

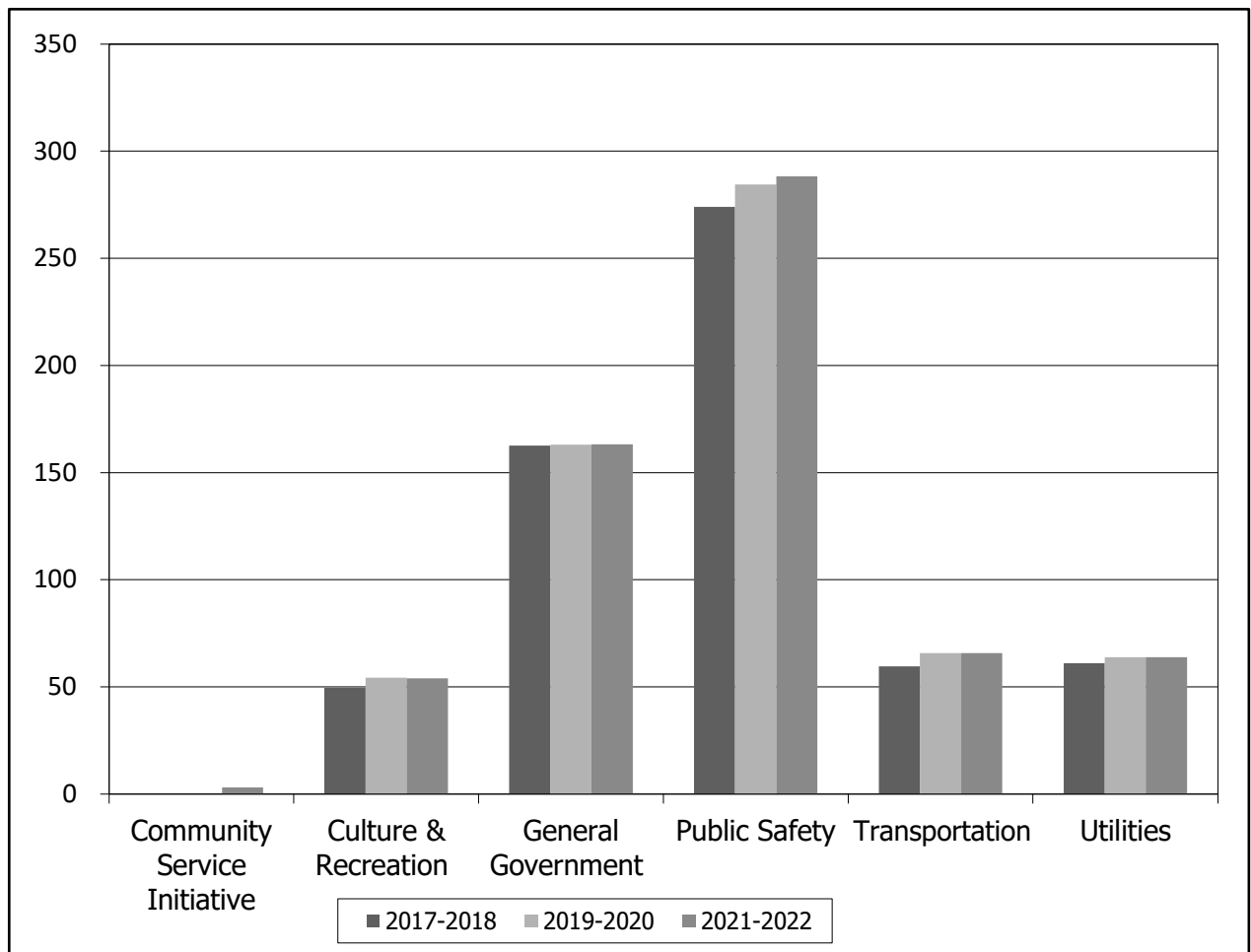
By Fund

Fund/Department	2017-2018	2019-2020	2021-2022
<i>General Fund:</i>			
City Council	7.00	7.00	7.00
City Manager's Office	10.44	9.59	8.59
Human Resources	9.20	9.20	9.00
City Attorney's Office	4.00	4.00	4.00
Municipal Court	18.50	18.50	18.75
Parks and Community Services	34.00	34.50	33.50
Public Works	37.55	41.55	41.55
Finance and Administration	35.30	36.80	37.80
Planning & Building	53.35	53.35	52.85
Police	140.00	150.00	153.50
Fire	115.50	116.00	116.00
Community Safety Initiative	0.00	0.00	3.00
Total General Fund	464.84	480.49	485.54
<i>Other General Gov't Operating Funds:</i>			
Lodging Tax	0.66	0.51	0.51
Street Operating	22.04	24.24	24.24
Parks Maintenance	8.50	8.50	8.75
2012 Parks Levy	7.00	11.25	11.75
Facilities Maintenance	7.95	7.95	7.95
Equipment Rental	7.45	7.45	7.45
Information Technology	27.20	27.20	28.00
Total Other General Gov't Operating Funds	80.80	87.10	88.65
<i>Utility Funds:</i>			
Water/Sewer Operating	21.76	22.76	22.76
Surface Water Management	36.45	38.25	38.25
Solid Waste	2.80	2.80	2.80
Total Utility Funds	61.01	63.81	63.81
Total Positions	606.65	631.40	638.00

CITY OF KIRKLAND POSITION SUMMARY

By Program

Program	2017-2018	2019-2020	2021-2022
Community Safety Initiative	0.00	0.00	3.00
Culture & Recreation	49.50	54.25	54.00
General Government	162.55	163.05	163.15
Public Safety	274.00	284.50	288.25
Transportation	59.59	65.79	65.79
Utilities	61.01	63.81	63.81
Total Positions	606.65	631.40	638.00



CITY OF KIRKLAND

PAYMENTS TO OTHER GOVERNMENT AGENCIES

Approximately \$51.9 million, or 6.4 percent, of the City's total 2021-2022 budget for general government operations, water/sewer operations, surface water management operations, and solid waste operations is paid to other governmental agencies. The City either absorbs annual increases in payments to other agencies through growth in general revenue sources (e.g., Air Pollution Control) or passes them along to users through charges for service (e.g., Sewage Treatment and Water Purchases).

Service	Agency	2019-2020 Budget	2021-2022 Budget
Sewage Treatment ¹	King County	16,943,266	18,443,467
Alcohol Treatment ¹	King County	46,700	48,000
Air Pollution Control ¹	King County	181,585	193,163
Prisoner Expense ¹	Various ²	1,061,910	1,079,260
Marine Patrol ¹	King County	234,248	216,969
Hazardous Waste Fee ¹	King County	840,000	905,000
Solid Waste "Tipping" Fees ¹	King County	7,596,831	8,053,408
Surface Water Billing Charge ¹	King County	350,000	350,000
Elections and Records Costs ¹	King County	859,530	593,440
Other Permits and Services ^{1,3}	King County	31,000	26,560
Subtotal King County		28,145,070	29,909,267
Water Purchase ¹	Cascade Water Alliance	10,834,186	11,060,044
Water Connection Charges ¹	Cascade Water Alliance	1,815,625	2,740,865
Police and Fire Dispatch ¹	NORCOM	5,358,540	5,849,070
Housing Trust Fund ^{1,4}	ARCH	1,080,000	1,080,000
ARCH Dues ¹	ARCH	234,550	360,689
State Purchasing Contract ¹	State of Washington	5,750	5,250
Financial Audits ¹	State of Washington	210,000	290,351
Regional Surface Water Monitoring ¹	State of Washington	70,000	70,000
800 MHz Radios (Public Safety) ¹	EPSCA	199,374	178,554
On-Line Services ¹	eCityGov Alliance	361,494	337,808
SWAT Membership ¹	Northsound Regional SWAT	18,890	18,890
WACIC, NCIC, ACCESS Service Lines ¹	Washington State Patrol	4,200	4,200
Community Connectivity Consortium ¹	Community Connectivity Consortium	10,710	10,710
Hazardous Materials Unit ¹	Regional Haz Mat Agreement	28,000	28,000
Healthcare Assessments ¹	U.S. Government	2,000	2,000
Other Permits and Services ^{1,3}	Various Gov't Agencies	18,700	19,900
Total Payments to Other Agencies		48,397,089	51,965,598
Percent Increase (Decrease) from Prior Biennium			7.37%

¹ These services are mandatory contractual obligations with other governments and rates are established by the contractor agency.

² King County and South Correctional Entity.

³ Includes fees such as health permits, recording fees, Crimestoppers membership, and other miscellaneous fees.

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

CITY OF KIRKLAND

HUMAN SERVICES FUNDING

Funding for Human Services is incorporated into a variety of operating and non-operating budgets. The following summary provides an overview of Human Services funding for 2021-2022.

Program/Funding Source	2019-2020 Budget	2021-2022 Budget
Human Services Program grants (including CDBG) ¹	2,497,847	2,500,114
Prop 1: Women and Family Shelter Operations	106,634	200,000
Prop 1: Mental Health and Human Services Programs	373,219	420,000
Human Services Forum and Other Regional Programs	20,000	18,028
Human Services Coordination (including CDBG)	505,140	584,664
Prop 1: Mental Health and Human Services Program Coordination	-	280,000
Senior Center Operations	790,011	578,667
King County Alcohol Treatment Programs	46,700	48,000
WA HB 1406: Rental Assistance	-	423,336
A Regional Coalition for Housing (ARCH) ²	1,320,574	1,486,561
Community Youth Services Program/Teen Center ³	577,158	742,666
Rent Subsidy for Youth Eastside Services ⁴	78,000	78,000
Community Safety Initiative: 4 Community Safety Responders	-	1,430,494
Community Safety Initiative: MIH-Funded Firefighter/EMT and Social Worker	-	648,376
Domestic Violence Advocacy in the Police Department	904,742	996,089
Prop 1: Mental Health Professional and Neighborhood Resource Officer ⁵	180,000	240,000
Police School Resource Program (City-funded portion)	256,718	377,928
Prop 1: 4 SROs in Kirkland Middle Schools (City-funded portion)	672,528	755,856
Senior Discounts for Utility and Garbage Services	91,402	97,475
Kirkland Cares (assistance with utility bills from utilities customer donations)	6,450	6,450
Recreation Class Discounts	6,000	14,000
Total Human Services Funding	8,433,123	11,926,704

TOTAL SPENDING PER CAPITA 2019-2020: \$ 93.91

TOTAL SPENDING PER CAPITA 2021-2022: \$ 131.55

¹ Additional Human Services funding approved by the Council is not included in these figures. The Council approved almost \$900,000 of CARES Act finding for Human Services needs, which is expected to be supplemented from additional CARES Act funds of up to \$300,000. All of these funds need to be obligated before the end of 2020.

² 2019-20 ARCH funding reflects the base budget amount of \$234,550, ongoing funding of \$256,024 from Community Development Block Grants (CDBG), and one-time service package funding of \$830,000. In addition to these amounts, Affordable Housing in Lieu fees totaling \$3,711,000 are expected to be remitted to ARCH or directly invested in affordable housing in 2019-20 that are not reflected in the table above. The 2021-2022 Preliminary Budget includes the same funding elements with adjusted base budget (\$360,689) and CDBG (\$295,872) amounts.

³ 2021-22 Budget includes the full expenses of running the Kirkland Teen Union Building after the end of the YMCA contract.

⁴ Rent is waived completely; figure represents a conservative market rent equivalent.

⁵ 2019-20 funding only included one and a half years of proposed mental health response services from Prop 1. Two full years of services are incorporated in 2021-2022 Preliminary Budget.

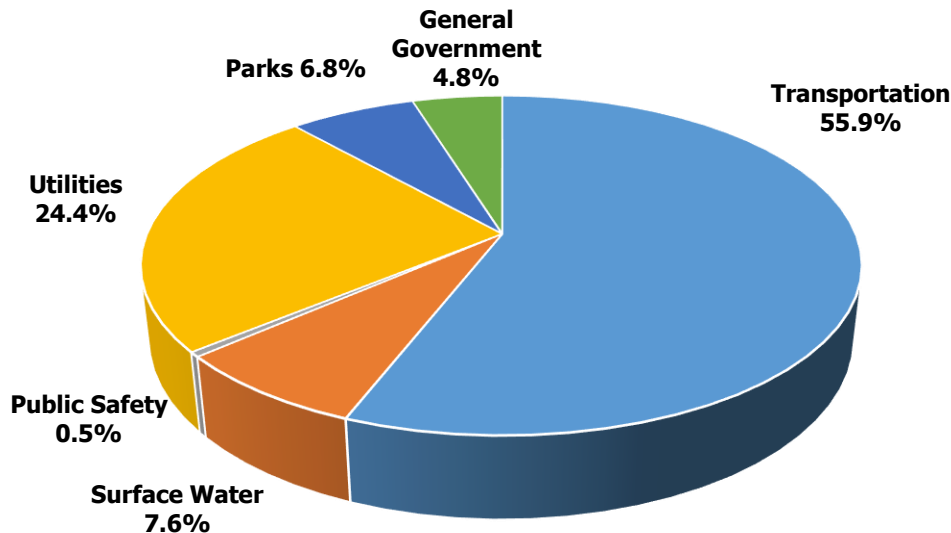
CITY OF KIRKLAND

SUMMARY OF LEGAL SERVICES

General legal counsel is provided by the in-house City Attorney's Office. Prosecution and public defender services are provided by outside attorneys through contracts with the City. The 2021-2022 budget includes an increase in Public Defender Legal Services due to an increase in conflict cases. In certain specialized matters, the City is represented by other outside counsel. The Litigation Reserve budget for 2021-2022 reflects setting aside funds for outside counsel in the event they were needed to resolve a potential legal matter. The 2019-2020 budget for Litigation included \$1,620,000 for the Fire Station 27 Property Settlement Agreement. This amount was paid from Ground Emergency Medical Transport (GEMT) funds set aside for fire purposes.

Legal Service	Budgeted Fund	2019-2020 Budget	2021-2022 Budget	Percent Change
<i>General Legal Services</i>	General Fund	1,810,906	1,829,057	1.00%
<i>Litigation Reserve</i>	General Fund	1,770,000	300,000	-83.05%
Subtotal General Legal Services and Litigation		3,580,906	2,129,057	-40.54%
<i>Public Safety Legal Services</i>				
Prosecution	General Fund	730,000	730,000	0.00%
Public Defender	General Fund	597,600	622,000	4.08%
Subtotal Public Safety Legal Services		1,327,600	1,352,000	1.84%
Total All Legal Services		4,908,506	3,481,057	-29.08%

CAPITAL IMPROVEMENT PROGRAM (CIP)



2021-2022 Funded Projects - \$65,594,500

CIP AT A GLANCE

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

More information regarding capital projects is provided in this document in the Capital Project Funds, Water/Sewer and Surface Water Utility sections. Proposed 2021-2026 CIP project summaries were presented to City Council at the [September 1, 2020 Council Study session](#).

CIP POLICIES AND PROCESS

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

A capital improvement is defined as the construction of new facilities; the expansion, large scale renovation, or replacement of existing facilities; the acquisition of land; or the purchase of major pieces

of equipment, including major replacements funded by the Equipment Rental Fund or those that are associated with newly-acquired facilities.

A capital improvement must meet all of the following criteria:

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

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

PROCESS FOR DEVELOPING THE CIP

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

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

FUNDING

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

Current Revenue is the estimate of annual new revenue that will be received from existing, authorized revenue sources. Certain revenue streams historically have been dedicated to funding the CIP either through legal mandate or Council policy. The funded projects in the CIP acknowledge those funding sources and also utilize reserves to some extent.

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

Reserves are cash resources that accumulate from prior years and are derived from a variety of revenue sources. The CIP utilizes reserves to fund projects, consistent with the restrictions on the original revenue source. Although use of reserves is always an option to supplement annual revenue streams, it is a one-

time solution using a finite resource. Reserves are used to address short term or time-limited funding deficits.

The budget also includes sinking funds for public safety and information technology equipment replacements and Parks facility maintenance, which are funded by transfers-in of current revenues. In addition, monies reserved in the facilities fund in the operating budget are available to fund facility repair projects in the General Government program.

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

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

Some capital projects generate future operating costs that are considered when the Council reviews the CIP. Operating costs are listed in the detailed project summaries of the CIP. New operating costs for 2021-2022 that are related to completed CIP projects are highlighted in each department's summary.

Projects approved for 2021-2022 are included in the General Government and Utilities non-operating sections of this document. Estimated operating impacts are also included in the summary of 2021-2022 projects.

The table on the following page summarizes revenue sources as used in the 2021-2026 CIP.

**2021-2026 Capital Improvement Program
Programmed Revenue Sources (in thousands)**

Dedicated Revenue	2021	2022	2023	2024	2025	2026	6-Year Total
Transportation							
Gas Tax	660	673	686	700	700	700	4,119
Gas Tax (Transportation Package)	200	200	250	150	200	200	1,200
Business License Fees	270	270	270	270	270	270	1,620
Real Estate Excise Tax (REET) 1	736	766	733	717	550	950	4,452
Real Estate Excise Tax (REET) 2	1,189	1,311	1,251	1,212	965	1,537	7,465
Street & Pedestrian Safety Levy	2,733	2,760	2,788	2,816	2,816	2,816	16,729
Transportation Impact Fees	1,500	1,500	1,320	-	-	-	4,320
Utility Rates	500	541	500	130	30	333	2,034
Solid Waste Street Preservation	386	393	401	409	417	425	2,431
REET 2 Reserve	404	150	2,230	350	-	-	3,134
Carryover/Prior Year Funds	439	-	-	-	-	-	439
Debt	-	-	1,569	-	-	-	1,569
Secured External Sources	2,584	3,842	1,480	1,600	-	-	9,506
Unsecured External - Sound Transit	900	3,800	6,300	-	-	-	11,000
Unsecured External Sources	4,000	3,982	-	4,336	2,569	2,985	17,872
Subtotal Transportation	16,501	20,188	19,778	12,690	8,517	10,216	87,890
Parks							
Real Estate Excise Tax 1	172	62	1,119	859	692	347	3,251
Park Impact Fees	1,200	1,200	1,200	1,210	1,190	1,200	7,200
Parks Levy	250	250	250	250	250	250	1,500
King County Park Levy	353	353	353	353	353	353	2,118
Park Facilities Sinking Fund	162	169	146	160	150	243	1,030
Carryover/Prior Year Funds	100	-	-	-	-	-	100
External Sources	-	160	720	560	560	560	2,560
Subtotal Parks	2,237	2,194	3,788	3,392	3,195	2,953	17,759
General Government: Technology, Facilities & Public Safety							
General Fund Contributions for:							
Public Sfty. Equip. Sinking Fund	173	126	963	1,067	391	281	3,001
Technology Equip. Sinking Fund	170	333	100	461	150	93	1,307
Utility Rates	64	73	64	83	64	72	420
Facilities Life Cycle Reserve	1,244	150	936	922	385	557	4,194
General Fund Cash	49	70	49	95	49	70	382
Subtotal General Government	1,700	752	2,112	2,628	1,039	1,073	9,304
Utilities							
Utility Connection Charges	425	1,325	1,085	945	945	945	5,670
Utility Rates - Surface Water	1,811	1,942	2,800	2,738	2,638	4,506	16,435
Utility Rates - Water/Sewer	4,789	4,861	5,083	5,400	5,770	5,770	31,673
Reserves	1,752	1,259	1,730	420	1,450	50	6,661
External Sources	865	1,994	-	-	-	-	2,859
Subtotal Utilities	9,642	11,381	10,698	9,503	10,803	11,271	63,298
Total Revenues	30,080	34,515	36,376	28,212	23,554	25,513	178,250

PRIORITIZATION CRITERIA

The current capital budget is guided by the capital budgeting priorities ("Prioritization Criteria") discussed by the Council at the May 5, 2020 Council Retreat, specifically:

1. Complete capital projects from the 2019-2020 City Work Plan.
2. Complete public safety capital investments that help implement the Police and Fire Strategic Plans.
3. Complete transportation projects necessary to ensure the success of WSDOT and Sound Transit investments in I-405 and Kirkland.
4. Complete projects necessary to ensure adequate transportation concurrency investments that keep pace with development.
5. Invest in parks projects that increase active recreation opportunities throughout the City to meet the needs of a growing population.

6. Invest in water, sewer and storm water projects according to the priorities contained in the recently adopted utility Master plans.
7. Prioritize projects that will rank high in federal, state and regional grant funding processes and reserve revenues necessary to provide required local grant matches.
8. Create measurable progress towards achieving the City Council's ten goals.
9. Reprioritize revenues from existing CIP projects that do not meet these priorities.

The potential financial impacts and the uncertainty of the duration and severity of the disruption caused by the pandemic has necessitated additional strategies for prioritizing capital projects, specifically:

1. Finish existing projects and don't add new projects in 2021 or 2022.
2. Potentially defer projects.
3. Complete projects with grant, contractual or regulatory requirements.
4. Identify projects with downstream impacts and develop options.

POLICY ISSUES

As required by the State's Growth Management Act, public transportation investments must keep up with private development such that service levels do not deteriorate. Termed '**concurrency**', this requires the City to track the progress of delivering investments quantified by the number of 'trips' that the new capacity can accommodate. Due to the high levels of private development in Kirkland, the concurrency trip balance as of September 28, 2020 was 5,525. This represents the number of trips available in the system to support development projects without reducing level of service. To ensure service levels remain high as growth continues the 2021-2022 capital budget includes \$25.2 million in funding for Transportation concurrency projects.

Funding capital investments to maintain current infrastructure continues to be a high priority. Preservation of the City's streets is an ongoing process to maintain the City's Pavement Condition Index (PCI) and level of service. Maintaining optimal conditions with effective preventative maintenance treatments saves future dollars having to be spent on costlier rehabilitation measures for pavement in poor condition. The Preliminary 2021-2026 CIP includes 5 preservation projects with a total funding of \$8.95 million for 2021-2022. This includes a new project for Local Road Maintenance that will provide funding for City crews to do prep work on streets prior to the overlay completed through the annual preservation CIP projects. In addition, staff is proposing a change in the current street preservation plan, to include rehabilitation of residential streets that are not in good condition (thus are not viable candidates for slurry seal treatment) and parking lots and alley ways that are currently not attended to. Every year, a portion of the street preservation program fund would be used to rehabilitate or overlay two of these assets per year. Currently, 67 residential streets and 21 parking lots are assessed to be in poor or very poor condition.

Finding the optimal locations for **fire and emergency medical service delivery** in Kirkland, particularly in the new neighborhoods, has been a key policy issue since annexation in 2011. This will include new assets, coupled with addressing the depreciation of existing fire stations. Capital funding was allocated in the 2019-2020 capital budget with additional resources added to the Fire Station 24 construction budget, and provided funding to acquire property for a new Station 27. Though substantial funding has been allocated to date, there is a total of approximately \$55.8 million of unfunded fire station replacement, expansion and remodel projects. A levy increase is being placed on the November 2020 ballot to address the unfunded fire station needs.

PROJECT HIGHLIGHTS

Notable project highlights for 2021-2022 include:

Parks — Progress continues to be made in renovating the City's shoreline parks with additional funding programmed in 2021 and 2022 in the Dock and Shoreline Renovations project. The Green Loop Master Plan & Acquisition project gets underway in 2022 with a grant from King County that continues through the current CIP plan of 2026. Additional improvements are planned at O.O. Denny Park with the installation of a picnic shelter.

Public Safety — The funded 2021-2022 CIP includes replacement of necessary equipment for both Police and Fire. The Unfunded Public Safety list has been updated with current cost estimates for the replacement, expansion, and remodel of the fire stations as mentioned above. Should the levy increase on the November 2020 ballot get approved, the funded Public Safety portion of the CIP will be updated to incorporate the approved fire station improvement projects.

Transportation — Key projects including 124th Ave NE Roadway Improvements, 100th Ave NE Roadway Improvements, and Juanita Drive Intersection & Safety Improvements continue progress towards completion by receiving additional funding in 2021-2022. The approved Safer Routes to School Action Plans is incorporated into the 2021-2026 CIP with the creation of a new project starting in 2021. Funding for the project includes Street Levy funds dedicated towards school walk routes, REET 2, and School Zone camera.

Utilities (Water and Sewer) — In 2021-2022, the City is investing in the South Reservoir Seismic & Recoating Construction as well as several Water/Sewer Main Improvement projects. A significant new project in 2021-2022 is the NE 85th St and I-405 Watermain Relocation project with an estimated cost of \$6.5 million. This project relocates City watermain due to a WA State Department of Transportation project for I-405 improvements.

Surface Water — The 2021-2022 Surface Water program includes continuation of several key projects including the Neighborhood Drainage Assistance Program, NE 120th Street Water Quality Treatment project, and the Annual Replacement of Aging/Failing Infrastructure project. A new project with a \$1 million grant is the Water Quality Treatment and Infiltration at NE 111th Pl/127th Pl NE project. The Goat Hill Drainage Ditch Conveyance & Channel Stabilization project includes an updated cost estimate of \$1.48 million for 2021-2022.

General Government — IT project in the 2021-2022 CIP include investment in the replacement of network infrastructure and security, phone systems, and GIS. The Facilities CIP includes investment in the replacement and renovation of building systems such as HVAC, roofing, windows and painting of City facilities. Additionally, the City Hall Expansion project has been added to the 2021-2026 CIP with funding from the Development Services Reserve in the General Fund. The CIP adds \$1 million in 2021 to the previously allocated \$1 million in 2020 for a total project estimate of \$2 million.

The 2019 Performance Measures Report will be included the final budget document. The 2018 report can be found online at:

http://www.kirklandwa.gov/depart/CMO/Reports/Performance_Measures.htm

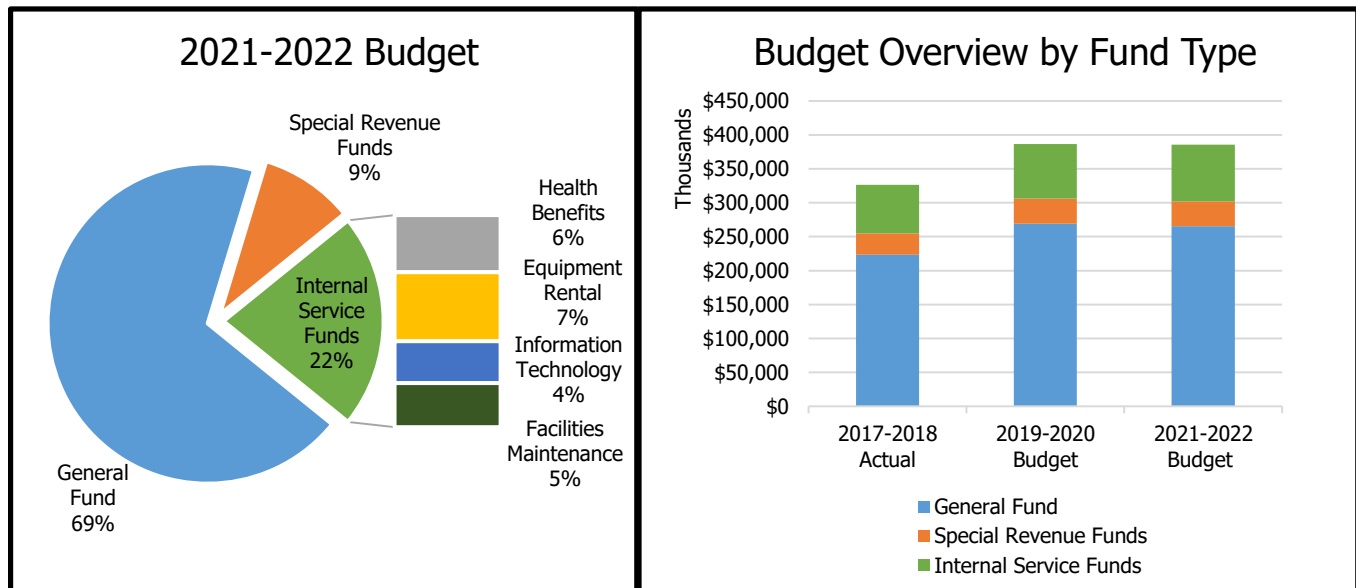


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CITY OF KIRKLAND

2021-2022 Budget

General Government Operating Budget Summary



Expenditures for the general government operations of the City are presented in ten separate operating funds. This pie shows the total operating budget by fund type. The General Fund makes up the largest portion of the operating budget and accounts for general purpose expenditures incurred to provide various general-purpose municipal services. State law requires that Washington cities adopt a balanced budget for each of their operating funds. These funds finance the normal non-utility service delivery functions of the municipality. Note that the internal service funds are, by definition, double budgeted, appearing once in their own fund and budgeted again as expenses in the other operating funds, including utilities. The following pages summarize the various operating funds and how they are budgeted.

Analysis of Change

Fund	2017-2018 Actual	2019-2020 Budget	2021-2022 Budget	Change
<i>General Fund</i>				
General Fund	223,224,045	268,950,156	265,498,642	-1.28%
<i>Special Revenue Funds</i>				
Lodging Tax Fund	925,108	1,022,887	835,170	-18.35%
Street Operating Fund	21,193,591	23,299,053	23,257,400	-0.18%
Cemetery Operating Fund	934,833	1,153,586	1,314,279	13.93%
Parks Maintenance Fund	3,309,368	3,719,806	4,026,546	8.25%
Parks Levy Fund	5,058,612	7,989,308	7,170,968	-10.24%
Total Special Revenues Funds	31,421,512	37,184,640	36,604,363	-1.56%
<i>Internal Service Funds</i>				
Health Benefits Fund	22,636,585	20,086,863	22,494,581	11.99%
Equipment Rental Fund	19,908,898	27,616,278	27,180,246	-1.58%
Information Technology Fund	15,457,698	16,943,558	16,492,891	-2.66%
Facilities Maintenance Fund	13,645,037	15,956,995	17,343,539	8.69%
Total Internal Service Funds	71,648,218	80,603,694	83,511,257	3.61%
Gen. Gov't Operating Total	326,293,776	386,738,489	385,614,262	-0.29%

CITY OF KIRKLAND

CHANGE IN FUND BALANCE (Beginning 2019 to Ending 2022) GENERAL GOVERNMENT OPERATING FUNDS

	General ¹	Lodging Tax ²	Street Operating ³	Cemetery Operating ⁴
2019 Actual Beginning Fund Balance	46,002,175	396,212	3,779,076	948,121
<i>Reserved</i>	<i>40,818,998</i>	<i>133,646</i>	<i>526,621</i>	<i>-</i>
<i>Unreserved Working Capital</i>	<i>5,183,177</i>	<i>262,566</i>	<i>3,252,455</i>	<i>948,121</i>
Plus: 2019-20 Estimated Revenues	227,725,507	505,634	19,983,543	275,446
Less: 2019-20 Estimated Expenditures	218,785,600	565,531	21,561,310	150,223
Less: 2019-20 Estimated Carryovers	1,308,570	13,500	422,731	-
2020 Estimated Ending/2021 Budgeted Beginning Fund Balance	53,633,512	322,815	1,778,577	1,073,343
Plus: 2021-22 Budgeted Revenues	211,865,130	512,355	21,478,823	240,936
Less: 2021-22 Budgeted Expenditures	223,474,686	596,591	22,001,826	178,649
2022 Budgeted Ending Fund Balance	42,023,956	238,579	1,255,574	1,135,630
<i>Reserved</i>	<i>35,741,207</i>	<i>77,937</i>	<i>392,547</i>	<i>-</i>
<i>Unreserved Working Capital</i>	<i>6,282,749</i>	<i>160,642</i>	<i>863,027</i>	<i>1,135,630</i>
Change in Fund Balance: Beginning 2019 to Ending 2022	(3,978,219)	(157,633)	(2,523,502)	187,509

Notes:

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

¹ The reduction in fund balance reflects the negative revenue impacts of COVID-19 related economic changes in 2020, the planned use of the Annexation Sales Tax Credit Reserve in 2022, and planned investments in new community safety programs and service packages in 2021-22. High revenues in 2019 before the pandemic contributed to additional fund balance that helps offset some of these investments.

² Fund balance decreased from 2019 to 2021 due to planned uses of cash balance in 2019 and severe revenue shortfalls in 2020 due to the COVID-19 Pandemic. Reserved fund balance is set at 50% of fund prior year revenues, reflecting the drop in economic activity in 2020. Revenues were conservatively estimated in 2021-22 at levels below 2019 actuals, and a use of \$84,236 in fund balance is planned in 2021-22.

³ The Street Operating Fund shows a decline in fund balance due gas tax and parking revenue shortfalls in 2020 from COVID-19 related changes in economic activity and to planned uses of about \$340k of reserves for one-time funded service packages in 2021-2022.

Parks Maintenance⁵	2012 Parks Levy⁵	Health Benefits⁵	Equipment Rental⁶	Information Technology⁶	Facilities Maintenance⁶	Total
771,189	1,255,054	5,772,934	15,261,888	2,580,931	8,581,290	85,348,871
<i>387,883</i>	<i>250,000</i>	<i>1,650,271</i>	<i>9,236,392</i>	<i>2,584,326</i>	<i>7,557,287</i>	<i>63,145,424</i>
<i>383,306</i>	<i>1,005,054</i>	<i>4,122,663</i>	<i>6,025,496</i>	<i>(3,395)</i>	<i>1,024,003</i>	<i>22,203,447</i>
2,948,553	6,470,727	14,953,463	12,027,798	14,351,867	7,742,099	306,984,636
2,804,643	6,850,590	15,639,385	9,198,242	14,772,884	7,161,000	297,489,408
-	16,824	-	220,000	316,116	-	2,297,741
915,099	858,367	5,087,011	17,871,444	1,843,799	9,162,389	92,546,357
3,111,447	6,312,601	17,407,570	9,308,802	14,649,092	8,181,150	293,067,906
3,315,004	5,965,350	17,337,910	10,723,935	14,644,095	7,298,922	305,536,968
711,542	1,205,618	5,156,671	16,456,311	1,848,796	10,044,617	80,077,295
<i>425,338</i>	<i>250,000</i>	<i>1,926,269</i>	<i>14,201,523</i>	<i>1,705,796</i>	<i>7,397,300</i>	<i>62,117,917</i>
<i>286,204</i>	<i>955,618</i>	<i>3,230,402</i>	<i>2,254,788</i>	<i>143,000</i>	<i>2,647,317</i>	<i>17,959,377</i>
(59,647)	(49,436)	(616,263)	1,194,423	(732,136)	1,463,327	(5,271,576)

Notes:

⁴ The Cemetery Operating Fund shows an increase in fund balance as revenues continue to exceed expenditures. Some fund balance has been used for increased customer support and small projects.

⁵ The Parks Maintenance Fund and Park Levy Fund budgets shows a decline in fund balance due to a budgeted structural imbalance caused by the fact that property tax revenues in the fund grow slower than the rate of cost growth. Actual performance historically has maintained fund balance.

⁵ The Health Benefits Fund balance is declining due to the planned uses of reserves both in 2019-2020 and 2021-2022. In 2021-2022 unobligated reserves are being utilized to smooth premium increases as a tool to help mitigate cost growth for operating funds in response to the COVID-19 economic downturn. The plan brings fund balances in-line with the reserved fund balance requirement of 16 weeks of average claims over the next 5 years (the 16 week requirement is set by statute - represented by the reserved fund balance).

⁶ In the Facilities Maintenance, Equipment Rental, and Information Technology Funds, reserved fund balance primarily represents cash earmarked for facilities renovations, vehicle replacements, and computer replacements respectively. Increases in fund balance reflect the accumulation of capital reserves. Decreases in fund balance reflect the use of unobligated cash to fund one-time projects and/or the use of capital reserves for facilities renovations, to purchase vehicle replacements, or to purchase computer replacements.



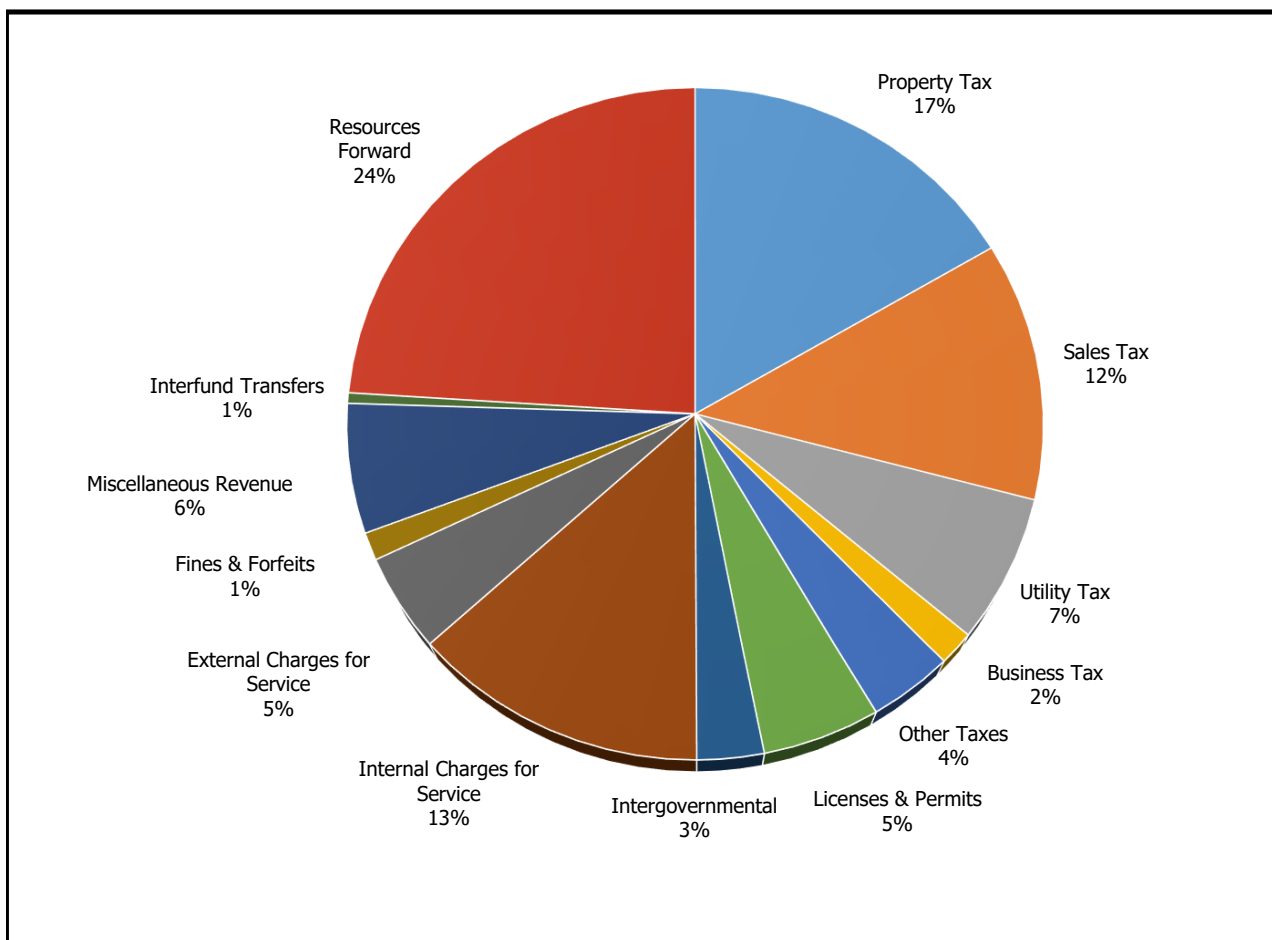
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REVENUE SUMMARY



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CITY OF KIRKLAND
2021-2022 Budget
General Government Operating Revenue Summary
\$385,614,262



Taxes comprise 42% of all General Government Operating revenues, representing the single largest revenue category. They are a general purpose revenue source which are used to support basic government services such as public safety, street maintenance, and park maintenance. Internal charges for service reflect payments from one operating fund to another primarily for information technology, fleet, general administration, facilities maintenance, engineering, and billing services provided "in-house." Resources forward represents the collective beginning fund balance for all General Government Operating Funds, and is composed primarily of capital reserves, operating reserves, and unreserved working capital. In addition, resources forward is used to fund one-time service packages.

CITY OF KIRKLAND
2021-2022 Budget
General Government Operating Revenue Summary: By Revenue Type

Revenue Type	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Property Tax	57,339,231	60,997,195	61,019,524	64,236,315	5.27%
Sales Tax					
General Sales Tax	46,658,818	50,524,293	47,107,537	47,865,120	1.61%
Annexation Sales Tax Credit	8,466,237	9,406,731	8,370,000	2,467,500	-70.52%
Criminal Justice	5,008,914	5,231,629	5,130,423	4,956,280	-3.39%
Utility Taxes					
Electric	7,660,500	7,266,084	8,096,522	7,337,245	-9.38%
Gas	2,733,079	2,718,405	2,637,271	2,951,333	11.91%
Television Cable	3,042,096	2,728,635	2,610,599	2,528,008	-3.16%
Telephone	4,556,011	3,110,981	3,746,292	2,204,096	-41.17%
Water	3,152,037	3,216,562	3,317,470	3,428,161	3.34%
Sewer	2,835,404	2,921,383	3,003,056	3,114,219	3.70%
Garbage	3,539,479	3,685,560	3,465,530	3,858,277	11.33%
Surface Water	1,498,464	1,563,835	1,570,079	1,601,200	1.98%
Admissions Tax	179,223	135,912	170,726	89,071	-47.83%
Revenue Gen. Reg. Tax	6,671,370	6,677,475	6,661,953	6,287,004	-5.63%
Hotel/Motel Tax	658,020	483,083	612,737	501,585	-18.14%
Gambling & Other Taxes	3,086,643	6,236,727	6,104,925	6,898,992	13.01%
Total Taxes	157,085,526	166,904,491	163,624,644	160,324,406	-2.02%
Building and Structural	10,965,891	10,786,932	10,109,746	8,823,389	-12.72%
Franchise Fees	7,988,488	7,990,334	7,710,613	8,057,771	4.50%
Business and Other	3,991,713	4,163,622	3,758,207	3,703,794	-1.45%
Total Licenses and Permits	22,946,093	22,940,889	21,578,566	20,584,954	-4.60%
Motor Vehicle Fuel Tax	3,926,601	3,600,711	4,089,423	4,396,083	7.50%
Liquor Taxes	2,284,309	2,460,257	2,335,000	2,460,513	5.38%
Marijuana Taxes	350,872	342,218	289,071	285,347	-1.29%
Grants & Other Intergov.	1,594,697	9,948,489	5,892,227	4,475,955	-24.04%
Total Intergovernmental	8,156,478	16,351,675	12,605,721	11,617,898	-7.84%
Planning Fees	5,030,618	5,271,209	4,577,345	2,904,156	-36.55%
Plan Check Fees	5,108,953	4,288,252	2,794,767	3,500,000	25.23%
Engineering Dev. Fees	5,374,842	3,567,586	4,537,224	3,866,870	-14.77%
Recreation Charges	3,186,510	2,003,168	3,208,500	2,527,738	-21.22%
Internal Charges	45,493,852	48,475,656	49,872,107	51,871,200	4.01%
EMS & Transport Fees	3,493,894	4,217,766	4,711,098	3,757,421	-20.24%
Other Charges	1,481,297	1,466,694	1,256,480	1,214,954	-3.30%
Total Charges for Services	69,169,965	69,290,330	70,957,521	69,642,339	-1.85%
Fines and Forfeits	2,993,693	3,321,162	3,653,676	5,107,724	39.80%
Miscellaneous	24,681,935	23,915,339	20,007,471	23,853,303	19.22%
Interfund Transfers	4,015,383	4,260,749	5,367,960	1,937,282	-63.91%
Resources Forward	68,535,342	85,348,871	88,951,430	92,546,356	4.04%
Gen. Gov't Operating Total	357,584,415	392,333,507	386,746,989	385,614,262	-0.29%

CITY OF KIRKLAND

2021-2022 Budget

General Government Operating Revenue Summary: By Type Across Funds

Revenue Type	General Fund	Lodging Tax Fund	Street Operating	Cemetery Operating	Parks Maintenance	2012 Parks Levy Fund	Health Benefits	Equipment Rental	Information Technology	Facilities Fund	Revenue Total
Property Tax	41,372,782	-	14,091,457	-	3,061,122	5,710,954	-	-	-	-	64,236,315
Sales Tax											-
General Sales Tax	47,865,120	-	-	-	-	-	-	-	-	-	47,865,120
Annexation Sales Tax Credit	2,467,500	-	-	-	-	-	-	-	-	-	2,467,500
Criminal Justice	4,956,280	-	-	-	-	-	-	-	-	-	4,956,280
Utility Taxes											-
Electric	7,337,245	-	-	-	-	-	-	-	-	-	7,337,245
Gas	2,951,333	-	-	-	-	-	-	-	-	-	2,951,333
Television Cable	2,528,008	-	-	-	-	-	-	-	-	-	2,528,008
Telephone	2,204,096	-	-	-	-	-	-	-	-	-	2,204,096
Water	3,428,161	-	-	-	-	-	-	-	-	-	3,428,161
Sewer	3,114,219	-	-	-	-	-	-	-	-	-	3,114,219
Garbage	3,858,277	-	-	-	-	-	-	-	-	-	3,858,277
Surface Water	1,601,200	-	-	-	-	-	-	-	-	-	1,601,200
Admissions Tax	89,071	-	-	-	-	-	-	-	-	-	89,071
Revenue Gen. Reg. Tax	5,747,004	-	540,000	-	-	-	-	-	-	-	6,287,004
Hotel/Motel Tax	-	501,585	-	-	-	-	-	-	-	-	501,585
Gambling & Other Taxes	6,898,992	-	-	-	-	-	-	-	-	-	6,898,992
Total Taxes	136,419,288	501,585	14,631,457	-	3,061,122	5,710,954	-	-	-	-	160,324,406
Building and Structural	8,823,389	-	-	-	-	-	-	-	-	-	8,823,389
Franchise Fees	8,057,771	-	-	-	-	-	-	-	-	-	8,057,771
Business and Other Licenses	3,103,594	-	600,200	-	-	-	-	-	-	-	3,703,794
Total Licenses and Permits	19,984,754	-	600,200	-	-	-	-	-	-	-	20,584,954
Motor Vehicle Fuel Tax	-	-	4,396,083	-	-	-	-	-	-	-	4,396,083
Liquor Taxes	2,460,513	-	-	-	-	-	-	-	-	-	2,460,513
Marijuana Taxes	285,347	-	-	-	-	-	-	-	-	-	285,347
Grants & Other Intergov.	4,475,955	-	-	-	-	-	-	-	-	-	4,475,955
Total Intergovernmental	7,221,815	-	4,396,083	-	-	-	-	-	-	-	11,617,898
Planning Fees	2,904,156	-	-	-	-	-	-	-	-	-	2,904,156
Plan Check Fees	3,500,000	-	-	-	-	-	-	-	-	-	3,500,000
Engineering Dev. Fees	3,684,870	-	40,000	126,000	-	-	-	16,000	-	-	3,866,870
Recreation Charges	2,527,738	-	-	-	-	-	-	-	-	-	2,527,738
Internal Charges	20,360,686	-	68,000	-	-	463,873	321,640	8,466,180	14,551,792	7,639,029	51,871,200
EMS & Transport Fees	3,757,421	-	-	-	-	-	-	-	-	-	3,757,421
Other Charges	1,214,954	-	-	-	-	-	-	-	-	-	1,214,954
Total Charges for Services	37,949,825	-	108,000	126,000	-	463,873	321,640	8,482,180	14,551,792	7,639,029	69,642,339
Fines and Forfeits	5,107,724	-	-	-	-	-	-	-	-	-	5,107,724
Miscellaneous	4,362,722	10,770	844,083	114,936	50,325	67,774	17,085,930	677,342	97,300	542,121	23,853,303
Interfund Transfers	819,002	-	899,000	-	-	70,000	-	149,280	-	-	1,937,282
Resources Forward	53,633,512	322,815	1,778,577	1,073,343	915,099	858,367	5,087,011	17,871,444	1,843,799	9,162,389	92,546,356
Fund Total	265,498,642	835,170	23,257,400	1,314,279	4,026,546	7,170,968	22,494,581	27,180,246	16,492,891	17,343,539	385,614,262



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EXPENDITURE SUMMARY

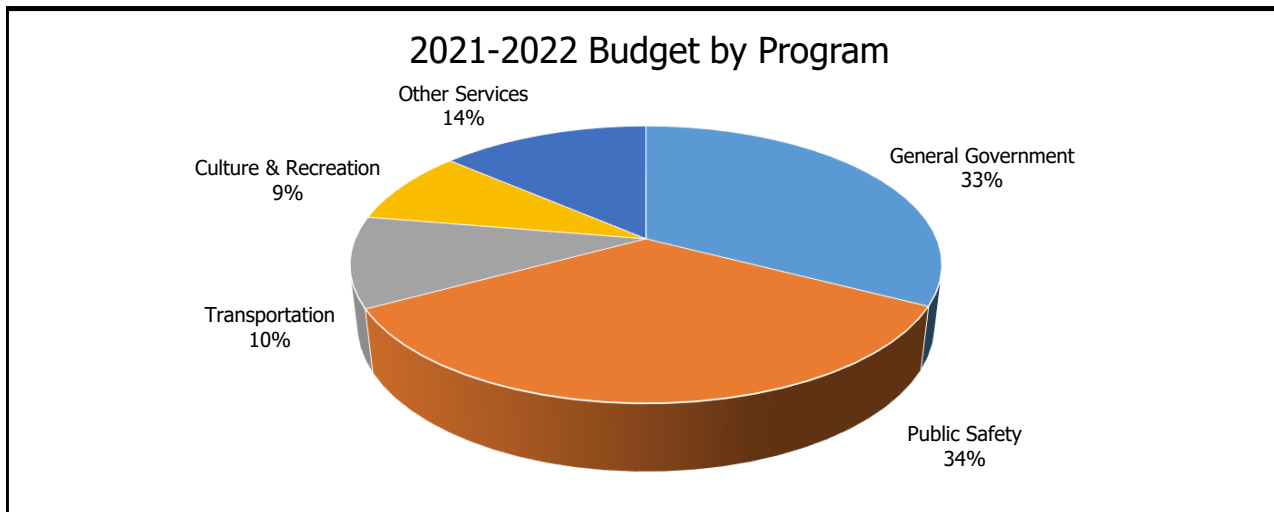


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CITY OF KIRKLAND

2021-2022 Budget

General Government Operating Expenditure Summary



The General Government Operating Funds account for about 47.5 percent of the City's total budget. The largest program area is Public Safety, comprising police, fire, and municipal court services. General Government represents the next largest program area, which includes legislative, executive, legal, administrative, financial, community planning, building inspection services, technology, and fleet services.

- Public Safety increased due to increased salary and benefit costs, as well as significant additions from the proposed Community Safety Initiative service package.
- Transportation decreased from a reduction in Public Works one-time service packages and the end of the Walkable Kirkland program.
- The Other Services budget, which includes reserves, decreased with planned uses to cover service packages, impacts from COVID-19, and the end of the Annexation Sales Tax Credit.

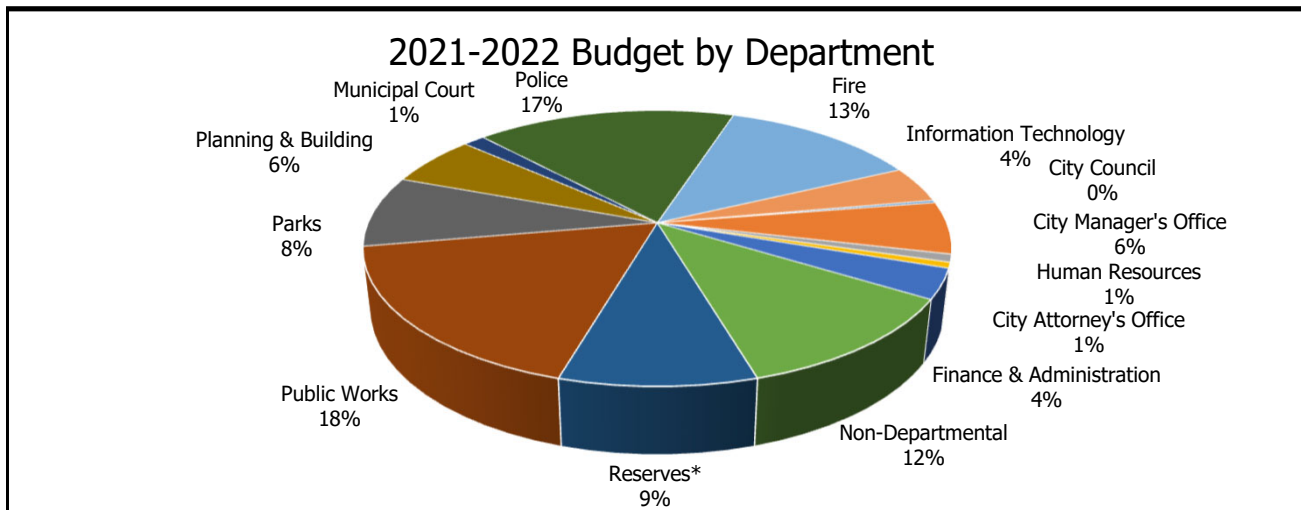
Analysis of Change

Program	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
General Government	108,880,353	116,698,322	124,455,366	125,818,955	1.10%
Public Safety	111,069,304	121,258,500	122,512,385	132,812,440	8.41%
Transportation	35,738,988	40,855,429	42,556,838	40,870,938	-3.96%
Culture & Recreation	26,974,060	31,411,507	33,662,484	33,509,835	-0.45%
Other Services	43,631,070	63,361,477	63,551,416	52,602,094	-17.23%
Program Total	326,293,776	373,585,234	386,738,489	385,614,262	-0.29%

CITY OF KIRKLAND

2021-2022 Budget

General Government Operating Expenditure Summary



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

- The Police budget increased primarily due to salary and benefit costs rising by \$5.12M. There were also significant increases driven by the proposed body-worn camera service package (\$1.01M), as well as the revenue backed School Zone Safety Camera program.
- Finance & Administration's budget rose from a \$489K increase in salaries and benefits (largely from the addition of 1.0 FTE previously budgeted in the City Manager's Office), a revenue-backed increase in credit card fees, and the proposed development fee study service package.
- The drop in the Non-Departmental budget comes from significant working capital use for proposed service packages.
- The Reserve budget decreased from Development Services uses for service packages. The 19-20 Revised Budget also included a one-time \$1.46M settlement agreement payment. This amount was paid from Ground Emergency Medical Transport (GEMT) funds set aside for fire purposes.

Analysis of Change

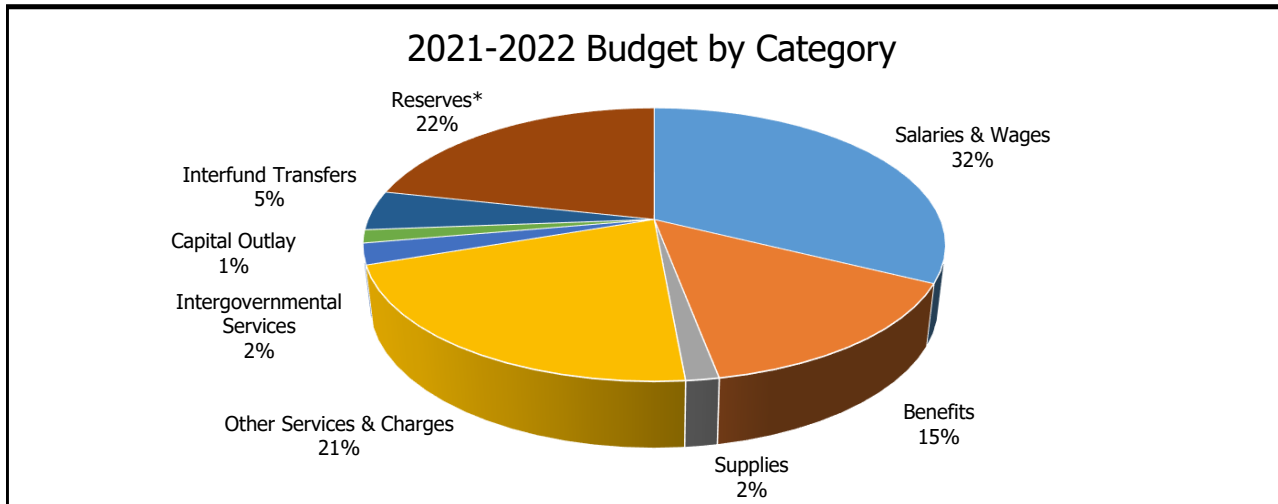
Department	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
City Council	1,040,310	1,161,837	1,162,801	1,120,233	-3.66%
City Manager's Office	19,433,834	21,708,573	22,580,630	23,608,546	4.55%
Human Resources	3,086,606	3,378,358	3,671,689	3,497,795	-4.74%
City Attorney's Office	2,461,611	2,498,399	2,540,906	2,559,057	0.71%
Finance & Administration	11,426,882	12,582,509	12,525,479	13,538,951	8.09%
Non-Departmental	48,762,987	49,877,427	50,130,234	45,097,480	-10.04%
Reserves*	20,784,187	39,988,765	39,743,720	35,181,728	-11.48%
Public Works	55,196,998	62,311,972	69,755,990	68,358,333	-2.00%
Parks	25,498,424	30,042,339	32,207,655	32,256,527	0.15%
Planning & Building	20,012,006	20,986,649	22,043,746	22,923,603	3.99%
Municipal Court	4,904,962	5,018,986	5,494,433	5,488,842	-0.10%
Police	51,928,196	59,398,803	59,804,709	65,597,570	9.69%
Fire	46,299,075	48,252,408	48,132,939	49,892,706	3.66%
Information Technology	15,457,698	16,378,209	16,943,558	16,492,891	-2.66%
Department Total	326,293,776	373,585,234	386,738,489	385,614,262	-0.29%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

CITY OF KIRKLAND

2021-2022 Budget

General Government Operating Expenditure Summary



The largest category of expense in the General Government Operating Funds is Personnel Services (Salaries & Wages and Benefits), of which 51.2 percent is for public safety personnel. Excluding Reserves, Other Services & Charges is the next largest category and includes mostly contracted direct services (such as jail and human services), contracted support services (such as consulting, printing, and repairs/maintenance services), and internal charges from one City fund to another (for information technology, fleet, facilities, and other internal services).

- Salary and Benefit increases are a combination of cost increases for two years and the impact of additional recommended staff to support revenue-backed development activity and enhanced public safety initiatives.
- Supplies decreased due to significant reductions in the IT supply budget, as well as 2019-2020 one-time investments in the General Fund.
- Capital Outlay decreased due to a new replacement rate model that better anticipates which vehicles may be kept beyond their expected life. There was also a significant decrease in vehicles purchased with service packages from 2019-2020 to 2021-2022.
- Interfund transfers decreased due to lower debt service transfers and lower transfers to reserves in the General Fund. There was also a large reduction in CIP projects funded from the 2012 Parks Levy Fund.
- Reserves increased due to contributions in the Fleet and Facilities Funds.

Analysis of Change

Category	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries & Wages	107,288,335	116,149,469	118,808,308	124,720,081	4.98%
Benefits	43,394,480	49,285,047	51,877,431	56,626,656	9.15%
Supplies	5,792,597	7,211,781	7,640,067	5,969,960	-21.86%
Other Services & Charges	69,201,108	80,780,669	80,914,797	81,617,946	0.87%
Intergovernmental Services	11,302,093	9,703,162	10,181,458	9,600,520	-5.71%
Capital Outlay	4,734,646	4,574,353	10,024,065	5,964,719	-40.50%
Interfund Transfers	31,418,482	29,784,927	31,196,539	18,024,301	-42.22%
Reserves*	53,162,034	76,095,826	76,095,826	83,090,079	9.19%
Category Total	326,293,776	373,585,234	386,738,489	385,614,262	-0.29%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

CITY OF KIRKLAND

2021-2022 Budget

General Government Operating Expenditure Summary Across Funds

By Program

Program	General Fund	Lodging Tax Fund	Street Operating	Cemetery Operating	Parks Maintenance	Parks Levy Fund	Health Benefits	Equipment Rental	Information Technology	Facilities Fund	Expenditure Total
General Government	64,802,279	-	-	-	-	-	-	27,180,246	16,492,891	17,343,539	125,818,955
Public Safety	132,812,440	-	-	-	-	-	-	-	-	-	132,812,440
Transportation	17,613,538	-	23,257,400	-	-	-	-	-	-	-	40,870,938
Culture & Recreation	21,477,151	835,170	-	-	4,026,546	7,170,968	-	-	-	-	33,509,835
Other Services	28,793,234	-	-	1,314,279	-	-	22,494,581	-	-	-	52,602,094
Fund Total	265,498,642	835,170	23,257,400	1,314,279	4,026,546	7,170,968	22,494,581	27,180,246	16,492,891	17,343,539	385,614,262

By Department

Department	General Fund	Lodging Tax Fund	Street Operating	Cemetery Operating	Parks Maintenance	Parks Levy Fund	Health Benefits	Equipment Rental	Information Technology	Facilities Fund	Expenditure Total
City Council	1,120,233	-	-	-	-	-	-	-	-	-	1,120,233
City Manager's Office	5,736,986	835,170	-	-	-	-	-	-	-	17,036,390	23,608,546
Human Resources	3,497,795	-	-	-	-	-	-	-	-	-	3,497,795
City Attorney's Office	2,559,057	-	-	-	-	-	-	-	-	-	2,559,057
Finance & Administration	12,322,048	-	-	1,216,903	-	-	-	-	-	-	13,538,951
Non-Departmental	22,602,899	-	-	-	-	-	22,494,581	-	-	-	45,097,480
Reserves*	35,181,728	-	-	-	-	-	-	-	-	-	35,181,728
Public Works	17,613,538	-	23,257,400	-	-	-	-	27,180,246	-	307,149	68,358,333
Parks	20,961,637	-	-	97,376	4,026,546	7,170,968	-	-	-	-	32,256,527
Planning & Building	22,923,603	-	-	-	-	-	-	-	-	-	22,923,603
Municipal Court	5,488,842	-	-	-	-	-	-	-	-	-	5,488,842
Police	65,597,570	-	-	-	-	-	-	-	-	-	65,597,570
Fire	49,892,706	-	-	-	-	-	-	-	-	-	49,892,706
Information Technology	-	-	-	-	-	-	-	-	16,492,891	-	16,492,891
Fund Total	265,498,642	835,170	23,257,400	1,314,279	4,026,546	7,170,968	22,494,581	27,180,246	16,492,891	17,343,539	385,614,262

* Reserves are budgeted, but not spent

CITY OF KIRKLAND
2021-2022 Budget
General Government Operating Expenditure Summary Across Funds

By Category

Category	General Fund	Lodging Tax Fund	Street Operating	Cemetery Operating	Parks Maintenance	Parks Levy Fund	Health Benefits	Equipment Rental	Information Technology	Facilities Fund	Expenditure Total
Salaries & Wages	108,460,217	129,534	3,664,274	-	1,378,442	2,256,343	-	1,387,697	6,129,327	1,314,247	124,720,081
Benefits	48,514,761	73,927	2,117,882	-	780,985	1,126,289	-	699,303	2,669,611	643,898	56,626,656
Supplies	2,276,330	1,000	976,838	35,000	157,590	281,800	1,000	1,435,796	440,422	364,184	5,969,960
Other Services & Charges	44,452,775	389,159	7,306,165	129,049	952,955	1,240,512	17,330,330	1,128,928	5,152,967	3,535,106	81,617,946
Intergovernmental Services	9,410,286	-	3,200	200	1,700	-	6,580	178,554	-	-	9,600,520
Capital Outlay	30,000	-	40,000	14,400	-	-	-	5,845,319	35,000	-	5,964,719
Interfund Transfers	7,863,701	-	7,766,000	-	-	1,000,000	-	-	-	1,394,600	18,024,301
Reserves*	44,490,572	241,550	1,383,041	1,135,630	754,874	1,266,024	5,156,671	16,504,649	2,065,564	10,091,504	83,090,079
Fund Total	265,498,642	835,170	23,257,400	1,314,279	4,026,546	7,170,968	22,494,581	27,180,246	16,492,891	17,343,539	385,614,262

* Reserves are budgeted, but not spent



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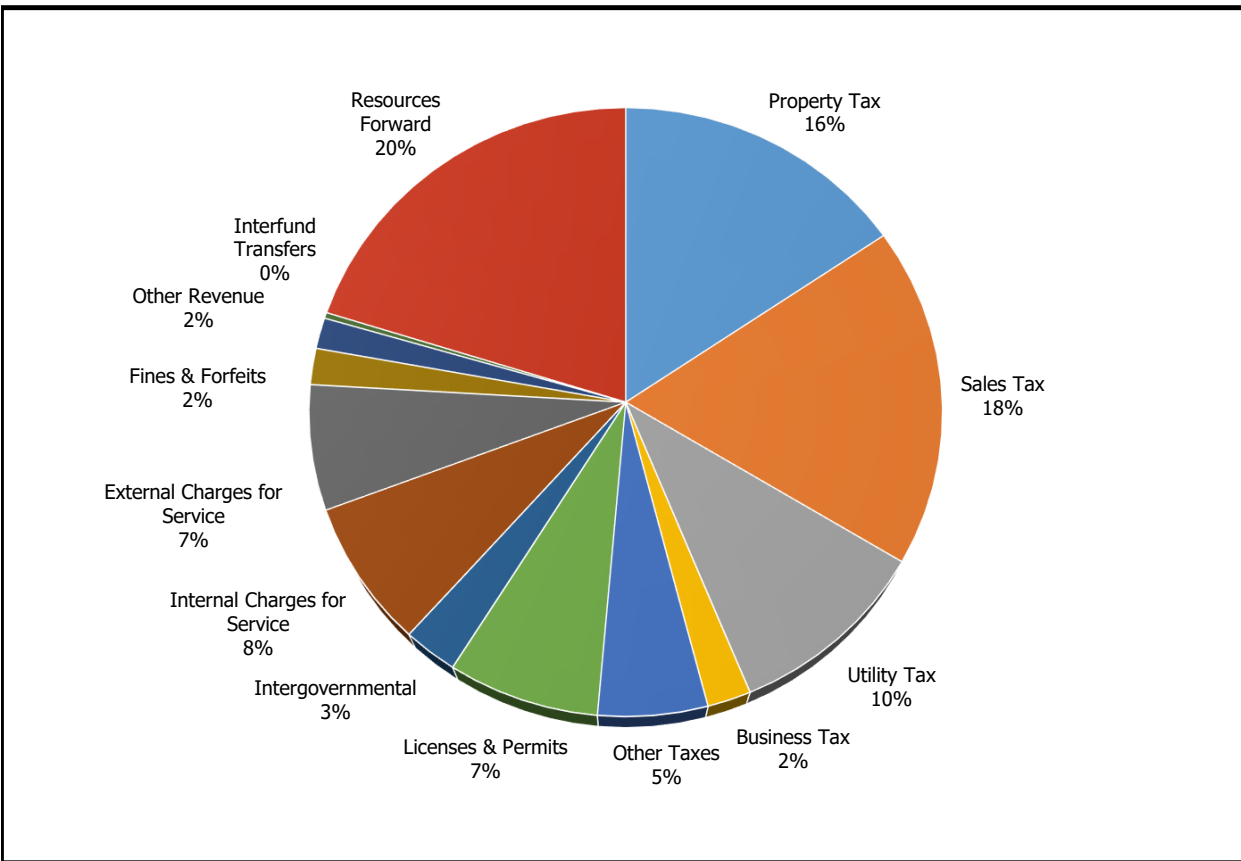
The General Fund is the primary operating fund of the City. The General Fund is used to account for resources traditionally associated with government which are not required by law or by sound financial management practice to be accounted for in another fund.

GENERAL FUND REVENUE SUMMARY



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CITY OF KIRKLAND
2021-2022 Budget
General Fund Revenue Summary
\$265,498,642



Taxes comprise 51.4% of all General Fund revenues, with sales tax being the single largest revenue, closely followed by property tax. Taxes are a general purpose revenue source which are used to support basic government services such as public safety and park maintenance. Internal charges for service reflect payments from other operating funds primarily for general administration, engineering, and billing services provided "in-house." Resources forward represents the beginning fund balance for the General Fund and is composed primarily of an operating reserve and unreserved working capital. In addition, resources forward is used to fund one-time service packages.

