



City of Kenmore - 18120 68th Avenue NE - P.O. Box 82607 - Kenmore, WA 98028
Phone: 425-398-8900 - Fax: 425-481-3236 - E-mail: cityhall@kenmorewa.gov

City of Kenmore
City Council Regular Meeting Agenda
7:00 p.m., Monday, November 28, 2016
Kenmore City Hall, Council Chambers
18120 68th Ave. NE, Kenmore, WA 98028

If you have any questions or to confirm agenda items prior to the meeting, or if you require special accommodations, please call the City Clerk at 425-398-8900. You may also stop by City Hall at 18120 68th Avenue NE, Kenmore. Council agendas are also available on our website at www.kenmorewa.gov.

I. CALL MEETING TO ORDER

II. ROLL CALL

III. FLAG SALUTE

IV. AGENDA APPROVAL

V. PRESENTATION

- A. Bicycle Repair Station Eagle Scout Project - Jonathan Hitchcock

VI. CITIZEN COMMENTS

- A. This is an opportunity to express your views on issues that are important to you and to the community. Please limit your comments to three (3) minutes.

VII. CONSENT AGENDA

- A. Adopt Minutes for the November 7 and November 14, 2016 City Council Meetings
[DRAFT 11 07 2016 Minutes](#)
[DRAFT 11 14 2016 Minutes](#)
- B. Delegate Legally Binding Authority to the City Manager and Department Directors for Contracting and Funding Reimbursements
[Agenda Bill](#)

VIII. PUBLIC HEARINGS & BUSINESS AGENDA

- A. PUBLIC HEARING Concerning the Assumption by the City of the Rights, Powers, Functions, and Obligations of the Kenmore Transportation Benefit

District - Joanne Gregory, Finance & Administration Director

[Agenda Bill & Attachment](#)

- B. Adopt Ordinance No. 16-0424, Assuming the Rights, Powers, Functions, Immunities and Obligations of the Kenmore Transportation Benefit District - Joanne Gregory, Finance & Administration Director
[Agenda Bill & Attachment](#)
- C. PUBLIC HEARING to Receive Public Testimony on the 2017-2018 Proposed Preliminary Biennial Budget and 2017 Property Tax Levy - Joanne Gregory, Finance & Administration Director
[Agenda Bill & Attachments](#)
- D. Adopt Ordinance No. 16-0432 Relating to the 2017 Regular Property Tax Levy - Joanne Gregory, Finance & Administration Director
[Agenda Bill & Attachment](#)
- E. Adopt Resolution No. 16-289, Amending City Council Policies - Rob Karlinsey, City Manager, and Janet Quinn, Project Coordinator
[Agenda Bill & Attachments](#)
[PowerPoint Presentation](#)

IX. STAFF REPORT

X. COUNCILMEMBER REPORTS, COMMENTS & INITIATIVES

XI. ADJOURNMENT

Upcoming Meetings:

Mon., December 5, 2016	7:00 p.m.	City Council Special Meeting
Tues., December 6, 2016	7:00 p.m.	Planning Commission Regular Meeting
Mon., December 12, 2016	7:00 p.m.	City Council Regular Meeting

**City of Kenmore, Washington
City Council Special Meeting
Minutes
November 7, 2016**

CALL SPECIAL MEETING TO ORDER – The Kenmore City Council special meeting was called to order by Mayor David Baker at 7:01 p.m.

Councilmembers present: Mayor David Baker, Deputy Mayor Allan Van Ness and Councilmembers Brent Smith, Laurie Sperry, Milton Curtis, Nigel Herbig and Stacey Denuski

Staff present: Rob Karlinsey, City Manager; Nancy Ousley, Assistant City Manager; Joanne Gregory, Finance & Administration Director; Kris Overleese, Public Works Director/City Engineer; Bryan Hampson, Development Services Director; Leslie Harris, Management Analyst; Debbie Blessington, Building Inspector/Code Compliance; Sarah Sandquist, Volunteer Coordinator; Cliff Sether, Police Chief; Rod Kaseguma, City Attorney; and Patty Safrin, City Clerk

FLAG SALUTE

Mayor Baker led the flag salute.

AGENDA APPROVAL

It was Council consensus to approve the agenda as submitted.

PRESENTATIONS

Introduction of Debbie Blessington, Building Inspector/Code Compliance Officer – After a brief introduction by Bryan Hampson, Development Services Director, Debbie said a few words.

Power Reliability Report from Exponent Engineering - Nancy Ousley, Assistant City Manager, introduced Walter Bak and Stig Nillson, consultants from Exponent Engineering. She noted that the City felt it was important to have independent technical advice going into franchise negotiations. The Exponent consultants provided a PowerPoint presentation of their report regarding electricity reliability in the City of Kenmore.

They noted that the majority of reliability issues are going to be on the distribution and customer side. They reviewed their objectives and what they looked at in putting together the report, as well as their scope of work. They detailed some of the distribution system impacts, such as tree-related impacts and the age of the system.

They reviewed Kenmore-specific projects which have recently been completed or planned as reliability enhancements for Kenmore, including projects for Circuits 26, 27, and 23 and a more frequent tree trimming cycle. They recommended getting a reliability report from PSE on an annual basis. They also recommended establishing a more formal protocol for reviewing growth plans for Kenmore in order to include those plans in PSE's system planning activities. They were also available to answer any questions.

CITIZEN COMMENTS

Bill Leak, 15102 64th Court NE, Kenmore, was present to encourage Council to lay out some easily understood benchmarks and challenge PSE to keep us informed about them.

Myron Berg, 5461 NE 200th Place, Lake Forest Park, stated that he is on Circuit 26 and noted his concerns. He also stated that he is grateful that the City is taking an active role in trying to improve the situation. He made some comments regarding franchise negotiations.

Ashley Guberman, 6416 NE 188th Street, Kenmore, was present to state her concerns about PSE service and to make some suggestions to the Council.

Joe Hanick, 6175 NE 187th Place, Kenmore, was present to emphasize that data is very important and should drive the discussion. He encouraged the City to be aggressive with PSE.

Russ Johnson, 5635 NE 202nd Street, Kenmore, was present to state that he is also a resident on Circuit 26, and he is encouraged to see some progress being made. He also noted his ongoing concerns regarding PSE.

CONSENT AGENDA

Councilmember Sperry moved to approve the consent agenda as submitted. Councilmember Denuski seconded the motion to Approve the Following Checks and Electronic Payments for Payment: Total Check Numbers 35433 through 35538 in the Amount of \$750,332.20, Payroll Check Number 9194 in the Amount of \$891.02, and Total Payroll Electronic Deposits Dated 10/14/2016 in the Amount of \$85,875.16; Authorize the City Manager to Execute Amendment No. 2 to Contract No. 15-C1475 with KBA for Town Green Inspection Services; Authorize the City Manager to Execute an Interlocal Agreement with Puget Sound Regional Council (PSRC), Contract No. 16-C1620, Documenting the City's Membership in the PSRC; and Authorize the City Manager to Execute Interlocal Agreement, Contract No. 16-C1618, with Washington State Department of Transportation (WSDOT) for Installation of Bike and Pedestrian Counters. The motion passed unanimously.

PUBLIC HEARING

Public Hearing to Receive Public Testimony Regarding Ordinance No. 16-0432, Setting the 2017 Tax Levy - Joanne Gregory, Finance & Administration Director, stated that one of first steps in the budget process is the public hearing on setting the tax levy. She reviewed additional upcoming budget-related public hearings. She stated that each year the City Council must set a tax levy, and she reviewed the allowable increase. She provided a PowerPoint presentation to illustrate the property tax levy computation and her recommendation that the City use the Implicit Price Deflator (IPD) as the increase for 2017.

Mayor Baker opened the public hearing to receive public testimony on this issue at 8:18 p.m.

As there were no citizens wishing to testify, Mayor Baker closed the public hearing at 8:19 p.m.

BUSINESS AGENDA

Review of 2017-2018 Proposed Preliminary Biennial Budget - Joanne Gregory, Finance & Administration Director, and Rob Karlinsey, City Manager, were present to provide a PowerPoint presentation on the proposed Preliminary Budget for 2017-2018. Director Gregory reviewed the General Fund revenue accounts and General Fund expenditures. Assistant City Manager Nancy Ousley, Community Relations Manager Leslie Harris, Volunteer Coordinator Sarah Sandquist,

City Attorney Rod Kaseguma, Police Chief Cliff Sether, and Development Services Director Bryan Hampson were also available to assist in reviewing the City Council, City Manager, Finance & Administration, Legal, Public Safety, and Development Services department budgets.

City Manager Karlinsey called Councilmembers' attention to the fact that all the departments have 2015-2016 accomplishments listed in the budget document, which will not be reviewed during the Council meetings. Staff were also available to answer any questions.

Adopt Resolution No. 16-281, 2017 Fee Schedule - Bryan Hampson, Development Services Director, reviewed the fee changes for the 2017 Fee Schedule. He was also available to answer any questions.

STAFF REPORT

City Manager Karlinsey noted that Veterans' Day is this Friday, and City Hall will be closed. On Wednesday he and Debbie Bent are going to Tumwater to Washington State Parks Headquarters to try to negotiate the final points of the ball field lease agreement. He stated that the budget presented tonight assumes the passage of the Walkways and Waterways proposition. Once it passes, the City will have to move very quickly on getting a bond rating and a bond ordinance before Council.

CITY COUNCILMEMBER REPORTS, COMMENTS & INITIATIVES

Councilmember Sperry commented on the budget presentation, stating that it represents so much work and that the quality and clarity of the document is high level. She also commented that it's great to have a fun budget cover.

Mayor Baker stated that he was involved in the recent Seattle/KC health clinic, which was a great experience. He stated that 4,492 patients were seen, and the value of the services given was \$3,341,000. Services included general medicine, dental and vision, and every patient got a free pair of shoes. He noted that he was appointed to the alignment team assisting in the development of the Northshore School District's newest teaching plan.

EXECUTIVE SESSION

Mayor Baker recessed the special meeting to an executive session at 10:20 p.m. to discuss Potential Litigation, pursuant to RCW 42.30.110(1)(i). He stated that the executive session will last for approximately 25 minutes and that action may be taken when the meeting is reconvened.

ADJOURNMENT

Mayor Baker adjourned the meeting at 10:45 p.m.

David Baker, Mayor

ATTEST:

Patty Safrin, City Clerk

**City of Kenmore, Washington
City Council Special & Regular Meeting
Minutes
November 14, 2016**

CALL SPECIAL MEETING TO ORDER – The Kenmore City Council special meeting was called to order by Mayor David Baker at 6:10 p.m.

Public Works Services Analysis - Jennifer Gordon, Public Works Operations Manager, and Kris Overleese, Public Works Director, with FCS Group staff members Scott Bash and Justin Manville, were present to provide a PowerPoint presentation. Justin Manville made a brief introduction. Scott Bash reviewed the service requester/service provider relationship, which defines the level of service. He stated that the goal is to balance the level of service the community expects with the cost of services. Levels of service and key performance indicators need to align with the City's priorities and goals.

Manville reviewed the next steps. He stated that FCS will go over the City's current contracts and come up with some levels of service and specific performance indicators to better manage service delivery. Perhaps they will try to align service levels with the Comprehensive Plan. They will also develop a Public Works service strategy. When those tasks are completed, they will come back to Council at a second workshop to report on their progress.

Director Overleese stated that the team is using the Priority Based Budgeting categories when determining service categories. She reviewed the reasons that the Public Works department staff started this project. Public Works Operations Manager Gordon noted that a lot of expectations have been added to the Public Works department in recent years, but the resources have not kept pace. They were all available to answer any questions.

Mayor Baker adjourned the special meeting at 6:49 p.m.

CALL REGULAR MEETING TO ORDER – The Kenmore City Council meeting was called to order by Mayor David Baker at 7:00 p.m.

Councilmembers present: Mayor David Baker, Deputy Mayor Allan Van Ness and Councilmembers Brent Smith, Laurie Sperry, Milton Curtis, Nigel Herbig and Stacey Denuski

Staff present: Rob Karlinsey, City Manager; Nancy Ousley, Assistant City Manager; Joanne Gregory, Finance & Administration Director; Kris Overleese, Public Works Director/City Engineer; Debbie Bent, Community Development Director; Jennifer Gordon, Public Works Operations Manager; Richard Sawyer, Surface Water Program Manager; Kent Vaughan, Senior Civil Engineer; John Vicente, Capital Projects Manager; Brett Schock, Traffic Engineer; Lauri Anderson, Senior Planner; Rod Kaseguma, City Attorney; and Patty Safrin, City Clerk

FLAG SALUTE

Mayor Baker led the flag salute.

AGENDA APPROVAL

City Manager Karlinsey canceled the Executive Session scheduled at the end of the meeting.

It was Council consensus to approve the agenda as modified.

CITIZEN COMMENTS

Lisa Magennis, 14611 81st Avenue NE, Kenmore, was present on behalf of Hopelink. She stated that she really appreciates Kenmore's leadership and partnership in providing funding for services that the community needs. She reviewed the impact of some of the services provided by Hopelink in Kenmore. She noted that there is a great need for an increase in funding to provide more services.

Mayor Baker thanked the citizen and stated that the City is happy to work with Hopelink and very much appreciates the work that they do.

CONSENT AGENDA

Deputy Mayor Van Ness moved to approve the consent agenda as submitted, Authorizing the City Manager to Sign a Lease Agreement for the Town Square Hangar Building, Contract No. 16-C1624, with Diva II, LLC (dba Diva Espresso). Councilmember Curtis seconded the motion. The motion passed unanimously.

PUBLIC HEARINGS

Public Hearing to Receive Public Testimony on Ordinance No. 16-0428, Low Impact Development (LID) Integration - Richard Sawyer, Surface Water Program Manager, stated that this Ordinance is an attempt to integrate low impact development (LID) principles and best management practices into the City's development-related Codes and regulations. Staff is currently scheduled to come back to the December 12th meeting to request that Council adopt the Ordinance. He was also available to answer any questions.

Mayor Baker opened the public hearing to receive public testimony on this issue at 7:09 p.m.

As there were no citizens wishing to testify, Mayor Baker declared the public hearing closed at 7:10 p.m.

Public Hearing on the Proposed Preliminary 2017-2018 Biennial Budget for the City of Kenmore, Washington - Joanne Gregory, Finance & Administration Director, stated that tonight is the first of two public hearings on the Preliminary 2017-2018 Biennial Budget. She noted that the final public hearing will be held on November 28th. She reviewed other budget presentations that have taken place or are coming up. She noted that the public is encouraged to attend all of the budget meetings.

Gregory distributed to the Council a correction sheet for the "Summary of All Revenues & Expenditures by Fund" page from the budget and detailed the change. She briefly reviewed the summary of all revenues and expenditures by fund.

Mayor Baker opened the public hearing to receive public testimony on this issue at 7:16 p.m.

Sara Baker, 18550 NE 59th Court, Redmond, was present representing the Housing Development Consortium (HDC), to state their concerns that the A Regional Coalition for Housing (ARCH) guidelines for setting contributions to the fund are nearly twenty years out of date. She thanked the City for contributing to the Eastside Housing Trust Fund, but encouraged the City to increase their contribution due to the urgent, high need for housing assistance.

Doug Huxtable, 532 Lake Street S, Kirkland, was present to thank the City for their support and contributions to ARCH, and to stress the need for increased funding.

As there were no other citizens wishing to testify, Mayor Baker closed the public hearing at 7:24 p.m.

Director Gregory was available to answer any additional questions.

BUSINESS AGENDA

Adopt Ordinance No. 16-0433, Single-Family Zoning Code Amendments - Lauri Anderson, Senior Planner, and Debbie Bent, Community Development Director, were present to provide a brief review of the Ordinance. Anderson stated that the Council discussed these amendments on October 10th and held a public hearing. Staff is now bringing the Ordinance back for adoption as directed by Council. They were also available to answer any questions.

Councilmember Denuski moved to Adopt Ordinance No. 16-0433, Single-Family Zoning Code Amendments. Councilmember Curtis seconded the motion. The motion passed 7-0.

Review of 2017-2018 Proposed Preliminary Biennial Budget - Joanne Gregory, Finance & Administration Director, provided a PowerPoint presentation focusing on the various funds related to Public Works, including Public Works Engineering, Park & Facility Maintenance, Street Fund, Transportation Benefit District Fund, Transportation Capital Fund, Transportation Impact Fee Fund, Sammamish River Bridge Fund, Surface Water Management Fund, and the Surface Water Capital Fund. Public Works Director Kris Overleese, Public Works Operations Manager Jennifer Gordon, Traffic Engineer Brett Schock, Senior Civil Engineer Kent Vaughan, Capital Projects Manager John Vicente and Surface Water Program Manager Richard Sawyer were present to provide overviews and more detailed information for the funds. They were all available to answer any questions.

