

ORDINANCE O-4830

AN ORDINANCE OF THE CITY OF KIRKLAND ADOPTING THE BIENNIAL BUDGET FOR 2023-2024.

1 WHEREAS, the Kirkland City Council conducted duly noticed public
2 hearings on November 1, 2022 and November 15, 2022, to take public
3 comment with respect to the proposed Biennial Budget of the City of Kirkland
4 for 2023-2024 transmitted to the City Council by the City Manager on October
5 25, 2022, and all persons wishing to be heard were heard; and
6

7 WHEREAS, as a result of such hearings the City Council requested
8 specified amendments be made to the proposed Biennial Budget; and
9

10 WHEREAS, the proposed Biennial Budget and the amendments thereto
11 remain matters of public record; and
12

13 WHEREAS, the City Council finds that the proposed Biennial Budget
14 and the amendments thereto reflect revenues and expenditures that are
15 intended to ensure the provision of vital municipal services at acceptable levels;
16 and
17

18 WHEREAS, final budget documents reflecting the 2023-2024 Biennial
19 Budget as amended and adopted by the Council will be available to the public
20 during the first quarter of 2023.

21 NOW, THEREFORE, the City Council of the City of Kirkland do ordain
22 as follows:
23

24 Section 1. The Biennial Budget of the City of Kirkland for 2023-2024,
25 as summarized in Exhibit "A" attached and incorporated by this reference as
26 though fully set forth, is adopted as the Biennial Budget of the City of Kirkland
27 for 2023-2024.
28

29 Section 2. In summary form, the totals of estimated revenues and
30 appropriations for each separate fund and the aggregate totals for all such
31 funds combined are as follows:
32

<u>Funds</u>	<u>Estimated Revenues</u>	<u>Appropriations</u>
General	298,135,553	298,135,553
Lodging Tax	901,619	901,619
Street Operating	28,053,264	28,053,264
Development Services	53,810,527	53,810,527
Cemetery Operating	1,411,246	1,411,246
Parks Maintenance	4,400,196	4,400,196
Park Levy	9,156,276	9,156,276
Contingency	6,959,697	6,959,697
Impact Fees	7,968,207	7,968,207
Excise Tax Capital Improvement	41,691,867	41,691,867

Limited General Obligation Bonds	13,109,943	13,109,943
General Capital Projects	104,815,386	104,815,386
Transportation Capital Projects	128,511,999	128,511,999
Water/Sewer Operating	83,868,206	83,868,206
Water/Sewer Debt Service	687,971	687,971
Utility Capital Projects	53,064,211	53,064,211
Surface Water Management	32,425,239	32,425,239
Surface Water Capital Projects	20,170,883	20,170,883
Solid Waste	62,922,035	62,922,035
Health Benefits	25,708,788	25,708,788
Equipment Rental	21,374,265	21,374,265
Information Technology	21,444,279	21,444,279
Facilities Maintenance	16,677,162	16,677,162
Firefighter's Pension	1,680,663	1,680,663
	1,038,949,482	1,038,949,482

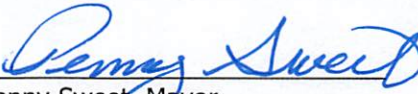
33 Section 3. The total number of citywide Full Time Equivalent (FTE)
 34 positions is 756.25, across all funds and departments.
 35

36 Section 4. The Real Estate Excise Tax ("REET") Report of the City of
 37 Kirkland for 2023-2024, as set out in Exhibit "B" attached and incorporated by
 38 this reference as though fully set forth, is adopted as the REET Report of the
 39 City of Kirkland for 2023-2024, including with respect to the use by the City of
 40 Kirkland of REET revenues.
 41

42 Section 5. This ordinance shall be in force and effect five days from
 43 and after its passage by the Kirkland City Council and publication pursuant to
 44 Section 1.08.017, Kirkland Municipal Code in the summary form attached to the
 45 original of this ordinance and by this reference approved by the City Council.
 46

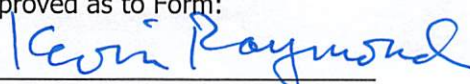
47 Passed by majority vote of the Kirkland City Council in open meeting
 48 this 13 day of December, 2022.
 49

50 Signed in authentication thereof this 13 day of December, 2022.


 Penny Sweet, Mayor

Attest:


 Anja Mullin, Deputy City Clerk

Approved as to Form:

 Kevin Raymond, City Attorney

Publication Date: 12/19/2022

PUBLICATION SUMMARY
OF ORDINANCE NO. 4830

AN ORDINANCE OF THE CITY OF KIRKLAND ADOPTING THE BIENNIAL BUDGET FOR 2023-2024.