CITY OF KIRKLAND
2021-2022 Budget
General Fund Revenue Summary: By Revenue Type

Revenue Type	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Property Tax	37,182,183	39,573,251	39,570,929	41,372,782	4.55%
Sales Tax					
General Sales Tax	46,658,818	50,524,293	47,107,537	47,865,120	1.61%
Annexation Sales Tax Credit	8,466,237	9,406,731	8,370,000	2,467,500	-70.52%
Criminal Justice	5,008,914	5,231,629	5,130,423	4,956,280	-3.39%
Utility Taxes					
Electric	7,660,500	7,266,084	8,096,522	7,337,245	-9.38%
Gas	2,733,079	2,718,405	2,637,271	2,951,333	11.91%
Television Cable	3,042,096	2,728,635	2,610,599	2,528,008	-3.16%
Telephone	4,556,011	3,110,981	3,746,292	2,204,096	-41.17%
Water	3,152,037	3,216,562	3,317,470	3,428,161	3.34%
Sewer	2,835,404	2,921,383	3,003,056	3,114,219	3.70%
Garbage	3,539,479	3,685,560	3,465,530	3,858,277	11.33%
Surface Water	1,498,464	1,563,835	1,570,079	1,601,200	1.98%
Admissions Tax	179,223	135,912	170,726	89,071	-47.83%
Revenue Gen. Reg. Tax	6,131,370	6,137,475	6,121,953	5,747,004	-6.12%
Gambling & Other Taxes	3,086,643	6,236,727	6,104,925	6,898,992	13.01%
Total Taxes	135,730,458	144,457,464	141,023,312	136,419,288	-3.26%
Building and Structural	10,965,891	10,786,932	10,109,746	8,823,389	-12.72%
Franchise Fees	7,988,488	7,990,334	7,710,613	8,057,771	4.50%
Business and Other	3,339,033	3,543,812	3,052,407	3,103,594	1.68%
Total Licenses and Permits	22,293,413	22,321,079	20,872,766	19,984,754	-4.25%
Liquor Taxes	2,284,309	2,460,257	2,335,000	2,460,513	5.38%
Marijuana Taxes	350,872	342,218	289,071	285,347	-1.29%
Grants & Other Intergov.	1,594,697	9,941,489	5,892,227	4,475,955	-24.04%
Total Intergovernmental	4,229,878	12,743,965	8,516,298	7,221,815	-15.20%
Planning Fees	5,030,618	5,271,209	4,577,345	2,904,156	-36.55%
Plan Check Fees	5,108,953	4,288,252	2,794,767	3,500,000	25.23%
Engineering Dev. Fees	5,126,457	3,388,040	4,389,224	3,684,870	-16.05%
Recreation Charges	3,186,510	2,003,168	3,208,500	2,527,738	-21.22%
Internal Charges	15,423,685	16,419,863	17,806,095	20,360,686	14.35%
EMS & Transport Fees	3,493,894	4,217,766	4,711,098	3,757,421	-20.24%
Other Charges	1,481,297	1,466,694	1,256,480	1,214,954	-3.30%
Total Charges for Services	38,851,413	37,054,991	38,743,509	37,949,825	-2.05%
Fines and Forfeits	2,993,693	3,321,162	3,653,676	5,107,724	39.80%
Miscellaneous	7,630,730	6,679,700	3,498,400	4,362,722	24.71%
Interfund Transfers	498,003	1,147,146	1,519,100	819,002	-46.09%
Resources Forward	33,862,139	46,002,175	51,114,753	53,633,512	4.93%
General Fund Total	246,089,726	273,727,682	268,941,814	265,498,642	-1.28%

**City of Kirkland
2021-2022 Budget
General Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Taxes						
Prop Tax	311101	37,182,183	39,573,251	39,570,929	41,372,782	4.55%
Rtl Sales Use Tax	313111	46,658,818	50,524,293	47,107,537	47,865,120	1.61%
Annex Sales Tx	313121	8,466,237	9,406,731	8,370,000	2,467,500	-70.52%
Spec Purpose Tx Public Safety	313150	-	3,698,794	3,183,534	3,921,998	23.20%
GF - Affrdbl Spprtvs Hsng UseTx	313270	-	615	-	423,336	0.00%
Brok Nat Gax Tax	313611	5,063	5,929	5,362	5,362	0.00%
Criminal Justice Loc Tax	313711	5,008,914	5,231,629	5,130,423	4,956,280	-3.39%
Rev Gen Reg License	316101	5,921,948	5,916,662	6,121,953	5,610,204	-8.36%
Rev Gen Bus Lic Prior Yr	316102	209,423	220,813	-	136,800	0.00%
Electric Utility Tax	316411	7,660,500	7,266,084	8,096,522	7,337,245	-9.38%
Gas Utility Tax	316431	2,733,079	2,718,405	2,637,271	2,951,333	11.91%
TV Cable-Private	316461	3,042,096	2,728,635	2,610,599	2,528,008	-3.16%
Telephone Utility Tax	316471	4,556,011	3,110,981	3,746,292	2,204,096	-41.17%
Telep Util Tax Audit	316472	-	-	-	-	0.00%
Water Cus Utility Tx	316481	3,152,037	3,216,562	3,317,470	3,428,161	3.34%
Sewer Cus Utility Tx	316482	2,835,404	2,921,383	3,003,056	3,114,219	3.70%
Sld Waste Utility Tx	316483	3,539,479	3,685,560	3,465,530	3,858,277	11.33%
SW Cus Util Tx	316484	1,498,464	1,563,835	1,570,079	1,601,200	1.98%
Pnch Bds Pull Tb	316811	492,395	384,205	434,738	386,949	-10.99%
Bingo and Raffle	316821	4,929	6,597	3,446	6,643	92.77%
Amusement Games	316831	3,248	2,402	2,506	2,378	-5.11%
Card Games	316841	2,419,975	1,979,503	2,336,921	1,993,644	-14.69%
Leasehold Excise	317201	161,032	158,682	138,418	158,682	14.64%
Admissions Tax	318111	179,223	135,912	170,726	89,071	-47.83%
Total for Taxes		135,730,458	144,457,464	141,023,312	136,419,288	-3.26%
License and Permits						
Cabaret License	321703	225	-	250	250	0.00%
Amusement License	321709	100	-	-	-	0.00%
Franchise Fees	321911	7,988,488	7,990,334	7,710,613	8,057,771	4.50%
Comm Registrtn/Permit Fees	321912	11,400	2,700	-	-	0.00%
Business License Fee	321991	1,570,163	1,396,949	1,025,705	1,285,293	25.31%
Business Lic Fee Prior Yr	321992	188,515	103,552	190,000	64,045	-66.29%
Building Permit	322101	6,850,059	6,751,162	6,680,728	5,631,999	-15.70%
Plumbing Permit	322102	762,226	598,928	950,000	480,000	-49.47%
Clear Grade Permit	322103	14,025	13,340	13,300	9,600	-27.82%
Side Sewer Permit	322104	238,357	201,690	180,000	180,000	0.00%
Mechanical Permit	322105	1,281,421	1,417,540	950,000	1,062,000	11.79%
Sign Permit	322106	52,761	60,014	38,000	48,100	26.58%
Electric Permit	322107	1,747,228	1,702,310	1,140,000	1,280,000	12.28%
House Moving Permit	322109	5,265	4,221	2,280	2,280	0.00%
Animal License	322301	227,910	395,785	504,000	415,000	-17.66%
Street Curb Permit	322401	726,277	631,946	590,000	604,000	2.37%
Sidewalk Permit	322402	25,704	8,449	21,362	22,000	2.99%
Alarm Registration	322900	166,385	167,091	205,314	170,000	-17.20%
Fireworks Permits	322901	(25)	-	-	-	0.00%
Fire Alarm Permit	322902	138,570	280,126	143,112	150,644	5.26%
C Weapon Permit	322903	31,589	26,388	22,000	26,400	20.00%
Other License Permit	322905	18,192	11,455	22,000	20,000	-9.09%
Fire Sprinkler	322906	212,684	486,319	286,739	301,830	5.26%
Fire System-Other	322907	21,344	32,552	41,925	44,132	5.26%
Pub Prop Permit	322911	-	500	-	-	0.00%
IFC Requiring Re	322913	11,349	36,026	78,700	62,000	-21.22%
IFS Not Requiring	322914	3,052	1,369	70,750	62,000	-12.37%
Total for License and Permits		22,293,263	22,320,747	20,866,778	19,979,344	-4.25%
Intergovernmental Revenue						
GF - COVID19 Non Grant Assist	332921	-	20,753	-	-	0.00%
Medicare/caid Emer Med Transp	332934	252,948	4,456,245	2,257,325	2,692,204	19.27%

**City of Kirkland
2021-2022 Budget
General Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
IFS Other	322915	150	332	5,988	5,410	-9.65%
Equi Shar Fed Forfeited Prop	332210	-	12,429	-	-	0.00%
GG - Ind Fed DoJ MEC	333166	-	1,880	-	-	0.00%
Indr Fed CBDG/Entitlement	333142	128,756	151,190	134,748	155,724	15.57%
Indr Federal Hwy Plng	333202	120,260	-	-	-	0.00%
GF-Ind Fed FTA	333205	-	52,585	-	-	0.00%
Indr Federal DOT Traffic	333206	3,268	7,256	-	-	0.00%
Ind Federal NHTSA Sa	333207	2,685	6,737	-	-	0.00%
GF - Ind Fed Treasury Grant	333210	-	4,002,300	2,668,200	-	-100.00%
Ind Fed Hmlnd Sec Prep Threats	333970	-	1,248	-	-	0.00%
Indr Fed EMPG	333974	82,075	48,285	89,583	97,782	9.15%
Indr Fed Homeland Security	333975	5,991	-	-	-	0.00%
Indr Fed Homeland Security	333976	8,419	80,000	-	-	0.00%
CJTC WASPC Grant	334011	8,814	184,610	160,000	160,000	0.00%
Other Judicial Agency Grant	334012	20,128	18,540	-	-	0.00%
WA State Patrol	334013	3,600	-	-	-	0.00%
WA St Military Grant	334018	114,896	-	-	-	0.00%
Dept of Natural Resources	334023	220,898	18,126	-	-	0.00%
Dept of Ecology	334031	7,100	17,900	-	-	0.00%
Dept of Transportation	334036	61,437	21,357	-	-	0.00%
CTR Grants-COK Programs	334037	-	-	16,000	16,000	0.00%
Commute Trip Reduction Grant	334039	18,769	-	-	-	0.00%
Comm Trade Econo	334042	-	45,000	150,000	-	-100.00%
Dept of Health	334049	2,492	2,526	-	-	0.00%
SST Mitigation	336009	109,195	-	-	-	0.00%
Judical Contribution	336012	44,318	43,202	44,032	43,072	-2.18%
Crime Jus-Spc Program	336026	178,763	196,872	194,100	216,677	11.63%
Violent Crimes	336062	49,409	54,635	58,900	60,742	3.13%
Marijuana Excise Tax	336063	254,289	264,013	204,599	201,265	-1.63%
Marijuana Enforcement	336064	21,672	-	-	-	0.00%
DUI Distribution	336065	25,502	23,571	25,572	23,340	-8.73%
Liquor Excise	336094	856,114	1,021,099	914,200	1,038,964	13.65%
Liquor Board Profit	336095	1,428,194	1,439,158	1,420,800	1,421,549	0.05%
Other KC Grants	337081	78,774	139,142	48,239	909,496	1785.40%
Port of Seattle	337092	121,110	97,500	130,000	185,000	42.31%
Indr Fed FEMA	333973	-	315,805	-	-	0.00%
Total for Intergovernmental Revenue		4,230,028	12,744,297	8,522,286	7,227,225	-15.20%
Charges for Goods and Services						
Civil Filing	341221	269	51	400	60	-85.00%
Court Records	341322	50	40	-	-	0.00%
Court Administration Fees	341331	17,998	14,966	17,000	13,700	-19.41%
Court Svcs	341491	138,876	124,555	162,000	113,000	-30.25%
Court Copy Fees	341621	2,385	2,020	2,000	1,600	-20.00%
Public Disclosure	341705	557	296	-	-	0.00%
Sales Merch NonTx	341750	259	431	500	500	0.00%
Recording Fee	341811	116,998	156,266	89,460	100,954	12.85%
Engineer Develop	341820	3,868,163	2,171,335	3,247,824	2,516,000	-22.53%
Public Defender Contract	341950	250	-	-	-	0.00%
Interfund-Accounting	341960	2,231,195	1,935,764	1,935,764	2,484,521	28.35%
Interfund City OH	341961	4,639,517	5,106,063	5,115,547	6,094,711	19.14%
Interfund-Gen	341963	414,439	479,425	321,990	321,640	-0.11%
Interfund-Engineering	341965	631,024	624,868	641,126	607,083	-5.31%
Interfund Eng-CIP	341966	6,045,083	6,762,907	7,560,773	8,902,447	17.75%
Interfund Eng-Dev	341967	681,697	763,161	763,161	580,000	-24.00%
Interfund-Planning	341970	127,803	152,265	142,663	146,650	2.79%
Gen Government Svcs	341971	460,056	443,025	998,828	1,033,634	3.48%
Passport Fees	341991	192,620	152,385	326,243	190,000	-41.76%
Law Enforcement Svcs	342101	11,278	8,379	5,200	5,200	0.00%
Warrants Served	342140	3,476	-	5,000	-	-100.00%

**City of Kirkland
2021-2022 Budget
General Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Fire Prot Svc	342210	286,787	148,532	147,000	132,300	-10.00%
EMS	342211	2,079,780	2,401,934	2,463,787	2,672,767	8.48%
Adult Probation	342331	657,317	634,054	600,000	581,000	-3.17%
Electronic Home Det	342361	88,238	72,182	144,000	131,940	-8.38%
Detention Jail Svc	342364	21,088	61,461	15,120	105,600	598.41%
Booking Fees	342371	28,710	17,292	40,000	17,200	-57.00%
Protective Inspection	342401	440	507	800	800	0.00%
DUI Emerg Resp	342501	20,502	12,498	28,000	11,100	-60.36%
GF Disaster Preparation Svcs	342502	-	750	-	-	0.00%
Emergency Transportation	342600	1,414,114	1,815,832	2,247,311	1,084,654	-51.74%
DUI Emergency Aid	342601	(167)	-	-	-	0.00%
ResStrmErosFee	343191	464,953	395,164	446,000	419,150	-6.02%
Storm Water Drainage Rpt	343192	634,314	675,157	570,000	615,128	7.92%
Residential Water Sales	343401	(25)	-	-	-	0.00%
Multi-Family Water	343403	(144)	-	-	-	0.00%
PW Deposit Administration	344111	86,805	82,664	76,000	80,976	6.55%
Traffic Contribution Revenue	344130	7,366	10,979	4,000	7,616	90.40%
Park Standby Revenue Fee	344131	6,039	3,360	-	-	0.00%
Anml Cntrl Shelter Svcs Bond	345230	3,141	530	-	-	0.00%
PCD Official Mods	345810	76,568	61,007	80,000	60,000	-25.00%
Subdivision Fee	345811	26,011	-	24,600	24,600	0.00%
Accessory Dwelling Unit	345812	(1,612)	-	-	-	0.00%
Street Fee inLieu	345816	-	283,607	37,924	-	-100.00%
Fee In Lieu Tree	345817	21,350	8,500	2,000	15,000	650.00%
Permit Appeal	345819	1,532	1,817	904	904	0.00%
PCD Dir Mods	345821	17,986	13,247	14,000	10,000	-28.57%
Other PCD Official	345825	144,643	239,794	100,000	150,000	50.00%
Other PCD Dir	345826	89,470	61,444	100,000	70,000	-30.00%
Process IIA Rev	345827	595,655	533,415	939,343	600,000	-36.13%
Process IIA Rev	345828	100,248	20,025	80,000	40,000	-50.00%
Process IIB&III	345829	148,037	88,075	167,580	120,000	-28.39%
Design Board Rev	345830	302,270	237,683	299,000	300,000	0.33%
Plan Check Fee	345831	5,108,953	4,288,252	2,794,767	3,500,000	25.23%
Energy Code Fee	345832	184,134	149,201	152,000	107,000	-29.61%
Electric Plan Review	345833	155,204	163,193	152,000	128,000	-15.79%
Fire Plan Review	345835	483,437	438,042	406,600	385,200	-5.26%
Expedited Review	345836	54,404	38,647	68,400	58,000	-15.20%
Planning 3rd Party Revenue	345837	56,793	24,865	40,000	40,000	0.00%
Short Plat Rec Revenue	345839	85,198	87,728	60,000	60,000	0.00%
Affordable Housing	345840	1,365,985	1,804,302	1,036,542	-	-100.00%
Park Impact Fees	345852	-	-	-	-	0.00%
SEPA Appeal	345861	219	678	452	452	0.00%
SEPA Tnsp Rv Fee	345862	58,986	49,381	41,400	46,000	11.11%
Concurrent Review	345890	47,154	29,727	24,000	24,000	0.00%
MBP Svc Fee	345891	875,166	793,414	620,000	520,000	-16.13%
Environment Review Fee	345892	51,918	45,120	30,000	40,000	33.33%
Compensation Plan Request	345894	4,345	23,536	2,000	11,000	450.00%
Zoning Vrfc Ltrr	345895	5,142	8,402	-	-	0.00%
Plan Pre-Sub Mtg	345896	139,361	115,740	140,000	140,000	0.00%
Rd Imp-Indr Calc	345898	-	-	4,000	-	-100.00%
Pool Admissions	347301	170,058	-	-	-	0.00%
Boat Launch Fees	347303	66,262	-	-	-	0.00%
GF-Pool Admission Fee	347350	-	90,466	180,000	180,000	0.00%
GF-Marina Boat Launch Fee	347351	-	67,783	60,000	70,000	16.67%
Special Event Admissions	347401	3,658	-	-	-	0.00%
GF-Rec Event Admission Fee	347490	-	5,873	8,000	-	-100.00%
Open Gym Fees	347601	84	-	-	-	0.00%
Recreation Sports	347602	621,649	-	-	-	0.00%
Team Sports	347603	125,098	-	-	-	0.00%
Physical Fitness	347604	95,722	-	-	-	0.00%

**City of Kirkland
2021-2022 Budget
General Fund Revenues**

		2017-2018	2019-2020	2019-2020	2021-2022	Percent
	Object	Actual	Estimate	Budget	Budget	Change
Tennis Badminton	347605	4,128	-	-	-	0.00%
Day Camp	347606	305,361	-	-	-	0.00%
Aquatics	347607	529,633	-	-	-	0.00%
Misc Rec Instruction	347608	116,757	-	-	-	0.00%
Prscl NKCC Program	347609	487,809	-	-	-	0.00%
Rec Education Classes	347610	208,679	-	-	-	0.00%
Van Trips	347615	33,523	-	-	-	0.00%
Misc Youth Program	347616	260,460	-	-	-	0.00%
Open Gym	347617	8,826	1,523	-	-	0.00%
After School Program	347618	98,445	-	-	-	0.00%
GF-Rec 50 General Programs	347650	-	79,878	129,400	96,831	-25.17%
GF-Senior Trips	347651	-	16,443	46,000	13,868	-69.85%
GF-Aquatics Programs	347660	-	218,777	420,000	358,036	-14.75%
GF-Aquatics Swim Team	347661	-	40,292	77,200	63,888	-17.24%
GF-Aquatic Private Lessons	347662	-	4,052	-	17,856	0.00%
GF-Adult Sports	347670	-	77,168	140,000	127,000	-9.29%
GF-Adult Fitness	347671	-	58,347	140,000	62,820	-55.13%
GF-Adult General Programs	347672	-	58,186	72,000	84,346	17.15%
GF-Youth Sports	347680	-	83,757	106,000	87,502	-17.45%
GF-Preschool Sports	347681	-	101,714	172,000	112,990	-34.31%
GF-Youth Camp	347682	-	538,796	728,000	671,059	-7.82%
GF-Preschool General Programs	347683	-	275,265	494,000	318,223	-35.58%
GF-Youth General Programs	347684	-	58,076	264,000	68,694	-73.98%
GF-After School Program	347685	-	188,480	130,800	155,725	19.06%
Advertising	347902	5,072	-	-	-	0.00%
Program Fees	347903	5,980	-	-	-	0.00%
Parks Cancel Fee	347904	18,416	-	-	-	0.00%
Special Event Svc	347911	20,889	-	-	-	0.00%
GF-Advertising	347940	-	5,716	3,500	3,500	0.00%
GF-Rec Community Events	347945	-	2,605	3,600	3,400	-5.56%
GF-Special Event Services	347950	-	12,554	20,000	18,000	-10.00%
GF-Rec Cancel/Admin Fee	347999	-	17,415	14,000	14,000	0.00%
Intrfrnd Engineering-CIP Supprt	349320	83,097	211,885	-	-	0.00%
Total for Charges for Goods and Services		38,851,413	37,054,991	38,743,509	37,949,825	-2.05%
Fines and Forfeits						
Mandatory Insurance Co	352301	10,463	4,922	10,266	4,600	-55.19%
Boating Safety Infractions	352400	101	-	-	-	0.00%
Traffic Infraction Penalty	353101	559,314	436,447	580,000	406,000	-30.00%
Distracted Driving Prevention	353105	191	16	-	-	0.00%
School Zone Penalty	353109	-	1,025,527	674,651	2,286,800	238.96%
Non-Traffic	353701	2,687	4,212	928	4,000	331.03%
Pkg Infraction Penalty	354101	1,242,293	1,206,682	1,588,852	1,750,000	10.14%
DUI Fines	355201	84,618	72,780	120,000	66,000	-45.00%
Crime Traffic Misdemeanor	355801	180,623	121,590	178,576	111,000	-37.84%
Other Non-Traffic	356901	42,620	22,486	45,544	20,300	-55.43%
Domestic Violence Penlty Ass	356908	4,059	2,442	3,600	2,300	-36.11%
Other Non-Traf Prostitution	356913	80	32	-	-	0.00%
Criminal Conviction	356914	584	-	-	-	0.00%
Court Cost Recoupment	357310	59	-	-	-	0.00%
Public Defender	357330	105,982	82,950	100,000	76,000	-24.00%
Warrants Served	357340	1,265	1,801	-	-	0.00%
Court Interpreter Recoupment	357350	-	5,909	-	-	0.00%
Business License Penlty	359201	532,085	175,959	172,000	220,654	28.29%
Bus Tax Penalty	359202	971	158	584	70	-88.01%
Misc Fines	359901	6,329	3,506	-	-	0.00%
Code Enforcement	359902	100,719	53,067	60,000	60,000	0.00%
False Alarm Penalty	359903	118,650	100,675	118,675	100,000	-15.74%
Total for Fines and Forfeits		2,993,693	3,321,162	3,653,676	5,107,724	39.80%

**City of Kirkland
2021-2022 Budget
General Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Miscellaneous Revenues						
Investment Interest	361111	-	-	5,000	-	-100.00%
Inv-Int Dedicatd	361112	2,487,842	4,690,666	1,773,410	2,570,761	44.96%
Interest Sales Tax	361401	171,953	184,337	160,000	160,000	0.00%
Moorage Rental	362401	231,567	-	-	-	0.00%
SR Center Facility Rent	362402	94,940	-	-	-	0.00%
NKCC Rental	362403	47,505	-	-	-	0.00%
Park Facility Rentals	362405	283,055	3,839	(24,750)	-	-100.00%
Locker Rental	362406	31	-	-	-	0.00%
Other Park Rental	362407	47,567	-	-	-	0.00%
GF-Juanita Market Stall Rntl	362445	-	26,105	36,000	32,000	-11.11%
GF-Marina Moorage Rental	362450	-	255,252	222,000	262,000	18.02%
GF-Rentals PKCC	362452	-	48,608	72,000	36,000	-50.00%
GF-Rentals NKCC	362454	-	38,245	34,000	16,000	-52.94%
GF-Rentals Park Fields Courts	362456	-	71,100	94,000	106,116	12.89%
GF-Rentals Othr Park Fac	362458	-	125,636	161,850	178,310	10.17%
GF-Rentals Pool and Locker	362460	-	77,358	30,600	44,000	43.79%
Facility Leases Other	362502	315,753	311,217	268,428	272,858	1.65%
Tour Dock LT	362505	63,942	-	-	-	0.00%
GF-Marina Commercial Lease	362550	-	62,204	60,000	40,001	-33.33%
House Rental	362601	121,073	142,086	121,320	135,076	11.34%
Concession NoLET	362801	3,400	-	-	-	0.00%
Concession LET	362802	89,752	-	-	-	0.00%
GF-Concession Proceeds Non LET	362850	-	3,758	24,700	4,100	-83.40%
GF- Concession Proceed LET	362852	-	50,224	51,000	70,000	37.25%
Contribution Donation	367000	251,062	133,974	96,500	150,000	55.44%
Sales of Surplus	369101	14,315	2,296	-	-	0.00%
Unclaimed Property	369201	13,151	6,354	8,000	8,000	0.00%
Confiscated Prop	369301	19,852	15,308	11,500	11,500	0.00%
Other Judgements	369401	57,588	-	-	-	0.00%
Cash Over Short	369811	112	1,110	-	-	0.00%
Other Misc Rev	369910	133,542	200,165	109,000	166,000	52.29%
Total for Miscellaneous Revenues		4,448,003	6,449,841	3,314,558	4,262,722	28.61%
Other Financing Sources						
Sale Fixed Asset	395100	2,641,487	83,842	83,842	-	-100.00%
Operating Transfers In	397101	498,003	1,147,146	1,519,100	819,002	-46.09%
Insurance Rec Gen Government	398001	541,240	146,018	100,000	100,000	0.00%
Resources Forward	399991	33,862,139	46,002,175	51,114,753	53,633,512	4.93%
Total for Other Financing Sources		37,542,870	47,379,181	52,817,695	54,552,514	3.28%
Fund Total		246,089,726	273,727,682	268,941,814	265,498,642	-1.28%



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EXPENDITURE SUMMARY

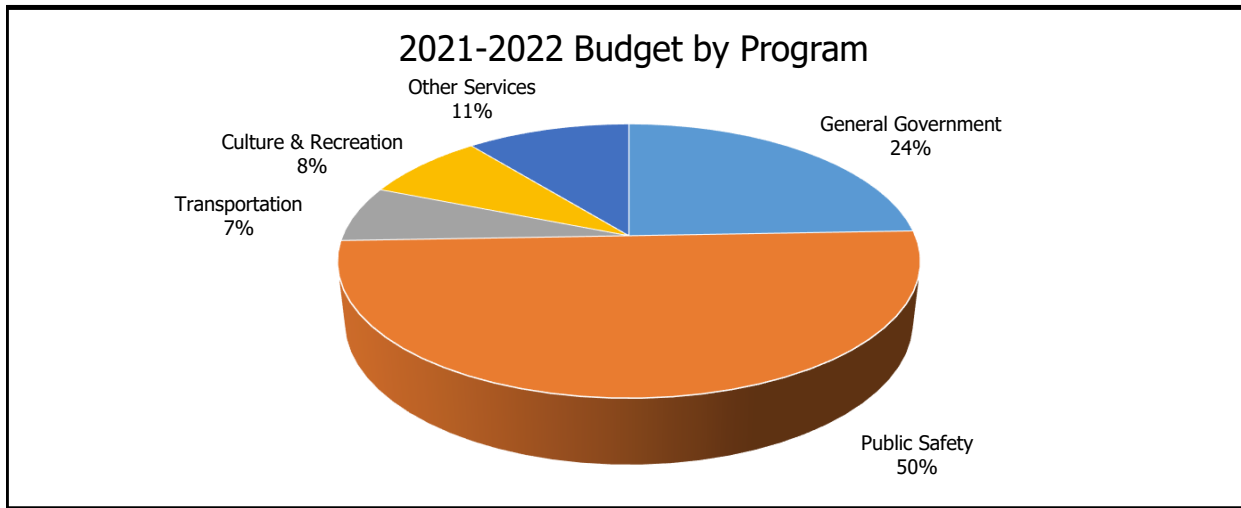


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CITY OF KIRKLAND

2021-2022 Budget

General Fund Expenditure Summary



The General Fund accounts for about 68.9 percent of the City's General Government Operating budget. The majority of the expenditures in the General Fund are devoted to Public Safety (police, fire, and municipal court services), with General Government (legislative, executive, legal, administrative, financial, community planning services, and building inspection services) being the next largest program area.

- Public Safety increased due to increased salary and benefit costs, as well as significant additions in the proposed Community Safety Initiative service package.
- Transportation decreased from a reduction in Public Works one-time service packages and the end of the Walkable Kirkland program.
- The Other Services budget was reduced due to reserve uses to cover service packages, impacts from COVID-19, and the end of the Annexation Sales Tax Credit.

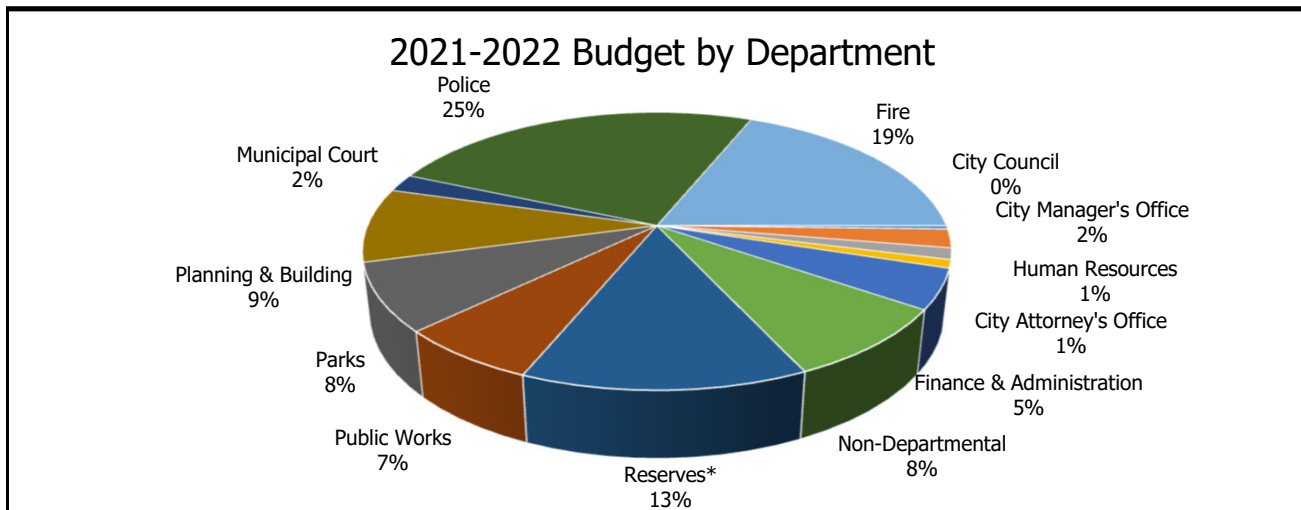
Analysis of Change

Program	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
General Government	59,868,719	62,914,629	63,938,536	64,802,279	1.35%
Public Safety	111,069,304	121,258,500	122,512,385	132,812,440	8.41%
Transportation	14,545,397	17,693,424	19,257,785	17,613,538	-8.54%
Culture & Recreation	17,680,972	19,510,608	20,930,483	21,477,151	2.61%
Other Services	20,059,652	42,726,703	42,310,967	28,793,234	-31.95%
Program Total	223,224,045	264,103,863	268,950,156	265,498,642	-1.28%

CITY OF KIRKLAND

2021-2022 Budget

General Fund Expenditure Summary



The two largest departments in the General Fund are Police and Fire, which provide public safety services. Next is Planning & Building, which is responsible for the City's growth management policies, regulations, and programs. Parks & Community Services is the fourth largest department, and provides recreational and cultural programs, operates/develops the park system and community centers, and provides youth and human services.

- The Police budget increased primarily due to salary and benefit costs rising by \$5.12M. There were also significant increases driven by the proposed body-worn camera service package (\$1.01M), as well as the revenue backed School Zone Safety Camera program.
- Finance & Administration's budget rose from a \$489K increase in salaries and benefits (largely from the addition of 1.0 FTE previously budgeted in the City Manager's Office), a revenue backed increase in credit card fees, and the proposed development fee study service package.
- The drop in the Non-Departmental budget comes from significant working capital use for proposed service packages.
- The Reserve budget decreased from Development Services uses for service packages. The 19-20 Revised Budget also included a one-time \$1.46M settlement agreement payment. This amount was paid from Ground Emergency Medical Transport (GEMT) funds set aside for fire purposes.

Analysis of Change

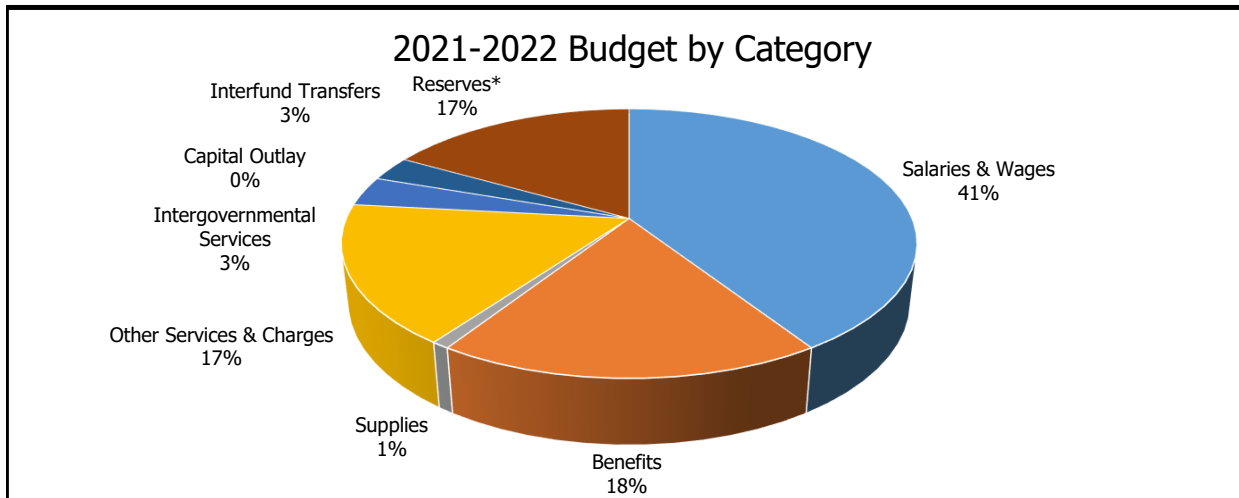
Department	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
City Council	1,040,310	1,161,837	1,162,801	1,120,233	-3.66%
City Manager's Office	5,212,800	5,705,617	5,983,623	5,736,986	-4.12%
Human Resources	3,086,606	3,378,358	3,671,689	3,497,795	-4.74%
City Attorney's Office	2,461,611	2,498,399	2,540,906	2,559,057	0.71%
Finance & Administration	10,536,081	11,559,882	11,455,549	12,322,048	7.56%
Non-Departmental	26,126,402	30,325,455	30,043,371	22,602,899	-24.77%
Reserves*	20,784,187	39,988,765	39,743,720	35,181,728	-11.48%
Public Works	13,745,397	16,893,424	18,457,785	17,613,538	-4.57%
Parks	17,086,412	18,935,281	20,414,885	20,961,637	2.68%
Planning & Building	20,012,006	20,986,649	22,043,746	22,923,603	3.99%
Municipal Court	4,904,962	5,018,986	5,494,433	5,488,842	-0.10%
Police	51,928,196	59,398,803	59,804,709	65,597,570	9.69%
Fire	46,299,075	48,252,408	48,132,939	49,892,706	3.66%
Department Total	223,224,045	264,103,863	268,950,156	265,498,642	-1.28%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

CITY OF KIRKLAND

2021-2022 Budget

General Fund Expenditure Summary



Salaries & Wages and Benefits comprise 59.1 percent of the General Fund budget, with Public Safety representing 59.2 percent of these expenditure categories. Other Services & Charges is the next largest category and is comprised mostly of contracted direct services (such as dispatch, jail and human services), contracted support services (such as consulting, printing, and repairs and maintenance services), and internal charges from one City fund to another (for information technology, fleet, and facilities maintenance).

- Personnel costs (salaries and benefits) are a combination of cost increases for two years and the impact of additional recommended staff to support revenue-backed development activity and enhanced public safety initiatives.
- Supplies and Services decreased due to one-time investments in the prior budget to improve efficiency.
- Reserves decreased slightly due to uses in service packages and to cover the impacts of COVID-19.
- Interfund transfers decreased due to lower debt service transfers and lower transfers to reserves.

Analysis of Change

Category	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries & Wages	92,984,083	100,154,958	102,380,171	108,460,217	5.94%
Benefits	37,394,554	42,102,104	44,126,002	48,514,761	9.95%
Supplies	2,328,355	2,891,988	3,104,729	2,276,330	-26.68%
Other Services & Charges	37,782,655	47,965,100	46,462,382	44,452,775	-4.33%
Intergovernmental Services	11,076,183	9,419,503	9,933,745	9,410,286	-5.27%
Capital Outlay	253,213	35,500	-	30,000	n/a
Interfund Transfers	18,121,579	16,216,447	17,624,864	7,863,701	-55.38%
Reserves*	23,283,424	45,318,263	45,318,263	44,490,572	-1.83%
Category Total	223,224,045	264,103,863	268,950,156	265,498,642	-1.28%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

2021 - 2022 BUDGET ANALYSIS***GENERAL FUND*****ANALYSIS OF CHANGES****2019-20 Approved Budget**

One-Time Adjustments & Carryovers

(30,107,874)

268,950,156*Percent Change Due to One-Time Adjustments & Carryovers**-11.19%***Adjusted Biennial Basis of Comparison for 2019-20 Basic Budget****238,842,282****2021-22 Basic Budget Changes:**

Salaries & Wages

6,050,929

Employee Benefits & Self Insurance Reserve

4,124,312

Information Technology Internal Services

646,528

Professional Services

610,269

NORCOM Rates (Police & Fire)

490,530

Insurance

426,662

CIP Engineering & IT Internal Professional Services

310,864

Facilities Internal Services

292,085

Net Miscellaneous Increases

277,342

Credit Card Fees

213,580

Hydrant Operating Charges

129,675

ARCH Dues

126,139

Election Services

(275,750)

Fleet Internal Services

(1,158,902)

Interfund Transfers Out

(4,825,016)

Total Basic Budget Changes

7,439,247

*Percent Change Due to Basic Budget Changes**2.77%***Subtotal 2021-22 Basic Budget****246,281,529****2021-22 Recommended Service Packages**

2021-22 One-Time Service Packages

16,701,656

2021-22 Ongoing Service Packages

1,232,419

Subtotal Service Package Costs

17,934,075

Expenditure Offsets to Fund Service Packages

(3,121,327)

Net Service Package Costs

14,812,748

*Percent Change Due to Service Packages**5.51%***Subtotal 2021-22 Preliminary Budget Before Reserves****261,094,277****2021-22 Reserve Uses & Contributions**

Change in Revolving Reserves

6,675,925

Change in Working Capital

2,155,934

Change in Policy Operating Reserves

(592,277)

Change in Development Services Reserves

(1,378,617)

Change in Other Operating Reserves

(2,456,600)

Change in Total Reserves

4,404,365

*Percent Change Due to Total Reserves**1.64%***COMPARISON OF 2019-20 BUDGET TO 2021-22 BUDGET****Total 2021-22 Preliminary Budget****(3,451,514)****265,498,642****-1.28%**

GENERAL GOVERNMENT OPERATING RESERVES



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DEPARTMENT OVERVIEW

GENERAL GOVERNMENT OPERATING RESERVES

MISSION

The purpose of General Government Operating Reserves is to account for reserves in the General Fund, which include general purpose reserves as approved by Council, as well as special purpose reserves that are designated for specific uses. Other General Fund reserves, including a general operating contingency, working capital, and Fire and Police LEOFF 1 Pension reserve are located in the Non-departmental section.

DEPARTMENT FUNCTIONS

This department is the accumulation of general and special purpose reserves, along with related special purpose expenditures.

Monies are accumulated over a period of time and used as needed for operating contingencies or specific projects or purposes, which include:

General purpose reserves:

- General Operating Reserve (Rainy Day): unforeseen revenue changes or temporary events
- Revenue Stabilization Reserve: temporary revenue shortfalls
- Council Special Projects Reserve: one-time projects approved by Council
- Building and Property Reserve: property-related transactions

Special purpose reserves and expenditures include:

- Litigation Reserve: outside counsel costs
- Labor Relations Reserve: labor negotiations costs
- Development Services Reserves: revenue/staffing stabilization and technology support/permit system replacement
- Donations for Fire, Police, and Parks
- Equipment and overtime reserves for Fire, Police and Parks
- Other miscellaneous reserves set aside for obligations for specific activities, such as tree ordinance and required monitoring of closed capital projects

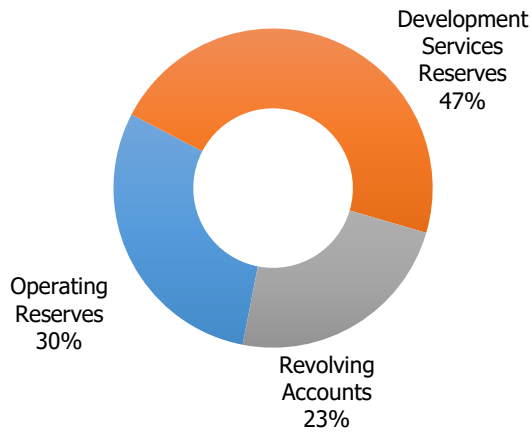
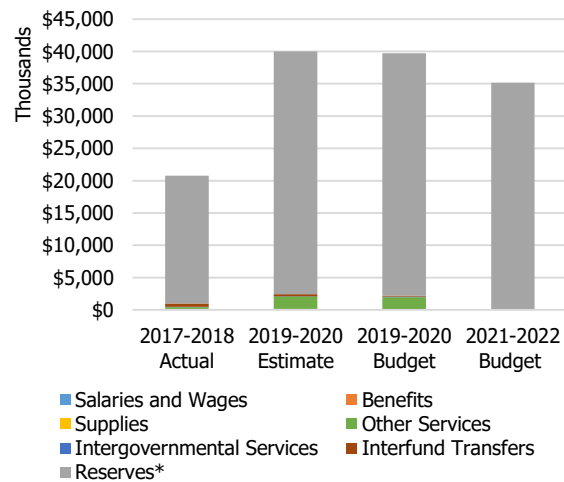
The General Purpose reserves, their targets, and replenishment policies are established in the City's *Fiscal Policies* and adopted by Council resolution.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

- Continue compliance with the adopted Fiscal Policies:
 - General Purpose Reserves were budgeted to be fully funded to targets at the end of the 2019-2020 Budget. These reserves will be reviewed for replenishment to 2021-2022 targets based on available general fund balance at the mid-year adjustment in 2021.

FINANCIAL OVERVIEW

GENERAL GOVERNMENT OPERATING RESERVES

Uses of Funds

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	10,306	96	96	-	-100.00%
Benefits	5,683	2,757	7	-	-100.00%
Supplies	133,428	118,105	114,004	44,600	-60.88%
Other Services	294,590	1,986,186	1,861,347	64,000	-96.56%
Intergovernmental Services	18,155	1,391	80,000	-	-100.00%
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	534,300	335,911	143,948	-	-100.00%
Reserves*	19,787,724	37,544,319	37,544,319	35,073,128	-6.58%
TOTAL	20,784,187	39,988,765	39,743,720	35,181,728	-11.48%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Operating Reserves	10,095,442	10,629,513	10,629,513	10,409,687	-2.07%
Development Services Reserves	8,160,385	25,718,127	25,584,475	16,493,284	-35.53%
Revolving Accounts	2,528,360	3,641,125	3,529,732	8,278,757	134.54%
TOTAL	20,784,187	39,988,765	39,743,720	35,181,728	-11.48%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

NON-DEPARTMENTAL



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DEPARTMENT OVERVIEW

Non-DEPARTMENTAL

MISSION

The purpose of Non-departmental is to account for all expenditures that cannot be specifically designated to any operating department within the General Fund.

DEPARTMENT FUNCTIONS

Examples of expenses in this area include shared paper products, contracts with outside agencies, LEOFF 1 medical payments, and the Employee Transportation Program.

Non-departmental also includes transfers to reserves and debt service funds.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

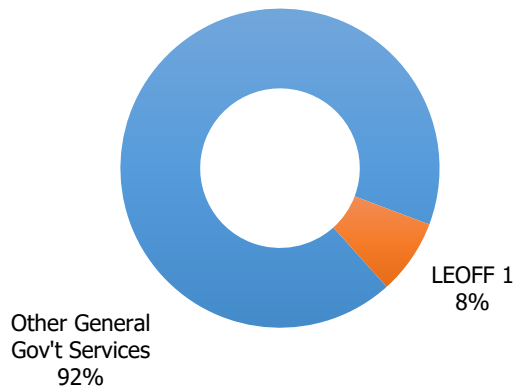
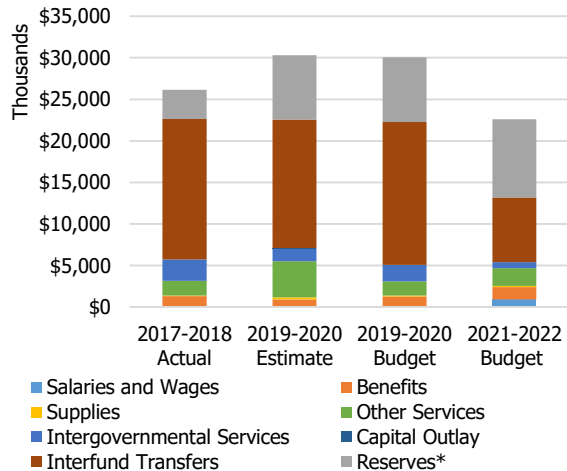
- The Community Safety Initiative service package is highlighted in Non-Departmental as many elements of the initiative have not been assigned to specific departments at the time the Preliminary Budget document was produced. Note: There are some positions in the initiative such as the Park Ranger and the Animal Control Officer whose budgets are included in their respective departments.
- The Community Safety Initiative is designed to help Kirkland become a more equitable city, especially for Black residents, Black business operators and Black visitors. This Community Safety Initiative is focused on implementation of R-5434.

Community Safety Initiative	FTE	Temp	Ongoing	One-time	Total
Diversity Inclusion Initiatives Citywide	-	-	-	250,000	250,000
4.0 Community Safety Responders + 2 Cars	-	4.0	-	1,430,494	1,430,494
Public Safety Community Relations Coordinator	-	1.0	-	317,853	317,853
Police Community Accountability Initiatives	-	-	-	200,000	200,000
Diversity Inclusion Manager Funded by Special Events Coordinator Changed to One-Time (0 FTE Change)	-	-	41,648	4,940	46,588
Police Diversity Recruiting and Retention	-	-	-	100,000	100,000
Fire Diversity Recruiting and Retention	-	-	-	100,000	100,000
MIH Staffing, vehicle, radio, MDT, and equipment	1.0	-	570,656	77,720	648,376
Community Court Pilot	-	-	-	50,000	50,000
Affordable Supportive Housing Use Tax	-	-	-	423,336	423,336
Housing Initiative	-	-	-	150,000	150,000
Police Body-Worn Cameras	-	2.0	-	1,009,289	1,009,289
Park Ranger Position	-	1.0	-	141,719	141,719
PCS Human Services "Option B" Optional Funding - Continued 2019/20 Levels	-	-	-	483,778	483,778
Public Safety Sales Tax Funds for Wellbeing Coordinator	1.0	-	278,321	3,440	281,761
Total:	2.0	8.0	890,625	4,742,569	5,633,194

*The Community Safety Initiative includes 3.0 FTE. In the service package above, the Diversity Inclusion Manager is funded with the Special Event Coordinator changing to temporary.

FINANCIAL OVERVIEW

NON-DEPARTMENTAL

Uses of Funds

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	-	-	-	889,282	n/a
Benefits	1,280,079	893,675	1,271,264	1,500,488	18.03%
Supplies	72,052	272,740	96,000	121,910	26.99%
Other Services	1,788,582	4,349,083	1,688,405	2,165,191	28.24%
Intergovernmental Services	2,573,397	1,534,881	2,018,812	716,163	-64.53%
Capital Outlay	-	35,500	-	-	n/a
Interfund Transfers	16,916,593	15,465,631	17,194,946	7,792,421	-54.68%
Reserves*	3,495,700	7,773,944	7,773,944	9,417,444	21.14%
TOTAL	26,126,402	30,325,455	30,043,371	22,602,899	-24.77%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Other General Gov't Services	24,280,587	28,853,561	28,214,028	20,885,258	-25.98%
LEOFF 1	1,845,815	1,471,894	1,829,343	1,717,641	-6.11%
TOTAL	26,126,402	30,325,455	30,043,371	22,602,899	-24.77%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

2021 - 2022 POSITION SUMMARY

COMMUNITY SAFETY INITIATIVE

POSITION SUMMARY BY CLASSIFICATION

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Diversity Inclusion Manager	0.00	1.00	1.00	6,990 9,019
Mobile Integrated Health Firefighter	0.00	1.00	1.00	8,586
Wellbeing Coordinator	0.00	1.00	1.00	6,113 - 7,193
TOTAL	0.00	3.00	3.00	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Community Safety Initiative	0.00	3.00	3.00
TOTAL	0.00	3.00	3.00



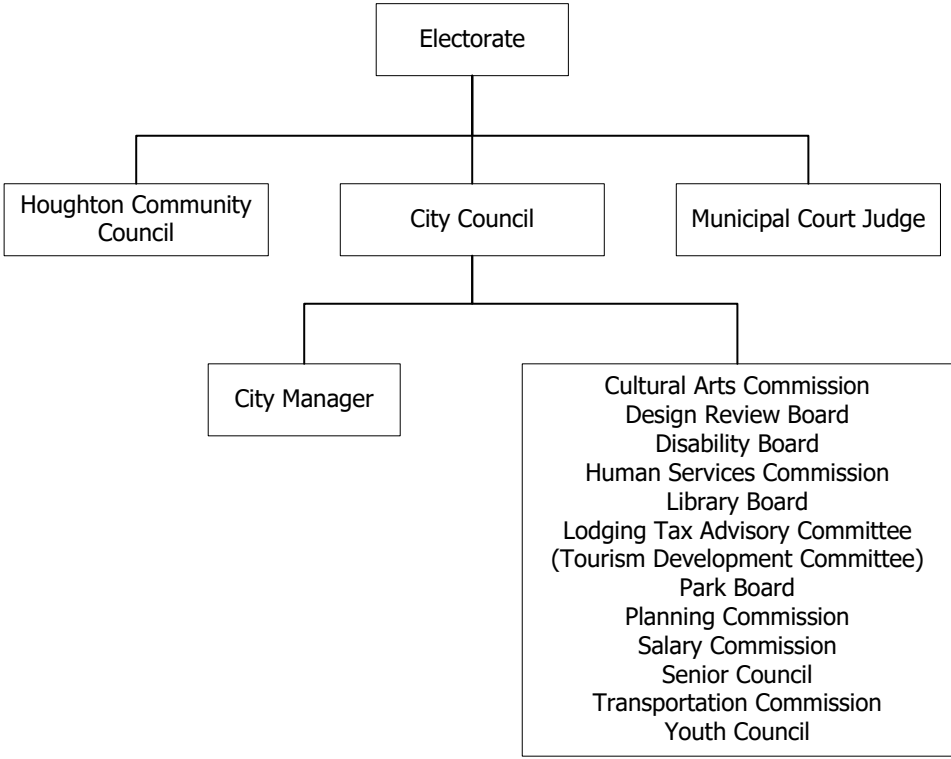
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CITY COUNCIL



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CITY OF KIRKLAND
City Council





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DEPARTMENT OVERVIEW

CITY COUNCIL

MISSION

The City Council's responsibility is to provide general policy direction for the overall management of the City of Kirkland.

DEPARTMENT FUNCTIONS

The primary responsibility of the City Council is to fulfill the legislative function, and to thereby determine the general direction and policies for the operation of the City, including local laws, allocation of resources, and determination of service levels.

RELATIONSHIP TO COUNCIL GOALS

In 2009, the Council established ten service areas, value statements and goals. Service areas are identified as priorities by the City Council and through the biennial community survey. The Council reviews and reaffirms the goals annually to ensure they continue to speak to the needs of and input from the community, as well as changes in the external environment and community demographics. The goals help the Council achieve its mission of providing general policy direction for the overall management of the City of Kirkland and moving Kirkland toward its vision.

The City's ability to make progress towards their achievement is based on the availability of resources at any given time. Implicit in the allocation of resources is the need to balance levels of taxation and community impacts with service demands and the achievement of goals.

Council Goals:

Neighborhoods

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

Public Safety

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

Human Services

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

Balanced Transportation

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

Parks, Open Spaces and Recreational Services

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

Housing

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

Financial Stability

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

Environment

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

Economic Development

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

Dependable Infrastructure

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

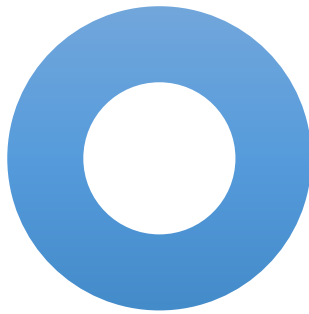
BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS
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Neighborhoods

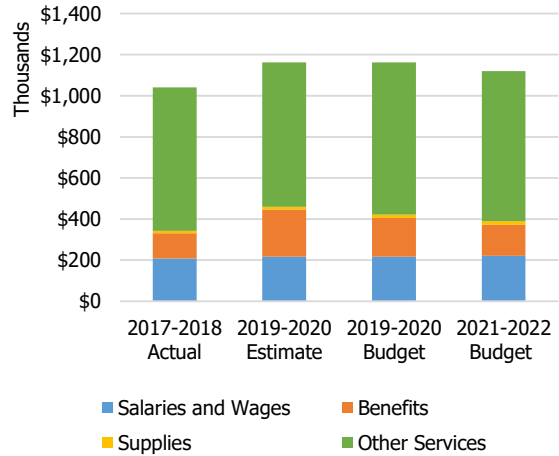
- Fund the 2022 Community Survey to assess priorities and satisfaction, \$75,000 one-time.

FINANCIAL OVERVIEW

CITY COUNCIL

Uses of Funds


City Council
100%

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	207,598	216,415	216,167	220,454	1.98%
Benefits	123,427	230,076	188,700	152,067	-19.41%
Supplies	11,770	13,687	17,050	16,874	-1.03%
Other Services	697,516	701,660	740,884	730,838	-1.36%
Intergovernmental Services	-	-	-	-	n/a
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	-	-	-	-	n/a
TOTAL	1,040,310	1,161,837	1,162,801	1,120,233	-3.66%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
City Council	1,040,310	1,161,837	1,162,801	1,120,233	-3.66%
TOTAL	1,040,310	1,161,837	1,162,801	1,120,233	-3.66%

2021 - 2022 POSITION SUMMARY***CITY COUNCIL*****POSITION SUMMARY BY CLASSIFICATION**

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Mayor	1.00		1.00	19,303
Councilperson	6.00		6.00	15,154
TOTAL	7.00	0.00	7.00	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
City Council	7.00		7.00
TOTAL	7.00	0.00	7.00

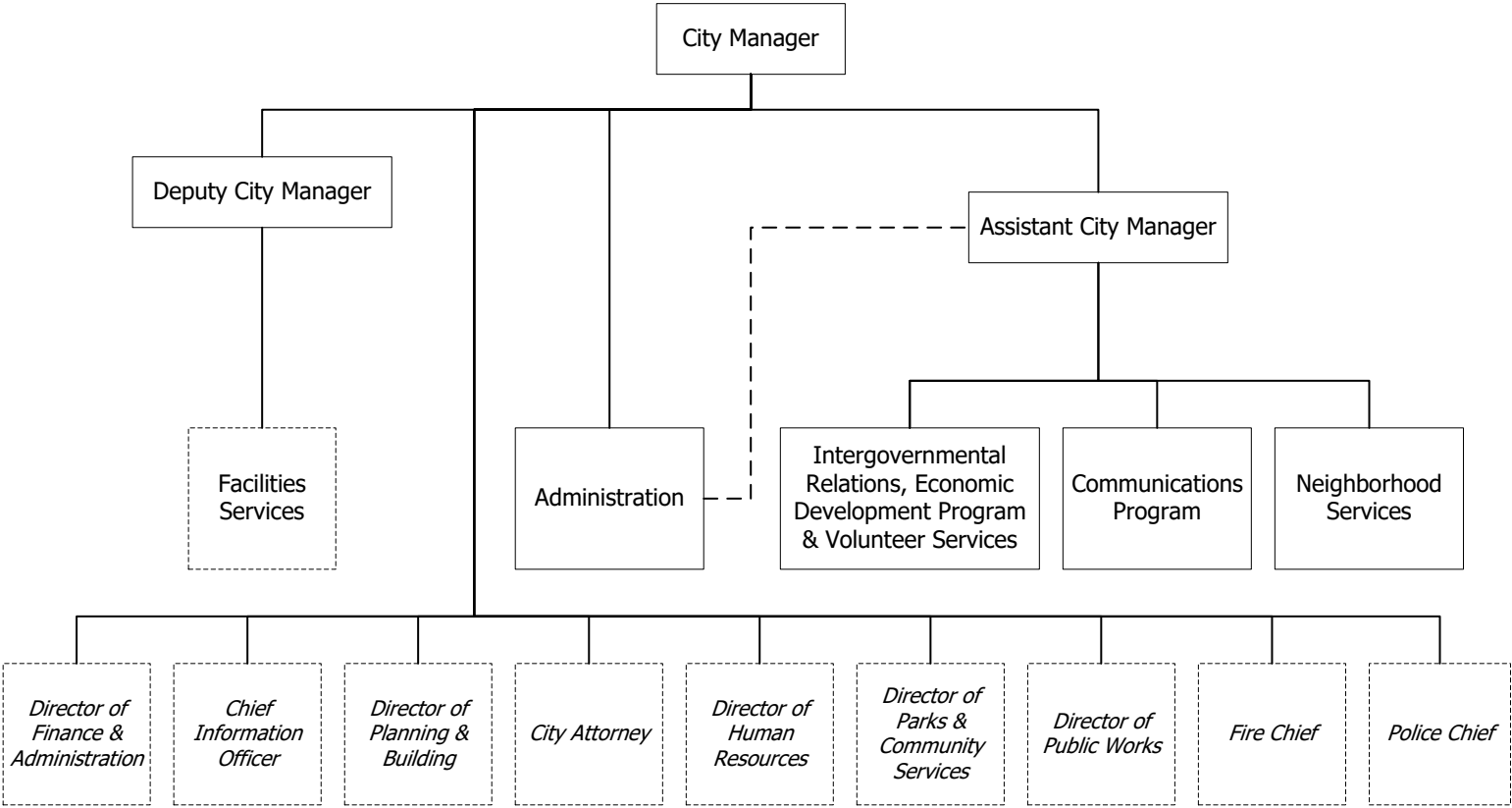
CITY MANAGER



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CITY OF KIRKLAND

City Manager's Office



Boxes with a dashed outline and italic text indicate positions and/or functions which report to this department but which are budgeted in a separate department and/or operating fund.



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DEPARTMENT OVERVIEW

CITY MANAGER'S OFFICE

MISSION

The mission of the City Manager's Office is to serve as the professional administrator of the City by effectively implementing the City Council's policies and coordinating day-to-day operations, administration, and communications.

DEPARTMENT FUNCTIONS

The **City Manager's Office** implements the City Council's policies by overseeing the management of City departments, administering personnel and labor relations, the City budget, and the day-to-day operations of the City. The City Manager serves as the chief advisor to the City Council and is appointed by, and serves at the pleasure of, the City Council. The City Manager proposes an annual City work program to the City Council that implements priority goals.

The **Intergovernmental Relations and Economic Development Program** supports the City Council's economic development and legislative interests, and coordinates with other governmental bodies and organizations on regional economic development and legislative initiatives, partnerships and priorities. This program also oversees the City's tourism, cultural arts and volunteer programs providing resources to foster the economic, social, ecological and cultural well-being of the community.

The **Communications Program** supports the City Council and City departments in providing effective and timely communications about City issues and events and designs and delivers public involvement strategies for City departments.

The **Neighborhood Services Program** coordinates the City's relationship between the City Council and City departments and the thirteen neighborhood associations. This program advances the City's work of being safe, inclusive, and welcoming by convening the City's Inclusion Network and collaborating with other regional groups. The Neighborhood Services Program also designs and delivers themed resident engagement for public engagement in the decision-making process, as well as neighborhood-related information services.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

Neighborhoods

- Continue funding for Community Outreach and Engagement, \$50,000 one-time.
- Provide funding for Outreach and Engagement to Support a Safe, Inclusive, and Welcoming Community, \$50,000 one-time.

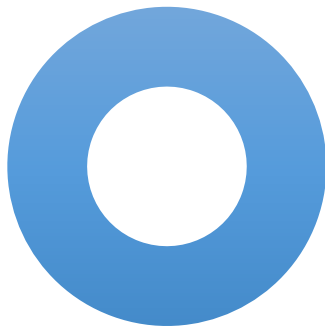
Economic Development & Intergovernmental Relations

- Provide funding for Management and Consulting Support of StartUp 425, \$253,800 one-time (funded with \$120,000 from partner cities, \$120,000 from a Port of Seattle grant, \$13,800 from a King County Library System grant).
- Continue funding Community Programs and Events, \$128,000 one-time (\$64,000 from Waste Management matched with \$64,000 of City funds) **(for further discussion on event funding, see the Outside Agency Funding Issue Paper)**.
- Fund 4Culture Arts Sustained Support, \$16,000 one-time (grant funded).

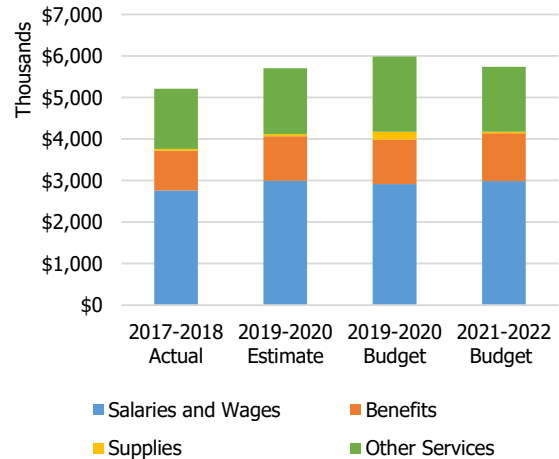
- Continue State Legislative Advocacy Services, \$144,000 one-time.
- Add a temporary 0.50 LTE Special Projects Coordinator for Economic Development Pandemic Response, \$153,562 one-time (\$60,000 in funding from Port of Seattle grant).
- Increase tourism staff support hours equal to a temporary 0.40 LTE, funded one-time \$42,134 (0.25 Lodging Tax Fund and 0.15 General Fund).

FINANCIAL OVERVIEW

CITY MANAGER

Uses of Funds


City Manager
100%

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	2,759,778	2,996,273	2,915,530	2,985,914	2.41%
Benefits	960,190	1,072,468	1,070,386	1,152,639	7.68%
Supplies	44,214	51,221	187,900	40,380	-78.51%
Other Services	1,448,619	1,585,655	1,809,807	1,558,053	-13.91%
Intergovernmental Services	-	-	-	-	n/a
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	-	-	-	-	n/a
TOTAL	5,212,800	5,705,617	5,983,623	5,736,986	-4.12%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
City Manager	5,212,800	5,705,617	5,983,623	5,736,986	-4.12%
TOTAL	5,212,800	5,705,617	5,983,623	5,736,986	-4.12%

2021 - 2022 POSITION SUMMARY***CITY MANAGER*****POSITION SUMMARY BY CLASSIFICATION**

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
City Manager	1.00		1.00	19,261
Deputy City Manager	1.00		1.00	12,242 - 15,798
Assistant City Manager	1.00		1.00	11,619 - 14,992
Intergovernmental Relations Manager	1.00		1.00	8,221 - 10,608
Communications Program Manager	1.00		1.00	7,561 - 9,756
Neighborhood Outreach Coordinator	1.00		1.00	7,139 - 8,398
Special Projects Coordinator	0.79		0.79	6,770 - 7,965
Customer Service Program Lead*	1.00	(1.00)	0.00	6,089 - 7,163
Executive Assistant I	1.00		1.00	5,509 - 7,107
Administrative Assistant	0.80		0.80	5,337 - 6,278
TOTAL	9.59	(1.00)	8.59	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
City Manager	9.59	(1.00)	8.59
TOTAL	9.59	(1.00)	8.59

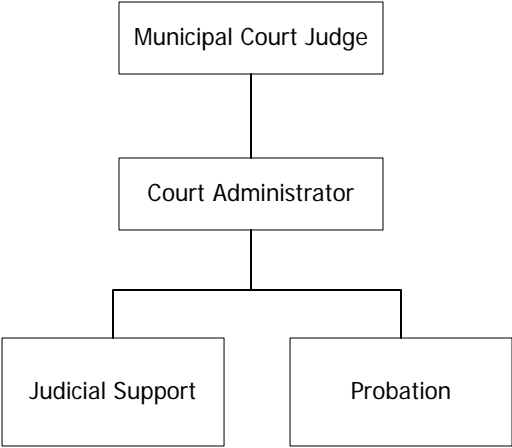
* 1.0 FTE Customer Service Program Lead moved to Finance & Administration Department

MUNICIPAL COURT



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CITY OF KIRKLAND
Municipal Court



DEPARTMENT OVERVIEW

MUNICIPAL COURT

MISSION

The **Municipal Court's** mission is to establish and maintain public trust and confidence in the judicial system. The Court proudly serves the residents of Kirkland and the general public by providing access to justice and ensuring that all individuals are afforded due process of law as recognized by the Constitution of the United States and the State of Washington.

It is the Municipal Court's mission to continually seek excellence in providing fair, accessible, and timely resolution of alleged violations of the law in an atmosphere of respect for all parties, including members of the public, defendants, lawyers, witnesses, jurors and all Court and City employees.

The Municipal Court is a contributing partner of the City of Kirkland, working toward a safe and vital community.

DEPARTMENT FUNCTIONS

The **Municipal Court** is a court of limited jurisdiction and an independent branch of government which is authorized by the laws of the State of Washington to preside over all criminal misdemeanors and gross misdemeanors, as well as traffic, non-traffic and parking infractions, and select civil matters occurring within the city limits of Kirkland. All cases filed are processed in accordance with court rules and the laws of the State of Washington, under the direction of the presiding judge.

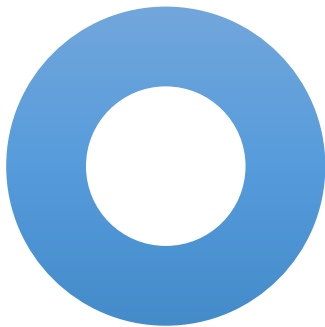
BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

Public Safety

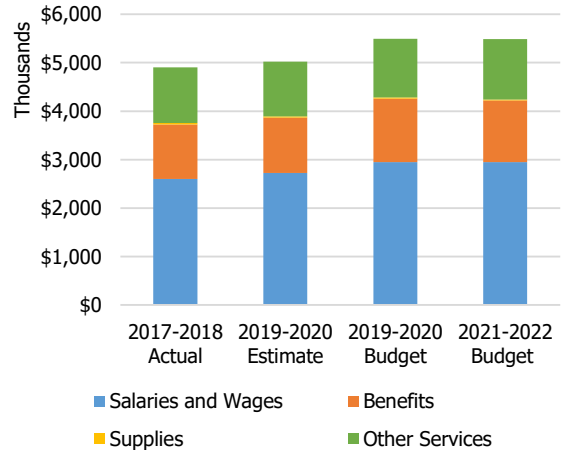
- There is funding within the Police Department budget to provide for Court security services.

FINANCIAL OVERVIEW

MUNICIPAL COURT

Uses of Funds


Municipal Court
100%

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	2,599,316	2,721,224	2,950,134	2,946,591	-0.12%
Benefits	1,126,321	1,142,994	1,309,045	1,272,088	-2.82%
Supplies	29,521	28,850	22,000	20,500	-6.82%
Other Services	1,149,804	1,125,918	1,213,254	1,249,663	3.00%
Intergovernmental Services	-	-	-	-	n/a
Capital Outlay	-	-	-	-	n/a
Interfund Transfer	-	-	-	-	n/a
TOTAL	4,904,962	5,018,986	5,494,433	5,488,842	-0.10%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Municipal Court	4,904,962	5,018,986	5,494,433	5,488,842	-0.10%
TOTAL	4,904,962	5,018,986	5,494,433	5,488,842	-0.10%

2021 - 2022 POSITION SUMMARY***MUNICIPAL COURT*****POSITION SUMMARY BY CLASSIFICATION**

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Municipal Court Judge	1.00		1.00	172,754
Court Administrator	1.00		1.00	8,236 - 10,628
Assistant Court Administrator	0.00	1.00	1.00	6,081 - 7,847
Probation Supervisor	1.00		1.00	6,030 - 7,781
Judicial Support Supervisor	1.00	(1.00)	0.00	5,962 - 7,693
Probation Officer	2.00		2.00	5,789 - 6,810
Judicial Support Associate Lead	2.00		2.00	5,186 - 6,101
Judicial Support Associate II	9.50	1.25	10.75	4,384 - 5,157
Judicial Support Associate I	1.00	(1.00)	0.00	3,902 - 4,590
TOTAL	18.50	0.25	18.75	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Municipal Court	18.50	0.25	18.75
TOTAL	18.50	0.25	18.75

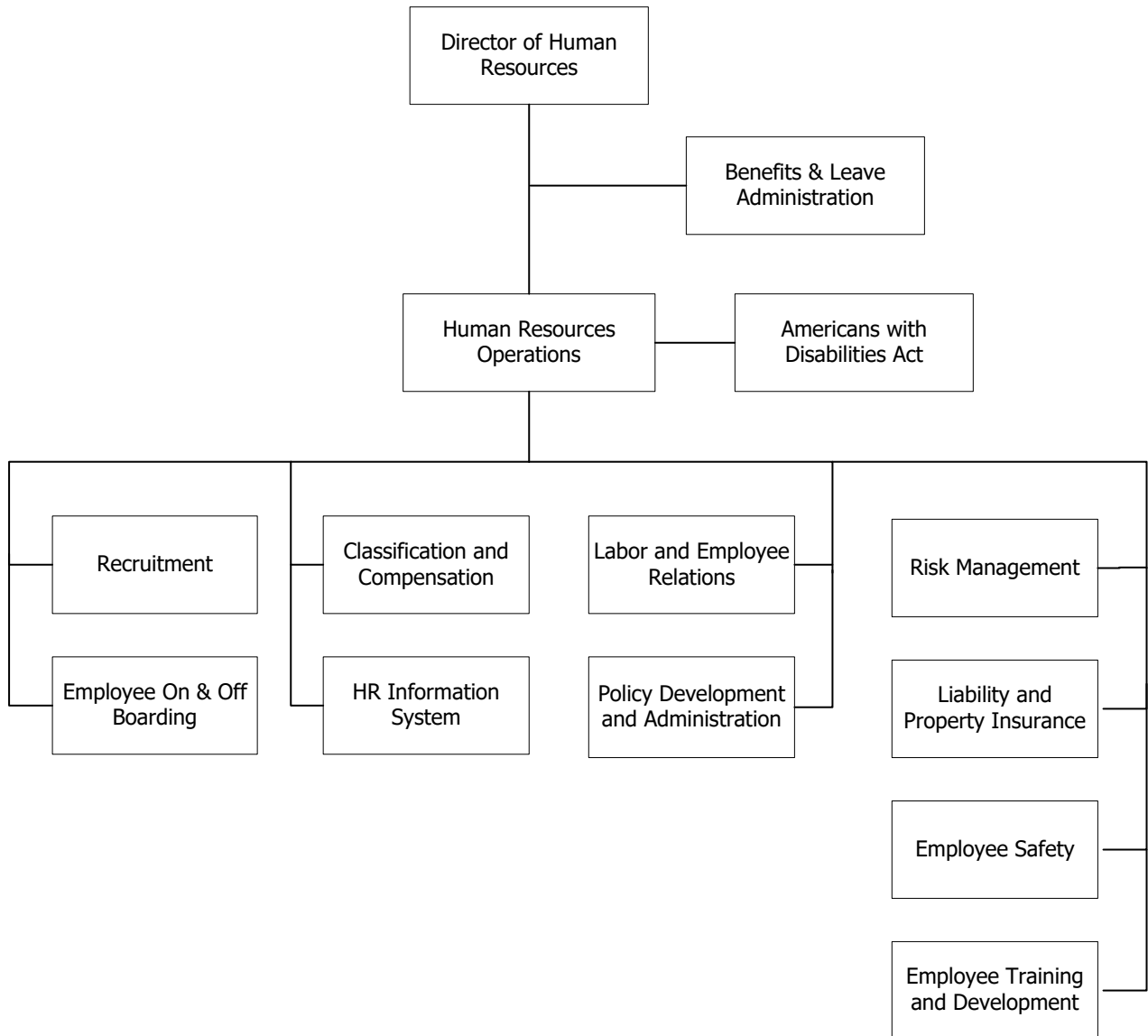
HUMAN RESOURCES



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CITY OF KIRKLAND

Human Resources Department



DEPARTMENT OVERVIEW***HUMAN RESOURCES*****MISSION**

To build, develop and retain a high performing workforce whose work advances the mission, vision and values of the City of Kirkland.

DEPARTMENT FUNCTIONS

Human Resources is responsible for the successful design and implementation of the following functions: recruitment, training, employee relations, labor relations, compensation, benefit administration, risk management, workers compensation and legal workplace compliance.

