Analysis of the Feasibility of the Proposed City of Kenmore, Washington

Prepared for the
Washington State Boundary Review Board
for King County

April 4, 1997

prepared by:
Phillip K. Kushlan and Associates
Bellevue, Washington

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Executive Summary

The following report contains a host of details regarding the feasibility of the proposed City of Kenmore. Many of the most basic questions about the report are answered in this Executive Summary.

Does the Proposed City of Kenmore Appear Feasible?

The proposed City of Kenmore appears to be financially feasible given the assumptions contained in this report.

On What Basis Does It Appear Feasible?

We project the proposed City of Kenmore would be feasible based upon these fundamental assumptions:

- That, in line with the expectations of the incorporation proponents, the City would undertake a "same cost/same service" approach to revenues and expenses;
- That the City would levy a complement of taxes and fees in line with those anticipated in Focus Area II: Section A of this report (see pages 21 through 58);
- That the City would operate with a lean level of core City staff, which necessarily would cause the City to rely on several contracts with public agencies and private vendors, plus would require careful examination of intergovernmental cooperative solutions and partnerships; and
- That by having a lean staffing the City would be able to make early and serious investments in needed public improvements within the boundaries of the new city, such as investments in roads, parks, and surface water management improvements.

We emphasize that it does not appear that the City would have such a degree of revenues that it could offer *increased* municipal services without a careful

examination of alternatives, but after such evaluations the City may be able to find a way to enhance its services if it so desired.

What Are the Effects of the Proposed Lakepointe Development on the Proposal?

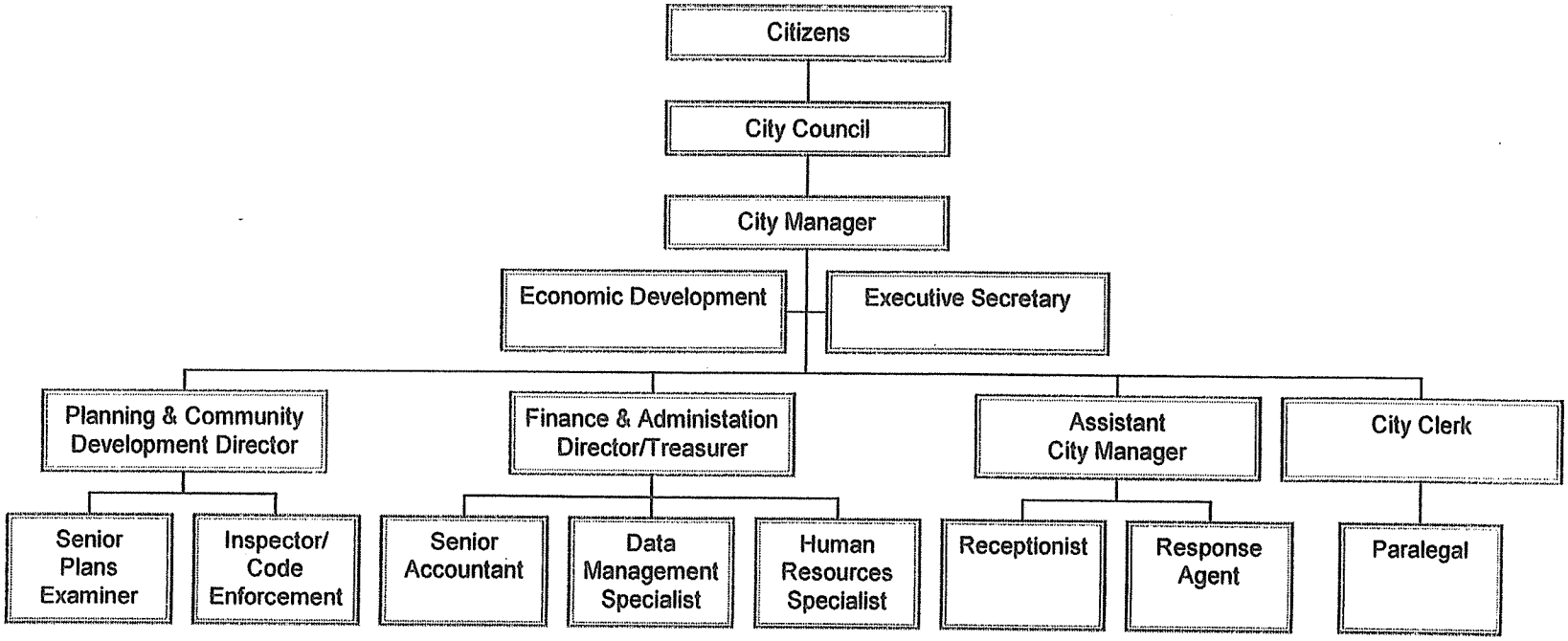
Our projection of feasibility is based *without including* the proposed Lakepointe Development, which is a major proposal to add a significant amount of retail space, office uses, and residential units to the site occupied currently by the Kenmore Pre-mix business. In the revenue section (Focus Area II, pages 21 through 58), we project likely revenue implications were the Lakepointe development to proceed on a presumed schedule such that the first phase were ready for occupancy on January 1, 2000. That analysis shows that the revenue implications are noticeable but not so large that it would be a "make or break" situation for the proposed new city. Expense implications to the City as a result of that proposed development include a need for increased policing services, road maintenance services, the review and permitting of tenant improvements, code enforcement, and potentially some added expenses for surface water management as well as parks and recreation services, depending upon the manner in which the development is built and operated. However, the additional revenues that would accrue to the City from the development and its uses appears to be sufficient to meet these increased needs.

Because this analysis is a projection of incorporation feasibility and not intended to be an analysis of a single development, those who want more information about the impacts of the Lakepointe Development should consult existing environmental documentation.

What Are the Proposed City's Projected Revenues and Expenses?

We project a range of different funds for accounting purposes to track the City's revenues and expenses. The two key funds are the General Fund and the Capital Improvement Fund. The General Fund accounts for virtually all of the City's day-to-day needs (i.e., the "operating fund"), while the Capital Fund accounts for major expenses for community improvements such as roads, parks, and surface water management facilities.

Proposed Organization



What Are the Proposed City's Projected *Operating* Revenues and Expenses?

Revenues appear to be sufficient for the proposed new city that it could provide or contract for a wide range of municipal services from its first day of operation and have enough to fully pay for those services plus begin making commitments to public improvements shortly after incorporation.

In total, revenues to the General Fund by the year 2001 (the "steady state" year) are projected to total $6,372,964. In that same year, General Fund expenses are projected to total $4,724,800, or $1,648,164 less than revenues. The balance that is projected to remain would enable the City to transfer funds to the Capital Improvement Fund for public improvements (see Focus Area IV, pages 125 through 143) *plus* set aside a modest amount each year for a reserve in the event the unforeseen occurs.

The summary of projected revenues below also can be found on page 55.

Summary — Anticipated Revenues
General Fund
Without Lakepointe

	1998	1999	2000	2001
Property Tax — Regular	-zero-	$1,831,196	$1,942,484	$1,997,013
Property Tax — Excess	-zero-	-zero-	-zero-	-zero-
County Road Tax (Loan)	$962,516	-zero-	-zero-	-zero-
Retail Sales Tax	$19,538	$120,746	$124,369	$128,100
Sales Tax Equalization	-zero-	$1,326,738	$1,329,525	$1,376,243
Retail Sales Tax — CJ	$46,385	$290,101	$302,284	$314,328
Gambling Taxes	$30,888	$363,247	$355,982	$348,863
Utility Taxes	-zero-	$263,214	$265,846	$268,504
State Shared Revenues	$158,508	$660,660	$667,266	$673,939
State Shared by Application	-zero-	$57,916	$59,021	$60,575
SWM Transfer — Operations	$114,091	$351,608	$357,586	$363,664
SWM Transfer — Roads	$24,571	$153,384	$157,985	$148,916
Fines and Forfeits	$9,788	$122,158	$127,044	$132,126
Building Permits	$26,238	$324,300	$334,029	$344,049
CDBG	-zero-	-zero-	$106,000	$106,000
Cable TV Franchise	$24,101	$98,332	$100,298	$102,304
Licenses and Permits	-zero-	$8,340	$8,340	$8,340
TOTAL	**$1,416,624**	**$5,971,940**	**$6,238,059**	**$6,372,964**

It is important for readers to note that the figures above represent reasoned projections, but that actual revenues will fall within a certain range and very likely will not occur exactly as stated above. The chart on page v entitled "Potential Steady State Year Revenue Ranges" shows bar graphs of these revenue ranges, and indicates projections for "high," "low," and "most likely" scenarios.

Expenses for operating the City are detailed in Focus Area III (see pages 69 through 123). In that Focus Area, day-to-day expenses are accounted for in terms of *budgetary programs*, not by departments. For example, in the chart below the line item "Land Use" includes the Department of Community Development plus contracted services for comprehensive planning and other expenses rated to the City's need to regulate land and issue building permits. A proposed organizational structure that is in keeping with the assumptions in the report can be found at the end of this Executive Summary, though Kenmore's City Manager may prefer to establish a different structure.

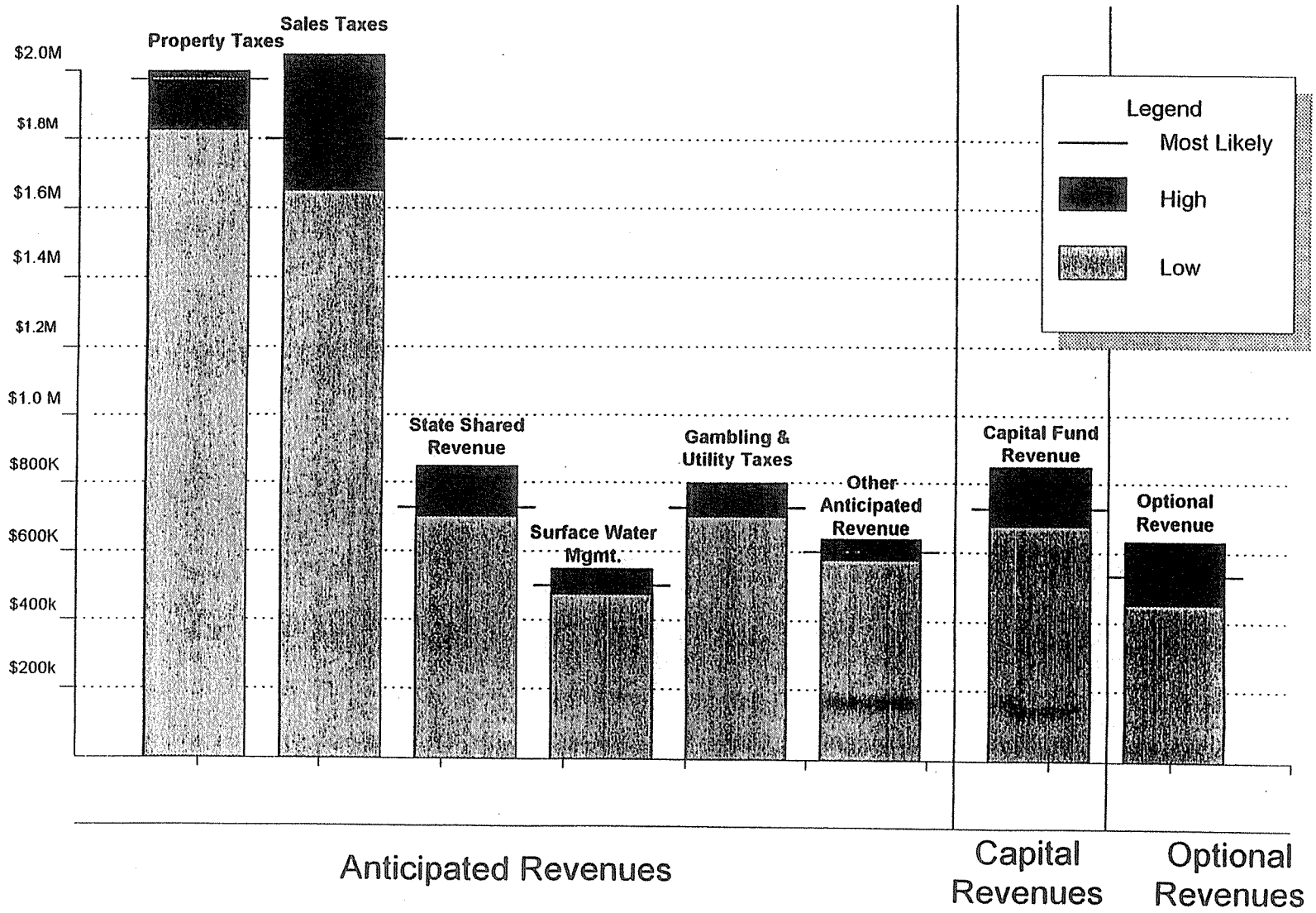
The chart below also can be found on page 112.

Projected Annual Expenses: General Fund
By Budgetary Program

	1998	1999	2000	2001
City Council	$23,393	$56,325	$56,325	$56,325
General Administration	$301,611	$1,054,500	$1,059,595	$1,085,441
Public Safety	$194,267	$1,327,356	$1,363,488	$1,400,746
Public Works	$94,783	$590,242	$612,653	$635,958
Land Use	$38,868	$444,153	$411,870	$349,820
Comm. Rec. & Health	$13,734	$385,948	$544,057	$646,438
Misc. Non-departmental	$45,297	$271,028	$276,509	$276,084
Repayment of Start-up*	-zero-	$619,621	-zero-	-zero-
Reserves Fund**	$25,000	$50,000	$50,000	$75,000
Provision for Growth	-zero-	$66,108	$200,323	$198,988
TOTAL	$736,953	$4,865,281	$4,574,820	$4,724,800

* For an explanation of this item, see Focus Area VII: Projected Start-up Expenses, page 165.
** See Focus III Area, Section G, page 123.

Potential Steady State Year Revenue Ranges



The expenses shown in the table on page iv indicate a repayment of a loan the City would need to obtain in order to pay for start-up expenses during the initial period before it is able to receive any revenues but needs to begin providing services (such a loan is necessary for virtually any new city). Also, the table shows the City would be able to dedicate funds to a reserve from the first year in order to put the City in a position to pay for unforeseen financial emergencies.

Given the information provided in the tables on pages iii and iv, the balance of revenues to expenses for the General Fund is as follows:

Revenues Less Expenses: General Fund
Non-Lakepointe Scenario

	1998	1999	2000	2001
Balance Forward	-0-	$679,671	$332,581	$428,532
Projected Revenue	$1,416,624	$5,971,940	$6,238,059	$6,372,964
TOTAL REVENUE	$1,416,624	$6,651,611	$6,670,640	$6,701,496
Operating Expenses	($711,953)	($4,195,660)	($4,524,820)	($4,649,800)
Start-up Loan Repayment	-0-	($619,211)	-0-	-0-
Transfer to Capital	-0-	($1,453,749)	($1,667,288)	($1,641,621)
Transfer to Reserves	($25,000)	($50,000)	($50,000)	($75,000)
Balance	$679,671	$332,581	$428,532	$335,075

Readers will notice that in the table above a significant amount of revenue is transferred beginning in 1999 to the Capital Improvement Fund ("Transfer to Capital"). More information about that is provided below.

What Are the Proposed City's *Capital Improvement* Expenses, and What Are the Potential Funding Sources for Meeting Them?

Once the City is established, it will need to begin to create a Capital Improvement Plan (CIP) and then implement it. In brief, a CIP is a multiyear revenue and expense budget, updated annually, that accounts for items such as road construction, purchasing and developing park land, and other non-operating capital intensive items.

The material provided in Focus Area IV (see pages 125 through 157) is not intended to represent an actual CIP for Kenmore, because that can only be developed in concert with the new city's comprehensive plan and community priorities. However, projections were made based upon a number of general assumptions in order to give readers a sense of the type of community investments the new city would need to make and an idea as to their magnitude of cost.

We sketched a CIP that included expenditures for transportation, surface water management, and parks and recreation improvements. This preliminary assessment led to CIP expenditures over a six-year period of:

- Transportation Improvements: $7.7 million over six years
- Surface Water Management Improvements: $2.15 million over six years
- Parks and Recreation Improvements: $2.0 million over six years.

In total, $11.85 million in capital improvements were projected to be funded. Additionally, another $4.7 million in transportation improvements would be unfunded over the six year period. That is, the cost of transportation improvements needs likely would exceed revenues available. However, this is not an uncommon circumstance. For example, as is shown in Focus Area IV: Section B (see pages 145 through 157), the City of Kirkland identified transportation needs of approximately $34 million over six years, but was able to fund only $17 million of them. This is the experience of nearly every city in the nation.

Projected CIP revenues and expenses are:

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- An Appendix is provided at the end of the report to show likely revenue ranges and departmental budgets.

Throughout the report, references are made to the organizational structure of it. For reference, the report is organized in the following hierarchy:

Focus Area
    Section
        Subsection

Key Assumptions

In order to complete this report within the given timeline, we necessarily needed to make a great number of assumptions along the way. Most assumptions are identified in the text that supports the various revenue and expense items. However, there are some overriding assumptions that we need to identify upfront because they have among the most significant implications. They are:

- That the official date of incorporation for the new City of Kenmore, if it is approved by the voters, will be August 31, 1998.

- That the City will provide its services under a revenue and expense premise characterized as "same cost/same level of service." This means that essentially the same complement of local governmental services will be provided for typically the same out-of-pocket costs, though the mix of revenues may be slightly different.

- That the City will be organized as a Council/Manager government.

- That initial staffing for the City will be sufficient to meet initial needs, but that as the City Council and the City Manager determine where it wants to place greater service delivery emphases staffing very likely will increase. We make a provision for unspecified increased staffing in our financial projections beginning in year 1999 (see Focus Area III, page 110).

- That the City will make a significant commitment to funding its capital improvement program beginning in 1999.

- That revenues are projected conservatively, but that expenses are estimated as reasonable averages or even above average in certain cases.

Focus Area I

Basic Statistical Data

Focus Area I: Basic Statistical Data

This Section contains information that both describes Kenmore and its circumstances as they are today, and establishes a foundation of data and assumptions upon which much of the analysis that follows in subsequent Focus Areas is built.

Location and Area

The proposed City of Kenmore is located at the northernmost end of Lake Washington, the shore of which forms segments of Kenmore's southern and western boundaries. Kenmore is delineated:

- on the north by the King County/Snohomish County line (N.E. 205th Street);
- on the west by the City of Lake Forest Park (56th Avenue N.E.) and by Lake Washington;
- on the south by Lake Washington and by N.E. 140th Street to Juanita Drive, N.E. 145th Street to Simonds Road N.E., then 132nd Street to the Bothell city limit; and
- on the east by the Bothell city limit and approximately 84th Avenue N.E. north of the Sammamish River.

A map of the potential incorporation area can be found on the following page.

According to King County's Department of Development and Environmental Services, Kenmore encompasses 6.12 square miles of land (3,915 acres). In addition to this, another 0.10 square mile (61 acres) is covered by water: namely, the Sammamish River and the submerged edge of the inner harbor on Lake Washington that is associated with Kenmore.

Population and Households

Our study team dedicated a generous amount of time to determine the most reasonable projection for Kenmore's population because numerous financial considerations on both the revenue and expense sides of the equation are

dependent upon it. The only way to be absolutely certain about the population, however, is to conduct a special population enumeration. If Kenmore elects to incorporate, the City will have the option to conduct such an enumeration for the Washington State Office of Financial Management.

Methodology. Our methodology for projecting population relied upon the King County Assessor's files for the incorporation area and upon data from the 1990 United States Census.

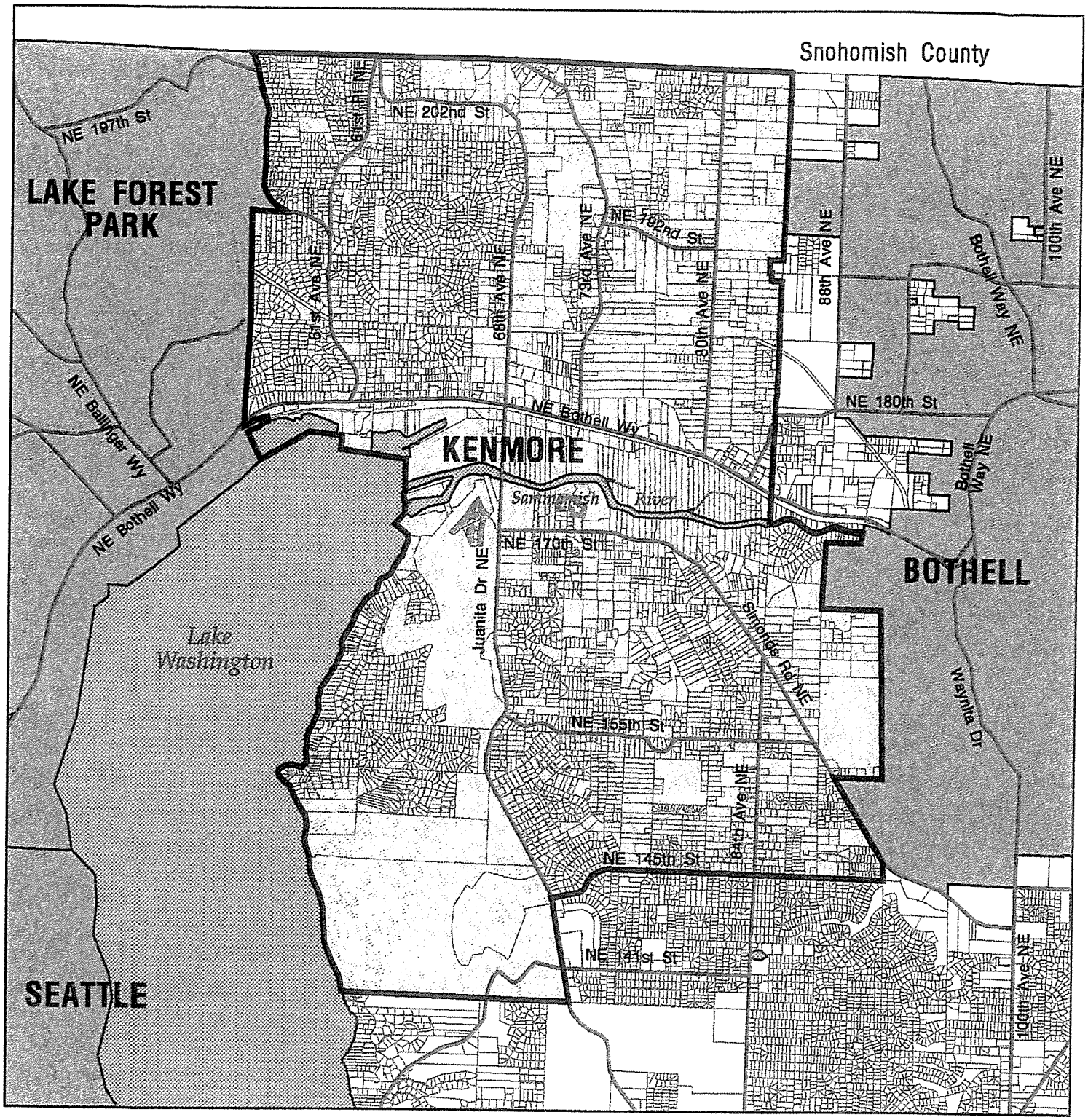
First, we used the Assessor's files to count each residential unit in the area and, as necessary, we conducted field checks to confirm the total number of units in multifamily buildings and/or complexes, in mobile home parks, and in association with other uses. Separating each unit by type, we then multiplied the unit counts by a corresponding average number of residents for that particular unit type, based upon the Census. This yielded a gross or theoretical maximum population. Of course, not every unit is occupied. Therefore, our next step was to subtract an assumed vacancy rate for each unit type in order to arrive at what we believe to be a reasonable projection.

Single-family Population. We estimate that there is a total of 4,618 single-family units in Kenmore. Our methodology subtracted homes that still may be standing but uninhabitable, and single-family sites that are used for other purposes, such as for utility pump stations or similar uses. Since Kenmore is a stable residential area with many long-term residents, we assumed a low vacancy rate of 2% for single-family units. Based upon the Census, we assumed a persons-per-household rate of 2.9 for single-family residences.

Multifamily. For multifamily computations, we included apartments, condominiums, "townhouses," and senior housing. While there may be some differences in persons-per-household counts and vacancy rates between these types of dwelling units, we did not have data available that would have enabled us to make such a differentiation.

In total, then, we project 1,810 multifamily units in Kenmore: 1,190 apartment units in 28 buildings and/or complexes (including senior housing); 494 condominium units in 16 buildings and/or complexes; and 126 attached townhouse units. We assumed a persons-per-household count of 1.75, and a 4% multifamily vacancy rate.

Mobile Homes. The Assessor's files indicate that there are five actively-used mobile home parks in Kenmore that total 233 units, plus one unit



Proposed City of Kenmore

N

0.5 0 0.5 1 Miles

King County
DDES Department of Development and Environmental Services
Geographic Information System

This map is intended for planning purposes only and is not guaranteed to show accurate measurements.

Map by: Susan Olsen, GIS-DDES
AV: Kenmore-o.apr

Legend

- Roads
- Incorporated Areas
- Lakes
- Parcels
- Proposed City of Kenmore

that is not in a mobile home park. For these, we assumed 2.90 persons-per-household and a 2.0% vacancy rate.

Current Population. Based upon the above methodology, we project Kenmore's 1996 population to be 16,830.

Unit Type	Count	Persons per Household	Subtotal	Vacancy	Total
Single-family	4,618	2.90	13,392	2%	13,124
Multifamily	1,810	1.75	3,168	4%	3,041
Mobile Home	234	2.90	679	2%	665
TOTAL	6,662		17,239		16,830

Projected Population. Kenmore is largely developed and has only modest potential for in-fill residential development, except for the proposed Lakepointe development (see below). Additionally, its trend in the last several years has been to add only a handful of new single-family and multifamily units (see "Growth Potential and Projected Growth" below, page 10). Therefore, assuming all other things remain the same, we project only a one percent per year population increase in Kenmore for the foreseeable future.

	1996	1997	1998	1999	2000	2001
Projected Population	16,830	16,998	17,168	17,340	17,513	17,688

County staff have reviewed this data and suggested the potential for modest variations from our assumptions in the following areas:

- A multifamily vacancy rate of five percent rather than four percent;
- A mobile home vacancy rate of four percent rather than two percent;
- A mobile home persons-per-household rate of 1.60 rather than 2.90;
- A "group homes" population of forty persons;
- A projected 1996 population of 16,500; and
- A projected growth rate of two percent rather than one percent.

The net effect of these adjustments results in an identical population for 1998, but a population that would be three percent higher than our projection in 2001 (without Lakepointe). Since a higher population would result in slightly higher population-based revenues (about $30,000 in

2001), we are employing the projections in our tables because they lead to more conservative fiscal estimates.

Proposed Lakepointe Development. The population projections provided above would be affected, however, were the proposed Lakepointe development on the shore of Lake Washington to be either completed or substantially completed within the planning horizon of this study (2001). Details about the proposed Lakepointe development are provided below (see "Growth Potential and Projected Growth," page 10).

As for population impacts, Lakepointe proposes to add 1,180 multifamily units by 2005: 400 apartment units, 380 condominium units, and 400 attached senior units. To project Lakepointe's population, we are making the following assumptions:

- That the occupancy rate for all market rate units will be 1.80 persons per household, but that the occupancy rate for the senior units (they are planned to be either assisted living, independent living, or a combination) will be 1.50 persons per household.
- That market rate units will lease up at sixteen units per building per month, but that the senior units will lease up at five units per month, all based upon input from a representative of the developer.

Therefore, the projected population impacts are:

	1996	1997	1998	1999	2000	2001
Population without Lakepointe	16,830	16,998	17,168	17,340	17,513	17,688
Population with Lakepointe	16,830	16,998	17,168	17,340	18,294	18,559

As the reader will see, the proposed Lakepointe development will have a healthy but not monumental near-term impact on Kenmore's future population. Because of the phasing of the development, Lakepointe is projected to add about 871 persons (roughly five-percent) to the city above our assumed growth without Lakepointe. Ultimately, though, were the development to proceed as planned with about 380 condominium units added after 2001, the Lakepointe development itself could add a total of about eleven percent (2,004 persons) to the projected 2001 population without Lakepointe, which is more than we project for a decade were Lakepointe not to proceed.

Accordingly, for the balance of this report, our financial projections will feature two scenarios: 1) assumed steady growth, and 2) growth including Lakepointe.

Assessed Value

As with population, another significant influence on finances for a city is its assessed value. Assessed value — or, more specifically, the *taxable* assessed value — is the basis a jurisdiction uses for property taxes. It also affects other financial aspects of municipal finance. For instance, taxable assessed value is one of the many factors the lending community looks to when determining a jurisdiction's credit worthiness.

Total Assessed Value. Based upon a November 1996 data download provided to us by King County, we calculated Kenmore's *total* assessed value to be $1,141,895,997 at that time.

Exempt Properties. Of this amount, $66,985,180 is exempt from taxation. The properties and land owners exempt from property taxation are:

Northshore School District	$19,121,700
Metropolitan King County	$15,185,300
Religious Uses (13)	$13,986,500
Northshore Utility District	$5,956,700
Housing Authority of King County	$4,123,300
State of Washington	$2,750,378
King County Fire District #16	$1,793,800
Department of Natural Resources	$781,902
Sarvis Mobile Estates	$699,800
Easter Seal Society	$644,800
Custom Industries	$634,100
Puget Sound Power and Light	$252,200
King County Library District	$226,100
Department of Game	$201,100
Seattle Audibon Society	$190,000
Latch Kenmore Ltd., PS	$153,000
Friends of Youth	$133,200
Tax Department	$77,200
City of Seattle	$74,000
Seattle Water Department	$100
TOTAL	$66,985,180

Taxable Assessed Value. Therefore, the total taxable assessed value in Kenmore in 1996 appears to have been $1,074,910,817.

Projected Growth in Assessed Value. The assessed value of Kenmore will rise or fall over the years based upon two factors: 1) the increase or decrease in the assessed value of land and *existing* improvements, and 2) the value of new development. Because this study endeavors to make financial projections to the "steady state" year of 2001, it is necessary to project Kenmore's assessed value into the future.

Kenmore's 1996 taxable assessed value of $1,074,910,817 is the base assessed value for this study. We are not anticipating a decline in Kenmore's assessed value in the foreseeable future because of the strength of the Puget Sound economy at this time. However, because other Puget Sound cities with more available vacant land are expanding to meet the region's demand, we do not foresee Kenmore becoming a "hot" real estate market in the near future, either.

An informal rule of thumb used by the King County Assessor's office is to assume annual growth of the base assessed value of between two and four percent, the four percent figure being reserved for areas of more aggressive growth. We assumed an annual growth rate of two percent for Kenmore's base assessed value.

The value of new development is more difficult to predict. Looking to the past to project the future, the value of new construction for which the King County Department of Development and Environmental Services (DDES) has issued permits over the last two years — which includes the value of permitted remodels and additions, tenant improvements, commercial development, residential units, and others — has averaged about $10 million annually. Granted, DDES relies upon *construction* value and not upon *assessed* value, but for lack of a more precise means available, and because the construction amounts should be at least as much as the assessed values, we employed this as our gauge. Further, we assumed this as a flat rate of annual new construction until the steady state year.

The Lakepointe development is foreseen to have a construction value of $360 million when all phases are complete. The first phase (see definition in "Growth Potential and Projected Growth," page 10) is projected to have a construction value of $160 million. Construction value is lower than both market value and assessed value, so for conservative estimates it seems a reasonable number to use. When the project is under

construction, the King County Assessor will assign a value to it and tax it based upon the amount of work completed to that point. For our projections, we are assuming 25 percent of Phase I's value in 1999, and the full $160 million in 2000.

Given the assumptions discussed above, we project the future assessed value of Kenmore to be as follows:

Projected Assessed Values
All dollars are shown in thousands

Without Lakepointe						
	1996	1997	1998	1999	2000	2001
Base	$1,074,911	$1,106,409	$1,138,537	$1,171,308	$1,204,734	$1,238,829
Inflation	2%	2%	2%	2%	2%	2%
New	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
TOTAL	$1,106,409	$1,138,537	$1,171,308	$1,204,734	$1,238,829	$1,273,605
With Lakepointe						
Base	$1,074,911	$1,106,409	$1,138,537	$1,171,308	$1,244,734	$1,399,629
Inflation	2%	2%	2%	2%	2%	2%
New	$10,000	$10,000	$10,000	$50,000	$130,000	$10,000
TOTAL	$1,106,409	$1,138,537	$1,171,308	$1,244,734	$1,399,629	$1,437,622

Current Rates of Taxation

Every piece of real property in Kenmore that is not otherwise exempt (see "Assessed Value: Exempt Properties, page 5), pays property taxes. Property taxes, which are established on certain rates fixed annually per $1,000 of assessed value, are composed of many elements. Currently, the rates that apply throughout most of Kenmore are as follows:

Current (1997) Property Tax Rates
All rates are shown per $1,000 dollars of assessed value

State of Washington	$3.52499
King County • Regular Levy = $1.75898 • Voted Excess Levy = $0.37275 • TOTAL = $2.13173	$2.13173
County Road District Levy	$1.73594
Northshore School District (#417)	$5.84938
Fire District #16	$1.00000
King County Library District	$0.61716
Hospital District #2 (Evergreen)	$0.44369
Port of Seattle	$0.28261
Enhanced 9-1-1 Emergency Service	$0.25000
Northshore Parks and Recreation Service Area	$0.05646
TOTAL	$15.89196

There are some minor variations to this in Kenmore. For instance, a handful of properties are not in the Northshore School District, but are instead in the Shoreline School District (#412), and they are taxed at $6.42343 per thousand dollars of assessed value for local public education rather than the rate of $5.84938 shown above. However, with such exceptions aside, the vast majority of the incorporation area is within the same levy code (#7530) and thus most properties in Kenmore pay the total rate shown above.

Almost all of these current property tax elements would remain after incorporation, including: State of Washington, King County, the relevant school district assessment, Fire District #16, King County Library District, Hospital District #2, Port of Seattle, Enhanced 9-1-1, and the Northshore Parks and Recreation Service Area. The King County levy ($2.13173; see table above) is for the provision of general County-wide services and voted excess levies. It applies to all taxable properties in King County, and would continue to be assessed at the established rate even after incorporation.

The only property tax element that would cease after incorporation is the County Road District Levy, which would be replaced by Kenmore's property tax levy and utility taxes. More information about this is provided later in the study (see "Property Tax — Regular Levy," page 22).

Undeveloped Land

There are relatively few large parcels of undeveloped land in Kenmore for either residential or commercial use. Based solely upon the Assessor's files — meaning without field checking each parcel to determine if it is constrained by steep slopes, wetlands, or other factors — it appears that there are 678 undeveloped parcels in Kenmore based upon the assigned land use code in the Assessor's files. However, it is more likely that there are 599 undeveloped parcels, for reasons explained in the paragraph under the following chart. Presumably many or most of these could be developed.

Undeveloped Parcels by Land Use and Size
Based upon King County Assessor's files

Use	Size: ft², acre	Count	Development	Total
Single-family	Less than 7,500	163	1	162
Single-family	7,500-9,999	76	9	67
Single-family	10,000-13,999	96	26	70
Single-family	14,000-19,999	67	13	54
Single-family	20,000-43,559	105	14	91
Single-family	1-2 acres	68	6	62
Single-family	2-3 acres	34	6	28
Single-family	3-4 acres	10	1	9
Single-family	4-5 acres	13	2	11
Single-family	Over 5 acres	13	1	12
Multifamily	Less than 1 ac	1	0	1
Multifamily	1-5 acres	5	0	5
Commercial	Less than 1 ac	22	0	22
Commercial	1-5 acres	4	0	4
Industrial	Less than 1 ac	1	0	1
TOTAL		678	79	599

In the table above, the column titled "Development" tallies those parcels that still retain an "undeveloped" land use identifier in the Assessor's files, but do, in fact, show values for improvements on the land and are so taxed. The improvements could be minor in value, such as a utility box, or could be for a single-family home on a parcel that for one reason or another hasn't been updated in the computer system to reflect the fact that the parcel is now developed. Accordingly, the "Total" column counts parcels in each category that appear to be completely unencumbered by improvements. Potentially, this still could overestimate the amount of completely open land, since in some rare

cases it is possible for a property owner to request all of a property's value to be assigned to land and none to improvements. We assumed that this is not the case with any of these parcels.

Growth Potential and Projected Growth

The data shown in the subsection immediately above shows that while there is room for growth in Kenmore, it is predominantly in-fill development: adding new homes or businesses in an area that is already established rather than creating a new neighborhood or a new shopping district.

Again, without performing a site-by-site analysis, it is difficult to determine how many of these undeveloped parcels are truly ripe for development. Looking to the levels of new development the area has been experiencing, however, suggests Kenmore has a ten to twenty year supply of gradual in-fill development rather than a near future of rapid consumption of these parcels.

King County DDES provided us with data on building and permitting activity specifically within the boundaries of Kenmore over the last two years and on an annualized basis. The detailed itemization can be found in the Appendix. To summarize it, Kenmore's 1996 development history has included:

Commercial Permits	
"Large" new building	1
"Small" new building	1
Tenant improvements	2
Multifamily Permits	
Multifamily Building Project	1
Single-family Permits	
Accessory Dwelling Units	5
Additions	28
Basic new home plan	5
Custom new home plan	11
Grading Permits	1
Pre-application Conferences	11
Preliminary Plat Applications	1
Preliminary Short Plat Applications	2

This is an extraordinarily modest level of building activity. Over the last two years, this pace of activity has added perhaps 50 new single-family residents annually, or a 1/3 of one percent increase over the area's current population of

16,830. The sole multifamily project referred to above contained twenty-nine units, potentially adding about 60 residents or another 1/3 of one percent.

The cost of most building permits is tied to the construction value of the project, whereas when a permit does not require any construction (such as a right-of-way use permit) the permit usually is obtained for a flat fee. As a consequence, building departments in most jurisdictions keep close tabs on the value of new construction that is applied for.

On an annualized basis, the value of Kenmore's new construction has been about $10 million. Like the volume of permits applied for, this puts Kenmore toward the lower end of activity for area cities.

Comparison of Annual Construction Activity
As measured by permitted building valuation

Bellevue	$144,061,029
Bothell	$121,029,000
Kenmore	$10,000,000
Kirkland	$106,574,904
Mercer Island	$51,000,000
Newcastle	$18,426,000
Renton	$112,523,524
Shoreline	$+ 35,000,000
Woodinville	$14,747,970

Given this data, we would anticipate only a minimal amount of development activity and growth in Kenmore. However, the proposed Lakepointe development runs counter to this conclusion.

Proposed Lakepointe Development. A serious effort is underway by a private party to redevelop the site occupied currently by the Kenmore Pre-mix concrete plant where the Sammamish River flows into Lake Washington (approximately N.E. 175th Street and 66th Avenue N.E.). This proposed mixed-use development, described conversationally as a larger version of the Carillon Point development on the Kirkland waterfront, ultimately is proposed to provide:

- 300,000 square feet of professional office space;
- 300,000 of retail and commercial space, including a twelve-screen cinema;
- a 150-room hotel with meeting space for about 500 conferees;
- 400 apartments, 380 condominiums, and 400 senior attached apartments (1,180 residential units in total);
- a private boat marina of 65 slips for boats 35-feet and larger;
- 3,628 parking stalls (3.5 million square feet in structured parking); and
- a public waterfront park with walking paths, a promenade, and amphitheater

Though of a completely different configuration, the 600,000 square feet total of office/retail/commercial space is roughly equivalent to the 1111 Third Avenue Building in downtown Seattle.

As of this writing, important details about the development are still gelling, and so we cannot make any firm projections about its impact. Nor, on the other hand, is this study meant to be a detailed analysis of a single development proposal but rather an assessment of the feasibility of Kenmore as a whole. However, because the project will have substantial revenue and expense considerations, we had a series of conversations about the project with the developer's representatives and other professionals in the field to aid our projections.

Based upon those conversations, the initial building permits to begin clearing and grading work may be issued in late 1997; the first phase of the development may be ready for occupancies on <u>our</u> assumed date of January 1, 2000; and the entire project is anticipated to be completed by 2005. Other scenarios are possible. For example, market forces could cause a demand for the whole project in a single phase. Alternately, other factors could cause a delay in the project or perhaps curtail it altogether. For this study, we are assuming the timeline in this paragraph.

What actually is going to be built in Phase I is one of the variables. Again, based upon our conversations, we are assuming Phase I will include:

- a drug store of 20,000 square feet;
- a grocery store of 42,000 square feet;
- a major retailer of 28,000 square feet;
- a twelve-screen cinema of 65,000 square feet;
- 400 market-rate apartments;
- 400 senior housing units (assisted and/or independent);
- 110,000 square feet of professional office space; and
- 100,000 of specialty retail space.

Phase I may include more or less than this. For example, there is a difference of opinion as to whether the hotel and meeting space will be built in Phase I. We did not include it in our projections.

For the balance of this report, we will use the scheduling and programmatic assumptions outlined above.

Analysis of Growth Potential. Had we not known about the Lakepointe development we would not have predicted it, since previous building activity does not suggest such growth. In many ways, Lakepointe seems an extraordinarily significant anomaly. If it proceeds to full completion as contemplated, the long-term *growth* implications for the City of Kenmore likely are that, in time, Lakepointe will have a spill-over effect. Existing businesses along Bothell Way, for example, may choose to remodel or redevelop in order to capture some of the activity Lakepointe will generate, and potentially cause the City to explore ways of enhancing the pedestrian environment and vehicular flow in the area.

Accordingly, the proposed Lakepointe development creates at least two possible scenarios:

- If Lakepointe does not proceed on schedule, we predict an essentially flat growth rate of perhaps one percent per year in both population and commercial square footage.
- If Lakepointe does proceed on schedule, we will assume the data provided by the developer's representatives as to square footage and residential unit counts is accurate and will come to fruition. Beyond the planning horizon of this incorporation study, we would anticipate, as a result, an increase in all types of development in excess of the one percent growth rate projected for the preceding assumption.

Businesses: Number and Type

Based upon a visual survey of the area and data from the Washington State Department of Revenue, there appears to be a total of 204 businesses in Kenmore. Grouping the businesses according to our own internal categorizations, there are the following total number of businesses by type:

Automotive Services	22
Commercial/Industrial/Warehouses	32
Eating and Drinking Establishments	31
Entertainment Businesses	5
Financial Services	12
Grocery, Convenience, Gasoline	9
Hotel/Motel Businesses	2
Personal Services	11
Professional Services	31
Retail Businesses	49
TOTAL	204

The implications of this mix of businesses will be discussed in Section II: Anticipated Revenues (see "Sales Taxes," page 27).

Service Providers

Kenmore already receives a full complement of urban services since it is a fully urbanized area. While incorporation would result in changes in the ways some local services are provided — particularly local governance, planning and permitting decisions, public works, and others — a number of services would remain the same after incorporation.

Current service providers are:

Water: **Northshore Utility District**

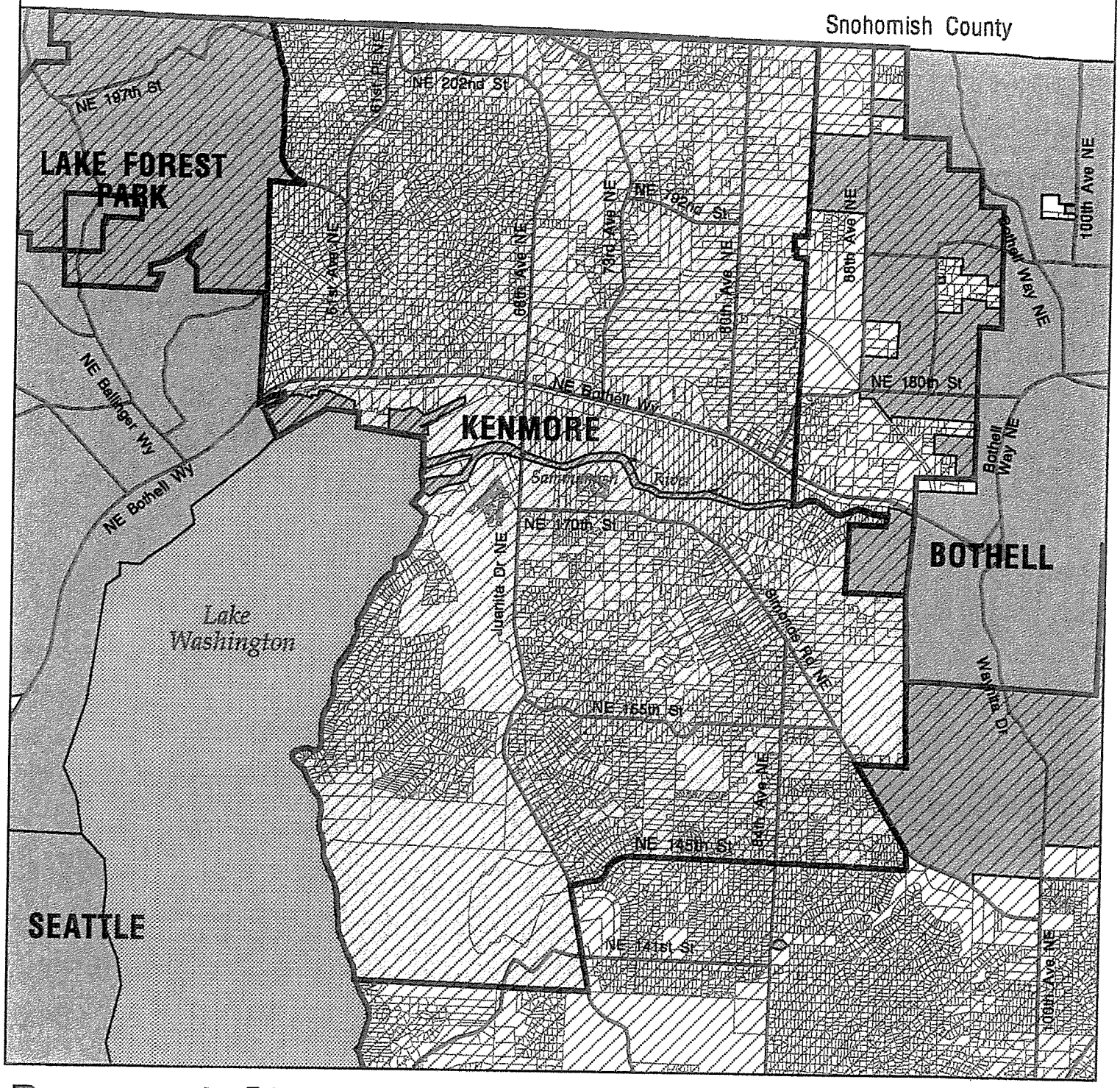
The Northshore Utility District provides water service to those sites that are not otherwise served by wells.

No change in the provision of this service is contemplated.

A map of the water and sewer district boundaries can be found on page 14-A.

Sewer: **Northshore Utility District**

The same Northshore Utility District provides sewer as well as water service to the area.



Proposed City of Kenmore Water/Sewer District

N

0.5 0 0.5 1 Miles

King County
DDES Department of Development and Environmental Services
Geographic Information System

This map is intended for planning purposes only and is not guaranteed to show accurate measurements.

Map by: Susan Olsen, GIS-DDES
AV: Kenmore-c.apr

Legend

- Northshore Utility District
- Roads
- Incorporated Areas
- Lakes and Rivers
- Parcels
- Proposed City of Kenmore

No change in the provision of this service is contemplated.

A map of the water and sewer district boundaries can be found on page 14-A.

Electricity: **Puget Sound Energy**

No change in service will occur as a result of incorporation.

Schools: **Northshore School District (#417) and Shoreline School District (#412)**

Almost every parcel in the incorporation area is within the boundaries of the Northshore School District (#417). The exception is three parcels located in the Uplake Terrace subdivision on 58th Avenue N.E., which are in the Shoreline School District (#412). School District boundaries are not affected by incorporation.

No change in the provision of this service is contemplated.

A map showing schools in the Kenmore area and school district boundaries can be found on page 16-A.

Fire: **King County Fire Protection District #16**

District #16 would continue to be the provider of fire and life safety services in Kenmore after incorporation by act of the new City Council to request an election for the voters to annex the City to the District. Alternatively, the City would have the statutory authority to establish its own municipal fire department, though we are unaware of any intentions to pursue this option; it is not contemplated or recommended in this study.

No change in the provision of this service is contemplated.

A map showing fire stations in the Kenmore area and fire district boundaries can be found on page 16-B.

Telephone: GTE

No change in service will occur as a result of incorporation.

Cable TV Service: TCI

No change will occur as a result of incorporation.

Natural Gas: **Puget Sound Energy**

No change in service will occur as a result of incorporation.

Garbage: **Waste Management**

No change in this service is contemplated as a result of incorporation, though the new city would be in the position to investigate other contracting options.

Library: **King County Library District**

Like fire service, it is assumed that Kenmore will continue with the King County Rural Library District for library services. Continuing with the Rural Library District would require a vote to annex to the District (27.12.360 through .390 RCW). The new city would have the statutory authority to form its own municipal library. Doing so is not contemplated in this study.

No change in the provision of this service is contemplated.

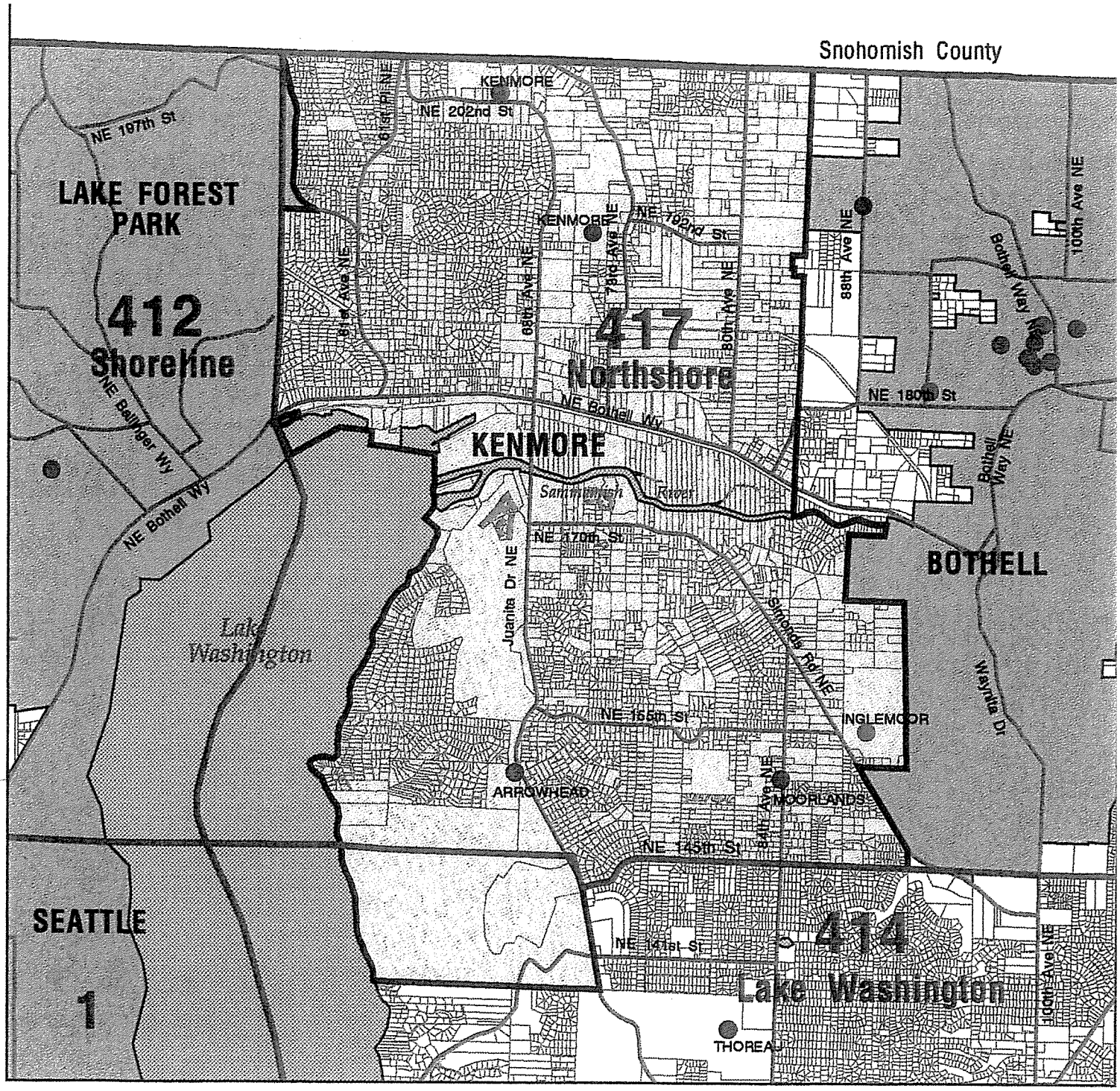
Parks: **King County and Northshore Parks and Recreation Service Area**

Currently, park and recreation services in Kenmore are provided by King County, though unincorporated Kenmore currently also is a part of the Northshore Parks and Recreation Service Area. After incorporation, it is contemplated in this study that the new city will contract for park and recreation services, and it is also assumed that Kenmore will annex to the Northshore Parks and Recreation Service Area and by so doing join with the cities of Bothell and Woodinville and the counties of King and Snohomish.

