

June 11, 1997

Introduced By:

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Proposed No.:

97-310

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ORDINANCE NO. **12769**

AN ORDINANCE making a supplemental appropriation of \$65,000 to the Boundary Review Board from Executive Contingency for a feasibility study of the proposed incorporation of Sammamish; and amending Ordinance 12538, Sections 36 and 44, as amended.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. There is hereby approved and adopted a supplemental appropriation of \$65,000 to the Boundary Review Board from Executive Contingency for a two part study examining: (1) incorporation feasibility, and (2) governance options for the proposed incorporation of Sammamish, provided that both parts of the study are substantially in the form of the scope of work and general outline of scope in attachments A and B; and

1 PROVIDED THAT:

2 Both parts of the study shall include a capital facilities analysis of the transportation
3 concurrency requirements and standards, and the water and sewer requirements and
4 standards necessary to bring the area in question up to Full Service standards as defined by
5 the King County Comprehensive Plan; and

6 PROVIDED FURTHER THAT:

7 In addition to the scope of work and general outline of scope, the Boundary Review Board
8 shall design and implement a public involvement process during the study, which shall
9 include the person or persons who filed the notice of the proposed incorporation with the
10 county.

11 SECTION 2. Ordinance 12538, Section 36, as amended, is hereby amended by
12 adding thereto and inserting therein the following:

13 BOUNDARY REVIEW BOARD - From the Current Expense Fund, there is
14 hereby appropriated to:

15 Boundary Review Board \$65,000

16 SECTION 3. Ordinance 12538, Section 44, as amended, is hereby amended by
17 adding thereto and inserting therein the following:

EXECUTIVE CONTINGENCY - From the Current Expense Fund there is hereby

disappropriated from:

1 Executive Contingency (\$65,000)

2 INTRODUCED AND READ for the first time this 27th day of

3 May, 1997.

4 PASSED by a vote of 12 to 0 this 16th day of June,

5 1997.

6 KING COUNTY COUNCIL
7 KING COUNTY, WASHINGTON

8 Louise Miller
9 Chair

10 ATTEST:

11 Quint Masuo
12 Deputy Clerk of the Council

13 APPROVED this 26th day of June, 1997.

14 PETER
15 King County Executive

16 Attachments: A. Kenmore Incorporation Feasibility Study Scope of Work
17 B. General Outline of Scope for Part Two of Study-Governance Alternatives

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SECTION IV - SCOPE OF WORK

The Boundary Review Board received a Notice of Intention submitted by Citizens for Incorporation of Kenmore, the citizen group proposing incorporation of the City of Kenmore. Citizens for Incorporation of Kenmore selected the abbreviated Notice of Intention format option, assuming completion of a consultant Study to provide the additional information required by the Board. At the request of Citizens for Incorporation of Kenmore, the Metropolitan King County Council appropriated funds for the required consultant Study.

The purpose of the Study is to provide both the Board and the voters with information pertinent to making an informed decision on the question of incorporation. Following completion of the Study, the Board will hold a public hearing on the incorporation proposal. The public hearing will be held in the evening at a location in the community and may be continued to several evenings. The Board will reach a decision after conclusion of the hearing. The Boundary Review Board may forward the proposal to election as submitted, or may modify the boundaries to add or delete territory limited to ten percent of the area of the original proposal. The Boundary Review Board may not deny an incorporation proposal for a city with a population of 7,500 or more, but may recommend that voters not approve the incorporation. The voters make the final decision in an election of those within the proposed incorporation area.

A. Fiscal Analysis (Operating Budget)

The economic and financial aspects of the Study are expected to comprise the substantial proportion thereof. The Contractor shall do a revenue and cost-of-service analysis for the proposed city.

Time Period

The fiscal analysis shall include the year of incorporation, the first full year of operation following incorporation, and a future year selected to represent "steady state" operation. The Consultant shall work with the Committee to determine both the incorporation date assumed for purposes of the Study and the year appropriate for "steady state" projections. The Consultant shall recommend one or more potential incorporation dates which would be advantageous from a financial planning standpoint and feasible in terms of timing. The Consultant shall also recommend one or more future years for choice as the "steady state" year.

