

ORDINANCE O-4710

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

1           WHEREAS, the City Council finds that the proposed adjustments  
2 to the Biennial Budget for 2019-2020 reflect revenues and expenditures  
3 that are intended to ensure the provision of vital municipal services at  
4 acceptable levels;

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

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9           Section 1. The Mid-Biennial 2019 adjustments to the Biennial  
10 Budget of the City of Kirkland for 2019-2020 are hereby adopted.

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

Funds	Current Budget	Adjustments	Revised Budget
General	259,287,774	3,945,493	263,233,267
Lodging Tax	1,045,558		1,045,558
Street Operating	23,299,053	169,504	23,468,557
Cemetery Operating	1,153,586		1,153,586
Parks Maintenance	3,719,806		3,719,806
Park Levy	7,717,789		7,717,789
Contingency	6,292,477		6,292,477
Impact Fees	15,284,539		15,284,539
Excise Tax Capital Improvement	32,759,806	35,056	32,794,862
Limited General Obligation Bonds	9,515,637		9,515,637
Unlimited General Obligation Bonds	1,431,110		1,431,110
General Capital Projects	68,492,140	11,418,711	79,910,851
Transportation Capital Projects	116,323,168	6,619,500	122,942,668
Water/Sewer Operating	74,804,920		74,804,920
Water/Sewer Debt Service	923,742		923,742
Utility Capital Projects	37,958,396		37,958,396
Surface Water Management	29,895,047		29,895,047
Surface Water Capital Projects	22,951,866	1,813,725	24,765,591
Solid Waste	39,108,580		39,108,580
Health Benefits	20,117,390	30,527	20,147,917
Equipment Rental	27,535,222	144,000	27,679,222
Information Technology	16,794,421	(7,502)	16,786,919
Facilities Maintenance	16,106,234		16,106,234
Firefighter's Pension	1,489,351		1,489,351
<b>Total All Funds</b>	<b>834,007,612</b>	<b>24,169,014</b>	<b>858,176,626</b>

15           Section 3. The REET Report of the City of Kirkland for 2020-  
16 2021, as set out in Exhibit "A" attached and incorporated by this


17 reference as though fully set forth, is adopted as the REET Report of  
18 the City of Kirkland for 2020-2021, including with respect to the use by  
19 the City of Kirkland of REET revenues.  
20

21 Section 4. If any provision of this ordinance or its application to  
22 any person or circumstance is held invalid, the remainder of the  
23 ordinance or the application of the provision to other persons or  
24 circumstances is not affected.  
25

26 Section 5. This ordinance shall be in force and effect five days  
27 from and after its passage by the Kirkland City Council and publication  
28 pursuant to Section 1.08.017, Kirkland Municipal Code in the summary  
29 form attached to the original of this ordinance and by this reference  
30 approved by the City Council.  
31

32 Passed by majority vote of the Kirkland City Council in open  
33 meeting this 10th day of December, 2019.  
34

35 Signed in authentication thereof this 10th day of December,  
36 2019.

  
\_\_\_\_\_  
Penny Sweet, Mayor

Attest:

  
\_\_\_\_\_  
Kathi Anderson, City Clerk

Approved as to Form:

  
\_\_\_\_\_  
Kevin Raymond, City Attorney

Publication Date: 12/16/19

PUBLICATION SUMMARY  
OF ORDINANCE NO. O-4710

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

SECTION 1. Adjusts 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 2020-2021.

SECTION 4. Provides a severability clause for the ordinance.

SECTION 5. Authorizes publication of the ordinance by summary, which summary is approved by the City Council pursuant to Section 1.08.017 Kirkland Municipal Code and establishes the effective date as five days after publication of summary.

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 10th day of December, 2019.

I certify that the foregoing is a summary of Ordinance O-4710 approved by the Kirkland City Council for summary publication.

  
Kathi Anderson, City Clerk

Publication Date: 12/16/19



**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  
 Kyle Butler, Financial Planning Supervisor

**Date:** November 26, 2019

**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 2020-2021, the "succeeding two-year" time period covered by the reporting requirement, totals \$78.6 million as shown in the following table.