A map of park facilities can be found on page 138-A.

Hospital: **Evergreen Hospital (Kirkland) through Hospital District #2**

For many years, the Kenmore area has been part of King County Hospital District #2, which is a junior taxing district created to support Evergreen



Proposed City of Kenmore Schools and School District Boundaries

N

0.48 0 0.48 0.96 Miles

King County
DDES Department of Development and Environmental Services
Geographic Information System

This map is intended for planning purposes only and is not guaranteed to show accurate measurements.

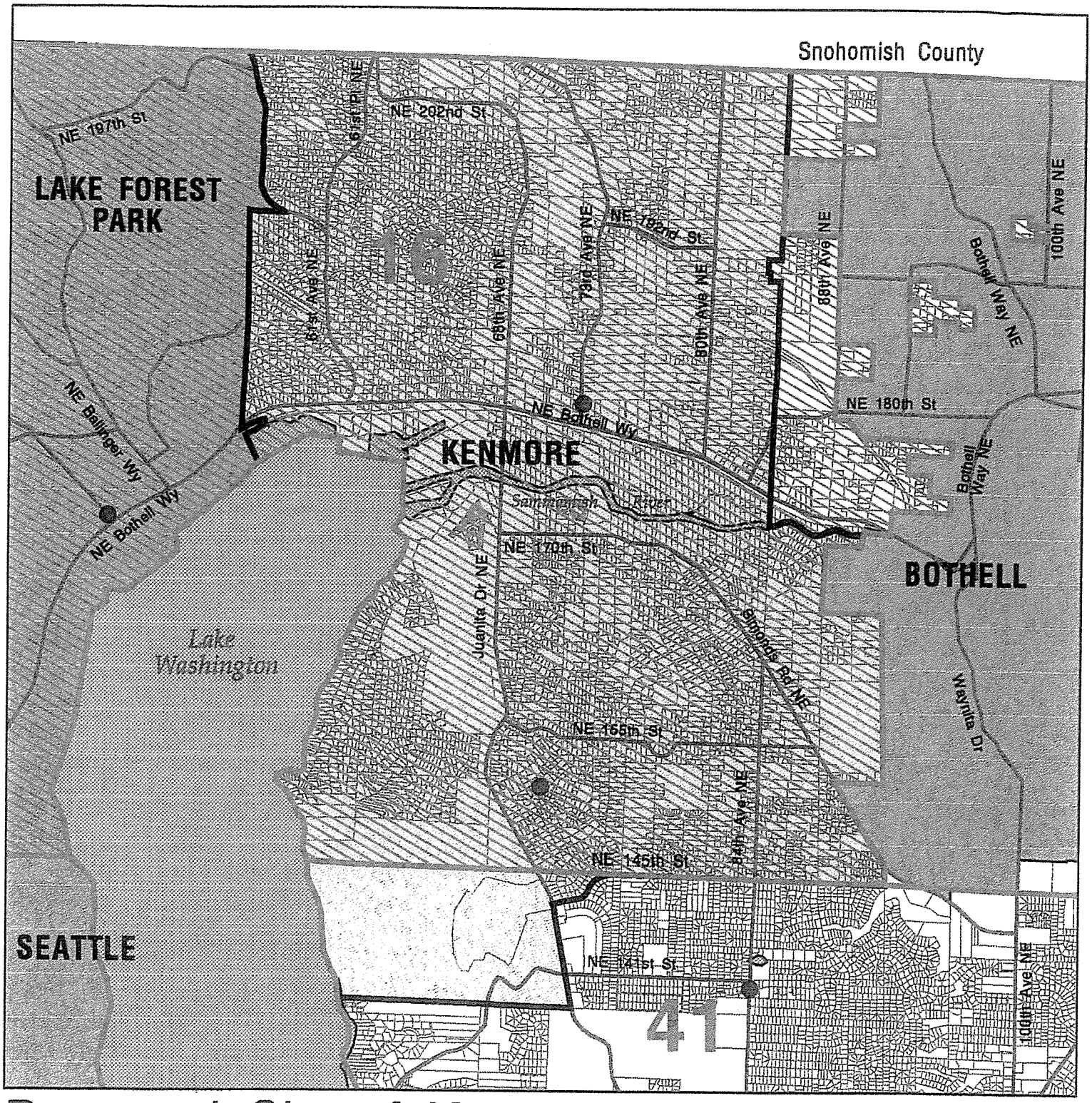
Map by: Susan Olsen, GIS-DDES
AV: Kenmore-c.apr

Legend

- Roads
- Incorporated Areas
- Lakes and Rivers
- Parcels
- Proposed City of Kenmore
- School District

Schools

- Elementary School
- Middle School
- High School
- Non-Instructional
- Undeveloped or Vacant



Proposed City of Kenmore with Fire Districts and Fire Stations

0.5 0 0.5 1 Miles

King County
DDES Department of Development and Environmental Services
Geographic Information System

This map is intended for planning purposes only and is not guaranteed to show accurate measurements.

Map by: Susan Olsen, GIS-DDES
AV: Kenmore-c.apr

Legend

- Fire District 16
- Fire Districts
- Fire Station
- Roads
- Incorporated Areas
- Lakes and Rivers
- Parcels
- Proposed City of Kenmore

N

General Hospital in Kirkland. Details about hospital districts generally and the laws pertaining to them can be found in 70.44 RCW.

No change in the provision of this service is contemplated.

Focus Area II

Revenue

A: Anticipated Revenues

B: Optional Revenues

C: Comparisons

Focus Area II: Revenue

In Focus Area I we established a baseline of information about Kenmore. In this Focus Area, we will project the extent of the proposed city's revenues. We will do this from three perspectives:

- In Section A, "Anticipated Revenues," we project the city's revenues from the sources and to the rates that Kenmore most likely will employ.
- In Section B, "Optional Revenues," we identify other revenue sources Kenmore could explore. The new city could exercise its authority to create any, all, or none of these other sources of municipal income.
- In Section C, "Benchmark Comparisons," we present data about other cities in King County, particularly those that are proximate to Kenmore, to show which taxes and fees they impose and how that information compares with Kenmore's potential.

Section A: Anticipated Revenue

We use the term "anticipated revenue" in this study to group all of the revenues that we project Kenmore will collect based upon our assumptions about which taxes and fees — and to which rates — it is more likely to impose.

It usually is the case, as it is with Kenmore, that incorporation proponents begin their campaign with the statement that the new city will render its services for an annual out-of-pocket expense that is no greater for the typical resident, property owner, or business owner than that which she or he pays currently in unincorporated King County. That is the premise upon which this Anticipated Revenues section is built.

Readers should note carefully that such a premise can be summarized best as a *same cost* assumption, but that it would be inaccurately called a *no new taxes* scenario. While this feasibility study works from the assumption that at the end of the first full year of operation (1999) the typical resident will expend the same amount for taxes and fees on a comparative basis, as will be made clear later in this Focus Area (see "Property Taxes — Regular Levy," page 22; "County Road District Revenue," page 27; and "Utility Taxes," page 38) it would be virtually impossible for Kenmore to collect the same amount of revenue without imposing new taxes and/or fees in the area. The financial bottom line for the typical Kenmore homeowner, however, should be approximately the same.

For each of the revenue sources below we will identify the nature, basis, rate, and projected income from the revenue source; indicate whether it is a substitute for an existing tax or fee, or whether it would be a revenue item new to Kenmore; note any statutory restrictions on the revenue and its levy rate; and indicate the fund(s) to which the revenue will accrue, either by statutory mandate or our recommendation. The funds we are considering are:

- The "General Fund", which is the bedrock fund from which jurisdictions meet their day-to-day service and expense needs;
- The "Road fund," which accounts for Motor Vehicle Fuel Tax revenues that must be used for street maintenance or capital expenditures;

- The "Arterial Street Fund," also for Motor Vehicle Fuel Tax revenues but for street-related capital improvements only;
- The "Surface Water Management Fund" (sometimes called a Storm and Surface Water Fund, a Surface Water Utility Fund, or other name), which accounts for fees collected for the purpose of maintaining, improving and enhancing the storm and surface water system ("drainage"). Payments that the City will need to make to the County to cover the City's share of previously-approved bonded indebtedness for surface water management improvements or enhancements also can be made from these proceeds (which we assume will be done from this fund);
- The "Equipment Replacement Fund," which receives General Fund transfers and accounts for expenses related to technology purchases (computers, printers, software, etc.);
- The "Vehicle Replacement Fund," which also receives General Fund transfers and accounts for expenses related to the purchase and maintenance of the City's vehicles;
- The "Reserves Fund," providing a "rainy day" account established and used upon policies that would need to be determined by the City Council; and
- The "Capital Improvement Fund," which funds accounts for major capital investments the community makes in itself, such as parks, new intersections, buildings, and such items.

A "Special Revenue Fund" could be established, if preferred, to account for grants, Local Improvement Districts (LID's), and other restricted revenues.

After discussion of each anticipated revenue, the projected amounts will be shown at the end as they could be assigned to each of these funds above. Readers should note that the funds identified above are only one possible approach a city could utilize for accounting for its finances. Kenmore could choose to have more or fewer funds than these, such as combining the Equipment Replacement Fund and the Vehicle Replacement Fund, or by creating the "Special Revenue Fund" noted above.

Property Tax —Regular Levy

While it is not always its largest source of income, the fundamental and most stable revenue source for any city is its regular levy property tax.

A property tax is a levy fixed annually by a jurisdiction's legislative body (e.g. a city council or a school board) that generally applies equally to all taxable property within the official boundaries of a jurisdiction. For example, as demonstrated in the previous Focus Area (see table "Current (1997) Property Tax

Rates," page 8), the boundaries of some taxing jurisdictions, such as the Port of Seattle, can be fairly wide. Kenmore residents do and will pay this levy even though Kenmore is at some distance from the Port of Seattle or Sea-Tac airport. The taxing boundaries of the City of Kenmore will be its corporate limits, and hence its levy will apply to all taxable property within the City of Kenmore itself.

State law identifies the kinds of properties that are assessed property taxes. These include real property (land, structures, and certain equipment that is affixed to structures), and some kinds of personal property (e.g., certain business-related machinery and supplies, and other movable items such as some mobile homes).

The value for these properties is established by the elected County Assessor.[1] Even after incorporation, the assessed value of property in Kenmore for taxation purposes will be determined by the King County Assessor and not by any other agency or person.

Though all property in the County has an assessed value, some properties are exempt from paying property taxes. Exemptions apply to government-owned properties, schools, colleges, churches, and a number of uses that have public benefit (see RCW 84.36.030 through 84.36.350).

In the previous Focus Area, we identified the total assessed value of Kenmore, its exempt properties, and its resulting taxable assessed value (see "Assessed Value," page 6). The amounts shown are predominantly for real property and may not include all taxable personal property. That is, the taxable assessed value may be slightly higher than the amount shown — $1,074,910,817 (1996) — but we assume it is not higher by a factor that would affect the analysis significantly.

State law imposes a restriction on the maximum levy a city can assess for its property tax, but the amount varies depending upon the range of services the city provides. A Washington city's maximum regular levy rate is $3.60 per thousand dollars of assessed value.

[1] See 84.12 RCW for rare exceptions to this general provision.

City Statutory Maximum Regular Levy
All rates are shown per thousand dollars of assessed value

General Government	$1.60
Fire Protection District	$1.50
Library District	$0.50
TOTAL	$3.60

This $3.60 per thousand regular levy maximum is attainable only if the city in question provides its own fire and library services. To the extent that it does not provide such services, its maximum regular levy rate is reduced. For example, a city that has its own fire department but is an annexed part of a rural library district would have a maximum regular levy rate of only $3.10 per thousand ($1.60 + $1.50 = $3.10). This is important to bear in mind when comparing Kenmore's projected regular levy to that of other cities.

We assume Kenmore will remain part of Fire District #16 and the King County Rural Library District, and thus its maximum regular levy will be $1.60 per thousand dollars of assessed value.

Technically, it is possible for a city to exceed the statutory $1.60 maximum by claiming, on an annual basis, the "unused" portion of the fire district's and/or the library district's statutory maximums. For instance, in 1997 King County Fire protection District #16 is levying $1.0000 per thousand, though its statutory maximum is $1.50. Were the City of Kenmore in existence in 1997, its City Council could have elected to levy a portion the fire district's "unused" $0.50000 and added it to its General Government levy, taking it above the $1.60 maximum by the same amount it claimed for that year only. Such a decision could be made on an annual basis. We are not including this possibility in our assumptions, since the decision to do so is a sensitive interjurisdictional matter that would have to be evaluated by the City Council.

By comparison, the County has some different levy maximums. The County has a "Maintenance Levy" for its general government needs, and a "Road District Levy" for funding the maintenance and improvement of all roads in unincorporated King County and County highways.

County Statutory Maximum Regular Levy
All rates are shown per thousand dollars of assessed value

	Maximum	1997
County Regular Levy	$1.80	$1.75898
County Road District Levy	$2.25	$1.73594

The County Maintenance Levy applies to *all* taxable property in the County, whether in an incorporated area or not. Kenmore pays this levy now and will continue to do so. However, the County Road District levy applies only in unincorporated areas.

In the end, then, the property tax implications as a result of incorporation are that the County Road District Levy will cease to be imposed in Kenmore — since Kenmore will, by incorporating, become responsible for the maintenance and improvement of its own streets — and that the City General Government levy will commence. However, the $1.60 statutory maximum for the General Government levy is $0.2261 per thousand less than the amount that is *estimated* to be levied by the Road District is 1998 (see table "County Road District levies," page 27). Using our projected 1998 assessed value, this equates to a "loss" to Kenmore of about $263,214 per year.

Working from the "same cost" presumption, we do not advocate foregoing this $0.2261 per thousand loss, but instead recommend reclaiming it by establishing the General Government levy at the statutory maximum and by creating a new Utility Tax on electricity, telephone, and natural gas utility services. This suggestion is discussed later in this section (see "Utility Taxes," page 38).

Therefore, based upon the material above and in Focus Area I: "Assessed Value" (see pages 5 through 7) and a 1999 delinquency rate of five percent (two percent is assumed thereafter), we project Kenmore's property tax collections to be:

Projected Property Tax Collections

	1998	1999	2000	2001
Without Lakepointe	-zero-	$1,831,196	$1,942,484	$1,997,013
With Lakepointe	-zero-	$1,891,996	$2,194,618	$2,254,190

Regular levy property taxes can be used for any municipal purpose. We assumed the full amount to be directed to the General Fund. The property tax would be a substitute, not a new tax.

Property Tax —Excess Levy

As a brand new city, Kenmore would not have any excess levy and likely would not within the planning horizon of this study.

By election of the registered voters in it, a city can impose a property tax that is in excess of the statutory maximum. It can do so: 1) for a special purpose, or 2) for a one-year supplement to the General Fund, which is an action that could be taken to the voters annually (i.e. an "operating excess levy"). A special purpose may be to pay the debt service costs for city bonds issued for items such as the acquisition and/or development of a major real property, such as athletic fields.

Excess levies can be imposed provided a ballot measure is presented to the voters and is approved by at least sixty-percent of all the votes cast, and provided that turnout at that election is at least forty-percent of the turnout for the last General Election. There is no statutory maximum for an excess levy *tax rate,* but bond issues supported by such a voted levy may not exceed 2.5-percent of a city's assessed value in any of the following categories (or totals thereof): general purposes, park and open spaces purposes, and/or public utility purposes.

In addition to those properties that are already exempt from property taxes (see "Exempt Properties," page 5), the statutes provide for properties owned by low-income senior citizens or disabled persons also to be excluded from excess levies. Were Kenmore to consider an excess levy in the future, it would need to evaluate the scale of such a reduction in the tax base these exclusions would cause.

From technical and legal perspectives, property owners in the area will continue to pay their share of previously-approved *County* excess levies. However, this amount is factored into the "same cost" perspective (see item "King County" in the table "Current [1997] Property Tax Rates" on page 8).

Under Washington law, a city council may approve the issuance of general obligation bonds for "general purposes" only in amounts up to 1.5-percent of the taxable assessed value of the city. In such cases, however, property taxes are not increased by an excess levy, but instead the debt service costs for councilmanic

debt are paid from other unrestricted tax sources, such as sales tax, the regular property tax, sales tax equalization payments, and other such sources.

County Road District Revenue (first year only)

As referenced earlier in the discussion of the "Property Tax — Regular Levy" (see pages 22 through 26), the County imposes a levy in unincorporated areas for the maintenance and improvement of local roads in unincorporated areas and for County highways. The statutory maximum levy rate is $2.25 per year per thousand dollars of assessed value.

County trends and the projection for the road district levy amount in 1998 (the presumed year of incorporation) are as follows:

County Road District Levies
Trends and Projections

1995	$1.6676 (actual)
1996	$1.7039 (actual)
1997	$1.73594 (actual)
1998	$1.8261 (estimate)

King County collects road district amounts through the property tax assessments, and hence there are two major collection periods per year: in April and in October. By law, the County transfers the full amount of the actual taxes collected after incorporation, which in this case means Kenmore should collect about fifty-percent of the total 1998 levy (for conservative estimates we are assuming a forty-five percent). This is an excellent provision because the new city will not be able to collect any property taxes in 1998, but will be able to do so beginning in 1999.

Statutorily, these revenues must be used only for designated road-related services. However, a city can borrow these funds from itself for any purpose provided it repays the amount within three years with interest. We project the city will be able to repay this amount within three years.

Using the estimated 1998 road district levy with our projected 1998 assessed value, the 1998 road levy is $2,138,926. Based on the assumed incorporation date of August 31, 1998, and a conservative forty-five percent estimated transfer to Kenmore, we project a collection of $962,516. No other projection is made for the Lakepointe scenario since it is not foreseen to be on the tax rolls in 1998.

Projected County Road Levy (*first year only*)

	1998	1999	2000	2001
County Road Levy	$962,516	-zero-	-zero-	-zero-

Sales Taxes

By saying "sales taxes" in most King County cities, one is really referring to three tax components:

- The first component is the amount a city collects from retail sales made within its own corporate limits, which is dependent upon the local levy rate (see "Retail Sales Tax" below).
- The second component, called "Sales Tax Equalization," is the amount a city collects from the State to "equalize" a city's sales tax revenue to approximate seventy percent of the Statewide average *provided* that city's per capita sales tax revenues are low (see below, page 31). Most small cities and most new ones rely upon Sales Tax Equalization as a major revenue source, though it is not a revenue source that is statutorily guaranteed.
- The third component is the "Criminal Justice Sales Tax," which is distributed by the County on a statutorily-defined per capita formula.

Retail Sales Tax. A retail sales tax is applied to the selling price of tangible personal property (except groceries and prescription drugs) and to certain services purchased by consumers. The tax also applies to the sale of goods, construction services (including labor), the repair of tangible personal property, lodging of less than 30 days, long distance telephone service, and participatory recreational activities (see RCW 82.04.050).

The maximum city rate is one percent, which is the same rate King County levies currently and which is collected on retail sales made in Kenmore today. The Washington State Department of Revenue (DOR) is allowed to retain one percent of the City's collection (or, one percent of one-percent of the cost of the retail item or service sold). However, this amount is so small that we overlook it in light of the margins of error that are inherent in revenue forecasting.

State statute also provides that fifteen percent of the sales tax collected by a city must be allocated to the county in which it is located (or fifteen percent of one percent of the cost of the retail item or service sold),

effectively dropping a city's net rate to 0.85-percent. Like the difference between the road district levy and the city general government levy (see page 27), this results in another "loss" of potential revenue for Kenmore, but we do not propose an offsetting replacement since, for the consumer, the amount will be the same and an offsetting replacement of the 0.15-percent would be a "new" tax or fee.

The one-percent sales tax rate is divided into two sections: a basic portion (0.5 percent) and an optional portion (another 0.5 percent). The imposition of a sales tax does not require voter approval. However, the second, "optional" 0.5 percent can be subject to a vote if a referendum petition is signed by fifteen percent of the registered voters in the city. With few exceptions, such as the City of Vancouver, which borders the State of Oregon where a retail sales tax is not levied, most cities levy the full one percent. Any amount not levied by a city accrues to the county. Because Kenmore already is paying this rate, and because its taxable retail sales are modest, we recommend and assume the adoption of the full one percent retail sales tax levy.

We worked with DOR to estimate the amount of taxable retail sales within the boundaries of the proposed city. To begin our effort, we first identified the postal zip code sectors or "seven-place zip codes" in Kenmore. Then we conducted a visual survey to list all businesses we could find, combining that effort with data provided to us by DOR. Next, DOR ran a list of businesses within the postal sectors, and the DOR's list was culled of businesses that were not within the Kenmore boundaries (the postal sectors do not always correspond with a proposed city limits, and do not in this case). We then needed to perform some field work to check whether multiple outlets were recorded on the same reporting code (as is often the case with chain stores), to determine if tax forms were filed from Kenmore accounting firms for businesses that are located elsewhere, and to obtain business registration numbers. We completed this process by reporting our findings to DOR for a final run. Readers should note that DOR never provides financial information about individual businesses but instead provides aggregate amounts for the entire run.

Despite these efforts, the Kenmore-generated retail sales amount cannot be viewed as anything more than a deductive approximation for several reasons. For one, the best way to obtain the data is to supply DOR with the business registration number for each business in the area, and some business owners are reluctant to provide this information to a stranger, even though the information is public. For another, accounting firms are usually not comfortable discussing details of their business such as

whether they file their client's returns from their office or whether their client files it, which can impact zip-code-based data.

So, given all this, we estimate 1996 taxable retail sales in Kenmore to be $13,000,000 annually.

To project future taxable retail sales, we combined the retail sales growth projections of the Washington State Economic and Revenue Forecast Council for the State as a whole, the Puget Sound Regional Council, and the King County office that monitors and distributes Criminal Justice Sales Tax revenues (see below, page 33).

Various Sales Tax Growth Projections

	1997	1998	1999	2000
WSERFC (State)	4.6%	5.5%	5.9%	N/A
PSRC	5.6%	5.6%	5.6%	5.6%
King County	4.0%	5.0%	5.0%	4.7%

Kenmore projections are again complicated by the proposed Lakepointe development. Without Lakepointe, as we have said, we see fairly flat growth in Kenmore and are inclined to rely on the projections provided by the Washington State Economic and Revenue Forecast Council. With Lakepointe, retail sales should escalate pretty dramatically. Based upon conversations with retail development professionals, Lakepointe Phase I may generate $29.5 million of retail sales annually. The "spillover" from Lakepointe, together with Kenmore's own growth, should yield a more aggressive growth in retail sales than without Lakepointe; perhaps the 5.6-percent annual rate projected by the PCRC.

Therefore, we project taxable retail sales to be:

Projected Retail Sales Tax Collection

	1998	1999	2000	2001
Without Lakepointe				
Retail Sales Tax	$19,538	$120,746	$124,369	$128,100
With Lakepointe				
Retail Sales Tax	$19,538	$120,746	$125,434	$131,329

We are assuming a collection equal to two months in 1998, provided the City established wire transfer capabilities.

Retail sales tax revenues are unrestricted and can be used for any municipal purpose. We assume the entire amount will accrue to the General Fund. The one percent retail sales tax would be a substitute and not a new tax.

Sales Tax Equalization. Some cities have huge retail sales tax collections, others have virtually none. Many years ago, in an effort to "equalize" the higher collections of some cities with the struggling budgets of others, the Legislature established Sales Tax Equalization. Through it, cities whose retail sales tax collections are below seventy-percent of the Statewide city average (measured on a per-capita basis) are entitled to an amount that brings them *closer* to the average. The money comes from a portion of the Motor Vehicle Excise Tax (MVET).

How the amount is determined is based upon many factors. First, the amount of locally-generated retail sales tax is determined on a per capita basis. Second, the amount is compared to an amount that is seventy-percent of the averaged Statewide retail sales tax collection in *incorporated* areas. Next, one looks to the amount available from the special allocation of MVET set aside for this purpose. Finally, one looks to the population of those cities that qualify for equalization because their locally-generated retail sales tax collections are below seventy-percent of the Statewide average.

It is this last factor that is compromising the amount available to be distributed through equalization. As more and more cites incorporate as "equalization cities" and as existing "equalization cities" annex areas that have population but little or no retail sales, the number of cities sharing the money results in a decreasing amount on an per capita basis.

On the positive side, MVET is expected to grow in excess of inflation, which also increases the amount available for the Sales Tax Equalization allocation. Also, as some existing cities develop their economies they may begin to exceed the seventy percent average, thereby removing their population from the pool sharing the money.

Lakepointe potentially has a healthy impact on Kenmore in this respect. Put plainly, for every dollar of retail sales that is generated locally, the city collects its full share (less what it remits to the County; see "Retail

Sales Tax," page 28). But for every dollar that a city relies on equalization, that city collects less than the dollar it "deserves." Here's why.

The equalization distribution is divided into two halves. Right now, the equalization cities are receiving 100% of the first half that they are entitled to receive. That is, the State reaches into its MVET account and disburses to each equalization city fully half of what it is entitled to. Then it looks back at the amount remaining in that MVET allocation and divides what's left on the same per capita basis. As a practical matter, the amount is decreasing because there are ever more people standing in line to receive it. For example, the Municipal Research and Services Center estimates that sufficient funding will be available to allocate 66-percent of the second half-cent equalization entitlement in 1996 but only sixty-percent in 1997. In light of the factors mentioned above, we are assuming that fifty-percent of the second half-cent will be distributed in 1999 through 2001 (if Kenmore incorporates on August 31, 1998 it will not be eligible for a 1998 distribution).

Sales Tax Equalization
Rates and Percentages

	$ per capita	1st 1/2	2nd 1/2
1999	$54.49	100%	50%
2000	$54.16	100%	50%
2001	$55.49	100%	50%

Readers should note that these amounts are approximations based upon conversations with professionals who monitor these figures and their trends carefully. However, the exact amounts will vary over time depending upon a host of factors. These are reasonable estimates, nonetheless.

Given this, Kenmore's projected annual sales tax equalization is:

Projected Sales Tax Equalization Revenues

	1999	2000	2001
Without Lakepointe			
Sales Tax Equalization	$1,326,738	$1,329,525	$1,376,243
With Lakepointe			
Sales Tax Equalization	$1,326,738	$1,392,129	$1,446,262

Sales tax equalization revenues can be used for any municipal purpose. We assumed the full amount to be directed to the General Fund. The amount would be a new revenue to the Kenmore area, but it would not impact out-of-pocket expenses for residents, property owners, or business owners.

Readers should note that if the City's actual retail sales tax collections are higher than projected (see page 28), then the amount it receives from sales tax equalization will be lower. This is an important point to bear in mind for future financial planning.

Retail Sales Tax — Criminal Justice. In the recent past, the voters of King County (and other counties) approved an additional 0.1 percent retail sales tax for criminal justice enhancements. This is but one component of the list of items that contributes to the typical 8.2 percent sales tax most buyers pay in King County.

As provided by statute, the total amount of criminal justice sales tax collected in King County accrues to the County itself. After the County retains ten-percent of the total amount, the remaining ninety-percent is distributed to both cities and the County itself on a per capita formula.

Anticipated collections in King County have been projected by the County to be as follows:

Projected Criminal Justice Collections
For King County

Year	100%	90%
1997	$28,662,400	$25,796,160
1998	$29,808,896	$26,828,006
1999	$31,001,252	$27,632,847
2000	$32,241,302	$28,461,832
2001	$33,530,954	$29,315,687

As for population, King County trends have been as follows:

Approximated King County Population and Trends[2]

Year	Total
1990	1,507,305
1991	1,542,286
1992	1,564,486
1993	1,587,700
1994	1,599,500
1995	1,613,600
1996	1,628,800
1997	1,641,830
1998	1,654,965
1999	1,668,205
2000	1,681,550
2001	1,698,366

Using these presumptions, and using the ninety-percent anticipated criminal justice collections, we anticipate Kenmore collections to be:

[2] The data used in this table is based on the publications *1996 Population Trends* and upon *Washington State County Population Projections by Age and Sex (1990 to 2020)*, produced by the Washington State Office of Financial Management.

Projected Criminal Justice Sales Tax Revenue

	1998	1999	2000	2001
Without Lakepointe				
CJ Sales Tax Revenue	$46,385	$290,101	$302,284	$314,328
With Lakepointe				
CJ Sales Tax Revenue	$46,385	$290,101	$315,754	$329,793

Criminal justice sales tax revenues are restricted to purposes that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil justice (court) system occurs, and which also includes domestic violence programs, community advocates, and legal advocates (see RCW 70.123.020 and 82.14.340). We assumed the full amount to be directed to the General Fund. This is an existing current tax and not a new tax.

Gambling Taxes

Certain gambling activities that are regulated by the Washington State Gambling Commission can have various gambling taxes imposed on them by the local jurisdiction. The statutory maximum levies depend upon the gaming activity, but in each case the tax is based upon the gross collection. The County imposes gambling taxes, so we are assuming the new city will levy the same amounts for the same activities.

Maximum and Current Gambling Levies

Activity	Maximum	County
Card Games	20%	11%
Bingo and Raffles	10%	10%
Punch Cards/Pull Tabs	5%	5%
Amusement Games	2%	2%

Much of the pertinent data about registered gambling establishments is public record and is obtainable from the Gambling Commission. Through it, we were able to identify six gambling establishments in Kenmore and their gross receipts from each type of activity they offer.

Gross Gambling Receipts from Gambling Establishments in Kenmore
July 1, 1995 through June 30, 1996

Establishment	Activity	Gross Receipts
Big Ed's Tavern	PC/PT	$406,840
Cozy Inn Tavern	PC/PT	$44,148
Kenmore Tavern	PC/PT	$35,969
Lk Wash. Youth Soccer Bingo	PC/PT	$2,331,362
Lk Wash. Youth Soccer Bingo	Bingo	$4,392,933
Tsing Tao Restaurant	PC/PT	$23,702
11th Frame Rest. & Lounge	PC/PT	$1,118,617
11th Frame Rest. & Lounge	Card Room	$299,183
TOTAL		$8,652,754

For gambling taxes derived from bingo activities, the law restricts the amounts that can be taxed only to the amount remaining from gross receipts less prizes paid; and provided further that the taxable base is not greater than ten percent of gross collections. For punch board/pull tab activities, the taxable base cannot exceed five percent of gross revenues, and for card games the taxable base cannot exceed twenty percent of the gross.

Based upon the Gambling Commission's publication entitled "Licensed Operator's Activity: For the Year Ended June 30, 1996," we are assuming a two percent per year decrease in all gambling activity to the steady state year. Recent articles in national magazines such as *Forbes* also project a decline in gaming activity nationwide. We do not foresee this revenue being impacted by the Lakepointe development since no establishment there is anticipated to provide gambling.

Therefore, if Kenmore adopted the same gambling levies as King County, we project the following annual revenue to the city:

Projected Gambling Tax Revenue

	1998	1999	2000	2001
Gambling Tax Revenues	$30,888	$363,247	$355,982	$348,863

Gambling tax revenue can be used for any municipal purpose, provided that adequate enforcement of the gambling laws are undertaken by the City. We assumed the entire amount to be directed to the General Fund. Imposition of a

gambling tax to the same levies as King County's would be a substitute and not a new tax.

Real Estate Excise Taxes

The County currently imposes Real Estate Excise Taxes that apply to the full selling price of all real estate sales within unincorporated areas. Upon incorporation, the City would be entitled to claim this revenue if it so desired.

The Real Estate Excise Tax is divided into two portions, which in total adds up to 0.5 percent. For cities over 5,000 in population that must plan under the State Growth Management Act (GMA) — which would be the case for Kenmore — the first 0.25 percent must be used for capital facilities needs identified in the city's comprehensive plan. The second 0.25 percent, which also is available for levying only in cities and counties that plan under GMA, similarly must be used for capital purposes *except not* for the acquisition of park land. In both cases, the specific limitations on the use of the proceeds are listed in the applicable statutes.

No resource is available that would enable an easy-to-obtain total of real estate sales that are uniquely within the boundaries of the proposed new city. Therefore, we looked to the cities of Bothell and Lake Forest Park to obtain their 1996 full year revenue from Real Estate Excise Tax, confirmed that they are levying both quarter percentages, then made a comparison to Kenmore based upon total assessed value. This methodology, admittedly imprecise, resulted in estimated 1996 annual real estate sales in Kenmore of about $54 million. This would yield about $270,000 per year in Real Estate Excise Tax.

Revenues from this source tend to be highly volatile year-to-year. Therefore, they should be used for more discretionary or "one-time" expenditures and <u>*not*</u> pledged to cover debt service costs.

The King County Excise Tax Division should be notified early after incorporation — or even prior to the City's official incorporation date — and have a copy of the ordinance sent to it by the City to effectuate collections and distributions. Were the ordinance establishing the tax to become effective September 1, 1998, and the County properly notified, it might be possible for the County to distribute the City's first Real Estate Excise Tax collection on or about October 10, 1998.

Projected Real Estate Excise Tax Collections

	1998	1999	2000	2001
Without Lakepointe				
REET Collections	$73,362	$302,250	$311,318	$320,658
With Lakepointe				
REET Collections	$73,362	$302,250	$311,318	$320658

Potentially, some of the buildings that are part of the Lakepointe development could be sold to their future occupants, such as the grocery store. However, such details have not been established and, at this point, it appears just as likely that the developer will retain ownership. Additionally, we are not showing any additional REET revenue associated with residential units that are part of the first phase of the Lakepointe development since we understand they will be rental units, whereas condominium units are projected for later phases.

Utility Taxes

Unlike a Washington county, a Washington city can impose a tax on most utility services that are provided within its boundaries.[3] By establishment of the city council, a city can have a utility tax on one utility, only certain ones, or all qualifying utilities; and it can have the same rate or different rates for each.

The statutory maximum is six percent for private utilities including telephone, natural gas, steam, and electricity. However, this six-percent limit can be exceeded if the voters authorize the city to do so by ballot. No statutory limit applies to cable television service, though taxes and/or fees on cable television service are protected from "undue discrimination" by the Federal Communications Act, so one could presume this means that they should not be taxed at a rate higher than other private utilities. However, as will be shown in Section III: Benchmark Comparisons of this Focus Area, some cities do have cable television taxes and/or fees that exceed six percent. No levy limit, statutory or otherwise, applies to garbage service.

Utility taxes cannot be levied on services provided by other governmental entities, such as a public water or sewer district, because of a decision rendered in the *Algona versus King County* litigation. The exception to this is that a city can tax the utility services it provides itself, in which cases the six percent maximum

[3] Though a county cannot levy a utility tax, it can impose certain franchise fees.

does not apply. The City of Seattle, for example, can tax Seattle City Light service because it is a utility it provides itself. The Northshore Utility District is a public governmental entity that is not and likely will not ever be owned by a city, and thus utility taxes cannot be imposed on its services.

A utility tax is computed from the gross receipts a utility service provider collects from a certain area multiplied by the established levy rate. The tax is levied on the utility service provider. The provider, in turn, almost always collects it from its customers based upon the customer's individual usage. Once the tax is created by the city council, it goes into effect sixty days after enactment for telephone, natural gas, and electrical services. Because their billing cycles vary, a city needs to contact cable television and garbage service providers separately to coordinate a start-up period.

We recommend the creation of such a new tax during the incorporation start-up phase because without doing so — or without creating another alternative — Kenmore will lose the difference between the 1998 Road District levy and the statutory maximum property tax levy (see discussion in "Property Tax — Regular Levy" on pages 22 through 26). To be equitable, though, we recommend imposing the tax only on electricity, telephone, and natural gas utility services since these are subscribed to by virtually everyone in Kenmore.

The rate we propose is 2.225 percent which, when multiplied by usage of these three services in the area, will recapture the road district levy loss. We are not assuming any utility tax revenue in 1998 because of the differences in billing cycles by the various utilities, but we anticipate the tax to be imposed upon incorporation. Potentially, the city could receive some revenue in 1998.

Projected Utility Tax Revenues
For electrical, telephone, and natural gas services only

	1998	1999	2000	2001
Without Lakepointe				
Utility Tax Revenue	-zero-	$263,214	$265,846	$268,504
With Lakepointe				
Utility Tax Revenue	-zero-	$263,214	$277,693	$281,715

Utility tax collections can be used for any municipal purpose. We assumed the full amount to be directed to the General Fund. A utility tax would be new to Kenmore. Unlike the typical property owner, this tax will have a net increase in

annual costs for institutions in Kenmore that currently do not pay property taxes, such as churches and the school district.

State-shared Revenues

All cities and towns are entitled to share certain State-collected taxes based upon their population. Two factors influence the amounts available. One is simply the amount collected by the State. The second is the population in cities and towns, which is affected by annexations and incorporations as well as growth. Some of the revenues are restricted as to the purposes to which the cities and towns can dedicate the funds.

New cities can "apply" to join the revenue-sharing pool only on the first day of the months of January, April, July, or October. For the first year, the State relies upon the population used by the County to file the incorporation (which population estimate is provided by this study). In the meantime, the State Office of Financial Management (OFM) employs a population estimation methodology that is similar to the one we employed to establish the "official" population, which may be higher or lower than the population projected here. The State's estimate can be appealed by a city. Alternately, a city can undertake a special population enumeration (census) and the State will rely upon that result. Additionally, OFM will provide training to a city's designated staff for how to conduct a proper census. OFM prefers a census, but it would be up to the new city to determine how it wanted to expend its resources in its start-up phase.

For all of the revenues below, we assumed one quarter's distribution for 1998.

We have elected to freeze per capita amounts at the 1999 level for projections to the year 2001. Historically, per capita rates have been going down in many categories as the population has been increasing, but a healthy State economy could have an offsetting impact of increasing the amount collected.

> Liquor Excise Tax. This tax is applied to the sale of spirits that contain more than 24-percent alcohol by volume and strong beer that contains more than eight-percent alcohol by weight. In order to be eligible to receive these revenues, the city must devote at least two percent of the proceeds to support an approved alcoholism or drug addiction program.

Projected Liquor Excise Tax Revenues

Year	Rate	Population		Collection	
		Without Lakepointe	Including Lakepointe	Without Lakepointe	Including Lakepointe
1998	$2.75	17,168	17,168	$11,803	$11,803
1999	$2.75	17,340	17,340	$47,685	$47,685
2000	$2.75	17,513	18,294	$48,162	$50,309
2001	$2.75	17,688	18,559	$48,644	$51,037

Liquor Profits. This revenue is a per capita distribution of the profits from the State-run liquor stores. In order to be eligible to receive these funds, the city must devote at least two percent of the proceeds to support an approved alcoholism or drug addiction program.

Projected Liquor Profits Revenues

Year	Rate	Population		Collection	
		Without Lakepointe	Including Lakepointe	Without Lakepointe	Including Lakepointe
1998	$5.31	17,168	17,168	$22,791	$22,791
1999	$5.31	17,340	17,340	$92,076	$92,076
2000	$5.31	17,513	18,294	$92,997	$97,141
2001	$5.31	17,688	18,559	$93,927	$98,548

Unrestricted Gas Tax. This is a State tax applied to the sale of gasoline and inflammable gas or liquids that are used to propel motor vehicles or boats. One-half of a percent of the city's total unrestricted gas tax collections must be allocated to paths and trails, unless that amount is less than $500.

Projected Unrestricted Gas Tax Revenues

Year	Rate	Population		Collection	
		Without Lakepointe	Including Lakepointe	Without Lakepointe	Including Lakepointe
1998	$15.91	17,168	17,168	$68,288	$68,288
1999	$16.39	17,340	17,340	$284,205	$284,205
2000	$16.39	17,513	18,294	$287,047	$299,839
2001	$16.39	17,688	18,559	$289,918	$304,182

One-half of a percent of this amount equals $1,421 (1999), so the paths and trails stipulation would need to be addressed.

The proceeds the City collects must be deposited to the City's street fund to support street construction or maintenance activities. Even though this means the proceeds are restricted to street purposes, they are termed "unrestricted" because their use is not restricted to capital investment purposes.

Restricted Gas Tax. This State tax is applied to the same sales as unrestricted gas tax revenues. Similarly, one-half of a percent of the City's total collections from this source must be allocated to paths and trails unless the amount is less than $500. The proceeds must be deposited to the Road Fund for the construction, improvement, chip sealing, seal coating, and repair of the arterial highways and city streets. The proceeds also may be used to pay the debt incurred for such purposes. For cities less than 15,000, some of these restrictions do not apply; but Kenmore's population is projected to be above 15,000 upon incorporation, so this possibility is not available.

Projected Restricted Gas Tax Revenues

Year	Rate	Population		Collection	
		Without Lakepointe	Including Lakepointe	Without Lakepointe	Including Lakepointe
1998	$7.44	17,168	17,168	$31,933	$31,933
1999	$7.66	17,340	17,340	$132,826	$132,826
2000	$7.66	17,513	18,294	$134,154	$140,132
2001	$7.66	17,688	18,559	$135,495	$142,162

One-half of one percent of this amount equals $664 (1999), so the paths and trails requirement would apply.

Motor Vehicle Excise Tax. This State tax is applied to the value of motor vehicles designed primarily for use on public highways. The value is determined using the manufacturers base suggested retail price, then depreciating it using a set schedule. The City's proceeds must be used for police and fire protection, and for the preservation of the public health. Since these services usually cost more than a city's collection from this source, the proceeds are generally considered unrestricted.

Projected MVET Revenues

Year	Rate	Population		Collection	
		Without Lakepointe	Including Lakepointe	Without Lakepointe	Including Lakepointe
1998	$12.31	17,168	17,168	$52,836	$52,836
1999	$12.99	17,340	17,340	$225,249	$225,249
2000	$12.99	17,513	18,294	$227,501	$237,639
2001	$12.99	17,688	18,559	$229,776	$241,081

Camper/Trailer Excise Tax. Applied to the value of travel trailers and camper units, the City's proceeds from this revenue are unrestricted. The value and depreciation methodology is similar to that for the Motor Vehicle Excise Tax.

Projected Camper/Trailer Excise Tax Revenues

Year	Rate	Population		Collection	
		Without Lakepointe	Including Lakepointe	Without Lakepointe	Including Lakepointe
1998	$0.31	17,168	17,168	$1,331	$1,331
1999	$0.32	17,340	17,340	$5,549	$5,549
2000	$0.32	17,513	18,294	$5,604	$5,854
2001	$0.32	17,688	18,559	$5,660	$5,939

Criminal Justice Revenues — General. The funding for this allocation is a share of the Motor Vehicle Excise Tax. Only sixteen percent of the total criminal justice revenues are distributed as a per capita State shared revenue. The remaining 84 percent is available only by application to the Department of Community, Trade, and Economic Development (see immediately below). These revenues must be used by the City for criminal justice purposes, and cannot be used to reduce or supplant existing funding (a provision that obviously doesn't apply to a new city).

Projected General Criminal Justice Revenues

Year	Rate	Population		Collection	
		Without Lakepointe	Including Lakepointe	Without Lakepointe	Including Lakepointe
1998	$0.34	17,168	17,168	$1,459	$1,459
1999	$0.34	17,340	17,340	$5,896	$5,896
2000	$0.34	17,513	18,294	$5,955	$6,220
2001	$0.34	17,688	18,559	$6,014	$6,310

Criminal Justice Revenues — By Application. As mentioned above, 84 percent of the funds available for criminal justice purposes from MVET collections can be secured by a city only through application. Funds can be applied for from the State Department of Community, Trade, and Economic Development in four program areas:

- CONTRACT POLICE. Cities that contract for policing services can apply to the State for an additional grant from the MVET pool. The distribution amount is on a per capita basis in proportion to the populations of the cities that apply for the grant. Of course, it is difficult to predict which cities will apply. More and more cities are incorporating, but some former "contract" cities, such as Federal Way, are forming their own police departments and thus withdrawing from qualification for a distribution. We assume Kenmore will not apply for a grant in 1998, but will receive one in 1999 and beyond.

Projected 'Contract Police' Grant

Year	Rate	Population		Collection	
		Without Lakepointe	Including Lakepointe	Without Lakepointe	Including Lakepointe
1998	$2.69	17,168	17,168	-zero-	-zero-
1999	$1.99	17,340	17,340	$34,507	$34,507
2000	$2.02	17,513	18,294	$35,377	$36,954
2001	$2.05	17,688	18,559	$36,262	$38,046

- INNOVATIVE LAW ENFORCEMENT. Certain amounts are available to cities that create innovative law enforcement programs. As a practical matter, however, new cities usually are fully occupied trying to create their new governments to dedicate too much time designing

innovative policing programs. Funds are available by application nonetheless, and we are advised that an application would be accepted by Kenmore in its first year, based upon the provisions in its law enforcement contract.

Projected 'Innovative Law Enforcement' Grant

Year	Rate	Population		Collection	
		Without Lakepointe	Including Lakepointe	Without Lakepointe	Including Lakepointe
1998	$0.35	17,168	17,168	-zero-	-zero-
1999	$0.35	17,340	17,340	$6,069	$6,069
2000	$0.35	17,513	18,294	$6,130	$6,403
2001	$0.35	17,688	18,559	$6,191	$6,496

- DOMESTIC VIOLENCE PREVENTION. Funding from this program has numerous variables, including the number of cities that apply, the size of the MVET pool, the population of those cities that apply, and other factors. The statutory maximum per capita rate is $0.50.

Projected 'Domestic Violence Prevention' Grant

Year	Rate	Population		Collection	
		Without Lakepointe	Including Lakepointe	Without Lakepointe	Including Lakepointe
1998	$0.50	17,168	17,168	-zero-	-zero-
1999	$0.50	17,340	17,340	$8,670	$8,670
2000	$0.50	17,513	18,294	$8,757	$9,147
2001	$0.50	17,688	18,559	$8,844	$9,280

- CHILD ABUSE PREVENTION. Funding from this program has many variables, including the number of cities that apply, the size of the MVET pool, the population of those cities that apply, and other factors. The statutory maximum per capita rate is $0.50.

Projected 'Child Abuse Prevention' Grant

Year	Rate	Population		Collection	
		Without Lakepointe	Including Lakepointe	Without Lakepointe	Including Lakepointe
1998	$0.50	17,168	17,168	-zero-	-zero-
1999	$0.50	17,340	17,340	$8,670	$8,670
2000	$0.50	17,513	18,294	$8,757	$9,147
2001	$0.50	17,688	18,559	$8,844	$9,280

Summary of State Shared Revenues. The table below summarizes the State shared revenues discussed above. Restricted Gas Tax revenues are shown separately because they would accrue to capital improvement items, and revenues by application are shown separately because, technically speaking, they are distinct from other State sharedrevenues.

Projected State Shared Revenues

	1998	1999	2000	2001
Without Lakepointe				
State Shared	$158,508	$660,660	$667,266	$673,939
Restricted Gas Tax	$31,933	$132,826	$134,154	$135,495
By Application	-zero-	$57,916	$59,021	$60,141
TOTAL	$190,441	$851,402	$860,441	$869,575
With Lakepointe				
State Shared	$158,508	$660,660	$697,002	$707,097
Restricted Gas Tax	$31,933	$132,826	$140,132	$142,162
By Application	-zero-	$57,916	$61,651	$63,102
TOTAL	$190,441	$851,402	$898,785	$912,361

Surface Water Management Fees

Presently, King County provides surface water management services to Kenmore in the form of protecting and enhancing waterways and wetlands, correcting flood hazards, and maintaining and improving the natural and human-made systems for removing surface water runoff.

The County performs these services by imposing fees on all unincorporated properties. For single-family lots, regardless of size, the County charges a flat

fee of $85.02 per year, which it collects in semi-annual installments through property tax bills but as a separate charge. For multifamily, commercial, and industrial properties, the fee charged is based on a sliding scale depending upon the size of the parcel and the percentage of impervious surface on it. The amounts charged are intended to cover the costs of both on-going maintenance and capital improvements, including debt service.

Presently, $6.88 of the total residential rate is applied to King County debt service costs for a 1992 surface water management bond, and another $5.50 is dedicated to repayment of a 1996 bond. In total, actual debt service will be $12.38 or 14.56 percent of surface water charge revenues on private accounts (non-road and non-highway billings). The County will expect the City to make debt service payments to the level required to cover its share of annual bond costs, in conformance with King County Code Section 9.08.020. In the alternative, the County may levy a separate debt service fee on all Kenmore properties. The annual debt service cost to Kenmore will remain the same because it will be based upon the amount of private billings at the time of incorporation. The projected annual debt service cost will be $92,913 based upon assumed total private billings of $638,139, though there is some potential for variation from this amount owing to tallying the effects of commercial/industrial accounts.

As will be discussed in Focus Area III: Section D (page 117), Kenmore could either continue to have the County provide day-to-day service through interlocal agreement, or Kenmore could create its own surface water management utility department and provide the services directly, or the City could contract with another entity. We assume Kenmore will continue to have the County provide this service and will establish the same rate structure. During the incorporation start-up phase, Kenmore should contact King County Surface Water Management to review and confirm rates before passing any ordinances to establish rate structures so that the rate structure and potential for revenue are in place on the date of incorporation.

King County has projected its 1996 Surface Water management collections from Kenmore to total $728,931, which includes private collections and collections from the State and the County for its transportation facilities ($10,544 and $86,582 respectively). The suggested annual growth rate is 0.5 percent. The dollar amount is based upon an estimating methodology rather than upon a parcel-by-parcel summation, so the actual amount may be somewhat higher or lower.

Again, Focus Area III: Section D discusses surface water management service delivery in greater detail. In short, day-to-day service is estimated to cost

$334,269 per year. The net surplus surface water program revenues remaining from total collections less day-to-day costs and less debt service (which resulting amount will be called "the difference" in this paragraph) can be dedicated to at least two surface water-related uses. First, and primarily, the difference can and should be used to pay for surface water capital investments. But second, it is also legitimate to use a portion of the difference to defray road maintenance or construction costs that relate directly to the preservation of the surface water management system. This second provision should be viewed as an alternative for the difference rather than as a windfall to the Road Fund.

The County estimates that road maintenance services that qualify under this second provision total $140,368 annually for services such as roadside maintenance, catch basin maintenance, vegetation control, etc. We assumed an annual transfer of this amount (inflated over time) from the Surface Water Management Fund to the Road Fund.

Surface water management fees must be used for specific purposes, such as the ones discussed in the paragraphs above. That is, these fees are restricted revenues. We assume that all fees in their entirety would be deposited to a Surface Water Management (SWM) Fund (see page 117). From this fund, we project that certain amounts would be transferred from the SWM Fund to the General Fund, certain amounts to the Capital Improvement Fund (see pages 125 through 143), and a certain amount would be paid for debt service. The reason we propose transferring SWM Fund amounts to the General Fund is to facilitate the future interests of Council Members, residents, and staff to gain a complete picture of what the City is projected to pay for day-to-day services (see "Section A: General Fund," page 71). Working from this premise, which is an effort to aid future policy discussions, because we show the General Fund accounting for day-to-day SWM expenses we also show an offsetting revenue to the General Fund from the SWM fund to show the dollar-for-dollar relationship.

In the table below, then, we show only the amount transferred to the General Fund from the SWM Fund.

Projected Surface Water Management Fees to General Fund

	1998	1999	2000	2001
Without Lakepointe				
Operations	$114,091	$351,608	$357,586	$363,664
Transfer to Roads	$24,571	$153,384	$157,985	$148,916
With Lakepointe				
Operations	$114,091	$351,608	$357,586	$373,664
Transfer to Roads	$24,571	$153,384	$157,985	$148,916

Total SWM revenues are shown on pages 117 through 118 .

Fines and Forfeits Revenues

Determining precisely what Kenmore's court-related revenues will be — the collections it gains from fines and forfeits — is complex because if the City contracts with the King County District Court in Shoreline for its court service, which we assume it will do at least in the near term, the City will not actually be receiving a gross revenue but a net revenue. Total revenues will be collected at the District Court, the Court will charge the City for the contracted service, and the City will be obligated to remit State assessments and to pay for related costs such as witness and interpreter fees. Thus, pinpointing projected Kenmore court-related revenues begs the question, "which revenue do you mean?"

We presume the City will contract with the County for district court services, and we assume it will pay the fees discussed in the following Focus Area (see "Court Services," page 82) based upon a filing volume of 2,151 infractions and 970 citations per year (1997). Based upon conversations with the County, this would yield a net revenue of about $115,000 after State assessments were paid.

It is important to note, however, that this would *not* be a net revenue to the City, because from this amount Kenmore would need to pay the County for district court services (see page 82). Therefore, the amount that we are showing is the amount of fines and forfeit revenue attributable to the City of Kenmore before the City paid for its district court services. In the summary of revenues less expenses, then, the actual City net — about $8,000 in 1999 — is rolled into the bottom line figure for ultimate feasibility.

Projected Fines and Forfeits Revenues

	1998	1999	2000	2001
Without Lakepointe				
Fines and Forfeits	$9,788	$122,158	$127,044	$132,126
With Lakepointe				
Fines and Forfeits	$9,788	$122,158	$132,706	$138,627

For 1998, the amount shown represents the equivalent of two months of revenue. To be very clear, this is *not* because the City would not be in the position of receiving court revenues from the first day of incorporation (or, on the other side of the equation, be obligated to pay for services from day one), but rather because there is a lag time between when Kenmore's first infraction or citation is filed — potentially September 1, 1998 — and the date the matter is actually settled. As is discussed in Focus Area III (see page 82), the City will incur court costs once the first filing is submitted. In the case of the newly incorporated City of Shoreline, filings were quite heavy in the first month of incorporation, then tapered down to a more steady pace. Revenues, on the other hand, were quite low in the first couple of months, then gradually increased toward the end of the calendar year as cases filed earlier were settled.

