

ORDINANCE O-4632

AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING THE BIENNIAL BUDGET FOR 2017-2018.

1 WHEREAS, the City Council finds that the proposed adjustments to the
2 Biennial Budget for 2017-2018 reflect revenues and expenditures that are
3 intended to ensure the provision of vital municipal services at acceptable levels;
4

5 NOW, THEREFORE, the City Council of the City of Kirkland do ordain
6 as follows:
7

8 Section 1. The Mid-Biennial 2017 adjustments to the Biennial Budget
9 of the City of Kirkland for 2017-2018 are hereby adopted.
10

11 Section 2. In summary form, the totals of estimated revenues and
12 appropriations for each separate fund and the aggregate totals for all such
13 funds combined are as follows:

Funds	Current Budget	Adjustments	Revised Budget
General	221,086,638	5,481,865	226,568,503
Lodging Tax	989,747	-	989,747
Street Operating	21,614,124	138,358	21,752,482
Cemetery Operating	969,615	-	969,615
Parks Maintenance	3,438,466	-	3,438,466
Parks Levy	5,935,326	24,083	5,959,409
Contingency	5,675,121	-	5,675,121
Impact Fees	14,917,216	-	14,917,216
Excise Tax Capital Improvement	31,547,542	4,942,004	36,489,546
Limited General Obligation Bonds	7,205,293	-	7,205,293
Unlimited General Obligation Bonds	1,468,097	-	1,468,097
General Capital Projects	59,210,960	3,626,600	62,837,560
Transportation Capital Projects	73,876,171	15,826,961	89,703,132
Water/Sewer Operating	68,416,084	-	68,416,084
Water/Sewer Debt Service	956,438	-	956,438
Utility Capital Projects	32,983,281	-	32,983,281
Surface Water Management	27,734,939	50,000	27,784,939
Surface Water Capital Projects	17,357,880	728,500	18,086,380
Solid Waste	36,503,963	-	36,503,963
Health Benefits	25,295,960	-	25,295,960
Equipment Rental	23,259,147	226,132	23,485,279
Information Technology	15,948,935	382,101	16,331,036
Facilities Maintenance	14,749,560	-	14,749,560
Firefighter's Pension	1,429,524	-	1,429,524
	712,570,027	31,426,604	743,996,631

14 Section 3. The REET Report of the City of Kirkland for 2018-2019, as
15 set out in Exhibit "A" attached and incorporated by this reference as though
16 fully set forth, is adopted as the REET Report of the City of Kirkland for 2018-
17 2019, including with respect to the use by the City of Kirkland of REET
18 revenues.

19
20 Section 4. This ordinance shall be in force and effect five days from
21 and after its passage by the Kirkland City Council and publication pursuant to
22 Section 1.08.017, Kirkland Municipal Code in the summary form attached to the
23 original of this ordinance and by this reference approved by the City Council.

24
25 Passed by majority vote of the Kirkland City Council in open meeting
26 this 12th day of December, 2017.

27
28 Signed in authentication thereof this 12th day of December, 2017.


Amy Walen, Mayor

Attest:


Kath Anderson, City Clerk

Publication Date: December 18, 2017

Approved as to Form:


Kevin Raymond, City Attorney



CITY OF KIRKLAND
Department of Public Works
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Michael Olson, Director of Finance and Administration
Tom Mikesell, Financial Planning Manager

Date: November 30, 2017

Subject: RCW 82.46.015 Real Estate Excise Tax Funding Report

The purpose of this memo is to report on Real Estate Excise Tax (REET) usage in the operating and capital budgets. RCW 82.46.015 requires that this report be adopted with the operating budget to qualify the City to use REET for maintenance of capital projects in the 2018 Operating Budget, and for the use of REET 2 funds for Homelessness and Affordable Housing in the Capital Budget in 2017 and 2018.

Background

In 2011, the legislature approved the temporary use of up to \$1,000,000 of REET revenue for operations and maintenance of capital projects. This temporary provision expired on December 31, 2016. In the 2015 state legislative session, legislation was approved to allow the use of REET for maintenance of REET-eligible capital projects, up to the greater of \$100,000 or twenty-five percent of available funds, but not to exceed \$1,000,000 per year. Unlike the prior legislation, this authority is ongoing.

