

To:
Rob Karlinsey, City Manager

The FSPTF presents:
The City of Kenmore's Financial Sustainability Plan



**FINANCIAL SUSTAINABILITY PLAN TASK FORCE
REPORT AND RECOMMENDATIONS**

Date:
25 April 2024

From:
**THE MEMBERS OF THE FINANCIAL
SUSTAINABILITY PLAN TASK FORCE:**

Vincent Keane	Jeffrey Pooley
Holly Koelling	Katrina Rose
Edouard Lassalle	Tiff Stoner
Alinafe Matenda	Mary Sullivan
Michael Vanderlinde	

The City of Kenmore's Financial Sustainability Plan
Financial Sustainability Plan Task Force Report and Recommendations

The nine members of the City of Kenmore's (CoK) Financial Sustainability Plan Task Force (FSPTF) present this report and recommendations.

On April 24, 2024, the FSPTF had its final meeting and reached agreement on strategies to maintain the CoK's financial sustainability in the General Fund and Street Fund through the 2025-2026, 2027-2028, and 2029-2030 biennium. These strategies will prevent expenses from exceeding revenues and keep the fund balance above the reserve goal until 2030.

By recommending strategies to maintain revenues greater than expenses and keeping the fund balance above the reserve goal, the FSPTF has accomplished its mission (noted below). Task Force members anticipate that the CoK will need to reconvene a new FSPTF in the 2029-2030 biennium to develop additional strategies to resolve the structural deficit.

FSPTF Mission

As a group, task force members will learn about the City's services, budget, finances, Service-Level Budgeting, and long-range financial forecasts. The task force will review and synthesize all financial data and public input on the City's operating budgets, then as a task force provide an advisory report to the City Manager with a range of options on ways the City could resolve the upcoming structural deficit. If any options are preferred by the task force, the advisory report can note that. The advisory report to the City Manager will be delivered by March 29, 2024.

The FSPTF's Key Findings

The FSPTF's recommendations are based on two key findings:

- Services provided by the (CoK) will need to be maintained by controlling expenditure and/or shifting costs, as well as enhancing revenues.
- The CoK is a lean organization but there are opportunities to be even more efficient. There are no more opportunities to significantly reduce expenditure without a significant reduction in services that Kenmore residents and businesses need and want.

The FSPTF's Guiding Principles

These six principles guided the Task Force in reaching agreement on which strategies to recommend:

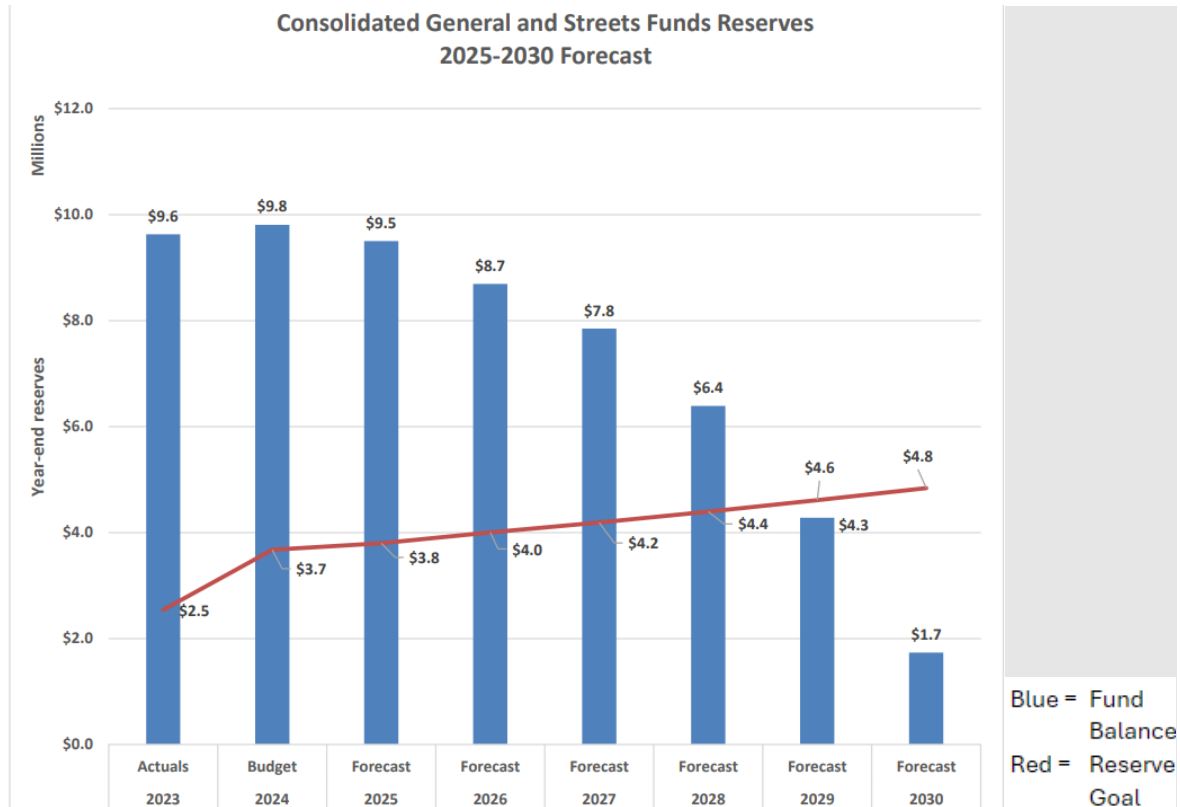
1. Pursue a balanced approach that complies with changes in state regulations, and that utilizes the results of the Service Level Budgeting process to reflect economic and community values, conditions and needs.
2. Include all levels of the city when looking at challenges and opportunities: neighborhoods, businesses, communities, schools, city operations and governance.
3. Use the Equity Framework Tool when considering both budget reductions and revenue increases, striving to minimize disproportionate impacts on residents with fewer resources where possible.
4. Preserve ongoing funding for necessary levels of service, maintenance and upgrades when recommending budget reductions. Keep realistic levels of service in mind when recommending revenue increases.
5. Seek efficient, effective solutions with the greatest importance and financial impact, including those with high potential for future cost savings and revenue increases.
6. Identify the benefits of city services to non-residents and consider recommendations for revenue increases that fairly share the cost burden with them.

The City of Kenmore's Financial Sustainability Plan
Financial Sustainability Plan Task Force Report and Recommendations

The FSPTF's Starting Point

The FSPTF's analysis started with a review of the CoK's existing budget and forecast entering FY 2024. The combined General Fund and Street Fund expenditures are expected to exceed revenues beginning in FY 2025. This structural deficit will cause reserves to fall below the reserve goal by FY 2029 if no corrective action is taken.

Summary General & Street Fund	2023	2024	2025	2026	2027	2028	2029	2030
<i>Updated: 3/25/2024</i>	Actuals	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
General Fund								
Beginning Fund Balance	3,533,759	7,332,790	7,670,733	7,889,465	7,672,579	7,007,459	5,787,867	3,978,217
Revenue	17,299,604	16,759,199	17,306,651	17,815,678	18,206,073	18,595,161	18,995,840	19,666,466
Expense	11,100,573	16,421,256	17,087,919	18,032,565	18,871,193	19,814,753	20,805,490	21,845,765
Transfer to Strat Opps for Special Projects	2,400,000							
Ending Fund Balance	7,332,790	7,670,733	7,889,465	7,672,579	7,007,459	5,787,867	3,978,217	1,798,918
Fund balance as % of operating expenditures	66%	47%	46%	43%	37%	29%	19%	8%
Street Fund								
Beginning Fund Balance	2,270,571	2,294,467	2,136,351	1,610,891	1,020,359	840,232	601,801	301,342
Revenue	1,625,318	1,791,682	1,378,476	1,393,512	1,887,961	1,917,867	1,948,458	1,979,751
Expense	1,601,422	1,949,798	1,903,937	1,984,043	2,068,088	2,156,298	2,248,916	2,346,199
Ending Fund Balance	2,294,467	2,136,351	1,610,891	1,020,359	840,232	601,801	301,342	-65,106
Fund balance as % of operating expenditures	143%	110%	85%	51%	41%	28%	13%	-3%
Combined Ending Fund Balance	\$9,627,257	\$9,807,084	\$9,500,356	\$8,692,938	\$7,847,691	\$6,389,668	\$4,279,559	\$1,733,812
Fund Balance as % of operating expenditures	76%	53%	50%	43%	37%	29%	19%	7%
<i>(Threshold is 20%)</i>								



The FSPTF's Process

The Task Force convened for the first time on the evening of January 03, 2024. Its tenth and final meeting was on April 24, 2024. During the meetings task force members were educated on the 2020 Financial Sustainability Plan, contract cities, CoK budgeting, service level budgeting, the CoK DEIA Toolkit, price of government, CoK financial forecasts, some of how CoK currently operates, and other relevant topics. Melinda Merrell, Director of Finance & Administration and Rob Karlinsey, City Manager provided this education and were also available to answer endless questions outside of the meetings. In addition to this education, a representative from each CoK department attended a meeting to present information and answer questions about their department. This was followed by each department providing their ideas for budget strategies to consider. The meetings were also supported by Carla Schnee, Admin/Financial Services Manager, who recorded the meetings and facilitated the occasional virtual participation of members, among other tasks.