Building Permit Revenues

After incorporation, Kenmore will need to provide land and building regulation within its boundaries, and will also receive revenues from the permits it issues and, in certain cases, from the time it dedicates to reviewing proposals or aspects of proposals.

The City will need to establish its own fee structure for its permits. A fee structure is suggested in the Uniform Building Code, but each jurisdiction is allowed to set its own rates based upon its own policies. Some cities prefer a "full cost recovery" model, meaning that all costs associated with building permitting and regulation are covered by the revenues derived through permitting and inspection fees. Other cities opt to subsidize the building department's budget with General Fund revenues, knowing that the total actual costs will not be covered by fee revenues.

We are not sure at this point what a future Kenmore City Council will choose to do with regard to the City's fee structure. However, we are aware that the County's fee structure is based upon the full cost recovery model and that,

owing to the extent of the County's operations, its fees tend to be higher than average. Many newly incorporated cities have elected to decrease their own fees from the levels charged by King County.

Just as the County has provided building permitting activity volumes that have enabled a projection of Kenmore growth rates (see "Growth Potential and Projected Growth," page 10), so, too, has the County provided its fee revenues from the Kenmore area. Over the last two years, the County has collected net building permitting fees totaling $412,961 on an annualized basis. This amount represents total revenues to the County after the County has remitted or forwarded the appropriate amounts to the school district for school impact fees, transferred transportation impact fees to the appropriate County fund, and distributed other fees to various agencies. Or, were the City of Kenmore to adopt precisely the same fee structure, experience precisely the same permitting volume, and collect and then remit the same impact fees, this is the amount that would be the net collection to the City.

We presumed the City would adopt a fee structure that is eighty-percent of what the County charges, meaning that the City may end up somewhat subsidizing costs associated with building permitting.

As for the Lakepointe development, it appears that if it continues on schedule then all of its building permitting will be conducted by the County, and the City will not receive any permitting revenue from it. Consequently, we are not showing a differentiation of revenues because of the Lakepointe development.

Projected Building Permitting and Inspection Revenues

	1998	1999	2000	2001
Building Revenues	$26,238	$324,300	$334,029	$344,049

The lower-than-normal projected revenues in 1998 are because of the cyclical nature of building permitting. As a rule, permit applications decline in the last quarter of each year, though certainly there can be and are exceptions to this generalization. The County's experience with other newly incorporated cities is that some building permits are applied for during the first days city hall is open.

King County License Fee

The County already imposes a $15 per vehicle license fee on all vehicles in the County. The amount is then distributed to King County cities and to the County itself.

Projected County Vehicle License Fee

	1998	1999	2000	2001
Vehicle License Fee	$36,750	$148,619	$150,251	$151,602

This is a restricted revenue that would accrue to the Capital Improvement Fund. We are projecting a three month collection in 1998.

Transportation Impact Fees

To offset the degradation of transportation facilities in an area because of new development, a jurisdiction can impose transportation impact fees. To do so, the jurisdiction needs to complete an extensive and detailed assessment of its transportation system, determine levels of service, identify needed improvements, create impact zones and corresponding fee structures, and many other items.

The County does impose transportation impact fees, and we would recommend that Kenmore create such a fee structure, too. However, because of the level of complexity involved in creating one, we are not projecting any revenue from this source within the planning horizon.

Community Development Block Grant

It is anticipated that Kenmore would qualify as a "pass through" city for the federal Community Development Block Grant (CDBG) program. To qualify, the City would need to conduct a housing and community development needs assessment and adopt strategies based on those needs that were consistent with the United States Department of Housing and Urban Development's requirements for the Consolidated Housing and Community Development Plan. We project the plan to be completed according to the required timelines so that Kenmore could begin receiving revenues in the year 2000.

Projected CDBG Revenues

	1998	1999	2000	2001
CDBG	-zero-	-zero-	$106,000	$106,000

Cable Television Franchise Fees

Though Washington counties cannot impose utility taxes, they can impose franchise fees, and King County does so on cable television service. Therefore, Kenmore users of cable television service pay a five-percent franchise fee on their service, which is the statutory maximum amount. In most respects, the mechanisms for assessment and collection of the franchise fee are similar to a utility tax.

Cities can impose franchise fees, too, Since they can also impose utility taxes, however, the federal Cable Communications Policy Act of 1984 [regulated by the Federal Communications Commission (FCC)] would suggest that a city should not levy more than its statutory maximum on other private utilities: six percent. However, since the maximum amount for a franchise fee is five percent, as a practical matter the city also could impose a one percent utility tax on cable television and still meet the apparent intent of the FCC. Alternatively, it could simply impose a six percent utility tax and forego a franchise fee. For this study, we assumed the continuation of the five percent franchise fee.

Based upon conversations with TCI, the area's cable provider, it is estimated that two-thirds of the households and businesses combined in Kenmore subscribe to cable television service, and that gross receipts in 1998 are estimated to be $1,966,060. We inflated this amount over time at three percent, which factors in growth. Since this amount is already being levied and collected, we assumed the transfer from the County to the new city could be accomplished easily and thus are assuming a three month collection in 1998.

Projected Cable Television Franchise Fee Revenue

	1998	1999	2000	2001
Without Lakepointe				
Cable TV Fee Revenues	$24,101	$98,332	$100,298	$102,304
With Lakepointe				
Cable TV Fee Revenues	$24,101	$98,332	$100,298	$112,705

Cable television franchise fees can be used for any municipal purpose. We assumed the full amount to be directed to the General Fund. The franchise fee would be a substitute and not a new tax.

License and Permit Fees

This revenue item refers to income the City could receive from various business licenses and permits. Presently, the County requires only certain kinds of businesses to register for a license or permit. Generally, these are businesses whose nature requires more enforcement and monitoring than others.

However, it is not uncommon for a city to require every business to register, either on a one-time basis or annually.

For this analysis, we assumed the same number of licenses and rates that the County now charges. The new city may choose to explore this assumption and make its decision after a more thorough evaluation (see "Section C: Benchmark Comparisons," Pages 65 through 68).

We do not foresee a change as a result of Lakepointe if the County approach is used.

Projected Business License and Permit Revenue

	1998	1999	2000	2001
Licenses/Permits Revenue	-zero-	$8,340	$8,340	$8,340

Business license and permit revenue can be used for any municipal purpose. We assumed the full amount to be directed to the General Fund. Licenses and permits of the type and rate shown above would be a substitute and not a new fee.

The County also collects permit fees for animal-related licenses to fund its animal control program. We heartily recommend continuing this relationship and that the City not venture into the animal control business. By doing so, there would be no direct revenue or expense implications for the City in terms of licensing and permitting.

Summary

Given all of the data and assumptions provided above, we project Kenmore's annual "anticipated revenues" to be as follows:

Summary — Anticipated Revenues
General Fund
Without Lakepointe

	1998	1999	2000	2001
Property Tax — Regular	-zero-	$1,831,196	$1,942,484	$1,997,013
Property Tax — Excess	-zero-	-zero-	-zero-	-zero-
County Road Tax (Loan)	$962,516	-zero-	-zero-	-zero-
Retail Sales Tax	$19,538	$120,746	$124,369	$128,100
Sales Tax Equalization	-zero-	$1,326,738	$1,329,525	$1,376,243
Retail Sales Tax — CJ	$46,385	$290,101	$302,284	$314,328
Gambling Taxes	$30,888	$363,247	$355,982	$348,863
Utility Taxes	-zero-	$263,214	$265,846	$268,504
State Shared Revenues	$158,508	$660,660	$667,266	$673,939
State Shared by Application	-zero-	$57,916	$59,021	$60,575
SWM Transfer — Operations	$114,091	$351,608	$357,586	$363,664
SWM Transfer — Roads	$24,571	$153,384	$157,985	$148,916
Fines and Forfeits	$9,788	$122,158	$127,044	$132,126
Building Permits	$26,238	$324,300	$334,029	$344,049
CDBG	-zero-	-zero-	$106,000	$106,000
Cable TV Franchise	$24,101	$98,332	$100,298	$102,304
Licenses and Permits	-zero-	$8,340	$8,340	$8,340
TOTAL	$1,416,624	$5,971,940	$6,238,059	$6,372,964

Summary — Anticipated Revenues
General Fund
With Lakepointe

	1998	1999	2000	2001
Property Tax — Regular	-zero-	$1,891,996	$2,194,618	$2,254,190
Property Tax — Excess	-zero-	-zero-	-zero-	-zero-
County Road Tax (Loan)	$962,516	-zero-	-zero-	-zero-
Retail Sales Tax	$19,538	$120,746	$125,434	$131,329
Sales Tax Equalization	-zero-	$1,326,738	$1,392,129	$1,446,262
Retail Sales Tax — CJ	$46,385	$290,101	$315,754	$329,793
Gambling Taxes	$30,888	$363,247	$355,982	$348,863
Utility Taxes	-zero-	$263,214	$277,693	$281,715
State Shared Revenues	$158,508	$660,660	$697,002	$707,097
State Shared by Application	-zero-	$57,916	$61,651	$63,102
SWM Transfer — Operations	$114,091	$351,608	$357,586	$373,664
SWM Transfer — Roads	$24,571	$153,384	$157,985	$148,916
Fines and Forfeits	$9,788	$122,158	$132,706	$138,627
Building Permits	$26,238	$324,300	$334,029	$344,049
CDBG	-zero-	-zero-	$106,000	$106,000
Cable TV Franchise	$24,101	$98,332	$100,298	$112,705
Licenses and Permits	-zero-	$8,340	$8,340	$8,340
TOTAL	$1,416,624	$6,032,740	$6,617,207	$6,794,652

Summary — Anticipated Revenues
General Fund
Comparisons With and Without Lakepointe

	1998	1999	2000	2001
Total General Fund *Without Lakepointe*	$1,416,624	$5,971,940	$6,238,059	$6,372,964
Total General Fund *Including Lakepointe*	$1,416,624	$5,971,940	$6,617,207	$6,794,652
Difference	-zero-	-zero-	$379,148	$421,688

Summary — Anticipated Revenues
Capital Improvement Fund
Without Lakepointe
For a more detailed analysis see Focus Area IV

	1998	1999	2000	2001
REET 1	$36,681	$151,125	$155,659	$160,329
REET 2	$36,681	$151,125	$155,659	$160,329
County License Fee	$36,750	$148,619	$150,251	$151,602
Restricted Gas Tax	$31,933	$132,826	$134,154	$135,495
Other SWM*	$22,170	$142,105	$135,135	$141,844
TOTAL	$164,215	$725,710	$730,858	$749,599

*See Focus Area III: Section D

Summary — Anticipated Revenues
Capital Improvement Fund
With Lakepointe
For a more detailed analysis see Focus Area IV

	1998	1999	2000	2001
REET 1	$36,681	$151,125	$155,659	$160,329
REET 2	$36,681	$151,125	$155,659	$160,329
County License Fee	$36,750	$148,619	$150,251	$151,602
Restricted Gas Tax	$31,933	$132,826	$140,132	$142,162
Other SWM*	$22,170	$142,015	$135,135	$151,844
TOTAL	$164,215	$725,710	$736,836	$766,266

*See Focus Area III: Section D

Summary — Anticipated Revenues
Capital Improvement Fund
Comparisons With and Without Lakepointe
For a more detailed analysis see Focus Area IV

	1998	1999	2000	2001
Capital Fund Revenues *Without Lakepointe*	$182,454	$738,010	$747,439	$770,553
Capital Fund Revenues *With Lakepointe*	$182,454	$738,010	$773,417	$797,220
DIFFERENCE	-zero-	-zero-	$25,978	$26,667

Summary — Anticipated Revenues
Total

	1998	1999	2000	2001
Without Lakepointe				
General Revenues	$1,416,624	$5,971,940	$6,238,059	$6,372,965
Capital Revenues	$164,215	$725,710	$730,858	$749,599
TOTAL	**$1,580,839**	**$6,697,650**	**$6,968,917**	**$7,122,564**
With Lakepointe				
General Fund Revenues	$1,416,624	$5,971,940	$6,617,207	$6,794,652
Capital Fund Revenues	$164,215	$725,710	$736,836	$766,266
TOTAL	**$1,580,839**	**$6,697,650**	**$7,354,043**	**$7,560,918**
Difference Between Two Scenarios				
Without Lakepointe	$1,580,839	$6,697,650	$6,968,917	$7,122,564
With Lakepointe	$1,580,839	$6,697,650	$7,354,043	$7,560,918
Difference	-zero-	-zero-	**$385,126**	**$438,354**

Section B: Optional Revenues

The previous Section discussed revenues that we expect Kenmore most likely will establish to put the new city on a "same cost" basis. This section will identify other revenues Kenmore may want to consider, either at the time of incorporation or at some point in the future.

Readers should evaluate these potentials with an objective awareness that it costs much more to run a city than one may expect. As was demonstrated in Section A, because Kenmore's taxable retail sales are much lower than seventy-percent of the Statewide average, the new city will be relying heavily on sales tax equalization (see pages 31 through 33). And, as was noted, sales tax equalization is a diminishing rather than increasing revenue source.

Few elected officials prefer to be associated with new or increasing taxes, but none wants to be at the helm of a city that is boxed into a financial corner. The following revenue sources, then, are ones Kenmore could research, evaluate, and potentially establish. However, they are not included in this study for determining the proposed city's overall financial feasibility.

Business and Occupation Taxes

Whether called a tax, a registration fee, an employee per capita tax, a licensing charge, or some other name, local jurisdictions can impose a wide variety of business and occupation (B & O) taxes. Provided each category of taxpayer is treated equitably, cities have a pretty wide latitude for B & O taxes.

The most common B & O tax is called a "gross receipts" tax. With it, the city can levy up to the statutory maximum of 0.2 percent on the gross receipts of all businesses in the jurisdiction. Working with the Department of Revenue, we estimate Kenmore's annual gross receipts to be $100,000,000. Accordingly, a gross receipts tax could yield the following amounts.

Potential Business and Occupation Taxes

	1998	1999	2000	2001
Without Lakepointe				
Potential B & O	$216,320	$224,973	$233,972	$243,331
With Lakepointe				
Potential B & O	$216,320	$224,973	$233,972	$243,331

Business and occupation taxes can be used for any municipal purpose, and can be directed to any single fund or combination of funds.

Alternatively, the City could impose a B & O tax based upon the square footage of space a business occupies, it could establish a per capita tax for each employee of a business, or, instead of a tax, it would create a business licensing structure that is more developed than the one employed by the County and assumed in Section A (see "Licenses and Permits," page 54 and Section C: Benchmark Comparisons, pages 65 through 68). We did not have data available to us that would have enabled us to make projections of such potential revenues.

Admission Tax

Cities, unlike counties, can establish an admission tax that applies to the gross receipts of every establishment in the jurisdiction that charges an admission fee "at the door," such as cinemas, golf courses, theaters, stadiums (except for high school sports), amusement parks, pools, dance halls, private clubs, and such businesses (bowling alleys are specifically excepted). The statutory maximum levy is five percent.

In Kenmore, the only current businesses that would qualify for an admission tax are the Lake Washington Youth Soccer Bingo and potentially the Inglewood Golf and County Club. Once this tax was established, it would apply to any future qualifying businesses, such as the proposed twelve-plex cinema in the Lakepointe development.

Potential Admission Tax Revenues

	1998	1999	2000	2001
Without Lakepointe				
Potential Admission	$34,870	$34,172	$33,489	$32,819
With Lakepointe				
Potential Admission	$34,870	$34,172	$123,489	$301,019

Additional Utility Revenues

In the previous section we discussed the imposition of a 2.225 percent utility tax on electrical, telephone, and natural gas utility services in order to recapture the road district revenue loss (see "Utility Taxes," page 38).

As was noted there, the statutory maximum on qualifying utilities is six percent (with minor exceptions). Therefore, were the city to exercise its full statutory authority, it could add a one-percent utility tax on cable television in addition to the assumed five-percent franchise fee, impose a six-percent rate on garbage service, and increase electricity, telephone, and natural gas utility taxes by 3.775 percent. Based upon conversations with these utility providers, we estimate additional utility tax revenues as follows:

Potential Additional Utility Tax Revenues

	1998	1999	2000	2001
Without Lakepointe				
Add'l Utility Taxes	-zero-	$283,157	$285,989	$288,849
With Lakepointe				
Add'l Utility Taxes	-zero-	$283,157	$298,733	$303,061

Additional Gambling Tax

In "Anticipated Revenues," we assumed the city would levy the same gambling tax rates as are in place in King County. As noted there, the assumed levy on card games was eleven percent, yet the statutory maximum is twenty percent. Were the City to impose that rate, it could collect additional revenues from this sources.

Potential Additional Gambling Tax Revenues

	1998	1999	2000	2001
Add'l Gambling Tax	$2,155	$25,343	$24,836	$24,339

Leasehold Excise Tax

A leasehold excise tax applies to the revenues a government collects from leasing the excess space in one of its buildings or other real property to a private interest. The tax is levied against the governmental unit that owns the real property.

While there are no such circumstances in Kenmore today, and thus we are showing a zero potential revenue to the steady state year, it may be prudent for Kenmore to enact such a tax in preparation for future circumstances.

Franchise Fee

Cities can impose a franchise fee on utilities that occupy city rights-of-way. However, the amount of the franchise fee must equal the cost only of administering the franchise agreements. While this amount may by modest, it would nonetheless provide some relief to the General Fund. We are not estimating the amount in this report.

Summary

The table below summarizes potential revenues from these additional sources. Again, these revenues are not included in any other analysis of the feasibility of the incorporation and are provided for information only.

Potential Yield from Optional Revenues

	1998	1999	2000	2001
Without Lakepointe				
B & O Taxes	$216,320	$224,973	$233,972	$243,331
Admission	$34,870	$34,172	$33,489	$32,819
Additional Utility	-zero-	$283,157	$285,989	$288,849
Add'l Gambling	$2,155	$25,343	$24,836	$24,339
Leasehold	-zero-	-zero-	-zero-	-zero-
Franchise Fees	-zero-	-zero-	-zero-	-zero-
TOTAL	**$253,345**	**$567,645**	**$684,286**	**$695,338**
With Lakepointe				
B & O Taxes	$216,320	$224,973	$233,972	$243,331
Admission	$34,870	$34,172	$123,489	$301,019
Additional Utility	-zero-	$283,157	$298,733	$303,061
Add'l Gambling	$2,155	$25,343	$24,836	$24,339
Leasehold	-zero-	-zero-	-zero-	-zero-
Franchise Fees	-zero-	-zero-	-zero-	-zero-
TOTAL	**$253,345**	**$567,645**	**$787,030**	**$977,750**

Section C: Benchmark Comparison

The municipal revenue business is not new. It has been around as long as cities have. And while this report concerns creating a new city, it is not as if Kenmore would have to blaze each and every new path. The experience of others is readily available.

Another helpful step in evaluating how to proceed is to make comparisons. In this section, we are going to highlight revenue sources that other Seattle-area cities employ. In our opinion, readers should pay particular attention to the cities of Bothell and Lake Forest Park. Looked at objectively, were the Kenmore community less interested in incorporating it is likely, especially in light of the Growth Management Act and its encouragement of urban annexations and/or incorporations, that Kenmore would annex to either Bothell or Lake Forest Park — in whole or in pieces. Accordingly, it is worth noting the tax and fee structure of those neighboring communities. Doing so, of course, does not necessarily mean that their decisions need to be duplicated in Kenmore.

Comparison of Additional Municipal Levies

	Bellevue	Bothell	Kirkland	Lake F.P.	Redmond	Renton	Shoreline	Woodinville
Utility Taxes								
Electricity	4.5%	6.0%	5.0%	N/A	4.5%	6.0%	-zero-	-zero-
Telephone	6.0%	6.0%	5.0%	N/A	5.5%	6.0%	-zero-	-zero-
Cellular	6.0%	6.0%	5.0%	N/A	5.5%	6.0%	-zero-	-zero-
Water	4.5%	5.0%	5.0%	-zero-	-zero-	6.0%	-zero-	-zero-
Sewer	4.5%	5.0%	5.0%	-zero-	-zero-	6.0%	-zero-	-zero-
Cable T.V. Tax	4.8%	6.0%	5.0%	N/A	-zero-	6.0%	-zero-	-zero-
Cable T.V. Fee	5.0%	-zero-	5.0%	N/A	5.0%	5.0%	-zero-	-zero-
Garbage	4.5%	5.0%	5.0%	9.75%	6.0%	6.0%	-zero-	-zero-
Natural Gas	4.5%	6.0%	5.0%	N/A	5.5%	6.0%	-zero-	-zero-
Gambling Taxes								
Card Room	$1/membr	N/A	11.0%	N/A	12.0%	10.0%	-zero-	-zero-
Bingo	10.0%	10.0%	10.0%	N/A	10.0%	10.0%	-zero-	-zero-
Punch/Pull	5.0%	5.0%	5.0%	N/A	5.0%	5.0%	-zero-	5.0%
Admission	5.0%	N/A	N/A	N/A	N/A	N/A	-zero-	-zero-
B & O Taxes	Assorted	N/A	-zero-	N/A	N/A	N/A	-zero-	-zero-

Bellevue

The City of Bellevue has had a broad mix of taxes since incorporation, and has adjusted them over time.

For more than two decades, Bellevue's garbage utility tax rate was eleven-percent, but it was lowered in 1995 to 4.5-percent to be more on par with other utility services.

The City's card room and bingo taxes are more provisional than exercised, since Bellevue zoning disallows those uses.

For business taxes, Bellevue has a gross-receipts tax and a square footage tax.

Bellevue is able to levy a tax on water and sewer utilities because it provides these services directly to most areas of the city.

Bothell

The City provides water and sewer service to portions of the City itself, though in areas where service is provided by special districts the tax is not imposed.

Kirkland

The City of Kirkland has a fairly uniform utility tax levy, and is able to assess a tax on water and sewer utilities owing to the fact that it provides these services on its own.

Lake Forest Park

The city's tax rate on garbage utility services emphasizes the point that the standard six percent levy limit on utility services does not apply to garbage services.

Redmond

Redmond's electricity rate was 5.5 percent, but was lowered a percentage point in 1996. Redmond does provide its own water and sewer service but does not assess a tax on it.

Renton

Renton appears to have added gambling taxes only in 1995.

Most of the properties inside city limits and some outside the City receive water and sewer services by the City itself, so it is able to assess a utility tax on these services.

Shoreline

The newly-incorporated City of Shoreline maintains a pledge not to raise or institute new taxes pending the community's vote to incorporate. Accordingly, the City has no tax revenues beyond the basic package we identified above in Section A: Anticipated Revenues.

Woodinville

The Woodinville City Councils, since incorporation, have been disinclined to levy any taxes or fees on utility services, admissions, or business operations.

While Woodinville does have the statutory maximum gambling tax on punch board and pull tab activities, its codes do not allow card rooms or bingo activities. Hence, they do not have established levies for these.

Summary Analysis

The following tables can provide readers with a brief overview of the degrees to which neighboring jurisdictions employ or do not employ revenue enhancements beyond the standard array we have discussed. In the event the City of Kenmore were to be impacted by any negative impacts of sales tax equalization , or choose to expand services, the information above may prove a helpful starting point for evaluating revenue options.

Focus Area III

Expenses

Sections A through G

Focus Area III: Operating Expenses

In this Focus Area we present our projections for day-to-day operating expenses for the city from its first day of incorporation (August 31, 1998) through the end of its steady state year (2001).

Our methodology for projecting expenses was similar to a zero-base budget approach. That is, we had one portion of our study team working on revenue projections while another built the city's projected operating needs "from the ground up" based upon the facts that are unique to Kenmore and its initial stated objectives. By contrast, we did not simply look to the revenues available and then develop an expense budget that fit that amount.

Readers should pay particular attention to our assumptions about staffing levels. Our perspective is that a new city should start with a staffing level that is adequate to meet initial needs; to expect a higher level of experience, expertise, inventiveness, and energy than is found in a typical organization; to compensate the employees fairly for the enormous efforts and hours they will dedicate to creating the new city; and then to consider adding staff as needs and priorities emerge. Our recommended staffing level and mix is based upon our own professional expertise, existing data about Kenmore, and discussions with the Kenmore Committee formed by the Washington State Boundary Review Board for King County to oversee this feasibility study. Additionally, we made an allowance for unspecified increased staffing during the initial years (see "Provision for Potential Growth," page 110).

We organized the projected expenses by Fund (see Focus Area II: Introduction, page 21) in the following manner:

Section A	General Fund
Section B	Road Fund
Section C	Arterial Street Fund
Section D	Surface Water Management Fund
Section E	Equipment Replacement Fund
Section F	Vehicle Replacement Fund
Section G	Reserves Fund

Capital Improvement Fund expenses are discussed in Focus Area IV.

Within the General Fund, on a department-by-department basis, we divided expenses between "directly-provided services," "contracted services," and "continuing services."

- Directly-provided services are ones the City is foreseen to deliver with its own staff. For these, salaries were based upon the *City & County Employee Salary and Benefits Survey for 1996* produced annually by the Association of Washington Cities. We assumed salaries in the eighty-fifth percentile.

- Contracted services are day-to-day services the city is foreseen to purchase from sources outside city hall: from King County, from other jurisdictions, or from private vendors. All amounts shown for contracted services — including the amounts provided by the County — are estimates. The actual amounts for the contracted services may be higher or lower when the new city goes out to procure them. However, they are based on research and detailed data about Kenmore and should represent reasonable approximations.

- Continuing services are ones that will be the same in Kenmore after incorporation and for which there will not be a direct payment for services by the City. Certain ordinances, elections, or other actions of the City Council may need to be taken, however, in order to secure their continuation for the new city.

In Focus Area V we provide an overall assessment of the feasibility of the Kenmore incorporation, including the conclusions from Focus Area IV (Capital Improvement).

Section A: General Fund

Nearly every service the City will provide will be budgeted for in the General Fund. Depending upon how the finance department chooses to establish its accounting practices, the City essentially could operate to the greatest extent from the General Fund and the Capital Improvement Fund, with most other funds serving as pass-throughs for accounting tracking purposes.

Within the General Fund, we assumed seven budgetary programs: City Council, General Administration, Public Safety, Public Works, Land Use, Community Recreation and Health, and Miscellaneous Non-departmental. From this, our proposed organizational structure is detailed in the chart in the Executive Summary.

Additionally, we have accommodated potential undefined staffing growth, depending upon emerging needs, Council/Manager priorities, or other eventualities. Adding these positions is assumed in our financial projections, but this was done more from a perspective of financial anticipation rather than specific recommendations.

Finally, we are assuming a small transfer from the General Fund to a Reserves Fund for each year in the planning horizon of this study until the City reaches a reserve balance of five-percent of the total General Fund.

City Council Budgetary Program

DIRECTLY-PROVIDED SERVICES

Assuming the City incorporates as a Council/Manager government (35A.13 RCW), Kenmore will have a seven-member part-time Council elected by registered voters residing within the corporate limits of the City.

Under 35A. 13 RCW, the Council will elect the Mayor. The Mayor serves as the presiding officer of the City, often is the official and ceremonial representative for the City, and is authorized to make appointments to City boards and commissions with the concurrence of the Council.

Salaries. By statute, Kenmore will be required to compensate its Mayor $500 per month and each of its City Council Members $400 per month. Once the City is established, the Council could vote to adjust this level of compensation for future Councils, or could add to it a car allowance or personnel benefits. For this analysis, we are assuming only the statutory compensation minimums and neither car allowances nor benefits.

Administrative Support. Most of the administrative support needs for the Council would be accounted for elsewhere in the budget (e.g. association memberships, all staffing support, etc.). However, we assume the following annual expenses for each Council Member and the Mayor.

Mileage	$600
Professional Development	$1,000
Office Supplies	$250
Computer Replacement	$225
TOTAL	$2,075

$2,075 x 7 = $14,525 (full year)

"Mileage" accounts for reimbursable City-related automobile travel at about 150 miles per month at $0.33 per mile. "Professional Development" accounts for seminars, training events, and conferences. "Computer Replacement" would be a transfer to an account to replace hardware and software on an assumed three-year cycle.

Projected Cost of Directly-Provided Services: City Council

	1998	1999	2000	2001
Salaries	$11,600	$34,800	$34,800	$34,800
Administrative Support	$4,793	$14,525	$14,525	$14,525
TOTAL	$16,393	$49,325	$49,325	$49,325

CONTRACTED SERVICES

The City may want to budget $7,000 per year for consulting services for items such as the facilitation of an annual goal-setting retreat and assistance for the annual City Manager evaluation.

Projected Cost of Contracted Services: City Council

	1998	1999	2000	2001
Contracted Services	$7,000	$7,000	$7,000	$7,000

As a practical matter, such contracts most likely would be let and administered by the Office of the City Manager.

CONTINUING SERVICES

No continuing services are assumed for the City Council budgetary program.

SUMMARY OF CITY COUNCIL BUDGETARY PROGRAM

In light of the assumptions identified above, the projected annual costs for this budgetary program are:

Projected Annual Costs: City Council Budgetary Program

	1998	1999	2000	2001
Directly-provided	$16,393	$49,325	$49,325	$49,325
Contracted	$7,000	$7,000	$7,000	$7,000
TOTAL	$23,393	$56,325	$56,325	$56,325

General Administration Budgetary Program

This budgetary program includes many of the most fundamental day-to-day services (City Manager, records and public information, financial planning and accounting, information services) plus some other support functions.

DIRECTLY-PROVIDED SERVICES

Office of the City Manager

Under the Council/Manager form of government, the City Council is assumed to have only one employee: the City Manager. All other staff are hired, supervised, and dismissed by the City Manager, and the execution of all direction from the City Council is the responsibility of the City Manager. In a sense, the City Manager would serve as the chief executive officer of the municipal corporation known as the City of Kenmore. The City Manager is an "at-will" employee and can be dismissed by the City Council at any time and for any reason granted a majority vote of the Council is so cast.

Statutorily, the City Manager is authorized to delegate certain tasks to other staff members, though ultimately the City Manager remains responsible for those tasks. Accordingly, the City Manager's Office should be staffed so that it contains enough functionality to respond to the "big picture" administrative and policy needs of the City; and have enough staffing to respond to the day-to-day needs of the City Manager, the community and constituents (who naturally will call the City Manager's office for a wide range of needs), and support assistance to the City Council.

We project the Office of the City Manager to contain the following positions:

- The City Manager
- An Assistant City Manager to attend to on-going contracting needs and intergovernmental relationships
- The City Clerk
- A Response Agent, charged with fielding service-related concerns of residents and businesses, whether on not the service is provided by the City directly (i.e. a customer-friendly "problem solver")
- An Executive Secretary to support the City Manager and the Assistant City Manager primarily, but also support the office generally

- A Paralegal to support the City Clerk primarily, but also to prepare items for and in some cases act upon matters from the contract City Attorney
- A Receptionist who also would assist the Response Agent and the office generally

Salaries and Benefits. Using the eighty-fifth percentile of salaries for comparable positions in cities between 15,000 and 30,000 in the *City and County Employee Salary and Benefit Survey for 1996* by the Association of Washington Cities, we assumed:

Position	Salary	Benefits	Total
City Manager	$91,548	$25,633	$117,181
Assistant City Manager	$76,800	$21,504	$98,304
City Clerk	$58,116	$16,272	$74,388
Response Agent (Senior Planner)	$68,820	$19,269	$88,089
Executive Secretary	$39,060	$10,936	$49,996
Paralegal (Legal Secretary)	$37,560	$10,517	$48,077
Receptionist (Journey Level Clerk)	$37,212	$10,419	$47,631

Benefits are computed at twenty-eight percent of salary, and both salary and benefits are assumed to inflate at three percent per year. A car allowance of $300 per month is added for the City Manager only, and is included in the matrix below under "Salaries and Benefits."

Administrative Support. Items including office supplies, public notices, courier services, association dues, departmental postage, departmental mileage (not for City Manager), professional development (post-1998), equipment replacement, and vehicle replacement are accounted for in this category (see Appendix).

City-wide Communication Needs. The City likely will want to have some means of communicating with the community about programs, services, and upcoming events. For planning purposes, we are budgeting $15,000 for a newsletter twice a year and $3,000 for an annual open house. Staffing for these items is foreseen to be absorbed with existing staff.

Projected Expenses: Office of the City Manager

	1998	1999	2000	2001
Salaries and Benefits	$182,566	$564,056	$580,906	$598,261
Administrative Support	$10,700	$32,950	$33,076	$33,206
City-wide Communication	$10,500	$18,000	$18,000	$18,000
TOTAL	$203,766	$615,006	$631,982	$649,467

Department of Administrative Services

This department will be responsible for finances, personnel, and technology services.

Presumably, the City Manager will hire a Finance and Administrative Services Director who also will serve as the statutorily-required Treasurer. This person would be responsible for all financial transactions of the City; implementing appropriate internal financial systems, policies, and procedures; some payroll services (with contracted services, see page 77); risk management; and seeing to the legwork of preparing the City Manager's recommended budgets. This person would supervise a staff of 2.5 FTEs. The department's staffing is foreseen as follows:

- A Finance and Administrative Services Director/Treasurer
- A Senior Accountant, who would work at the direction of and to the support of the Finance Director on items such as budgeting, accounting, purchasing, internal audit, and payroll
- A Data Management Specialist who would be responsible for the City's voice and computerized data needs and for such training
- A Human Resources Manager (part time) to administer personnel needs, the City's compensation plan, and recruitments

The Finance and Administrative Services Director/Treasurer would need to be hired in 1998, and given that much of the city staff's efficiencies will be based on technology perhaps the Data Management Specialist should be hired in 1998, too. The Senior Accountant and the part-time Human Resources Manager are foreseen to be hired January 1, 1999. This is because the 1999 budget should be developed in the start-up period, and a working personnel classification and compensation plan should be established in this period, too, though as the City has more time it may choose to reexamine the working but temporary plan established during that start-up time.

Salaries and Benefits. Using the eighty-fifth percentile of salaries for comparable positions in cities between 15,000 and 30,000 in the *City & County Employee Salary and Benefit Survey for 1996* by the Association of Washington Cities, we assumed:

Position	Salary	Benefits	Total
Finance & Administrative Serv. Dir./Treasurer	$74,280	$20,798	$95,078
Senior Accountant	$51,864	$14,522	$66,386
Data Mgmnt Specialist	$41,532	$11,629	$53,161
Human Resources (0.56 FTE)	$27,760	$7,773	$35,533

Benefits are computed at twenty-eight percent of salary, and both salary and benefits are assumed to inflate at three percent per year.

Administrative Support. Items including departmental postage, courier services, departmental mileage, professional development (post-1998), association dues, equipment replacement, and vehicle replacement are contained in this category (See Appendix). Additionally, we have budgeted $10,000 per year for temporary help beginning in 1999 to supply short-term support for particularly busy periods in any of the areas in this department, and $20,000 for the required annual Washington State Audit (based upon an estimate provided by the Seattle-area Auditing team).

Projected Expenses: Department of Administrative Services

	1998	1999	2000	2001
Salaries and Benefits	$50,895	$265,394	$273,356	$281,556
Administrative Support	$5,250	$27,100	$47,197	$47,296
TOTAL	$56,145	$292,494	$320,553	$328,852

CONTRACTED SERVICES

The General Administration budgetary program will need to provide for a wide array of support services by contract to aid the work of the City Manager, the City Clerk, and the Finance and Administrative Services Director/Treasurer. We foresee the need for the following contracts in the amounts indicated:

Contracted Services: General Administration

	1998	1999	2000	2001
City Attorney	$40,000	$75,000	$60,000	$60,000
Payroll Services	$700	$2,000	$2,060	$2,122
Hearing Examiner	$1,000	$5,000	$5,000	$5,000
Consulting Services	-zero-	$40,000	$40,000	$40,000
Personnel Classification/ Compensation Plan	-zero-	$25,000	-zero-	-zero-
TOTAL	$41,700	$147,000	$107,060	$107,122

CONTINUING SERVICES

A continuing service that could fall within this category is library services. It is assumed that the City will choose to annex to the King County Rural Library District by ordinance. By doing so, residents could continue to have full access to the District's services, and the District would continue to impose its levy on property in the City of Kenmore. No other foreseen cost would be associated with this decision.

SUMMARY OF GENERAL ADMINISTRATION BUDGETARY PROGRAM

In light of the assumptions identified above, the projected annual costs for this budgetary program are:

Projected Annual Costs: General Administration Budgetary Program

	1998	1999	2000	2001
Directly-provided	$259,911	$907,500	$952,535	$978,319
Contracted	$41,700	$147,000	$107,060	$107,122
TOTAL	$301,611	$1,054,500	$1,059,595	$1,085,441

Public Safety Budgetary Program

While the General Administration budgetary program contains many of the functions that the City needs most to operate day-to-day, the Public Safety budgetary program contains those services that usually are of highest priority to the citizens because they provide most directly for their personal security.

DIRECTLY-PROVIDED SERVICES

As a "contract" city, it is not foreseen that Kenmore will provide any public safety services directly. As the City evaluates the delivery of these services and the needs of its community, it may choose in the future to in some way augment its contract for continuing services, or may opt to evaluate the potentials of establishing a City police department several years after incorporation, but these items are not contemplated in this Focus Area.

CONTRACTED SERVICES

Presumably, the single most noticeable contracted service for the City of Kenmore on a daily basis will be policing services, but this Contracted Services category also accounts for those services related to policing such as court services, prosecution, public defense, and adult detention.

Policing Services

A municipality is required to provide for police protection, but it can do so in a variety of ways. A city can provide policing services itself, it can contract for all services with the County or another city, or it can create a hybrid of these.

Given the *same cost/same service* premise of the incorporation, the fact that the County is willing to customize its services for cities at agreed upon additional costs, and especially given that a King County Police Department precinct is located within the boundaries of the proposed new city, we assume and recommend that Kenmore contract with King County for policing services. We do not foresee an impending need to do so, but at some point several years after incorporation the City may want to examine the costs and benefits of other alternatives.

For the County, the basic level of services is called the "flex" model. Through it, Kenmore would continue to receive its policing services in the same manner as today by being a homogenous part of the King County

Police Department service area. Though there would be a contractual relationship between the City and the County, there would be no perceptible difference in service to residents and business owners. Again, to Kenmore's somewhat unique advantage, it would have a little better service than other contract cities in that people could continue to have counter service available to them at the Kenmore precinct.

However, either upon incorporation or at the time of contract renegotiation, the City could explore purchasing additional services, such as an increased level of patrolling or traffic enforcement, school- or community-based programs, specially-marked "Kenmore" patrol cars and/or uniforms, or other service enhancements.

For the purposes of this study, we are assuming the flex model. The City will have the option of exploring enhanced service levels if it chooses at a subsequent time.

As part of our assumption, we included the continuance of the Kenmore Community Police Officer, whose cost would be shared 50/50 with the new city.

The County estimates the cost of the flex model for Kenmore as being $898,869 (1997). Because of the agreements contained in the recently-adopted Police Guild contract, we are assuming an annual inflation rate of three percent. In the past, newly incorporated cities experienced a 1995-1996 actual cost increase of seven percent, but new contracting methodologies may yield an annual increase in the future closer to the three percent factor we are assuming.

The services provided under the flex model, and their associated costs, are as follows:

Note: All costs are shown as Kenmore's share of the total cost of these services

Item	Cost	F.T.E.
Precinct Services		
Captain (Precinct Operations)	$32,149	0.26
Precinct Facilities and Maintenance	$13,103	N/A
Major (Precinct Commander)	$11,375	0.09
Crime Analysis	$12,582	0.13
Detective Services	$86,536	0.78
Pro-active Services	$14,141	0.13
Reactive Patrol	$306,827	3.25
Reactive Patrol Sergeants	$42,785	0.41
Community Police Officer	$47,180	0.50
SUBTOTAL — PRECINCT SERVICES	**$556,678**	**5.55**
Support Services		
Air Support	$11,122	0.05
Asset Forfeiture	$7,729	0.09
Bomb Disposal Unit	$3,245	0.02
Canine	$24,854	0.21
9-1-1 Communications	$136,517	1.65
"Crimestoppers"	$2,368	0.02
Drug Enforcement Unit	$23,043	0.21
Fraud, Forgery, and Organized Crime	$18,522	0.16
Hostage Negotiations	$985	0.01
Major Crime Detectives	$86,745	0.72
M.A.R.R. Unit	$5,713	0.09
Tactical Unit	$6,165	0.03
Vice	$3,110	0.03
Gambling	$2,073	0.02
SUBTOTAL — SUPPORT SERVICES	**$332,191**	**3.31**
TOTAL	**$898,869**	**8.86**

As the new city begins its contract negotiations with the County for policing services, it may want to bear in mind that the following Support Services are optional: air support; asset forfeiture; "Crimestoppers;" drug enforcement unit; fraud forgery, organized crime; vice; and gambling. Other services also may have optional elements. We included all of these services and their related costs in our projections in order to reflect the level of service Kenmore receives today.

Projected Expenses: Policing Services

	1998	1999	2000	2001
Policing Services	$154,306	$953,610	$982,610	$1,011,684

By practice, the first sixty days of the City's contract with the County for policing services will be provided without cost, meaning Kenmore will incur only two months of expense in this area for 1998.

Court Services

Cities have the option of having violations of local ordinances adjudicated and processed either by their own municipal court or through the district court via contract with the County. The kinds of local ordinance violations referred to include traffic infractions, misdemeanors (e.g. shoplifting), parking infractions, and so on. More serious crimes, such as gross misdemeanors, felonies, cases of domestic violence, etc., automatically are filed at either the district court or the superior court and, by statute, cannot be filed at a municipal court.

At some point after incorporation, the new city may want to evaluate the costs and benefits of forming its own municipal court, such as Kenmore's neighboring cities of Bothell, Kirkland, and Lake Forest Park have done. However, this analysis assumes that Kenmore will contract with the King County District Court for its court services needs for the foreseeable future.

A city that elects to contract with King County for court services is charged on a usage basis. That is, the County has fees for each case [infractions (or "tickets") and citations (e.g. misdemeanors)] filed at the court; so the greater the volume of filings, the greater the cost to the city. On the other hand, contracting cities sometimes receive a certain amount of the total proceeds derived from a filing, particularly from uncontested traffic infractions (i.e. when a violator simply "pays the ticket" without appearing before a judge). Readers should note, though, that such amounts cannot be considered a "profit" to the city once one factors in the costs of prosecution, public defense, adult detention, and court interpreters, the costs of which more than consume any revenue derived from the court.

The County has a filing fee for infractions and a different fee for citations. In 1997, the County estimates its filing fee for infractions will be $18.80

per filing, and for citations the estimate is $74.73 for each filing. For bail forfeitures — those instances where a violator admits guilt by submitting a signed infraction with a check for the identified penalty — the County charges only $3.00 per filing since it requires far less processing.

There is a precise means for how the total amount derived from an infraction or citation is divided, but it is difficult to summarize. In short, a portion of the total amount is remitted to the State for various public safety-related services, a certain amount is deducted for filing fees in those cases where the city contracts with the county, and on occasion an amount remains that is "refunded" to the city by the district court.

Because such has not been required in the past, detailed records of exactly how many cases and of what type have been filed from the Kenmore incorporation area cannot be pinpointed without exhaustive work. Therefore, it is necessary to approximate an assumed level of activity. The County has explored a variety of means to determine case volume, and our firm has selected the following presumed activity level:

Infractions	2,151 per year
Citations	970 per year

While this cannot be relied upon as anything more than an estimate, it is not inconsistent with proportionate comparisons to the municipal courts in Bothell and Lake Forest Park.

Given this level of volume, the assumed filing fees, and King County's experience in its district courts with the percentage of bail forfeitures, Kenmore should expect to pay $96,888 (1997) per year for district court services. We are assuming an inflation rate consistent with the presumed increase in population plus three percent per year.

Projected Expenses: Court Services

	1998	1999	2000	2001
Court Services	$18,842	$114,185	$115,327	$116,481

Immediately after incorporation, the City will incur court costs to the full filing fee amounts for each case filed. To be very clear, there is no grace period or brief time of service at no charge to the City as there is with police and road services. The City will incur cost obligations from the first day. However, there may be a window during the first few months

of incorporation when — for reasons of billing, accounting, and remittance — the dollar effect on Kenmore's 1998 budget may reflect less than the full period's expense, even though actual obligations will begin on day one. This start-up cash flow situation should naturally smooth itself out by 1999. Accordingly, we are assuming the equivalent of only two month's full expenses in 1998, but the full projected annual expenses thereafter.

As was discussed in Section II (see "Fines and Forfeits," page 49), total revenue from the court is estimated to be about $122,000 (1999), which leaves a revenue balance of about $8,000. Again, however, this is not a profit to the City because of other related costs as discussed immediately below.

Prosecution Services

When someone violates a law in Kenmore — whether it be for shoplifting, a crime against a person, or even most traffic violations — the City in many cases will be obligated to prosecute the violator on behalf of the City in the appropriate court.

While this service can be performed by the designated City Attorney, it is often budgeted as a separate item. Too, the skills required of a City Attorney are usually different than to be a prosecutor, though in many smaller cities the same person or firm performs both tasks.

We assumed Kenmore will contract for prosecution services with a private law firm. The actual contract that is established may be for a flat amount, an amount per case, a base amount plus a fixed rate for excess case volume, or some other arrangement. Using the case volume identified under "Court Services" immediately above, Kenmore may be at the point where it should evaluate whether to hire its own part-time prosecutor or a full-time City Attorney who divides her or his time between general legal counsel and prosecution. For this study, however, we are assuming contracted prosecution services.

Projected Expenses: Prosecution Services

	1998	1999	2000	2001
Prosecution Services	$6,250	$75,000	$75,000	$75,000

Like court services, prosecution services likely will not be needed heavily in 1998. We assumed the equivalent of one month's expenses in 1998, with the full annual cost beginning in 1999. These amounts are approximations and do not factor in inflation. A more precise figure can be identified once the City has amassed some actual experience in this area.

Public Defense

In those cases when one is cited for a crime in Kenmore but is unable to pay the cost of defending himself, the City is obligated to pay for that person's defense. Such costs are difficult to budget for since one cannot predict the level and nature of crime a city is going to experience from year-to-year nor the economic status of those who are going to charged with such crimes. Based upon our presumed level of court activity and comparisons to other cities, we are assuming a budget of $25,000 annually for a contract with a private firm to provide the City's public defense requirements.

Projected Expenses: Public Defense

	1998	1999	2000	2001
Public Defense	$2,084	$25,000	$25,000	$25,000

Like other court-related services, we are assuming a lower cost for 1998 as the City's services expense incursions ramp up. These amounts are approximations and do not factor in inflation. A more precise figure can be identified once the City has amassed some actual experience in this area.

Adult Detention

The City's costs for adult detention (jail) services with King County will depend upon the level of use generated by criminal activity in the City. The County has projected costs in two ways. First, they looked at proportionate costs based upon comparisons to Bothell and Kirkland. Second, a similar comparison was made using the average of all King County suburban cities: Bellevue, Des Moines, SeaTac, Shoreline, etc. The second method resulted in a projected cost $35,000 per year higher than the first method. However, we are of the opinion that the first method more closely approximates the demographics of and presumed levels of

criminal activity in Kenmore. Therefore, the City's projected adult detention costs are as follows:

Projected Expenses: Adult Detention

	1998	1999	2000	2001
Adult Detention	$12,785	$159,561	$165,943	$172,581

We are assuming a dollar amount equal to one month's expense in 1998, with the full annual costs beginning in 1999. To be very clear, however, the City would have a contractual obligation beginning immediately upon incorporation, and potentially could incur some actual costs from day one. We presume Kenmore will develop its misdemeanor code after August 31, 1998.

In the recent past, cities that contract with King County for adult detention services have experienced some significant, double-digit annual percentage increases in their service costs owing to the costs of constructing the new Regional Justice Center in Kent. We have discussed this matter with the appropriate administrative staff and have been advised that such increases are not foreseen within the planning horizon of this study. Instead, we have been advised to plan for a three percent annual increase in bookings costs and a four percent annual inflation in maintenance days. We assumed four percent per year for all costs.

CONTINUING SERVICES

Fire and Life Safety Protection

Fire and paramedic services are presumed to continue to be provided in Kenmore by King County Fire Protection District #16. To establish this, the City Council will need to take the appropriate preliminary actions and pass the appropriate ordinance(s). It then must conduct an election to annex to the fire district, since by incorporating it will, in a sense, "disannex" from the district and the new city will be responsible for fire protection. Taking care of this is a fairly easy but vitally important action for the new city to accomplish during the start-up period in order to ensure a seamless continuity of service.

By doing so, the fire district will retain its taxing authority in Kenmore and thus will gain its needed revenue for operations and capital expenses

through its levies. There is not foreseen to be any additional cost to the City.

SUMMARY OF PUBLIC SAFETY BUDGETARY PROGRAM

In light of the assumptions identified above, the projected annual costs for this budgetary program are:

Projected Annual Costs: Public Safety Budgetary Program

	1998	1999	2000	2001
Directly-provided	-zero-	-zero-	-zero-	-zero-
Contracted	$176,746	$1,277,302	$1,311,933	$1,347,645
TOTAL	$176,746	$1,277,302	$1,311,933	$1,347,645

Public Works Budgetary Program

While it is not foreseen that the City will have its own public works department in the near term, since we are not projecting that the City will create its own road maintenance capacity or assume control of any utilities, this budgetary program accounts for those contracted services the City will incur that traditionally correspond to a public works department.

DIRECTLY-PROVIDED SERVICES

We do not foresee the City of Kenmore offering any directly-provided public works services within the planning horizon of this study. Oversight of public works contracts is foreseen to be a key responsibility of the Assistant City Manager who would need to have the appropriate kinds of expertise in her or his background to assume such tasks. Some readers may see the need for a full-time public works director for these responsibilities. If the City elected to do so, it could utilize one of the Provision for Potential Growth FTE's (see page 110) together with other needed resources or modify the title and job description of the Assistant City Manager.

CONTRACTED SERVICES

Road Maintenance

After incorporation, responsibility for all public rights-of-way — including maintenance and improvement — will fall to the City of Kenmore. By public rights-of-way we mean roads, certain pedestrian trails, certain utility corridors, and so on.

By far the costliest consideration in this area is the maintenance of existing roads. Road maintenance means items such as small patching and sealing projects, street sweeping and snow/ice removal, vegetation abatement, maintenance of signage and striping, and other such day-to day services. To be clear, road maintenance within the context of these paragraphs does <u>not</u> include items such as the study and design of new road projects, adding sidewalks or curbs in specific areas, building new roads, or such building projects. These are expenses that are planned for and budgeted in a city's capital improvement program (see Focus Area IV page 125). In a sense, road maintenance services as described in these paragraphs means simply operating and maintaining what exists, but not enhancing it in any substantial way.

Road maintenance services are expensive because of the intensity of specialized equipment and staffing. Patching, sweeping, and striping are all necessary, and while they should be performed regularly they are not performed daily. In a relatively small city such as Kenmore would become, then, it bears close examination whether such services should ever be brought under the umbrella of directly-provided services, or whether they should be contracted indefinitely.

King County provides road maintenance services by contract to a number of smaller cities. In the matrix below, the County has estimated its contract costs for Kenmore for providing road maintenance services to the same degree as the area experiences currently, less all capital-related efforts. Based upon the County's suggestion, road maintenance costs are inflated at four percent per year.

Projected Expenses: Road Maintenance

	1998	1999	2000	2001
Road Maintenance	$74,520	$465,001	$483,602	$502,945
Traffic Maintenance	$15,263	$95,241	$99,051	$103,013
TOTAL	$89,783	$560,242	$582,653	$605,958

In the matrix above, "road maintenance" includes those activities related to the traveled roadway surface, shoulders, drainage, structures, and a projected cost to attend to snow and ice events. Road maintenance costs also include those costs considered "major" maintenance by the County, such as construction or reconstruction of road system features. "Traffic maintenance" includes installation and maintenance of all traffic control devices and markings along Kenmore's roadways. [*text of this paragraph provided by County*].

A listing of the services provided by the County in the Kenmore area in the recent past and the associated cost of each service is included in the Appendix. It is these services that are considered within the estimated contract cost.

By statute, the County would provide the first sixty days of road maintenance services at no cost to the City.

Kenmore would not be required to contract with the County for these services. After incorporation, the City could evaluate how best it could

have its road maintenance services provided to the level of service it preferred, and could then compare this with what the County would charge. However, we are including the County's estimates for our financial projections.

City Engineer

By law the City will need to have a properly-registered professional engineer to be the designated City Engineer. Services provided by the City Engineer would be for the technical review of certain projects (especially transportation projects), special technical assistance, mapping, assistance on transportation grant applications, signature approvals, and other services. This service could be provided by a private firm on a retainer/hourly basis. We budgeted $30,000 per year beginning in 1999 with a modest provision for 1998.

Projected Expenses: City Engineer

	1998	1999	2000	2001
City Engineer Services	$5,000	$30,000	$30,000	$30,000

Property Services

King County has a division within its Department of Construction and Facilities Management that issues special types of permits such as right-of-way construction permits, special use permits ("parade permits"), utility use permits, and similar items.