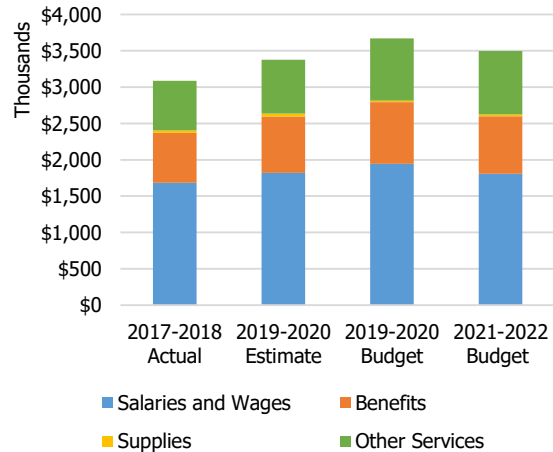
BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS**Financial Stability**

- Continue partnership with King County to engage in Monetary Recovery Program
- Continue funding Learning Management System (LMS), software offering safety/compliance training for staff
- Support new Wellness Program for the health and well-being of employees – awards and prizes
- Drive diversity recruitment with Public Safety Testing as well as expansion of our advertising budget to reach more diverse applicant pool
- Partnering with Association of Washington Cities to be the administrator of our Worker's Compensation Program
- To complete Implicit Bias Training program objectives

FINANCIAL OVERVIEW

HUMAN RESOURCES

Uses of Funds

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	1,682,050	1,819,747	1,943,078	1,806,441	-7.03%
Benefits	687,842	775,619	848,886	793,789	-6.49%
Supplies	35,738	40,187	22,560	22,810	1.11%
Other Services	680,976	742,805	857,165	874,755	2.05%
Intergovernmental Services	-	-	-	-	n/a
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	-	-	-	-	n/a
TOTAL	3,086,606	3,378,358	3,671,689	3,497,795	-4.74%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Human Resources	3,086,606	3,378,358	3,671,689	3,497,795	-4.74%
TOTAL	3,086,606	3,378,358	3,671,689	3,497,795	-4.74%

2021 - 2022 POSITION SUMMARY***HUMAN RESOURCES*****POSITION SUMMARY BY CLASSIFICATION**

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Director	1.00		1.00	11,110 - 14,335
Human Resources Manager	0.00	1.00	1.00	7,891 - 10,182
Senior Human Resources Analyst	1.00		1.00	6,636 - 8,561
Human Resources Analyst	5.00	(1.00)	4.00	5,856 - 7,557
Safety/Risk Management Analyst	1.00	(1.00)	0.00	5,856 - 7,557
Human Resources Coordinator	1.00	1.00	2.00	5,205 - 6,716
Human Resources Assistant	0.20	(0.20)	0.00	4,716 - 6,086
TOTAL	9.20	(0.20)	9.00	

POSITION SUMMARY BY DIVISION

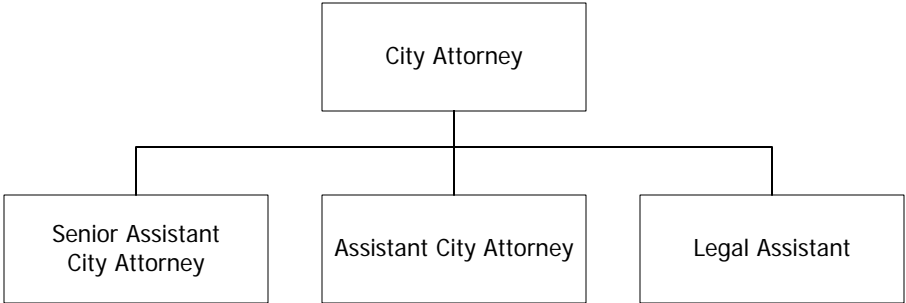
	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Human Resources	9.20	(0.20)	9.00
TOTAL	9.20	(0.20)	9.00

CITY ATTORNEY



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CITY OF KIRKLAND
City Attorney's Office



DEPARTMENT OVERVIEW

CITY ATTORNEY

MISSION

The City Attorney's Office mission is to provide outstanding, timely, and cost effective legal counsel and representation for the City. The objective of the department is to provide sound and practical legal support to City officials and staff to help them achieve the City Council Goals.

DEPARTMENT FUNCTIONS

The **City Attorney's Office** is the in-house law firm for the City. The City Attorney's Office works closely with the City Council, City Manager, and City departments. Reliance on outside counsel is limited to those instances where specialized expertise is needed or it is more efficient or cost-effective to outsource. In those instances where the City contracts with outside counsel for special legal services, the City Attorney's Office manages and coordinates these services.

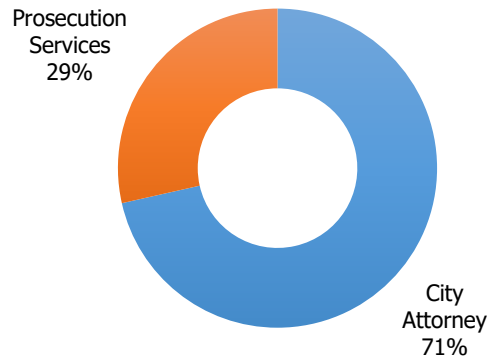
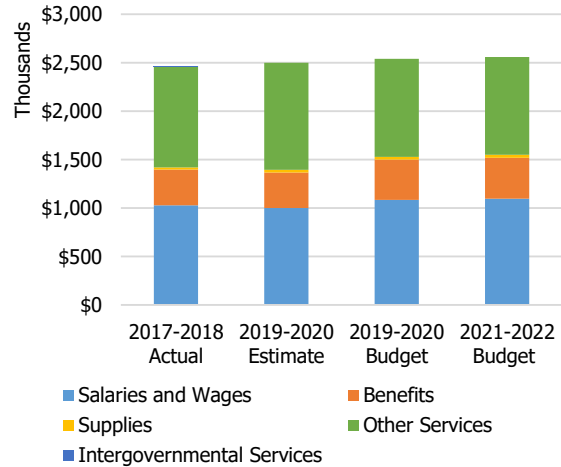
The City Attorney's Office also contracts with a local law firm to serve as "City Prosecutor" for the prosecution of misdemeanors in Kirkland Municipal Court.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

No budget highlights.

FINANCIAL OVERVIEW

CITY ATTORNEY

Uses of Funds

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	1,026,507	999,129	1,084,874	1,095,630	0.99%
Benefits	372,181	368,298	415,139	423,732	2.07%
Supplies	21,821	25,575	28,900	28,900	0.00%
Other Services	1,040,767	1,105,397	1,011,993	1,010,795	-0.12%
Intergovernmental Services	335	-	-	-	n/a
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	-	-	-	-	n/a
TOTAL	2,461,611	2,498,399	2,540,906	2,559,057	0.71%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
City Attorney	1,752,843	1,771,033	1,810,906	1,829,057	1.00%
Prosecution Services	708,768	727,366	730,000	730,000	0.00%
TOTAL	2,461,611	2,498,399	2,540,906	2,559,057	0.71%

2021 - 2022 POSITION SUMMARY***CITY ATTORNEY*****POSITION SUMMARY BY CLASSIFICATION**

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
City Attorney	1.00		1.00	11,619 - 14,992
Senior Assistant City Attorney	1.00		1.00	9,407 - 12,138
Assistant City Attorney	1.00		1.00	8,790 - 11,343
Legal Assistant	1.00		1.00	4,934 - 6,366
TOTAL	4.00	0.00	4.00	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
City Attorney	4.00		4.00
TOTAL	4.00	0.00	4.00

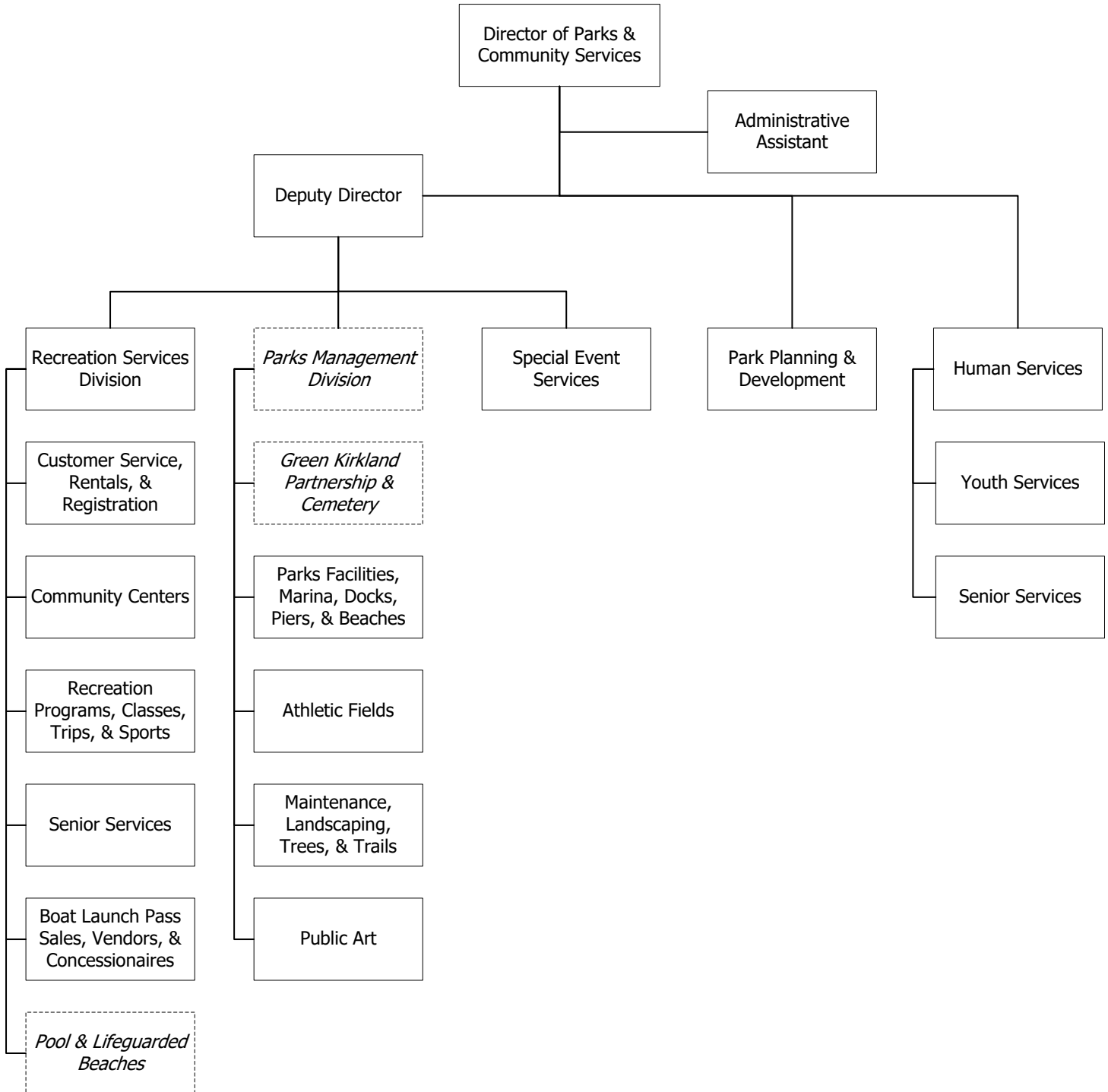
PARKS & COMMUNITY SERVICES



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CITY OF KIRKLAND

Parks & Community Services Department



Boxes with a dashed outline and italic text indicate positions and/or functions which report to this department but which are budgeted in a separate department and/or operating fund.



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DEPARTMENT OVERVIEW

PARKS & COMMUNITY SERVICES

MISSION

To support a healthy and sustainable community by providing high quality parks and recreation services, ensuring a collaborative community response to basic human needs, and protecting our natural areas.

DEPARTMENT FUNCTIONS

The **Administration Division** handles the strategic and tactical leadership for the department, including coordination and communication with the community and the Park Board. It is responsible for staff leadership, financial management, long-range strategic policy planning, park master planning, facility design, land acquisition, capital projects, grant preparation and overall direction for the Parks and Community Services Department. The division also oversees special events.

The **Parks Management Division** is responsible for the use, safety, maintenance and management of park land totaling 696 acres. In addition, this division maintains the City Cemetery, public art, Heritage Hall and the grounds of the Kirkland Performance Center, Peter Kirk Community Center, Teen Union Building, and Library. This division is also responsible for maintenance and repairs of the swimming pool, docks, the Marina, ball fields, boat launch, and other repair and construction projects. The division maintains all Lake Washington School District athletic fields included in the City-School Partnership program. Finally, the Parks Management division administers the parks volunteer program, and property management functions for various rental facilities.

The **Recreation Services Division** provides comprehensive programs that include year-round recreation opportunities, special events, enrichment programs, and specialized recreation. The division is responsible for programming and operation of the North Kirkland and Peter Kirk Community Centers, the Peter Kirk Pool, and Waverly, Juanita and Houghton Beaches. The division coordinates community recreation programs at Lake Washington School District facilities through an interlocal Facility Use Agreement, and is the City liaison with Bellevue's Highland Center for Specialized Recreation. This division administers many of the business services functions of the Department such as facility and field scheduling, the donation program, park food vendor concession management and operations of the Marina. This division also facilitates the Senior Council advisory group that advocates, supports, and shapes programs and services that meet the needs of adults age 50+ in the community.

The **Human Services Division** is primarily responsible for the planning and administration of the Human Services Program which connects individuals or families to services that meet basic human needs. This division funds grant dollars to support human service organizations, facilitates the Human Services Commission, and assists with welcoming and inclusive community initiatives. In addition, the Youth Services section falls within this division. The role of Youth Services is to be a catalyst, facilitator, and advocate for community-based services for teens. Youth Services provides direct funding for: Teen Activity Grants, the Kirkland Youth Council, and for the lease/construction/administration of the Kirkland Teen Center.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

Human Services

- Convert a 1.0 LTE temporary Senior Office Specialist to a 1.0 LTE temporary Program Coordinator to support the Human Services Commission and administer the Community Development Block Grant (CDBG) program, \$258,349 one-time (\$77,862 funded from CDBG)
- Increased on-going funding level for human services agencies at \$1.94 million

- For further information on [Human Services funding, see the related Issue Paper](#)

Parks, Open Spaces and Recreational Services

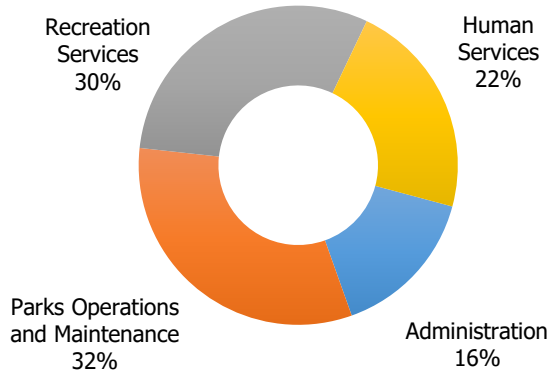
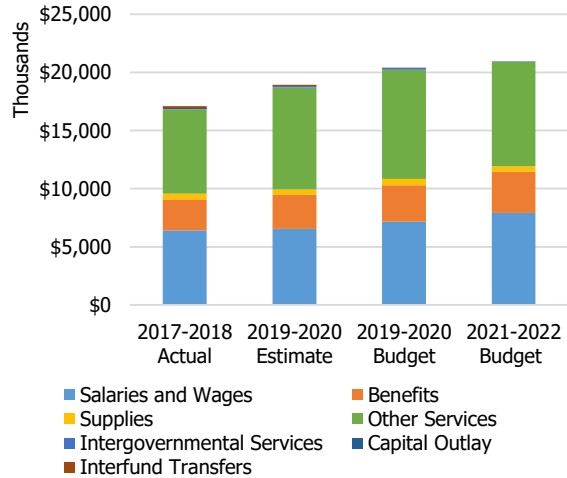
- Funding for Parks, Recreation and Open Space (PROS) Plan to manage and enhance park and recreation services and provide eligibility for state recreation grants, \$270,000 one-time
- Continue an On-Call Office Specialist and provide administrative support to Park Ceremonies in Parks and Community Services, \$74,872 one-time
- Fund Parks CIP projects totaling \$4.4 million in 2021-2022, including \$2.25 million for Neighborhood Park Land Acquisition (\$160,000 of external funding)
- Continue funding for Special Events Coordinator that was converted to a 1.0 LTE to support Special Events coordination for the City for 21-22 Budget, \$295,723 one-time

Economic Development

- Continue Kirkland Performance Center (KPC) Operating Support, \$100,000 one-time

FINANCIAL OVERVIEW

PARKS & COMMUNITY SERVICES

Uses of Funds

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	6,406,975	6,541,644	7,161,624	7,905,139	10.38%
Benefits	2,655,884	2,936,476	3,139,423	3,555,457	13.25%
Supplies	503,597	446,670	535,610	472,397	-11.80%
Other Services	7,246,942	8,765,600	9,387,524	8,962,064	-4.53%
Intergovernmental Services	60,478	126,525	163,204	66,580	-59.20%
Capital Outlay	41,511	-	-	-	n/a
Interfund Transfers	171,025	118,365	27,500	-	-100.00%
TOTAL	17,086,412	18,935,281	20,414,885	20,961,637	2.68%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Administration	2,480,764	2,459,095	2,653,624	3,225,957	21.57%
Parks Operations and Maintenance	6,388,072	6,490,003	6,725,334	6,743,764	0.27%
Recreation Services	5,265,867	5,447,634	6,346,046	6,359,897	0.22%
Human Services	2,951,709	4,538,548	4,689,881	4,632,019	-1.23%
TOTAL	17,086,412	18,935,281	20,414,885	20,961,637	2.68%

2021 - 2022 POSITION SUMMARY

PARKS & COMMUNITY SERVICES

POSITION SUMMARY BY CLASSIFICATION

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Director	1.00		1.00	11,124 - 14,354
Deputy Director	1.00		1.00	8,896 - 11,479
Parks Operations Manager	1.00		1.00	7,822 - 10,093
Recreation Manager	1.00		1.00	7,822 - 10,093
Parks Planning & Development Manager	1.00		1.00	7,358 - 9,494
Recreation Supervisor	2.00		2.00	6,202 - 8,004
Parks Maintenance Supervisor	1.00		1.00	6,202 - 8,004
Human Services Supervisor	1.00		1.00	6,202 - 8,004
Customer Service Supervisor	1.00		1.00	6,202 - 8,004
Special Projects Coordinator*	1.00	(1.00)	0.00	6,770 - 7,965
Leadperson	2.00		2.00	6,003 - 7,244
Program Coordinator	4.50		4.50	6,113 - 7,193
Field Arborist	1.00		1.00	5,474 - 6,670
Senior Groundsperson	7.00		7.00	5,340 - 6,505
Parks Administrative Assistant	1.00		1.00	5,337 - 6,278
Program Assistant	4.00		4.00	4,713 - 5,543
Groundsperson	3.50		3.50	4,351 - 5,453
Accounts Associate	0.50		0.50	4,512 - 5,309
TOTAL	34.50	(1.00)	33.50	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Administration	5.00	(1.00)	4.00
Parks Operations & Maintenance	16.00		16.00
Recreation Services	11.50		11.50
Human Services	2.00		2.00
TOTAL	34.50	(1.00)	33.50

*This position moved to funded one-time for 2021-2022 Budget

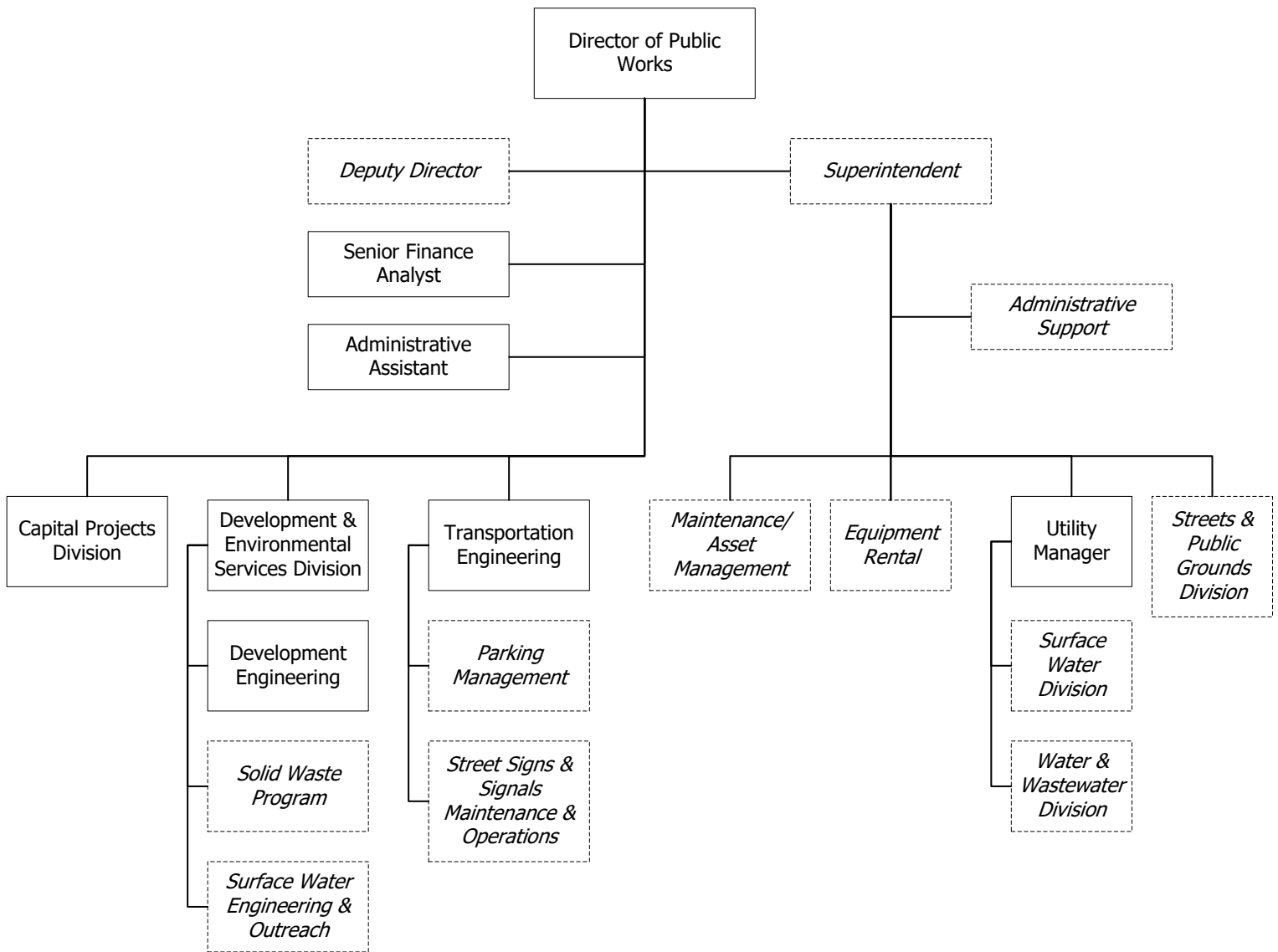
PUBLIC WORKS



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CITY OF KIRKLAND

Public Works Department



Boxes with a dashed outline and italic text indicate positions and/or functions which report to this department but which are budgeted in a separate department and/or operating fund.

DEPARTMENT OVERVIEW

PUBLIC WORKS

MISSION

The Public Works Department is responsible for the overall planning, design, construction, and stewardship of the City's infrastructure and natural resources to provide for the continued health, safety, and vibrancy of the Community.

DEPARTMENT FUNCTIONS

Public Works consists of two primary sections: Engineering & Programs and Operations & Maintenance. The sections work in close coordination with each other, other City Departments, the public, and other agencies to ensure the effective development and ongoing stewardship of public infrastructure including systems for water distribution and fire protection, wastewater collection, surface water management, the urban forest, both motorized and non-motorized transportation, solid waste disposal and recycling, public grounds maintenance, and City fleet services.

Engineering & Programs Section

Public Works Administration, which includes the Public Works Director, provides overall administrative support and policy direction for the Public Works Department.

The **Capital Projects** Division manages the scoping/development, design, and construction of publicly funded infrastructure projects for the City's water, wastewater, and surface water utilities, park capital construction, transportation projects and major facilities.

The **Development and Environmental Services** Division oversees transportation and utility infrastructure projects initiated by private development and franchise utilities, administers the solid waste disposal and recycle program, and provides surface water engineering and program administration.

The **Transportation Engineering** Division coordinates with other Divisions and Departments to plan, design, and operate the City's multimodal transportation system, including management of the City's sign and signal maintenance, downtown parking, and neighborhood traffic control programs. The Division also provides staff support for the Kirkland Transportation Commission and participates in regional transportation planning.

Operations & Maintenance Section

The **Superintendent** oversees the Streets & Public Grounds, Water, Surface Water, Wastewater, Fleet Management, and Maintenance Center administrative support groups. Using the City's asset management/maintenance management system, the Superintendent oversees planning, budgeting and performance monitoring for all maintenance and operations functions.

Fleet Management provides for safe, cost effective, and reliable vehicles and equipment for all City departments.

The **Streets & Public Grounds** Division is responsible for the maintenance, operation, and repair of the City transportation system including pavement, shoulders, bike lanes, sidewalks, walkways, traffic signals, signage, illumination, parking, landscaping and roadside vegetation. Stewardship of public grounds of City buildings and the urban tree canopy located within the public rights of way are also under the Division's care.

The **Water/Sewer** Division provides daily maintenance and repair activities and assists with the long term planning and efficient operation of the City's water storage and distribution system and its control along with the City's wastewater system which includes collection pipes and manholes and the system of interconnected pumping facilities and their controls.

The **Surface Water** Division provides daily maintenance and repair activities and assists with the long- term planning and efficient operation of the City's surface water system. Surface water components include the built system of inlets, pipes, and vaults and the natural system of streams, ditches and bodies of water.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

Neighborhoods

- Continue the CIP Neighborhood Services Outreach Coordinator position to enhance communication about capital projects, \$148,505 (temporary 0.5 LTE, funded with capital engineering charges).

Public Safety

- Continue a temporary 1.0 LTE Engineering Program Assistant, partially funded through Parking Fees, for ongoing work tasks related to monitoring traffic safety in Kirkland's neighborhoods, \$215,366 one-time.

Balanced Transportation

- Continue a temporary 1.0 LTE Transportation Planner to coordinate transportation policy implementation and respond to traffic/transportation-related issues, \$293,643 one-time.
- Continue a temporary 1.0 LTE Transportation Program Coordinator to support and promote transit and transportation demand management, coordinate with regional partners and provide community outreach and engagement, partly funded through partnership with King County Metro, \$258,315 one-time.
- Continue a temporary 1.0 LTE Transportation Engineer in order to optimize and maintain the City's growing traffic signal system, perform project and traffic control plan review and provide in-house expertise for small-scale design studies, \$316,797 one-time.

Environment

- Continue a temporary 1.0 LTE Critical Areas Ordinance and Surface Water Design Manual (CAO/SWDM) Environmental Planner position to foster efficient adherence of City capital projects to CAO/SWDM regulations, \$294,594 one-time funded with charges to capital projects.

Economic Development

- Continue resources to Development Services to address workload and maintain/enhance customer service expectations (these activities are all funded from development revenues or related reserves):
- Continue a temporary 1.0 LTE Development Engineer position, \$291,811 one-time.
- Continue a temporary 1.0 LTE Associate Development Engineer position, \$264,857 one-time.
- Continue a temporary 1.0 LTE Development Plans Examiner position, \$248,936 one-time.

Dependable Infrastructure

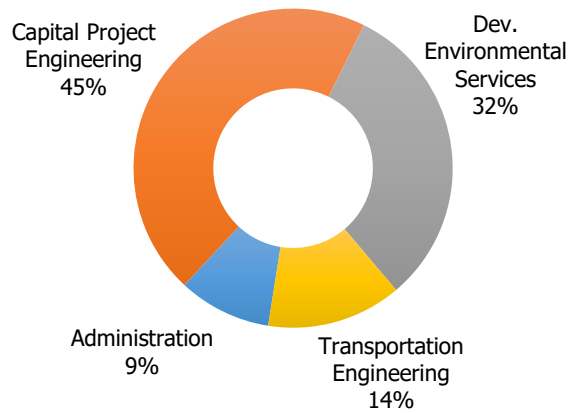
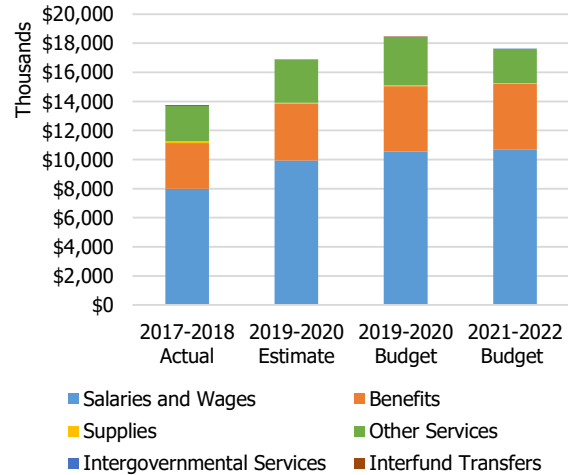
- Add resources to Capital Engineering to help address the extraordinary proportion of highly complex projects in the current Capital Improvement Program (CIP). These positions are largely funded through charges to capital projects, and include:
 - Reclass 2.0 FTE ongoing Project Engineer positions to Senior level positions on a temporary

basis, \$62,156 one-time.

- Reclass 2.0 FTE ongoing CIP Construction Inspector positions to Senior level positions on a temporary basis, \$46,868 one-time.
- Reclassify a 1.0 FTE Office Specialist position to a Senior Office Specialist, \$16,913 ongoing.
- Fund a temporary 1.0 LTE Office Specialist, \$205,427 one-time.
- Add consulting services to review and provide recommendations for CIP staff practices, process and program metrics, \$100,000 one-time.
- Continue temporary 1.0 LTE Permit Technician to assist with increased permit activity, \$222,070 one-time funded with engineering development fees.

FINANCIAL OVERVIEW

PUBLIC WORKS

Uses of Funds

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	8,002,324	9,929,589	10,565,752	10,695,836	1.23%
Benefits	3,144,279	3,889,723	4,481,713	4,509,478	0.62%
Supplies	122,098	102,043	83,315	58,015	-30.37%
Other Services	2,411,828	2,938,557	3,294,405	2,347,609	-28.74%
Intergovernmental Services	2,704	5,143	2,600	2,600	0.00%
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	62,164	28,370	30,000	-	-100.00%
TOTAL	13,745,397	16,893,424	18,457,785	17,613,538	-4.57%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Administration	1,609,495	1,736,587	1,813,322	1,659,293	-8.49%
Capital Project Engineering	5,499,971	6,820,441	7,719,312	7,997,295	3.60%
Dev. Environmental Services	4,304,389	5,301,196	5,660,952	5,549,030	-1.98%
Transportation Engineering	2,331,542	3,035,199	3,264,199	2,407,920	-26.23%
TOTAL	13,745,397	16,893,424	18,457,785	17,613,538	-4.57%

2021 - 2022 POSITION SUMMARY

PUBLIC WORKS

POSITION SUMMARY BY CLASSIFICATION

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Director	1.00		1.00	11,270 - 14,542
Deputy Director	0.05		0.05	9,915 - 12,793
Development Engineering Manager	0.65		0.65	9,323 - 12,029
Capital Projects Manager	1.00		1.00	9,293 - 11,990
Transportation Engineering Manager	1.00		1.00	7,814 - 9,193
Development Engineer Supervisor	1.00		1.00	8,144 - 10,508
Capital Projects Supervisor	1.00		1.00	8,067 - 10,408
Senior Project Engineer	4.00	2.00	6.00	8,491 - 9,989
Senior Development Engineer	1.00		1.00	8,290 - 9,752
Transportation Engineer	3.00		3.00	7,814 - 9,193
Senior Capital Project Coordinator	1.00		1.00	7,803 - 9,179
Project Engineer	6.00	(2.00)	4.00	7,589 - 8,927
Sr. Neighborhood Outreach Coordinator	1.00		1.00	7,495 - 8,817
Development Engineer	2.00		2.00	7,269 - 8,552
Capital Project Coordinator	1.00		1.00	7,145 - 8,405
Neighborhood Outreach Coordinator	0.50		0.50	7,139 - 8,398
Senior Construction Inspector	1.00	1.00	2.00	7,089 - 8,341
Senior Financial Analyst	1.00		1.00	6,355 - 8,199
Senior Development Engineering Analyst	1.00		1.00	6,932 - 8,154
Associate Development Engineer	1.00		1.00	6,814 - 8,017
Associate Project Engineer	2.00		2.00	6,491 - 7,637
Construction Inspector	7.00	(1.00)	6.00	6,753 - 7,946
Engineering Technician	1.30		1.30	5,498 - 6,469
Senior Accounting Associate	0.05		0.05	5,408 - 6,361
Administrative Assistant	1.00		1.00	5,337 - 6,278
Public Works Office Specialist	1.00		1.00	4,342 - 5,110
TOTAL	41.55	0.00	41.55	

POSITION SUMMARY BY DIVISION

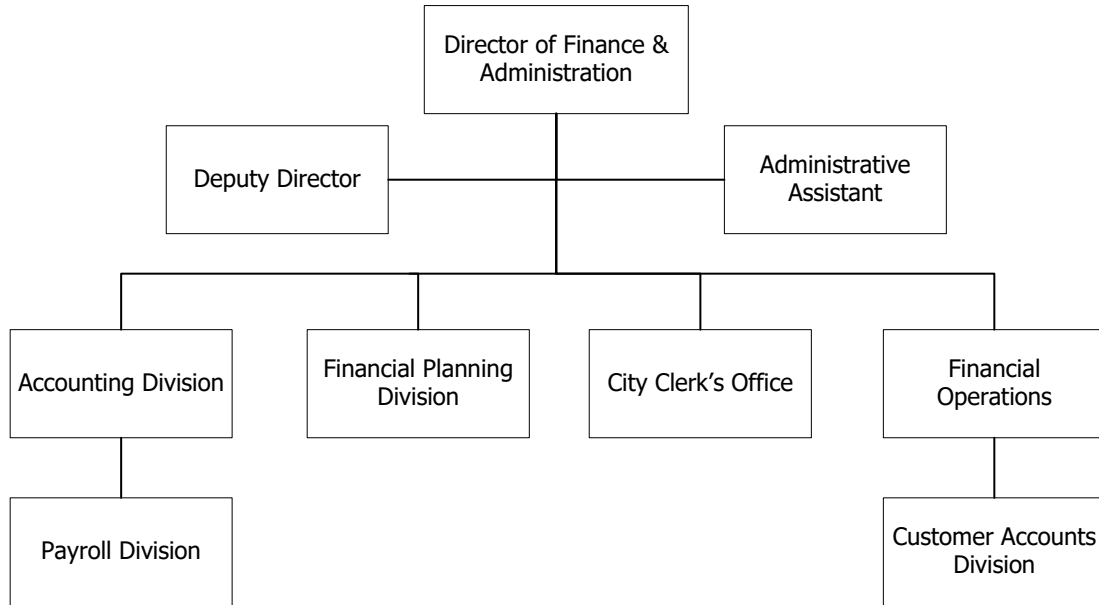
	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Administration	3.10		3.10
Capital Project Engineering	21.50		21.50
Development Environmental Services	13.50		13.50
Transportation Engineering	3.45		3.45
TOTAL	41.55	0.00	41.55

FINANCE & ADMINISTRATION



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CITY OF KIRKLAND
Department of Finance & Administration



DEPARTMENT OVERVIEW

FINANCE & ADMINISTRATION

MISSION

The Department of Finance and Administration is committed to excellence in the provision of financial services and records management. We work as a team to provide services and information to the public, the City Council, and our fellow employees that are timely, impartial, supportive, and consistent with professional standards, legal requirements, and Council policy.

DEPARTMENT FUNCTIONS

The department provides **financial planning** services including coordination and preparation of the City's Budget and Capital Improvement Program and provision of financial planning and analysis support to other departments, the City Manager, and the City Council.

All day-to-day **financial operations** activities are managed by the department including: *Accounting* – fund and cost accounting, accounts payable and receivable, financial reporting, auditing, and maintenance of grant records; *Payroll* – semi-monthly payroll and health benefits processing and labor contract implementation; *Treasury* – cash, investments, and debt management; *Customer Accounts* – utility billing, regulatory licensing, passport application services, false alarm program, and cemetery administration; and *Purchasing* – City-wide purchasing management and coordination.

The responsibilities within the **City Clerk's** office include public disclosure, legal notices, records management, service of process, City Council meeting support, advisory board recruitments, and mail services.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

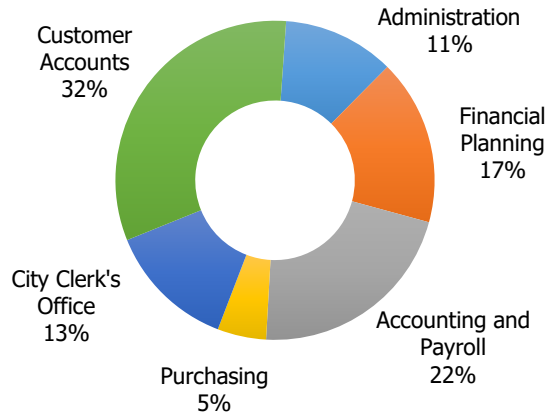
Financial Stability

- Add a Temporary 1.0 LTE Senior Accounting Associate to support the Capital Improvement Program accounting needs, \$120,159 one-time.
- Fund a comprehensive study of the fees that the City charges for review and inspection of new development projects, \$150,000 one-time.

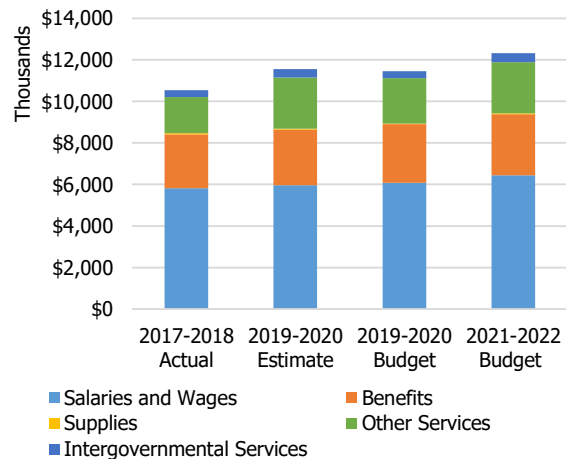
FINANCIAL OVERVIEW

FINANCE & ADMINISTRATION

Uses of Funds



Expenditures by Category



EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	5,819,830	5,957,725	6,078,830	6,436,531	5.88%
Benefits	2,596,789	2,681,211	2,821,933	2,953,230	4.65%
Supplies	52,596	44,873	37,546	34,796	-7.32%
Other Services	1,737,612	2,473,134	2,184,710	2,468,290	12.98%
Intergovernmental Services	329,254	402,939	332,530	429,201	29.07%
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	-	-	-	-	n/a
TOTAL	10,536,081	11,559,882	11,455,549	12,322,048	7.56%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Administration	1,340,628	1,670,065	1,542,951	1,394,723	-9.61%
Financial Planning	1,417,207	1,462,104	1,528,033	2,070,928	35.53%
Accounting and Payroll	2,682,615	2,891,164	2,893,244	2,668,952	-7.75%
Purchasing	495,811	582,154	579,735	608,705	5.00%
City Clerk's Office	1,483,939	1,568,695	1,571,953	1,608,262	2.31%
Customer Accounts	3,115,881	3,385,700	3,339,633	3,970,478	18.89%
TOTAL	10,536,081	11,559,882	11,455,549	12,322,048	7.56%

2021 - 2022 POSITION SUMMARY

FINANCE & ADMINISTRATION

POSITION SUMMARY BY CLASSIFICATION

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Director	1.00		1.00	11,306 - 14,587
Deputy Director Finance & Admin.	1.00		1.00	9,466 - 12,213
Financial Planning Manager	1.00		1.00	8,229 - 10,618
Accounting Manager	1.00	(1.00)	0.00	7,891 - 10,182
Financial Operations Manager	0.00	1.00	1.00	7,891 - 10,182
City Clerk	1.00		1.00	7,438 - 9,598
Financial Planning Supervisor	0.00	1.00	1.00	7,164 - 9,244
Accounting Supervisor	0.00	1.00	1.00	6,399 - 8,257
Senior Financial Analyst	1.00	(1.00)	0.00	6,355 - 8,199
Public Safety Senior Financial Analyst	1.00		1.00	6,355 - 8,199
Senior Accountant	2.00	(1.00)	1.00	6,777 - 7,974
Purchasing Agent	1.00	(1.00)	0.00	6,767 - 7,961
Customer Accounts Supervisor	1.00		1.00	6,202 - 8,004
Budget Analyst	2.00		2.00	6,210 - 7,305
Deputy City Clerk	1.80		1.80	6,210 - 7,305
Customer Service Program Lead*	0.00	1.00	1.00	6,089 - 7,163
Accountant	0.00	1.00	1.00	6,083 - 7,157
Payroll Systems Coordinator	1.00		1.00	5,869 - 6,906
Buyer	1.00		1.00	5,489 - 6,467
Senior Accounting Associate	3.00	1.00	4.00	5,408 - 6,361
Administrative Assistant	1.00		1.00	5,337 - 6,278
Customer Accounts Lead	1.00		1.00	5,186 - 6,101
Accounting Support Associate IV	3.00	(1.00)	2.00	4,859 - 5,717
Customer Accounts Associate Bus. Lic.	2.00		2.00	4,553 - 5,358
Customer Accounts Associate	7.00		7.00	4,553 - 5,358
Office Specialist	1.00		1.00	4,342 - 5,110
Receptionist/Administrative Clerk	1.00		1.00	3,739 - 4,396
Mail Clerk	1.00		1.00	3,739 - 4,396
TOTAL	36.80	1.00	37.80	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Administration	3.00		3.00
Financial Planning	5.00		5.00
Accounting and Payroll	10.00		10.00
Purchasing	2.00		2.00
City Clerk's Office	4.80		4.80
Customer Accounts	12.00	1.00	13.00
TOTAL	36.80	1.00	37.80

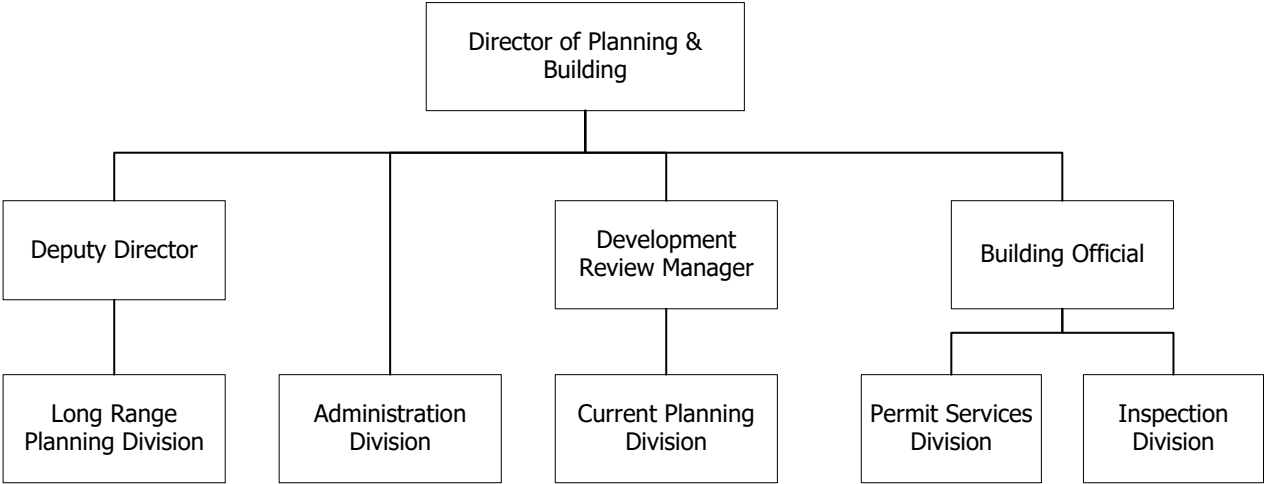
* 1.0 FTE Customer Service Program Lead moved from CMO

PLANNING & BUILDING



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CITY OF KIRKLAND
Planning & Building Department





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DEPARTMENT OVERVIEW

PLANNING & BUILDING

MISSION

The **Planning and Building Department** is responsible for the preparation, administration, and enforcement of the City's growth management policies, regulations, and programs, and for helping shape the long-term growth of the City in a way that is consistent with the Comprehensive Plan. The department prepares growth plans and development regulations and assures regulatory compliance by reviewing and inspecting proposed development projects and undertaking code enforcement. The department coordinates permit processing with Public Works and Fire, ensuring compliance with zoning and building code regulations. Public outreach is conducted for regulatory, plan and policy development and assistance is provided in response to public inquiries. Activities are coordinated with state, regional, and other local governments.

DEPARTMENT FUNCTIONS

The **Administration Division** coordinates the department budget, personnel, training, and general administrative activities. They support the Current and Long Range Planning Divisions through public noticing and coordinating and distributing meeting materials to the Hearing Examiner, Design Review Board, Planning Commission, and Houghton Community Council.

The **Current Planning Division** performs all regulatory functions required to implement the Comprehensive Plan, Zoning Code, Subdivision Ordinance, State Environmental Policy Act (SEPA), and Shoreline Master Program. While coordinating with other Development Services staff, the division processes land use development applications, reviews building permits for land use code compliance, provides information about development regulations, enforces development codes, and maintains development monitoring systems. Staff support is provided to the Hearing Examiner, Design Review Board, Houghton Community Council, and City Council in their roles of reviewing and approving development applications.

The **Long Range Planning Division** prepares the City's Comprehensive Plan, Zoning Code, Subdivision Ordinance, Shoreline Master Program, local SEPA ordinance, and environmental initiatives. Amendments to these documents are prepared in accordance with the Planning Work Program adopted by the City Council. Staff support is provided to the City Council, Planning Commission, and the Houghton Community Council in their roles of shaping and adopting policies. The division works with the community to seek inclusive public engagement on policies and programs that shape Kirkland's future. The division coordinates with other agencies on regional and state-wide planning issues, monitors legislative activity, and undertakes special projects as directed by the City Council or City Manager.

The **Building Division** provides the general public with the standards for the safety and quality of construction of new and existing structures, and the installation of electrical, plumbing, and mechanical systems. Building receives, routes, coordinates, and approves all building and related permit applications. Building staff works closely with architects, engineers, contractors, owners, and developers, as well as working with other departments and agencies to ensure compliance with all City requirements and issuing the permits in a timely manner. This includes the permit center, plan review, field inspection, accurate record keeping, archiving, public disclosure requests, and code enforcement. The Division also improves the quality of the City's adopted construction codes by participating in the code development process at the local, state, and national levels.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

Housing

- Continue ARCH Housing Trust Fund parity contribution at \$830,000 over the biennium, on a one-time basis.

- Continue CDBG contribution to ARCH Housing Trust Fund, \$250,000 on-going.

Environment

- Continue funding for a temporary 0.5 FTE Urban Forester position, \$139,002 one-time, funded from the Surface Water Utility fund.
- Fund Public Land Tree Inventory Consultant Services to assist in developing a gap analysis to shape a future tree planting program, \$150,000 one-time, funded from the Surface Water Utility fund.
- Fund consultant services for the formalization and enhancement of Kirkland's Tree Bank, \$50,000 one time.

Economic Development

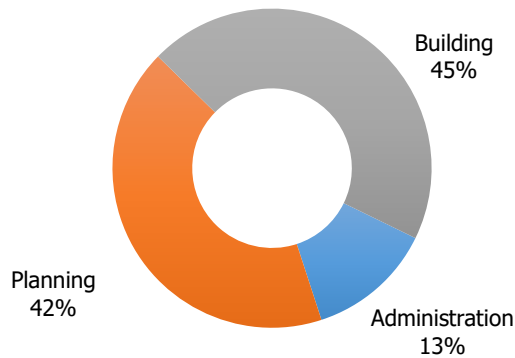
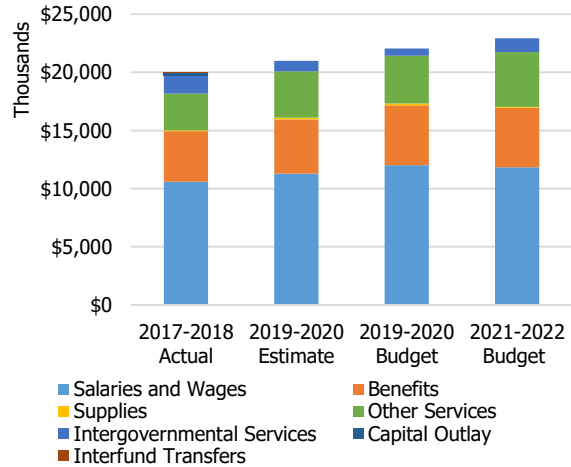
- Continue resources to Development Services to address workload and maintain/enhance customer service expectations (these activities are all funded from development revenues or related reserves):
 - Continue temporary 2.0 LTE Building Inspectors, \$534,372 one-time.
 - Continue 4.0 LTE temporary planning positions, including two Temporary Assistant Planners, a Temporary Associate Planner and a Temporary Planner, \$986,393 one-time.
 - Continue increased overtime and hourly (on-call) wages for Building Inspectors and Permit Technicians, \$270,707 one-time.
 - Convert an ongoing 1.0 FTE Inspector position to a temporary Lead Inspector position, \$19,618 one-time.
 - Provide a Land Use Consulting Contingency, \$20,000 one-time.
 - Continue a temporary 1.0 LTE Temporary Receptionist/Administrative Clerk in the Planning and Building Department, \$171,128 one-time.
- Continue funding Third Party Structural and Electrical Plan Review professional services to meet plan review obligations and provides electrical, structural, and building plan reviews for complex projects, \$200,000 one-time.
- Continue a temporary 1.0 LTE Temporary Electrical Building Inspector to meet inspection obligations and customer service goals, \$272,803 one-time.

Dependable Infrastructure

- Continue a temporary 1.0 LTE CIP Planner in the Planning and Building Department to provide focused review of public capital projects, \$262,244 one-time, of which \$131,122 is from non-fee resources.

FINANCIAL OVERVIEW

PLANNING & BUILDING

Uses of Funds

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	10,581,856	11,303,963	12,012,669	11,829,704	-1.52%
Benefits	4,347,070	4,646,073	5,147,621	5,132,756	-0.29%
Supplies	82,942	144,025	146,335	63,200	-56.81%
Other Services	3,149,489	3,987,982	4,120,110	4,707,054	14.25%
Intergovernmental Services	1,588,502	904,607	617,011	1,190,889	93.01%
Capital Outlay	211,702	-	-	-	n/a
Interfund Transfers	50,445	-	-	-	n/a
TOTAL	20,012,006	20,986,649	22,043,746	22,923,603	3.99%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Administration	3,011,250	2,893,416	3,529,434	2,926,021	-17.10%
Planning	7,873,018	8,031,330	8,288,203	9,707,672	17.13%
Building	9,127,738	10,061,903	10,226,109	10,289,910	0.62%
TOTAL	20,012,006	20,986,649	22,043,746	22,923,603	3.99%

2021 - 2022 POSITION SUMMARY

PLANNING & BUILDING

POSITION SUMMARY BY CLASSIFICATION

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Director	1.00		1.00	10,926 - 14,098
Building Official	1.00		1.00	8,945 - 11,541
Deputy Director	1.00		1.00	9,689 - 12,502
Development Services Manager	1.00		1.00	8,321 - 10,736
Planning Supervisor	2.00		2.00	7,680 - 9,910
Plan Review Supervisor	1.00		1.00	7,680 - 9,910
Senior Plans Examiner	3.00		3.00	7,589 - 8,927
Inspection Supervisor	1.00		1.00	6,752 - 8,712
Senior Planner	5.50	0.50	6.00	7,377 - 8,678
Code Enforcement Officer	2.00		2.00	6,857 - 8,067
Electrical/Building Inspector II	0.00	4.00	4.00	7,091 - 8,343
Electrical/Building Inspector	7.00	(4.00)	3.00	6,753 - 7,944
Associate Planner	1.00		1.00	6,680 - 7,858
Applications Analyst*	1.00	(1.00)	0.00	6,670 - 7,849
Plans Examiner	3.00	(1.00)	2.00	6,581 - 7,743
Building Inspector	1.00		1.00	6,446 - 7,585
Associate Plans Examiner	0.00	1.00	1.00	6,165 - 7,254
Permit Tech Supervisor	1.00		1.00	5,796 - 7,478
Planner	5.00		5.00	6,228 - 7,328
Business Analyst	1.00		1.00	6,210 - 7,305
Development Review Arborist	1.00		1.00	6,165 - 7,254
Planning Administration Supervisor	0.85		0.85	5,353 - 6,908
Assistant Planner	2.00		2.00	5,555 - 6,536
Administrative Assistant	1.00		1.00	5,337 - 6,278
Permit Tech	6.00		6.00	5,061 - 5,954
Records Management Specialist	1.00		1.00	4,722 - 5,555
Office Specialist	3.00		3.00	4,342 - 5,110
TOTAL	53.35	(0.50)	52.85	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Administration	6.99	(0.50)	6.49
Planning	19.36		19.36
Building	27.00		27.00
TOTAL	53.35	(0.50)	52.85

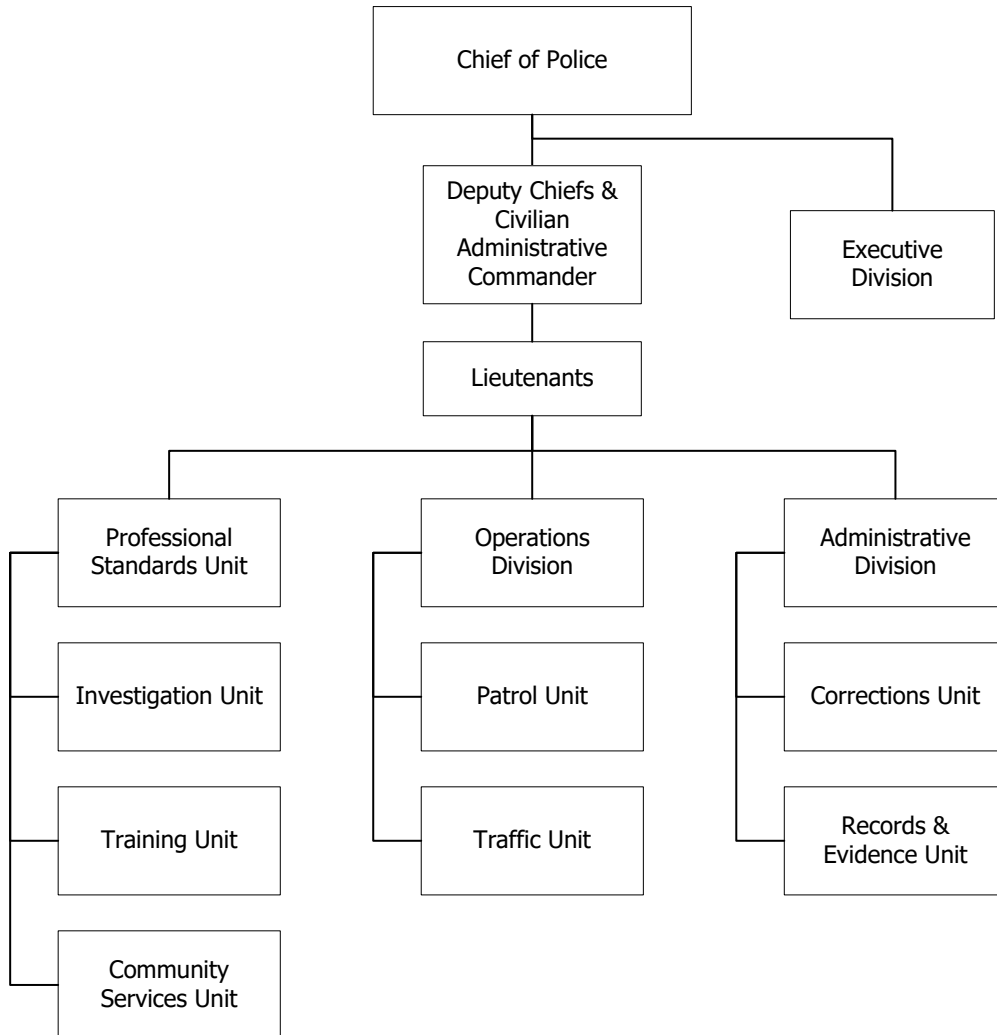
* 1.0 FTE Applications Analyst moved to the IT Department

POLICE



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CITY OF KIRKLAND Police Department





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DEPARTMENT OVERVIEW

POLICE

MISSION

The mission of the Kirkland Police Department is to protect and serve our community with honor, integrity and courage.

DEPARTMENT FUNCTIONS

The **Executive Division** provides overall coordination of department activities, coordinates with other department and agencies, prepares and assists with budgets, provides administrative support to Command Staff and Department Divisions, and provides personnel and payroll support.

The **Operations Division** consists of Patrol, Traffic, and K-9. In addition to responding to 911 calls and proactively enforcing the law, this division is responsible for working with neighborhood groups, businesses, and other organizations to identify issues, build partnerships, and resolve mutual problems.

The **Patrol Unit** provides 24-hour-per-day service to the community and provides first-unit response for general calls for police service.

The **Traffic Unit** provides enforcement and education to reduce accidents and traffic congestion. The unit also coordinates and responds to community traffic complaint areas and investigates traffic collisions. Parking Enforcement Officers are part of the Traffic Unit and serve to educate the community about parking issues and enforce parking laws.

The **Administrative Division** consists of Corrections and Records and is also responsible for recruitment, hiring, evidence intake and storage, facility issues, fleet, scheduling, grant compliance, contracts, budget and liaison with NORCOM and other regional boards.

The **Corrections Unit** operates the jail, monitors home detention, work release, and performs all prisoner transports to courts and other detention facilities.

The **Records Unit** provides for the accurate flow and management of all record-keeping duties and provides front counter service during business for all walk-in customers of the Police Department.

The **Evidence Unit** manages the intake, storage, security, release or disposal of all evidence, found property, and items held for safekeeping.

The **Professional Standards Division** consists of Investigations, Family Violence, Special Response Team, Crisis Negotiations, and Training. This division is also responsible for reviewing and updating the department general orders and standard operating procedures, accreditation, police review boards, internal investigations and risk management.

The **Investigation Unit** is an extension to, and a support group for, the Patrol Unit and is staffed by detectives. The main function of the division is to conduct follow-up investigations of all felony crimes and certain misdemeanor crimes. This unit is also responsible for the registration, tracking and community notifications of registered sex offenders within the City of Kirkland. One member of this unit is assigned to a regional electronic crimes task force with the FBI.

The **Pro-Act Unit** focus is on illegal drugs, car prowls, burglaries, mail theft, shoplifting, and enforcing extreme risk protection orders and court-ordered gun forfeitures.

The **Crime Analyst** is attached to the Investigation Unit and monitors crime trends, provides analytical support and publishes informational bulletins on wanted subjects and officer safety issues.

The **Family Violence Unit (FVU)** is attached to the Investigation Unit. This unit is staffed by two detectives and a civilian Family/Youth Advocate. The unit conducts follow-up investigation on domestic violence cases, Child Protective Service & Adult Protective Service referrals and conducts training on domestic violence issues. In addition, they supervise the Domestic Abuse Response Team (DART), which is a volunteer civilian program that provides support services to victims of domestic violence.

The **Training Unit** is responsible for ensuring that all Department training is conducted in accordance with state mandates and ensuring the professional development of all Department members.

The **Community Services Unit** Consists of the Neighborhood Resource Officers and the School Resource Officers. The Neighborhood Resource Officers serve as a liaison between the community and the police department. The School Resource Officers are committed to community policing through our local schools in partnership with the Lake Washington School District.

The **Animal Services Unit** includes an Animal Control Officer responsible for supporting Kirkland community members by returning lost pets, providing education and enforcement for domestic animal concerns and complaints.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS
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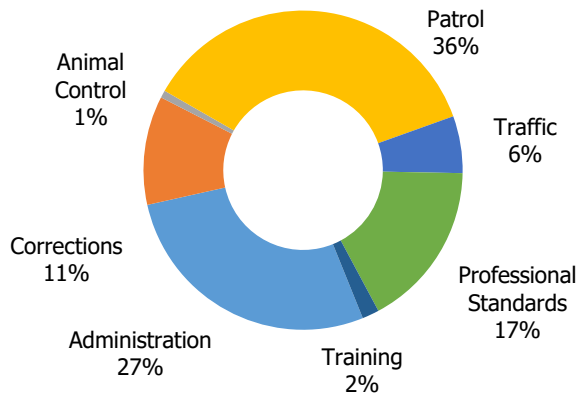
Public Safety

- Fund 1.0 FTE Court Security Officer for Municipal Court Security, \$217,886 ongoing.
- Continue authority for 2.0 FTE over-hire Police Officer positions: over-hire positions are positions only, generally funded from vacancy salary savings.
- Convert a 0.5 LTE Temporary Corrections Administrative Support Associate to a 0.5 FTE ongoing (\$94,840 ongoing, \$1,000 one-time).

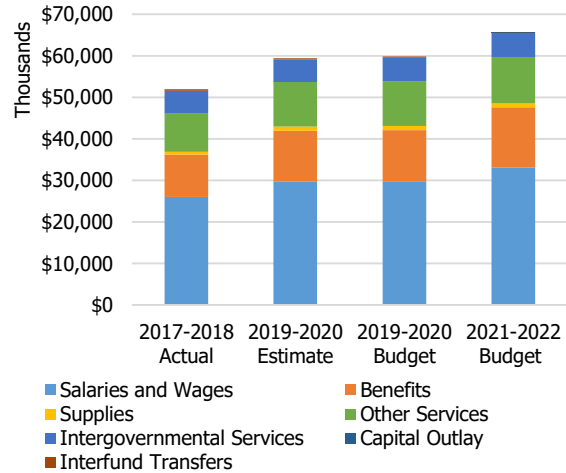
FINANCIAL OVERVIEW

POLICE

Uses of Funds



Expenditures by Category



EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	26,003,609	29,712,650	29,735,970	33,114,833	11.36%
Benefits	10,185,068	12,232,268	12,325,386	14,499,664	17.64%
Supplies	695,216	1,009,700	1,041,248	885,934	-14.92%
Other Services	9,220,205	10,752,823	10,781,752	11,176,932	3.67%
Intergovernmental Services	5,471,309	5,423,194	5,691,883	5,888,207	3.45%
Capital Outlay	-	-	-	30,000	n/a
Interfund Transfers	352,791	268,169	228,470	2,000	-99.12%
TOTAL	51,928,196	59,398,803	59,804,709	65,597,570	9.69%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Administration	14,686,705	16,223,365	16,172,548	18,117,304	12.03%
Corrections	6,601,734	6,729,171	7,591,941	7,233,807	-4.72%
Animal Control	319,019	481,759	493,443	494,328	0.18%
Patrol	21,539,297	24,051,096	21,162,796	23,767,599	12.31%
Traffic	2,341,935	1,991,671	3,625,159	3,790,231	4.55%
Professional Standards	5,567,916	7,844,894	9,793,217	11,068,375	13.02%
Training	871,592	2,076,847	965,605	1,125,926	16.60%
TOTAL	51,928,196	59,398,803	59,804,709	65,597,570	9.69%

2021 - 2022 POSITION SUMMARY

POLICE

POSITION SUMMARY BY CLASSIFICATION

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Chief	1.00		1.00	11,619 - 14,992
Deputy Chief	2.00		2.00	10,897 - 14,061
Civilian Commander	1.00		1.00	10,010 - 12,916
Corrections Manager	1.00		1.00	9,534 - 12,301
Lieutenant	5.00		5.00	9,348 - 12,061
Sergeant	8.00	3.00	11.00	9,395 - 10,031
Corporal/Detective	21.00	2.00	23.00	8,395 - 8,988
Police Officers	72.00	(5.00)	0.00	6,131 - 8,315
Family Violence Officer			2.00	7,293 - 8,315
Traffic/K-9 Officer			6.00	7,293 - 8,315
Pro-Act Officer			3.00	7,222 - 8,235
Training/SRO/NRO Officer			8.00	7,152 - 8,155
Patrol Officer			48.00	6,131 - 7,995
Police Support Supervisor	1.00		1.00	5,962 - 7,693
Police Analyst	2.00		2.00	5,779 - 7,215
Corrections Sergeant	2.00		2.00	5,689 - 7,103
Administrative Supervisor	1.00		1.00	5,353 - 6,908
Quartermaster	0.00	1.00	1.00	5,181 - 6,468
Family-Youth Advocate	1.00		1.00	5,277 - 6,588
Corrections Corporal	4.00		4.00	5,238 - 6,538
Police Public Disclosure Analyst	1.00		1.00	5,150 - 6,430
Animal Control Officer	1.00		1.00	4,914 - 6,135
Administrative Assistant	1.00		1.00	4,868 - 6,077
Corrections Officer	13.00		13.00	4,769 - 5,953
Police Support Associate Lead	1.00		1.00	5,839
Evidence Technician II	1.00		1.00	4,631 - 5,782
Evidence Technician	1.00		1.00	4,497 - 5,614
Court Security Officer	0.00	1.00	1.00	4,389 - 5,477
Police Support Associate	6.00	1.00	7.00	4,224 - 5,273
Corrections Admin Support Associate	0.00	0.50	0.50	4,217 - 4,965
Administrative Support Associate	1.00	(1.00)	0.00	4,217 - 4,965
Parking Enforcement Officer	2.00	1.00	3.00	3,910 - 4,882
TOTAL	150.00	3.50	153.50	

POSITION SUMMARY BY DIVISION

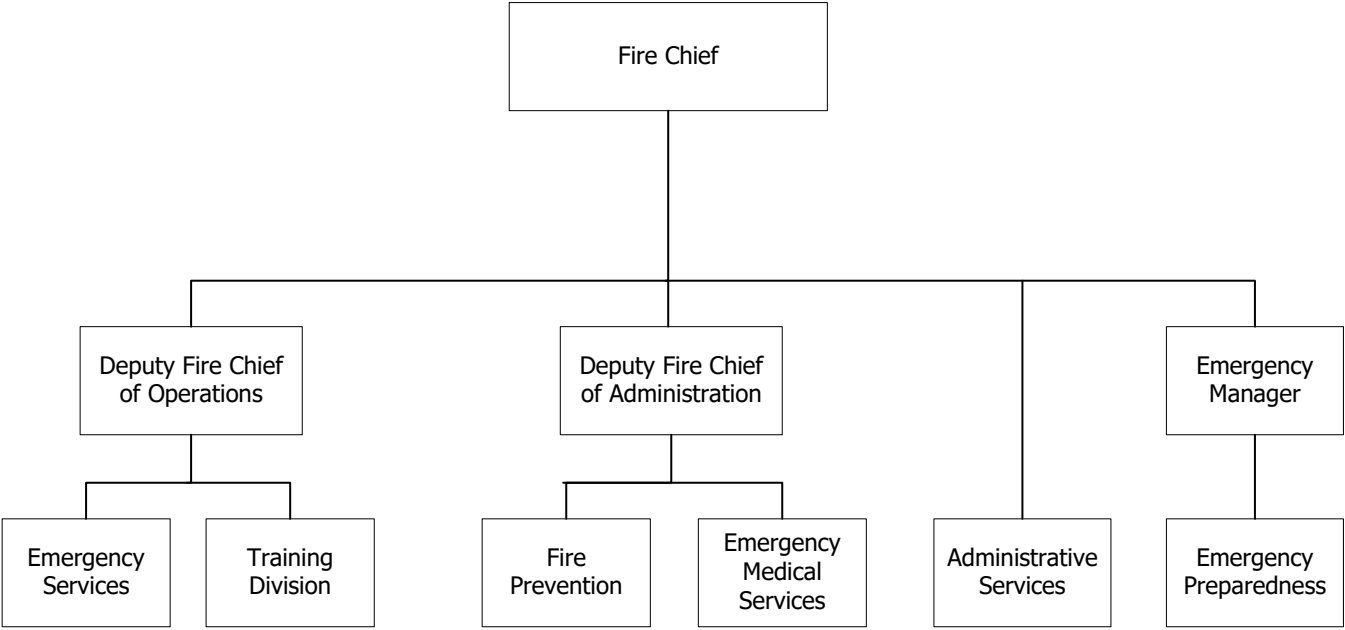
	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Administration	26.00	1.50	27.50
Corrections	20.00	1.00	21.00
Animal Control	1.00		1.00
Patrol	64.00		64.00
Traffic	9.00	1.00	10.00
Professional Standards	28.00		28.00
Training	2.00		2.00
TOTAL	150.00	3.50	153.50

FIRE



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CITY OF KIRKLAND
Fire Department





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DEPARTMENT OVERVIEW

FIRE

MISSION

Providing timely emergency response and safeguarding the lives, property, and environment of our community.

DEPARTMENT FUNCTIONS

Administrative Services provides administrative and support functions for divisions within the department, as well as special boards and commissions. Responsibilities include establishing department priorities; communicating organizational goals and values; administering department policies and staffing requirements; developing and monitoring the financial, organizational, and developmental aspects of the department; implementing the Fire Strategic Plan; coordination and management of support services, project management, records management, and human resources activities.

Community Risk Reduction is provided by the Fire Prevention Division to prevent dangerous life safety situations before they happen. This is accomplished through application of the International Fire Code and local ordinances pertaining to permitted construction projects, operational permits, and life safety inspections of existing occupancies such as schools, churches, businesses, convalescent homes and multi-family apartments and condominiums. Prevention staff is able to provide technical assistance to citizens and respond to safety concerns in the community. All members of the department provide fire and life safety education in our community, including schools, non-governmental organizations, and local businesses. The bureau is also responsible for investigating fires to determine origin and cause. All information from investigations is used to help prevent future fires.

Emergency Management prepares the City of Kirkland to respond, mitigate, and recover from a disaster. This is accomplished through engaging all levels of the community, City staff, local non-government agencies, schools, businesses, and residents to prepare for any disaster and to be ready to partner to serve our community during a time of need. The division is responsible for development and coordination of updates to the City's emergency management plans and to train City staff to operate the Emergency Operations Center (EOC). Emergency Management also participates, when possible, in regional projects, training, committees, and other preparedness and response activities in recognition of the interdependence of the region and the City of Kirkland's role. Information is also provided to help educate residents, businesses, and community groups on disaster preparation, response, and recovery.

Emergency Services responds to emergencies resulting from fires, medical emergencies, disaster, hazardous materials incidents, technical rescues, and related incidents in order to minimize suffering, loss of life and property. The current work program of this division includes the maintenance of a well-trained force to: (1) Provide basic medical life support to victims of illness and/or injury (2) Extinguish all fires (3) Perform technical rescues and (4) Mitigate hazardous materials incidents within the City.

