

ORDINANCE O-4674

AN ORDINANCE OF THE CITY OF KIRKLAND ADOPTING THE BIENNIAL BUDGET FOR 2019-2020.

1 WHEREAS, the Kirkland City Council conducted duly noticed
2 public hearings on November 7, 2018 and November 20, 2018, to take
3 public comment with respect to the proposed Biennial Budget of the City
4 of Kirkland for 2019-2020 and all persons wishing to be heard were
5 heard; and
6

7 WHEREAS, the City Council finds that the proposed Biennial
8 Budget for 2019-2020 reflects revenues and expenditures that are
9 intended to ensure the provision of vital municipal services at acceptable
10 levels;
11

12 NOW, THEREFORE, the City Council of the City of Kirkland do
13 ordain as follows:
14

15 Section 1. The Biennial Budget of the City of Kirkland for 2019-
16 2020, as set out in Exhibit "A" attached and incorporated by this
17 reference as though fully set forth, is adopted as the Biennial Budget of
18 the City of Kirkland for 2019-2020.
19

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

<u>Funds</u>	<u>Estimated Revenues</u>	<u>Appropriations</u>
General	245,651,799	245,651,799
Lodging Tax	931,981	931,981
Street Operating	22,765,763	22,765,763
Cemetery Operating	1,163,870	1,163,870
Parks Maintenance	3,671,012	3,671,012
Park Levy	6,877,269	6,877,269
Contingency	6,292,477	6,292,477
Impact Fees	14,394,618	14,394,618
Excise Tax Capital Improvement	20,964,701	20,964,701
Limited General Obligation Bonds	10,164,749	10,164,749
Unlimited General Obligation Bonds	1,434,094	1,434,094
General Capital Projects	56,493,690	56,493,690
Transportation Capital Projects	114,126,156	114,126,156
Water/Sewer Operating	74,147,610	74,147,610
Water/Sewer Debt Service	923,742	923,742

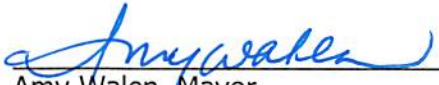
Utility Capital Projects	39,049,908	39,049,908
Surface Water Management	29,631,615	29,631,615
Surface Water Capital Projects	23,362,555	23,362,555
Solid Waste	39,720,466	39,720,466
Health Benefits	19,905,690	19,905,690
Equipment Rental	27,675,835	27,675,835
Information Technology	16,428,916	16,428,916
Facilities Maintenance	15,771,474	15,771,474
Firefighter's Pension	1,474,145	1,474,145
	<u>793,024,135</u>	<u>793,024,135</u>

23 Section 3. The REET Report of the City of Kirkland for 2019-
24 2020, as set out in Exhibit "B" attached and incorporated by this
25 reference as though fully set forth, is adopted as the REET Report of
26 the City of Kirkland for 2019-2020, including with respect to the use by
27 the City of Kirkland of REET revenues.

28
29 Section 4. This ordinance shall be in force and effect five days
30 from and after its passage by the Kirkland City Council and publication
31 pursuant to Section 1.08.017, Kirkland Municipal Code in the summary
32 form attached to the original of this ordinance and by this reference
33 approved by the City Council.

34
35 Passed by majority vote of the Kirkland City Council in open
36 meeting this 11th day of December, 2018.

37
38 Signed in authentication thereof this 11th day of December,
39 2018.


Amy Walen, Mayor

Attest:

Publication Date: 12/17/2018


Kathi Anderson, City Clerk

Approved as to Form:


Kevin Raymond, City Attorney

CITY OF KIRKLAND
2019-20 BUDGET-Preliminary to Final Adjustments

O-4674
 Exhibit A

General Government Operating Funds

Fund	2017-18 Amended Budget*	2019-20 Prelim Budget	Adjustments	2019-20 Final Budget	Percent Change
General Fund					
010 General	227,827,159	245,116,841	534,958	245,651,799	7.82%
Special Revenue Funds					
112 Lodging Tax	989,747	931,981		931,981	-5.84%
117 Street Operating	21,768,985	22,588,239	177,524	22,765,763	4.58%
122 Cemetery Operating	969,615	1,163,870		1,163,870	20.03%
125 Parks Maintenance	3,442,036	3,631,676	39,336	3,671,012	6.65%
128 Park Levy	5,963,904	6,900,928	(23,659)	6,877,269	15.31%
Total Special Revenue Funds	33,134,287	35,216,694	193,201	35,409,895	6.87%
Internal Service Funds					
511 Health Benefits Fund	25,295,960	19,905,690	-	19,905,690	-21.31%
521 Equipment Rental	23,485,279	27,675,835	-	27,675,835	17.84%
522 Information Technology	16,339,696	16,428,916	-	16,428,916	0.55%
527 Facilities Maintenance	14,749,560	15,771,474	-	15,771,474	6.93%
Total Internal Service Funds	79,870,495	79,781,915	-	79,781,915	-0.11%
Total General Government Operating Funds	340,831,941	360,115,450	728,159	360,843,609	5.87%