The City would be in a position to assume responsibility for issuing these types of permits if they so chose. Alternately, it could contract with the County for a one-time set-up fee of $500, and thereafter the cost of the permits would be supported by fees.

We are not making a recommendation on this matter, but are including the $500 set-up fee in the budget (1999). The City may choose to issue its own permits for these types of requests.

CONTINUING SERVICES

In the area of continuing services, the provision of all utilities in the area is foreseen to continue in the same manner as currently.

SUMMARY OF THE PUBLIC WORKS BUDGETARY PROGRAM

In light of the assumptions identified above, the projected annual costs for this budgetary program are:

Projected Annual Costs: Public Works Budgetary Program

	1998	1999	2000	2001
Directly-provided	-zero-	-zero-	-zero-	-zero-
Contracted	$94,783	$590,242	$612,653	$635,958
TOTAL	$94,783	$590,242	$612,653	$635,958

Land Use Budgetary Program

Gaining control of local land use decisions often is a key reason why areas want to incorporate as their own city. By land use, we mean zoning, building permitting, inspection, and comprehensive planning.

As was demonstrated in Focus Area I of this report (see "Growth Potential and Potential for Growth," page 10), the level of building activity in Kenmore in the recent past has been modest, and with the exception of the proposed Lakepointe Development building activity in the near future also is foreseen to be restrained. Given this, we project Kenmore to need only a small core staff of land use personnel to take care of day-to-day planning, zoning, permitting and inspection needs; and then budgeting to augment this core staff with other resources to meet more significant planning and permitting issues.

DIRECTLY-PROVIDED SERVICES

Department of Planning and Building

This department would be designed to fulfill all of the City's required and preferred regulation of land.

Responsibilities within this department would include the creation, interpretation, and updating of the City's comprehensive plan within the mandates of the Growth Management Act; the establishment of zoning designations that are consistent with the City's adopted comprehensive plan; the issuance of building permits in accord with all appropriate requirements and standards; the inspection of new construction; and the enforcement of local land use-related ordinances, such as violations of sign codes, the regulation of surreptitious construction, actions counter to the City's established preservation ordinances, and so on; to the extent such ordinances exist.

Additionally, this department would undertake special assignments from the City Manager based upon Council policy direction; such as, for instance, the creation of design guidelines for new commercial buildings.

There is no science in finding exactly the right staffing level for building services in any city because the activity of such a department has peaks and valleys. Often, spring is a busy time for the building permit counter as developers prepare for the projects they plan to build in the summer. In the summer, then, permitting activity may slow somewhat, but building inspection needs increase. At year's end, activity in both these

areas may slow considerably. And yet it is just as possible to get a flood of activity when it is least expected.

In the planning area, a new city has an almost immediate need to begin developing its comprehensive plan and capital facilities plan, which may take a couple of years. Thereafter, planning activities often relate to local policy questions, intergovernmental issues, and responding to specific development request. Depending upon the organizational structure of the city and its contractual relationships, the city planner may get involved in transportation issues with the City Engineer.

It is for this reason that planning and building departments sometimes have special reserve funds to financially balance these peaks and valleys and the needs for short-term temporary help and contracted services. Another alternative a city can explore is having most of its planning and building services performed by contract, which may mean personnel physically located in City Hall but employed by its contracted service provider. Such arrangements are available currently with private companies and possibly could be explored with King County.

We foresee Kenmore's staffing in this department as follows:

- A Planning and Community Development Director, serving as the City's designated Building Official and responsible for the oversight of all planning and building functions for the City, whether directly or by contract
- A senior-level (e.g. building official-level) plans examiner able to attend to most customer needs, issue routine permits, and support the Planning and Community Development Director
- An Inspector/Code Enforcement Officer

This level of staffing may seem light; indeed, it may be. But based upon the level of building activity in the area and projected growth, this seems a workable and appropriate complement at this time.

As is discussed below, the work of this staff would be aided with contracts for support services as needed, such as the development of the comprehensive and capital facilities plans and special needs associated with significant new developments.

Salaries and Benefits. Using the eighty-fifth percentile of salaries for comparable positions in cities between 15,000 and 30,000 in the *City &*

County Employee Salary and Benefit Survey for 1996 by the Association of Washington Cities, we assumed:

Position	Salary	Benefits	Total
Planning & Comm. Dev. Director	$73,500	$20,580	$94,080
Senior-level Plans Examiner	$68,820	$19,270	$88,090
Inspector/Code Enforcer	$46,680	$13,070	$59,750

Benefits are computed at twenty-eight percent of salary, and both salary and benefits are assumed to inflate at three percent per year.

Administrative Support. Included in this category are expenses for office supplies, public notices, courier services, departmental postage, departmental mileage, association dues, professional registrations and documentation, professional development (post-1998), equipment replacement, and vehicle replacement. Also included is $10,000 for temporary help beginning in 1999.

Projected Expenses: Department of Planning and Building

	1998	1999	2000	2001
Salaries and Benefits	$32,301	$256,653	$264,352	$272,283
Administrative Support	$4,567	$32,500	$32,518	$32,537
TOTAL	$36,868	$289,153	$296,870	$304,820

We are assuming only the Director will be hired in 1998 because King County will continue with the processing of applications "in the pipeline" as of the date of incorporation. The other two staff members are assumed to be hired January 1, 1999. This means that the Director herself/himself would be responsible for receiving and processing new permits for the balance of 1998. Accordingly to King County, every newly-incorporated city has had some level of permitting activity from the first day. In preparation for that, the City not only should have planning and zoning codes in place — even if provisional — but perhaps also arrangements with a contracted plans examination service.

CONTRACTED SERVICES

Because of the staffing level and the peaks and valleys of the work load, we are budgeting for a number of contracted services. As Kenmore learns

what its actual needs are in various planning and building functions, it may need to evaluate this assumed mix of staffing and contracted services.

Comprehensive Land Use Plan

Shortly after Kenmore incorporates, it will be required to complete a comprehensive plan that meets the requirements of the Washington State Growth Management Act. The City can look at this in at least two ways. It can choose to start from scratch, or it can work with the County to refine the planning work that has already been done in the area and in a sense "customize" it to conform with the community's particular needs and desires today. Presumably, the City could save some time and money by pursuing the latter course, but doing so may not meet the community's expectations.

We envision this process spanning two years, with the majority of the work being conducted in 1999. A total of $150,000 is budgeted for this task. The work of the private consultant is presumed to be overseen by the Planning and Building Director.

Capital Facilities Plan

As a complement to the comprehensive planning work, the City will need to complete a capital facilities plan. Because much of the work of this plan will need to rely on the comprehensive plan, we envision a smaller amount of work in 1999 with the balance completed in 2000. We project a total of $50,000 for this project, which considers a fairly efficient level of public participation.

Advanced Building Permitting Consulting

In the event a significant development is proposed for Kenmore, the City will have need of permitting services by a private vendor. This is often the case for all but the biggest of cities. While much of these costs are assumed to be fee-supported by the proponent of such a development, we are budgeting $20,000 per year in this category beginning in 1999.

Land Use Planning Consulting

While our projected level of planning and building staffing seems appropriate on a day-to-day basis, it may need to contract for consulting services for special projects as they occur. We see a lesser need for this in

1999 and 2000 while the City is establishing its comprehensive and capital facilities plan, but potentially a greater need beginning in 2001.

Projected Expenses: Contracted Services

	1998	1999	2000	2001
Comprehensive Planning	-zero-	$100,000	$50,000	-zero-
Capital Facilities Plan	-zero-	$20,000	$30,000	-zero-
Permitting	$2,000	$20,000	$20,000	$20,000
Land Use Planning	-zero-	$15,000	$15,000	$25,000
TOTAL	$2,000	$155,000	$115,000	$45,000

CONTINUING SERVICES

Many of the plans the City reviews will need to be reviewed by the City's designated Fire Marshal. Since the City will not have a fire department, it is presumed that the City will augment its continuing relationship with Fire District #16 for Fire Marshal services.

SUMMARY OF LAND USE BUDGETARY PROGRAM

In light of the assumptions identified above, the projected annual costs for this budgetary program are:

Projected Annual Costs: Land Use Budgetary Program

	1998	1999	2000	2001
Directly-provided	$36,868	$289,153	$296,870	$304,820
Contracted	$2,000	$155,000	$115,000	$45,000
TOTAL	$38,868	$444,153	$411,870	$349,820

Community Recreation and Health Budgetary Program

This budgetary program includes costs the City will incur for the more personal needs of Kenmore residents, such as parks and recreation opportunities and human services needs.

DIRECTLY-PROVIDED SERVICES

Within this program area, we do not foresee any directly-provided services in the near future, though the text under "Recreation Services" suggests the option of hiring a recreation programmer who also could oversee human services responsibilities.

CONTRACTED SERVICES

Park Maintenance Services

Presently, the public parks and park lands in Kenmore are owned, maintained, and improved by King County. After incorporation, the City will need to work with County staff to manage the transition of these facilities. In general, newly-incorporated cities receive responsibility for local parks within their boundaries through a phased approach. Service for all of 1998 would be provided by the County at no direct cost. For the first full year of operation (1999), the County would provide maintenance of all park land in the area at two-thirds the annual cost to the City, and the City would be responsible for the balance (i.e., the City would in effect be receiving a subsidy to ease the costs of transition). In 2000, the City would be responsible for two-thirds, while the County would pay the one-third balance. By the year 2001, the City would bear full financial and administrative responsibility for all local parks within Kenmore.

The distinction "local" parks is to differentiate from "regional facilities." In Kenmore, the Burke-Gilman Trail is a regional facility that is foreseen to be maintained and improved by the County into the future, and it will not transfer to the City.

There are six local parks in Kenmore that are foreseen to transfer to the City after incorporation. The King County Parks and Recreation Department views Kenmore Park as unique. Its rhododendron garden includes rare and one-of-a-kind species that attract horticulturists and gardeners throughout the region. Because of the uniqueness of Kenmore Park, the County would prefer to explore the option of a cooperative/joint use agreement with the city.

Additionally, the County would prefer the City to assume responsibility for the administration of the St. Edward swimming pool, which is owned, maintained, and improved by the State of Washington (discussed immediately below under "Recreation Services").

The parks, their size, and the amount the County would charge for their maintenance are:

Park Name	Size (acres)	Maintenance
Linwood Park	2.7	$3,231
Moorlands Park	1.05	$3,505
Swamp Creek Two	28.43	$4,209
Tracey Owen Station	16	$41,472
Wallace Swamp Creek	17	$4,106
Kenmore Park	12.52	$128,150
TOTAL	77.70	$184,673

A map showing the location of these parks can be found on page 138-A.

Readers should note that while these figures are good for planning purposes, and are the ones we used for our financial projections, the new City may be able to acquire parks maintenance services from private vendors for costs that may differ from these. This may be an item for the City to explore at a later time. Were the City able to secure a better price, perhaps more dollars could be dedicated to improving and updating existing facilities through a transfer of funds to the Capital Investment Fund.

The Northshore Park and Recreation Service Area also provides service in the Kenmore/Bothell/Lake Forest Park/Woodinville area, and property owners in Kenmore have helped pay for the construction of the Senior Center near downtown Bothell. Currently, there are some discussions about constructing an additional community center(s). We assume the City will want to continue its participation in the Service Area and will take the appropriate actions for the new City to become a part of it officially.

Projected Expenses: Park Maintenance Services
Actual costs to City including County contribution

	1998	1999	2000	2001
Park Maintenance	-zero-	$61,561	$123,122	$184,683

Recreation Services

As part of the data provided by the County regarding park services, it indicated the amount it estimates it spends on recreation services in Kenmore as part of a larger service area that includes the 125,000 citizens living within the Northshore and Shoreline school districts. By that methodology, an estimated net $11,725 is identified as recreation costs incurred at the Kenmore Park. The total cost of the services is estimated at $24,775, but recreation programs often bring in revenue through fees, which is estimated at $13,050, placing the net cost at $11,725.

Total Cost	Minus	Fee Revenue	Equals	Net Cost
$24,775	—	$13,050	=	$11,725

In addition, the County currently has a contract with the State of Washington to provide operations of the swimming pool at St. Edward Park. The total cost the County has been incurring for operating the swimming pool is $225,422 (1995), but offsetting revenue of $104,221 brings the net cost to $121,201 annually, plus other maintenance costs of $1,331. In total, then, the net cost to the County to operate the swimming pool has been $122,532 annually (1995). All capital improvements needed at the swimming pool (new linings, pumps, building repair, etc.) are the administrative and financial responsibility of the State and are foreseen to remain so.

The County is interested in extracting itself from the operation of swimming pools throughout the County. It would prefer the City of Kenmore to assume responsibility for the St. Edward pool. In our financial projection, we are including this amount.

County Experience for Recreation and Aquatic Programming

	Total Cost	Less Revenue	Net Cost
Recreation Programming	$24,775	($13,050)	$11,725
Swimming Pool	$226,753	($104,221)	$122,532
TOTAL	$251,528	($117,271)	$134,257

To assume responsibility for the operation of the swimming pool, the City would need to negotiate this matter with the State of Washington Parks and Recreation Commission. Potentially, some shared operating responsibilities between the City and the County may be possible and could be explored.

Looking only to recreation programming, the amount indicated appears low, and may not meet community expectations once the City completes an inventory and evaluation of park and recreation needs. The City would have several options available to it. It could access potential excess capacity from another jurisdiction, such as the City of Bothell, the City of Kirkland, or King County; it could enter into a dialogue with the Northshore Park and Recreation Service Area; or it could explore offering recreation programming itself out of the facilities in the area. By doing so, the person hired to administer recreation programming may also be able to supervise the City's human services planning and programming (see "Human Services," below).

We are not going to make a firm recommendation on which path the City should follow, but we are increasing recreation programming costs to a *net* amount of $100,000 in 2000 (meaning some recreation fees are assumed to be collected) with half the amount budgeted in 1999.

Projected Expenses: Recreation Programming

	1998	1999	2000	2001
Recreation Programming	-zero-	$50,000	$100,000	$100,000
Swimming Pool	-zero-	$40,400	$80,801	$121,201
TOTAL	-zero-	$90,400	$180,801	$221,201

Human Services

As noted in Section II, Kenmore potentially will be receiving some revenue through the federal CDBG program as a "pass-through" city. But the City also will have certain human services obligations to attend to simply by virtue of being incorporated. In the area of affordable housing, for example, Kenmore will be required to make efforts and fund solutions even if it did not qualify as a CDBG pass-through city.

The County has estimated the level of human service investment it makes in Kenmore currently and has suggested ways Kenmore may want to continue to provide the same level of funding. The County's suggestions are:

Child Care Subsidies to Low Income Families	$69,371
Youth and Family Services (beginning 2000)	$20,732
Shared Commitment (Affordable Housing)	$40,000
Housing Repair Program	$50,000
Multi-service Center	$8,000
East King County/Kenmore Emergency Shelter	$8,000
TOTAL	$196,103

We are budgeting $175,371 for 1999 and $196,103 for 2000 and 2001, but to some degree the amount a city dedicates to human services is a local policy matter.

After incorporation, the City will be required to complete a human services plan to show how the City will distribute its CDBG funds and identify areas of need. We are budgeting $15,000 in 1999 for this plan with the understanding that the City will be able to rely on some existing King County data as a base of information. Also, the City can explore how best it wants to meet its needs and obligations. For example, Kenmore may be able to gain planning resources and developer assistance for affordable housing issues through A Regional Coalition for Housing (ARCH), which is a multijurisdictional effort whose offices are located in Redmond.

Projected Expenses: Human Services

	1998	1999	2000	2001
H.S. Funding	-zero-	$175,371	$196,103	$196,103
H.S. Planning	-zero-	$15,000	-zero-	-zero-
TOTAL	-zero-	$190,371	$196,103	$196,103

Public Health

Today, most public health services are funded by the State through the Motor Vehicle Excise Tax at no direct cost to any jurisdiction. However, King County offers a few additional public health services such as environmental health fees, plumbing and gas piping, and plan reviews.

and gas piping, and plan reviews. Given Kenmore's assumed population, these services could be provided by the County at an annual cost to the City of $40,800, or $2.40 per capita. The City could opt to provide these itself. We projected this cost to increase in proportion to population.

Projected Expenses: Public Health

	1998	1999	2000	2001
Public Health	$13,734	$41,616	$42,031	$42,451

The amount shown in 1998 covers August through December.

The effects of the proposed Lakepointe development on this amount is sufficiently small that it can be assumed to be accommodated through the actual revenues and expenses that will vary from the projections in this report.

Historic and Cultural Preservation

The County maintains a program to identify buildings and sites of historical and cultural significance and then work to have them designated legally as landmarks. For the sites and buildings that are so designated, the community gains by increasing the likelihood that such places will be preserved, and the property owners gain by securing potential access to reduced property taxes, low-interest grants or loans for stabilization and restoration, and technical assistance.

Kenmore would not be required to enter into such an arrangement, and we are not making a firm recommendation. However, this does seem a modest amount in order to preserve aspects of the Kenmore character that may be important to the community, such as the Charles Thomas Estate (a designated County landmark) and St. Edward Seminary. We are including the County's estimate for this service of $2,000 per year for five years beginning in 1999.

Projected Expenses: Historic and Cultural Preservation

	1998	1999	2000	2001
Historic and Cultural	-zero-	$2,000	$2,000	$2,000

Summary

For this budgetary program in total, we are projecting the following expenses for contracted services.

Projected Expenses: Contracted Services

	1998	1999	2000	2001
Park Maintenance	-zero-	$61,561	$123,122	$184,683
Recreation Programming	-zero-	$90,400	$180,801	$221,201
Human Services	-zero-	$190,371	$196,103	$196,103
Public Health	$13,734	$41,616	$42,031	$42,451
Historic & Cultural	-zero-	$2,000	$2,000	$2,000
TOTAL	$13,734	$385,948	$544,057	$646,438

CONTINUING SERVICES

As the text above indicates, some of the items grouped under "Contracted Services" are really continuing services. Most public health matters, for example, are continuing, though the City would need to budget for extra related services. Continuing participation in the Northshore Park and Recreation Services Area also is projected, provided the appropriate actions are taken by the City. Such cases noted, however, we do not foresee any continuing services within the context of the term in this study.

SUMMARY OF COMMUNITY RECREATION AND HEALTH BUDGETARY PROGRAM

In light of the assumptions identified above, the projected annual costs for this budgetary program are:

Projected Expenses:

	1998	1999	2000	2001
Directly-provided	-zero-	-zero-	-zero-	-zero-
Contracted	$13,734	$385,948	$544,057	$646,438
TOTAL	$13,734	$385,948	$544,057	$646,438

Miscellaneous Non-departmental Budgetary Program

Certain items in a municipal budget either cross departmental lines or simply don't fit neatly into one category. For such items, we propose a budgetary program called "Miscellaneous Non-departmental (MND)."

DIRECTLY-PROVIDED SERVICES

The MND budgetary program is not intended to have any operating departments in it and thus it does not contain personnel in the traditional sense. However, we do propose a contribution from it to partially fund an individual to provide economic development services.

Northshore Economic Development Council

In recent years, economic development has emerged as a strong necessity for governments throughout the United States, and it is not uncommon to hear and see national media ads aimed at luring major employers or skilled workers to their particular city or county.

Whether or not the Lakepointe development is built, or when, Kenmore may want to consider creating its own capacity for economic development. Such a capacity would work with existing businesses to learn what their needs are and if there are ways the City could assist them in remaining and thriving in the community, and would be ready to respond to requests for information or to work with community leaders and institutions to recruit new businesses.

In this regard, Kenmore is not unique on Lake Washington's north shore. Its neighboring towns of Lake Forest Park and Bothell also may see benefit in such an effort.

Accordingly, we are including an amount to partially fund an economic development specialist, a position that in this scenario would gain the balance of its funding through an intergovernmental arrangement with the cities of Bothell and Lake Forest Park. Such an arrangement would be workable — that is, one wouldn't be stealing business from another — provided clear and coordinated economic development policies were contained within Kenmore's and its partners' comprehensive plans.

We are projecting this staffing position to equate to a senior planner position, earning a total of $73,011 in salary (1999) plus twenty-eight-percent in benefits. This amount does not include clerical and office

support, which would need to be factored in to a budget proposal developed with the participating jurisdictions.

Projected Expenses: Economic Development

	1998	1999	2000	2001
Staff Capacity	-zero-	$31,151	$32,086	$33,049

Operational Contingency

As carefully as a city may budget, unexpected events fall upon every municipality; major storm damage being only one of many possibilities. While it would not be required to do so, Kenmore may want to consider setting aside a certain amount in each of its annual budgets for an operating contingency that can be accessed at the City Manager's discretion (with proper reporting to the City Council). There is not a rule of thumb for such an item, but we included $100,000 beginning in 1999. Importantly, this amount would not carry forward year-to-year so that it would not accumulate, but instead would be an annual provision that could be increased or decreased.

Projected Expenses: Operational Contingency

	1998	1999	2000	2001
Operational Contingency	-zero-	$100,000	$100,000	$100,000

CONTRACTED SERVICES

Many of the items listed below are not technically contracted services, but are grouped here in order to be consistent with the methodology used throughout this Section.

City Hall

Perhaps the item most people visualize when they think about forming a new city is its City Hall. Where will the Council meet? Where will the public go to have its local business attended to? And where will the staff offices be?

In our opinion only, how a city hall looks, where it is, and the visual message it conveys are important items. While putting up such a building "on the cheap" may satisfy today's need, we continue to believe that there are key advantages to having a city hall that reflects the community's pride and reasoned optimism in itself. Plus, once a city hall is built it tends to remain "anchored" to the site chosen, regardless of what the needs are in the future.

However, a new city has tremendous expenses in its early years, it needs to get a firm handle on its financial picture and forecasts, and it needs to build a level of trust with the community that it can successfully attend to the community's needs as a whole (such as roadway and parks improvements) before it builds what some refer to disparagingly as a "palace for bureaucrats."

We recommend leasing city hall space for several years in a location that is easy for the citizens to get to and as visible on a daily basis as the city is able to secure. Later, the city *should* begin planning for a permanent city hall, but in our opinion it should not be the new Council's top priority. However, we acknowledge that community desires may speak otherwise.

The following amounts assume leased space including tenant improvements, utilities, taxes and fees, and janitorial services. We assumed 4,000 square feet at $16.00 per foot per year (1997).

Projected Expenses: City Hall Rent

	1998	1999	2000	2001
City Hall Rent	$21,973	$67,898	$69,935	$72,033

Insurance

By contacting the Washington Cities Insurance Authority, which provides insurance to local governments, we developed an estimate for liability and property insurance using the presumed staffing levels contained in this report.

Projected Expenses: Insurance

	1998	1999	2000	2001
Liability Insurance	$1,030	$3,121	$3,152	$3,184
Property Insurance	$11,789	$35,720	$36,077	$36,437
TOTAL	$12,819	$38,841	$39,229	$39,621

Street Lighting

After incorporation, the City will be responsible for paying for the electricity for traffic lights and some street lights in Kenmore. We budget this amount at $12,000 annually.

Projected Expenses: Street Lighting

	1998	1999	2000	2001
Street Lighting	$4,000	$12,000	$12,000	$12,000

Minor Capital

This category accounts for items such as office equipment (desks, chairs, file cabinets), small office machines (except computers, which are budgeted for separately; see "Equipment Replacement Fund," page 119), and other office furnishings.

Most of these items are projected to be purchased during the city's start-up phase. Hence, we project the need for only a modest amount on a yearly basis. Our projections include equipping the office spaces for the three "Potential Growth" employees (see page 110), which are expenses the City may or may not incur.

Projected Expenses: Minor Capital

	1998	1999	2000	2001
Minor Capital	$1,000	$4,000	$6,000	$2,000

Association Dues

Kenmore will want to be a full participant in a number of national, state-wide, and regional associations in order to keep it up-to-date on important legislation and trends, to foster intergovernmental relationships that are key but not readily quantifiable, and to assist in the event Kenmore wants to lead or join with other jurisdictions in legislative items. We have budgeted for participation in the following associations, whose benefit would accrue to the entire City organization: the Association of Washington Cities, the Puget Sound Regional Council, and Suburban Cities.

Projected Expenses: Association Dues

	1998	1999	2000	2001
A.W.C.	$2,632	$7,976	$8,056	$8,136
P.S.R.C.	$1,500	$5,000	$5,000	$5,000
Suburban Cities	$1,373	$4,162	$4,203	$4,245
TOTAL	$5,505	$17,138	$17,259	$17,381

CONTINUING SERVICES

A provision for animal control will need to be made by the City. It could either provide the services itself, which we do not recommend, or it could contract with King County or the Humane Society.

We recommend continuing to have this service provided by King County. The cost of the service would be borne by pet owners through the licensing fees they pay, so there would be no direct cost to the City. In future years, however, the County may charge municipalities for this service.

SUMMARY OF MISCELLANEOUS NON-DEPARTMENTAL BUDGETARY PROGRAM

In light of the assumptions identified above, the projected annual costs for this budgetary program are:

Projected Annual Costs: MND Budgetary Program

	1998	1999	2000	2001
Directly-provided	-zero-	$131,151	$132,086	$133,049
Contracted	$45,297	$139,877	$144,423	$143,035
TOTAL	$45,297	$271,028	$276,509	$276,084

Provision for Potential Growth

The very nature of a feasibility study like this is to make a continual series of assumptions about how Kenmore will choose to provide its services. As we have stated several times in our text, we have endeavored to define a somewhat lean permanent staff that, in our opinion, seems of the appropriate size to meet foreseen immediate needs. We believe the City could function well with the staffing we have suggested.

However, we do not know at this time — and, arguably, neither does anyone else — where the new City Council and the selected City Manager will want to dedicate their efforts to enhance the level of service and make the community's investment in incorporating itself most beneficial, nor can we predict where and when special needs or unusually demanding staffing requirements will occur.

To budget for the unknown, we are providing for the addition of one more staff member in 1999, and another two in 2000. We are not making any assumptions about where these additional staff members will fit in the organizational chart, what their job descriptions will be, nor what their actual compensation will be. That will need to be evaluated by the new Council and Manager. Potentially, these additional resources will not be required at all; maybe they will be needed sooner.

We are assuming each of these "Provision for Potential Growth" positions to earn $45,000 in salary (1997) plus benefits at twenty-eight percent and administrative support costs at $1,500 per employee. This is seen as an average salary. Obviously specific positions may require a greater or lesser salary commitment.

Projected Expenses: Provision for Potential Growth

	1998	1999	2000	2001
Salaries and Benefits	-zero-	$61,108	$188,823	$194,488
Administrative Support	-zero-	$5,000	$11,500	$4,500
TOTAL	-zero-	$66,108	$200,323	$198,988

Readers should note that these potential growth positions are cumulative in the matrix above. That is, one potential growth employee is provided for in 1999, and two more in 2000, meaning that three such employees are shown in 2000 and 2001.

Salaries and benefits are projected to inflate at three percent annually. Administrative support costs include the purchase of a computer and software in the first year of employment plus standard expenses.

Summary of Projected General Fund Expenses

Given all of the assumptions noted in the preceding pages, we project annual General Fund expenses for the City of Kenmore to be as follows:

Projected Annual Expenses: General Fund
By Budgetary Program

	1998	1999	2000	2001
City Council	$23,393	$56,325	$56,325	$56,325
General Administration	$301,611	$1,054,500	$1,059,595	$1,085,441
Public Safety	$194,267	$1,327,356	$1,363,488	$1,400,746
Public Works	$94,783	$590,242	$612,653	$635,958
Land Use	$38,868	$444,153	$411,870	$349,820
Comm. Rec. & Health	$13,734	$385,948	$544,057	$646,438
Misc. Non-departmental	$45,297	$271,028	$276,509	$276,084
Repayment of Start-up*	-zero-	$619,621	-zero-	-zero-
Reserves Fund**	$25,000	$50,000	$50,000	$75,000
Provision for Growth	-zero-	$66,108	$200,323	$198,988
TOTAL	$736,953	$4,865,281	$4,574,820	$4,724,800

* For an explanation of this item, see Focus Area VII: Projected Start-up Expenses, page 165.
** See this Focus Area, Section G, page 123.

Section B: Road Fund

According to the provisions of 47.24 RCW, all funds any city receives from the State Unrestricted Gas Tax fund must be deposited to a "city street fund," which we named here a Road Fund. The money derived from unrestricted gas tax revenues for the Road Fund are restricted to all expenses associated with the maintenance, operation, and improvement of city roads, bridges, sidewalks, and the like.

Working from our premise that the City of Kenmore will provide for virtually all of its operations from the General Fund, and since the contract expenses for road maintenance are paid out of the General Fund, the following matrix is intended to show the revenue Kenmore would receive to its Road Fund from the unrestricted gas tax pool, and then we presume the entire amount will be transferred to the General Fund.

Projected Fund Activity: Road Fund

	1998	1999	2000	2001
Unr. Gas Tax Revenue	$68,288	$284,205	$287,047	289,918
Transfer to General Fund	($68,288)	($284,205)	($287,047)	($289,918)
Balance	-zero-	-zero-	-zero-	-zero-

The amount shown above is equal to the projected amount under "State-shared Revenues: Unrestricted Gas Tax Revenues" in Focus Area II (see page 41).

The above will be used primarily for maintenance, although capital expenditures could be made from it if the City so chose and accounted for it in that way.

In 1998, the amount the City would receive from County Road District collections (see page 27) would need to be deposited to this Road Fund, could be transferred to the General Fund as a loan, then repaid to the Road Fund within three years (with interest). To the extent such funds were spent on road maintenance items from the General Fund, those amounts would not need to be repaid.

Section C: Arterial Street Fund

Like the Road Fund detailed above, all revenue the City receives from the State "Restricted Gas Tax" fund (see page 42) must be deposited to a separate arterial street fund. The difference between these two funds is that Road Fund revenues (page 113) can be used for day-to-day road maintenance costs, while revenue to the Arterial Street Fund must be used for capital improvements to arterial highways and city streets. Consequently, we show the revenue to this fund being transferred in its entirety to the Capital Improvement Fund (see Focus Area IV, page 125).

Projected Fund Activity: Arterial Street Fund

	1998	1999	2000	2001
Restricted Gas Tax Revenue	$31,933	$132,826	$134,154	$135,495
Transfer to Capital Fund	($31,933)	($132,826)	($134,154)	($135,495)
Balance	-zero-	-zero-	-zero-	-zero-

The amount shown above is equal to the projected amount under "State-shared Revenues: Restricted Gas Tax Revenues" in Focus Area II (see page 42).

Section D: Surface Water Management Fund

The purpose of this fund would be to track all surface water management fee revenues and distributions for accounting purposes.

In the chart at the end of this Section, projected total fees are shown on the "Gross SWM Fees" line. Under that, we show the amount Kenmore would need to pay for existing debt repayment ("Less Debt Payment"), and the amounts we project will be transferred to the General Fund ("Less Operations" and "Less Road Costs") for day-to-day services (see "Surface Water Management Fees," page 46). The resulting balance ("Net") is the amount we foresee to be transferred to the Capital Improvement Fund for surface water management capital projects (see "Surface Water Management Program," page 135).

DIRECTLY-PROVIDED SERVICES

Within the planning horizon of this study, it is a local policy decision whether the City of Kenmore will provide any directly-provided surface water management services. Throughout this study, we have projected that the City will contract for surface water management services with King County, and we have included projected costs for that contract in our assessment of feasibility. In the near-term, then, Kenmore may not have any directly-provided surface water management services, though the city will have sole responsibility for complying with applicable local, State, and federal surface water regulation.

However, to provide a complete range of services, the City may want to consider hiring a part-time surface water coordinator to assist with residential and business clean water and education programs, prioritizing drainage concerns and needs, addressing small capital improvement projects, and bringing the program closer to the comprehensive level of service the area experiences currently. This part-time employee is not required in order for the City to receive day-to-day services, but may be a community preference and priority.

CONTRACTED SERVICES

Again, this study projects that Kenmore will contract with King County for its surface water management services.

In preparation for this study, King County staff prepared a memo on November 27 that outlined its estimated annual surface water revenues and service costs, provided background information about the program, and comments upon past, current, and planned capital improvement projects in the Kenmore area. A copy of that memo can be found in the Appendix.

Private surface water management firms are available to provide these services. The City may want to explore such options either during the start-up period or subsequently to make its own comparisons as to services and costs.

CONTINUING SERVICES

Barring any action by the City to either establish a contract or provide these services directly itself, there would be no surface water management services that would continue automatically as a result of incorporation.

Projected Fund Activity: Surface Water Management

	1998	1999	2000	2001
Gross SWM Fees	$184,060	$739,920	$743,619	$747,337*
Less Debt Payments	($23,228)	($92,913)	($92,913)	($92,913)
Less Operations	($114,091)	($351,608)	($357,586)	($363,664)**
Less Road Costs	($24,571)	($153,384)	($157,985)	($148,916)
Net	$22,170	$142,015	$135,135	$141,844
Transfer to Capital Fund	($22,170	($142,015)	($135,135)	($141,844)***
Balance	-zero-	-zero-	-zero-	-zero-

*With Lakepointe, this amount is projected to be $767,337.
** With Lakepointe, this amount is projected to be $373,664
*** With Lakepointe, this amount is projected to be $151,844.

Section E: Equipment Replacement Fund

Readers will note from their review of Section A in this Focus Area (pages 71 through 112) that each operating department and the City Council budgetary program makes a contribution to equipment replacement. This money is intended to build what could be termed a savings account for the replacement of computers, software, peripherals, telephones, and such items. The initial purchase of these items is anticipated budgetarily in this study at the presumed date of hire of each employee.

The amounts shown below are not additional revenues. Instead, this fund is simply a means of showing and accounting for the money that is set aside from the General Fund for the purposes stated above. All of the "revenue" to the fund is comprised of interfund transfers from the General Fund.

We are not projecting expenses from this fund in this study, but assume they will occur as needs dictate. We presume there will be a significant update of technology about three years after initial purchase, but such a determination will need to be made by City staff after incorporation. Interest income is presumed but not projected.

Projected Balances: Equipment Replacement Fund

	1998	1999	2000	2001
Transferences from General Fund				
City Council	$525	$1,575	$1,575	$1,575
Office of the City Manager	$3,500	$10,500	$10,500	$10,500
Dept. General Admin.	$2,000	$6,000	$6,000	$6,000
Dept. Plan & Build.	$500	$4,500	$4,500	$4,500
Subtotal	$6,525	$22,575	$22,575	$22,575
Annual Total Fund Balance (*assuming no expenses*)				
Annual Contributions	$6,525	$22,575	$22,575	$22,575
Fund Balance Forward	-zero-	$6,525	$29,100	$51,675
TOTAL	$6,525	$29,100	$51,675	$74,250

Focus Area IV

Capital Improvements

A: CIP Considerations

B: CIP Comparisons

Focus Area IV: Capital Improvements

So far, the majority of this feasibility analysis has concentrated on day-to-day revenues and expenses. But while focusing on operating expenses is customary and logical in such a study, many would argue that it is a somewhat incomplete picture because the largest expenditures any city makes and needs to plan for are for capital improvements. Therefore, the purpose of this Focus Area is to review and generally project Kenmore's capital improvement needs and suggest funding levels that would be required to build these kinds of essential improvements.

This Focus Area is divided into two Sections.

The first Section reviews previous expenditures by King County in the Kenmore area over the last several years, looks to likely capital needs, provides overviews staffing and funding alternatives, and concludes with a sample capital improvement revenue and expense six year budget. To be very clear, this is not intended to be an actual, proposed capital improvement plan. Developing that, which should be an early priority for the new city, will be dependent upon the city's adopted comprehensive plan, City Council policies, and a much greater degree of research than is possible at this time.

The second Section offers comparisons to the levels of capital improvement expenditures in two other King County cities that provide comparisons and contrasts to the proposed City of Kenmore: the cities of Kirkland and Woodinville.

Section A: Capital Improvement Considerations

Capital improvements are those investments a government makes in the physical infrastructure that is within its jurisdictional responsibility. For examples, a major reconstruction of a roadway, the purchase and subsequent development of park land, alleviating a recurring flooding hazard in a public right-of-way, or reroofing a public building are but a few of the various kinds of capital improvements a government makes. Put another way, they generally are tangible *items* a government purchases, in contrast to public *services* a government offers.

Because such items are both necessary and usually quite costly, each government must to plan for the capital items over which it has responsibility. That is, a fire district needs to plan for the purchase of new apparatus, a utility district needs to plan for expansion or reconstruction of its delivery systems, a library needs to plan for the time when it will need a new or larger facility, and so on. Further, once planned, the jurisdiction must develop a strategy for paying for these improvements so that such physical infrastructure items keep pace with current need and anticipated growth.

We emphasize that governments *must* plan and budget for such items because the failure of a jurisdiction to do so makes that jurisdiction unworkable and undesirable. A local government can have its streets swept every week of the year, but unless it also invests in repairing, repaving, and even reconstructing those streets as needed to keep pace with to the effects of aging and usage, it won't be too long until all that is swept is a series of potholes.

Capital Improvement Plans Versus Operating Budgets

The vehicle by which governments identify their capital improvement needs and funding strategies tends to be a Capital Improvement Plan (CIP). A CIP frequently has the appearance of a multiyear revenue and expense budget for capital items. It often shows a balanced budget for the current year or two, then — depending upon the financial strength or revenue potentials of the jurisdiction — it can become somewhat more anticipatory for future years. Additionally, since capital needs always are emerging as quickly as they are accomplished, CIP's are "rolling" multiyear plans. In year one of an adopted

CIP, the jurisdiction works to accomplish the projects for which funds have been appropriated in that year, then undertakes its second year projects as it completes the first year's. Sometimes projects take several years to complete, owing to the numerous phases that can be involved with them such as engineering and design work, property acquisition, and perhaps multiple construction steps. As the plan is updated for the same multiyear period of time, completed projects "fall off" and new projects are added as funding allows.

In Washington State, cities that are required to plan under the Growth Management Act (GMA) must draft and adopt a six-year CIP that conforms to the policies in its comprehensive plan. Since Kenmore will need to plan under GMA, it will need to develop such a conforming CIP.

To be clear, a CIP is different from an operating budget or General Fund. An operating budget accounts for services: police protection, building permitting, legislation, etc. A CIP accounts for items: roads, parks, buildings, etc. But while they are separate the results of both of them lead to the definition of a jurisdiction's level of responsiveness. A community expects the police to arrive shortly after a call is placed to 9-1-1, to receive a properly-reviewed building permits within a reasonable amount of time, or to have its City Council and staff create and implement new policies that meet local needs. For these, it needs a strong *operating* budget. But on the other hand, new residents and businesses are not going to be attracted to a community whose roads are inefficient, whose parks are of poor quality or quantity, or whose public buildings do not meet community expectations. For these items, it needs a strong *capital* budget.

In the next few pages, we will examine the previous level of capital investment by King County in the unincorporated Kenmore area, how Kenmore could structure its own CIP, provide some generalized illustrations of Kenmore CIP expenditures on a programmatic basis, review staffing implications, look to potential funding, and provide a brief assessment of Kenmore's ability to fund an adequate CIP.

Levels of Previous Capital Improvement Expenditures by King County

As a part of unincorporated King County currently, both locally-oriented and regionally-oriented capital improvements in Kenmore are funded through the King County CIP. After incorporation, the County's funding for future locally-oriented Kenmore CIP projects would be redirected to other needs in the County, and the new City will assume responsibility for building such locally-oriented projects. However, it is the County's practice to complete the funding and implementation of any *phase* of a project that is underway or funded at the

time of incorporation, so there is a potential for a limited amount of CIP investment to be made in Kenmore by the County for a short time after the incorporation vote to complete *phases* of projects that are underway or funded, but continuation of such limited investment is not guaranteed and if it occurs the continued funding will not be long lasting.

Over the most recent five year period (1991 through 1995) for which full year amounts were available when this report was being completed, King County invested $2.3 million in capital improvements in Kenmore in three program areas: transportation, parks, and surface water management.

Level of Previous King County CIP Expenditure

Program/Project	Year	Amount
Transportation	1991	$44,174
	1992	$700,193
	1993	$145,793
	1994	$298,699
	1995	$288,299
Parks	1991	see bulleted notes
	1992	see bulleted notes
	1993	see bulleted notes
	1994	see bulleted notes
	1995	$413,000
Surface Water Management	1991	-zero-
	1992	-zero-
	1993 (3)*	$101,648
	1994 (4)*	$138,469
	1995 (5)**	$145,922
TOTAL FIVE YEAR		$2,276,197
ANNUAL AVERAGE		$455,239

* Number in parentheses is the number of SWM projects in that year.
** One of these projects was funded by King County Parks (see $413,000 in Parks, above), though the project was completed through interagency cooperation.

Several observations should be made about the information provided above.

- First, the average amount of investment per year by King County has been rather modest. As will be discussed later in this section (see "Capital Reinvestment," page 132), the amount of funding that has been dedicated to road resurfacing has fallen short of actual need.

- Second, however, it needs to be recognized that Kenmore is an established area, and that while the level of recent investment is comparatively modest the funding level was quite high at the time the major road, park, and surface water management systems were built in the area originally.
- Third, the itemization above list only *King County* investments, but does not necessarily represent all capital improvements made in the area recently. For instance, improvements by the fire district, utility providers, library district, the Washington State Department of Transportation — all separate jurisdictions or providers — are not represented in the amounts shown in the chart above. However, these are the improvements that would or could have been Kenmore's responsibility had the city been in existence at the time.
- Fourth, the list shows *local* and not *regional* improvements by the County. Any improvement to the Burke-Gillman Trail during this period, for instance, would not appear because that is a regional and not a local facility.
- Fifth, through the 1989 countywide Open Space Bond project, a total of fourteen parcels of land were purchased by the County parks department in the Swamp Creek area. In total, almost $4 million of investment was made, though much of it preceded the 1991 through 1995 time frame we are considering.
- Finally, readers will need to evaluate for themselves if this level of investment meets community expectations. While there may be numerous technical, professional, and practical reasons that support the need to establish a minimum level of CIP funding, the community itself no doubt has opinions as to whether it wants an increased degree of capital investment. This will be an especially important point for the community to evaluate in light of the same cost/same service premise of the incorporation effort.

How Kenmore Could Structure a CIP

Kenmore's CIP will have to be its own. Nothing in this Focus Area is meant to imply that Kenmore must structure its CIP as we suggest below, or fund it to the levels we propose. After incorporation, the City will need to dedicate a significant amount of time determining its own CIP policies and strategies that correspond to its comprehensive plan. Obviously, we cannot presume those things. However, we can suggest a reasonable approach to consider in order to make some projections about CIP funding.

Our premise for funding a CIP is built upon two strata: Capital Reinvestment and Capital Facilities.

Capital Reinvestment. The kinds of capital expenditures we think should have a higher priority are those that preserve investments that already have been made; or, those that help "keep what ya got."

Investments in this category may include a road resurfacing/overlay program, replacing an existing park playground equipment set with one that meets federal Americans with Disabilities Act requirements, or revegitating a stream corridor on land that is already owned by the public.

These kinds of improvements usually are made on a "pay-as-you-go" basis, and should not rely on new revenues.

Capital Facilities. The second stratum of CIP investment is for new items: additional park land, increased roadway capacity, a new public building, etc.

Investments in this category usually are funded through new or enhanced revenue sources, such as one-time grants, bonds, or the dedication of new or increased taxes.

We believe there are some strong advantages to classifying capital improvements into these strata. Primarily, capital improvements tend to be extraordinarily expensive, and it is just good stewardship to provide needed maintenance to ensure that such investments have the longest life and service that they can. But also important in the long run is to ever recognize that CIP expenditures are investments of the public's money, and a city always should work hard to retain the community's trust. Sooner or later, the community will desire or need a major project that may require new revenue, such as a voter-approved bond. Few things will defeat such a bond measure more certainly than a track record of poor stewardship of items the public has paid for previously.

Sample CIP Program Budgets

Again, while it will be up to the Kenmore community itself to decide how it wants to fund its CIP, the following represents a reasonable series of alternatives based upon Kenmore's unique circumstances.

Typically, the largest program in a CIP is for transportation improvements. They tend to be the ones a community desires most, and by their very nature they tend to be among the costliest. In short, we propose a transportation budget of $3.3 million per year, of which $300,000 (2001) would be dedicated annually to Capital Reinvestment projects and $3.0 million (2001) for new Capital Facilities. As will be discussed later in this subsection, this will leave $4.7 million of transportation improvements unfunded, but such a circumstances is far from uncommon for any jurisdiction. In the vast majority of municipalities, the total cost of needed improvements exceeds the area's ability and/or willingness to pay.

A map of County CIP transportation investment in Kenmore can be found on the following page.

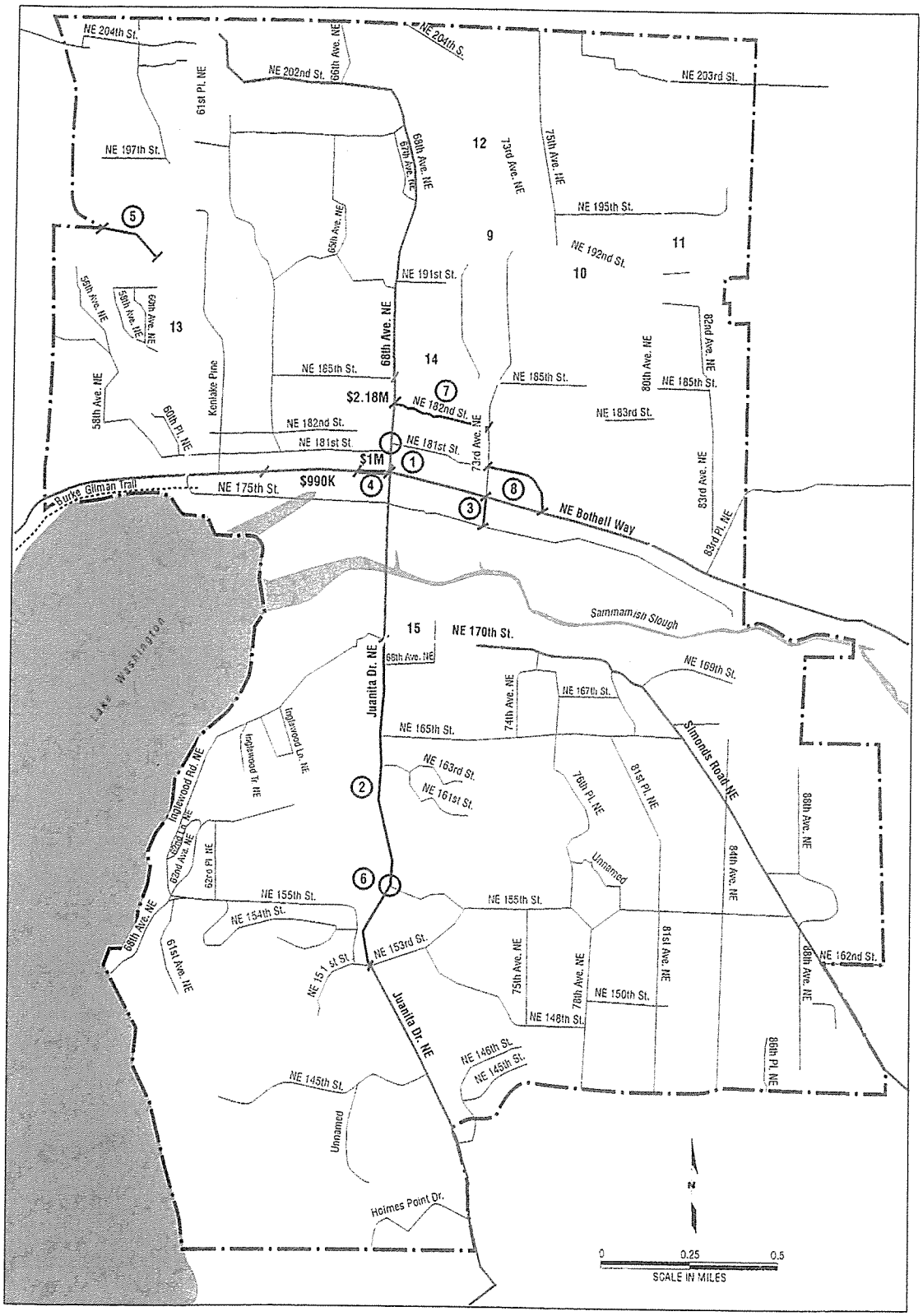
Capital Reinvestment. For transportation capital reinvestment, we are considering only a road resurfacing/overlay program.

Historically, King County has spent about $164,000 annually on road resurfacing in Kenmore (1990 to 1995). Given average costs of $82,000 per two lane road mile, this amounts to about four lane miles of road resurfacing per year. These dollar amounts include all associated preparation costs, and are based on high volume purchase of asphalt.

In general terms, a road overlay has a life span of about twenty years for residential roads, though the County's experience for arterial road overlay lifespan has been five to ten years. Presently, Kenmore has 113.6 lane miles within the proposed city limits. Therefore, at the present level of investment, Kenmore's roads are being resurfaced at only two-percent per year (rounded), leading to having all of its roads resurfaced only once in every fifty or sixty years. While very few cities in the nation are able to meet the twenty year resurfacing target throughout their jurisdictional boundaries, a fifty to sixty year cycle seems to be a problematic situation. To some degree this situation is mitigated by roadway and/or intersection reconstruction projects, whereby not only is the former roadway resurfaced but rather it is replaced with an updated facility. Further, some roads can last longer than twenty years if their traffic volume is light and they are maintained properly.

We are recommending increasing the commitment to $300,000 annually beginning in 2001, with a ramping up from $250,000 starting in 1999. This

Kenmore Area Transportation Capital Improvement Projects



LEGEND

- Proposed City of Kenmore Roads
- Planned, Funded
- Planned, But Unfunded
- TNR High Priority Projects
- TNR Medium Priority Projects

would yield about 3.6 two lane miles of resurfacing a year, or roughly a twenty-eight year resurfacing program in current dollars. While this is not an ideal program, it is workable and not inconsistent with the experience of other jurisdictions.

Capital Facilities. To project future transportation needs, we referred to the County's CIP and to its "Northshore Element" for transportation improvements. The projects in the CIP are ones that are anticipated to gain County Council approval for appropriations to fund and complete in the next six years. Projects in the Northshore Element comprise a more extensive list of needed transportation improvements that for practical reasons are rated as being of high, medium, or low priority. Some of these projects gain funding and find their way into the CIP, often through joint funding between the County and other jurisdictions, while other projects wait longer to find funding. We included only those projects from the Northshore Element that are within the boundaries of the proposed City, though the plan is for a larger area.

There are two transportation projects in the County's six year CIP that are projected to secure funding in the near future (1999, 2000, or 2001), but because their anticipated funding years are beyond the projected 1998 incorporation date these projects would become the fiscal responsibility of the city to fund.

- 68th Avenue N.E., Sammamish River crossing; widening and improvements. KC CIP# 100193 ($1,694,000; 1997).
- 68th Avenue N.E., State Road 522 to 181st; widening and improvements. KC CIP # 100399 ($908,000; 1997).

Were Kenmore not to incorporate it is anticipated that the projects above would be built. Therefore, in keeping with the same cost/same service premise of the incorporation, we placed both of these in our projected Kenmore CIP.

As for projects in the Northshore Element, we assumed the City would endeavor to fund all of the "high priority" projects, which in current (1997) dollars totals $9,828,000:

- 68th Avenue N.E. at N.E. 181st; realign intersection ($1,029,000).
- Juanita Drive Widening; N.E. 153rd Street to N.E. 170th Street ($5,448,000).
- 68th Avenue N.E. north of State Road 522 from SR 522 to 181st; Reconstruct intersection ($907,000).

- 73rd Avenue N.E. from SR 522 to N.E. 175th Street; Reconstruct intersection ($633,000).
- SR 522 (Pedestrian overcrossing) from west of 68th Avenue N.E. ($126,000).
- N.E. 193rd Street from 61st Avenue N.E. to 55th Avenue N.E.; Pave shoulders, construct walkway ($292,000).
- Juanita Drive at N.E. 155th Place; Provide left turn lane ($265,000).
- N.E. 182nd Street from 68th Avenue N.E. to 73rd Avenue N.E.; Widen roadway ($901,000).
- N.E. 181st Street from 73rd Avenue N.E. to Kenmore Park and Ride; Construct walkway ($106,000).
- Swamp Creek Bridge at 73rd Avenue N.E.; Seismic retrofit ($121,000).

Kenmore may want to consider such a program as a goal, but we acknowledge that were the community actually to be able to accomplish this in six years it would be an extraordinary achievement.

Combined, the two projects identified above from the County's six year CIP and the ten high priority projects from the Northshore Element that are within the boundaries of the proposed City of Kenmore total $12,430,000 excluding the Lakepointe Drive project (see below). Since this amount exceeds the funds available, we are showing $4.7 million as unfunded. The City may be able to address some of these unfunded needs through increased revenues, such as grants, local improvement districts, or other sources (see "Funding," page 140).

Sample CIP: Transportation Program
All Dollars Are Shown in Thousands

	1998	1999	2000	2001	2002	2003	TOTAL
Capital Reinvestment	-0-	$250	$275	$300	$300	$300	$1,425
Capital Facilities	-0-	$1,050	$1,325	$1,300	$1,300	$1,300	$6,275
TOTAL FUNDED	-0-	$1,300	1,600	$1,600	$1,600	$1,600	$7,700
UNFUNDED	-0--	$940	$940	$940	$940	$940	$4,700

Another critical factor to consider in the transportation program is the proposed Lakepointe development and its associated Lakepointe Drive roadway project.