Training Division develops and coordinates training programs for all emergency services personnel within the fire department. The division conducts and directs training activities within the department and ensures the department meets legally mandated training requirement. Ongoing training is vital in maintaining our overall level of expertise and safe emergency scene operating practices. The division oversees the health, safety, and wellness program. Although hundreds of hours are spent doing on-the-job training, it is also essential that the firefighters are exposed to training programs outside of the department. This enables the department to capitalize on the knowledge of others and keeps us abreast of the ever-changing needs of society.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS
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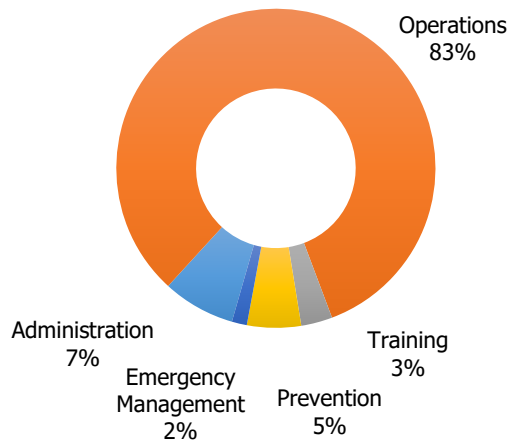
Public Safety

- Maintain current funding levels for 2021-2022 Budget pending outcome of the November 2020 ballot measure.
- Establish a Mobile Integrated Health (MIH) program, \$648,376 funded through the King County Emergency Medical Services (EMS) Levy
- Funding for Fire Overtime Backfill for Firefighter Paramedic Training, external funding, \$118,162 one-time

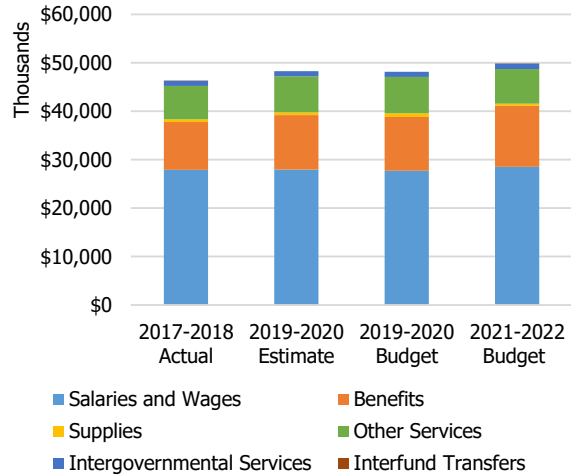
FINANCIAL OVERVIEW

FIRE

Uses of Funds



Expenditures by Category



EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	27,883,935	27,956,506	27,715,447	28,533,862	2.95%
Benefits	9,909,742	11,230,465	11,106,499	12,569,373	13.17%
Supplies	523,361	594,313	772,262	466,014	-39.66%
Other Services	6,915,726	7,450,300	7,511,026	7,137,531	-4.97%
Intergovernmental Services	1,032,049	1,020,824	1,027,705	1,116,646	8.65%
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	34,261	-	-	69,280	n/a
TOTAL	46,299,075	48,252,408	48,132,939	49,892,706	3.66%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Administration	3,399,191	3,448,172	3,761,454	3,670,016	-2.43%
Operations	38,531,391	39,466,441	38,743,512	41,150,896	6.21%
Training	1,440,926	1,541,429	1,779,261	1,582,302	-11.07%
Prevention	2,270,677	2,515,542	2,554,248	2,730,639	6.91%
Emergency Management	656,888	808,136	851,776	758,853	-10.91%
Ambulance Services	-	472,688	442,688	-	-100.00%
TOTAL	46,299,075	48,252,408	48,132,939	49,892,706	3.66%

2021 - 2022 POSITION SUMMARY***FIRE*****POSITION SUMMARY BY CLASSIFICATION**

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Chief	1.00		1.00	11,536 - 14,886
Deputy Chief	2.00		2.00	10,095 - 13,026
Battalion Chief (Training)	0.00	1.00	1.00	12,535
Fire Marshal	1.00		1.00	11,934 - 12,535
Battalion Chief	4.00	(1.00)	3.00	11,419 - 12,020
Captain (Training)	0.00	1.00	1.00	11,247
City Emergency Manager	1.00		1.00	8,498 - 10,964
Captain	12.00	(1.00)	11.00	10,131 - 10,732
Fire Inspector	4.00		4.00	9,959 - 10,389
Assistant Fire Marshal	1.00		1.00	10,646
Lieutenant	11.00		11.00	9,444 - 9,874
Firefighter	74.00		74.00	6,353 - 8,586
Emergency Prep Coordinator	1.00		1.00	6,384 - 7,510
Administrative Supervisor	1.00		1.00	5,353 - 6,908
Administrative Assistant	1.00		1.00	5,337 - 6,278
Office Specialist	2.00		2.00	4,342 - 5,110
TOTAL	116.00	0.00	116.00	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Administration	8.00		8.00
Operations	98.00		98.00
Training	2.00		2.00
Prevention	6.00		6.00
Emergency Management	2.00		2.00
TOTAL	116.00	0.00	116.00

Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

LODGING TAX FUND

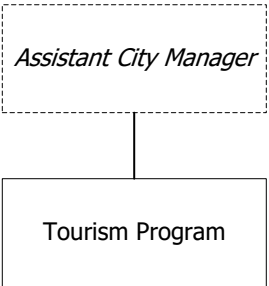
The Lodging Tax Fund accounts for the City's tourism program and expenditures related to the operation of tourism-related facilities. The primary source of revenue is a one percent lodging tax instituted in January 2002.



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CITY OF KIRKLAND
City Manager's Office

Lodging Tax Fund



Boxes with a dashed outline and italic text indicate positions and/or functions which report to this department but which are budgeted in a separate department and/or operating fund.

DEPARTMENT OVERVIEW

LODGING TAX FUND

MISSION

The Lodging Tax Fund was created to account for Lodging Tax revenue that provides funding for tourism promotion and marketing activities to attract visitors to Kirkland resulting in increased day trips and overnight stays. The Tourism Program strives to optimize the assets of Kirkland to promote the City as a destination.

DEPARTMENT FUNCTIONS

The City Manager's Office oversees the Tourism Program in conjunction with the Economic Development Program, recognizing its role in generating revenue for the City. The program promotes events and programs through the ExploreKirkland.com website, a Facebook page, and monthly electronic event guides. It also provides printed visitor guides, dining guides and event guides to locations in Kirkland and cities throughout the region. It provides networking with local and regional tourism providers and familiarization tours for travel writers. The Tourism Program also provides media outreach and public relations to promote Kirkland as a destination and for selected events.

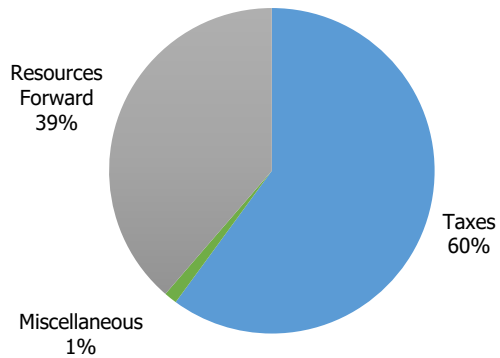
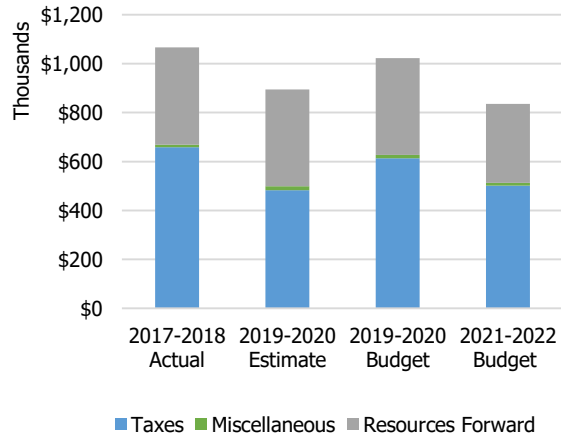
The revenue source for the Tourism Program is the Lodging Excise Tax collected from one percent of the sale of short-term accommodations as authorized by state statute. Use of the Lodging Excise Tax is limited to fund tourism promotion and operation of tourism-related facilities. The City Manager's Office provides staff support to the Tourism Development Committee whose role is to provide recommendations on the use of the lodging tax funds and help guide the tourism program priorities.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS**Economic Development**

- Tourism Development Committee (TDC) Grants from Lodging Tax are \$60,000 for 2021. The TDC's 2022 recommendation will be included in the mid-biennial budget process.
- Increase tourism staff support hours equal to a temporary 0.40 LTE, funded one-time \$70,225 (0.25 Lodging Tax Fund and 0.15 General Fund).

FINANCIAL OVERVIEW

LODGING TAX FUND

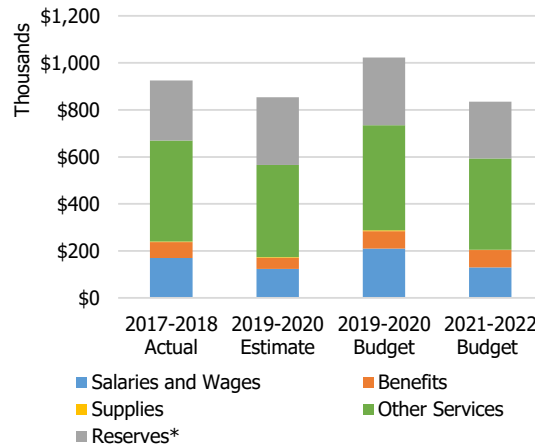
Sources of Funds

Revenues by Type

REVENUE SUMMARY BY TYPE

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Taxes	658,020	483,083	612,737	501,585	-18.14%
Intergovernmental	-	7,000	-	-	n/a
Miscellaneous	10,249	15,550	13,938	10,770	-22.73%
Resources Forward	397,890	396,212	396,212	322,815	-18.52%
TOTAL	1,066,160	901,846	1,022,887	835,170	-18.35%

FINANCIAL OVERVIEW

LODGING TAX FUND

Uses of Funds

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	169,335	122,994	209,329	129,534	-38.12%
Benefits	68,280	48,323	74,215	73,927	-0.39%
Supplies	1,630	1,790	3,500	1,000	-71.43%
Other Services	430,467	392,424	447,359	389,159	-13.01%
Intergovernmental Services	-	-	-	-	n/a
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	-	-	-	-	n/a
Reserves*	255,397	288,484	288,484	241,550	-16.27%
TOTAL	925,108	854,015	1,022,887	835,170	-18.35%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Tourism	925,108	854,015	1,022,887	835,170	-18.35%
TOTAL	925,108	854,015	1,022,887	835,170	-18.35%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

2021 - 2022 POSITION SUMMARY

LODGING TAX FUND

POSITION SUMMARY BY CLASSIFICATION

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Special Projects Coordinator	0.31		0.31	6,770 - 7,965
Administrative Assistant	0.20		0.20	5,377 - 6,278
TOTAL	0.51	0.00	0.51	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Tourism	0.51		0.51
TOTAL	0.51	0.00	0.51

**City of Kirkland
2021-2022 Budget
Lodging Tax Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Taxes						
Hotel Motel Tax	313311	658,020	483,083	612,737	501,585	-18.14%
Total for Taxes		658,020	483,083	612,737	501,585	-18.14%
Intergovernmental Revenue						
Port of Seattle	337092	-	7,000	-	-	0.00%
Total for Intergovernmental Revenue		-	7,000	-	-	0.00%
Miscellaneous Revenues						
Investment Interest	361111	10,249	15,550	13,938	10,770	-22.73%
Cash Over Short	369811	-	-	-	-	0.00%
Total for Miscellaneous Revenues		10,249	15,550	13,938	10,770	-22.73%
Other Financing Sources						
Resources Forward	399991	397,890	396,212	396,212	322,815	-18.52%
Total for Other Financing Sources		397,890	396,212	396,212	322,815	-18.52%
Fund Total		1,066,160	901,846	1,022,887	835,170	-18.35%

Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

STREET OPERATING FUND

The Street Operating Fund accounts for the administration, maintenance, and minor construction of the City's transportation infrastructure. The primary sources of revenue are property taxes and the State levied gasoline tax. This fund also includes the revenues from the 2012 Street Levy – Levy for City street maintenance and pedestrian safety.

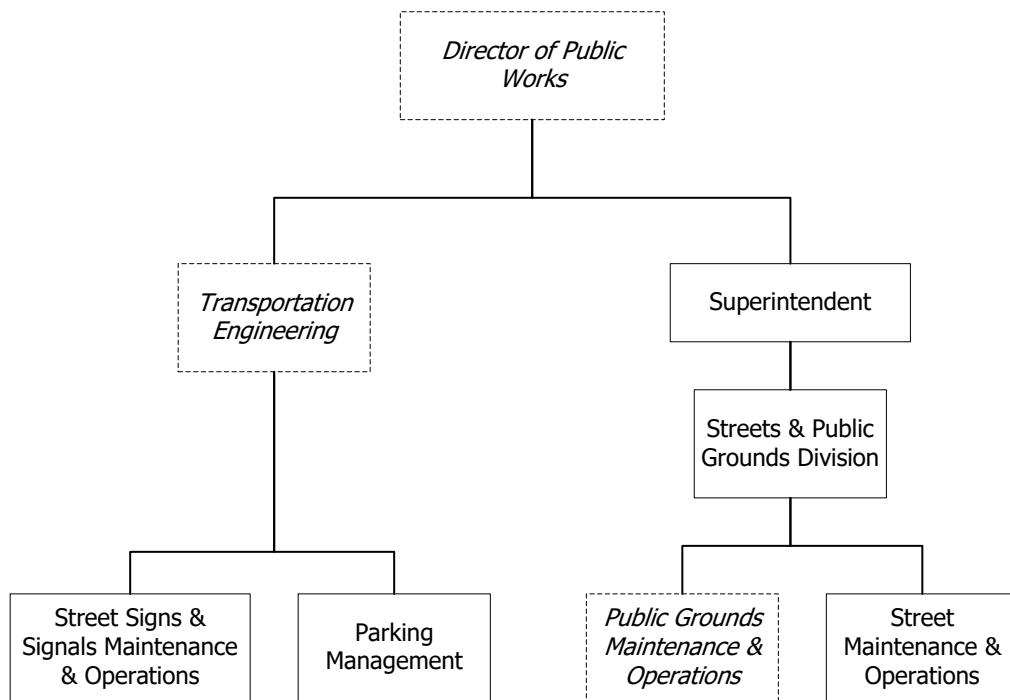


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CITY OF KIRKLAND

Public Works Department

Street Operating Fund



Boxes with a dashed outline and italic text indicate positions and/or functions which report to this department but which are budgeted in a separate department and/or operating fund.

DEPARTMENT OVERVIEW***STREET OPERATING FUND*****MISSION**

The Street Operating Fund is established to account for the administration of all resources associated with the maintenance, operation, and minor construction of roadways, sidewalks, pathways, traffic signs and signals, and roadsides.

DEPARTMENT FUNCTIONS

The Street Maintenance Group within the Public Works Streets and Grounds Division, in cooperation with the Signal Maintenance Group and Sign Maintenance Group within the Public Works Transportation Division, administers and maintains 648 lane miles of streets with 247 center lane miles, 244 lane miles of sidewalks, 5¾ miles of rail corridor, 68 traffic signals, 28 school beacons, 29 radar signs, 55 flashing crosswalks, 1,147 street lights, and approximately 15,000 street signs. The Streets and Grounds Division is also responsible for street sweeping, mowing of public right-of-ways, minor construction of sidewalk replacements, and repairs that are not included in the Capital Improvement Program, and provides maintenance of 4 acres of City medians and gateways, 14 acres of Public Building grounds, and approximately 30,000 street/right-of-way trees.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS**Public Safety**

- Continue a temporary 1.0 LTE Engineering Program Assistant, partially funded through Parking Fees, for ongoing work tasks related to Kirkland's neighborhoods and public safety, \$215,366 one-time.

Dependable Infrastructure

- Finance Street CIP projects totaling \$30.7 million for 2021-2022 (\$16.5 million in external funding), including \$9.2 million for 124th Ave NE Roadway Improvements, \$4.3 million 100th Avenue NE Roadway Improvements, \$2.45 million for Juanita Drive Auto Improvements.

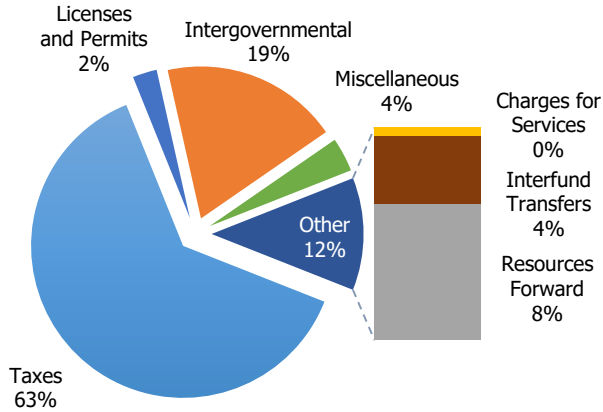
Financial Stability

- Fund one-time costs to purchase parking payment equipment to facilitate expanding the City's paid parking program in 2023, \$338,778 one-time.

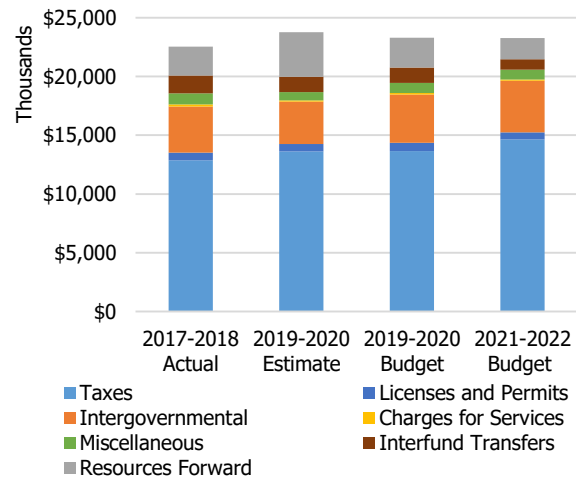
FINANCIAL OVERVIEW

STREET OPERATING FUND

Sources of Funds



Revenues by Type



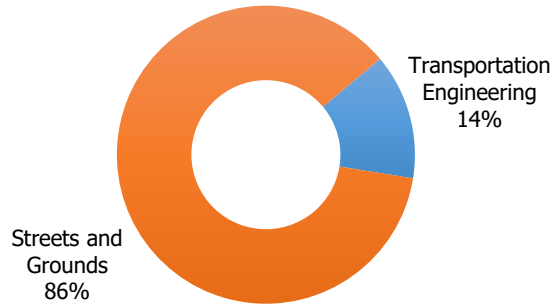
REVENUE SUMMARY BY TYPE

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Taxes	12,868,605	13,632,924	13,658,520	14,631,457	7.12%
Licenses and Permits	652,680	619,810	705,800	600,200	-14.96%
Intergovernmental	3,926,601	3,600,711	4,089,423	4,396,083	7.50%
Charges for Services	181,161	108,950	138,000	108,000	-21.74%
Miscellaneous	928,796	707,898	850,593	844,083	-0.77%
Interfund Transfers	1,520,545	1,313,251	1,313,251	899,000	-31.54%
Resources Forward	2,448,092	3,779,076	2,543,466	1,778,577	-30.07%
TOTAL	22,526,480	23,762,619	23,299,053	23,257,400	-0.18%

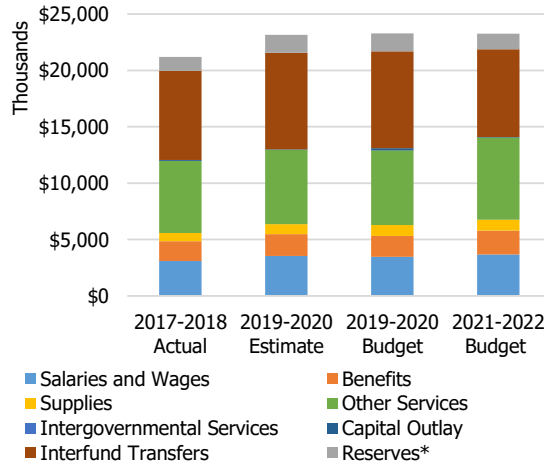
FINANCIAL OVERVIEW

STREET OPERATING FUND

Uses of Funds



Expenditures by Category



EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	3,094,901	3,551,900	3,472,395	3,664,274	5.53%
Benefits	1,763,146	1,924,176	1,839,906	2,117,882	15.11%
Supplies	717,517	891,599	986,168	976,838	-0.95%
Other Services	6,407,506	6,596,288	6,615,596	7,306,165	10.44%
Intergovernmental Services	3,736	3,964	3,200	3,200	0.00%
Capital Outlay	71,256	42,597	190,000	40,000	-78.95%
Interfund Transfers	7,924,953	8,550,787	8,591,093	7,766,000	-9.60%
Reserves*	1,210,576	1,600,695	1,600,695	1,383,041	-13.60%
TOTAL	21,193,591	23,162,005	23,299,053	23,257,400	-0.18%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Transportation Engineering	3,019,116	3,330,235	3,569,761	3,174,352	-11.08%
Streets and Grounds	18,174,475	19,831,770	19,729,292	20,083,048	1.79%
TOTAL	21,193,591	23,162,005	23,299,053	23,257,400	-0.18%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

2021 - 2022 POSITION SUMMARY***STREET OPERATING FUND*****POSITION SUMMARY BY CLASSIFICATION**

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Deputy Director	0.24		0.24	9,915 - 12,793
Superintendent	0.10		0.10	8,858 - 11,429
Street Division Manager	0.95		0.95	7,881 - 10,169
Trans. Operations & Maint. Supervisor	1.00		1.00	7,186 - 9,274
Management Analyst	0.30		0.30	6,543 - 7,697
Leadperson	1.60		1.60	6,003 - 7,244
Electronics Technician III	1.00		1.00	6,751 - 7,673
Senior Maintenance Person	4.75		4.75	5,340 - 6,505
Yard Maint. & Inventory Control	0.25		0.25	5,340 - 6,505
Senior Craftperson	2.00		2.00	5,340 - 6,505
Senior Accounting Associate	0.05		0.05	5,408 - 6,361
Utility Craftsperson	0.10		0.10	5,101 - 6,001
Electronics Technician I	2.00		2.00	4,351 - 5,453
Utilityperson	5.50		5.50	4,351 - 5,453
Grounds Technician	2.95		2.95	4,351 - 5,453
Public Works Office Specialist	0.25		0.25	4,342 - 5,110
Laborer	1.20		1.20	3,775 - 4,261
TOTAL	24.24	0.00	24.24	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Streets & Grounds	24.24		24.24
TOTAL	24.24	0.00	24.24

**City of Kirkland
2021-2022 Budget
Street Operating Fund Revenues**

		2017-2018	2019-2020	2019-2020	2021-2022	Percent
	Object	Actual	Estimate	Budget	Budget	Change
Taxes						
Prop Tax	311101	5,830,356	6,162,596	6,119,955	6,778,947	10.77%
Prop Tax 12 Road	311105	6,498,249	6,930,328	6,998,565	7,312,510	4.49%
Rev Gen Reg License	316101	540,000	540,000	540,000	540,000	0.00%
Total for Taxes		12,868,605	13,632,924	13,658,520	14,631,457	7.12%
License and Permits						
Street Cut Permit	322404	652,680	619,810	705,800	600,200	-14.96%
Total for License and Permits		652,680	619,810	705,800	600,200	-14.96%
Intergovernmental Revenue						
Multimodal Transportation	336007	210,155	240,977	240,596	237,321	-1.36%
MVFT-City Street	336008	3,716,446	3,359,733	3,848,827	4,158,762	8.05%
Other KC Grants	337081	-	-	-	-	0.00%
Total for Intergovernmental Revenue		3,926,601	3,600,711	4,089,423	4,396,083	7.50%
Charges for Goods and Services						
Other*General Government Svcs	341901	1,185	5,695	-	-	0.00%
Interfund-Tech Svc	341962	16,694	-	-	-	0.00%
Interfund-Gen	341963	49,848	73,851	56,000	60,000	7.14%
Interfund Supplies	341964	9,650	-	-	-	0.00%
Road Maintenance Svcs	341969	16,068	-	-	-	0.00%
Gen Government Svcs	341971	3,446	328	26,000	8,000	-69.23%
Street Sign Fee	344121	84,271	29,076	56,000	40,000	-28.57%
Interfund Personnel Services	349160	-	-	-	-	0.00%
Total for Charges for Goods and Services		181,161	108,950	138,000	108,000	-21.74%
Miscellaneous Revenues						
Parking Meters	362301	762,121	641,211	810,593	807,683	-0.36%
Park Meter Antique Mall	362303	-	-	-	-	0.00%
Temporary Parking Permit	362304	323	218	-	-	0.00%
Facility Leases Garage	362501	30,783	34,616	32,000	34,000	6.25%
Facility Leases Other	362502	2,848	2,323	-	-	0.00%
Stl Pkg Park Mn	362503	-	-	-	-	0.00%
Contribution Donation	367000	9,115	1,650	-	-	0.00%
Sales of Surplus	369101	1,329	-	-	-	0.00%
Other Judgements	369401	3,858	-	-	-	0.00%
Cash Over Short	369811	-	-	-	-	0.00%
Other Misc Rev	369910	2,890	2,084	8,000	2,400	-70.00%
Total for Miscellaneous Revenues		813,266	682,103	850,593	844,083	-0.77%
Other Financing Sources						
Sale Fixed Asset	395100	71	-	-	-	0.00%
Operating Transfers In	397101	1,520,545	1,313,251	1,313,251	899,000	-31.54%
Insurance Rec Gen Government	398001	115,459	25,795	-	-	0.00%
Resources Forward	399991	2,448,092	3,779,076	2,543,466	1,778,577	-30.07%
Total for Other Financing Sources		4,084,167	5,118,121	3,856,717	2,677,577	-30.57%
Fund Total		22,526,480	23,762,619	23,299,053	23,257,400	-0.18%

Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

CEMETERY OPERATING FUND

The Cemetery Operating Fund accounts for the operation of the City's cemetery.
The primary source of revenue is user fees.



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DEPARTMENT OVERVIEW***CEMETERY OPERATING FUND*****MISSION**

The Cemetery Operating fund is responsible for operating and maintaining the City of Kirkland Cemetery.

DEPARTMENT FUNCTIONS

The Parks and Community Services Department maintenance crews provide for the operation and maintenance of the cemetery and services for interment procedures, including ongoing maintenance service such as mowing, edging, weeding, installation of markers, and verification of gravesites.

The Finance and Administration Department provides cemetery administration support through the sale of lots and markers and maintenance of cemetery records.

The direct, non-labor costs and reimbursement for the labor costs in Finance and Administration are accounted for in the Cemetery Operating Fund. The labor costs for the Parks department are accounted for in the General Fund.

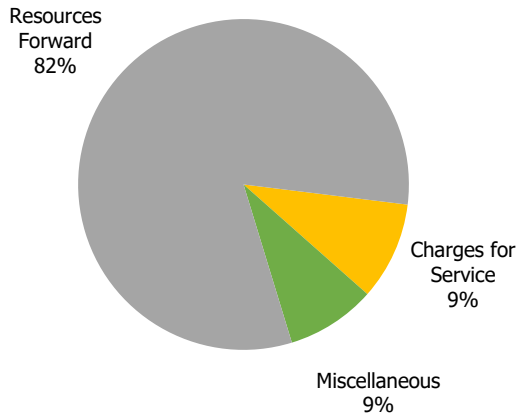
BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

- Fleet rates for Cemetery increased due to the addition of flatbed trucks that were previously not accounted for in the model.

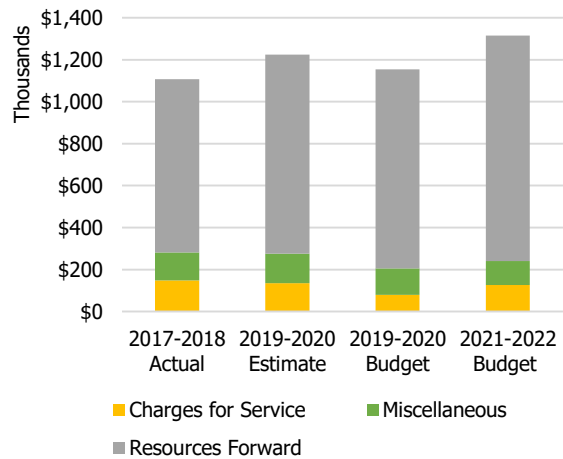
FINANCIAL OVERVIEW

CEMETERY OPERATING FUND

Sources of Funds



Revenues by Type

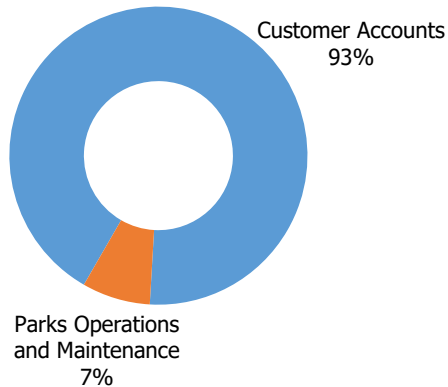
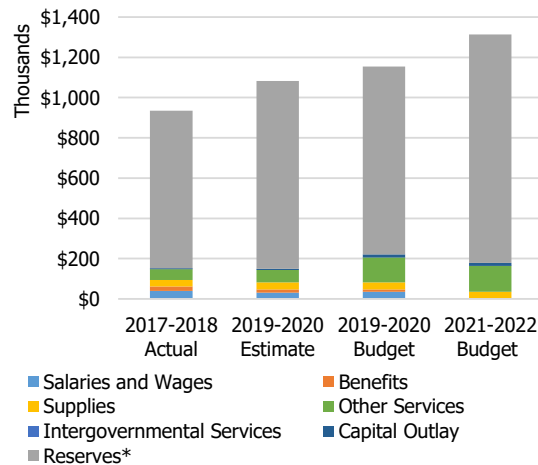


REVENUE SUMMARY BY TYPE

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Charges for Service	148,625	134,843	80,000	126,000	57.50%
Miscellaneous	132,129	140,603	125,465	114,936	-8.39%
Resources Forward	826,766	948,121	948,121	1,073,343	13.21%
TOTAL	1,107,520	1,223,567	1,153,586	1,314,279	13.93%

FINANCIAL OVERVIEW

CEMETERY OPERATING FUND

Uses of Funds

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	40,026	30,669	35,143	-	-100.00%
Benefits	21,264	16,107	11,599	-	-100.00%
Supplies	33,164	35,712	34,850	35,000	0.43%
Other Services	53,884	61,702	124,816	129,049	3.39%
Intergovernmental Services	268	233	200	200	0.00%
Capital Outlay	4,400	5,800	14,400	14,400	0.00%
Interfund Transfers	-	-	-	-	n/a
Reserves*	781,827	932,578	932,578	1,135,630	21.77%
TOTAL	934,833	1,082,801	1,153,586	1,314,279	13.93%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Customer Accounts	890,802	1,022,627	1,069,930	1,216,903	13.74%
Parks Operations and Maintenance	44,032	60,174	83,656	97,376	16.40%
TOTAL	934,833	1,082,801	1,153,586	1,314,279	13.93%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

**City of Kirkland
2021-2022 Budget
Cemetery Operating Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Charges for Goods and Services						
Sale of Markers	343601	29,470	25,408	10,000	20,000	100.00%
Marker Setting Fee	343602	15,000	12,520	14,000	14,000	0.00%
Open and Close	343603	91,690	81,655	56,000	80,000	42.86%
Marker Engraving	343605	12,465	15,260	-	12,000	0.00%
Total for Charges for Goods and Services		148,625	134,843	80,000	126,000	57.50%
Miscellaneous Revenues						
Investment Interest	361111	23,612	35,653	34,723	24,936	-28.19%
Total for Miscellaneous Revenues		23,612	35,653	34,723	24,936	-28.19%
Other Financing Sources						
Sale Fixed Asset	395100	108,517	104,950	90,742	90,000	-0.82%
Resources Forward	399991	826,766	948,121	948,121	1,073,343	13.21%
Total for Other Financing Sources		935,283	1,053,071	1,038,863	1,163,343	11.98%
Fund Total		1,107,520	1,223,567	1,153,586	1,314,279	13.93%

Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

PARKS MAINTENANCE FUND

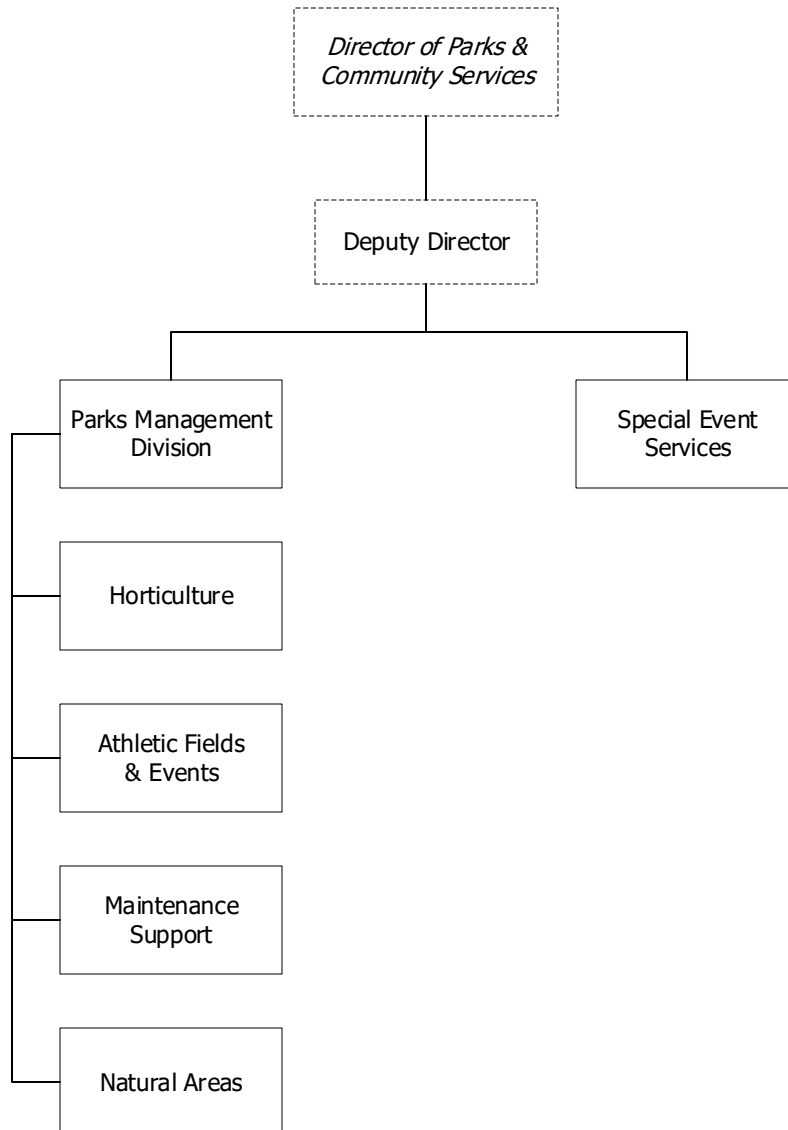
The Parks Maintenance Fund accounts for the maintenance and operation of park properties acquired and/or developed with a park bond passed in November 2002. The primary source of revenue is from a special property tax levy approved in November 2002.



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CITY OF KIRKLAND
Parks & Community Services Department

Parks Maintenance Fund



Boxes with a dashed outline and italic text indicate positions and/or functions which report to this department but which are budgeted in a separate department and/or operating fund.

PARKS MAINTENANCE FUND

MISSION

To operate and maintain park facilities funded from the voter-approved 2002 park bond and levy, including Juanita Beach Park, Carillon Woods, North Rose Hill Woodlands Park, and select Lake Washington School District school playfields.

DEPARTMENT FUNCTIONS

The **Parks Maintenance Fund** accounts for the maintenance and operation of properties acquired and/or developed as a result of a parks bond approved by voters in November 2002. These properties and projects include future park land purchased with the Acquisition Opportunity Fund and the City-School Partnership program which encompasses school playfield improvements, maintenance, and scheduling administration. The maintenance and operating costs are funded by a special property tax levy approved by the voters in November 2002.

This fund accounts for a portion of landscape and horticulture services, athletic field maintenance and renovations, restroom and park amenity services, trail maintenance, and other repair and construction projects of these properties.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

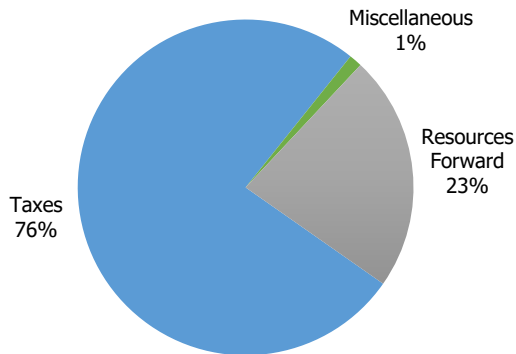
Parks, Open Spaces and Recreational Services

- Replace one ongoing 0.75 FTE Groundsperson position with one 1.0 FTE to provide year-round maintenance and operations for the new Totem Lake Park and newly renovated Juanita Beach Park, \$51,181 ongoing.

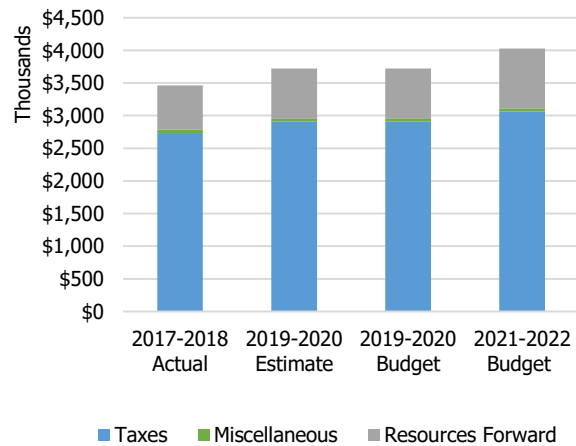
FINANCIAL OVERVIEW

PARKS MAINTENANCE FUND

Sources of Funds



Revenues by Type

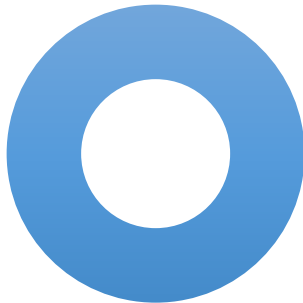


REVENUE SUMMARY BY TYPE

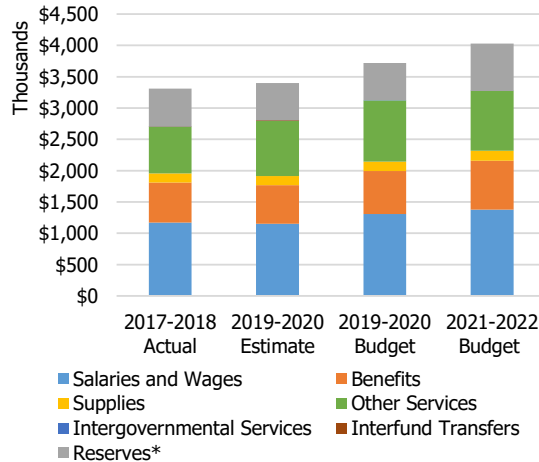
	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Taxes	2,731,806	2,907,212	2,906,880	3,061,122	5.31%
Charges for Services	3,570	-	-	-	n/a
Miscellaneous	52,119	41,340	52,254	50,325	-3.69%
Interfund Transfers	6,459	-	-	-	n/a
Resources Forward	677,076	771,189	760,672	915,099	20.30%
TOTAL	3,471,031	3,719,742	3,719,806	4,026,546	8.25%

FINANCIAL OVERVIEW

PARKS MAINTENANCE FUND

Uses of Funds


Parks Operations
and Maintenance
100%

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	1,172,310	1,151,723	1,305,897	1,378,442	5.56%
Benefits	638,729	616,123	686,133	780,985	13.82%
Supplies	144,980	145,600	152,340	157,590	3.45%
Other Services	747,306	884,652	979,510	952,955	-2.71%
Intergovernmental Services	1,271	850	1,700	1,700	0.00%
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	3,570	5,695	-	-	n/a
Reserves*	601,202	594,226	594,226	754,874	27.03%
TOTAL	3,309,368	3,398,869	3,719,806	4,026,546	8.25%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Parks Operations and Maintenance	3,309,368	3,398,869	3,719,806	4,026,546	8.25%
TOTAL	3,309,368	3,398,869	3,719,806	4,026,546	8.25%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

2021 - 2022 POSITION SUMMARY***PARKS MAINTENANCE FUND*****POSITION SUMMARY BY CLASSIFICATION**

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Leadperson	2.00		2.00	6,003 - 7,244
Groundsperson	6.00	0.25	6.25	4,351 - 5,453
Parks Accounts Associate	0.50		0.50	4,512 - 5,309
TOTAL	8.50	0.25	8.75	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Parks Operations and Maintenance	8.50	0.25	8.75
TOTAL	8.50	0.25	8.75

**City of Kirkland
2021-2022 Budget
Parks Maintenance Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Taxes						
Prop Tax	311101	122	-	-	-	0.00%
Prop Tax Park	311102	2,731,685	2,907,212	2,906,880	3,061,122	5.31%
Total for Taxes		2,731,806	2,907,212	2,906,880	3,061,122	5.31%
Charges for Goods and Services						
Interfund-Gen	341963	3,570	-	-	-	0.00%
Total for Charges for Goods and Services		3,570	-	-	-	0.00%
Miscellaneous Revenues						
Investment Interest	361111	18,492	28,046	28,254	20,125	-28.77%
Park Facility Rentals	362405	22,102	-	12,000	-	-100.00%
PKM-Rentals Park Fields Courts	362456	-	3,534	-	6,200	0.00%
Rentals Other Park Facilities	362458	-	9,761	12,000	24,000	100.00%
Contribution Donation	367000	10,000	-	-	-	0.00%
Total for Miscellaneous Revenues		50,594	41,340	52,254	50,325	-3.69%
Other Financing Sources						
Operating Transfers In	397101	6,459	-	-	-	0.00%
Insurance Rec Gen Government	398001	1,525	-	-	-	0.00%
Resources Forward	399991	677,076	771,189	760,672	915,099	20.30%
Total for Other Financing Sources		685,060	771,189	760,672	915,099	20.30%
Fund Total		3,471,031	3,719,742	3,719,806	4,026,546	8.25%

Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

2012 PARKS LEVY FUND

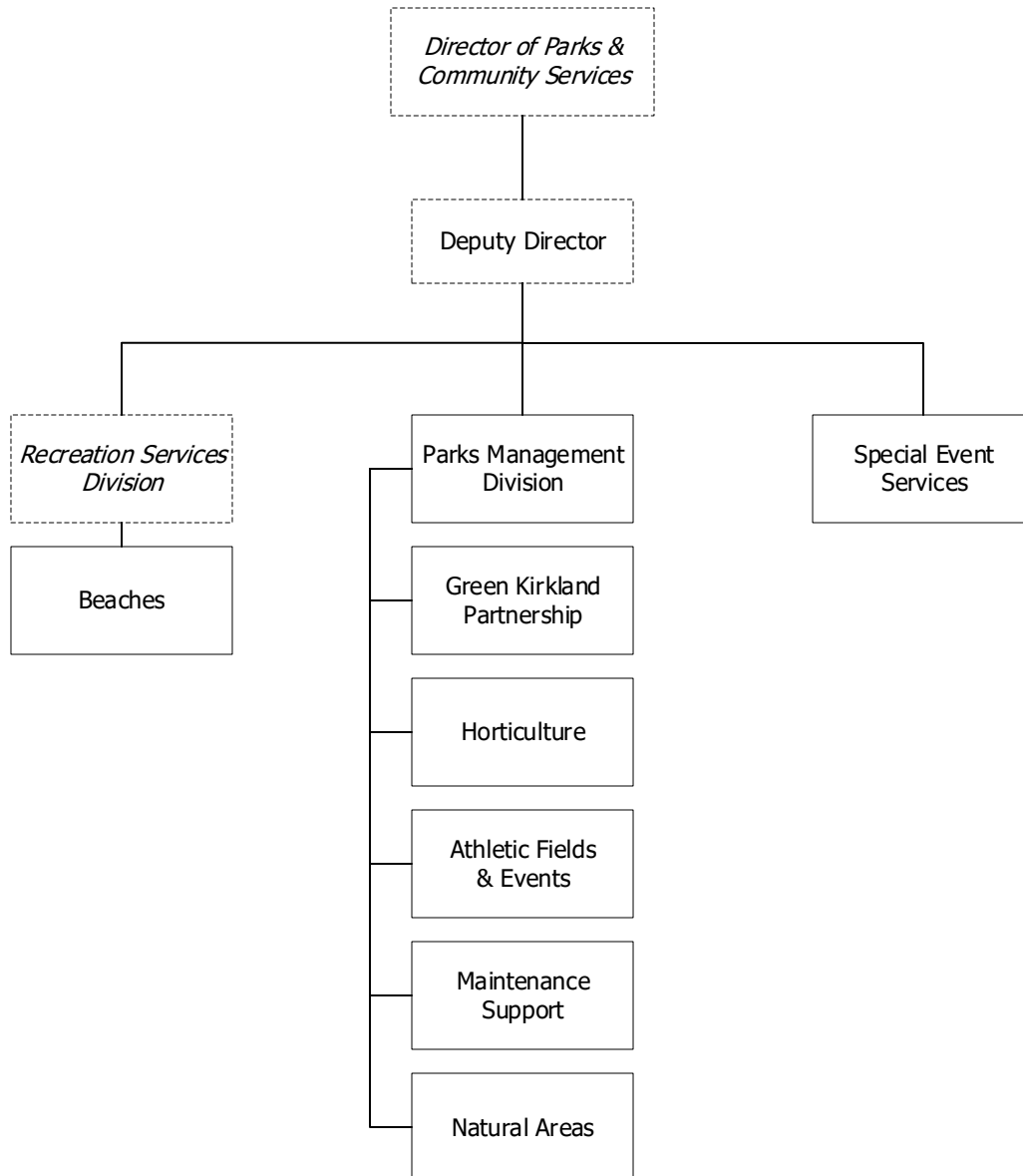
The Parks Levy Fund accounts for the maintenance and operation of park properties acquired and/or developed with the revenues from the 2012 Park Levy – Levy for City parks maintenance, restoration, and enhancement.



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CITY OF KIRKLAND
Parks & Community Services Department

2012 Parks Levy Fund



Boxes with a dashed outline and italic text indicate positions and/or functions which report to this department but which are budgeted in a separate department and/or operating fund.

DEPARTMENT OVERVIEW***2012 PARKS LEVY FUND*****MISSION**

To restore and enhance funding for park maintenance and beach lifeguards, acquire park land and open space, and to maintain, renovate, and enhance docks, park facilities, trails, and playfields.

DEPARTMENT FUNCTIONS

The **2012 Parks Levy Fund** accounts for the proceeds of the parks levy approved by voters in November 2012. The levy restores maintenance and beach lifeguard services at Houghton, Waverly, and Juanita beaches, and restores maintenance at neighborhood parks including restroom operations and repairs. The levy also provides for maintenance of O.O. Denny Park and the Cross Kirkland Corridor (managed by PW) and provides ongoing funding for the Green Kirkland Partnership. The levy includes annual funding for repair and upkeep of sports courts and replacement of playgrounds.

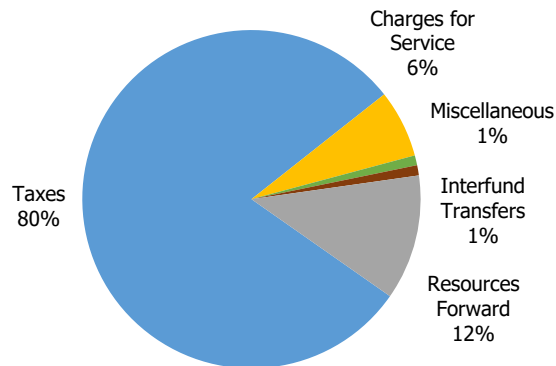
BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS**Parks, Open Spaces and Recreational Services**

- Replace two ongoing 0.75 FTE Groundsperson positions with two 1.0 FTE to provide year-round maintenance and operations for the new Totem Lake Park and newly renovated Juanita Beach Park, \$138,012 ongoing.

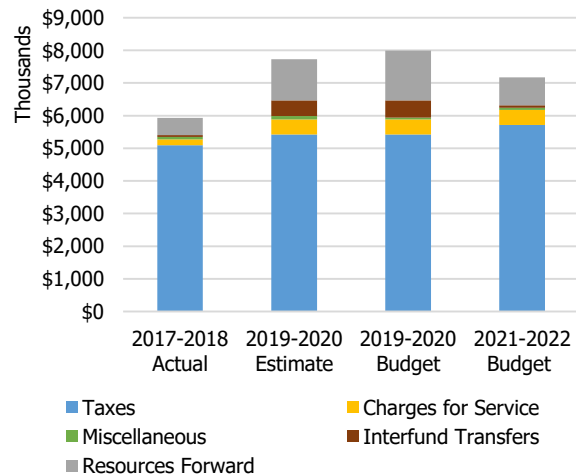
FINANCIAL OVERVIEW

2012 PARKS LEVY FUND

Sources of Funds



Revenues by Type

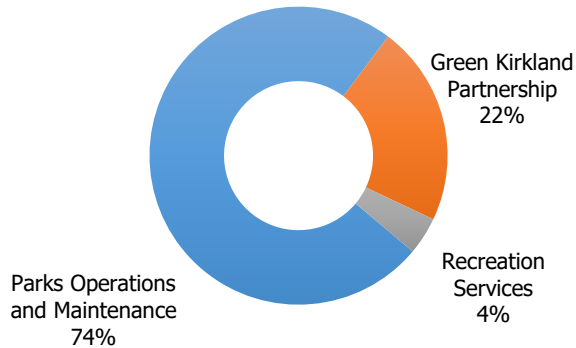
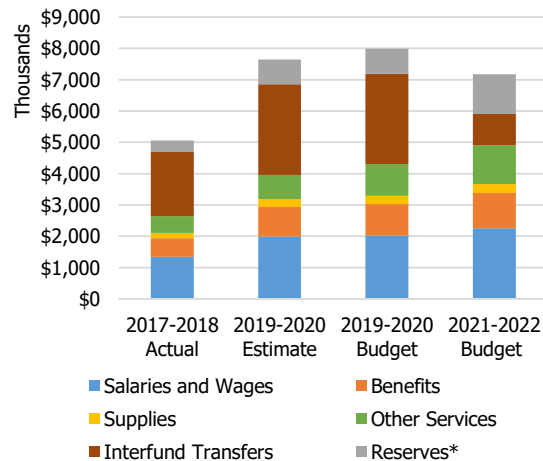


REVENUE SUMMARY BY TYPE

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Taxes	5,096,637	5,423,808	5,423,195	5,710,954	5.31%
Charges for Service	172,291	463,537	461,467	463,873	0.52%
Miscellaneous	77,124	102,920	56,121	67,774	20.76%
Interfund Transfers	62,501	480,462	524,644	70,000	-86.66%
Resources Forward	526,786	1,255,054	1,523,881	858,367	-43.67%
TOTAL	5,935,339	7,725,781	7,989,308	7,170,968	-10.24%

FINANCIAL OVERVIEW

2012 PARKS LEVY FUND

Uses of Funds

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	1,347,664	1,989,583	2,024,019	2,256,343	11.48%
Benefits	587,611	944,130	1,007,923	1,126,289	11.74%
Supplies	171,112	257,191	263,233	281,800	7.05%
Other Services	539,311	772,653	1,007,365	1,240,512	23.14%
Intergovernmental Services	-	-	-	-	n/a
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	2,042,908	2,887,034	2,889,343	1,000,000	-65.39%
Reserves*	370,005	797,425	797,425	1,266,024	58.76%
TOTAL	5,058,612	7,648,015	7,989,308	7,170,968	-10.24%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Parks Operations and Maintenance	3,890,742	5,956,035	6,075,089	5,317,560	-12.47%
Green Kirkland Partnership	1,004,317	1,489,091	1,604,533	1,559,887	-2.78%
Recreation Services	163,552	202,889	309,686	293,521	-5.22%
TOTAL	5,058,612	7,648,015	7,989,308	7,170,968	-10.24%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

2021 - 2022 POSITION SUMMARY***2012 PARKS LEVY FUND*****POSITION SUMMARY BY CLASSIFICATION**

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Parks Maintenance Supervisor	1.00		1.00	6,202 - 8,004
Green Kirkland Partnership Sup.	1.00		1.00	6,202 - 8,004
Environ. Education & Outreach Spclst.	1.00		1.00	6,276 - 7,386
Program Coordinator	2.00		2.00	6,113 - 7,193
Senior Groundsperson	1.00		1.00	5,340 - 6,505
Program Assistant	0.50		0.50	4,713 - 5,543
Groundsperson	4.75	0.50	5.25	4,351 - 5,453
TOTAL	11.25	0.50	11.75	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Parks Operations and Maintenance	6.50	0.50	7.00
Green Kirkland Partnership	4.75		4.75
TOTAL	11.25	0.50	11.75

**City of Kirkland
2021-2022 Budget
2012 Parks Levy Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Taxes						
Prop Tax 12 Park	311106	5,096,637	5,423,808	5,423,195	5,710,954	5.31%
Total for Taxes		5,096,637	5,423,808	5,423,195	5,710,954	5.31%
Charges for Goods and Services						
Interfund-Gen	341963	925	2,070	-	-	0.00%
Interfund Eng-CIP	341966	21,366	-	-	-	0.00%
Intfnd-Envir Srvc	341968	150,000	461,467	461,467	463,873	0.52%
Total for Charges for Goods and Services		172,291	463,537	461,467	463,873	0.52%
Miscellaneous Revenues						
Investment Interest	361111	22,685	55,091	30,471	41,974	37.75%
Park Facility Rentals	362405	26,699	7,325	12,750	-	-100.00%
PP-Rentals Othr Park Fac	362458	-	24,344	12,900	25,800	100.00%
Contribution Donation	367000	26,955	16,161	-	-	0.00%
Total for Miscellaneous Revenues		76,339	102,920	56,121	67,774	20.76%
Other Financing Sources						
Operating Transfers In	397101	62,501	480,462	524,644	70,000	-86.66%
Insurance Rec Gen Government	398001	785	-	-	-	0.00%
Resources Forward	399991	526,786	1,255,054	1,523,881	858,367	-43.67%
Total for Other Financing Sources		590,073	1,735,516	2,048,525	928,367	-54.68%
Fund Total		5,935,339	7,725,781	7,989,308	7,170,968	-10.24%

Internal Service Funds account for the financing of goods and services provided by one department to other City departments on a cost reimbursement basis.

HEALTH BENEFITS FUND

The Health Benefits Fund accounts for programs established to provide employee medical health care coverage. Medical premiums received by the fund are used to pay claims for employees participating in the City's self-insured health care program, purchase "stop-loss" coverage for individual and aggregate claims in excess of self-insured limits, and maintain reserves for the payment of future claims based on actuarial estimates. Employee dental and vision coverage is purchased from an outside carrier.

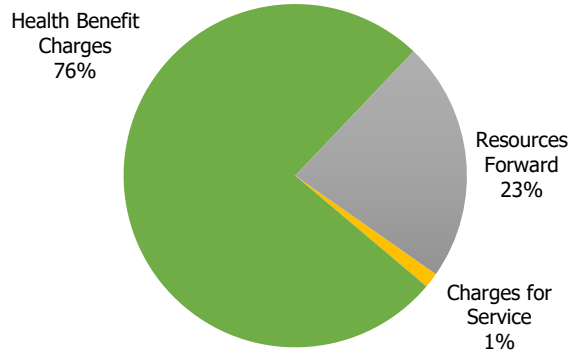


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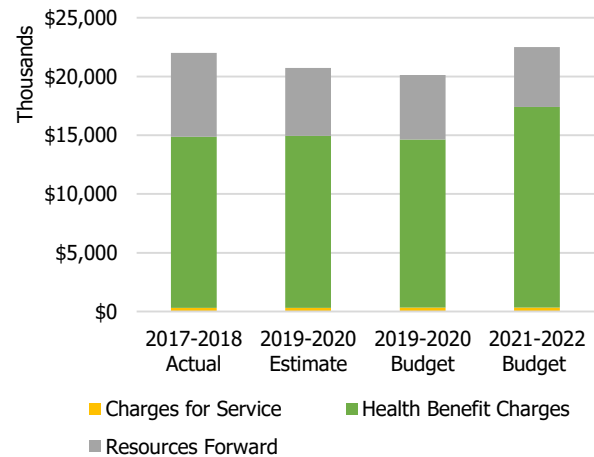
FINANCIAL OVERVIEW

HEALTH BENEFITS FUND

Sources of Funds



Revenues by Type

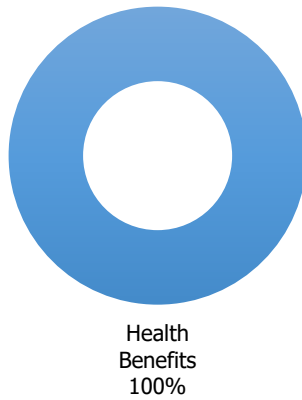
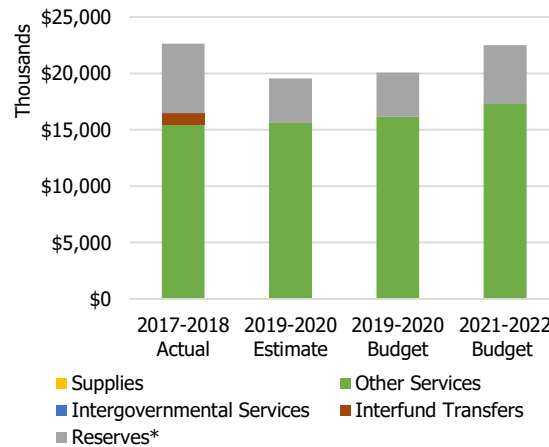


REVENUE SUMMARY BY TYPE

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Charges for Service	300,664	318,660	321,990	321,640	-0.11%
Health Benefit Charges	14,573,032	14,634,803	14,323,487	17,085,930	19.29%
Resources Forward	7,130,429	5,772,934	5,471,913	5,087,011	-7.03%
TOTAL	22,004,125	20,726,397	20,117,390	22,494,581	11.82%

FINANCIAL OVERVIEW

HEALTH BENEFITS FUND

Uses of Funds

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	-	-	-	-	n/a
Benefits	-	-	-	-	n/a
Supplies	31,029	-	1,000	1,000	0.00%
Other Services	15,439,264	15,633,490	16,167,076	17,330,330	7.20%
Intergovernmental Services	6,008	5,895	6,200	6,580	6.13%
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	1,000,000	-	-	-	n/a
Reserves*	6,160,283	3,912,587	3,912,587	5,156,671	31.80%
TOTAL	22,636,585	19,551,972	20,086,863	22,494,581	11.99%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Health Benefits	22,636,585	19,551,972	20,086,863	22,494,581	11.99%
TOTAL	22,636,585	19,551,972	20,086,863	22,494,581	11.99%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

**City of Kirkland
2021-2022 Budget
Health Benefits Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Charges for Goods and Services						
Interfund Medical Contribution	348000	300,664	318,660	321,990	321,640	-0.11%
Total for Charges for Goods and Services		300,664	318,660	321,990	321,640	-0.11%
Miscellaneous Revenues						
Investment Interest	361111	152,182	199,768	206,602	131,457	-36.37%
Medical Contribution EE	367121	11,829,378	12,841,347	12,835,621	15,797,379	23.07%
Medical Contribution Ret	367122	1,222,473	688,287	1,041,264	305,151	-70.69%
Contribution Rebates Prescript	367191	266,253	311,425	240,000	373,473	55.61%
Stop Loss Rebate	367192	1,002,746	556,976	-	478,470	0.00%
Other Misc Rev	369910	100,000	-	-	-	0.00%
Total for Miscellaneous Revenues		14,573,032	14,597,803	14,323,487	17,085,930	19.29%
Other Proprietary Income						
HLth BenFd - Ins Recovery Prop	372001	-	37,000	-	-	0.00%
Total for Other Proprietary Income		-	37,000	-	-	0.00%
Other Financing Sources						
Resources Forward	399991	7,130,429	5,772,934	5,471,913	5,087,011	-7.03%
Total for Other Financing Sources		7,130,429	5,772,934	5,471,913	5,087,011	-7.03%
Fund Total		22,004,125	20,726,397	20,117,390	22,494,581	11.82%



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Internal Service Funds account for the financing of goods and services provided by one department to other City departments on a cost reimbursement basis.

EQUIPMENT RENTAL FUND

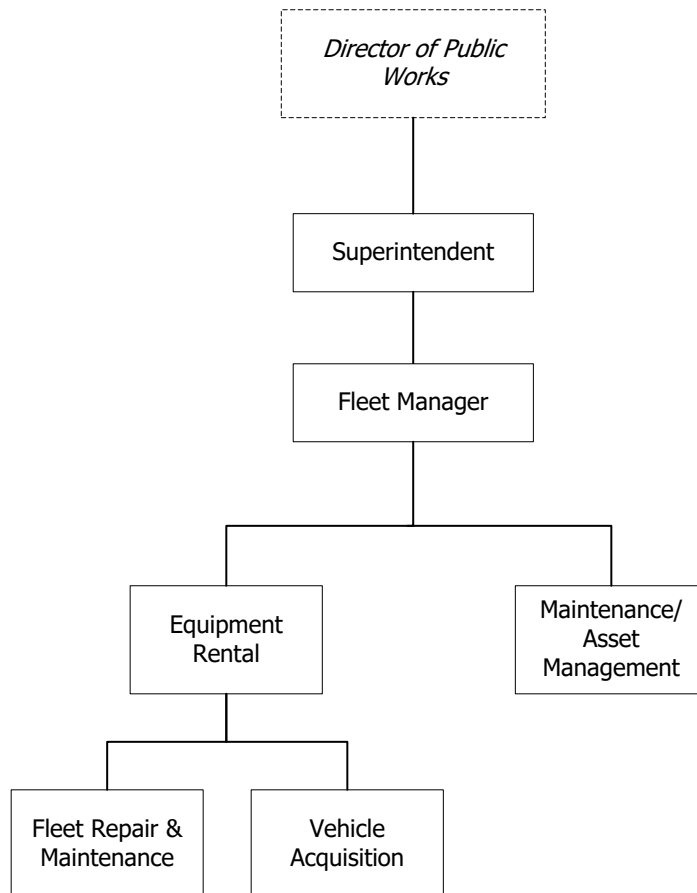
The Equipment Rental Fund accounts and assesses user charges for the cost of maintaining and replacing all City vehicles and heavy equipment.



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CITY OF KIRKLAND
Public Works Department

Equipment Rental Fund



Boxes with a dashed outline and italic text indicate positions and/or functions which report to this department but which are budgeted in a separate department and/or operating fund.

DEPARTMENT OVERVIEW***EQUIPMENT RENTAL FUND*****MISSION**

The Equipment Rental Fund is established to account for resources associated with providing safe, cost-effective vehicles and equipment to meet the operating needs of all City Departments.

DEPARTMENT FUNCTIONS

The Public Works Department administers the Equipment Rental Fund. Overseen by the Public Works Superintendent, the Fleet Management Group is responsible for efficient operations of the Fleet Maintenance shops (Kirkland Maintenance Center and Kirkland Justice Center), selection and coordination of outside vendors, vehicle repair and maintenance, fueling systems (petroleum and electric), acquisition and resale of all vehicles, and provides cost-accounting, rate recommendations, and replacement schedules for the City's fleet of approximately 400 pieces of equipment. All operations and purchases include environmental considerations.

The Fund also provides resources for the City's 800 MHz radio program, providing for staff support as a member of the Eastside Public Safety and Communications Agency (EPSCA). The Division also maintains 800 MHz radio and antenna systems, coordinates vendor repairs, maintenance contracts, and establishes user rates.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS**Financial Stability**

- As part of the strategy for addressing the annexation sales tax expiration, staff reviewed how fleet rates were established for both operations & maintenance (O&M) and vehicle replacement against industry best practices. The evaluation included an analysis of actual vehicle lives and fund balance trends over a 20-year horizon, which resulted in using longer lives for selected vehicles based on the City's actual experience and moderating reserve balance growth to ensure sufficient balances are maintained but that idle cash does not accumulate. In addition, the review included an assessment of vehicles that were still in use, but not paying replacement rates, and incorporated those that are providing current service levels into the rates. The result was a reduction in fleet rates in 2021-2022 of \$1,179,553 in the General Fund and \$399,837 in other funds.

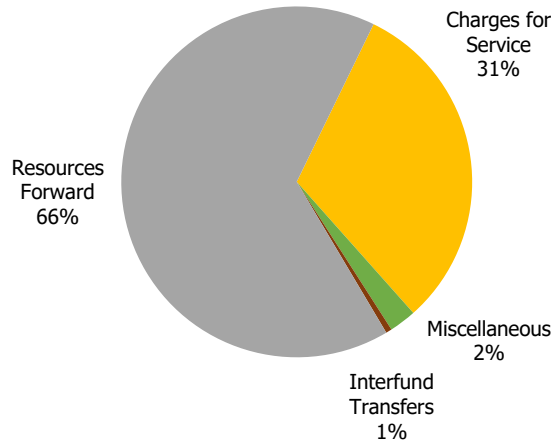
Dependable Infrastructure

- Fund the replacement of the fuel station pumping, monitoring and recording equipment at the PW Maintenance Center and Fire Station 27, \$220,000 one-time – funded by 2019-2020 biennium fuel expenditure savings.

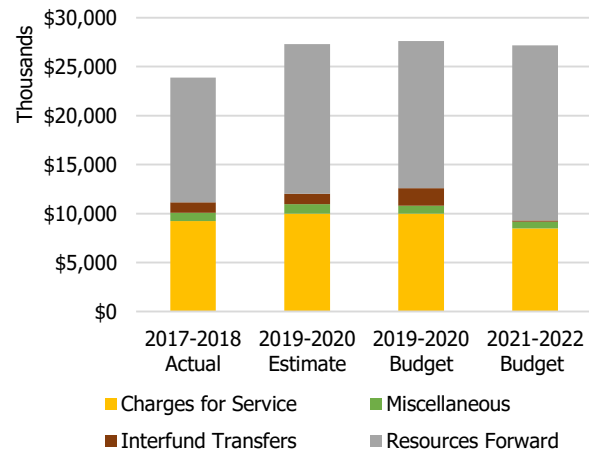
FINANCIAL OVERVIEW

EQUIPMENT RENTAL FUND

Sources of Funds



Revenues by Type

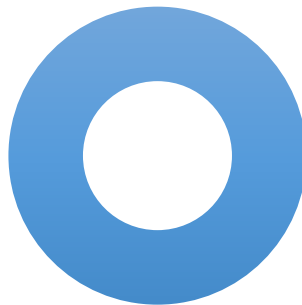


REVENUE SUMMARY BY TYPE

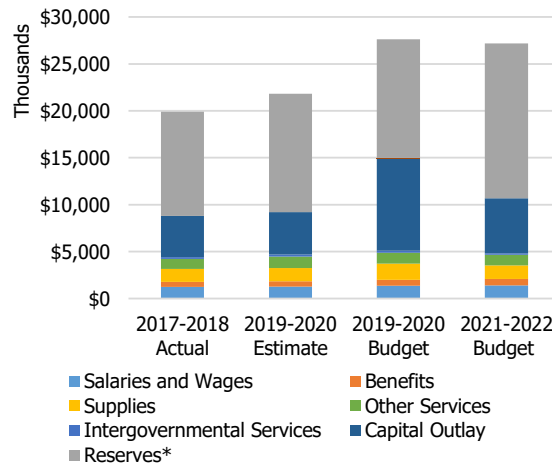
	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Charges for Service	9,226,845	9,999,718	10,001,588	8,482,180	-15.19%
Miscellaneous	848,895	950,144	815,488	677,342	-16.94%
Interfund Transfers	1,064,007	1,077,937	1,769,012	149,280	-91.56%
Resources Forward	12,733,393	15,261,888	15,030,190	17,871,444	18.90%
TOTAL	23,873,140	27,289,686	27,616,278	27,180,246	-1.58%

FINANCIAL OVERVIEW

EQUIPMENT RENTAL FUND

Uses of Funds


Fleet Services
100%

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	1,238,076	1,282,474	1,360,418	1,387,697	2.01%
Benefits	524,243	559,622	643,830	699,303	8.62%
Supplies	1,382,631	1,415,505	1,713,590	1,435,796	-16.21%
Other Services	1,074,171	1,229,689	1,159,020	1,128,928	-2.60%
Intergovernmental Services	175,591	220,496	236,413	178,554	-24.47%
Capital Outlay	4,405,777	4,490,456	9,819,665	5,845,319	-40.47%
Interfund Transfers	-	-	50,000	-	-100.00%
Reserves*	11,108,410	12,633,342	12,633,342	16,504,649	30.64%
TOTAL	19,908,898	21,831,584	27,616,278	27,180,246	-1.58%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Fleet Services	19,908,898	21,831,584	27,616,278	27,180,246	-1.58%
TOTAL	19,908,898	21,831,584	27,616,278	27,180,246	-1.58%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

2021 - 2022 POSITION SUMMARY

EQUIPMENT RENTAL FUND

POSITION SUMMARY BY CLASSIFICATION

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Deputy Director	0.05		0.05	9,915 - 12,793
Superintendent	0.25		0.25	8,858 - 11,429
Fleet Manager	1.00		1.00	7,498 - 9,675
Mechanic III	1.00		1.00	5,937 - 7,141
Emergency Vehicle Technician	4.00		4.00	5,821 - 7,003
Yard Maint. & Inventory Control	1.15		1.15	5,340 - 6,505
TOTAL	7.45	0.00	7.45	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Fleet Services	7.45		7.45
TOTAL	7.45	0.00	7.45

**City of Kirkland
2021-2022 Budget
Equipment Rental Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Charges for Goods and Services						
Sales of Fuel	344511	15,489	15,627	12,000	16,000	33.33%
Interfund Vehicles Rent	348001	4,608,189	4,795,834	4,783,960	4,655,506	-2.69%
Replace Reserve	348002	4,353,009	4,925,576	4,921,884	3,558,050	-27.71%
Interfund Radio	348003	176,090	188,613	209,676	178,554	-14.84%
Interfund-Radio Replcmnt	348004	74,069	74,068	74,068	74,070	0.00%
Total for Charges for Goods and Services		9,226,845	9,999,718	10,001,588	8,482,180	-15.19%
Miscellaneous Revenues						
Investment Interest	361111	357,893	546,266	521,488	383,342	-26.49%
Equip Rent - Other Judgements	369401	2,297	-	-	-	0.00%
Other Misc Rev	369910	41,641	20,987	-	-	0.00%
Total for Miscellaneous Revenues		401,831	567,253	521,488	383,342	-26.49%
Other Proprietary Income						
Ins Recovery Prop	372001	189,074	113,472	-	-	0.00%
Total for Other Proprietary Income		189,074	113,472	-	-	0.00%
Other Financing Sources						
Sale Fixed Asset	395100	-	95,724	294,000	294,000	0.00%
Gain Loss Capital Prop	395200	257,990	173,694	-	-	0.00%
Operating Transfers In	397101	1,064,007	1,077,937	1,769,012	149,280	-91.56%
Resources Forward	399991	2,182,783	2,730,409	2,498,711	1,679,044	-32.80%
Resources Forward - Reserve	399992	10,550,610	12,531,479	12,531,479	16,192,400	29.21%
Total for Other Financing Sources		14,055,390	16,609,243	17,093,202	18,314,724	7.15%
Fund Total		23,873,140	27,289,686	27,616,278	27,180,246	-1.58%

EQUIPMENT RENTAL CAPITAL REPLACEMENT

Included in this section are three summary charts—one listing the vehicles costing \$50,000 or more to be replaced over the six-year period of 2021-2026, and the second and third charts listing all vehicle replacements, regardless of cost, for 2021 and 2022, respectively.

