City of Kenmore - 18120 68th Avenue NE - Kenmore, WA 98028
Phone: 425-398-8900 - E-mail: cityhall@kenmorewa.gov

City Council Special Meeting

City Council One-Day Retreat

OFF-SITE

Kirkland City Hall - Peter Kirk Room

123 5th Avenue, Kirkland, WA 98033

SATURDAY, MAY 17, 2025 - 8:30 AM - 5:00 PM

YouTube Livestream Link:
https://www.youtube.com/@cityofkenmore4367/streams

Land Acknowledgement to Honor First Peoples

We acknowledge that the City of Kenmore is situated upon the ancestral lands of the Snohomish, Snoqualmie, Sauk-Suiattle, Duwamish, Stillaguamish, Tulalip, Suquamish, Muckleshoot, and other tribes who are part of the Coast Salish Peoples. We recognize and express our deepest respect for their enduring stewardship and profound relationship with this land, which they have cherished and protected since time immemorial. We honor the First Peoples, acknowledge their vibrant cultures, and commit ourselves to learning from their wisdom in our journey to promote justice, equity, and mutual understanding. We pledge to stand alongside these communities in acknowledging past injustices and working towards a future that respects and celebrates the diverse heritage of this land.

Note: Times required for each topic are estimates. Once a topic is completed, the next topic will be addressed.

8:30 a.m. **Call Special Meeting Retreat to Order**
Mayor Nigel Herbig

8:35 a.m. **Welcome and Introductions**
Facilitator Michael Pendleton and Councilmembers

A. Working Together at the Retreat; Ground Rules and Agenda Review
Retreat Ground Rules

B. Councilmembers' Opening Remarks (3-5 minutes per member):
- What issues or opportunities are top-of-mind for you right now?
- What values or principles should guide us today?
- What long-term goal(s) do you hope this council never loses sight of, even beyond this retreat?

9:15 a.m. **Setting the Stage**
Interim City Manager Stephanie Lucash and Leadership Team

A. Financial Outlook, presented by Finance & Administration Director Melinda Merrell
Financial Forecast Memorandum - May 2025 Retreat

B. Financial Sustainability Plan, presented by Interim City Manager

Stephanie Lucash and Finance & Administration Director Melinda Merrell
City Manager's Financial Sustainability Plan Recommendations - November 2024
Presentation - Financial Sustainability Plan Update - May 2025 Council Retreat

C. Brief Lakepointe Update and Ballot Measure Options, presented by Interim City Manager Stephanie Lucash, Interim Deputy City Manager Tambi Cork, Assistant City Manager/Community Development Director Debbie Bent, Finance & Administration Director Melinda Merrell, and Public Works Operations Director Jennifer Gordon
Presentation - 2026 Ballot Measure Options to Address Operational Funding Needs - May 2025 Council Retreat

10 a.m. **Break**

10:15 a.m. **Continuation of Above**

Decision/Direction Point

12 p.m. **Lunch and Connection**

1 p.m. **What Success Looks Like: Our Work to Deliver on Council's 2025-2026 Priorities**
Interim City Manager Stephanie Lucash and Leadership Team

2025-2026 Council Priorities: What Success Looks Like

1:30 p.m. **Public Works Operations Center (PWOC)**
Public Works Operations Director Jennifer Gordon, and Environmental Services Director Richard Sawyer

Presentation - Public works Operations Center (PWOC) Project Update - May 2025 Council Retreat

2 p.m. **Council Process**
Facilitator Michael Pendleton

1. Public Comment - Update to Council Rules and Procedures
2. Advisory Committees: Council Interaction/Liaison Role with Diverse Representation (i.e., Youth Participation)

Policy CC-1 - Council Rules and Procedures

2:15 p.m. **Potential Policy Discussion Items**
Facilitator Michael Pendleton and Councilmembers

Decision/Direction Point: Does the body wish to pursue this? How does this line up with Council priorities?

1. Jail Contracting Options (Mayor Herbig)
2. Safe Lighting Ordinance (Deputy Mayor O'Cain)
3. Economic/Neighborhood Development (Deputy Mayor O'Cain)

2:30 p.m. **Break**

2:45 p.m. **Policy Discussion Items - Continued**

3:30 p.m. **Exercise: Priority Setting (Lite)**
Facilitator Michael Pendleton and Councilmembers
Current Council Priorities2025-2026

4:30 p.m. **Finalize Council 2026 Priorities**
Facilitator Michael Pendleton and Councilmembers

4:45 p.m. **Wrap Up**

- Next Steps
- Reflections on Retreat

5 p.m. **Adjourn Retreat (Special Meeting)**

Retreat Ground Rules

- Empower The Facilitator
- Be On Time
- Respect For Others And Their Views
- Speak Only For Yourself And Not Others
- Seek Facilitator Acknowledgment Before Speaking
- Share Air Time
- One conversation at a time
- Listening is Sign of Respect
- Move On-Avoid Saying the Same Thing Twice
- Seek Positive Outcomes and a Positive Experience

City of Kenmore, Washington

Memorandum

Date: May 17, 2025
To: City Councilmembers
Interim City Manager Stephanie Lucash
From: Melinda Merrell, Finance and Administration Director
Regarding: City Council Retreat – Financial Forecast

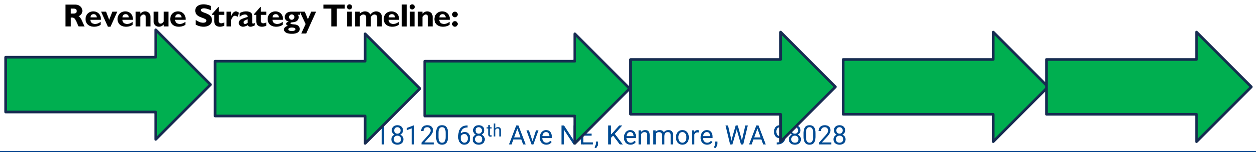
Executive Summary: Kenmore leadership recognizes that recent changes in federal direction, policies, and spending programs, including possible tariffs, as well as other factors, may have an impact on the operations and financial picture in our city. As a result of changing circumstances, city staff have reviewed and updated our financial forecast to try and better understand possible scenarios that we need to begin planning for, both in the current biennium and beyond.

This updated six (6) year General and Street Fund financial forecast attempts to capture unknown impacts on our revenue and expense streams as we navigate the changing environment and challenges on the horizon. It shows that we will have a significant deficit beginning in 2029 and projects a worsening deficit than was previously modeled for 2030, and projects deep deficits in 2031 and 2032. Kenmore leadership recognizes the importance of communicating this information now so that the City Council has an opportunity to take measures to address and counteract the projected forecast. Possible measures for Council to consider include adopting various recommendations presented in the Financial Sustainability Plan (FSP) that was adopted by the Kenmore City Council in November 2024, including councilmanic options, ballot measure options to take to voters, as well as reductions and cuts to services and programs.

Background: In November 2024, the City Manager presented his Financial Sustainability Plan (FSP) recommendations (linked here) which were based in large part on the FSP Task Force recommendations.

The City Manager's proposed revenue and expenditure strategies were as follows:

Revenue Strategy Timeline:



-MPD* ballot measure -New picnic shelter rental revenue	-Public safety and human services levy lid lift ballot measure -Fourth KAPE location if excessive speeding persists	-MPD revenue starts -Public safety levy lid lift revenue starts -Access remaining amount of banked property tax capacity	-City Council votes to add a new KAPE camera location in north end of the City -City Council votes to increase Transportation sales tax 0.1%	-Public safety sales tax of 0.1% ballot measure -Revenue starts from additional KAPE camera -Transportation sales tax increase revenue starts	-Revenue begins from public safety sales tax

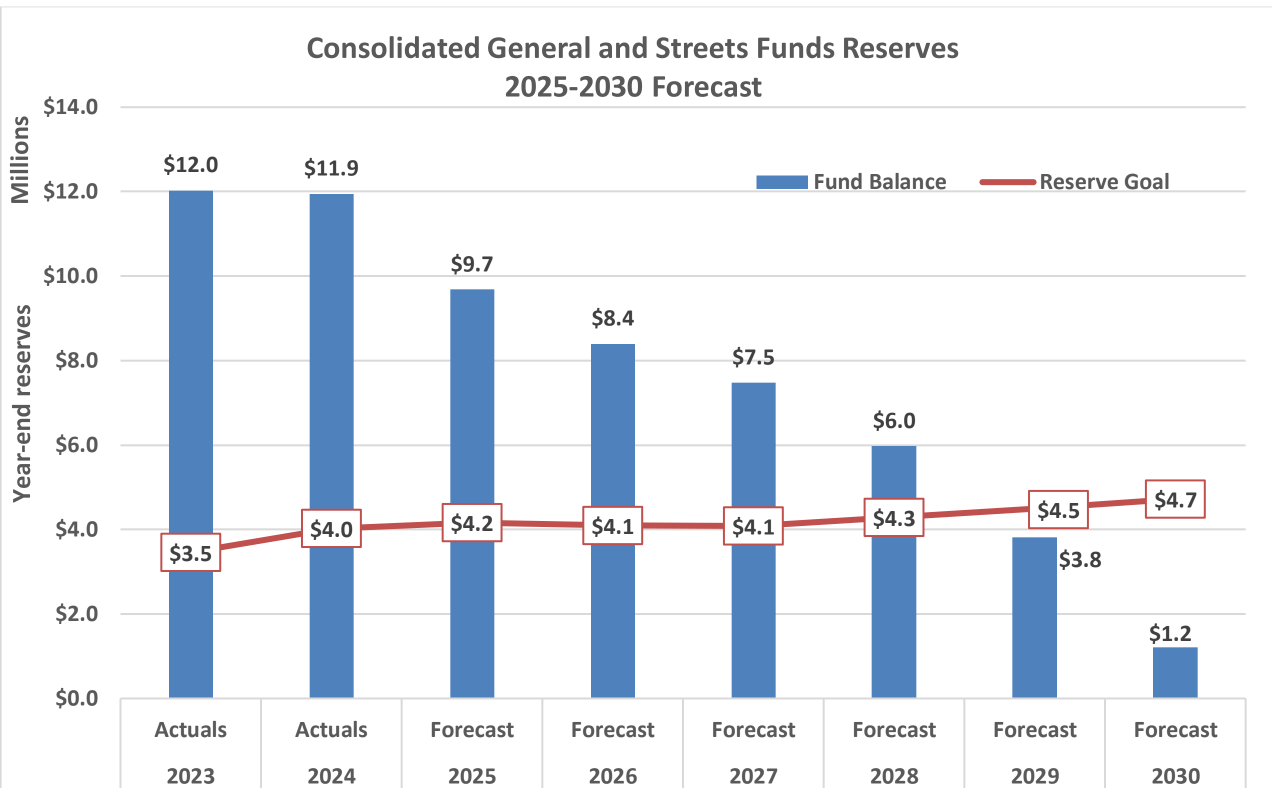
*Metropolitan Park District for the purpose of assisting with the funding of parks and recreation operations and Lakepointe park acquisition and development.

Expenditure Strategy Timeline:

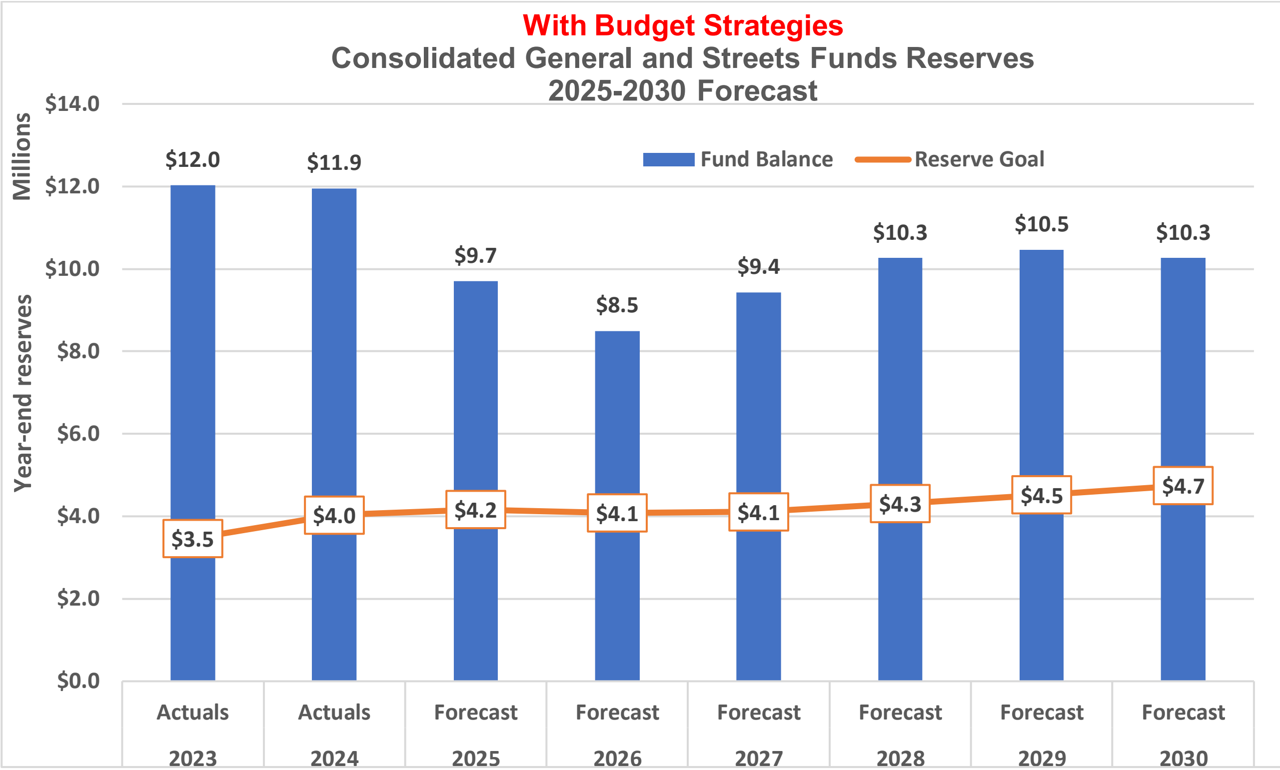
2025	2026	2027	2028	2029	2030
-Street lights converted to LED -Other expenditure reductions (per Task Force)	-City Council adopts 2027-28 biennial budget -Savings from LED street lights begins	-Human services navigator and Utility tax rebate funded from levy lid lift begin			

Before implementing any of these strategies, the budget picture below was presented in November 2024, with the exception of 2024 being updated with actuals:

Summary General & Street Fund *Updated: 4/29/2025*	2023 Actuals	2024 Actuals	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
General Fund								
Beginning Fund Balance	3,533,759	9,732,274	9,564,662	7,481,638	6,415,850	5,771,844	4,585,880	2,822,805
Revenue	17,299,088	18,095,163	17,215,098	17,860,267	18,167,719	18,566,347	18,976,853	19,636,088
Expense	11,100,573	18,262,775	19,298,122	18,926,054	18,811,725	19,752,312	20,739,927	21,776,924
Ending Fund Balance	9,732,274	9,564,662	7,481,638	6,415,850	5,771,844	4,585,880	2,822,805	681,970
Fund balance as % of operating expenditure	88%	52%	39%	34%	31%	23%	14%	3%
Street Fund								
Beginning Fund Balance	2,270,571	2,294,467	2,384,160	2,200,333	1,978,668	1,709,771	1,390,725	988,248
Revenue	1,625,318	1,964,984	1,340,091	1,333,142	1,350,235	1,367,575	1,354,987	1,372,529
Expense	1,601,422	1,875,291	1,523,918	1,554,806	1,619,132	1,686,621	1,757,464	1,831,863
Ending Fund Balance	2,294,467	2,384,160	2,200,333	1,978,668	1,709,771	1,390,725	988,248	528,913
Fund balance as % of operating expenditure	143%	127%	144%	127%	106%	82%	56%	29%
Combined Ending Fund Balance	**$12,026,741**	**$11,948,822**	**$9,681,970**	**$8,394,518**	**$7,481,616**	**$5,976,604**	**$3,811,053**	**$1,210,883**
Fund Balance as % of operating expenditure ***(Threshold is 20%)***	**95%**	**59%**	**46%**	**41%**	**37%**	**28%**	**17%**	**5%**

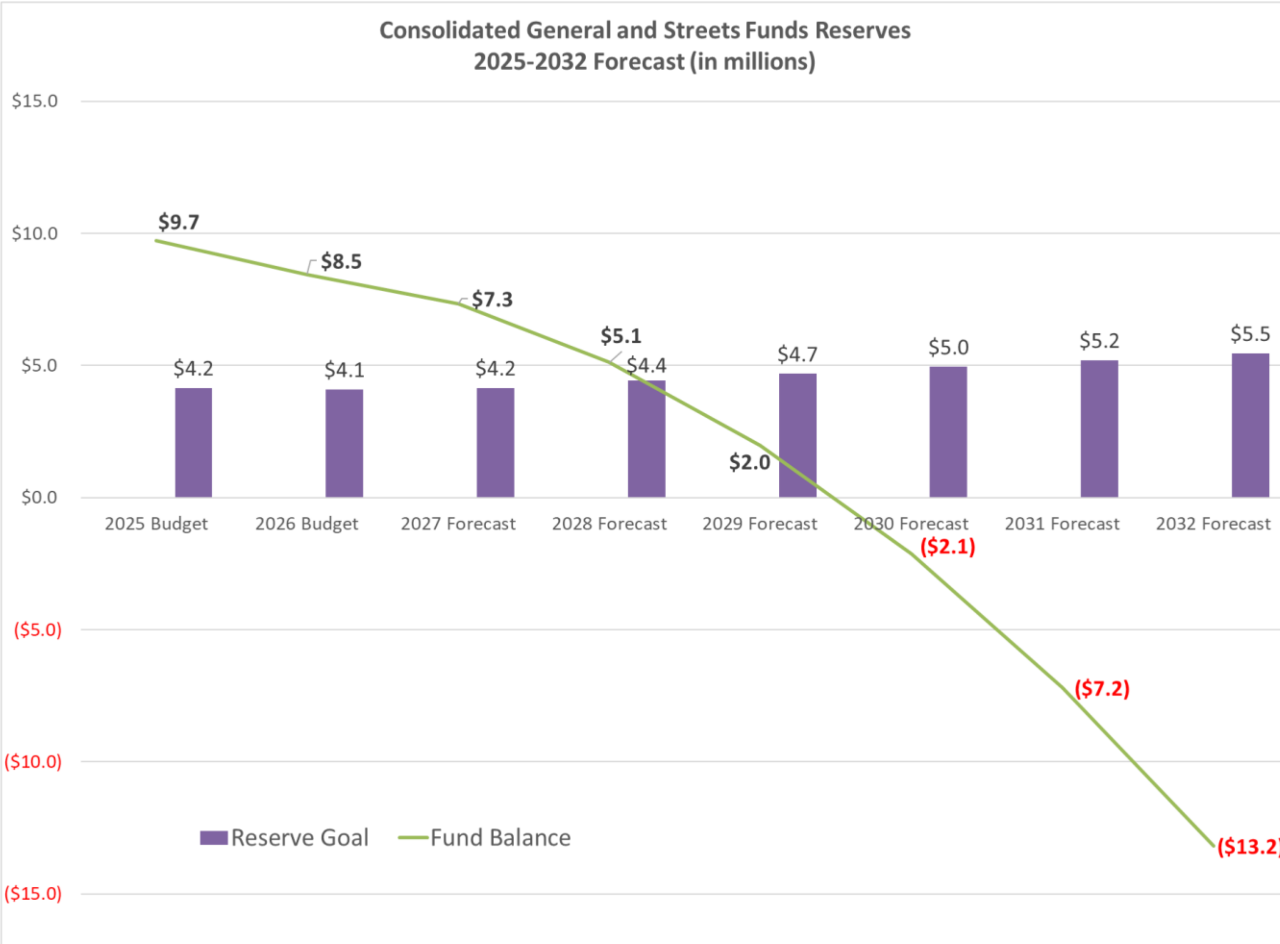


Upon implementation of the recommended strategies, the new forecast was presented in November, as follows:



Updated General Fund Revenue and Expense Outlook through 2032:

The new General and Street Fund forecast presented here is for the six-year period that extends through the year 2032. The forecast represents three (3) biennial budget periods. This forecast contains additional expenditure pressures due to the current economic climate and updated revenue assumptions based on more current data. The chart below does not include any recommendations from the 2024 Financial Sustainability Task Force. This new forecast shows a more significant deficit than was presented previously.



To better understand the reason behind these changes in the financial picture, it is important to clarify revenue assumptions.

Historically, expense assumptions are held at 5% annual growth with the exception of public safety expenses which have varied at a higher level. Given the current economic state and level of uncertainty, the expense assumptions have been increased and some revenue categories decreased as follows:

Revenues assumptions for this financial forecast in 2027 through 2032:

- The property tax levy rises by 1.9% annually.
- Sales tax increases annually by 2%. (this has been reduced from 3%)
- Electric utility tax revenues increase by 2% annually; cellphone utility tax revenues increase 1% annually; surface water utility tax revenues increase variably in conjunction with the new surface water rates; cable is reduced by 2% annually and telephone is reduced 5% annually.
- Franchise fee revenues for water and sewer increase annually at 3%; cable franchise fees are reduced 5% each year.
- Gambling tax revenues are set to increase 5% annually based on 2023 and 2024 actuals.

- Land use and plan review fees are estimated to increase 3% annually while building permit fees have been lowered to increase only 1% annually.
- Liquor taxes increase 3% annually; however, liquor profits only grow by 1%.
- Rents and leases and reimbursements are held flat each year.
- Based on 2023-2024 actuals and current earnings rates on our investments, investment earnings are forecasted to be $150,000 in 2027, $125,000 in 2028 and then lowered to $120,000 for the remaining four (4) years.
- The gas and solid waste utility taxes increase 1% annually.

Expenditure assumptions for this financial forecast in 2027 through 2032:

- All labor expenditure line items anticipated to increase 5% annually.
- Nonlabor for Finance and Administration projected to increase 12% in both 27-28, 8% in both 29-30 and 5% in both 31-32. These higher assumptions are to account for unknown insurance rate increases which have been escalating at an average four (4) year rate of over 24%. The insurance cost alone is 39% of the Finance budget.
- Public Safety costs are split into two categories. Those costs possibly impacted by tariffs/economic factors and the labor portion of the contract. For those items tangible items (vehicles, uniforms, technology), increases are forecasted to be 8% (27-28), 6% (29-30) and 5% (31-32). All other public safety costs are projected to be 7% (27-28), 6% (29-30) and 5% (31-32).
- All other non-labor expenses are set to grow at a rate of 8% in both 27-28, 6% in both 29-30 and 5% in both 31-32.

Summary/Fund Balance:

- The pressure of our expenses growing faster than our revenues is putting Kenmore on a rapid trajectory of dropping significantly below our reserve goal.
- The reserve goal states the City should, at a minimum, hold at least 20% of operating expenditures in reserves.
- Within the General Fund, we anticipate dropping below 20% in 2028. When combined with the Street Fund, we drop below 20% in 2029 and decline rapidly thereafter reaching a negative fund balance starting in 2030.

Next Steps:

- Factors out of our control, including possible impacts of tariffs, federal spending program reductions, and market conditions will need to continue to be closely monitored, and we will conduct ongoing assessment of impacts on our city financial picture and report our findings on a regular basis to the City Council.

- Because our expenses rise much faster than our revenues, it is imperative that we implement the City Manager's Financial Sustainability Plan recommendations that were approved by Council. One critical item would be a ballot measure in 2026 for either a Levy Lid Lift or a Metropolitan Park District (MPD). Additionally, a 0.1% Transportation Sales Tax was approved in the 2020 FSP and now again in the 2024 FSP. Per the FSP, this is slated to be implemented in 2027 once Council votes to adopt.
- Public Safety 0.1% sales tax likely to be approved by King County. We will receive a portion of those proceeds but don't know how much. This estimated revenue source is currently included in our strategy model.
- Information on the FSP recommendations will be shared next as part of today's retreat agenda.

To:

Kenmore City Council

City of Kenmore
FINANCIAL SUSTAINABILITY PLAN

KENMORE FSP

CITY MANAGER'S FINANCIAL SUSTAINABILITY PLAN RECOMMENDATIONS

November 12, 2024

Based on the Work of the

2024 Financial Sustainability Plan

Task Force

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

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Executive Summary

Due to revenues not keeping up with the cost to provide city services, the City Manager recommended revisiting and updating the Financial Sustainability Plan that the City Council adopted in the fall of 2020. Examples of higher-than-anticipated cost increases included high inflation (6.3% in 2021 and 9.5% in 2022) and increases that exceeded inflation in cost centers such as public safety and liability insurance coverage. Contributions to new programs such as the Regional Crisis Response co-responder program and the addition of several new full-time employee positions to align staff resources to workloads also contributed to the need to update the FSP.

As a result, in January of this year the City Manager convened a Task Force of talented Kenmore residents to assist in resolving upcoming financial difficulties that will see expenditures exceed revenues in the next year and reserve balances fall below the Council's 20% of annual operating expenditures goal in future years. The recommendations of the Financial Sustainability Task Force were presented to the City Council on May 6, 2024 and are included in Appendix B.

The recommendations in this proposed Financial Sustainability Plan are based in large part on the Task Force's recommendations. Variances from the Task Force's recommendations are a result of subsequent feedback from the City Council, recent changes in state law pertaining to photo enforcement, developments during the final preparation of the proposed 2025-2026 biennium budget, and other factors.

The City Manager's proposed revenue and expenditure strategies for a new Financial Sustainability Plan are as follows:

Revenue Strategy Timeline:

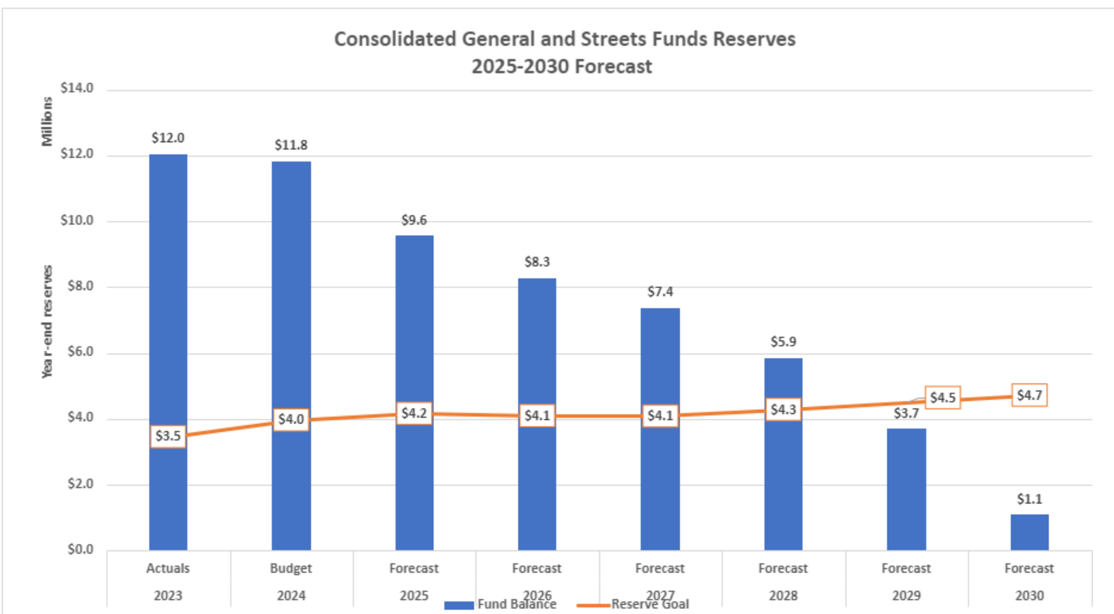
2025	2026	2027	2028	2029	2030
-MPD* ballot measure -New picnic shelter rental revenue	-Public safety and human services levy lid lift ballot measure -Fourth KAPE location if excessive speeding persists	-MPD revenue starts -Public safety levy lid lift revenue starts -Access remaining amount of banked property tax capacity	-City Council votes to add a new KAPE camera location in north end of the City -City Council votes to increase Transpo. sales tax 0.1%	-Public safety sales tax of 0.1% ballot measure -Revenue starts from add'l KAPE camera -Transpo. sales tax increase revenue starts	-Revenue begins from public safety sales tax

*Metropolitan Park District for the purpose assisting with the funding of parks and recreation operations and Lakepointe park acquisition and development.