Revenues

Revenues for the proposed city shall be projected for a base case, based on an assumption of tax rates equal to current rates under King County. Assumptions concerning tax rates and specific revenue sources to be included in the base case shall be reviewed, clarified and finalized by the Committee. Potential additional sources of revenue shall be projected as options available to the proposed new city.

Service Costs

The Contractor shall consult with the Committee to reach agreement on service provision assumptions for purposes of preparing budgets for the year of incorporation, the first full year of operation following incorporation, and the selected "steady state" year. It is understood that the city council elected by any future city may or may not choose to provide services in the same manner or at the same levels as assumed for purposes of the Study. The Consultant shall recommend working assumptions to the Committee, based on a review of practice in comparable established cities, as well as a review of experience in newly incorporated cities.

The Committee may choose to prepare budgets for more than one combination of service delivery assumptions. If the Committee decides to consider several service delivery options, it would most likely be for the "steady state" phase.

Cost projections in all budgets should include provisions for meeting pertinent requirements of the Growth Management Act (GMA), including preparation of required comprehensive plans and implementing regulations, meeting affordable housing obligations, and addressing any other GMA requirements with cost impacts.

Interim Financing

Projections shall include interim financing required to cover expenditures prior to receipt of revenues as a new city. Operating budgets should include one or more options for repayment of the interim financing loan.

Comparison of Costs to Revenues

The Contractor shall compare expenditures to revenues for the year of incorporation, for the first full year of operation following incorporation, and for one or more service delivery options in the selected "steady state" year. Following review of the results, the Committee may adjust assumptions concerning base case revenues or service levels.

B. Boundary Modification Alternatives

The Committee may identify potential incorporation area boundary modifications for analysis. The Contractor should be prepared to analyze the fiscal impacts of potential additions or deletions of territory identified by the Committee.

C. Capital Improvements Funding Analysis

As a separate element of the Study, the Contractor shall prepare a capital improvements funding analysis for the proposed new city. The purpose of this element is to suggest the general funding level required for capital improvements. The analysis should clarify the distinction between operating budget and capital improvements program, make a general

assessment of the capability of the proposed new city to fund a reasonable capital improvements program, and offer recommendations based on the analysis and the past experience of the Consultant.

Data Collection

The Consultant shall review King County expenditures and sources of funding for local capital improvements projects within the proposed new city incorporation area. King County capital improvements included in the analysis shall be restricted to those which would become the responsibility of a newly incorporated city. Regional level capital improvements, such as projects within a regional park, shall not be included.

In addition, the Consultant shall review capital improvements expenditures and funding sources in two or more comparable cities. Comparable cities should be similar in size and character to the proposed new city, or data may be adjusted to compensate for differences. The Consultant may also choose to make adjustments for unusual circumstances in any specific time period within any particular capital improvements program, if the Consultant feels that the resulting financial figures would otherwise be misleading.

The Consultant shall collect information on actual expenditures over at least the last five years and on capital improvements programs for at least the next six years, assuming availability of information. Where feasible, the Consultant shall compare actual past spending levels to past capital improvements program projections and apply the resulting percentage to capital improvements program projections.

Presentation of Analysis

The analysis shall present actual and projected annual expenditure and funding levels both as averages and as ranges. On the expenditure side, the analysis should include total annual capital improvements expenditures, expenditures within each program area, and each program area as a percentage of the total. On the funding side, the analysis should include total annual funding, funding derived from each funding source, and each funding source as a percentage of the total. Detail on specific projects shall be omitted, unless the Consultant feels that a specific detail is essential to understanding the overall analysis. Critique of capital improvements programming methodology shall be omitted, unless the Consultant feels it needs to be included to clarify the figures and avoid misrepresentation.