At the present time, King County anticipates contributing to the funding of this new/revised roadway if the proposed Lakepointe development

adheres to its schedule. However, if the project is delayed significantly the County would withdraw its funding share of the project and reprogram it for elsewhere in the County.

For Kenmore, there are at least three possible scenarios. If the Lakepointe project continues on schedule, it is projected though not guaranteed that the County Council will appropriate funds to pay for a portion of the new Lakepointe Drive and/or associated intersection improvements with the balance coming from the developer (subject to negotiation), and the Kenmore community will gain a new facility. If the Lakepointe project does not come to fruition, Lakepointe Drive will not be built, though the need for it will be greatly reduced, too. However, if Lakepointe is delayed significantly, the County's funding share will be reprogrammed and the City of Kenmore will be responsible for reaching an agreement with the developer, which likely will mean the City will need to bear what would have been the County's portion if the Lakepointe development is ready to begin construction.

In current dollars, the Lakepointe Drive CIP project fund totals $964,000 (King County CIP #100395). The actual amount that could become the City's obligation would be the subject of negotiation with the developer were the situation to require such negotiations.

SURFACE WATER MANAGEMENT PROGRAM

The Kenmore incorporation area includes portions of four drainage basins: East Lake Washington, Juanita Creek, Sammamish River, and Swamp Creek (see map on following page). By completing extensive evaluations of a drainage basin, one can determine what kinds of improvements need to be made and approximate their cost.

King County has completed a plan for the Swamp Creek drainage basin that addresses high priority problems in a specific subarea of the larger Swamp Creek Watershed, and also has completed reviews of the other basins but does not have plans to the same degree as it does for the Swamp Creek basin.

To the advantage of the new city's surface water management program, funding for most capital improvements can be accomplished through surface water management fee revenue (see "Surface Water Management Fees," page 46). That is, the amount collected from surface water management fees is gauged to cover both day-to-day expenses and some

capital improvements. This circumstance would continue if the new city adopts the County's fee structure.

Capital Reinvestment. Within this program area, many of the tasks related to preserving the existing surface water management system — such as inspecting and maintaining the 160 storm water facilities in Kenmore (7 regional, 65 residential, and 87 commercial facilities) — are accounted for under the services provided for in day-to-day operations.

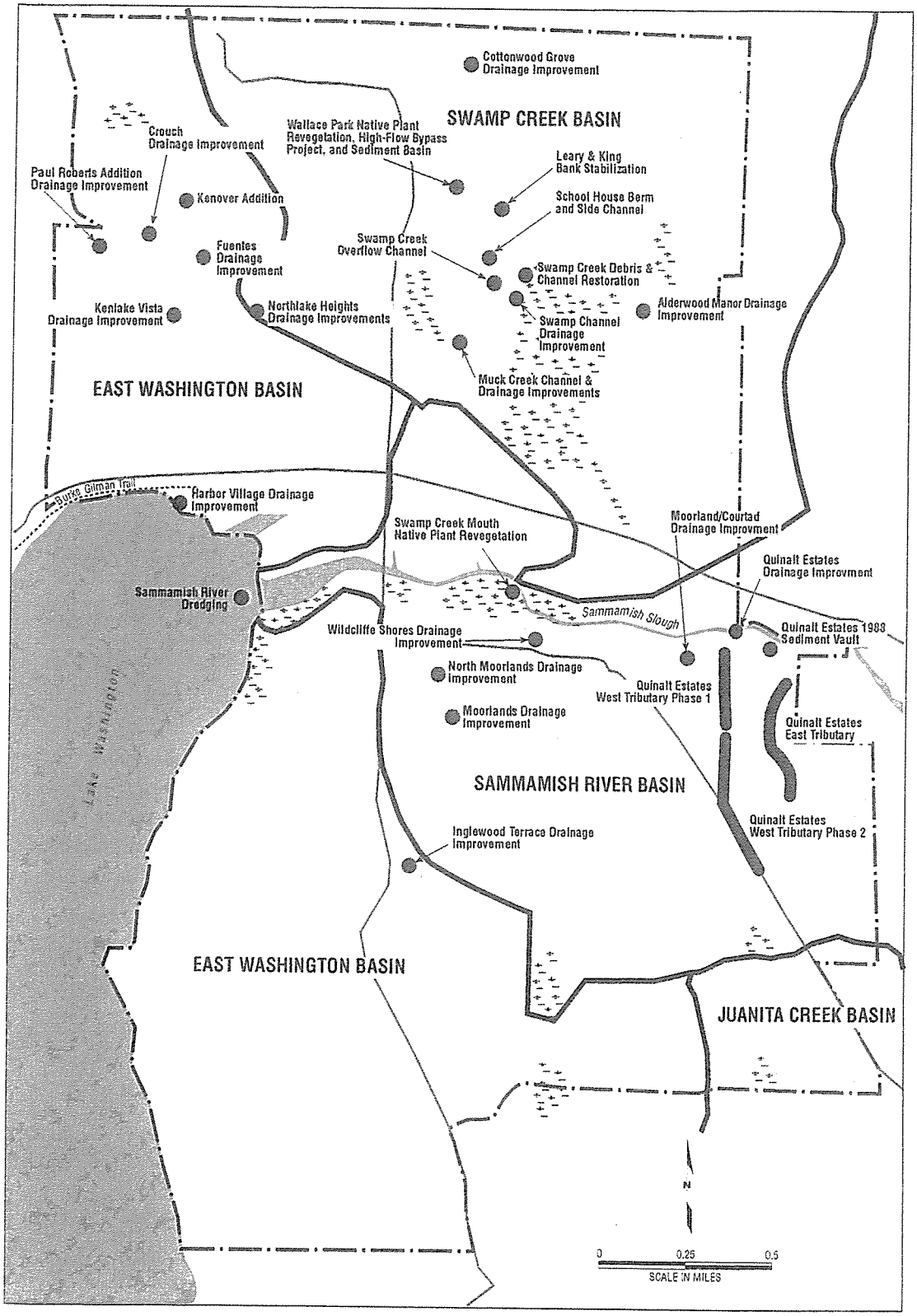
A service that the County provides that the City could establish under this Capital Reinvestment category would be a "Neighborhood Drainage Assistance Program (NDAP)." Were the city to adopt such a program, funds would be appropriated on an annual basis to help mitigate and correct small, localized flooding problems in neighborhoods. Depending upon the circumstances, the cost of addressing such issues is borne either by the local government entirely or by contributions from the local government and the property owner(s). We are assuming a $100,000 per year commitment to this program.

Capital Facilities. King County has several surface water capital facilities projects planned for Kenmore in the near term, but most of those should be complete before incorporation Specifically, the Quinault Estates West Tributary — Phase II Project ($675,000) is funded for 1997 and as of this writing is expected to be finished by the County prior to incorporation. Too, an appropriation by the County Council will be sought in 1997 to fund the completion of the proposed Wildcliffe Shores Drainage Improvements ($383,000) such that — were funding to be established — this project would be completed on or near the proposed August 31, 1998 incorporation date. Two other smaller projects totaling less than $100,000 — an Alderwood Village NDAP project and a minor native plant revegetation at the mouth of Swamp Creek — are foreseen to be completed before incorporation.

One major project would remain unfinished at the time of incorporation, and it is foreseen that the cost of completing it would be the City's responsibility.

- Swamp Creek Drainage Improvements totaling $485,000 have been mostly designed by the County (Project #0A1175). A request for appropriation for $285,000 of this amount is slated to be made to the County Council in 1997, and if the appropriation request is granted the funds are anticipated to be spent in 1998. However, the balance of

Kenmore Stormwater Capital Improvement Project (CIP) Map



LEGEND

- Proposed City of Kenmore
- Roads
- Basin Boundary
- Wetland
- CIP Location
- Planned/Proposed CIP Location

$200,000 for the completion phase of this improvement is targeted for 1999, after the Kenmore incorporation date.

We recommend continuing with this project, even on the suggested schedule, in order to maintain the momentum on it and ensure that the design work is current and does not need to be redone in the future. As a practical matter, though, Kenmore will not have sufficient revenues or savings to pay for these projects on its own according to the planned schedule. Accordingly, we suggest that Kenmore work with the County to establish an interlocal agreement for the County to fund the projects up front and then the city repay the amount, or work out some other arrangement.

Further information about proposed and planned surface water management projects can be found in the table in the Appendix.

The City would not be required to contract with the County for this service and could explore contracting with a private entity for day-to-day maintenance. Any savings from reduced operating costs could be dedicated to surface water-related transportation maintenance services or capital improvements (see "Surface Water Management," page 46).

Sample CIP: Surface Water Management Program
All Dollars Are Shown in Thousands

	1998	1999	2000	2001	2002	2003	TOTAL
Capital Reinvestment	$50	$100	$100	$100	$100	$100	$550
Capital Facilities	$100	$300	$300	$300	$300	$300	$1,600
TOTAL	$150	$400	$400	$400	$400	$400	$2,150

PARKS AND RECREATION PROGRAM

Kenmore has a rather modest inventory of parks facilities. Of the six parks within the proposed incorporation, only the Kenmore Park is developed to any significant degree (see map on the following page). In addition to these, the area enjoys access to St. Edward State Park and the play fields of the area's schools.

Capital Reinvestment. Given current circumstances, there is relatively little opportunity to reinvest in parks facilities as we are using the term in

this Focus Area. We are budgeting an amount that increases to $75,000 annually by 2001, but do not have specific projects to suggest.

Capital Facilities. For Kenmore, the greatest expenses for parks and recreation would be in construction new facilities and enhancements.

Since most of Kenmore's park land is undeveloped, the City could begin to make regular investment to gradually improve the sites the City would assume after incorporation to the degree to community desired. Such projects could include rest room enhancements, new developed play and picnic areas, urban landscaping treatments, and other items. For this we are budgeting $325,000 per year (2001). Potentially, the city could further explore joint use arrangements with area schools to supplement recreation needs. which may have some cost benefits.

In 1996, the voters rejected a County-wide ballot measure called the "Recreation and Conservation Initiative" which was intended to fund a wide array of small and large open space projects throughout the County. One of the projects was to provide $1.0 million of funding for athletic fields in the Kenmore area that would have served the needs of Kirkland, Bothell, and Kenmore residents. Kenmore may want to pursue its own bond measure to build this facility(ies) at some future date.

Finally, as has been mentioned elsewhere in this report, we presume Kenmore would take the appropriate actions to annex to the Northshore Parks and Recreation Service Area. Potentially, the community could receive some augmenting service/facility benefits through this special jurisdiction.

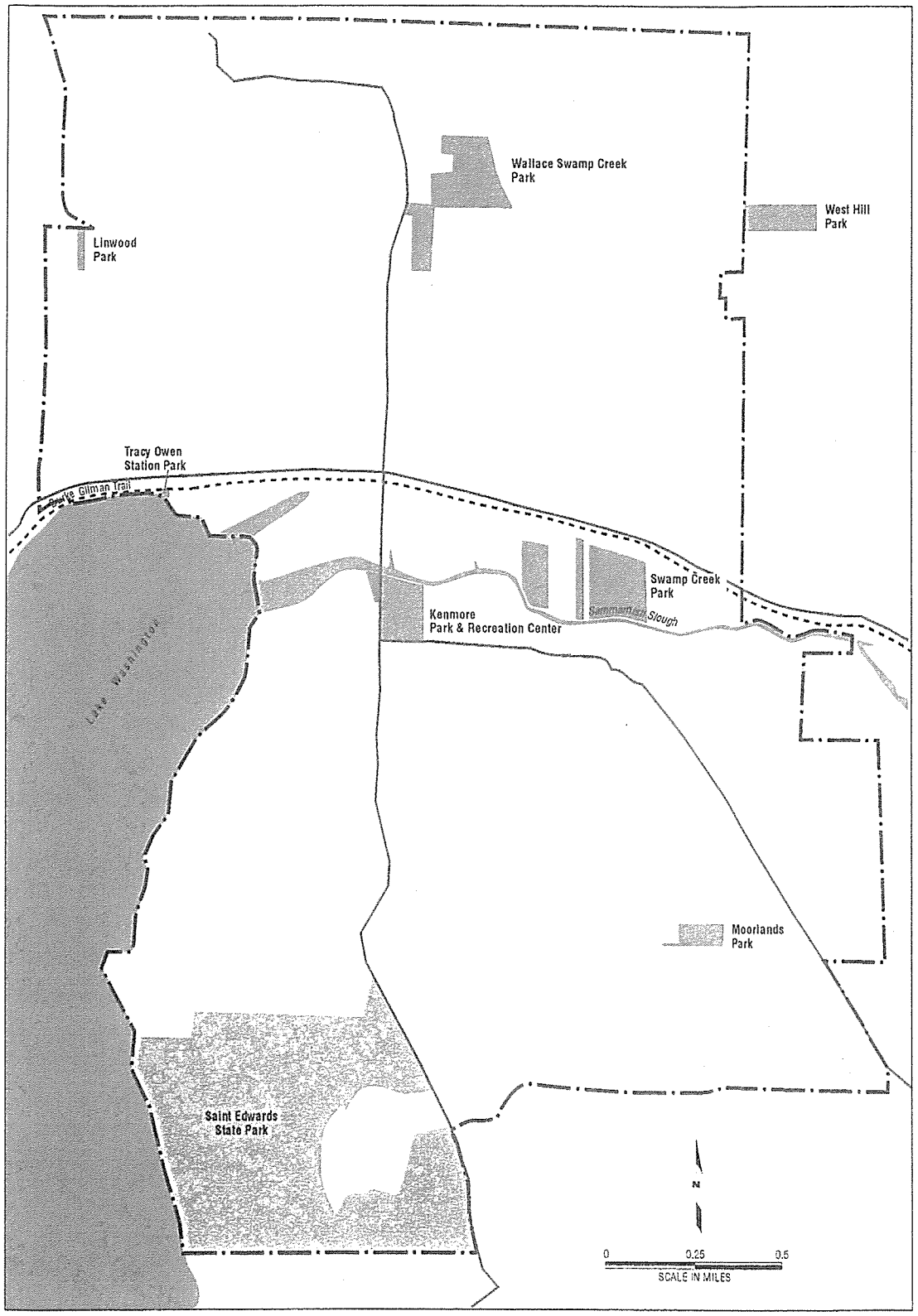
Sample CIP: Parks and Recreation Program
All dollars are shown in thousands

	1998	1999	2000	2001	2002	2003	TOTAL
Capital Reinvestment	-0-	$50	$60	$75	$75	$75	$335
Capital Facilities	-0-	$350	$340	$325	$325	$325	$1,665
TOTAL	-0-	$400	$400	$400	$400	$400	$2,000

OTHER CONSIDERATIONS

The topical areas above have considered many of the more usual and pressing capital needs Kenmore would face, but clearly there are capital funding items that are missing from the list. While a number of roadway

Parks and Trails of the Kenmore Area



LEGEND

- Proposed City of Kenmore
- Roads
- King County Park System
- Other Parks/USFS Wilderness/Conservation Areas

projects have been considered, for example, there are no projects that are uniquely for non-morotized use, such as pathway and sidewalk improvements near area schools. Further, no mention is made of new public buildings, such as a city hall, or other community enhancements, such as a public art program or vegetated and maintained "color spots" at major intersections and neighborhood entrances.

As the City develops its CIP, the Council, the community, and staff will need to consider such potentials and evaluate where items such as these fall along the continuum of community needs and preferences. Part of the equation of putting together a responsive CIP is inserting elements that meet needs with elements that reflect the preferred image of the community.

Staffing

In order to plan and then administer the design and construction phases of the capital improvements suggested above, some measure of special staffing will be needed by the City. Pinpointing exactly how much depends heavily upon the extent and mixture of the capital projects the City decides to pursue.

In the City's early years, capital improvement work probably can be accomplished through the existing level of staffing projected earlier in this report plus contracted assistance. For the first twelve to eighteen months, for example, the City will be developing its comprehensive plan and corresponding CIP, both of which are projected to be completed through consultants overseen by City staff. Were it possible to establish an arrangement with the County for the execution of the Swamp Creek Drainage Improvements (see "Capital Facilities," page 139), oversight of that project presumably would be part of that agreement.

As the City reaches and surpasses its steady state year and its capital improvement program begins to establish itself more firmly, it may find the need to dedicate perhaps 0.5 FTE to the CIP. One option the City may want to pursue is hiring a public works director in the steady state year or earlier charged with administering day-to-day road and surface water management matters plus overseeing CIP planning and administration. The amount of time that that staff member dedicates to individual CIP projects could be billed to those projects, thus relieving the operating budget of equal amounts for that FTE. Alternately, the city could contract for such project management work and charge those costs to the specific CIP projects.

In time, assuming the City commits to a meaningful level of capital improvements, Kenmore likely will need to hire dedicated staffing for the CIP planning and administration. Again, to the extend such staff member(s) dedicate their time to specific projects they could bill their time to those projects, though when a city exercises this option scrupulous attention must be paid to the actual number of hours worked on such projects.

Funding

Because capital improvement projects are both necessary and costly, Kenmore should focus early on developing a realistic CIP funding strategy. In the early years, this most likely will mean a large transfer from the General Fund to the CIP, but in time the City may want to institute dedicated funding sources, such as a new or increased tax whose revenue goes entirely to capital improvements and not to operations.

Below we have listed the most common CIP revenue sources. In the following section, we present our projections of funding from each of these sources, though we emphasize that ultimately the mix and dedication of CIP revenues will be the City's policy choice (with a few exceptions).

General Fund Transfer. A small city relies to its greatest extent for CIP funding though a transfer of revenue from the General Fund to the Capital Improvement Fund. Given the projections made in previous Focus Areas of this study, Kenmore should be in the fortunate position of being able to make such a transfer.

The downside of relying on such funding is that it can become difficult to continue to commit to such transfers from the operating fund as community interests in enhancing day-to-day services increases and the General Fund begins to become squeezed. An alternative that can help avoid this is to establish a policy by which all or a portion of a certain revenue is "dedicated" to the CIP. Doing so carries a double-edged implication of giving greater security to CIP funding while also placing a constraint on the General Fund that automatically causes careful exploration of alternatives before enhancing day-to-day services.

Real Estate Excise Tax. In Focus Area II, we explained the Real Estate Excise Tax (REET) and projected Kenmore's revenues (see page 37). In short, two REET levies apply to the sale of real property, each one equaling 1/4 of one percent. All of the revenue derived from REET must

be used for capital purposes, though some of it is restricted regarding the purchase of park land.

Surface Water Management Fees. Several references have been made in this report about surface water management fees in excess of day-to-day operating costs (see "Surface Water Management Fees, " page 46). This is a restricted revenue, and whatever is transferred to the CIP from surface water management fee collections must be used only for related capital improvements.

Arterial Street Fund. Kenmore will receive "Restricted Gas Tax" revenue, as described earlier (see "Restricted Gas Tax, page 42 and "Arterial Street Fund, " page 115). All of this revenue must be dedicated to arterial street capital improvements.

Grants. All jurisdictions endeavor to secure grants for their capital improvement programs, and while there is no reason to suppose that Kenmore will receive any less on a relative basis than any other city, it is also true that the amounts available are in many cases decreasing just as the number of requests are increasing. For example, in recent years the Intermodal Surface Transportation Efficiency Act (ISTEA) has provided local jurisdictions nationwide with a sizable amount of money, but predictions and expectations are that this funding source is diminishing greatly. For our projections below, we are not projecting Kenmore grant revenue, but we provide information about grant revenues from two other cities so that readers can draw their own conclusions (see page 154).

Local Improvement District. One frequently used option a jurisdiction can employ to fund capital improvements is to form a Local Improvement District (LID). Through it, a distinct physical area is identified that is foreseen to benefit by a certain capital improvement(s). Property owners within that district then share the cost with the jurisdiction of that (those) improvement(s) based upon a set formula. Obviously, such a funding strategy works well with projects that are not only rationally but perceptibly beneficial to area property owners. LID's are not uncommon, but they much be designed thoughtfully.

Developer Contributions. When a particular new development will have a significant impact on a community, the jurisdiction can exercise its authority through the State Environmental Policy Act (SEPA) to require the developer to contribute a percentage of the cost to mitigate the new development's impact. The balance of the project's cost can be paid by the jurisdiction and its sources, through other developer contributions, or

some combination. All indications at this time suggest that Lakepointe Drive, which is foreseen to be built in conjunction with the proposed Lakepointe Development, will be funded largely through developer contribution, but the variables that apply to that project are too numerous to factor in here with any degree of confidence.

Impact Fees. Impact fees are a separate fee levied according to a consistent unit of measurement on all development in a defined area. Such fees are determined in response to CIP needs and are directed to system wide improvements within the defined area. Such fees must be expended within a fixed time (five years) or else returned with interest to the developer. One variation of this is Transportation Impact Fees (see "Transportation Impact Fees," page 52). We are not projecting any revenue from this source within the planning horizon of this study.

Bonds. Certain projects are of such a scale that a pay-as-you-go funding strategy won't work. For these, jurisdictions can exercise their credit potential and fund major projects through bonds. A city can issue either voter-ratified bonds or, up to a certain amount, a city council can issue bonds on its own authority (see "Property Tax — Excess Levy" page 26 for an *explanation* of councilmanic debt, though councilmanic debt is not an excess levy. Voter-approved bonds become excess levies). Given the level of public confidence that must be developed in a community before it can expect passage of a bond issue, we are not projecting any revenues from this source until the sixth year of incorporation, and presume that bond measure will be for the athletic fields project mentioned above under "Parks and Recreation Program — Capital Facilities" (see page 138).

Other Taxes. Another option Kenmore could explore is levying a new or additional tax whose revenue would be dedicated solely to capital improvements. Any of the taxes mention in Focus Area II, Section B (see page 59 through 63) could be explored for this purpose. We are not projecting any revenue from this source within the planning horizon of this study, but given the importance of capital funding we would not recommend foreclosing this option prematurely.

Summary

Given the expense and revenue projections made above, we project a simplified, sample CIP for Kenmore as follows:

Summary: Sample CIP
All Dollars Are Shown in Thousands

	1998	1999	2000	2001	2002	2003	TOTAL
Projected Revenues							
GF Transfer	-0-	1,454	1,667	1,642	1,642	1,642	8,047
REET 1	37	151	156	160	160	160	824
REET 2	37	151	156	160	160	160	824
SWM Fees	22	142	135	141	150	150	740
Arterial	32	133	134	135	135	135	704
Grants	*	*	*	*	*	*	*
LID's	*	*	*	*	*	*	*
Dev. Cont.	*	*	*	*	*	*	*
Bonds	*	*	*	*	*	1,000	1,000
Vehicle	37	149	150	152	152	152	792
Other Taxes	*	*	*	*	*	*	*
TOTAL	165	2,180	2,398	2,390	2,399	3,399	12,931
Suggested Possible Expenses							
Transport'n	-0-	$1,300	$1,600	$1,600	$1,600	$1,600	$7,700
SWM	$150	$400	$400	$400	$400	$400	$2,150
Parks	-0-	$400	$400	$400	$400	$400	$2,000
TOTAL	$150	$2,100	$2,400	$2,400	$2,400	$2,400	$11,850
UNFUNDED	-0-	$940	$940	$940	$940	$940	$4,700

The asterisks (*) in the table above are to indicate that potentially the city could derive income in these areas, and in fact very likely will, but precise amounts are too speculative to determine within the scope of this feasibility study. Readers can draw their own conclusions by referring to the experience of other jurisdictions (see "Comparison of Projected Revenues," page 154).

We emphasize that the projections above are not intended to represent an actual CIP, which will take months for the City to develop. Instead, this is an effort to suggest a range or magnitude of expenses the new City will incur *in addition* to the operating obligations Kenmore will assume through incorporation.

In summary, we see this level of finding as sufficient to meet Kenmore's most pressing needs, but that barring new revenues it may not be enough to meet community expectations. From the beginning Kenmore should not develop the habit of continually postponing capital improvements in favor of current operating needs, but should instead find ways to balance operating and capital needs and adhere to the plans it develops.

Section B: CIP Comparisons

Like many subjects, the information in the previous Section is somewhat more usable if it is compared to similar data from other cities. In this Section, we provide a brief overview of the capital improvement plans (CIPs) of two other King County cities: Kirkland and Woodinville.

Characteristics of Selected Cities

The two cities selected clearly are not precisely the same as the proposed City of Kenmore — no city is — but they were chosen in order to provide a means for readers to both compare and contrast the circumstances of these cities and their CIPs to what has been discussed previously in this Focus Area. In doing so, an examination of individual projects in these cities' CIPs has been mostly foregone since we see it as more important to concentrate on matters such as the percentage of the respective CIP budgets dedicated to specific programmatic areas and to the sources from which revenues for them are derived.

We readily acknowledge that those who are more closely connected with these two cities and their CIPs doubtless can flag numerous differences that would argue a disharmony of comparison. However, the purpose and scope of this Section is not to provide an exhaustive, point-by-point analysis but rather to help readers gain a sense of the magnitude of what two nearby cities budget for their capital improvements. Further, we amplify that few jurisdictions — none that we are aware of — have CIP revenues in excess of actual needs; there are always more than plenty of opportunities for investment.

CITY OF KIRKLAND

Neighboring the proposed City of Kenmore to the southeast, Kirkland is a full-service city of 43,160 (1996 OFM population). Incorporated in 1905, Kirkland provides most municipal services itself, such as: police and fire services; parks and recreation; public works/transportation; and utility services including water, sewer, and a soon-to-be-formed surface water management utility.

Accordingly, Kirkland is quite different from the kind of municipal organization Kenmore will be in the foreseeable future, yet because of its proximity to Kenmore and by limiting our focus only to those services that most closely approximate Kenmore's situation (rather than evaluating Kirkland's more extensive CIP in its entirety) one can gain a sense of how Kenmore's near-term CIP would compare to and contrast with that of an established city.

CITY OF WOODINVILLE

As a fairly new city (incorporated 1993) and of a population more similar in scale to that of Kenmore's (9,940 OFM 1996), Woodinville may provide a useful comparison in terms of how Woodinville budgets on a percentage basis between the three programs we are considering, the extent of its budget on a per capita basis, and as a contrast to Kirkland in the way Woodinville backloads its CIP, whereas Kirkland frontloads and places greater detailed attention to the first two or so years.

Like what is anticipated for Kenmore, Woodinville still contracts for many of its services. Directly, the city provides only general governmental services and community development services. But clearly Woodinville has CIP responsibilities for transportation and surface water management projects, too, even though day-to-day service for road maintenance and surface water management are provided by contract.

Comparison of Focused CIP Programs

In order to make the most useful assessment both between these two cities and to Kenmore, we need to limit our considerations so that we create closer to an apples-to-apples comparison. For example, Kirkland's funded six-year expenditures total $38 million, but because Kirkland provides its own utility and public safety services a direct dollar comparison to Kenmore's projected CIP would lead to skewed conclusions; Kenmore would not need to plan for such improvements. Woodinville's total six-year CIP, by comparison, totals $20.4 million (1997-2002).

In the previous Section (pages 125 through 143), we considered that Kenmore would fund only transportation, surface water management, and parks and recreation improvements, though we noted that this was not a complete CIP and that Kenmore may choose to add other program areas (see "Other Considerations," page 138). Accordingly, for this Section we will restrict our focus only to those three programs named in this paragraph.

For Kirkland, this means the six-year funded portion of the CIP we are restricting ourselves to totals $23.3 million, and for Woodinville it totals $18.8 million.

By nature, CIPs are somewhat more certain in the current year than the future, since over a six-year period individual projects, their costs, and funding can change substantially. Though not to the exclusion of other years, readers may want to pay closer attention to the earlier years of these six-year plans than the latter.

TRANSPORTATION IMPROVEMENT PROGRAMS

Not unexpectedly, the cities of Kirkland and Woodinville group their transportation projects differently, but we can draw a total for both cities in order to compare with Kenmore projections.

City of Kirkland

Kirkland organizes its transportation program by: 1) street projects, 2) non-motorized projects, and 3) traffic improvement projects. "Street" projects include the annual overlay program [$850,000 per year (see "Capital Reinvestment," page 132)] and upgrades and improvements to existing stretches of roads. "Non-motorized" projects include walkways, bike lanes, pedestrian overpasses, and such items. "Traffic" improvements are for projects such as new signals, intersection refinements, and high-occupancy vehicle (HOV) enhancements.

Over six years, Kirkland plans to spend $17,492,000 on twenty-seven individual transportation projects, though certain projects — such as the annual overlay program — may include improvements to more than one location.

Kirkland's 1997-2002 CIP: Transportation
All dollars are shown in thousands

Item	1997	1998	1999	2000	2001	2002	TOTAL
Streets	$1,369	$977	$2,109	$850	$850	$850	$7,005
Non-mot.	$1,066	$1,187	41,487	$643	$848	$1,069	$6,300
Traffic	$3,126	$693	-0-	-0-	$195	$173	$4,187
TOTAL	$5,561	$2,857	$3,596	$1,493	$1,893	$2,092	$17,492

City of Woodinville

Woodinville organizes its transportation program by: 1) Non-motorized, 2) Streets, and 3) Developer Roadways. Like Kirkland's CIP, "Non-motorized" projects are for walkways, bike lanes, trails, and similar items. "Streets" combines the city's projected expenditures for overlays, road segments, intersections, and certain transportation studies. "Developer Roadways" tally those new road projects that are tied specifically to new major developments. For example, in Kenmore Lakepointe Drive likely would be placed in this category.

In total, Woodinville projects to expend $15,015,000 for transportation improvements. Over $3 million of this amount (twenty-one percent) is for Developer Roadways, which are foreseen to be paid entirely through developer contributions. Presumably, if the related building developments did not go forward the need for these Developer Roadway projects would be greatly reduced.

Woodinville's 1996 Six-year CIP: Transportation
All dollars are shown in thousands

Item	1997	1998	1999	2000	2001	2002	TOTAL
Non-mot.	$809	-0-	-0-	-0-	-0-	-0-	$809
Streets	$1,281	$1,014	$2,002	$2,440	$1,595	$2,771	$11,103
Developer	-0-	-0-	-0-	$192	$1,414	$1,497	$3,103
TOTAL	$2,090	$1,014	$2,002	$2,632	$3,009	$4,268	$15,015

Comparison to Kenmore

Both the Kirkland and Woodinville CIP transportation programs provide greater funding over the six-year 1997-2002 period than is projected for Kenmore in the 1998-2003 period, but interestingly neither six-year plan is not dramatically larger than Kenmore's, even though the circumstances of these cities are quite different.

Three City Comparison: Transportation
All dollars are shown in thousands

City	1997	1998	1999	2000	2001	2002	TOTAL
Kirkland	$5,561	$2,857	$3,596	$1,493	$1,893	$2,092	$17,492
Woodinville	$1,466	$1,014	$2,002	$2,632	$3,009	$4,268	$14,391
	1998	1999	2000	2001	2002	2003	TOTAL
Kenmore	-0-	$1,300	$1,600	$1,600	$1,600	$1,600	$7,700

However, since as we said above a CIP is by nature more speculative the further out in time one moves, a better comparison may be to 1997 and 1998 projected expenditures for Kirkland and Woodinville to where Kenmore will be in its steady state year (2001), though certainly some adjustment would be required for inflation. A comparison such as that shows in the table above that Kenmore's transportation CIP compares favorably to Kirkland's and Woodinville's on an annual basis. By taking Kenmore's projected 2001 level of investment and annualizing it ($1,600,000 per year = $9,600,000 over six years), Kenmore's budget would exceed Kirkland's, though readers should recall that we projected a major level of investment to build the projects in the Northshore Element. This comparison can be interpreted in at least four ways:

- As a more mature city than Woodinville, Kirkland may have greater need for enhancing existing facilities than building new ones.
- Kirkland's breadth of services may require more financial compromises (in total, $34.3 million worth of transportation improvements were requested in Kirkland but only $17.5 million were funded).
- Woodinville's approach may have a higher level of expectation than other cities its size.
- *Importantly,* the Kenmore projections are based using only current revenues, while both Kirkland's and Woodinville's include revenues from grants, intergovernmental contributions, and other sources (see "Comparison of Projected Revenues," page 154).

SURFACE WATER MANAGEMENT PROGRAMS

Both the cities of Kirkland and Woodinville provide for surface water management improvements, but while day-to-day service in Kirkland soon will be provided by its own forces (in concert with the city's own water and sewer services), day-to-day services in Woodinville still are provided through contract.

City of Kirkland

For the current six-year CIP, Kirkland staff requested $2,523,000 for ten separate projects (roughly $420,000 annually on average). However, the City of Kirkland expects to form its own Storm water Management Utility in 1998, and therefore made the decision to delay funding for any surface water management improvements until that utility is established and revenues from its fees become available.

For purposes of this Section, though, we are showing what was *proposed* to be funded. It would be misleading to draw many conclusions from the data since had circumstances been different the City Council may have needed to resolve these surface water management priorities against total available CIP revenues and all identified priorities in other program areas. So, readers should view the dollar figures below cautiously as a picture of planned surface water management needs at a certain point in time preceding overriding policy and service decisions.

Formerly Projected Kirkland 1997-2002 CIP: SWM
All dollars shown in thousands

	1997	1998	1999	2000	2001	2002	TOTAL
SWM	$176	$473	$297	$630	$595	$352	$2,523

City of Woodinville

Woodinville plans about a dozen surface water management projects between 1997 and 2002. The majority of these are foreseen to be funded through surface water management fees in excess of the combination of service costs and debt payments. Included within the expenditures are the design and construction of a couple of moderately-scaled projects, planning work, and minor corrections and enhancements.

Woodinville's 1996 Six-year CIP: SWM
All dollars are shown in thousands

	1997	1998	1999	2000	2001	2002	TOTAL
SWM	$142	$580	$545	$215	$50	$50	$1,582

Comparison to Kenmore

Looking to the more immediate 1997-1999 time frame, the comparison between Kirkland's and Woodinville's expenditures are fairly consistent with each other (see below), and both are greater than what are projected for Kenmore in the steady state year. In comparison with the expenditures in the transportation program, though, the differences are relatively minor, and over six years Kenmore is projected to budget almost as much as Kirkland.

Three City Comparison: Surface Water Management
All dollars are shown in thousands

	1997	1998	1999	2000	2001	2002	TOTAL
Kirkland	$176	$473	$297	$630	$595	$352	$2,523
Woodinville	$142	$580	$545	$215	$50	$50	$1,582
	1998	1999	2000	2001	2002	2003	TOTAL
Kenmore	$150	$400	$400	$400	$400	$400	$2,150

The rather modest variances between these cities could be attributable to one or more of the following reasons:

- The projected expenditures are consistent with the projected amount of funds available, given competing priorities.
- Potentially, the number and extent of the natural and human-made facilities that need to be maintained in Kirkland, Woodinville, and Kenmore are about the same.
- Kirkland's actual needs may be greater and its planned projects may increase once it forms its own fee-supported utility.
- The level of expenditure projected for Kenmore may be adequate given existing data about the nature of the area and its facilities.

PARKS AND RECREATION PROGRAMS

The cities of Kirkland and Woodinville are at different places in their history and development. Over time, Kirkland has made an enormous investment in its parks program, most noticeably along its waterfront, and thus it is more in the vein of capital reinvestment (see "How Kenmore Could Structure a CIP," page 130) and what we will term "filling the gaps." Importantly, the Kirkland Performance Center ($3,321,000) is one of those "gaps."

By contrast, Woodinville is not only a newly incorporated city but one that is experiencing growth in new single-family residential neighborhoods. Plus, the number of local parks in Woodinville at the time of incorporation was fairly low, and so it is in the greater need of building new facilities than is Kirkland.

City of Kirkland

Requests totaling $13.4 million were made for parks projects, but only $5.8 million were funded for the six-year period. The amount funded is for ten projects in three expenditure areas. "Land Acquisition" accounts for $1,306,000 (22-percent), "Renovation and Expansion" accounts for $1,041,000 (18-percent), with the balance of $3,476,000 for "Development" (60-percent). When the Kirkland Performance Center is removed from the "Development" category, only $155,000 is budgeted for other new development (the development of the Forbes Valley Trail). Funding for the development of the Performance Center is projected to come seventy-five percent from external sources.

Kirkland's 1997-2002 CIP: Parks and Recreation
All dollars are shown in thousands

	1997	1998	1999	2000	2001	2002	TOTAL
Parks, Rec.	$3,821	$400	$400	$400	$400	$402	$5,823

City of Woodinville

As mentioned, Woodinville is more in the mode of acquisition and development of new parks than are many other cities. Its CIP suggests an intended alternating pattern over time to acquire park land in one year, design its development in the next, construct improvements in the following year, then begin the cycle over again. Given Kenmore's circumstances, this may be a model Kenmore may wish to gather more information about.

In addition to the long-range plan summarized above, Woodinville is undertaking a major project in 1997 called "Wilmot Gateway Park," which is foreseen to cost $1.3 million over the life of the CIP for design and construction.

Woodinville's 1996 Six-year CIP: Parks and Recreation
All dollars are shown in thousands

	1997	1998	1999	2000	2001	2002	TOTAL
Parks, Rec.	$1,382	$180	$200	$100	$200	$100	$2,162

Comparison to Kenmore

This comparison shows that both Kirkland and Woodinville are making one sizable parks and recreation investment in the six-year period — the Performance Center and the Wilmot Gateway Park respectively — and then are committing to smaller but regular investments throughout the planning horizon. For Kenmore, we are proposing a somewhat similar approach, but because of the newness of the city we are placing the major item — athletic fields — at the end of the planning horizon and propose its funding to be through a bond (see "Parks and Recreation Program," page 137).

Three City Comparison: Parks and Recreation
All dollars are shown in thousands

City	1997	1998	1999	2000	2001	2002	TOTAL
Kirkland	$3,821	$400	$400	$400	$400	$402	$5,823
Woodinville	$1,382	$180	$200	$100	$200	$100	$2,162
	1998	1999	2000	2001	2002	2003	TOTAL
Kenmore	-0-	$400	$400	$400	$400	$400	$2,000

Comparison of Total Planned Expenditures

While we reiterate that the CIPs for both Kirkland and Woodinville are more extensive both in planned projected and programmatic expenditures than what is represented by the three CIP programs discussed above, by looking only to these three areas for 1997 and their totals lead to the following snapshot.

Comparison of Jurisdictions by CIP Program
All dollars are shown in thousands

	1997			1997
	Transportation	SWM	Parks and Rec.	Total
Kirkland	$5,561	$176	$3,321	$9,558
Woodinville	$1,466	$142	$1,382	$2,990
Kenmore	$1,600*	$400*	$400*	$2,400*

*Note: Amounts for Kenmore are for the steady state year 2001.

Again, looking only to these program areas, CIP expenditures compare on a percentage basis as follows:

Focused CIP Six-year Expenditures on a Percentage Basis

	Transportation	SWM	Parks and Rec.	TOTAL
Kirkland	58%	2%	40%	100%
Woodinville	49%	5%	46%	100%
Kenmore	67%	16.5%	16.5%	100%

Several factors contribute to the differences between these projected expenditures, but with specific regard to Kenmore a major difference is the amount of funds projected to be available for commitment, since the previous Section (pages 125 through 143) did not include important revenue sources, such as grants. The subsection below should be helpful for readers to better assess for themselves the degree to which Kenmore may expect to receive revenues from other sources.

Comparison of Projected Revenues

Each city reports its CIP revenues in slightly different ways depending upon the way its staff groups certain revenues for clarity of budget presentation. Of course, the detailed revenue and expense files for each project tracks funds very carefully, but that level of detail is not always available in the more widely circulated CIP documents. Therefore, in order to make our comparisons we used the following groupings:

Current Revenues

Revenues derived from these sources:

- Gas Tax
- Vehicle License Fees
- Sales Tax (such as a dedicated revenue)
- Real Estate Excise Tax
- Other General Fund Transfers
- Surface Water Management Fees

External Sources

Revenues derived from these sources:

- Grants (ISTEA, TIP, TIA/UATA)
- Developer Contributions
- Impact/Mitigation Fees
- Other governmental contributions (WSDOT, etc.)
- Donations

Reserves

Bonds

Local Improvement Districts

Because the data presented in the Kirkland and Woodinville plans differ, we needed to make some assumptions about which category to which certain revenues should be assigned. While the respective jurisdiction may make different assignments than we did, we were consistent in ours for the purposes of this study.

By so doing, total six-year revenues for the three program areas we have been considering add to the following for Kirkland and Woodinville:

Revenue Sources for Selected CIP Programs
All dollars are shown in thousands

	Kirkland		
	Transportation	SWM	Parks
Current Revenues	$11,970.5	N/A	$2,402
External Sources	$5,025.5	N/A	$2,396
Reserves	$496	N/A	$1,025
Bonds	-0-	N/A	-0-
Local Imp. Dists.	-0-	N/A	-0-
Kirkland TOTAL	$17,465	N/A	$5,823
	Woodinville		
	Transportation	SWM	Parks
Current Revenues	$4,079	$1,064	$780
External Sources	$8,902	-0-	$432
Reserves	-0-	$660	$950
Bonds	-0-	-0-	-0-
Local Imp. Dists.	$1,983	-0-	-0-
Woodinville TOTAL	$14,964	$1,724	$2,162

Looked at on a percentage basis, revenues from these sources are as follows:

Percentage Analysis of Revenues

Revenue Sources	Kirkland	Woodinville
Current Revenues	62%	31%
External Sources	32%	50%
Reserves	6%	9%
Bonds	-0-	-0-
Local Improvement Dist.	-0-	10%
TOTAL	100%	100%

Summary Analysis

For this feasibility study, there are essentially two considerations to examine with regard to the comparative CIP information provided above: Do the projected Kenmore expenses in Section A of this Focus Area seem at a reasonable level, and what should Kenmore plan for in terms of revenues?

The table entitled "Comparison of Jurisdictions by CIP Programs" (see page 154) shows that the projected level of expenditure for Kenmore places it well in terms of dollars budgeted in relation to its population (to the extent such a relationship can be relied upon). Using current figures for Kirkland and Woodinville and projected 2001 figures for Kenmore, expenditures per capita are as follows:

CIP Investment on a Per Capita Basis

Kirkland	$221.46
Woodinville	$300.80
Kenmore	$141.00

However, readers should remember that this level of investment for Kenmore is based on the assumption that the City will have a lean staffing complement for day-to-day services, and by so doing will transfer a significant amount from the General Fund (or dedicate a revenue source). To the extent that the City chooses to back away from this posture and add more staff and new services, there could be an off-setting effect to the CIP.

But as we have mentioned above, projected revenues for Kenmore's CIP considered only *current* revenues, and did not project revenues from external sources such as grants and LIDs. Based upon the information provided in the table entitled "Percentage Analysis of Revenues" (see page 156), readers may want to draw their own conclusions about the extent Kenmore may be able to secure external revenues for its own CIP. If it is able to do so — and it is extremely likely that Kenmore will be able to secure *some* degree of external revenue — the City then can choose whether to keep the General Fund transfers at the level projected and perhaps increase commitments to the Surface Water Management and/or the Parks and Recreation programs (see table "Focused CIP Six-year Expenditures on a Percentage Basis," page 154), or choose whether it wants to keep the CIP total funding level at what is projected but instead reduce the General Fund transfer by the amount Kenmore is able to gain from external revenues.

Focus Area V

Assessment of Feasibility

Focus Area V: Assessment of Feasibility

In the preceding sections we have provided a detailed review and analysis of Kenmore's projected revenues and expenses. Ultimately, though, the question is: What's the bottom line? Would the proposed City of Kenmore be financially feasible?

It appears that Kenmore would be financially feasible operationally, and to a large extent from a capital investment standpoint, too. The City appears to be feasible right from its first year (1998), and it appears the City would be able to pay off its start-up loan in full in 1999 and still be able to transfer amounts to its Capital Investment Fund and set aside a modest amount for its Reserves Fund. All this assumes, of course, that revenues are in line with our projections in Focus Area II (pages 21 through 58), and the City develops an operating expenditure budget that is consistent with Focus Area III (pages 69 through 123).

We caution two points about these conclusions. First, the City would be relying quite heavily on Sales Tax Equalization Revenues from the State of Washington, which generally speaking is not a situation we advocate. Because of the growing number of incorporations and major annexations, and the possibility of amended legislation in Olympia that could affect Sales Tax Equalization distributions, it appears to us predictable that the City's revenue from this source will diminish over time. From the beginning, then, the City would be wise to discuss, analyze, and develop a strategy for replacing the shortfall the City probably will realize from this revenue source. The optional revenue sources mentioned in Focus Area II (see "Section B: Optional Revenues," pages 59 through 63) present some alternatives, but there are others the City could consider.

Second, while the projected revenue to the Capital Improvement Fund is not an insignificant amount, the very nature of capital projects — particularly transportation projects, which area needed in Kenmore — is that they are much more costly than one may think. Planned carefully, the projected amount could enable the City to provide a reasonable level of capital investment for the community, but the projected amount is not so great that the City could meet all of its foreseen major projects without other options.

Below we have provided two tables that summarize revenues and expenses in the two major funds: the General Fund and the Capital Fund. Virtually all revenues and expenses are accounted for in these two, and hence an overview of them should enable readers to get a sense of the overall financial feasibility of the proposal and where possibilities exist for exploring alternatives.

Revenues Less Expenses: General Fund
Non-Lakepointe Scenario

	1998	1999	2000	2001
Balance Forward	-0-	$679,671	$332,581	$428,532
Projected Revenue	$1,416,624	$5,971,940	$6,238,059	$6,372,964
TOTAL REVENUE	$1,416,624	$6,651,611	$6,670,640	$6,701,496
Operating Expenses	($711,953)	($4,195,660)	($4,524,820)	($4,649,800)
Start-up Loan Repayment	-0-	($619,621)	-0-	-0-
Transfer to Capital	-0-	($1,453,749)	($1,667,288)	($1,641,621)
Transfer to Reserves	($25,000)	($50,000)	($50,000)	($75,000)
Balance	$679,671	$332,581	$428,532	$335,075

The table above shows a gradual increase in all revenues that correspond to projected inflation and Kenmore's economy growth. The Balance at the end of 1998 is rather sizable because Kenmore will benefit from the fact that the first sixty days of police and road maintenance services will be without charge, and that it will not incur any parks maintenance costs in 1998 (see "Parks Maintenance Services," page 97). This larger than usual Balance Forward from 1998 to 1999 explains the seeming decline in TOTAL REVENUE between 1999 and 2000. TOTAL REVENUE should increase along the trend shown between 2000 and 2001 once start-up cash flow issues smooth out.

We made the assumption that Kenmore would make General Fund transfers to the Capital Improvement Fund and the Reserve Fund in the amounts shown. However, these are policy decisions that future City Councils will need to make themselves.

Revenues Less Expenses: Capital Fund
Non-Lakepointe Scenario

	1998	1999	2000	2001
Balance Forward	-0-	$15	$95	$93
General Fund Transfer	-0-	$1,454	$1,667	$1,642
SWM Fund Transfer	$22	$142	$135	$141
Arterial Str. Fund Transfer	$32	$133	$134	$135
REET 1	$37	$151	$156	$160
REET 2	$37	$151	$156	$160
Transportation Impact Fees	-0-	-0-	-0-	-0-
Vehicle License Fees	$37	$149	$150	$152
External Resources*	*	*	*	*
TOTAL REVENUE	$165	$2,195	$2,493	$2,483
Transportation Program	-0-	$1,300	$1,600	$1,600
SWM Program	$150	$400	$400	$400
Parks Program	-0-	$400	$400	$400
TOTAL EXPENSE	($150)	($2,100)	($2,400)	($2,400)
Balance	$15	$95	$93	$83

* No funding from external resources is projected, but the new city likely will receive revenues from such sources. See Focus Area IV.

If the City Council does choose to make transfers to the Capital Improvement Fund in the ways we project, Kenmore's capital budget should have an average degree of strength to meet the most pressing needs. Because so much of the Capital Improvement Fund's revenue is projected to be from the General Fund, and because start-up costs will require a phasing-in or ramping-up of such a General Fund transfer, capital expenses will be more difficult in the first couple of years, which is not unusual. However, in order to avoid losing momentum on some major surface water management projects in 1998 and 1999, Kenmore may want to explore financing strategies with the County.

In conclusion, we see the City of Kenmore as financially feasible, but not so fortunate in revenues that it can meet a broad range of service enhancements for the community without a great deal of analysis and full exploration of alternatives.

Focus Area VI

Service Delivery Options

Focus Area VI: Service Delivery Options

The determination of feasibility discussed in this report is based upon a wide range of stated assumptions about how the proposed City of Kenmore would provide its services. But ultimately how Kenmore actually chooses to provide its services will be a continuing process of evaluation and discussion. For one period of time — perhaps a few years, perhaps a few decades — it may be best for the City to have a particular service provided by contract. Then, at some point either because of changed economics or community expectations, the City may elect to provide that service differently, such as by the City's own staff. A good City Manager and management team will be able to keep current with the options available for providing municipal services and, as need or opportunities arise, help the City Council make the best decisions at that time.

Speaking broadly, such evaluations can be grouped into at least three categories:

- Finding ways to increase or augment the current level of service at a reasonable price;
- Evaluating whether it would be better to provide a service directly rather than contract for it (a "make or buy" evaluation); or
- Looking to ways to get the same type of service by a different provider.

In the subsections below, we provide a preliminary level of evaluation about the kinds of service delivery options Kenmore could consider in the future. The information is provided in the spirit of demonstrating possibilities, but is not comprehensive enough for anyone to make a firm decision without further research on the topics.

Increased Service Levels

The projections discussed in Focus Area III assume a level of service that is equal to what the Kenmore area receives currently. But in some cases the community may prefer higher levels of service than it is receiving now; indeed, for some that is a primary reason for seeking incorporation.

If the City so chose, it could opt to increase the level of service for virtually any service either by hiring more staff or modifying its contractual relationships. After incorporation, the community would need to determine for itself where it wanted to place such service emphases.

By illustration, we present some data pertaining to increases in policing service and in parks and recreation services.

OPTIONS FOR INCREASED POLICING SERVICES

The contract for policing services assumed in Focus Area III is for the basic level of service (the "flex" model) plus an assumed financial partnership to pay for the Kenmore community police officer (see pages 79 through 82).

If Kenmore saw increased police protection or enhanced policing services as a community priority, it could choose to negotiate for such additional services with the County (which is assumed to be Kenmore's provider). The table below shows the costs of contract enhancements that two cities have procured.

Comparison of Additional Policing Services

City	Contract Addition	Population	$/Person
Burien	$233,264	27,680	$8.43
Kenmore	$47,180	17,168	$2.75
Shoreline	$523,910	48,205	$10.87

Burien. Burien chose to enhance its basic contract for police protection not in the areas of patrol or response to calls for service but rather for "special emphasis techniques to reduce, resolve and/or eliminate crime trend problems; to more quickly resolve public safety and nuisance complaints; to work closely with members of the City staff, other governmental agencies and various groups/citizens to resolve problems; to educate citizens and businesses about crime prevention techniques and to help organize/empower them."[4] Budget and population figures are for 1995.

Kenmore. The amount shown for Kenmore is for the community police officer. In a sense, this is part of the "same service/same cost"

[4] Quoted from City of Burien, Washington 1995 Budget, p. 118.

assumption, and this officer is included in the projections in Focus Area III. It is shown here for comparative purposes.

Shoreline. The newly-incorporated City of Shoreline has opted to establish a contract with King County that more closely resembles a city police department, including specially-marked patrol cars, Shoreline uniforms for officers in the area, and a greater presence in the community than what would be experienced with the basic or "flex" model. Additionally, the City of Shoreline pays directly for the space and equipment costs for two police "store fronts" (roughly $12,500 per year per store front), and has modified its arrangement for "Support Services" (see page 81) so that many of the services are offered on a pay-as-you-go basis rather than a flat annual amount. The store fronts are literally leased spaces in retail/commercial developments that provide convenient locations for citizens to make reports, ask questions, or meet with police staff in somewhat the same way as the Kenmore community police officer. Staffing for the Shoreline store fronts is included as a negotiated element of Shoreline's contract with the County. The total dollar amount shown in the table above compare 1995 "flex" model costs (including precinct and support services) to the City's current expenditures (including enhanced precinct services, refined support services, and the operation of the two police store fronts). The population figure is for 1996 from the State Office of Financial Management.

OPTIONS FOR INCREASED PARKS AND RECREATION SERVICES

As was commented upon earlier in the report (see pages 97 through 100), the amount budgeted for Kenmore's parks and recreation services may not meet community expectations after incorporation, though arguably it appears to be somewhat greater for recreational programming that the area receives currently.

Other cities that are approximately the same population as Kenmore provide the following levels of service *as measured on a per capita basis.* If the new city wants to look to increased parks and recreation services, it will want to investigate a broader range of measurements of service level than this, which is provided solely for preliminary comparisons.

Comparisons of Parks and Recreation Services

City	Cost	Population	$/Person
Camus	$418,816 (1995)	8,015 (1995)	$52.25
Edmonds	$1,783,780 (1996)	35,480 (1996)	$50.28
Kenmore	$405,889 (2001)	17,688 (2001)	$22.95
Port Angeles	$1,516,627 (1996)	18,790 (1996)	$80.71
Wenatchee	$830,416 (1995)	24,180 (1995)	$34.34

Camus. Camus provides parks and recreation services at a major community park (Crown Park), neighborhood parks, and a municipal swimming pool. Staffing is provided at the pool, summer activities are programmed at Crown Park, and seasonal recreation activities are offered throughout the year. Light staffing is provided for parks maintenance on a full-time permanent basis, but is augmented with seasonal workers as needs require. Salaries are somewhat lower in Camus than the Seattle area, which impacts direct comparisons.