First Reading of Bond Ordinance No. 16-0434 - Joanne Gregory, Finance & Administration Director, stated that this Ordinance will delegate authority to the City Manager and the Finance Director to set the terms of the bonds, now that the Walkways & Waterways bond measure has passed. Next week an attorney from Pacifica Law Group will be present to answer Council's questions, and staff will ask Council to adopt this Ordinance.

City Manager Karlinsey stated that this is all on track with the levy being implemented on January 1st. He and Gregory will be in San Francisco tomorrow to meet with Standard & Poors regarding the bond rating. Once the election is certified at the end of the month, they will be pricing the bonds, surveying the market, agreeing to sell the bonds, and getting information to

the tax assessor by no later than the first couple of days in December. They were available to answer any questions.

Adopt Resolution No. 16-282, Intent to Hold a Public Hearing Regarding Assumption by the City of the Rights, Powers, Functions & Obligations of the City of Kenmore Transportation Benefit District (TBD) - Joanne Gregory, Finance & Administration Director, stated that Kenmore's Transportation Benefit District came into existence in 2012. A few years later, the State passed a law allowing cities whose borders are same as the TBD's to assume the rights, powers, functions and obligations of the TBD. She noted that the City would save some of the costs associated with maintaining the TBD, such as audit and insurance costs. This Resolution indicates Council's intent to hold a public hearing on this matter. At that same meeting, Council would be asked to approve an ordinance.

Councilmember Herbig moved to Adopt Resolution No. 16-282, Intent to Hold a Public Hearing Regarding Assumption by the City of the Rights, Powers, Functions & Obligations of the City of Kenmore Transportation Benefit District (TBD). Councilmember Sperry seconded the motion. The motion passed 7-0.

STAFF REPORTS

St. Edward State Park Ball Fields Update - Rob Karlinsey, City Manager, stated that the State Parks Commission is meeting in Yakima this week. One of the topics they plan to discuss is the lease to the City of the St. Edward State Park ball fields. Debbie Bent, Community Development Director, and Nancy Ousley, Assistant City Manager, will attend the meeting for the City on Wednesday.

Karlinsey distributed a handout at the meeting, a draft spreadsheet given to the City by the Parks Commission covering their approach to general considerations, compensation for the lease of the land, mitigation of one-time and ongoing impacts to Park operations, restoration of the Lake Washington shoreline, ongoing management of the lease, permitted use of the ball fields, operating hours, and retained public use of the fields. He reviewed this lease considerations document. He stated that staff hopes to have a finalized lease to bring back to Council by the end of January 2017. He was available to answer any questions, and he requested Councilmember feedback.

City Manager Comments – City Manager Karlinsey stated that he is looking to do a legislative send-off for the 46th District delegation right around the time the session starts. He is proposing January 3rd or 4th in partnership with Lake Forest Park, hosted by Kenmore. The delegation may also have a town hall meeting that same night immediately following the send-off. Councilmembers preferred January 4th, with a 6:00 p.m. send-off and a town hall meeting at 7:00 p.m. The Christmas tree lighting date is Saturday, December 3rd; unfortunately, the Hangar building will still not be available at that time.

CITY COUNCILMEMBER REPORTS, COMMENTS & INITIATIVES

Councilmember Smith congratulated the City on the passage of the Walkways and Waterways proposition.

Councilmember Sperry stated that the passage of the Walkways and Waterways proposition is a remarkable accomplishment.

Councilmember Herbig stated that he is also really excited about the passage of Walkways and Waterways as well as Sound Transit 3. He stated that Kenmore should continue to be as inclusive and welcoming as possible.

Deputy Mayor Van Ness stated that tomorrow Mayor Baker, Councilmember Herbig and he will fly to Pittsburgh for the National League of Cities (NLC) meeting. He noted that there is an Eastside Transportation Partnership (ETP) meeting this Friday, and other Councilmembers are welcome to attend in his absence.

ADJOURNMENT

Mayor Baker adjourned the regular meeting at 8:43 p.m.

David Baker, Mayor

ATTEST:

Patty Safrin, City Clerk



City Council Business Agenda Item City of Kenmore, WA

Subject/Topic: Delegation of legal binding authority to the City Manager and Department Directors Proposed Council Action/Motion: Delegate legal binding authority to the City Manager and Department Directors for contracting and funding reimbursements.	For Council Meeting Agenda of: November 28, 2016 Department: Public Works Prepared by: John Vicente, Capital Projects Manager <u>Initial & Date</u> Approved by Department Head: <u>KHO 11/14/16</u> Approved by City Attorney: <u>N/A</u> Approved by Finance Director: <u>Aug 11/14/16</u> Approved by City Manager: <u>RJK</u> Exhibits/Attachments: NA	
Expenditure Required NA	Amount Budgeted NA	Appropriation Required NA
<u>INFORMATION/BACKGROUND:</u> Currently, City staff authorize vouchers for reimbursement on grant funded projects. As of December 1, 2016, federal regulations will require that signatures on reimbursements are made by an official who has Council authority to legally bind the City. If this delegation is not authorized, Council will need to approve all funding reimbursement requests after December 1st. Staff recommends that Council delegate legal binding authority for contracting and funding reimbursements to the following individuals: - City Manager - Assistant City Manager - Finance and Administration Director - Public Works Director - Community Development Director - Development Services Director		
<u>FISCAL CONSIDERATION:</u> This authorization will have no impact on City budget.		

FISCAL CONSIDERATION:

The primary fiscal advantage of this action would be \$2,500 saved each year which is the current cost of the liability insurance coverage for the Kenmore TBD as well as about \$2,000 in audit fees.

Council and Staff efficiencies would include the elimination of TBD meetings, separate audits and audit reports and preparation of a TBD budget.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Effective and efficient services

**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 16-0424**

**AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON,
ASSUMING THE RIGHTS, POWERS, FUNCTIONS, IMMUNITIES, AND
OBLIGATIONS OF THE KENMORE TRANSPORTATION BENEFIT
DISTRICT; AND ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, on April 16, 2012, the City Council passed Ordinance No. 12-0339 (codified as Chapter 12.90 KMC), which created the Kenmore transportation benefit district as authorized by Chapter 36.73 RCW; and

WHEREAS, on July 1, 2015, the Washington State Legislature enacted RCW 36.74.010, which authorizes a city that has established a transportation benefit district with boundaries coterminous with the city to assume the rights, powers, functions, and obligations of the transportation benefit district, in accordance with Chapter 36.74 RCW; and

WHEREAS, the boundaries of the Kenmore transportation benefit district are coterminous with the boundaries of the City of Kenmore; and

WHEREAS, on November 14, 2016, the City Council adopted Resolution No. 16-282, which declares its intent to conduct a public hearing to consider the proposed assumption of rights, powers, functions, and obligations of the existing Kenmore transportation benefit district, and fixes November 28, 2016 in the Council Chambers of the Kenmore City Hall at 7:00 p.m. as the date, location and time of the public hearing; and

WHEREAS, on November 28, 2016, at the time schedule for the public hearing, the City Council held the public hearing and invited all interested persons to appear and be heard; and

WHEREAS, following the conclusion of the public hearing, the City Council determined that the public interest and welfare will be satisfied by the City assuming the rights, powers, immunities, functions, and obligations of the existing Kenmore transportation benefit district;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Assumption of Kenmore Transportation Benefit District. Pursuant to RCW 36.74.010 and 36.74.030, the City of Kenmore hereby assumes all of the rights, powers, immunities, functions and obligations of the Kenmore transportation benefit district. The City is hereby vested with each and every right, power, immunity, function, and obligation currently granted to or possessed by the Kenmore transportation benefit district as of the effective date of

this Ordinance. The right, powers, functions, and obligations previously exercised and/or performed by the governing body of the Kenmore transportation benefit district are hereby assumed by and transferred to the City Council.

Section 2. Abolishment of Governing Body of Transportation Benefit District. Pursuant to Chapter 36.74.030, the governing body of the Kenmore transportation benefit district, established in KMC 12.90.020, is hereby abolished and the City Council is vested with all rights, powers, immunities, functions, and obligations vested by law in the governing body of the Kenmore transportation benefit district.

Section 3. Amendment – KMC 12.90.020. KMC 12.90.020 is amended as follows:

- A. The governing board of the transportation benefit district shall be the Kenmore city council which shall have the authority to exercise the statutory powers set forth in Chapter 36.73 RCW and this chapter.
- B. The treasurer of the transportation benefit district shall be the city director of finance.
- C. The board shall develop a material change policy to address major plan changes that affect project delivery or the ability to finance the plan, pursuant to the requirements set forth in RCW 36.73.160(1).
- D. The board shall issue an annual report, pursuant to the requirements of RCW 36.73.160(2).

Section 4. No Existing Right Impaired. Pursuant to RCW 36.74.040, this assumption does not impair or alter any existing rights acquired by the Kenmore transportation benefit district under Chapter 36.73 RCW or any other provision of law relating to transportation benefit districts. This assumption also does not impair or alter any actions, activities, or proceedings validated thereunder; any civil or criminal proceedings instituted thereunder; any rule, regulation, or order promulgated thereunder; any administrative action taken thereunder; or the validity of any act performed by the Kenmore transportation benefit district or division thereof or any officer thereof prior to the assumption of such rights, powers, functions, and obligations by the City as authorized under the law.

Section 5. Rules, Regulations, Pending Business, and Contracts. Pursuant to RCW 36.74.050(1), all rules and regulations and all pending business before the board of the Kenmore transportation benefit district shall be continued and acted upon by the City Council. In addition, pursuant to RCW 36.74.050(2), all existing contracts and obligations of the Kenmore transportation benefit district remain in full force and effect and must be performed by the City. The assumption does not affect the validity of any official act performed by any official or employee prior to the assumption authorized under the law.

Section 6. Records of the Kenmore Transportation Benefit District. Pursuant to RCW 36.74.060(1), all reports, documents, surveys, books, records, files, papers, or other writings

relating to the administration of the powers, duties, and functions of the Kenmore transportation district and available to the Kenmore transportation benefit district must be made available to the City.

Section 7. Funds, Credits, Appropriations, Federal Grants, or Other Assets. Pursuant to Chapter 36.74.060(2), all funds, credits, or other assets held in connection with assumed powers, duties, and functions must be assigned to the City. Pursuant to Chapter 36.74.060(3), any appropriations or federal grants made to the Kenmore transportation benefit district for the purpose of carrying out the rights, powers, functions, and obligations authorized to be assumed by the City must, on the effective date of the assumption, be credited to the City for the purpose of carrying out such assumed rights, powers, functions, and obligations.

Section 8. Assumption of Indebtedness. Pursuant to RCW 36.74.070, the City assumes and agrees to provide for the payment of all of the indebtedness of the Kenmore transportation benefit district, including the payment and retirement of outstanding general obligation and revenue bonds issued by the Kenmore transportation benefit district, if any.

Section 9. Severability. If any portion or section of this ordinance is found to be invalid or unenforceable for any reason, such finding shall not affect the validity or enforceability of any other portion or section of this ordinance.

Section 10. Effective Date. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of the publication.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 28th DAY OF NOVEMBER, 2016.

CITY OF KENMORE

David Baker, Mayor

ATTEST/AUTHENTICATED

Patty Safrin, City Clerk

Approved as to form:

Rod P. Kaseguma, City Attorney

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
ORDINANCE NO. 1_-0____
DATE OF PUBLICATION:
EFFECTIVE DATE:



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic:

ORDINANCE NO. 16-0424 OF THE CITY OF KENMORE, WASHINGTON, ASSUMING THE RIGHTS, POWERS, FUNCTIONS, IMMUNITIES, AND OBLIGATIONS OF THE KENMORE TRANSPORTATION BENEFIT DISTRICT

Proposed Council Action/Motion:

PASS ORDINANCE NO. 16-0424 OF THE CITY OF KENMORE, WASHINGTON, ASSUMING THE RIGHTS, POWERS, FUNCTIONS, IMMUNITIES, AND OBLIGATIONS OF THE KENMORE TRANSPORTATION BENEFIT DISTRICT; AND ESTABLISHING AN EFFECTIVE DATE.

For Council Meeting Agenda of: November 28, 2016

Department: Finance and Administration

Prepared by: Joanne Gregory, Director of Finance and Administration

Initial & Date

Approved by Department Head:

Approved by City Attorney:

Approved by Finance Director:

Approved by City Manager:

[Handwritten signatures and dates]
 11/18/16
 11/18/16

Exhibits/Attachments:

Ordinance No. 16-0424

Expenditure Required N/A

Amount Budgeted N/A

Appropriation Required N/A

INFORMATION/BACKGROUND:

The Kenmore Transportation Benefit District (TBD) was created in 2012 as authorized by Chapter 36.73 RCW and functions as a separate legal and reporting entity governed by a Transportation Benefit District Board.

In 2015 the Washington State Legislature enacted RCW 36.74.010 which authorizes a city, that has a TBD with the same boundaries, to assume the functions, rights, powers, and obligations of that TBD. Per MRSC, of the approximately 90 cities and towns that formed TBDs, about half have assumed their TBDs (including Bainbridge Island, Lake Forest Park, Shoreline, University Place, Mercer Island). To do so would create efficiencies for the City and eliminate the need for separate meetings, budgets, and financial reports. If the City absorbs the TBD, the fees received would be treated as a special revenue source of funds for the City which will continue to be restricted to transportation improvements and preservation. There would be no changes in contracts, programs, charges, or obligations as a result of this action. The annual assessment for liability insurance coverage would cease as would the special audit.

On November 14, the City Council considered and passed Resolution 16-282 indicating their intent to conduct a public hearing concerning the assumption of the TBD. The public hearing is scheduled for this evening. Subsequent to the public hearing, the City Council may consider Ordinance 16-0424 to

i:\city clerk\agenda items\finance & administration\2016 council meetings\11.28.2016\ab ordinance to dissolve tbd.docx

enable the assumption by the City of the Rights, Powers, Functions, and Obligations of the Kenmore TBD.

FISCAL CONSIDERATION:

The primary fiscal advantage of this action would be \$2,500 saved each year which is the current cost of the liability insurance coverage for the Kenmore TBD as well as about \$2,000 in audit fees. Council and Staff efficiencies would include the elimination of TBD meetings, separate audits and audit reports and preparation of a TBD budget.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Effective and efficient services

**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 16-0424**

**AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON,
ASSUMING THE RIGHTS, POWERS, FUNCTIONS, IMMUNITIES, AND
OBLIGATIONS OF THE KENMORE TRANSPORTATION BENEFIT
DISTRICT; AND ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, on April 16, 2012, the City Council passed Ordinance No. 12-0339 (codified as Chapter 12.90 KMC), which created the Kenmore transportation benefit district as authorized by Chapter 36.73 RCW; and

WHEREAS, on July 1, 2015, the Washington State Legislature enacted RCW 36.74.010, which authorizes a city that has established a transportation benefit district with boundaries coterminous with the city to assume the rights, powers, functions, and obligations of the transportation benefit district, in accordance with Chapter 36.74 RCW; and

WHEREAS, the boundaries of the Kenmore transportation benefit district are coterminous with the boundaries of the City of Kenmore; and

WHEREAS, on November 14, 2016, the City Council adopted Resolution No. 16-282, which declares its intent to conduct a public hearing to consider the proposed assumption of rights, powers, functions, and obligations of the existing Kenmore transportation benefit district, and fixes November 28, 2016 in the Council Chambers of the Kenmore City Hall at 7:00 p.m. as the date, location and time of the public hearing; and

WHEREAS, on November 28, 2016, at the time schedule for the public hearing, the City Council held the public hearing and invited all interested persons to appear and be heard; and

WHEREAS, following the conclusion of the public hearing, the City Council determined that the public interest and welfare will be satisfied by the City assuming the rights, powers, immunities, functions, and obligations of the existing Kenmore transportation benefit district;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Assumption of Kenmore Transportation Benefit District. Pursuant to RCW 36.74.010 and 36.74.030, the City of Kenmore hereby assumes all of the rights, powers, immunities, functions and obligations of the Kenmore transportation benefit district. The City is hereby vested with each and every right, power, immunity, function, and obligation currently granted to or possessed by the Kenmore transportation benefit district as of the effective date of

this Ordinance. The right, powers, functions, and obligations previously exercised and/or performed by the governing body of the Kenmore transportation benefit district are hereby assumed by and transferred to the City Council.