SECTION 1. Adopts the 2023-2024 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. States the total number of citywide full time equivalent positions.

SECTION 4. Adopts the REET Report of the City of Kirkland for 2023-2024.

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 13 day of December, 2022.

I certify that the foregoing is a summary of Ordinance 4830 approved by the Kirkland City Council for summary publication.



Anja Mullin, Deputy City Clerk

**CITY OF KIRKLAND
2023-24 BUDGET-Preliminary to Final Adjustments**

Exhibit A

General Government Operating Funds

Fund	2021-22 Revised Budget	2023-24 Prelim Budget	Adjustments	2023-24 Final Budget	Percent Change
General Fund					
010 General	302,645,360	294,007,374	4,128,179	298,135,553	-1.49%
Governmental Funds					
117 Street Operating	25,347,562	27,994,713	58,551	28,053,264	10.67%
119 Development Services		53,323,955	486,572	53,810,527	N/A
Total Governmental Funds	25,347,562	81,318,668	545,123	81,863,791	222.97%
Special Revenue Funds					
112 Lodging Tax	885,592	901,619	-	901,619	1.81%
122 Cemetery Operating	1,330,738	1,411,246	-	1,411,246	6.05%
125 Parks Maintenance	4,077,284	4,400,196	-	4,400,196	7.92%
128 Park Levy	8,328,612	9,156,276	-	9,156,276	9.94%
Total Special Revenue Funds	14,622,226	15,869,337	0	15,869,337	8.53%
Internal Service Funds					
511 Health Benefits Fund	23,303,951	25,708,788	-	25,708,788	10.32%
521 Equipment Rental	29,453,486	21,378,979	(4,714)	21,374,265	-27.43%
522 Information Technology	18,655,463	21,444,279	-	21,444,279	14.95%
527 Facilities Maintenance	21,107,932	16,677,162	-	16,677,162	-20.99%
Total Internal Service Funds	92,520,832	85,209,208	(4,714)	85,204,494	-7.91%
Total General Government Operating Funds	435,135,980	476,404,587	4,668,588	481,073,175	10.56%

General Government Non-Operating Funds

Fund	2021-22 Revised Budget	2023-24 Prelim Budget	Adjustments	2023-24 Final Budget	Percent Change
Governmental Funds					
152 Contingency	6,355,888	6,959,697	-	6,959,697	9.50%
610 Firefighter's Pension	1,530,506	1,680,663	-	1,680,663	9.81%
Total Special Revenue Funds	7,886,394	8,640,360	-	8,640,360	9.56%
Special Revenue Funds					
156 Impact Fees	11,431,274	7,968,207	-	7,968,207	-30.29%
190 Excise Tax Capital Improvement	37,222,312	41,691,867	-	41,691,867	12.01%
Total Special Revenue Funds	48,653,586	49,660,074	-	49,660,074	2.07%
Debt Service Funds					
210 LTGO Debt Service	8,787,933	13,109,943	-	13,109,943	49.18%
220 UTGO Debt Service	1,422,655	0	-	0	N/A
Total Debt Service Funds	10,210,588	13,109,943	-	13,109,943	28.40%
Capital Projects Funds					
310 General Capital Projects	114,742,942	93,446,179	11,369,207	104,815,386	-8.65%
320 Transportation Capital Projects	145,463,320	126,811,999	1,700,000	128,511,999	-11.65%
Total Capital Projects Funds	260,206,262	220,258,178	13,069,207	233,327,385	-10.33%

Total General Government Non-Op Funds	326,956,830	291,668,555	13,069,207	304,737,762	-6.80%
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Water/Sewer Utility Funds

Fund	2021-22 Revised Budget	2023-24 Prelim Budget	Adjustments	2023-24 Final Budget	Percent Change
Operating Fund					
411 Water/Sewer Operating	75,889,834	83,868,206	-	83,868,206	10.51%
Total Operating Fund	75,889,834	83,868,206	-	83,868,206	10.51%
Non-Operating Funds					
412 Water/Sewer Debt Service	798,683	687,971	-	687,971	-13.86%
413 Utility Capital Projects	41,614,089	53,064,211	-	53,064,211	27.52%
Total Non-Operating Funds	42,412,772	53,752,182	-	53,752,182	26.74%
Total Water/Sewer Utility Funds	118,302,606	137,620,388	-	137,620,388	16.33%