The FSPTF also hosted a community town hall on April 3, 2024, which started with a presentation created by the task force members. The focus of the evening was on small group discussions. Each of the seven groups was facilitated by a member of the task force; one group was led by a Spanish-English bilingual task force member in case translation was necessary. The town hall attracted 38 members of the Kenmore community.

The task force members worked a total of 25 hours in meetings, and devoted countless hours reading the reports, studies, and survey results that the CoK provided as well as the CoK budget and official policy documents. The FSPTF also reviewed findings from these sources:

- Balancing Act Tool, the budget balancing exercise that was live on the CoK website from March 28-April 8 and was completed and submitted by 67 members of the community.
- Speak Up Kenmore (online open house) that was live on the CoK website from March 18-April 8.
- The first draft of the statistically valid survey conducted by EMC Research from March 20-April 3, 2024; the survey was completed by 303 Kenmore residents.

The FSPTF discussed more than forty-eight strategies to ensure the City's long-term financial sustainability. The task force members identified and defined these based on their personal experiences and what they heard from CoK staff in their department presentations and the community via the Speak Up Kenmore website, Balancing Act Tool (online), Town Hall event, and the FSPTaskForce@kenmorewa.gov email address. The Task Force also reviewed potential new initiatives that are not currently funded but which the CoK staff or the community has expressed interest in.

The FSPTF used four categories to individually rate and then rank the strategies:

0. Do not pursue.
1. Pursue as a last resort.
2. Pursue as a secondary priority, with less dedicated resources.
3. Pursue as a priority.

A task force member created a comprehensive matrix of these strategies and a real-time model to show the effect of each strategy on the revenue forecasts. This is the same matrix used by the 2020 FSPTF; it provides additional important information about the Task Force's analysis and accompanies this report in Appendix B.

The matrix includes the following information.

- 1) Type of strategy
- 2) Fiscal impact estimate and category (low, medium, or high).
- 3) Likelihood of success (High, Medium-High, Medium, Low-Medium, Low, or Low-None) and success considerations.

- 4) Phasing and effective year of the strategy.
- 5) DEIA considerations, based on the CoK DEIA Toolkit.
- 6) Additional notes based on the discussion of the FSPTF.
- 7) The task force members' ratings and ranking.

The budget strategies were put in rank order, and it was determined that an average score of 2.2 was the threshold needed to incorporate enough budget strategies to achieve our goals. We then adjusted the effective year the budget strategies were to begin, between 2026 and 2030. We based this on the expected fund balance level because we don't recommend that the CoK holds a large fund balance without a specific purpose.

The FSPTF's Analysis of the Strategies

All the strategies the FPSTF analyzed fell along a continuum that included:

- Expenditure control/cost shifts.
- Service delivery changes that are designed to reduce expenditure.
- Revenue enhancement opportunities.
- Service level reductions.
- New initiatives/programs that increase expenditure.

The hours of deliberations by the FPSTF included discussion on the feasibility, fiscal impact, and likelihood of success of each strategy.

While all the strategies are technically feasible, they have differing levels of community support, potential of community pushback, alignment with community values, technical and operational difficulties of implementation, timing necessary for implementation, costs to implement, overall difficulty, and disruption to the existing CoK operations relative to the financial return. Tax measures require voter approval to implement and vary in terms of complexity and community support; some have a greater impact on residents (e.g., property tax levy lid lift measures) while others have some impact on those from outside the city (e.g., sales taxes). Voters are more likely to support measures when they know exactly where their tax dollars are being spent (i.e. *not* a levy to increase General Fund monies) and that it is being done efficiently. These factors were discussed while the FSPTF deliberated the possible strategies.

The FSPTF assessed the potential annual fiscal impact that the CoK would experience if each strategy were implemented. This was based on input from the CoK Finance Department and other CoK staff. Fiscal impact was defined by three tiers:

- Low fiscal impact. Strategies that would have a fiscal impact of \$50,000 or less per year.
- Medium fiscal impact. Strategies that would have a fiscal impact between \$50,000 and \$100,000 per year.
- High fiscal impact. Strategies that would have a fiscal impact of over \$100,000 per year.

The FSPTF's Strategies

The details of each strategy in the recommendation are included in Appendix A of this report.

The City of Kenmore's Financial Sustainability Plan
Financial Sustainability Plan Task Force Report and Recommendations

The FSPTF's Recommendation

The Task Force recommends that the CoK implement the strategies listed below. The strategies are in order by the FSPTF's ranking.

Budget Strategy	Type	Group	Councilmanic?	Score	Toggle	Amount	Year
KAPE program first tier ticket cost by to \$136 for two cameras	Revenue	KAPE	Y	3.00	1	180,000	2026
Convert street lights to LED	Expense	Efficiencies	Y	3.00	1	68,837	2028
Expand KAPE program - First Camera	Revenue	KAPE	Y	2.89	1	225,000	2026
Expand KAPE Program - Second Camera	Revenue	KAPE	Y	2.89	1	225,000	2026
Levy lid lift to fund public safety \$0.08	Revenue	Public Safety Tax	N	2.78	1	560,000	2028
Expand KAPE Program - Third Camera	Revenue	KAPE	Y	2.78	1	225,000	2028
Parks Project Manager: 1500 hours to capital fund (similar to Engineering Project Managers).	Reallocation	Efficiencies	Y	2.67	1	100,000	2026
Strategic and Economic Development Manager position	Expense	Investment	Y	2.67	1	(180,000)	2025
Eliminate Admissions Tax in the plan	Revenue	Revenue Reduction	Y	2.63	1	(130,000)	0
Operational Efficiency	Expense	Efficiencies	Y	2.63	1	100,000	2026
Picnic shelter rental fees (Log Boom, TI' awh-ah-dees, Moorlands)	Revenue	Efficiencies	Y	2.56	1	17,000	2025
Expand KAPE Program - Fourth Camera	Revenue	KAPE	Y	2.56	1	225,000	2027
Move Civil Engineers/Cap Project Manager entirely to transportation	Reallocation	Efficiencies	Y	2.56	1	140,000	2026
Let temporary employees contract end	Expense	Efficiencies	Y	2.50	1	100,000	2026
Levy lid lift to fund public safety at \$0.16 (incremental from first \$0.08)	Revenue	Public Safety Tax	N	2.44	1	560,000	2028
Utility tax rebate program	Revenue	Revenue Reduction	Y	2.44	1	(225,000)	2027
Human services case worker/program navigator	Expense	Investment	Y	2.43	1	(225,000)	2026
Public safety sales tax 0.1%	Revenue	Public Safety Tax	N	2.33	1	460,000	2028
MPD Levy (\$0.05 per \$1000)	Revenue	MPD	N	2.22	1	350,000	2026
Lakepointe Preliminary Costs (assuming grant is funded)	Expense	Lakepointe	Y	2.20	1	(500,000)	2025

The City of Kenmore's Financial Sustainability Plan
Financial Sustainability Plan Task Force Report and Recommendations

The recommended efficiencies strategies total \$526K, including \$240K of employee expenses reallocated to capital funds.