General Government Non-Operating Funds

Fund	2017-18 Amended Budget*	2019-20 Prelim Budget	Adjustments	2019-20 Final Budget	Percent Change
Special Revenue Funds					
152 Contingency	5,675,121	6,292,477	-	6,292,477	10.88%
156 Impact Fees	15,031,070	14,394,618	-	14,394,618	-4.23%
190 Excise Tax Capital Improvement	37,089,546	20,964,701	-	20,964,701	-43.48%
Total Special Revenue Funds	57,795,737	41,651,796	-	41,651,796	-27.93%
Debt Service Funds					
210 LTGO Debt Service	7,205,293	10,164,749	-	10,164,749	41.07%
220 UTGO Debt Service	1,468,097	1,434,094	-	1,434,094	-2.32%
Total Debt Service Funds	8,673,390	11,598,843	-	11,598,843	33.73%
Capital Projects Funds					
310 General Capital Projects	67,417,988	56,127,690	366,000	56,493,690	-16.20%
320 Transportation Capital Projects	90,916,986	111,553,156	2,573,000	114,126,156	25.53%
Total Capital Projects Funds	158,334,974	167,680,846	2,939,000	170,619,846	7.76%
Trust Funds					
620 Firefighter's Pension	1,429,524	1,474,145		1,474,145	3.12%
Total Trust Funds	1,429,524	1,474,145	-	1,474,145	3.12%
Total General Government Non-Op Funds	226,233,625	222,405,630	2,939,000	225,344,630	-0.39%

CITY OF KIRKLAND
2019-20 BUDGET-Preliminary to Final Adjustments

O-4674
 Exhibit A

Water/Sewer Utility Funds

Fund	2017-18 Amended Budget*	2019-20 Prelim Budget	Adjustments	2019-20 Final Budget	Percent Change
<i>Operating Fund</i>					
411 Water/Sewer Operating	68,416,084	74,147,610	-	74,147,610	8.38%
Total Operating Fund	68,416,084	74,147,610	-	74,147,610	8.38%
<i>Non-Operating Funds</i>					
412 Water/Sewer Debt Service	956,438	923,742	-	923,742	-3.42%
413 Utility Capital Projects	32,983,281	39,049,908	-	39,049,908	18.39%
Total Non-Operating Funds	33,939,719	39,973,650	-	39,973,650	17.78%
Total Water/Sewer Utility Funds	102,355,803	114,121,260	-	114,121,260	11.49%

Surface Water Utility Funds

Fund	2017-18 Amended Budget*	2019-20 Prelim Budget	Adjustments	2019-20 Final Budget	Percent Change
<i>Operating Fund</i>					
421 Surface Water Management	27,814,939	29,631,615	-	29,631,615	6.53%
Total Operating Fund	27,814,939	29,631,615	-	29,631,615	6.53%
<i>Non-Operating Fund</i>					
423 Surface Water Capital Projects	18,086,380	23,236,255	126,300	23,362,555	29.17%
Total Non-Operating Funds	18,086,380	23,236,255	126,300	23,362,555	29.17%
Total Surface Water Utility Funds	45,901,319	52,867,870	126,300	52,994,170	15.45%

Solid Waste Utility Fund

Fund	2017-18 Amended Budget*	2019-20 Prelim Budget	Adjustments	2019-20 Final Budget	Percent Change
<i>Operating Fund</i>					
431 Solid Waste Utility	36,503,963	39,720,466	-	39,720,466	8.81%
Total Operating Fund	36,503,963	39,720,466	-	39,720,466	8.81%
Total Solid Waste Utility Fund	36,503,963	39,720,466	-	39,720,466	8.81%
TOTAL ALL FUNDS	751,826,651	789,230,676	3,793,459	793,024,135	5.48%

*as of June 30, 2018



CITY OF KIRKLAND
Department of Public Works
123 Fifth Avenue, Kirkland, WA 98033 425.587.3800
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

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

Date: November 27, 2018

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 REET usage information to be reported with the operating budget to qualify the City to use REET for maintenance of capital projects in the 2019-2020 Operating Budget.

Background

In the 2015 state legislative session, new 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 prior legislation providing for expanded uses, this authority is ongoing, but it comes with specific reporting conditions.

Each year a city using REET for maintenance of capital projects 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 Preliminary Capital Budget for 2019-2020, the "succeeding two-year" time period covered by the reporting requirement, totals \$107.5 million as shown in the following table.