More recently, in the 2017 3rd Special Session, legislation approved an additional expansion of REET 2, for acquisition, construction, improvement, or rehabilitation of facilities to provide housing for the homeless, subject to the same cap provided above.

These expanded uses come with specific reporting requirements. Each year a city using REET for any of these expanded uses must adopt a report that satisfies four requirements. The requirements, and data to meet each requirement for the City of Kirkland, are included below.

- 1) Demonstrate that a city "has or will have adequate funding from all sources of public funding to pay for all capital projects, as defined in RCW 82.46.010, identified in its capital facilities plan for the succeeding two-year period".

The City of Kirkland's Capital Improvement Plan for 2018 and 2019, the "succeeding two-year" time period covered by the reporting requirement, totals \$102.9 million as shown in the following table.

Capital Projects - 2018-2019 (in thousands)

Program	2018	2019	Two year total
Transportation	27,432	30,395	57,827
Surface Water	3,761	5,016	8,777
Water/Sewer	5,095	6,620	11,715
Parks	3,235	6,000	9,235
General Government	13,540	1,833	15,373
Total	53,063	49,864	102,927

The planned revenue sources to fully fund the Capital Program in 2018 and 2019 are detailed in the table on the following page.

**2018 - 2019 Capital Program Funding Sources
Revenues (in thousands)**

Dedicated Revenue	2018	2019	2-Year Total
Transportation			
Gas Tax	622	634	1,256
Gas Tax (Transportation Package)	150	200	350
Business License Fees	270	270	540
Real Estate Excise Tax (REET) 1	410	422	832
Real Estate Excise Tax (REET) 2	1,342	1,279	2,621
Street & Pedestrian Safety Levy	2,652	2,679	5,331
Transportation Impact Fees	3,410	1,750	5,160
King County Park Levy	300	300	600
Walkable Kirkland	400	400	800
Utility Rates	500	500	1,000
Utility Reserves	306	207	513
Solid Waste Street Preservation	300	300	600
REET 2 Reserve	7,844	980	8,824
REET 1 Reserve	275	1,385	1,660
Carryover PY Funds	533	-	533
Debt	1,485	6,015	7,500
External Sources	6,633	13,074	19,706
Subtotal Transportation	27,432	30,395	57,826
Parks			
Real Estate Excise Tax 1	868	1,438	2,306
Impact Fees	999	2,891	3,890
Parks Levy	524	1,000	1,524
King County Park Levy	-	-	-
REET 1 Reserve	-	509	509
Surface Water Reserves	-	-	-
Park Facilities Sinking Fund	146	162	308
Carryover PY Funds	698	-	698
Subtotal Parks	3,235	6,000	9,235
General Government: Technology, Facilities & Public Safety			
General Fund Contributions for:			
Public Sfty. Equip. Sinking Fund	133	725	858
Technology Equip. Sinking Fund	1,197	209	1,406
Utility Rates	256	256	512
Health Fund Transfer	-	-	-
Facilities Life Cycle Reserve	554	529	1,083
REET 1 Reserves	3,700	-	3,700
General Fund Cash	1,937	114	2,051
Carryover PY Funds	63	-	63
REET 1	4,200	-	4,200
REET 2 Reserves	1,000	-	1,000
Facilities Expansion Reserve	30	-	30
Land Sales Proceeds	470	-	470
Subtotal General Government	13,540	1,833	15,373
Utilities			
Utility Connection Charges	865	865	1,730
Utility Rates - Surface Water	1,872	1,916	3,788
Utility Rates - Water/Sewer	4,070	4,355	8,425
Reserves	1,320	1,500	2,820
External Sources	729	3,000	3,729
Subtotal Utilities	8,856	11,636	20,492
Total Revenues	53,063	49,864	102,927

2) Identify how REET revenues were used by the city or county during the prior two-year period:

The following table shows 2016 actual and 2017 projected uses of REET 1:

		2016 Actual	2017 Projected	Two Year Total
REET 1				
Maintenance Uses				
	CKC Maintenance	63,500	63,500	127,000
	Parks Maintenance	109,266	152,033	261,299
	Subtotal - Maintenance Uses	172,766	215,533	388,299
Capital Uses				
Transportation Program				
ST 0006	Annual Street Preservation Program	-	5,000	5,000
ST 0006-005	Totem Lake Blvd Roadway Repair	-	260,000	260,000
ST 9999	Regional Inter-Agency Coordination	82,000	82,000	164,000
NM 0012 001	NE 116th Street Crosswalk Upgrade	-	16,000	16,000
NM 0057	Annual Sidewal Maintenance Program	70,000	-	70,000
NM 0086	NE 124th St/124th Ave NE Ped. Bridge (Totem Lake Non-Motorized)	234,000	-	234,000
NM 0095	124th Avenue NE Sidewalk Improvements	95,200	-	95,200
NM 0115	CKC Emergent Projects Opportunity Fund	100,000	-	100,000
TR 0118	General Parking Lot Improvements	720,000	100,000	820,000
TR 0119	Kirkland Citywide Intelligent Transportation System Study	-	35,000	35,000
	Subtotal Transportation Program	1,301,200	498,000	1,799,200
Parks Program				
PK 0049	Open Space, Park Land & Trail Acq Grant Match Program		100,000	100,000
PK 0066	Park Play Area Enhancements	50,000	40,000	90,000
PK 0119 100	Juanita Beach Park Bathhouse Replacement		715,000	715,000
PK 0121	Green Kirkland Forest Restoration Program	75,000	75,000	150,000
PK 0123	Peter Kirk Pool Liner Replacement	125,000	-	125,000
PK 0133 300	Neighborhood Park Land Acquisition		800,000	800,000
PK 0133 401	Edith Moulton Park Redevelopment	135,000	304,300	439,300
PK 0135 200	Juanita Heights Park Expansion	200,000		
PK 0139 200	Totem Lake Park Master Plan & Development (Phase I)	535,000	100,000	635,000
	Subtotal Parks Program	1,120,000	2,134,300	3,054,300
Public Safety Facilities Program				
PS 3002 000	Fire Station 24 Land Acquisition		772,153	772,153
	Subtotal Capital Uses	2,421,200	3,404,453	5,625,653
Total REET 1 Uses		2,593,966	3,619,986	6,013,952

The following table shows 2016 actual and 2017 projected uses of REET 2, and summarizes total REET uses in 2016 and 2017:

		2016 Actual	2017 Projected	Two Year Total
REET 2				
Maintenance Uses				
	Temporary Grounds Crew	82,329	-	82,329
	Subtotal - Maintenance Uses	82,329	-	82,329
Capital Uses				
Transportation Program				
NM 0007	Cross Kirkland Corridor Connection-NE 52nd Street Sidewalk	60,000	40,000	100,000
NM 0012 001	NE 116th Street Crosswalk Upgrade	-	34,000	34,000
NM 0012 002	NE 124th Street Crosswalk Upgrade	80,000	-	80,000
NM 0057	Annual Sidewalk Maintenance Program	110,000	-	110,000
NM 0064 001	Park Lane Pedestrian Improvements	-	67,400	67,400
NM 0084	South Kirkland TOD/CKC Multi-Modal Connection	132,600	-	132,600
NM 0086 100	NE 124th St/124th Ave NE Ped Bridge Design & Construction	93,100	41,000	134,100
NM 0087	Citywide School Walk Route Enhancements	550,000	530,000	1,080,000
NM 0095	124th Avenue NE Sidewalk Improvements	146,800	205,000	351,800
NM 0110	Citywide Accessibility Transition Plan	50,000	-	50,000
NM 0113 001	Citywide Greenways Network Project- NE 75th Street	42,500	-	42,500
NM 0118	NE 128th Street / 139th Avenue NE Non-Motorized Imps	-	101,000	101,000
NM 7777	Annual Non-Motorized CAO/SWDM Surface Water Support	-	1,400,000	1,400,000
ST 0006	Annual Street Preservation Program	570,000	170,000	740,000
ST 0006-005	Totem Lake Blvd Roadway Repair	-	560,000	560,000
ST 0080	Annual Striping Program	400,000	500,000	900,000
TR 0098	NE 132nd St/ 116th Way NE (I-405) Intersect'n Imp	-	138,000	138,000
TR 0111 003	Intelligent Transportation System, Phase II	360,000	80,000	440,000
TR 0116	Annual Signal Maintenance Program	150,000	150,000	300,000
TR 0117	Citywide Traffic Management Safety Improvements	-	100,000	100,000
TR 0117 001	Flashing Yellow Signal Head Safety Improvements	50,000	-	50,000
TR 0117 002	Vision Zero Safety Improvement	50,000	50,000	100,000
TR 0117 003	Neighborhood Traffic Control	50,000	-	50,000
TR 0119	Kirkland Citywide Intelligent Transportation System Study	-	40,000	40,000
TR 0127	NE 132nd Street Roundabout	-	54,000	54,000
TR 7777	Annual Traffic CAO/SWDM Surface Water Support	-	500,000	500,000
	Subtotal Transportation Program	2,895,000	4,760,400	7,655,400
General Governmental Facilities Program				
GG 0100	Affordable Housing and Homelessness Investment	-	500,000	500,000
	Subtotal Capital Uses	2,895,000	5,260,400	8,155,400
Total REET 2 Uses		2,977,329	5,260,400	8,237,729
Total REET Uses		5,571,295	8,889,537	14,460,832