The recommended revenue enhancement strategies include:

- \$1.58M in net new tax revenue (including a \$355K reduction in revenue from a recommended utility tax rebate program and the elimination of the planned admissions tax)
 - \$1.12M from a public safety levy lid lift of \$0.16 per \$1,000 assessed value
 - \$0.46M from a public safety sales tax of 0.1%
 - \$0.35M from the establishment of a metropolitan park district (MPD) and a levy of \$0.05 per \$1,000 assessed value
- \$1.08M from an expanded KAPE program (Four additional safety cameras and an increase in the first tier fine from \$100 to \$136.)

The task force was drawn to public safety-related strategies due to the recent increases in the cost of CoK's King County Sheriff police services contract. For context, from 2021 to 2024, the public safety budget increased from \$3.7M to \$5.1M, a 36% increase over three years, or a cumulative average growth rate (CAGR) of 11%. The \$1.66M in recommended new public safety taxes aligns reasonably well with the \$1.3 M increase in public safety costs.

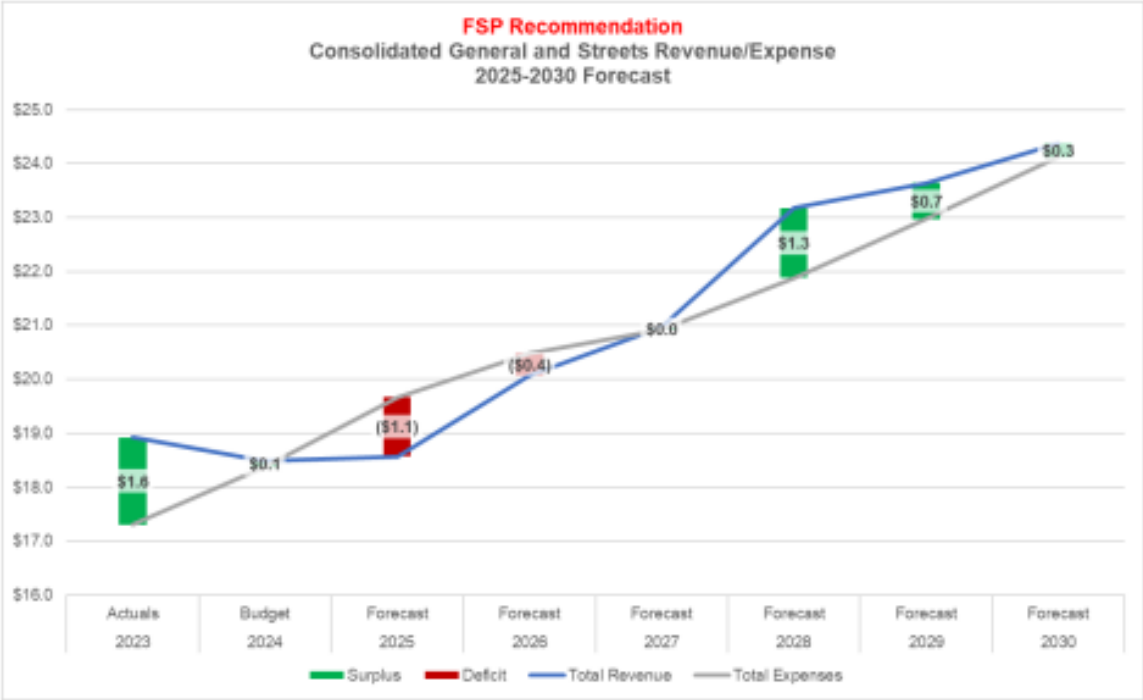
The recommended strategies also include some investments or cost additions. The details of these strategies are also included in Appendix A of this report:

- Human services case worker / program navigator
\$225K annually
- Strategic and Economic Development FTE (Manager)
\$180K annually
- Lakepointe development opportunity
\$500K in 2025 and 2026)

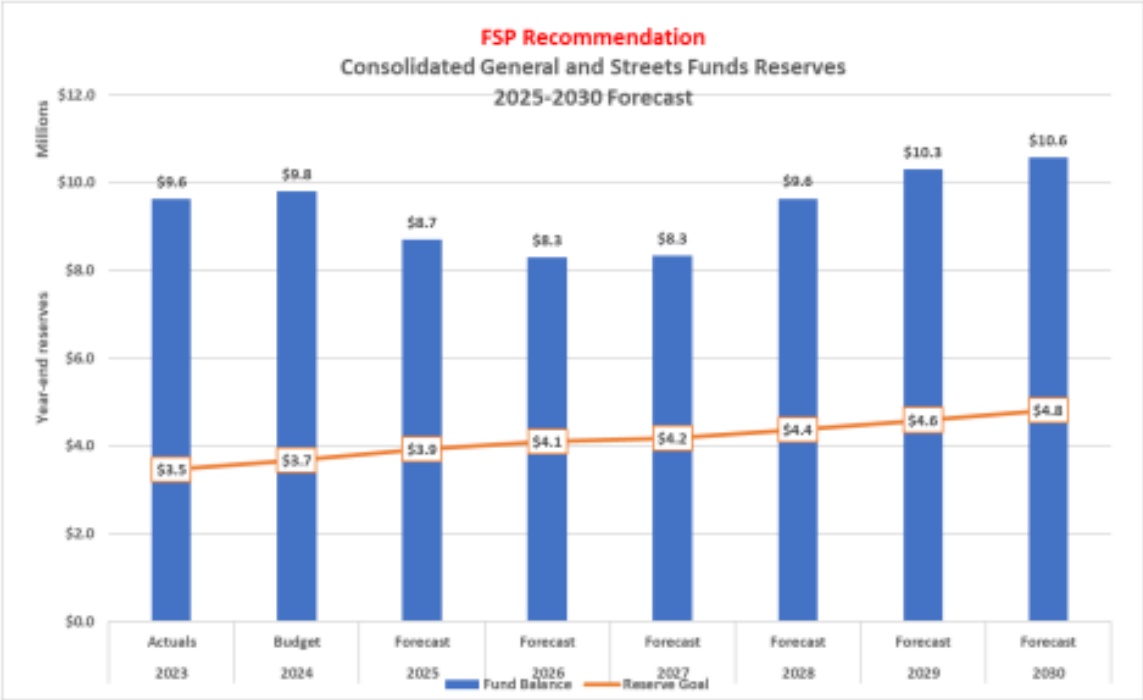
The FSPTF's Conclusion

The recommendation does not maintain revenues above expenses until FY 2028, but the surplus forecasted for 2028-2030 exceeds the deficits forecasted for 2025-2026; the FSPTF felt this was the best timing due to the difference in fund balance compared to reserve goal forecasted for 2025-2027. This recommendation does keep the fund balance above the reserve goal until 2030 and puts the CoK on the path toward long-term financial sustainability. The following two graphs illustrate the results of the task force recommendations. The first graph shows the annual deficit/surplus, and the second graph shows the impact to the fund balance (reserve goal) of the General Fund and Street Fund combined.

The City of Kenmore's Financial Sustainability Plan
Financial Sustainability Plan Task Force Report and Recommendations



Through the 6-year period, we add \$0.8M to the reserve.