<b>2020-2021 Capital Budget (in thousands)</b>			
<b>Program</b>	<b>2020</b>	<b>2021</b>	<b>Two year total</b>
Transportation	31,281	11,093	42,374
Surface Water	5,856	2,189	8,045
Water/Sewer	6,125	8,541	14,666
Parks	7,635	1,922	9,557
General Government	2,709	1,282	3,991
<b>Total</b>	<b>53,606</b>	<b>25,027</b>	<b>78,633</b>

The planned revenue sources to fully fund the Capital Program in 2020 and 2021 are detailed in the table on the following page.

<b>2019-2024 Revised Capital Improvement Program Revenue Sources (in thousands)</b>			
<b>Dedicated Revenue</b>	<b>2020</b>	<b>2021</b>	<b>2-Year Total</b>
<b>Transportation</b>			
Gas Tax	856	660	<b>1,516</b>
Gas Tax (Transportation Package)	200	200	<b>400</b>
Business License Fees	270	270	<b>540</b>
Real Estate Excise Tax (REET) 1	924	422	<b>1,346</b>
Real Estate Excise Tax (REET) 2	2,541	1,633	<b>4,174</b>
Street & Pedestrian Safety Levy	2,885	2,733	<b>5,618</b>
Transportation Impact Fees	4,650	1,000	<b>5,650</b>
Walkable Kirkland	400	-	<b>400</b>
Utility Rates	500	500	<b>1,000</b>
Solid Waste Street Preservation	300	300	<b>600</b>
REET 2 Reserve	2,480	480	<b>2,960</b>
Carryover PY Funds	659	-	<b>659</b>
Debt	3,594	658	<b>4,252</b>
External Sources	11,022	2,237	<b>13,259</b>
<b>Subtotal Transportation</b>	<b>31,281</b>	<b>11,093</b>	<b>42,374</b>
<b>Parks</b>			
Real Estate Excise Tax 1	435	160	<b>595</b>
Park Impact Fees	5,440	1,050	<b>6,490</b>
Parks Levy	823	250	<b>1,073</b>
King County Park Levy	300	300	<b>600</b>
REET 1 Reserve	486	-	<b>486</b>
Park Facilities Sinking Fund	151	162	<b>313</b>
<b>Subtotal Parks</b>	<b>7,635</b>	<b>1,922</b>	<b>9,557</b>
<b>General Government: Technology, Facilities &amp; Public Safety</b>			
General Fund Contributions for:			
Public Sfty. Equip. Sinking Fund	345	177	<b>522</b>
Technology Equip. Sinking Fund	625	456	<b>1,081</b>
Utility Rates	256	256	<b>512</b>
Facilities Life Cycle Reserve	522	279	<b>801</b>
General Fund Cash	174	114	<b>288</b>
Carryover PY Funds	787	-	<b>787</b>
<b>Subtotal General Government</b>	<b>2,709</b>	<b>1,282</b>	<b>3,991</b>
<b>Utilities</b>			
Utility Connection Charges	865	865	<b>1,730</b>
Utility Rates - Surface Water	2,120	2,139	<b>4,259</b>
Utility Rates - Water/Sewer	4,941	5,165	<b>10,106</b>
Reserves	2,542	1,450	<b>3,992</b>
External Sources	1,513	1,111	<b>2,624</b>
<b>Subtotal Utilities</b>	<b>11,981</b>	<b>10,730</b>	<b>22,711</b>
<b>Total Revenues</b>	<b>53,606</b>	<b>25,027</b>	<b>78,633</b>

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

The following table shows 2018 actual and 2019 projected uses of REET 1:

	2018 Actual	2019 Projected	Two Year Total
<b>REET 1</b>			
<b>Operating &amp; Maintenance Uses</b>			
CKC Maintenance	63,500	63,500	127,000
Parks Maintenance	152,033	152,900	304,933
<b>Subtotal O&amp;M Uses</b>	<b>215,533</b>	<b>216,400</b>	<b>431,933</b>
<b>Capital Uses</b>			
<b>Transportation Program</b>			
STC 00604 - Central Way Street Preservation	-	28,700	28,700
STC 00606 - 6th Street South Street Preservation	-	650,000	650,000
STC 08313 - 100th Avenue NE Roadway Improvements (North Section)	-	179,700	179,700
STC 08314 - 100th Avenue NE Roadway Improvements (Mid-North Section)	-	193,400	193,400
STC 99990 - Regional Inter-Agency Coordination	82,000	82,000	164,000
NMC 08700 - Citywide School Walk Route Enhancements	455,000	118,900	573,900
NMC 08710 - North Kirkland/JFK School Walk Route Enhancements	-	24,800	24,800
NMC 01201 - NE 116th Street Crosswalk Upgrade	148,000	-	148,000
NMC 11302 - Citywide Greenways Network Project-128th Avenue NE	-	126,300	126,300
NMC 11501 - CKC Historic Depot Site	-	48,200	48,200
TRC 09400 - NE 132nd St/108th Avenue NE Intersect'n Imp	-	27,500	27,500
TRC 11600 - Annual Signal Maintenance Program	-	11,000	11,000
TRC 11700 - Citywide Traffic Management Safety Improvements	-	5,500	5,500
TRC 11705 - School Zone Beacon & Signage Improvements	-	50,000	50,000
TRC 13500 - 100th Avenue NE/Simonds Road Intersection Imps	-	14,800	14,800
TRC 13600 - 100th Avenue NE/145th Street Intersection Imps	-	22,800	22,800
NMC 10200 - NE 120th Street Sidewalk	-	200,000	200,000
NMC 12400 - Totem Lake Public Improvements Phase II	-	85,000	85,000
<b>Subtotal Transportation Program</b>	<b>685,000</b>	<b>1,868,600</b>	<b>2,553,600</b>
<b>Parks Program</b>			
PKC 06600 - Parks, Play Areas & Accessibility Enhancements	40,000	15,000	55,000
PKC12100 - Green Kirkland Forest Restoration Program	75,000	-	75,000
PKC 13310 - Dock & Shoreline Renovations	-	160,000	160,000
PKC 13400 - 132nd Square Park Playfields Renovation	-	1,447,200	1,447,200
PKC13902 - Totem Lake Park Master Plan & Development (Phase I)	578,000	-	578,000
PKC14700 - Parks Maintenance Center	1,425,000	-	1,425,000
<b>Subtotal Parks Program</b>	<b>2,118,000</b>	<b>1,622,200</b>	<b>3,740,200</b>
<b>General Governmental Program</b>			
PSC 30021 - Fire Station 24 Land Acquisition	-	1,300,000	1,300,000
PSC 30022 - Fire Station 24 Replacement	7,900,000	6,457,600	14,357,600
<b>Subtotal General Governmental Program</b>	<b>7,900,000</b>	<b>7,757,600</b>	<b>15,657,600</b>
<b>Subtotal Capital Uses</b>	<b>10,703,000</b>	<b>11,248,400</b>	<b>21,951,400</b>
<b>Total REET 1 Uses</b>	<b>10,918,533</b>	<b>11,464,800</b>	<b>22,383,333</b>

The following table shows 2018 actual and 2019 projected uses of REET 2, and summarizes total REET uses in 2018 and 2019:

	2018 Actual	2019 Projected	Two Year Total
<b>REET 2</b>			
<b>Capital Uses</b>			
<b>Transportation Program</b>			
STC 00600 - Annual Street Preservation Program	658,000	126,000	784,000
STC 00605 - Totem Lake Blvd Gateway & Roadway Repair	-	845,000	845,000
STC 00606 - 6th Street South Street Preservation	-	420,000	420,000
STC 00607 - 98th Avenue NE Street Preservation	-	17,600	17,600
STC 08000 - Annual Striping Program	500,000	500,000	1,000,000
NMC 01230 - 132nd Avenue NE Crosswalk Upgrade	187,000	-	187,000
NMC 01204 - Central Way Crosswalk Upgrade	-	50,000	50,000
NMC 05700 - Annual Sidewalk Maintenance Program	-	191,000	191,000
NMC 07100 - NE 132nd Street Sidewalk Improvement	-	13,800	13,800
NMC 08100 - CKC to Redmond Central Connector	-	177,100	177,100
NMC 08610 - NE 124th St/124th Ave NE Ped Bridge Design & Construction	5,300	1,237,600	1,242,900
NMC 08700 - Citywide School Walk Route Enhancements	625,000	400,000	1,025,000
NMC 09500 - 124th Avenue NE Sidewalk Improvements	425,000	-	425,000
NMC 10200 - NE 120th Street Sidewalk	-	200,000	200,000
NMC 11010 - Citywide Accessibility Improvements	100,000	105,500	205,500
NMC 11302 - Citywide Greenways Network Project-128th Avenue NE	120,000	-	120,000
NMC 11500 - CKC Emergent Projects Opportunity Fund	-	105,500	105,500
NMC 12300 - Totem Lake Public Improvements Phase I	6,015,000	-	6,015,000
NMC 12400 - Totem Lake Public Improvements Phase II	-	1,400,000	1,400,000
TRC 09300 - NE 132nd St/Juanita H.S. Access Rd Intersection Improvements	-	137,400	137,400
TRC 09800 - NE 132nd St/ 116th Way NE (I-405) Intersect'n Imp	62,000	-	62,000
TRC 11600 - Annual Signal Maintenance Program	150,000	200,000	350,000
TRC 11700 - Citywide Traffic Management Safety Improvements	100,000	100,000	200,000
TRC 11702 - Vision Zero Safety Improvement	50,000	52,800	102,800
TRC 11703 - Neighborhood Traffic Control	50,000	-	50,000
TRC 11705 - School Zone Beacon & Signage Improvements	-	2,800	2,800
TRC12000 - Kirkland Intelligent Transportation System Phase 3	138,600	-	138,600
TRC 12400 - 116th Avenue NE/NE 124th Street Intersection Improvements	-	550,000	550,000
TRC 13500 - 100th Avenue NE/Simonds Road Intersection Imps	-	174,150	174,150
TRC 13600 - 100th Avenue NE/145th Street Intersection Imps	-	174,150	174,150
TRC 13700 - Kirkland Avenue/Lake Street Intersection Improvements	-	66,100	66,100
<b>Subtotal Transportation Program</b>	<b>9,185,900</b>	<b>7,246,500</b>	<b>16,432,400</b>
<b>General Governmental Facilities Program</b>			
TRC 11700 - Citywide Traffic Management Safety Improvements	1,000,000	-	1,000,000
<b>Subtotal General Governmental Program</b>	<b>1,000,000</b>	<b>-</b>	<b>1,000,000</b>
<b>Subtotal Capital Uses</b>	<b>10,185,900</b>	<b>7,246,500</b>	<b>17,432,400</b>
<b>Total REET 2 Uses</b>	<b>10,185,900</b>	<b>7,246,500</b>	<b>17,432,400</b>
<b>Total REET 1 &amp; REET 2 Uses</b>	<b>21,104,433</b>	<b>18,711,300</b>	<b>39,815,733</b>

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

The 2019-2020 Operating Budget includes amounts for approved maintenance in 2020. As this is the second year of a two-year budget, any amounts for 2021 will be presented in the fall of next year for approval by the City Council.

The following table includes the amount budgeted in 2020 and an estimate for 2021 based on current plans.

<b>REET 1</b>	<b>2020 Budgeted</b>	<b>2021 Projected*</b>	<b>Total</b>
CKC Maintenance	63,500	63,500	127,000
Park Maintenance	155,568	155,568	311,136
<b>Total REET Maintenance Uses</b>	<b>219,068</b>	<b>219,068</b>	<b>438,136</b>

\*FY 2021 Figures represent a continuation of amounts approved in the 2019-20 Biennial Budget, and are subject to review as part of the 2021-22 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 2020 and 2021 in the Capital Budget includes \$78.63 million from all sources. Of this amount, 12.2 percent is from REET revenue either projected for 2019 -2020 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 adoption ordinance presented to the City Council on December 10, 2019. Though the City operates using a biennial budget, the law makes no distinction. Therefore, updated reports will be provided annually during regular budget and mid-biennial budget processes.

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.