2019-2020 Capital Budget (in thousands)

Program	2019	2020	Two year total
Transportation	41,132	19,635	60,767
Surface Water	5,016	5,212	10,228
Water/Sewer	5,980	5,806	11,786
Parks	9,116	3,159	12,275
General Government	9,738	2,697	12,435
Total	70,982	36,509	107,491

The planned revenue sources to fully fund the Preliminary Capital Budget in 2019-2020 are detailed in the following table.

2019-2024 Capital Improvement Program Revenue Sources (in thousands)			
Dedicated Revenue	2019	2020	Two Year Total
Transportation			
Gas Tax	634	647	1,281
Gas Tax (Transportation Package)	200	200	400
Business License Fees	270	270	540
Real Estate Excise Tax (REET) 1	211	410	621
Real Estate Excise Tax (REET) 2	2,319	1,424	3,743
Street & Pedestrian Safety Levy	2,679	2,706	5,385
Transportation Impact Fees	2,120	1,000	3,120
King County Park Levy	300	-	300
Walkable Kirkland	400	400	800
Utility Rates	410	500	910
Utility Reserves	207	-	207
Solid Waste Street Preservation	300	300	600
REET 2 Reserve	2,213	480	2,693
REET 1 Reserve	135	-	135
Carryover PY Funds	-	659	659
Debt	17,818	2,407	20,225
External Sources	10,916	8,232	19,148
Subtotal Transportation	41,132	19,635	60,767
Parks			
Real Estate Excise Tax 1	938	135	1,073
Park Impact Fees	2,891	1,750	4,641
Parks Levy	1,000	823	1,823
REET 1 Reserve	509	-	509
Park Facilities Sinking Fund	162	151	313
Carryover PY Funds	1,425	-	1,425
Other Reserves	1,866	-	1,866
External Sources	325	-	325
Subtotal Parks	9,116	3,159	12,275
General Government			
General Fund Contributions for:			
Public Sfty. Equip. Sinking Fund	987	334	1,321
Technology Equip. Sinking Fund	452	625	1,077
Utility Rates	256	256	512
Facilities Life Cycle Reserve	1,009	522	1,531
REET 1 Reserves	2,000	-	2,000
General Fund Cash	746	174	920
Carryover PY Funds	213	787	1,000
REET 1	3,800	-	3,800
Other General Government Reserves	275	-	275
Subtotal General Government	9,738	2,698	12,436
Utilities			
Utility Connection Charges	865	865	1,730
Utility Rates - Surface Water	1,916	2,120	4,036
Utility Rates - Water/Sewer	3,992	4,941	8,933
Reserves	1,200	1,965	3,165
External Sources	3,023	1,126	4,149
Subtotal Utilities	10,996	11,017	22,013
Total Revenues	70,982	36,509	107,491

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

The following tables show 2017 actual and 2018 projected uses of REET 1:

	2017 Actual	2018 Projected	Two year Total
REET 1			
Operating & Maintenance Uses			
CKC Maintenance	63,500	63,500	127,000
Parks Maintenance	129,258	152,033	281,291
Subtotal O&M Uses	192,758	215,533	408,291
Capital Uses			
Transportation Program			
STC 00600 - Annual Street Preservation Program	5,000	-	5,000
STC 00605 - Totem Lake Blvd Roadway Repair	260,000	-	260,000
STC 99990 - Regional Inter-Agency Coordination	82,000	82,000	164,000
NMC 00121 - NE 116th Street Crosswalk Upgrade	16,000	148,000	164,000
NMC 08700 - Citywide School Walk Route Enhancements	-	455,000	455,000
TRC 11800 - General Parking Lot Improvements	100,000	-	100,000
TRC 11900 - Kirkland Citywide Intelligent Transportation System Study	35,000	-	35,000
Subtotal Transportation Program	498,000	685,000	1,183,000
Parks Program			
PKC 04900 - Open Space, Park Land & Trail Acq Grant Match Program	100,000	-	100,000
PKC 06600 - Park Play Area Enhancements	40,000	40,000	80,000
PKC 11901 - Juanita Beach Park Bathhouse Replacement	715,000	-	715,000
PKC 12100 - Green Kirkland Forest Restoration Program	75,000	75,000	150,000
PKC 13330 - Neighborhood Park Land Acquisition	800,000	-	800,000
PKC 13341 - Edith Moulton Park Redevelopment	304,300	-	304,300
PKC 13902 - Totem Lake Park Master Plan & Development (Phase I)	100,000	578,000	678,000
PKC 14700 - Parks Maintenance Center	-	175,000	175,000
Subtotal Parks Program	2,134,300	868,000	3,002,300
General Governmental Program			
PSC 30020 - Fire Station 24 Land Acquisition	758,276	-	758,276
PSC 30022 - Fire Station 24 Replacement	-	7,900,000	7,900,000
Subtotal General Governmental Program	758,276	7,900,000	8,658,276
Subtotal Capital Uses	3,390,576	9,453,000	12,843,576
Total REET 1 Uses	3,583,334	9,668,533	13,251,867