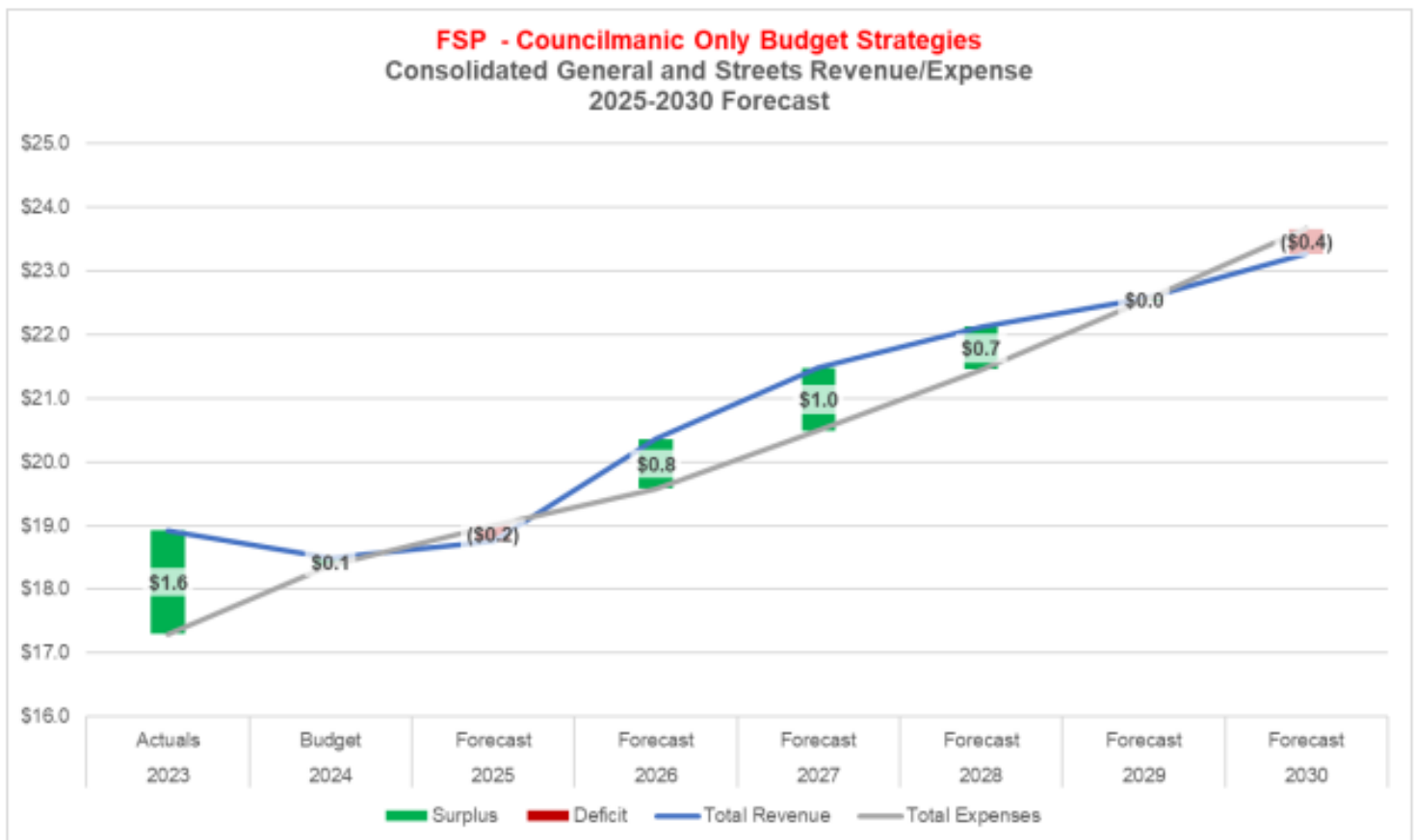


The FSPTF's Alternative Recommendation

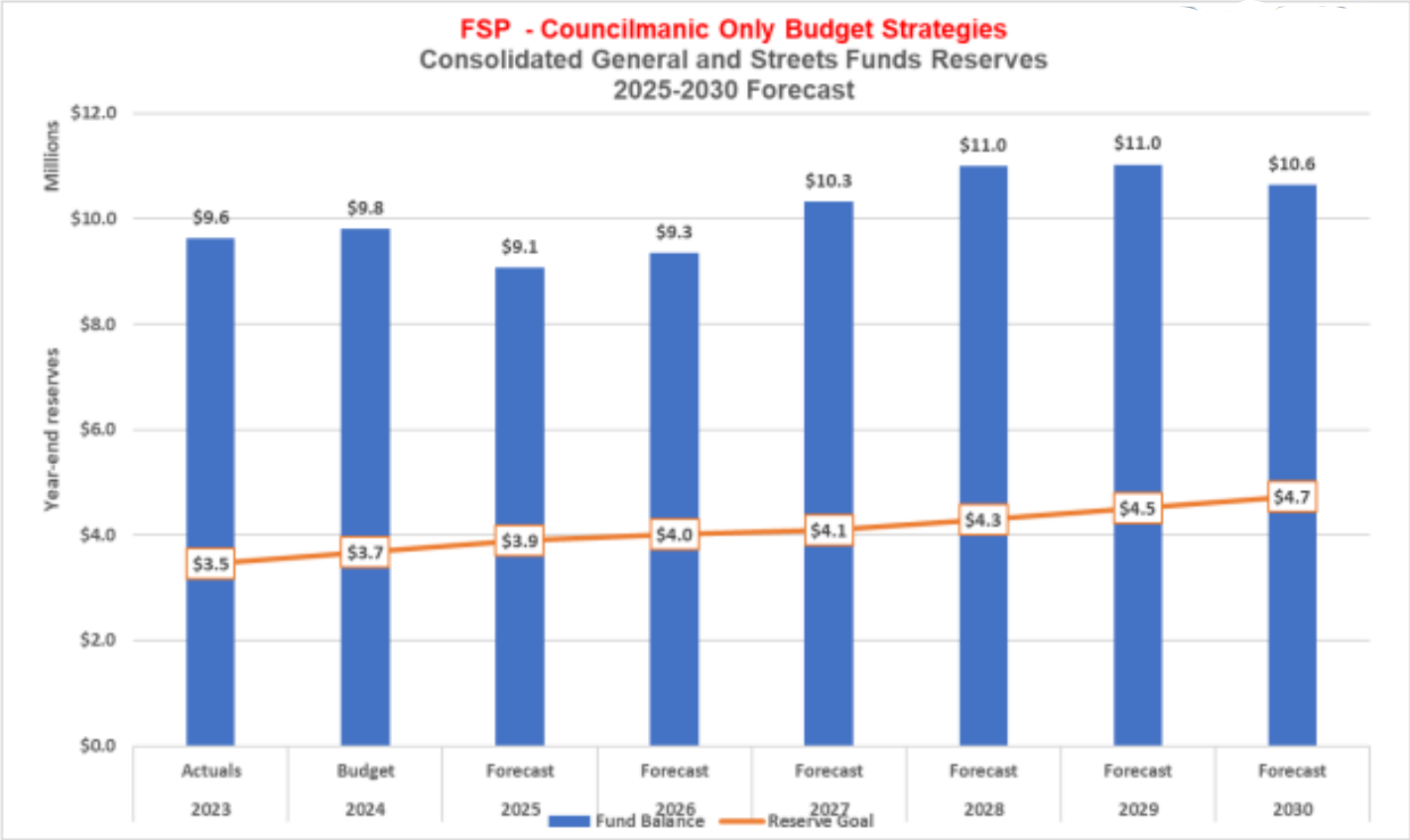
The recommendation presented above assumes the two public safety related ballot measures and the MPD levy are approved by the voters. If the ballot measures don't pass, the city will likely need to rely on councilmanic strategies. As such, we present the alternative recommendation listed below. Details of these strategies are included in Appendix A of this report.

- Vehicle tab fee increase. \$180,000
- Expand B&O tax to other industries such as retail, services, etc. \$400,000
- Electric utility tax increase from 4% to 6%. \$400,000
- Do NOT initiate the Human services case worker / program navigator position. (\$225,000)
- Do NOT initiate the Strategic and Economic Development Manager position. (\$180,000)
- Do NOT initiate the Lakepointe development opportunity. (\$500,000), 2025 and 2026 only
- Do NOT initiate the Utility tax rebate program. (\$225,000)

With this alternative recommendation, the 2030 forecast falls just short of maintaining a net positive surplus. While it does keep the fund balance above the reserve goal until 2030 it does not put the CoK on the path toward long-term financial sustainability. Under this circumstance, the council may have to consider cuts to services and programs such as summer events (fireworks, summer concerts). The following two graphs illustrate the results of the alternative recommendations, which use only councilmanic budget strategies. The first graph shows the annual deficit/surplus, and the second graph shows the impact to the fund balance (reserve goal) of the General Fund and Street Fund combined.



The City of Kenmore's Financial Sustainability Plan
Financial Sustainability Plan Task Force Report and Recommendations



Appendix A: Strategy Details

1. KAPE program adjustment–increase tier 1 fine from \$100 to \$136

Strategy Type: Safety / Revenue

Fiscal Impact Estimate: \$180,000

In order for these revenues to benefit the General Fund, the CoK must move KAPE-related costs to the KAPE program (officer review time, attorney fees, police patrol, etc.).

Feasibility:

The implementation of this strategy would be councilmanic but does require significant effort on the CoK staff and police to implement and maintain. There is a possibility that a legal challenge to a new law will begin to not allow police services to be paid for.