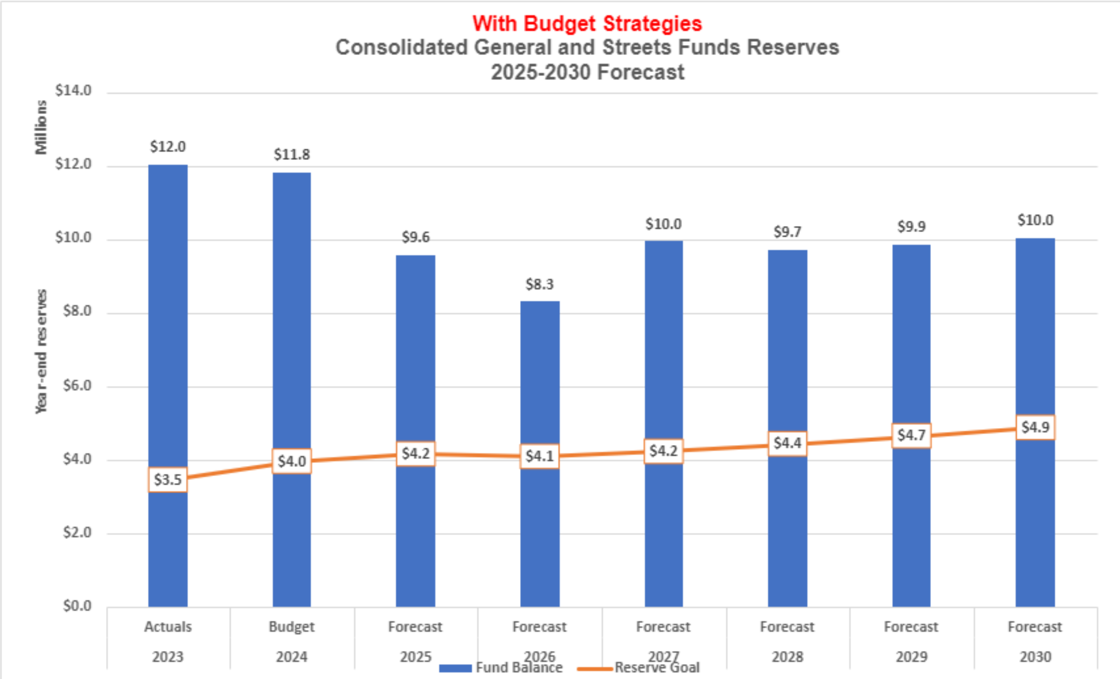
Expenditure Strategy Timeline:

2025	2026	2027	2028	2029	2030
-Street lights converted to LED -Other expenditure reductions (per Task Force)	-City Council adopts 2027-28 biennial budget -Savings from LED street lights begins	-Human services case worker and Utility tax rebate funded from levy lid lift begin			

If the City Council adopts and implements the revenue and expenditure strategies described above, the budget picture as illustrated through the combined General Fund and Street Fund balances, will go from this forecast:



To this forecast:



The next step is for the City Council to review this proposed Financial Sustainability Plan, make adjustments, and adopt the plan at a future meeting.

Introduction & Background

2020 FSP Task Force and Plan

In 2020, the City of Kenmore embarked on a Financial Sustainability Plan (FSP) process to develop a financial plan that would keep the City's finances stable and its operating fund balances strong for six or more years into the future. The City Manager appointed a group of Kenmore residents to form a Financial Sustainability Plan Task Force. With the help of a consultant and through a community engagement process, the Task Force recommended a series of actions over the next several years to maintain the City's financial health.

In October of 2020, the Kenmore City Council adopted a modified version of the Task Force's recommendations. Since its adoption, the City has, for the most part, followed this Financial Sustainability Plan.

The following tables summarize the 2020 FSP Plan actions that have been completed and those that have yet to be completed. As the tables show, all of the expenditure and revenue strategies have either been or are scheduled to be completed with two exceptions: seeking alternative jail providers and implementing an admission tax. The former is still a work in progress and the 2024 FSP Task Force advised against the latter because it would target a small number of businesses in the City for low financial impact. In addition, the adopted 2020 FSP includes accessing unused property tax banked capacity incrementally over multiple years. The City has been doing so, and most of the final amount of banked capacity will be used in 2025 and 2026.

Expenditures

Recommended Action	Recommended Timeline	Actual Completion Date
Discontinue Contribution to School Resource Officer Program	2021	2021-22 Budget
Continue most of the expenditure reductions made in 2020	2021	2021-22 Budget
Add HR/Diversity, Equity, Inclusion Position & Program	2021	DEIA Policy adopted November 2022. DEIA Strategic Plan adopted September 2023.
Increase Mental Health RADAR Program	2021	2021-22 Budget (used savings from school resource officer program to supplement RADAR funding)
Increase Pavement Preservation Funding	2022	2021-22 Budget
Seek Alternative Jail Providers	2024	Work in Progress

Recommended Action	Recommended Timeline	Actual Completion Date
Cable TV Utility Tax (6%)	2022	Ordinance No. 22-0546, July 2022
Traffic Photo Enforcement	2022	Ordinance No. 22-0542, February 2022 Revenue started in June 2023
User Fee Study	2022	Scheduled for 25-26 biennium
Property Tax Banked Capacity	2023	Phasing it in every year since 2021
Surface Water Utility Tax (6%)	2023	Ordinance No. 22-0563, November 2022
Admissions Tax	2024	2024 Financial Sustainability Task Force recommended against this
Voter-Approved Transportation Tax Increase (0.1%-0.2%)	2027	Scheduled for 2029 in 2024 FSP Recommendations

2024 Financial Sustainability Task Force and Plan

In 2023, the Finance Director updated the financial forecast, and, due to several factors not anticipated in the 2020 FSP, recommended to the City Council that the City reconvene an FSP Task Force and go through a public process to update the Financial Sustainability Plan. The unforeseen factors included high inflation (6.3% in 2021 and 9.5% in 2022[1]) and increases that exceeded inflation in cost centers such as public safety and liability insurance coverage. Contributions to new programs such as the Regional Crisis Response co-responder program and the addition of several new full-time employee positions to align staff resources to workloads also contributed to the need to update the FSP.

In late 2023, the City Council adopted a charter for a new Financial Sustainability Task Force and directed the City Manager to appoint members of the community to serve on the Task Force. After a publicly advertised selection process, the City Manager appointed nine Task Force members. The group held their first meeting on January 3, 2024 and their eleventh and final meeting on April 24, 2024. All Task Force meetings were open to the public with meeting minutes taken. All but the first meeting were video recorded.

The Task Force engaged the public in several ways, including an online interactive platform for members of the public to ask questions and provide comments. The Task Force also used an online interactive budget simulation tool, known as Balancing Act,

[1] Seattle-Tacoma Bellevue June CPI-W

that provided residents the opportunity to create hypothetical budgets according to their personal preferences and priorities. There were 772 page views of the online Balancing Act tool, and 67 simulated budgets were submitted by our community members. The Task Force also hosted an in-person town hall meeting on April 3, 2024. The results of a statistically valid survey that included questions to respondents about taxes and services was also presented to the Task Force. The Task Force considered the public input from all of these sources as it developed its recommendations for a new Financial Sustainability Plan.

The Task Force finalized its recommendations and presented its plan to the City Council on April 27 and again on May 6. The Task Force's full Financial Sustainability Plan is included as Attachment B.

City Manager's Recommended Financial Sustainability Plan

The City Manager's recommendations are based in large part on the FSP Task Force's recommendations. However, as a result of recently updated revenue and expenditure assumptions now incorporated in the 2025-2026 budget, City Council feedback on the FSP that was presented last May, and other factors, this document presents a modified 2025-2030 Financial Sustainability Plan from what the FSP Task Force put forward in May of this year.

The City Manager recommends the following strategies to better keep revenues in line with expenditures from 2027 to 2030 while maintaining a healthy reserve balance that exceeds the reserve goal.

1. **Expenditures**

a. **Human Services Case Worker/Program Navigator.** For the 2025-26 biennium, the human services case worker/navigator will be funded with one-time Special Projects funds (formerly known as ARPA). Special Projects funds are a one-time revenue source, meaning that for this program to continue beyond the 2025-26 biennium, it must receive new funding through the General Fund. If the program proves successful enough to continue beyond the coming biennium, it is estimated to cost $169,950 in 2027 and $185,709 in 2030 at a 3% rate of inflation.

b. **Utility Tax Rebate Program**. For the 2025-26, the utility tax rebate program will be funded as a Special Projects program (formerly known as ARPA). Special Projects funds are a one-time revenue source, meaning that for this program to continue beyond the 2025-26 biennium, it must be through the General Fund. If the program proves successful enough to continue beyond the coming biennium, it is estimated to cost $206,000 in 2027 and $225,102 in 2030 at a 3% rate of inflation.

c. **Convert Street Lights to LED.** The conversion of street lights to LED will lead to an annual cost savings of $68,837 when compared to the current cost of operating street lights.

2. Revenues

a. **Kenmore Automated Photo Enforcement Program (KAPE).** Since its inception last year, KAPE has exceeded expectations in reducing speed violations and getting vehicle speeds closer to the speed limit. In addition, the revenue produced by this program has provided much needed financial resources to improve traffic safety and preserve our streets and expansion of the program is estimated to bring in an additional $550,000 per year beginning in 2029. As a result, the following photo enforcement steps are included in this FSP:

- Increase the first-tier ticket fine from $100 to $110, then $135 in 2029. This action is revenue-cost neutral because the increased fine approximately matches increased costs in administering the program.
- In keeping with a recent change in state law, convert the Arrowhead and Kenmore Elementary school zone cameras from school-zone only enforcement to 24/7 enforcement of the 30 mph speed and continued enforcement of the 20 mph speed during school zone hours.
- Add Inglemoor High School as a school zone and include 24/7 enforcement of the 30 mph speed limit in that school zone.
- Continue to monitor other areas where excessive speeding still occurs, especially in areas of complexity (such as higher pedestrian and cyclist traffic, more driveways and turning movements, etc.) or proximity to parks. In 2026, if excessive speeding continues, add at least one set of photo enforcement cameras to improve safety and bring speeds down. Current problem areas and potential candidates include 170th Street (Simonds Road) just east of Rhododendron Park and Juanita Drive between 160th and 170th. In 2029, if excessive speeding persists after sidewalk and traffic calming measures are implemented, add a fifth photo enforcement location in the north end of the City.

b. **Voter Approved Ballot Measures.** Property tax is the City's largest source of revenue, and the state limits its growth to 1% per year (plus new property tax from new construction which is minimal compared to the overall property tax). Due to this state-imposed growth limit and in order to keep up with the cost of providing services, property tax will need to be increased with voter approval from time to time.

i. **Metropolitan Parks District.** In 2025, place a measure on the ballot for voters to approve the formation of a Metropolitan Parks District (MPD). The purpose of this district will be two-fold: 1) Provide funding, in combination with grants, for the acquisition and development of the Lakepointe park and shoreline restoration; and 2) Provide some funding for continuation of existing parks maintenance and recreation programs, including staffing.

   The MPD levy lid lift is estimated to make a one-time repayment to the general fund for Lakepointe expenses in the amount of $1.3 million in 2027 and also bring in $300,000 per year beginning in 2027 to support existing park operations.

   State law allows an MPD to levy a property tax of up to 75 cents per year per $1,000 of assessed valuation.

ii. **Public Safety Levy & Human Services Property Tax Lid Lift.** In 2026, bring forward a property tax levy lid lift ballot measure for voter approval. The purpose of this ballot measure will be to provide funding for 1) the rising cost of providing police and other public safety services, including the Regional Crisis Response co-responder program; and 2) continuation of the new pilot human services programs, if they are proven to be utilized and successful. These human services programs include the navigator (case worker) and utility tax assistance; in the 2025-2026 budget, these pilot human services programs are being funded by one-time Special Projects (formerly known as ARPA) revenue. This strategy is anticipated to bring in $1.68 million per year to support public safety and human services programming beginning in 2027.

c. **Picnic Shelter Rental Fees.** Beginning in 2025, the City can expect an additional $17,000 annually from rental fees for the picnic shelters at Log Boom, Moorlands, and ƛ̓ax̌ʷadis Parks.

d. **Transportation Sales Tax Increase of 0.1%.** The City Council can authorize a 0.1% increase in sales tax that is expected to bring in an additional $460,000 a year beginning in 2029. This revenue can go to the Street Fund and be used for street maintenance operations.

e. **Public Safety Sales Tax Increase of 0.1%.** A public vote will be required for an increase of 0.1% on sales tax. The revenue from this increase is expected to be $460,000 a year beginning in 2030 and can be used for public safety purposes.

Additional details about all of the revenue and expenditure recommendations are in Appendix A.

Analysis

The 2024 FSP Task Force began its analysis by reviewing the City's existing budget and forecast entering 2024. At the time, the combined General Fund and Street Fund expenditures were expected to exceed revenues beginning in 2025 and this structural deficit would cause reserves to fall below the City Council's 20% reserve goal by 2029 if no corrective action was taken.

Since the Task Force's work was completed in April, the City Manager and Finance Director have constructed and presented a proposed 2025-26 biennial budget to the City Council, allowing for the use of updated figures. The updated figures paint an equally, if not more, concerning picture. Expenditures surpass revenues this year and reserves fall below the reserve goal in 2029.

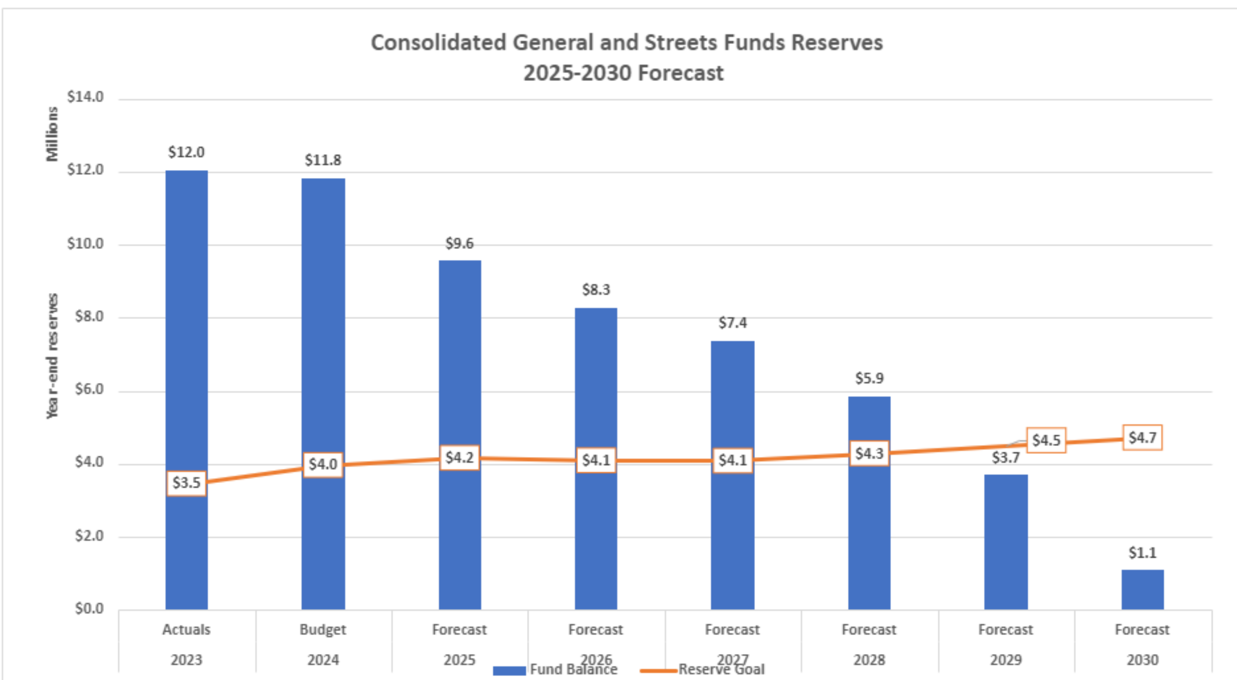
The following tables and graphs illustrate these trends. In this table presented last March, expenditures were projected to exceed revenue in 2025, as seen by the FSP Task Force:

Summary General & Street Fund	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Updated: 3/25/2024	**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%**
(Threshold is 20%)								

This next table, updated in October, continues to show expenditures exceeding revenues in 2024, as the latest budget foresees:

Summary General & Street Fund *Updated: 10/24/2024*	2023 Actuals	2024 Budget	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
General Fund								
Beginning Fund Balance	3,533,759	9,732,274	9,396,325	7,313,301	6,247,513	5,603,507	4,417,543	2,654,468
Revenue	17,299,088	17,293,758	17,215,098	17,860,267	18,167,719	18,566,347	18,976,853	19,636,088
Expense	11,100,573	17,629,707	19,298,122	18,926,054	18,811,725	19,752,312	20,739,927	21,776,924
Transfer to Strat Opps for Special Projects								
Ending Fund Balance	9,732,274	9,396,325	7,313,301	6,247,513	5,603,507	4,417,543	2,654,468	513,633
Fund balance as % of operating expenditures	88%	53%	38%	33%	30%	22%	13%	2%
Street Fund								
Beginning Fund Balance	2,270,571	2,294,467	2,429,693	2,245,866	2,024,201	1,755,304	1,436,258	1,033,781
Revenue	1,625,318	2,344,696	1,340,091	1,333,142	1,350,235	1,367,575	1,354,987	1,372,529
Expense	1,601,422	2,209,470	1,523,918	1,554,806	1,619,132	1,686,621	1,757,464	1,831,863
Ending Fund Balance	2,294,467	2,429,693	2,245,866	2,024,201	1,755,304	1,436,258	1,033,781	574,446
Fund balance as % of operating expenditures	143%	110%	147%	130%	108%	85%	59%	31%
Combined Ending Fund Balance	**$12,026,741**	**$11,826,018**	**$9,559,166**	**$8,271,714**	**$7,358,812**	**$5,853,800**	**$3,688,249**	**$1,088,079**
Fund Balance as % of operating expenditures ***(Threshold is 20%)***	**95%**	**60%**	**46%**	**40%**	**36%**	**27%**	**16%**	**5%**

The following graph shows that if nothing changes, the General and Street Fund reserves, the blue bars, fall as the fund balance as a percentage of operating expenses, the orange line, increases from 2023 to 2030.



This financial picture underscores the need to adopt a plan that will proactively prevent the decline in fund balances, and the FSP Task Force produced such a plan. The City Manager's recommended plan follows most of the Task Force's recommendations. To wit, the following table shows how many of the 2024 FSP Task Force's recommendations will be implemented in the proposed 2025-26 biennial budget and/or are in the multi-year plan in 2027 and beyond.

2024 FSP Task Force Recommended Budget Strategy	To Be Implemented as Part of Proposed 2025-26 Budget	Included in City Manager's FSP Recommendations
KAPE program first tier ticket increase to $136 for two cameras	No	No (per Council direction, increase to $110)
Convert street lights to LED	Yes	Yes
Expand KAPE program- First Camera	Yes	Yes
Expand KAPE program- Second Camera	Yes	Yes
Levy lid lift to fund public safety ($0.08)	No	Yes (in 2026, 24 cents)
Expand KAPE program- Third Camera	No	Yes (in 2029)
Parks Project Manager- shift 1,500 hours to capital fund	This resource to be shifted to Lakepointe	N/A
Strategic and Economic Development Manager position	Yes (Community & Business Engagement Coordinator)	Yes
Eliminate Admission Tax in the plan	Yes	Yes
Operational Efficiency Savings	Yes	Yes
Picnic shelter rental fees	Yes	Yes
Expand KAPE program- Fourth Camera	No	No
Move Civil Engineers/Cap Project Manager entirely to transportation	Yes	Yes
Let temporary employee's contract end	Yes	Yes
Levy lid lift to fund public safety at $0.16 (incremental from first $0.08)	No	Yes (in 2026, 24 cents)
Utility tax assistance program	Yes	Yes
Human services case worker/program navigator	Yes	Yes
Public safety sales tax (increase 0.1%)	No	Yes
MPD levy ($0.05 per $1,000)	Yes	Yes
Lakepointe Preliminary Costs (assuming grant is funded)	Yes	N/A

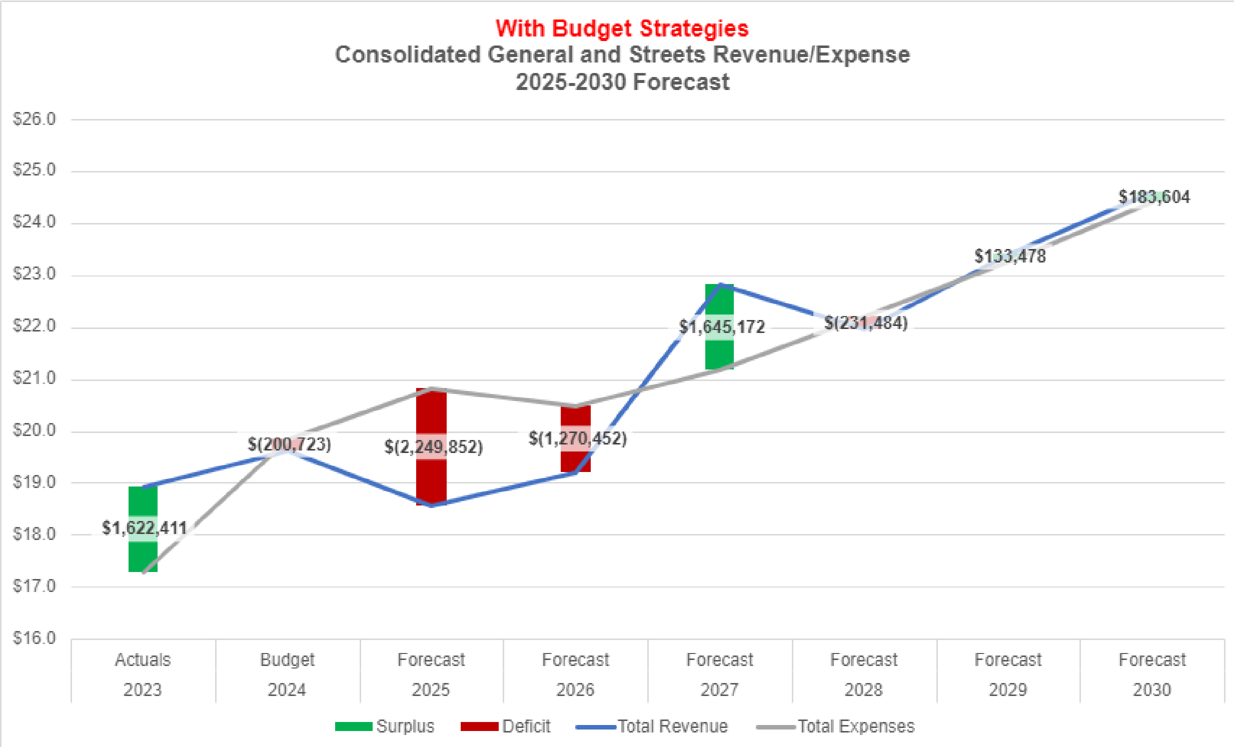
Result

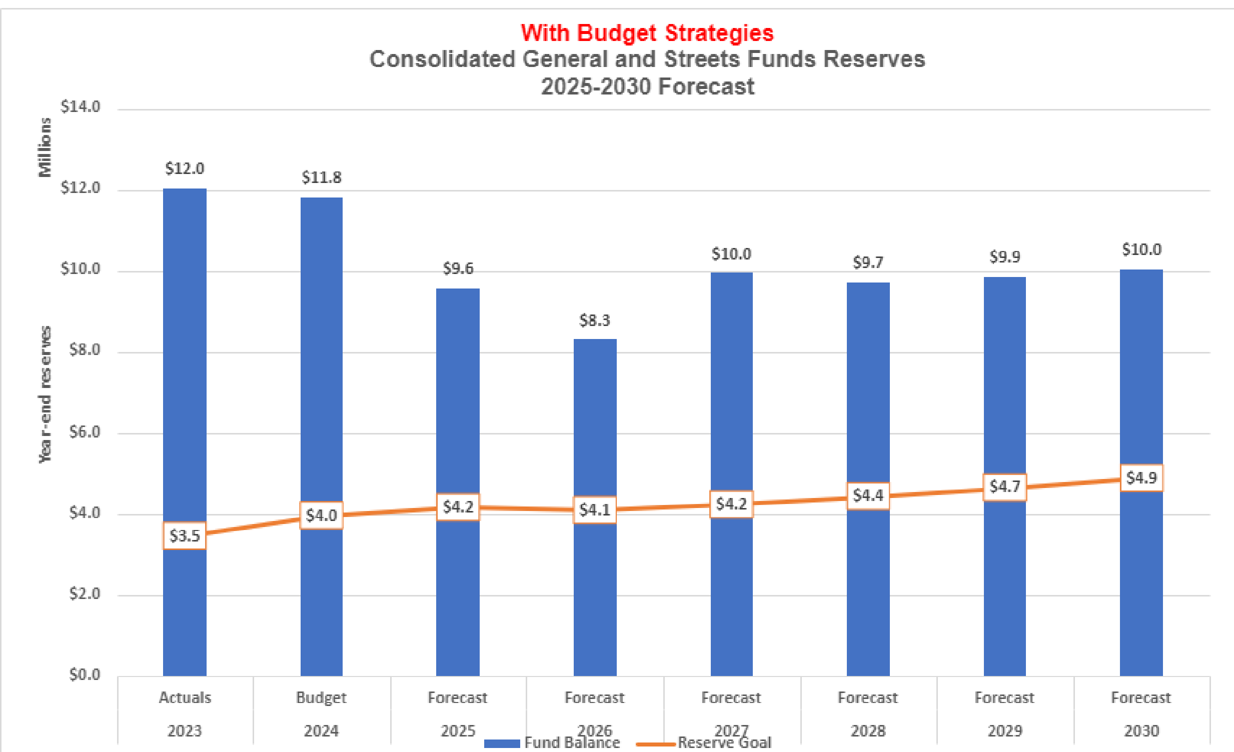
The recommended strategies bring revenues above expenditures in 2027 and maintain that status through 2030. They also ensure that the reserve fund balance is always greater than the 20% of operating expenditures goal by a healthy margin.