Conclusions and Recommendations

The Consultant shall make a general assessment of the capability of the proposed new city to fund a reasonable capital improvements program, based on actual and projected funding levels under King County and in comparable cities. It may be assumed that the future city would be generally as successful as comparable cities in obtaining grants and other outside funds for capital improvements projects. Any special staffing or other

additional resources required to make the city reasonably competitive in obtaining such funding should be noted and provided for in the operating budget feasibility analysis.

The Study element should include Consultant recommendations concerning general funding levels, based on comparisons to County and comparable cities funding levels. Recommendations for funding of specific projects or programs should not be included. It is understood that allocation of capital improvements funds to specific projects or program areas would be at the discretion of any future city council of the proposed new city. At the same time, it is acknowledged that some level of capital improvements funding is necessary to reasonably maintain a city, and it is the purpose of this Study element to offer general funding recommendations.

D. Maps

The finished Study shall include maps to be completed separately. The Executive Secretary will provide the Contractor with the information necessary to identify the maps and incorporate them into the Study.

E. Tasks for Completion of Work Plan

The following tasks are defined as leading to completion of the work plan:

1. Work Plan

The Contractor shall refine the overall work plan for the Study and present it as a draft document at the first meeting with the Committee. At this meeting, the Committee and Contractor will review and finalize assumptions for revenue and cost projections, as well as the Study time schedule and Committee meeting dates.

As the Study progresses, notification of any significant deviations from the previously agreed upon work plan must be submitted in writing and will require prior approval from the Committee. As they occur, any problems should be brought to the attention of the Executive Secretary.

2. Data Collection

The following information can be compiled by King County staff for the geographical areas proposed for incorporation as the new City of Kenmore:

- Assessed value of real property by quarter section for the last tax year (King County Department of Assessments)
- Business license revenues (General Services Division of the King County Department of Executive Administration)

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- Cost of contract police service (King County Department of Public Safety)
- Jail service expense estimates (King County Department of Adult Detention)
- Road and traffic maintenance costs (Roads Division of the King County Transportation Department)
- Surface water management revenues and expenditures (Surface Water Management Division of the King County Department of Natural Resources)
- Development permit activity (Administrative Services Division of the King County Department of Development and Environmental Services)
- Parks and recreation services (King County Department of Parks and Cultural Resources)
- Health needs (Seattle-King County Department of Public Health)

Please be aware that King County may charge for staff and computer time involved in the computer compilation of certain information required for the Study.

As noted above, the Contractor may be requested to analyze the fiscal impacts of potential boundary modifications, which may take the form of deletions of territory from the proposed incorporation area. Therefore, it will be important for the Contractor to collect data in a manner which allows for adjustment for deletions.

3. Meetings required for the Studies

The Program Manager for the Contractor will meet weekly with the Executive Secretary to discuss work in process. The weekly meeting may be accomplished by telephone consultation at the discretion of the Executive Secretary.

In addition to the weekly meetings with the Executive Secretary, the Contractor should anticipate attending the following meetings:

- up to six (6) meetings with the Committee
- up to three (3) Boundary Review Board hearings (after Study completion)

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4. Time Schedule

Three months have been allotted for completion of the Study under the contract. Board hearings will be scheduled in the fourth month of the contract period.

5. Final Report

It is anticipated that the Study completed by the Contractor at the end of the third month will be in a form adequate for publication. The Study shall be sectioned and shall include an executive summary, a table of contents, and list(s) of maps and tables. The Contractor shall provide 20 copies of the Study to the Board. In addition, the Contractor shall provide a single-sided master of the report fully ready for use in two-sided reproduction of additional copies. The said number of copies shall be delivered five (5) days following approval of the Study by the Committee.

No data, reports or other information ensuing from the research undertaken as a result of this evaluation may be copyrighted or restricted in any way which limits its use by the Board or King County. The Contractor agrees to neither publish any reports nor disclose any findings without the approval of the Executive Secretary and the Committee.