Fiscal Impact: High

Potential of Success: High

Background/Analysis:

This strategy shifts more of the CoK's safety and traffic control costs to non-Kenmore residents that use our roads. The FSPTF reviewed a summary of fines from our neighboring cities; this increase in tier 1 fine would move the CoK from being the city with the lowest fine to a city in the middle of the pack. Our neighbors, LFP and Kirkland, charges a tier 1 fine of \$136.

2. Convert streetlights to LED

Strategy Type: Expense

Fiscal Impact Estimate: \$68,837

It would cost \$260K to implement this strategy but the CoK would receive an incentive of \$200K. So, the initial year savings are net 0 but the ongoing savings are about \$70,000.

Feasibility:

This strategy does have an upfront cost to implement but that would be offset by the incentive payment the CoK would receive. There will be city staff efforts required to apply for the incentive and manage the project.

Fiscal Impact: Medium

Potential of Success: Medium-High

Background/Analysis:

LED streetlights are more energy efficient, have a longer lifespan, have environmental benefits, and provide a higher quality light which enhances visibility and road safety. This strategy would take advantage of a \$200,000 incentive that is available now.

3. Expand KAPE program–first speed safety camera

Strategy Type: Safety / Revenue

Fiscal Impact Estimate: \$225,000

This estimate is based on the existing school zone camera revenue but could be higher if not related to a school zone as the camera would run year-round. For these revenues to benefit the General Fund,

Appendix A: Strategy Details

the CoK must move KAPE-related costs to the KAPE program (officer review time, attorney fees, police patrol, etc.).

Feasibility:

The implementation of this strategy would be councilmanic but does require significant effort on the CoK staff and police to implement and maintain. A new law requires an equity analysis before selecting camera locations and requires that revenue needs to pay for "traffic safety activities." There is a possibility that a legal challenge to this new law will begin to not allow police services to be paid for.

Fiscal Impact: High

Potential of Success: Medium-High

Background/Analysis:

This strategy shifts more of the CoK's safety and traffic control costs to non-Kenmore residents that use our roads. A new law does give leniency to low-income persons that commit infractions; the CoK may also choose to be more lenient. Possible camera locations discussed by the FSPTF include: the Inglemoor HS school zone on Simonds Road, the Moorlands Elementary school zone, the right turn on red from Westbound Simonds Rd to Juanita Dr NE, the no left turn from Southbound Juanita Dr Ne to NE 175th St, and others. The exact location of this camera should be determined by the CoK Traffic Engineer. The fiscal impact for this strategy does not assume the tier 1 fine was increased from \$100 to \$136 based on a different strategy.

4. Expand KAPE program—second speed safety camera

Strategy Type: Safety / Revenue

Fiscal Impact Estimate: \$225,000

See 3. Expand KAPE program—first speed safety camera, above.

Feasibility:

See 3. Expand KAPE program—first speed safety camera, above.

Fiscal Impact: High

Potential of Success: Medium-High

Background/Analysis:

See 3. Expand KAPE program—first speed safety camera, above.

5. Levy lid lift to fund public safety \$0.08

Strategy Type: Revenue

Fiscal Impact Estimate: \$560,000

This levy would be for \$0.08 per \$1,000 of assessed value. The current median assessed value of a Kenmore home is \$821,000; this property owner would pay \$65.68 annually (\$5.47 per month).

Feasibility:

This strategy would require voter approval. It has a higher likelihood of success because it's justified due to the recent increases in the cost of the public safety services contract from the King County Sheriff.

Appendix A: Strategy Details

Fiscal Impact: High

Potential of Success: Medium-High

Background/Analysis:

Public safety is the largest line item in the General Fund at 32%; if a portion of it is levy-funded, this will free up General Fund dollars for other purposes. This strategy is less regressive than a utility tax, but the CoK may want to expand public assistance and outreach if it is implemented. If this strategy was implemented and voters approved in November 2024, monies would be collected in 2025. The FSPTF considered this levy lid lift in tiers; this first tier (\$0.08 per \$1,000 of assessed value) was ranked higher by the members of the FSPTF than the second tier (an additional \$0.08 per \$1,000 of assessed value). The FSPTF was planning on these strategies being implemented together with a ballot measure asking for \$0.16 per \$1,000 of assessed value.

6. Expand KAPE program—third speed safety camera

Strategy Type: Safety / Revenue

Fiscal Impact Estimate: \$225,000

See 3. Expand KAPE program—first speed safety camera, above.

Feasibility:

See 3. Expand KAPE program—first speed safety camera, above.

Fiscal Impact: High

Potential of Success: Medium-High

Background/Analysis:

See 3. Expand KAPE program—first speed safety camera, above.

7. Move 1500 hours of Parks Project Manager to capital fund

Strategy Type: Reallocation

Fiscal Impact Estimate: \$100,000

Feasibility:

The implementation of this strategy would require some effort on the part of CoK staff as they would need to assess the justification for allocating a higher portion of the Parks Project Manager wages and benefits to a capital-projects funded budget.

Fiscal Impact: High

Potential of Success: High

Background/Analysis:

Currently a Parks Projects Manager position is charged to the General Fund but there might be justification for part of the wages and benefits of this position to be moved to a capital-projects funded budget.

8. Strategic and Economic Development FTE (Manager)

Strategy Type: Expense

Appendix A: Strategy Details

Fiscal Impact Estimate: (\$180,000)

The cost of this position could also be offset by grants and other capital project funding.

Feasibility:

This would require hiring a Strategic and Economic Development FTE (Manager) so it will require staff time to implement but long-term, this position could have a significant impact on the type and timing of economic development.

Fiscal Impact: Medium

Potential of Success: High

Background/Analysis:

Economic development would increase the commercial tax base for the CoK and reduce the tax burden on residential properties. It would also allow the Kenmore community to shop locally and keep our communities' existing sales tax expenses in Kenmore. The FSPTF couldn't identify any economic development opportunities that would positively impact the FSP. However, the task force discussed the potential impact of economic development on the long-term financial sustainability of the city. Also, many attendees of the FSP Town Hall indicated support for the CoK to drive economic development. As such, the task force recommends hiring a Strategic and Economic Development FTE (Manager) with expertise in grant applications, working with private developers, and prospective businesses. We believe that this position could have a significant impact on the type and timing of economic development, helping to guide development in a way that benefits the community.

9. Eliminate admission tax

Strategy Type: Revenue

Fiscal Impact Estimate: (\$130,000)

Feasibility:

This strategy would require the City Council to *not* act on a recommendation of the 2020 FSPTF.

Fiscal Impact: N/A

Potential of Success: High

Background/Analysis:

The 2020 Financial Sustainability Plan includes an Admission Tax starting in 2024; this would be a tax on recreation and entertainment venues like the golf course and bowling alley. This strategy would repeal that recommendation. The FSPTF felt that since this tax only applied to two businesses, it gave a feeling of targeting.

10. Operational efficiency

Strategy Type: Expense

Fiscal Impact Estimate: \$100,000

Feasibility:

This strategy would require some effort on the part of CoK staff to review all line items in the General Fund budget and look for places where operational efficiency could be achieved.

Appendix A: Strategy Details

Fiscal Impact: Medium

Potential of Success: High

Background/Analysis:

This would require a review of all CoK departments to see where costs could be cut. The FSPTF does not believe it is beneficial to have an across-the-board reduction of a certain amount or to make this reduction in large amounts over a few departments. This strategy will require small amounts to be removed from many departments to add up to the estimated savings of \$100,000 annually.

11. Picnic shelter rental fees (Log Boom, Moorlands, and Łaŕwadis Park)

Strategy Type: Revenue

Fiscal Impact Estimate: \$17,000

This only covers these 3 parks as the shelter at Rhododendron Park is already included in the financial forecast. The CoK staff have indicated that they plan to reduce the implementation cost of this strategy by including the Hangar at Town Square room reservations in the online reservation system thereby eliminating the need for the separate Hangar at Town Square website.

Feasibility:

The implementation of this strategy would be councilmanic but does require a little effort on the city staff to implement and maintain.