The vehicles planned for replacement costing \$50,000 or more are subject to the same process as the entire fleet with respect to replacement standards. In June of each year, each vehicle whose normal accounting life expires in the coming five budget years is examined to determine if extending its service life is financially sound. Considerations include engine hours, mileage, maintenance history, structural wear, declining resale value, and future intended use of the proposed replacement vehicle. If a determination is made that a vehicle is to be replaced, “right-sizing” of the vehicle for its intended use will be conducted. A vehicle will be replaced in kind or “right-sized” if possible (at a lesser cost). Upgraded vehicles for specific functions will require an approved service package in an amount covering the difference between the replaced vehicle’s replacement reserve account and the cost of the proposed replacement vehicle.

Savings are incurred when the operational life of vehicles can be extended beyond their normal accounting life. This is usually due to low engine hours, mileage, or major repairs that have been performed to the vehicle. The vehicles on the six-year schedule that are measured by engine hours have their replacement reserve based on these hours. If a vehicle has reached its normal accounting life but not the original estimated engine hours, the useful life of that vehicle may be extended.

There are 12 vehicles costing in excess of \$50,000 currently scheduled for replacement in 2021.

- The Fire Department is replacing the following three vehicles:
 - A 2006 Dodge Durango 4WD (F214X), extended four years beyond the end of its normal accounting life.
 - Two 2003 Spartan H&W Pumpers (F611, F612), on schedule.
- The Parks and Community Services Department is replacing the following three vehicles:
 - A 2003 John Deere 5420 Ballfield Tractor (TR-10) extended eight years beyond the end of its normal accounting life.
 - A 2008 Ford F450 2WD Crew Cab (F-20X) extended three years beyond the end of its normal accounting life.¹
 - A 2005 Case Backhoe 580SL 4x4 (TR-07A) extended eight years beyond the end of its normal accounting life.
- The Police Department will be replacing the following four vehicle:
 - A 2016 Ford Interceptor SUV (P158) and three 2017 Ford Interceptor SUVs (P160, P161, P162), all on schedule.
- The Public Works Department will be replacing the following two vehicles:
 - A 2008 Case Backhoe 580SM 4x4 (TR-11) extended 3 years beyond the end of its normal accounting life.
 - A 2009 Case Backhoe 580SM 4x2 (TR-12) extended 2 years beyond the end of its normal accounting life.

¹ F-20X and TR-07A were “ghost fleet” vehicles that were used to provide ongoing services but have not previously had replacement funds set aside. They were recently added to the fund because they are necessary to maintain the current level of service.

- In addition to these capital replacements, 25 vehicles will be replaced in 2021.

There are 15 vehicles costing in excess of \$50,000 currently scheduled for replacement in 2022.

- The Police Department is replacing the following eleven vehicles:
 - A 2015 Interceptor Sedan AWD (P146) and two 2016 Interceptor SUVs (P152, P153), each extended two years beyond the end of the normal accounting life.
 - Six 2017 Interceptor SUVs (P163, P164, P165, P166, P167, P168), on schedule.
 - A 1993 Chevrolet G20 Van 2WD (D93-05) extended seventeen years beyond the end of its normal accounting life.
 - A 1999 Ford F450 (P99-98X) extended one year beyond its normal accounting life.
- Public Works is replacing the following four vehicles:
 - A 2012 Ford F550 2WD Utility (PU-104), on schedule.
 - Two 2006 International SA625 5yd Dump (D-01, D-02) extended two years beyond the end of the normal accounting life.
 - A 2010 John Deer 6330 Road Mower (M-14), on schedule.
- In addition to these capital replacements, 17 vehicles will be replaced in 2022.

In addition to these normally scheduled replacements, the preliminary 2021-2022 Budget includes previous funding to replace specific vehicles deployed for Development inspections with electric powered equivalents. The total investment in this biennium will replace eight inspection vehicles (and add one new vehicle) and will also include the installation of charging infrastructure at City Hall.

City of Kirkland
2021-2026 Fleet Replacement Plan
Vehicle Replacements Over \$50,000

Fire

Vehicle	Year / Description	Acct Life	Normal Replacement Date	2021-2026						Six Year Total Cost	Comments
				2021	2022	2023	2024	2025	2026		
F214X	2006 / Dodge Dodge Durango 4WD	8	3/8/2016	51,507						51,507	Extended 5 years
F612	2003 / Spartan H&W Pumper	18	6/24/2021	588,905						588,905	On schedule
F611	2003 / Spartan H&W Pumper	18	5/15/2021	590,449						590,449	On schedule
F213	2006 / Spartan H&W Pumper	18	3/20/2016			\$ 62,943				62,943	Extended 7 years
F216	2008 / Chevrolet Suburban 2500 4WD	8	4/20/2018			\$ 58,340				58,340	Extended 5 years
F218	2008 / Chevrolet Suburban 1500 4WD	8	5/12/2019			\$ 51,289				51,289	Extended 4 years
F319	2009 / Ford F250 4WD Ex Cab	8	9/6/2022			\$ 261,934				261,934	On schedule
F320	2012 / Ford F450 Road Rescue Aid Vehicle	8	6/25/2024			\$ 275,766				275,766	On schedule
F321	2013 / Ford F450 Road Rescue Aid Vehicle	8	6/25/2024			\$ 276,017				276,017	On schedule
F318	2010 / Ford F450 Road Rescue Aid Vehicle	8	8/4/2020				\$ 269,023			269,023	Extended 3 years
F613	2006 / Spartan H&W Pumper	18	3/22/2024				\$ 686,704			686,704	On schedule
F220	2011 / Ford F250 4WD Crew	8	6/28/2021					\$ 52,245		52,245	Extended 4 years
F221	2015 / Chevrolet Silverado 3500 Crew Cab 4WD	8	9/23/2024					\$ 68,295		68,295	On schedule
F403	2006 / Spartan Spartan Air Unit	18	5/11/2025					\$ 627,124		627,124	On schedule
F322	2016 / Ford F450 Road Rescue Aid Vehicle	8	1/8/2026						\$ 306,243	306,243	On schedule
F323	2016 / Ford F450 Road Rescue Aid Vehicle	8	1/28/2026						\$ 306,280	306,280	On schedule
Total Fire Vehicles				1,230,861	-	986,290	955,727	747,663	612,522	4,533,063	

Parks & Community Services

Vehicle	Year / Description	Acct Life	Normal Replacement Date	2021-2026						Six Year Total Cost	Comments
				2021	2022	2023	2024	2025	2026		
TR-10	2003 / John Deere 3420 Ballfield Tractor	10	4/28/2015	53,593						53,593	Extended 6 Years
F-20X	2008 / Ford F450 2WD Crew Cab Dump Body	8	11/26/2017	74,160						74,160	On schedule
TR-07A	2005 / Case Backhoe 580SL (4X4)	10	3/26/2015	135,053						135,053	On schedule
F-23	2012 / Ford F550 2WD 2yd Dump Body	8	4/30/2022			\$ 54,977				54,977	Extended 1 year
M-21	2014 / Toro Groundsmaster 4010	6	1/31/2022			\$ 99,488				99,488	Extended 1 year
M-22	2014 / Toro 4500-D Groundsmaster	6	1/31/2022			\$ 83,935				83,935	Extended 1 year
M-23	2014 / Toro Groundsmaster 360	6	1/31/2022			\$ 74,258				74,258	Extended 1 year
F-27	2015 / Ford F550 2WD Hooklift	8	10/16/2024			\$	\$ 56,875			56,875	On schedule
M-26	2017 / Toro Groundsmaster 5910-D 4WD	6	4/14/2025					\$ 150,641		150,641	On schedule
PU-139	2017 / Ford F450 4WD Utility	8	11/8/2026						\$ 60,293	60,293	On schedule
TL-43	2013 / Bandit 1590XP Brush Chipper	10	1/28/2026						\$ 88,679	88,679	On schedule
Total Parks & Community Services Vehicles				262,806	-	312,658	56,875	150,641	148,972	931,952	

City of Kirkland
2021-2026 Fleet Replacement Plan
Vehicle Replacements Over \$50,000

Police

Vehicle	Year / Description	Acct Life	Normal Replacement Date	2021-2026						Six Year Total Cost	Comments
				2021	2022	2023	2024	2025	2026		
P158	2016 / Ford Interceptor SUV	5	6/24/2021	50,119						50,119	On schedule
P160	2017 / Ford Interceptor SUV	5	7/28/2021	50,614						50,614	On schedule
P161	2017 / Ford Interceptor SUV	5	7/28/2021	50,933						50,933	On schedule
P162	2017 / Ford Interceptor SUV	5	8/1/2021	51,335						51,335	On schedule
P152	2016 / Ford Interceptor SUV	5	11/5/2020		53,108					53,108	Extended 2 years
P146	2015 / Ford Interceptor Sedan AWD	5	3/11/2020		53,703					53,703	Extended 2 years
P153	2016 / Ford Interceptor SUV	5	10/29/2020		55,095					55,095	Extended 2 years
P167	2017 / Ford Interceptor SUV	5	2/14/2022		62,490					62,490	On schedule
P164	2017 / Ford Interceptor SUV	5	2/7/2022		62,501					62,501	On schedule
P165	2017 / Ford Interceptor SUV	5	2/9/2022		62,546					62,546	On schedule
P166	2017 / Ford Interceptor SUV	5	2/9/2022		62,588					62,588	On schedule
P168	2017 / Ford Interceptor SUV	5	2/24/2022		62,675					62,675	On schedule
P163	2017 / Ford Interceptor SUV	5	2/7/2022		63,382					63,382	On schedule
D93-05	1993 / Chevrolet G20 Van 2WD	12	7/21/2005		75,358					75,358	Extended 17 years
P99-98X	1999 / Ford F450	8	10/21/2021		237,736					237,736	Extended 6 years
P110	2011 / Ford F350 2WD Custom Box (PSO)	8	3/9/2021			56,104				56,104	Extended 2 years
P118	2013 / Ford Interceptor SUV	8	6/22/2022			61,068				61,068	Extended 1 year
P173	2018 / Ford Interceptor SUV	5	3/28/2023			52,518				52,518	On schedule
P175	2018 / Ford Interceptor Sedan AWD	5	4/20/2023			50,619				50,619	On schedule
P176	2018 / Ford Interceptor Sedan AWD	5	4/20/2023			50,551				50,551	On schedule
P181	2019 / Ford Interceptor SUV	5	11/29/2024				65,092			65,092	On schedule
P182	2019 / Ford Interceptor SUV	5	2/7/2024				58,710			58,710	On schedule
P196	2020 / Chevrolet Tahoe PPV 4WD	5	11/25/2024				56,540			56,540	On schedule
P197	2020 / Chevrolet Tahoe PPV 4WD	5	11/25/2024				56,540			56,540	On schedule
P06-99	2006 / GMC Top Kick C5500 Special Response Vehicle	10	3/24/2018					304,213		304,213	Extended 7 years
P145	2015 / Ford Interceptor Sedan AWD	5	3/11/2020					61,743		61,743	Extended 5 years
P148	2015 / Ford Interceptor SUV	5	10/27/2025					51,469		51,469	On schedule
P151	2016 / Ford Interceptor SUV	8	11/4/2025					58,092		58,092	On schedule
P139	2014 / Ford Interceptor Sedan AWD	5	7/7/2019						60,594	60,594	Extended 6 years
P140	2014 / Ford Interceptor Sedan AWD	5	10/1/2021						55,955	55,955	Extended 4 years
P156	2016 / Ford Interceptor SUV	8	6/21/2026						58,275	58,275	On schedule
P157	2016 / Ford Interceptor SUV	5	6/21/2021						57,380	57,380	Extended 5 years
P158	2016 / Ford Interceptor SUV	5	6/24/2021						58,102	58,102	Extended 5 years
P160	2017 / Ford Interceptor SUV	5	7/28/2021						58,675	58,675	Extended 4 years
P161	2017 / Ford Interceptor SUV	5	7/28/2021						59,046	59,046	Extended 4 years
P162	2017 / Ford Interceptor SUV	5	8/1/2021						59,511	59,511	Extended 4 years
Total Police Vehicles				203,002	851,181	270,861	236,883	475,518	467,540	2,504,984	

City of Kirkland
2021-2026 Fleet Replacement Plan
Vehicle Replacements Over \$50,000

Public Works

Vehicle	Year / Description	Acct Life	Normal Replacement Date	2021-2026					Six Year Total Cost	Comments
				2021	2022	2023	2024	2025		
TR-12	2009 / Case Backhoe 580SM (4X2)	10	3/26/2021	131,744					131,744	On schedule
TR-11	2008 / Case Backhoe 580SM (4X4)	10	6/12/2020	144,168					144,168	Extended 1 year
PU-104	2012 / Ford F550 2WD Utility Body	8	4/23/2022		60,013				60,013	On schedule
D-02	2006 / International SA625 5yd dump	12	10/28/2020		118,397				118,397	Extended 2 years
D-01	2006 / International SA625 5yd dump	12	10/28/2020		118,557				118,557	Extended 2 years
M-14	2010 / John Deere 6330 Road Mower	10	9/29/2022		128,989				128,989	On schedule
D-03	2006 / International SA625 5yd dump	12	12/28/2019			\$ 121,134			121,134	Extended 3 years
D-09	2009 / Peterbuilt 367 10yd Dump	12	8/7/2022			\$ 206,053			206,053	On schedule
F-21	2011 / Ford F550 4WD 2yd Dump Body	8	4/11/2021			\$ 100,087			100,087	Extended 2 years
PU-117	2003 / Ford F450 2WD Crew Cab Utility Body	8	7/26/2023			\$ 76,876			76,876	On schedule
TH-01	2006 / Caterpillar 314CL Excavator	15	4/14/2023			\$ 188,008			188,008	On schedule
TH-02	2011 / Bobcat E50 mini Excavator w/Attachments	10	8/11/2023			\$ 105,857			105,857	On schedule
U-08	2006 / International 7400 Aerial Lift	10	7/14/2018			\$ 111,146			111,146	Extended 4 years
U-09	2013 / Ford F500 2WD Utility	8	6/20/2023			\$ 64,918			64,918	On schedule
F-26	2015 / Ford F550 2WD 2yd Dump	8	7/15/2024				\$ 58,250		58,250	On schedule
M-17	2012 / John Deere 6330 Roadside Mower	10	8/29/2024				\$ 176,508		176,508	On schedule
S-09	2018 / Peterbuilt A75 Tornado Sweeper	7	9/27/2024				\$ 313,889		313,889	On schedule
S-10	2018 / Peterbuilt A75 Tornado Sweeper	7	9/27/2024				\$ 313,921		313,921	On schedule
S-11	2018 / Peterbuilt A75 Tornado Sweeper	7	9/27/2024				\$ 313,921		313,921	On schedule
U-11	2015 / Ford F500 2WD Utility	8	11/20/2024				\$ 104,480		104,480	On schedule
F-22	2011 / Ford F550 4WD 2yd Dump Body	8	4/11/2021					\$ 106,183	106,183	Extended 4 years
F-28	2016 / Ford F550 4WD Utility Body	8	8/14/2025					\$ 66,940	66,940	On schedule
F-29	2016 / Ford F550 2WD Utility Body	8	8/12/2025					\$ 89,502	89,502	On schedule
PU-129	2015 / Ford F350 4WD Utility	8	5/11/2025					\$ 63,604	63,604	On schedule
R-05	2013 / Hamm HD 12V Vibratory Roller	10	10/22/2025					\$ 59,122	59,122	On schedule
TR-13	2013 / Caterpillar Backhoe 420F (4X4)	10	9/19/2025					\$ 136,151	136,151	On schedule
U-10	2015 / Ford F500 2WD Utility	8	4/3/2025					\$ 92,377	92,377	On schedule
D-10	2013 / Peterbuilt 367 10yd Dump	12	11/2/2026					\$ 220,870	220,870	On schedule
TH-04	2014 / Komatsu PC55MR-3 Excavator	10	12/4/2025					\$ 149,783	149,783	On schedule
Total Public Works Vehicles				275,912	425,956	974,080	1,280,969	613,879	370,652	
Total All Vehicles				1,972,581	1,277,137	2,543,889	2,530,454	1,987,701	1,599,686	11,911,449

City of Kirkland
Vehicle Replacements for Year 2021

All vehicles listed will be considered for replacement dependent upon their condition and replacement funding.

Division	Vehicle	Year/Description	Acct Life	Normal Replacement Date	Replacement Cost	Comments
CMO	F211X	City Manager's Office				
		2004 / Toyota Prius	8	7/27/2014	\$ 35,507.50	Extended 6 years
		Fire				
Administration	F214X	2006 / Dodge Dodge Durango 4WD	8	3/8/2016	51,507	Extended 5 years
Operations	F612	2003 / Spartan H&W Pumper	18	6/24/2021	588,905	On schedule
Operations	F611	2003 / Spartan H&W Pumper	18	5/15/2021	590,449	On schedule
		Parks				
Park Maintenance	TL-01X	1995 / Garland Trailer	15	1/1/2012	4,313	Extended 9 years
Park Maintenance	BG-7X	2006 / John Deere Turf Gator 6x4	4	8/31/2014	13,390	Extended 6 years
Park Maintenance	BG-9	2009 / John Deere Turf Gator 4WD	4	3/26/2017	13,967	Extended 4 years
Park Maintenance	BG-13	2012 / John Deere 1200A Field Rake	4	4/3/2021	14,957	On schedule
Park Maintenance	BG-11	2012 / John Deere 1200A Field Rake	4	3/7/2020	15,220	Extended 1 years
Park Maintenance	BG-12	2012 / John Deere 1200A Field Rake	4	3/27/2020	15,220	Extended 1 years
Park Maintenance	M-24	2014 / Toro Groundsmaster 3280-D 4WD	6	1/31/2022	29,129	On schedule
Park Maintenance	PU-106	2012 / Ford F250 2WD	8	4/23/2022	33,070	On schedule
Development Engineering	PU-65	2007 / Chevrolet Colorado Ext Cab (4x4)	8	3/7/2017	33,831	Extended 4 years
Shared	PU-67X	2007 / Chevrolet Silverado 1500 Reg Cab 2WD	8	5/9/2017	40,170	Extended 4 years
Shared	PU-68X	2007 / Chevrolet Silverado 1500 Reg Cab 2WD	8	4/19/2017	40,170	Extended 4 years
Park Maintenance	PU-94	2010 / Ford F150 Pickup 4x2	8	5/11/2020	40,170	Extended 1 years
Park Maintenance	PU-96	2011 / Ford F150 Pickup 4x2	8	6/21/2021	40,170	On schedule
Park Maintenance	TR-10	2003 / John Deere 5420 Ballfield Tractor	10	4/28/2015	53,593	Extended 6 years
Park Maintenance - Cemetery	F-20X	2008 / Ford F450 2WD Crew Cab Dump Body	8	11/26/2017	74,160	Extended 3 years
Park Maintenance - Cemetery	TR-07A	2005 / Case Backhoe 580SL (4X4)	10	3/26/2015	135,053	Extended 6 years
		Planning & Building				
Building	PU-86	2006 / Ford Escape Hybrid 2WD	8	3/27/2016	44,109	Extended 5 years
Building	PU-88	2006 / Ford Escape Hybrid 2WD	8	4/6/2016	43,884	Extended 5 years
		Police				
Patrol	P157	2016 / Ford Interceptor SUV	5	6/21/2021	49,497	On schedule
Patrol	P158	2016 / Ford Interceptor SUV	5	6/24/2021	50,119	On schedule
Patrol	P160	2017 / Ford Interceptor SUV	5	7/28/2021	50,614	On schedule
Patrol	P161	2017 / Ford Interceptor SUV	5	7/28/2021	50,933	On schedule
Patrol	P162	2017 / Ford Interceptor SUV	5	8/1/2021	51,335	On schedule
		Public Works				
O&M - Admin	PU-73X	2007 / Chevrolet HHR Panel	8	6/6/2017	26,809	Extended 4 years
Water	C-08	2006 / Toyota Prius	8	3/8/2016	36,127	Extended 5 years
SWM Engineering	PU-109	2012 / Ford F150 2WD Ex Cab	8	6/28/2022	27,643	On schedule
Sewer	PU-76	2009 / Ford F150 Ext Cab 4x2	8	1/20/2019	30,680	Extended 2 years
Storm	PU-99	2011 / Ford F150 Ext Cab 2WD	8	5/12/2021	31,378	On schedule
Signs & Signals	PU-98	2011 / Ford F250 Utility 4x4	8	8/25/2021	38,009	On schedule
Grounds	TL-23	2007 / Vermeer Chipper	10	12/15/2018	41,819	Extended 2 years
Development Engineering	PU-100	2011 / Ford Escape Hybrid 4x4	8	4/29/2021	44,733	On schedule
Streets	TR-12	2009 / Case Backhoe 580SM (4X2)	10	3/26/2021	131,744	On schedule
Water	TR-11	2008 / Case Backhoe 580SM (4X4)	10	6/12/2020	144,168	Extended 1 years
Total All Vehicles					2,756,554	

City of Kirkland
Vehicle Replacements for Year 2022

All vehicles listed will be considered for replacement dependent upon their condition and replacement funding.

Division	Vehicle	Year/Description	Acct Life	Normal Replacement Date	Replacement Cost	Comments
		Facilities				
Facilities	PU-64	2005 / Chevrolet Express 2500 2WD	8	3/26/2020	32,342	Extended 2 years
Facilities	PU-62	2006 / Chevrolet Express 2500 2WD	8	4/28/2020	35,884	Extended 2 years
Facilities	PU-91	2009 / Chevrolet Express 1500 AWD	8	9/14/2019	36,800	Extended 3 years
		Parks				
Park Maintenance	PU-112	2012 / Ford F350 Reg Cab 4WD w/Lift	8	10/23/2022	34,627	On schedule
Park Maintenance	PU-105	2012 / Ford F250 4WD	8	8/6/2022	34,869	On schedule
Park Maintenance	PU-111	2012 / Ford F350 Std Cab 4WD w/Plow	8	10/23/2022	43,916	On schedule
		Planning & Building				
Building	PU-103	2012 / Chevrolet Colorado Ext. Cab. 4x4	8	4/24/2022	34,466	On schedule
		Police				
Traffic	P123	2012 / Honda ST1300PA Motorcycle	6	6/14/2020	39,633	Extended 2 years
Traffic	P126	2012 / Honda ST1300AP Motorcycle	6	6/21/2020	39,707	Extended 2 years
Patrol	P147	2015 / Ford Interceptor SUV	5	2/27/2020	45,859	Extended 2 years
Patrol	P171	2017 / Ford Interceptor SUV	5	4/28/2022	47,926	On schedule
Patrol	P152	2016 / Ford Interceptor SUV	5	11/5/2020	53,108	Extended 2 years
Patrol	P146	2015 / Ford Interceptor Sedan AWD	5	3/11/2020	53,703	Extended 2 years
Patrol	P153	2016 / Ford Interceptor SUV	5	10/29/2020	55,095	Extended 2 years
Patrol	P167	2017 / Ford Interceptor SUV	5	2/14/2022	62,490	On schedule
Patrol	P164	2017 / Ford Interceptor SUV	5	2/7/2022	62,501	On schedule
Patrol	P165	2017 / Ford Interceptor SUV	5	2/9/2022	62,546	On schedule
Patrol	P166	2017 / Ford Interceptor SUV	5	2/9/2022	62,588	On schedule
Patrol	P168	2017 / Ford Interceptor SUV	5	2/24/2022	62,675	On schedule
Patrol	P163	2017 / Ford Interceptor SUV	5	2/7/2022	63,382	On schedule
Investigations	D93-05	1993 / Chevrolet G20 Van 2WD	12	7/21/2005	75,358	Extended 9 years
Investigations	P99-98X	1999 / Ford F450	8	10/21/2021	237,736	Extended 6 years
		Public Works				
Water	PU-108	2012 / Chevrolet Colorado Ext Cab (4x2)	8	10/2/2022	25,951	On schedule
Grounds	PU-97	2011 / Ford F150 Ex Cab 2WD	8	5/6/2021	32,604	Extended 1 year
Grounds	FL-1	2002 / Toyota 7FGU30 6,000lb Fork Lift	20	7/21/2022	35,823	On schedule
Water	PU-77	2009 / Ford F350 SC 4x4 Utility	8	3/26/2021	40,827	Extended 1 year
Water	PU-78	2009 / Ford F350 SC 4x4 Utility	8	6/15/2019	40,827	Extended 3 years
Capital Projects Engineering	PU-92	2010 / Ford Escape Hybrid AWD	8	6/1/2020	44,247	Extended 2 years
Streets	PU-104	2012 / Ford F550 2WD Utility Body	8	4/23/2022	60,013	On schedule
Storm	D-02	2006 / International SA625 5yd dump	12	10/28/2020	118,397	Extended 2 years
Water	D-01	2006 / International SA625 5yd dump	12	10/28/2020	118,557	Extended 2 years
Streets	M-14	2010 / John Deere 6330 Road Mower	10	9/29/2022	128,989	On schedule
Total All Vehicles					1,923,443	



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Internal Service Funds account for the financing of goods and services provided by one department to other City departments on a cost reimbursement basis.

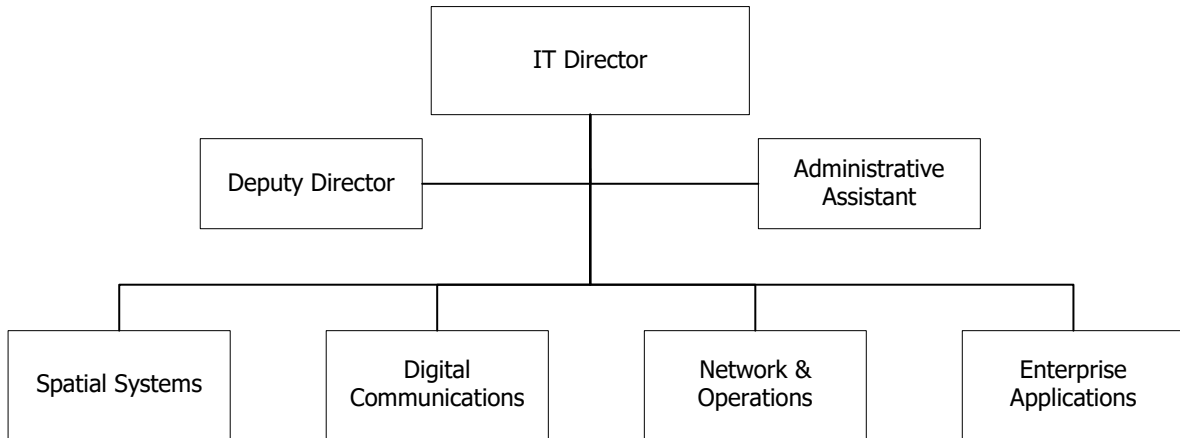
INFORMATION TECHNOLOGY FUND

The Information Technology Fund accounts and assesses user charges for the cost of supporting the City's information processing and telecommunication functions and replacing all City computers.



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CITY OF KIRKLAND
Information Technology Department





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DEPARTMENT OVERVIEW

INFORMATION TECHNOLOGY

MISSION

We deliver consistent and reliable IT services, solutions, and products to the City of Kirkland community and staff, with a strong focus on customer engagement and support.

DEPARTMENT FUNCTIONS

The **Network & Operations Team** is responsible for the City's technology and data infrastructure, including telephone networks, personal computers, and mobile devices.

The **Security & Service Management Team** manages the technology Service Desk and the City's security strategy assuring the integrity and security of City data, assets and information.

The **Enterprise Applications Team** procures, maintains, and supports enterprise applications such as finance, payroll, utilities, permitting, public safety, parks/recreation systems, and the City's intranet and website.

The **Spatial Systems Team** procures, maintains, and supports the enterprise geo-spatial platform and asset/work management system, and develops and supports location-based products and services, including integrations to key enterprise applications.

The **Digital Communications Team** manages the City's two public television stations, telecommunications franchising, and video and television programming.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

Financial Stability

- Shift the cost of operating the IT Infrastructure and Storage in the Microsoft Cloud (Azure) from the Capital to Operating Budget.
- Identify savings or funds that could be repurposed in the operating budget to offset the increased cloud costs.
- Right-size the IT operating budget based on actual license usage for key products.
- Fund training and professional services to Develop a Framework for a Smart City Program, \$100,000 one-time.
- Development of a Fiber Management and Funding Plan, \$50,000 one-time.
- Purchase services and products from Info-Tech Research Group, a technology research and advisory company, \$22,000 ongoing. This is part of IT's Stabilization effort to implement industry best practices and standards.
- Eliminate temporary positions in the IT department funded for specific project implementations.

Dependable Infrastructure

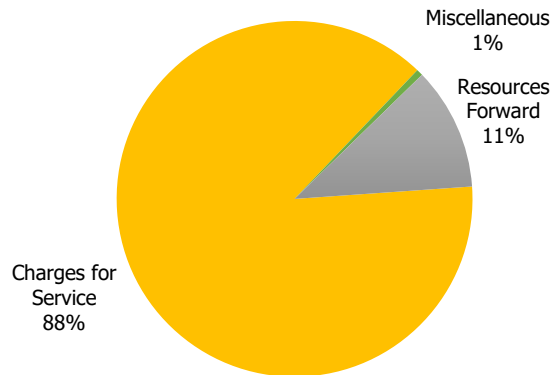
- Hire an IT Intern to assist with PC Deployment, \$25,036 one-time in 2022.
- Fund the SharePoint Reimplementation project to rebuild the City's existing intranet site and convert it to the Office365 SharePoint platform, \$25,000 one-time.
- Extend the Microsoft Premier Support contract to provide adequate support to critical City applications such as Munis, Lucity, Energov and GIS, \$73,290 one-time.

- Fund Phase 2 of the IT Operations Management (ITOM) Solution Project, including purchasing and deploying a consolidated solution to manage the City's network, applications and systems, \$50,000 ongoing and \$100,000 one-time.
- Security Monitoring and Auditing services as part of the City's Information Security Management Strategy and Roadmap, \$39,000 ongoing and \$105,000 one-time.
- Fund the replacement of the Microsoft Government Azure Backup with a local solution, \$70,000 ongoing, \$35,000 one-time.

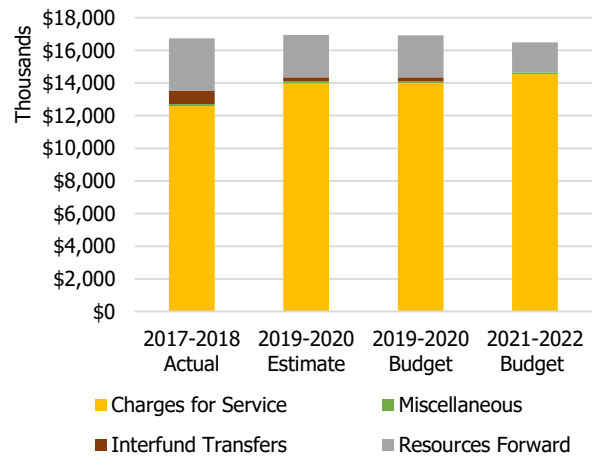
FINANCIAL OVERVIEW

INFORMATION TECHNOLOGY FUND

Sources of Funds



Revenues by Type

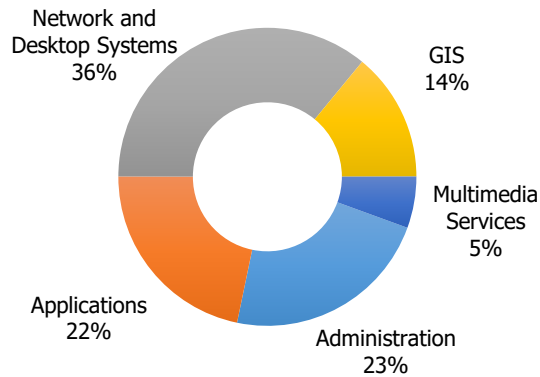
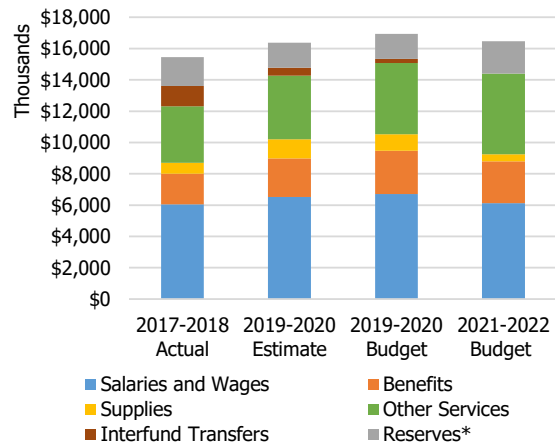


REVENUE SUMMARY BY TYPE

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Charges for Service	12,585,405	13,993,926	13,995,262	14,551,792	3.98%
Miscellaneous	126,347	115,987	111,725	97,300	-12.91%
Interfund Transfers	808,710	241,954	241,954	-	-100.00%
Resources Forward	3,204,512	2,580,931	2,580,932	1,843,799	-28.56%
TOTAL	16,724,974	16,932,799	16,929,873	16,492,891	-2.58%

FINANCIAL OVERVIEW

INFORMATION TECHNOLOGY FUND

Uses of Funds

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	6,059,651	6,523,117	6,710,113	6,129,327	-8.66%
Benefits	1,945,448	2,469,017	2,772,004	2,669,611	-3.69%
Supplies	694,861	1,214,912	1,044,373	440,422	-57.83%
Other Services	3,604,071	4,059,837	4,549,743	5,152,967	13.26%
Intergovernmental Services	-	-	-	-	n/a
Capital Outlay	-	-	-	35,000	n/a
Interfund Transfers	1,300,289	506,000	262,000	-	-100.00%
Reserves*	1,853,379	1,605,325	1,605,325	2,065,564	28.67%
TOTAL	15,457,698	16,378,209	16,943,558	16,492,891	-2.66%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Administration	4,697,045	4,035,119	4,084,072	3,745,441	-8.29%
Applications	2,676,307	3,122,155	3,277,410	3,591,629	9.59%
Network and Desktop Systems	4,526,603	5,120,649	5,336,625	5,925,054	11.03%
GIS	2,253,465	2,413,681	2,544,416	2,308,795	-9.26%
Multimedia Services	1,304,279	1,686,606	1,701,036	921,972	-45.80%
TOTAL	15,457,698	16,378,209	16,943,558	16,492,891	-2.66%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

2021 - 2022 POSITION SUMMARY

INFORMATION TECHNOLOGY FUND

POSITION SUMMARY BY CLASSIFICATION

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Chief Information Officer	1.00		1.00	11,306 - 14,587
Deputy Director	1.00		1.00	9,727 - 12,551
Network & Operations Manager	1.00		1.00	8,972 - 11,576
Enterprise Applications Manager	1.00	(1.00)	0.00	8,972 - 11,576
Spatial Systems Manager	1.00	(1.00)	0.00	8,972 - 11,576
Network & Desktop Services Supervisor	0.00	1.00	1.00	8,266 - 10,666
Enterprise Applications Supervisor	0.00	1.00	1.00	8,266 - 10,666
GIS Supervisor	0.00	1.00	1.00	8,266 - 10,666
Senior Applications Analyst	4.00		4.00	8,682 - 10,215
Webmaster	1.00		1.00	8,381 - 9,859
Senior Network Engineer	1.00	(1.00)	0.00	8,370 - 9,847
Network Engineer	1.00	1.00	2.00	8,003 - 9,414
Network Analyst	1.00		1.00	6,952 - 8,180
Senior GIS Analyst	3.00		3.00	7,410 - 8,719
Applications Analyst*	0.00	2.00	2.00	6,670 - 7,849
Desktop Systems Analyst	1.00		1.00	6,424 - 7,557
GIS Analyst	3.00		3.00	6,337 - 7,455
Service Desk Lead	1.00		1.00	6,226 - 7,325
Video Production Specialist	1.00		1.00	6,065 - 7,134
Senior Design Specialist	1.00	(1.00)	0.00	5,923 - 6,968
Front-End Web Designer	1.00	(1.00)	0.00	5,755 - 6,770
Service Desk Analyst	2.20	(0.20)	2.00	5,498 - 6,469
Administrative Assistant	1.00		1.00	5,337 - 6,278
TOTAL	27.20	0.80	28.00	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Administration	3.00		3.00
Applications	5.00	2.00	7.00
Network and Desktop Systems	8.20	0.80	9.00
GIS	7.00		7.00
Multimedia Services	4.00	(2.00)	2.00
TOTAL	27.20	0.80	28.00

*1.0 FTE Applications Analyst moved from P&B

**City of Kirkland
2021-2022 Budget
Information Technology Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Charges for Goods and Services						
Interfund-Tech Srvs	341962	1,498	416,921	-	287,684	0.00%
Interfund Eng-CIP	341966	308,748	-	415,677	-	-100.00%
Gen Government Srvcs	341971	492,035	403,141	405,720	-	-100.00%
Interfund IT Operating	348801	11,098,241	12,334,193	12,334,193	13,455,148	9.09%
Interfund IT Replace Chg	348802	684,883	839,672	839,672	808,960	-3.66%
Total for Charges for Goods and Services		12,585,405	13,993,926	13,995,262	14,551,792	3.98%
Miscellaneous Revenues						
Contribution Donation	367000	126,280	115,987	111,725	97,300	-12.91%
Other Misc Rev	369910	67	-	-	-	0.00%
Total for Miscellaneous Revenues		126,347	115,987	111,725	97,300	-12.91%
Other Financing Sources						
Operating Transfers In	397101	808,710	241,954	241,954	-	-100.00%
Resources Forward	399991	3,204,512	2,580,931	2,580,932	1,843,799	-28.56%
Total for Other Financing Sources		4,013,222	2,822,885	2,822,886	1,843,799	-34.68%
Total for General Fund		16,724,974	16,932,799	16,929,873	16,492,891	-2.58%

Internal Service Funds account for the financing of goods and services provided by one department to other City departments on a cost reimbursement basis.

FACILITIES MAINTENANCE FUND

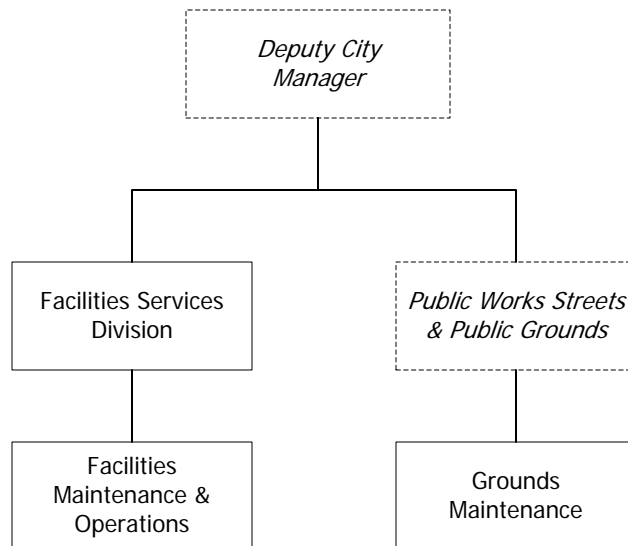
The Facilities Maintenance Fund accounts and assesses user charges for the operations and maintenance of the City's building facilities and public facilities ground maintenance and landscaping.



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CITY OF KIRKLAND
City Manager's Office

Facilities Maintenance Fund



Boxes with a dashed outline and italic text indicate positions and/or functions which report to this department but which are budgeted in a separate department and/or operating fund.

DEPARTMENT OVERVIEW***FACILITIES MAINTENANCE FUND*****MISSION**

The Facilities Maintenance Fund is established to account for resources associated with ensuring that City buildings, related equipment, and their properties receive the appropriate planning, scheduled maintenance, and repair services to provide a safe, efficient, and healthy environment at which to work, visit, or conduct business.

DEPARTMENT FUNCTIONS

The Facilities Maintenance Fund accounts for the Facilities Services group and a portion of the Public Grounds group that are responsible for the protection of City assets, building operations and maintenance, landscaping and grounds maintenance, preventative maintenance, remodels, construction, building life cycle replacement programs, janitorial, and facility security for City Hall, City Hall Annex, Kirkland Justice Center, the Maintenance Center Campus, the Parks Maintenance and Operations Center, North Kirkland Community Center, Peter Kirk Community Center, and the Kirkland Teen Union Building.

Facilities Services is responsible for all work orders for both major and minor repairs and responsible for capital construction and tenant improvements, and optimization of the life cycle program for all City buildings and infrastructure to support these facilities. The group is tasked with space planning, construction management, carpentry, mechanical, electrical, plumbing, finishes, and electronic services.

The Public Works Grounds group, with daily operations overseen within the Public Works Street Maintenance Division, maintains the landscaping and grounds of City buildings including City Hall, City Hall Annex, Maintenance Center, five City Fire Stations and the Kirkland Justice Center.

In addition, Facilities Services serves as the City agent for one commercial property in Totem Lake and ensures that the facility is maintained and rented for full market value. Facilities Services also manages the contracted janitorial services for City Hall, City Hall Annex, Kirkland Justice Center, the Maintenance Center Campus, the Parks Maintenance and Operations Center, North Kirkland Community Center, Peter Kirk Community Center, and the Kirkland Teen Union Building.

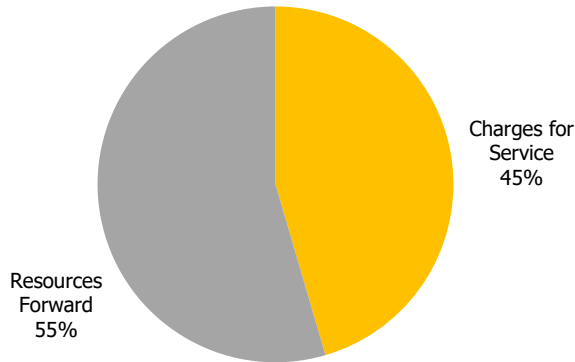
BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

- Reduction in utility costs due to efficiency measures
- Use sustainable/green cleaning products for a healthy work environment
- Budget increases due to recognizing the full cost of operating the Parks Maintenance and Operations Center that opened in late 2019 and adding KTUB maintenance and operations due to discontinuation of the YMCA contract
- Major Maintenance reserve funding was updated to reflect new facilities and current costs related to major elements like roof replacement

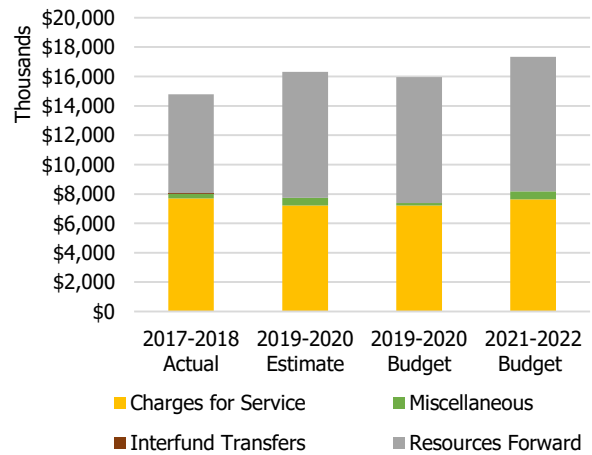
FINANCIAL OVERVIEW

FACILITIES MAINTENANCE FUND

Sources of Funds



Revenues by Type



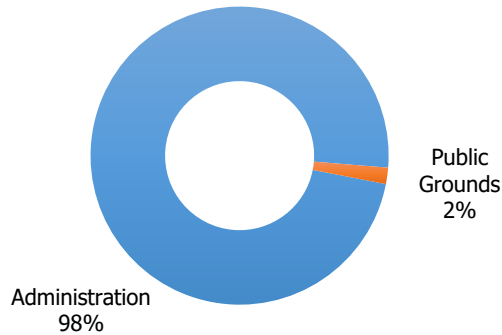
REVENUE SUMMARY BY TYPE

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Charges for Service	7,699,992	7,215,705	7,215,705	7,639,029	5.87%
Miscellaneous	302,512	526,394	160,000	542,121	238.83%
Interfund Transfers	55,157	-	-	-	n/a
Resources Forward	6,728,259	8,581,290	8,581,290	9,162,389	6.77%
TOTAL	14,785,919	16,323,388	15,956,995	17,343,539	8.69%

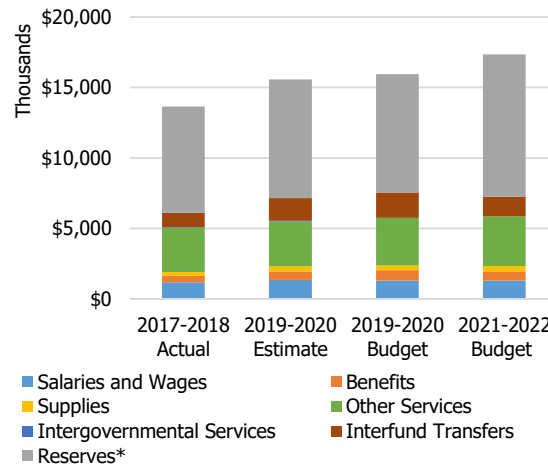
FINANCIAL OVERVIEW

FACILITIES MAINTENANCE FUND

Uses of Funds



Expenditures by Category



EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	1,182,289	1,342,051	1,310,823	1,314,247	0.26%
Benefits	451,206	605,445	715,818	643,898	-10.05%
Supplies	287,319	357,486	336,284	364,184	8.30%
Other Services	3,122,473	3,184,835	3,401,930	3,535,106	3.91%
Intergovernmental Services	39,036	52,220	-	-	n/a
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	1,025,183	1,618,963	1,779,239	1,394,600	-21.62%
Reserves*	7,537,531	8,412,901	8,412,901	10,091,504	19.95%
TOTAL	13,645,037	15,573,901	15,956,995	17,343,539	8.69%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Administration	13,295,925	15,148,941	15,574,120	17,036,390	9.39%
Public Grounds	349,112	424,960	382,875	307,149	-19.78%
TOTAL	13,645,037	15,573,901	15,956,995	17,343,539	8.69%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

2021 - 2022 POSITION SUMMARY***FACILITIES MAINTENANCE FUND*****POSITION SUMMARY BY CLASSIFICATION**

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Street Division Manager	0.05		0.05	7,881 - 10,169
Facilities Services Manager	1.00		1.00	7,822 - 10,093
Leadperson	1.35		1.35	6,003 - 7,244
Facilities Services Technician III	2.00	(1.00)	1.00	5,474 - 6,670
Yard Maint. & Inventory Control	1.00		1.00	5,340 - 6,505
Facilities Services Technician II	1.00		1.00	5,340 - 6,505
Facilities Services Technician I	1.00	1.00	2.00	4,351 - 5,453
Grounds Technician	0.55		0.55	4,351 - 5,453
TOTAL	7.95	0.00	7.95	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Administration	7.00		7.00
Public Grounds	0.95		0.95
TOTAL	7.95	0.00	7.95

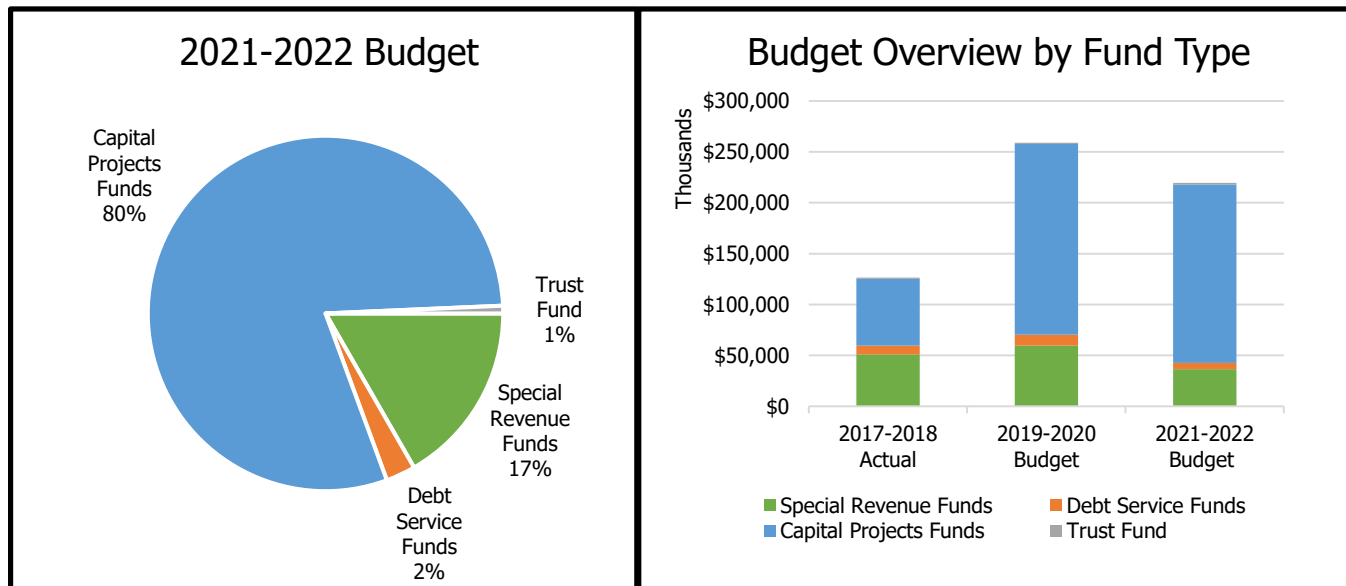
**City of Kirkland
2021-2022 Budget
Facilities Maintenance Fund Revenues**

		2017-2018	2019-2020	2019-2020	2021-2022	Percent
	Object	Actual	Estimate	Budget	Budget	Change
Charges for Goods and Services						
Interfund-Gen	341963	262	-	-	-	0.00%
Gen Government Svcs	341971	5,200	4,800	4,800	4,800	0.00%
Interfund Pub Safety	348114	1,637,209	1,506,697	1,506,697	1,698,299	12.72%
Interfund-CH Sinking	348123	466,416	374,289	374,289	322,020	-13.96%
Interfund-Maint Ctr Sinking	348124	184,022	220,676	220,676	297,736	34.92%
Interfund-Senior Sinking	348125	89,614	86,162	86,162	124,512	44.51%
Interfund-NKCC Sinking	348126	58,186	59,144	59,144	59,144	0.00%
Interfund-MC Sinking	348127	570,002	526,938	526,938	558,516	5.99%
Interfund-KPC Sinking	348128	71,272	71,892	71,892	86,946	20.94%
Interfund-Fire S Sinking	348129	228,536	181,760	181,760	254,524	40.03%
Teen Center Sink	348130	34,350	20,034	20,034	40,034	99.83%
Interfund-HH Sinking	348132	11,334	7,812	7,812	9,412	20.48%
Interfund-Park Gar Sinking	348133	24,652	17,678	17,678	17,678	0.00%
Interfund-Teen Center	348181	23,497	22,262	22,262	137,862	519.27%
Interfund-City Hall	348183	1,691,542	1,614,483	1,614,483	1,420,485	-12.02%
Interfund-Maintenance	348184	1,113,346	959,161	959,161	1,104,198	15.12%
Interfund-Senior	348185	307,400	298,464	298,464	298,109	-0.12%
Interfund-NKCC	348186	240,970	259,987	259,987	245,487	-5.58%
Interfund-KPC	348188	57,635	57,091	57,091	71,613	25.44%
Interfund-Fire Supp	348189	884,547	926,375	926,375	887,654	-4.18%
Total for Charges for Goods and Services		7,699,992	7,215,705	7,215,705	7,639,029	5.87%
Miscellaneous Revenues						
House Rental	362601	292,465	525,926	160,000	542,121	238.83%
Contribution Donation	367000	568	-	-	-	0.00%
Sales of Surplus	369101	12	-	-	-	0.00%
Other Misc Rev	369910	3,888	468	-	-	0.00%
Total for Miscellaneous Revenues		296,932	526,394	160,000	542,121	238.83%
Other Proprietary Income						
Ins Recovery Prop	372001	5,579	-	-	-	0.00%
Total for Other Proprietary Income		5,579	-	-	-	0.00%
Other Financing Sources						
Operating Transfers In	397101	55,157	-	-	-	0.00%
Resources Forward	399991	6,728,259	8,581,290	8,581,290	9,162,389	6.77%
Total for Other Financing Sources		6,783,416	8,581,290	8,581,290	9,162,389	6.77%
Fund Total		14,785,919	16,323,388	15,956,995	17,343,539	8.69%

CITY OF KIRKLAND

2021-2022 Budget

General Government Non-Operating Budget Summary



There are four types of funds in the general government non-operating budget:

- **Special Revenue** funds account for resources dedicated by policy or law to special purposes and for the City's reserves.
- **Debt Service** funds account for principal and interest payments on the City's general obligation debt.
- **Capital Projects** funds account for projects approved in the six-year CIP and for reserves specifically dedicated for capital purposes.
- **Firefighters' Pension** fund is a trust fund to be used for retired firefighter benefits.

Analysis of Change

Fund	2017-2018 Actual	2019-2020 Budget	2021-2022 Budget	Change
<i>Special Revenue Funds</i>				
Contingency Fund	5,675,121	6,292,477	6,355,888	1.01%
Impact Fees	15,018,570	15,884,539	7,735,874	-51.30%
Excise Tax Capital Improvement	30,277,414	37,359,806	22,557,479	-39.62%
Total Special Revenues Funds	50,971,105	59,536,822	36,649,241	-38.44%
<i>Debt Service Funds</i>				
LTGO Debt Service	7,205,293	9,515,637	4,479,887	-52.92%
UTGO Debt Service	1,468,097	1,431,110	1,428,739	-0.17%
Total Debt Service Funds	8,673,390	10,946,747	5,908,626	-46.02%
<i>Capital Projects Funds</i>				
General Capital Projects Fund	39,423,978	73,933,253	53,642,631	-27.44%
Transportation Capital Projects Fund	26,066,814	113,215,562	121,776,020	7.56%
Total Capital Projects Funds	65,490,793	187,148,815	175,418,651	-6.27%
<i>Trust Funds</i>				
Firefighters' Pension	1,217,152	1,489,351	1,528,520	2.63%
Total Trust Funds	1,217,152	1,489,351	1,528,520	2.63%
Gen. Gov't Non-Operating Total	126,352,440	259,121,735	219,505,038	-15.29%

CITY OF KIRKLAND
CHANGE IN FUND BALANCE (Beginning 2019 to Ending 2022)
SUMMARY OF GENERAL GOVERNMENT NON-OPERATING FUNDS

	Special Revenue	Debt Service	Capital Projects	Governmental	Total
2019 Actual Beginning Fund Balance	40,603,432	303,522	53,582,719	1,226,760	95,716,433
<i>Reserved</i>	<i>40,603,432</i>	<i>303,522</i>	<i>2,564,833</i>	<i>1,226,760</i>	<i>44,698,547</i>
<i>Unreserved Working Capital</i>	<i>-</i>	<i>-</i>	<i>51,017,886</i>	<i>-</i>	<i>51,017,886</i>
Plus: 2019-20 Estimated Revenues	38,013,237	6,688,650	98,705,262	273,832	143,680,981
Less: 2019-20 Estimated Expenditures	56,605,253	6,672,099	82,834,012	222,014	146,333,379
2020 Estimated Ending/2021 Budgeted Beginning Fund Balance	22,011,416	320,073	69,453,969	1,278,578	93,064,035
Plus: 2021-22 Budgeted Revenues	14,637,825	5,588,553	105,964,683	249,942	126,441,003
Less: 2021-22 Budgeted Expenditures	10,897,650	5,588,553	171,135,511	248,787	187,870,501
2022 Budgeted Ending Fund Balance	25,751,591	320,073	4,283,141	1,279,733	31,634,537
<i>Reserved</i>	<i>25,751,591</i>	<i>320,073</i>	<i>4,283,140</i>	<i>1,279,733</i>	<i>31,634,537</i>
<i>Unreserved Working Capital</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Change in Fund Balance: Beginning 2019 to Ending 2022	(14,851,841)	16,551	(49,299,578)	52,973	(64,081,896)

Notes:

Greater detail regarding the change in fund balances can be found in the specific non-operating fund sections.

Special Revenue Funds are established to account for specific resources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

GENERAL GOVERNMENT NON-OPERATING SPECIAL REVENUE FUNDS



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CITY OF KIRKLAND

***GENERAL GOVERNMENT NON-OPERATING
SPECIAL REVENUE FUNDS***

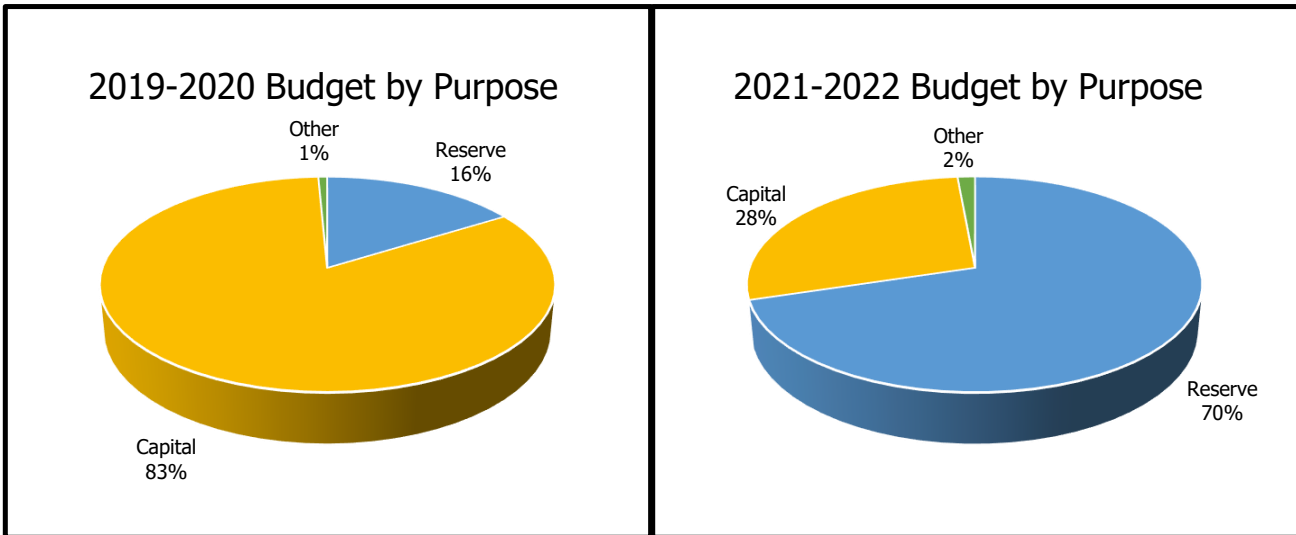
Special Revenue Funds are used to account for revenues that are dedicated for specific purposes either through statute or Council policy. The following Special Revenue Funds are part of the non-operating budget.

The **Contingency Fund** is provided for by state law and allows for the accumulation of resources up to \$0.375 per \$1,000 of assessed valuation for emergency uses.

The **Impact Fee** Fund accounts for transportation and park impact fees initiated in 1999. Impact fees, and the interest earned on them, are deposited in this fund and transferred out to the capital projects funds to pay for transportation and park capacity projects approved in the Capital Improvement Program (CIP).

The **Excise Tax Capital Improvement Fund** was created to account for revenue from both the first and second quarter percent real estate excise tax. Excise tax revenue must be used for capital projects within the categories authorized by state law including streets, sidewalks, traffic improvements, parks, fire protection facilities, and other public facilities as specified by statute. The second quarter percent real estate excise tax, adopted by the City Council in October 1996, is primarily dedicated to transportation-related CIP projects. Funds are transferred out of the Excise Tax Capital Improvement Fund to the capital projects funds and allocated via the CIP funding process. The legislature expanded eligible uses of REET 2 to include facilities to provide housing for the homeless and allows a portion of REET 2 revenue to be used for maintenance of capital facilities, with specific reporting requirements. The 2021-2022 Budget uses this revenue for on-going and one-time funded expenditures that meet these requirements.

CITY OF KIRKLAND
General Government Non-Operating
Special Revenue Funds



2019-2020 Budget by Purpose

Fund	2019-2020 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
Contingency	6,292,477	6,292,477	-	-	-
Impact Fees	15,884,539	117,639	-	15,766,900	-
Excise Tax Capital Improvement	37,359,806	3,209,693	-	33,714,645	435,468
Total Special Revenue Funds	59,536,822	9,619,809	-	49,481,545	435,468

2021-2022 Budget by Purpose

Fund	2021-2022 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
Contingency	6,355,888	6,355,888	-	-	-
Impact Fees	7,735,874	2,335,874	-	5,400,000	-
Excise Tax Capital Improvement	22,557,479	17,059,829	-	4,970,650	527,000
Total Special Revenue Funds	36,649,241	25,751,591	-	10,370,650	527,000

CITY OF KIRKLAND
CHANGE IN FUND BALANCE (Beginning 2019 to Ending 2022)
GENERAL GOVERNMENT NON-OPERATING
SPECIAL REVENUE FUNDS

	Contingency¹	Impact Fees²	Excise Tax Capital Improvement²	Total
2019 Actual Beginning Fund Balance	5,675,121	11,030,048	23,898,263	40,603,432
<i>Reserved</i>	<i>5,675,121</i>	<i>11,030,048</i>	<i>23,898,263</i>	<i>40,603,432</i>
<i>Unreserved Working Capital</i>	-	-	-	-
Plus: 2019-20 Estimated Revenues	617,356	11,886,774	25,509,107	38,013,237
Less: 2019-20 Estimated Expenditures	-	20,656,500	35,948,753	56,605,253
2020 Estimated Ending/2021 Budgeted Beginning Fund Balance	6,292,477	2,260,322	13,458,617	22,011,416
Plus: 2021-22 Budgeted Revenues	63,411	5,475,552	9,098,862	14,637,825
Less: 2021-22 Budgeted Expenditures	-	5,400,000	5,497,650	10,897,650
2022 Budgeted Ending Fund Balance	6,355,888	2,335,874	17,059,829	25,751,591
<i>Reserved</i>	<i>6,355,888</i>	<i>2,335,874</i>	<i>17,059,829</i>	<i>25,751,591</i>
<i>Unreserved Working Capital</i>	-	-	-	-
Change in Fund Balance: Beginning 2019 to Ending 2022	680,767	(8,694,174)	(6,838,434)	(14,851,841)

Notes:

¹Contingency Fund is a reserve set aside for unexpected general government expenditures. The increase in fund balance is due to replenishment from the General Fund to bring the reserve closer to target.

²Increases in fund balance of these special revenue funds reflect the building or replenishment of a reserve; whereas decreases in fund balance reflect the planned use of a reserve toward capital projects. Revenues for these funds can be economically sensitive.



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Debt Service Funds account for the payment of general obligation bond principal and interest from governmental resources and the payment of special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

GENERAL GOVERNMENT DEBT SERVICE FUNDS



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CITY OF KIRKLAND

GENERAL GOVERNMENT DEBT SERVICE FUNDS

There are three types of debt generally issued by the City for general government purposes:

- **Unlimited Tax General Obligation (UTGO) Bonds** represent debt that was approved by voters for a specific purpose. In this case, citizens have agreed to levy property taxes to repay the debt generally over a twenty-year period.
- **Limited Tax General Obligation (LTGO) Bonds** (also called Councilmanic Bonds) can be issued with approval of the City Council. The debt is repaid from general revenues of the City.
- **Local Improvement District (LID) Bonds** represent debt that is repaid by the property owners who benefited from the capital improvement through annual assessments paid to the City. LIDs are formed by the City Council after a majority of property owners agree to the assessment. Currently the City has no LID Bonds outstanding.

The City's debt management policies provide guidelines for the appropriate use of debt. The complete policies are contained at the end of this document in the appendix. Some key debt management policies include:

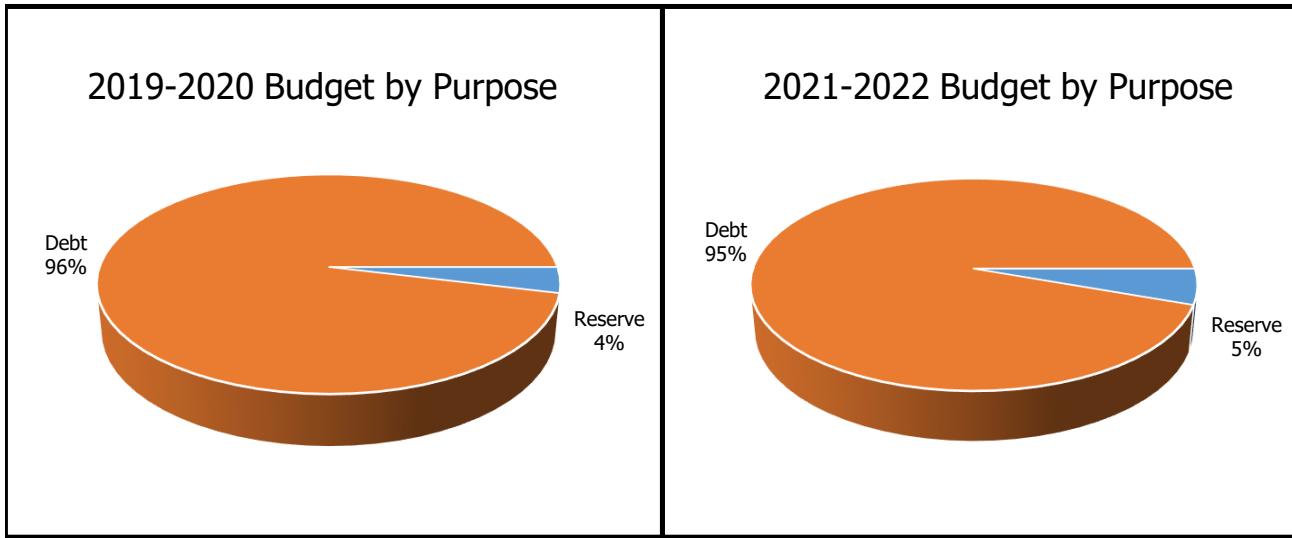
- *City Council approval is required prior to issuance of debt.*
- *The City will only use debt to finance capital improvements that cannot be financed through current revenues. The City will not use debt to finance current operations, non-capital furnishings, supplies, or personnel.*
- *Bonds will be issued for a period not to exceed the useful life of the asset being financed.*
- *The City will conduct a thorough analytical review before issuing debt and maintain a good credit rating at all times.*
- *The City's outstanding debt will remain within the limits stated in the City's fiscal policies.*
- *The City will use refunding bonds (refinancing) to restructure current outstanding debt when sufficient savings can be realized from lower interest rates.*

When the City issues debt, a thorough review of the City's financial condition is completed by bond rating agencies. Based on their findings, the bonds are given a rating. The City's bond rating is a reflection of its creditworthiness and affects the cost to the City of issuing debt. There are two rating agencies-- Standard and Poor's (S&P) and Moody's Investor Service-- that rate Kirkland's bonds. On December 5, 2014, S&P affirmed the City's AAA rating, which is the highest rating. On November 13, 2018, Moody's upgraded Kirkland's rating to Aaa on the City's General Obligation Limited Tax bond ratings.

Once bonds are rated, the City enters the bond market to secure the necessary funding. The proceeds (cash) received from selling the bonds are placed in a capital projects fund to account for the cost of constructing the capital improvement. Separate funds have been created to track the principal and interest payments for limited and unlimited bonds. Each year a sufficient amount of revenue is budgeted and placed in each fund to pay the annual principal and interest due.

The 2021-2022 budget recognizes that the Fire District 41 debt is retiring 12/1/2021 and the 2013 UTGO debt is retiring 12/1/2022.

CITY OF KIRKLAND
General Government Non-Operating
Debt Service Funds



Debt service funds are used to account for principal and interest payments used for the retirement of long-term debt. Debt is used by the City as a means of financing capital improvements. By extending the repayment of debt over the anticipated useful life of the improvement, the cost of an improvement can be more equitably spread among the citizens who benefit from the improvement. Bonds are sold and the proceeds (cash) are used to pay for the construction of capital improvements. The bonds are repaid over a period of time from taxes, fees, or other revenue sources dedicated for that purpose.

2019-2020 Budget by Purpose

Fund	2019-2020 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
LTGO Debt Service	9,515,637	115,155	9,400,482	-	-
UTGO Debt Service	1,431,110	299,745	1,131,365	-	-
Total Debt Service Funds	10,946,747	414,900	10,531,847	-	-

2021-2022 Budget by Purpose

Fund	2021-2022 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
LTGO Debt Service	4,479,887	19,054	4,460,833	-	-
UTGO Debt Service	1,428,739	301,019	1,127,720	-	-
Total Debt Service Funds	5,908,626	320,073	5,588,553	-	-

CITY OF KIRKLAND
CHANGE IN FUND BALANCE (Beginning 2019 to Ending 2022)
GENERAL GOVERNMENT NON-OPERATING

DEBT SERVICE FUNDS

	Limited GO Debt	Unlimited GO Debt	Total
2019 Actual Beginning Fund Balance	2,927	300,595	303,522
<i>Reserved</i>	<i>2,927</i>	<i>300,595</i>	<i>303,522</i>
<i>Unreserved Working Capital</i>	<i>-</i>	<i>-</i>	<i>-</i>
Plus: 2019-20 Estimated Revenues	5,556,861	1,131,789	6,688,650
Less: 2019-20 Estimated Expenditures	5,540,734	1,131,365	6,672,099
2020 Estimated Ending/2021 Budgeted Beginning Fund Balance	19,054	301,019	320,073
Plus: 2021-22 Budgeted Revenues	4,460,833	1,127,720	5,588,553
Less: 2021-22 Budgeted Expenditures	4,460,833	1,127,720	5,588,553
2022 Budgeted Ending Fund Balance	19,054	301,019	320,073
<i>Reserved</i>	<i>19,054</i>	<i>301,019</i>	<i>320,073</i>
<i>Unreserved Working Capital</i>	<i>-</i>	<i>-</i>	<i>-</i>
Change in Fund Balance: Beginning 2019 to Ending 2022	16,127	424	16,551

Notes:

Fund balances in debt service funds provide for cash flow needs.