Section 2. Abolishment of Governing Body of Transportation Benefit District. Pursuant to Chapter 36.74.030, the governing body of the Kenmore transportation benefit district, established in KMC 12.90.020, is hereby abolished and the City Council is vested with all rights, powers, immunities, functions, and obligations vested by law in the governing body of the Kenmore transportation benefit district.

Section 3. Amendment – KMC 12.90.020. KMC 12.90.020 is amended as follows:

- A. The governing board of the transportation benefit district shall be the Kenmore city council which shall have the authority to exercise the statutory powers set forth in Chapter 36.73 RCW and this chapter.
- B. The treasurer of the transportation benefit district shall be the city director of finance.
- C. The board shall develop a material change policy to address major plan changes that affect project delivery or the ability to finance the plan, pursuant to the requirements set forth in RCW 36.73.160(1).
- D. The board shall issue an annual report, pursuant to the requirements of RCW 36.73.160(2).

Section 4. No Existing Right Impaired. Pursuant to RCW 36.74.040, this assumption does not impair or alter any existing rights acquired by the Kenmore transportation benefit district under Chapter 36.73 RCW or any other provision of law relating to transportation benefit districts. This assumption also does not impair or alter any actions, activities, or proceedings validated thereunder; any civil or criminal proceedings instituted thereunder; any rule, regulation, or order promulgated thereunder; any administrative action taken thereunder; or the validity of any act performed by the Kenmore transportation benefit district or division thereof or any officer thereof prior to the assumption of such rights, powers, functions, and obligations by the City as authorized under the law.

Section 5. Rules, Regulations, Pending Business, and Contracts. Pursuant to RCW 36.74.050(1), all rules and regulations and all pending business before the board of the Kenmore transportation benefit district shall be continued and acted upon by the City Council. In addition, pursuant to RCW 36.74.050(2), all existing contracts and obligations of the Kenmore transportation benefit district remain in full force and effect and must be performed by the City. The assumption does not affect the validity of any official act performed by any official or employee prior to the assumption authorized under the law.

Section 6. Records of the Kenmore Transportation Benefit District. Pursuant to RCW 36.74.060(1), all reports, documents, surveys, books, records, files, papers, or other writings

relating to the administration of the powers, duties, and functions of the Kenmore transportation district and available to the Kenmore transportation benefit district must be made available to the City.

Section 7. Funds, Credits, Appropriations, Federal Grants, or Other Assets. Pursuant to Chapter 36.74.060(2), all funds, credits, or other assets held in connection with assumed powers, duties, and functions must be assigned to the City. Pursuant to Chapter 36.74.060(3), any appropriations or federal grants made to the Kenmore transportation benefit district for the purpose of carrying out the rights, powers, functions, and obligations authorized to be assumed by the City must, on the effective date of the assumption, be credited to the City for the purpose of carrying out such assumed rights, powers, functions, and obligations.

Section 8. Assumption of Indebtedness. Pursuant to RCW 36.74.070, the City assumes and agrees to provide for the payment of all of the indebtedness of the Kenmore transportation benefit district, including the payment and retirement of outstanding general obligation and revenue bonds issued by the Kenmore transportation benefit district, if any.

Section 9. Severability. If any portion or section of this ordinance is found to be invalid or unenforceable for any reason, such finding shall not affect the validity or enforceability of any other portion or section of this ordinance.

Section 10. Effective Date. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of the publication.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 28th DAY OF NOVEMBER, 2016.

CITY OF KENMORE

David Baker, Mayor

ATTEST/AUTHENTICATED

Patty Safrin, City Clerk

Approved as to form:

Rod P. Kaseguma, City Attorney

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
ORDINANCE NO. 1_-0____
DATE OF PUBLICATION:
EFFECTIVE DATE:

VIII. C. PUBLIC HEARING to Receive Public Testimony on the 2...

FISCAL CONSIDERATION:

The City wide 2017-2018 Preliminary Budget expenditures are \$56,761,949 and budgeted revenues are \$54,396,768. These balances include \$7,651,806 of interfund transfers. The ending fund balance for all funds is expected to be \$14,064,615 which includes the General Fund balance of \$3,298,240.

The Preliminary Budget expenditures are 19% less than the amended 2015-2016 budget and 6.4% less than the 2015-2016 projections, primarily due to reductions in capital project expenditures and use of capital project funding sources such as impact fees. Most significantly this would include the completion of SR522 West A and the Town Green/Hangar construction project.

The Preliminary Budget assumed that Walkways & Waterways Proposition 1 would be approved by the voters; therefore projects associated with the measure have been included in the budget and capital improvement program. Also a Park Project Manager has been proposed and included in the staffing expenditures in anticipation of the success of this measure.

Attached as reference is the Summary of All Revenues and Expenditures By Fund 2015/2016 to 2017/2018 (Exhibit 1) and the City Manager Preliminary Budget Message (Exhibit 2).

2017 Property Tax Levy

The 2016 property tax levy was \$4,537,138 (the adopted budget was \$4,521,519). The budgeted levy for 2017 is \$4,668,509. The City is allowed to increase its levy by the lesser of one (1) percent or the percentage increase in the July IPD (Implicit Price Deflator). The IPD this year is .953% (which is less than 1%).

The County Assessor has only released preliminary levy information at this time. Based on what has been received, the proposed property tax levy for 2017 would be \$4,674,122 which includes the allowable .953% increase over 2016 (\$43,239), new construction which adds about \$86,592 (or 1.9%) to the tax rolls, and \$7,153 of refunds to be re-levied. This levy will exceed our budgeted levy by \$5,613 which anticipated a 1% increase and \$86,000 of new construction. It is not staff's recommendation to increase the levy by the full 1% which would require adopting a resolution of substantial need. The .027% difference would only be about \$1,224.

The .953% increase in the property tax levy will not have a dramatic increase on the tax that a homeowner pays. In fact, with the increase in assessed valuation for the entire City, the levy rate will decline from \$1.26 to \$1.20 for each \$1,000 of assessed value. The preliminary assessed value is \$3,903,423,117, an increase of about 9% from last year.

If the City Council were to approve the increase of .953% to the levy for 2017, this would generate additional revenue of \$43,239 which will also provide a compounding revenue benefit in future levies. The City also has "banked capacity" property tax available which is unused levy authority from prior years when the City chose to not take the allowable 1% increase. The City Council did not increase the tax levy by IPD or 1% for 2016 and the City's banked tax capacity is currently \$590,089.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

RCW 35A.33.055 The legislative body must schedule hearings on the budget or parts of the budget prior to the final approval.

City of Kenmore, Washington

EXHIBIT 1

Summary of All Revenues and Expenditures By Fund
2015/2016 to 2017/2018

Revenues by Fund:	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015 Actual	2016 Estimated	2015-2016 Biennium Total	2017 Preliminary	2018 Preliminary	2017-2018 Preliminary Budget
General Fund	\$ 20,553,270	\$ 21,048,270	\$10,765,643	\$11,750,210	\$22,515,853	\$ 11,803,470	\$ 11,729,704	\$ 23,533,174
Street Fund	2,359,531	2,359,531	1,315,650	1,399,138	2,714,788	1,466,652	1,445,652	2,912,304
Public Art Fund	200	200	351	300	651	150	0	150
Park Impact Fee Fund	234,063	234,063	396,247	455,000	851,247	257,000	155,000	412,000
Transportation Impact Fee Fund	1,397,257	1,397,257	1,413,467	1,000,500	2,413,967	503,500	402,000	905,500
Transportation Benefit District	630,200	630,200	334,634	335,400	670,034	340,400	340,400	680,800
Strategic Reserve Fund	0	0	0	0	0	0	0	0
Strategic Opportunities Fund	37,161	1,217,946	1,211,827	27,986	1,239,813	140,000	140,000	280,000
Sammamish River Bridge Fund	0	0	0	0	0	2,098,962	910,999	3,009,961
Real Estate Excise Tax Fund	1,827,000	1,827,000	1,464,657	1,204,000	2,668,657	802,000	601,000	1,403,000
Kenmore Village Fund	1,326,900	2,246,900	939,763	1,506,700	2,446,463	273,351	151,277	424,628
Park Capital Fund	1,240,400	1,605,174	521,437	750,958	1,272,395	1,900,095	2,431,925	4,332,020
Transportation Capital Fund	17,208,172	21,850,956	8,831,143	9,155,418	17,986,561	4,256,360	4,852,851	9,109,211
Surface Water Management Fund	3,540,000	3,540,000	1,915,280	1,789,611	3,704,891	1,786,400	1,757,000	3,543,400
Surface Water Capital Fund	2,139,500	2,139,500	204,826	855,674	1,060,500	1,562,634	2,063,000	3,625,634
Swamp Creek Basin Fund	20,000	20,000	7,271	7,000	14,271	7,000	7,000	14,000
Equipment Replacement Fund	206,000	206,000	89,227	116,914	206,141	105,493	105,493	210,986
Total Revenues	\$52,719,654	\$60,322,997	\$29,411,423	\$30,354,809	\$59,766,232	\$27,303,467	\$27,093,301	\$54,396,768
Less Interfund Transactions	(10,972,104)	(14,425,322)	(7,323,427)	(6,246,953)	(13,570,380)	(4,472,497)	(3,179,309)	(7,651,806)
Net Revenues	\$ 41,747,550	\$ 45,897,675	\$ 22,087,996	\$ 24,107,856	\$ 46,195,852	\$ 22,830,970	\$ 23,913,992	\$ 46,744,962

Expenditures by Fund:	2015-2016 Adopted Budget	2015-2016 Amended Budget	2015 Actual	2016 Estimated	2015-2016 Biennium Total	2017 Preliminary	2018 Preliminary	2017-2018 Preliminary Budget
General Fund	\$ 20,538,937	\$ 22,772,720	\$ 11,553,825	\$ 12,051,816	\$ 23,605,641	\$ 11,612,596	\$ 11,754,025	\$ 23,366,621
Street Fund	2,371,277	2,771,277	1,389,911	1,458,931	2,848,842	1,465,836	1,443,173	2,909,009
Public Art Fund	1,000	1,000	548	544	1,092	60,500	500	61,000
Park Impact Fee Fund	490,000	703,416	0	441,918	441,918	639,500	115,000	754,500
Transportation Impact Fee Fund	2,760,000	2,760,000	2,360,000	200,000	2,560,000	694,605	287,493	982,098
Transportation Benefit District	630,000	630,000	309,500	320,500	630,000	345,000	324,000	669,000
Strategic Reserve Fund	0	0	0	0	0	0	0	0
Strategic Opportunities Fund	911,200	1,571,200	247,741	1,212,227	1,459,968	110,000	195,000	305,000
Sammamish River Bridge Fund	0	0	0	0	0	2,098,962	910,999	3,009,961
Real Estate Excise Tax Fund	3,528,719	3,987,306	2,484,359	960,178	3,444,537	1,075,156	1,109,739	2,184,895
Kenmore Village Fund	3,517,240	4,631,169	1,003,897	3,608,856	4,612,753	145,151	147,077	292,228
Park Capital Fund	1,238,000	1,691,233	437,372	629,376	1,066,748	2,112,031	2,381,925	4,493,956
Transportation Capital Fund	17,308,172	21,842,377	8,637,373	7,250,726	15,888,099	4,714,560	4,712,000	9,426,560
Surface Water Management Fund	4,652,276	3,965,776	1,115,683	2,387,739	3,503,422	2,519,456	2,210,031	4,729,487
Surface Water Capital Fund	2,209,500	2,209,500	176,312	162,128	338,440	1,395,634	2,063,000	3,458,634
Swamp Creek Basin Fund	0	0	0	0	0	0	0	0
Equipment Replacement Fund	224,000	358,375	173,486	73,944	247,430	78,500	40,500	119,000
Total Expenditures	\$60,380,321	\$69,895,349	\$29,890,007	\$30,758,883	\$60,648,890	\$29,067,487	\$27,694,462	\$56,761,949
Less Interfund Transactions	(10,972,104)	(14,425,322)	(7,323,427)	(6,246,953)	(13,570,380)	(4,472,497)	(3,179,309)	(7,651,806)
Net Expenditures	\$ 49,408,217	\$ 55,470,027	\$ 22,566,580	\$ 24,511,930	\$ 47,078,510	\$ 24,594,990	\$ 24,515,153	\$ 49,110,143



City Of Kenmore, Washington

October 24, 2016

Honorable Members of the City Council
City of Kenmore
18120 68th Avenue NE
Kenmore, WA 98028

Honorable Mayor and City Council:

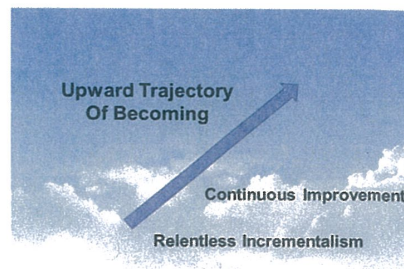
We are thrilled to present the City of Kenmore Preliminary 2017-2018 Biennial Budget for your review and consideration. Once again, your leadership and clear direction have given us the guidance we need to draft a two-year budget that will provide the resources to make great progress in advancing toward the City's 20-year vision, achieving your goals, and improving quality of life in Kenmore.

As an organization, we know that providing essential services such as law enforcement, safety for multiple transportation modes, and environmental protection are important and should be our first dollars invested in the budget—and they are. This budget proposes to continue to invest heavily in basic, vital services that set the foundation for a strong and healthy Kenmore.

We also know that our job does not stop there. Cities like Kenmore can go beyond being just functional and providing basic public safety. Cities can play a key role in prosperity and human flourishing. In other words, it's not just about preventing suffering and undue hardship, which is important; our job is also about creating opportunities and clearing the path for our residents, businesses, and visitors to play, find fulfillment, and connect with each other as a community. This preliminary budget allocates resources and priorities to that end as well.

To be on that path toward human flourishing, I believe our city organization and our community as a whole embrace a culture of continuous improvement or what I call "being on the upward trajectory of becoming." Especially for Kenmore, the way to make progress on that upward trajectory is through continuous improvement or "relentless incrementalism." The overwhelming majority of our progress will be through the seemingly small, one-step-at-a-time improvements we make to our city. All of these incremental improvements add up over time to make a big difference. They involve both the software and the hardware of the community and include such things as:

- Constructing a town square and creating a year-round gathering space for the community



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- Building a new neighborhood park and “community-build” playground
- Constructing a new sidewalk and bike lanes
- Holding a downtown block party
- Working with property and business owners to bring new retail, services, jobs, and other private sector amenities to the community
- Painting a mural and other kinds of art
- Connecting two public waterfronts with a pedestrian bridge over a stream
- Installing a new skate court
- Building a new trail that connects neighborhoods together
- Organizing a “play day” event for kids in the park
- Improving wheel chair accessibility on our sidewalks and at other public areas
- Building a strong volunteer program that recruits and trains volunteers to help with events and care for our parks and byways
- Establishing planning policies for good design and diverse, connected neighborhoods
- Providing opportunities for residents to learn how they can help plug into the natural environment and do their part to improve water quality and ecosystems
- Running emergency preparedness classes and events that encourage residents to engage with and strengthen their neighborhoods

We are excited to be involved in all of the above and much more, and this budget lays out the plans and resources to do so. That said, the City’s budget has finite resources, and while we have the wherewithal to accomplish a great deal, we are finding that our financial resources are staying relatively flat compared to the continuously rising cost of doing business. Later in this budget message I will discuss this challenge, including how it impacts the budget and how to confront it. Before we go there, let’s take a look at the highlights of the preliminary budget and how they relate to the City Council’s goals and the priority-based results we want to achieve.

2017-2018 Budget Highlights

This budget is goal and priority driven. The City Council, as the elected representatives of the citizens of Kenmore, has adopted a set of major goals. These goals are as follows:

2016-2017 City Council Goals

1. To focus on and emphasize multimodal transportation safety in the City of Kenmore with a specific focus on pedestrian, bicycle, and other means of travel.
 - Implement the Sidewalk Plan
2. To continue to implement the Economic Development Plan, with an emphasis on the following key points:
 - Promote the image of Kenmore
 - Create a vibrant, walkable downtown
 - Support existing businesses
 - Advance the public’s access and connection to the waterfront
3. To continue to seek funding and mitigation for State impacts on the City’s transportation system.
4. To continue to seek opportunities to complete a successful Lakepointe project.