Edmonds. The Edmonds parks and recreation division is a part of the City's department of community services. It provides for the recreational, cultural arts, tourism, and fitness needs of the community. Program, park, and open space uses are provided at over 20 facilities encompassing 325 acres and 1000 feet of shoreline beaches. In addition, the division manages 57,500 square feet of program and office space. The division provides 600 recreational programming classes annually; performs planning and oversight of new park developments and improvements; serves as a liaison to numerous City boards and commissions; and maintains 237 acres of park land, public grounds, and flower baskets and color spots.

Kenmore. As discussed earlier in the report, Kenmore's amount of developed park land is fairly modest, and its amount or recreational programming also is somewhat lower than in some areas, though certainly the area has access to all of King County's parks and recreation services which would greatly enhance the numbers. Accordingly, Kenmore's lower than average expenditure per person does not present an apples-to-apples comparison, yet it may give readers an idea where the new city would rank as compared with communities that have had the opportunity to develop more mature parks and recreation programs.

Port Angeles. A full-service operation, the Port Angeles parks and recreation department offers recreation services all year long, a senior citizen services center, a municipal swimming pool, a fine arts/cultural arts division, and park maintenance services. The parks maintenance division also provides maintenance services to rights-of-way, street trees, open space, and other City properties — including responsibility for a major waterfront trail.

Wenatchee. Wenatchee's parks and recreation services are provided out of a division of its public works department. The division maintains the City's parks, municipal pool, ice rink, and portions of a ten mile loop bicycle/walking trail along the Columbia River; provides a wide range of programs for the community as a while and special programs for youth; and minor capital improvements as the City's budget allows. Salaries for public employees in the Wenatchee area are not greatly dissimilar from comparable salaries in the Seattle area.

Make or Buy?

Most likely, the City of Kenmore periodically will evaluate whether it should continue to procure a certain service by contract or, given the amount being paid for the contract, whether it would be better to hire additional City staff to perform the function. Such evaluations are similar to the ones major manufacturing companies undertake to determine whether it is better to buy a component of an end product from another vendor, or gear up to manufacture that component themselves. This is sometimes called a "make or buy" decision.

In time, the City may want to look at the services listed below or other services to evaluate whether it would be best to continue to "buy" these services or "make" them.

City Attorney. As the proposed Kenmore organization is structured in Focus Area III, the City is projected to contract for City Attorney services (general legal counsel), but its needs for such services could be reduced somewhat by having an experienced paralegal on staff to attend to some preliminary or routine tasks associated with resolutions and ordinances, assistance for legal briefings or letters, and other support functions that ordinarily may need to be provided by the contract attorney's own staff.

For a modest amount more, the City could have its own City Attorney on staff, and since paralegal support already would be in place an immediate need for additional staff support would not be required. Choosing to hire a City Attorney would need to be weighed with additional costs loaded into the equation for increased office space and technological and administrative overhead. The somewhat reduced flexibility of having a permanent staff member rather than a contracted employee would need to be contrasted with the potential of having a greater level of attention on City issues and a greater ease of access to general legal counsel.

Municipal Court. Contracting for court services with a district court is a reasonable way for many cities to have their local court needs addressed. Often, however, cities wonder whether they could provide these services themselves either more economically or with a greater sensitivity to local needs.

As Kenmore gains experience with actual court filing volume from its community, the nature of such filings, the degree that are heard before the bench versus settled by bail forfeiture, and net City revenues, Kenmore may want to evaluate whether it should establish its own municipal court, form a traffic violations bureau (3.30.090 RCW), or pursue a contract with another jurisdiction.

Kenmore should wait until it has an appropriate level of data to make reasoned comparison and reach its best decision.

Planning and Building. Cities often incorporate to gain control over local land use decisions, and accordingly see it as an imperative to establish full-service planning and building departments. However, because of the cyclical and largely unpredictable nature of building application volume, the City may want to consider dedicating its efforts to establishing codes and policies that are consistent with community expectations, but contract for most permit reviews and some inspection services.

Such arrangements can be structured so that the City could have personnel in City Hall to receive permits and answer questions, but the personnel would be provided by an outside vendor, and could be adjusted depending upon the level of demand throughout the year. Alternatively, the City could maintain a small core staff and, through contract, send plans out of City Hall for review with agreed upon turn-around times. Similarly, some inspection services could be provided by contract, but this is a service that requires a great deal of on-site

interpretation of codes that relate directly to community expectations that may need personnel employed directly by the City.

These planning and building options would need to be evaluated carefully from both budgetary and community preference standpoints, through there may be some cost benefits for the City with such contracting arrangements.

Alternative Contracts

Many of the services discussed in this study are projected to be provided by King County through contracts. In many cases, the County is the largest provider of certain services, has the most experience, offers a high level of service or range of services, and has the greatest amount of resources available to meet specialized needs. However, as time progresses the County can be viewed less and less as a sole provider of certain municipal services for contract cities such as Kenmore would become in the near term.

Services for items such as road maintenance and certain surface water management functions can be procured either from private vendors or even the excess capacity of neighboring jurisdictions. If the City were to pursue such options, it would need to be clear about the level of service it received from the County, both in quantity and quality, and then compare to other options. It may be that for certain functions the County's price cannot be improved upon for the depth of service the community receives. On the other hand, other components may be able to be obtained form other sources that both satisfy community expectations and meet fiscal preferences.

Conclusion

The point of this Focus Area is <u>not</u> to provide assessments about the quality or cost of any of the municipal services that are being discussed, but rather to reinforce that designing a municipal services package for a city is less like playing a radio and more like playing a pipe organ; rarely are there "on/off" choices, but instead a great diversity of options and options within options. As the City establishes itself and then finds itself on a firm footing, it may find it wise to test alternatives to satisfy itself that it is truly delivering what the community desires from service and fiscal standpoints.

Focus Area VII

Projected Start-up Expenses

Focus Area VII: Projected Start-up Expenses

Assuming voters in the area approve the incorporation, Kenmore would become a city officially on August 31, 1998. But obviously a tremendous amount of ground work would need to occur before that time in order for the new government to be functional by that date. This chapter projects the costs that the City likely would incur before the official incorporation date, while the following chapter lists the tasks that would need to be accomplished.

By provision of law, the newly-elected first Kenmore City Council would have limited powers between the date of its election (presumed to be March, 1998), and the official incorporation date. A complete enumeration of those powers can be found or identified in 35.02.130 RCW. Among those limited powers are authorizations to raise money for start-up expenses by borrowing from the commercial lending community via revenue anticipation instruments; by borrowing from federal, state, or other governmental entities; or by borrowing from the State sales tax equalization account (up to $100,000). In any event, such borrowing creates a debt obligation for the City that must be repaid after incorporation. As a practical matter, such start-up loans are fairly easy to acquire, and new cities really have no other alternative.

Start-up expenses generally will fall into three categories: salaries and benefits; operational needs, and administrative support; and capital expenses.

Salaries and Benefits

The City's first salary obligations will be to its City Council, since by statute they will need to be compensated $400 per month, while the Council-elected Mayor will need to be compensated $500 per month.

To support the Council, staffing during the start-up period can be fairly limited but should be highly experienced municipal management professionals who can meet the extremely aggressive pre-incorporation workload. Put another way, there is essentially no leaning curve during this period, so Kenmore will need a team of individuals who can get the City on a firm footing by August 31, then the City can transition from a strong start-up to strong on-going operations.

For this feasibility study, we are assuming interim staffing that is equivalent to the following positions:

- City Manager
- Assistant City Manager
- Executive Assistant
- City Clerk
- Finance Director
- Senior Accountant
- Paralegal
- Planning & Community Development Director (beginning July 1, 1998)

Kenmore could either hire these individuals directly, hire them as temporary or contract employees, or contract with a private entity to perform these services for the start-up period. In any event, the City probably should not hire its permanent City Manager until the new Council has had an opportunity to coalesce and gain a better sense of what it desires and prefers in a City Manager.

Accordingly, salaries and benefits for the start-up period are projected to be as follows:

Projected Salaries and Benefits: Start-up

Position	Monthly Salaries, Benefits	Number of Months	Total
Mayor (1)	$500	5.5	$2,750
Council Members (6)	$400 ($2,400)	5.5	$13,200
City Manager	$10,360	5.5	$56,980
Assistant City Manager	$8,691	5.5	$47,801
Executive Secretary	$4,420	5.0	$22,101
City Clerk	$6,577	5.5	$36,174
Finance Director	$8,406	5.5	$46,233
Senior Accountant	$5,869	5.0	$29,345
Paralegal	$4,250	4.5	$19,125
Plan & Com. Dev. Dir	$8,317	2.0	$16,634
TOTAL			$290,343

Operational Needs and Administrative Support

In addition to the people needed to establish the City, an array of support items will be necessary.

City Hall Rent. Obviously, the City will need a place to conduct its business that is also large enough for Council meetings, office space, and public information areas. Space that will serve these needs in the long run will be needed during the start-up, too. Earlier in this report we projected the City to have the near-term need to 4,000 square feet at $16 per foot (triple net lease). We assume the same for the start-up.

General Supplies. Basic office supplies (pens, notepads, etc.) are assumed at $20 per month per person, including the Council.

Insurance. Liability and property insurance during the start-up period could be provided by the Washington Cities Insurance Authority for $2,500 as a deposit against a future relationship. Other insurance options are available.

Telephone and Other Utilities. Though most utility services would be provided through the City Hall lease, Kenmore would incur telephone and potential other utility expenses. We are assuming $6,000 for the start-up period.

Mileage. Using the same assumptions as provided elsewhere in this study, we are budgeting $50 per month per Council Member (5.5 months) and $150 per month for other employees (except the City Manager, whom we project to have a $300 per month car allowance).

Attorney Services. Because the City Council will be creating legislation and establishing contracts during the start-up period, it will need a fairly good measure of attorney services, though by having a paralegal on staff for administrative support during the start-up some of these expenses should be lessened. We are budgeting $30,000 for attorney services during the start-up.

Consulting Services. In addition to the other services and staff identified above, the City should budget $50,000 for consulting services during the start-up for items such as executive recruitment and other needs of the Council and staff.

Capital Expense Items

We anticipate that Kenmore will purchase most of its operating capital items during the start-up period so that City Hall will be fully equipped on August 31. As readers can see in Focus Area III, replacement for these items is budgeted for via Equipment and Vehicle Replacement Funds.

Computers and Equipment. We assume the purchase of fourteen computers for staff plus a shared computer for the Council; printers and faxes; a network server; telephones; and other minor capital equipment purchases. In total, we are budgeting $85,000 for these items, including software and contracted services for setting up the equipment and network.

Office Furnishings. We have allowed $2,500 per workstation (15) for desks, chairs, ancillary lighting, movable partitions, and installations. We also have included $20,000 for conference tables, movable chairs for the Council Chambers, waiting area furniture for the public, and other furnishing items.

Vehicles. As identified in Focus Area III (see page __), we budgeted for the purchase of one sedan and one pick-up truck. The City many want to purchase and install a snow blade and sanding box (estimated at $18,000) for the pick-up truck. We fully expect that in time the City will expand the number of its fleet with additional vehicles, though we are not projecting those in this feasibility study.

Summary of Start-up Expenses

Given the assumptions above, we project Kenmore's start-up costs as follows:

Projected Start-up Expenses

Item	Cost
Salaries and Benefits	$290,343
Operational Needs and Administrative Support	$128,778
Capital Expense Items	$200,500
TOTAL	$619,621

In Focus Area III, we project this entire load amount to be repaid in 1999 (see page 112).

Focus Area VIII

Incorporation Action Plan

Focus Area VIII: Incorporation Action Plan

In order to position the new city of Kenmore to be functioning well by the August 31 incorporation date, the Council; the interim staffing; and numerous jurisdictions, agencies, and service providers will need to work together closely, regularly, and with open communication. Even still, everyone should be fully cognizant that daily operations in Kenmore during its first year or two will not necessarily be as smooth as a city that has a few more decades experience behind it; Kenmore will be a new venture. But it also will be a perpetual one, and the most care and thoughtfulness that can be dedicated to its preliminary decisions the better off the City will be for its future.

We highly recommend that the Kenmore Council make early connection to the Association of Washington Cities, the Municipal Research and Services Center, and other newly-incorporated cites in order to benefit from their advice and resources. Also, we strongly recommend forging a strong alliance with King County during the transition period and beyond. For some, this may seem an odd recommendation given the fact that, in a sense, Kenmore will be "separating from" King County. However, for the foreseeable future Kenmore will continue to receive many of its services from King County, and importantly the County has a core team of highly experienced key staff to aid start-ups and transitions for new cities. In important ways, incorporation will cause Kenmore to form an even stronger alliance with King County than it has today, though the most critical difference is that after incorporation most local decisions will be made *by* Kenmore and not merely *for* it.

We see four categories of activity the new city will need to focus on during its start-up: Legislative Operations, Incorporation Assistance and Administrative Operations, Contract Negotiations, and Passage of Ordinances and Resolutions. The categories are identified as a means of grouping the tasks that will need to be accomplished, but ultimately most of these items will become actions for which the incorporation staff will need to prepare and present discussion materials for the Council and ask the Council for direction and passage of related ordinances and resolutions.

Legislative Operations

This category includes many of those items that relate to the operating procedures of the Council; those items that articulate how the Council will conduct its business.

Upon election and swearing-in, the new City Council will have a set of limited powers that it will be able to exercise between the time that the new Council is seated and the official incorporation date of the City of Kenmore. A full articulation of those powers is contained in 35.02.130 RCW, and readers are encouraged to refer to that portion of State law for the most complete overview. In brief, in order to position the city to be operational on the date of incorporation, the City Council will have the power to:

- Adopt ordinances and resolutions that will take effect on or after the official incorporation date;
- Enter into contractual agreements on behalf of the City, such as contracts for municipal services or any other contract or agreement;
- Borrow money to cover expenses during the interim period when the City will have no or very little direct revenue, by means such as the issuance of tax/revenue anticipation instruments, or loans from various governmental or private sources;
- Hire staff, either on a permanent or temporary basis;
- Establish land use policies and codes that can take effect during the start-up period, such as policies relating to the State Environmental Policy Act (SEPA), comprehensive planning policies, and zoning codes and regulations.

It is from this base of limited power that the City Council will act upon the administrative items that will need to be attended to and prepared by staff as listed in the subcategories below.

In addition, the Council will need to establish its operating procedures, including:

- The naming of the Council's presiding officer, whom most often is the Mayor (in every case of which we are aware);
- The frequency, day, time, and location of regular meetings of the City Council;
- The adoption of the parliamentary rules by which the Council will conduct its business, such as Roberts' Rules of Order;
- The selection of the City's official newspaper, in which the City will place all its public notices;

- The procedures by which the City will provide public notice, such as posting of notices in set public locations in addition to their publication in the City's official newspaper;
- The designation of the Council's official proceedings recorder, whom most often is the City Clerk but during the initial days of the start-up process may need to be another person until a Clerk is selected.

Incorporation Assistance and Administrative Operations

In time the City will have full-time permanent staffing to perform City operations and oversee contractual relationships. The City can get to that point during the start-up phase in at least two ways.

One way would be for the new Council to choose to hire an Interim City Manager as soon after the Council is seated as possible, and that person can then begin selecting staff to perform the needed functions. Alternately, the Council can contract with a municipal management team to provide start-up services for the City while a search is conduced for the permanent City Manager. In any event, Kenmore will need to act with dispatch to determine how it wants its administrative matters handled during the start-up since the amount of time available between the seating of the Council and the official date of incorporation leaves little time for administrative inaction. A transition team may want to prepare a recommendation for the new Council prior to the Council election so that a decision can be made soon after the Council is sworn-in.

Administratively, several important tasks will need to be accomplished in order to ensure smooth and legally-valid functionality of the City. As a practical matter, it may prove helpful to adopt certain traditional and proven administrative procedures during the start-up that then can be refined by the permanent City Manager and staff after the official date of incorporation when there is a greater luxury of time to explore a wider range of options.

Generally, the administrative tasks include:

- Attending to the needs of establishing the City Hall, whether it is foreseen to be temporary or permanent, including lease arrangements, space improvements, and the purchase of operating capital items
- Establishing financial systems, including:
    - Fund structures
    - Accounting systems
    - Banking relationships
    - Financial policies

    - Purchasing procedures
    - Revenue monitoring
    - Internal auditing practices
    - Cash receipting provisions
    - Payroll services
    - Financial forecasting
- Forming budgets for the start-up period, the first partial year (1998), and budgetary groundwork for the first full year (1999)
- Coordination with the King County Assessor's Office and other King County offices and departments to ensure the proper actions are taken regarding revenues
- Recommending a general liability and property insurance carrier
- Creating a compensation plan that includes salary schedules, personnel policies, benefits packages, and other such items (this plan may need further refinement after incorporation)
- Recommending land use policies that can be applicable during the start-up period, such as the adoption of SEPA regulations, the adoption or modified adoption of comprehensive plan policies (such as the County's), and the adoption or modified adoption of zoning regulations (such as the County's). After incorporation, an extensive review of these policies and regulations will need to be conducted, likely over a multiyear period. The City also could elect to establish a moratorium or partial moratorium on new development, consistent with the provisions of State law.
- Setting-up public records systems.

Contract Negotiations

A major work item for the start-up staff to attend to and the City Council to be briefed on and act upon will be the negotiation of contractual relationships for many, many of the services the City will be responsible for. A great number of these contracts — such as services for police, court, jail, surface water management, road maintenance, etc. — are foreseen to be between the City and King County, but negotiations will need to be undertaken with each of the responsible departments, and numerous items will need to be resolved in a short period of time. Because the County has been through this process several times in recent years, it has staff who are familiar with these processes and can help facilitate them, but the new Kenmore City Council may want certain items pursued during the negotiations that will require specialization of services and hence specialization of the contract.

In addition, the start-up staff will need to pursue contracts with several private vendors, such for the City's prosecutor, public defender, payroll services provider (if this is not provided in -house), and such items.

A complete list of these contract needs can be gleaned from a review of Focus Area III (pages 69 through 112).

Finalizing these contracts by the incorporation date will require a concerted effort by staff.

Passage of Ordinances and Resolutions

Virtually everything that is accomplished during the start-up period will need to be finalized officially by the City Council in the form of either an ordinance or resolution. So while the list below identifies some of the more major items the City Council will need to act upon during the start-up period, its legislative calendar also will be filled with many other ordinances and resolutions to establish the administrative actions and recommendations listed above.

Some of the critical resolutions and ordinances that will need to be passed include:

- The official date of incorporation
- Numerous ordinances pertaining to the levying of taxes and fees, such as those taxes and fees identified in Focus Area II (see pages __ through __)
- Annexation to the fire district, the library district, and potentially the Northshore Park and Recreation Service Area
- Adoption of traffic laws, with adoption of criminal laws occurring at the same time or shortly after incorporation
- Adoption of budgets
- Adoption of land use regulations
- Establishment of contractual relationships
- Adoption, establishment, or finalization of numerous administrative actions, including the organizational structure
- Delegation of numerous authorities

Other Items

During the start-up period there will be great pressures on the City Council and the start-up staff to perform the vast quantity of work that will need to be

accomplished. Stated briefly, the City Council and staff may be well advised to consider three points during this period.

First, the Council may want to dedicate a reasonable amount of time near the beginning of the start-up period in a facilitated meeting for strategic planning to establish a vision and goals for the City to guide subsequent decisions and to ensure that each member understands her or his responsibilities.

Second, the staff will want to carefully monitor revenues especially during the period up to the steady state year to test them against projections in this feasibility study and make adjustments in financial projections as required. Experienced personnel in this area will be a great asset to the City for this matter, since often their is an interrelationship of revenues: a seeming "windfall" in one area may actually lead to a lower than expected revenue from another source.

Third, the new City Council and staff will be under very real pressures to demonstrate that the new Kenmore government is responsive and action-oriented, and there likely will be an inclination to over commit. Plus, if the City is in the fortunate position that revenues are in excess of what is projected in this feasibility study, it may be tempting to think about significant service enhancements early. As Kenmore is able, it should provide enhanced services. But until the City reaches its steady state year and the staff has a better feel for actual revenues and expenditures, the City Council would be well advised to show solid fiscal restraint until such time as it is confident that it can make a service enhancement decision for the long-term with greater financial certainty. This may prove difficult at times, especially since a newly-elected Council may not want to say "no" to a constituent request early in the community's relationship with its new government, but the prudence of such initial restraint will be demonstrated as the City matures.

Appendix

Revenue Details
Expense Details
Memoranda

Projected Revenue and Expense Summaries

Most Likely Scenario — Revenues
Departmental Expenses
Contracted Expenses
Miscellaneous Non-departmental Expenses
High Scenario — Revenues
Low Scenario — Revenues

Projected Municipal Revenue Summary
Scenario: Most Likely

	1998	1999	2000	2001
Anticipated General Fund Revenue				
Property Tax - Regular	0	1,831,196	1,942,484	1,997,013
Property Tax - Excess	0	0	0	0
County Road Tax (first year only)	962,516			
Retail Sales Tax	19,538	120,746	124,369	128,100
Sales Tax Equilization	0	1,326,738	1,329,525	1,376,243
Retail Sales Tax - Criminal Justice	46,385	290,101	302,284	314,328
Gambling Tax	30,888	363,247	355,982	348,863
Utility Taxes	0	263,214	265,846	268,504
State Shared Revenues				
Liquor Excise Tax	11,803	47,685	48,162	48,644
Liquor Profits	22,791	92,076	92,997	93,927
Unrestricted Gas Tax	68,288	284,205	287,047	289,918
Motor Vehicle Excise Tax	52,836	225,249	227,501	229,776
Camper/Trailer Excise Tax	1,331	5,549	5,604	5,660
Criminal Justice	1,459	5,896	5,955	6,014
Criminal Justice Funding by App.				
1. Contract Police	0	34,507	35,377	36,262
2. Innovative Law Enforcemen	0	6,069	6,130	6,191
3. Domestic Violence Prev.	0	8,670	8,757	8,844
4. Child Abuse Prevention	0	8,670	8,757	8,844
Transfer from SWM - Operations	114,091	351,608	357,586	363,664
Transfer from SWM - Roads	24,471	153,384	157,986	148,916
Fines and Forfeits	9,788	122,158	127,044	132,126
Licenses & Permits	8,340	8,340	8,340	8,340
Building Permits	26,238	324,300	334,029	344,049
Cable TV Franchise Tax	24,101	98,332	100,298	102,304
Block Grant	0	0	106,000	106,000
Anticipated General Fund Sub-total	**1,424,865**	**5,971,939**	**6,238,059**	**6,372,532**

Projected Municipal Revenue Summary - continued
Scenario: Most Likely

	1998	1999	2000	2001
Anticipated Capital Fund Revenue				
SWM Transfer to Capital	22,269	142,015	135,134	141,844
REET - 1	36,681	151,125	155,659	160,329
REET - 2	36,681	151,125	155,659	160,329
Restricted Gas Tax	31,933	132,826	134,154	135,495
Transportation Impact Fees	0	0	0	0
County-imposed Vehicle License Fees	36,750	148,619	150,251	151,602
Anticipated Capital Fund Revenue	**164,315**	**725,710**	**730,858**	**749,599**
Anticipated Total Revenue	**1,589,180**	**6,697,649**	**6,968,917**	**7,122,131**

Projected Municipal Revenue Summary - continued
Scenario: Most Likely - Anticipated and Optional Revenues

	1998	1999	2000	2001
Optional Revenue Sources				
Business and Occupational Tax	36,053	224,973	233,972	243,331
Admissions Tax	34,870	34,172	33,489	32,819
Additional Utility Tax	0	283,157	285,989	288,849
Additional Gambling Tax	2,155	25,343	24,836	24,339
Leasehold Excise Tax	0	0	0	0
Franchise Fee	0	0	0	0
Total Optional Revenue	**73,078**	**567,645**	**578,286**	**589,338**
Total Potential Revenues				
Anticipated General Fund Revenue	1,424,865	5,971,939	6,238,059	6,372,532
Optional Fund Revenue	73,078	567,645	578,286	589,338
Potential General Fund Revenue	**1,497,943**	**6,539,585**	**6,816,345**	**6,961,870**
Anticipated Capital Fund Revenue	**164,315**	**725,710**	**730,858**	**749,599**
Total Potential Revenues	**1,662,258**	**7,265,295**	**7,547,202**	**7,711,469**

Projected Municipal Expense Summary
Scenario: Most Likely

	1998	1999	2000	2001
City Council				
Salaries & Benefits	11,600	34,800	34,800	34,800
Admin. Support/Consulting	4,793	14,525	14,525	14,525
Contracted Services	7,000	7,000	7,000	7,000
Total City Council	**23,393**	**56,325**	**56,325**	**56,325**
Office of the City Manager				
Salaries & Benefits	182,566	564,056	580,906	598,261
Administrative Support	10,700	32,950	33,076	33,206
City-side Operational Needs	10,500	18,000	18,000	18,000
Total Dept. of General Admin.	**203,766**	**615,006**	**631,982**	**649,467**
Dept. of General Administration				
Salaries & Benefits	50,895	265,394	273,356	281,556
Administrative Support	5,250	27,100	47,197	47,296
Contracted Services	41,700	147,000	107,060	107,122
Dept. of General Adminstration	**97,845**	**439,494**	**427,613**	**435,975**
Dept. of Planning & Building				
Salaries & Benefits	32,301	256,653	264,352	272,283
Administrative Support	4,567	32,500	32,518	32,537
Contract Services	2,000	155,000	115,000	45,000
Total Dept. of Planning/Permitting	**38,868**	**444,153**	**411,870**	**349,820**
Contract Services				
Police Services	154,306	953,610	982,218	1,011,684
District Court	18,842	114,185	115,327	116,481
Prosecution Services	6,250	75,000	75,000	75,000
Defense Services	2,084	25,000	25,000	25,000
Adult Detention	12,785	159,561	165,943	172,581
Road Maintenance	74,520	465,001	483,602	502,945
Traffic Maintenance	15,263	95,241	99,051	103,013
City Engineer	5,000	30,000	30,000	30,000
Park Maintenance	-	61,561	123,122	184,683
Recreation Programming	-	90,400	180,801	221,201
Human Services	-	190,371	196,103	196,103
Public Health	13,734	41,616	42,031	42,451
Cultural Resources	-	2,000	2,000	2,000
Property Services	-	-	-	-
Animal Control	-	-	-	-
Total Contract Services	**302,784**	**2,303,546**	**2,520,198**	**2,683,142**

Projected Municipal Expense Summary - continued
Scenario: Most Likely

	1998	1999	2000	2001
Miscellaneous & Non-Departmental	45,297	271,028	276,509	276,084
Provisiono for Potential Growth		66,108	200,323	198,988
Start-up Loan Repayment		619,621		
Municipal Exp. Grand Total	**711,954**	**4,815,281**	**4,524,820**	**4,649,801**

Projected Municipal Expense by Department
Scenario: Most Likely

City Council

	1998	1999	2000	2001
Salary & Benefits				
Salary	11,600	34,800	34,800	34,800
Benefits	-	-	-	-
Subtotal	11,600	34,800	34,800	34,800
Administrative Support				
Seminars & Prof. Development	2,310	7,000	7,000	7,000
Mileage	1,386	4,200	4,200	4,200
Equipment Replacement	520	1,575	1,575	1,575
Supplies	578	1,750	1,750	1,750
Subtotal	4,793	14,525	14,525	14,525
Contracted Services				
Consulting Services	7,000	7,000	7,000	7,000
Total City Council	**23,393**	**56,325**	**56,325**	**56,325**

Projected Municipal Expense by Department
Scenario: Most Likely

Office of the City Manager

	1998	1999	2000	2001
Salary & Benefits				
Salary	142,005	438,794	451,958	465,517
Benefits (28%)	39,761	122,862	126,548	130,345
City Manager Car Allowance	800	2,400	2,400	2,400
Subtotal	182,566	564,056	580,906	598,261
Administrative Support				
Departmental Supplies	700	2,100	2,100	2,100
Public Notices	1,000	3,600	3,708	3,819
Association Dues				
ICMA	750	750	750	750
WCMA	50	50	50	50
Other	100	100	100	100
Departmental Postage	200	600	618	637
Departmental Mileage	300	850	850	850
Seminars & Professional Dev.	2,000	8,000	8,000	8,000
Equipment Replacement	3,500	10,500	10,500	10,500
Vehicles Replacement	2,100	6,400	6,400	6,400
Subtotal	10,700	32,950	33,076	33,206
City-wide Operational Needs				
City-wide Communications	10,500	18,000	18,000	18,000
Human Resources				
Subtotal	10,500	18,000	18,000	18,000
Total City Managers Office	**203,766**	**615,006**	**631,982**	**649,467**

Projected Municipal Expense by Department
Scenario: Most Likely

Department of General Administration

	1/3 of 1998	1999	2000	2001
Salaries & Benefits				
Salaries	39,762	207,339	213,559	219,966
Benefits (28%)	11,133	58,055	59,797	61,590
Subtotal	50,895	265,394	273,356	281,556
Administrative Support				
Departmental Supplies	400	1,200	1,200	1,200
Departmental Postage	150	400	412	424
Courier Services	100	300	300	300
Temporary Services		10,000	10,000	10,000
Seminars & Professional Dev.		2,000	2,070	2,142
Association Dues				
GFOA	200	200	200	200
Other	100	100	100	100
Departmental Mileage	200	500	515	530
Equipment Replacement	2,000	6,000	6,000	6,000
Vehicle Replacement	2,100	6,400	6,400	6,400
Washington State Audit	-	-	20,000	20,000
Subtotal	5,250	27,100	47,197	47,296
Contracted Support Services				
City Attorney	40,000	75,000	60,000	60,000
Payroll Services	700	2,000	2,060	2,122
Hearing Examiner	1,000	5,000	5,000	5,000
Consulting Services		40,000	40,000	40,000
Personnel Class/Comp. Plan		25,000		
Subtotal	41,700	147,000	107,060	107,122
Dept. of General Administration	97,845	439,494	427,613	435,975

Projected Municipal Expense by Department
Scenario: Most Likely

Department of Planning & Building

	1/3 of 1998	1999	2000	2001
Salaries & Benefits				
Salaries	25,235	200,510	206,525	212,721
Benefits (28%)	7,066	56,143	57,827	59,562
Subtotal	32,301	256,653	264,352	272,283
Administrative Support				
Departmental Supplies	100	900	900	900
Postage	800	2,400	2,400	2,400
Courier Services	200	600	618	637
Public Notices		2,500	2,500	2,500
Temporary Help		10,000	10,000	10,000
Seminars & Professional Dev.	-	3,500	3,500	3,500
Professional Registration	200	500	500	500
Association Dues				
American Planning Assoc.	200	200	200	200
Building/Other	200	200	200	200
Mileage	267	800	800	800
Equipment Replacement	500	4,500	4,500	4,500
Vehicle Replacement	2,100	6,400	6,400	6,400
Subtotal	4,567	32,500	32,518	32,537
Contracted Services				
Comprehensive Planning	-	100,000	50,000	-
Capital Facilities Plan	-	20,000	30,000	-
Permitting	2,000	20,000	20,000	20,000
Land Use Planning	-	15,000	15,000	25,000
Subtotal Contracts	2,000	155,000	115,000	45,000
Total Dept. of Planning & Permitting	**38,868**	**444,153**	**411,870**	**349,820**

Projected Municipal Expense by Department
Scenario: Most Likely

Contract Services

	1998	1999	2000	2001
Police Services	154,306	953,610	982,218	1,011,684
District Court	18,842	114,185	115,327	116,481
Prosecution Services	6,250	75,000	75,000	75,000
Defense Services	2,084	25,000	25,000	25,000
Adult Detention	12,785	159,561	165,943	172,581
Road Maintenance	74,520	465,001	483,602	502,945
Traffic Maintenance	15,263	95,241	99,051	103,013
City Engineer	5,000	30,000	30,000	30,000
Park Maintenance	-	61,561	123,122	184,683
Recreation Programming	-	90,400	180,801	221,201
Human Services	-	190,371	196,103	196,103
Public Health	13,734	41,616	42,031	42,451
Cultural Resources	-	2,000	2,000	2,000
Property Services				
Animal Control				
Total Contract Services	**302,784**	**2,303,546**	**2,520,198**	**2,683,142**

Miscellaneous and Non-Departmental

	1998	1999	2000	2001
Economic Development	-	31,151	32,086	33,049
Association Dues				
PSRC	1,500	5,000	5,000	5,000
AWC	2,632	7,976	8,056	8,136
Suburban Cities	1,373	4,162	4,203	4,245
Operational Contingency	-	100,000	100,000	100,000
General Legal Counsel				
City Hall Rent, Utilities & Imp.	21,973	67,898	69,935	72,033
Street Lighting	4,000	12,000	12,000	12,000
Insurance - Liability	1,030	3,121	3,152	3,184
Insurance - Property	11,789	35,720	36,077	36,437
Minor Capital	1,000	4,000	6,000	2,000
Total Misc. & Non-Dept.	**45,297**	**271,028**	**276,509**	**276,084**

Projected Municipal Revenue Summary
Scenario: High

	1998	1999	2000	2001
Anticipated General Fund Revenue				
Property Tax - Regular	0	1,976,672	2,136,337	2,237,470
Property Tax - Excess	0	0	0	0
County Road Tax (first year only)	1,141,545			
Retail Sales Tax	21,492	132,821	136,806	140,910
Sales Tax Equilization	0	1,525,105	1,469,675	1,541,613
Retail Sales Tax - Criminal Justice	46,829	294,203	308,052	321,915
Gambling Tax	32,162	385,944	385,944	385,944
Utility Taxes	0	270,710	276,125	281,647
State Shared Revenues				
Liquor Excise Tax	12,393	50,070	50,570	51,076
Liquor Profits	23,931	96,680	97,647	98,623
Unrestricted Gas Tax	72,108	301,511	315,191	329,487
Motor Vehicle Excise Tax	55,883	239,242	256,162	274,325
Camper/Trailer Excise Tax	1,442	6,008	6,436	6,872
Criminal Justice	1,577	6,555	6,804	7,058
Criminal Justice Funding by App.				
1. Contract Police	0	52,801	53,329	53,862
2. Innovative Law Enforcemen	0	6,373	6,436	6,501
3. Domestic Violence Prev.	0	9,104	9,195	9,287
4. Child Abuse Prevention	0	9,104	9,195	9,287
Transfer from SWM - Operations	111,989	338,990	342,041	345,120
Transfer from SWM - Roads	23,639	145,380	149,015	141,834
Fines and Forfeits	10,165	131,736	142,274	153,656
Licenses & Permits	8,340	8,340	8,340	8,340
Building Permits	26,750	333,837	347,191	361,078
Cable TV Franchise Tax	28,921	117,998	120,358	122,765
Block Grant	0	0	106,000	106,000
Anticipated General Fund Sub-total	**1,619,166**	**6,439,182**	**6,739,123**	**6,994,669**

Projected Municipal Revenue Summary - continued
Scenario: High

	1998	1999	2000	2001
Anticipated Capital Fund Revenue				
SWM Transfer to Capital	31,480	193,969	194,225	205,331
REET - 1	38,138	158,653	164,999	171,599
REET - 2	38,138	158,653	164,999	171,599
Restricted Gas Tax	34,071	141,834	147,482	153,414
Transportation Impact Fees	0	0	0	0
County-imposed Vehicle License Fees	37,485	151,591	153,256	154,634
Anticipated Capital Fund Revenue	**179,311**	**804,701**	**824,962**	**856,578**
Anticipated Total Revenue	**1,798,478**	**7,243,883**	**7,564,084**	**7,851,247**

Projected Municipal Revenue Summary - continued
Scenario: High - Anticipated and Optional Revenues

	1998	1999	2000	2001
Optional Revenue Sources				
Business and Occupational Tax	36,227	226,599	236,230	246,269
Admissions Tax	36,308	36,308	36,308	36,308
Additional Utility Tax	0	291,086	296,908	302,846
Additional Gambling Tax	2,244	26,926	26,926	26,926
Leasehold Excise Tax	0	0	0	0
Franchise Fee	0	0	0	0
Total Optional Revenue	**74,778**	**580,919**	**596,371**	**612,349**
Total Potential Revenues				
Anticipated General Fund Revenue	1,619,166	6,439,182	6,739,123	6,994,669
Optional Fund Revenue	74,778	580,919	596,371	612,349
Potential General Fund Revenue	**1,693,945**	**7,020,102**	**7,335,494**	**7,607,019**
Anticipated Capital Fund Revenue	**179,311**	**804,701**	**824,962**	**856,578**
Total Potential Revenues	**1,873,256**	**7,824,803**	**8,160,456**	**8,463,597**

Projected Municipal Revenue Summary
Scenario: Low

	1998	1999	2000	2001
Anticipated General Fund Revenue				
Property Tax - Regular	0	1,696,579	1,800,838	1,852,535
Property Tax - Excess	0	0	0	0
County Road Tax	826,916			
Retail Sales Tax	17,584	108,672	111,932	115,290
Sales Tax Equilization	0	1,223,004	1,245,720	1,268,738
Retail Sales Tax - Criminal Justice	42,370	263,637	273,405	282,975
Gambling Tax	29,640	341,458	327,800	314,688
Utility Taxes	0	259,518	260,815	262,120
State Shared Revenues				
Liquor Excise Tax	11,172	44,972	45,255	45,540
Liquor Profits	21,611	86,978	87,515	88,054
Unrestricted Gas Tax	64,425	265,547	273,527	281,807
Motor Vehicle Excise Tax	49,746	206,079	213,298	220,808
Camper/Trailer Excise Tax	1,223	5,107	5,324	5,545
Criminal Justice	1,305	5,271	5,324	5,377
Revenues Application				
1. Contract Police	0	31,299	31,612	31,928
2. Innovative Law Enforcemen	0	4,942	4,991	5,041
3. Domestic Violence Prev.	0	5,766	5,823	5,881
4. Child Abues Prevention	0	5,766	5,823	5,881
Transfer from SWM - Operations	119,282	359,277	360,714	362,157
Transfer from SWM - Roads	27,673	171,851	177,866	166,040
Fines and Forfeits	9,741	120,986	125,221	129,604
Licenses & Permits	8,340	8,340	8,340	8,340
Building Permits	26,238	324,300	334,029	344,049
Cable TV Franchise Tax	24,101	98,332	100,298	102,304
Block Grant			106,000	106,000
Anticipated General Fund Sub-total	**1,281,367**	**5,637,679**	**5,911,472**	**6,010,703**

Projected Municipal Revenue Summary
Scenario: Low

	1998	1999	2000	2001
Anticipated Capital Fund Revenue				
SWM Transfer to Capital	8,177	91,541	86,951	100,208
REET - Unrestricted	35,259	143,857	146,735	149,669
REET - Restricted	35,259	143,857	146,735	149,669
Restricted Gas Tax	30,174	124,372	128,112	131,913
Transportation Impact Fees	0	0	0	0
County-imposed Vehicle License Fees	36,015	145,647	147,246	148,570
Anticipated Capital Fund Revenue	**144,884**	**649,274**	**655,778**	**680,030**
Anticipated Total Revenue	**1,426,250**	**6,286,954**	**6,567,250**	**6,690,733**

Projected Municipal Revenue Summary - continued
Scenario: Low - Anticipated and Optinal Revenues

	1998	1999	2000	2001
Optional Revenue Sources				
Business and Occupational Tax	17,940	111,677	115,865	120,210
Admissions Tax	33,461	32,123	30,838	29,604
Gambling Tax	2,068	23,823	22,870	21,955
Utility Tax	0	279,247	280,643	282,047
Total Optional Revenue	**53,469**	**446,870**	**450,216**	**453,816**
Total Potential Revenues				
Anticipated General Fund Revenue	1,281,367	5,637,679	5,911,472	6,010,703
Optional Fund Revenue	53,469	446,870	450,216	453,816
Potential General Fund Revenue	1,334,836	6,084,549	6,361,688	6,464,519
Anticipated Capital Fund Revenue	144,884	649,274	655,778	680,030
Total Potential Revenues	**1,479,719**	**6,733,823**	**7,017,466**	**7,144,549**

Details of Projected Revenues
Without Lakepointe

Most Likely, High, and Low Scenarios

Anticipated Revenues

Property Tax - Regular

(Taxable Assessed Value in 000's + New Construction) x 1.6 = Property Tax

Assumptions: Taxable Assessed Value 1996: $1,074,911 (in 000's)

Scenario: Most Likely

Variable Assumptions:

Assessed Value Growth Rate: 2.00%

	1998	1999	2000	2001
Tax Base (000's)	1,161,308	1,194,734	1,228,829	1,263,605
New Const. (000's)	10,000	10,000	10,000	10,000
New Base (000's)	1,171,308	1,204,734	1,238,829	1,273,605
Tax Rate	0.00	1.60	1.60	1.60
Gross Tax	0	1,927,575	1,982,126	2,037,769
Less Delinquency	0	96,379	39,643	40,755
Property Tax/Reg.	0	1,831,196	1,942,484	1,997,013
Increase not to exceed 6% from prior year			2,043,229	2,101,054

Scenario: High

Variable Assumptions:

Assessed Value Growth Rate: 4.00%

	1998	1999	2000	2001
Tax Base (000's)	1,230,810	1,290,442	1,352,460	1,416,958
New Const. (000's)	10,000	10,000	10,000	10,000
New Base (000's)	1,240,810	1,300,442	1,362,460	1,426,958
Tax Rate	0.00	1.60	1.60	1.60
Gross Tax	0	2,080,707	2,179,935	2,283,133
Less Delinquency	0	104,035	43,599	45,663
Property Tax/Reg.	0	1,976,672	2,136,337	2,237,470
Increase not to exceed 6% from prior year			2,205,549	2,310,731

Scenario: Low

Variable Assumptions:

Assessed Value Growth Rate: 2.00%

	1998	1999	2000	2001
Tax Base (000's)	1,053,413	1,106,170	1,138,494	1,171,464
New Const. (000's)	10,000	10,000	10,000	10,000
New Base (000's)	1,084,481	1,116,170	1,148,494	1,181,464
Tax Rate	0.00	1.60	1.60	1.60
Gross Tax	0	1,785,873	1,837,590	1,890,342
Less Delinquency	0	89,294	36,752	37,807
Property Tax/Reg.	0	1,696,579	1,800,838	1,852,535
Increase not to exceed 6% from prior year			1,893,025	1,947,846

Anticipated Revenues

Road District Revenue

(Assessed value for 1988) x(tax rate) x (% of year incoportated)

Scenario: Most Likely

Assumptions: based on variance of Assessed values

Scenario	1988 Assessed Value	Tax Rate	% of Total Collection	1988 Road Dist. Tax
Most Likely	1,171,308	1.8261	45.00%	962,516
High	1,240,810	1.8400	50.00%	1,141,545
Low	1,148,494	1.8000	40.00%	826,916

Anticipated Revenues

Retail Sales Tax

Taxable Retail Sales x Annual Growth Rate x .85% = Retail Sales Tax

General Assumptions

1988 1 month of collections only

Scenario: Most Likely

Variable Assumptions:

Retail Sales Growth Rate: 3.00%

Projected 1996 Retail Sales= 13,000,000

	2 mo. of 1998	1999	2000	20001
Retail Sales full yrs	13,791,700	14,205,451	14,631,615	15,070,563
Tax Rate	0.85%	0.85%	0.85%	0.85%
Retail Sales Tax	19,538	120,746	124,369	128,100

Scenario: High

Variable Assumptions:

Retail Sales Growth Rate: 3.00%

Projected 1996 Retail Sales= 14,300,000

	2 mo. of 1998	1999	2000	20001
Retail Sales full yrs	15,170,870	15,625,996	16,094,776	16,577,619
Tax Rate	0.85%	0.85%	0.85%	0.85%
Retail Sales Tax	21,492	132,821	136,806	140,910

Scenario: Low

Variable Assumptions:

Retail Sales Growth Rate: 3.00%

Projected 1996 Retail Sales= 11,700,000

	2 mo. of 1998	1999	2000	2001
Retail Sales	12,412,530	12,784,906	13,168,453	13,563,507
Tax Rate	0.85%	0.85%	0.85%	0.85%
Retail Sales Tax	17,584	108,672	111,932	115,290

Anticipated Revenues

Sales Tax Equilization

(Statewide per capita sales tax - Maple Valley per capita sales tax)* Pool = Sales Tax Equilization
Calculation is repeated for first half percent and second half percent.

General Assumptions

Scenario sales tax revenue from sales tax calculation on prior page.

Scenario: Most Likely

	1998	1999	2000	2001
Sales Tax		120,746	124,369	128,100
Population	17,168	17,340	17,514	17,689
1/2 Per Capita		3.48	3.55	3.62
State Per Cap.		54.49	54.16	55.49
Difference		51.01	50.61	51.87
% col.on 1st half		100.00%	100.00%	100.00%
% col.on 2nd half		50.00%	50.00%	50.00%
1st half equil.		51.01	50.61	51.87
2nd half equil		25.50	25.30	25.93
Total per capita		76.51	75.91	77.80
Total Equilization		1,326,738	1,329,525	1,376,243

Scenario: High

	1998	1999	2000	2001
Sales Tax		132,821	136,806	140,910
Population	18,027	18,207	18,389	18,573
1/2 Per Capita		3.65	3.72	3.79
State Per Cap.		56.00	57.00	57.00
Difference		52.35	53.28	53.21
% col.on 1st half		100.00%	100.00%	100.00%
% col.on 2nd half		60.00%	50.00%	56.00%
1st half equil.		52.35	53.28	53.21
2nd half equil		31.41	26.64	29.80
Total per capita		83.76	79.92	83.00
Total Equilization		1,525,105	1,469,675	1,541,613

Sales Tax Equilization Continued

Scenario: Low

	1998	1999	2000	2001
Sales Tax		108,672	111,932	115,290
Population	16,310	16,473	16,638	16,804
1/2 Per Capita		3.30	3.36	3.43
State Per Cap.		54.50	55.00	55.50
Difference		51.20	51.64	52.07
% col.on 1st half		100.00%	100.00%	100.00%
% col.on 2nd half		45.00%	45.00%	45.00%
1st half equil.		51.20	51.64	52.07
2nd half equil		23.04	23.24	23.43
Total per capita		74.24	74.87	75.50
Total Equilization		1,223,004	1,245,720	1,268,738

Anticipated Revenues

Retail Sales Tax Criminal Justice

King County Distribution x 0.9 = Amount for General Distribution
General Distribution Amount/ ((1.5 x Unincorp Pop.) + Inc. Pop.)) = Amount Per Capita

General Assumptions: Use 1/12 tax collected for 1998
1997 KC Distribution = 25,795,160

King County Population Projections

	1998	1999	2000	2001
Total King County	1,654,965	1,668,205	1,681,550	1,698,366

Scenario: Most Likely

Annual Distribution Growth Rate = 4.00%

	2/12 of 1998	1999	2000	2001
KC Distribution	26,828,006	27,909,070	29,023,553	30,179,964
Denominator	1,654,965	1,668,205	1,681,550	1,698,366
Amout Per Capita	16.21	16.73	17.26	17.77
City Population	17,168	17,340	17,514	17,689
Criminal Just. Tax	46,385	290,101	302,284	314,328

Scenario: High

Annual Distribution Growth Rate = 4.50%

	2/12 of 1998	1999	2000	2001
KC Distribution	25,795,160	26,955,942	28,168,960	29,436,563
Denominator	1,654,965	1,668,205	1,681,550	1,698,366
Amout Per Capita	15.59	16.16	16.75	17.33
City Population	18,027	18,207	18,389	18,573
Criminal Just. Tax	46,829	294,203	308,052	321,915

Scenario: Low

Annual Distribution Growth Rate = 3.50%

	2/12 of 1998	1999	2000	2001
KC Distribution	25,795,160	26,697,991	27,632,420	28,599,555
Denominator	1,654,965	1,668,205	1,681,550	1,698,366
Amout Per Capita	15.59	16.00	16.43	16.84
City Population	16,310	16,473	16,638	16,804
Criminal Just. Tax	42,370	263,637	273,405	282,975

*

Anticipated Revenues
Gambling Tax

Assumptions:

1996 gross receipts:	5,809,839	Tax rates	
		Card Games	11.00%
ost likely annual growth rate:	-2.00%	Bingo	10.00%
High:	0.00%	Pull tabs	5.00%
Low:	-4.00%	Amusement Games	2.00%

	1/12 of 1998	1999	2000	2001
Most Likely Gross Receipts				
Card Games	287,335	281,589	275,957	270,438
Bingo (net)	1,488,637	1,458,865	1,429,687	1,401,094
Pull tabs	3,803,797	3,727,721	3,653,166	3,580,103
Amusement Games	-	-	-	-
High Receipts				
Card Games	299,183	299,183	299,183	299,183
Bingo (net)	1,550,018	1,550,018	1,550,018	1,550,018
Pull tabs	3,960,638	3,960,638	3,960,638	3,960,638
Amusement Games	-	-	-	-
Low Gross Receipts				
Card Games	275,727	264,698	254,110	243,946
Bingo (net)	1,428,497	1,371,357	1,316,502	1,263,842
Pull tabs	3,650,124	3,504,119	3,363,954	3,229,396
Amusement Games	-	-	-	-
Most Likely Tax Revenue	30,888	363,247	355,982	348,863
High Tax Revenue	32,162	385,944	385,944	385,944
Low Tax Revenue	29,640	341,458	327,800	314,688

REET- Capital Fund Revenue

Annual Real Estate Sales x 0.25% = Restricted Capital Funds for Cities GMA cities of 5,000+
Annual Real Estate Sales x 0.25% = Restricted Capital Funds for all GMA Planning Cities

Assumptions: Assume 25% of total annual tax is collected in 1998

Estimated Real Estate Sales

Scenario	1998	1999	2000	2001
Most Likely	58,689,467	60,450,151	62,263,656	64,131,565
High	61,020,477	63,461,296	65,999,747	68,639,737
Low	56,414,694	57,542,988	58,693,848	59,867,725

Revenue Scenarios

Scenario		1/4 of 1998	1999	2000	2001
Most Like	REET 1	36,681	151,125	155,659	160,329
	REET 2	36,681	151,125	155,659	160,329
High	REET 1	38,138	158,653	164,999	171,599
	REET 2	38,138	158,653	164,999	171,599
Low	REET 1	35,259	143,857	146,735	149,669
	REET 2	35,259	143,857	146,735	149,669

Anticipated Revenues
Utility Taxes

Gross Revenue x Utility Tax Rate = Utility Tax
Assumptions: No 1998 Revenue

Scenario: Most Likely

Annual Growth Rate: 1.00%
Estimated Annual Utility Receipts

Scenario	1998	1999	2000	2001	Tax Rates
Telephone		1,777,014	1,794,784	1,812,732	2.225%
Gas		2,840,714	2,869,121	2,897,812	2.225%
Solid Waste		1,545,452	1,560,906	1,576,515	0.000%
Cable TV		1,909,354	1,928,447	1,947,732	0.000%
Electricity		7,212,107	7,284,228	7,357,070	2.225%
Total Utility Revenue		15,284,641	15,437,487	15,591,862	
Most Likely Tax	0	263,214	265,846	268,504	

Scenario: High

Annual Growth Rate: 2.00%
Estimated Annual Utility Receipts

Scenario	1998	1999	2000	2001	Tax Rates
Telephone		1,812,377	1,848,624	1,885,597	2.225%
Gas		2,925,930	2,984,449	3,044,138	2.225%
Solid Waste		1,591,812	1,623,648	1,656,121	0.000%
Cable TV		1,966,631	2,005,963	2,046,083	0.000%
Electricity		7,428,456	7,577,025	7,728,566	2.225%
Total Utility Revenue		15,725,205	16,039,710	16,360,504	
High Tax	0	270,710	276,125	281,647	

Scenario: Low

Annual Growth Rate: 0.50%
Estimated Annual Utility Receipts

Scenario	1998	1999	2000	2001	Tax Rates
Telephone		1,759,464	1,768,261	1,777,102	2.225%
Gas		2,798,734	2,812,727	2,826,791	2.225%
Solid Waste		1,522,613	1,530,226	1,537,877	0.000%
Cable TV		1,881,137	1,890,543	1,899,996	0.000%
Electricity		7,105,526	7,141,054	7,176,759	2.225%
Total Utility Revenue		15,067,473	15,142,811	15,218,525	
Low Tax	0	259,518	260,815	262,120	