**CITY OF KIRKLAND
GENERAL GOVERNMENT NON-OPERATING
DEBT SERVICE FUNDS
2021-2022 PAYMENT AND RESERVE SUMMARY**

2019-2020 Budget

Fund	Payment		Reserve	Total
	Principal	Interest		
LTGO Debt Service	2,446,401	2,326,681	94,776	4,867,858
UTGO Debt Service	1,045,000	86,365	302,729	1,434,094
Total Debt Service Funds	3,491,401	2,413,046	397,505	6,301,952

2021-2022 Budget

Fund	Payment		Reserve	Total
	Principal	Interest		
LTGO Debt Service*	2,544,515	1,916,318	19,054	4,479,886
UTGO Debt Service	1,090,000	37,720	301,019	1,428,739
Total Debt Service Funds	3,634,515	1,954,038	320,073	5,908,625

CITY OF KIRKLAND

SCHEDULE OF LONG TERM DEBT

The City uses long term debt to finance the cost of large capital improvements. Councilmanic debt is repaid from general revenues. Voter approved debt is retired from property tax increases put in place for the life of the bond issue. Public Works Trust Fund loans are repaid from water/sewer utility rates. The following schedule identifies current outstanding long-term debt.

Type of Debt	Issue Date	Original Amount	Outstanding 12/31/2020	Cost Per \$1,000 AV	Avg Annual Debt Service*
<i>Councilmanic Bonds:</i>					
2020 Limited G.O. (Refinance Kirkland Justice Center) ¹	6/17/20	25,105,000	25,105,000	N/A	1,580,694
2015 Limited G.O. (City Hall Renovations)	11/20/15	5,800,000	4,620,000	N/A	421,865
Total Councilmanic Bonds		30,905,000	29,725,000		2,002,559
<i>Voter Approved Bonds:</i>					
2013 Unlimited G.O. Refunding (Parks) ²	10/29/13	4,670,000	1,090,000	0.035	564,993
Total Voter Approved Bonds		4,670,000	1,090,000	0.035	564,993
<i>Estimated Remaining Voter Approved Debt Capacity as of 12/31/2018</i>				\$	2,333,858,477
<i>Fire District #41 Bond:</i>					
2011 Limited G.O. (Fire Station Construction)	5/26/11	4,000,000	459,515	N/A	470,572
Total Fire District #41 Bond		4,000,000	459,515		470,572
<i>Public Works Trust Fund Loans:</i>					
2001 Lift Station Replacement-Construction	9/15/03	1,848,000	102,969	N/A	103,741
2004 Central Way Sewer Replacement	9/1/04	1,086,300	229,330	N/A	58,192
2013 NE 80th ST Water/Sewer Replacement ³	10/8/12	4,038,000	3,045,744	N/A	262,695
Total Public Works Trust Fund Loans		6,972,300	3,378,043		424,629

*The average annual debt service is based on the remaining principal and interest payments due until the debt is extinguished.

¹ Refinance of 2010 LTGO Build America Bonds used to purchase and renovate Kirkland Justice Center.

² Refunds Original 2003 Issue with 2013 Refund.

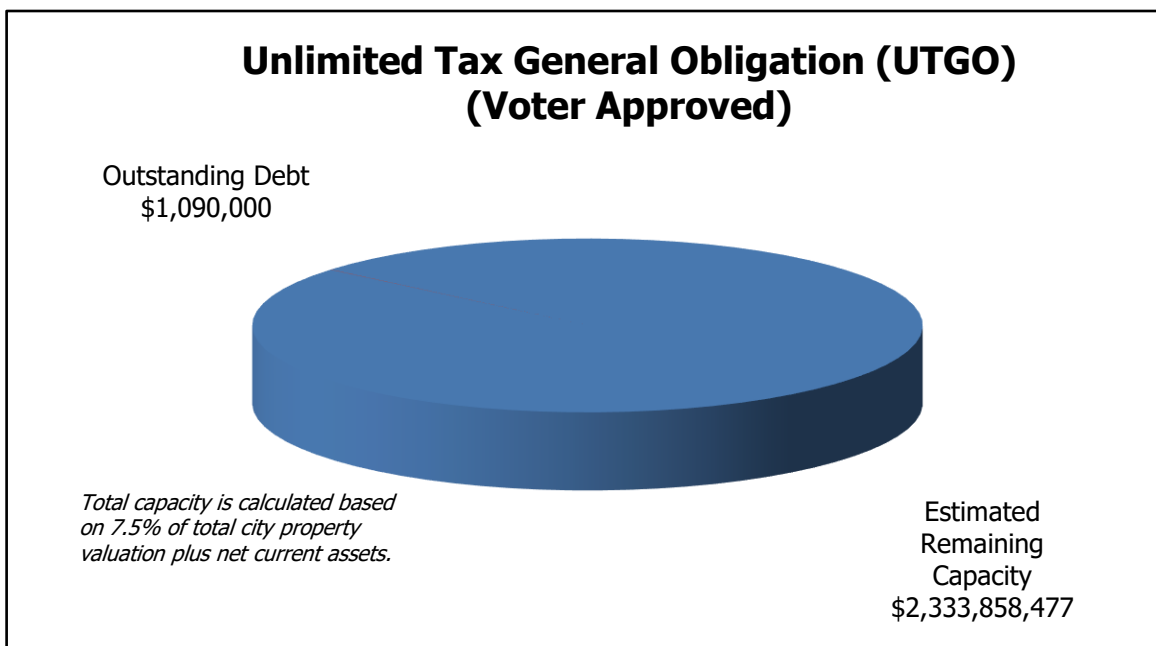
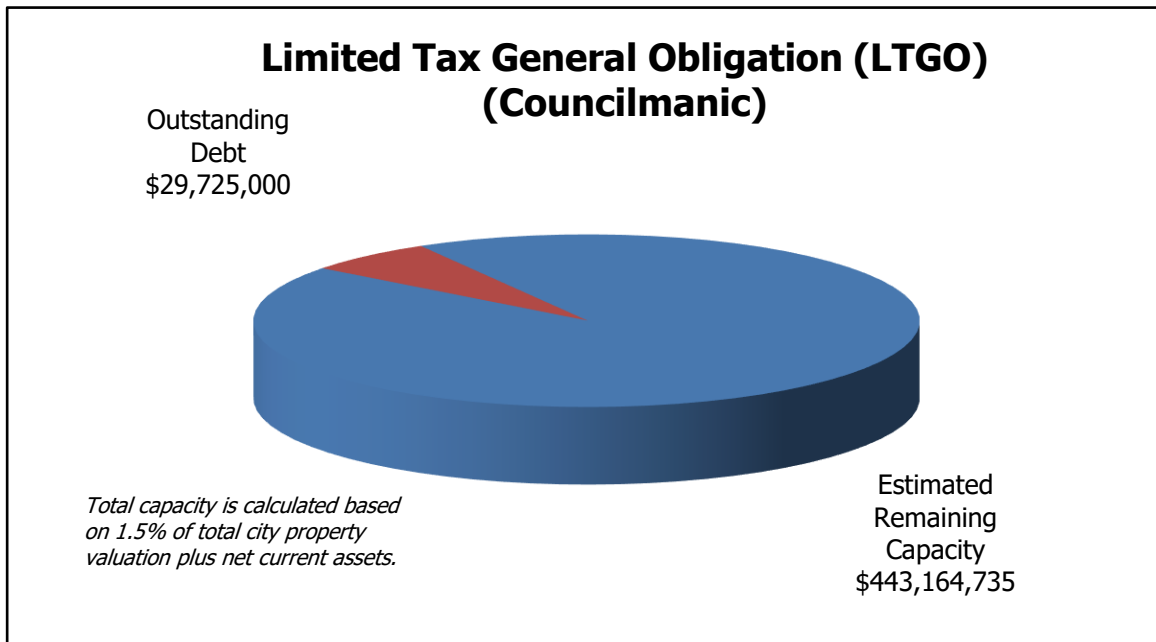
³ Active PWTF project; draws occur until project is complete. Total amortization schedule may change until draws are complete. Detailed debt schedules are in the Water/Sewer Utility section.

Note: On May 26, 2011, Fire Protection District #41 issued \$4 million in Limited Tax General Obligation Bonds to finance the Consolidated Fire Station Project. On June 1, 2011, the Fire District ceased operation when the City of Kirkland annexed all the territory served by the District. The outstanding debt remains an obligation of the taxable property which was annexed.

CITY OF KIRKLAND

DEBT CAPACITY

Washington State law imposes limitations on the total amount of debt that a city can have outstanding to 7.5 percent of total assessed property valuation plus the net of current assets and liabilities. This comprises the City's "Debt Capacity" at any one time. The City Council has authority to issue bonds without voter approval (Councilmanic) for a combined total of up to 1.5 percent of the City's assessed valuation. The following graphs compare the total estimated capacity available to the City's indebtedness:



City of Kirkland
2015 Limited General Obligation Bonds

Purpose: City Hall Renovations 2015

Amount of Issue	\$5,800,000	Date of Bond Sale	11/20/2015
Ordinance	4490	Net Interest Rate	3.450%
		Org:	21018202

DEBT SERVICE SCHEDULE

Year	Interest Dates:		Interest Rate	Maturity Date	Principal Amount	Total Payment	Principal Balance
	June 1	December 1					
2016	106,164	100,050	3.45%	12/1/2016	215,000	421,214	5,585,000
2017	96,341	96,341	3.45%	12/1/2017	230,000	422,682	5,355,000
2018	92,374	92,374	3.45%	12/1/2018	235,000	419,748	5,120,000
2019	88,320	88,320	3.45%	12/1/2019	245,000	421,640	4,875,000
2020	84,094	84,094	3.45%	12/2/2020	255,000	423,188	4,620,000
2021	79,695	79,695	3.45%	12/1/2021	260,000	419,390	4,360,000
2022	75,210	75,210	3.45%	12/1/2022	270,000	420,420	4,090,000
2023	70,553	70,552	3.45%	12/1/2023	280,000	421,105	3,810,000
2024	65,723	65,722	3.45%	12/1/2024	290,000	421,445	3,520,000
2025	60,720	60,720	3.45%	12/1/2025	300,000	421,440	3,220,000
2026	55,545	55,545	3.45%	12/1/2026	310,000	421,090	2,910,000
2027	50,198	50,197	3.45%	12/1/2027	320,000	420,395	2,590,000
2028	44,678	44,677	3.45%	12/1/2028	335,000	424,355	2,255,000
2029	38,899	38,899	3.45%	12/1/2029	345,000	422,798	1,910,000
2030	32,948	32,947	3.45%	12/1/2030	355,000	420,895	1,555,000
2031	26,824	26,824	3.45%	12/1/2031	370,000	423,648	1,185,000
2032	20,441	20,441	3.45%	12/1/2032	380,000	420,882	805,000
2033	13,886	13,886	3.45%	12/1/2033	395,000	422,772	410,000
2034	7,073	7,072	3.45%	12/1/2034	410,000	424,145	0
Totals	1,109,686	1,103,566			5,800,000	8,013,252	

**City of Kirkland
2020 LTGO Refunding**

Purpose: Refinance 2010 LTGO Build America Bonds used to purchase and renovate the Kirkland Justice Center

Amount of Issue	\$25,105,000	Date of Bond Sale	6/17/2020
Ordinance		Net Interest Rate	1.777%
		Org:	21018207

DEBT SERVICE SCHEDULE

Year	Interest Dates:		Interest Rate	Maturity Date	Principal Amount	Total Payment	Principal Balance
	June 1	December 1					
2020		341,679	5.000%	12/1/2020	-	341,679	25,105,000
2021	407,300	407,300	5.000%	12/1/2021	675,000	1,489,600	24,430,000
2022	390,425	390,425	5.000%	12/1/2022	880,000	1,660,850	23,550,000
2023	368,425	368,425	5.000%	12/1/2023	925,000	1,661,850	22,625,000
2024	345,300	345,300	5.000%	12/1/2024	970,000	1,660,600	21,655,000
2025	321,050	321,050	5.000%	12/1/2025	1,020,000	1,662,100	20,635,000
2026	295,550	295,550	5.000%	12/1/2026	1,065,000	1,656,100	19,570,000
2027	268,925	268,925	5.000%	12/1/2027	1,120,000	1,657,850	18,450,000
2028	240,925	240,925	5.000%	12/1/2028	1,175,000	1,656,850	17,275,000
2029	211,550	211,550	5.000%	12/1/2029	1,230,000	1,653,100	16,045,000
2030	180,800	180,800	5.000%	12/1/2030	1,290,000	1,651,600	14,755,000
2031	148,550	148,550	2.000%	12/1/2031	1,355,000	1,652,100	13,400,000
2032	135,000	135,000	2.000%	12/1/2032	1,385,000	1,655,000	12,015,000
2033	121,150	121,150	2.000%	12/1/2033	1,405,000	1,647,300	10,610,000
2034	107,100	107,100	2.000%	12/1/2034	1,435,000	1,649,200	9,175,000
2035	92,750	92,750	2.000%	12/1/2035	1,465,000	1,650,500	7,710,000
2036	78,100	78,100	2.000%	12/1/2036	1,485,000	1,641,200	6,225,000
2037	63,250	63,250	2.000%	12/1/2037	1,515,000	1,641,500	4,710,000
2038	48,100	48,100	2.000%	12/1/2038	1,540,000	1,636,200	3,170,000
2039	32,700	32,700	2.000%	12/1/2039	1,570,000	1,635,400	1,600,000
2040	17,000	17,000	2.125%	12/1/2040	1,600,000	1,634,000	0
Totals	3,873,950	4,215,629			25,105,000	33,194,579	

City of Kirkland**Fire District #41 Bond (Issued by Fire District prior to Annexation)****Purpose: Fire Station Construction**

Denomination	n/a	Date of Bond Sale	5/26/2011
Amount of Issue	4,000,000	Net Interest Rate	3.200%
Ordinance	n/a	Org:	21018203

DEBT SERVICE SCHEDULE

Year	Interest Dates:		Interest Rate	Maturity Date	Principal Amount	Total Payment	Principal Balance
	June 1	December 1					
2011		65,778	3.20%	12/1/2011		65,778	4,000,000
2012	64,000	61,259	3.20%	12/1/2012	345,313	470,572	3,654,687
2013	58,475	55,646	3.20%	12/1/2013	356,451	470,572	3,298,236
2014	52,772	49,852	3.20%	12/1/2014	367,949	470,572	2,930,287
2015	46,885	43,870	3.20%	12/1/2015	379,817	470,572	2,550,470
2016	40,808	37,696	3.20%	12/1/2016	392,069	470,572	2,158,401
2017	34,534	31,322	3.20%	12/1/2017	404,715	470,572	1,753,686
2018	28,059	24,743	3.20%	12/1/2018	417,770	470,572	1,335,916
2019	21,375	17,952	3.20%	12/1/2019	431,245	470,572	904,670
2020	14,475	10,942	3.20%	12/1/2019	445,156	470,572	459,515
2021	7,352	3,705	3.20%	12/1/2019	459,515	470,572	-
Totals	368,734	402,766			4,000,000	4,771,500	

Note: On May 26, 2010, Fire Protection District #41 issued \$4 million in Limited Tax General Obligation Bonds to finance the Consolidated Fire Station Project. On June 1, 2011, the Fire District dissolved when the City of Kirkland annexed all the territory served by the District. The outstanding debt remains an obligation of the taxable property which was annexed.

City of Kirkland
2013 Unlimited General Obligation Bonds

Purpose: 2013 Refinance Existing Bonds

Denomination			
Amount of Issue	\$4,670,000	Date of Bond Sale	10/29/2013
Ordinance	4420	Net Interest Rate	2.30%
Org Key	22018205		

Year	Interest Dates:		Interest Rate	Maturity Date	Principal Amount	Total Payment	Principal Balance
	June 1	December 1					
2014	63,253	53,705	2.30%	12/1/2014	540,000	656,958	4,130,000
2015	47,495	47,495	2.30%	12/1/2015	475,000	569,990	3,655,000
2016	42,033	42,033	2.30%	12/1/2016	490,000	574,065	3,165,000
2017	36,398	36,398	2.30%	12/1/2017	510,000	582,795	2,655,000
2018	30,533	30,533	2.30%	12/1/2018	520,000	581,065	2,135,000
2019	24,553	24,553	2.30%	12/1/2019	515,000	564,105	1,620,000
2020	18,630	18,630	2.30%	12/1/2020	530,000	567,260	1,090,000
2021	12,535	12,535	2.30%	12/1/2021	540,000	565,070	550,000
2022	6,325	6,325	2.30%	12/1/2022	550,000	562,650	0
Totals	281,753	272,205			4,670,000	5,223,958	

Capital Project Funds account for the acquisition and construction of capital facilities not financed by proprietary funds.

GENERAL GOVERNMENT CAPITAL PROJECT FUNDS



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CITY OF KIRKLAND

***GENERAL GOVERNMENT CAPITAL
PROJECTS FUNDS***

Capital Projects Funds are used to fund and track the construction of projects approved in the Capital Improvement Program. The City Council adopts a six-year Capital Improvement Program (CIP) which is a plan for major improvements or purchases needed in the areas of transportation (streets, sidewalks, signals, and intersections), storm drains, water and sewer systems, parks, public safety, and other government facilities and equipment. The Council revises the CIP biennially. The General Government Capital Projects Funds include projects in all sections of the CIP except those associated with the water/sewer and surface water utilities.

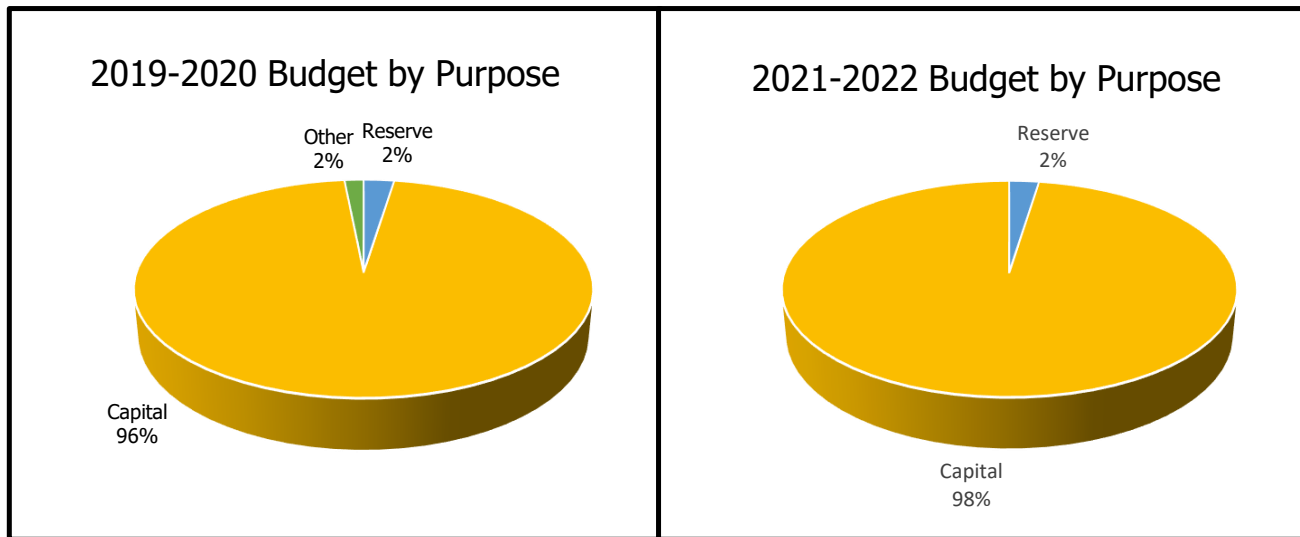
There are two general government capital projects funds:

The **General Capital Projects Fund** accounts for projects funded from general revenue sources. Resources are transferred in as needed, usually from the Excise Tax Capital Improvement Fund (REET), Impact Fee Fund, interest income, and sales tax allocations. Providing a cushion in the event of unanticipated changes in project scope or cost is the General Capital Contingency, which has a target of ten percent of the funded 2 year CIP (less utility projects) that corresponds with the biennial budget.

The **Transportation Capital Projects Fund** accounts for all general government transportation projects. City resources are transferred in as needed, usually from the Street Operating Fund, Impact Fee Fund, and the Excise Tax Capital Improvement Fund (REET). Transportation projects also frequently receive external revenue from grants or other agencies such as Sound Transit. Utility portions of transportation projects (water/sewer and surface water) are funded in the respective utility capital funds.

CITY OF KIRKLAND

General Government Non-Operating Capital Projects Funds



Capital Projects Funds are used for two purposes - capital construction of projects and capital reserves approved in the Capital Improvement Program. Other uses are transfers from the capital funds back to the original funding source e.g. REET. The City Council adopts a six-year Capital Improvement Program (CIP) biennially. The CIP is a plan for major improvements or purchases needed in the areas of transportation (streets, sidewalks, signals, and intersections), storm drains, water/sewer systems, parks, public safety, and other government facilities and equipment.

2019-2020 Budget by Purpose

Fund	2019-2020 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
General Capital Projects	73,933,253	4,340,642	-	67,486,893	2,105,717
Transportation Capital Projects	113,215,562	300,304	-	112,101,324	813,934
Total Capital Projects Funds	187,148,815	4,640,946	-	179,588,217	2,919,652

2021-2022 Budget by Purpose

Fund	2021-2022 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
General Capital Projects	53,642,631	4,283,140	-	49,359,491	-
Transportation Capital Projects	121,776,020	-	-	121,776,020	-
Total Capital Projects Funds	175,418,651	4,283,140	-	171,135,511	-

CITY OF KIRKLAND
CHANGE IN FUND BALANCE (Beginning 2019 to Ending 2022)
GENERAL GOVERNMENT NON-OPERATING

CAPITAL PROJECTS FUNDS

	General Capital Projects	Transportation Capital Projects	Total
2019 Actual Beginning Fund Balance	26,001,210	27,581,509	53,582,719
<i>Reserved</i>	<i>2,535,797</i>	<i>29,036</i>	<i>2,564,833</i>
<i>Unreserved Working Capital</i>	<i>23,465,413</i>	<i>27,552,473</i>	<i>51,017,886</i>
Plus: 2019-20 Estimated Revenues	59,461,369	39,243,893	98,705,262
Less: 2019-20 Estimated Expenditures	42,051,948	40,782,064	82,834,012
2020 Estimated Ending/2021 Budgeted Beginning Fund Balance	43,410,631	26,043,337	69,453,969
Plus: 2021-22 Budgeted Revenues	10,232,000	95,732,683	105,964,683
Less: 2021-22 Budgeted Expenditures	49,359,491	121,776,020	171,135,511
2022 Budgeted Ending Fund Balance	4,283,140	0	4,283,141
<i>Reserved</i>	<i>4,283,140</i>	<i>-</i>	<i>4,283,140</i>
<i>Unreserved Working Capital</i>	<i>-</i>	<i>-</i>	<i>-</i>
Change in Fund Balance: Beginning 2019 to Ending 2022	(21,718,070)	(27,581,509)	(49,299,578)

Notes:

The reductions in fund balance of the General Capital Projects Fund and the Transportation Capital Projects Fund are due to the completion of projects which were funded but not constructed in prior years. The General Capital Projects Fund reserves (showing as *Reserved* amount above) serve as contingency reserves for both General Capital Projects and the Transportation Capital Projects Funds. The chart above assumes that all planned project budgets will be expended in the biennium, although in actual experience the project spending will occur over a period of several years that may go beyond the 2021-2022 biennium.

**CITY OF KIRKLAND
CAPITAL IMPROVEMENT PROGRAM
2021-2022 BUDGET**

GENERAL CAPITAL PROJECTS FUND (310)

Project Category/ Project Title	Project Number	Funding Source
PARKS		
Open Space, Park Land & Trail Acq Grant Match Program	PKC 04900	REET 1 Reserve
Parks, Play Areas & Accessibility Enhancements	PKC 06600	Kirkland Park Levy
Dock & Shoreline Renovations	PKC 13310	REET 1/ Kirkland Park Levy/ King County Parks Levy
Neighborhood Park Land Acquisition	PKC 13330	Impact Fees
Park Facilities Life Cycle Projects	PKC 15100	Parks Facilities Sinking Fund
O.O. Denny Park Improvements - Picnic Shelter	PKC 15200	REET 1/ Impact Fees
Green Loop Master Plan & Acquisition	PKC 15500	External
Total Parks		
PUBLIC SAFETY		
Personal Protective Equipment	PSC 07600	Fire Sinking Fund Reserve
Fire Equipment Replacement	PSC 20000	Fire Sinking Fund Reserve
Police Equipment Replacement	PSC 10000	Police Sinking Fund Reserve
Total Public Safety		
GENERAL GOVERNMENT		
Technology		
Network Infrastructure	ITC 11000	Technology Sinking Fund/ Utilities
Network Phone Systems	ITC 13000	Technology Sinking Fund/ Utilities
Network Security	ITC 14000	Technology Sinking Fund/ Utilities
Geographic Information Systems	ITC 20000	General Fund/ Utilities
Copier Replacements	ITC 50000	Technology Sinking Fund
Total Technology		
Facilities		
Electrical, Energy Management, & Lighting Systems	GGC 00800	Facilities Sinking Fund Charges
Mechanical/HVAC Systems Replacements	GGC 00900	Facilities Sinking Fund Charges
Painting, Ceilings, Partition, & Window Replacements	GGC 01000	Facilities Sinking Fund Charges
Roofing, Gutter, Siding, & Deck Replacements	GGC 01100	Facilities Sinking Fund Charges
Flooring Replacements	GGC 01200	Facilities Sinking Fund Charges
City Hall Expansion	GGC 04400	Development Services Reserves
Total Facilities		
Total General Government		
TOTAL GENERAL CAPITAL PROJECTS FUND		

2021 Budget	2022 Budget	Total 2021-2022 Budget	Additional Annual Maintenance & Operations	
			2021	2022
100,000		100,000	-	-
150,000	140,000	290,000	-	-
500,000	525,000	1,025,000	-	-
1,050,000	1,200,000	2,250,000	-	-
162,000	169,000	331,000	-	-
275,000		275,000	-	-
	160,000	160,000	-	-
2,237,000	2,194,000	4,431,000	-	-
6,800	6,900	13,700	-	-
43,000	8,300	51,300	-	-
122,700	110,700	233,400	-	-
172,500	125,900	298,400	-	-
40,500	40,500	81,000	-	-
82,000	290,000	372,000	-	-
75,000	30,000	105,000	-	-
70,000	100,000	170,000	-	-
15,000	15,000	30,000	-	-
282,500	475,500	758,000	-	-
27,200	96,400	123,600	-	-
14,600	12,000	26,600	-	-
59,900	13,500	73,400	-	-
970,100		970,100	-	-
172,500	28,400	200,900	-	-
1,000,000		1,000,000	-	-
2,244,300	150,300	2,394,600	-	-
2,526,800	625,800	3,152,600	-	-
4,936,300	2,945,700	7,882,000	-	-

**CITY OF KIRKLAND
CAPITAL IMPROVEMENT PROGRAM
2021-2022 BUDGET**

TRANSPORTATION CAPITAL PROJECTS FUND (320)

Project Category/ Project Title	Project Number	Funding Source
TRANSPORTATION		
Streets		
Annual Street Preservation Program	STC 00600	Gas Tax/ RGRL/ REET 2/ Solid Waste
Street Levy Street Preservation	STC 00603	Kirland Street Levy
Central Way Street Preservation	STC 00604	Gas Tax/ Street Levy
Local Road Maintenance	STC 00608	Gas Tax
Totem Lake Boulevard & 120th Avenue NE Preservation	STC 00609	REET 2
124th Ave NE Roadway Improvements (North Section) ROW	STC 05912	External
124th Ave NE Roadway Improvements (North Section) Construction	STC 05913	Surface Water/ Impact Fees/ External
Annual Striping Program	STC 08000	REET 1/ REET 2
100th Avenue NE Roadway Improvements (North Section)	STC 08313	REET 1/ Surf Wtr/ Impact Fees/ REET 2 Rsrvs/ Ext.
100th Ave NE Roadway Improvements (Mid-North Section)	STC 08314	Impact Fees/ External
Juanita Drive Intersection and Safety Improvements	STC 08900	REET 1/ REET 2/ Surface Water/ Impact Fees
NE 85th Street Ped/Bike Connection 114th Ave NE to 6th St	STC 10700	External
NE 85th St and 6th St Westbound Transit Queue Jump	STC 10800	External
Regional Inter-Agency Coordination	STC 99990	REET 2
Total Streets		
Non-Motorized		
Street Levy-Pedestrian Safety	NMC 00620	Street Levy
Annual Sidewalk Maintenance Program	NMC 05700	REET 1/ REET 2
Safer Routes to School Action Plans Implementation	NMC 08700	REET 2/ Street Levy
NE 131st Way/90th Ave NE Nonmotorized Impr. Scope & Design	NMC 08720	Street Levy/ External
CKC Lighting 120th Avenue NE to NE 124th Street	NMC 12500	REET 2 Reserve/ External
School & Transit Connector Sidewalk on 120th Avenue NE	NMC 12600	REET 2 Reserve/ External
Juanita Dr. Nonmotorized Improvements 79th Wy NE to NE 120th St	NMC 12700	REET 2 Reserve/ External
CKC/Eastrail Crossing Study at 132nd Ave NE	NMC 12800	External
Total Non-Motorized		
Traffic Improvements		
Annual Signal Maintenance Program	TRC 11600	REET 1/ REET 2
Vision Zero Safety Improvement	TRC 11702	Gas Tax
Neighborhood Traffic Control	TRC 11703	Gas Tax
116th Avenue NE/NE 124th Street Intersection Improvements	TRC 12400	REET 2 Reserves/ External
100th Avenue NE/Simonds Road Intersection Improvements	TRC 13500	Impact Fees/ External
100th Avenue NE/145th Street Intersection Improvements	TRC 13600	Surf Wtr/ Impact Fees/ REET 2 Reserves/ External
85th St/132nd Ave NE Dual Left Turn Lanes - Design	TRC 13900	REET 1
Total Traffic Improvements		
TOTAL TRANSPORTATION CAPITAL PROJECTS FUND		

2021 Budget	2022 Budget	Total 2021-2022 Budget	Additional Annual Maintenance & Operations	
			2021	2022
950,000	1,700,000	2,650,000	-	-
1,683,000	2,460,000	4,143,000	-	-
1,500,000		1,500,000	-	-
50,000	50,000	100,000	-	-
555,000		555,000	-	-
802,000		802,000	-	-
	8,465,000	8,465,000	-	-
500,000	500,000	1,000,000	-	-
1,527,000	203,900	1,730,900	-	-
2,584,000		2,584,000	-	-
980,000	1,477,500	2,457,500	-	-
870,000	2,450,000	3,320,000	-	-
	1,300,000	1,300,000	-	-
	82,000	82,000	-	-
12,001,000	18,688,400	30,689,400	-	-
150,000	150,000	300,000	-	-
100,000	100,000	200,000	-	-
550,000	550,000	1,100,000	-	-
439,000		439,000	-	-
680,000		680,000	-	-
130,000		130,000	-	-
680,000		680,000	-	-
100,000		100,000	-	-
2,829,000	800,000	3,629,000	-	-
100,000	100,000	200,000	-	-
	50,000	50,000	-	-
	50,000	50,000	-	-
565,000		565,000	-	-
582,000		582,000	-	-
424,000	150,000	574,000	-	-
	350,000	350,000	-	-
1,671,000	700,000	2,371,000	-	-
16,501,000	20,188,400	36,689,400	-	-

City of Kirkland
2021-2026 Capital Improvement Program

PARK PROJECTS

Funded Projects:

Project Number	Project Title	Prior Year(s)	Funding Source														
			2021-2026 Total	2026	2025	2024	2023	2022	2021	Current Revenue					External Sources	Reserves	
										Real Estate Excise Tax	Kirkland Parks Levy	Parks Fac. Sinking Fund	Impact Fees	King County Parks Levy			
PKC 04900	Open Space, Park Land & Trail Acq Grant Match Program		100,000														100,000
PKC 06600	Parks, Play Areas & Accessibility Enhancements		1,370,000	400,000	370,000	150,000	160,000	140,000									
PKC 13310	Dock & Shoreline Renovations	1,629,400	1,625,000			300,000	300,000	525,000									
PKC 13320	City School Playfield Partnership (Kamikan)	1,838,600	400,000	100,000		100,000	200,000	100,000									
PKC 13330	Neighborhood Park Land Acquisition		5,180,000	400,000	730,000	600,000	1,200,000	1,200,000									
PKC 15100	Park Facilities Life Cycle Projects		2,030,800	243,200	150,200	160,400	146,000	169,000									
PKC 15200	O.O. Denny Park Improvements - Picnic Shelter	175,000	275,000														
PKC 15400	Indoor Recreation & Aquatic Facility Study		160,000														
PKC 15500	Green Loop Master Plan & Acquisition		2,400,000	560,000	560,000	560,000	560,000	160,000									
PKC 15600	Park Restrooms Renovation/Replacement Program		1,583,000			791,500	791,500										
PKC 15700	Neighborhood Park Development Program		300,000		300,000												
PKC 15900	Off Leash Dog Areas		1,869,600	800,000	460,000	609,600											
PKC 16100	McAuliffe Park Sanitary Sewer				325,000												
PKC 16200	Wayfinding and Park Signage Program Plan		700,000	250,000	300,000	150,000	150,000										
PKC 16300	Trail Upgrades		320,000	200,000													
PKC 17000	ADA Compliance Upgrades		120,000			120,000											
Total Funded Park Projects			17,758,400	2,953,200	3,195,200	3,391,500	3,787,500	2,194,000	2,237,000								100,000
												</					

Notes

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

Bold = New projects

+ = Moved from unfunded status to funded status

PARK PROJECTS

Unfunded Projects:

Project Number	Project Title	Total
PKC 05610	Forbes Lake Park Trail Improvements Phase II	6,000,000
PKC 09510	Heritage Park Development - Phase III & IV	4,000,000
PKC 09700	Reservoir Park Renovation Plan	50,000
PKC 10800	McAuliffe Park Development	7,000,000
PKC 11300	Spinney Homestead Park Renovation Plan	60,000
PKC 11400	Mark Twain Park Renovation Plan	75,000
PKC 11500	Terrace Park Renovation Plan	60,000
PKC 11600	Lee Johnson Field Artificial Turf Installation	5,000,000
PKC 11902	Juanita Beach Park Development Phase II	10,000,000
PKC 12210	Community Recreation Facility Construction	75,000,000
PKC 12400	Snyder's Corner Park Site Master Plan	100,000
PKC 12600	Watershed Park Master Plan	100,000
PKC 12700	Kiwanis Park Master Plan	75,000
PKC 12800	Yarrow Bay Wetlands Master Plan	200,000
PKC 12900	Heronfield Wetlands Master Planning & Development	125,000
PKC 13100	Park & Open Space Acquisition Program	10,000,000
PKC 13510	Juanita Heights Park Master Plan	150,000
PKC 13600	Kingsgate Park Master Planning and Park Development	150,000
PKC 13800	Everest Park Restroom/Storage Building Replacement	1,800,000
PKC 13903	Totem Lake Park Development Phase II	4,000,000
PKC 13904	Totem Lake Park Development Phase III	3,000,000
PKC 14100	South Norway Hill Park Site Master Plan	150,000
PKC 14300	Marsh Park Restroom Replacement	85,000
PKC 14400	Cedar View Park Improvement Plan	50,000
PKC 14500	Environmental Education Center	200,000
PKC 14800	Forbes House Renovation & Historic Preservation Plan	50,000
PKC 14900	Taylor Playfields-Former Houghton Landfill Site Master Plan	300,000
PKC 15000	North Kirkland Community Center Renovation & Expansion Plan	75,000
PKC 16400	Peter Kirk Park - Fencing and Drainage Improvements	250,000
PKC 16500	Skate Park Upgrades	150,000
PKC 16600	Brink Park Gun Mount Renovation	100,000
PKC 16700	O.O. Denny Park Improvements - Sand Volleyball	75,000
PKC 16800	Spray Park	500,000
PKC 16900	Marina Park Dock and Shoreline Renovations	3,000,000
Total Unfunded Parks Projects		131,930,000

Notes

Italics = Modification in timing and/or cost

Bold = New projects

" = Moved from funded status to unfunded status

~ = Partially funded project

City of Kirkland
2021-2026 Capital Improvement Program

PUBLIC SAFETY PROJECTS

Funded Projects:

Project Number	Project Title	Prior Year(s)	2021	2022	2023	2024	2025	2026	2021-2026 Total	Funding Source		
										Reserve	Debt	External Source
FIRE												
PSC 06300	Air Fill Station Replacement					86,200	87,900		174,100	174,100		
PSC 07100	Self Contained Breathing Apparatus (SCBA)				767,100	115,100		35,800	918,000	918,000		
PSC 07600	Personal Protective Equipment		6,800	6,900	7,100	678,500	7,300	7,500	714,100	714,100		
PSC 20000	Fire Equipment Replacement		43,000	8,300	28,600	27,000	29,800	77,100	213,800	213,800		
POLICE												
PSC 10000	Police Equipment Replacement		122,700	110,700	160,300	160,300	266,300	160,900	981,200	981,200		
Total Funded Public Safety Projects		-	172,500	125,900	963,100	1,067,100	391,300	281,300	3,001,200	3,001,200	-	-

Notes

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

Bold = New projects

+ = Moved from unfunded status to funded status

Public Safety Unfunded Projects:

Project Number	Project Title	Total	Estimated Construction Start
FIRE			
	No Unfunded Projects		
POLICE			
	No Unfunded Projects		
FACILITIES			
PSC 30040	Fire Station 21 Expansion & Remodel	6,023,000	March 2025
PSC 30050	Fire Station 22 Expansion & Remodel	9,617,300	August 2022
PSC 30060	Fire Station 26 Expansion & Remodel	8,432,000	January 2024
PSC 30070	Fire Station 27 Replacement	28,521,800	June 2022
PSC 30080	Temporary Fire Station	3,205,900	January 2022
Total Unfunded Public Safety Projects		55,800,000	

Notes

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Bold = New projects

+ = Moved from unfunded status to funded status

" = Moved from funded status to unfunded status

City of Kirkland
2021-2026 Capital Improvement Program
GENERAL GOVERNMENT PROJECTS - Facilities

Funded Projects:

Facilities Sinking Fund										
Project Number	Project Title	Prior Year(s)	2021	2022	2023	2024	2025	2026	2021-2026 Total	Funding Source
GGC 00800	Electrical, Energy Management & Lighting Systems		27,200	96,400	28,400	152,600	23,400	170,000	498,000	Current Revenue
GGC 00900	Mechanical/HVAC Systems Replacements		14,600	12,000	406,800	299,400	141,700	51,000	925,500	Reserve
GGC 01000	Painting, Ceilings, Partition & Window Replacements		59,900	13,500	140,800	292,200	57,000	178,900	742,300	Reserve
GGC 01100	Roofing, Gutter, Siding and Deck Replacements		970,100		337,100	20,200	8,000	7,400	1,342,800	Reserve
GGC 01200	Flooring Replacements		172,500	28,400	22,700	157,900	154,700	150,000	686,200	Reserve
Total Funded General Government Projects - Facilities Sinking Fund		-	1,244,300	150,300	935,800	922,300	384,800	557,300	4,194,800	Current Revenue
										Reserve
										Debt
										External Source

Other Projects										
Project Number	Project Title	Prior Year(s)	2021	2022	2023	2024	2025	2026	2021-2026 Total	Funding Source
GGC 04400	City Hall Expansion		1,000,000						1,000,000	Current Revenue
Subtotal Funded General Government - Other Projects			1,000,000	-	-	-	-	-	1,000,000	Current Revenue
										Reserve
										Debt
										External Source

Total Funded General Government Projects - Facilities		1,000,000	2,244,300	150,300	935,800	922,300	384,800	557,300	5,194,800	-
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Notes

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

Bold = New projects

+ = Moved from unfunded status to funded status

" = Moved from funded status to unfunded status

Note: No Unfunded Facilities Projects

City of Kirkland

2021-2026 Capital Improvement Program

GENERAL GOVERNMENT PROJECTS - Technology

Funded Projects:

Project Number	Project Title	Prior Year Funding	2021	2022	2023	2024	2025	2026	2021-2026 Total	Funding Source	
										Reserves	Utility Funds
ITC 10000	Network Server and Storage Replacements					410,900			410,900	380,600	30,300
ITC 11000	Network Infrastructure		40,500	40,500	40,500	40,500	95,400	83,400	340,800	230,000	110,800
ITC 13000	Network Phone Systems		82,000	290,000	12,000	12,000	12,000	12,000	420,000	383,100	36,900
ITC 14000	Network Security		75,000	30,000	75,000	30,000	75,000	30,000	315,000	238,100	76,900
ITC 20000	Geographic Information Systems		70,000	100,000	70,000	135,000	70,000	100,000	545,000	381,500	163,500
ITC 50000	Copier Replacements		15,000	15,000	15,000	10,000	10,000	10,000	75,000	75,000	-
Total Funded General Government Projects - Technology			282,500	475,500	212,500	638,400	262,400	235,400	2,106,700	1,688,300	418,400

Notes

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

Bold = New projects

+ = Moved from unfunded status to funded status

Technology Unfunded Projects:

Project Number	Project Title	Total
ITC 00201	GIS Community Information Portal	100,000
ITC 00305	"Explore Kirkland" Redesign	75,000
ITC 00403	Tyler Content Management in EnerGov Implementation	21,000
ITC 00603	Information Technology Internal Process Improvement	251,200
ITC 00701	Fleet Management Systems Replacement	110,000
ITC 00906	Television Media Equipment Upgrade	210,000
ITC 01001	CodeSmart Court Applications Replacement Evaluation	13,600
ITC 01002	License Plate Reader for Patrol Cars	120,000
ITC 01101	WiFi in the Parks Expansion	400,000
ITC 01301	Parking Improvement Solutions Support	75,000
ITC 01401	New Technology Pilot Programs	78,800
ITC 01501	Enterprise Analytics	977,400
Total Unfunded General Government Projects - Technology		2,432,000

Notes

Italics = Modification in timing and/or cost

Bold= New projects

City of Kirkland
2021-2026 Capital Improvement Program

TRANSPORTATION PROJECTS

Funded Projects:

Project Number	Project Title	Prior Year(s)	2021	2022	2023	2024	2025	2026	2021-2026 Total	Funding Sources						Unsecured External
										Current Revenue	Street Levy	Impact Fees	Reserve	Debt	Secured External	
STC 00600	Annual Street Preservation Program		950,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	9,450,000	9,450,000						
STC 00603	Street Levy Street Preservation		1,883,000	2,460,000	2,488,000	2,516,000	2,516,000	2,516,000	14,179,000	750,000	14,179,000				802,000	3,982,000
STC 00604	Central Way Preservation Construction	242,700	1,500,000						1,500,000	300,000	750,000				3,892,000	1,193,700
STC 00608	Local Road Maintenance		50,000	50,000	50,000	50,000	50,000	50,000	300,000	300,000						2,019,900
STC 00609	Totem Lake Boulevard & 120th Avenue NE Preservation		555,000						555,000	555,000						
STC 05912	124th Ave NE Roadway Improvements (North Section) ROW	1,414,700	802,000						802,000			985,000				
STC 05913	124th Ave NE Roadway Improvements (North Section) Construction			8,465,000	935,000				9,400,000	541,000						
STC 08000	Annual Striping Program		500,000	500,000	500,000	500,000	500,000	500,000	3,000,000	3,000,000						
STC 08313	100th Avenue NE Roadway Improvements (North Section)	3,730,500	1,527,000	203,900					1,730,900	272,300		203,900	61,000			
STC 08314	100th Avenue NE Roadway Improvements (Mid-North Section)		2,584,000						2,584,000			564,100				
STC 08900	Juanita Drive Intersection and Safety Improvements	3,936,700	980,000	1,477,500	2,338,000				4,795,500	981,400		2,225,600	20,000	1,568,500		
STC 10700	NE 85th Street Ped/Bike Connection 114th Ave NE to 6th St		870,000	2,450,000	3,580,000				6,900,000						6,900,000	
STC 10800	NE 85th St and 6th St Westbound Transit Queue Jump			1,300,000					1,300,000						1,300,000	
STC 10900	NE 85th Street Eastbound Third Lane 120th Ave NE to 122nd Ave NE				2,700,000				2,700,000						2,700,000	
STC 99990	Regional Inter-Agency Coordination			82,000	82,000	82,000	82,000	82,000	410,000	410,000						
NMC 00620	Street Levy - Pedestrian Safety		150,000	150,000	150,000	150,000	150,000	150,000	900,000		900,000					
NMC 05700	Annual Sidewalk Maintenance Program		100,000	100,000	100,000	100,000	100,000	100,000	600,000	600,000						
NMC 08720	Safely Routes to School Action Plans Implementation		550,000	550,000	550,000	550,000	550,000	550,000	3,300,000	2,400,000	900,000					
NMC 11010	NE 131st Way/9th Ave NE Nonmotorized Impr. (9th Ave NE to NE 134th St) Scope & Design		439,000						439,000				439,000			
NMC 11300	Citywide Accessibility Improvements			50,000	50,000	100,000	50,000	100,000	300,000	300,000		135,000			1,600,000	
NMC 11300	Citywide Greenways Networks				450,000	1,950,000			2,400,000	315,000					650,000	
NMC 12500	CKC Lighting 120th Avenue NE to NE 124th Street		680,000						680,000						650,000	
NMC 12600	School & Transit Connector Sidewalk on 120th Avenue NE		130,000						130,000						120,000	
NMC 12700	Juanita Drive Nonmotorized Improvements 79th Way NE to NE 120th St		680,000						680,000						650,000	
NMC 12800	CKC/Eastrail Crossing Study at 132nd Ave NE		100,000						100,000						100,000	
TRC 11600	Annual Signal Maintenance Program		100,000	100,000	100,000	100,000	100,000	100,000	600,000	500,000						
TRC 11700	Citywide Traffic Management Safety Improvements			100,000	100,000		100,000	100,000	200,000	200,000					292,000	
TRC 11702	Vision Zero Safety Improvement			50,000	50,000	50,000	50,000	50,000	250,000	250,000						
TRC 11703	Neighborhood Traffic Control			50,000	50,000	50,000	50,000	50,000	150,000	150,000						
TRC 12000	Kirkland Intelligent Transportation System Phase 3	924,800		50,000	244,100	455,900		1,710,000	2,410,000	704,000						1,706,000
TRC 12400	116th Avenue NE/NE 124th Street Intersection Improvements	1,758,000	565,000						565,000							
TRC 13500	100th Avenue NE/Simmonds Road Intersection Improvements	1,254,400	582,000						582,000			127,000				455,000
TRC 13600	100th Avenue NE/NE 145th St Intersection Improvements	1,293,500	424,000	150,000					574,000	13,700		78,900	150,000			331,400
TRC 13800	NE 100th Street/132nd Avenue NE Intersection Improvements							2,558,000	2,558,000	1,275,000						1,279,000
TRC 13900	85th St/122nd Ave NE Dual Left Turn Lanes - Design	1,508,700		350,000					350,000	350,000						
PTC 00400	108th Avenue NE Transit Queue Jump - Phase I			1,717,000	1,717,000	1,898,300	1,260,000		4,875,300				967,000		750,000	3,158,300
PTC 00500	108th Avenue NE Transit Queue Jump - Phase II			1,893,200	1,893,200	2,437,900	1,309,000		5,640,100				1,143,200		750,000	3,746,900
Total Funded Transportation Projects		21,633,300	16,501,000	20,188,400	19,777,300	12,690,100	8,517,000	10,216,000	87,889,800	23,321,400	16,729,000	4,319,500	3,573,200	1,568,500	20,506,000	17,872,200

Notes

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Bold = New Projects

+ = Moved from unfunded status to funded status

TRANSPORTATION PROJECTS

Unfunded Projects in the Capital Facilities Plan Years 7-20

Project Number	Project Title	Total
STC 06300	120th Avenue NE Roadway Improvements	4,500,000
STC 07200	NE 120th Street Roadway Improvements (West Section)	15,780,600
STC 07700	NE 132nd St Rdwy Imprv- Phase I (West Section)	1,739,000
STC 07800	NE 132nd St Rdwy Imprv-Phase II (Mid Section)	408,000
STC 07900	NE 132nd St Rdwy Imprv-Phase III (East Section)	1,444,000
STC 08100	Totem Lake Area Development Opportunity Program	500,000
STC 08315	100th Avenue NE Roadway Improvements (Mid-South Section)	5,530,000
STC 08316	100th Avenue NE Roadway Improvements (South Section)	3,619,000
STC 09400	Holmes Point Dr NE Road Embankment Stabilization Location 1	246,000
STC 09500	Holmes Point Dr NE Road Embankment Stabilization Location 2	412,000
STC 09600	Holmes Point Dr NE Road Embankment Stabilization Location 3	503,000
STC 09700	Holmes Point Dr NE Road Embankment Stabilization Location 4	551,000
STC 09800	Holmes Point Dr NE Road Embankment Stabilization Location 5	232,000
STC 09900	Champaign Pt Road NE Embankment Stabilization	563,000
STC 10000	62nd Ave NE Road Embankment Stabilization	823,000
STC 10100	114th Ave NE Road Reconstruction	1,900,000
STC 10200	90th Ave NE Road Surface Water Drainage Repair	420,000
NMC 01299	Crosswalk Upgrade Program	4,100,000
NMC 08630	CKC Roadway Crossings	3,370,100
NMC 09011	Juanita Drive Bicycle and Pedestrian Improvements	10,650,000
NMC 11100	108th Avenue NE Bicycle Lanes Upgrade	845,000
NMC 11399	Citywide Greenway Network	4,450,000
NMC 11700	On-Street Bicycle Network Phase I	1,120,000
NMC 88881	On-street Bicycle Network	3,280,000
NMC 99991	Sidewalk Completion Program	6,095,800
PTC 00200	Public Transit Speed and Reliability Improvements	500,000
PTC 00300	Public Transit Passenger Environment Improvements	500,000
PTC 00400	108th Avenue NE Transit Queue Jump - Phase I	4,875,000
PTC 00500	108th Avenue NE Transit Queue Jump - Phase II	5,640,000
TRC 09500	NE 132nd St/Fire Stn Access Dr Intersect'n Imp	480,000
TRC 09600	NE 132nd St/124th Ave NE Intersect'n Imp	7,400,000
TRC 09700	NE 132nd St/132nd Ave NE Intersect'n Imp	1,750,000
TRC 12500	Kirkland ITS Implementation Phase 4	2,620,000
TRC 12800	6th Street S/5th Place/CKC Transit Signal Priority	2,600,000
TRC 12900	NE 53rd Street Intersection Improvements	4,345,000
TRC 13000	NE 145th Street/Juanita-Woodinville Way Intersection Imps	2,100,000
TRC 13100	NE 80th Street/120th Avenue NE Intersection Improvements	1,700,000
TRC 13200	100th Avenue NE/132nd Street Intersection Improvements	1,647,000
TRC 13300	100th Avenue NE/Juanita-Woodinville Way Intersection Imps	2,161,000
TRC 13400	100th Avenue NE/137th Street Intersection Improvements	1,475,000
TRC 13800	NE 100th Street/132nd Ave NE Intersection Improvements	1,745,000
Capacity Projects Subtotal		114,018,500
STC 00600	Annual Street Preservation Program	22,750,000
STC 00603	Street Levy Street Preservation	31,107,000
STC 08000	Annual Striping Program	500,000
STC 99990	Regional Inter-Agency Coordination	820,000
NMC 00621	Neighborhood Safety Program Improvements	3,000,000
NMC 05700	Annual Sidewalk Maintenance Program	2,600,000
TRC 11600	Annual Signal Maintenance Program	2,600,000
TRC 11700	Citywide Traffic Management Safety Improvements	1,400,000
TRC 11702	Vision Zero Safety Improvement	650,000
TRC 11703	Neighborhood Traffic Control	325,000
Non-Capacity Projects Subtotal		65,752,000
Total Transportation Master Plan Projects Yrs 7-20		179,770,500

Unfunded Projects in the Capital Facilities Plan Years 7-20 and Transportation Improvement Plan

NMC 02412	Cross Kirkland Corridor Opportunity Fund	500,000
NMC 03100	Crestwoods Park/CKC Corridor Ped/Bike Facility	2,505,000
NMC08000	Juanita-Kingsgate Pedestrian Bridge at I-405	4,500,000
NMC 10600	Citywide CKC Connection	360,000
NMC10700	CKC to Downtown Surface Connection	2,000,000
Capital Facilities Projects Not in TMP Subtotal		9,865,000
Total Capital Facilities Plan Projects Yrs 7-20		189,635,500

Unfunded Transportation Improvement Plan/External Funding Candidates

Project Number	Project Title	Total
STC 05600	132nd Avenue NE Roadway Improvements	25,170,000
STC 06100	119th Avenue NE Roadway Extension	5,640,000
STC 06200	NE 130th Street Roadway Improvements	10,000,000
STC 06400	124th Avenue NE Roadway Extension	30,349,000
STC 07300	120th Avenue NE Roadway Extension	16,392,000
STC 08600	Finn Hill Emergency Vehicle Access Connection	900,000
NMC 03000	NE 90th Street/I-405 Pedestrian/Bicycle Overpass	3,740,700
NMC 03100	Crestwoods Park/CKC Corridor Ped/Bike Facility	2,505,000
NMC 03200	93rd Avenue Sidewalk	1,047,900
NMC 04300	NE 126th St Nonmotorized Facilities	4,277,200
NMC 04600	18th Avenue SW Sidewalk	2,255,000
NMC 05000	NE 80th Street Sidewalk	859,700
NMC 05400	13th Avenue Sidewalk	446,700
NMC 05500	122nd Ave NE Sidewalk	866,700
NMC 05800	111th Avenue Non-Motorized/Emergency Access Connection	2,000,000
NMC 06200	19th Avenue Sidewalk	814,200
NMC 07400	90th Ave NE Sidewalk	353,400
NMC 08000	Juanita-Kingsgate Pedestrian Bridge at I405	4,500,000
NMC 08600	Cross Kirkland Corridor Non-motorized Improvements	65,742,000
NMC 087xx	19th Ave NE/4th St Sidewalks and Crossing of Market Street	2,443,500
NMC 087xx	Reflective Flashing Beacon at 106th Ave NE Crossing NE 68th St	134,800
NMC 087xx	NE 124th Street Sidewalk	462,000
NMC 10600	Citywide CKC Connections	360,000
NMC 10700	CKC to Downtown Surface Connection	2,000,000
TRC 06700	Kirkland Way/CKC Bridge Abutment/Intersection Imprv	6,917,000
TRC 11400	Slater Avenue NE Traffic Calming - Phase I	247,000
TRC 11704	NE 68th Street Intersection Improvements/Access Management	4,375,000
TRC 12300	Slater Avenue NE (132nd Avenue NE)/NE 124th Street	2,124,000
Subtotal Unfunded Transportation Improvement Plan/External Funding Candidates		196,922,800

Grand Total Unfunded Transportation Projects

386,558,300

Notes

Italics = Modification in timing and/or cost

Bold = New projects

+ = Moved from unfunded status to funded status

Firefighters' Pension Fund accounts for resources held by the City for retired firefighters hired prior to March 1, 1970 and supplement the cost of medical premiums for firefighter LEOFF 1 retirees.

GENERAL GOVERNMENT FIREFIGHTERS' PENSION FUND



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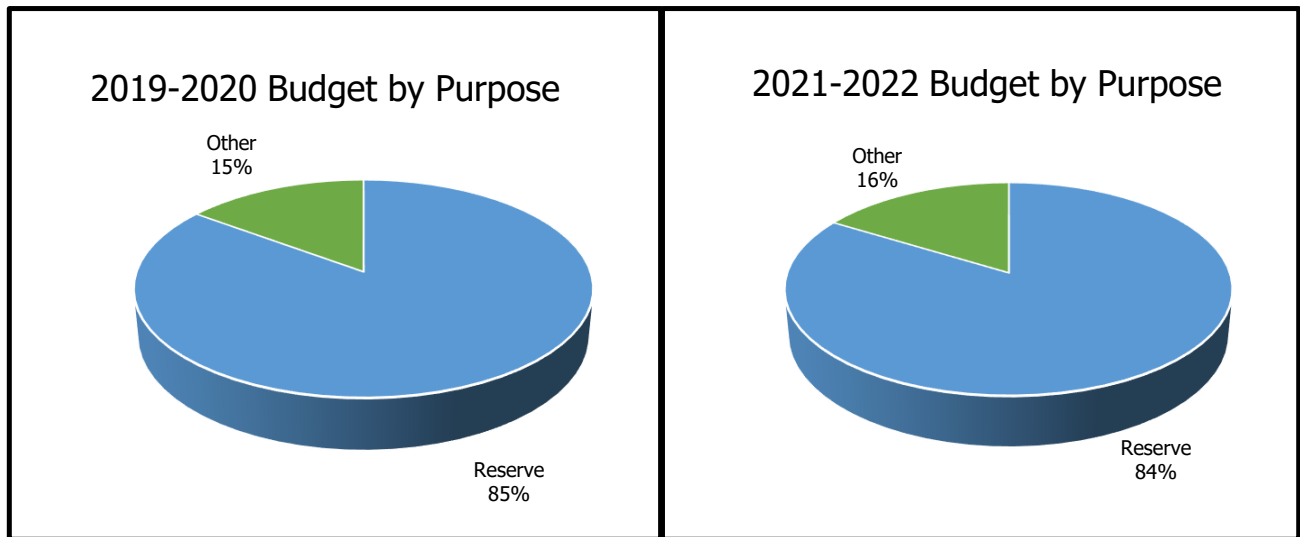
CITY OF KIRKLAND

***GENERAL GOVERNMENT
FIREFIGHTERS' PENSION FUND***

Pension Funds are pooled monetary contributions from pension plans set up by the City to provide for Firefighters' retirement benefits. The City has one pension fund:

- The **Firefighters' Pension Fund** provides retirement and disability benefits for firefighters hired prior to March 1, 1970. Revenue includes proceeds of a state-imposed tax on fire insurance premiums and interest.
- Since the pension fund has been actuarially determined to be overfunded, it is also supplementing the cost of medical premiums for firefighter LEOFF 1 retirees.

CITY OF KIRKLAND
General Government Non-Operating
Firefighters' Pension Fund



2019-2020 Budget by Purpose

Fund	2019-2020 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
Firefighters' Pension	1,489,351	1,267,751	-	-	221,600
Total Trust Funds	1,489,351	1,267,751	-	-	221,600

2021-2022 Budget by Purpose

Fund	2021-2022 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
Firefighters' Pension	1,528,520	1,279,733	-	-	248,787
Total Trust Funds	1,528,520	1,279,733	-	-	248,787

CITY OF KIRKLAND
CHANGE IN FUND BALANCE (Beginning 2019 to Ending 2022)
GENERAL GOVERNMENT NON-OPERATING

FIREFIGHTERS' PENSION FUND

	Firefighters' Pension
2019 Actual Beginning Fund Balance	1,226,760
<i>Reserved</i>	<i>1,226,760</i>
<i>Unreserved Working Capital</i>	<i>-</i>
Plus: 2019-20 Estimated Revenues	273,832
Less: 2019-20 Estimated Expenditures	222,014
2020 Estimated Ending/2021 Budgeted Beginning Fund Balance	1,278,578
Plus: 2021-22 Budgeted Revenues	249,942
Less: 2021-22 Budgeted Expenditures	248,787
2022 Budgeted Ending Fund Balance	1,279,733
<i>Reserved</i>	<i>1,279,733</i>
<i>Unreserved Working Capital</i>	<i>-</i>
Change in Fund Balance: Beginning 2019 to Ending 2022	52,973

Note:

The increase in fund balance reflects 2019-20 revenues above expenditures, including higher than anticipated interest revenues.

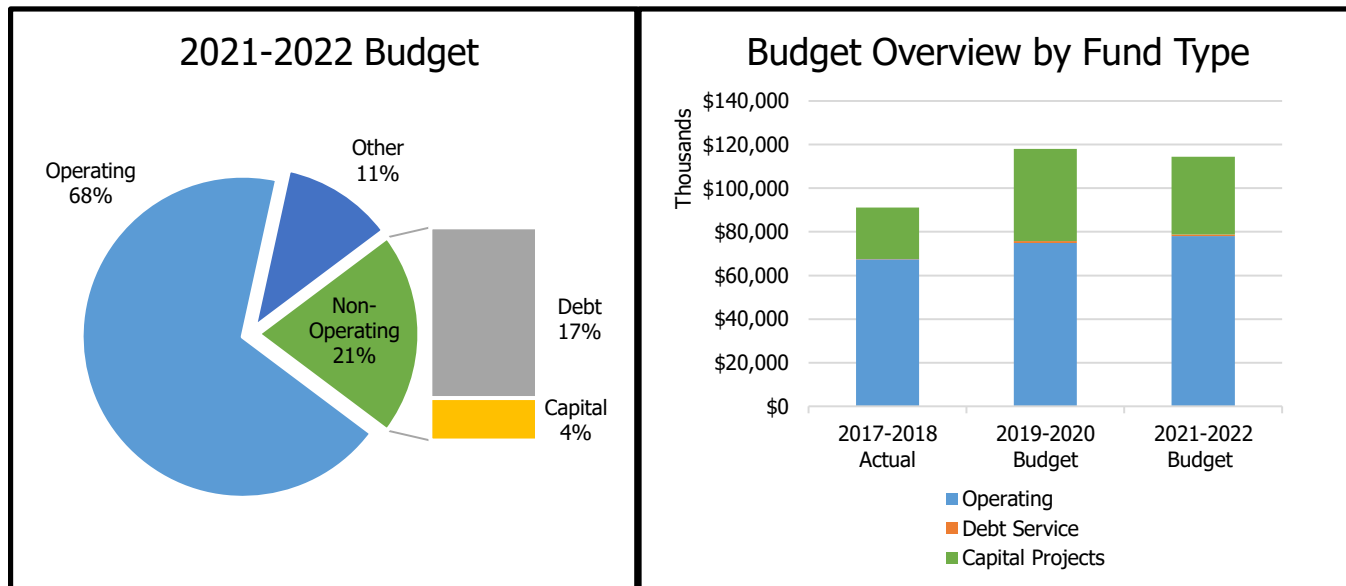


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CITY OF KIRKLAND

2021-2022 Budget

Water/Sewer Utility



The Water/Sewer Utility operating budget accounts for the purchase of water from the Cascade Water Alliance and sewage treatment services from METRO/King County as well as all maintenance and administrative costs. The non-operating budget accounts for principal and interest payments on utility debt, capital projects, and reserves.

Analysis of Change

Fund	2017-2018 Actual	2019-2020 Budget	2021-2022 Budget	Change
<i>Operating Fund</i>				
Water/Sewer Operating Fund	67,439,900	74,836,420	78,014,545	4.25%
Total Operating Funds	67,439,900	74,836,420	78,014,545	4.25%
<i>Non-Operating Funds</i>				
Water/Sewer Debt Service Fund	97,796	923,742	798,683	-13.54%
Utility Capital Projects Fund	23,629,864	42,250,391	35,581,744	-15.78%
Total Non-Operating Funds	23,727,659	43,174,133	36,380,427	-15.74%
Total Water/Sewer Utility Funds	91,167,560	118,010,553	114,394,972	-3.06%

CITY OF KIRKLAND
CHANGE IN FUND BALANCE (Beginning 2019 to Ending 2022)
WATER/SEWER UTILITY FUNDS

	Water/Sewer Operating ¹	Non-Operating		Total
		Water/Sewer Debt Service ²	Utility Capital Projects ³	
2019 Actual Beginning Fund Balance	12,744,565	22,192	25,508,135	38,274,892
<i>Reserved</i>	<i>2,893,993</i>	<i>22,192</i>	<i>1,178,600</i>	<i>4,094,785</i>
<i>Unreserved Working Capital</i>	<i>9,850,572</i>	<i>-</i>	<i>24,329,535</i>	<i>34,180,107</i>
Plus: 2019-20 Estimated Revenues	61,253,037	900,000	22,818,665	84,971,702
Less: 2019-20 Estimated Expenditures	60,812,599	880,479	31,420,460	93,113,538
Less: 2019-20 Estimated Carryovers	375,793	-	-	375,793
2020 Estimated Ending/2021 Budgeted Beginning Fund Balance	12,809,210	41,713	16,906,340	29,757,263
Plus: 2021-22 Budgeted Revenues	65,205,335	756,970	18,675,404	84,637,709
Less: 2021-22 Budgeted Expenditures	64,688,648	756,970	22,698,841	88,144,459
2022 Budgeted Ending Fund Balance	13,325,897	41,713	12,882,903	26,250,513
<i>Reserved</i>	<i>3,351,932</i>	<i>41,713</i>	<i>12,882,903</i>	<i>16,276,548</i>
<i>Unreserved Working Capital</i>	<i>9,973,965</i>	<i>-</i>	<i>-</i>	<i>9,973,965</i>
Change in Fund Balance: Beginning 2019 to Ending 2022	581,332	19,521	(12,625,232)	(12,024,379)

Notes:

¹ The increase in fund balance in the Operating Fund is due to expenditure savings in 2019-2020 as well as past utility rates set to meet needs of the system in future years while avoiding sharp increases in rates. The 2021 rates had a 0% change, while 2022 rates were adjusted to keep pace with regional "pass through" costs.

² Debt service reserve has increased due to budgeted transfers above expenses in 2019-2020 related to conservative rounding for cash flow purposes, which is reflected in the increase in balance in the Debt Service Fund.

³ The reduction in fund balance of the Utility Capital Projects Fund is due to the completion of capital projects that were funded but not constructed in prior years. The water/sewer construction reserve within the Utility Capital Projects Fund accumulates resources for future projects.

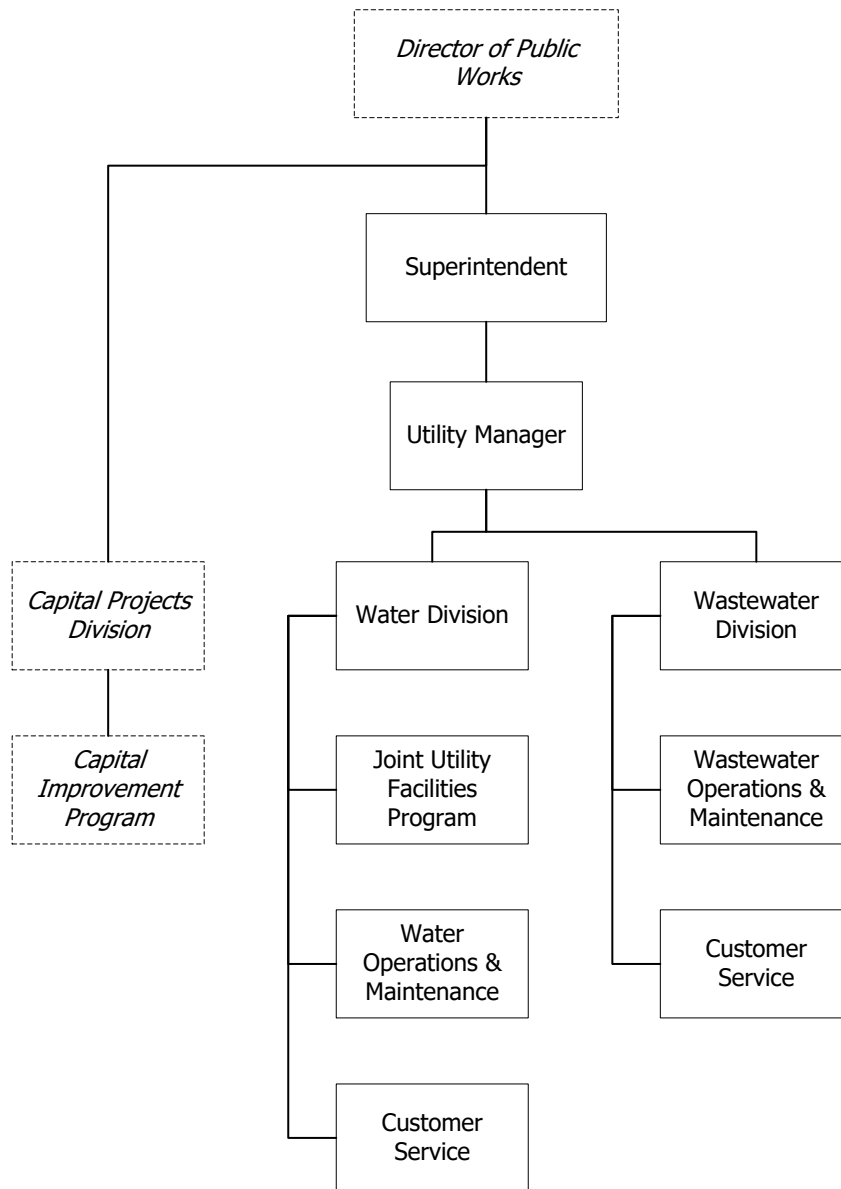
OPERATING



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CITY OF KIRKLAND
Public Works Department

Water/Sewer Operating Fund



Boxes with a dashed outline and italic text indicate positions and/or functions which report to this department but which are budgeted in a separate department and/or operating fund.

DEPARTMENT OVERVIEW

WATER/SEWER OPERATING FUND

MISSION

The **Water/Sewer Operating Fund** is established to provide community health and safety by financing the resources necessary for the maintenance, operation, and minor construction of water and sewer system appurtenances, including water and sewer services, mains, pump systems, and other related infrastructure.

DEPARTMENT FUNCTIONS

The Water and Sewer Divisions of Public Works oversees 175.6 miles of water mains, 38 pressure-reducing stations (PRVs), three water supply/pump stations, two water reservoirs, over 1,900 fire hydrants, 13,019 water service connections, and 5,343 backflow prevention devices. The Wastewater Division operates, maintains, and repairs 123 miles of sewer mains, over 3,600 manholes, six sewer lift stations, and 11,202 side sewer connections.

The Water/Sewer utility provides for the operation, repair, and replacement of water and wastewater infrastructure.