The following table is an update of the fund balances above for 2025-2030 based on the estimated revenue the recommended strategies would bring in:

Summary General & Street Fund	2023	2024	2025	2026	2027	2028	2029	2030
Updated: 10/24/2024	Actuals	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
General Fund								
Beginning Fund Balance	3,533,759	9,732,274	9,396,325	7,330,301	6,281,513	8,195,582	8,283,145	8,819,100
Revenue	17,299,088	17,293,758	17,232,098	17,877,267	21,464,719	20,600,967	22,059,808	23,227,306
Expense	11,100,573	17,629,707	19,298,122	18,926,054	19,550,650	20,513,404	21,523,853	22,584,367
Transfer to Strat Opps for Special Projects								
Ending Fund Balance	9,732,274	9,396,325	7,330,301	6,281,513	8,195,582	8,283,145	8,819,100	9,462,039
Fund balance as % of operating expenditures	88%	53%	38%	33%	42%	40%	41%	42%
Street Fund								
Beginning Fund Balance	2,269,900	2,293,796	2,429,022	2,245,195	2,023,530	1,754,633	1,435,587	1,033,110
Revenue	1,625,318	2,344,696	1,340,091	1,333,142	1,350,235	1,367,575	1,354,987	1,372,529
Expense	1,601,422	2,209,470	1,523,918	1,554,806	1,619,132	1,686,621	1,757,464	1,831,863
Ending Fund Balance	2,293,796	2,429,022	2,245,195	2,023,530	1,754,633	1,435,587	1,033,110	573,775
Fund balance as % of operating expenditures	143%	110%	147%	130%	108%	85%	59%	31%
Combined Ending Fund Balance	**$12,026,070**	**$11,825,347**	**$9,575,495**	**$8,305,043**	**$9,950,216**	**$9,718,732**	**$9,852,209**	**$10,035,814**
Fund Balance as % of operating expenditures	**95%**	**60%**	**46%**	**41%**	**47%**	**44%**	**42%**	**41%**
(Threshold is 20%)								

The following two graphs illustrate the results of these recommendations. The first graph shows the annual operating deficit/surplus, and the second graph shows the impact to the fund balance (reserve goal) of the General Fund and Street Fund combined. Note that approximately $2 million of the combined 2025-2026 deficit is a result of spending down the remaining one-time Special Projects funds. Additionally, a one-time $1.3 million transfer from the General Fund to the Lakepointe Fund ($650,000 in 2024 and $650,000 in 2025) also contributes to the temporary deficit. The plan in this report has the General Fund being reimbursed for the $1.3 million transfer after the MPD is formed.


With Budget Strategies
Consolidated General and Streets Revenue/Expense
2025-2030 Forecast
$26.0
$25.0
$24.0
$23.0
$22.0
$21.0
$20.0
$19.0
$18.0
$17.0
$16.0
$1,622,411
$(200,723)
$(2,249,852)
$(1,270,452)
$1,645,172
$(231,484)
$133,478
$183,604
Actuals 2023
Budget 2024
Forecast 2025
Forecast 2026
Forecast 2027
Forecast 2028
Forecast 2029
Forecast 2030
Surplus
Deficit
Total Revenue
Total Expenses


With Budget Strategies
Consolidated General and Streets Funds Reserves
2025-2030 Forecast
Millions
Year-end reserves
$14.0
$12.0
$10.0
$8.0
$6.0
$4.0
$2.0
$0.0
$12.0
$11.8
$9.6
$8.3
$10.0
$9.7
$9.9
$10.0
$3.5
$4.0
$4.2
$4.1
$4.2
$4.4
$4.7
$4.9
Actuals 2023
Budget 2024
Forecast 2025
Forecast 2026
Forecast 2027
Forecast 2028
Forecast 2029
Forecast 2030
Fund Balance
Reserve Goal

Conclusion

Historically, the City of Kenmore has adopted balanced budgets and maintained healthy fund balances over the years, and thanks to implementing the actions in the 2020 Financial Sustainability Plan, this trend has continued. However, the City's underlying structural revenue problems, including the state-imposed 1% annual growth limit on property tax, continue to persist. Other contributors include unfunded mandates from the state and flat or little growth in other sources, including utility taxes.

In order for the City of Kenmore to continue to provide our residents not only the enhanced services that improve the quality of life in the City, but also the basic programs that are integral to the City, and even the core programs that are requisite for public safety, supplemental revenue sources will be necessary because the financial forecast is clear: the cost of running Kenmore successfully will soon exceed the revenue the City brings in and deplete the reserve funds.

The strategies presented here will allow revenue to keep pace with expenditures and maintain healthy reserve funds, all while allowing the City to continue to provide the excellent levels of service to which our residents have become accustomed.

Several factors have converged to force the current challenge: higher than normal inflation rates earlier this decade, the rising cost of police work, state laws that limit the increase in property tax the City can collect from one year to the next, and our commitments to strive to do what's right for our planet and our more disadvantaged residents, among others. The challenge that confronts the City can be overcome through implementation of the budget strategies contained in this document—strategies that will raise the necessary resources for the City of Kenmore to continue to execute its mission through the coming years, to propel Kenmore upward and create a thriving community where all people love where they live.

Appendix A- Strategy Details

1. **Picnic Shelter Rental Fees**

   Strategy Type: Revenue

   Fiscal Impact Estimate: $17,000

   Year of Implementation: 2025

   Feasibility: The implementation of this strategy would be councilmanic but will require some effort by City staff to implement and maintain.

   Fiscal Impact: Low

   Potential of Success: High

   Background/Analysis: For many years the Northshore Senior Center has managed rentals of the picnic shelter at Rhododendron Park and kept the revenue. Historically, this revenue has been about $10,000 per year. The financial forecast includes the transfer of this rental program to the City along with the newly built picnic shelters at Log Boom, Moorlands, and ƛ̓ax̌ʷadis Park with the reservation system going online on the City's website. The City will make the Senior Center whole by transferring back an amount equal to the revenues it was collecting. The resulting net increase in revenue to the City will be about $17,000 per year.

2. **Metropolitan Park District Levy Lid Lift (One Ballot Measure with Two Aspects)**
   a. **To Fund Lakepointe and Repay the General Fund for Lakepointe Expenditures**

      Strategy Type: Revenue (one-time)

      Fiscal Impact Estimate: $1,300,000

   b. **To Support Existing Parks Operations**

      Strategy Type: Revenue

      Fiscal Impact Estimate: $300,000

   Year of Implementation: 2027 (the public would vote to approve the measure in 2025)

   Feasibility: The portion of this levy to support existing parks operations would be approximately $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). This levy would pay for some of the parks maintenance and recreation expenses and thereby help sustain the General Fund.

Fiscal Impact: High

Potential of Success: Medium

Background/Analysis: This strategy would establish a Metropolitan Park District with the Kenmore City Council acting as the Board; an additional amount of the levy would be used to facilitate Lakepointe efforts. The ballot measure can be up to $0.75 per $1,000 of assessed value. The approval of the ballot measure creates a limit; this strategy is less regressive than a utility tax.

3. **Convert Street Lights to LED**

Strategy Type: (Reduction) Expense

Fiscal Impact Estimate: $68,837 (It would cost $260,000 to implement this strategy but the City would receive an incentive of $200,000, such that the initial year savings are net 0 but the ongoing net savings are about $68,000.)

Year of Implementation: The LED street lights are expected to be installed in 2025 and the savings in electricity costs are expected to be fully realized in 2026.

Feasibility: This strategy does have an upfront cost to implement but that would be offset by the incentive payment the City 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.

4. **Public Safety and Human Services Levy Lid Lift (24 cents)**

Strategy Type: Revenue

Fiscal Impact Estimate: $1,680,000

Year of Implementation: 2027 (the public would have to vote in 2026)

Feasibility: This strategy would require voter approval. It has a fair chance of success due to the public’s priority for public safety and the justification that revenues (property tax in particular) are not keeping pace with the recent increases in the cost of the public safety services contract from the King County Sheriff. The RCR program has also proven successful and would be included in this package. New Human Services programs that have been funded with one-time Special Projects funds, depending on their success and usage, could also be included as a part of the levy lid lift package.

Fiscal Impact: High

Potential of Success: Medium-High

Background/Analysis: Public safety is the largest item in the General Fund at 32%. Funding part of this line item through a levy maintains funding for this core-level service as well as the enhanced RCR and human services programs. This strategy is less regressive than a utility tax. In addition, funding to continue the utility discount program for low-income residents could also be part of this levy lid lift.

5. **Human Services Case Worker/Program Navigator**

Strategy Type: Expense

Fiscal Impact Estimate: ($169,950)

Year of Implementation: 2027. This service is funded with one-time special projects funding in the 2025-2026 biennial budget. Continuing it beyond 2026 will require a new ongoing revenue source, and in this case, a voter-approved levy lid lift to take effect in 2027.

Feasibility: The current preference is to provide this service through a nonprofit human services provider. There appear to be nonprofit organizations in the area with the ability to provide this service.

Fiscal Impact: Negative

Potential of Success: High

Background/Analysis: The Task Force was concerned about the regressive nature of some of these revenue strategies and the potential impact to low-income residents. Investing in a program such as this 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.

6. **Utility Tax Assistance or Rebate Program**

Strategy Type: Expense

Fiscal Impact Estimate: ($206,000)

Year of Implementation: 2027. This service is funded with one-time Special Projects funding in the 2025-2026 biennial budget. Continuing it beyond 2026 will require a new ongoing revenue source, and in this case, a voter-approved levy lid lift to take effect in 2027.

Feasibility: Similar to the human services navigator, the current preference is to provide this service through a nonprofit human services provider. There appear to be nonprofit organizations in the area with the ability to provide this service.

Fiscal Impact: Negative

Potential of Success: High

Background/Analysis: This strategy helps to attenuate the regressive nature of some taxes—utility tax in particular. The current plan is for the City to use Special Projects funds (formerly known as ARPA) in 2025-2026 to fund this strategy and then fund it from the General Fund via the proposed property tax levy lid lift starting in 2027.

7. Additional KAPE Photo Enforcement Location

Strategy Type: Revenue

Fiscal Impact Estimate: $550,000

Year of Implementation: 2029 (City Council would have to vote to initiate the expansion by 2028)

Feasibility: The implementation of this strategy would be councilmanic but does require staff and police resources to implement and maintain.

Fiscal Impact: High

Potential of Success: High

Background/Analysis: The City has several sidewalk and traffic calming capital projects planned in the north end of Kenmore, including the sidewalk replacement project on 61st Avenue, sidewalks and traffic calming on 80th Avenue, and traffic improvements on 73rd Avenue. Once these projects are complete, the City will monitor traffic activity and determine whether excessive speeding persists. If speeding does continue to be a problem, then an additional set of photo enforcement cameras will be installed at a location in the north end of the City.

8. **Increase Transportation Sales Tax 0.1%**

   Strategy Type: Revenue

   Fiscal Impact Estimate: $460,000

   Year of Implementation: 2027 (City Council would have to vote in 2026)

   Feasibility: This strategy is councilmanic so it can be implemented through a vote of the City Council.

   Fiscal Impact: $460,000

   Potential of Success: High

   Background/Analysis: This is the last item from the 2020 FSP Task Force planned to be implemented.

9. **Public Safety Sales Tax (0.1%)**

   Strategy Type: Revenue

   Fiscal Impact Estimate: $460,000

   Year of Implementation: 2030 (the public would have to vote in 2029)

   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's Office.

   Fiscal Impact: High

   Potential of Success: Medium-High

   Background/Analysis: A sales tax of up to 0.3% can be imposed by either King County or up to 0.1% by the City, up to a combined maximum of 0.3%. If the City imposes the tax first, it collects 85% of the revenue and 15% is allocated to the County. If King County imposes the tax first, it is split 60-40 between the county and cities on a per capita basis. Sales tax is not charged on food items, which reduces the relative impact to low-income families.

Appendix B- 2024 Financial Sustainability Task Force Recommended Plan and Report

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

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 FSPTFs 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 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**
Updated: 3/25/2024	**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
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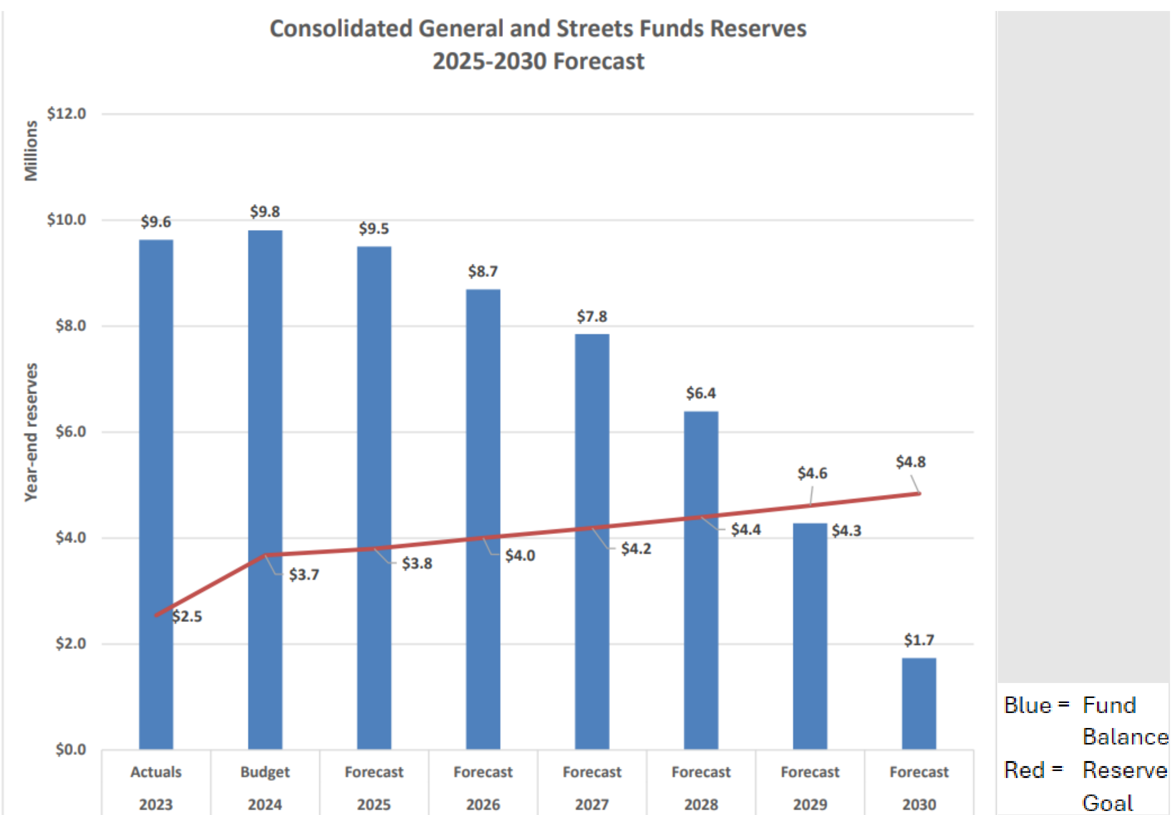
Combined Ending Fund Balance	**$9,627,257**	**$9,807,084**	**$9,500,356**	**$8,692,938**	**$7,847,691**	**$6,389,668**	**$4,279,559**	**$1,733,812**
Fund Balance as % of operating expenditures	**76%**	**53%**	**50%**	**43%**	**37%**	**29%**	**19%**	**7%**
(Threshold is 20%)								



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 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, Tl' 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 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.)

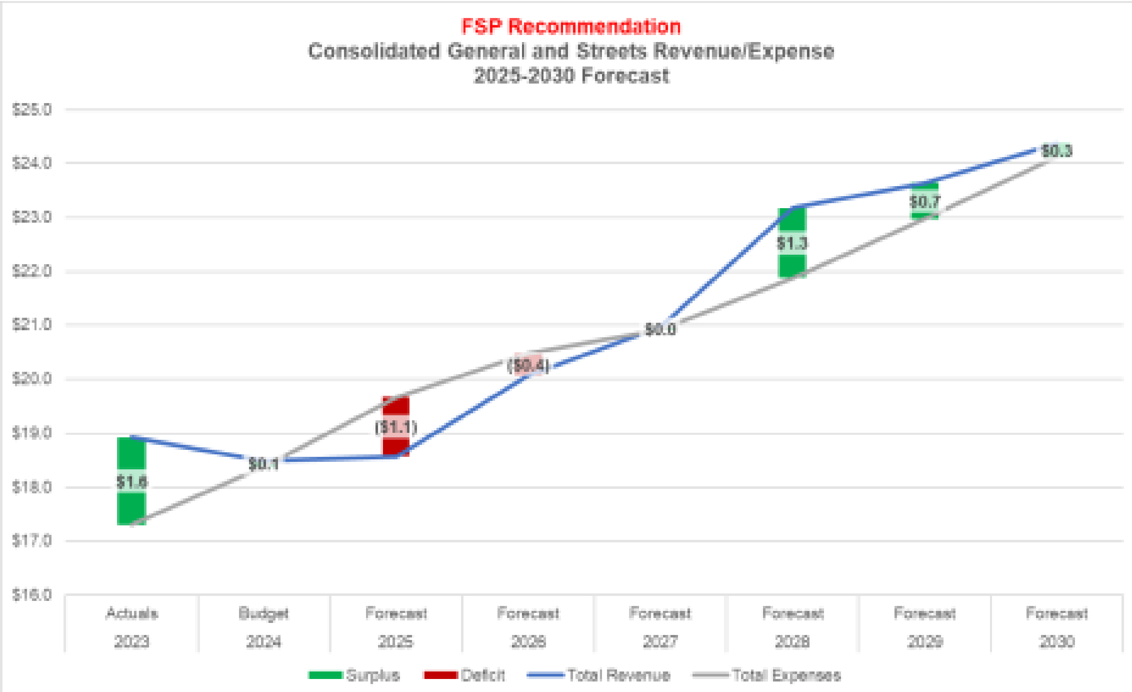
The task force was drawn to public safety-related strategies due to the recent increases in the cost of CoK's King County Sheriff police services contract. For context, from 2021 to 2024, the public safety budget increased from $3.7M to $5.1M, a 36% increase over three years, or a cumulative average 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.



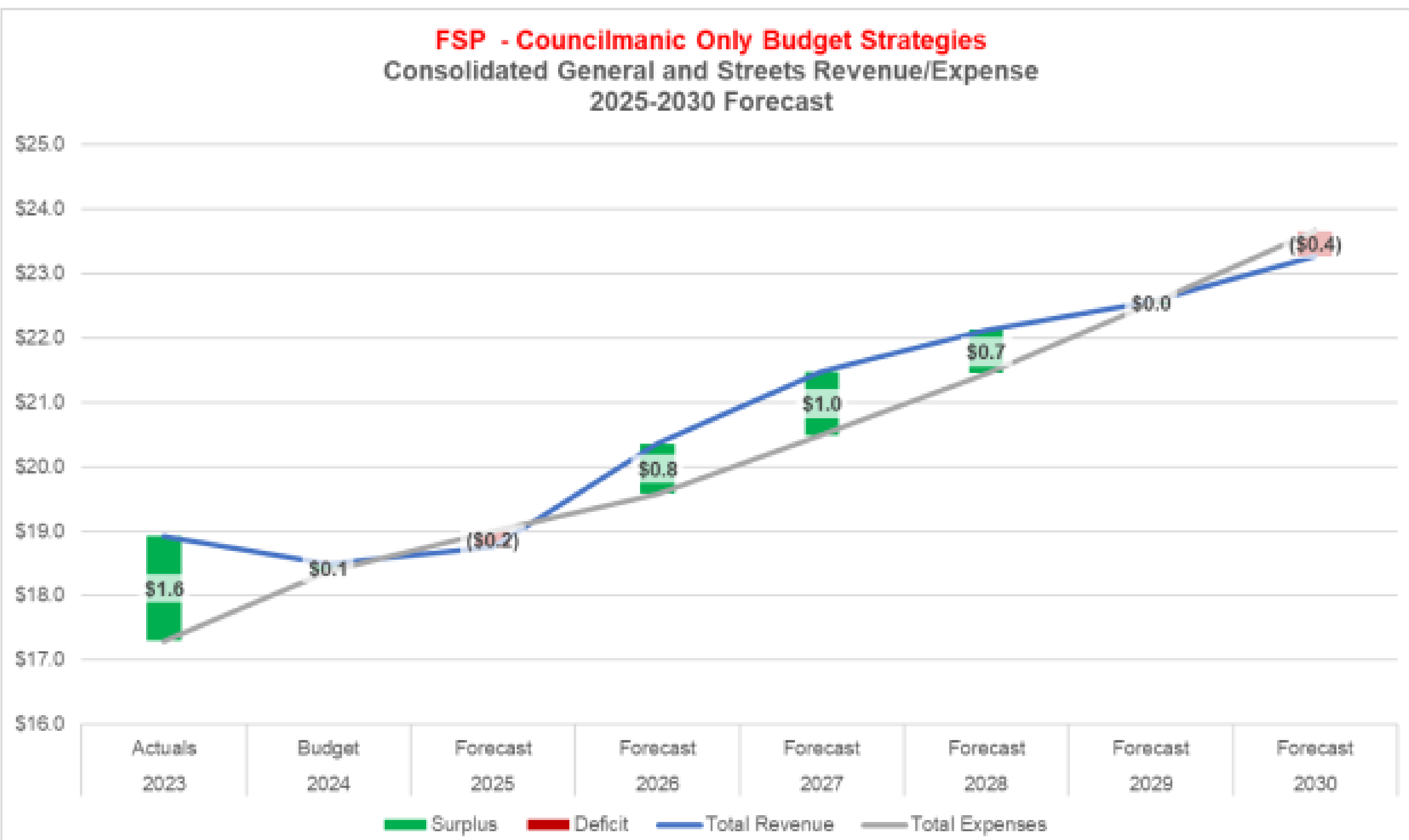
Through the 6-year period, we add $0.8M to the reserve.

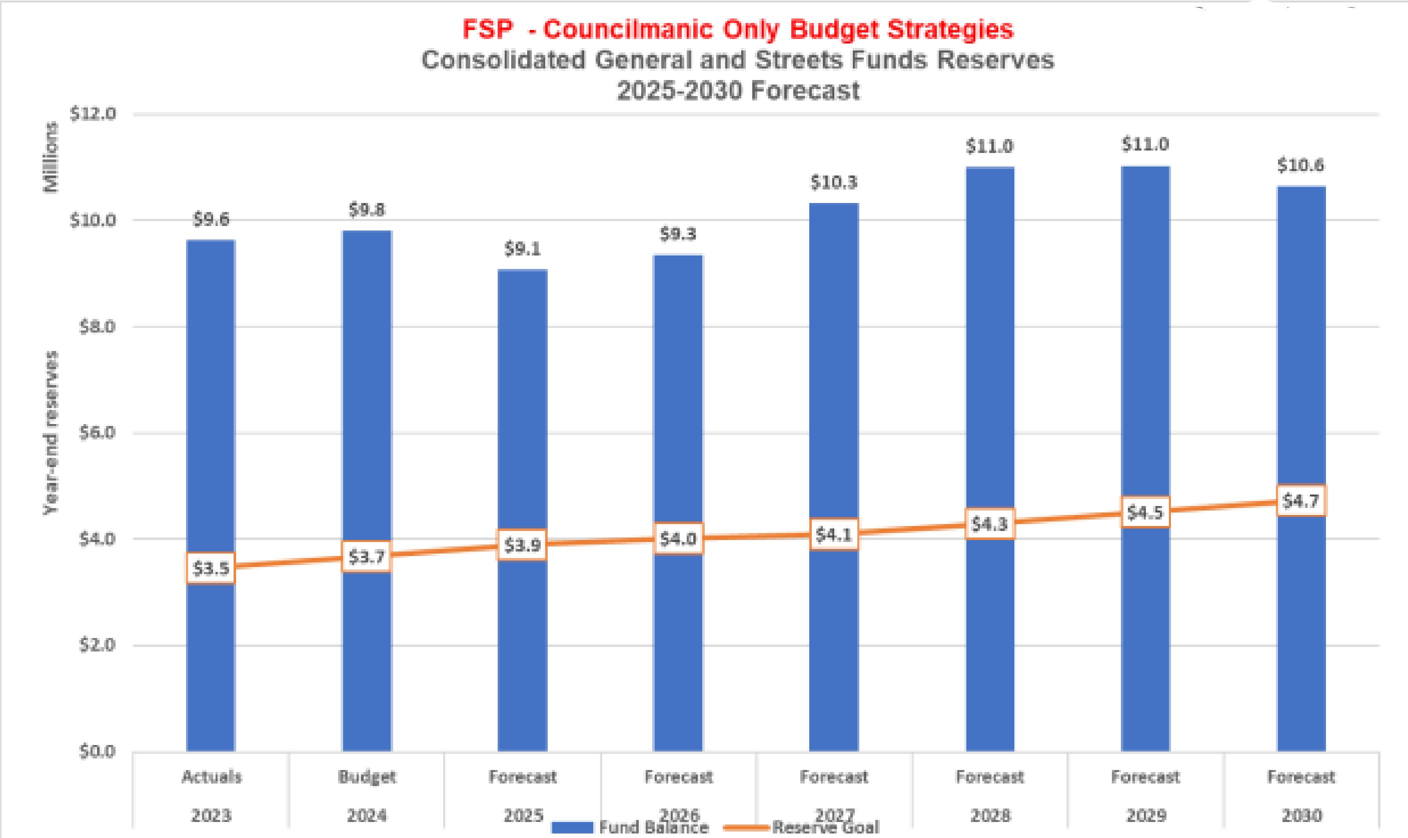
The FSPTF's Alternative Recommendation

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.




FSP - Councilmanic Only Budget Strategies
Consolidated General and Streets Funds Reserves
2025-2030 Forecast
Millions
Year-end reserves
$12.0
$10.0
$8.0
$6.0
$4.0
$2.0
$0.0
$9.6
$9.8
$9.1
$9.3
$10.3
$11.0
$11.0
$10.6
$3.5
$3.7
$3.9
$4.0
$4.1
$4.3
$4.5
$4.7
Actuals 2023
Budget 2024
Forecast 2025
Forecast 2026
Forecast 2027
Forecast 2028
Forecast 2029
Forecast 2030
Fund Balance
Reserve Goal

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,

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.

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

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.

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 ƛ̓ax̌ʷadis 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 ƛ̓ax̌ʷadis 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.

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

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.

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)

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.