The following tables shows 2017 actual and 2018 projected uses of REET 2, and summarizes total REET uses in 2017 and 2018:

	2017 Actual	2018 Projected	Two year Total
Capital Uses			
Transportation Program			
STC 00600 - Annual Street Preservation Program	170,000	658,000	828,000
STC 00605 - Totem Lake Blvd Roadway Repair	560,000	-	560,000
STC 08000 - Annual Striping Program	500,000	500,000	1,000,000
NMC 07000 - Cross Kirkland Corridor Connection-NE 52nd Street Sidewalk	40,000	-	40,000
NMC 00121 - NE 116th Street Crosswalk Upgrade	34,000	-	34,000
NMC 01253 - 132nd Ave NE Crosswalk Upgrade SD	-	187,000	187,000
NMC 06401 - Park Lane Pedestrian Improvements	63,361	-	63,361
NMC 08610 - NE 124th St/124th Ave NE Ped Bridge Design & Construction	41,000	5,300	46,300
NMC 8700 - Citywide School Walk Route Enhancements	530,000	625,000	1,155,000
NMC 09500 - 124th Avenue NE Sidewalk Improvements	205,000	425,000	630,000
NMC 11010 - Citywide Accessibility Improvements	-	100,000	100,000
NMC 11302 - Citywide Greenways NE 128th Ave	-	120,000	120,000
NMC 11800 - NE 128th Stree/139th Avenue NE Non-Motorized Improvements	101,000	-	101,000
NMC 12300 - Totem Lake Public Improvements Phase 1	-	6,015,000	6,015,000
NMC 7777017 - Advanced Mitigation Phase 1	1,400,000	-	1,400,000
TRC 09800 - NE 132nd St/ 116th Way NE (I-405) Intersect'n Imp	138,000	62,000	200,000
TRC 11103 - Intelligent Transportation System, Phase 2	80,000	-	80,000
TRC 11600 - Annual Signal Maintenance Program	150,000	150,000	300,000
TRC 11700 - Citywide Traffic Management Safety Improvements	100,000	100,000	200,000
TRC 11702 - Vision Zero Safety Improvements	50,000	50,000	100,000
TRC 11703 - Neighborhood Traffic Control	-	50,000	50,000
TRC 11900 - Kirkland Intelligent Transportation System Study	40,000	-	40,000
TRC 12000 - Kirkland Intelligent Transportation System Phase 3	-	138,600	138,600
TRC 12700 - NE 13nd St. Roundabout	54,000	-	54,000
TRC 77770 - Annual Traffic CAO/SWDM Surface Water Support	500,000	-	500,000
Subtotal Transportation Program	4,756,361	9,185,900	13,942,261
General Governmental Program			
GGC 01000 - Affordable Housing and Homelessness Investment	500,000	1,000,000	1,500,000
Subtotal General Governmental Program	500,000	1,000,000	1,500,000
Total REET 2 Uses	5,256,361	10,185,900	15,442,261
Total REET Uses	8,839,695	19,854,433	28,694,128

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

The 2019-2020 Operating Budget includes amounts for approved maintenance as shown in the following table:

REET 1	2019 Budgeted	2020 Budgeted	Total
CKC Maintenance	63,500	63,500	127,000
Park Maintenance	152,900	155,568	308,468
Total REET Maintenance Uses	216,400	219,068	435,468

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, the 2019-2020 Capital Budget includes \$107.5 million from all sources. Of this amount, 13.6 percent is from REET revenue either collected in 2019-2020 or 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 biennial budget adoption ordinance presented to the City Council on December 11th, 2018. Though the City operates using a biennial budget, the law makes no distinction. Therefore, an updated report will be provided in fall of 2019 and presented for adoption with the mid-biennial budget adjustments in December 2019.

It is worth noting that staff consulted with the Municipal Research and Services Center concerning the format for this report. In brief, it is the MRSC position 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 NO. O-4674

AN ORDINANCE OF THE CITY OF KIRKLAND ADOPTING THE BIENNIAL BUDGET FOR 2019-2020.

SECTION 1. Adopts the 2019-2020 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 2019-2020.

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 11th day of December, 2018.

I certify that the foregoing is a summary of Ordinance O-4674 approved by the Kirkland City Council for summary publication.



Kathi Anderson, City Clerk

Publication Date: 12/17/2018