Major projects that allow the City to meet its water and wastewater goals and objectives are administered within the Capital Improvement Program by the Capital Projects Division. Customer billing is administered by the Finance and Administration Department.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS

Environment

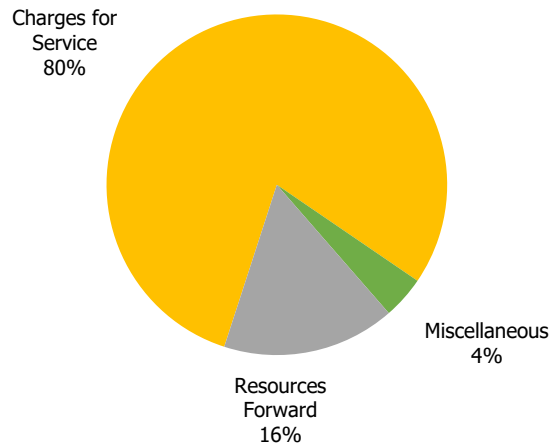
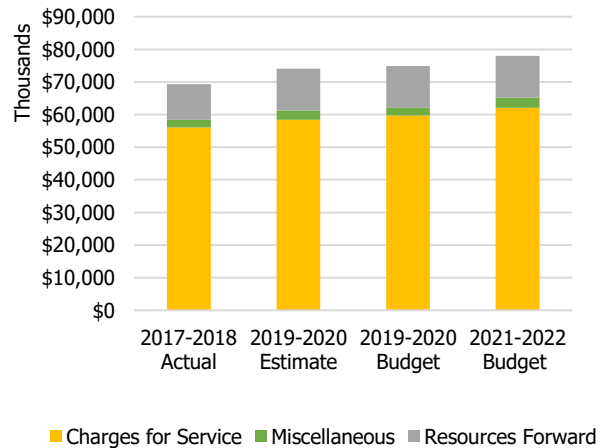
- Establish adequate rates to support the needs of the Water and Sewer resulting in:
 - Sewer rate increases of 0% for single family residential, multifamily, and commercial in 2021 and 2.6% in 2022.
 - Water rate increases for single family residential of 0% for single family residential, multifamily, and commercial in 2021 and 1.0% in 2022.
- Provide financing for Sewer utility CIP projects totaling \$900,000 for 2021-2022

Dependable Infrastructure

- Finance Water utility CIP projects totaling \$15.1 million for 2021-2022 (\$1.7 million in external funding), including \$4 million for the South Reservoir Seismic & Recoating Construction and \$6.5 million for the NE 85th St and I-405 Watermain Relocation.

FINANCIAL OVERVIEW

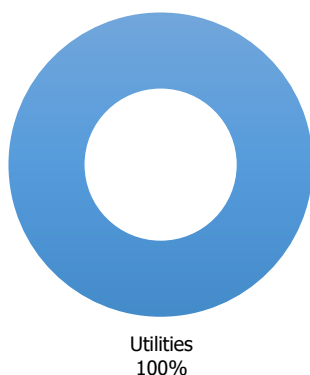
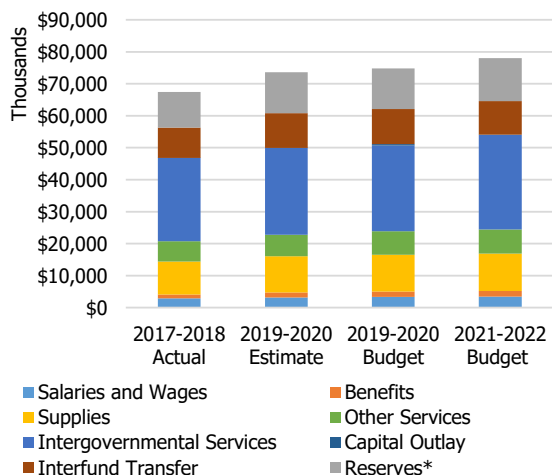
WATER/SEWER OPERATING FUND

Sources of Funds

Revenues by Type

REVENUE SUMMARY BY TYPE

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Charges for Service	56,032,675	58,380,174	59,680,751	62,045,617	3.96%
Miscellaneous	2,327,376	2,872,863	2,411,104	3,159,718	31.05%
Interfund Transfers	-	-	-	-	n/a
Resources Forward	10,988,367	12,744,565	12,744,565	12,809,210	0.51%
TOTAL	69,348,418	73,997,602	74,836,420	78,014,545	4.25%

FINANCIAL OVERVIEW

WATER/SEWER OPERATING FUND

Budget by Division

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	2,879,375	3,193,018	3,322,862	3,403,580	2.43%
Benefits	1,215,958	1,505,298	1,702,884	1,814,799	6.57%
Supplies	10,316,581	11,358,980	11,452,787	11,701,624	2.17%
Other Services	6,336,682	6,756,365	7,401,758	7,490,520	1.20%
Intergovernmental Services	26,087,549	27,126,394	26,788,076	29,583,754	10.44%
Capital Outlay	603	420	505,947	91,178	-81.98%
Interfund Transfer	9,475,807	10,873,128	10,873,128	10,481,064	-3.61%
Reserves*	11,127,346	12,788,978	12,788,978	13,448,026	5.15%
TOTAL	67,439,900	73,602,580	74,836,420	78,014,545	4.25%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Utilities	67,444,990	73,601,577	74,836,420	78,014,545	4.25%
TOTAL	67,444,990	73,601,577	74,836,420	78,014,545	4.25%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

2021 - 2022 POSITION SUMMARY***WATER/SEWER OPERATING FUND*****POSITION SUMMARY BY CLASSIFICATION**

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Deputy Director	0.25		0.25	9,915 - 12,793
Superintendent	0.45		0.45	8,858 - 11,429
Utility Manager	0.40		0.40	7,949 - 10,257
Utility Operations Supervisor	1.00		1.00	7,822 - 10,093
Management Analyst	0.50		0.50	6,543 - 7,697
Water Quality Specialist	1.00	(1.00)	0.00	6,276 - 7,386
Leadperson	2.00		2.00	6,003 - 7,244
Senior Craftsperson	0.50		0.50	5,340 - 6,505
Yard Maint. & Inventory Control	0.45		0.45	5,340 - 6,505
Senior Maintenance Person	4.00	(1.00)	3.00	5,340 - 6,505
Engineering Technician	0.40		0.40	5,498 - 6,469
Cross Connection Specialist	0.00	1.00	1.00	5,450 - 6,412
Senior Accounting Associate	0.70		0.70	5,408 - 6,361
Utility Craftsperson	1.75		1.75	5,101 - 6,001
Grounds Technician	0.10		0.10	4,351 - 5,453
Utilityperson	8.10	1.00	9.10	4,351 - 5,453
Public Works Office Specialist	1.16		1.16	4,342 - 5,110
TOTAL	22.76	0.00	22.76	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Utilities	22.76		22.76
TOTAL	22.76	0.00	22.76

**City of Kirkland
2021-2022 Budget
Water/Sewer Operating Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Charges for Goods and Services						
Interfund-Gen	341963	21,761	1,144	10,151	10,355	2.01%
Gen Government Svcs	341971	91,341	172,292	162,805	133,725	-17.86%
Hydrant Rent	341972	566,679	604,130	604,130	733,805	21.46%
Residential Water Sales	343401	12,220,779	12,701,175	12,899,242	13,397,781	3.86%
Multi-Family Water	343403	5,625,836	5,908,539	6,138,398	6,350,567	3.46%
Comm Water Sales	343404	4,784,772	4,929,458	4,979,903	5,149,156	3.40%
Water Svc-Penalty	343405	136,908	117,911	121,205	123,438	1.84%
Eff Utility Tax	343408	3,020,336	3,138,808	3,213,546	3,331,286	3.66%
Residential Sewer Svc -City	343501	15,784,954	16,894,882	16,909,409	17,657,320	4.42%
MF Sewer Svc	343503	6,007,460	6,002,137	6,191,106	6,386,167	3.15%
Comm Sewer-City	343505	4,561,577	4,725,803	4,957,778	5,124,119	3.36%
Sewer Svc Penlty	343507	160,233	80,294	151,450	154,223	1.83%
Eff Utility Tax	343508	2,759,883	2,900,542	2,946,121	3,062,599	3.95%
Residential Coll	343701	-	-	-	-	0.00%
Misc Utility Rev	343891	92,787	94,529	193,506	225,353	16.46%
Water Off On Charge	343901	146,147	70,661	161,607	164,587	1.84%
Final Bill Fee	343903	51,222	37,869	40,394	41,136	1.84%
Interfund Personnel Services	349160	-	-	-	-	0.00%
Total for Charges for Goods and Services		56,032,675	58,380,174	59,680,751	62,045,617	3.96%
Miscellaneous Revenues						
Investment Interest	361111	274,188	426,753	471,944	293,088	-37.90%
Facility Leases Other	362502	107,318	155,918	75,114	76,624	2.01%
Sales of Surplus	369101	7,054	7,373	27,408	27,959	2.01%
Other Judgements	369401	14,154	-	20,000	20,151	0.75%
Cash Over Short	369811	-	-	-	-	0.00%
Other Misc Rev	369910	(5,567)	4,481	1,013	1,031	1.78%
Total for Miscellaneous Revenues		397,148	594,525	595,479	418,853	-29.66%
Other Proprietary Income						
Ins Recovery Prop	372001	9,297	11,322	-	-	0.00%
Gain Loss	373001	(12,678)	(53,348)	-	-	0.00%
Reg Water Connection	379103	1,933,609	2,320,364	1,815,625	2,740,865	50.96%
Total for Other Proprietary Income		1,930,228	2,278,338	1,815,625	2,740,865	50.96%
Other Financing Sources						
Resources Forward	399991	10,988,367	12,744,565	12,744,565	12,809,210	0.51%
Total for Other Financing Sources		10,988,367	12,744,565	12,744,565	12,809,210	0.51%
Fund Total		69,348,418	73,997,602	74,836,420	78,014,545	4.25%

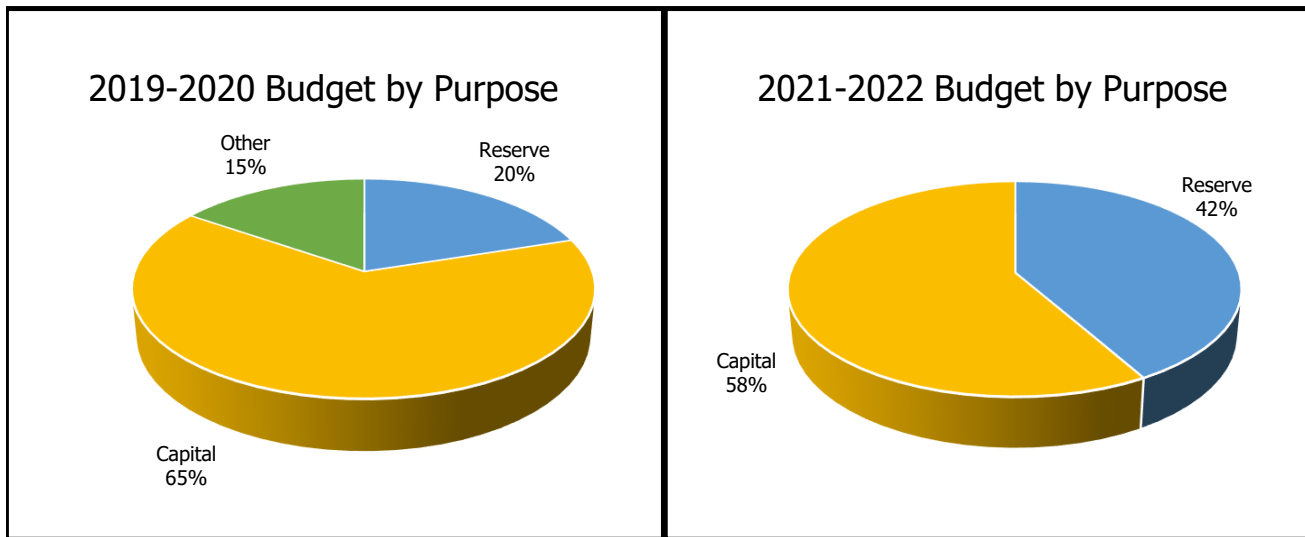
NON-OPERATING



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CITY OF KIRKLAND

Water/Sewer Utility Non-Operating



2019-2020 Budget by Purpose

Fund	2019-2020 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
Water/Sewer Debt Service	923,742	43,329	880,413	-	-
Utility Capital Projects	42,250,391	7,321,688	5,562,619	23,708,555	5,657,529
Total Non-Operating Funds	43,174,133	7,365,017	6,443,032	23,708,555	5,657,529

2021-2022 Budget by Purpose

Fund	2021-2022 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
Water/Sewer Debt Service	798,683	41,713	756,970	-	-
Utility Capital Projects	35,581,744	12,882,903	-	18,037,441	4,661,400
Total Non-Operating Funds	36,380,427	12,924,616	756,970	18,037,441	4,661,400

CITY OF KIRKLAND

WATER/SEWER UTILITY DEBT SERVICE FUND

There are two types of debt generally issued by the City for utility purposes:

- **Revenue Bonds** represent debt that is repaid from a designated revenue source such as fees. The City uses revenue bonds to pay for improvements related to the water and sewer utility. The annual debt service requirements of revenue bond issues are incorporated into the water and sewer rates which are paid bi-monthly by utility customers.
- **Local Improvement District (LID) Bonds** represent debt that is repaid by the property owners who benefited from the capital improvement through annual assessments paid to the City. LIDs are formed by the City Council after a majority of property owners agree to the assessment. Currently the City has no LID Bonds outstanding.

In addition to bonds, the City can take advantage of low interest loans from the state's **Public Works Trust Fund**. Loans for approved projects are granted with interest rates ranging from one-half to three percent depending on the amount of the City's matching funds. Loans are awarded through a competitive process. At this time, the City has three one-half percent loans, which were issued for water/sewer capital improvement purposes. Debt service is repaid through utility rates.

The City's debt management policies provide guidelines for the appropriate use of debt. The complete policies are contained at the end of this document in the appendix. Some key debt management policies include:

- *City Council approval is required prior to issuance of utility debt.*
- *Revenue bonds shall be issued only when operating revenues are insufficient for the enterprise's capital financing needs.*
- *The City will conduct a thorough analytical review before issuing debt and maintain a good credit rating at all times.*
- *The City will insure that net operating revenues of the enterprise constitute a minimum of 1.5 times the annual debt service requirements.*

When the City issues debt, a thorough review of the City's financial condition is completed by bond rating agencies. Based on their findings, the bonds are given a rating. The City's bond rating is a reflection of its creditworthiness and affects the cost to the City of issuing debt. There are two rating agencies -- Standard and Poor's (S&P) and Moody's Investor Service -- that rate Kirkland's bonds. For utility debt, Standard and Poor's upgraded Kirkland's rating as of November 17, 2008 to AAA from AA- due to the utility's strong performance and the rating agency's revised criteria. As of April 2010, Moody's upgraded the utility's LTGO and UTGO rating from A1 to Aa2. Kirkland's last rated utility debt was retired in 2014.

For Kirkland's general obligation debt, S&P affirmed the City's AAA rating on June 8, 2020, which is the highest rating. On June 2, 2020, Moody's affirmed Kirkland's Aaa rating on the City's outstanding general obligation debt.

Once bonds are rated, the City enters the bond market to secure the necessary funding. The proceeds (cash) received from selling the bonds are placed in the Utility Capital Projects Fund to account for the cost of constructing the capital improvement. The Water/Sewer Utility Debt Service Fund was created to track the principal and interest payments for all utility-related debt and required reserves. Each year a sufficient amount of revenue is budgeted and placed in the fund to pay the annual principal and interest due.

**CITY OF KIRKLAND
WATER/SEWER UTILITY
DEBT SERVICE FUND
2021-2022 PAYMENT AND RESERVE SUMMARY**

2019-2020 Budget

Fund	Payment		Reserve	Total
	Principal	Interest		
Water/Sewer Debt Service	840,761	39,652	43,329	923,742
Total Debt Service Fund	840,761	39,652	43,329	923,742

2021-2022 Budget

Fund	Payment		Reserve	Total
	Principal	Interest		
Water/Sewer Debt Service	725,258	31,710	41,713	798,681
Total Debt Service Fund	725,258	31,710	41,713	798,681

City of Kirkland
2001 Public Works Trust Fund Loan

Purpose: Juanita Lift Station Replacement Project-Construction

Amount of Loan \$1,848,000
Resolution 4236

Initial Loan Draw 9/15/03
Net Interest Rate 0.500%
Org: 41225700

DEBT SERVICE SCHEDULE

Year	Interest Amount	Interest Rate	Payment Date	Principal Amount	Total Payment	Principal Balance
2003						1,755,600 *
2004	7,949	0.50%	7/1/2004	97,533	105,482	1,750,467 *
2005	8,588	0.50%	7/1/2005	102,969	111,557	1,647,498
2006	8,237	0.50%	7/1/2006	102,969	111,206	1,544,529
2007	7,723	0.50%	7/1/2007	102,968	110,691	1,441,561
2008	7,208	0.50%	7/1/2008	102,969	110,177	1,338,592
2009	6,693	0.50%	7/1/2009	102,968	109,661	1,235,624
2010	6,178	0.50%	7/1/2010	102,969	109,147	1,132,655
2011	5,663	0.50%	7/1/2011	102,969	108,632	1,029,686
2012	5,148	0.50%	7/1/2012	102,968	108,116	926,718
2013	4,634	0.50%	7/1/2013	102,969	107,603	823,749
2014	4,119	0.50%	7/1/2014	102,969	107,088	720,780
2015	3,604	0.50%	6/1/2015	102,968	106,572	617,812
2016	3,089	0.50%	6/1/2016	102,969	106,058	514,843
2017	2,574	0.50%	6/1/2017	102,968	105,542	411,875
2018	2,059	0.50%	6/1/2018	102,969	105,028	308,906
2019	1,545	0.50%	6/1/2019	102,969	104,514	205,937
2020	1,030	0.50%	6/1/2020	102,968	103,998	102,969
2021	515	0.50%	6/1/2021	102,969	103,484	0
Totals	86,556			1,848,000	1,934,556	

* Initial draws totalling \$1,755,600 in 2003, balance drawn in 2004

City of Kirkland
2004 Public Works Trust Fund Loan

Purpose: Central Way Sewer Replacement

Amount of Loan \$1,086,300
Resolution 4451

Initial Loan Draw 9/01/04
Net Interest Rate 0.500%
Org: 41225700

DEBT SERVICE SCHEDULE

Year	Interest Amount	Interest Rate	Payment Date	Principal Amount	Total Payment	Principal Balance
2004						217,260 *
2005	757	0.50%	7/1/2005	0	757	1,031,985 *
2006	7,846	0.50%	7/1/2006	57,333	62,221	977,670
2007	4,888	0.50%	7/1/2007	57,333	62,221	974,653
2008	4,873	0.50%	7/1/2008	57,333	62,206	917,320
2009	4,587	0.50%	7/1/2009	57,333	61,919	859,988
2010	4,300	0.50%	7/1/2010	57,333	61,632	802,655
2011	4,013	0.50%	7/1/2011	57,333	61,346	745,323
2012	3,727	0.50%	7/1/2012	57,333	61,059	687,990
2013	3,440	0.50%	7/1/2013	57,333	60,772	630,658
2014	3,153	0.50%	7/1/2014	57,333	60,486	573,325
2015	2,867	0.50%	6/1/2015	57,333	60,199	515,993
2016	2,580	0.50%	6/1/2016	57,333	59,912	458,660
2017	2,293	0.50%	6/1/2017	57,333	59,626	401,328
2018	2,007	0.50%	6/1/2018	57,333	59,339	343,995
2019	1,720	0.50%	6/1/2019	57,333	59,052	286,663
2020	1,433	0.50%	6/1/2020	57,333	58,766	229,330
2021	1,147	0.50%	6/1/2021	57,333	58,479	171,998
2022	860	0.50%	6/1/2022	57,333	58,192	114,665
2023	573	0.50%	6/1/2023	57,333	57,906	57,333
2024	287	0.50%	6/1/2024	57,333	57,619	0
Totals	57,351			1,089,317	1,143,711	

* Initial draw \$217,260 in 2004, balance drawn down in 2005

City of Kirkland
2013 Public Works Trust Fund Loan

Purpose: NE 80th Street Sewer/Water Main Replacement

Amount of Loan \$4,038,000
Resolution

Initial Loan Draw 6/06/13
Net Interest Rate 0.500%
Org: 41225700

DEBT SERVICE SCHEDULE

Year	Interest Amount	Interest Rate	Payment Date	Principal Amount	Total Payment	Principal Balance
2013						26,843 *
2014	125	0.50%	6/1/2014	5,511	5,635	21,333
2014			Draws	150,679		172,011
2015	739	0.50%	6/1/2015	9,556	10,295	162,455
2015			Draws	172,725		335,180
2016	1,425	0.50%	6/1/2016	19,717	21,141	315,464
2016			Draws	2,993,002		3,308,466
2017	9,382	0.50%	6/1/2017	206,779	216,161	3,101,687
2017			Draws	544,351		3,646,037
2018	16,597	0.50%	6/1/2018	243,069	259,666	3,402,968
2018			Draws	150,400		3,553,368
2019	17,301	0.50%	6/1/2019	253,812	271,113	3,299,556
2020	16,498	0.50%	6/1/2020	253,812	270,310	3,045,744
2021	15,229	0.50%	6/1/2021	253,812	269,041	2,791,932
2022	13,960	0.50%	6/1/2022	253,812	267,772	2,538,120
2023	12,691	0.50%	6/1/2023	253,812	266,503	2,284,308
2024	11,422	0.50%	6/1/2024	253,812	265,234	2,030,496
2025	10,152	0.50%	6/1/2025	253,812	263,965	1,776,684
2026	8,883	0.50%	6/1/2026	253,812	262,695	1,522,872
2027	7,614	0.50%	6/1/2027	253,812	261,426	1,269,060
2028	6,345	0.50%	6/1/2028	253,812	260,157	1,015,248
2029	5,076	0.50%	6/1/2029	253,812	258,888	761,436
2030	3,807	0.50%	6/1/2030	253,812	257,619	507,624
2031	2,538	0.50%	6/1/2031	253,812	256,350	253,812
2032	1,269	0.50%	6/1/2032	253,812	255,081	0
Totals	161,052			4,038,000	4,199,052	

* Initial draw in 2013, balance expected to be drawn throughout 2018.

CITY OF KIRKLAND

WATER/SEWER UTILITY CAPITAL PROJECTS FUND

Capital Projects Funds are used to fund and track the construction of projects approved in the Capital Improvement Program. The City Council adopts a six-year Capital Improvement Program (CIP) which is a plan for major improvements or purchases needed in the areas of transportation (streets, sidewalks, signals, and intersections), storm drains, water and sewer systems, parks, public safety, and other government facilities and equipment. The Council revises the CIP biennially. The Water/Sewer portion of the CIP includes only those projects associated with the water/sewer utility.

The **Water/Sewer Capital Projects Fund** accounts for water and sewer projects that are ultimately funded by a portion of the water and sewer rates paid by utility customers. Included in the fund are the Water/Sewer CIP Contingency and the Water/Sewer Construction Reserve. The former has a target of ten percent of the funded six-year Utility CIP and provides a cushion in the event of unanticipated changes in project scope or cost. The latter is comprised of connection charges paid by new customers connecting to the City's water and sewer systems and provides a one-time solution to address short term or time-limited funding needs.

**CITY OF KIRKLAND
CAPITAL IMPROVEMENT PROGRAM
2021-2022 BUDGET**

WATER/SEWER UTILITY CAPITAL PROJECTS FUND (413)

Project Category/ Project Title	Project Number	Funding Source
UTILITIES		
Water		
108th Avenue NE Watermain Replacement	WAC 05200	Water & Sewer Rates/ Connection Fees/ Reserves
South Reservoir Seismic & Recoating Construction	WAC 12900	Water & Sewer Rates/ Connection Fees/ External
5th Avenue S / 8th Street S Watermain Replacement	WAC 13400	Water & Sewer Rates
8th Avenue W Watermain Improvement	WAC 15700	Reserves
126th Avenue NE Watermain Improvement	WAC 16000	Water & Sewer Rates/Reserves
NE 85th St and I-405 Watermain Relocation	WAC 16900	Water & Sewer Rates/Reserves
Total Water		
Sewer		
8th Avenue W Sewermain Improvement	SSC 08600	Connection Fees
West of Market Sewermain Replacement Predesign	SSC 08700	Connection Fees
Total Sewer		
TOTAL WATER/SEWER CAPITAL PROJECTS FUND		

2021 Budget	2022 Budget	Total 2021-2022 Budget	Additional Annual Maintenance & Operations	
			2021	2022
809,600		809,600	-	-
1,200,000	2,800,000	4,000,000	-	-
565,400	1,184,600	1,750,000	-	-
	554,400	554,400	-	-
	1,500,000	1,500,000	-	-
4,855,000	1,655,000	6,510,000	-	-
7,430,000	7,694,000	15,124,000	-	-
	400,000	400,000	-	-
	500,000	500,000	-	-
0	900,000	900,000	-	-
7,430,000	8,594,000	16,024,000	-	-

City of Kirkland
2021-2026 Capital Improvement Program
WATER/SEWER UTILITY PROJECTS

Funded Projects:

Project Number	Project Title	Prior Year(s)	2021	2022	2023	2024	2025	2026	2021-2026 Total	Funding Source			
										Current Revenue	Reserve	Debt	Secured External
WAC 05200	108th Avenue NE Watermain Replacement	2,120,775	809,600						809,600	507,600	302,000		
WAC 05700+	116th Ave NE Watermain Replacement								3,100,000	3,100,000			
WAC 12900	South Reservoir Seismic & Recoating Construction		1,200,000	2,800,000			400,000	2,700,000	4,000,000	2,288,000			1,712,000
WAC 13400	5th Avenue S / 8th Street S Watermain Replacement		565,400	1,184,600					1,750,000	1,750,000			
WAC 13700+	NE 73rd Street Watermain Replacement				1,440,900	1,659,100			3,100,000	2,450,000	650,000		
WAC 14900+	Lake Washington Blvd Watermain Replacement						500,000	1,317,600	1,817,600	1,817,600			
WAC 15700	8th Avenue W Watermain Improvement	421,800		554,400	571,500				1,125,900	571,500	554,400		
WAC 16000	126th Avenue NE Watermain Improvement			1,500,000					1,500,000	845,000	655,000		
WAC 16400	NE 116th Place Watermain Replacement							233,400	233,400	233,400			
WAC 16700	11th Avenue Watermain Replacement							460,000	460,000	460,000			
WAC 16800	11th Place Watermain Replacement							650,000	650,000	650,000			
WAC 16900	NE 85th St and I-405 Watermain Relocation		4,855,000	1,655,000					6,510,000	5,110,000	1,400,000		
SSC 06200	NE 108th Street Sewermain Replacement								7,742,500	7,742,500			
SSC 07710	West of Market Sewermain Replacement Phase I				4,317,600	2,243,400	4,145,100	1,354,000	10,200,000	7,400,000	2,800,000		
SSC 08600	8th Avenue W Sewermain Improvement			400,000	1,518,000	2,812,500	3,069,900		1,918,000	1,918,000			
SSC 08700	West of Market Sewermain Replacement Predesign			500,000					500,000	500,000			
Total Funded Water/Sewer Utility Projects		2,542,575	7,430,000	8,594,000	7,848,000	6,715,000	8,115,000	6,715,000	45,417,000	37,343,600	6,361,400	0	1,712,000
													0

Notes

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

Bold = New projects

+ = Moved from unfunded status to funded status

WATER/SEWER UTILITY PROJECTS

Unfunded Projects:

Project Number	Project Title	Total
WAC 06700	North Reservoir Pump Replacement	644,000
WAC 09600	NE 83rd Street Watermain Replacement	477,000
WAC 09800	126th Ave NE/NE 83rd & 84th St/128th Ave NE Watermain Replacement	1,261,000
WAC 10300	NE 113th Place/106th Ave NE Watermain Replacement	885,000
WAC 10400	111th Ave NE/NE 62nd St-NE 64th St Watermain Replacement	1,571,000
WAC 10800	109th Ave NE/NE 58th St Watermain Replacement	532,000
WAC 10900	112th Ave NE Watermain Replacement	1,242,000
WAC 11100	NE 45th St And 110th/111th Ave NE Watermain Replacement	1,371,000
WAC 11300	116th Ave NE/NE 70th-NE 80th St Watermain Replacement	2,336,000
WAC 11800	112th-114th Avenue NE/NE 67th-68th Street Watermain Replacement	3,531,000
WAC 11900	109th Ave NE/111th Way NE Watermain Replacement	2,421,000
WAC 12000	111th Avenue Watermain Replacement	195,000
WAC 12200	116th Avenue NE/NE 100th Street Watermain Replacement	1,584,000
WAC 12300	NE 91st Street Watermain Replacement	479,000
WAC 12400	NE 97th Street Watermain Replacement	722,000
WAC 12600	North Reservoir Outlet Meter Addition	80,000
WAC 12700	650 Booster Pump Station	1,686,000
WAC 12800	106th Ave NE-110th Ave NE/NE 116th St-NE 120th St Watermain Replacement	2,422,000
WAC 13000	111th Place Watermain Replacement	359,000
WAC 13100	Supply Station #1 Improvements	68,000
WAC 13200	7th Avenue/Central Avenue Watermain Replacement	955,000
WAC 13500	NE 75th Street Watermain Replacement	750,000
WAC 13600	NE 74th Street Watermain Replacement	206,000
WAC 13800	NE 72nd St/130th Ave NE Watermain Replacement	1,553,000
WAC 14500	6th Street South Watermain Replacement	618,000
WAC 14600	6th Street/Kirkland Way Watermain Replacement	731,000
WAC 14700	106th Avenue NE Watermain Replacement	697,000
WAC 16500	3rd Street Watermain Replacement - Phase 2	541,000
SSC 06800	124th Avenue NE Sewermain Replacement	1,384,000
SSC 07799	West Of Market Sewermain Replacement Phase 2	10,861,000
SSC 08000	20th Avenue Sewermain Replacement	855,000
SSC 08300	111th Avenue NE Sewer Main Rehabilitation	764,000
SSC 08400	Reclaimed Water (Purple Pipe) Opportunity Fund	5,252,000
Subtotal Unfunded Water/Sewer Utility Projects		49,033,000

Notes

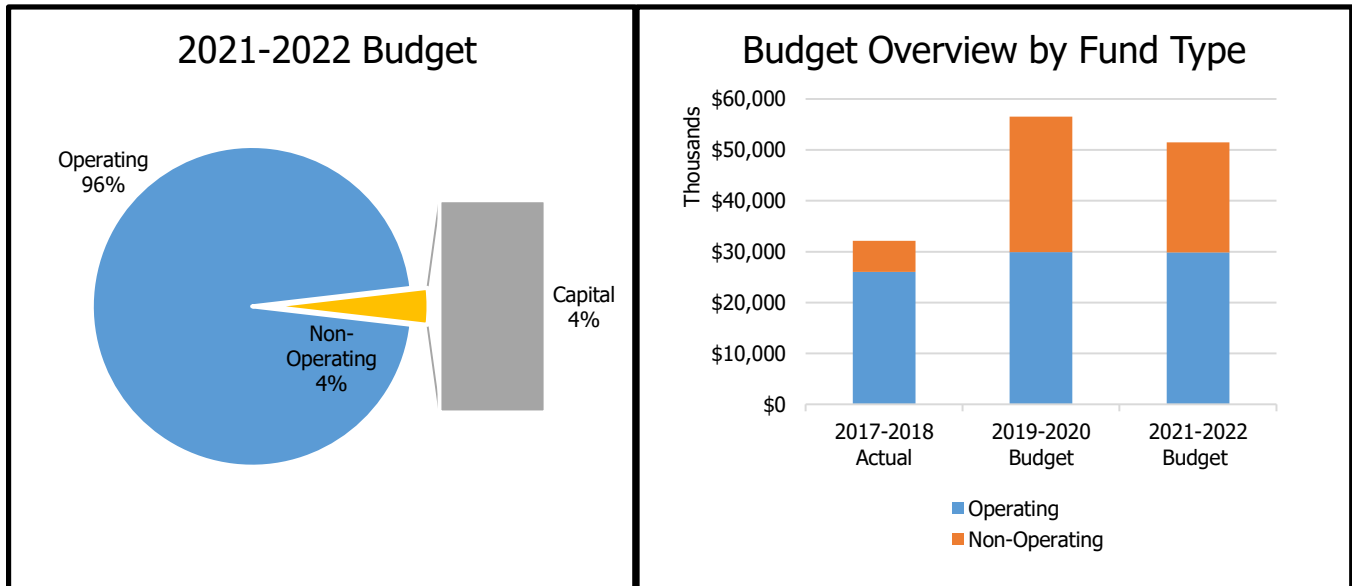
Italics = Modification in timing and/or cost



CITY OF KIRKLAND

2021-2022 Budget

Surface Water Utility



The Surface Water Utility operating budget accounts for the operation and maintenance of the City's surface water system. The non-operating budget accounts for capital projects and reserves.

Analysis of Change

Fund	2017-2018 Actual	2019-2020 Budget	2021-2022 Budget	Change
<i>Operating Fund</i>				
Surface Water Operating Fund	26,048,118	29,914,147	29,847,859	-0.22%
Total Operating Funds	26,048,118	29,914,147	29,847,859	-0.22%
<i>Non-Operating Fund</i>				
Surface Water Capital Projects Fund	6,088,175	26,611,497	21,608,111	-18.80%
Total Non-Operating Funds	6,088,175	26,611,497	21,608,111	-18.80%
Total Surface Water Utility Funds	32,136,293	56,525,644	51,455,970	-8.97%

CITY OF KIRKLAND
CHANGE IN FUND BALANCE (Beginning 2019 to Ending 2022)
SURFACE WATER UTILITY FUNDS

	Surface Water Management¹	Surface Water Capital Projects²	Total
2019 Actual Beginning Fund Balance	7,046,878	11,922,771	18,969,649
<i>Reserved</i>	<i>1,254,700</i>	<i>2,161,322</i>	<i>3,416,022</i>
<i>Unreserved Working Capital</i>	<i>5,792,178</i>	<i>9,761,449</i>	<i>15,553,627</i>
Plus: 2019-20 Estimated Revenues	22,739,596	11,659,949	34,399,545
Less: 2019-20 Estimated Expenditures	22,341,788	16,326,040	38,667,828
Less: 2019-20 Estimated Carryovers	1,092,191	-	1,092,191
2020 Estimated Ending/2021 Budgeted Beginning Fund Balance	6,352,495	7,256,680	13,609,175
Plus: 2021-22 Budgeted Revenues	23,495,364	14,351,431	37,846,795
Less: 2021-22 Budgeted Expenditures	25,055,489	15,305,235	40,360,724
2022 Budgeted Ending Fund Balance	4,792,370	6,302,876	11,095,246
<i>Reserved</i>	<i>-</i>	<i>6,302,876</i>	<i>6,302,876</i>
<i>Unreserved Working Capital</i>	<i>4,792,370</i>	<i>-</i>	<i>4,792,370</i>
Change in Fund Balance: Beginning 2019 to Ending 2022	(2,254,508)	(5,619,895)	(7,874,403)

Notes:

¹ The decrease in the Surface Water Management Fund is due to the funding of service packages in the 2021-22 biennium using reserves accumulated from underspending in prior years.

² The reduction in fund balance of the Surface Water Capital Projects Fund is due to the completion of capital projects that were funded but not constructed in prior years. The Surface Water Construction Reserve within the Surface Water Projects Fund accumulates resources for future projects.

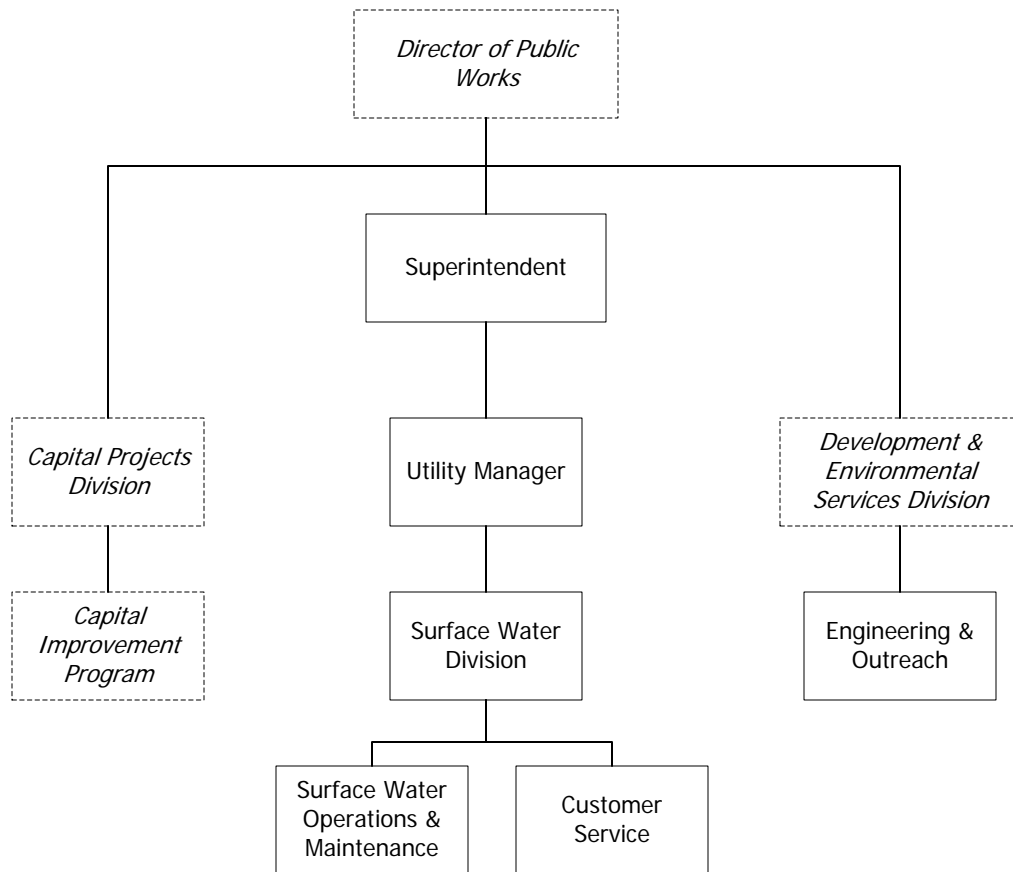
OPERATING



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CITY OF KIRKLAND
Public Works Department

Surface Water Management Fund



Boxes with a dashed outline and italic text indicate positions and/or functions which report to this department but which are budgeted in a separate department and/or operating fund.

DEPARTMENT OVERVIEW***SURFACE WATER MANAGEMENT FUND*****MISSION**

The Surface Water Management Fund is established to account for the resources associated with the maintenance, operation, and minor construction components of the City's surface water system; this system includes constructed elements such as pipes and catch basins, and natural resources like streams, wetlands and lakes.

DEPARTMENT FUNCTIONS

The Surface Water Operations and Maintenance Division of Public Works operates, maintains, and repairs storm drain infrastructure including pipes, manholes, catch basins, ditches, and detention systems (including but not limited tanks, vaults, and ponds). The storm drain system serves all residential, multifamily, and commercial customers.

The Surface Water Engineering Group in the Development and Environmental Services Division conducts review of development proposals, ensures City compliance with state and federal surface water regulations, monitors the quality of water and aquatic habitat, investigates water quality and drainage complaints, conducts education and outreach programs, inspects private detention systems, and conducts watershed planning.

Capital projects, such as installation or replacement of pipes and manholes or restoration of stream channels, are managed within the Capital Projects Division of Public Works and funded by the Surface Water Utility.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS**Environment**

- Establish adequate rates to support the needs of the Surface Water utility, resulting in a 0% annual rate increase in 2021 and 2% in 2022
- Provide financing for Surface Water utility CIP projects totaling \$5.0 million for 2021-2022 (\$1.15 of external funding), including \$1.48 million for the Goat Hill Drainage Ditch Conveyance & Channel Stabilization and \$1.4 million for Water Quality Treatment and Infiltration at NE 111th PI/127th PI NE
- Continue funding a temporary 1.0 LTE Education and Outreach Specialist to continue to build programs for the Surface Water Utility and to educate residents, \$247,740 one-time including \$30,000 grant funding
- Continue funding for a temporary 0.5 LTE Surface Water Strategic Advisor to manage large projects including the Watershed Assessment/Prioritization Plan and Stormwater Management Action Plan and help guide policy decisions, \$186,720 one-time

Dependable Infrastructure

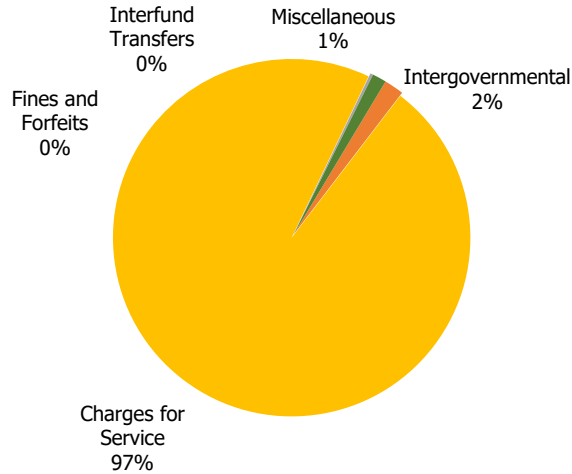
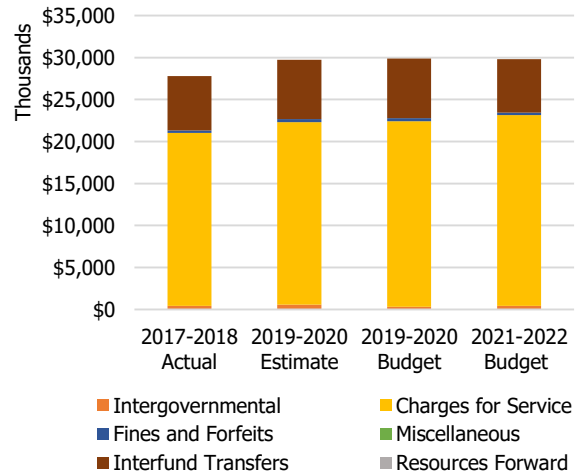
- Fund the completion of a new Surface Water Master Plan, including a watershed and prioritization plan, as well as a stormwater management action plan, \$450,000 one-time, funded through the Kirkland's King County Subregional Opportunity Fund.

Economic Development

- Continue resources to Development Services to address workload and maintain/enhance customer service expectations (funded from development revenues or related reserves):
 - Continue a temporary 1.0 LTE Surface Water Engineer for development, capital project and maintenance review, \$279,304 one-time

FINANCIAL OVERVIEW

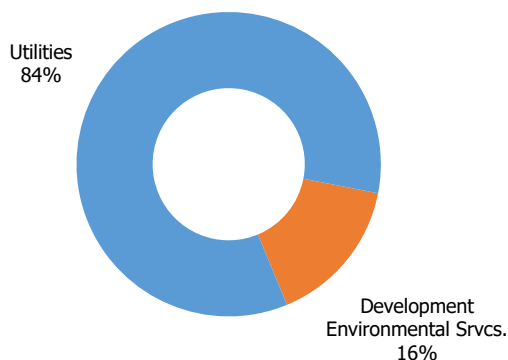
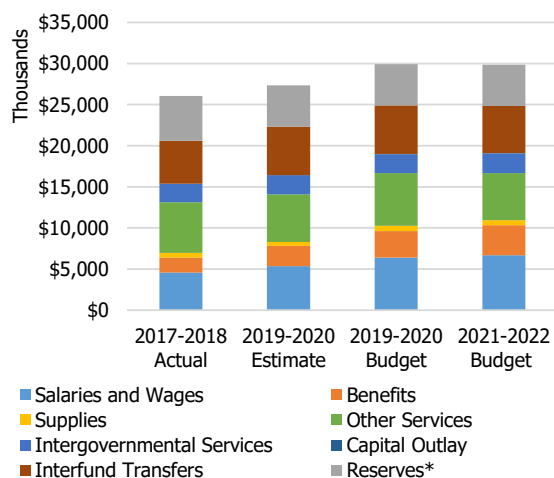
SURFACE WATER MANAGEMENT FUND

Sources of Funds

Revenues by Type

REVENUE SUMMARY BY TYPE

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Intergovernmental	445,971	565,433	334,100	419,000	25.41%
Charges for Service	20,560,646	21,756,085	22,064,641	22,717,307	2.96%
Fines and Forfeits	31,490	66,900	50,000	60,000	20.00%
Miscellaneous	303,755	351,178	398,528	299,057	-24.96%
Interfund Transfers	-	-	-	-	n/a
Resources Forward	6,494,544	7,066,878	7,066,878	6,352,495	-10.11%
TOTAL	27,836,406	29,806,474	29,914,147	29,847,859	-0.22%

FINANCIAL OVERVIEW

SURFACE WATER MANAGEMENT FUND

Budget by Division

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	4,572,902	5,351,431	6,386,745	6,694,763	4.82%
Benefits	1,839,780	2,471,870	3,221,002	3,633,482	12.81%
Supplies	568,654	475,502	651,526	621,702	-4.58%
Other Services	6,149,812	5,786,328	6,400,945	5,724,351	-10.57%
Intergovernmental Services	2,224,430	2,332,727	2,299,120	2,401,457	4.45%
Capital Outlay	17,011	16,611	33,548	33,000	-1.63%
Interfund Transfers	5,238,031	5,907,320	5,907,320	5,728,200	-3.03%
Reserves*	5,437,497	5,013,941	5,013,941	5,010,904	-0.06%
TOTAL	26,048,118	27,355,729	29,914,147	29,847,859	-0.22%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Streets and Grounds	47,838	32,944	64,975	-	-100.00%
Development Environmental Svcs.	3,522,930	4,633,935	5,271,622	4,680,131	-11.22%
Utilities	22,477,350	22,688,850	24,577,550	25,167,728	2.40%
TOTAL	26,048,118	27,355,729	29,914,147	29,847,859	-0.22%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

2021 - 2022 POSITION SUMMARY

SURFACE WATER MANAGEMENT FUND

POSITION SUMMARY BY CLASSIFICATION

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Deputy Director	0.41		0.41	9,915 - 12,793
Development Engineering Manager	0.25		0.25	9,323 - 12,029
Superintendent	0.20		0.20	8,858 - 11,429
Surface Water Engineer Supervisor	1.00		1.00	8,144 - 10,508
Utility Manager	0.60		0.60	7,949 - 10,257
Senior Surface Water Engineer	1.00		1.00	8,347 - 9,820
Storm Water Supervisor	1.00		1.00	7,052 - 9,099
Environmental Analyst	0.00	1.00	1.00	7,468 - 8,786
Surface Water Utility Engineer	2.00	(1.00)	1.00	7,269 - 8,552
Water Quality Programs Coordinator	1.00		1.00	7,264 - 8,546
Surface Water Planner	1.00		1.00	7,169 - 8,434
Urban Forester	0.50		0.50	6,687 - 7,866
Management Analyst	0.20		0.20	6,543 - 7,697
SW Engineering Analyst	1.00		1.00	6,462 - 7,602
Water Quality Specialist	1.00		1.00	6,276 - 7,386
Education Outreach Specialist	1.00		1.00	6,276 - 7,386
Leadperson	1.05		1.05	6,003 - 7,244
Field Arborist	1.00		1.00	5,474 - 6,670
Senior Maintenance Person	9.75		9.75	5,340 - 6,505
Yard Maint. & Inventory Control	0.15		0.15	5,340 - 6,505
Engineering Technician	0.20		0.20	5,498 - 6,469
Senior Accounting Associate	0.10		0.10	5,408 - 6,361
Utility Craftsperson	0.15		0.15	5,101 - 6,001
Utilityperson	9.40		9.40	4,351 - 5,453
Grounds Technician	1.40		1.40	4,351 - 5,453
Public Works Office Specialist	1.09		1.09	4,342 - 5,110
Laborer	1.80		1.80	3,775 - 4,261
TOTAL	38.25	0.00	38.25	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Development Environmental Svcs.	9.75		9.75
Utilities	28.50		28.50
TOTAL	38.25	0.00	38.25

**City of Kirkland
2021-2022 Budget
Surface Water Management Fund Revenues**

	Object	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Percent Change
Intergovernmental Revenue						
Indr Fed EPA Grants	333661	228,492	272,515	-	-	0.00%
Dept of Ecology	334031	109,199	260,175	334,100	100,000	-70.07%
Other KC Grants	337081	108,279	20,000	-	319,000	0.00%
King Conserv Dis	337085	-	12,743	-	-	0.00%
Total for Intergovernmental Revenue		445,971	565,433	334,100	419,000	25.41%
Charges for Goods and Services						
Interfund-Gen	341963	10,451	14,984	80,600	70,600	-12.41%
Interfund Eng-CIP	341966	6,827	99,485	129,600	92,171	-28.88%
Interfund Eng-Dev	341967	75,729	72,231	104,000	104,000	0.00%
Gen Government Srvcs	341971	2,425	-	-	-	0.00%
Residential Strm Drn Fee	343111	11,051,216	11,647,137	11,745,238	12,123,290	3.22%
Comm Strm Drn Fee	343121	9,413,999	9,921,636	10,005,203	10,327,246	3.22%
Misc Utility Rev	343891	-	612	-	-	0.00%
Total for Charges for Goods and Services		20,560,646	21,756,085	22,064,641	22,717,307	2.96%
Fines and Forfeits						
Misc Fines	359901	31,490	66,900	50,000	60,000	20.00%
Total for Fines and Forfeits		31,490	66,900	50,000	60,000	20.00%
Miscellaneous Revenues						
Investment Interest	361111	189,948	268,891	287,528	188,057	-34.60%
Interest Sales Tax	361401	32,471	17,694	40,000	40,000	0.00%
Sales of Surplus	369101	18	-	-	-	0.00%
Other Judgements	369401	72,935	48,429	70,000	70,000	0.00%
Other Misc Rev	369910	102	-	1,000	1,000	0.00%
Total for Miscellaneous Revenues		295,474	335,014	398,528	299,057	-24.96%
Other Proprietary Income						
Ins Recovery Prop	372001	8,663	21,854	-	-	0.00%
Gain Loss	373001	(382)	(5,690)	-	-	0.00%
Total for Other Proprietary Income		8,281	16,164	-	-	0.00%
Other Financing Sources						
Resources Forward	399991	6,494,544	7,046,878	7,066,878	6,352,495	-10.11%
Total for Other Financing Sources		6,494,544	7,046,878	7,066,878	6,352,495	-10.11%
Fund Total		27,836,406	29,786,474	29,914,147	29,847,859	-0.22%

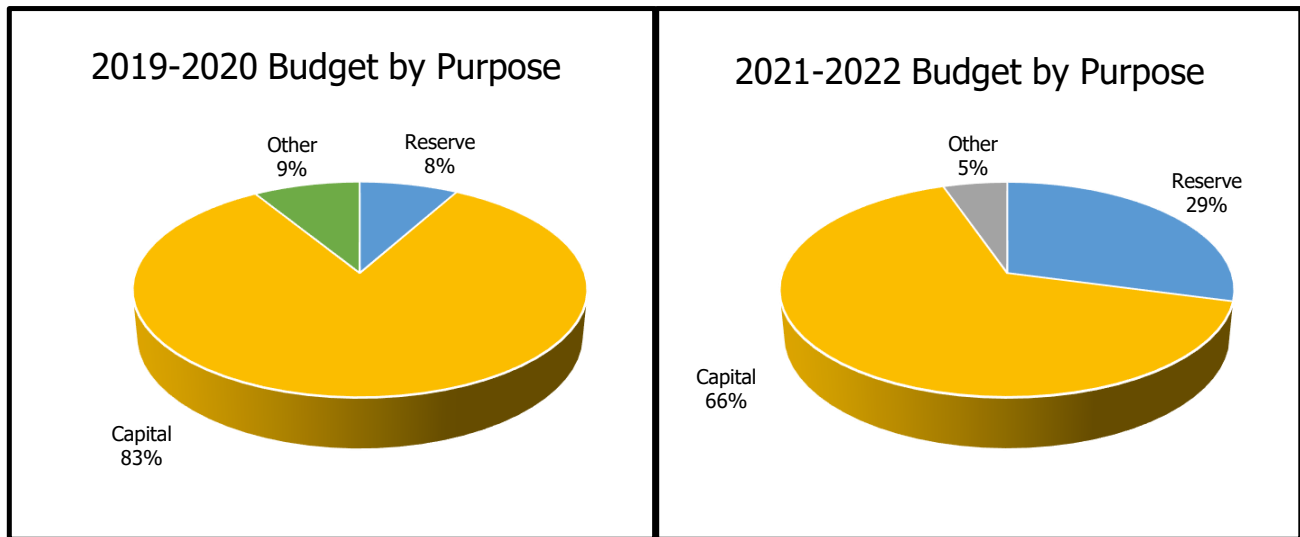
NON-OPERATING



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CITY OF KIRKLAND

Surface Water Utility Non-Operating



2019-2020 Budget by Purpose

Fund	2019-2020 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
Surface Water Capital Projects	26,611,497	2,161,322	-	22,106,855	2,343,320
Total Non-Operating Funds	26,611,497	2,161,322	-	22,106,855	2,343,320

2021-2022 Budget by Purpose

Fund	2021-2022 Budget	Budget by Purpose			
		Reserve	Debt	Capital	Other
Surface Water Capital Projects	21,608,111	6,302,876	-	14,164,235	1,141,000
Total Non-Operating Funds	21,608,111	6,302,876	-	14,164,235	1,141,000



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CITY OF KIRKLAND

SURFACE WATER UTILITY CAPITAL PROJECTS FUND

Capital Projects Funds are used to fund and track the construction of projects approved in the Capital Improvement Program. The City Council adopts a six-year Capital Improvement Program (CIP), which is a plan for major improvements or purchases needed in the areas of transportation (streets, sidewalks, signals, and intersections), storm drains, water and sewer systems, parks, public safety, and other general government facilities and equipment. The Council revises the CIP biennially. The Surface Water portion of the CIP includes only those projects associated with the surface water utility.

The **Surface Water Capital Projects Fund** accounts for surface water projects which are ultimately funded by a portion of the surface water fees paid by all property owners within the City. Included in the fund are the Surface Water CIP Contingency and the Surface Water Construction Reserve. The former has a target of ten percent of the funded six-year Surface Water CIP and provides a cushion in the event of unanticipated changes in project scope or cost. The latter is comprised of depreciation funding from a portion of the surface water fees for funding future replacement of the Surface Water infrastructure.

**CITY OF KIRKLAND
CAPITAL IMPROVEMENT PROGRAM
2021-2022 BUDGET**

SURFACE WATER CAPITAL PROJECTS FUND (423)

Project Category/ Project Title	Project Number	Funding Source
SURFACE WATER MANAGEMENT		
Annual Replacement of Aging/Failing Infrastructure	SDC 04700	Surface Water Rates
Neighborhood Drainage Assistance Program (NDA)	SDC 08100	Surface Water Rates
Goat Hill Drainage Ditch Conveyance & Channel Stabilization	SDC 09000	Surface Water Rates
Juanita Creek Culvert at NE 137th Street	SDC 09200	Surface Water Rates
Property Acquisition Opportunity Fund	SDC 10500	Reserves
Maintenance Center Storm Water Pollution Prevention	SDC 10800	Surface Water Rates
Holmes Point Drive Pipe Replacement - Phase 2 Outfall	SDC 10900	Surface Water Rates
NE 120th Street Water Quality Treatment	SDC 12500	Surface Water Rates
Water Quality Treatment and Infiltration at NE 111th Pl/127th Pl NE	SDC 13200	Surface Water Rates/ External
Bioretention, Water Quality Treatment, and Storage at 126th Ave NE	SDC 13300	Surface Water Rates/ External
TOTAL SURFACE WATER CAPITAL PROJECTS FUND		

2021 Budget	2022 Budget	Total 2021-2022 Budget	Additional Annual Maintenance & Operations	
			2021	2022
500,000	500,000	1,000,000	-	-
50,000		50,000	-	-
359,000	1,123,100	1,482,100	-	-
169,500		169,500	-	-
50,000	50,000	100,000	-	-
350,000		350,000	-	-
169,000		169,000	-	-
65,000		65,000	-	-
300,000	1,113,500	1,413,500	-	-
200,000		200,000	-	-
2,212,500	2,786,600	4,999,100	-	-

City of Kirkland
2021-2026 Capital Improvement Program
SURFACE WATER MANAGEMENT UTILITY PROJECTS

Funded Projects:

Project Number	Project Title	Prior Year(s)	2021	2022	2023	2024	2025	2026	2021-2026 Total	Funding Source			
										Current Revenue	Reserve	Secured External	Unsecured External
SDC 04700	Annual Replacement of Aging/Failing Infrastructure		500,000	500,000	500,000	500,000	500,000	500,000	3,000,000	3,000,000			
SDC 04900	Forbes Creek/108th Avenue NE Fish Passage Improvements						395,100	1,128,000	1,523,100	1,523,100			
SDC 05300	Forbes Creek/Coars Pond Channel Grade Controls	260,200					200,000	1,040,000	1,240,000	1,240,000			
SDC 06300	Everest Creek - Slater Avenue at Alexander Street				430,000	620,000			1,050,000	1,050,000			
SDC 08100	Neighborhood Drainage Assistance Program (NDA)	177,800	50,000		50,000		50,000		150,000	150,000			
SDC 09000	Goat Hill Drainage Ditch Conveyance & Channel Stabilization		359,000	1,123,100					1,482,100	1,482,100			
SDC 09200	Juanita Creek Culvert at NE 137th Street	685,100	169,500		1,080,000	350,000	200,000	500,000	1,599,500	1,599,500			
SDC 10000	Brookhaven Pond Modifications								700,000	700,000	300,000		
SDC 10500	Property Acquisition Opportunity Fund	464,631	50,000	50,000	50,000	50,000	50,000	50,000	300,000	350,000			
SDC 10800	Maintenance Center Storm Water Pollution Prevention	1,040,000	350,000						169,000	169,000			
SDC 10900	Holmes Point Drive Pipe Replacement - Phase 2 Outfall	151,000	169,000						65,000	65,000			
SDC 12500	NE 120th Street Water Quality Treatment	738,000	65,000										
SDC 12700	Storm Rehabilitation at Rose Point Lift Station							487,900	487,900	487,900			
SDC 12800	NE 85th Street/122nd Avenue NE Stormwater Improvements				165,000	210,000			375,000	375,000			
SDC 12900	NE Juanita Drive Storm Failure Near 86th Avenue NE				225,000				225,000	225,000			
SDC 13200	Water Quality Treatment and Infiltration at NE 111th Pl/127th Pl NE		300,000	1,113,500					1,413,500	353,400		1,060,100	
SDC 13300	Bioretention, Water Quality Treatment, and Storage at 126th Ave NE		200,000						200,000	113,500		86,500	
SDC 13900	122nd Avenue NE Storm Replacement				350,000	488,500	504,000		992,500	992,500			
SDC 14000	Holiday Drive Conveyance Improvement Study								350,000	350,000			
SDC 14100	Storm Line Rehabilitation on NE 136th Street					569,500	480,500		1,050,000	1,050,000			
SDC 14200	93rd Avenue NE Hillside Improvements						308,400	849,600	1,158,000	1,158,000			
Total Funded Surface Water Management Utility Projects			3,516,731	2,212,500	2,786,600	2,850,000	2,788,000	2,688,000	17,880,600	16,434,000	300,000	1,146,600	0

Notes

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

Bold = New projects

SURFACE WATER MANAGEMENT UTILITY PROJECTS

Unfunded Projects:

Project Number	Project Title	Total
SDC 04500	Carillon Woods Erosion Control Measures	600,000
SDC 04610	Regional Detention in Forbes Creek Basin Phase I	2,000,000
SDC 04699	Regional Detention in Forbes and Juanita Creek Basins	8,600,000
SDC 05100	Forbes Creek/King County Metro Access Road Culvert Enhancement	1,400,000
SDC 06100	Everest Park Stream Channel/Riparian Enhancements	1,200,000
SDC 08501	Cross Kirkland Corridor Water Quality Retrofit	1,000,000
SDC 09400	NE 114th Place Stormline Replacement	405,000
SDC 09700	Champagne Creek Stabilization	890,000
SDC 10100	Holmes Point Pipe Replacement at Champagne Creek Basin	260,000
SDC 10200	Juanita Drive Culvert Replacement	750,000
SDC 10300	Lakeview Drive Conveyance Modification	2,800,000
SDC 11200	112th Avenue NE Pipe Repair	60,000
SDC 11300	113th Avenue NE Pipe Repair	120,000
SDC 11400	124th Avenue NE Pipe Repair	160,000
SDC 11500	Weaver's Pond Pipe Replacement	180,000
SDC 11600	NE 140th Street Pipe Replacement	100,000
SDC 11700	111th Avenue NE Pipe Repair	400,000
SDC 11800	Champagne Point Drive NE Pipe Repair	270,000
SDC 11900	NE 58th Street Pipe Repair	280,000
SDC 12000	Kingsgate Park Pipe Outfall Improvements	80,000
Total Unfunded Surface Water Management Utility Projects		21,555,000
Funding Available from Annual Programs for Candidate Projects		3,000,000
Net Unfunded Surface Water Management Utility Projects		18,555,000

Notes

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

Bold = New projects

" = Moved from funded status to unfunded status



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CITY OF KIRKLAND
CHANGE IN FUND BALANCE (Beginning 2019 to Ending 2022)
SOLID WASTE UTILITY

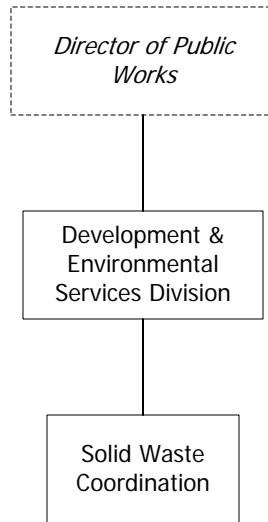
	Solid Waste
2019 Actual Beginning Fund Balance	1,904,440
<i>Reserved</i>	-
<i>Unreserved Working Capital</i>	<i>1,904,440</i>
Plus: 2019-20 Estimated Revenues	37,880,294
Less: 2019-20 Estimated Expenditures	37,634,058
2020 Estimated Ending/2021 Budgeted Beginning Fund Balance	2,150,675
Plus: 2021-22 Budgeted Revenues	39,369,431
Less: 2021-22 Budgeted Expenditures	39,294,580
2022 Budgeted Ending Fund Balance	2,225,526
<i>Reserved</i>	-
<i>Unreserved Working Capital</i>	<i>2,225,526</i>
Change in Fund Balance: Beginning 2019 to Ending 2022	321,086

Note:

The increase in fund balance is due to the intentional replenishment of working capital for cash-flow purposes during the 2019-20 biennium.

CITY OF KIRKLAND
Public Works Department

Solid Waste Fund



Boxes with a dashed outline and italic text indicate positions and/or functions which report to this department but which are budgeted in a separate department and/or operating fund.

DEPARTMENT OVERVIEW***SOLID WASTE FUND*****MISSION**

The Solid Waste Fund is established to account for the administration of all resources associated with solid waste and recycling services.

DEPARTMENT FUNCTIONS

The Public Works Department administers the Solid Waste Fund. The City collects all solid waste within the city limits of Kirkland by contracting with a private hauler. The current contract is with Waste Management Inc. and expires June 30, 2022. The Solid Waste Group oversees and administers the waste collection contract and grants and coordinates waste reduction and recycling services, events, and programs for community outreach and education.

BUDGET HIGHLIGHTS AND RELATIONSHIP TO COUNCIL GOALS**Financial Stability**

- End 2019/2020 unlimited free yard waste extras pilot due to financial considerations (\$75,000 reduction).
- End multifamily recycling assistance funding (\$80,000 reduction).

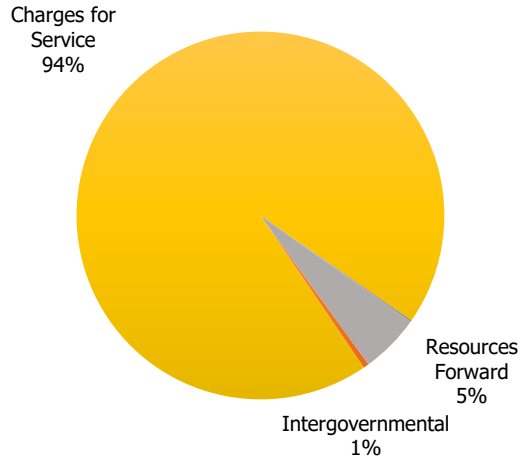
Environment

- Continue a temporary 0.25 LTE Environmental Education and Outreach Specialist position to support reuse, waste reduction, and recycling, \$54,002 one-time.
- Establish adequate rates to support the needs of Solid Waste utility, resulting in 0% annual rate increase in 2021 and 2% rate increase in 2022.

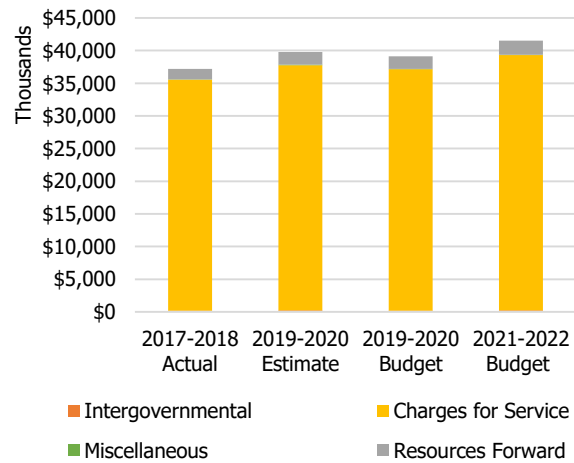
FINANCIAL OVERVIEW

SOLID WASTE FUND

Sources of Funds



Revenues by Type

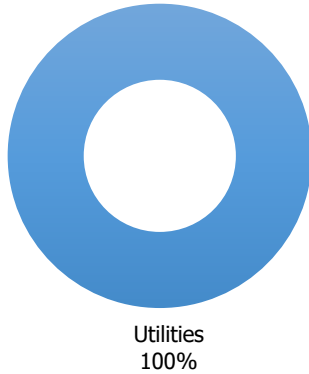
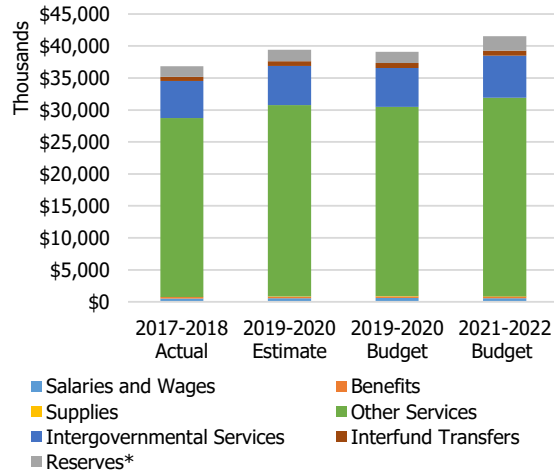


REVENUE SUMMARY BY TYPE

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Intergovernmental	202,767	234,273	206,000	210,000	1.94%
Charges for Service	35,357,875	37,540,228	36,924,775	39,093,175	5.87%
Miscellaneous	57,032	105,292	73,365	66,256	-9.69%
Interfund Transfers	-	-	-	-	n/a
Resources Forward	1,558,489	1,904,440	1,904,440	2,150,675	12.93%
TOTAL	37,176,163	39,784,234	39,108,580	41,520,106	6.17%

FINANCIAL OVERVIEW

SOLID WASTE FUND

Budget by Division

Expenditures by Category

EXPENDITURE SUMMARY BY CATEGORY

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Salaries and Wages	540,202	572,526	592,090	585,934	-1.04%
Benefits	186,088	227,039	252,670	266,237	5.37%
Supplies	28,218	60,781	36,800	5,360	-85.43%
Other Services	27,963,577	29,898,886	29,590,258	31,065,086	4.98%
Intergovernmental Services	5,817,946	6,131,827	6,105,965	6,573,275	7.65%
Capital Outlay	-	-	-	-	n/a
Interfund Transfers	624,080	743,000	743,000	779,000	4.85%
Reserves*	1,658,293	1,787,797	1,787,797	2,245,214	25.59%
TOTAL	36,818,404	39,421,855	39,108,580	41,520,106	6.17%

EXPENDITURE SUMMARY BY DIVISION

	2017-2018 Actual	2019-2020 Estimate	2019-2020 Budget	2021-2022 Budget	Change
Utilities	36,818,404	39,421,855	39,108,580	41,520,106	6.17%
TOTAL	36,818,404	39,421,855	39,108,580	41,520,106	6.17%

* 2017-2018 actual and 2019-2020 estimated reserves are budgeted, but not spent

2021 - 2022 POSITION SUMMARY***SOLID WASTE FUND*****POSITION SUMMARY BY CLASSIFICATION**

Classification	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions	Budgeted 2021 Salary Range
Development Engineering Manager	0.10		0.10	9,323 - 12,029
Solid Waste Program Supervisor	1.00		1.00	6505 - 8,393
Solid Waste Program Coordinator	1.00		1.00	6649 - 7,823
Education Outreach Specialist	0.50		0.50	6,276 - 7,386
Engineering Technician	0.10		0.10	5,498 - 6,469
Senior Accounting Associate	0.10		0.10	5,408 - 6,361
TOTAL	2.80	0.00	2.80	

POSITION SUMMARY BY DIVISION

	2019-2020 Positions	Additions/ Reductions	2021-2022 Positions
Utilities	2.80		2.80
TOTAL	2.80	0.00	2.80

**City of Kirkland
2021-2022 Budget
Solid Waste Fund Revenues**

		2017-2018	2019-2020	2019-2020	2021-2022	Percent
	Object	Actual	Estimate	Budget	Budget	Change
Intergovernmental Revenue						
	Dept of Ecology	334031 44,649	36,026	33,000	30,000	-9.09%
	Hazard Waste	337083 52,878	64,890	53,000	60,000	13.21%
	Waste Red Recy	337084 105,241	133,357	120,000	120,000	0.00%
	Total for Intergovernmental Revenue	202,767	234,273	206,000	210,000	1.94%
Charges for Goods and Services						
	Interfund-Gen	341963 -	-	-	-	0.00%
	Solid Waste Gen Govern Srvc	341971 -	589,532	-	-	0.00%
	Residential Water Sales	343401 -	-	-	-	0.00%
	Residential Coll	343701 16,011,392	17,354,388	17,481,380	18,553,263	6.13%
	MFam Collection	343702 5,953,399	5,940,141	5,942,547	6,052,542	1.85%
	Comm Collection	343703 9,116,302	9,268,271	9,014,784	9,709,286	7.70%
	Solid Waste Penalty	343704 230,412	135,555	220,000	250,000	13.64%
	Eff Utility Tax Rev	343708 3,247,277	3,403,725	3,406,064	3,603,084	5.78%
	Misc Utility Rev	343891 22,591	20,427	20,000	20,000	0.00%
	KC Hazard Waste	343902 776,500	828,189	840,000	905,000	7.74%
	Total for Charges for Goods and Services	35,357,875	37,540,228	36,924,775	39,093,175	5.87%
Fines and Forfeits						
	Solid Waste - Misc Fines	359901 1,000	500	-	-	0.00%
	Total for Fines and Forfeits	1,000	500	-	-	0.00%
Miscellaneous Revenues						
	Investment Interest	361111 49,591	90,091	73,365	66,256	-9.69%
	Cash Over Short	369811 -	-	-	-	0.00%
	Other Misc Rev	369910 -	-	-	-	0.00%
	Total for Miscellaneous Revenues	49,591	90,091	73,365	66,256	-9.69%
Other Proprietary Income						
	Ins Recovery Prop	372001 7,441	15,202	-	-	0.00%
	Total for Other Proprietary Income	7,441	15,202	-	-	0.00%
Other Financing Sources						
	Resources Forward	399991 1,558,489	1,904,440	1,904,440	2,150,675	12.93%
	Total for Other Financing Sources	1,558,489	1,904,440	1,904,440	2,150,675	12.93%
	Fund Total	37,177,163	39,784,734	39,108,580	41,520,106	6.17%



POLICIES



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INVESTMENT POLICY

This Policy will be updated in the Final 2021-2022 Budget Book after revised Policies are adopted by City Council.