Fiscal Impact: Low

Potential of Success: High

Background/Analysis:

For many years the picnic shelter at Rhododendron Park has been rented out; this has been managed by the Northshore Senior Center (located at the park) with profits kept by them. Historically, the profits have been about \$10,000 per year. The financial forecast includes the transfer of this rental program to the CoK with the reservation system going online on the CoK website. This strategy would add the newly built picnic shelters at Log Boom, Moorlands, and Łaŕwadis park to the existing program.

12. Expand KAPE program–fourth speed safety camera

Strategy Type: Safety / Revenue

Fiscal Impact Estimate: \$225,000

See 3. Expand KAPE program–first speed safety camera, above.

Feasibility:

See 3. Expand KAPE program–first speed safety camera, above.

Fiscal Impact: High

Potential of Success: Medium-High

Background/Analysis:

See 3. Expand KAPE program–first speed safety camera, above.

Appendix A: Strategy Details

13. Move Civil Engineer/Capital Projects Manager entirely to Transportation

Strategy Type: Reallocation

Fiscal Impact Estimate: \$140,000

Feasibility:

The implementation of this strategy would require very little effort on the part of CoK staff.

Fiscal Impact: High

Potential of Success: High

Background/Analysis:

Currently a Civil Engineer/Capital Projects Manager position is charged to the General Fund but there is justification for the wages and benefits of this position to be moved to the Transportation Budget.

14. Let temporary employees contract end

Strategy Type: Expense

Fiscal Impact Estimate: \$100,000

Feasibility:

When the temporary employees current contract ends, this strategy could be implemented by doing nothing.

Fiscal Impact: High

Potential of Success: High

Background/Analysis:

A current temporary employee could continue if a 0.5 FTE position was created but this could be a way to reduce wages which is a very significant part of the General Fund.

15. Levy lid lift to fund public safety \$0.16 (incremental from first \$0.08)

Strategy Type: Revenue

Fiscal Impact Estimate: \$560,000

This levy would be for \$0.08 per \$1,000 of assessed value. The current median assessed value of a Kenmore home is \$821,000; this property owner would pay \$65.68 annually (\$5.47 per month) for each strategy, 1 and 2, for a total of \$131.36 annually (\$10.94 per month).

Feasibility:

This strategy would require voter approval. It has a higher likelihood of success because it's justified due to the recent increases in the cost of the public safety services contract from the King County Sheriff. It also has a lower likelihood of success because it is a higher tax amount than strategy 1; an additional tax typically means a lower likelihood of voter approval.

Fiscal Impact: High

Potential of Success: Medium-High

Background/Analysis:

Public safety is the largest line item in the General Fund at 32%; if a portion of it is levy-funded, this will

Appendix A: Strategy Details

free up General Fund dollars for other purposes. This strategy is less regressive than a utility tax, but the CoK may want to expand public assistance and outreach if it is implemented. If this strategy was implemented and voters approved in November 2024, monies would be collected in 2025. The FSPTF considered this levy lid lift in tiers; this first tier (\$0.08 per \$1,000 of assessed value) was ranked higher by the members of the FSPTF than the second tier (an additional \$0.08 per \$1,000 of assessed value). The FSPTF was planning on these strategies being implemented together with a ballot measure asking for \$0.16 per \$1,000 of assessed value.

16. Utility tax rebate program

Strategy Type: Revenue

Fiscal Impact Estimate: (\$250,000)

Based on the program operated during the COVID-19 pandemic, the estimate is that 1,000 people would qualify for the Utility Tax Rebate Program. A FSPTF member determined their own price of government (utility property taxes) was \$114 per month for an average Kenmore home. Providing each of these 1,000 people with \$200 annually would total \$200,000.

Feasibility:

The implementation of this strategy would be councilmanic.

Fiscal Impact: N/A

Potential of Success: High

Background/Analysis:

This strategy reduces the regressive nature of tax increases. The current plan is for the CoK to use ARPA funds in 2025-2026 to fund this strategy and then fund it from the General Fund starting in 2027. A 0.5 FTE CoK employee would be needed to run the Utility Tax Rebate Program, but it could also be contracted out.

17. Human services case worker / program navigator

Strategy Type: Expense

Fiscal Impact Estimate: (\$225,000)

The cost of this program could be offset by grants or other funding sources.

Feasibility:

This would require hiring a staff person or contracting this service so it will require staff time to implement but long-term, this position could have a significant long-term impact on the vulnerable members of our community.

Fiscal Impact: N/A

Potential of Success: High

Background/Analysis:

The task force is concerned about the regressive nature of some of these revenue strategies and the potential impact to low-income residents. Investing in a dedicated headcount / program will mitigate the impact of these strategies on vulnerable members of our community by helping them get connected with existing programs and services at the city, county, and federal level.

Appendix A: Strategy Details

18. Public safety sales tax of 0.1%

Strategy Type: Revenue

Fiscal Impact Estimate: \$460,000

Feasibility:

This strategy would require voter approval. It has a higher likelihood of success because it's justified due to the recent increases in the cost of the public safety services contract from the King County Sheriff.

Fiscal Impact: High

Potential of Success: High

Background/Analysis:

A sales tax of up to 0.3% can be imposed by either King County or the CoK, but not both. If CoK imposes the tax first, it collects the entire amount they impose. If King County imposes the tax first, it is split 60-40 between them and the CoK. The consensus of the task force members is that it is only a matter of time before King County imposes this sales tax. Sales tax is not charged on food items, which reduces the relative impact to low-income families. This tax will likely be levied by the county regardless, so the DEIA impact could be neutral.

19. Metropolitan Park District (MPD) Levy (\$0.05 per \$1,000)

Strategy Type: Revenue

Fiscal Impact Estimate: \$350,000

This levy would be for \$0.05 per \$1,000 of assessed value. The current median assessed value of a Kenmore home is \$821,000; this property owner would pay \$41.05 annually (\$3.42 monthly). Public works, parks, and facilities are the second highest line item in the General Fund; this levy would pay for some of the park's maintenance funds and free up those monies in the General Fund.

Feasibility:

This strategy would require voter approval. It has a higher likelihood of success because it is connected to something citizens are getting, parks.

Fiscal Impact: High

Potential of Success: Medium

Background/Analysis:

This strategy would also establish a Metropolitan Park District with the Kenmore City Council acting as the Board; it could potentially be used to facilitate Lakepointe efforts. The ballot measure can be up to \$0.75 per \$1000 of assessed value. The approval of the ballot measure creates a limit; the MPD Board can choose to start with a lower levy rate and raise it as necessary. This strategy is less regressive than a utility tax.

20. Lakepointe development opportunity

Strategy Type: Expense

Fiscal Impact Estimate: \$500K (2025 and 2026 only)

Appendix A: Strategy Details

This expense would only be in FY 2025 and 2026.

Feasibility:

This strategy would require significant staff time to do the work and manage the contracts associated with this.

Fiscal Impact: High

Potential of Success: Unknown

Background/Analysis:

The FSPTF supports the CoK taking an active role in developing the Lakepointe property; according to the recent EMC survey results, Kenmore residents show strong support as well. As such, we have incorporated the estimated costs expected to do the necessary due diligence for the CoK to prepare for the next stage of development.

21. Vehicle tab fee increase

Strategy Type: Revenue

Fiscal Impact Estimate: \$180,000

This strategy would increase the vehicle tab fee from the current \$40 to \$50.

Feasibility:

The implementation of this strategy would be councilmanic but there are limits on timing, February 2025 is the next time an increase can be made.

Fiscal Impact: High

Potential of Success: High

Background/Analysis:

The FSPTF did not rank this strategy high enough to make the initial recommendation, but it is included in the alternative recommendation.

22. Expand B & O tax to other industries (retail, services, etc.)

Strategy Type: Revenue

Fiscal Impact Estimate: \$400,000

Feasibility:

The implementation of this strategy would be councilmanic.

Fiscal Impact: High

Potential of Success: High

Background/Analysis:

The Balancing Act data suggests this would have a low approval from the community. The FSPTF did not rank this strategy high enough to make the initial recommendation, but it is included in the alternative recommendation. The FSPTF felt the implementation of this strategy would make the city less business friendly.

Appendix A: Strategy Details

23. Increase electric utility tax from 4% to max 6%

Strategy Type: Revenue

Fiscal Impact Estimate: \$400,000

Feasibility:

The implementation of this strategy would be councilmanic.