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5. To actively pursue Sound Transit 3 projects for SR 522.
6. To continue to implement a Parks Improvement and Financial Plan.
7. To address watershed and water quality issues affecting the City.
8. To continue to establish a contemporary Information Technology Program

In addition to Council goals, we based our budgeting on a broader set of criteria called priority based budgeting results. Like Council goals, these results were set by the City Council early on in the budgeting process. These results include:

1. Access to quality cultural, recreational, educational and leisure opportunities
2. Attractive, well-planned, enduring and desirable place to live and work
3. Connected, involved and family-oriented community that values diversity
4. Effective mobility and connected, reliable transportation systems
5. Prosperous, vibrant and sustainable economy
6. Safe and secure community
7. Sustainable, healthy environment and the preservation of natural resources
8. Good Governance:
 - Fosters open, responsive and transparent government by ensuring accountability, efficiency, effectiveness, and integrity in all operations
 - Protects, manages, optimizes and invests in its financial, human, physical, and technology resources
 - Supports decision making with timely and accurate short term and long range analysis that enhances vision and planning
 - Provides assurance of regulatory and policy compliance
 - Attracts, motivates, develops, and retains a high quality, engaged, and productive workforce
 - Provides responsive and accessible leadership, focused community priorities, and facilitates timely, well utilized two-way communication and input with all stakeholders

In building the budget, we used Priority Based Budgeting methodology to score and prioritize all of our programs using the results listed above.

Our other guides in building the budget include Council-adopted policies such as the City's 20-Year Vision Statement and Comprehensive Plan as well as more specific policies such as the Target Zero Resolution for pedestrian and bicycle safety.

Using the City Council's goals, priority based results, and other adopted policies to guide the way, the following budget discussion focuses on highlights for the upcoming biennium.

As mentioned earlier, this budget continues to invest heavily in the City's core functions, including public safety (police, criminal justice, and building and code compliance), transportation, and parks. For example, we will continue to invest funds and leverage grants to preserve the pavement of our roads. We will continue to strive to meet or exceed the pavement condition score of 82 or "very good."

The City's emphasis on public safety is realized through a high quality police department and its officers. The City receives its police services from the King County Sheriff's Office, and through that contract with King County, the City is providing solid police coverage of at least two officers on duty 24 hours per day, seven days per week, with additional police coverage often at peak call volume times. We also have excellent mutual aid relationships with our neighboring jurisdictions. Traffic enforcement continues to be a top priority of our police department, including our recently added motorcycle patrol especially tailored to crosswalk enforcement, an emphasis on DUIs, and speeding in general.

Public safety includes more than police and criminal justice. Building and code requirements, infrastructure investments, and citizen outreach and education also are important to a safe community. This preliminary budget includes funding for all of these programs, including the Target Zero outreach initiative which has been well-received by our schools at the community at large.

Emphasis on Pedestrian and Bicycle Safety

Pedestrian and bicycle safety continues to be a top priority as demonstrated by the City Council's Number 1 priority goal "to focus on and emphasize multimodal transportation safety in the City of Kenmore with a specific focus on pedestrian, bicycle, and other means of travel." This goal includes implementing the Sidewalk Plan.

When it comes to multimodal safety, this City puts its money where its mouth is. The recent completion of the "West A" segment of Bothell Way from 61st Avenue to 65th Avenue is a prime example. In addition, the cumulative, decade-long investment of over \$85 million on all of Bothell Way further drives home the point that the City has made multimodal safety a very high priority for a very long time. Based on before-and-after data, the channelization improvements and new sidewalks have produced noticeable reductions in crashes; as a bonus, the aesthetic improvements—new landscaped medians and sidewalks as well as utility undergrounding—have beautified the highway. In addition to Bothell Way, there are numerous other multimodal safety improvements that the city has recently made, including a long list of neighborhood traffic calming improvements, new sidewalks on streets like 181st, and more.

This two-year budget builds upon this pedestrian and bicycle safety momentum. City Council Resolution No. 14-235 adopting a "Target Zero" goal for no pedestrian and bicycle deaths or fatalities from collisions with motorized vehicles continues to provide a good vision for what we are trying to accomplish. Keeping this Target Zero goal in mind, the main components of the 2017-2018 biennium budget's pedestrian and bicycle safety initiative are as follows:

Pedestrian and Bicycle Safety Infrastructure

1. Some of the proposed sidewalks and trail improvements for 2017 and 2018 include the following:
 - The long anticipated improvements to the Tolt Trail between 68th Avenue and 71st Avenue.
 - New sidewalk and traffic calming circles and 62nd Avenue between 181st Street and 185th

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- 202nd Street from 198th Street to 66th Avenue
- Several sidewalk gaps
- Design for sidewalks and buffered bike lanes on Juanita Drive and 68th Avenue from the City's southern boundary to its northern boundary, assuming passage of the Proposition 1 bond measure on November 8, 2016.

All of the above sidewalk and trail projects are funded in the Capital Improvement Plan, also a part of this budget. These sidewalk sections are funded by a mixture of state and federal grants, real estate excise tax, transportation impact fees, surface water revenue, and in the case of Juanita Drive and 68th Avenue, a voter approved bond measure.

In addition to the above sidewalk projects, this proposed budget includes continuation of the traffic engineer position as well as funding for more neighborhood traffic calming measures and other physical improvements for bicycle and pedestrian safety.

Pedestrian and Bicycle Safety Education and Outreach

The City Manager's Office will continue to lead the City's education and outreach effort, including getting into the schools and having a presence at events. Our Target Zero outreach and communication strategy for pedestrian and bicycle safety will continue to be implemented. Providing educational, fun, and interactive learning experiences continues to be a key component to this program.



Pedestrian and Bicycle Safety Enforcement

Our police department has and will continue to enforce traffic laws. The recent addition of the police motorcycle to the fleet provides another tool in crosswalk enforcement. Priority will continue to be on slowing vehicle speeds and pedestrian and bicycle safety, and we have an overtime budget built into the police department budget for special traffic enforcement emphasis patrols.

Economic Development

As demonstrated in Council Goal Number 2, Economic Development continues to be a top priority for the City. This proposed budget continues to allocate resources to economic

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development efforts that revolve around implementing the City's adopted Economic Development Strategy. The four goals of this Strategy are:

- I. Promote Kenmore's Image
- II. Support Existing Businesses and Expand Employment
- III. Create a Multi-Use, Vibrant, and Walkable Downtown
- IV. Advance the Community's Connection to the Waterfront

Various economic development initiatives and projects are underway and even nearing completion, including what was formerly known as Kenmore Village. The redevelopment of Kenmore Village has resulted in more than \$70 million of private sector investment into the core of our downtown. If you combine the private sector investments with the recent public sector investments of City Hall, the Library, and the Town Square, more than \$100 million is being invested in the bull's eye of our downtown—all within one block of the main intersection at City Hall.

Other economic development initiatives are in place and making progress. A cohesive marketing and media relations strategy has brought positive exposure for Kenmore in business publications at the regional and even international levels. Over 800 Kenmore businesses are registered through the Kenmore Business Registration Program and the accompanying Kenmore Business Directory is experiencing about 3,000 online visits per month.

The Kenmore Business Alliance, in partnership with the Greater Bothell Chamber, continues to meet regularly and we have a solid group of Kenmore business owners who form the backbone of this group. We continue our work with Bastyr University and the Economic Development Council of Seattle-King County on promoting a Natural Health Hub in our area. The proposed economic development budget also includes funding for some new business recruitment efforts, especially given the opportunities for new employers as plans for Lakepointe's commercial component develop.

The Kenmore Business Incubator has been in operation for almost four years, bringing new energy and jobs into the City. I am also pleased to see the Virtual Incubator as well as our business development courses further support and help our existing local businesses be successful. The incubator program sends a message to the business community that the City wants to attract new jobs, that it rolls out the red carpet for startups, and that supporting existing businesses is important as well. This proposed budget continues to fund the incubator programs in the Strategic Opportunities Fund.

Lakepointe is the last undeveloped site of its kind on Lake Washington and has the potential to transform our downtown, provide new housing, office, and retail service options for our community, and produce unprecedented new public open space, waterfront access, and other recreational opportunities. Lakepointe can be a true urban village right in the heart of our city.

However, Lakepointe is not without its challenges. How to mitigate traffic impacts and how to deal with the extraordinary costs associated with developing this unique site are chief among the project's challenges. We are in regular communications with a potential developer who has been

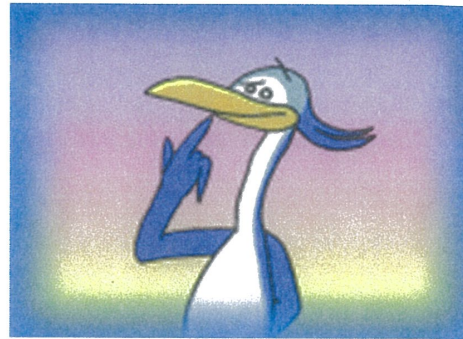
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investigating the site and could be coming in for permits and/or a development agreement in the next two years. Lakepointe redevelopment will not happen overnight—getting to ground breaking could take five years or more. Once under construction, the project could phase in over ten years or more. That said, our “man on the moon” goal set in 2013 is still achievable: to see the project under construction by the year 2023.

Where's the Fun?

At the beginning of this budget message, I stated that to fully prosper and help citizens thrive, cities need to be more than just functional and safe. A functional and safe city provides the basic necessities—a police force, clean water, and an adequate transportation network.



Safe and functional continues to be at our forefront as evidenced by the strong public safety multimodal safety investments in this budget—but in order to help our citizens and businesses thrive and be invested in our city and our quality of life, we need to go beyond functional; we need to build what *Happy City* author Charles Montgomery calls “emotional infrastructure,” where tools such as urban design and great public spaces create opportunities for citizens to become emotionally tied to and have a sense of ownership in their community. In his 2011 book, *For the Love of Cities*, Peter Kageyama takes it one step further and asserts that cities and their citizens actually need to have an emotional connection, or what he calls a love affair.

Over the years, the City has been making strides in both focusing on and going beyond functional and safe, including major civic investments in the downtown; growing volunteerism and community participation; improving mobility for pedestrians and cyclists; sponsoring events such as concerts in the park and the hydroplane cup; providing more waterfront recreation opportunities; and adding new parks and park amenities. I believe we are headed in the right direction! I also believe that there is a lot more to do.

On this journey to a happy, thriving, and not just functional city, we need to be smart about how we spend the City’s limited dollars, but also how we tap into the vast human resources that reside right here in Kenmore. An example of uncovering this potential happened at the April 2015 For the Love of Kenmore event where we asked ourselves, “Where’s the Fun?” The resulting “love

notes” from the community that spawned from the event were incredible and exceeded my expectations. Several of the resulting love notes are as follows:

- The new mural on the St. Vincent DePaul façade on 73rd Avenue. This mural was truly a community-based love note that required countless hours and many donations to make it happen. The mural is reportedly the longest mural in the County.
- Art on fire hydrants. Local artists worked with the utility district, the fire department, and the city to obtain permission to paint fun art on fire hydrants in the downtown.
- Parking Lot Parklet. After attending the For the Love of Kenmore event, local developer MainStreet property group decided to install a temporary “parklet” in the parking lot of its soon-to-be-redeveloped strip mall. The parklet included synthetic turf, flower tubs, outdoor furniture, and games.
- #WhyILoveKenmore Downtown Block Party. Less than three months after the event, two citizens moved forward with their idea to hold a downtown block party. The Kenmore Village developer, the city, and these two energetic citizens partnered to pull off a well-attended event that included live music, a beer garden, food trucks, and activities for kids.
- Let’s Beautify This. One love note idea that came out of the For the Love of Kenmore event was to beautify the concrete plant’s cement silos on Bothell Way. Residents who attended the event worked with the concrete company and the community to move this idea forward. They are currently in the fundraising stage and plan to beautify the silos with art in the next year.
- Seaplane Fly-In. The president of Kenmore Air attended the event and was inspired to create his own love note to the community. In May of 2016, Kenmore Air held a Sea-Plane Fly-In event. This well attended event commemorated Kenmore Air’s 75-year history and provided seaplane flights, tours, music, free t-shirts, and more.
- Hank Heron. The City’s very own senior project engineer, Kent Vaughan, is a talented cartoonist and has developed a cartoon mascot for the City. Pictured on the previous page, Hank has been featured in the city’s newsletter, on construction signage, and even on the cover page of this biennial budget!



For the Love of Kenmore’s purpose was to send a strong message to the community that they can be “co-creators” and that they have our permission (not that they need it) and support to produce “love notes” by going after things like beauty, good design, art, connecting with each other, and yes, fun. As part of his teachings at the For the Love of Kenmore event, Peter Kageyama helped give us the vocabulary (“co-creators” and “love notes” for example) to help the city and our citizens connect emotionally and ask ourselves, “Where’s the fun?”

This proposed budget includes funding to bring Peter Kageyama back for another “For the Love of Kenmore” event in the spring of 2017. At this event, Peter will give us a refresher course on

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loving our city, help us celebrate our successes and progress, and take us to that next level of empowering our citizens and taking Kenmore further upward on the trajectory of thriving and flourishing.

To continue the For the Love of Kenmore momentum, we also plan to bring back the Why I Love Kenmore downtown block party in the first half of both 2017 and 2018, with the new Town Square as party headquarters. We also plan on bringing the new Town Square and Hangar building (i.e., the new community building on the Town Square) fully on line in early 2017. We are excited to have this key public amenity in the bull's eye of our downtown and as a year-round gathering space for the community. This budget includes plans for programming both the indoor and outdoor spaces, including summer movies on the Town Square.

Downtown Sense of Place

Speaking of our downtown, the City's Downtown Strategy adopted back in 2003 is still relevant and will continue to play a key role in propelling us forward on this path to happy and thriving. Creating that true sense of downtown—that elusive sense of place where citizens can walk, gather, and interact as well as meet their daily needs and have a strong sense of community—has been a central strategy ever since incorporation.

The Town Square and Hangar building are important pieces in the puzzle of creating a real downtown and a sense of “downtown place” for Kenmore. The Town Square and Hangar building will be beautiful, and they will be an attraction in and of themselves. Discovery is an important design component. The Town Square will contain interesting amenities to surprise and delight the senses. These features include an interactive, kinetic water feature, heated rocks, art, and other fun surprises. The Hangar building will feature abundant glass to give it a lantern effect in the evening and an inviting, two-sided fireplace for warmth, coffee, and conversation in the chillier months of the year. A large bay door that will open up the building's western end to the Town Square is also included and will blur the line between the indoor and outdoor elements of the site.

We have a business plan for the Town Square and Hangar building. This plan includes maintaining and operating the site, providing programming and gathering opportunities for the community, and a retail tenant to help us activate the site and provide income for operating the site.

Improving walkability (and “bikability” for bicycles) is also a central strategy for our downtown and getting us further along toward a true sense of place and thriving. New downtown sidewalk and trail enhancements are funded in this budget (described earlier), including finishing up new sidewalks connecting 68th Avenue NE to 73rd Avenue NE on NE 181st Street and Tolt Trail improvements to make the trail more user-friendly and inviting. The Kenmore Village developer is being required to complete the new sidewalk connection on the west side of 68th Avenue NE, connecting NE 181st Street to NE 182nd Street. Bicycle amenities are being included in both the Town Square and the adjacent mixed use development.

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Long-term, we should not give up on connecting our downtown with our waterfront and providing a less intimidating way for our pedestrians and bicyclists to get across Bothell Way. The ad hoc Pedestrian and Bicycle Safety Committee's recommendation in 2014 to provide a pedestrian crossing over (or under) Bothell Way is still spot on, and we need to allocate resources to finding the best method, location, and funding for a grade separated crossing. This biennium budget assumes grant funding for a crossing study and conceptual design. The ultimate location, design, timing, and additional funding needed to construct a Bothell Way crossing will hopefully materialize as the Lakepointe project progresses.

The widened pedestrian and bike path planned for the new southbound 68th Avenue bridge across the Sammamish River will be another important facility that will improve walkability and bikability, especially as it relates to getting non-motorized users across the river and connecting the north and south halves of our City. This project is currently under design, and \$20 million in grant funding has been secured.

Lastly, the biennium budget assumes passage of the Proposition 1 Walkways & Waterways ballot measure this November. If approved by the voters, Proposition 1 improve north-south pedestrian and bicycle connectivity on the City's main north-south arterial.

The Waterfront

As affirmed in Council Goal #2, a key component of a prosperous Kenmore is how we turn toward the Lake and leverage this powerful asset. Our waterfront on beautiful Lake Washington is a precious resource that few cities have.