Anticipated Revenues

State Shared Revenues

Population x Per Capita Rate = State Shared Revenues

Scenario: Most likely 1998 distribution is 1/4 the annual amount

Per Capita Distribution

	1998	1999	2000	2001
Liquor Excise	$2.75	$2.75	$2.75	$2.75
Liquor Profits	$5.31	$5.31	$5.31	$5.31
Restricted gas	$7.44	$7.66	$7.66	$7.66
Unrestricted Gas	$15.91	$16.39	$16.39	$16.39
Motor Vehicles Excise	$12.31	$12.99	$12.99	$12.99
Camper/Trailer	$0.31	$0.32	$0.32	$0.32
Criminal Justice	$0.34	$0.34	$0.34	$0.34
State Share Rev. Subtotal	$44.37	$45.76	$45.76	$45.76
Tax Subtotal	$761,765	$793,486	$801,420	$809,435
Contract Police		$1.99	$2.02	$2.05
Innovative Law Enf.		$0.35	$0.35	$0.35
Domestic Violence Prev.		$0.50	$0.50	$0.50
Child Abuse Prev.		$0.50	$0.50	$0.50
Subtotal Crimial Justice/App.	$0.00	$3.34	$3.37	$3.40
Subtotal tax	$0	$57,916	$59,021	$60,142
Most Likely Population	17,168	17,340	17,514	17,689
Most Likely Tax Collected	$761,765	$851,402	$860,441	$869,576

Scenario: High

1998 distribution is 1/4 the annual amount

Per Capita Distribution

	1998	1999	2000	2001
Liquor Excise	$2.75	$2.75	$2.75	$2.75
Liquor Profits	$5.31	$5.31	$5.31	$5.31
Restricted gas	$7.56	$7.79	$8.02	$8.26
Unrestricted Gas	$16.00	$16.56	$17.14	$17.74
Motor Vehicles Excise	$12.40	$13.14	$13.93	$14.77
Camper/Trailer	$0.32	$0.33	$0.35	$0.37
Criminal Justice Rev - App	$0.35	$0.36	$0.37	$0.38
State Share Rev. Subtotal	$44.69	$46.24	$47.87	$49.58
Tax Subtotal	$805,622	$841,899	$880,293	$920,856
Contract Police		$2.90	$2.90	$2.90
Innovative Law Enf.		$0.35	$0.35	$0.35
Domestic Violence Prev.		$0.50	$0.50	$0.50
Child Abuse Prev.		$0.50	$0.50	$0.50
Subtotal Crimial Justice/App.	$0.00	$4.25	$4.25	$4.25
Subtotal tax	$0	$77,380	$78,154	$78,936
High Population	18,027	18,207	18,389	18,573
High Tax Collected	$805,622	$919,280	$958,447	$999,791

Scenario: Low

1998 distribution is 1/4 the annual amount

Per Capita Distribution

	1998	1999	2000	2001
Liquor Excise	$2.74	$2.73	$2.72	$2.71
Liquor Profits	$5.30	$5.28	$5.26	$5.24
Restricted gas	$7.40	$7.55	$7.70	$7.85
Unrestricted Gas	$15.80	$16.12	$16.44	$16.77
Motor Vehicles Excise	$12.20	$12.51	$12.82	$13.14
Camper/Trailer	$0.30	$0.31	$0.32	$0.33
Criminal Justice Rev - App	$0.32	$0.32	$0.32	$0.32
State Share Rev. Subtotal	$44.06	$44.82	$45.58	$46.36
Tax Subtotal	$718,621	$738,326	$758,355	$779,045
Contract Police		$1.90	$1.90	$1.90
Innovative Law Enf.		$0.30	$0.30	$0.30
Domestic Violence Prev.		$0.35	$0.35	$0.35
Child Abuse Prev.		$0.35	$0.35	$0.35
Subtotal Crimial Justice/App.	$0.00	$2.90	$2.90	$2.90
Subtotal tax	$0	$47,772	$48,250	$48,732
Low Population	16,310	16,473	16,638	16,804
Low Tax Collected	$718,621	$786,099	$806,604	$827,778

Anticipated Revenues

Surface Water Management Fees

Assumptions

	1996 estimates
Gross	$739,920
Service Costs	$334,269.00
Road Costs	$140,368.00
Debt Service	$92,913

Constraint at 14.8% of private billings

Assume 1999 first full year collection

Scenario: Most Likely

	1998	1999	2000	2001
Gross collection	184,060	739,920	743,619	747,337
Service Cost	114,091	351,608	357,586	363,664
Road Cost	24,571	153,384	157,986	148,916
Debt Service	23,228	92,913	92,913	92,913
Net SWM	22,169	142,015	135,134	141,844

Scenario: High

	1998	1999	2000	2001
Gross collection	190,336	771,253	778,194	785,198
Service Cost	111,989	338,990	342,041	345,120
Road Cost	23,639	145,380	149,015	141,834
Debt Service	23,228	92,913	92,913	92,913
Net SWM	31,480	193,969	194,225	205,331

Scenario: Low

	1998	1999	2000	2001
Gross collection	178,360	715,582	718,444	721,318
Service Cost	119,282	359,277	360,714	362,157
Road Cost	27,673	171,851	177,866	166,040
Debt Service	23,228	92,913	92,913	92,913
Net SWM	8,177	91,541	86,951	100,208

Anticipated Revenues
Fines and Forfeits

High estimate is 103% of most likely, Low is 97% of most likely

Scenario	1998	1999	2000	2001
Most Likely	9,788	122,158	127,044	132,126
High	10,165	131,736	142,274	153,656
Low	9,741	120,986	125,221	129,604

Anticipated Revenues
Building Permits and Transportation Impact Fees

Assumptions:

High scenario is 103% of most likely
Low scenario is 97% of most likely
1997 is 1/2 of 1/3 annual revenues

Building Permits

Scenario	Partial 1998	1999	2000	2001
Most Likely	26,238	324,300	334,029	344,049
High	26,750	333,837	347,191	361,078
Low	26,238	324,300	334,029	344,049

Transportation Impact Fees - This is a Capital Fund Revenue

Scenario	Partial 1998	1999	2000	2001
Most Likely	0	0	0	0
High	0	0	0	0
Low	0	0	0	0

Anticipated Revenues

Cable TV Franchise Fee

Assumptions:

1996 gross receipts:	1,853,200
Growth rate:	1.00%
Most likely tax rate:	5.00%
High:	6.00%
Low:	5.00%

	1998	1999	2000	2001
Gross Receipts	1,928,069	1,966,631	2,005,963	2,046,083
Most Likely Tax Revenue	24,101	98,332	100,298	102,304
High Tax Revenue	28,921	117,998	120,358	122,765
Low Tax Revenue	24,101	98,332	100,298	102,304

Licenses & Permits

Assumptions:

High scenario is 103% of most likely
Low scenario is 97% of most likely
1997 is 1/2 of 1/3 annual revenues

Licenses & Permits

Scenario	Partial 1998	1999	2000	2001
Most Likely	8,340	8,340	8,340	8,340
High	8,340	8,340	8,340	8,340
Low	8,340	8,340	8,340	8,340

County-imposed Vehicle License Fees

Assumptions:

High estimate is 103% of most likely
Low estimate is 97% of most likely

Scenario	1998	1999	2000	2001
Most Likely	36,750	148,619	150,251	151,602
High	37,485	151,591	153,256	154,634
Low	36,015	145,647	147,246	148,570

Optional Revenue

Business and Occupational Tax

Assumptions:

1996 Tax Revenue Assumption: $100,000,000
Growth rate: 4.00%

Scenario	2/12 of 1998	1999	2000	2001
Most Likely Gross Receipts	$108,160,000	$112,486,400	$116,985,856	$121,665,290
Tax Rate	0.20%	0.20%	0.20%	0.20%
Most Likely	$36,053	$224,973	$233,972	$243,331
High Gross Receipts	$108,680,625	$113,299,552	$118,114,783	$123,134,661
Tax Rate	0.20%	0.20%	0.20%	0.20%
High	$36,227	$226,599	$236,230	$246,269
Low Gross Receipts	$107,640,625	$111,677,148	$115,865,042	$120,209,981
Tax Rate	0.10%	0.10%	0.10%	0.10%
Low	$17,940	$111,677	$115,865	$120,210

Admissions Tax

Assumptions:

Scenario	1998	1999	2000	2001
Most Likely Gross Receipts	$697,394	$683,447	$669,778	$656,382
Tax Rate	5.00%	5.00%	5.00%	5.00%
Most Likely	$34,870	$34,172	$33,489	$32,819
High Gross Receipts	$726,150	$726,150	$726,150	$726,150
Tax Rate	5.00%	5.00%	5.00%	5.00%
High	$36,308	$36,308	$36,308	$36,308
Low Gross Receipts	$669,220	$642,451	$616,753	$592,083
Tax Rate	5.00%	5.00%	5.00%	5.00%
Low	$33,461	$32,123	$30,838	$29,604

Optional Revenues

Additional Utility Taxes

Assumptions:

Scenario: Most Likely

Estimated Annual Utility Receipts

Scenario	1998	1999	2000	2001	Tax Rates
Telephone		1,777,014	1,794,784	1,812,732	3.15%
Gas		2,840,714	2,869,121	2,897,812	0.00%
Solid Waste		1,545,452	1,560,906	1,576,515	0.00%
Cable TV		1,909,354	1,928,447	1,947,732	0.00%
Electricity		7,212,107	7,284,228	7,357,070	3.15%
Total Utility Revenue		15,284,641	15,437,487	15,591,862	0.00%
Most Likely Tax	0	283,157	285,989	288,849	

Scenario: High

Estimated Annual Utility Receipts

Scenario	1998	1999	2000	2001	Tax Rates
Telephone		1,812,377	1,848,624	1,885,597	3.15%
Gas		2,925,930	2,984,449	3,044,138	0.00%
Solid Waste		1,591,812	1,623,648	1,656,121	0.00%
Cable TV		1,966,631	2,005,963	2,046,083	0.00%
Electricity		7,428,456	7,577,025	7,728,566	3.15%
Total Utility Revenue		15,725,205	16,039,710	16,360,504	
High Tax	0	291,086	296,908	302,846	

Scenario: Low

Annual Growth Rate: 0.00%

Estimated Annual Utility Receipts

Scenario	1998	1999	2000	2001	Tax Rates
Telephone		1,759,464	1,768,261	1,777,102	3.15%
Gas		2,798,734	2,812,727	2,826,791	0.00%
Solid Waste		1,522,613	1,530,226	1,537,877	0.00%
Cable TV		1,881,137	1,890,543	1,899,996	0.00%
Electricity		7,105,526	7,141,054	7,176,759	3.15%
Total Utility Revenue		15,067,473	15,142,811	15,218,525	
Low Tax	0	279,247	280,643	282,047	

Optional Revenue

Additonal Gambling Tax

Assumptions:

1996 gross receipts:	5,809,839	Tax rates	
		Card Games	9.00%
ost likely annual growth rate:	-2.00%	Bingo	0.00%
High:	0.00%	Pull tabs	0.00%
Low:	-4.00%	Amusement Games	0.00%

	1/12 of 1998	1999	2000	2001
Most Likely Gross Receipts				
Card Games	287,335	281,589	275,957	270,438
Bingo (net)	1,488,637	1,458,865	1,429,687	1,401,094
Pull tabs	3,803,797	3,727,721	3,653,166	3,580,103
Amusement Games	-	-	-	-
High Receipts				
Card Games	299,183	299,183	299,183	299,183
Bingo (net)	1,550,018	1,550,018	1,550,018	1,550,018
Pull tabs	3,960,638	3,960,638	3,960,638	3,960,638
Amusement Games	-	-	-	-
Low Gross Receipts				
Card Games	275,727	264,698	254,110	243,946
Bingo (net)	1,428,497	1,371,357	1,316,502	1,263,842
Pull tabs	3,650,124	3,504,119	3,363,954	3,229,396
Amusement Games	-	-	-	-
Most Likely Tax Revenue	2,155	25,343	24,836	24,339
High Tax Revenue	2,244	26,926	26,926	26,926
Low Tax Revenue	2,068	23,823	22,870	21,955

Projected Revenue Summaries
With Lakepointe

Projected Municipal Revenue Summary with Lakepointe
Scenario: Most Likely

	1998	1999	2000	2001
Anticipated General Fund Revenue				
Property Tax - Regular	0	1,891,996	2,194,618	2,254,190
Property Tax - Excess	0	0	0	0
County Road Tax (first year only)	962,516			
Retail Sales Tax	19,538	120,746	250,809	511,215
Sales Tax Equilization	0	1,326,738	1,298,098	1,161,347
Retail Sales Tax - Criminal Justice	46,385	290,101	315,754	329,793
Gambling Tax	30,888	363,247	355,982	348,863
Utility Taxes	0	263,214	277,693	281,715
State Shared Revenues				
Liquor Excise Tax	11,803	47,685	50,309	51,037
Liquor Profits	22,791	92,076	97,141	98,548
Unrestricted Gas Tax	68,288	284,205	299,839	304,182
Motor Vehicle Excise Tax	52,836	225,249	237,639	241,081
Camper/Trailer Excise Tax	1,331	5,549	5,854	5,939
Criminal Justice	1,459	5,896	6,220	6,310
Criminal Justice Funding by App.				
1. Contract Police	0	34,507	36,954	38,046
2. Innovative Law Enforcemen	0	6,069	6,403	6,496
3. Domestic Violence Prev.	0	8,670	9,147	9,280
4. Child Abuse Prevention	0	8,670	9,147	9,280
Transfer from SWM - Operations	114,091	351,608	357,586	373,664
Transfer from SWM - Roads	24,571	153,384	157,985	148,916
Fines and Forfeits	9,788	122,158	132,706	138,627
Licenses & Permits	8,340	8,340	8,340	8,340
Building Permits	26,238	324,300	334,029	344,049
Cable TV Franchise Tax	24,101	98,332	100,298	112,705
Block Grant	0	0	106,000	106,000
Anticipated General Fund Sub-total	**1,424,965**	**6,032,739**	**6,648,550**	**6,889,624**

Projected Municipal Revenue Summary with Lakepointe - cont.
Scenario: Most Likely

	1998	1999	2000	2001
Anticipated Capital Fund Revenue				
SWM Transfer to Capital	22,169	142,015	135,135	151,844
REET - 1	36,681	151,125	155,659	160,329
REET - 2	36,681	151,125	155,659	160,329
Restricted Gas Tax	31,933	132,826	140,132	142,162
Transportation Impact Fees	0	0	0	0
County-imposed Vehicle License Fees	36,750	148,619	150,251	151,602
Anticipated Capital Fund Revenue	**164,215**	**725,710**	**736,836**	**766,265**
Anticipated Total Revenue	**1,589,180**	**6,758,449**	**7,385,386**	**7,655,889**

Projected Municipal Revenue Summary with Lakepointe - cont.
Scenario: Most Likely - Anticipated and Optional Revenues

	1998	1999	2000	2001
Optional Revenue Sources				
Business and Occupational Tax	36,053	224,973	233,972	243,331
Admissions Tax	34,870	34,172	123,489	301,019
Additional Utility Tax	0	283,157	298,733	303,061
Additional Gambling Tax	2,155	25,343	24,836	24,339
Leasehold Excise Tax	0	0	0	0
Franchise Fee	0	0	0	0
Total Optional Revenue	**73,078**	**567,645**	**681,030**	**871,750**
Total Potential Revenues				
Anticipated General Fund Revenue	1,424,965	6,032,739	6,648,550	6,889,624
Optional Fund Revenue	73,078	567,645	681,030	871,750
Potential General Fund Revenue	**1,498,043**	**6,600,385**	**7,329,580**	**7,761,374**
Anticipated Capital Fund Revenue	**164,215**	**725,710**	**736,836**	**766,265**
Total Potential Revenues	**1,662,258**	**7,326,095**	**8,066,416**	**8,527,639**

Projected Municipal Revenue Summary with Lakepointe
Scenario: High

	1998	1999	2000	20001
Anticipated General Fund Revenue				
Property Tax - Regular	0	2,037,472	2,389,725	2,500,994
Property Tax - Excess	0	0	0	0
Road Districut Tax	1,141,545			
Retail Sales Tax	21,492	132,821	273,962	556,492
Sales Tax Equilization	0	1,525,105	1,436,873	1,298,715
Retail Sales Tax - Criminal Justice	46,829	294,203	321,780	337,753
Gambling Tax	32,162	385,944	385,944	385,944
Utility Tax	0	284,246	302,851	310,280
State Shared Revenues				
Liquor Excise Tax	12,393	50,070	52,824	53,589
Liquor Profits	23,931	96,680	101,998	103,476
Unrestricted Gas Tax	72,108	301,511	329,237	345,698
Motor Vehicle Excise Tax	55,883	239,242	267,577	287,822
Camper/Trailer Excise Tax	1,442	6,008	6,723	7,210
Criminal Justice	1,577	6,555	7,107	7,405
Criminal Justice Funding by App.				
1. Contract Police	0	52,801	55,705	56,512
2. Innovative Law Enforcemen	0	6,373	6,723	6,820
3. Domestic Violence Prev.	0	9,104	9,604	9,743
4. Child Abues Prevention	0	9,104	9,604	9,743
Transfer from SWM - Operations	111,989	338,990	342,041	355,120
Transfer from SWM - Roads	23,639	145,380	149,015	141,834
Fines and Forfeits	10,165	131,736	148,614	161,216
Licenses and Permits	8,340	8,340	8,340	8,340
Building Permits	26,750	333,837	347,191	361,078
Cable TV Franchise Tax	28,921	117,998	120,358	135,246
Block Grant	0	0	106,000	106,000
Anticipated General Fund Sub-total	**1,619,166**	**6,513,518**	**7,179,797**	**7,547,034**

Projected Municipal Revenue Summary with Lakepointe - cont.
Scenario: High

	1998	1999	2000	20001
Anticipated Capital Fund Revenue				
SWM Transfer to Capital	31,480	193,969	194,225	215,331
REET - 1	38,138	158,653	164,999	171,599
REET - 2	38,138	158,653	164,999	171,599
Restricted Gas Tax	34,071	141,834	154,054	160,962
Transportation Impact Fees	0	0	0	0
County-imposed Vehicle License Fees	37,485	151,591	153,256	154,634
Anticipated Capital Fund Revenue	**179,311**	**804,701**	**831,534**	**874,126**
Anticipated Total Revenue	**1,798,478**	**7,318,219**	**8,011,331**	**8,421,160**

Projected Municipal Revenue Summary with Lakepointe
Scenario: High - Anticipated and Optional Revenues

	1998	1999	2000	2001
Optional Revenue Sources				
Business and Occupational Tax	36,227	226,599	236,230	246,269
Admissions Tax	36,308	36,308	126,308	306,308
Additional Utility Tax	0	305,641	325,646	333,634
Additional Gambling Tax	2,244	26,926	26,926	26,926
Total Optional Revenue	**74,778**	**595,474**	**715,109**	**913,137**
Total Potential Revenues				
Anticipated General Fund Revenue	1,619,166	6,513,518	7,179,797	7,547,034
Optional Fund Revenue	74,778	595,474	715,109	913,137
Potential General Fund Revenue	**1,693,945**	**7,108,991**	**7,894,906**	**8,460,172**
Anticipated Capital Fund Revenue	**179,311**	**804,701**	**831,534**	**874,126**
Total Potential Revenues	**1,873,256**	**7,913,692**	**8,726,440**	**9,334,298**

Projected Municipal Revenue Summary with Lakepointe
Scenario: Low

	1998	1999	2000	2001
Anticipated General Fund Revenue				
Property Tax - Regular	0	1,696,579	1,800,838	1,915,255
Property Tax - Excess	0	0	0	0
Road District Revenue	1,148,494			
Retail Sales Tax	17,584	108,672	219,085	439,964
Sales Tax Equilization	0	1,223,004	1,227,163	1,099,885
Retail Sales Tax - Criminal Justice	42,370	263,637	285,589	296,897
Gambling Tax	29,640	341,458	327,800	314,688
Utility Tax	0	246,542	258,816	261,265
State Shared Revenues				
Liquor Excise Tax	11,172	44,972	47,272	47,780
Liquor Profits	21,611	86,978	91,415	92,387
Unrestricted Gas Tax	64,425	265,547	285,716	295,673
Motor Vehicle Excise Tax	49,746	206,079	222,803	231,672
Camper/Trailer Excise Tax	1,223	5,107	5,561	5,818
Criminal Justice	1,305	5,271	5,561	5,642
Revenues Application				
1. Contract Police	0	31,299	33,021	33,499
2. Innovative Law Enforcemen	0	4,942	5,214	5,289
3. Domestic Violence Prev.	0	5,766	6,083	6,171
4. Child Abues Prevention	0	5,766	6,083	6,171
Transfer from SWM - Operations	119,282	359,277	360,714	372,157
Transfer from SWM - Roads	27,673	171,851	177,866	166,040
Fines and Forfeits	9,741	120,986	130,801	135,980
Lice Licenses & Permits	8,340	8,340	8,340	8,340
Building Permits	26,238	324,300	334,029	344,049
Cable TV Franchise Tax	24,101	98,332	100,298	112,705
Block Grant	0	0	106,000	106,000
Anticipated General Fund Sub-total	**1,602,945**	**5,624,703**	**6,046,067**	**6,303,328**

Projected Municipal Revenue Summary with Lakepointe
Scenario: Low

	1998	1999	2000	2001
Anticipated Capital Fund Revenue				
SWM Transfer to Capital	8,177	91,541	86,951	110,208
REET - 1	35,259	143,857	146,735	149,669
REET - 2	35,259	143,857	146,735	149,669
Restricted Gas Tax	30,174	124,372	133,821	138,404
Transportation Impact Fees	0	0	0	0
County-imposed Vehicle License Fees	36,015	145,647	147,246	148,570
Anticipated Capital Fund Revenue	**144,884**	**649,274**	**661,487**	**696,521**
Anticipated Total Revenue	**1,747,829**	**6,273,978**	**6,707,554**	**6,999,848**

Projected Municipal Revenue Summary with Lakepointe
Scenario: Low - Anticipated and Optinal Revenues

	1998	1999	2000	2001
Optional Revenue Sources				
Business and Occupational Tax	17,940	111,677	115,865	120,210
Admissions Tax	33,461	32,123	120,838	296,004
Gambling Tax	2,068	23,823	22,870	21,955
Utility Tax	0	265,285	278,492	281,128
Total Optional Revenue	**53,469**	**432,907**	**538,065**	**719,297**
Total Potential Revenues				
Anticipated General Fund Revenue	1,602,945	5,624,703	6,046,067	6,303,328
Optional Fund Revenue	53,469	432,907	538,065	719,297
Potential General Fund Revenue	**1,656,414**	**6,057,611**	**6,584,131**	**7,022,625**
Anticipated Capital Fund Revenue	**144,884**	**649,274**	**661,487**	**696,521**
Total Potential Revenues	**1,801,298**	**6,706,885**	**7,245,618**	**7,719,145**

Details of Projected Revenues
With Lakepointe

Anticipated Revenues with Lakepointe

Property Tax - Regular

(Taxable Assessed Value in 000's + New Construction) x 1.6 = Property Tax

Assumptions: Taxable Assessed Value 1996: $1,074,911 (in 000's)

Scenario: Most Likely

Variable Assumptions:

Assessed Value Growth Rate: 2.00%

	1998	1999	2000	2001
Tax Base (000's)	1,161,308	1,194,734	1,269,629	1,427,621
New Const. (000's)	10,000	50,000	130,000	10,000
New Base (000's)	1,171,308	1,244,734	1,399,629	1,437,621
Tax Rate	0.00	1.60	1.60	1.60
Gross Tax	0	1,991,575	2,239,406	2,300,194
Less Delinquency	0	99,579	44,788	46,004
Property Tax/Reg.	0	1,891,996	2,194,618	2,254,190

Increase not to exceed 6% from prior year 2,111,069 2,373,770

Scenario: High

Variable Assumptions:

Assessed Value Growth Rate: 4.00%

	1998	1999	2000	2001
Tax Base (000's)	1,230,810	1,290,442	1,394,060	1,585,022
New Const. (000's)	10,000	50,000	130,000	10,000
New Base (000's)	1,240,810	1,340,442	1,524,060	1,595,022
Tax Rate	0.00	1.60	1.60	1.60
Gross Tax	0	2,144,707	2,438,495	2,552,035
Less Delinquency	0	107,235	48,770	51,041
Property Tax/Reg.	0	2,037,472	2,389,725	2,500,994

Increase not to exceed 6% from prior year 2,273,389 2,584,805

Scenario: Low

Variable Assumptions:

Assessed Value Growth Rate: 2.00%

	1998	1999	2000	2001
Tax Base (000's)	1,053,413	1,106,170	1,138,494	1,171,464
New Const. (000's)	10,000	10,000	10,000	50,000
New Base (000's)	1,084,481	1,116,170	1,148,494	1,221,464
Tax Rate	0.00	1.60	1.60	1.60
Gross Tax	0	1,785,873	1,837,590	1,954,342
Less Delinquency	0	89,294	36,752	39,087
Property Tax/Reg.	0	1,696,579	1,800,838	1,915,255

Increase not to exceed 6% from prior year 1,893,025 1,947,846

Anticipated Revenues with Lakepointe

Road District Revenue

(Assessed value for 1988) x(tax rate) x (% of year incoportated)

Scenario: Most Likely

Assumptions: based on variance of Assessed values

Scenario	1988 Assessed Value	Tax Rate	% of Total Collection	1988 Road Dist. Tax
Most Likely	1,171,308	1.8261	45.00%	962,516
High	1,240,810	1.8400	50.00%	1,141,545
Low	1,148,494	1.8000	40.00%	826,916

Anticipated Revenues with Lakepointe
Retail Sales Tax

Taxable Retail Sales x Annual Growth Rate x .85% = Retail Sales Tax

General Assumptions

1988 1 month of collections only

Scenario: Most Likely

Variable Assumptions:

Retail Sales Growth Rate: 3.00%

Projected 1996 Retail Sales= 13,000,000

	2 mo. of 1998	1999	2000	20001
Retail Sales full yrs	13,791,700	14,205,451	29,506,990	60,142,949
Tax Rate	0.85%	0.85%	0.85%	0.85%
Retail Sales Tax	19,538	120,746	250,809	511,215

Scenario: High

Variable Assumptions:

Retail Sales Growth Rate: 3.00%

Projected 1996 Retail Sales= 14,300,000

	2 mo. of 1998	1999	2000	20001
Retail Sales full yrs	15,170,870	15,625,996	32,230,776	65,469,699
Tax Rate	0.85%	0.85%	0.85%	0.85%
Retail Sales Tax	21,492	132,821	273,962	556,492

Scenario: Low

Variable Assumptions:

Retail Sales Growth Rate: 3.00%

Projected 1996 Retail Sales= 11,700,000

	2 mo. of 1998	1999	2000	2001
Retail Sales	12,412,530	12,784,906	25,774,703	51,760,444
Tax Rate	0.85%	0.85%	0.85%	0.85%
Retail Sales Tax	17,584	108,672	219,085	439,964

Anticipated Revenues with Lakepointe

Sales Tax Equilization

(Statewide per capita sales tax - Maple Valley per capita sales tax)* Pool = Sales Tax Equilization
Calculation is repeated for first half percent and second half percent.

General Assumptions

Scenario sales tax revenue from sales tax calculation on prior page.

Scenario: Most Likely

	1998	1999	2000	2001
Sales Tax		120,746	250,809	511,215
Population	17,168	17,340	18,294	18,559
1/2 Per Capita		3.48	6.85	13.77
State Per Cap.		54.49	54.16	55.49
Difference		51.01	47.31	41.72
% col.on 1st half		100.00%	100.00%	100.00%
% col.on 2nd half		50.00%	50.00%	50.00%
1st half equil.		51.01	47.31	41.72
2nd half equil		25.50	23.65	20.86
Total per capita		76.51	70.96	62.58
Total Equilization		1,326,738	1,298,098	1,161,347

Scenario: High

	1998	1999	2000	2001
Sales Tax		132,821	273,962	556,492
Population	18,027	18,207	19,209	19,487
1/2 Per Capita		3.65	7.13	14.28
State Per Cap.		56.00	57.00	57.00
Difference		52.35	49.87	42.72
% col.on 1st half		100.00%	100.00%	100.00%
% col.on 2nd half		60.00%	50.00%	56.00%
1st half equil.		52.35	49.87	42.72
2nd half equil		31.41	24.93	23.92
Total per capita		83.76	74.80	66.65
Total Equilization		1,525,105	1,436,873	1,298,715

Sales Tax Equilization Continued

Scenario: Low

	1998	1999	2000	2001
Sales Tax		108,672	219,085	439,964
Population	16,310	16,473	17,379	17,631
1/2 Per Capita		3.30	6.30	12.48
State Per Cap.		54.50	55.00	55.50
Difference		51.20	48.70	43.02
% col.on 1st half		100.00%	100.00%	100.00%
% col.on 2nd half		45.00%	45.00%	45.00%
1st half equil.		51.20	48.70	43.02
2nd half equil		23.04	21.91	19.36
Total per capita		74.24	70.61	62.38
Total Equilization		1,223,004	1,227,163	1,099,885

Anticipated Revenues with Lakepointe

Retail Sales Tax Criminal Justice

King County Distribution x 0.9 = Amount for General Distribution
General Distribution Amount/ ((1.5 x Unincorp Pop.) + Inc. Pop.)) = Amount Per Capita

General Assumptions: Use 1/12 tax collected for 1998
1997 KC Distribution = 25,795,160

King County Population Projections

	1998	1999	2000	2001
Total King County	1,654,965	1,668,205	1,681,550	1,698,366

Scenario: Most Likely

Annual Distribution Growth Rate = 4.00%

	2/12 of 1998	1999	2000	2001
KC Distribution	26,828,006	27,909,070	29,023,553	30,179,964
Denominator	1,654,965	1,668,205	1,681,550	1,698,366
Amout Per Capita	16.21	16.73	17.26	17.77
City Population	17,168	17,340	18,294	18,559
Criminal Just. Tax	46,385	290,101	315,754	329,793

Scenario: High

Annual Distribution Growth Rate = 4.50%

	2/12 of 1998	1999	2000	2001
KC Distribution	25,795,160	26,955,942	28,168,960	29,436,563
Denominator	1,654,965	1,668,205	1,681,550	1,698,366
Amout Per Capita	15.59	16.16	16.75	17.33
City Population	18,027	18,207	19,209	19,487
Criminal Just. Tax	46,829	294,203	321,780	337,753

Scenario: Low

Annual Distribution Growth Rate = 3.50%

	2/12 of 1998	1999	2000	2001
KC Distribution	25,795,160	26,697,991	27,632,420	28,599,555
Denominator	1,654,965	1,668,205	1,681,550	1,698,366
Amout Per Capita	15.59	16.00	16.43	16.84
City Population	16,310	16,473	17,379	17,631
Criminal Just. Tax	42,370	263,637	285,589	296,897

Anticipated Revenues with Lakepointe
Gambling Tax

Assumptions:

1996 gross receipts:	5,809,839	Tax rates	
		Card Games	11.00%
ost likely annual growth rate:	-2.00%	Bingo	10.00%
High:	0.00%	Pull tabs	5.00%
Low:	-4.00%	Amusement Games	2.00%

	1/12 of 1998	1999	2000	2001
Most Likely Gross Receipts				
Card Games	287,335	281,589	275,957	270,438
Bingo (net)	1,488,637	1,458,865	1,429,687	1,401,094
Pull tabs	3,803,797	3,727,721	3,653,166	3,580,103
Amusement Games	-	-	-	-
High Receipts				
Card Games	299,183	299,183	299,183	299,183
Bingo (net)	1,550,018	1,550,018	1,550,018	1,550,018
Pull tabs	3,960,638	3,960,638	3,960,638	3,960,638
Amusement Games	-	-	-	-
Low Gross Receipts				
Card Games	275,727	264,698	254,110	243,946
Bingo (net)	1,428,497	1,371,357	1,316,502	1,263,842
Pull tabs	3,650,124	3,504,119	3,363,954	3,229,396
Amusement Games	-	-	-	-
Most Likely Tax Revenue	30,888	363,247	355,982	348,863
High Tax Revenue	32,162	385,944	385,944	385,944
Low Tax Revenue	29,640	341,458	327,800	314,688

Anticipated Revenues with Lakepointe

REET- Capital Fund Revenue

Annual Real Estate Sales x 0.25% = Restricted Capital Funds for Cities GMA cities of 5,000+
Annual Real Estate Sales x 0.25% = Restricted Capital Funds for all GMA Planning Cities

Assumptions: Assume 25% of total annual tax is collected in 1998

Estimated Real Estate Sales

Scenario	1998	1999	2000	2001
Most Likely	58,689,467	60,450,151	62,263,656	64,131,565
High	61,020,477	63,461,296	65,999,747	68,639,737
Low	56,414,694	57,542,988	58,693,848	59,867,725

Revenue Scenarios

Scenario		1/4 of 1998	1999	2000	2001
Most Like	REET 1	36,681	151,125	155,659	160,329
	REET 2	36,681	151,125	155,659	160,329
High	REET 1	38,138	158,653	164,999	171,599
	REET 2	38,138	158,653	164,999	171,599
Low	REET 1	35,259	143,857	146,735	149,669
	REET 2	35,259	143,857	146,735	149,669

Anticipated Revenues with Lakepointe
Utility Taxes

Gross Revenue x Utility Tax Rate = Utility Tax
Assumptions: No 1998 Revenue

Scenario: Most Likely

Annual Growth Rate: 2.00%
Estimated Annual Utility Receipts

Scenario	1998	1999	2000	2001	Tax Rates
Telephone		1,777,014	1,874,764	1,901,921	2.225%
Gas		2,840,714	2,996,976	3,040,389	2.225%
Solid Waste		1,545,452	1,630,463	1,654,082	0.000%
Cable TV		1,966,631	2,005,963	2,254,100	0.000%
Electricity		7,212,107	7,608,829	7,719,048	2.225%
Total Utility Revenue		15,341,917	16,116,996	16,569,540	
Most Likely Tax	0	263,214	277,693	281,715	

Scenario: High

Annual Growth Rate: 2.00%
Estimated Annual Utility Receipts

Scenario	1998	1999	2000	2001	Tax Rates
Telephone		1,902,996	2,027,553	2,077,289	2.225%
Gas		3,072,226	3,273,314	3,353,609	2.225%
Solid Waste		1,671,403	1,780,802	1,824,485	0.000%
Cable TV		2,064,962	2,200,121	2,254,090	0.000%
Electricity		7,799,879	8,310,408	8,514,263	2.225%
Total Utility Revenue		16,511,466	17,592,198	18,023,736	
High Tax	0	284,246	302,851	310,280	

Scenario: Low

Annual Growth Rate: 0.50%
Estimated Annual Utility Receipts

Scenario	1998	1999	2000	2001	Tax Rates
Telephone		1,671,490	1,754,706	1,771,311	2.225%
Gas		2,658,797	2,791,165	2,817,579	2.225%
Solid Waste		1,446,482	1,518,495	1,532,865	0.000%
Cable TV		1,787,080	1,876,050	1,893,804	0.000%
Electricity		6,750,250	7,086,311	7,153,372	2.225%
Total Utility Revenue		14,314,099	15,026,727	15,168,932	
Low Tax	0	246,542	258,816	261,265	

Anticipated Revenues with Lakepointe

State Shared Revenues

Population x Per Capita Rate = State Shared Revenues

Scenario: Most likely 1998 distribution is 1/4 the annual amount

Per Capita Distribution

	1998	1999	2000	2001
Liquor Excise	$2.75	$2.75	$2.75	$2.75
Liquor Profits	$5.31	$5.31	$5.31	$5.31
Restricted gas	$7.44	$7.66	$7.66	$7.66
Unrestricted Gas	$15.91	$16.39	$16.39	$16.39
Motor Vehicles Excise	$12.31	$12.99	$12.99	$12.99
Camper/Trailer	$0.31	$0.32	$0.32	$0.32
Criminal Justice Rev - App	$0.34	$0.34	$0.34	$0.34
State Share Rev. Subtotal	$44.37	$45.76	$45.76	$45.76
Tax Subtotal	$761,765	$793,486	$837,133	$849,260
Contract Police		$1.99	$2.02	$2.05
Innovative Law Enf.		$0.35	$0.35	$0.35
Domestic Violence Prev.		$0.50	$0.50	$0.50
Child Abuse Prev.		$0.50	$0.50	$0.50
Subtotal Crimial Justice/App.	$0.00	$3.34	$3.37	$3.40
Subtotal tax	$0	$57,916	$61,651	$63,101
Most Likely Population	17,168	17,340	18,294	18,559
Most Likely Tax Collected	$761,765	$851,402	$898,784	$912,360

Scenario: High 1998 distribution is 1/4 the annual amount

Per Capita Distribution

	1998	1999	2000	2001
Liquor Excise	$2.75	$2.75	$2.75	$2.75
Liquor Profits	$5.31	$5.31	$5.31	$5.31
Restricted gas	$7.56	$7.79	$8.02	$8.26
Unrestricted Gas	$16.00	$16.56	$17.14	$17.74
Motor Vehicles Excise	$12.40	$13.14	$13.93	$14.77
Camper/Trailer	$0.32	$0.33	$0.35	$0.37
Criminal Justice Rev - App	$0.35	$0.36	$0.37	$0.38
State Share Rev. Subtotal	$44.69	$46.24	$47.87	$49.58
Tax Subtotal	$805,622	$841,899	$919,520	$966,163
Contract Police		$2.90	$2.90	$2.90
Innovative Law Enf.		$0.35	$0.35	$0.35
Domestic Violence Prev.		$0.50	$0.50	$0.50
Child Abuse Prev.		$0.50	$0.50	$0.50
Subtotal Crimial Justice/App.	$0.00	$4.25	$4.25	$4.25
Subtotal tax	$0	$77,380	$81,637	$82,820
High Population	18,027	18,207	19,209	19,487
High Tax Collected	$805,622	$919,280	$1,001,157	$1,048,983

Scenario: Low

1998 distribution is 1/4 the annual amount

Per Capita Distribution

	1998	1999	2000	2001
Liquor Excise	$2.74	$2.73	$2.72	$2.71
Liquor Profits	$5.30	$5.28	$5.26	$5.24
Restricted gas	$7.40	$7.55	$7.70	$7.85
Unrestricted Gas	$15.80	$16.12	$16.44	$16.77
Motor Vehicles Excise	$12.20	$12.51	$12.82	$13.14
Camper/Trailer	$0.30	$0.31	$0.32	$0.33
Criminal Justice Rev - App	$0.32	$0.32	$0.32	$0.32
State Share Rev. Subtotal	$44.06	$44.82	$45.58	$46.36
Tax Subtotal	$718,621	$738,326	$792,148	$817,375
Contract Police		$1.90	$1.90	$1.90
Innovative Law Enf.		$0.30	$0.30	$0.30
Domestic Violence Prev.		$0.35	$0.35	$0.35
Child Abuse Prev.		$0.35	$0.35	$0.35
Subtotal Crimial Justice/App.	$0.00	$2.90	$2.90	$2.90
Subtotal tax	$0	$47,772	$50,400	$51,130
Low Population	16,310	16,473	17,379	17,631
Most Likely Tax Collected	$718,621	$786,099	$842,548	$868,506

Anticipated Revenues with Lakepointe
Surface Water Management Fees

Assumptions

1996 estimates

Gross	$739,920
Service Costs	$334,269.00
Road Costs	$140,368.00
Debt Service	$92,913

Constraint at 14.8% of private billings

Assume 1999 first full year collection

Scenario: Most Likely

	1998	1999	2000	2001
Gross collection	184,060	739,920	743,619	767,337
Service Cost	114,091	351,608	357,586	373,664
Road Cost	24,571	153,384	157,985	148,916
Debt Service	23,228	92,913	92,913	92,913
Net SWM	22,169	142,015	135,135	151,844

Scenario: High

	1998	1999	2000	2001
Gross collection	190,336	771,253	778,194	805,198
Service Cost	111,989	338,990	342,041	355,120
Road Cost	23,639	145,380	149,015	141,834
Debt Service	23,228	92,913	92,913	92,913
Net SWM	31,480	193,969	194,225	215,331

Scenario: Low

	1998	1999	2000	2001
Gross collection	178,360	715,582	718,444	741,318
Service Cost	119,282	359,277	360,714	372,157
Road Cost	27,673	171,851	177,866	166,040
Debt Service	23,228	92,913	92,913	92,913
Net SWM	8,177	91,541	86,951	110,208

Anticipated Revenues with Lakepointe

Fines and Forfeits

High estimate is 103% of most likely, Low is 97% of most likely

Scenario	1998	1999	2000	2001
Most Likely	9,788	122,158	132,706	138,627
High	10,165	131,736	148,614	161,216
Low	9,741	120,986	130,801	135,980

Anticipated Revenues

Building Permits and Transportation Impact Fees

Assumptions:

High scenario is 103% of most likely
Low scenario is 97% of most likely
1997 is 1/2 of 1/3 annual revenues

Building Permits

Scenario	Partial 1998	1999	2000	2001
Most Likely	26,238	324,300	334,029	344,049
High	26,750	333,837	347,191	361,078
Low	26,238	324,300	334,029	344,049

Transportation Impact Fees - This is a Capital Fund Revenue

Scenario	Partial 1998	1999	2000	2001
Most Likely	0	0	0	0
High	0	0	0	0
Low	0	0	0	0

Anticipated Revenues with Lakepointe

Cable TV Franchise Fee

Assumptions:

Growth rate:	1.00%
Most likely tax rate:	5.00%
High:	6.00%
Low:	5.00%

	1998	1999	2000	2001
Gross Receipts	1,928,069	1,966,631	2,005,963	2,254,100
Most Likely Tax Revenue	24,101	98,332	100,298	112,705
High Tax Revenue	28,921	117,998	120,358	135,246
Low Tax Revenue	24,101	98,332	100,298	112,705

Licenses & Permits

Assumptions:

High scenario is 103% of most likely
Low scenario is 97% of most likely
1997 is 1/2 of 1/3 annual revenues

Licenses & Permits

Scenario	Partial 1998	1999	2000	2001
Most Likely	8,340	8,340	8,340	8,340
High	8,340	8,340	8,340	8,340
Low	8,340	8,340	8,340	8,340

County-imposed Vehicle License Fees

Assumptions: High estimate is 103% of most likely
Low estimate is 97% of most likely

Scenario	1997	1998	1999	2000
Most Likely	36,750	148,619	150,251	151,602
High	37,485	151,591	153,256	154,634
Low	36,015	145,647	147,246	148,570

Optional Revenues with Lakepointe

Business and Occupation Tax

Assumptions:

1997 Tax Revenue Assumption: 2 month

Growth rate up to 1997: 4.00%

Scenario	2/12 of 1998	1999	2000	2001
Most Likely Gross Receipts	$108,160,000	$112,486,400	$116,985,856	$121,665,290
Tax Rate	0.20%	0.20%	0.20%	0.20%
Most Likely	$36,053	$224,973	$233,972	$243,331
High Gross Receipts	$108,680,625	$113,299,552	$118,114,783	$123,134,661
Tax Rate	0.20%	0	0	0
High	$36,227	$226,599	$236,230	$246,269
Low Gross Receipts	$107,640,625	$111,677,148	$115,865,042	$120,209,981
Tax Rate	0.10%	0.10%	0.10%	0.10%
Low	$17,940	$111,677	$115,865	$120,210

Admissions Tax

Assumptions:

Scenario	1998	1999	2000	2001
Most Likely Gross Receipts	$697,394	$683,447	$2,469,778	$6,020,382
Tax Rate	5.00%	5.00%	5.00%	5.00%
Most Likely	$34,870	$34,172	$123,489	$301,019
High Gross Receipts	$726,150	$726,150	$2,526,150	$6,126,150
Tax Rate	5.00%	5.00%	5.00%	5.00%
High	$36,308	$36,308	$126,308	$306,308
Low Gross Receipts	$669,220	$642,451	$2,416,753	$5,920,083
Tax Rate	5.00%	5.00%	5.00%	5.00%
Low	$33,461	$32,123	$120,838	$296,004

Optional Revenues with Lakepointe

Additional Utility Taxes

Assumptions:

Scenario: Most Likely

Estimated Annual Utility Receipts

Scenario	1998	1999	2000	2001	Tax Rates
Telephone		1,777,014	1,874,764	1,901,921	3.15%
Gas		2,840,714	2,996,976	3,040,389	0.00%
Solid Waste		1,545,452	1,630,463	1,654,082	0.00%
Cable TV		1,966,631	2,005,963	2,254,100	0.00%
Electricity		7,212,107	7,608,829	7,719,048	3.15%
Total Utility Revenue		15,341,917	16,116,996	16,569,540	0.00%
Most Likely Tax	0	283,157	298,733	303,061	

Scenario: High

Estimated Annual Utility Receipts

Scenario	1998	1999	2000	2001	Tax Rates
Telephone		1,902,996	2,027,553	2,077,289	3.15%
Gas		3,072,226	3,273,314	3,353,609	0.00%
Solid Waste		1,671,403	1,780,802	1,824,485	0.00%
Cable TV		2,064,962	2,200,121	2,254,090	0.00%
Electricity		7,799,879	8,310,408	8,514,263	3.15%
Total Utility Revenue		16,511,466	17,592,198	18,023,736	
High Tax	0	305,641	325,646	333,634	

Scenario: Low

Annual Growth Rate: 0.00%

Estimated Annual Utility Receipts

Scenario	1998	1999	2000	2001	Tax Rates
Telephone		1,671,490	1,754,706	1,771,311	3.15%
Gas		2,658,797	2,791,165	2,817,579	0.00%
Solid Waste		1,446,482	1,518,495	1,532,865	0.00%
Cable TV		1,787,080	1,876,050	1,893,804	0.00%
Electricity		6,750,250	7,086,311	7,153,372	3.15%
Total Utility Revenue		14,314,099	15,026,727	15,168,932	
Low Tax	0	265,285	278,492	281,128	

Anticipated Revenues with Lakepointe
Gambling Tax

Assumptions:

1996 gross receipts:	0	Tax rates	
		Card Games	9.00%
ost likely annual growth rate:	-2.00%	Bingo	0.00%
High:	0.00%	Pull tabs	0.00%
Low:	-4.00%	Amusement Games	0.00%

	1/12 of 1998	1999	2000	2001
Most Likely Gross Receipts				
Card Games	287,335	281,589	275,957	270,438
Bingo (net)	1,488,637	1,458,865	1,429,687	1,401,094
Pull tabs	3,803,797	3,727,721	3,653,166	3,580,103
Amusement Games	-	-	-	-
High Receipts				
Card Games	299,183	299,183	299,183	299,183
Bingo (net)	1,550,018	1,550,018	1,550,018	1,550,018
Pull tabs	3,960,638	3,960,638	3,960,638	3,960,638
Amusement Games	-	-	-	-
Low Gross Receipts				
Card Games	275,727	264,698	254,110	243,946
Bingo (net)	1,428,497	1,371,357	1,316,502	1,263,842
Pull tabs	3,650,124	3,504,119	3,363,954	3,229,396
Amusement Games	-	-	-	-
Most Likely Tax Revenue	2,155	25,343	24,836	24,339
High Tax Revenue	2,244	26,926	26,926	26,926
Low Tax Revenue	2,068	23,823	22,870	21,955

Detail of Road Maintenance Services

Memorandum Attachment from King County

KING COUNTY DEPARTMENT OF PUBLIC WORKS
OPERATIONS DIVISION
FISCAL YEAR 1997 WORK PROGRAM AND PERFORMANCE BUDGET

COUNTY WIDE

******** A C T I V I T Y ******** CODE	DESCRIPTION/ROAD INVENTORY/FEATURE MAINTAIN	***** W O R K P R O G R A M **** ANNUAL WORK QTY	CREW-DAY ACCOMP	UNIT MEAS	CREW DAYS	LABOR DAYS	********** A N N U A L B U D G E T ********** LABOR COST +	EQUIPMENT COST +	MATERIAL COST +	LUMP SUM COST =	T O T A L C O S T
213E	ROADWAY PREPARATION-SPECIAL										
	57 ALL ROADWAY SURFACE	517	2,950	SY		2	629	306	92		1,027
217E	CURB & GUTTER REPLACEMENT/REPA										
	44 CURB/GUTTER THICKENE	22	40	LF	1	3	726	58	143		927
220E	DEBRIS SORTING										
	57 ALL ROADWAY SURFACE	29	10	LH	3	3	1,136	812			1,948
221E	CRACK POURING										
	111 A/C AND PCC ROAD --	2,888	550	LF	1	6	1,534	371	795		2,700
224E	DEBRIS REMOVAL										
	57 ALL ROADWAY SURFACE	392	80	CU Y	5	5	1,566	761			2,327
225E	GRAVEL PATCHING										
	57 ALL ROADWAY SURFACE	17	15	TON	1	3	943	117	69		1,129
26E	PRELEVEL										
	56 A/C & LIGHT BITUMINO	362	350	TON	1	12	3,713	2,151	10,558		16,422
27E	ASPHALT CONCRETE PAVING										
	57 ALL ROADWAY SURFACE	84	120	TON	1	8	2,516	835	2,259		5,610
29E	REMOVE/REPLACE PCC PAVEMENT										
	17,470 PCC ROADWAY SURFACE	9	37.50	SY		1	345	90	108		543
30E	SQUARE CUT PATCHING										
	56 A/C & LIGHT BITUMINO	125	20	TON	5	52	15,132	4,239	3,081	1,235	23,687
31E	POTHOLE PATCHING										
	56 A/C & LIGHT BITUMINO	44	5	TON	9	19	5,225	1,318	2,453		8,996
33E	DUST CONTROL										
	GRAVEL ROADWAY ----		5	LM			18	18	10		46
34E	HAND DITCHING										
	114,342 OPEN DITCH ------- L	80	200	LF		1	208	19	15		242
35E	SHOULDER GRADING										
	44 GRAVEL SHOULDER ---	8	6.50	SH M	1	6	1,795	738	18		2,551
36E	SHOULDER RESTORATION ADDING NE										
	231,321 GRAVEL SHOULDER -- L	25,445	4,000	LF	6	32	9,469	4,574	5,770		19,813

KING COUNTY DEPARTMENT OF PUBLIC WORKS
OPERATIONS DIVISION
FISCAL YEAR 1997 WORK PROGRAM AND PERFORMANCE BUDGET

- SPEC/DIV MTCE FILE SET 013 Proposed City of Kenmore - Expanded

COUNTY WIDE

******** A C T I V I T Y ******** CODE DESCRIPTION/ROAD INVENTORY/FEATURE MAINTAIN	***** W O R K P R O G R A M **** ANNUAL WORK QTY	CREW-DAY ACCOMP	UNIT MEAS	CREW DAYS	LABOR DAYS	********** A N N U A L B U D G E T ********** LABOR COST +	EQUIPMENT COST +	MATERIAL COST +	LUMP SUM COST =	T O T A L C O S T
240E REPLACE/REPAIR DRAINAGE PIPE 215,387 ENCLOSED DRAIN SYSTE	258	40	LF	6	42	12,344	2,767	4,426	3,127	22,664
241E CLEAN CATCH BASIN/MANHOLE-VACT 1,914 CATCH BASIN AND MANH	502	38	EA	13	30	8,563	7,509	87	1,888	18,047
242E BLADE DITCHING/SHLDER PULLING 114,342 OPEN DITCH ------- L	6,861	4,500	LF	2	14	4,057	2,185	18	499	6,759
243E EQUIPMENT CLEANUP 57 ALL ROADWAY SURFACE	27	10	EA	3	5	1,407				1,407
244E CLEANING ENCLOSED DRAINAGE SYS 1,375 CROSS/ACCESS TILE --	2,710	400	LF	7	15	4,394	2,990	50		7,434
245E HAND CLEAN DRAINAGE SYSTEM 1,375 CROSS/ACCESS TILE --	267	40	EA	7	15	3,916	206	24		4,146
246E PIPE MARKING 706 CROSSTILE ----------	234	100	EA	2	6	1,677	109	26		1,812
249E DRAINAGE PREPARATION 57 ALL ROADWAY SURFACE	30	8	LH	4	4	1,225	114	18		1,357
250E REPAIR/PLACE ROCK WALLS 3,049 RETAINING WALLS -- S	12	18	TONS	1	4	1,156	315	135		1,606
251E REPAIR SIDWALKS/WALKWAYS 52,712 PCC/CONCRETE WALKWAY	5	22	SY		1	254	26	91		371
253E REPAIR CATCHBASINS TYPES I&II 1,914 CATCH BASIN AND MANH	10	2.50	EA	4	11	2,966	541	835	412	4,754
254E RPR/RPL HEADERS/TRASH RACKS 1,375 CROSS/ACCESS TILE --	5	3.50	EA	1	3	926	131	26		1,083
257E INSTALL/REPAIR GUIDEPOSTS 63 ALL SHOULDER MILES -	8	20	EA		1	200	12	95		307
258E REPAIR GUARD RAIL 12,616 GRDRAIL, BARICD & BR	235	60	LF	4	15	4,034	405	340		4,779
259E HAZARDOUS MATERIAL CLEANUP 57 ALL ROADWAY SURFACE	439	500	SY	1	3	800	267	11		1,078