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 Rhododendrun 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

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 ƛ̓ax̌ʷadis 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	HIgh	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, Tl'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	New law requires equity analysis before selecting camera locations	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
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	New law also gives leiniency to low income infractions. We can also choose to be more leinient.	Possible camera locations include: - 3 additional school locations - Rododendren park - Other locations Camera revenue needs to pay for "traffic safety activities." There's a chance this could be challenged to exclude police services.	2.89	3	2	3	3	3	3	3	3	3
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			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 inreasing 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 outweight 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
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
	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	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 communitcate 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 communitcate 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 communitcate 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

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

CITY OF KENMORE

Financial Sustainability Plan Update

City Council Retreat

May 17, 2025

Kenmore's Financial Sustainability Plan

- Future-focused planning document that sets forward strategies for the City's long-term financial sustainability
- A guide that signals intent for future years
- Prepared by Financial Sustainability Plan Task Force in 2024 with community input
- City Council adopted modified version of the FSP Task Force Recommendations in November 2024

Financial Forecast Update Needed

- Current economic environment means costs likely to rise faster than original assumption of 5% annually
  - Tariffs and other measures likely to lead to higher costs of goods
  - Other costs are rising
  - Recessional concerns
- Prudent to extend forecast out to 2032
- Need to update with 2024 actuals and 2025-2026 biennial budget

2024 FSP Task Force Recommendations

Budget Strategy	Type	Group	Council manic?	Score	Amount	Year
KAPE program first tier ticket cost to $136 for two cameras	Revenue	KAPE	Y	3.00	180,000	2026
Convert street lights to LED	Expense	Efficiencies	Y	3.00	68,837	2028
Expand KAPE program - First Camera	Revenue	KAPE	Y	2.89	225,000	2026
Levy lid lift to fund public safety $0.08	Revenue	Public Safety Tax	N	2.78	560,000	2028
Parks Project Manager: 1500 hours to capital fund (similar to Engineering Project Managers).	Reallocation	Efficiencies	Y	2.67	100,000	2026
Strategic and Economic Development Manager position	Expense	Investment	Y	2.67	(180,000)	2025
Eliminate Admissions Tax in the plan	Revenue	Revenue Reduc	Y	2.63	(130,000)	
Operational Efficiency	Expense	Efficiencies	Y	2.63	100,000	2026
Picnic shelter rental fees (Log Boom, Tl' awh-ah-dees, Moorlands)	Revenue	Efficiencies	Y	2.56	17,000	2025
Move Civil Engineers/Cap Project Manager entirely to transportation	Reallocation	Efficiencies	Y	2.56	140,000	2026
Let temporary employees contract end	Expense	Efficiencies	Y	2.50	100,000	2026

Gray = already implemented, Yellow = under consideration in model

2024 FSP Task Force Recommendations (cont.)

Budget Strategy	Type	Group	Council manic?	Score	Amount	Year
Levy lid lift to fund public safety at $0.16 (incremental from first $0.08)	Revenue	Public Safety Tax	N	2.44	560,000	2028
Utility tax rebate program	Revenue	Revenue Reduction	Y	2.44	(225,000)	2027
Human services case worker/program navigator	Expense	Investment	Y	2.43	(225,000)	2026
Public safety sales tax 0.1%	Revenue	Public Safety Tax	N	2.33	460,000	2028
MPD Levy ($0.05 per $1000)	Revenue	MPD	N	2.22	350,000	2026
Lakepointe Preliminary Costs (assuming grant is funded)	Expense	Lakepointe	Y	2.20	(500,000)	2025

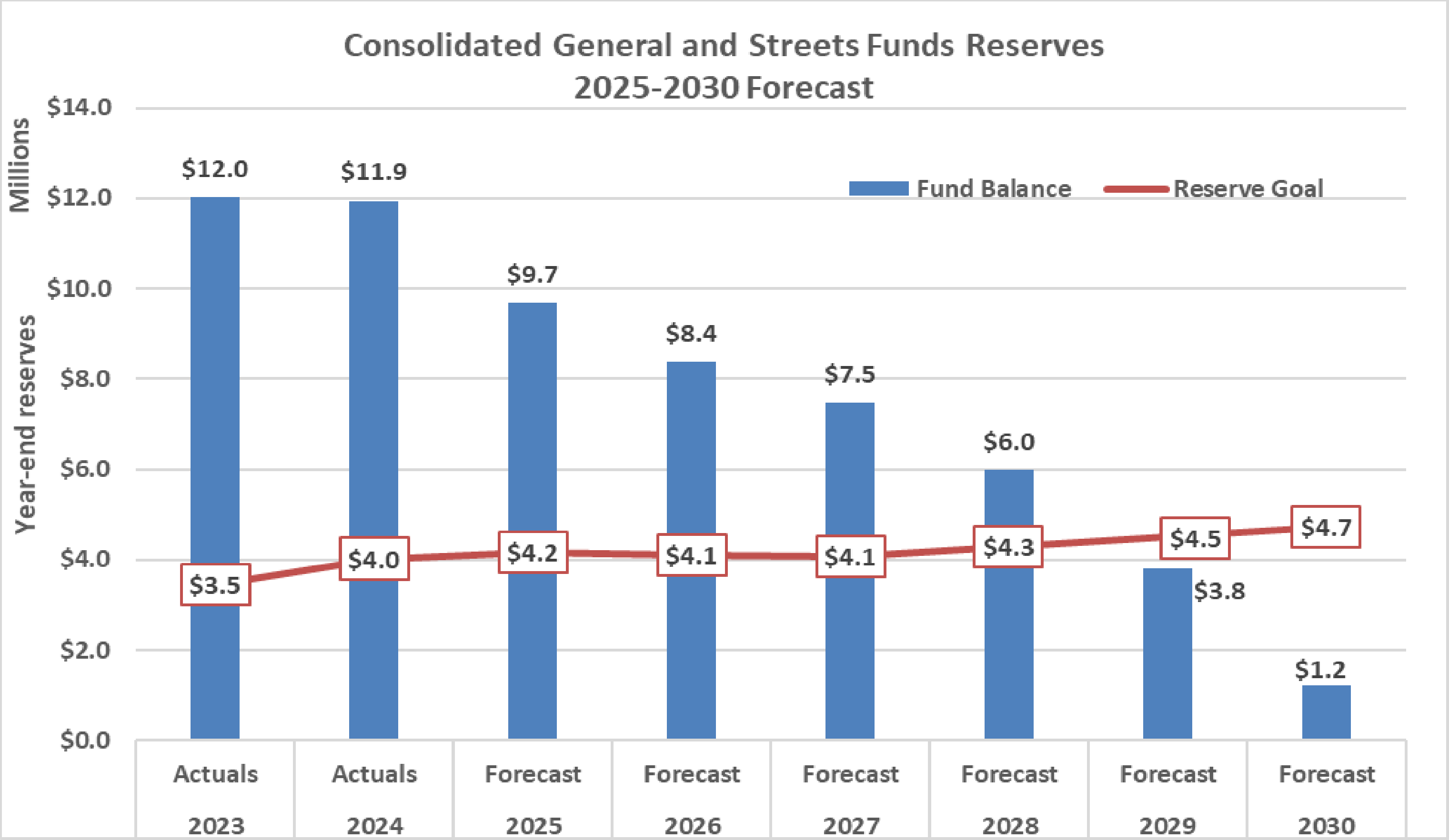
Gray = already implemented, Yellow = under consideration in model

City Manager FSP Recommendations November 2024

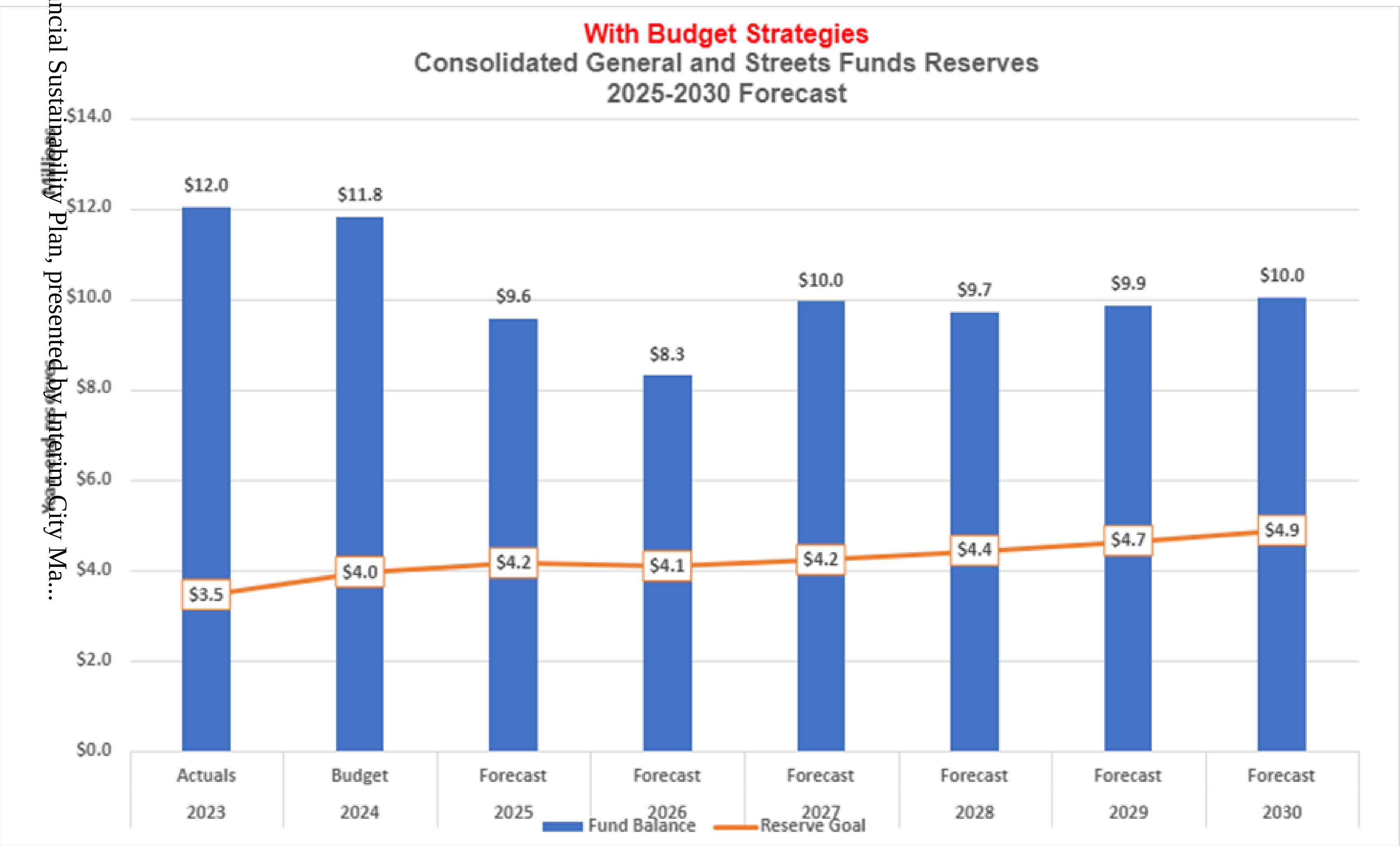
Budget Strategy	Type	Councilmanic?	Amount	Year to Initiate Strategy	Year to Implement Strategy
Levy lid lift (24 cents) or MPD	Revenue	N	1,680,000	2026	2027
Transportation Sales Tax - increase 0.1%	Revenue	Y	460,000	2026	2027
Public safety sales tax 0.1%	Revenue	N	460,000	2027	2028
Continue Utility tax rebate program	Revenue	Y	(206,000)	already in 25-26 budget	2027
Continue Human services case worker/program navigator	Expense	Y	(169,950)	already in 25-26 budget	2027

November 2024 Forecast

The chart below has standard revenue and expense assumptions with expenses increasing 5% annually



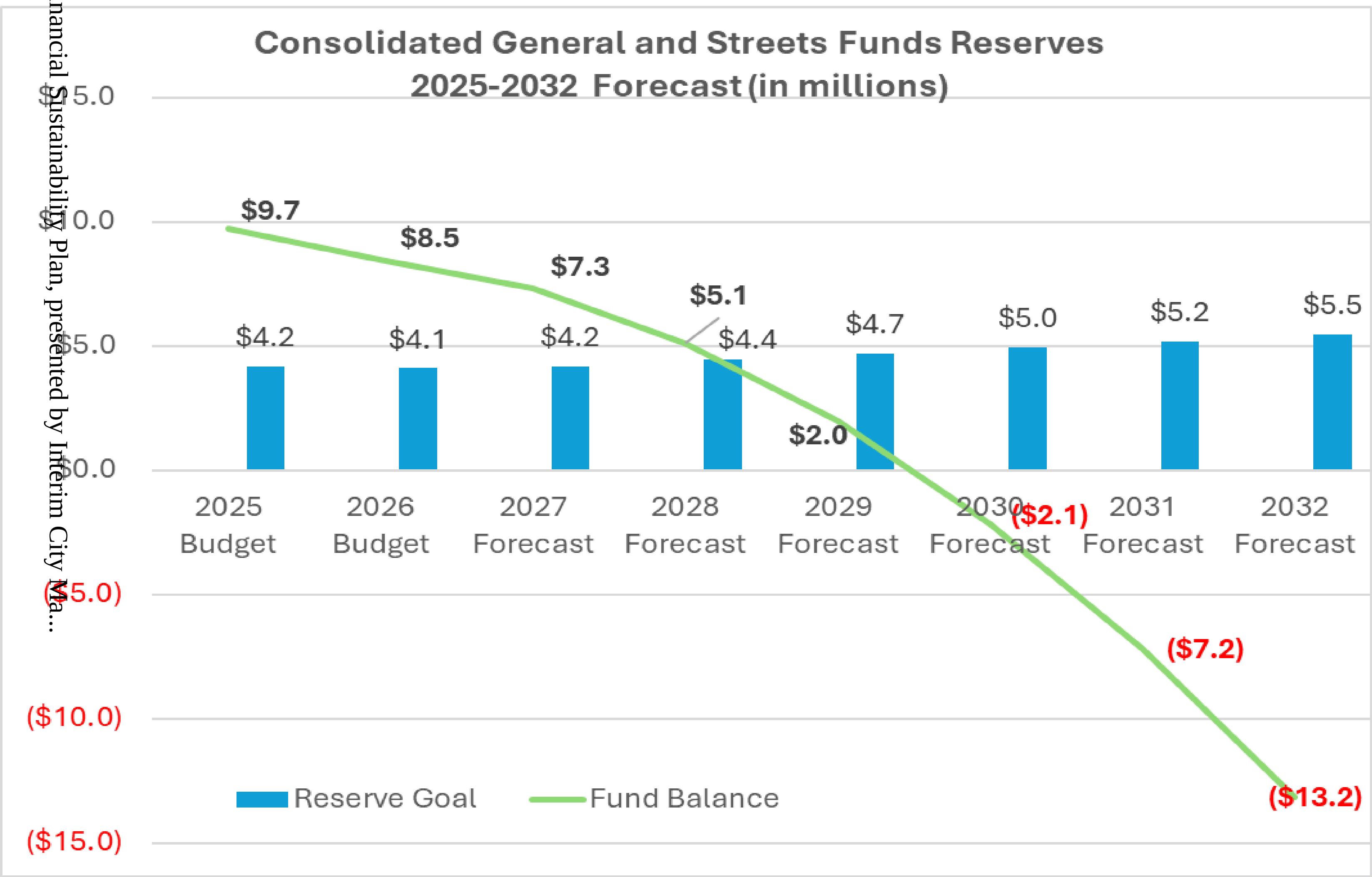
November 2024 Forecast



This chart shows the impact on the November forecast when implementing the following:

- 24 cent levy lid lift in 2027
- 0.1% transportation sales tax in 2027
- 0.1% public safety sales tax in 2028

May 2025 Forecast



This chart provides an updated six-year forecast and the finalized 2025-2026 budget. There are NO FSP strategies included in this forecast.

Revenue Assumptions:

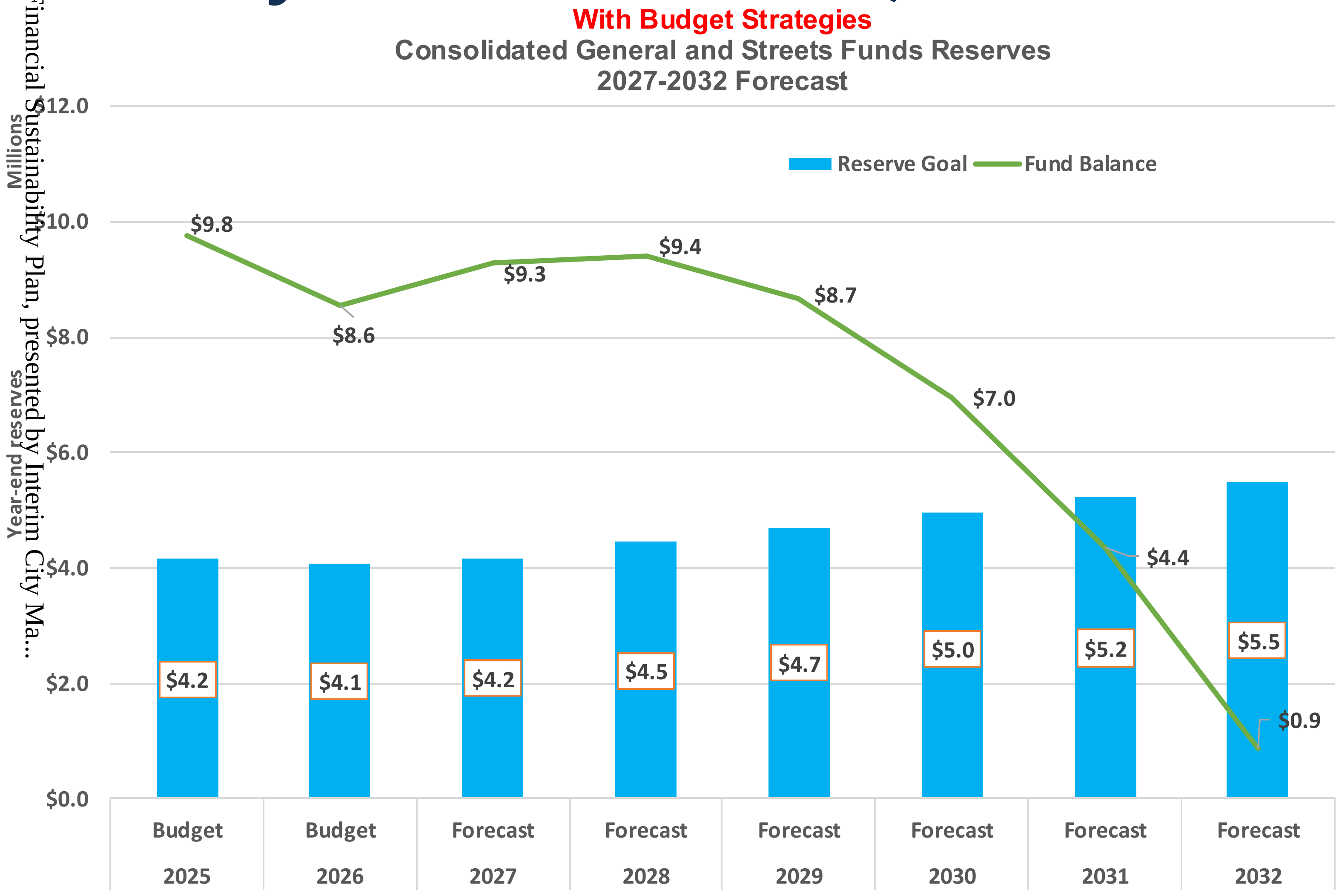
- Sales tax revenues increase 2% annually (lowered from 3% or approx $40K/yr)

Expense Assumptions:

- All labor costs increase 5% annually (no change)
- Nonlabor for Finance projected to increase 12% (27-28), 8% (29-30) and 5% (31-32) due to WCIA insurance trends
- Public Safety projected to increase 8%, 6% and 5% for those tangible items (vehicles, uniforms, technology)
- For all other contract costs, Public Safety projected at 7%, 6% and 5%
- All other non-labor expenses are set to grow at a rate of 8% in both 27-28, 6% in both 29-30 and 5% in 31-32.

Note: full breakdown of forecast assumptions are included in the Financial Forecast memo

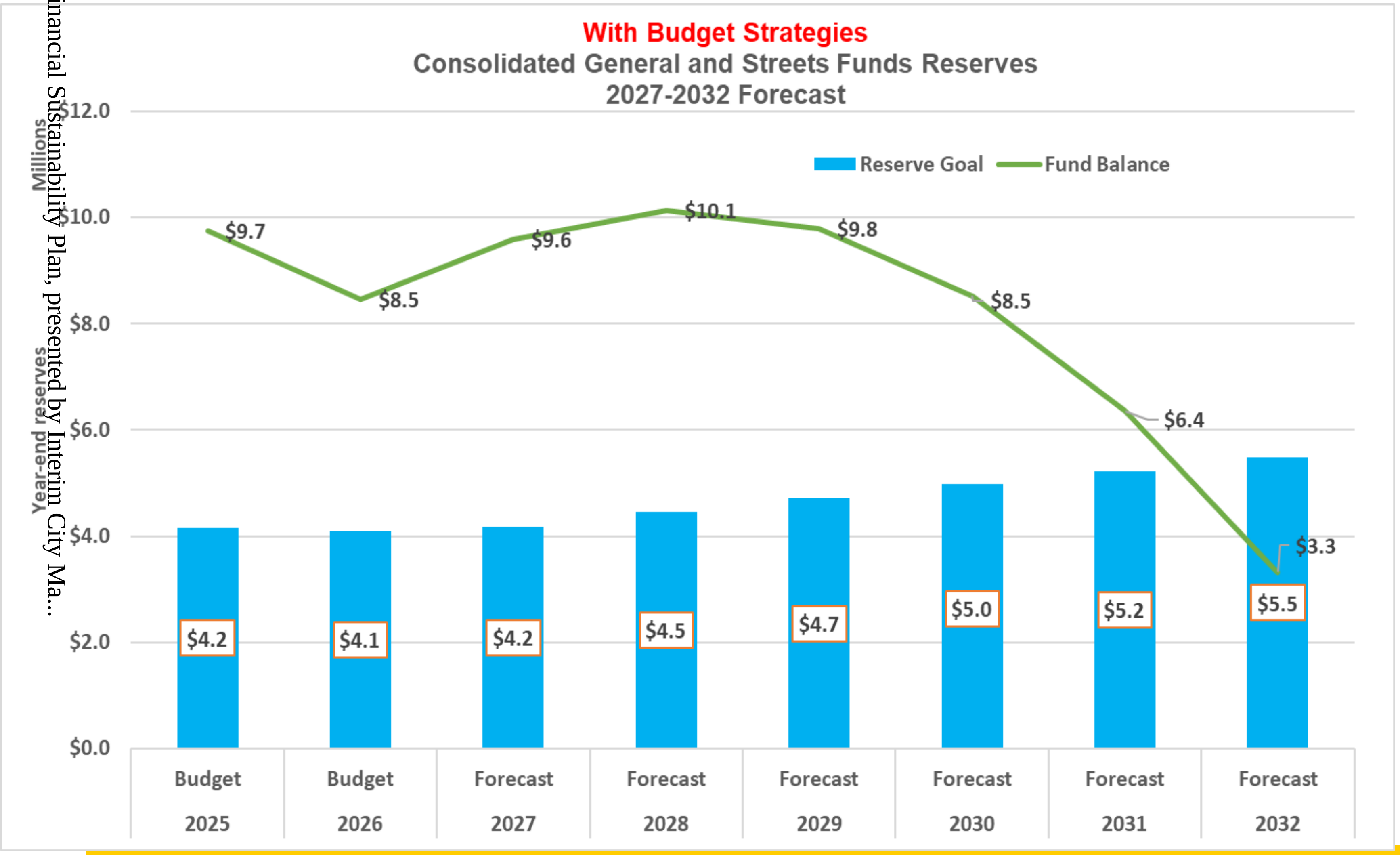
May 2025 Forecast, 24 cent levy lid lift



This chart shows the impact on the May forecast when implementing the following:

- 24 cent levy lid lift in 2027
  - $240 annually on $1.0M home
  - Or $20/month
- 0.1% transportation sales tax in 2027
- 0.1% public safety sales tax in 2028
- Continuation of Utility tax rebate ($206K annually)
- Continuation of HS navigator ($170K annually)

May 2025 Forecast, 30 cent levy lid lift



This chart shows the impact on the May forecast when implementing the following:

- 30 cent levy lid lift in 2027
  - $300 annually on $1.0M home
  - Or $25/month
- 0.1% transportation sales tax in 2027
- 0.1% public safety sales tax in 2028
- Continuation of Utility tax rebate ($206K annually)
- Continuation of HS navigator ($170K annually)

Questions

CITY OF KENMORE

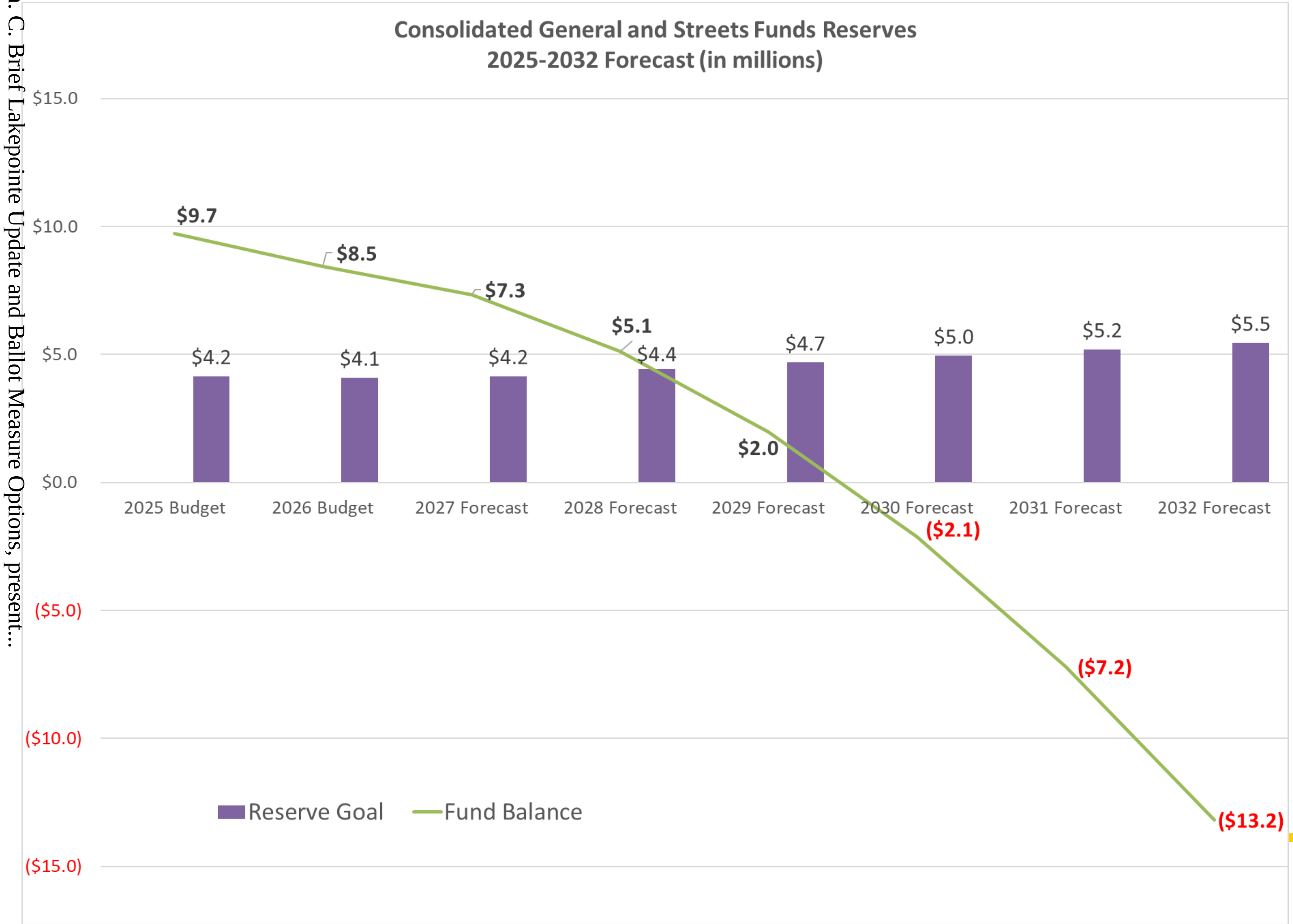
2026 Ballot Measure Options to Address Operational Funding Needs

May 17, 2025

Goals for the Presentation

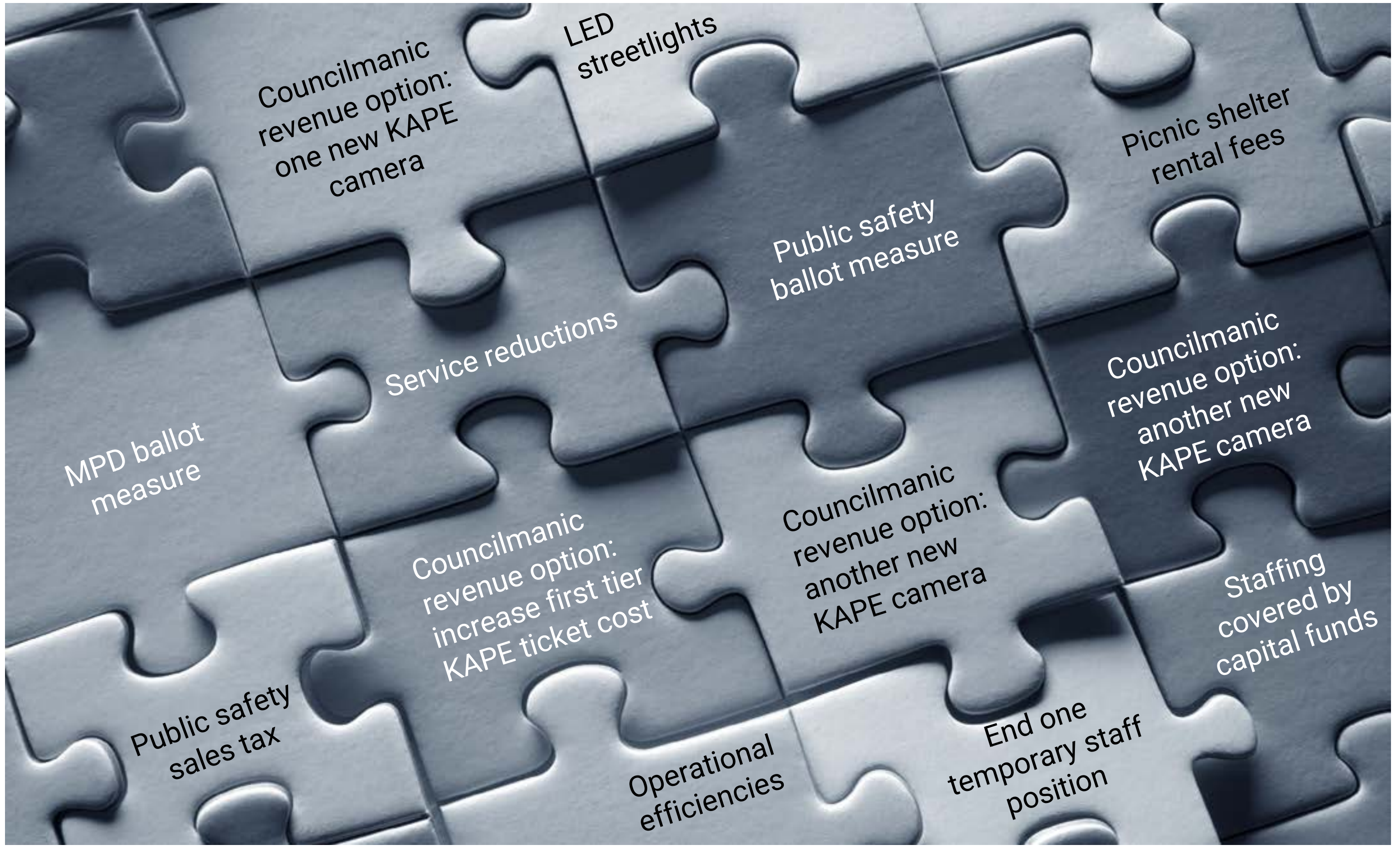
- **Acknowledge the reality** of the City's current and projected financial challenges
- **Review recommendations** from the Financial Sustainability Plan regarding potential ballot measures
- **Seek direction from City Council** on whether to proceed with a ballot measure to address operational funding needs
- **Discuss contingency plans**: If a ballot measure is not pursued, identify Councilmanic options and/or potential areas for expenditure pauses or cuts to support long-term financial sustainability

Centering the Reality of Our Situation



It’s a Budget Puzzle

- **Each piece of the puzzle** contributes to solving the City’s operational funding challenges
- **No single solution** will fully resolve the issue
- **A combination of actions**—including potential ballot measures, expense reductions, and councilmanic strategies—will be required to achieve financial sustainability



KENMORE BY THE LAKE

Financial Sustainability Plan (FSP) Task Force

Review of Ballot Measure Recommendations

In 2024, the FSP Task Force recommended three potential ballot measures:

- **2024: Formation of a Metropolitan Park District (MPD)**
  A two-phase property tax increase—a relatively small (approx. 5-cents) levy that would take effect in 2026 and second, higher levy that would be implemented later (no sooner than 2027) ***if*** *key elements for a park proposal on Lakepointe came together.*
- **2027: A public safety or public safety and human services property tax levy lid** lift approved by voters in 2027 and taking effect in 2028
- **2028: A 0.1% public safety sales tax increase** approved by voters in 2027 or later

The City's Financial Outlook: A Call to Action

The City's financial situation is more challenging than previously understood. Action is required to address our operational funding needs and position the City for long-term stability.