During our Parks, Recreation and Open Space (PROS) Plan update in 2013 and also throughout our Imagine Kenmore community outreach initiative in 2015 and 2016, we heard clearly from the public that public access to the water is one of their highest priorities. We have heard "get me to the water" repeatedly in our surveys, community meetings, and other forms of input.

Kenmore can bring the vision of its citizens to fruition and become a waterfront destination in its own right; not just a place to launch or store your boat—a place where boaters and visitors intentionally go to tour and have fun. In other words, Kenmore can become known for its beautiful waterfront and the public access it provides.



Over the last several years, we have seen progress toward that end, including the acquisition of a new waterfront property next to (and now an extension of) Squire's Landing Park and at the confluence of the Sammamish River

and Swamp Creek. This property is available to the public and has been activated through a private-public partnership. Under this partnership, the Kenmore Waterfront Activities Center (KWAC) provides hand powered watercraft programming (instruction, coaching, classes) in return for using the property's detached garage for storage. KWAC provides canoeing, kayaking, rowing, Standup paddleboarding, and Dragon Boating activities and events at Squire's Landing Park.

The Imagine Kenmore initiative resulted in three waterfront projects proposed on the Proposition 1 Walkways & Waterways bond measure. If approved by the voters, this measure will fund just over \$9 million of waterfront access and natural open space improvements at Log Boom Park, Rhododendron Park, and Squire's Landing Park.



By creatively and aggressively pursuing a course similar to what I have outlined above, we can 1) respond to our citizens' repeated requests to get them to the water and 2) put Kenmore on the map as a water access and recreation destination.

State Transportation Impacts and Sound Transit 3

Another City Council goal pertains to traffic congestion and how it affects local multimodal mobility. Our state and federal legislative agendas confront the cumulative impacts of state transportation decisions (e.g. 520 bridge tolling) and inability of state highways to handle regional traffic and the resulting congestion on local roads in Kenmore. For example, we are asking for assistance for funding a grade separated crossing going north-south over Bothell Way. An improvement like this will be an incremental (though not insignificant) improvement in alleviating local congestion caused by the heavily traveled Bothell Way.

With significant regional growth projected for the foreseeable future, automobile congestion on state highways, including Bothell Way through Kenmore, will continue and probably worsen. As a result, alternate modes of transportation is the name of the game from this point out, including dedicated through lanes for bus rapid transit. Over the last year, Kenmore, in partnership with its neighboring cities, successfully advocated for bus rapid transit (BRT) on the

Bothell Way & 145th Street corridor to be included in this November's Sound Transit 3 ballot measure package. If approved, bus rapid transit through Kenmore will connect the major I-405 BRT artery with the future light rail station at I-5 and 145th Street on the light rail spine in Shoreline. This project will provide another choice to automobiles and should improve both speed and reliability on an ever increasingly corridor congested with automobiles.

The Budget Picture

All of the above highlights for the next biennium are significant, will propel us on that upward trajectory, and improve the City's safety, economy, and quality of life. Yet these highlights are only a portion of what our City will accomplish in the next biennium. Daily operations—responding to 9-1-1 calls, investigating crimes, fixing potholes, issuing land use and building permits, inspecting new construction and work in the right-of-way, long range planning, responding to code complaints, cleaning catch basins, mowing lawns, inspecting and maintaining surface water facilities (ponds, tanks, conveyance systems, etc.), and managing contracts (court, jail, animal control, etc.), and more—make up our basic operational services and are the bulk of what our budget funds.

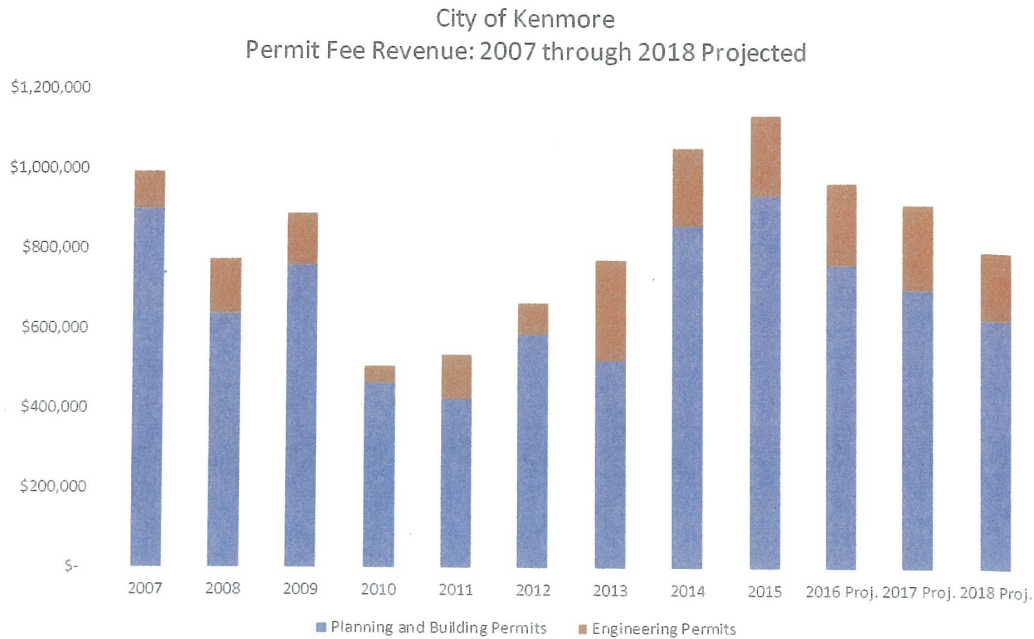
Funding these operational functions combined with knowing what new investments to make in capital and economic development programs have been at the core of building this budget. With key revenue and expenditure assumptions in place, we believe we have built a budget that achieves a strong balance of making new investments and keeping operational services fully funded.

For historical context, the City's General Fund revenues saw declines for several years during the great recession. The years 2007 and 2008 saw General Fund revenues peak at \$10.4 million for each of those two years. Then General Fund's total revenues declined thereafter, hitting the low point of \$9.3 million in 2011. We have since been seeing modest increases in each year thereafter, with sales tax and permit fees leading the way and the new water and sewer utility franchise fee being implemented in the second half of 2013.

Property tax, on the other hand, has seen relatively slow growth compared to the rising costs of doing business. Because of the state imposed cap on property tax revenue growth, we are forecasting a 2.26% increase in 2017 and a 1.5% increase for this revenue in 2018 (note that these increases included revenue from new construction). We are anticipating reductions in permit fee revenue and sales tax—we are not expecting the same level of new commercial construction activity to sustain this year's level of permit revenues; similarly, sales tax from new construction is expected to drop off because larger projects such as Spencer68 and the LINQ building at Spencer Square are not expected to continue much beyond early 2017.

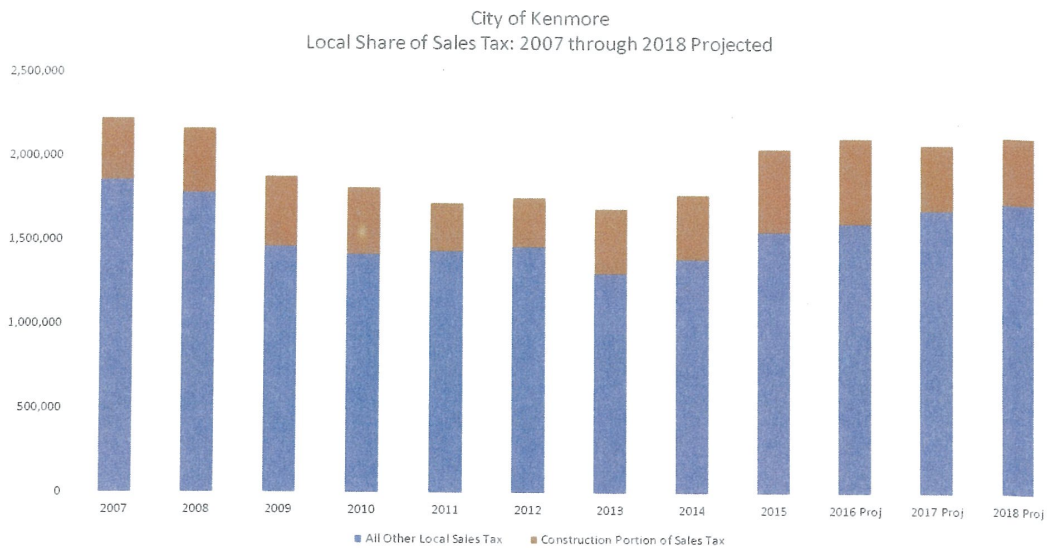
Historical development permit revenue is shown in the following graph:

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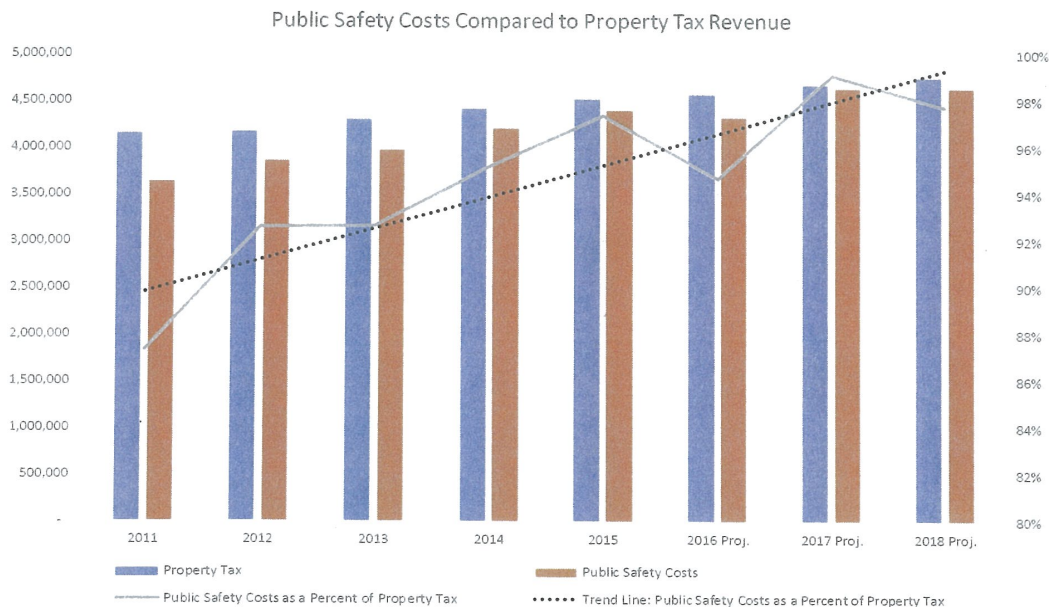
While not at the low of 2010, permit revenue is showing signs of decreasing, mainly due to lack of significant new development projects in the permit pipeline.

Sales tax is showing signs of leveling off, with an anticipated reduction in the construction portion of sales tax as the main culprit:



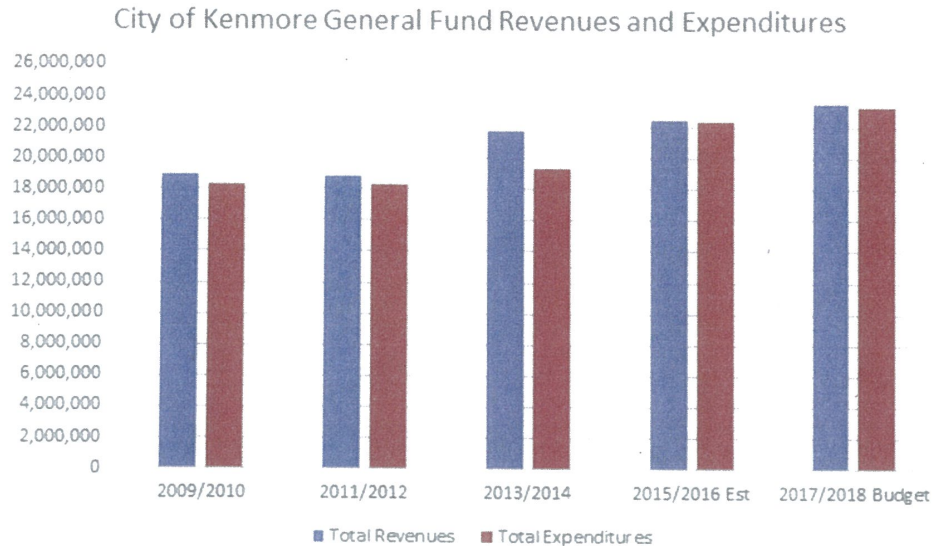
While we are anticipating relatively flat and even some declining revenues, we cannot say the same about expenditures. Ongoing programs, with no new positions or additions, are experiencing cost increases that are outpacing revenues. The largest example of this phenomenon is the Public Safety budget, comprising police, jail, court services and consuming almost 50% of the General Fund budget.

The Public Safety budget is about \$4.3 million per year and is expected to grow, with no new positions or programs, to \$4.6 million in 2017. For comparison purposes, the City's property tax revenue is just over \$4.5 million per year. As shown in the chart below, the Public Safety budget is growing at a faster rate than the property tax revenue. In 2011, Public Safety accounted for 87% of property tax, has grown to 95% of property tax in 2016, and is expected to reach 98% of property tax in the next biennium:



When it comes to the public safety budget, we have little control over costs aside from cutting service levels. Police, jail, and court are provided to the City by contract with other agencies. These contracts contain cost allocation formulas and are based on the actual costs of providing the services. Cost increases in these contracts are also based on actual costs are driven largely by increases in labor costs.

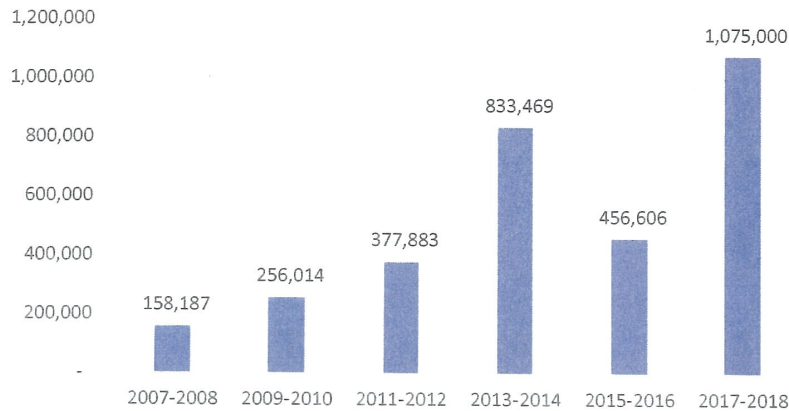
The following graph shows the relationship between the City's General Fund revenues and expenditures for the last four biennia and the upcoming biennium:



As shown by the above graph, the City has kept General Fund operating expenditures lower than revenues, thereby keeping the fund balance healthy at more than 25% of the Fund's operating expenditures (which is higher than our established policy of 20%). Note that the above graph does not show the one-time transfers from the General Fund to the Strategic Opportunities Fund, but it does include transfers to other funds such as the Street Fund and capital project funds.

While revenues such as property tax, sales tax, and permit fees are expected to be relatively flat or down for the next biennium, the above Revenues and Expenditures graph shows total revenues in the 2017-2018 biennium actually increasing. One reason for this increase is that we are assuming passage of Proposition 1 which includes a new parks project manager position funded in the General Fund but reimbursed from the Parks Capital Fund. Another yet similar reason is that we are more aggressively reimbursing the General Fund from other funds. At a higher rate than before, Surface Water Management and capital project funds will reimburse the General Fund for General Fund resources spent (staff time, for example) for projects and services in those other funds. The following graph illustrates the proposed increase in reimbursements back to the General Fund:

Reimbursements back to the General Fund



Of the \$1,017,321 increase in General Fund revenues from the 2015-2016 biennium to the 2017-2018 biennium, just over \$600,000 is from the increase in reimbursements back to the General Fund.

Back to the expenditure side of the General Fund equation, the addition of operational positions and programs in prior years has added to our costs. Examples include the 2011 addition of a police officer position to respond to the loss of police coverage caused by the recent Kirkland annexation; increasing a 1/2 detective position to one full detective in 2011; an added position in 2011 in the Finance Department; a new maintenance/custodian position in 2012; and the Bastyr ball field annual contribution that began in 2010, and the addition of a full time volunteer and event supervisor and a full time traffic engineer in the last biennium.

While all of these operational additions are important and will contribute to a better Kenmore, they will impact our bottom line and will affect our ability to contribute General Fund resources to one-time projects. In fact, this coming biennium proposes a reduction in General Fund transfers to other funds—from \$3.3 million in 2015-2016 down to \$1.3 million in 2017-2018.