Surface Water Utility Funds

Fund	2021-22 Revised Budget	2023-24 Prelim Budget	Adjustments	2023-24 Final Budget	Percent Change
Operating Fund					
421 Surface Water Management	31,360,173	32,425,239	-	32,425,239	3.40%
Total Operating Fund	31,360,173	32,425,239	-	32,425,239	3.40%
Non-Operating Fund					
423 Surface Water Capital Projects	22,027,389	19,740,883	430,000	20,170,883	-8.43%
Total Non-Operating Funds	22,027,389	19,740,883	430,000	20,170,883	-8.43%
Total Surface Water Utility Funds	53,387,562	52,166,122	430,000	52,596,122	-1.48%

Solid Waste Utility Fund

Fund	2021-22 Revised Budget	2023-24 Prelim Budget	Adjustments	2023-24 Final Budget	Percent Change
Operating Fund					
431 Solid Waste Utility	45,733,307	62,922,035	-	62,922,035	37.58%
Total Operating Fund	45,733,307	62,922,035	-	62,922,035	37.58%
Total Solid Waste Utility Fund	45,733,307	62,922,035	-	62,922,035	37.58%
TOTAL ALL FUNDS	979,516,286	1,020,781,687	18,167,795	1,038,949,482	6.07%



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
George Dugdale, Financial Planning Manager
Kevin Lowe Pelstring, Financial Planning Supervisor

Date: December 13, 2022

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 2023-2024 Operating Budget.

Background

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 prior legislation providing for expanded uses, this authority is ongoing, but it comes with specific reporting conditions.

Additionally in 2019, the legislature expanded the use of REET 2 revenues for affordable housing and homeless services projects through January 1, 2026. While the RCW does allow cities to use up to \$1,000,000 for this purpose, the dollar limits do not apply to any city that used REET 2 for homeless housing prior to June 30, 2019; Kirkland meets this exemption.

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 2023-2024, the “succeeding two-year” time period covered by the reporting requirement, totals \$138.2 million as shown in the following table.

2023 - 2024 Capital Budget (in thousands)			
Program	2023	2024	2-YEAR TOTAL
Transportation	31,198	22,707	53,905
Surface Water	3,410	3,496	6,906
Water/Sewer	14,813	10,065	24,878
Parks	4,238	4,075	8,313
General Government	39,528	4,687	44,215
Total	93,187	45,030	138,217

The planned revenue sources to fully fund the Capital Program in 2023 and 2024 are detailed in the table on the following page.

2023 – 2028 Adopted Capital Improvement Program Revenue Sources (in thousands)

2023-2024 Capital Improvement Program Revenue Sources (in thousands)			
Dedicated Revenue (in thousands)	2023	2024	2-YEAR TOTAL
General Government - Facilities Funding	12,636	2,742	15,377
FACILITIES SINKING FUND	936	922	1,858
GENERAL FUND	10,000		10,000
REET 2 RESERVES	750	300	1,050
REET 2	250	250	500
REET 1	700	1,269	1,969
General Government - M Funding	596	966	1,561
GENERAL FUND	95	35	130
SURFACE WATER RATES	54	5	59
TECHNOLOGY SINKING FUND	341	916	1,256
WATER/SEWER RATES	107	10	117
Parks Funding	4,238	4,075	8,313
KING COUNTY PARK LEVY	365	365	730
KIRKLAND PARK LEVY	250	250	500
PARK FACILITIES SINKING FUND	165	101	266
PARK IMPACT FEES	1,500	1,500	3,000
PARKS REET 1	1,409	1,409	2,818
PARKS SECURED EXTERNAL	450	450	900
PARKS REET 1 RESERVES	100		100
Public Safety Funding	26,296	980	27,277
FIRE SINKING FUND	1,867	851	2,718
GENERAL FUND	2,962		2,962
GENERAL GOV DEBT (FIRE STATIONS)	21,296		21,296
POLICE SINKING FUND	171	130	301
Transportation Funding	31,198	22,707	53,905
BUSINESS LICENSE FEES (RGRL)	270	270	540
GAS TAX	565	582	1,147
GAS TAX (TRANSPORTATION PACKAGE)	225	200	425
GENERAL FUND		300	300
SOLID WASTE RATES	401	415	816
STREET LEVY	2,788	2,858	5,646
SURFACE WATER RATES	460	500	960
TBD DEBT		4,200	4,200
TRANSPORTATION IMPACT FEES	2,000	2,000	4,000
TRANSPORTATION REET 1	1,918	1,873	3,790
TRANSPORTATION REET 1 RESERVES	3,673		3,673
TRANSPORTATION REET 2	3,337	3,278	6,614
TRANSPORTATION REET 2 RESERVES	4,028		4,028
TRANSPORTATION SECURED GRANTS	10,033	165	10,198
TRANSPORTATION UNSECURED GRANTS & EXTERNAL		4,567	4,567
SCHOOL ZONE SAFETY CAMERA RESERVE	1,500	1,500	3,000
Utilities Funding	18,223	13,561	31,784
CONNECTION FEES	1,303	1,316	2,619
SURFACE WATER RATES	2,820	2,887	5,707
SURFACE WATER RESERVES	160	609	769
WATER/SEWER PROJECT TRANSFER	2,682		2,682
WATER/SEWER RATES	5,078	5,401	10,479
WATER/SEWER RESERVES	4,432	3,348	7,780
WATER/SEWER SECURED EXTERNAL	1,318		1,318
REET 1 RESERVES	230		230
SURFACE WATER SECURED EXTERNAL	200		200
Total Revenues	93,187	45,030	138,217