To move toward financial sustainability through 2032, as outlined by the Financial Sustainability Plan (FSP) Task Force, staff recommend the following steps:

- **Pursue one of two ballot measures**:
  - A Metropolitan Park District (MPD), or
  - A Public Safety or Public Safety and Human Services funding measure
- **Continue efforts to reduce expenses and explore available councilmanic options**

These actions are necessary to help stabilize our finances and avoid more severe consequences

Pros and Cons

Pros and cons of going to voters with a ballot measure in November 2026:

Pros	Cons
• **Higher voter turnout:** Midterm elections draw more voters than August primaries, increasing democratic legitimacy	• **Uncertain voter climate:** Global and national uncertainty may affect local voter sentiment and may increase risk of a no vote
• **Builds on community engagement:** Would leverage momentum from the Love Where You Live community engagement efforts in 2024	• **Delay in Funds**: Even if passed, funding from an MPD wouldn't begin until 2028—delaying financial relief
• **Public support documented:** Statistically valid community surveys showed strong support for both parks and public safety	• **Cost:** A 2026 ballot measure will cost the City $40-50K
• **Financial Sustainability Plan:** A ballot measure is a significant piece of the puzzle to address the City's financial situation	• **Ballot fatigue:** A 2026 ballot measure could reduce the appeal of voters for something else in the future
• **Fallback options remain:** If voters say no to a ballot measure in 2026 there is still time to pivot and explore other options	• **Budget cuts:** Failure of a ballot measure is a challenge in terms of next steps – will likely result in short-term and/or long-term cuts
• **Revenue: Even if voters say yes to an MPD in 2026, the funds will not be received** until 2028, so this head start is necessary	
• **Revenue:** If voters say yes to a public safety levy lid lift in 2026, funds would be received in 2027 and voters could renew in six years	
• **More Time for Clarity and Planning:** For a 2026 ballot measure, need to begin planning in mid-2025 to allow time for public education and planning. For MPD option, additional time may bring greater clarity on Lakepointe.	

Ballot Measure Option 1:
Metropolitan Park District

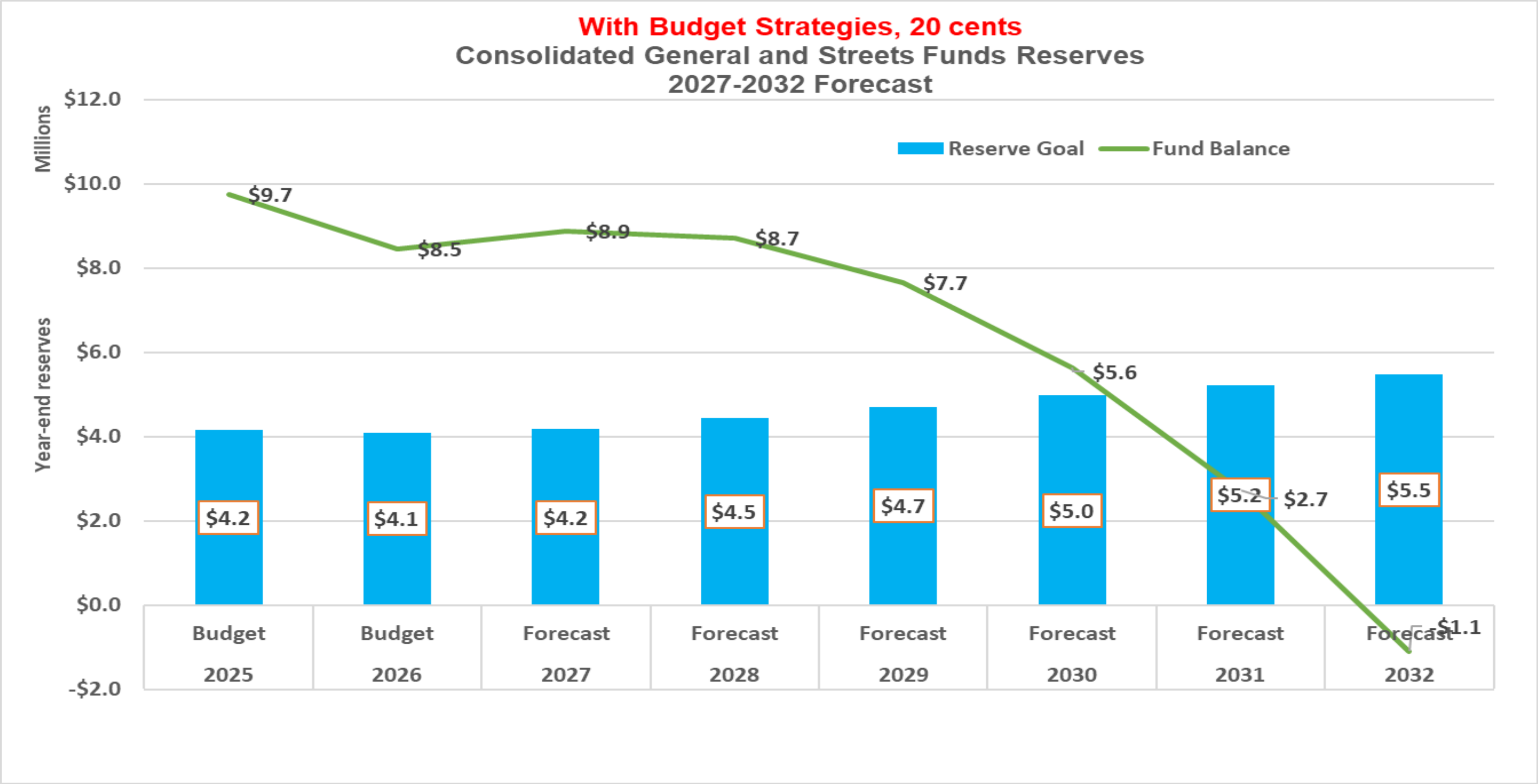
Metropolitan Park District (MPD)

Ballot Measure

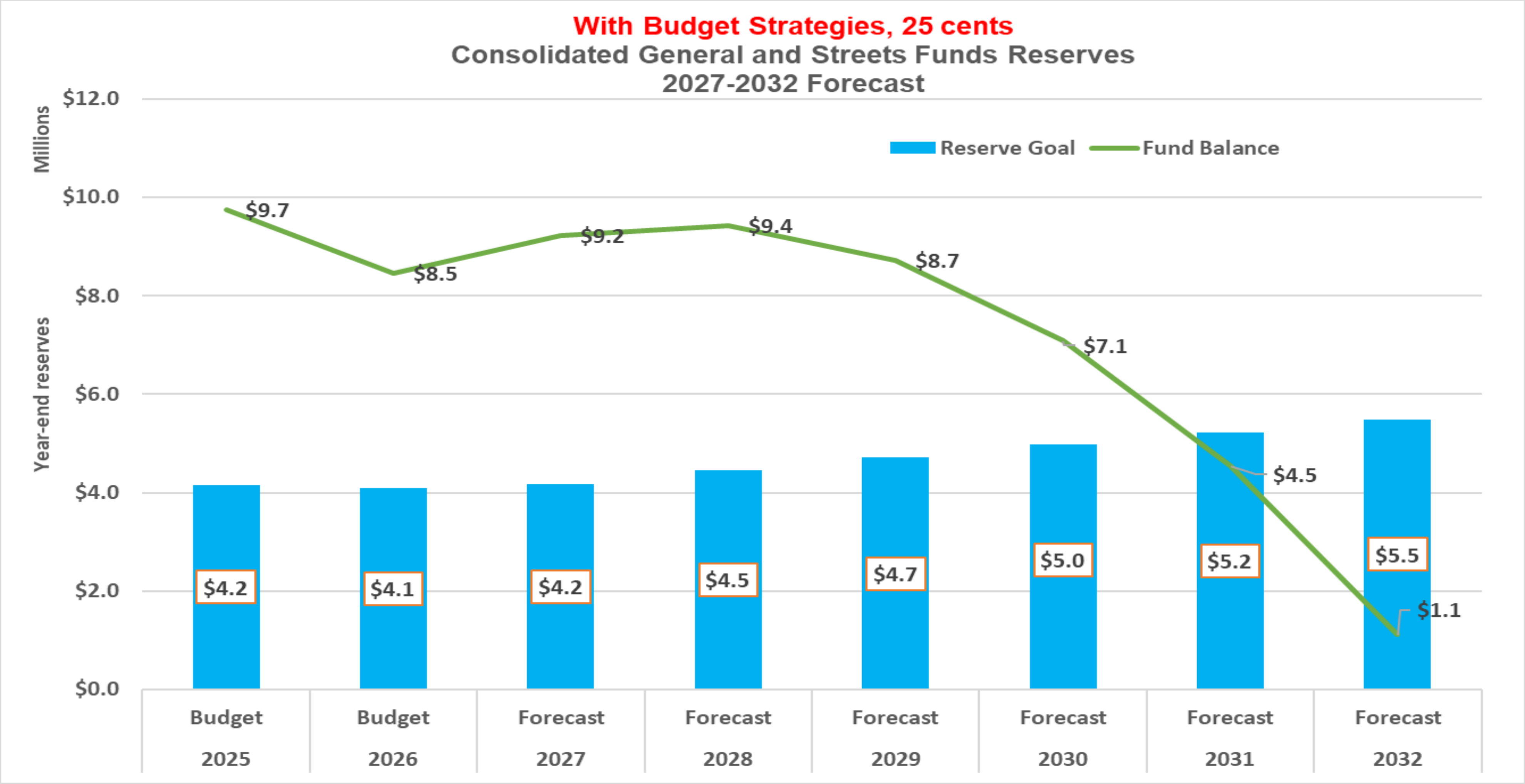
Dedicated funding source for park maintenance and development

- **Maintenance:** Covers ongoing and increasing costs to maintain Kenmore's parks and facilities to meet a standard level of service.
- **Park CIP Projects & Increased Maintenance:** Covers capital and ongoing maintenance costs for new facilities and associated landscaping and mitigation/restoration areas.
- **Environmental Stewardship:** Supports ongoing habitat restoration efforts in parks.
- **Park Acquisition/Development**: Potential funding mechanism for future park expansion and improvements that could include park development at Lakepointe.

Ballot Measure, 20 cents per $1,000



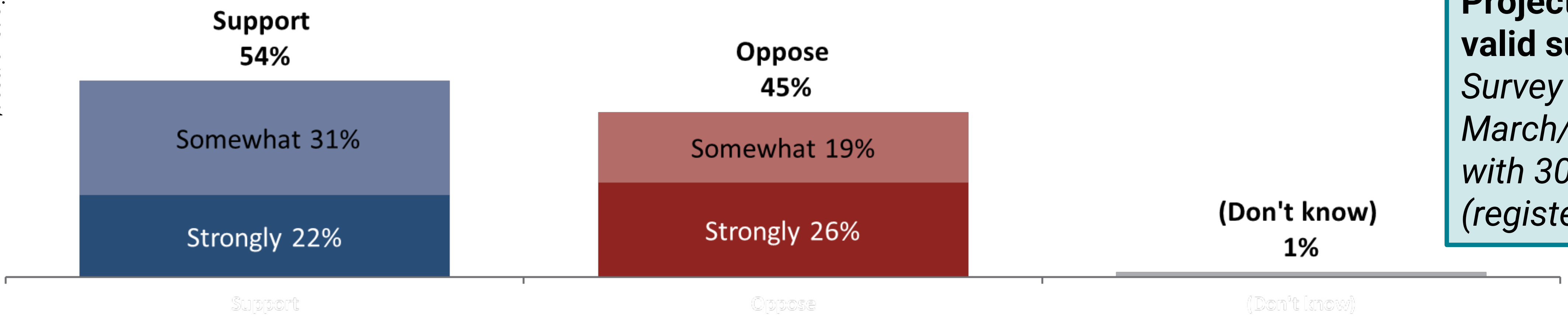
Ballot Measure, 25 cents per $1,000



Support for a Kenmore Metropolitan Parks District

Just over half support the formation of a Kenmore Metropolitan Parks District.

This measure would authorize the creation of a Metropolitan Parks District which would be contiguous with Kenmore's city boundaries. This district would have authority to increase property taxes to pay for a new park and shoreline habitat restoration at Lakepointe, as well as for other recreation and park maintenance in the City, thereby offsetting the City's existing parks and recreation costs. The parks district would be governed by the Kenmore City Council serving as the Board of the Kenmore Metropolitan Parks District and would have the authority to levy up to 75 cents per $1,000 of assessed value. Of that 75 cents, the City would levy 46 cents, which would cost the owner of an average home in Kenmore about $38 per month, or $456 a year. Would you support or oppose this measure to create a Kenmore Metropolitan Parks District?

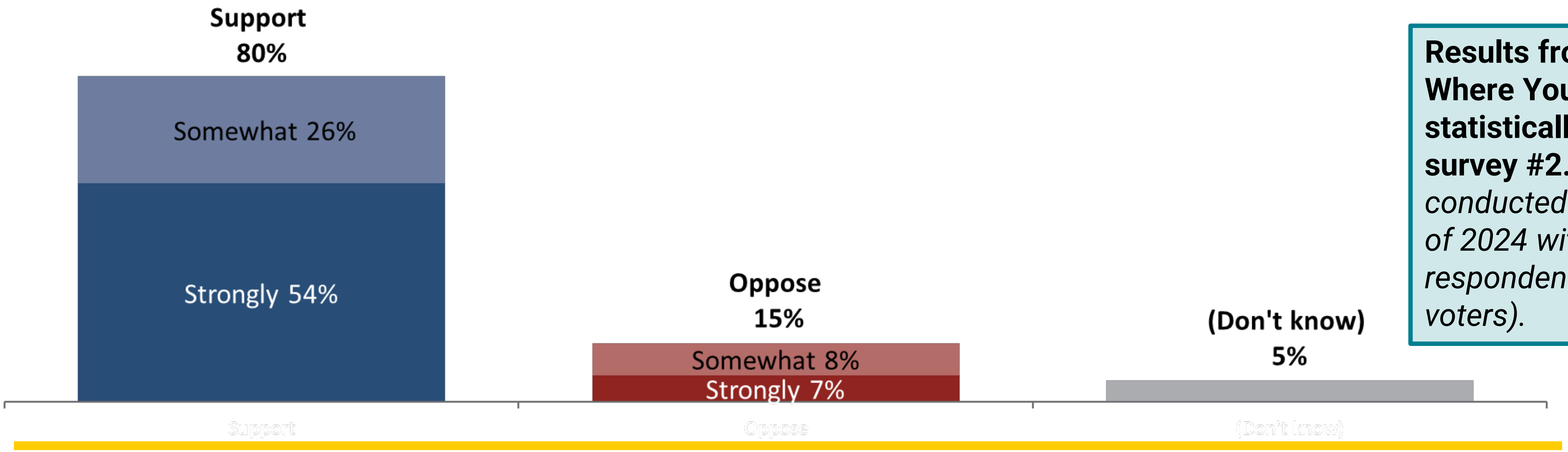


Results from the Love Where You Live Project statistically valid survey #2. *Survey conducted March/April of 2024 with 303 respondents (registered voters).*

Support for Lakepointe Development

Support for developing Lakepointe into a public park and mixed-used private development is widespread, with over half strongly in support.

The largest remaining piece of undeveloped land on Lake Washington is located in Kenmore, in a former industrial area located between Kenmore Air's harbor and the mouth of the Sammamish River. Some have proposed that the City purchase part of this area, also known as Lakepointe, to turn it into a new, lakefront public park and restore habitat along the shoreline. The remaining portion of Lakepointe would be purchased by a private developer and turned into a walkable urban village with residential units, restaurants, shops, and office space. In general, do you support or oppose building a new public park and mixed-use urban development on the Lakepointe property?



Results from the Love Where You Live Project statistically valid survey #2. *Survey conducted March/April of 2024 with 303 respondents (registered voters).*

Ballot Measure Option 2:
Public Safety & Human Services

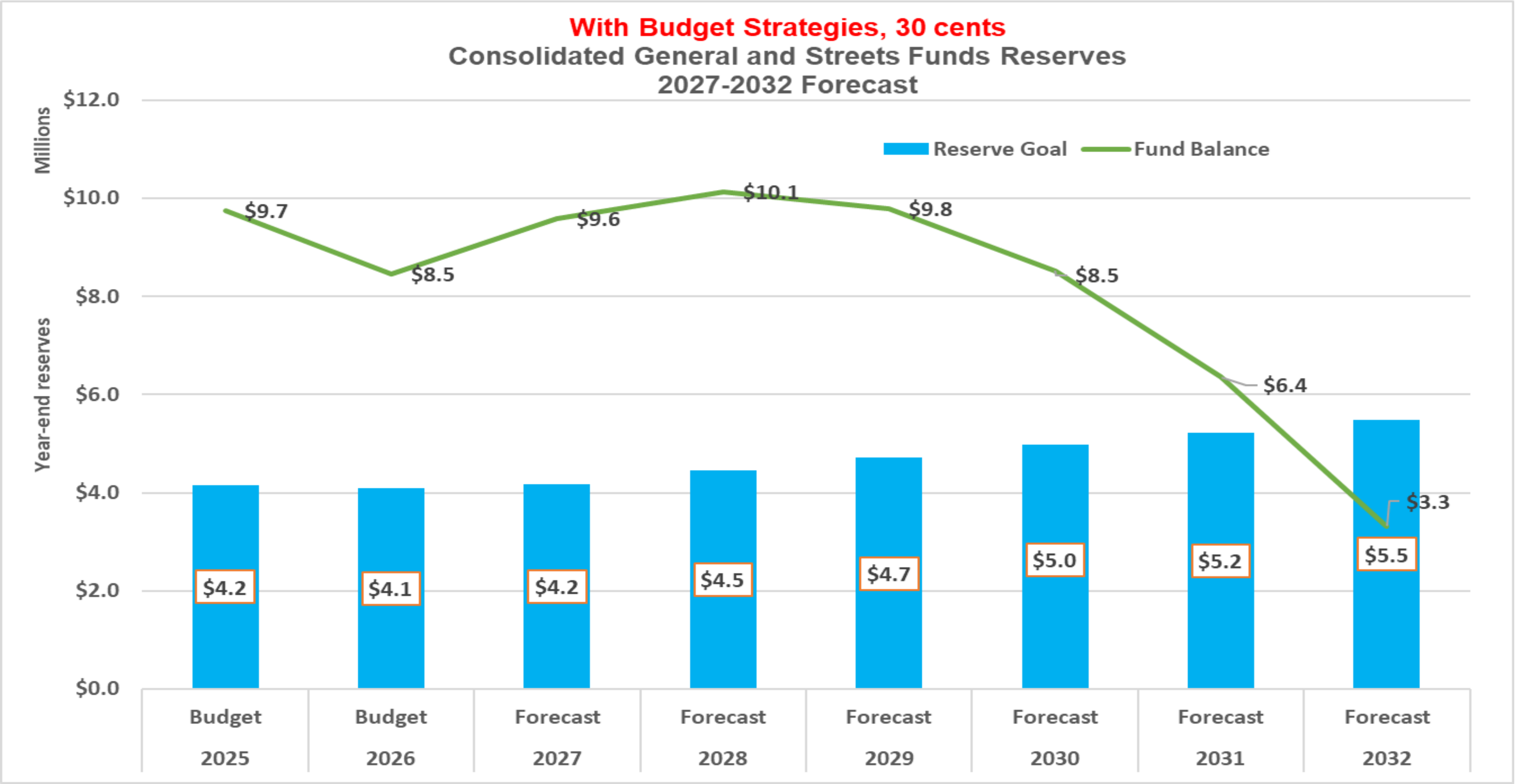
Public Safety and Human Services

Ballot Measure

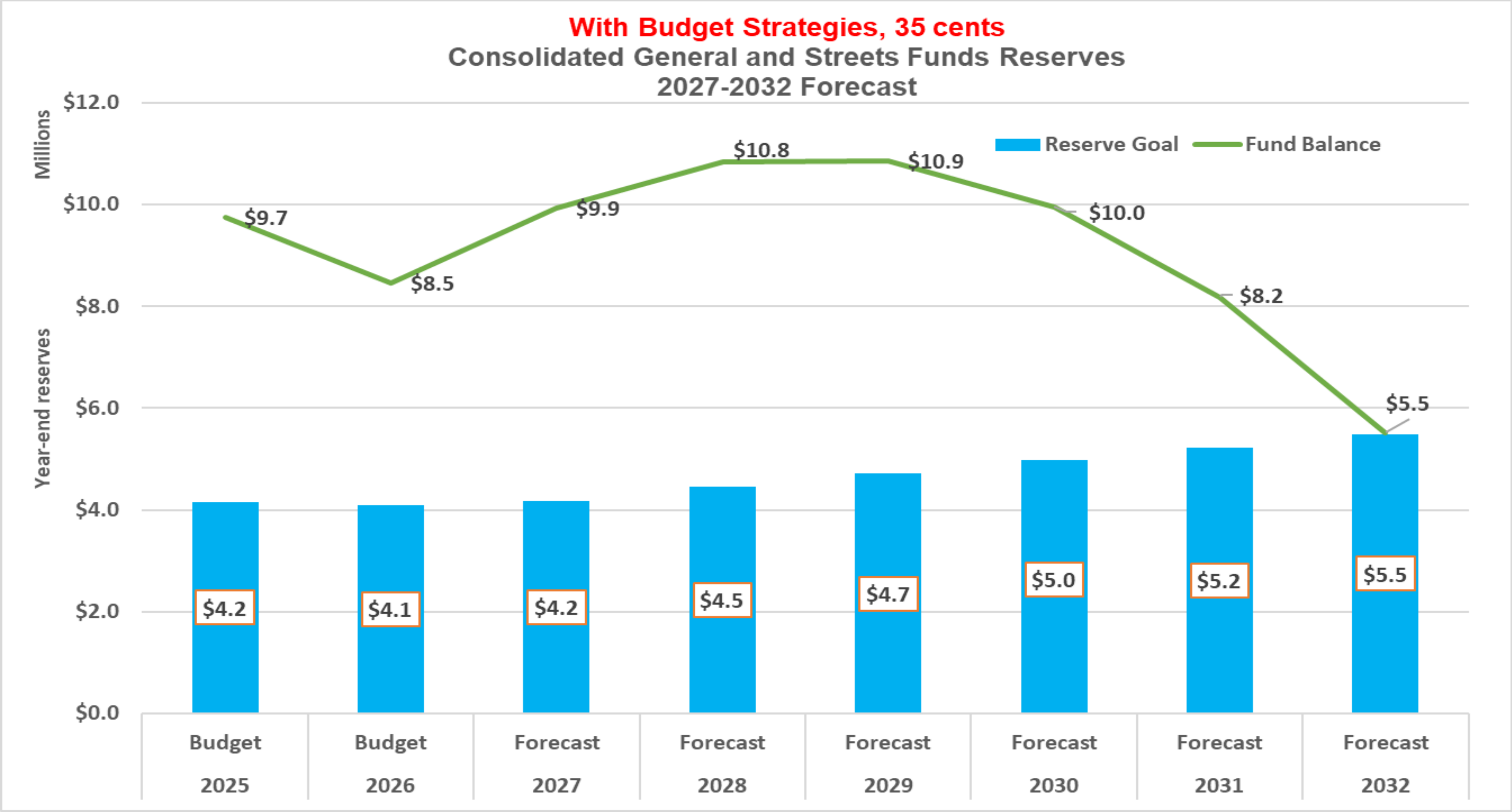
Funding ongoing public safety and human services programs

- Covers increasing costs for ongoing Police, Court, and Jail contract services (cost increases have consistently exceeded CPW-I)
- Continues investment in Regional Crisis Response (RCR) and Community Court alternative response programs
- Funds Human Services Resource Navigator and Utility Assistance Programs (*one-time funding for 2025-2026*)
- Creates an opportunity to invest in additional strategies and programs identified in Human Services Strategic Plan (*available Q4 2025*)

Ballot Measure, 30 cents per $1,000

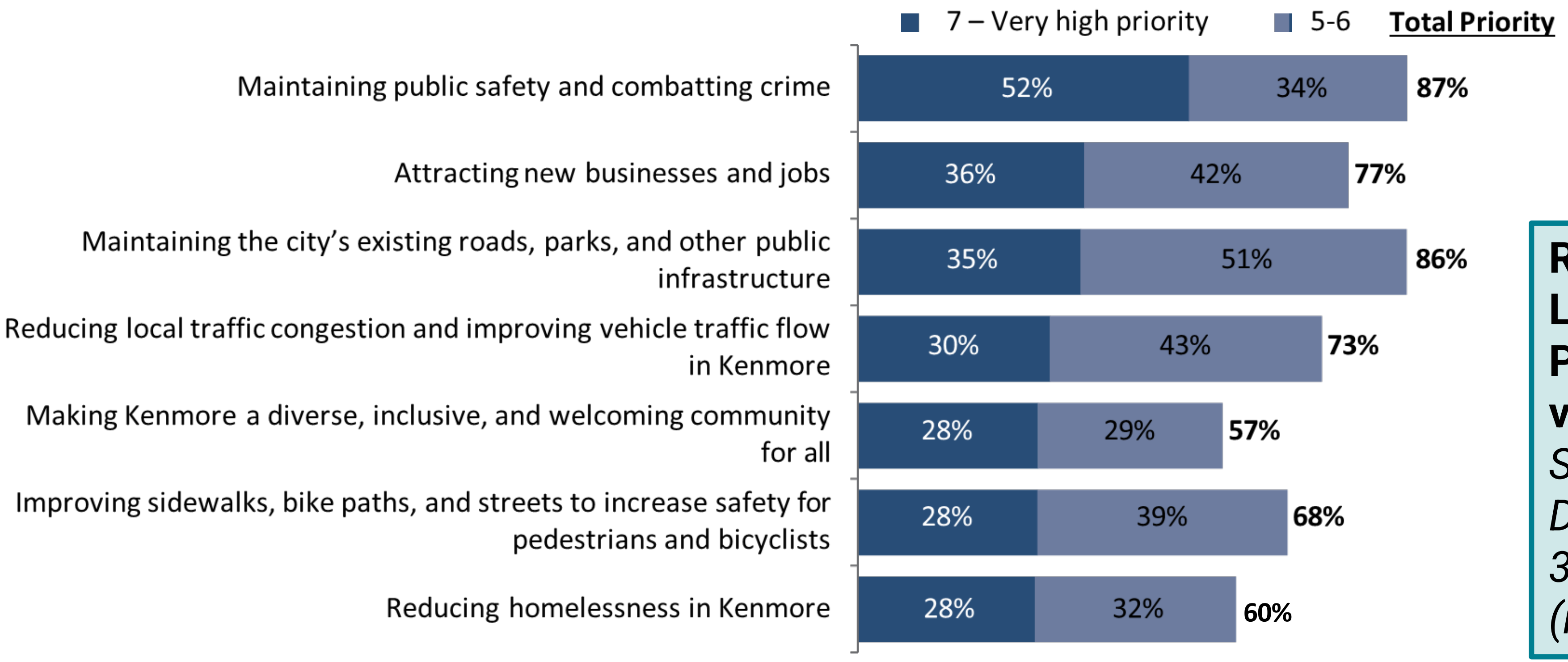


Ballot Measure, 35 cents per $1,000



City Priorities

In terms of intensity, maintaining public safety dwarfs other priorities for the City, followed by attracting new businesses and jobs and maintaining public infrastructure like roads and parks.