Fiscal Impact: High

Potential of Success: High

Background/Analysis:

The FSPTF did not rank this strategy high enough to make the initial recommendation, but it is included in the alternative recommendation. This would be a regressive tax since low-income households often use the same amount of electricity as high-income households. The CoK should expand public assistance and outreach if this strategy is implemented.

Other Strategies the FSPTF Discussed and the CoK Might Consider in the Future:

Public-private partnerships (PPP)

Currently the CoK has recreation partners that provide programming to the community (with some scholarships) while the CoK offers them the use of the land for free. There is a possibility the CoK could charge rent or fees for these third-party recreation partners. The FSPTF was in favor of charging rent to the rowing program using the Boathouse at Rhododendron Park until all previous monies that were agreed to be paid are paid in full.

Provide education on use and assist in signups for existing community discount programs

This is an offset to the regressive taxes put in place by the taxes recommended. This assistance and education should target all ages and income levels for programs such as Safeway/Albertsons, QFC/Fred Meyer, King County Library, Seattle Library, King County Metro, Sound Transit, etc.

Event donations / fundraising

At events like the Fourth of July Fireworks, Summer Concerts, Movies in the Park, and Farmer's Market, allow participants to give donations.

Evaluate insurance rates, WCIA vs. AWC vs. Self-Insured

It will take a few months to determine if there are any cost savings by switching providers or self-insuring; CoK staff are looking into this.

Sell unused city land (U.S. post office building, \$1M; Shell property, \$1.5M; Cozy Inn, \$0.6M; Hangar/Town Square)

Although monetizing land owned by the CoK would provide future inflation adjusted revenue to offset structural deficits, the selling of the land could provide an immediate increase in revenues if necessary.

Explore options for year-round usage of the Log Boom concession building by a for-profit company, CoK would receive 20% of the profits

The concession building at Log Boom does is used during the warmer months so this would extend that

Appendix A: Strategy Details

year-round. There is a limit to this as the concession building does not have a water system. There would be a possibility of food trucks or other types of standalone/self-contained concessionaires at CoK parks (especially at Log Boom and Łaxwadis park) that could be a revenue source for CoK. This could provide both economic growth and more places to eat in Kenmore.

Monetize city land and properties

The CoK owns a few pieces of property, the U.S. post office building, Shell property, and Cozy Inn property. If the CoK retained ownership of this property but monetized it (via a lease, etc.), it would provide future inflation adjusted revenue.



Appendix B: Matrix of Strategies

														3 - Pursue as a priority													
														2 - Pursue as a secondary priority, with less dedicated resources													
No	Type	Dept	Title	Fiscal Impact Category	Fiscal Impact Estimate	Potential of success	Success Considerations	Phasing (years)	Effective Year	Imact to Service Level	DEI Considerations	Notes	Avg Score	Alinafe Matenda	Edouard Lassalle	Holly Koelling	Jeff Pooley	Katrina Rose	Mary Sullivan	Michael Vanderlinde	Tiff Stoner	Vincent Keane					
Levy lid lift																											
1	Revenue	n/a	Levy lid lift to fund public safety \$0.08	High	560,000	Med-High	Requires voter approval. Higher liklihood of success because it's justified due to the recent increases in King County Sherrif contract costs	1 year	2026	n/a	Less regressive than utility tax, but we may want to expand public assistance and outreach.	\$0.04 per \$1000 of assessed value	2.78	2	3	3	3	2	3	3	3	3					
2	Revenue	n/a	Levy lid lift to fund public safety at \$0.16 (incremental from first \$0.08)	High	560,000	Med-High	Additional tax might mean lower likelihood of voter approval success	1 year	2026	n/a	Less regressive than utility tax	\$0.04 per \$1000 of assessed value	2.44	2	3	3	3	1	3	2	2	3					
3	Revenue	n/a	Levy lid lift to fund public safety at \$0.24 (incremental from \$0.16)	High	560,000	Med	Same as above	1 year	2026	n/a	Less regressive than utility tax	\$0.04 per \$1000 of assessed value	1.00	0	2	3	3	0	0	1	0	0					
4	Revenue	n/a	Levy lid lift to fund public safety at \$0.32 (incremental from \$0.24)	High	560,000	Med	Same as above	1 year	2026	n/a	Less regressive than utility tax	\$0.04 per \$1000 of assessed value. Given Rob's remarks about the .35 levy passed in Maple Valley, this seems like a greater likelihood for passage than I had originally assumed. (HK)	1.00	1	1	3	3	0	0	1	0	0					
5	Revenue	n/a	MPD Levy (\$0.05 per \$1000)	High	350,000	Med	Requires voter approval. Higher likelihood of approval because it's attached to something citizens are getting.	2 years	2026	n/a	Less regressive than utility tax	This could be established now and would potentially be used to facilitate Lakepointe efforts. Ballot measure can be up to .75 per \$1000. The ballot approval creates a limit, so the council can choose to start smaller and raise.	2.22	3	3	3	2	1	2	3	3	0					
Taxes and Fees																											
6	Revenue	n/a	Increase Electric utility tax from 4% to max 6%	High	400,000	High	Councilmanic	1	2026		Regressive tax since low income households often use the same amount of electricity as high-income households.	Doesnt compete with MPD levy. Did to offset future reduction in yeild from other utility taxes as carbon based fuel use reduced and conservation decreases usage. HK: There's a lot swirling around now with the new natural gas "ban" law, the ability of the electrical grid to handle a transition from natural gas to fully electric, the anticipated cost impacts for conversion on residents, and the forecasted rises in rates for both energy sources in the near term. It seems prudent to wait through the fallout of this in the next legislative session before considering any additional taxes as well.	1.11	1	0	1	1	2	2	3	0	0					
7	Revenue	n/a	Public safety sales tax 0.1%	High	460,000	High	Requires voter approval. Higher liklihood of success because it's justified due to the recent increases in King County Sherrif contract costs and the 'use it or lose it' nature.		2026		Sales tax is not charged on food items, which reduces the relative impact to low-income families. This tax will likely be levied by the county regardless, so the DEIA impact could be neutral.	0.10% increase to sales tax. The county can take 0.3% and if they get that before we institute ours, then we won't be able to get it later (use it or lose it)	2.33	3	2	3	3	3	3	2	2	0					
8	Revenue	n/a	Utility tax rebate program	n/a	(225,000)	High			2027		Reduces regressive nature of utility fee/tax increases.	Based on COVID program, estimate is 1K people @ \$200 per year = \$200K total cost per year. Plan to use ARPA funds in 25-26, then funded from the general fund in 27. + 0.5 FTE or contract to run the program	2.44	3	3	3	3	2	2	3	3	0					
36	Expense		Human services case worker/program navigator	High	(225,000)	High			2026		This mitigates the concerns with regressive tax programs		2.43	1	2		3	3		3	3	2					
9	Revenue	n/a	Vehicle tab fee increases	High	180,000	High	Councilmanic	1	2025			Councilmanic, can increase from \$40 to \$50 after 24 months or Feb 2025	2.11	1	3	3	3	2	2	3	2	0					
10	Revenue	n/a	Transportation Sales Tax - increase from 0.1% to 0.2%	High	460,000	Med	Requires voter approval		2026			Current FSP has 0.1% starting in 2027 (already in forecast). Increase from .1% to .2% requires voter approval.	1.13	2	2		1	3	0	0	1	0					
11	Revenue	n/a	Surface Water Utility Tax increase (1%)	Low	50,000	Hlgh	Councilmanic					Currently at 6% (no limit)	0.75	0	1		1	1	1	1	1	0					