- 3) Identify how funds authorized for allowed expanded purposes will be used during the succeeding two-year period.

The 2017-2018 Operating Budget includes amounts for approved expanded purposes in 2018. As this is the second year of a two year budget, any amounts for 2019 will be presented in the fall of next year for approval by the City Council.

The following table includes the amount budgeted in 2018 and an estimate for 2019 based on current plans.

	2018	2019*	Total
REET 1			
CKC Maintenance	63,500	63,500	127,000
Park Maintenance	113,013	113,013	226,026
Park Maintenance for Hazen Hill Park	15,300	15,300	30,600
Park Maintenance for Edith Moulton Park	23,720	23,720	47,440
Subtotal REET 1	215,533	215,533	431,066
REET 2			
GG 0100 - Affordable Housing and Homelessness Investment	1,000,000	-	1,000,000
Subtotal REET 2	1,000,000	-	1,000,000
Total - REET Expanded Uses	1,215,533	215,533	1,431,066

*FY 2019 Figures represent a continuation of amounts approved in the 2017-2018 Biennial Budget, and are subject to review as part of the 2019-2020 Biennial Budget process.

- 4) Identify what percentage of funding for capital projects within the city or county is attributable to REET compared to all other sources of capital project funding.

As shown in the table under Requirement 1, years 2018 and 2019 in the Capital Budget includes \$102.9 million from all sources. Of this amount, 24.9 percent is from REET revenue either projected for 2017 -2018 or collected in prior years.

As stated earlier, this report must be adopted as part of the regular, public budget process. To meet this requirement, staff recommends this report be referenced as an attachment to the mid-biennial budget adjustments adoption ordinance presented to the City Council on December 12th, 2017.

It is worth noting that staff consulted with the Municipal Research and Services Center in the fall of 2016 concerning the format for this report. In brief, it is the position of MRSC that the various reporting elements may be already covered through the adoption of the operating budget, the capital budget and the capital facilities plan. Though the pieces of information included in this report, by their very nature, are drawn from these separate documents, staff opted for a format that ties them together in one place.

PUBLICATION SUMMARY
OF ORDINANCE O-4632

AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING THE BIENNIAL BUDGET FOR 2017-2018.

SECTION 1. Adjusts the 2017-2018 Biennial Budget of the City of Kirkland.

SECTION 2. Sets forth, in summary form, the totals of estimated revenues and appropriations for each separate fund and the aggregate totals for all such funds combined.

SECTION 3. Adopts the REET Report of the City of Kirkland for 2018-2019.

SECTION 4. Provides a severability clause for the ordinance.

The full text of this Ordinance will be mailed without charge to any person upon request made to the City Clerk for the City of Kirkland. The Ordinance was passed by the Kirkland City Council at its meeting on the 12th day of December, 2017.

I certify that the foregoing is a summary of Ordinance O-4632 approved by the Kirkland City Council for summary publication.



Kathi Anderson, City Clerk