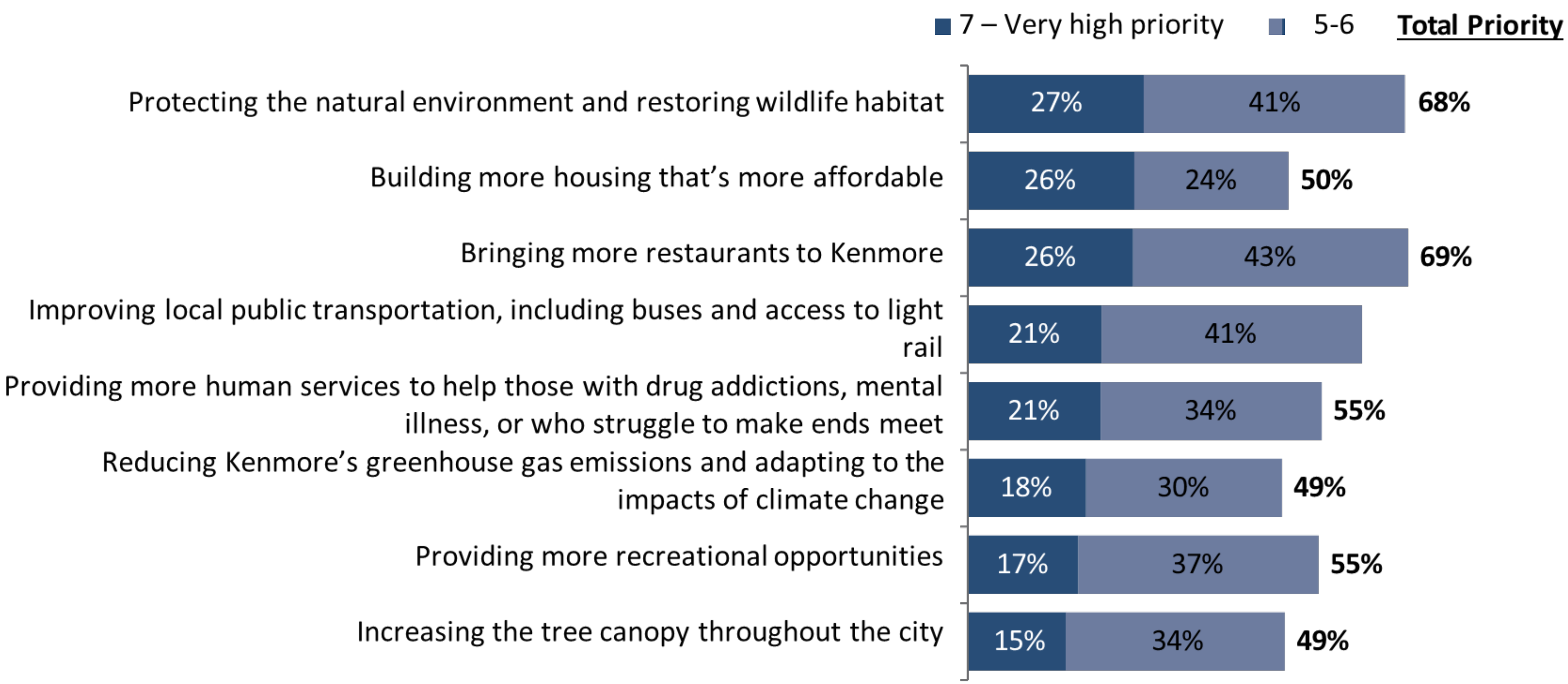


Results from the Love Where You Live Project statistically valid survey #1. *Survey conducted December 2023 with 300 respondents (registered voters).*

Q11-25. I'm going to read you a list of items the City of Kenmore could focus on in the next few years. After each one, please rate how high a priority you feel it should be for the City using a scale of 1 to 7, where 1 means you feel that item should be a very low priority, and 7 means that item should be a very high priority.

City Priorities *Continued*

Though intensity is lower, protecting nature and bringing more restaurants to Kenmore are also priorities for many.



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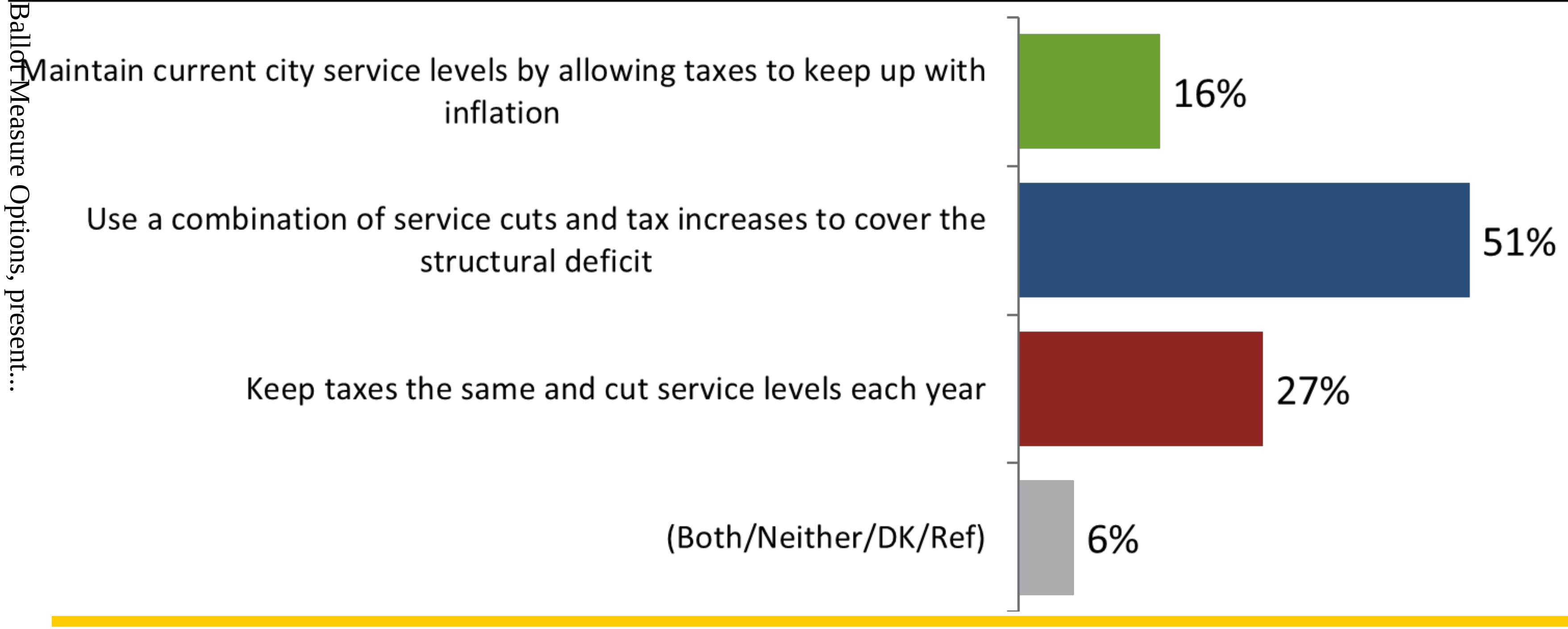
Addressing Kenmore's Structural Deficit

When it comes to addressing Kenmore's structural deficit, just over half favor a mix of service cuts and tax increases.

As you may know, the City of Kenmore faces an ongoing structural budget problem. Property taxes, which are the largest share of the City's revenue, can only increase 1% per year, while inflation in recent years has been as high as 9%. This means that the City cannot maintain existing service levels and keep the budget balanced. What do you think is the best way to address this structural deficit:



Results from the Love Where You Live Project statistically valid survey #2. *Survey conducted March/April of 2024 with 303 respondents (registered voters).*

The City is at a Crossroads

2026 Ballot Measure or Decisions About Reductions

The City is at a crossroads and will need one of the following:

1. **A ballot measure and Councilmanic options**
2. **A ballot measure, Councilmanic options, and cuts**

- ***If no ballot measure, we would face significant cuts***
- ***Cuts alone are not a sustainable solution to the funding gap***
- ***It is important to have a united and strong majority council support***

Recommended Action

Staff recommends one of two ballot measures for 2026:

- **Metropolitan Park District** ballot measure

or

- **Public Safety or Public Safety & Human Services** property tax levy lid lift
  - *Levy lid lift would require renewal every 6 years*

Range for ballot measure **$0.20 to $0.35** per 1,000
  - *Annual taxpayer cost would be $200.00 to $350.00 (assuming $1.0M home value)*

Summary, Timeline and Next Steps

- **Presented this for the first time in May 2024; we are now a year later**
- **Today's City Council retreat: May 2025**
  - Further discussion of options and provide direction on ballot measure next steps
  - ***Decision today***
- **Staff come to future City Council meeting to present a full ballot measure timeline including costs and consultant assistance**
- **Consultant hired in summer 2025**
- **June 2026 City Council Meeting**
  - Adopt a resolution placing a ballot measure(s) on the November General Election ballot
- **Ballot measure in November 2026**

Thank You and Questions

2025-2026 Council Priorities: What Success Looks Like											
Priority	**Key Focus Areas (i.e. what is this)**	**Timeline for Ongoing Work, Deliverables, and Interactions with Council**								**Ongoing in '27-'28**	**Additional Resources Needed '27-'28 (Beyond Base Budget)**
		Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026		
Preamble: Fulfilling Our Core Mission											
A. City Governance	Leadership and Administration of the Organization					Staff Report				☑	See memo; costs will exceed standard annual increase
	City Council Meetings and Support									☑	
	Citywide Service Request Administration & Response									☑	
	New Public Records and Agenda Software Rollouts; Ongoing Public Records and Agenda Work		Presentation			Presentation				☑	
B. Public Safety	Police Services Contract with King County		Study Session				Study Session			☑	See memo; costs will exceed standard annual increase
	Regional Partnerships: RCR		Study Session				Study Session			☑	
C. City Infrastructure	Ongoing Maintenance & Operation of City Infrastructure in Streets, Parks, Facilities, & Surface Water									☑	
	Fleet & Equipment Maintenance & Operations; Expand EV Charging Infrastructure to Support EV Fleet Transition									☑	
	City Hall Solar Expansion										
	Pavement Management Program									☑	
	Citywide Streetlight LED Transition										
	Implement Facilities CIP (PWOC & Senior Center)			Contract	Contract					☐	
	Transition CIP Projects to Maintenance: Parks, Facilities, Transportation, and Surface Water									☑	
D. State and Federal Mandates	Development Permits, Inspections, Code Compliance									☑	
	Comprehensive Plan/Code Amendments									☑	Ongoing staff resources & consultant assistance
	NPDES Compliance									☑	
	Emergency Management		Staff Report		Presentation				Presentation	☑	Funding to support selected option
	Shoreline Master Program/Critical Area Regs			Present+Auth						☑	Complete by 6/30/29. 2027-2028 Budget needs $200-250k
E. City Finances	Budget Development/Monitoring		Present+Auth	Present+Auth	Present+Auth		Present+Auth	Presentation	Presentation	☑	
	Payroll Processing									☑	
	Potential Ballot Measure Implementation	TBD								☐	
	Audit Deliverables/Compliance									☑	
Priority 1: Continue to implement the adopted Climate Action Plan and promote environmental stewardship, including water, air, forest, and habitat restoration and preservation	Electrification/Efficiency/Solarization Projects			Present+Auth			Present+Auth			☑	Ongoing Funding Source (one-time funding 25-26)
	Develop/Implement Tree Canopy Projects			Present+Auth	Study Session w/Committee		Present+Auth			☑	Ongoing Funding Source (one-time funding 25-26)
	Restoration/Retrofit Projects			Construction				Construction		☑	
	Fish Passage Culvert Projects									☑	
	Surface Water Master Plan				Present+Auth		Present+Auth			☐	
Priority 2: Preserve and increase availability of all types of housing at all income levels, including the needs of people experiencing homelessness	Imagine Housing	Presentation			Staff Report			Staff Report		☑	
	STEP Housing Regulations	Presentation		Presentation	Ordinance					☐	
	Middle Housing Regulations	Study Session	Ordinance							☐	
	Affordable Housing Strategy Plan							Presentation	Ordinance	☑	Funding to develop and implement
	Flexibility for Homeless Encampments (RCW 35A.21.360)		Public Hearing							☐	
	Other Affordable Housing Projects in Kenmore				Staff Report					☑	
Priority 3: Finalize, adopt, and implement the Human Services Strategic Plan	Strategic Plan				Presentation	TBD				☐	TBD
	Navigator Pilot Program				Staff Report			Staff Report		☐	Ongoing Funding Source (one-time funding 25-26)
	Utility Assistance Pilot Program				Staff Report			Staff Report		☐	Ongoing Funding Source (one-time funding 25-26)
Priority 4: Promote sustainable Economic Development Strategies that enhance downtown and attract residents, small businesses, and visitors	Downtown Plan for the "Bullseye" (next phase)					Presentation			Presentation	☑	Implementation Funding
	Strategy for Downtown City Properties					Presentation			Presentation	☑	Implementation Funding
	KBA Initiatives (e.g., FIFA, Oktoberfest, Findkenmore.org)	Staff Report		Staff Report		Staff Report		Staff Report		☑	
	Restaurant and Retail Study						Presentation			☐	Funding to implement study recommendations
	Economic Development and Tourism Grants Implementation					Staff Report			Staff Report	☑	

Priority 5: Enhance multimodal transportation, including pedestrian and bicycle safety	Kenmore Automated Photo Enforcement Program		Presentation				Presentation			☑	
	Implement CIP		Contract award		CIP Update		Contract Award		CIP Update	☑	
	Implement Local Road Safety Plan					Annual Report				☑	
	Implement the ADA Transition Plan		Contract award				Contract Award			☑	
Priority 6: Continue to seek opportunities to activate the Lakepointe property	Letter of Intent & Purchase Agreement	TBD								☐	Funding for acquisition/development
	Grant Funding Applications	TBD								☐	Resources to manage
Priority 7: Broaden community engagement and foster fun	Proactively Address Misinformation				Staff Report					☑	
	Kenmore Love Notes and For the Love of Kenmore Event					Event				☑	
	Hank Heron Mascot Program				Staff Report				Staff Report	☑	
	General Town Hall Events & Coffee with Council		Event		Event		Event		Event	☑	
	Year-Round City Special Events (Expand with No-Cost/Low Cost)		Events	Events	Events	Presentation	Events	Events	Events	☑	
	Continued Support for Kenmore Farmers Market				Annual Report			Contract	Annual Report	☑	
	Expand Volunteer Program & Opportunities					Staff Report				☑	
	Expand Kenmore Podcast				Staff Report				Staff Report	☑	
Priority 8: Continue to implement the Diversity, Equity, Inclusion, and Accessibility (DEIA) Strategic Plan, including social justice reform	DEIA Strategic Plan Implementation			Presentation	Study Session w/Committee					☑	
	Broaden DEIA Community Events (Dia de Muertos, Juneteenth, etc.)		Event	Event	Event		Event	Event	Event	☑	
Priority 9: Explore opportunities to expand Parks and Recreation	Update PROS Comp Plan/PROS Plan				Ordinance					☐	
	Potential Lakepointe park development	TBD								☐	
	Implement New Facility Rentals Process				Staff Report					☐	
	Expand Recreational Programs & Opportunities					Staff Report				☑	
	Continue to Support Recreation Through Existing Community Partnerships		Contract			Staff Report				☑	
	Park Stewardship & Habitat Restoration									☑	
	NPRSA - Pool Feasibility Study										
	Bastyr Ballfield Agreement				Contract						
	Parks CIP Update & Implementation				Approval				Approval	☑	

1:30 p.m.

Public Works Operations Center (PWOC) Project Update

City Council Retreat
May 17, 2025

PWOC Project Estimated Timeline Update

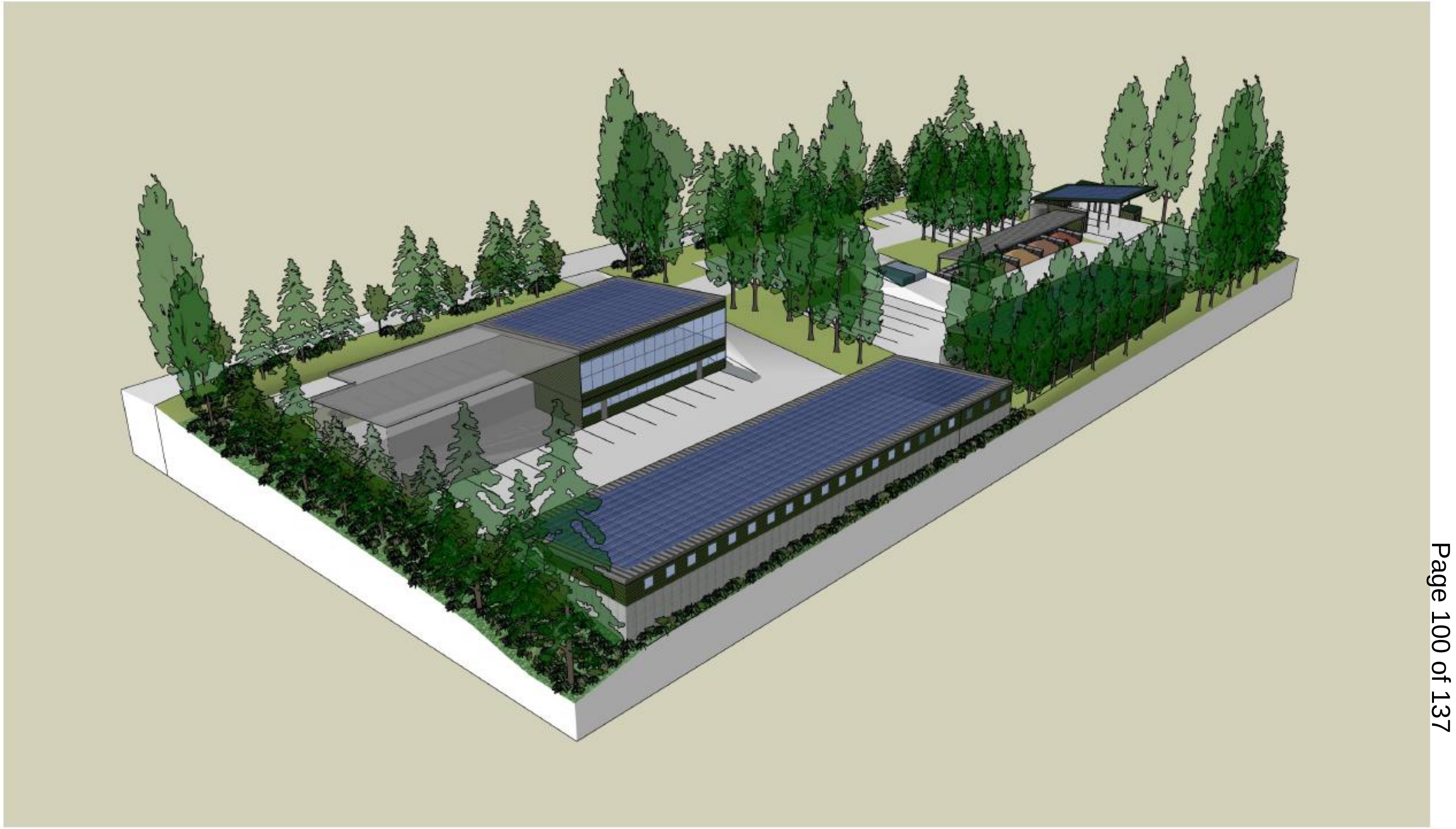
- Two separate permits
  1) Site Improvements (Engineering permit)
  2) Building Construction (Building permit)
- Apply for engineering permit – April 2025 ✔
- Apply for building permit – June 2025
- Obtain engineering permit – July 2025
- Advertise & select contractor for site improvements; contract for Council approval and begin construction – September 2025

PWOC Estimated Timeline Update (cont.)

- Obtain building permit – Fall 2025
- Advertise & select contractor for building construction; contract for Council approval and begin construction – Fall 2025/Winter 2026
- Complete construction and move into new facility – 2027

Conceptual Design

- Project is being phased due to funding limitations
- Shop buildings included as an **additive bid alternate**
- Will depend on how favorable the bids are
- Potential shop improvements:
  - Enclosed building
  - Outdoor covered area
  - Basic options like container storage or hoop structures



WAGNER
ARCHITECTS
PLANNERS
1916 PIKE PLACE
SEATTLE WA 98101
206-448-2528
wagnerarchitects.com

MASSING STUDY LOOKING WEST - WITH VEGETATION

PUBLIC WORKS & ENVIRONMENTAL SERVICES FACILITY SITE STUDIES **8**

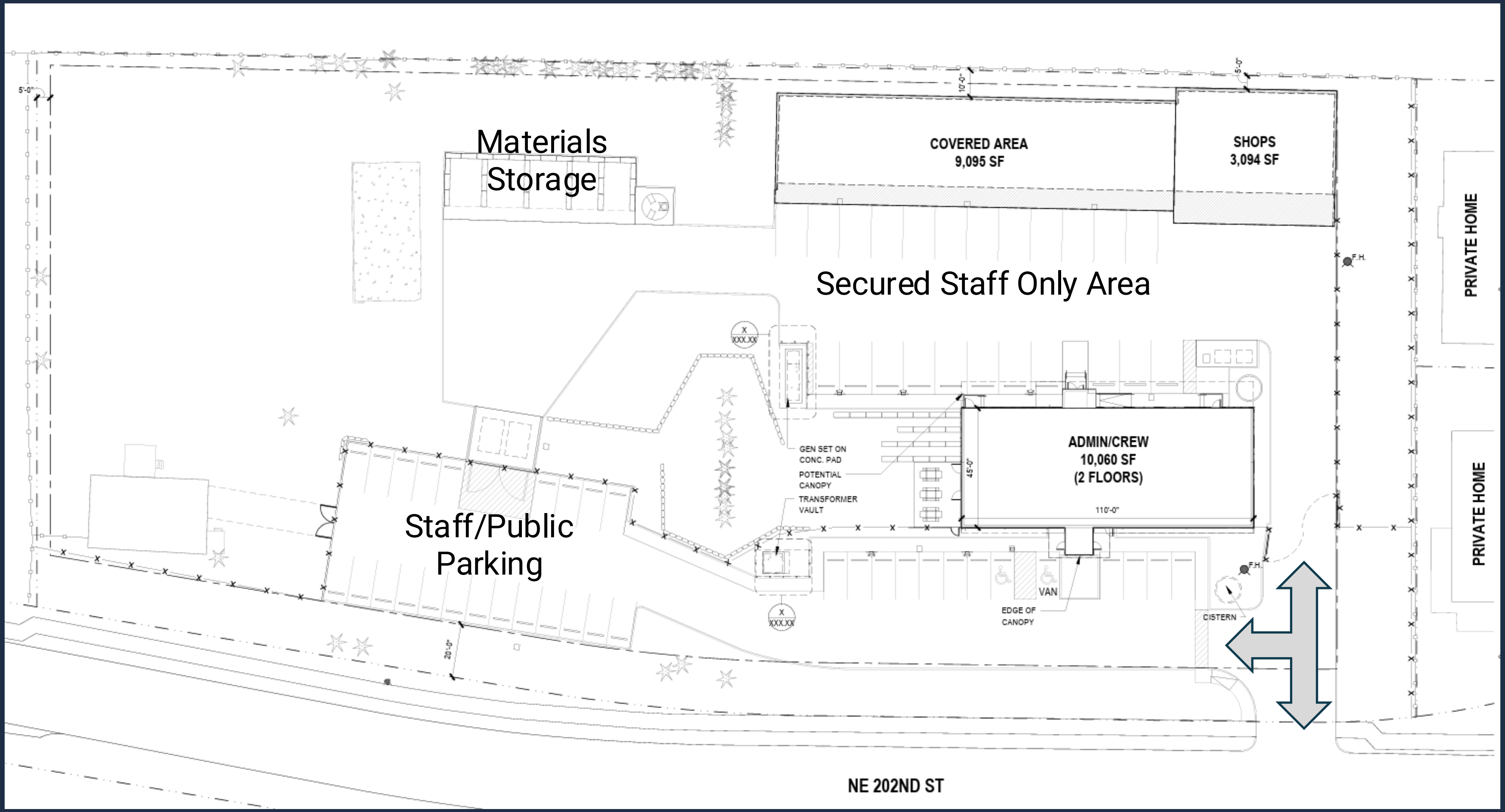
PWOC Site Improvements

- Grading
- Geothermal well drilling
- Utilities
- Surface water infrastructure
- Secure perimeter (fencing and access-controlled gate)
- Retaining walls
- Solid waste enclosure
- Material bins
- Paving
- Parking improvements