Human Services Funding and ARCH Capital Funding. In preparing the budget for the 2015-2016 biennium, we landed on \$7.53 per capita for human services funding, which was higher than the average for surrounding area cities. Staying with \$7.53 per capita and taking into account our latest population estimate of 22,320 from the State Office of Financial Management, this budget includes a human services budget increase from \$161,000 per year to \$168,070 per year.

This coming biennium maintains our capital contribution to A Regional Coalition for Housing (ARCH) at \$30,000 per year. When we reviewed this amount for the last biennium, this amount appeared to be in line with what other cities of our size and means are paying. The City's annual ARCH membership fee assumes an increase from \$26,000 per year to \$28,000 per year.

Personnel. I continue believe that our employees are this organization's most important asset. I am impressed with the high caliber of people working at City Hall, and I believe it is vital to compensate them competitively and fairly.

Our health insurance rate increases continue to be in the single digits, with a 4.5% increase planned for 2017. These single digit rate increases, though still higher than inflation and revenue growth, are a welcome sight compared to the double digit annual increases of the previous two decades.

The proposed January 1, 2017 cost of living wage adjustment is based on June CPI for the Seattle area and is 1.1%.

Proposed personnel changes are as follows:

- Change the City Hall custodian position to a higher level facility technician position in order to cover a wider range of facility maintenance duties with the new addition of the Town Square and Hangar building.
- Create a 0.40 FTE (two days per week) maintenance custodian position to provide weekend coverage for the Town Square and Hangar building. This position will also be given tasks for City Hall and other facilities.
- Continue a temporary plans examiner/building inspector as the peak workload for new construction continues.
- Assuming passage of Proposition 1 Walkways & Waterways, include a temporary parks project manager and a regular parks project manager. The temporary parks project manager (already included in the 2015-2016 biennium) will complete parks projects already approved and currently in the pipeline, and the regular parks project manager will be funded by the bond and will manage the Waterways projects if the bond is approved by the voters.

Two four-year positions added in the last biennium will continue through this biennium:

- Project Manager for the West Sammamish River Bridge and other projects
- Traffic Engineer

General Fund Balance and Reserve Funds.

At the end of 2012, the General Fund Balance was a substantial \$5.3 million—more than 50% of operating revenues; our budget policy sets minimum balance at 20%. The City took this opportunity to create a Strategic Opportunities Fund with a \$2.5 million transfer from the General Fund balance. The purpose of this new Strategic Opportunities Fund, established in 2013, was to have resources available for key investments or to take advantage of strategic opportunities as they presented themselves.

The General Fund ending fund balance for 2016 is \$3.1 million which exceeds the amended budget ending fund balance of \$2.5 million by over \$600,000. At the end of 2016, with the budgeted expenditures outlined previously, the Strategic Opportunities ending fund balance is expected to exceed \$1.9 million. Also after the end of 2016, I will likely recommend transferring

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General Fund balance in excess of \$2.5 million over to the Strategic Opportunities Fund—this transfer amount is to be determined after the end of 2016 and is therefore not included in this current budget proposal.

The City also has continued to maintain a \$1.2 million Strategic Reserve Fund (not to be confused with the Strategic Opportunities Fund) balance. Set aside for emergencies and rainy days, this fund is limited by growth in City assessed valuation which declined during the recent recession. As a result, no transfers were made to the Fund. If assessed valuation continues to increase over the next several years, the City may be able to add to this fund.

Projecting forward to the end of the 2017-2018 biennium, with the combination of \$3.3 million of reserves estimated for the General Fund, \$1.3 million in the Strategic Opportunities Fund, and \$1.2 million in the Strategic Reserve Fund, the City will still have ending fund balance reserves of \$6.4 million.

Six-Year Financial Plan and Economic Outlook

We are once again in the process of updating the six-year financial plan. While this adopted biennial budget is balanced and our reserves are substantial (discussed above), we need our budget picture to be sustainable well beyond this next biennium. Added programs and positions over the last decade combined with flat or declining revenues and rising fixed costs will put pressure on our long-term budget picture, and the update to the six-year forecast will shed more light on these impacts.

While it is good to know that we have the dark days of the Great Recession behind us, the current recovery and economic expansion is relatively mature compared to other economic expansions. A recent Wall Street Journal survey of economists reported that economic downturn is 60% likely to happen in the next four years. (Wall Street Journal October 13, 2016 by Josh Zumbrun)

Commenting on this Wall Street Journal survey, business analyst Jill Schlesinger recently reported that the expansion currently underway is just over seven years old and may still have some life in it compared to the last three economic upturns:

“The current expansion, which began in July 2009, has lasted 87 months through September. That may seem like a long time, but it is not crazy. The previous three expansions (1982-1990, 1991-2001 and 2001-2007) lasted 92, 120 and 73 months respectively. That said, making a prediction that we could see a recession over the next four years does not seem particularly like going out on a limb.”
(JillonMoney.com, October 15, 2016)

Regardless of how long the current economic upturn will sustain itself, local governments like Kenmore continue to be in a structural financial problem where revenues, because of State-imposed growth limits and outdated tax systems, are not keeping pace with fixed costs. I believe local governments are part of an obsolete tax structure from a bygone era. The shift from a

manufacturing to a service economy and the ongoing transition from a bricks-and-mortar to an online economy have significantly changed how local governments receive revenue.

To add to the problem, the State-imposed 1% growth limit on property tax collections is not sustainable over the long run. I illustrated this problem earlier in this budget message when I compared growth in public safety costs to growth in property tax. While household income and the cost of doing business continue to rise at a higher rate, the amount of property tax actually paid remains relatively flat and is not keeping pace with rising prices or the electorate's ability to pay.

Using my own home as an example, since 2009 the City share of annual property tax paid on my home has gone up by only 1.0% (\$6.07) while the Consumer Price Index for the Seattle area has risen by 10.4%. Furthermore, in just four years (2010 to 2014), growth in median household income has outpaced growth in the city property tax for this home by almost ten-fold:

	2009	2016	% Increase
City Share of Property Tax Paid	\$ 590.24	\$ 596.31	1.0%
STB CPI-U, January	224.73	250.94	11.7%

	2010	2014	% Increase
Median Household Income	\$ 80,658	\$ 88,472	9.7%

Source: US Census Bureau American Community Survey

This analysis only examines one home—because of the way city-wide values are assessed and property taxes are calculated, it is difficult to generate the “average” hypothetical home when comparing property taxes over time. However, the home used in this example is arguably a typical Kenmore home with no remodel work or new additions and reasonably close to the median price range for single family homes in Kenmore.

While the property tax story varies from house to house, I believe that in general, the actual city share of property taxes paid on existing homes have not kept pace with inflation, nor have they kept pace with household income. While Kenmore's household income has risen by almost ten percent in a four-year period, the City share of property tax paid on existing homes has, on average, lagged significantly behind.

As we update the financial forecast and update our strategy for a sustainable long-term financial plan, the City should consider whether to access a portion of its “banked” property tax capacity. Banked capacity is unused levy authority from prior years when the City chose to not take the allowable 1% property tax increase. This banked capacity has cumulatively grown to over \$500,000 per year in foregone property taxes. While I am not proposing to access banked capacity in this budget, I recommend that in future budgets, we should consider utilizing a portion of banked capacity or other unused taxing authority to further stabilize our budget and improve its long-term sustainability.

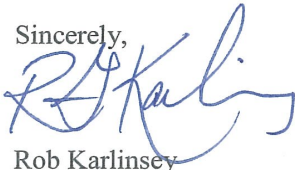
Conclusion

In conclusion, this preliminary budget proposal for the 2017-2018 is a pleasure to present. We have many meaningful services and projects planned that will sustain and even boost our momentum on Kenmore's upward trajectory of becoming.

Our budget is balanced with resources in place to retain professional, high caliber City staff to get the job done. Our focus continues to be on advancing the City Council's goals as well as the results identified in our priority based budgeting process.

Lastly, spending our first dollars on being safe and functional while also taking our community to happy and flourishing is what it's all about. I know we can continue to tap into and empower our citizen "co-creators" to produce lasting "love notes" that will connect us together, bring Kenmore that much closer to realizing the City's 20-year vision, and even get an answer to that quintessential question, Where's the Fun?

Sincerely,



Rob Karlinsey
City Manager
City of Kenmore

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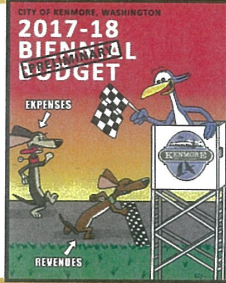
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**City of Kenmore Public Hearing
2017 Property Tax Levy**



City Council Meeting November 7, 2016

Other Key dates...

November 14, 2016	• Public Hearing on • 2017-2018 Preliminary Biennial Budget
November 21, 2016	• Public Hearing on Proposed 2015-2016 Budget Amendments
November 28, 2016	• Final Public Hearing on 2017-2018 Preliminary Biennial Budget and 2017 Tax Levy • Adopt 2017 Tax Levy
December 12, 2016	• Adopt 2015-2016 Budget Amendment Ordinance • Adopt 2017-2018 Biennial Budget Ordinance

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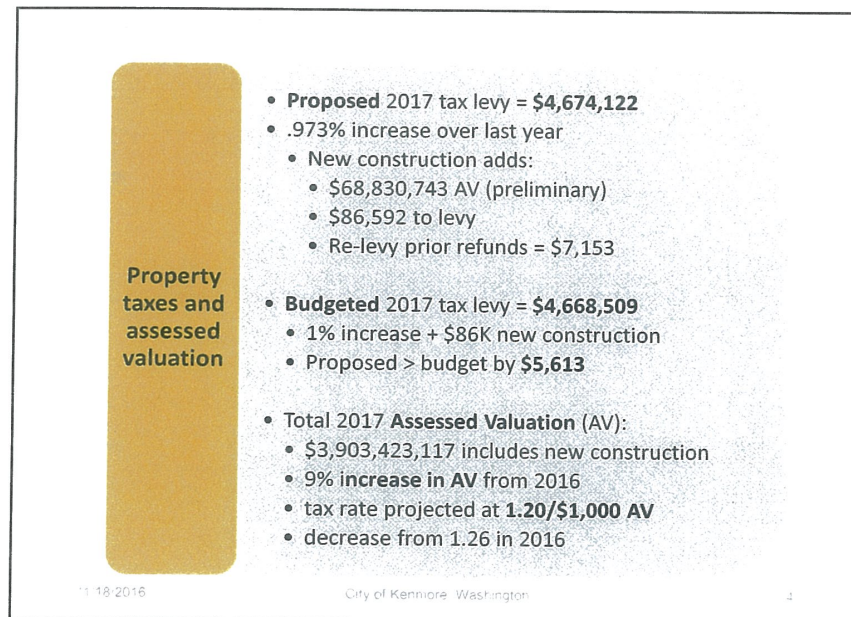
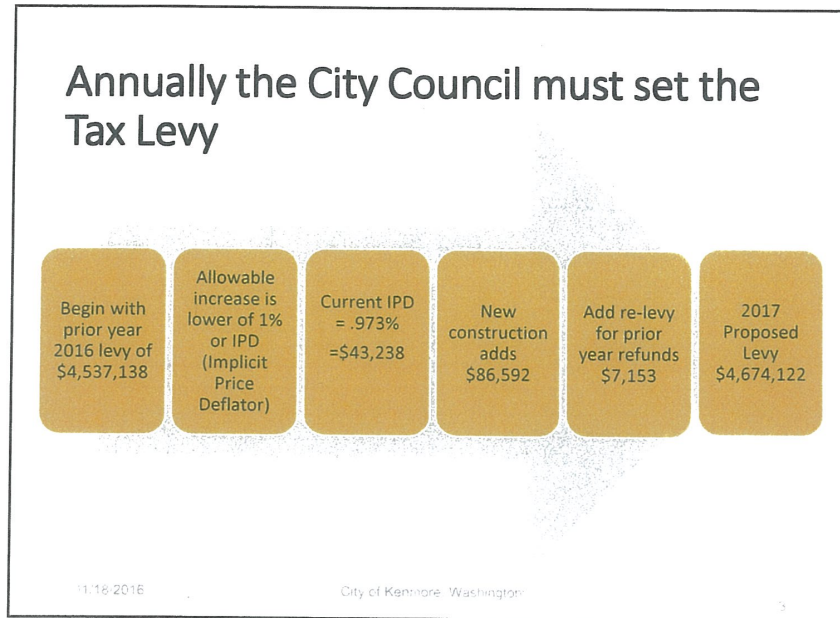
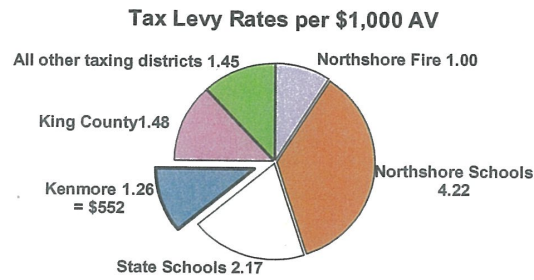


Illustration of the 2016 Property Tax Distribution for a \$438,000 Home*



* 2016 Kenmore Median Residence Value

Estimated total tax bill of \$5,072

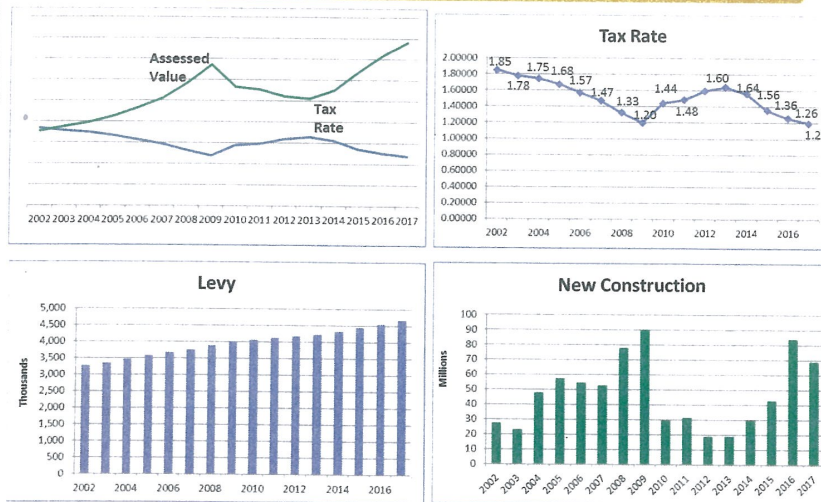
Percentages of total tax bill are based on tax rates for the various jurisdictions (total \$11.58/1000)

11/18/2016

City of Kenmore, Washington

5

Property Tax Rates, AV, & New Construction 2002-2017



11/18/2016

City of Kenmore, Washington

6

THANK YOU!

The presentation portion of the Public Hearing on setting the 2017 Property Tax Levy is concluded

The next actions on the 2017 tax levy will be:

- November 28: Public Hearing and Ordinance to set the 2017 Property Tax Levy

Open for Questions and Public Comment

10/18/2016 City of Kenmore, Washington 7



**City Council Business Agenda Item
City of Kenmore, WA**

Subject/Topic: Adopt Ordinance No. 16-0432 of the City of Kenmore, Washington, Relating to the 2017 Regular Property Tax Levy	For Council Meeting Agenda of: November 28, 2016 Department: Finance and Administration Prepared by: Joanne Gregory, Director of Finance and Administration <u>Initial & Date</u> Approved by Department Head: <i>JMG 11-18-16</i> Approved by City Attorney: <i>JMG 11-18-16</i> Approved by Finance Director: <i>JMG 11-18-16</i> Approved by City Manager: <i>JMG for RK 11-18-16</i>
Proposed Council Action/Motion: Adopt Ordinance No. 16-0432 of the City of Kenmore, Washington, Relating to the 2017 Regular Property Tax Levy; Providing for Severability and Establishing an Effective Date	Exhibits/Attachments: Ordinance No. 16-0432
Expenditure Required	Amount Budgeted 2017 Property Tax Levy \$4,668,509
Appropriation Required	
<u>INFORMATION/BACKGROUND:</u> A presentation and a public hearing was held on November 7, 2016 regarding the proposed tax levy for 2017. A second public hearing was held this evening prior to consideration of this Ordinance.	
<u>FISCAL CONSIDERATION:</u> The 2016 property tax levy was \$4,537,138 (the adopted budget was \$4,521,519). The budgeted levy for 2017 is \$4,668,509. The City is allowed to increase its levy by the <u>lesser</u> of one (1) percent or the percentage increase in the July IPD (Implicit Price Deflator). The IPD this year is .953% (which is less than 1%). The County Assessor has only released preliminary levy information at this time. Based on what has been received, the proposed property tax levy for 2017 would be \$4,674,122 which includes the allowable .953% increase over 2016 (\$43,239), new construction which adds about \$86,592 (or 1.9%) to the tax rolls, and \$7,153 of refunds to be re-levied. This levy will exceed our budgeted levy by \$5,613 which anticipated a 1% increase and \$86,000 of new construction. It is not staff's recommendation to increase the levy by the full 1% which would require adopting a resolution of substantial need. The .027% difference would only be about \$1,224. The .953% increase in the property tax levy will not have a dramatic increase on the tax that a homeowner pays. In fact, with the increase in assessed valuation for the entire City, the levy rate will decline from \$1.26 to \$1.20 for	

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each \$1,000 of assessed value. The preliminary assessed value is \$3,903,423,117, an increase of about 9% from last year.