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

The following table shows 2021 actual and 2022 projected uses of REET 1:

REET 1 Uses	2021 Actual	2022 Budgeted	Two Year Total
Operating & Maintenance Uses			
Parks Maintenance	200,000	200,000	400,000
Median Maintenance	-	250,000	250,000
CKC Maintenance	63,500	63,500	127,000
Debt Service	116,850	476,325	593,175
Subtotal O&M Uses	380,350	989,825	1,370,175
Capital Uses			
Transportation Program			
NMC0570000 - Annual Sidewalk Maintenance Preservation	100,000	-	100,000
NMC1130000 - Stores to Shores	-	225,000	225,000
NMC1240000 - Totem Lake Public Improvements Ph2	2,500,000	-	2,500,000
NMC1250000 - CKC Lighting 120th Ave to 124th St	306,000	-	306,000
NMC1260000 - School & Tran Connector 120th Ave NE	10,000	-	10,000
NMC126S000 - School/Tran Cnctr 120th Ave NE SD	-	50,000	50,000
NMC1290000 - Ped Safety Improve Downtown & 124th	83,250	-	83,250
NMC1300000 - 124th Ave NE Sidewalk	-	280,000	280,000
PTC0040000 - 108th Ave NE Trnsit Queue Jump-Ph 1	-	75,000	75,000
PTC0050000 - 108th Ave NE Trnsit Queue Jump-Ph 2	-	75,000	75,000
STC0591200 - 124th Ave NE North Section ROW	500,000	-	500,000
STC0591300 - 124th Ave NE North Construction	-	900,000	900,000
STC0800000 - Annual Striping Program	500,000	524,045	1,024,045
STC0831300 - 100th Ave NE (North Section)	16,000	86,545	102,545
STC0831400 - 100th Ave NE (Mid-North)	1,500,000	129,200	1,629,200
STC0890000 - Juanita Drive Auto Improvement	20,000	-	20,000
TRC1160000 - Annual Signal Maintenance Prog	100,000	-	100,000
TRC1350000 - 100th Avenue NE/Simonds Road I	29,100	-	29,100
TRC1360000 - 100Th Avenue Ne/Ne 145Th Stree	28,700	-	28,700
TRC1370000 - Kirkland Ave/Lake St Intersection I	555,000	-	555,000
TRC1390000 - NE 85th St/132nd Ave NE Dual Lanes	-	367,500	367,500
TRC1410000 - 132nd Ave NE & NE 70th Pl	250,000	-	250,000
Subtotal Transportation Program	6,498,050	2,712,290	9,210,340
Facilities Program			
GGC0440000 - Virtual Service Center	-	325,000	325,000
GGC0460000 - Parking Garage Opportunity Fund	-	250,000	250,000
GGC0480000 - Property Acquisition Fund	-	3,000,000	3,000,000
GGC1080000 - Main Ctr SWPPP Upgrades	-	263,000	263,000
Subtotal Facilities Program	-	3,838,000	3,838,000
Parks Program			
PKC1331000 - Dock And Shoreline Renovations	47,000	62,000	109,000
PKC1340000 - 132nd Pk Playfields	500,000	-	500,000
PKC1420000 - Doris Cooper Houghton Beach Pa	417,350	-	417,350
PKC1520000 - OO Denny Park Improvements	125,000	-	125,000
PKC1690000 - Marina Park D&S Renovations	-	1,000,000	1,000,000
Subtotal Parks Program	1,089,350	1,062,000	2,151,350
Subtotal Capital Uses	7,587,400	7,612,290	15,199,690
TOTAL REET 1 USES	7,967,750	8,602,115	16,569,865