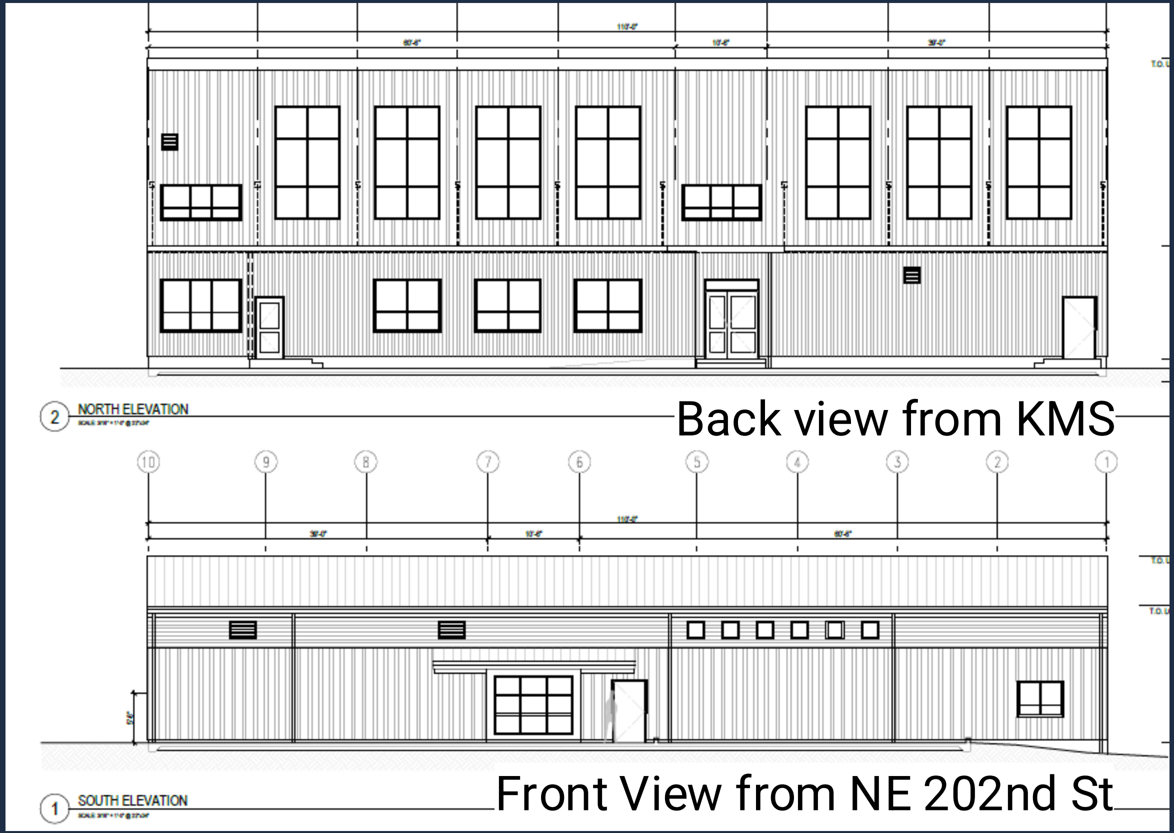
PWOC Building

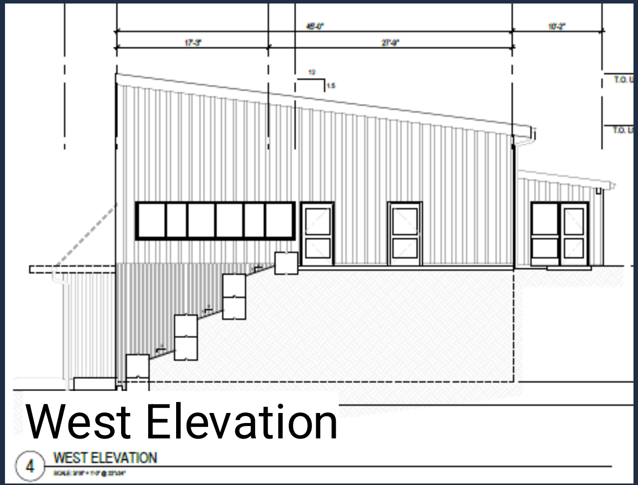
- **Administrative building** will house most Public Works Operations and Environmental Services staff (20 FTE's and 10+ seasonal/intern employees)
- **Environmental features** including geothermal heating, EV charging infrastructure, solar panels (expansion ready), rainwater cisterns, low impact site development; leaving as many trees onsite as possible, large vegetative buffers and the use of sustainable methods and materials
- **Shop building(s)** – If budget allows an enclosed wash bay and a small shop building to store equipment and tools
- Existing double-wide will remain onsite, repurposed to be used for additional dry storage

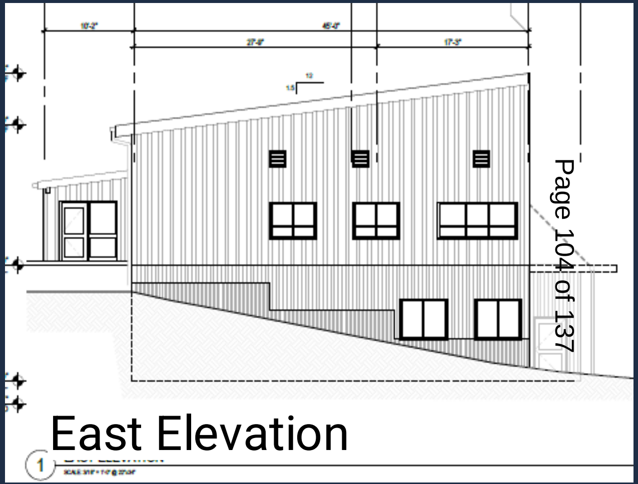
PWOC Site Layout Final Design



PWOC Admin Building







PWOC Project Budget

Project Budget

Adopted CIP Budget	**$22,500,000**

Site Acquisition	$6,100,00
Design, Permitting, Art & Other	$3,356,849
Construction	$11,869,008
10% Contingency	$1,186,901
Estimated Total Cost	**$22,512,758**

Project Funding & Debt Service

Funding

Source	Interest Rate	Terms	Proceeds
WA State Low Interest Loan	2.42%	20 Years (2018)	$3,325,000
Banner Bank Loan	3.45%	20 Years (2022)	$6,600,000
20-Year Municipal Bond	5.00%	20 Years (2025)	$12,580,000

Annual Debt Service

Real Estate Excise Tax (REET)	$800,000
Surface Water Utility Tax	$800,000
Annual Debt Service Payment	**$1,600,000**

Funding & Debt Service Details

- **WA State Low Interest Loan & Banner Bank Loan**
  - Obtained for Public Works Operations Start-up & property purchase.
- **Municipal Bonds**
  - Municipal bonds for this project were issued on December 10, 2024.
  - Bonds were sold as **tax-exempt, limited tax general obligation bonds** of the City.
  - Ordinance 23-0599, defines the project to be financed with proceeds of the bonds as **the acquisition, design, construction, development, improvement, equipping and furnishing a new Public Works Operations facility on the selected site.**
  - Under federal tax law, proceeds of tax-exempt bonds must be used for capital projects, such as the intended project.

Questions or Comments?

CC-1 Council Rules and Procedures

Category: City Council	Policy No.: CC-1
Subject: Council Rules and Procedures	Date Issued: 7/11/2023 (Res. 22-388)
Staff Contact:	Last Updated: 12/4/2023 (Res. 23-408)

Sections:

1 General

1.1 Purpose of Meetings

City Council meetings are for the purpose of conducting city business, including but not limited to budgeting (e.g., revenues, expenditures, taxes, fees, monthly payments, capital project payments), long-range planning (e.g., vision, zoning, development, and land use) and addressing federal and state mandates.

1.2 Structure of Meetings

A. All meetings shall be open to the public, except for executive sessions authorized by law (and noted in Council Rules and Procedures, Section 7, Executive Sessions) and collective bargaining sessions and related proceedings described in RCW 42.30.140. Final action resulting from executive session discussions will be taken during a meeting open to the public as required by law.

B. Meetings will be orderly and will involve Councilmembers, City staff, consultants, and members of the public, which will allow all viewpoints to be heard and considered.

C. Meetings will be called to order by the Presiding Officer, who shall be the Mayor, the Deputy Mayor in the absence of the Mayor, or a Councilmember selected by the City Council in the absence of both the Mayor and Deputy Mayor.

D. Meeting types:

1. There will be three regular meetings per month on the 2nd, 3rd, and 4th Monday evenings. If a regular meeting falls on a holiday, it will be held the next day, Tuesday, unless canceled by the City Council. There will be no regular meetings on the 1st and 5th Monday evenings.

2. Additional meetings, which may be referred to as meetings or work or study sessions, will be scheduled as needed.

3. Executive sessions will be scheduled as needed.

4. Town Hall meetings will occur periodically as determined by the City Council.

5. Coffee-With-Council is an open forum for the public to discuss issues with Councilmembers. It will occur twice a month, generally on one Monday and one Saturday at times to be announced. If no Councilmembers are able to attend, notification of the cancellation will be made. No more than three Councilmembers may attend. If specific operational issues are brought up by the public, they should be asked to fill out a Service Request on the City's website to properly track, record, and manage the issue. If a Service Request has been filled out and the person has not received a response, then it will be referred to the City Manager for follow-up. Coffee with Council is not intended to result in tasking the city manager or staff with new initiatives or operational tasks.

6. Retreats will be scheduled yearly, or more often if needed when extended blocks of time are needed to set priorities and make long- term plans for the City.

7. The Council has the prerogative to form ad hoc committees or workgroups of not more than three members to work on issues that will be brought forward to the full Council for consideration.

E. All public meetings will be scheduled or announced, and agendas will be prepared and made available in advance as required by State law (the Open Public Meetings Act). Meetings may be added or canceled as discussed and approved by the City Council.

F. Actions may be taken, motions may be passed, proclamations may be made, and resolutions and ordinances may be adopted at regular meetings, or special meetings with proper notification.

G. Meeting agendas with relevant information on each topic will be available 10 days in advance whenever possible.

H. Regular and special meetings will be recorded by the City Clerk or designee and posted within 72 hours.

I. Remote attendance and voting will be allowed as noted in Section 6.

J. Copies of all documents distributed in the Council chambers pertaining to Council business, as well as copies of all documents submitted by speakers during Public Comments, shall be provided to the City Clerk and distributed as necessary.

1.3 Rules for Meetings

A. These rules constitute the official rules and procedures and code of conduct for the City Council.

B. In addition to these rules, the City Council shall conduct its meetings in compliance with the most current edition of Robert's Rules of Order Newly Revised (Robert's Rules). A copy shall be maintained in the office of the City Clerk.

C. Where there is a conflict between these rules and Robert's Rules, these rules shall govern. Where there is a conflict between these rules and State and federal laws, the State and federal laws shall govern.

D. In general, the City Council will follow Robert's Rules for "Formal Debate," including requiring a second for all motions and disallowing the Presiding Officer from making motions.

E. Robert's Rules of Order for "Small Boards" will be used to:

1. Allow the Presiding Officer to participate in debate. In general, the Presiding Officer will speak after others have spoken on the topic.

2. Allow informal discussion before a motion is made.

3. Not require speakers "for" and "against" the motion to alternate.

2 Order of Business Meetings

2.1 Call to Order

A. The Presiding Officer will call a meeting to order.

B. The Presiding Officer will request the City Clerk to call the roll of the Councilmembers. The Clerk will record the names of Councilmembers present and absent. The Clerk will also note the time of any late arrivals and early leave-takings for the record.

2.2 Agenda Approval

A. The City Council shall approve the agenda.

B. Amendments to the agenda may be suggested, discussed, and approved.

2.3 Public Comments

A. Members of the public may only speak during the designated Public Comment period, or during a scheduled public hearing, or a quasi-judicial hearing (as discussed in Section 8 below).

B. No person shall address the City Council at a meeting without being recognized by the Presiding Officer.

C. The Presiding Officer or City Clerk will state the rules for the Public Comment period. This may include items such as:

1. Members of the public must sign the log prior to the Public Comment period to be allowed to speak. They are not required to sign anywhere to attend the meeting.

2. They must state their name and city of residence.

3. Each person will be given three minutes. However, if more than twenty people are signed up to speak (counting both on-site and virtual speakers), then the public comment time limit will be automatically reduced to two minutes per person. The Mayor will be informed of the number of persons signed up prior to public comment so that the correct time limit will be applied, and said time limit will continue to apply even if a person opts out or leaves the meeting prior to giving public comments. The Presiding Officer may alternate comments between in-person and online commenters.

4. It is a time for members of the public to speak on any topic(s) of their choice.

5. It is not a time for the Council or staff to answer questions, but exceptions can be made at the discretion of the Presiding Officer.

6. Comments should be addressed to the Presiding Officer and the City Council, not the audience.

7. If members of the public agree with the comments of previous speakers, they are encouraged to state that their comments have already been made by previous speakers.

8. Section 8.3 Rules of Decorum and Section 8.4 Interruptions – Procedure shall apply to public comments.

9. Suspension of public comment rules will require a majority vote of the Councilmembers present.

D. No person may use the designated Public Comment period to support or oppose any candidate for public office or ballot measure in a manner that violates RCW 42.17A.555.

E. The Presiding Officer will allow members of the public to return to their seats in the audience before responding to their presentations.

F. There will be no two-way conversations between Councilmembers and members of the public.

G. The Presiding Officer may direct the City Manager to follow up with members of the public on issues brought before the City Council. However, if public comment is about operational issues then the Presiding Officer should refer the resident to the main page on the City's website where they can report a concern. Operational requests raised during Public Comment should not get special priority or attention.

2.4 Virtual Public Comment

A. The Council aims to provide a virtual meeting option whenever possible and technologically feasible. Members wishing to comment virtually during a public comment period, or a scheduled public hearing, will be required to submit a request in advance using a form approved by the City Clerk's Office and provided through the city website.

B The Council may, at its discretion, eliminate the remote public comment option if necessary due to security, safety concerns, or as otherwise determined necessary by the Council.

C. The City Clerk's Office is authorized to evaluate all requests to comment virtually submitted on the approved form, with the goal of allowing the maximum number of requests subject to confirmation procedures established by the City Clerk's Office.

D. The City Clerk's Office is authorized to make changes to the registration form or process to enhance security or efficiency as necessary.

E. If approved to comment, virtual public comments must adhere to the same rules outlined in section 2.3 (Public Comment) or 8.2 (Public Hearings).

F. Guests providing virtual comments will "display" their first and last name before being called on.

2.5 Presentations

2.6 Council Business Meeting

A. Each item on the agenda will be addressed in turn with staff, consultant, or special speaker reports as appropriate.

B. Council will discuss the issues and take action on them as appropriate.

2.7 Consent Agenda

A. The consent agenda streamlines Council proceedings by addressing routine matters without extensive deliberation. Inclusion in the consent agenda is suitable for items in the following categories:

1. Minutes: Approval of meeting minutes from previous sessions.

2. Voucher Approval Reports; Payables

3. Routine Contracts: Standard service contracts or procurements within established budgetary limits.

4. Reports and Updates: Receipt of non-debatable reports or updates.

5. Procedural Matters: Non-contentious appointments, reappointments, or procedural changes.

6. Implementing Prior Direction: Actions implementing Council direction from budget, policy documents, or previous meetings.

7. Final Actions Directed by Council: Finalizing actions previously directed by the Council, possibly in the form of resolutions or ordinances.

B. Items included in the consent agenda must adhere to guidelines and not require extensive discussion. Excluded items will be scheduled for individual consideration during the business agenda of Council sessions.

C. The consent agenda aims to streamline Council proceedings, optimizing time while ensuring transparency and adherence to prior directives. Any item on the Consent Agenda may, at the request of any Councilmember, be removed and considered and voted on separately. Requests to remove a consent item for consideration may be done during the Agenda Approval or Consent Agenda segments of the meeting.

2.8 Councilmember Reports, Comments, and Initiatives

A. Councilmembers may give reports, make comments, and/or raise new topics or issues during “Councilmember Reports, Comments and Initiatives.” No final action or direction to staff can be taken on comments or topics raised. However, during Councilmember Reports, the Mayor (or Presiding Officer) may request Council concurrence to sign on to a document showing City support for a particular issue or position.

B. Each Councilmember will have 5 minutes for reports, comments and new topics/issues. Extra comments can be submitted in writing.

C. In raising a new topic or issue, the Councilmember must present it as a concept that includes a statement of how the topic or issue relates to existing City goals or to other important Council discussions.

A second Councilmember must agree to discuss the new topic or issue in order for it to be discussed by the City Council.

The Presiding Officer will direct discussion of the new topic or issue to determine whether there is majority support to move it to a future agenda.

After discussing the new topic or issue, the City Council will vote or come to a consensus on whether to move the topic or issue forward as a future agenda item.

D. By majority vote of Councilmembers present at a meeting, the maximum time for any or all Councilmember reports and comments may be extended.

2.9 End of Meeting

City Council meetings shall not extend beyond 11:00 p.m. unless extended by motion and approved by a simple majority of the City Council. The motion shall include the length of time of the extension.

A. Agenda items not completed when having reached the End of Meeting in Section 2.8 shall be moved to the agenda of the next Regular or Special Meeting.

3 Structure and Roles of Government

3.1 City Council Role

A. The City Council acts as a collective body to set policy direction. Council direction comes from the Council dais. Policy direction and requests for new initiatives should not happen outside of the Council meeting. Council decides the policy direction, while the City Manager determines the operational enactment of policies.

B. Council direction on workload and priorities is normally established two times per year: At budget adoption and at the retreat. While emergent and high priority issues may unexpectedly come up during the year, the Council should try to respect the process of providing priority and workload direction through the budget and the retreat.

C. The work set forth through budget and the retreat, plus daily City operations, is always ambitious and more than fills the time of staff. To support organizational health and morale, and to maximize efficiency and effectiveness, if a new initiative is to be considered, a corresponding workload item will need to be deleted or a new resource will need to be added.

D. In fulfilling their role as members of a collective policy-making body, Councilmembers will:

1. Focus on policy matters, including but not limited to priority setting, long- range planning, budgeting, federal and state mandates, City Manager recruitment, hiring, evaluation and termination, and approval of employee positions.

2. Not focus on administrative or operational issues and matters. If a Councilmember has an operational request (e.g., pothole, right-of-way vegetation, etc.), the Councilmember will be directed to use the Service Request process and system, and such requests will be treated like any other request from a resident. Councilmembers do not vicariously request operational city services or report operational concerns on behalf of residents unless the issue or concern is an immediate safety or environmental hazard. Requesters should be directed to go through the Service Request system. If a requester says they tried the service request process and did not get a response or received an unsatisfactory response, the Councilmember can bring it to the City Manager’s attention, and the City Manager will work through the appropriate department head(s) to resolve the matter.

3. Comply with the laws, regulations and policies affecting operation of City government.

4. Use public office for public good, not personal gain.

5. Be independent, impartial and fair in judgments and actions.

6. Conduct public deliberations and processes openly, unless legally confidential and privileged, in an atmosphere of respect and civility.

7. Monitor and understand operations of the City to be knowledgeable in order to provide policy direction.

8. Represent the City at local, state, and national forums.

9. Represent the City to its residents and members of the public.

10. Notify staff in advance of meetings regarding key questions and discussion points that likely will be raised and addressed during meetings, to allow the staff time to prepare for the questions and discussions.

11. Contact the City Manager only for questions and thinking through policy issues that are in upcoming published agenda items. Note that direction to perform any work cannot arise from these discussions, but rather needs to come from the collective body of the City Council. Questions and issues not pertinent to the immediately upcoming agenda should be raised at regularly scheduled one-on-one meetings with the City Manager as indicated in Section 3.2.6.

12. Interact with City staff and consultants through the City Manager, who is responsible for their

duties and use of time, with the following exceptions:

a. Councilmembers may contact the Executive Assistant directly for clerical and incidental administrative tasks such as processing reimbursements, making copies, calendaring, travel arrangements, and conference registrations.

b. Councilmembers may contact the City Clerk directly (cc: City Manager if by email) for incidental things relating to Council meetings, such as getting the right meeting link, getting a copy of a packet item, making sure they have the right chair, getting the battery changed out in their microphone, etc.

c. Councilmembers may ask routine questions of city departments that can be answered in a few minutes. Examples may include questions about items on upcoming Council meeting agendas, the city's existing development regulations and other city codes, the city's adopted budget, and administrative issues and procedures. In these cases, Councilmembers can direct their questions through the department heads, provided they include the City Manager in the communications. If the department head determines that the Councilmember's question will take more than a few minutes to answer, they will seek guidance from the City Manager. Councilmembers are not to contact department heads or other staff directly to direct work, request research, policy analysis, changes in operations or priorities, or similar issues.

d. Councilmembers may contact the City Attorney directly if needed for legal questions, provided that the City Attorney may contact the City Manager for direction on workload priorities.

e. Mayor (or Presiding Councilmember) may work directly with the City Clerk for obtaining signatures on Council-approved documents and other incidental matters pertaining to Council meetings.

13. Be attentive to and interact with the public as indicated during Coffee with Council (Section 1.2.4.5), Public Comments (Section 2.3), Public Testimony (Section 8) and at other times in the community. Residents often raise policy or program ideas that may be addressed in the following ways:

a. If a policy issue raised is worth exploring, Councilmembers should bring ideas forward to the collective City Council with two-councilmember sponsorship (see 2.B.), rather than to the city manager, while also respecting existing priorities and work plans.

b. If a resident has an idea for a specific event or "love note," the Councilmember should ask the resident if they are willing to plan and produce it, and then give them the contact information of the City's recreation coordinator who may support it in the following two ways:

(1) Promotion of the event/love note through City's normal communication channels (City will not design or produce flyers or other materials) and

(2) Provision of City-owned physical location.

14. Access City computers and electronics at the appropriate access level. A City computer, such as a laptop, will be provided for City business, and it may not be used for personal business.

a. Cell Phone. If a Councilmember wishes to have a City- provided cell phone for City use, one will be provided.

b. Key Card. Each Councilmember will be given a key card to access City Hall main entrance, Council Chambers, and the executive conference room.

c. City Property. All City devices (e.g., computer, laptop, cell phone, key card, and other accessories) are the property of the City of Kenmore and will be returned to the City at the end of the term of office.

3.2 City Manager Role

A. Serve as the primary point of contact between the City Council and City staff and consultants. The City Manager works for and serves at the will of the City Council. All other City employees work for and report to the City Manager.

B. Direct the time of City staff and resources of the City in accordance with City Council approved priorities and budgets.

C. Spend City funds per the City's adopted purchasing policies, which align with State and City laws.

D. Prepare agendas for meetings and retreats with input from the Mayor.

E. Provide timely, useful information evenly and equally to all Councilmembers.

F. Meet with each Councilmember as mutually acceptable to the City Manager and the Councilmember. The main purposes for these meetings with three or fewer Councilmembers are for the City Manager to give updates and for Councilmembers to bring up questions. It is not a time for tasking the City Manager, nor is it a time to direct the City Manager to implement new programs or policy initiatives or otherwise add any new work to the City Manager. That direction comes from the majority decision of the Council.

G. Prepare adequately for City Council meetings.

H. Meet with members of the public as needed to solve problems and answer questions.

I. Interact with other public agencies to accomplish City Council goals and policies.

J. Respond to Councilmember questions and concerns equitably.

3.3 Election of Mayor and Deputy Mayor.

For efficiency and transparency, the Council adopts the following procedures to fill the positions of Mayor and Deputy Mayor:

A. Mayor

1. The City Clerk will open and call for nominations for the position of Mayor, giving every Councilmember an opportunity to nominate one person, including him or herself.

2. Once all nominations are made, the City Clerk will close the nominations and ask for discussion. The City Clerk will ask each Councilmember if they wish to speak once to make their case for a particular nominee.

3. After each Councilmember has had a chance to speak, the City Clerk will close discussion and begin the voting process.

4. If there is a singular nomination, the vote will be taken by unanimous consent.

5. If there are multiple nominations, the vote will be taken by a show of hands.

6. Each member of the Council will vote for the preferred nominee, and keep the hand raised until the clerk has registered the vote.

7. Votes will be taken in order of nomination received.

8. The voting rounds will continue until a majority of 4 votes has tallied in favor of a nominee. A nominee may withdraw a nomination before a new round of voting begins.

9. The newly-elected Mayor will immediately assume the role of chair/presiding officer.

B. Deputy Mayor

1. The newly elected Mayor will call for nominations for the position of Deputy Mayor.

2. Each Councilmember may nominate one person, including him or herself at this time.

3. Once all nominations are made, the Mayor will close the nominations and allow time for discussion. Each Councilmember will be allowed to speak once to make their case for a particular

nominee.

4. After each Councilmember has had a chance to speak, the Mayor will close the discussion and begin the voting process.

5. If there is a singular nomination, the vote will be taken by unanimous consent.

6. If there are multiple nominations, the vote will be taken by a show of hands.

7. Each member of the Council will vote for the preferred nominee, and keep the hand raised until the Clerk has registered the vote.

8. Votes will be taken in order of nomination received.

9. The voting rounds will continue until a majority of 4 votes has tallied in favor of a nominee. A nominee may withdraw a nomination before a new round of voting begins.

10. The Councilmember who receives the most votes will immediately assume the role of Deputy Mayor.

3.4 Mayor Role

A. Primary roles: facilitate meetings; represent the City at local, state and national forums; and represent the City in a ceremonial capacity.

B. Keep the City Council informed of the Mayor’s activities with reports during Councilmember Comments.

C. Announce in advance public presentations, ceremonies, and events that the Mayor is invited to attend.

D. Bring new issues to the City Council during Council Initiatives.

E. Request other Councilmembers to attend meetings in place of the Mayor when they cannot attend, or to join the Mayor at such meetings to increase the City’s representation.

F. In the event that a City Manager resigns or leaves, the Mayor will work with the City Council to find a replacement using a recruitment agency.

4 Vacancy and Leave of Absence

4.1 Purpose

This section provides guidance to the City Council on filling vacancies and appointing a Pro Tempore when a Councilmember requests an extended leave of absence.

4.2 References

A. Chapter 42.12 RCW – Vacancies

B. RCW 35A.13.020 (and RCW sections cited therein) – Vacancies – Filling Councilmember Vacancies

C. RCW 35A.13.035 – Pro Tempore appointments

D. RCW 42.30.110(1)(h) – Executive Session Allowed to Evaluate Qualifications of a Candidate for Appointment to Elective Office

E. RCW 42.30.060 – Prohibition on Secret Ballots

4.3 Definitions

A. A "vacancy" occurs on the happening of any event identified in RCW 42.12.010, as amended, which includes resignation, removal, forfeiture, permanent incapacity, or death of a Councilmember.

B. "Leave of absence" means a temporary interval when a Councilmember is unable to serve due to extended excused absence or incapacity but expects to return to full service prior to the end of his or her term of office.

C. "Permanent incapacity" means a physical or mental incapacity that is reasonably expected to prevent the Councilmember from returning to full service (including but not limited to attending consecutive regular meetings of the council) prior to the end of his or her term of office.

4.4 Leave of Absence

The remaining Councilmembers, by a simple majority vote, may grant a leave of absence to a Councilmember upon receipt and approval of a written request.

4.5 Filling of Vacancy or Appointment of Councilmember Pro Tempore

A. Upon receiving notice of an upcoming vacancy or the occurrence of a vacancy, the remaining Councilmembers, by a simple majority vote, shall fill the vacant position using one of the following procedural options:

1. Appoint a candidate to fill the vacant position without the process described in Section 4.6 below;

2. Appoint a candidate to fill the vacant position according to the process described in Section 4.6 below; or

3. Appoint a candidate to fill the vacant position using another process based on the circumstances at the time of the vacancy and the needs of the City Council.