If the City Council were to approve the increase of .953% to the levy for 2017, this would generate additional revenue of \$43,239 which will also provide a compounding revenue benefit in future levies. The City also has "banked capacity" property tax available which is unused levy authority from prior years when the City chose to not take the allowable 1% increase. The City Council did not increase the tax levy by IPD or 1% for 2016 and the City's banked tax capacity is currently \$590,089.

Staff recommendation is to approve an increase in the 2017 tax levy of .953% which is \$43,239.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

RCW 35A.33.055 The legislative body must schedule hearings on the budget or parts of the budget prior to the final approval.

**CITY OF KENMORE
WASHINGTON
ORDINANCE NO. 16-0432**

**AN ORDINANCE OF THE CITY OF KENMORE, WASHINGTON,
RELATING TO THE 2017 REGULAR PROPERTY TAX LEVY;
PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN
EFFECTIVE DATE.**

WHEREAS, the City Council of the City of Kenmore, Washington, has met and considered its biennial budget for calendar years 2017-2018; and

WHEREAS, the City Council held Public Hearings on November 7, November 21, and November 28, 2016 to consider the City's current expense budget and revenue sources pursuant to RCW 84.55.120; and

WHEREAS, after a Public Hearing, and after duly considering all relevant evidence and testimony presented, the City Council determined that the City of Kenmore requires an estimated regular tax levy in the amount of \$43,239 which includes a .953% increase from the previous year and amounts resulting from the addition of new construction and improvements to property and any increase in the value of State-assessed property, and amounts authorized by law as a result of any annexations that have occurred and refunds made, in order to discharge the expected expenses and obligations of the City and in its best interest (the actual levy to be calculated by the King County Assessor's Office once the City's assessed value is certified by the Assessor);

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Regular Tax Levy. An increase in the regular property tax levy is hereby authorized for the 2017 levy in the amount of \$43,239 which is a .953 percent (0.953%) increase from the previous year. This increase is exclusive of additional revenue resulting from the addition of new construction and improvements to property and any increase in the value of State-assessed property, and any additional amounts resulting from any annexations that have occurred and refunds made.

Section 2. Transmittal. The City Clerk is directed to transmit a certified copy of this Ordinance to the Office of the Auditor of the State of Washington, Division of Municipal Corporations, to the King County Assessor, to the Clerk of the King County Council, and to any other agency required by law to receive a copy of this Ordinance.

Section 3. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be preempted by State or federal law or regulation, such decision or preemption shall not affect the validity of the remaining

portions of this Ordinance or its application to other persons or circumstances.

Section 4. Effective Date. This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 28th DAY OF NOVEMBER, 2016.

CITY OF KENMORE

David Baker, Mayor

ATTEST/AUTHENTICATED:

Patty Safrin, City Clerk

Approved as to form:

Rod P. Kaseguma

Subject/Topic: Resolution No. 16-289
Adopting revised City Council Rules and
Procedures

Attachment I to Resolution: City of Kenmore Council
Rules and Procedures

Appropriation Required \$ N/A

City Councilmembers determined that they wished to revise their rules and procedures for the conduct of City business and City Council meetings to include a section on Ethics and Conflict of Interest. The City Manager's office prepared the resolution to revise and adopt the new Council Rules and Procedures to include these topics.

This action is consistent with RCW 35A.13.170 and 35A.12.120, which require the City Council to establish the rules by which it will be governed.

**CITY OF KENMORE
WASHINGTON**

RESOLUTION NO. 16-289

**A RESOLUTION OF THE CITY COUNCIL OF KENMORE,
WASHINGTON, ADOPTING REVISED CITY OF KENMORE
COUNCIL RULES AND PROCEDURES**

WHEREAS, City Councilmembers have agreed to certain working protocols and procedures; and

WHEREAS, RCW 35A.13.170 and 35A.12.120 require the City Council to establish rules of procedure for the order of business and conduct of City Council meetings; and;

WHEREAS, the City Council desires to adopt its revised rules and procedures to provide for a Code of Ethics and Conflicts of Interest;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Council adopts the “City of Kenmore Council Rules and Procedures” attached to this Resolution.

PASSED BY THE CITY COUNCIL OF THE CITY OF KENMORE, WASHINGTON, AT A REGULAR MEETING THEREOF THIS 28th DAY OF NOVEMBER, 2016.

CITY OF KENMORE

David Baker, Mayor

ATTEST/AUTHENTICATED:

Patty Safrin, City Clerk

APPROVED AS TO FORM:

Rod Kaseguma, City Attorney

ATTACHMENT TO CITY OF KENMORE RESOLUTION NO. 16-289

CITY OF KENMORE
Council Rules and Procedures

Section 1. General

A. 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 federal and state mandates.

B. Structure of Meetings

1. All meetings shall be open to the public with the exception of executive sessions authorized by law and noted in Council Rules and Procedures, Section 6, Executive Sessions. Final action resulting from executive session discussions will be taken during a meeting open to the public as required by law.
2. Meetings will be orderly and will involve Councilmembers, City staff, consultants, and citizens, which will allow all viewpoints to be heard and considered.
3. 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.
4. There will be 3 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. Additional meetings, which may be referred to as meetings or work or study sessions, will be scheduled as needed. Executive sessions will be scheduled as needed. Town Hall meetings will occur periodically as determined by the City Council. 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.
5. All public meetings will be scheduled or announced, and agendas will be prepared 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.

6. Actions may be taken, motions may be passed, proclamations may be made, and resolutions and ordinances may be adopted at regular meetings, or at special meetings with proper notification.
7. Meeting agendas with relevant information on each topic will be available 10 days in advance whenever possible.
8. Regular meetings will be recorded by the City Clerk or designee.
9. Remote attendance and voting will be allowed as noted in Section 5.
10. Copies of all documents distributed in the Council chambers pertaining to Council business, as well as copies of all documents submitted by speakers during Citizen Comments, shall be provided to the City Clerk and distributed as necessary.

C. Rules for Meetings

1. These rules constitute the official rules and procedures and code of conduct for the City Council.
2. 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.
3. 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.
4. 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.
5. Robert's Rules of Order for "Small Boards" will be used to:
 - a. Allow the Presiding Officer to participate in debate. In general the Presiding Officer will speak after others have spoken on the topic.
 - b. Allow informal discussion before a motion is made.
 - c. Not require speakers "for" and "against" the motion to alternate.

Section 2. Order of Business Meetings

A. Call to Order

1. The Presiding Officer will call a meeting to order.
2. 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.

B. Citizen Comments

1. Members of the public may only speak during the designated Citizen Comment period, or during a scheduled public hearing or a quasi-judicial hearing (as discussed in Section 7 below).
2. No person shall address the City Council at a meeting without being recognized by the Presiding Officer.
3. The Presiding Officer will state the rules for the Citizen Comment period. This may include items such as:
 - a. Members of the public must sign the log prior to the Citizen Comment period to be allowed to speak. They are not required to sign anywhere to attend the meeting.
 - b. They must state their name and address.
 - c. There is a 3-minute time limit.
 - d. It is a time for members of the public to speak on any topic(s) of their choice.
 - e. 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.
 - f. Comments should be addressed to the Presiding Officer and the City Council, not the audience.
 - g. 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.
 - h. Booing, hissing or clapping is inappropriate.
4. Each member of the public will be given 3 minutes. Suspension of this rule will require a majority vote of the Councilmembers present.
5. The Citizen Comment period will be a maximum of 30 minutes unless approved by a majority vote of the Councilmembers present. Extra time may be given at the end of the Council business meeting to hear more citizen comments.
6. No person may use the designated Citizen Comment period to support or oppose any candidate for public office.
7. The Presiding Officer will allow members of the public to return to their seats in the audience before paraphrasing and responding to their presentations.
8. There will be no two-way conversations between Councilmembers and members of the public.
9. The Presiding Officer may direct the City Manager to follow up with members of the public on issues brought before the City Council.

C. Agenda Approval

1. The City Council shall approve the agenda.
2. Amendments may be suggested, discussed and approved.

D. Council Business Meeting

1. Each item on the agenda will be addressed in turn with staff, consultant or special speaker reports as appropriate.
2. Council will discuss the issues and take action on them as appropriate.

E. Councilmember Reports and Comments

1. Councilmembers may give reports and make comments during "Councilmember Reports and Comments."
2. Each Councilmember will have 5 minutes for reports and comments. Extra comments can be submitted in writing.
3. By majority vote of Councilmembers present at a meeting, the maximum time for any or all Councilmember reports and comments may be extended.

F. Councilmember Initiatives

1. Councilmembers may raise new topics or issues during "Councilmember Initiatives."
2. 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.
3. A second Councilmember must agree to discuss the new topic or issue in order for it to be discussed by the City Council.
4. The Presiding Officer will direct discussion of the new topic or issue.
5. After discussing the new topic or issue, the City Council will vote or come to consensus on whether to move the topic or issue forward as a future agenda item or as a request for action by the City Manager.

Section 3. Structure and Roles of Government

A. Council Role

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. **The City Council will not focus on administrative issues and matters.**

2. Comply with the laws, regulations and policies affecting operation of City government.
3. Use public office for public good, not personal gain.
4. Be independent, impartial and fair in judgments and actions.
5. Conduct public deliberations and processes openly, unless legally confidential and privileged, in an atmosphere of respect and civility.
6. Monitor and understand operations of the City to be knowledgeable in order to provide policy direction.
7. Represent the City at local, State and national forums.
8. Represent the City to its citizens.
9. 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.
10. Not individually request the City Manager to initiate any action or work that will take more than 1 hour to complete, without consent of the City Council. If a Councilmember wants the City Manager to initiate action or work that will take more than 1 hour to complete, the Councilmember must ask the City Council to approve the action or work by a majority vote.
11. Interact with City staff and consultants through the City Manager, who is responsible for their duties and use of time. If a Councilmember wants City staff or consultants to accomplish actions or work, the Councilmember must make the request of the City Manager if the action or work will take 1 hour or less and of the City Council if the action or work will take more than 1 hour.
12. Access City computers at the appropriate access level. A City computer, such as an iPad, will be provided for home access if the Councilmember requests it, and it may not be used for personal business. This is preferred to the use of a Councilmember's personal computer, for risk management purposes. The City computer is the property of the City and will be returned to the City at the end of the term of office.
13. In the event of a vacancy on the City Council, a committee consisting of 3 Councilmembers will be formed to deliberate and present a recommendation to the full Council.

B. City Manager Role

1. 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. The City staff works for and reports to the City Manager.
2. Direct the time of City staff and resources of the City in accordance with City Council approved priorities and budgets.
3. Spend City funds per the City's adopted purchasing policies, which align with State and City laws.
4. With input from the Mayor, prepare agendas for meetings and retreats.
5. Provide timely, useful information evenly and equally to all Councilmembers.
6. Meet with each Councilmember as mutually acceptable to the City Manager and the Councilmember.
7. Prepares adequately for City Council meetings.
8. Meets with citizens as needed to solve problems and answer questions.
9. Interact with other public agencies to accomplish City Council goals and policies.

C. Mayor Role

1. Primary roles: facilitate meetings; represent the City at local, State and national forums; and represent the City in a ceremonial capacity.
2. Keep the City Council informed of the Mayor's activities with reports during Councilmember Comments.
3. Announce in advance public presentations, ceremonies and events that the Mayor is invited to attend.
4. Bring new issues to the City Council during Council Initiatives.
5. Request other Councilmembers to attend meetings in place of the Mayor when he or she cannot attend, or to join the Mayor at such meetings to increase the City's representation.
6. At the Mayor's option, hold monthly meetings with up to two Councilmembers and the City Manager. The Mayor should attempt to rotate the participation of Councilmembers in such meetings.
7. 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.

Section 4. Council Conduct

A. Purpose

This section sets forth a Code of Conduct for Councilmembers regarding **ethics**, their treatment of each other, City staff, City consultants, citizens, and others with whom they come into contact while representing the City.

B. Code of Ethics and Conflicts of Interest

1. Upon election or appointment, Councilmembers will review Revised Code of Washington (RCW) Chapters 42.20 Misconduct of public officers; 42.23 Code of ethics for municipal officers – Contract interests; 42.30 Open Public Meetings Act; 42.36 Appearance of fairness doctrine; and 42.52 Ethics in Public Service.
2. No Councilmember may use his or her position to secure special privileges or exemptions for himself, herself, or others. 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.
3. 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.
4. 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.
5. If a Councilmember participates in litigation contrary to an official City action or position, as adopted or ratified by a majority of the City Council, said Councilmember shall recuse himself/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 has been served or filed regarding the matter. Litigation shall include but is not limited to legal action, arbitration, administrative enforcement actions or appeals of any type. For purposes of this subsection, "participation" in litigation shall include but is not limited to communication with parties or representatives of any party engaged in litigation in any manner or about any information that is contrary to the City's interests or position and made without the advice and approval of the City attorney or legal counsel for the City.

Other forms of “participation” include providing information, public comment or testimony in opposition to the City or in favor of the opposing party or the opposing position in a litigation matter.

- a. 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.
 - b. Once litigation has been served or filed, communication regarding the case with anyone other than City staff or 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 the City’s outside legal counsel.
 - c. Councilmembers shall voluntarily recuse themselves and choose not to participate under the conditions listed above; however, if Councilmembers fail to voluntarily recuse themselves or withdraw from participation, any other Councilmember may challenge the ongoing participation and request the challenged Councilmember to disclose any communication and participation with regard to the pending litigation.
 - d. If the conflict still cannot be resolved voluntarily after such challenge, a majority plus one of the Council as a whole may vote to sanction the challenged Councilmember and limit their participation in the matter to the extent allowed by law on the basis of conflict of interest. Later legislative participation by a previously recused or sanctioned Councilmember, related to the same issue, is not prevented by the provisions of this subsection once the conflict no longer exists or the litigation has terminated.
6. It shall be an appearance of conflict, which must be disclosed, if any Councilmember acquires or actively seeks to acquire any interest in property in which the City has any ongoing interest or stated intent or goal to acquire or if the Councilmember will personally benefit by the City acquiring or not acquiring the property, i.e., a financial interest in the property itself or immediately adjacent property.
 7. 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. This section shall not apply in the following cases:

- a. The furnishing of electrical, water or other utility services by the City of Kenmore at the same rates and on the same terms as are available to the public generally;
 - b. The designation of public depositaries for municipal funds;
 - c. The publication of legal notices required by law to be published by the City of Kenmore, upon competitive bidding or at rates not higher than prescribed by law for members of the general public.
 - d. Any other exception provided for by law.
8. A Councilmember may not vote in the authorization, approval, or ratification of a contract in which he or she is beneficially interested even though one of the exemptions allowing the awarding of such a contract applies. The interest of the Councilmember must be disclosed to the Council and noted in the official meeting minutes before the formation of the contract.
9. In the case of a remote interest (as defined in RCW 42.23.040) held by a Councilmember, the following conditions apply:
 - a. The Councilmember must fully disclose the nature and extent of the interest, and it must be noted in the official meeting minutes before the contract is made.
 - b. The contract must be authorized, approved, or ratified after that disclosure and recording.
 - c. The authorization, approval, or ratification must be made in good faith.
 - d. Where the votes of a certain number of Councilmembers are required to transact business, that number must be met without counting the vote of the member who has a remote interest.
 - e. The Councilmember having the remote interest must not influence or attempt to influence any other Councilmember to enter into the contract.
10. Any contract made in violation of the restrictions and requirements noted herein 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 of Kenmore.
11. Any Councilmember violating the provisions of RCW 42.23 as noted herein 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. In addition, violation may be grounds for forfeiture of his or her office.
12. No Councilmember may, directly or indirectly, give or receive or agree to receive any compensation, gift, reward, or gratuity from a source except the City of Kenmore, for a matter connected with or related to

the Councilmember's services as a Councilmember, unless otherwise provided for by law.