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**CITY OF KIRKLAND
INVESTMENT POLICY
(ADOPTED NOVEMBER 21, 2017)**

Policy Statement

This Policy establishes standards and guidelines for the direction, management and oversight for all of the City of Kirkland's ("City") investable funds. These funds include cash for liquidity purposes, intermediate investments for ongoing operations and long-term investments for dedicated accounts. Funds must be invested prudently to assure preservation of principal, provide needed liquidity for daily cash requirements, and provide a market rate of return. For purposes of the City's Investment Policy, safety and liquidity are higher priorities than return on investment. All investments must conform to federal, state, and local statutes governing the City of Kirkland public funds investments.

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1.0 INTRODUCTION

This Investment Policy defines the parameters within which funds are to be invested by the City of Kirkland (City). This Policy also formalizes the framework to provide the investment authority and constraints for the City to maintain an effective and judicious management of funds within the scope of this Policy.

This Policy is intended to be broad enough to allow the Director of Finance and Administration, or authorized designee, to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

- Sets out guidelines for the prudent management of the City's funds;
- Describes realistic parameters and goals for safely investing those funds;
- Establishes expectations for generally acceptable returns at a suitable level of risk that matches the purpose of the City's funds;
- Provides the framework within which the Director of Finance and Administration will operate by setting out objectives, guidelines, and structure that include details on the universe of permitted investments and any restrictions of their use.

The City Council reserves the right to amend this policy as deemed necessary.

2.0 GOVERNING AUTHORITY

The City of Kirkland investment authority is derived from RCW Chapters 35, 39 and 43. The investment program shall be operated in conformance with the Revised Code of Washington and applicable Federal Law. All funds within the scope of this policy are subject to regulations established by the State of Washington.

The City Council has the direct authority to provide for the Director of Finance and Administration or his/her designee, the responsibility for the daily operations of the City's investment program and activities. (Kirkland Municipal Code (KMC) Chapter 5.24)

3.0 SCOPE OR IDENTIFICATION OF FUNDS

This policy applies to activities of the City of Kirkland with regard to investing the financial assets of all funds. The amount of funds expected to fall within the scope of this policy is \$90 million to \$120 million, which include, but not limited to, operating, capital improvement, and restricted funds.

This investment policy applies to all investment transactions involving the financial assets and related activity of all City funds.

4.0 OBJECTIVES

All funds will be invested in a manner that is in conformance with federal, state and other legal requirements. The objectives, in order of priority, of the investment activities will be as follows:

- 4.1 Safety:** Safety of principal is the primary objective of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this

objective, funds will be diversified, utilizing highly rated securities, by investing in a variety of securities and financial institutions. The investment portfolio will be invested in a manner that meets RCW statutes and all legal requirements of the City.

4.2 Liquidity: The investment portfolio will provide liquidity sufficient to enable the City to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a minimum balance to meet daily obligations.

4.3 Return on Investment: The investment portfolio will be structured with the objective of attaining a market rate of return throughout economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the portfolio. Nevertheless, return on investment is a lesser objective than safety or liquidity.

5.0 STANDARDS OF CARE

5.1 Delegation of Authority:

Governing Body: The ultimate responsibility and authority for the investment of City funds resides with the City Council who has the authority to direct the management of the City investment program.

Authority: Pursuant to the KMC 5.24 and Resolution 5087, the overall management responsibility for the investment program is hereby delegated to the Director of Finance and Administration, or designee, who shall establish written procedures for the operation of the investment program, consistent with this investment policy. The Director of Finance and Administration shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Investment Advisor: The City may contract with an external non-discretionary investment advisor (Advisor) to assist with the management of the City's investment portfolio in a manner that is consistent with the City's objectives and this policy. Such Advisors shall provide recommendations and advice regarding the City investment program including but not limited to advice related to the purchase and sale of investments by this Investment Policy.

5.2 Prudence:

The standard of prudence to be used by the Director of Finance and Administration or any designees in the context of managing the overall portfolio is the prudent person rule which states: *Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.*

5.3 Ethics:

5.3.1 Employees Involved in the City Investment Program Must Avoid Conflicts of Interest.

Association with the investment program in any capacity is considered employee involvement.

Employees must avoid personal business activity that may:

- Conflict with the proper execution of the investment program.
- Impair their ability to make impartial investment decisions.

5.3.2 Employees Associated with the City Investment Program Must Disclose Certain Personal Information to the Director of Finance and Administration or his/her Designee.

The disclosure should list:

- Any material interests in financial institutions that conduct business with the City.
- Any personal financial or investment positions that could influence the performance of the City's investment portfolio, particularly with regard to the timing of purchases and sales.

6.0 SAFEKEEPING, CUSTODY, AND CONTROLS

6.1 Delivery vs. Payment:

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the City's safekeeping institution prior to the release of funds.

6.2 Third Party Safekeeping:

Prudent treasury management requires that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by an independent third-party financial institution or the City's designated depository.

The Director of Finance and Administration shall designate all safekeeping arrangements and an agreement of the terms shall be executed in writing. The third-party custodian shall be required to provide a statement to the City listing at a minimum each specific security, book yield, description, maturity date, market value, par value, purchase date, and CUSIP number.

All collateral securities pledged to the City for certificates of deposit or demand deposits shall be held in accordance with the State of Washington's Public Deposit Protection Commission (PDPC).

6.3 Internal Controls:

The Director of Finance and Administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in an investment procedures manual.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:

- Control of collusion;
- Separation of transaction authority from accounting and recordkeeping;
- Custodial safekeeping;
- Avoidance of physical delivery of marketable securities;
- Clear delegation of authority to subordinate staff members;
- Written confirmation of transactions for investments and wire transfers;
- Dual authorizations of wire transfers;
- Staff training; and

- Review, maintenance and monitoring of security procedures both manual and automated.

6.4 External Controls

The City will have an external review of the Investment Policy and procedures every three (3) years. The City may enter contracts with third-party investment advisory firms when their services are required.

7.0 AUTHORIZED FINANCIAL DEALERS

7.1 Broker/Dealers:

The Director of Finance and Administration shall maintain and review annually a list of all authorized financial institutions and broker/dealers that are approved to transact with the City for investment purposes. The City shall follow GFOA best practices for evaluating and selecting financial institutions and broker/dealers.

The Director of Finance and Administration or designee may utilize the investment advisor's approved broker/dealer list in lieu of the City's own approved list. The Advisor must submit the approved list to the City annually and provide updates throughout the year as they occur. The Advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The annual investment advisor broker/dealer review procedures include:

- a. FINRA Certification check:
 - i. Firm profile
 - ii. Firm history
 - iii. Firm operations
 - iv. Disclosures of arbitration awards, disciplinary and regulatory events
 - v. State Registration Verification
- b. Financial review of acceptable FINRA capital or letter of credit for clearing settlements.

The Advisor may be authorized through the contracted agreement to open accounts on behalf of the City with the broker/dealers on the approved broker dealer list.

7.2 Investment Advisors:

Advisors must be registered under the Investment Advisers Act of 1940 and must act in a non-discretionary capacity, requiring approval from the City prior to all transactions.

7.3 Bank Institutions:

The City will only place funds, exceeding the current FDIC insurance limits, with banks who are currently participating in the Washington State PDPC program. Compliance/listing with the PDPC will be verified by the Advisor or designated investment officer utilizing the Washington State Treasurer's website.

7.4 Competitive Transactions:

Transactions must be executed on a competitive basis and documented. Competitive prices should be provided from at least three separate brokers, financial institutions or through a national electronic trading platform. If the purchased security is only offered by one broker then other securities with similar structure may be used for documentation purposes. When an Advisor handles trade executions, they must provide the competitive documentation as requested.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

8.1 Authorized Investments:

Eligible investments are only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250, and 43.84.080):

Among the authorized investments are U.S. Treasury and Agency securities (i.e., obligations of any government sponsored enterprise eligible for collateral purposes at the Federal Reserve), municipal debt, certificates of deposit with qualified public depositories within statutory limits as promulgated by the Washington State PDPC at the time of investment, foreign and domestic Bankers Acceptances, Commercial Paper and the Washington State Local Government Investment Pool.

The State of Washington Local Government Investment Pool is the only government-sponsored Pool approved for investment of funds.

This policy recognizes S&P, Moody's and Fitch as the major Nationally Recognized Statistical Ratings Organizations (NRSRO).

In the case of split ratings, where the major NRSROs issue different ratings, the lower rating shall apply. Minimum credit ratings and percentage limitations apply to the time of purchase.

All securities must be purchased on the secondary market and may not be purchased directly from the issuer.

8.2 Suitable Investments:

The City is empowered to invest in the following types of securities:

US Treasury Obligations: Direct obligations of the United States Treasury.

US Agency Obligations Primary Issuers: Government Sponsored Enterprises (GSEs) – Federal Instrumentality Securities include, but are not limited to Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks (FHLB), and the Federal Farm Credit Banks (FFCB).

US Agency Obligations Secondary Issuers: Other US government sponsored enterprises that are less marketable are considered secondary GSEs. They include, but are not limited to: Private Export Funding Corporation (PEFCO), Tennessee Valley Authority (TVA), Financing Corporation (FICO) and Federal Agricultural Mortgage Corporation, (Farmer Mac).

Municipal Debt Obligations: Bonds of the State of Washington, any local government in the State of Washington, General Obligation bonds outside the State of Washington; at the time of investment the bonds must have at a minimum rating of AA- from S&P, Aa3 from Moody's or AA- from Fitch.

Commercial Paper: Unsecured debt obligations of corporate issuers that are rated at least A1+ by S&P, P1 by Moody's and F1+ by Fitch. Commercial paper holdings may not have maturities exceeding 270 days. Any commercial paper purchased with a maturity longer than 100 days must also have an underlying long-term credit rating at the time of purchase with a minimum rating of AA- by S&P, Aa3 by Moody's or AA- by Fitch.

Certificates of Deposit: Non-negotiable Certificates of Deposit of financial institutions that are qualified public depositories as defined in RCW 39.58.010(2) and by the restrictions within.

Time Deposits and Savings Accounts Issued by Banks: Deposits in PDPC approved banks.

Banker's Acceptance: Banker's Acceptances generally are created based on a letter of credit issued to finance transactions. They are used to finance the shipment of some specific goods within the United States. They are issued by qualified financial institutions eligible for discount by the Federal Reserve System and by a qualified institution whose long-term letter of credit rating is rated in the highest category: AAA.

Local Government Investment Pool: Investment Pool managed by the Washington State Treasurer's Office.

8.3 Bank Collateralization:

The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. Under RCW 39.58.240, all public treasurers and other custodians of public funds are relieved of the responsibility of executing tri-party agreements, reviewing pledged securities, and authorizing additions, withdrawals, and exchanges of collateral.

9.0 INVESTMENT PARAMETERS

9.1 Diversification:

The City will diversify the investment of all funds by adhering to the constraints by issuer type in accordance with the following table:

Table of Constraints on the Portfolio

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P	Ratings Moody's	Ratings Fitch
US Treasury Obligations	100%	None	N/A	N/A	N/A
US Agency Primary Securities FHLB, FNMA, FHLMC, FFCB	100%	30%	N/A	N/A	N/A
US Agency Secondary Securities FICO, FARMER MAC etc.	20%	10%	AA-	Aa3	AA-
Municipal Bonds	20%	5%	AA-	Aa3	AA-
Commercial Paper	25%	3%	A1+ Long Term AA-	P1 Long Term Aa3	F1+ Long Term AA-
Certificates of Deposit	10%	5%	Deposits in PDPC approved banks	Deposits in PDPC approved banks	Deposits in PDPC approved banks
Bank Time Deposits/Savings	50%	None	Deposits in PDPC approved banks	Deposits in PDPC approved banks	Deposits in PDPC approved banks
Banker's Acceptance	5%	5%	N/A	N/A	N/A
State LGIP	100%	None	N/A	N/A	N/A

9.2 Investment Maturity:

The City will not directly invest in securities maturing more than five (5) years from the date of purchase.

- The maximum weighted maturity of the total portfolio shall not exceed 3 years. This maximum is established to limit the portfolio to excessive price change exposure.
- Liquidity funds will be held in the State Pool, PDPC bank deposits, or cash matched securities.
- Investment funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be only invested in high quality and liquid securities.
- Total Portfolio Maturity Constraints:

Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	10%
Under 1 year	25%
Under 5 years	100%
Maturity Constraints	Maximum of Total Portfolio in Years
Weighted Average Maturity	3.00
Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

- Exception to 5 year maturity maximum: Reserve or Capital Improvement Project monies may be invested in securities exceeding 5 years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

9.3 Strategic Allocations:

9.3.1 Funds and their Allocation

- a. Liquidity funds for the operating account will be allocated to LGIP, CD's, PDPC Bank Deposits, Bankers Acceptances, and Commercial Paper.
- b. The structure of the Investment Core Fund will be targeted to a selected market benchmark based on the risk and return objectives of the portfolio.
- c. Longer term restricted funds will have an identified market benchmark to manage risk and return.

9.3.2 Monitoring and Portfolio Adjustment: As a general practice, securities will be purchased with the intent to hold to maturity. However, it is acceptable for securities to be sold under the following circumstances:

- a. A security with a declining credit may be sold early to protect the principal value of the portfolio.

- b. The portfolio duration or maturity buckets should be adjusted to reflect better the structure of the underlying benchmark portfolio.
- c. A security exchange that would improve the quality, yield and target maturity of the portfolio based on market conditions.
- d. A sale of a security to provide for unforeseen liquidity needs.

9.4 Prohibited Investments:

9.4.1 The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program.

9.4.2 The City shall not invest in:

- a. Mortgage-backed securities
- b. Derivative Products
- c. Securities that leverage the portfolio or are used for speculation of interest rates
- d. Any securities on negative credit watch
- e. Mutual Funds
- f. Repurchase Agreements
- g. Reverse Agreements

10.0 REPORTING REQUIREMENTS

10.1 Reporting:

The Director of Finance and Administration shall be responsible for investment reporting. At a minimum, quarterly reporting shall be made to the City Council including but not limited to securities holdings, cash balances, and market values in the investment portfolio.

Specific Requirements:

- Book Yield
- Holdings Report including mark-to-market and security description
- Transactions Report
- Weighted Average Maturity

10.2 Performance Standards:

The portfolio shall be managed to obtain a fair rate of return and earnings rate that incorporates the primary objectives of protecting the City's capital and assuring adequate liquidity to meet cash flow needs.

For purposes of this policy, “earnings rate” will be compared to the LGIP rate. The goal is for the portfolio to generally perform better than the LGIP due to the longer weighted average maturity and the earnings rate is expected to trend in a similar manner as interest rates change.

The investment portfolio performance may be tracked against a market index such as the US treasury 0-3 year index or US treasury 0-5 year index on a total return basis. This will provide for accountability of price changes in the portfolio and help inform the strategy related to the duration of the portfolio.

10.3 Compliance Report

A compliance report will be generated quarterly comparing the portfolio positions to this investment policy.

10.4 Accounting Method

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies including but not necessarily limited to the Governmental Accounting Standards Board (GASB).

Pooling of Funds: Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation in the investment program and in accordance with generally accepted accounting principles.

11.0 INVESTMENT POLICY ADOPTION

The City's Investment Policy shall be adopted by the City Council.

The Policy shall be reviewed annually by the Investment Committee. Any modifications shall be submitted and approved by City Council.

12.0 GLOSSARY OF TERMS

Accrued Interest: The interest accumulated on a bond since issue date or the last coupon payment. The buyer of the bond pays the market price and accrued interest, which is payable to the seller.

Agency: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally Sponsored Agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. (Also see FEDERAL AGENCY SECURITIES and GOVERNMENT SECURITY)

Agency Securities: Government sponsored enterprises of the US Government.

Amortization: In portfolio accounting, periodic charges made against interest income on premium bonds in anticipation of receipt of the call price at call or of par value at maturity.

Asset: Available property, as for payment of debts

Average Maturity: A weighted average of the expiration dates for a portfolio of debt securities. An income fund's volatility can be managed by shortening or lengthening the average maturity of its portfolio.

Bankers' Acceptances: A time draft accepted (endorsed) by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. BAs are short-term non-interest-bearing notes sold at a discount and redeemed by the accepting bank at maturity for full face value.

Bank Wire: A virtually instantaneous electronic transfer of funds between two financial institutions.

Basis Point: A measure of an interest rate, i.e., 1/100 of 1 percent, or .0001.

Bid: The indicated price at which a buyer is willing to purchase a security or commodity. When selling a security a bid is obtained. (See Offer)

Bond: An interest-bearing security issued by a corporation, government, governmental agency, or other body. It is a form of debt with an interest rate, maturity, and face value, and specific assets sometimes secure it. Most bonds have a maturity of greater than one year and generally pay interest semiannually.

Broker: An intermediary who brings buyers and sellers together and handles their orders, generally charging a commission for this service. In contrast to a principal or a dealer, the broker does not own or take a position in securities.

Certificates of Deposit: Instruments issued by a bank specifying that a sum of money has been deposited, payable with interest to the bearer of the certificate on a certain date.

Collateral: Securities or other property that a borrower pledges as security for the repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Commercial Paper: Short-term, unsecured, negotiable promissory notes issued by corporations.

Current Maturity: The amount of time left until an obligation matures. For example, a one-year bill issued nine months ago has a current maturity of three months.

CUSIP: A CUSIP number identifies securities. CUSIP stands for Committee on Uniform Security Identification Procedures, which was established under the auspices of the American Bankers Association to develop a uniform method of identifying municipal, U.S. government, and corporate securities.

Dealer: An individual or firm that ordinarily acts as a principal in security transactions. Typically, dealers buy for their account and sell to a customer from their inventory. The dealer's profit is determined by the difference between the price paid and the price received.

Delivery: Either of two methods of delivering securities: delivery vs. payment and delivery vs. receipt (also called "free"). Delivery vs. payment is the delivery of securities with an exchange of money for the securities.

Diversification: Dividing available funds among a variety of securities and institutions so as to minimize market risk.

Duration: A measure used to calculate the price sensitivity of a bond or portfolio of bonds to changes in interest rates. This equals the sum of the present value of future cash flows.

Full Faith and Credit: Indicator that the unconditional guarantee of the United States government backs the repayment of debt.

General Obligation Bonds (GOs): Bonds secured by the pledge of the municipal issuer's full faith and credit, which usually includes unlimited taxing power.

Government Bonds: Securities issued by the federal government; they are obligations of the U.S. Treasury; also known as "governments."

Interest: Compensation paid or to be paid for the use of money. The rate of interest is generally expressed as an annual percentage.

Investment Core Funds: Core funds are defined as operating fund balance and other fund balances that exceeds the City's daily liquidity needs. Core funds are invested out the yield curve to diversify maturity structure in the overall portfolio. Having longer term investments in a portfolio will stabilize the overall portfolio interest earnings over interest rate cycles.

Investment Securities: Securities purchased for an investment portfolio, as opposed to those purchased for resale to customers.

Liquidity: The ease at which a security can be bought or sold (converted to cash) in the market. A large number of buyers and sellers and a high volume of trading activity are important components of liquidity.

Liquidity Component: A percentage of the total portfolio that is dedicated to providing liquidity needs for the City.

LGIP: Local Government Investment Pool run by the State of Washington Treasurer's office established to help cities with short-term investments.

Mark to Market: Adjustment of an account or portfolio to reflect actual market value rather than book price, purchase price or some other valuation.

Market Value: The market value of a security is the price at which can be sold on that date.

Maturity: The date upon which the principal or stated value of an investment becomes due.

Municipals: Securities, usually bonds, issued by a state, its agencies, by cities or other municipal entities. The interest on “munis” is usually exempt from federal income taxes and state and local income taxes in the state of issuance. Municipal securities may or may not be backed by the issuing agency’s taxation powers.

Non-Discretionary Investment Advisor: Non-discretionary investment advisor services may include investment management oversight, investment research, portfolio analysis, portfolio reporting and portfolio recommendations based upon the specific investment policy and investment objectives of each client. Clients must approve any such recommendations before the securities are purchased or sold in their accounts.

Par Value: The value of a security expressed as a specific dollar amount marked on the face of the security or the amount of money due at maturity. Par value should not be confused with market value.

Portfolio: A collection of securities held by an individual or institution.

Principal: The cost of an instrument on which interest is earned.

Prudent Person Rule: A long-standing common-law rule that requires a trustee who is investing for another to behave in the same way as a prudent individual of reasonable discretion and intelligence who is seeking a reasonable income and preservation of capital.

Quotation or Quote: A bid to buy or the lowest offer to sell a security in any market at a particular time.

Repurchase Agreement: Range in maturity from overnight to fixed time to open end. Repos involve a simultaneous sale of securities by a bank or government securities dealer to an investor with an agreement for the bank or government securities dealer to repurchase the securities at a fixed date at a specified rate of interest.

Safekeeping: An arrangement under which an organization’s securities are kept in a bank vault or in the case of book entry securities, are held and recorded in the customer’s name. Evidence of this arrangement is a safekeeping receipt.

Secondary Market: A market where certain securities may be bought and sold at prevailing market prices after their initial distribution but before their stated maturity date.

Treasury Bill (T-Bill): An obligation of the U.S. government with a maturity of one year or less. T-bills bear no interest but are sold at a discount.

Treasury Bonds and Notes: Obligations of the U.S. government that bear interest. Notes have maturities of one to ten years; bonds have longer maturities.

Yield: The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security. Net yield, or yield to maturity, is the current income yield minus any premium above par or plus any discount from par in the purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Yield to Maturity: The average annual yield on a security, assuming it is held to maturity; equals to the rate at which all principal and interest payments would be discounted to produce a present value equal to the purchase price of the bond.



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DEBT MANAGEMENT POLICY

This Policy will be updated in the Final 2021-2022 Budget Book after revised Policies are adopted by City Council.



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City of Kirkland
Debt Management Policy
Adopted by Resolution (R-4837) on September 21, 2010

The Debt Policy for the City of Kirkland (City) is established to help ensure that all debt is issued both prudently and cost effectively. The Debt Policy sets forth guidelines for the issuance and management of all financings of the City. Adherence to the policy is essential to ensure that the City maintains a sound debt position and protects the credit quality of its obligations while providing flexibility and preserving financial stability.

1.0 Uses of Debt

- 1.1 City of Kirkland uses debt as a mechanism to equalize the costs of needed capital improvements for the benefit of both present and future citizens;
- 1.2 City of Kirkland uses debt as a mechanism to reduce the immediate costs of substantial public improvements.
- 1.3 The City of Kirkland will not use long-term debt to support current operations.
- 1.4 Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.
- 1.5 Non-capital furnishings, supplies, and personnel will not be financed from bond proceeds.
- 1.6 Interest, operating, and/or maintenance expenses will be capitalized only for enterprise activities, and will be strictly limited to those expenses incurred prior to actual operation of the facilities.

2.0 Debt Limits

2.1 Legal Limits:

- 2.1.1 The general obligation debt of Kirkland will not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property within the City. RCW 39.36.020
- 2.1.2 The following individual percentages shall not be exceeded in any specific debt category:
 - General Debt - 2.5% of assessed valuation
 - Non-Voted 1.5% Limited Tax General Obligation (LTGO) Bonds
 - Voted 1.0% Unlimited Tax General Obligation (UTGO) Bonds
 - Utility Debt - 2.5% of assessed valuation
 - Open Space and Park Facilities - 2.5% of assessed valuation

2.2 Public Policy Limits:

- 2.2.1 The City will establish and implement a comprehensive multi-year Capital Improvement Program (CIP).
- 2.2.2 Financial analysis of funding sources will be conducted for all proposed capital improvement projects.
- 2.2.3 Debt will be issued in accordance with the CIP as necessary.
- 2.2.4 Where borrowing is recommended, the source of funds to cover debt service requirements must be identified.

City of Kirkland
Debt Management Policy
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2.2.5 The City, as determined by the City Council, may consider using long term debt toward public improvements, which have an identified public benefit to the City, associated with economic development to the extent that new revenues from the project, in excess of those identified by the City Council for other City purposes can be agreed upon to support the debt service.

2.3 Financial Limits:

2.3.1 The City's policy is to plan and direct the use of debt so that debt service payments will be a predictable and manageable part of the Operating Budget.

2.3.2 The City will conduct a debt affordability analysis to evaluate the City's ability to support debt. The analysis will review available resources for the amount of debt the City can initiate each year, and project the effects of that financing through six years of the CIP.

3.0 Allowable Types of Debt

3.1 Short Term Obligations: Short-term borrowing will only be used to meet the immediate financing needs of a project for which long-term financing has been secured but not yet received. The City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund's current operations. All interfund loans will be subject to Council approval, will bear interest based upon prevailing rates and have terms consistent with state guidelines for interfund loans.

3.2 Assessment/ LID Bonds: Assessment bonds will be considered in place of general obligation bonds, where possible, to assure the greatest degree of public equity. Local Improvement District (LID) Bonds represent debt that is repaid by the property owners who benefited from the capital improvement through annual assessments paid to the City. LID's are formed by the City Council after a majority of property owners agree to the assessment.

3.3 General Obligation Bonds Limited Tax: General Obligation debt is backed by the full faith and credit of the City and is payable from General Fund revenues and taxes collected by the City. Limited Tax General Obligation (LTGO) Bonds can be issued with the approval of the City Council and will only be issued if:

A project requires funding not available from alternative sources;
Matching fund monies are available which may be lost if not applied for in a timely manner; or Emergency conditions exist.

3.4 General Obligation Bonds Unlimited Tax: Unlimited Tax General Obligation (UTGO) Bonds are payable from excess tax levies and is subject to voter approval by 60% of the voters.

3.5 Revenue Bonds: Revenue bonds are used to finance construction or improvements to facilities of enterprise systems operated by the City in accordance with the Capital Improvement Program and are generally payable from the enterprise. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limitation nor is voter approval required.

3.6 Leases: Lease purchase or financing contracts are payment obligations that represent principal and interest components which are general obligations of the City.

City of Kirkland
Debt Management Policy
Adopted by Resolution (R-4837) on September 21, 2010

3.7 Other Loan Programs:

3.7.1 Public Works Trust Fund Loans are loans from the Public Works Board, authorized by state statute, RCW 43.155 to loan money to repair, replace, or create domestic water systems, sanitary sewer systems, storm sewer systems, roads, streets, solid waste and recycling facilities, and bridges.

3.7.2 The Local Option Capital Asset Lending (LOCAL) Program is a financing contract with the Office of the State Treasurer under RCW 39.94. It is an expanded version of the state agency lease/purchase program that allows pooling funding needs into larger offerings of securities. This program allows local government agencies the ability to finance equipment needs through the State Treasurer's office, subject to existing debt limitations and financial consideration.

3.7.3 Other state funded programs.

3.8 Alternative types of debt: No variable-rate debt or derivative products shall be utilized.

4.0 Debt Structuring Practices

4.1 Maximum term, Payback Period and Average maturity:

4.1.1 The issuance of bonds shall be financed for a period not to exceed a conservative estimate of the asset's useful life with the average life of the bonds less than or equal to the average life of the assets being financed.

4.1.2 General Obligation bonds will be issued with maturities of 30 years or less unless otherwise approved by Council.

4.1.3 The maturity of all assessment bonds shall not exceed statutory limitations. RCW 36.83.050.

4.2 Debt Service Structure:

4.2.1 Unless otherwise justified and deemed necessary, debt service should be structured on a level or declining repayment basis.

4.3 Criteria for issuance of advance refunding and current refunding bonds

4.3.1 The City will use refunding bonds, where appropriate, when restructuring its current outstanding debt. A debt refunding is a refinance of debt typically done to take advantage of lower interest rates. Unless otherwise justified, such as a desire to remove or change a bond covenant, a debt refunding will not be pursued without a sufficient net present value benefit after expenses.

4.4 Other structuring practices:

4.4.1 Bond amortization schedules will be structured to minimize interest expense with the constraints of revenues available for debt service. The bonds should include call features to maximize the City's ability to advance refund or retire the debt early. However, call features should be balanced with market conditions to ensure that the total cost of the financing is not adversely affected.

City of Kirkland
Debt Management Policy
Adopted by Resolution (R-4837) on September 21, 2010

5.0 Debt Issuance Practices

- 5.1 Council Approval: City Council approval is required prior to the issuance of debt.
- 5.2 Analytical Review: An analytical review shall be conducted prior to the issuance of debt including, but not limited to, monitoring of market opportunities and structuring and pricing of the debt.
- 5.3 Use of credit ratings, minimum bond ratings, determination of the number of ratings and selection of rating services: The City will continually strive to maintain its bond rating by improving financial policies, budget, forecasts and the financial health of the City so its borrowing costs are minimized and its access to credit is preserved. The City will maintain good communication with bond rating agencies about its financial condition, coordinating meetings, and presentations in conjunction with a new issuance as necessary.
- 5.4 Compliance with Statutes and Regulations: The Finance Director, City Attorney and bond counsel shall coordinate their activities and review all debt issuance to ensure that all securities are issued in compliance with legal and regulatory requirements by the State of Washington and the Federal Government's laws, rules and regulations.
- 5.5 Selection and use of professional service providers:
 - 5.5.1 The City's Finance and Administration Department shall be responsible for the solicitation and selection of professional services that are required to administer the City's debt program.
 - 5.5.2 Bond Counsel: All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the proposed debt. The opinion shall include confirmation that the City has met all city and state constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's federal income tax status and any other components necessary for the proposed debt.
 - 5.5.3 Financial Advisor: A Financial Advisor(s) may be used to assist in the issuance of the City's debt. The Financial Advisor will provide the City with the objective advice and analysis on debt issuance. This includes, but is not limited to, monitoring of market opportunities, structuring and pricing of debt, and preparing official statements of disclosure.
 - 5.5.4 Underwriters: An Underwriter(s) will be used for all debt issued in a negotiated or private placement sale method. The Underwriter is responsible for purchasing negotiated or private placement debt and reselling the debt to investors.
 - 5.5.5 Fiscal Agent: A Fiscal Agent will be used to provide accurate and timely securities processing and timely payment to bondholders. In accordance with RCW 43.80, the City will use the Fiscal Agent that is appointed by the State.
- 5.6 Criteria for determining sales method and investment of proceeds:
 - 5.6.1 The Director of Finance and Administration shall determine the method of sale best suited for each issue of debt.
 - 5.6.2 The City will generally issue its debt through a competitive process. For any competitive sale of debt, the City will award the issue to the underwriter offering to buy the bonds at a price and interest rates that provides the lowest True Interest Cost (TIC).

City of Kirkland
Debt Management Policy
Adopted by Resolution (R-4837) on September 21, 2010

- 5.6.3 The City will provide for the sale of debt by negotiating the terms and conditions of sale when necessary to minimize the cost and risks of borrowing under the following conditions:
- i. The bond issue is, or contains, a refinancing that is dependent on market/interest rate timing.
 - ii. At the time of issuance, the interest rate environment or economic factors that affect the bond issue are volatile.
 - iii. The nature of the debt is unique and requires particular skills from the underwriter(s) involved.
 - iv. The debt issued is bound by a compressed time line due to extenuating circumstances such that time is of the essence and a competitive process cannot be accomplished.

- 5.7 Bond Insurance: For each issue, the City will evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancement purchases by the City shall be competitively procured.

6.0 Debt Management Practices

6.1 Investment of Bond Proceeds

The City shall comply with all applicable Federal, State and contractual restrictions regarding the investment of bond proceeds, including City of Kirkland Investment Policy.

6.2 Continuing Disclosure

The City shall provide annual disclosure information to established national information repositories and maintain compliance with disclosure statements as required by state and national regulatory bodies. Disclosure shall take the form of the Comprehensive Annual Financial Report (CAFR) unless information is required by a particular bond issue that is not necessarily contained within the CAFR.

6.3 Arbitrage Rebate monitoring and filing

The City will, unless otherwise justified, use bond proceeds within the established time frame pursuant to the bond ordinance, contract or other documents to avoid arbitrage. Arbitrage is the interest earned on the investment of the bond proceeds above the interest paid on the debt. If arbitrage occurs, the City will follow a policy of full compliance with all arbitrage rebate requirements of the federal tax code and Internal Revenue Service regulations, and will perform (internally or by contract consultants) arbitrage rebate calculations for each issue subject to rebate. All necessary rebates will be filed and paid when due in order to preserve the tax-exempt status of the outstanding debt.

6.4 Federal and state law compliance practices

Discussed in Debt Issuance Practices sections 5.3 and 5.4 and Debt Management Practices sections 6.1 and 6.3.

6.5 Market and investor relations efforts

The City shall endeavor to maintain a positive relationship with the investment community. The City shall communicate through its published Biennial Budget, Capital Improvement Program and Comprehensive Annual Financial Statements the City's indebtedness as well as its future financial plans.

6.6 Periodic review

The City's debt policy shall be adopted by City Council. The policy shall be reviewed every four years by the Council Finance Committee and modifications shall be submitted to and approved by City Council.

RESOLUTION R-4837

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND
ADOPTING A REVISED POLICY FOR THE MANAGEMENT OF THE
CITY'S DEBT.

WHEREAS, the City Council of the City of Kirkland deems to
ensure that all debt is issued both prudently and cost effectively; and

WHEREAS, the City Council of the City of Kirkland desires to
set forth guidelines for the issuance and management of all financings
of the City; and

WHEREAS, the Kirkland City Treasurer (Deputy Director of
Finance) has recommended revisions to the debt management
policies; and

WHEREAS, the City of Kirkland debt management policy has
been written in accordance with the Association of Public Treasurers of
the United States & Canada (APT US&C) guidelines.

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

Section 1. The policy for the management of the City's debt
set forth in the document entitled "City of Kirkland Debt Management
Policy September 1, 2010," which is attached hereto and incorporated
herein by this reference as if set forth in full is hereby adopted as
official policy for the management of the City's debt.

Section 2. That the document entitled City of Kirkland Debt
Management Policy September 1, 2010, replaces all previous City of
Kirkland Debt Management Policies.

Passed by majority vote of the Kirkland City Council in open
meeting this 21st day of September, 2010.

Signed in authentication thereof this 21st day of September
2010.


MAYOR

Attest:


City Clerk

POST ISSUANCE COMPLIANCE POLICY

This Policy will be updated in the Final 2021-2022 Budget Book after revised Policies are adopted by City Council.



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CITY OF KIRKLAND
POST ISSUANCE COMPLIANCE POLICY
Adopted by Resolution (R-5004) on October 15, 2013

This policy is intended to guide the City of Kirkland in meeting its obligations under applicable statutes, regulations and documentation associated with publicly offered and privately placed securities of the City of Kirkland. This policy addresses obligations of the City of Kirkland that arise and will continue following the issuance of securities. The City of Kirkland maintains a separate Debt Policy with respect to matters related to the issuance of security obligations, including compliance with the City of Kirkland's disclosure obligations related to securities issuance. These obligations may arise as a result of federal tax law (with respect to tax-exempt securities) and securities laws (with respect to ongoing disclosure) or as a result of contractual commitments made by the City of Kirkland. This policy outlines obligations that may be applicable to each issue of securities and identifies the party to be responsible for monitoring compliance. In the City of Kirkland, the Director of Finance and Administration will be responsible for ensuring that the policy is followed and compliance checklist and records maintained. The Director of Finance and Administration may delegate responsibility to employees and outside agents for developing records, maintaining records and compliance checklist. The City of Kirkland will support educational opportunities provided by the Government Finance Officers Association (GFOA), Washington Finance Officers Association (WFOA) and Washington Municipal Treasurers Association (WMTA) for the parties identified in this policy with responsibilities for post-issuance compliance in order to facilitate their performance of these obligations.

A. Transcripts.

1. The City of Kirkland's bond counsel shall provide the City of Kirkland with two copies of a full transcript related to the issuance of securities (for each issue). The transcript shall be delivered in the following form: one hardcopy (paper) and one electronic on a CD; and transcripts shall be delivered to the City of Kirkland within three month[s] following the date of issuance of securities. It is expected that the transcript will include a full record of the proceedings related to the issuance of securities, including proof of filing an 8038-G or 8038-GC, if applicable.

2. Bond transcripts will be retained by the following parties and in the following locations within the City of Kirkland: City Clerk's Office.

B. Federal Tax Law Requirements (Applicable only if the securities are issued as "tax-exempt" securities).

1. *Use of Proceeds.*

a. If the project(s) to be financed with the proceeds of the securities will be funded with multiple sources of funds, the City of Kirkland will adopt an accounting methodology that:

♦ maintains each source of funding separately and monitors the actual expenditure of proceeds of the securities;

- ◆ commingles the proceeds and monitors the expenditures on a first in, first out basis; or
- ◆ provides for the expenditure of funds received from multiple sources on a proportionate basis.

b. Records of expenditures (timing of expenditure and object code) of the proceeds of securities will be maintained by the Department of Finance and Administration.

c. Records of investments and interest earnings on the proceeds of securities will be maintained by Department of Finance and Administration. Such records should include the amount of each investment, the date each investment is made, the date each investment matures and if sold prior to maturity, its sale date, and its interest rate and/or yield. Interest earnings on proceeds will be deposited in the fund in which the proceeds of the securities were deposited (if not, then the plan for use of interest earnings will be discussed with the City of Kirkland's bond counsel).

d. Records of interest earnings on reserve funds maintained for the securities.

2. *Arbitrage Rebate.* The Director of Finance and Administration or designee of the City of Kirkland ("Rebate Monitor") will monitor compliance with the arbitrage rebate obligations of the City of Kirkland for each issue ("issue") of securities which are described in further detail in the tax certificate if any, executed by the City of Kirkland for each issue and included in the transcript for the issue. If the City of Kirkland did not execute a tax certificate in connection with an issue, the Rebate Monitor should consult with the City of Kirkland's bond counsel regarding arbitrage rebate requirements.

a. If the Rebate Monitor determines that the total principal amount of tax-exempt governmental obligations (including all tax-exempt leases, etc.) of the City of Kirkland issued by or on behalf of the City of Kirkland and subordinate entities during the calendar year, including the issue, will not be greater than \$5,000,000, the Rebate Monitor will not be required to monitor arbitrage rebate compliance for the issue, except to monitor expenditures and the use of proceeds after completion of the project (see #3 below). For purposes of this paragraph, tax-exempt governmental obligations issued to currently refund a prior tax-exempt governmental obligation will only be taken into account to the extent they exceed the outstanding amount of the refunded bonds.

b. If the Rebate Monitor determines that the total principal amount of tax-exempt governmental obligations (including all tax-exempt leases, etc.) of the City of Kirkland issued or incurred any calendar year is greater than \$5,000,000, the Rebate Monitor will monitor rebate compliance for each issue of tax-exempt governmental obligations issued during that calendar year.

i. *Rebate Exceptions.* The Rebate Monitor will review the tax certificate, if any, in the transcript in order to determine whether the City of Kirkland is expected to comply with a spending exception that would permit the City of Kirkland to avoid having to pay arbitrage rebate. If the tax certificate identifies this spending exception (referred to as the six-month exception, the 18 month exception or the 2-year exception), then the Rebate Monitor will monitor the records of expenditures (see B.1 above) to determine whether the City of Kirkland met the spending exception (and thereby avoid having to pay any arbitrage rebate to the federal government). If the City of Kirkland did not execute a tax certificate in connection with an issue,

the Rebate Monitor should consult with bond counsel regarding the potential applicability of spending exceptions.

ii. *Rebate Compliance.* If the City of Kirkland does not meet or does not expect to meet any of the spending exceptions described in (i) above, the City of Kirkland will:

x. review the investment earnings records retained as described in B.1 above. If the investment earnings records clearly and definitively demonstrate that the rate of return on investments of all proceeds of the issue were lower than the yield on the issue (see the tax certificate in the transcript), then the City of Kirkland may opt not to follow the steps described in the following paragraph.

y. retain the services of an arbitrage rebate consultant in order to calculate any potential arbitrage rebate liability. The rebate consultant shall be selected no later than the completion of the project to be financed with the proceeds of the issue. A rebate consultant may be selected on an issue by issue basis or for all securities issues of the City of Kirkland. The Rebate Monitor will obtain the names of at least three qualified consultants and request that the consultants submit proposals for consideration prior to being selected as the City of Kirkland rebate consultant. The selected rebate consultant shall provide a written report to the City of Kirkland with respect to the issue and with respect to any arbitrage rebate owed if any.

z. based on the report of the rebate consultant, file reports with and make any required payments to the Internal Revenue Service, no later than the fifth anniversary of the date of each issue (plus 60 days), and every five years thereafter, with the final installment due no later than 60 days following the retirement of the last obligation of the issue.

c. *Yield Reduction Payments.* If the City of Kirkland fails to expend all amounts required to be spent as of the close of any temporary period specified in the Tax Certificate (generally 3 years for proceeds of a new money issue and 13 months for amounts held in a debt service fund), the City of Kirkland will follow the procedures described in B.2.b.ii above to determine and pay any required yield reduction payment.

3. *Unused Proceeds Following Completion of the Project.* Following completion of the project(s) financed with the issue proceeds, the Director of Finance and Administration or designee will:

a. review the expenditure records to determine whether the proceeds have been allocated to the project(s) intended (and if any questions arise, consult with bond counsel in order to determine the method of re-allocation of proceeds); and

b. direct the use of remaining unspent proceeds (in accordance with the limitations set forth in the authorizing proceedings (i.e., bond ordinance) and if no provision is otherwise made for the use of unspent proceeds, to the redemption or defeasance of outstanding securities of the issue.

4. *Use of the Facilities Financed with Proceeds.* In order to maintain tax-exemption of securities issued on a tax-exempt basis, the financed facilities (projects) are required to be used for governmental purposes during the life of the issue. The Director of Finance and Administration or designee of the City of Kirkland will monitor and maintain records regarding any private use of the projects financed with tax-exempt proceeds. The IRS Treasury Regulations prohibit private business use (use by private parties (including nonprofit organizations and the federal government)) of tax-exempt financed facilities beyond permitted *de minimus* amounts unless cured by a prescribed remedial action. Private use may arise as a result of:

- a. Sale of the facilities;
- b. Lease of the facilities (including leases, easements or use arrangements for areas outside the four walls, e.g., hosting of cell phone towers);
- c. Management contracts (in which the City of Kirkland authorizes a third party to operate a facility (e.g., cafeteria);
- d. Preference arrangements (in which the City of Kirkland grants a third party preference of the facilities, e.g., preference parking in a public parking lot).

If the Director of Finance and Administration or designee identifies private use of tax-exempt debt financed facilities, the Director of Finance and Administration or designee will consult with the City of Kirkland's bond counsel to determine whether private use will adversely affect the tax-exempt status of the issue and if so, what remedial action is appropriate. The private use may be allocated to those facilities (or portions of facilities) that were funded from sources other than bond proceeds. If the City of Kirkland determines that it is appropriate to complete a final allocation and accounting certification with respect to the expenditure of bond proceeds, pursuant to Treasury Regulation §1.148-6(d), the City of Kirkland will complete the allocation certification not later than the Final Allocation Date. The City of Kirkland may also elect to follow available remedial action procedures available under Treasury Regulations, e.g., allocate sales proceeds to other qualifying capital expenditures.

The City of Kirkland will verify at least once annually that the financed projects do not have impermissible private use. The verification will be noted on the Post Issuance Compliance Policy Checklist.

5. *Records Retention.*

a. Records with respect to matters described in this Subsection B will be retained by the City of Kirkland for the life of the securities issue (and any issue that refunds the securities issue) and for a period of three years thereafter.

- b. Records to be retained:
 - (i) The transcript;
 - (ii) Arbitrage rebate reports prepared by outside consultants;
 - (iii) Work papers that were provided to the rebate consultants;

(iv) Records of expenditures and investment receipts (showing timing of expenditure and the object code of the expenditure and in the case of investment, timing of receipt of interest earnings). (Maintenance of underlying invoices should not be required provided the records include the date of the expenditure, payee name, payment amount and object code; however, if those documents are maintained as a matter of policy in electronic form, then the City of Kirkland should continue to maintain those records in accordance with this policy);

(v) Copies of all certificates and returns filed with the IRS (e.g., for payment of arbitrage rebate); and

(vi) Copies of all leases, user agreements for use of the financed property (agreements that provide for use of the property for periods longer than 30 days), whether or not the use was within the four walls (e.g., use of the roof of the facility for a cell phone tower); and

(vii) Post Issuance Compliance Checklist documented annual review.

C. Ongoing Disclosure. Under the provisions of SEC Rule 15c2-12 (the "Rule"), underwriters are required to obtain an agreement for ongoing disclosure in connection with the public offering of securities. Unless the City of Kirkland is exempt from compliance with the Rule as a result of certain permitted exemptions, the transcript for each issue will include an undertaking by the City of Kirkland to comply with the Rule. The Department of Finance and Administration of the City of Kirkland will monitor compliance by the City of Kirkland with its undertakings. These undertakings may include the requirement for an annual filing of operating and financial information and will include a requirement to file notices of listed "material events." For some types of material events (early bond calls), the State's fiscal agent has undertaken the responsibility of filing notice of the applicable material event.

D. Other Notice Requirements. In some instances, the proceedings authorizing the issuance of securities will require the City of Kirkland to file information periodically with other parties, e.g., bond insurers, banks, rating agencies. The types of information required to be filed may include (1) budgets, (2) annual financial reports, (3) issuance of additional debt obligations, and (4) amendments to financing documents. The Department of Finance and Administration of the City of Kirkland will maintain a listing of those requirements and monitor compliance by the City of Kirkland.

RESOLUTION R-5004

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ADOPTING THE KIRKLAND POST ISSUANCE COMPLIANCE POLICY SETTING FORTH THE POLICY OF THE CITY OF KIRKLAND WITH RESPECT TO MEETING ITS OBLIGATIONS UNDER FEDERAL TAX LAW FOLLOWING THE ISSUANCE OF SECURITIES.

WHEREAS, the City of Kirkland has certain obligations under federal tax law with respect to its publicly offered and privately placed securities; and

WHEREAS, many of these obligations continue to apply throughout the entire term of the securities issued; and

WHEREAS, the City of Kirkland Post Issuance Compliance Policy has been written in consultation with the City's bond counsel; and

WHEREAS, the Kirkland City Treasurer (Deputy Director of Finance) has recommended that the City Council formally adopt the Post Issuance Compliance Policy that the City is following, and will continue to follow, to maintain compliance with applicable federal tax law;

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

Section 1. The "City of Kirkland Post Issuance Compliance Policy," which is attached as "Exhibit A" and incorporated by reference, is adopted as the official policy of the City of Kirkland for meeting its obligations under federal tax law following the issuance of securities by the City of Kirkland.

Passed by majority vote of the Kirkland City Council in open meeting this 15th day of October, 2013.

Signed in authentication thereof this 15th day of October, 2013.


MAYOR

Attest:


City Clerk

GLOSSARY



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CITY OF KIRKLAND

GLOSSARY OF BUDGET TERMS

ACCOUNT NUMBER

Kirkland utilizes an account structure that conforms to the state BARS (Budgeting, Accounting, and Reporting System) requirements. The account number is separated into the following parts:

XXX	XX	XXX	XXXXX	XXXX	-	XXXXXX
Fund	Department	Division	Cost Center	Function		Object Code

* For revenues only Fund and Object Code are used

Fund/Department/Division/Cost Center/Function define the place within the City's organization structure the expense or revenue is to be placed; for example Police Parking Enforcement. The object code defines the category or item being purchases; for example Professional Services.

FUND groups indicate a discrete set of revenues and expenditures. Funds help maintain financial records of transactions. By state law, cities must balance revenues and expenditures at the fund level. BARS assigns the fund groups and the City assigns specific fund numbers.

DEPARTMENT/DIVISION/COST CENTER numbers indicate the organizational unit making an expenditure. These sections of the account structure build upon each other, becoming more specific with each addition. For example, the Police Department uses all codes in the 70 group, the Police Traffic Division uses number 705, and the Parking Enforcement cost center uses 70512. As noted revenue accounts do not contain department numbers as BARS does not dictate department/division numbers.

FUNCTION codes indicate the governmental function associated with an expenditure and are assigned by BARS. For example, an expenditure account with the function code 1880 indicates that the expenditure is related to data processing.

OBJECT CODE is a single six-digit code with identifiers that conform to the BARS standard. The first digit **CLASS** indicates the type of activity, with a 3 indicating revenue and a 5 designating expenditures. These numbers are assigned by BARS. **CATEGORY** is a two-digit identifier that describes the "what" of the transaction. For expenditures the category indicates the specific item purchased or services obtained. For revenues the category indicates the source from which the revenues are obtained. **ELEMENT** is a further segregation of the Category information.

ACCRUAL BASIS

An accounting basis which recognizes transactions when they occur. An organization records expenses when the liability occurs and posts revenues when they are earned. The Water/Sewer, Surface Water/Solid Waste, Equipment Rental, and Information Technology Funds prepare year-end reports on the accrual basis. Kirkland uses a modified accrual basis of accounting for the reporting of all other funds. The budget is prepared on a cash basis (see later glossary entry).

ACTUAL

Denotes final audited revenue and expenditure results of operations for fiscal year(s) indicated.

APPROPRIATION

Through an appropriation ordinance, the City Council legally authorizes the City to spend money and to incur obligations for specific purposes. Budgetary/Operating fund appropriations lapse at the end of each biennium. Non-operating fund appropriations, on the other hand, continue in force until fully expended or until the City has accomplished or abandoned the purpose for which the Council granted the funds. Spending cannot exceed the level of appropriation without the Council's approval.

ASSESSED VALUATION

When the King County Assessor's Office determines the value of both real (land and buildings) and personal property, it arrives at the assessed valuation of the property. The County uses this value to compute property taxes.

ASSET

Property owned by the government and resources owned or held by a government that has monetary value.

BARS

The State of Washington Budgeting, Accounting, and Reporting System required for all governmental entities in the state.

BASIC BUDGET

Kirkland develops its basic budget when it estimates how much it will cost to continue providing the existing ongoing level of service in the next biennium. The basic budget incorporates mandatory increases due to inflation or contract obligations.

BIENNIAL BUDGET

The City's financial operating plan for the next two fiscal years. Washington state law requires that the first year of a biennial budget be an odd-numbered year. Accordingly, the preparation of the biennial budget falls on an even-numbered year.

BIENNIUM

A two-year period.

BENEFITS

City-paid benefits provided for employees, such as retirement, worker's compensation, life insurance, and medical insurance.

BOND

A bond is a written promise to pay a specified sum of money (called the face value or principal amount) at a specified date or dates in the future (called the maturity date) together with period interest at a specified rate. Kirkland uses the sale of bonds to finance some of its large capital projects.

BOND RATING

When the City issues debt, a thorough review of the City's financial condition is completed by bond rating agencies. Based on their findings, the bonds are given a rating. The City's bond rating is a reflection of its creditworthiness and affects the cost to the City of issuing debt. There are two rating agencies -- Standard and Poor's (S&P) and Moody's Investor Service -- that rate Kirkland's bonds. The City's current ratings are AAA (S&P) and Aaa (Moody's).

BUDGET

As the City's financial operating plan for the fiscal biennium, the budget displays the estimated expenditures (costs) for providing services and the estimated sources of revenue (income) to pay for them. Once the City Council appropriates the fund totals shown in the budget, the totals become maximum spending limits. By state law, the City must balance its budget with expenditures equaling available revenues. RCW 35A.33 contains the legal authority and requirements for Kirkland's budget.

BUDGET MESSAGE

A general discussion of the proposed budget as presented in writing by the City Manager to the legislative body.

CASH BASIS

A basis of accounting where revenues are recorded when the cash is received and expenditures are recorded when paid. Kirkland prepares its budget on a cash basis.

CAPITAL IMPROVEMENT PROGRAM (CIP)

The plan or schedule of expenditures and funding sources for major construction of roads, sidewalks, City facilities, and water/sewer systems, and for the purchase of equipment. Kirkland's CIP follows a six-year schedule and includes projects which cost \$50,000 or more to complete. These projects become fixed assets and, with the exception of certain equipment, have a useful life of ten years or more. Although the City adopts the CIP budget in a process which is separate from the adoption of the biennial budget, the biennial budget incorporates the first and second years of the program.

CAPITAL OUTLAY

Expenditures for furnishings, equipment, vehicles, or machinery with an individual value greater than \$10,000 and a useful life of more than one year.

CAPITAL PROJECT

The acquisition, construction, improvement, replacement or renovation of land, structures and improvements thereon, and equipment. When the City Council authorizes a capital project, it adopts a capital project budget which continues until the project is complete.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

A general purpose, federal grant primarily used to facilitate the production and preservation of low and moderate income housing and programs.

CONTINGENCY

Kirkland appropriates money to these reserve funds which it can use in the future should specific budget allotments run out and the City needs additional funds. Contingency funds are especially useful when emergencies arise that require the City to make unforeseen expenditures.

COUNCILMANIC DEBT

Debt which the City Council approves, but which does not require voter approval.

CREDIT RATING

The credit worthiness of a governmental unit as determined by an independent rating agency. The City of Kirkland is rated by two rating agencies: 1) Moody's Investor Service and 2) Standard and Poor's.

DEBT CAPACITY

The amount of debt which the City can issue given legal limits and fiscal policies. Debt capacity is calculated based on a percentage of the total assessed city property valuation plus the net of current assets and liabilities.

DEBT SERVICE

The annual payment of principal and interest on the City's bonded indebtedness.

DEFICIT

An excess of expenditure over revenue.

DEPARTMENT

To facilitate organizational and budgetary accountability, Kirkland breaks its funds into departments. Each department serves a specific function as a distinct organizational unit of city government.

DEPRECIATION

An accounting recognition that reduces a portion of the original cost of a business asset over several years as the value of the asset decreases.

DIVISION

As subdivisions of departments, divisions are budgetary or organizational units of government with limited sets of work responsibilities within their department. Divisions also serve to increase budget accountability.

ENCUMBRANCES

The amount of funds committed to vendors for goods or services received or to be received by the City as specified in a City purchase order.

ENTERPRISE FUND

An accounting entity which the City uses to record and report transactions for its business-type activities. All expenditures must be supported by income dedicated to the fund. The most common enterprise funds are utility funds.

EXPENDITURE

The payment for goods and services. On the cash-basis, expenditures are recognized only when the payments are made for the cost of goods received or services rendered.

FEES

A general term for any charge for services levied by government associated with providing a service or permitting an activity. Major types of fees include business licenses and user charges.

FINES AND FORFEITURES

Revenue category which primarily includes court, police, traffic and parking fines, and forfeitures.

FISCAL POLICY

The City's policies with respect to revenues, spending, and debt management as these relate to government services, programs, and capital investment. Fiscal policy provides an agreed upon set of principles for the planning and programming of government budgets and their funding.

FISCAL YEAR

The twelve-month period which an organization designates as its operating year. In Kirkland, the fiscal year coincides with the calendar year. The City prepares a biennial budget for a period of two fiscal years, beginning in an odd-numbered year.

FIXED ASSETS

A long-term tangible piece of property that the City owns and is not expected to be consumed or converted into cash any sooner than at least one year's time.

FULL-TIME EQUIVALENT (FTE)

These positions are budgeted ongoing employees. Kirkland budgets its employee positions in terms of the work year of a regular, full-time employee. For example, when the City budgets a position full-time for only six months, that position is 0.5 FTE. Likewise, a half-time position budgeted for a full year is also 0.5 FTE. A full-time position is 1.00 FTE.

FUND

Municipal governments organize and operate their accounting systems on a fund basis. The formal definition of the fund is an independent financial and accounting entity with a self-balancing set of accounts in which cities record financial transactions relating to revenues, expenditures, assets, and liabilities. Each fund must be budgeted independently with revenues equal to expenditures. With the exception of the General Fund, which accounts for general purpose activities and unrestricted revenue sources, each fund has a unique funding source and purpose. By establishing funds, the City can account for the use of restricted revenue sources and carry on specific activities or pursue specific objectives.

FUND BALANCE

The cumulative difference between expenditures and revenue over the life of a fund. A negative fund balance is usually referred to as a deficit.

GAAP (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

Both industry and governments use Generally Accepted Accounting Principles as standards for accounting and reporting financial activity. The Governmental Accounting Standards Board (GASB) currently sets government GAAP. Adherence to GAAP assures that financial reports of all state and local governments - regardless of jurisdictional legal provisions and customs - contain the same type of financial statements and disclosures, for the same categories and types of funds and account groups, based on the same measurement and classification criteria.

GASB 34

Governmental Accounting Standards Board Statement 34 (GASB 34) sets requirements for the content and format of the annual financial report.

GENERAL FUND

The General Fund accounts for revenues and expenditures associated with ordinary City operations that are not required to be accounted for in another fund. Individual departments within the General Fund account for expenditures incurred to provide various general-purpose municipal services.

GENERAL OBLIGATION BONDS

Bonds for which the City pledges its full faith and credit (the general taxing power) for repayment. Debt Service is paid from property tax revenue levied (in the case of voter-approved bonds) or other general revenue (in the case of Councilmanic bonds).

GRANT

A transfer of county, state, or federal monies to the City, usually for specific programs or activities.

INDIRECT COST

Cost of centrally provided internal services for which there is a citywide benefit that cannot be readily identified to specific departments.

INFRASTRUCTURE

Long-lived capital assets that can be preserved for a significantly greater number of years than most capital assets and are stationary in nature.

INTERFUND TRANSFERS

When the City moves money between its various funds, it makes an interfund transfer.

INTERGOVERNMENTAL REVENUES

Revenues from other governments in the form of state shared revenue and grants.

INTERNAL CONTROLS

Policies and procedures established to provide reasonable assurance that specific government objectives will be achieved.

INTERNAL SERVICE FUND

An accounting entity which the City uses to record and report transactions for goods and services provided by one department to other City departments on a cost reimbursement basis. The City currently has four internal service funds, the Equipment Rental Fund, Facilities Maintenance Fund, the Health Benefits Fund and the Information Technology Fund.

LEOFF

The State of Washington's Law Enforcement Officers and Firefighters Retirement System.

LEVY RATES

The rate of tax to be imposed on the assessed value of real property for the computation of property tax revenues. (See also Property Tax Levy)

LICENSES AND PERMITS

Revenue category that includes building permits, business licenses, and any other miscellaneous licenses.

LID

In a Local Improvement District the City makes special assessments against certain properties to defray part or all of the cost of a specific improvement or service which it deems will primarily benefit those properties. The assessments can be paid in full or in installments over a set period of time.

LIMITED TERM EMPLOYEE (LTE)

Temporary employees funded for a finite period of time.

LINE-ITEM BUDGET

In its biennial budget, Kirkland estimates revenues and expenditures at the line-item level. The line-item budget contains a great degree of detail since it indicates how the City spends its money and the sources

from which it receives revenue. Examples of line items in Kirkland's budget are postage, uniforms and clothing, hourly wages, fuel, etc.

MAINTENANCE

The act of keeping capital assets in a state of good repair. It includes preventive maintenance, normal periodic repairs, replacement of parts, structural components and so forth, and other activities needed to maintain the asset so that it continues to provide normal services and achieves its optimum life.

MODIFIED ACCRUAL BASIS

Kirkland uses this basis of accounting for year-end reporting which is adapted to the governmental fund type spending. The City recognizes revenues when they become both "measurable" and "available" to finance expenditures of the current period (i.e., when it is received). The City recognizes an expenditure, other than accrued interest on general fiscal long-term debt, when it is incurred (i.e., an obligation is made).

NONDEPARTMENTAL

This department has the sole purpose of accounting for all expenditures that the City cannot specifically designate to any operating department within a fund. Examples of expenses in the area include shared paper products and support of outside organizations.

NON-OPERATING BUDGET

The non-operating budget contains non-operating funds which the City uses to finance projects with limited objectives and/or finite life spans. By law, these budgets do not lapse at the end of the biennium, but may be carried forward from year to year until the monies are fully expended or their purposes are accomplished or abandoned. As a matter of practice, Kirkland prepares biennial budgets for all non-operating funds. The non-operating budget accounts primarily for debt, reserves, and capital projects.

OBJECTIVE

A specific measurable achievement that may be accomplished within a specific time frame.

OPERATING BUDGET

The operating budget provides a plan for current expenditures and the proposed means of financing them. In a broader sense, the biennial operating budget is a statement of what services the municipality will deliver to its citizens.

OPERATING REVENUES

Funds that the government receives as income to pay for ongoing operations.

ORDINANCE

A formal legislative enactment by the Council or governing body of a governmental entity.

PERFORMANCE INDICATOR

Specific quantitative and qualitative measures of work performed as an indicator of specific department or program activity or accomplishment.

PERFORMANCE MEASURE

A measure of how well a particular result is being achieved. Indicators of program performance that are collected to show the impact of resources spent on city services directly tied to program results.

PERS

The State of Washington's Public Employees Retirement System for employees other than police and fire personnel.

PERSONNEL SERVICES

Expenditures which include salary costs, wages, and benefits, for full-time and part-time hourly employees and overtime expenses.

PRELIMINARY BUDGET

The recommended, but unapproved, biennial budget which the City Manager presents to the City Council and the public.

PROGRAM BUDGET

A program is made up of a group of similar services which have a common purpose. A program budget presents planned expenditures for each group of services without regard to the departments involved in performing the services. For example, most services performed by the Police and Fire departments are related to protecting the public and naturally become part of a Public Safety Program along with prosecuting personnel, the municipal court, and other related service activities.

PROPERTY TAX LEVY – REGULAR

This represents the amount of property tax allowable under State law which the City may levy annually without approval by the City's registered voters. Kirkland uses this tax primarily to support the General Fund and street-related services. The City also has a separately voted Parks Maintenance Levy. State law fixes the maximum levy in dollars per \$1,000 of assessed valuation and the annual rate at which total regular levy property taxes may increase.

PROPERTY TAX LEVY – SPECIAL (OR EXCESS)

This represents the amount of property tax which a city government may charge in excess of the "regular levy" upon the approval of this tax by a vote of the people. Cities most commonly use the revenue to pay the annual costs of voter-approved general obligation bonds. State law imposes a maximum limit on the dollar amount of such bonds which a city may have outstanding at any one time.

PROPRIETARY FUND

See Enterprise Fund.

RESERVE

An account which the City uses either to set aside budgeted revenues that it does not need to spend in the current biennium or to earmark revenues for a specific future purpose.

RESOURCES

Total dollars available for appropriation, including estimated revenues, interfund transfers, and other financing sources such as beginning resources forward balances.

RESOURCES FORWARD

Each City fund uses this revenue account to record estimated and actual resources available for expenditure in the biennium because of revenues collected in excess of the budget and/or expenditures less than the budget in the prior biennium. Can also be called Beginning Fund Balance.

RESTRICTED/UNRESTRICTED REVENUE

The City most commonly receives restricted revenue in three ways. First, a person pays a fee to the City and the City will use that money to provide a specific product, service, or capital asset. Second, the receipt of money is directly tied to an expenditure or is restricted by law. Finally, the City considers revenue restricted when voters or the City Council have designated it for a specific purpose. All other revenues are unrestricted.

REVENUE

Sources of income which the City receives during a fiscal year. Examples of revenue include taxes, intergovernmental grants, charges for service, and other financing sources such as the proceeds derived from the sale of fixed assets.

REVENUE BONDS

City-issued bonds which pledge future revenues, usually water, sewer, garbage, or drainage charges, to cover debt payments in addition to operating costs.

SERVICE PACKAGE

Capital equipment, a new service, or a project which City departments add to their basic budget to enhance the quality and/or quantity of service they provide to the public.

SPECIAL REVENUE FUNDS

Funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

SUPPLIES

Cost of goods consumed by the City in the course of its operations.

TAX LEVY

The total amount to be raised by general property taxes for the purposes stated in the tax levy ordinance. (See also Property Tax Levy and Levy Rate.)

UNRESERVED FUND BALANCE

The funds remaining after reduction for reserved balances.

USER CHARGES

The amount the government receives for the provision of services and commodities, or the performance of specific services benefiting the person charged. User charges tend to be voluntary in nature, in contrast to mandatory property and income taxes. Citizens only pay user charges when a specific service is received.



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ACRONYM GUIDE



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ACRONYM GUIDE

AC —Asbestos/Cement	CKC —Cross Kirkland Corridor
ACA —Affordable Care Act	CMAQ —Congestion Mitigation and Air Quality
ACP —Asphalt Concrete Pavement	CMO —City Manager’s Office
ADA —Americans with Disabilities Act	CMOM —Capacity, Management, Operations and Maintenance Program (for sanitary sewer)
AED —Automated External Defibrillator	COLA —Cost of Living Adjustment
AFSCME —American Federation of State, County and Municipal Employees	COPS —Community Oriented Policing
AKA —Also Known As	CPI —Consumer Price Index
ALS —Advanced Life Support	CPR —Cardiopulmonary resuscitation
AOC —Administrative Office of the Courts	CPS —Child Protective Services
APS —Adult Protective Service	CTR —Commute Trip Reduction
ARC —Aquatics, Recreation and Community Center	CWA —Cascade Water Alliance
ARCH —A Regional Coalition of Housing	DART (1) —Dial-a-Ride Transportation
ARRA —American Recovery and Reinvestment	DART (2) —Domestic Abuse Response Team
ASTC —Annexation Sales Tax Credit	DHS —Department of Homeland Security
AV —Assessed Valuation	DOC —Department of Commerce
AWC —Association of Washington Cities	DOE —Department of Ecology
BABS —Build America Bonds	DOL —Department of Licensing
BARS —Budget Accounting Reporting System	DOR —Department of Revenue
BLS (1) —Basic Life Support	DOT —Department of Transportation
BLS (2) —Bureau of Labor Statistics	DRS —Department of Retirement Systems
BNSF —Burlington Northern Santa Fe (Railroad)	DSHS —Department of Social and Health Services
CAFR —Comprehensive Annual Financial Report	DUI —Driving under the Influence
CAO (1) —City Attorney’s Office	EAP —Employee Assistance Program
CAO (2) —Critical Areas Ordinance	EIS —Environmental Impact Statement
CBD —Central Business District	EMPG —Emergency Management Performance Grant
CCTV —Closed Circuit Television	EMS —Emergency Medical Services
CDBG —Community Development Block Grant	EMT —Emergency Medical Technician
CFP —Capital Facilities Plan	EOC —Emergency Operations Center
CIP —Capital Improvement Program	
CJTC —Criminal Justice Training Center	

EPSCA—Eastside Public Safety Communications Agency

ER—Equipment Rental

ESP—Emergency Sewer Program

ETP—Eastside Transportation Partnership

F&A—Finance and Administration

FI—Fire

FASB—Financial Accounting Standards Board

FEMA—Federal Emergency Management Agency

FMR—Financial Management Report

FOG—Fats, Oils and Grease

FSA—Flexible Spending Account

FTE—Full Time Equivalent

FVU—Family Violence Unit

FY—Fiscal Year

FYA—Flashing Yellow Arrows

GAAP—Generally Accepted Accounting Principles

GASB—Governmental Accounting Standards Board

GFOA—Government Finance Officers Association

GIS—Geographical Information Systems

GMA—Growth Management Act

GO—General Obligation

HHS—Health and Human Services

HR—Human Resources

HRA—Health Reimbursement Account

HSA—Health Savings Account

HUD—Housing and Urban Development

HVAC—Heating, Ventilation and Air Condition

IAFF—International Association of Firefighters

ICMA—International City/County Management Association

IFAS—Integrated Financial and Administrative Solution (financial software)

IPD—Implicit Price Deflator

IT—Information Technology

ITS—Intelligent Transportation System

JOC—Job Order Contracting

KAC—Kirkland Arts Center

KAN—Kirkland Alliance of Neighborhoods

KDA—Kirkland Downtown Association

KFD—Kirkland Fire Department

KJC—Kirkland Justice Center

KMC (1)—Kirkland Municipal Code

KMC (2)—Kirkland Municipal Court

KPC—Kirkland Performance Center

KPD—Kirkland Police Department

LAN—Local Area Network

LEED—Leadership in Energy and Environmental Design

LEOFF—Law Enforcement Officers and Firefighters (retirement system)

LET—Leasehold Excise Tax

LF—Linear Feet

LID (1)—Local Improvement District

LID (2)—Low Impact Development

LTAC—Lodging Tax Advisory Committee (aka TDC)

LTE—Limited Term Employee

LTGO—Limited Tax General Obligation

LWIT—Lake Washington Institute of Technology

LWSD—Lake Washington School District

MAC—Management and Confidential Employees

MEBT—Municipal Employees Benefit Trust

MMS—Maintenance Management System

MRSC—Municipal Research and Services Center

MSA—Metropolitan Statistical Area

MVFT—Motor Vehicle Fuel Tax

N/A—Not Applicable *or* Not Available

NEDC—Northeast District Court

NKCC—North Kirkland Community Center

NLC—National League of Cities

NORCOM—North East King County Regional Public Safety Communication Agency

NPDES—National Pollutant Discharge Elimination System

NRO—Neighborhood Resource Officer
NRSRO—Nationally Recognized Statistical Rating Organization
NTC—Neighborhood Traffic Control
O&M—Operations and Maintenance
OPEB—Other Post-Employment Benefits
PC—Personal Computer
PB—Planning and Building
PCI—Payment Card Industry
PCS—Parks and Community Services
PDA—Public Disclosure Act
PDR—Public Disclosure Request
PERS—Public Employees Retirement System
PKCC—Peter Kirk Community Center
PPE—Personal Protective Equipment
PROS—Parks, Recreation and Open Space plan
PRV—Pressure Reducing Valve Vault
PSERS—Public Safety Employees Retirement System
PSRC—Puget Sound Regional Council
PW—Public Works
PWTF—Public Works Trust Fund
RCW—Revised Code of Washington
REET—Real Estate Excise Tax
RF—Resources Forward
(R)RFB—(Rectangular) Rapid Flashing Beacon
RGRL—Revenue Generating Regulatory License
ROW—Right of Way
S&P—Standard and Poor’s
SAN—Storage Area Network
SAO—State Auditor’s Office
SCA—Sound Cities Association
SCBA—Self Contained Breathing Apparatus
SDP—Shoreline Substantial Development Permit
SEC—Securities and Exchange Commission
SEPA—State Environmental Policy Act
SQL—Structured Query Language
SRO—School Resource Officer

SWAT—Special Weapons and Tactics
TBD—Transportation Benefit District
TDC—Tourism Development Committee (aka LTAC)
TIB—Transportation Improvement Board
TIP—Transportation Improvement Plan
TMP—Transportation Master Plan
TOD—Transit Oriented Development
TUB—Teen Union Building
ULI—Urban Land Institute
UTGO—Unlimited Tax General Obligation
WAC—Washington Administrative Code
WAN—Wide Area Network
WCIA—Washington Cities Insurance Authority
WISHA—Washington Industrial Safety and Health Act
WNR—Wants, Needs, Resources
WSDOT—Washington State Department of Transportation
WSP—Washington State Patrol



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