KING COUNTY DEPARTMENT OF PUBLIC WORKS
OPERATIONS DIVISION
FISCAL YEAR 1997 WORK PROGRAM AND PERFORMANCE BUDGET

COUNTY WIDE

CODE	DESCRIPTION/ROAD INVENTORY/FEATURE MAINTAIN	WORK PROGRAM: ANNUAL WORK QTY	CREW-DAY ACCOMP	UNIT MEAS	CREW DAYS	LABOR DAYS	ANNUAL BUDGET: LABOR COST +	EQUIPMENT COST +	MATERIAL COST +	LUMP SUM COST =	TOTAL COST
260E	STREET SWEEPING										
	44 CURB/GUTTER THICKENE	439	15	LM	29	37	11,963	14,778	548	614	27,903
261E	STREET FLUSHING										
	114 ALL PAVED ROADWAY -	1	5	LM		1	155	128	2		285
262E	SLOPE / SHOULDER MOWING										
	46 MOWABLE SLOPE ------	62	6	PM	10	30	8,601	4,066	6		12,673
267E	HAND BRUSHING										
	54,122 MOWABLE SLOPE ---- S	92	24	LH	4	12	3,081	939	83		4,103
268E	DANGER TREE REMOVAL										
	57 ALL ROADWAY SURFACE	1	2.50	EA			159	17	321	737	1,234
269E	LANDSCAPE MAINTENANCE										
	57 ALL ROADWAY SURFACE	67	134	SY		2	541	74	40		655
271E	LITTER CLEAN-UP										
	63 ALL SHOULDER MILES -	3,001	1,000	LBS	3	8	2,042	317			2,359
272E	SLIDE REMOVAL										
	57 ALL ROADWAY SURFACE	118	90	CY	1	8	2,232	774	22	151	3,179
273E	MANAGEMENT										
	57 ALL ROADWAY SURFACE	462	8	LH	58	58	23,516	1,743	5,416		30,675
274E	MAINTENANCE REQUEST COMPLAINT										
	57 ALL ROADWAY SURFACE	234	11	EA	21	21	8,659	642			9,301
275E	ROAD PATROL										
	57 ALL ROADWAY SURFACE	223	8	LH	28	28	10,306	851			11,157
80E	SNOW & ICE CONTROL-SAND & SALT										
	57 ALL ROADWAY SURFACE	240	52	LM	5	29	8,683	6,083	1,534	9,405	25,705
81E	ORNAMENTAL TREE MAINTENANCE										
	57 ALL ROADWAY SURFACE	37	15	EA	2	6	1,654	383	9		2,046
85E	TRAINING SAFETY										
	57 ALL ROADWAY SURFACE	147	21.84	LH	7	35	9,798	745			10,543
87E	SHOULDER SPRAYING										
	63 ALL SHOULDER MILES -	70	30	SH M	2	5	1,456	133	1,257		2,846

KING COUNTY DEPARTMENT OF PUBLIC WORKS
OPERATIONS DIVISION
FISCAL YEAR 1997 WORK PROGRAM AND PERFORMANCE BUDGET

FILE SET 013 Proposed City of Kenmore - Expanded

COUNTY WIDE

******* ACTIVITY ******** CODE	DESCRIPTION/ROAD INVENTORY FEATURE MAINTAIN	***** WORK PROGRAM **** ANNUAL WORK QTY	CREW-DAY ACCOMP	UNIT MEAS	CREW DAYS	LABOR DAYS	********** ANNUAL BUDGET ********** LABOR COST +	EQUIPMENT COST +	MATERIAL COST +	LUMP SUM COST =	TOTAL COST
710 M	- SPEC/DIV MTCE			TOTALS:		756	232,023	76,305	49,740	20,929	378,997
760	- MAJOR MTCE			TOTALS:		91	26,914	7,808	14,988	1,214	50,924
ADS MAINTENANCE MANAGEMENT				TOTALS:		1214	258,937	84,113	64,727	22,143	429,920

KING COUNTY DEPARTMENT OF PUBLIC WORKS
OPERATIONS DIVISION
FISCAL YEAR 1995 WORK PROGRAM AND PERFORMANCE BUDGET

ORGANIZATION #1683 TRAFFIC - SIGN MAINTENACE FILE SET 017 KENMORE INCORPORATION

COUNTY WIDE

******** ACTIVITY ******** CODE DESCRIPTION/ROAD INVENTORY FEATURE MAINTAIN	***** WORK PROGRAM **** ANNUAL WORK QTY	CREW-DAY ACCOMP	UNIT MEAS	CREW DAYS	LABOR DAYS	********** ANNUAL BUDGET ********** LABOR COST +	EQUIPMENT COST +	MATERIAL COST +	LUMP SUM COST =	TOTAL COST
200E TRAFFIC MAINTENANCE PREP 62 ALL ROADWAY SURFACE	14	8	LBHR	2	2	527		448	14	989
202E SIGN MAINTENANCE 1,295 ALL SIGNS ----------	405	78.51	EA	5	31	9,283	1,406	3,658	98	14,445
203E VANDALIZED SIGN REPAIR 1,295 ALL SIGNS ----------	364	33.48	EA	11	44	13,256	2,000	4,188		19,444
205E SIGNS REMOVED 1,295 ALL SIGNS ----------	18	25.64	EA	1	1	271	43			314
206E CROSSWALKS-THERMOPLASTIC 7,254 CROSSWALKS SQ	1,129	415	SQF	3	8	1,784	828	415	3	3,030
207E STOP BAR MAINTENANCE-THERMO 720 STOP BARS ----------	125	218	EA	1	2	447	175	67		689
208E ARROWS/LEGENDS MAINTENACE 47 ARROWS/LEGENDS -----	5	19	EA		1	163	43	262		468
210E PLASTIC LINE 62 STRIPING MILES-----	84	1,000	LF			55	25	32		112
211E BUTTON REPLACEMENT 62 ALL ROADWAY SURFACE	4	75	EA			31	2	27		60
255E STRIPING 62 STRIPING MILES-----	70	26	MI	3	8	2,463	805	7,411	3	10,682
273E MANAGEMENT 62 ALL ROADWAY SURFACE	62	8	LH	8	8	2,958	322			3,280
476E PAVEMENT MARKING REMOVAL 7,254 CROSSWALKS SQ	178	500	SQF		1	271	18	48		337
477E SIGN INSPECTION 62 ALL ROADWAY SURFACE	44	16	LH	3	6	970	133			1,103
481E SIGN BRUSHING 1,295 ALL SIGNS ----------	28	31	EA	1	2	546	87			633
1683 TRAFFIC - SIGN MAINTENACE			TOTALS:		112	33,024	5,888	16,554	117	55,583

ORGANIZATION #1684 TRAFFIC - SIGNAL MAINTENANCE FILE SET 017 KENMORE INCORPORATION

COUNTY WIDE

******** ACTIVITY ******** CODE DESCRIPTION/ROAD INVENTORY FEATURE MAINTAIN	***** WORK PROGRAM **** ANNUAL WORK QTY	CREW-DAY ACCOMP	UNIT MEAS	CREW DAYS	LABOR DAYS	********** ANNUAL BUDGET ********** LABOR COST +	EQUIPMENT COST +	MATERIAL COST +	LUMP SUM COST =	TOTAL COST
215E SIGNAL LAMP REPLACEMENT 144 ALL SIGNAL HEADS ---	145	44.70	EAHD	3	6	2,384	375	235		2,994
216E SIGNAL TIMING 4 ALL SIGNALS --------	12	3.50	EA	3	4	1,580	90	4		1,674
222E SIGNAL PREVENTIVE MTC 4 ALL SIGNALS --------	25	6.75	EA	4	7	2,705	226	34		2,965
223E SIGNAL CONTROLLER REPAIR 4 ALL SIGNALS --------	9	4	EA	2	5	1,688	75	239	37	2,039
256E SIGNAL MAINTENANCE & REPAIR 4 ALL SIGNALS --------	13	3	EA	4	11	3,984	451	908	303	5,646
273E MANAGEMENT 62 ALL ROADWAY SURFACE	69	8	LH	9	9	3,564	254			3,818
276E STREET LIGHT - REPLACE BULBS 62 ALL ROADWAY SURFACE		10.50	EAHD			10	2	1		13
277E STREET LIGHT REPAIR/REPLACE 62 ALL ROADWAY SURFACE	2	7	EA			178	28	54	148	408
413E UTILITY LOCATING 4 ALL SIGNALS --------	12	9	EALC	1	2	605	51	6		662
414E SIGNAL LOOP REPLACE 80 SIGNAL LOOPS -------	8	6.86	EA	1	3	1,037	215	270	83	1,605
415E SYSTEM ANALYSIS 4 SIGNALS IN SYSTEMS	6	.75	EA	8	12	4,382	384	264		5,030
427E CONTROLLER REPLACMENT 4 ALL SIGNALS --------		.30	EACR			157	31	250	16	454
1684 TRAFFIC - SIGNAL MAINTENANCE			TOTALS:		59	22,274	2,181	2,265	586	27,306

KING COUNTY DEPARTMENT OF PUBLIC WORKS
OPERATIONS DIVISION
FISCAL YEAR 1995 WORK PROGRAM AND PERFORMANCE BUDGET

ORGANIZATION #1685 TRAFFIC - MAJOR MAINTENANCE FILE SET 017 KENMORE INCORPORATION

COUNTY WIDE

******** ACTIVITY ******** CODE DESCRIPTION/ROAD INVENTORY/FEATURE MAINTAIN		***** WORK PROGRAM **** ANNUAL WORK QTY	CREW-DAY ACCOMP	UNIT MEAS	CREW DAYS	LABOR DAYS	********** ANNUAL BUDGET ********** LABOR COST +	EQUIPMENT COST +	MATERIAL COST +	LUMP SUM COST =	TOTAL COST
154E INSTALL SIGNS											
1,295 ALL SIGNS ----------		52	18.83	EA	3	6	1,693	270	1,605		3,568
156E INSTALL CROSSWALKS											
7,254 CROSSWALKS	SQ	149	967.52	SQF			93	27	163		283
159E INSTALL STOP BARS											
720 STOP BARS ----------		57	344.78	SQF			100	29	77		206
160E INSTALL ARROW/LEGENDS											
47 ARROWS/LEGENDS -----		2	22.07	EA			43	3	137		183
161E CURB PAINTING											
62 ALL ROADWAY SURFACE		6	243.98	LF			15	4	1	22	42
164E INSTALL BUTTONS											
62 ALL ROADWAY SURFACE		55	148.85	EA		1	225	65	424		714
190E NEW STRIPING											
62 STRIPING MILES-----		1	13.26	MI			68	34	66		168
1685 TRAFFIC - MAJOR MAINTENANCE			TOTALS:			7	2,238	432	2,472	22	5,164
TRAFFIC SIGNALS & SIGN MAINT			TOTALS:			22	57,536	8,502	21,292	726	88,056

KING COUNTY DEPARTMENT OF PUBLIC WORKS
OPERATIONS DIVISION
FISCAL YEAR 1995 WORK PROGRAM AND PERFORMANCE BUDGET

FILE SET 017 KENMORE INCORPORATION

COUNTY WIDE

******** ACTIVITY ******** CODE	DESCRIPTION/ROAD INVENTORY FEATURE MAINTAIN	***** WORK PROGRAM **** ANNUAL WORK QTY	CREW-DAY ACCOMP	UNIT MEAS	CREW DAYS	LABOR DAYS	********** ANNUAL BUDGET ********** LABOR COST +	EQUIPMENT COST +	MATERIAL COST +	LUMP SUM COST =	TOTAL COST
1683	TRAFFIC - SIGN MAINTENACE			TOTALS:		112	33,024	5,888	16,554	117	55,583
1684	TRAFFIC - SIGNAL MAINTENANCE			TOTALS:		59	22,274	2,181	2,265	586	27,306
1685	TRAFFIC - MAJOR MAINTENANCE			TOTALS:		7	2,238	432	2,472	22	5,164
TRAFFIC SIGNALS & SIGN MAINT				TOTALS:		22	57,536	8,502	21,292	726	88,056

Detail of Building Permit Activity

Memorandum Attachment from King County

Summary of Permits Applied for In Kenmore Incorporation Area Jan 1, 1995 - Nov 18, 1996

Cat	Permtype	Type Description	Average Annual Period (12 mos.) Count	Bldgs/L	Hsng U	Valuation	Charges	Payments
A	PREAPP	PREAPPLICATION REVIEW FILE	4	0	0	0	31,013	29,677
A	PREAPP-M	PREAPPLICATION REVIEW - MANDATORY	4	0	0	0	5,159	3,470
A	PREAPP-V	PREAPPLICATION REVIEW - VOLUNTARY	3	0	0	0	1,556	1,065
BC	ADDRCORR	ADDRESS CORRECTION FILE	7	0	0	0	0	0
BC	B-VIOLAT	BUILDING CODE VIOLATION	2	0	0	0	0	0
BC	COMLSITE	COMMERCIAL SITE PLAN REVIEW ONLY	1	0	0	0	25,617	29,700
BC	CVARPWKS	KC STANDARDS VARIANCE REQUEST	1	0	0	0	700	700
BC	C-EXTEND	COMMERCIAL PERMIT EXTENSION	5	0	0	0	13,804	13,804
BC	C-INSPEC	COMMERCIAL SPECIAL INSPECTION	1	0	0	0	166	166
BC	C-MECH	COMMERCIAL-MECHANICAL ONLY	5	0	0	0	1,417	1,367
BC	C-REVISE	COMMERCIAL PERMIT REVISION	2	0	0	49,600	2,623	2,623
BC	FIRETANK	FLAMMABLE LIQUIDS STORAGE TANK	16	0	0	0	3,885	3,885
BC	FIRE-SYS	FIRE SYSTEM PERMIT	10	0	0	0	21,016	21,016
BC	LARGE	NEW CONSTRUCTION OR BLDG-LARGE	1	3	0	5,066,667	42,290	18,165
BC	MULTIFAM	MULTIFAMILY BUILDING PROJECT	1	1	29	1,025,192	111,193	41,585
BC	NB-LARGE	NONBUILDING STRUCTURE, LARGE	1	0	0	18,667	3,289	3,289
BC	NB-SMALL	NONBUILDING STRUCTURE, SMALL	2	0	0	12,000	2,065	2,065
BC	SHELLMOD	BUILDING SHELL MODIFICATION	1	0	0	37,333	1,268	1,268
BC	SIGNS	SIGN PERMIT	4	0	0	14,779	2,144	2,075
BC	SMALL	NEW CONSTRUCTION OR BLDG-SMALL	2	1	0	514,933	8,666	8,344
BC	TENANT	TENANT IMPROVEMENT	2	0	0	80,533	3,495	3,495
BF	FIRECUST	BUSINESS ID FOR HAZMAT PERMIT	38	0	0	0	0	0
BF	FIREINSP	HAZMAT INSPECTION RECORD	14	0	0	0	1,393	1,089
BF	FMO	HAZARD. MATERIAL/PUB. ASSEMBLY	3	0	0	0	875	875
BF	FMORENEW	HAZMAT/PUB. ASSEMBLY RENEWAL	36	0	0	0	10,650	10,418
BF	FW-STAND	FIREWORKS STAND PERMIT	1	0	0	0	107	107
BF	F-INSPEC	FIRE SERVICE/SPECIAL INSPECTION	1	0	0	0	96	67
BF	PBX	TELEPHONE PBX ACCESS INSPECTION	23	0	0	0	0	0
BR	ACCESSRY	RESIDENTIAL ACCESSORY BLDG/OTH	5	4	0	50,686	2,587	2,584
BR	ADDITION	RESIDENTIAL ADDITION/ALTERATION	28	3	0	585,471	14,717	14,612
BR	BASIC	NEW RESIDENCE-PREAPPROVED PLAN	5	5	5	578,611	20,499	18,075
BR	MOBILE	MOBILE HOME SETUP PERMIT	2	2	2	70,400	2,302	2,302
BR	NEWRES	NEW RESIDENCE - CUSTOM PLAN	11	11	10	1,583,949	61,185	55,754
BR	R-EXTEND	RESIDENTIAL PERMIT EXTENSION	26	0	0	0	5,257	5,257
BR	R-INSPEC	RESIDENTIAL SPECIAL INSPECTION	3	0	0	0	829	829
BR	R-MECH	RESIDENTIAL MECHANICAL ONLY	29	0	0	0	5,295	5,295
BR	R-REVISE	RESIDENTIAL PERMIT REVISION	7	0	0	0	2,231	2,231
EC	ENFORCE	CODE ENFORCEMENT CASE FILE	37	0	0	0	0	0
LE	AFFIDAVT	AFFIDAVIT OF CORRECTION	1	0	0	0	0	0
LE	FINAL-P	FINAL PLAT REVIEW	2	32	0	0	51,371	51,371
LE	FINAL-S	FINAL SHORT PLAT REVIEW	3	9	0	0	6,551	6,551
LE	LLA	LOT LINE ADJUSTMENT	3	7	0	0	2,093	2,093
LE	ROWUSE	RIGHT OF WAY USE PERMIT	1	0	0	0	478	478
LE	SITEREVP	PLAT ENGINEERING REVIEW	1	35	0	0	15,261	15,261
LE	SITEREVS	SHORT PLAT ENGINEERING REVIEW	2	4	0	0	6,373	6,272
LE	SUBVAR	KC STANDARDS VARIANCE REQUEST	3	36	0	0	1,450	1,450
LE	S-MISC	MISC. EXEMPTION, ACTION, RESEARCH	1	0	0	0	48	48
LG	FOREST	FOREST PERMIT REVIEW RECORD	2	0	0	0	0	0
LG	GRADE	SITE GRADING PERMIT	1	0	0	0	520	520
LG	G-EXTEND	GRADING PERMIT EXTENSION	2	0	0	0	7,072	7,072
LG	INQUIRY	EXTENDED INQUIRY RECORD	1	0	0	0	0	0
LG	SENSREV	SENSITIVE AREAS REVIEW-BILLING	2	0	0	0	241	241
LI	CHANGE-P	ENGINEERING PLAN CHANGE - PLAT	2	54	0	0	1,617	1,617
LI	CHANGE-S	ENGINEERING PLAN CHANGE - SHORTPLAT	1	2	0	0	63	0
LI	INSPCT-C	SITE DEV. INSPECTION - COMMERCIAL	3	7	0	0	10,502	10,502
LI	INSPCT-P	SITE DEV. INSPECTION - PLAT	2	55	0	0	28,825	28,825
LI	INSPCT-R	SITE DEV. INSPECTION - ROW USE	2	0	0	0	760	760
LI	INSPCT-S	SITE DEV. INSPECT. - SHORTPLAT	4	13	0	0	10,775	10,281
LI	M/D-ROW	MAINT./DEFECT INSPECTION - ROW	1	4	0	0	655	655
LI	M/D-SP	MAINT./DEFECT INSPECTION - SP	2	6	0	0	803	803
LP	ACONDUSE	ADMIN. CONDITIONAL USE PERMIT	1	0	0	0	2,258	2,258
LP	L-MISC	LAND USE-MISCELLANEOUS	3	0	0	0	253	253
LP	L-PLAN	LANDSCAPE PLAN REVIEW	1	7	0	0	399	399
LP	PRE-PLAT	PRELIMINARY PLAT APPLICATION	1	10	0	0	16,825	16,825

LP	PRE-SP	PRELIMINARY SHORT PLAT APPL.	2	5	0	0	3,876	4,196
LP	REV-P	REVISE- APPROVED PRELIM. PLAT	1	41	0	0	0	0
LP	SHORLINE	SHORELINE DEVELOPMENT PERMIT	1	0	0	0	8,510	8,510
LP	SHOR-XMT	LAND USE SHORELINE EXEMPTION	5	0	0	0	1,325	1,325
LS	SEPA-APL	SEPA APPEAL RECORD	1	0	0	0	67	67
LS	SEPA-TD	SEPA THRESHOLD DETERMINATION	3	0	0	0	504	438
	TOTALS		397	357	45	9,688,820	588,865	486,327

Fees Transferred to Other Agencies

Health Department Review Fees	800
Parks Fee in Lieu of Open Space	14,261
Recording Division Fees	331
Traffic Mitigation Fees	11,844
Traffic Mitigation Administration Fees	741
North Shore School District Fees	48,481
School Mitigation Administration Fees	901
State Building Code Fees	293
Total Fees Paid to Others	77,652
Net Fee Receipts Retained by Jurisdiction	408,674

Payments Received for Kenmore Permits by Account

DESC	Total Period	Annual Period
STATE BUILDING CODE	23	12
SCHOOL DISTRICT - NORTHSHORE	2,888	1,540
School Mitigation Admin Fee	65	35
MPS FEES	438	234
CASH BONDS	(3,000)	(1,600)
BLDG PLAN CHECK	3,021	1,611
Building Inspection	1,862	993
Bldg - Drainage Plan Review	674	359
BUILDING FIRE SYSTEMS PERMIT	38	20
BLDG - FIREFLOW REVIEW	212	113
BLDG - FIRESYST. INPECTION	38	20
LOTLINE ADJ./INNOCENT PURCH.	90	48
SENS. AREA PLAN REVIEW	944	503
SUBD - ENGINEERING PLAN REVIEW	3,837	2,046
MPS-ROADS ADMN FEES	34	18
BUILDING - BASE FEE	1,249	666
HAZARDOUS MATERIAL PERMITS	580	309
Civil Penalties	801	427
MPS-BALD ADM FEES	26	14
NON-CASH BONDS	3,000	1,600
ACCOUNTS RECEIVABLE	656	350
SENSITIVE AREA PLAN REVIEW	(190)	(101)
DUMMY-SCHOOL DIST. PO	(656)	(350)
PLATS/LUC PERMIT FEE	(119)	(63)
Misc Revenue - Finance Charge	(2,227)	(1,188)
BAD DEBTS	(467)	(249)
STATE BUILDING CODE	527	281
SCHOOL DISTRICT - NORTHSHORE	90,878	48,468
School Mitigation Admin Fee	1,690	901
MPS FEES	234	125
MPS FEES	996	531
MPS FEES	1,150	613
MPS FEES	2,055	1,096
MPS FEES	5,256	2,803
MPS FEES	12,516	6,675
BONDS	24,000	12,800
CASH BONDS	61,267	32,676
CUSTOMER DEPOSIT PRE-APPS	2,400	1,280
BOND DEFAULT ACCOUNT	56,000	29,867
BLDG PLAN CHECK	117,909	62,885
COMM STRUCTURE PLAN CHECK	475	253
Building Inspection	107,304	57,229
BLDG - MISC. INSPECTION	1,330	709
Building Site Plan Review	7,935	4,232
Building Landscape Plan Review	2,438	1,300
Building Parking Plan Review	47,566	25,369
Bldg - Drainage Plan Review	20,781	11,083

Bldg - Traffic Plan Review	1,011	539
COMM REINSP. CERT OF OCC. COMP	722	385
BUILDING FIRE SYSTEMS PERMIT	23,859	12,725
BLDG - FIREFLOW REVIEW	4,335	2,312
BLDG - FIRESYST. INPECTION	15,668	8,356
FIRE SYSTEM	646	345
SUBD. - SITE INSPECTION	97,148	51,812
SUBD. - BOND INSPECTION	2,733	1,458
SUBD - CODE ENFORCEMENT	236	126
GRADING PERMIT	7,183	3,831
GRADING INSPECTION	12,793	6,823
LUC & SUBD BASE FEES	3,536	1,886
PLATS/LUC PERMIT FEE	21,704	11,575
SUBD SITE INSPECTION	16,662	8,886
ENGINEERING REVIEW-INITIAL	95	51
LANDUSE MISCELLANEOUS	475	253
LOTLINE ADJ./INNOCENT PURCH.	3,272	1,745
SENS. AREA PLAN REVIEW	6,292	3,356
SUBD - ENGINEERING PLAN REVIEW	100,190	53,435
RIGHT OF WAY PERMIT	404	215
SEPA - CHECKLIST	3,600	1,920
Building Inspection	739	394
GRADING - PREAPPLICATION	2,257	1,204
RECORDING FEES	620	331
COPY	280	149
APPEALS	125	67
FEE IN LIEU OF OPEN SPACE	26,740	14,261
MPS-ROADS ADMN FEES	918	490
Building Site Plan Review	36,073	19,239
SENSITIVE AREA PLAN REVIEW	12,683	6,764
BUILDING - BASE FEE	41,720	22,251
COMM BLDG PLAN CHECK-MULTI	1,951	1,041
SEPA CHECKLIST	1,639	874
PLATS/LUC PERMIT FEE	1,188	634
SUBD - ENGINEERING PLAN REVIEW	1,000	533
RIGHT OF WAY USE PERMIT	190	101
BUILDING FIRESYSTEM PERMIT	1,995	1,064
HAZARDOUS MATERIAL PERMITS	22,837	12,180
Civil Penalties	980	523
CASH OVER/SHORT	6	3
MPS-BALD ADM FEES	702	374
BONDS PROCESSING FEE	4,050	2,160
Misc Revenue - Finance Charge	165	88
REMODELLING APPLICATION	875	467
Health Commercial Faci Review	300	160
HEALTH-SWIMMING POOL FEE	150	80
SCHOOL-ENVIRONMENTAL FEES	175	93
NON-CASH BONDS	887,512	473,340
Grand Total	1,948,958	1,039,444

Total Minus Bonds	919,899	490,613
Fees Transferred to Other Agencies		
Health Department Review Fees	1,500	800
Parks Fee in-Lieu of Open Space	26,740	14,261
Recording Division Fees	620	331
Traffic Mitigation Fees	22,207	11,844
Traffic Mitigation Administration Fees	1,390	741
North Shore School District Fees	90,901	48,481
School Mitigation Administration Fees	1,690	901
State Building Code Fees	550	293
Total Fees Paid to Others	145,598	77,652
		412,961

Detail of Surface Water Management Services

Memorandum from King County

King County
Surface Water Management Division
Department of Natural Resources
700 Fifth Avenue Suite 2200
Seattle, WA 98104
(206) 296-6519
(206) 296-0192 FAX

November 27, 1996

TO: Carol Gagnat, Regional Affairs Coordinator, Office of Budget and Strategic Planning

FR: Susan Thomas, Intergovernmental Relations Coordinator

RE: Kenmore Incorporation Study Information

This memorandum provides information about the types and estimated costs of Surface Water Management (SWM) services in the proposed Kenmore incorporation area, as requested by the consultant. The information includes an overview of the county-wide SWM program, an inventory of facilities and programs currently underway in the Kenmore area, and addresses specific questions forwarded by the consultant. An estimated cost package for both basic and enhanced SWM services is also attached. The cost information is an estimate only and may be adjusted in an actual contract for services. Finally, I am including a recap of recent capital expenditures in the area.

ST:BL

King County Surface Water Management Program

Overview

The SWM program was initiated by the King County Council in 1987 to address the problems of urban runoff and flooding in the unincorporated, urbanizing western one-third of King County, which comprises SWM's service area. As the population in this area continues to grow, increasing development results in more impervious surface and, therefore, greater runoff. The SWM Program seeks early solutions (including resource protection, maintenance of the natural and constructed drainage system, and capital project construction) to the problems associated with increasing urbanization.

The SWM Program is funded through an annual service charge billed with the property tax assessment. Residential property owners in the SWM service area pay an annual service charge fee of $85.02. Multi-family and commercial properties are charged on a sliding fee basis depending on the amount of impervious surface on the property. A small portion of each property owner's service charge payment is allocated to debt service on Councilmanic bond funds used for capital purposes. Newly incorporated cities have generally adopted the SWM Program and implemented SWM's service charge rate structure to pay for drainage services.

Beginning in January, 1997, SWM services will be provided by a reorganized King County Division in the Department of Natural Resources that takes a more integrated approach to natural resource management. This new division is called the Water and Land Resources Division (WLRD) and also includes several programs and staff formerly with the Water Pollution Control Division (WPC) of Metro. The WLRD Division will continue to provide SWM Program services in the service area and under contract to cities.

Program Services in the Kenmore area

The countywide SWM program is a comprehensive and multi-faceted program, while contract services focus primarily on helping the city to develop a local drainage program, responding to the needs and inquiries of local residents, and maintaining the natural and built drainage system. SWM services are provided in unincorporated areas and in municipalities that have entered into an interlocal agreement for contract services with the SWM Division.

SWM Program services include: drainage investigation and complaint resolution; inspection and maintenance of drainage systems; water quality evaluation and protection; capital project design and construction; regulatory and drainage design review; aquatic habitat protection and enhancement; flood protection and planning; and interjurisdictional planning and project coordination to address drainage and natural resource concerns.

Within this broad array of program elements, newly incorporated cities are able to contract with King County for specific drainage and resource protection services to meet both the near and long term goals and drainage needs of the city. The descriptions below contain information about specific drainage and water quality services and facilities in the Kenmore area and outline the programmatic elements available to the new city under an interlocal agreement.

Drainage Investigation and Response. Response to, investigation of, and assistance toward resolving drainage and water quality complaints from Kenmore residents; engineering support for potential code violations, drainage and water quality problems impacting public and/or private property; and analyses for significant drainage problems. The SWM Division responds to an average of about 60 drainage or local flooding complaints and about 25 water quality complaints every year in the Kenmore area.

Drainage System Inspection and Maintenance. Regular inspection and maintenance of 65 residential and 7 regional stormwater facilities; inspection of 87 commercial stormwater facilities and coordination for commercial facility maintenance; inspection- and maintenance-related technical services.

Surface Water Service Charge Billing and Customer Account Service. Maintaining and updating the information database for Kenmore customers; processing and mailing billing statements and other correspondence; incorporating surface water management fee rate changes; and customer service. Revenue collection and disbursement services are provided by the King County Office of Financial Management. There are currently about 5,400 residential billing accounts in the Kenmore study area.

Surface Water Coordination. Coordination services are designed to provide a single point of contact for the City on surface water services and issues, and to help connect needs to solutions. SWM's North Lake Washington Basin Steward has been providing a portion of these types of services to the proposed Kenmore area. Services are customized to City preferences and include:

- coordinating service provision among SWM and other County staff;
- recommending new services or service revisions to fit City needs;
- providing updates to City staff on current service status, needs and emerging issues;
- responding to the City's surface water information needs, including on the County-to-City transition and area-specific resources and concerns, and;
- responding to a variety of surface water-related inquiries from Kenmore citizens and staff.

Public Involvement. Prevention of drainage problems and protection of aquatic resources through public awareness and education, volunteer activities, and citizen involvement in surface water management plans and policies. Past public involvement activities include: stenciling of storm drains to caution against dumping wastes, volunteer revegetation projects in Wallace Park, and classroom and outdoor presentations to area schools. Area community groups such as the Denny Creek Neighborhood Alliance are active in SWM's Community Stewardship Grants Program, which supports local activities to protect resources.

Businesses for Clean Water. Through this program, SWM provides assistance and recognition to businesses who implement stormwater pollution prevention practices. The program forms partnerships with the business community, provides outreach and assistance on pollution prevention, and recognizes and promotes businesses which successfully implement pollution prevention practices. It is expected that more than twenty new businesses will be added to the program during 1997, and that more than fifty businesses will receive technical assistance in implementing best management stormwater practices during 1997.

Small Capital Improvement Projects. Design, project management, and construction of small capital facilities to address flooding problems primarily affecting public or private property. Twenty small capital projects have been completed or are in process in the Kenmore area. These and all other capital projects are summarized in the Kenmore Capital Improvement Project Inventory (attached).

Technical Services. Consulting type services by technical staff for a range of drainage- and surface water-related issues, including engineering analysis for development activity; application of surface water design manual provisions; compliance with local, state and federal stormwater regulations, and implementation of water quality protection measures. Services are provided on an hourly basis. Most of the Kenmore area drainages have been mapped to comply with federal NPDES discharge regulations. These maps can be made available to Kenmore through the contract agreement.

Recommended Services and Estimated Program Costs

King County SWM recommends that the City form a drainage program that provides the following services as part of a basic program required for protection of residents and property: investigation and response to drainage complaints and engineering analysis for problems, inspection and maintenance of the existing drainage system, ongoing service charge revenue billing and collection services, and part-time coordination services. Provision of coordination services through the services contract assists the new City to establish its own local drainage program while maintaining close ties with the technical and information resources of King County. In addition, a part-time surface water coordinator is valuable in helping the city to prioritize drainage concerns and needs.

Estimated costs are presented on the accompanying cost sheet for drainage services ranging from fundamental to more comprehensive. The estimated cost for basic services, along with coordination services, is approximately $255,337 annually.

Providing additional, enhanced services will allow Kenmore to create a more comprehensive drainage program similar to the program currently administered by SWM. These services include Public Involvement and Education efforts, the Businesses for Clean Water program, and technical support to City staff on drainage related issues. This program recommendation also includes a $50,000 annual fund for small capital projects which will allow the City to establish and fund its early capital needs. Total recommended service program costs, including both basic and comprehensive services, are estimated at $334,269 per year.

The service charge revenue for the proposed city of Kenmore is estimated at $631,805 annually, based on 1996 billings. This early estimate uses preliminary boundaries and assumes King County's service charge rate structure including low income, disabled, and senior citizen discounts as authorized by RCW 84.36.381, and no service charge on undeveloped land. Service charge payments made by King County Roads and Washington State Department of Transportation are not included in the amount. King County SWM uses a growth factor of .5% (one half of one percent) when projecting future revenues in the service area. This factor accounts for the variation between developable land and areas that are built out. When calculating future service charge revenue for potential cities, revenue growth from development will depend, to a large extent, on the level of buildout in the area.

A portion of the service charge collected on properties in unincorporated King County is used for debt service on bonds used for construction of capital facilities. In cases of annexation or incorporation, King County is authorized by King County Code Section 9.08.020 to continue to collect debt service from property owners in the annexed or incorporated area for the life of the bonds. In Kenmore, debt

service on 1992 and 1996 bonds totals about $13.00 per year per residential property. Approximately one-half of the debt service will discontinue in 2002. Following incorporation, King County typically continues to bill and collect this amount directly on the property tax statement, although the city may choose to have King County SWM bill the city for the aggregate amount on an annual basis, through an interlocal agreement.

When communities in the service area incorporate, King County Code Section 9.08.090 allows the service charge revenue to be prorated by quarter. King County's usual procedure is to transfer the revenue to the new jurisdiction for the first complete quarter following incorporation. For example, in a September incorporation, the new city and the County can agree that the new city would receive one-quarter (representing revenue for October through December) of the annual revenue amount, minus debt service.

City of Kenmore
Estimated Annual Surface Water Revenue and Service Costs

Revenue

Surface Water Service Charge Revenue Estimate (based on approximately 5,372 accounts as of October 1996)	$631,805

Basic Drainage Services

Drainage System Maintenance - Estimates are for staff and equipment required for inspection and maintenance activities for Kenmore's 65 residential, 87 commercial, and 7 regional drainage facilities	$
• Inspection of Residential, Regional and Commercial Facilities, Technical Support	56,540
• Maintenance of Residential and Regional Facilities	82,480
Subtotal	139,020
Drainage Investigation and Response- Estimates are for staff required to respond to activity levels in Kenmore, based on past experience	
• Response to drainage and water quality complaints • Engineering Support to address drainage and water quality problems	
Subtotal	75,495
Surface Water Service Charge Revenue Collection (for approximately 5,372 accounts based on October 1996 estimate)	
• Billing and Customer Service - $1.77 per account (based on 1996 fee)	9,508
• One-time account set-up - $.93 per account (total fee of $1.86 is spread over two years)	4,996
• Office of Financial Mangement Fee for Revenue Collection and Disbursement (1% of revenues collected)	6,318
Subtotal	20,822
Total - Basic Drainage Services	235,337

Recommended Service Coordination

Surface Water Coordinator	$
Amount represents one day/week of coordination services. Service amount can be increased or decreased depending on the City's needs and preferences.	
Subtotal	20,000

Enhanced Drainage Services

Public Involvement	$
Amount is an estimate for services required to assist the City in sponsoring several events to involve the public in watershed protection, including volunteer and educational events	
Subtotal	12,000
Businesses for Clean Water	
Assumes enhanced program set-up and maintenance for participant Kenmore businesses	
Subtotal	13,932
Capital Project Planning and Construction	
Amount suggested will allow the City to design and construct 1-3 small capital projects	
Subtotal	50,000
Technical Support	
Amount suggested represents approximately 50 hours of SWM staff time for technical assistance	
Subtotal	3,000
Total - Enhanced Drainage Services	78,932

TOTAL ALL SERVICES	$334,269

SWM CAPITAL IMPROVEMENT PROJECT BACKGROUND

Drainage Basin Characteristics

The proposed City of Kenmore encompasses portions of four watersheds. The northwest and southwest portions of the city area are in the East Lake Washington basin. Most of the northern area is in the Swamp Creek basin. The southeastern portion lies within the Sammamish River and Juanita Creek watersheds.

The Swamp Creek watershed is the focus of significant surface water management efforts. Swamp Creek is a large (24.5 sq. mi.) watershed that extends north into Snohomish County all the way to Paine Field. The southernmost portion of the watershed, which lies in King County, is less than five percent of the total basin area, but since it is at the downstream end of the overall drainage basin, most major flooding problems tend to occur in this area. Increasing urbanization in the Snohomish County area of the watershed has exacerbated flooding problems in recent years.

The central hydrologic feature in the Swamp Creek portion of the proposed Kenmore area is Swamp Creek wetland #3. Most flooding and habitat concerns are associated with this wetland area, which includes a rare Great Blue Heron rookery. Several small capital projects were implemented in the early 1980's in an attempt to prevent flooding in the lower Swamp Creek basin, but their limited success was the impetus for the Swamp Creek Drainage Study in 1986. The recommendation of the study was a cooperatively constructed detention facility known as the I-5/I-405 pond.

King and Snohomish Counties shared the funding for designing this project, but it was subsequently determined that the facility would not provide sufficient storage to effectively eliminate downstream flooding and therefore the project was halted before construction. Snohomish County then undertook the Swamp Creek Basin Plan, completed in 1994. The Plan incorporated new floodplain delineations and FEMA floodplain map revisions completed in the late 1980's, which broadened the area considered to be a flood hazard.

Following the completion of the Swamp Creek Basin Plan, King County used unexpended funds from the I-5/I-405 pond to prepare the King County Swamp Creek Action Plan. This plan used extensive public involvement to determine an array of top-priority flood reduction/prevention projects. The final draft of this plan is now underway, and will begin to be implemented in the second-quarter of 1997.

Flooding issues have been less severe in the Lake Washington, Sammamish River, and Juanita Creek Watersheds. Several small drainage improvement projects have been carried out in recent years between Swamp Creek Wetland #3 and 61st Ave. NE. This is the most substantially developed area in the proposed Kenmore area. In addition, a number of capital projects have been completed and are now underway in the Sammamish basin, in the area of Quinault Estates, where several steep, narrow ravines have caused erosion and deposition problems following the construction of Quinault Estates.

Surface Water Management CIP Programs and Project Types

The Surface Water Management Program began in 1987. Before that time, the Hydraulics section of the Public Works' Roads Division designed and constructed drainage capital projects. After 1986, the SWM Division carried out two primary types of capital improvement projects (CIPs). Large CIP projects are facilities that often take several years to design, permit, and construct. These facilities tend to serve a relatively large area and cost more than $25,000 to construct. Small CIP projects usually address more localized drainage problems, are often designed, permitted, and constructed within a year, and cost less than $25,000 to construct. This also includes "opportunity projects" which are generally undertaken when a cooperative financing opportunity makes a project considerably more affordable to construct than would otherwise be the case.

In 1992, two other types of small CIP programs were initiated. The Neighborhood Drainage Assistance Program (NDAP) provides assistance to landowners in developed neighborhoods who are experiencing flooding problems on private property. Identified problems are prioritized based upon problem severity and frequency, impacts to living space, damage to natural resources, and a cost/benefit analysis. High-ranking problems may be addressed through project construction or technical assistance to property owners.

The Drainage, Habitat, and Improvement (DHI) program was also started in 1992. This program addresses small drainage problems that are primarily affecting stream and fisheries habitat as well as flooding of neighborhoods.

SWM Capital projects are financed either on a "pay-as-you-go" basis, or through the letting of countywide bonds. Two SWM CIP bonds are currently funding large capital improvement projects in King County. These bonds were issued in 1993, and in 1996.

Since 1974, seventeen large and small CIPs have been constructed in this area, at a cost of approximately $1,000,000. An additional eight projects are currently in design or construction that will cost about $500,000 to complete. There are four currently planned CIPs estimated to cost approximately $1.6 million. The more recent and current projects are generally of a more comprehensive nature and thus incur greater proportional costs than those completed in past years.

The following inventory lists capital improvement projects previously constructed, now underway, or proposed for construction in the area of the proposed City of Kenmore. The accompanying project map shows each project location with the exception of projects in the "Potential/Pending" category. Additional projects may be identified when the Swamp Creek Action Plan is finalized.

SWM CAPITAL IMPROVEMENT PROJECT INVENTORY IN AREA OF PROPOSED CITY OF KENMORE

PAST PROJECTS

- Project Type: Series of small CIP projects carried out before SWM Program began in 1987
  Watershed: Swamp Creek
  - **-Wallace Park Sediment Basin** (1974)
    Cost: $100, 000
  - **-Swamp Creek Overflow Channel** (1980)
    Cost: $30,000
  - **-Muck Creek Channel Improvement** (1983)
    Cost: $30,000
  - **-School House Berm and Side Channel** (1984)
    Cost: $50,000

  Description: Sediment basin and other channel improvements all carried out to reduce flooding in neighborhoods bordering Swamp Creek Wetland #3, especially area around 73rd Ave. NE.

- **Quinault Estates Sedimentation Vault** (1988)
  Project Type: Small CIP
  Watershed: Sammamish River
  Location: NE 170th St. and 86th Ave. NE
  Cost: $21,062
  Description: Construction of a sedimentation vault at the outlet of an unnamed stream flowing into the Sammamish River to reduce sedimentation and navigation problems.

- **Inglewood Terrace Drainage Improvement** (1993)
  Project Type: Neighborhood Drainage Assistance Program (NDAP)
  Watershed: Sammamish River
  Location: 7000 block NE 158th St.
  Cost: $49,508
  Description: Stabilization of the ravine outlet and increase in the existing pipe system to a 12-inch line to control erosion at the outlet.

- **Northlake Heights Drainage Improvements** (1993)
  Project Type: NDAP
  Watershed: Sammamish River
  Location: 18800 block 64th Ave. NE
  Cost: $32,540
  Description: Construction of new pipe system to prevent frequent upstream flooding to adjacent home.

- **Kenover Addition** (1993)
  Project Type: NDAP
  Watershed: East Lake Washington
  Location: NE 195th St. and 62nd Ave. NE
  Cost: $19,600
  Description: Replacement of 190 feet of ditch with a conveyance pipe

- **Cottonwood Grove Drainage Improvement** (1994)
  Project Type: NDAP
  Watershed: Swamp Creek
  Location: Between NE 204th Pl. and 73rd Ave. NE
  Cost: $42,866
  Description: Extension of an existing 12-inch pipe system to alleviate flooding to three properties and two homes.

- **Moorlands Drainage Improvement** (1994)
  Project Type: NDAP
  Watershed: Sammamish River
  Location: Between 72nd Ave. NE and 74th NE at NE 169th St. (Wild Cherry Lane)
  Cost: $36,866
  Description: Reconstruction of a driveway culvert and resecurance of utility pipes following a washout of a culvert and driveway.

- **Fuentes Drainage Improvements** (1994)
  Project Type: NDAP
  Watershed: East Lake Washington
  Location: Between NE 193rd and NE 191st St. on Kenlake Pl. NE
  Cost: $33,500
  Description: Construction of 780 feet of access road and a 480-foot drainage ditch.

- **Muck Creek Drainage Improvements** (1994)
  Project Type: NDAP
  Watershed: Swamp Creek
  Location: 18700 block 71st Ave. NE
  Cost: $25,237
  Description: Construction of a culvert through a driveway embankment to eliminate upstream flooding to one home on Muck Creek.

- **Crouch Drainage Improvement** (1995)
  Project Type: NDAP
  Watershed: East Lake Washington
  Location: NE 193rd Pl. and 61st Ave. NE
  Cost: $32,100
  Description: Installation of 300 feet of drainage pipe

- **North Moorlands Drainage Improvements** (1995)
  Project Type: NDAP
  Watershed: Sammamish River
  Location: Between 72nd Ave. NE and 74th Ave. NE & NE 170th Ct. and NE 165th Ct.
  Cost: $25,170
  Description: Upgrade of an existing ditch with addition of a 6-inch pipe and a rock energy dissipator to prevent erosion of the streambed to prevent recurrent flooding.

- **Quinault Estates East Tributary** (1995)
  Project Type: Opportunity Project
  Watershed: Sammamish River
  Location: 88th Ave. NE between NE 163rd and NE 169th
  Cost: $78,652
  Description: Construction of a 1,500-foot high-flow bypass tightline to control erosion in ravine.

- **Sammamish River Dredging** (1995)
  Project Type: King County Parks CIP--interagency cooperative project
  Watershed: Lake Washington
  Location: Junction of Sammamish Slough and Lake Washington at north end of lake.
  Cost: $413,000 (KC Parks funded)
  Description: Dredging of Sammamish slough and Lake Washington confluence to provide a safe and navigable channel for recreational boat passage from the river to Lake Washington.

- **Wallace Park Native Plant Revegetation** (1995)
  Project Type: Small Habitat Restoration Program (SHRP)
  Watershed: Swamp Creek
  Location: NE 195th St. and 73rd Ave. NE
  Cost: $10,000
  Description: Removal of invasive blackberries and planting of native vegetation along 220 feet of Swamp Creek streambanks within Wallace Park.

CURRENT PROJECTS

- **Kenlake Vista Drainage Improvement** (started 1996)
  Project Type: NDAP
  Watershed: East Lake Washington
  Location: 18710 61st Pl. NE
  Cost: $25,000 spent to date
  Description: Construction of a new pipe system to reduce flooding of local homes and private property.

- **Moorlands/Courtad Drainage Improvement** (1996)
  Project Type: NDAP
  Watershed: Sammamish River
  Location: 8060 NE 169th St.
  Cost: $41,974 to date (in closeout)
  Description: Stabilization of eroding streambanks and increase of channel capacity to prevent residential and property flooding.

- **Harbor Village Drainage Improvement** (1996-design; 1997-construct)
  Project Type: NDAP
  Watershed: East Lake Washington
  Location: 6121 NE 175th St.
  Cost: Estimated $30,000
  Description: Construction of drainage improvements at the outlet of a tributary to Lake Washington to reduce flooding.

- **Paul Roberts Addition Drainage Improvement** (1996)
  Project Type: NDAP
  Watershed: East Lake Washington
  Location: NE 193rd St. and 55th Ave. NE near Linwood Park
  Cost: $21,300
  Description: Replacement of two non-standard catch basins and existing wood drainage line to prevent flooding to local property and structures.

- **Quinault Estates West Tributary--Phase I** (1996)
  Project Type: SWM CIP
  Watershed: Sammamish River
  Location: Along 84th Ave. NE between Simonds Rd. and NE 169th St.
  Cost: $ 185,000
  Description: Installation of 800 feet of pipe along a steep, eroding ridge within the Inglewood Community to bypass high storm flows and prevent further slope degradation. Completed in cooperation with the Northshore Utility District.

- **Swamp Creek Debris Removal & Channel Restoration** (1996-design; 1997-1998 construct)
  Project Type: SWM CIP
  Watershed: Swamp Creek
  Location: Near 73rd Ave. NE in Swamp Creek Wetland #3
  Cost: $70,000
  Description: Removal of large debris and a sediment blockage, and re-establishment of approximately 550 feet of channel that has filled with sediment. Restoration of approx. 1000 feet of older Swamp Creek channel, and improvement to adjacent class-1 wetland.

- **Leary & King Bank Stabilization** (1996-design; 1997-construct)
  Project Type: Drainage Habitat Improvement (DHI)
  Watershed: Swamp Creek
  Location: 19525 73rd Ave. NE
  Cost: $30,000 design; $40,000 construction
  Description: Use bioengineering features (rocks, logs, & rootwads) combined with upland riparian revegetation to stabilize stream banks where Swamp Creek is currently undermining existing flood walls and causing flooding of several homes on 73rd Ave. NE.

- **Wallace Pond High-Flow Bypass Project** (1996-design; 1997 construct)
  Project Type: NDAP
  Watershed: Swamp Creek
  Location: Adjacent to settling pond in Wallace Park
  Cost: estimated at $20,000
  Description: Construct bypass pipeline to allow sediment removal maintenance on Wallace Pond, and to allow overflow bypass during flood-flows.

PROPOSED/PLANNED PROJECTS

- **Swamp Creek Mouth Native Plant Revegetation** (1997)
  Project Type: SHRP
  Watershed: Swamp Creek
  Location: NE 171st Ln. and 72nd Ave. NE
  Cost: Estimated $8,000
  Description: Remove invasive plants and plant native vegetation at the mouth of Swamp Creek as it enters the Sammamish River.

- **Quinault Estates West Tributary--Phase II** (1996-design; 1997-construct)
  Project Type: SWM CIP
  Watershed: Sammamish River
  Location: Along 84th NE between NE 150th St. and Simonds Rd.
  Cost: $46,000 spent to date; $600,000 estimated for total design/construction
  Description: Sediment from two ravines causes chronic overflows of drainage systems in Quinault Estates and deposition of sediment in the Sammamish River. Project will construct a 3100-foot pipeline to bypass stormwater flows around the ravines.

- **Wildcliffe Shores Drainage Improvement** (1997-design; 1998-construct)
  Project Type: SWM CIP
  Watershed: Sammamish River
  Location: At NE 170th St. and 72nd Ave. NE
  Cost: Estimated $105,000 design/ $200,000 construction
  Description: Construction of a bypass pipe to move Sammamish River Tributary 0057C around the currently flooding area at Wildcliffe Shores.

- **Swamp Creek Drainage Improvement** (1997-design; 1998-1999--construct)
  Project Type: SWM CIP
  Watershed: Swamp Creek
  Location: Various locations west and south of Swamp Creek Wetland #3
  Cost: Estimated $80,000 design/ $485,000 construction
  Description: Will implement some recommendations listed in the Swamp Creek Action Plan to reduce widespread flooding. Some of the work will be constructing local berms, controlling debris, detaining high flows, and purchasing flooded properties.

- **Alderwood Manor Drainage Improvement** (design & construct 1997)
  Project Type: NDAP
  Watershed: Swamp Creek
  Location: 80th Ave. NE and NE 185th St.
  Cost: Estimated $50,000
  Description: Improves conveyance capacity between 80th Ave. NE and Wetland #3 to eliminate flooding of road and adjacent properties/homes.

POTENTIAL/PENDING PROJECTS

- **Hughes Complaint**
  Project Type: NDAP
  Watershed: Swamp Creek
  Location: 17526 83rd Pl. NE
  Cost: Estimated $3,600
  Description: Potential channel enlargement to reduce flooding.

- **Johnson Complaint**
  Project Type: NDAP
  Watershed: Swamp Creek
  Location: 7718 NE 183rd St.
  Cost: Estimated $11,000
  Description: House and yard flooding. Requires field assessment prior solution analysis.

- **Turner Complaint**
  Project Type: NDAP
  Watershed: Sammamish River
  Location: 8221 NE 166th St.
  Cost: Estimated $10,000
  Description: Neighbors property draining onto Turner property. Lower priority project.

Proposed/Planned Surface Water Capital Investment Projects: Proposed City of Kenmore

Project Name	Project Description	Current Status	Estimated Design Costs	Estimated Construction Costs	Estimated Total Cost	King County planned involvement	Timeline	Location in '97 King County Budget
Quinault Estates West Tributary--Phase II	Construct 3100-foot bypass pipeline around 2 ravines with high erosion problems	Design underway	$125,000	$550,000	$675,000	Funds appropriated for King County to complete project construction.	Design to be completed Spring 1997; Construction to take place August, 1997	Included in SWM CIP Non-bond Subfund Budget. Project #00A965
Wildcliffe Shores Drainage Improvement	Construct a bypass pipeline to route Sammamish River Tributary 0057C around the flood-prone area of Wildcliffe Shores.	Design underway	$183,000	$200,000	$383,000	Funds appropriated for 1997 project design. King County WLRD plans to request funds for construction in 1998 proposed budget	Design to be completed by late 1997; Construction to take place July-August 1998	Included in SWM CIP Non-bond Subfund Budget. Project #0B1175
Swamp Creek Drainage Improvements	Multi-component project to remove a large debris jam in Swamp Creek wetland #3 and carry out various other flood reduction/protection projects	Debris removal design completed	$80,000	$485,000	$565,000	$80,000 have been appropriated for 1997 debris jam removal component. King County plans to request an appropriation of $285,000 in the 1998 proposed budget: $205,000 to buy out two flood-prone properties adjacent to Swamp Creek; and $80,000 for design of additional drainage improvements. Approximately $200,000 in proposed 1999 construction would be outstanding at the time of incorporation.	Debris Jam removal and habitat restoration to be constructed summer 1997. Property acquisition to be included in WLRD 1998 budget proposal. Design on drainage improvement components to be completed in 1998.	Included in SWM CIP Non-bond Subfund Budget. Project #0A1175
Alderwood Village NDAP Project	Construct improved conveyance system to eliminate flooding of homes and roadways in the area between 80th Ave.NE and wetland #3	Design to begin Spring 1997	$10,000	$40,000	$50,000	Funding planned for 1997 design and construction. Construction would take place on private property. Authorization for project construction not yet confirmed.	Design to be completed mid 1997; construction planned for Fall 1997.	Included in budget for Neighborhood Drainage Assistance (NDA) Program. Project #0A1785
Swamp Creek Mouth Native Plant Revegetation	Remove invasive weeds and plant native vegetation at the confluence of Swamp Creek and the Sammamish River	Planning construction Fall 1997	N/A	$8000	$8000	Funds appropriated for 1997 construction	Planting to be implemented in Fall 1997	Included in budget for Small Projects Program. Project #0A1788

Information provided is as of February 26, 1997.