The following table shows 2021 actual and 2022 projected uses of REET 2, and summarizes total REET uses in 2021 and 2022:

REET 2 Uses	2021 Actual	2022 Budgeted	Two Year Total
Operating & Maintenance Uses			
Debt Service	116,850	476,325	593,175
Subtotal O&M Uses	116,850	476,325	593,175
Capital Uses			
Transportation Program			
STC0060000 - Annual Street Preservation Pro	234,000	314,000	548,000
STC0591300 - 124th Ave NE North Construction	-	150,000	150,000
STC0800000 - Annual Striping Program	-	83,600	83,600
STC0831300 - 100th Ave NE (North Section)	1,254,700	-	1,254,700
STC0831400 - 100th Ave NE (Mid-North)	519,900	-	519,900
STC0890000 - Juanita Drive Auto Improvement	-	659,900	659,900
STC1100000 - Federal Grant Contingency	-	3,000,000	3,000,000
STC9999000 - Regional Inter-Agency Coordina	-	82,000	82,000
NMC0062100 - Nbhd Safety Program Imprvmnts	50,000	-	50,000
NMC0570000 - Annual Sidewalk Maintenance Pr	-	100,000	100,000
NMC0870000 - Citywide School Walk Route Enh	349,000	400,000	749,000
NMC0901000 - Juanita Drive Multi-Modal	-	652,000	652,000
NMC1130000 - Stores to Shores	-	225,000	225,000
NMC1240000 - Totem Lake Public Improvements Ph2	3,296,341	-	3,296,341
NMC1250000 - CKC Lighting 120th Ave to 124th St	30,000	-	30,000
NMC1260000 - School & Tran Connector 120th Ave NE	10,000	50,000	60,000
NMC1290000 - Ped Safety Improve Downtown & 124th	51,000	-	51,000
TRC1160000 - Annual Signal Maintenance Prog	-	100,000	100,000
TRC1240000 - 116th Avenue NE/NE 124th Street	833,000	-	833,000
TRC1350000 - 100th Avenue NE/Simonds Road I	455,000	-	455,000
TRC1360000 - 100Th Avenue Ne/Ne 145Th Stree	331,400	150,000	481,400
TRC1390000 - NE 85th St/132nd Ave NE Dual Lanes	333,700	-	333,700
320 Fund REET 2 Reserves	555,000	-	555,000
PTC0040000 - 108th Ave NE Trnsit Queue Jump-Ph 1	-	75,000	75,000
PTC0050000 - 108th Ave NE Trnsit Queue Jump-Ph 2	-	75,000	75,000
Subtotal Transportation Program	8,303,041	6,116,500	14,419,541
General Government Program			
GGC6PLXIFL - 6-Plex Interfund Loan Repayment	-	1,019,444	1,019,444
Subtotal General Government Program	-	1,019,444	1,019,444
Subtotal Capital Uses	8,303,041	7,135,944	16,458,429
TOTAL REET 2 USES	8,419,891	7,612,269	17,051,604
TOTAL REET 1 & 2 USES	16,387,641	16,214,384	33,621,469

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

The 2023-2024 Operating Budget includes amounts for approved maintenance and affordable housing as shown in the following table:

REET Expanded Uses	2023 Budgeted	2024 Budgeted	Total
Subtotal REET 1: Maintenance	656,136	675,031	1,331,167
Parks Maintenance	169,589	177,455	347,044
Median Maintenance	200,000	200,000	400,000
CKC Maintenance	63,500	63,500	127,000
Street Maintenance	223,047	234,076	457,123
Subtotal REET 2: Flexibility	750,000	550,000	1,300,000
Permanent Supportive Housing Improvements - GGC 01300	500,000	300,000	800,000
ARCH Trust Fund Project in Kirkland - GGC 01600	250,000	250,000	500,000
Total	1,406,136	1,225,031	2,631,167

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 Program Revenue Sources table, years 2023 and 2024 in the Capital Budget includes \$138.2 million from all sources. Of this amount, 17.9% is from REET revenue either projected for 2023-2024 or collected in prior years.

Next Steps

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 2023-2024 budget adoption ordinance presented to the City Council on December 13, 2022. 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 shortly after the state legislative changes were authorized, 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 since 2015 to provide greater transparency to the Council and the public on these uses of REET.