B. After a leave of absence is approved, the remaining Councilmembers, by a simple majority vote, shall select one of the following options:

1. Leave the position unfilled during the leave of absence;

2. Appoint a Councilmember Pro Tempore by a simple majority vote, without the process described in Section 4.6 below;

3. Appoint a Councilmember Pro Tempore according to the process described in Section 4.6 below; or

4. Appoint a Councilmember Pro Tempore using another process based on the circumstances at the time of the leave of absence and the needs of the City Council.

C. The Councilmember who is vacating his or her position, or seeking temporary leave of absence, shall not participate in the appointment process.

4.6 Application Process

A. If one of the following events occur: a) the City Council receives notice of an upcoming vacancy, b) a vacancy occurs, or c) City Council determines to appoint a Councilmember Pro Tempore, the City Council shall direct staff to begin the Councilmember application process and establish an interview and appointment schedule so that the position is filled at the earliest opportunity.

B. The City Clerk's Office shall prepare and submit an advertisement to the newspaper of record, with courtesy copies to the closest local newspaper, which announces the vacancy consistent with the requirements necessary to hold public office. This advertisement shall contain such information that the City Council deems appropriate. The announcement will also be sent via the City's other regular communication channels (email and social media).

C. The applicant must be a registered voter of the City of Kenmore, have a one-year continuous period of residency in the City of Kenmore, and hold no other public office or employment under the City of Kenmore government.

D. The City Clerk's Office shall prepare an application form that requests appropriate information for City Council consideration of the applicants. The application form must include the question: "Is there anything in your background that would bring discredit to this city if appointed?" The application form must also require the applicant to agree to complete and file a Washington State PDC Form F-1 upon appointment. The application form will also include the applicant's consent for the City to conduct a criminal background check on the applicant prior to being interviewed by the Council. The City Clerk's Office shall make the applications available at Kenmore City Hall and such other locations that the City Council directs if any.

E. The City Clerk's Office shall distribute to all Councilmembers the applications received by the deadline. The applications shall be accompanied by any additional information submitted by the applicant and obtained by the City Clerk's Office, such as endorsements, letters of reference, and other pertinent materials.

4.7 Interview Process

A. The City Council will determine which applicants will be interviewed according to qualifications submitted.

B. The City Clerk's Office shall notify the selected applicants of the location, date, and time of City Council interviews.

C. Prior to the date and time of the interview, the Mayor shall accept one interview question from each Councilmember.

D. Prior to the interview, the City Clerk shall obtain and provide to the Councilmembers a Criminal Background Check for the applicant.

E. The applicant's order of appearance shall be determined by a random lot drawing performed by the City Clerk.

F. Each interview of an applicant shall be no more than 30 minutes in length. At the interview:

1. The applicant shall present his or her credentials to the City Council.

2. The City Council shall ask a predetermined set of questions.

3. If agreed to by the City Council, Councilmembers may ask and receive answers to miscellaneous questions.

4.8 Voting Process

A. Upon completion of the interviews, Councilmembers may convene into Executive Session to evaluate the qualifications of the applicants; however, all interviews, nominations and votes taken by the Councilmembers shall be in open public session.

B. In voting on the applicants, the City Council shall follow Robert's Rules of Order Newly Revised.

C. The position shall be filled by the applicant receiving a majority vote of the remaining members of the City Council. Thus, balloting will continue until an applicant receives a majority of four votes.

D. At any time during the balloting process, the City Council may postpone balloting until a special or regular meeting if no applicant has received a majority of four votes.

E. The Mayor shall declare the applicant receiving a majority of four votes as the new Councilmember or Councilmember Pro Tempore, and they shall be sworn into office at the earliest opportunity, or no later than the next regularly scheduled City Council meeting.

4.9 Deadline for Filling Permanent Vacancies

Permanent vacancies must be filled within ninety (90) days following the occurrence of the vacancy.

4.10 Term of Office

A. The new Councilmember shall serve the portion of the unexpired term until his or her successor takes office, pursuant to State law.

B. A Councilmember Pro Tempore appointed to serve during a leave of absence of a Councilmember shall serve only until such time as the Councilmember resumes his or her duties.

5 Council Conduct

5.1 Purpose

This section sets forth a Code of Conduct for Councilmembers regarding ethics and conflicts of interest, and the Councilmembers’ treatment of each other, City staff, City consultants, members of the public, and others with whom they come into contact while representing the City.

5.2 Code of Ethics and Conflicts of Interest

A. Upon election or appointment, Councilmembers should review Chapter 42.20 RCW, Misconduct of public officers; Chapter 42.23 RCW, Code of Ethics for Municipal Officers – Contract Interests; Chapter 42.30 RCW, Open Public Meetings Act; and Chapter 42.36 RCW, Appearance of Fairness Doctrine.

B. No Councilmember may use his or her position to secure special privileges or exemptions for himself, herself, or others. See RCW 42.23.070. In addition, except for incidental electronic and telephone communication, Councilmembers shall not use public resources that are not available to the public in general, such as City staff time, equipment, supplies, or facilities, for other than a City purpose.

C. No Councilmember may accept employment or engage in business or professional activity that the Councilmember might reasonably expect would require or induce him or her by reason of his or her official position to disclose confidential information acquired by reason of his or her official position. See RCW 42.23.070(3)

D. Councilmembers owe a fiduciary duty to the public and are required by law to maintain confidentiality with regard to certain information gained through their official positions. Therefore, no Councilmember may disclose confidential information gained by reason of the Councilmember’s position, nor may a Councilmember otherwise use such information for his or her personal gain or benefit. See RCW 42.23.070(4).

E. If a Councilmember participates in litigation contrary to an official City position or action as adopted or ratified by a majority of the City Council, the Councilmember shall recuse himself or herself and not participate in any vote, deliberation or executive session, or receive confidential information regarding further consideration or action in that matter, once litigation regarding the matter has been served or filed. The fact that a Councilmember voted in opposition or expressed in his or her official duties an opinion in opposition to the official action or position prior to the filing or service of litigation shall not, by itself, be sufficient to trigger the need for recusal or nonparticipation.

Once litigation has been served or filed, communication regarding the case with anyone other than City staff, the City Attorney or outside legal counsel involved in the litigation of the case is discouraged during the pendency of the litigation. Councilmembers shall not in their official capacity make any comment, provide any information or otherwise involve themselves in the matter without the assistance and advice of the City attorney or outside legal counsel.

F. It shall be an appearance of conflict, which must be disclosed, (1) for any Councilmember to acquire or seek to acquire an interest in property that the City is actively seeking to acquire or has stated its intent to acquire, (2) for any Councilmember to acquire or seek to acquire an interest in property that is immediately adjacent to such property, or (3) for any Councilmember to benefit personally by the City's acquisition or non-acquisition of such property.

G. No Councilmember shall be beneficially interested, directly or indirectly, in any contract which may be made by, through or under the supervision of the Councilmember, in whole or in part, or which may be made for the benefit of his or her office or accept, directly or indirectly, any compensation, gratuity or reward in connection with such contract from any other person beneficially interested therein. See RCW 42.23.030. This section shall not apply in the following cases (See RCW 42.23.030):

1. The furnishing of utility services by the City at the same rates and on the same terms as are available to the public generally;

2. The designation of public depositaries for City funds;

3. The publication of legal notices required by law to be published by the City, upon competitive bidding or at rates not higher than prescribed by law for members of the general public; or

4. Any other exception provided for by law.

H. A Councilmember may not vote in the authorization, approval, or ratification of a contract in which they are beneficially interested even though one of the exemptions allowing the awarding of such a contract applies. See RCW 42.23.030. The interest of the Councilmember must be disclosed to the Council and noted in the official meeting minutes before the formation of the contract. See RCW 42.23.030.

I. A Councilmember is not interested in a contract, within the meaning of Sections 5.2.7 and 5.2.8 above, if the Councilmember has only a remote interest in the contract. A “remote interest” means:

1. That of a non-salaried officer of a nonprofit corporation.

2. That of an employee or agent of a contracting party where the compensation of such employee or agent consists entirely of fixed wages or salary;

3. That of a landlord or tenant of a contracting party; or

4. That of the holder of less than one percent of the shares of a corporation or cooperative which is a contracting party.

J. If a Councilmember has a remote interest in a contract, the City Council may authorize, approve or ratify the contract, despite such remote interest, provided that the following conditions are satisfied:

1. The Councilmember with the remote interest fully discloses the nature and extent of the interest, and the disclosure is noted in the official meeting minutes before the contract is made.

2. The City Council authorizes, approves, or ratifies the contract after that disclosure and notation.

3. The City Council’s authorization, approval, or ratification is in good faith.

4. Where the votes of a certain number of Councilmembers are required to authorize, approve, or ratify the contract, the vote requirement is met without counting the vote of the Councilmember who has the remote interest.

5. The Councilmember having the remote interest does not influence or attempt to influence any other Councilmember to enter into the contract.

K. Any contract made in violation of the restrictions and requirements of Sections 5.2.7 through 5.2.10 above is void and the performance thereof, in full or in part, by a contracting party shall not be the basis of any claim against the City. See RCW 42.23.050.

L. Any Councilmember violating the provisions of Sections 5.2.7 through 5.2.10 above, Section 5.2.13 below, or RCW 42.23.070 shall be liable to the City for a penalty in the amount of five hundred dollars, in addition to such other civil or criminal liability or penalty as may otherwise be imposed upon the Councilmember by law. See RCW 42.23.050. In addition, a violation by a Councilmember of Sections 5.2.7 through 5.2.10 above or RCW 42.23.070 may be grounds for forfeiture of his or her office. See RCW 42.23.050.

M. Councilmembers shall not receive from or give to any person or entity anything of monetary value (hereafter referred to as “gifts”) where the gifts have been received or given, or to a reasonable person would appear to have been received or given, with intent to give or obtain special consideration or influence as to any action by the Councilmember in his or her official capacity (“prohibited gifts”); provided, that nothing shall prohibit campaign contributions which are solicited or received and reported in accordance with applicable law.

N. The gifts listed below are presumed not to be prohibited gifts. However, this presumption is rebuttable and may be overcome based on the circumstances surrounding the receipt or giving of the gift.

1. Unsolicited flowers, plants and floral arrangements;

2. Unsolicited advertising or promotional items of nominal value, such as pens and note pads;

3. Unsolicited tokens or awards of appreciation in the form of a plaque, trophy, desk item, wall memento, or similar item;

4. Unsolicited items received by a Councilmember for the purpose of evaluation or review, if the Councilmember has no personal beneficial interest in the eventual use or acquisition of the item;

5. Informational materials and publications related to the Councilmember’s performance of official duties;

6. Food and beverages consumed at hosted receptions where attendance is related to the Councilmember’s duties for the City;

7. Admission to, and the cost of food and beverages consumed at, events sponsored by or in conjunction with a civic, charitable, governmental or community organization, where attendance by the Councilmember is related to the Councilmember’s duties for the City;

8. Unsolicited gifts from dignitaries from another city, state, or foreign country, as long as the Councilmember give the gift to the City;

9. Food and beverages on infrequent occasions in the ordinary course of meals where attendance by the Councilmember is related to the Councilmember’s duties for the City;

10. Any gift which would have been offered or given to the Councilmember if they were not a Councilmember; and

11. Payments by a governmental or non-governmental entity of reasonable expenses incurred by the Councilmember in connection with a speech, presentation, appearance, or trade mission made in an

official capacity.

5.3 General Courtesy Expectations

A. Be courteous, respectful, kind, and professional at all times with everyone.

B. Be honest and truthful.

C. Act with integrity and in good faith.

D. Foster an environment of mutual respect. Discourteous behavior, such as sidebar discussions, inflammatory language, innuendo, or negative body language, is not permitted.

E. At meetings, raise your hand to indicate a desire to speak, and then wait to be recognized by the Presiding Officer before speaking.

F. Stay on the topic being discussed for the efficiency of dealing with the items on the agenda. Remarks must be germane to the topic.

G. Refrain from speaking more than twice on the same motion as stated in Robert's Rules of Order.

H. Comments will be limited to three minutes at a time.

I. Refrain from asking staff to advertise individual achievements (e.g., classes, awards, being the first of a class of people) through City events or communications (newsletters, press releases).

J. Refrain from using social media to discuss Council deliberations or other Council business, as this 'dialogue' creates an un-trackable set of public records. Social media may be used to provide unidirectional information about upcoming agenda items and to encourage public engagement.

K. Refrain from emailing the Council as a body (e.g., ci_council@...) with anything that might prompt a group response or requests new action as this may create a dialogue subject to the Open Public Meetings Act. Councilmembers may email the Council as a body if the email simply provides information.

L. Refrain from interrupting or arguing with another Councilmember while such Councilmember has the floor except as stated in Robert's Rules of Order, such as a "point of order."

M. Refrain from criticizing in public other Councilmembers and personally attacking (verbally or in writing) other Councilmembers, the City Manager, City staff, and City consultants.

N. If any Councilmember has a complaint against a fellow Councilmember, the City Manager, or a staff member, they will follow city procedures to resolve the issue. They will not broadcast the issue on social media or to the public news media before an evaluation has been done and a conclusion has been reached.

O. Treat City staff in a polite and professional manner.

P. Having courtesy expectations is compatible with open and vigorous debate, with a variety of opposing opinions expressed on public issues.

5.4 Respect in Regard to Voting

A. Disagreement and differences of opinion are honored and respected features of government in the City.

B. When there is disagreement, discuss and clarify the issues before voting.

C. Councilmembers must not seek out members of the media to express thoughts about a vote. As a matter of courtesy, letters to the editor or other communication should be presented to the full City Council at a meeting prior to publication so that Councilmembers will be aware of the proposed publication.

D. Councilmembers must not engage in personal attacks against other Councilmembers who voted against the councilmember on issues.

E. After a vote on an issue, a Councilmember may state an opposing viewpoint, but must clearly state the adopted City Council position and must clarify that the Councilmember's viewpoint or opinion is the Councilmember's personal viewpoint or opinion.

F. When Councilmembers represent the City or attend meetings in an official capacity, they must support and advocate the official City position on an issue, not a personal position on the issue.

5.5 Prohibited Conduct

A. The City Council recognizes the right of every Councilmember to free speech, as stated in the U.S. Constitution and as interpreted by the courts and encourages the dissemination of a variety of opinions and ideas for discussion in a lawful manner. Laws concerning free speech are balanced by slander and libel laws.

B. The adoption of a Code of Conduct is necessary to discourage prohibited conduct as illustrated below.

C. Prohibited conduct includes, but is not limited to, the following:

1. Making a personal attack against a fellow Councilmember, the City Manager, or City staff as stated in Robert's Rules. "Personal attack" means an accusation against a person's character.

2. Acting maliciously toward a City staff member or a fellow Councilmember. "Maliciously" means acting with hostility or anger toward, or by bullying or harassing.

3. Modifying, revising, altering, or editing any document, report, record, or memorandum written by the City Manager, a City staff person, or other Councilmember without the author's consent or knowledge, and without clearly stating or showing the change, the date of the change, and the person making the change.

4. Engaging in unreasonable interruption and interference with the day-to- day business of the City. "Unreasonable interruption and interference with the day-to-day business of the City" means:

a. Contacting City staff, other than as authorized by these rules or by final action of the City Council or by the City Manager, which contact materially limits a City staff member's ability to complete work assigned by the City Manager or by final action of the City Council; or

b. Causing the City Manager or a City staff member to correct or explain the Councilmember's materially inaccurate statements or conduct, where the correction or explanation substantially interrupts the efficient operations of the City.

5. Making verbal or written contact with City staff, other than a Councilmember's contact with City staff as authorized by these rules or by final action of the City Council or by the City Manager.

6. Representing to members of the public, other public agencies, or other persons or organizations, that the City Council will vote or act in a specific manner concerning pending litigation or legislation or concerning any other matter that has not yet come before the City Council for final action but that will be acted upon by the City Council.

7. Discussing or disseminating information from an executive session to anyone outside of the proper lines of authority. "Proper lines of authority" means Councilmembers, the City Manager, City staff assigned to the topic or matter, designated legal counsel, and others attending the executive session at the invitation of the City Council.

8. Making contact, either verbally or in writing, with legal counsel representing a person or entity with whom the City has ongoing litigation or negotiations, other than as authorized by the City Manager or by majority vote of the City Council.

9. Making verbal or written contact with State, county, regional, or city elected or appointed officials, when a Councilmember represents a position contrary to the adopted or declared position of the City or the City Council and when the Councilmember does not disclose such adopted or declared position of the City or the City Council.

10. Taking actions and voting when there is a conflict of interest as defined in this policy and in Chapter 42.23 RCW. Recusal must be used when there is a conflict of interest. (See Section 5.2, Code

of Ethics and Conflicts of Interest)

11. Engaging in acts of intimidation, discrimination, bullying, bias, or hate acts toward other Councilmembers.

5.6 Sanctions

A. The Council has the power under State law to impose punishment on its members, short of removal from office, for violation of State law or Council rules.

B. The Council may punish a member for violation of these rules by: a verbal admonition, written reprimand, letter of no confidence, censure, expulsion from the meeting at which the conduct occurs, removal from committee memberships, and/or removal of intergovernmental duties.

C. The Presiding Officer may give a verbal admonition.

D. Other punishments not mentioned in Section 5.6.2 require the affirmative vote of five members of the City Council.

E. A censure is a statement by five members of the City Council that a prohibited action has occurred.

F. A censure will be in the same form as any other Council motion or resolution. The motion must state the prohibited conduct or action.

6 Remote Attendance and Voting

6.1 Purpose

Occasionally, a Councilmember will not be able to be physically present at a meeting but will want to be involved in the discussion and/or decision on a particular agenda item. The procedures and guidelines for permitting a Councilmember to attend a meeting via remote access are contained in this Section 6. In the event of a declared emergency at the local, state or federal level, or if the city determines it cannot hold a meeting in person with reasonable safety where Councilmembers or public are in attendance, several or all of the Councilmembers may attend the meeting remotely without the limits set forth in Section 6.2 (Frequency).

6.2 Frequency

Except for a declared emergency at the local, state or federal level, or if the city determines it cannot hold a meeting in person with reasonable safety where members or public are in attendance (OPMA)

Councilmember attendance via remote access is limited to 10 times in a calendar year, but the City Council, by majority vote, may allow additional attendance via remote access.

6.3 Procedure

A. At least 24 hours before the starting time of a meeting, the Councilmember should advise the City

Clerk of the desire to attend via remote access to allow time to prepare for such remote access attendance.

B. Per state law, any Councilmember and/or public attending a meeting via remote access must be able to hear all speakers in the meeting room, and all persons in the meeting room must be able to hear the Councilmember and/or public attending via remote access.

7 Executive Sessions

7.1 Topics for Executive Session Discussion

The topics that may be discussed in executive sessions are set forth in RCW 42.30.110. Executive session topics include, but are not limited to, the following:

A. Acquisition of real estate when public knowledge regarding the acquisition would cause a likelihood of increased price.

B. Consideration of the minimum price for sale or lease of City property when public knowledge regarding such consideration would cause a likelihood of decreased price.

C. Review of negotiations on the performance of publicly bid contracts when public knowledge regarding such review would cause a likelihood of increased costs.

D. Receipt and evaluation of complaints or charges against a public officer or employee.

E. Evaluation of qualifications of an applicant for public employment.

F. Review of the performance of a public employee.

G. Discussion with legal counsel of litigation, potential litigation or pending litigation (legal counsel may attend via speakerphone or video).

H. Discussion of collective bargaining sessions with employee organizations.

I. Consideration of matters affecting national security.

7.2 Confidentiality of Executive Session Discussions

Topics discussed in executive session must not be discussed outside of the executive session with anyone outside of the proper lines of authority (Councilmembers, the City Manager, and City staff assigned to the topic or matter, designated legal counsel, and others attending the executive session at the invitation of the City Council). Councilmembers shall keep all executive session information and discussions confidential to ensure that the City's interests are not compromised.

7.3 Procedure

A. The Presiding Officer must announce the executive session by stating: “The City Council is recessing into an executive session pursuant to RCW _________ (e.g. “RCW 42.30.110(1)(a)) regarding __________ (e.g., review of the performance of a city employee). The executive session is expected to last for minutes (hours).”

B. If the executive session is the last item on the meeting agenda, the Presiding Officer shall state whether or not the City Council will take action or take no action when the meeting reconvenes.

C. If, during the executive session, the Presiding Officer believes that the executive session will extend beyond the announced deadline, the Presiding Officer shall announce in open session the number of minutes that the executive session will be extended, then return to the executive session.

D. The Presiding Officer shall announce the conclusion of the executive session in open session by stating: “The executive session is now concluded.”

E. At the close of the executive session or the meeting at which the executive session occurs, the Presiding Officer shall complete a document recording the topic or reason and time of the executive session, including extensions.

7.4 Written Material

A. During an executive session, papers or documents may be distributed for informational purposes to the Councilmembers in attendance as part of the discussion.

B. Papers and documents that are distributed during executive sessions are to be returned to the City Manager or the Presiding Officer (if the City Manager is not in attendance), prior to the end of the executive session. No paper or document will be removed by a Councilmember from the executive session, unless the City Manager, or the Presiding Officer (if the City Manager is not in attendance), determines that the paper or document may be removed from the executive session.

C. Written notes taken by any attendee of an executive session will be treated in the same manner as a paper or document as discussed above, that is, the paper or document will be returned to the City Manager or Presiding Officer prior to the end of the executive session.

D. Councilmembers will not generate computer notes, take photos, or make recordings during an executive session.

8 Public Testimony

8.1 Public Comment Rules.

Except in an emergency situation, an opportunity for public comment shall be provided at every regular meeting at which final action is taken. Public comment rules are delineated in Section 2.3 above.

8.2 Public Hearings

A. The Presiding Officer shall open the public hearing and ask for a City staff presentation.

B. Members of the public on-site must sign up to comment/testify at a public hearing. Members of the public who wish to comment/testify virtually at a public hearing must submit a request in advance consistent with the procedures set forth in Section 2.4 Virtual Public Comment. When signing up to comment/testify at a public hearing, the speakers may identify if they are “For,” “Against,” or “Other” for the proposed action (which options will be placed on the on-site and virtual sign-up forms).

C. Members of the public will be invited to provide comments only about the specific topic of the hearing, in contrast to general Public Comment (Section 2.3) which may be about any topic pertaining to City business.

D. Each person will be given three minutes. If more than thirty people are signed up for a public hearing, then the time limit for each person will be automatically reduced to two minutes. The Mayor will be informed of the number of persons signed up prior to the public hearing so that the correct time limit will be applied, and said time limit will continue to apply even if a person opts out or leaves prior to the public hearing. The Presiding Officer may alternate comments between in-person and online commenters. After those signed up to comment/testify have spoken, the Mayor may ask the in-person audience if there is anyone else who wishes to comment/testify at the public hearing, and the same per-speaker time limit will apply.

E. Written comments/testimony is encouraged at all public hearings, and must be submitted to the City Clerk’s Office at City Hall or emailed to Clerks@kenmorewa.gov by 12 p.m. on the day of the public hearing.

F. A person who testifies shall state his or her name, city of residence, and organization (if applicable).

G. Motions will not be made during the public hearing.

H. After public comments/testimony is received and the Councilmembers have had an opportunity to ask City staff questions regarding the staff presentation and/or the public comments, the Presiding Officer shall declare the public hearing closed. The City Council may by majority vote, continue the public hearing to a stated date, time, and place, and/or allow for certain written materials to be presented to the City Council for a period of time after the public hearing.

I. Section 8.3 Rules of Decorum and Section 8.4 Interruptions – Procedure shall apply to public hearings.

J. Public Hearings that conflict with the End of Meeting in 2.8 shall continue at the next Regular or Special Meeting. Public commenters shall continue to be offered an opportunity to comment in the order as having signed up during the initial meeting. No new spoken comment sign-ups shall be accepted, but written comment will still be accepted and encouraged.

K. Public Hearings will be at the top of the business agenda.

8.3 Rules of Decorum.

All persons are welcome to participate in City Council meetings regardless of which side of an issue they may be on. Accordingly, to create an environment that is welcoming, free of intimidation and coercion, and also to ensure that the City's business meetings are conducted in an efficient, orderly, and effective manner, the following rules of decorum are adopted:

A. Persons participating at Council meetings must not engage in conduct that interrupts, disrupts, disturbs, or otherwise impedes the orderly conduct of any meeting. Disruptive conduct includes but is not limited to:

1. Addressing the City Council while the Council is in session, when not recognized by the Presiding Officer;

2. Failure of a speaker to comply with allotted time established for that speaker's public comments;

3. Whistling, handclapping, stomping of feet, hissing, booing, cheering, shouting or other outbursts from members of the public who have not been recognized by the Presiding Officer for public comment or testimony;

4. Interrupting other speakers who have been recognized by the Presiding Officer;

5. Speech or other expression by an individual who has not been recognized by the Presiding Officer for public comment, who is expressing themselves in a volume louder than a low, conversational level appropriate for communication between persons seated next to each other in the Council meeting room, or whose speech or other expressions are audible by others; or

6. Waiving signs or standing in a location that obstructs the view of meeting attendees, unless speaking as recognized by the Presiding Officer;

8.4 Interruptions – Procedure.

A. In the event any meeting is interrupted by a person or groups of persons so as to render the orderly conduct of the meeting unfeasible, order may be restored by the removal of the individual(s) who are interrupting the meeting. The Presiding Officer may issue a verbal warning to the person(s) disturbing the meeting prior to said removal. If interruptions continue to disrupt the meeting, the Presiding Officer may i) call for a temporary recess; ii) end the public comment portion of the meeting and proceed directly to the next item on the meeting agenda; iii) ask the Council for a motion to continue the public hearing to another date and time; or iv) terminate the verbal testimony portion of a public hearing and extend the public hearing to a date/time certain for submission of written comments.

B. In the event order cannot be restored by the removal of the individuals who are interrupting the meeting, the City Council may order the meeting room cleared and continue in session or may adjourn the meeting and reconvene at another location selected by a majority vote of the Council. In such a session, final disposition may be taken only on matters appearing on the agenda.

C. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any such session.

D. The Council may readmit an individual or individuals not responsible for disturbing the orderly conduct of the meeting.

8.5 Quasi-Judicial Matters

A. Council will follow Chapter 42.36 RCW for application of the “Appearance of Fairness Doctrine,” which holds that quasi-judicial matters must not only be fair in practice but must also have the appearance of fairness.

B. Quasi-judicial actions involve policy application rather than policymaking. The action will generally have a greater impact on specific individuals than on the entire community. In a quasi-judicial action, the City Council applies law to facts and makes a decision. Examples of quasi-judicial actions are conditional uses, variances, rezoning of a specific site, planned unit developments, and discretionary zoning permits. Quasi-judicial actions are distinct from legislative actions, examples of which are adopting, amending, or revising comprehensive, community or neighborhood plans, land use planning documents, area-wide zoning ordinances, and area-wide zoning amendments.

C. The Presiding Officer will begin a quasi-judicial hearing by asking Councilmembers to place on the record any ex parte contacts with either proponents or opponents of the action. The Presiding Officer shall ask whether any person objects to the participation of a Councilmember in the action and if so, to explain the objection. If an objection is made, the Presiding Officer shall ask for input from the City Attorney.

D. The Presiding Officer, or the City Attorney at the request of the Presiding Officer, shall explain the rules and procedures for the quasi-judicial action.

E. The Presiding Officer, with the assistance of the City Attorney, will control the taking of testimony and presentation of documents, in light of the type of quasi-judicial action and applicable City rules and regulations.

9 Waiver / Effect of Waiver of Rules

9.1

These rules are adopted for the sole benefit of the City Councilmembers to assist in the orderly conduct of City

Council business. These rules do not grant rights or privileges to members of the public or third parties. Failure of the City Council to adhere to these rules shall not result in any liability to the City, its officers, employees, and agents, or serve as the grounds for invalidation of any City Council action or decision. The City Council may, by a majority vote, temporarily waive any of these rules, unless otherwise inconsistent with applicable law.