Appendix B: Matrix of Strategies

12	Revenue	n/a	Expand B & O Tax to other industries (retail, services, etc.)	High	400,000	High	Councilmanic, but balancing act informattion suggests this has a low approval			Current tax rate and amount? Current spend to monitor and manage?	1.50	2	2	1	1	2	2	2	0	
13	Revenue	n/a	Eliminate Admissions Tax in the plan		(130,000)	High					2.63	2	2	3	2	3	3	3	3	
14	Revenue	Office of City Manager	Lodging tax	Low	50,000	High		1		Requires effort to facilitate program (e.g., tourism council, etc.). Tax amount is 125K with unknown program costs.	0.75	1	1	3	1	0	0	0	0	
Other Revenue																				
16	Revenue	Public Works	Picnic shelter rental fees (Log Boom, TI' awh-ah-dees, Moorlands)	Low	17,000	High			2025	Rodedenren park is ~10K	2.56	2	3	2	2	3	3	2	3	3
KAPE Program																				
18	Revenue	Police	Expand KAPE program - First Camera	Medium	225,000	Med-High	Shifts more of safety, traffic control costs to non-Kenmore residents that use our roads.	2	2027	Estimate based on existing camera revenue. If not related to a school zone, could be higher (run full year instead of only 9 months). In order for these revenues to benefit the general fund, we must move more KAPE-related costs to the KAPE program (officer review time, attorney fees, police patrol, etc.)	2.89	3	2	3	3	3	3	3	3	3
										New law requires equity analysis before selecting camera locations										
19	Revenue	Police	Expand KAPE Program - Second Camera	Medium	225,000	Med-High	Shifts more of safety, traffic control costs to non-Kenmore residents that use our roads.	2	2027	Possible camera locations include: - 3 additional school locations - Rododendren park - Other locations	2.89	3	2	3	3	3	3	3	3	3
										New law also gives leiniency to low income infractions. We can also choose to be more leinient.										
20	Revenue	Police	Expand KAPE Program - Third Camera	Medium	225,000	Med-High	Shifts more of safety, traffic control costs to non-Kenmore residents that use our roads.	2	2028	Camera revenue needs to pay for "traffic safety activities." There's a chance this could be challenged to exclude police services.	2.78	3	2	3	3	2	3	3	3	3
21	Revenue	Police	Expand KAPE Program - Fourth Camera	Medium	225,000	Med-High	Shifts more of safety, traffic control costs to non-Kenmore residents that use our roads.	2	2028		2.56	3	3	3	3	3	3	3	2	0
22	Revenue	Police	KAPE Program adjustment - All red light violations (not just EB left-turn) 61st/Bothell Way	Low	-	Low	See comments under Notes. Consider increasing amount of fines instead		2026	Per conversation with Tobin, Kenmore does not have a lot of red light runners. The cost of adding extra cameras would outweigh the revenue. He did mention a signal change at 170th & 68th where there will be no turn on red. If does not alter behavior after 6 months, may make sense to add camera at that location.	0.13	0	1	0	0	0	0	0	0	0
23	Revenue		KAPE program first tier ticket cost by to \$136 for two cameras		180,000	High			2026	Other cities range from \$124 to \$210, but most cities are \$136.	3.00		3	3	3	3			3	
24	Revenue	Police	KAPE program adjustment - All school zone cameras to enforce at a 4+ MPH over the speed limit instead of 6+MPH.	Low	55,000	Med-High	Could possibly be challenged more often (margin of error for speed radar, etc.). Consdier increase in fines instead.		2026	Existing cameras initiate enforcement when the schoool zone speed limit is exceeded by 6+MPH. If this was lowered to 4+ we would generate more revenue with only the cost to change the settings on the system. Is this legal? MM: yes, we can change the speed threshold. I will send a Photo enforcement memo from Tobin with speed thresholds of other cities along with fine amounts. Based on the memo, 6 MPH over seems appropriate. Note that Kenmore has the lowest first tier fine at \$100. Others range from \$124 to \$210.	1.13	2	2	0	3	1	0	1	0	0
Expense Reduction / Efficiency																				
25	Expense	Street	Convert street lights to LED	Medium	68,837	Med-High			2028	\$200K incentive against \$260K total cost. Initial year savings is net 0, with ongoing savings of ~\$70K	3.00	3	3	3	3	3	3	3	3	3
26	Expense	Office of City Manager	Evaluate insurance rates, WCIA vs. AWC vs. Self-insured.	Low		Low	Addendum item		2026	Staff has contacted AWC. Need to provide additional information. \$795K per year total. MM: It will take a few months to determine if there are any cost savings by switching providers or self-insuring.	2.33	3	0	3	3	3	3	3	3	0
27	Expense		Eliminate Fireworks event	Low	30,000	High			2026	Important to maintain/increase opportunities for community gathering as density increease.	-	0		0	0	0	0		0	
28	Expense		Eliminate movies in the park event	Low	10,000	High			2026	Important to maintain/increase opportunities for community gathering as density increease.	-	0		0	0	0	0		0	
29	Expense		Summer concerts in the park	Low	50,000	High			2026	Important to maintain/increase opportunities for community gathering as density increease.	-	0		0	0	0	0		0	

Appendix B: Matrix of Strategies

30	Expense		Let temporary employees contract end		100,000	High	2026			2.50	3	2	3	1	3				3					
31	Expense	Office of City Manager	Cut down newsletter to 2x per year (down from 4x)	Low	9,000	High	2026		Moderate	Commication with public is important esp as density increases.	-	0	0		0	0	0	0	0					
32	Expense		Operational Efficiency		Medium	100,000	Medium	2026		Audit departments to see where costs could be cut, on a {add period} basis?	2.63	2	2	3	3	3	2		3	3				
35	Expense		Strategic and Economic Development Manager position		Medium	(180,000)	High	2025			2.67	3	3		3	3		3		1				
Categorization Changes																								
33	Reallocation	Engineering	Move Civil Engineers/Cap Project Manager entirely to transportation		High	140,000	High	2026			2.56	2	3	3	3	3	3	3	3	0				
34	Reallocation		Parks Project Manager: 1500 hours to capital fund (similar to Engineering Project Managers).		High	100,000	High	2026		Assess justification for allocating higher portion of cost to capital projects?	2.67	3	3	3	3	3	3	3	3	0				
Other Considerations																								
15	Revenue		Explore options for year-round usage of Log Boom concession building by for-profit company, city gets 20%.				Fiscal impact unknown at this time.			I do think that we could explore the possibility of food trucks or other types of standalone/self-contained concessionaires at Log Boom Park – maybe just summer months, but it could be a revenue generator for the City (getting a cut of the profits) for providing the space. This could provide both economic growth and more places to eat in Kenmore. I love the idea of establishing and area where we could have rotating food trucks or even a longer-term kind of agreement. Our new park improvements at Log Boom and TI’ have a lot of potential.(Jennifer G)	2.38	2	3	3		3	3	2	3	0				
17	Revenue		Monitize city land and properties		Low		Low	Retention of city ownership would provide future inflation adjusted revenue to offset structural deficits and allow city significant control over future DT development.		Addendum What property does the city own? Estimate for lease income? Can we purchase land with non-genera fund?	2.38	3	1		3	3	3	3	3	0				
			Sell unused city land and properties (post office (\$1M), Shell property (\$1.5M), Cozy Inn (\$0.6M?), Hangar/town square							Retention/increase in city ownership would provide future inflation adjusted revenue to offset structural deficits and allow city significant control over future DT development.	0.38	0	0		0	0	0	0	0	3				
	Indirect revenue source/cost-saving		Public-Private Partnerships (PPP)					Not enough information available to communicate to city council or public		1	2026		Charge rent or fees for third-party recreation partners. Rowing programs.	1.50	3	1		1	2	3	1	1	0	
			Economic development programs					Not enough information available to communicate to city council or public		1	2026			1.38	0	0	3	3		2	1	2	0	
	Offset Revenue Increase		Provide education on use & assist in sign up for existing community discount programs.					Not enough information available to communicate to city council or public		1	2026		Need to consider these kinds of programs when considering regressive tax programs	Target all ages and income levels for Safeway/Albertsons, QFC/FM, library programs, transit programs, etc.	2.44	3	3	3	3	3	3	1	3	0
	Revenue	Public Works	Event donations / fundraising		Low		Low	1		2026			Addendum item	1.14	1	3		1	1		1	1	0	
	Revenue	n/a	Lakepoint specific levy		High	2,000,000			increase	Public asset available to all.. esp. important as pop. density increases.	Likely to propose lakepoint property tax measure in November. Form Metro park district (MPD) now that would kick in when the Lakepoint		3	2	3		0	3	3	2	0			

Appendix B: Matrix of Strategies

Investment	n/a	Lakepoint investment	ff	(2,000,000)		increase	Public asset available to all.. esp. important as pop. density increases.	3	2	3	0	3	2	0
------------	-----	----------------------	----	-------------	--	----------	---	---	---	---	---	---	---	---