13. Except for charitable contributions or campaign contributions required to be reported under Chapter 42.17 RCW, no Councilmember may accept gifts of cash in any amount that has any connection whatsoever with the Councilmember's official duties.
14. No Councilmember may accept gifts, other than those specified in subsection (B)(15) below, with an aggregate value in excess of \$50.00 from a single source in a calendar year or a single gift from multiple sources with a value in excess of \$50.00 in accordance with RCW 42.52.150.
15. Notwithstanding subsection (B)(14) above, the following items are presumed not to influence the vote, action, or judgment of the Councilmember, or be considered as part of a reward for action or inaction, and may be accepted:
 - a. Unsolicited flowers, plants and floral arrangements;
 - b. Unsolicited advertising or promotional items of nominal value, such as pens and note pads;
 - c. Unsolicited tokens or awards of appreciation in the form of a plaque, trophy, desk item, wall memento, or similar item;
 - d. 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.
 - e. Informational materials, publications or subscriptions related to the recipient's performance of official duties.
 - f. Food and beverages consumed at hosted receptions where attendance is related to the Councilmember's duties for the City;
 - g. Admission to, and the cost of food and beverages consumed at, events sponsored by or in conjunction with a civic, charitable, non-profit, governmental or community organization;
 - h. Unsolicited gifts from dignitaries from another city, state or a foreign country which are intended to be personal in nature;
 - i. Food and beverages on infrequent occasions in the ordinary course of meals where attendance by the Councilmember is related to the performance of official duties; provided, that gifts in the form of food or beverage that exceed \$50.00 on a single occasion shall be reported as required by law; and
 - j. Any gift which would have been offered or given to the Councilmember if he or she were not a Councilmember.

C. General Courtesy Expectations

1. Be courteous, respectful, kind and professional at all times with everyone.
2. Be honest and truthful.
3. Act with integrity and in good faith.
4. Foster an environment of mutual respect for each other. Discourteous behavior, such as sidebar discussions, inflammatory language, innuendo, or negative body language, is not permitted.
5. At meetings, raise your hand to indicate a desire to speak, and then wait to be recognized by the Presiding Officer before speaking.
6. Stay on the topic being discussed for efficiency of dealing with the items on the agenda. Remarks must be germane to the topic.
7. Refrain from speaking more than twice on the same motion as stated in Robert's Rules of Order, except by consent of a majority of the Councilmembers present at the time the motion is before the City Council. During discussions prior to a motion being made, a Councilmember may request to speak more than twice.
8. Comments will be limited to 3 minutes at a time.
9. 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."
10. Refrain from criticizing in public other Councilmembers and personally attacking (verbally or in writing) other Councilmembers, the City Manager, City staff and City consultants.
11. Treat City staff in a polite and professional manner.
12. Having courtesy expectations is compatible with open and vigorous debate, with a variety of opposing opinions expressed on public issues.

D. Respect in Regard to Voting

1. Disagreement and differences of opinion are honored and respected features of government in the City.
2. When there is disagreement, discuss and clarify the issues before voting.
3. Councilmembers will be allowed one minute maximum to explain their vote during a roll call vote. This is an exception to Robert's Rules.
4. Councilmembers must not seek out members of the media to vent feelings when on the minority side of 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.

5. Councilmembers must not engage in personal attacks against other Councilmembers who voted against the councilmember on issues.
6. 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.
7. 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.

E. Prohibited Conduct

1. 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.
2. The adoption of a Code of Conduct is necessary to discourage prohibited conduct as illustrated below.
3. Prohibited conduct includes, but is not limited to, the following:
 - a. 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.
 - b. Acting maliciously toward a City staff member or a fellow Councilmember. "Maliciously" means acting with hostility or anger toward, or by bullying or harassing.
 - c. 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.
 - d. 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:
 - (i) 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

- (ii) Causing the City Manager or a City staff member to correct or explain the Councilmember's materially inaccurate statements or conduct, which correction or explanation substantially interrupts the efficient operations of the City.
- e. 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, when such contact is used or intended to impermissibly redirect, interfere with, interrupt or undermine City staff's work assignments as determined by the City Manager or by a majority vote of the City Council.
- f. Representing to citizens, 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.
- g. 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.
- h. 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.
- i. 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.
- j. Taking actions and voting when there is a conflict of interest as defined in Chapter 42.23 RCW. Recusal must be used when there is a conflict of interest. (See Section 4, B: Code of Ethics and Conflicts of Interest)

F. Sanctions

1. The Council has power under State law to impose punishment on its members, short of removal from office, for violation of State law or Council rules.
2. 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.

3. The Presiding Officer may give a verbal admonition.
4. Other punishments not mentioned in Section 4.E.-2. require the affirmative vote of 5 members of the City Council.
5. A censure is a statement by 5 members of the City Council that a prohibited action has occurred.
6. A censure will be in the same form as any other Council motion or resolution. The motion must state the prohibited conduct or action.

Section 5. Council Attendance and Voting via Speakerphone or Video

A. 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 procedure and guidelines for permitting a Councilmember to attend a meeting via speakerphone or video is contained in this section.

B. Frequency

Councilmember attendance via speakerphone or video is limited to 3 times in a calendar year, but the City Council, by majority vote, may allow additional attendance by speakerphone or video.

C. Procedure

1. At least 24 hours before the starting time of a meeting, the Councilmember must advise the City Clerk of the desire to attend via speakerphone or video to allow time for preparation of the speakerphone or video components and of the agenda items to be attended via speakerphone or video.
2. The Councilmember attending via speakerphone 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. The video and audio components of videoconferencing should be visible and audible to all persons in the meeting room.
3. When the particular agenda item is ready to be discussed, the Presiding Officer should state and ask for the record:
 - a. "Councilmember _____ is attending via speakerphone/ video for Agenda Item No. _____, relating to _____."

- b. "Councilmember _____, can you (see and) hear me?"
(There must then be a clearly audible response in the affirmative.)
 - c. "Can the City Council and City Clerk (see and) hear Councilmember _____?"
 4. Upon conclusion of the particular agenda item, the Presiding Officer should state: "Councilmember _____, discussion of Agenda Item No. _____ has concluded."
 5. Each agenda item being attended via speakerphone or video shall be introduced and acknowledged in the same manner as set forth above.
 6. After all agenda items being attended via speakerphone or video have been concluded, the Presiding Officer should state for the record:
 - a. "Councilmember _____, thank you for your attendance via speakerphone/video. The remote connection will now be terminated."
 - b. "Let the record reflect Councilmember _____'s attendance via speakerphone/video has been terminated."

Section 6. Executive Sessions

A. Executive Session Topics and Confidentiality

The topics that may be discussed in executive sessions are set forth in RCW 42.30.110 and RCW 42.30.140. 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.

B. Topics for Executive Session Discussions

1. 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.

C. Procedure

- 1. 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)."
- 2. 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.
- 3. 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.
- 4. The Presiding Officer shall announce the conclusion of the executive session in open session by stating: "The executive session is completed."
- 5. At the close of the executive session or the meeting at which the executive session occurs, the Presiding Office shall complete a document recording the topic or reason and time of the executive session, including extensions.

D. Written Material

- 1. During an executive session, papers or documents may be distributed for informational purposes to the Councilmembers in attendance as part of the discussion.
- 2. 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.

3. 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.
4. Councilmembers will not generate computer notes, take photos, or make recordings during an executive session.

Section 7. Public Testimony

A. Citizen Comments as noted in Section 2.B. above.

B. Public Hearings

1. The Presiding Officer shall open the public hearing and ask for a City staff presentation.
2. Members of the public will be invited to provide comments.
3. Each person will be allowed to speak for 5 minutes, which is longer than the 3 minutes allowed for Citizen Comments.
4. A person who testifies shall state his or her name, address and organization (if applicable).
5. Motions will not be made during the public hearing.
6. After all members of the public wishing to speak have had an adequate opportunity to speak, 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.

C. Quasi-Judicial Matters

1. 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.
2. Quasi-judicial actions involve policy application rather than policy making. 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.

3. 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 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.
4. 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.
5. 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.

Section 8. Waiver / Effect of Waiver of Rules

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.

City of Kenmore
Proposed Additions to Council Rules and Procedures

Section 1. General

Add the following under B. Structure of Meetings:

1. All meetings shall be open to the public with the exception of executive sessions authorized by law and noted in Council Rules and Procedures, Section 6, Executive Sessions. Final action resulting from executive session discussions will be taken during a meeting open to the public as required by law.

Section 4. Council Conduct

A. Purpose

This section sets forth a Code of Conduct for Councilmembers regarding **ethics**, their treatment of each other, City staff, City consultants, citizens, and others with whom they come into contact while representing the City.

B. (new section) Code of Ethics and Conflict of Interest

1. Upon election or appointment, Councilmembers will review Revised Code of Washington (RCW) Chapters 42.20 Misconduct of public officers; 42.23 Code of ethics for municipal officers – Contract interests; 42.30 Open Public Meetings Act; 42.36 Appearance of fairness doctrine; and 42.52 Ethics in Public Service.
2. No Councilmember may use his or her position to secure special privileges or exemptions for himself, herself, or others.
3. 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.
4. No Councilmember may disclose confidential information gained by reason of the Councilmember's position, nor may the Councilmember otherwise use such information for his or her personal gain or benefit.
5. 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. This section shall not apply in the following cases:
 - a. The furnishing of electrical, water or other utility services by the City of Kenmore at the same rates and on the same terms as are available to the public generally;

- b. The designation of public depositaries for municipal funds;
 - c. The publication of legal notices required by law to be published by the City of Kenmore, upon competitive bidding or at rates not higher than prescribed by law for members of the general public.
 - d. Any other exception provided for by law.
- 6. A Councilmember may not vote in the authorization, approval, or ratification of a contract in which he or she is beneficially interested even though one of the exemptions allowing the awarding of such a contract applies. The interest of the Councilmember must be disclosed to the Council and noted in the official meeting minutes before the formation of the contract.
- 7. In the case of a remote interest (as defined in RCW 42.23.040) held by a Councilmember, the following conditions apply:
 - a. The Councilmember must fully disclose the nature and extent of the interest, and it must be noted in the official meeting minutes before the contract is made.
 - b. The contract must be authorized, approved, or ratified after that disclosure and recording.
 - c. The authorization, approval, or ratification must be made in good faith.
 - d. Where the votes of a certain number of Councilmembers are required to transact business, that number must be met without counting the vote of the member who has a remote interest.
 - e. The Councilmember having the remote interest must not influence or attempt to influence any other Councilmember to enter into the contract.
- 8. Any contract made in violation of the restrictions and requirements noted herein 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 of Kenmore.
- 9. Any Councilmember violating the provisions of RCW 42.23 as noted herein 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. In addition, violation may be grounds for forfeiture of his or her office.
- 10. No Councilmember may, directly or indirectly, give or receive or agree to receive any compensation, gift, reward, or gratuity from a source except the City of Kenmore, for a matter connected with or related to the Councilmember's services as a Councilmember, unless otherwise provided for by law.
- 11. Except for charitable contributions or campaign contributions required to be reported under Chapter 42.17 RCW, no Councilmember may accept gifts of cash in any amount that has any connection whatsoever with the Councilmember's official duties.
- 12. No Councilmember may accept gifts, other than those specified in subsection (B)(13) below, with an aggregate value in excess of \$50.00 from a single source in a calendar year or a single gift from multiple sources with a value in excess of \$50.00 in accordance with RCW 42.52.150.
- 13. Notwithstanding subsection (B)(12) above, the following items are presumed not to influence the vote, action, or judgment of the Councilmember, or be considered as part of a reward for action or inaction, and may be accepted:
 - a. Unsolicited flowers, plants and floral arrangements;

- b. Unsolicited advertising or promotional items of nominal value, such as pens and note pads;
- c. Unsolicited tokens or awards of appreciation in the form of a plaque, trophy, desk item, wall memento, or similar item;
- d. 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.
- e. Informational materials, publications or subscriptions related to the recipient's performance of official duties.
- f. Food and beverages consumed at hosted receptions where attendance is related to the Councilmember's duties for the City;
- g. Admission to, and the cost of food and beverages consumed at, events sponsored by or in conjunction with a civic, charitable, non-profit, governmental or community organization;
- h. Unsolicited gifts from dignitaries from another city, state or a foreign country which are intended to be personal in nature;
- i. Food and beverages on infrequent occasions in the ordinary course of meals where attendance by the Councilmember is related to the performance of official duties; provided, that gifts in the form of food or beverage that exceed \$50.00 on a single occasion shall be reported as required by law; and
- j. Any gift which would have been offered or given to the Councilmember if he or she were not a Councilmember.

- C. General Courtesy Expectations – formerly B--section remains as is
- D. Respect in Regard to Voting – formerly C--section remains as is
- E. Prohibited Conduct – formerly D--section remains as is
- F. Sanctions – formerly E--section remains as is

Section 6. Executive Sessions – entire section remains as is.

Section 7. Public Testimony

- A. Citizen Comments – remains as is
- B. Public Hearings – remains as is
- C. 7. C. Quasi-Judicial Matters:
 - 1. (new addition) 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.
 - 2. (formerly 1): Quasi-judicial actions involve policy application rather than policy...

The rest of Section 7 remains intact as currently written, other than re-numbering from 2,3 and 4 to 3, 4 and 5. Section 8 remains intact.



City of
Kenmore

Update to Council Rules and Procedures



<https://icondoit.files.wordpress.com/2010/06/statutesandrules.png>

Presented by:
Janet Quinn, Project Coordinator
November 28, 2016



City of
Kenmore

Process for Revisions

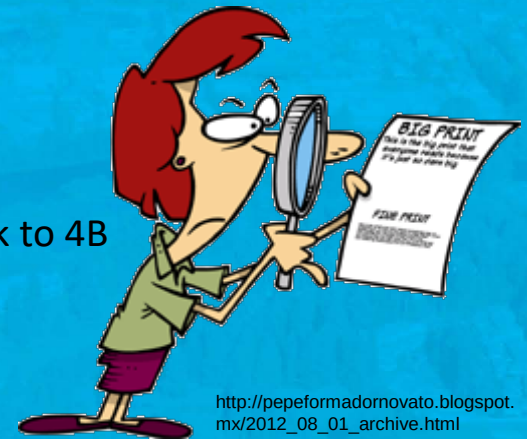
- Council expressed interest in revisions
- Researched Washington State Constitution language, Washington Administrative Code (WAC), Revised Code of Washington (RCW)
- Researched Municipal Research & Services Center (MRSC)
- Researched surrounding City policies (Bothell in particular had recent revisions)
- Included language from Code of Federal Regulations (CFR) 200.318 – 200.326 as recommended by Auditors (additional language will be included in Purchasing Policy revisions to come)
- Utilized my background knowledge and trainings on ethics
- In consultation with Rob K., decided which portions were important to include in Kenmore's policy
- Reviewed and edited by City's legal counsel



City of
Kenmore

What's Different?

- **Section 1. General**
 - B. Structure of Meetings – Added OPMA paragraph
- **Section 4. Council Conduct**
 - A. Purpose – Added the word “ethics”
 - B. Code of Ethics and Conflicts of Interest – new section
 - E. Prohibited Conduct – 3j. Added language to refer back to 4B
- **Section 7. Public Testimony**
 - C. Quasi-Judicial Matters – 1. Added language from the Appearance of Fairness Doctrine; Chapter 42.36 RCW
- **Section 8. Waiver/Effect of Waiver of Rules**
 - Clarified language – waiver of rules unless otherwise inconsistent with applicable law



http://pepeformadornovato.blogspot.mx/2012_08_01_archive.html



City of
Kenmore

Answers to Potential Questions

Q: How did you decide what to include and what to leave out?

A: The final policy is an amalgam of WACs, RCWs, language from other Cities' policies, and language from the WA State Constitution, finalized in consultation with Attorney.

Q: Is the legal language verbatim from law?

A: Where condensing it lost meaning or couldn't be succinctly summarized, I stuck with verbatim or close to it.

Q: Why not reference the RCW or other law in the policy rather than writing it out in legal language?

A: Spelling it out provides clarity and definition for Council and citizens. Downside: If law changes the policy is automatically outdated.





City of
Kenmore

Bottom Line

- This is your policy.
- Questions? Suggestions?



<http://www.thehousinghour.com/general/financial-decisions-which-way-do-i-go/>