GENERAL OUTLINE OF SCOPE FOR PART TWO OF STUDY
GOVERNANCE ALTERNATIVES

Part Two Goal:

The new additional work requested for the study will include an evaluation of the governance alternatives for the residents of the East Lake Sammamish plateau area. Those alternatives are:

1. Status Quo
 - Remaining a portion of urban, unincorporated King County
2. Annexation to Existing Cities
 - Adjacent existing cities of Redmond and Issaquah
 - The plateau for annexation alternative analysis will be split along the previously existing potential annexation line between Redmond and Issaquah, which line lies at approximately SE 8TH Street as extended.

Framework for Study

The governance alternatives study will be framed by the following assumptions:

1. Per RCW 36.93.157, the decisions of the boundary review board will be consistent with RCWs 36.70A.020 relating to planning goals, 36.70A.110 relating to comprehensive plans-urban growth areas, and 36.70A.210 relating to county-wide planning policies.
2. Per adopted King County County-wide Planning Policy LU-34, unincorporated urban areas that are already urbanized and are within a city's potential annexation area are encouraged to annex to that city in order to receive urban services.
3. Per adopted King County Comprehensive Plan Policy U-302, King County shall favor annexation over incorporation within the Urban Growth Area. Incorporation should be supported only when annexation is not appropriate and when the formation of new cities is necessary to assure adequate facilities and services for growth consistent with the King County Comprehensive Plan and Countywide Planning Policies.
4. The boundary review board shall design and implement a public involvement process during the study, which shall include the person or persons who filed the notice of the proposed incorporation with the county.
5. Urban King County is in a transition period, and under the Growth Management Act (GMA), urban areas are anticipated to be affiliated with cities by the year 2013, as per the adopted King County Countywide Planning Policies (CPPs) and the King County Comprehensive Plan.
6. In the transition, the ability of King County to provide urban levels of service to urban unincorporated communities may diminish as revenues decline.
7. All local governments have capital and operating needs which exceed their budget limitations.
8. All local governments set, through policy and budgeting decisions, service levels which are discretionary to the local decision makers.
9. Local governments are required under the GMA and CPPs to identify growth targets and capacities.

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Governance Alternatives - Sammamish Plateau

Study Outline

The consultant will evaluate the basic feasibility of the proposed incorporation under the existing Request For Proposal. In addition, for the Governance Alternatives portion, the consultant will provide the following comparisons for the alternatives of #1 Status Quo, #2 Annexation to Redmond and #3 Annexation to Issaquah:

Services

1. Transportation concurrency requirements and standards, and water and sewer requirements and standards necessary to bring the area up to Full Service standards as defined by the King County Comprehensive Plan
2. Parks adopted levels of service standards (such as acreage per capita)
3. Drainage standards
4. Projected levels of service for municipal services, based upon adopted budgets

If no such standards exist for alternatives #2 & #3, then the consultant will project likely levels of service based upon review of city capital and operating budgets.

Taxation

1. Municipal Levy Rates (v. Roads Levy for alternative #1)
2. Special Assessments and Revenues (such as Surface Water Utility rates and local option levies for municipal services and infrastructure)
3. Bonded indebtedness to be assumed by newly annexed areas
4. Utility and other optional taxes imposed by cities
5. Utility rates under providers which would change upon annexation

Resources

Existing documentation will provide useful references for the chosen consultant. These resources include:

- King County Countywide Planning Policies
- King County Comprehensive plan
- King County Parks and Open Space Comprehensive Plan
- King County Roads Transportation Needs Assessment
- King County Community Plan
- King County Drainage Plans, including East Lake Sammamish Plateau, Issaquah Creek and Bear-Evan Creek Basins
- Lake Sammamish Initiatives Program
- King County adopted Operating and Capital Budget
- City of Issaquah Adopted Operating and Capital Budgets
- City of Issaquah Comprehensive Plan
- City of Redmond Adopted Operating and Capital Budgets
- City of Redmond Comprehensive Plan
- Kenmore Governance Study (for previous general governance alternatives analysis example)
- Kenmore Incorporation Feasibility Study (for previous incorporation analysis example)