



**CITY OF KIRKLAND**  
**Department of Finance & Administration**  
123 Fifth Ave, Kirkland, WA 98033 · 425.587.3100  
www.kirklandwa.gov

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**MEMORANDUM**

**To:** Kurt Triplett, City Manager  
**From:** Michael Olson, Director of Finance and Administration  
Chip Corder, Temp. Deputy Director of Finance and Administration-Budget  
Kevin Lowe Pelstring, Budget Analyst  
**Date:** November 4, 2020  
**Subject:** Monthly Financial Dashboard Report through September 30, 2020

**RECOMMENDATION:**

It is recommended that the City Council receive the monthly Financial Dashboard Report for September 2020.

**BACKGROUND DISCUSSION**

The Financial Dashboard is a high-level summary of some of the City's key revenue and expenditure indicators. It provides a budget to actual comparison for year-to-date revenues and expenditures for the general fund, as well as some other key revenues and expenditures. The report also compares this year's actual revenue and expenditure performance to the prior year. It is even more important during the current COVID-19 pandemic and associated economic impacts to closely track the City's revenues and expenditures.

We see the continued effects of COVID-19 and the Governor's 'Safe Start' restrictions reflected in this report. Total General Fund revenues are 72.7 percent of budget, which is slightly below the 75.0 percent budget threshold and down 2.9 percent relative to the same period in 2019 mostly due to modest decline in Sales Tax revenue and significant decline in Development Fees described below. Total Expenditures are 72.2 percent of budget and modestly below the 75.0 percent budget threshold primarily due to position vacancy savings balanced by COVID-19 related expenses—some of which will be reimbursable.

The September results include Sales Tax revenues through July. Relative to the same period in 2019, Sales Tax is down 4.5 percent mostly due to the following business sectors, which comprise about 31 percent of total revenues: Auto/Gas Retail (down \$574,533, or 14.6 percent), Miscellaneous (down \$362,722, or 26.6 percent), Retail Eating/Drinking (down \$272,804, or 19.8 percent), and Communications (down \$225,801, or 38.5 percent). Helping offset these losses are the following business sectors, which comprise about 65 percent of total revenues: Other Retail (up \$192,144, or 8.3 percent), Services (up \$113,854, or 4.5 percent), Contracting (up \$122,404, or 2.6 percent), and General Merchandise/Miscellaneous Retail (up \$127,354, or 6.3 percent).

Development Fees are 71.3 percent of budget, which is modestly below the 75.0 percent budget threshold, and are down 12.5 percent relative to the same period in 2019 primarily due to the COVID-19 shutdown and the unusually high level of development activity in 2019 at the Totem Lake and Kirkland Urban sites. According to the Planning & Building Department, there is an eight-week backlog of work that staff is currently working through, and there are many permits which are ready to be issued. As a result, staff expects development fees to exceed the \$11.28 million budget by the end of the year.

Financial Planning will continue to monitor and project these and all City revenues being affected by COVID-19, providing that information where needed to inform policy decisions.

# Attachment A

## September 2020 Financial Dashboard November 4, 2020

### Revenues (through 9/30/20):

- General Fund Revenues** are 72.7 percent of budget, which is slightly below the 75.0% budget threshold and is lower than normal, primarily due to the negative economic impact of COVID-19 on Sales Tax and Development Fees and lower than expected Utility Taxes. Typically, General Fund Revenues are 74.0-77.0 percent of budget due to the net effect of the City's conservative Sales Tax budgeting policy and the timing of Property Tax distributions by King County. Relative to the same period in 2019, General Fund Revenues are down 2.9 percent mostly due to significant declines in Sales Tax (-4.5 percent) and Development Fees (-12.5 percent).
- Sales Tax** is 81.6 percent of budget, which is significantly above the 75.0 percent budget threshold, primarily due to the net effect of the City's modified two-year sales tax lag policy and the negative economic impact of COVID-19. Relative to the same period in 2019, Sales Tax is down 4.5 percent due to the following business sectors, which comprise about 31.0 percent of total revenues: Auto/Gas Retail (down \$574,533, or 14.6 percent), Miscellaneous (down \$362,722, or 26.6 percent), Retail Eating/Drinking (down \$272,804, or 19.8 percent), and Communications (down \$225,801, or 38.5 percent). Helping offset these losses are the following business sectors, which comprise about 65 percent of total revenues: Other Retail (up \$192,144, or 8.3 percent), General Merchandise/Miscellaneous Retail (up \$127,354, or 6.3 percent), Contracting (up \$122,404, or 2.6 percent), and Services (up \$113,854, or 4.5 percent). Note that 2019 includes two large back tax payments totaling \$458,733 from the Communications and Miscellaneous business sectors. Factoring out these one-time receipts, Sales Tax is down only 2.2 percent versus 2019. As a reminder, there is a two-month lag between when Sales Tax is generated and when it is distributed to the City (i.e., September receipts are for July retail activity).
- Property Taxes** are 56.8 percent of budget, which is well below the 75.0 percent budget threshold. However, this is typical through September, with King County distributing Property Taxes to cities primarily in April-May and October-November.
- Utility Taxes** are 70.4 percent of budget, which is significantly below the 75.0 percent budget threshold. Relative to the same period in 2019, Utility Taxes are down 1.4 percent due to the net effect of a 15.1 percent increase in Gas Utility Taxes (driven by a 14.0 percent increase in residential gas rates that took effect on November 1, 2019) and a 14.6 percent decrease in Telephone Utility Taxes (reflecting an ongoing, double digit downward trend).
- Development Fees** are 71.3 percent of budget, which is modestly below the 75.0 percent budget threshold, and are down 12.5 percent relative to the same period in 2019 primarily due to the COVID-19 shutdown and the unusually high level of development activity in 2019 at the Totem Lake and Kirkland Urban sites. According to the Planning & Building Department, there is an eight-week backlog of work that staff is currently working through, and there are many permits which are ready to be issued. As a result, staff expects development fees to exceed the \$11.28 million budget by the end of the year.
- Business Fees** are 85.8 percent of budget, which is significantly above the 75.0 percent budget threshold, partially due to a temporary anomaly as the City's business license renewal timing is re-aligned by the Washington State Department of Revenue.

### Expenditures (through 9/30/20):

- General Fund Expenditures** are 72.2 percent of budget, which is modestly below the 75.0 percent budget threshold, with position vacancy and other budget savings more than offsetting unbudgeted expenditures related to COVID-19.
- General Fund Salaries/Benefits** are 72.6 percent of budget, which is modestly below the 75.0 percent budget threshold, due to position vacancy savings. In particular, seasonal hires are down significantly in Parks & Community Services due to COVID-19 restrictions.
- Fire Suppression Overtime** is 130.0 percent of budget, which is well above the 75.0 percent budget threshold, partially due to overtime incurred from COVID-19 quarantine procedures for firefighters and the deployment of some firefighters to support wildland fire suppression. Excluding COVID-related overtime, Fire Suppression Overtime would still likely be 10-20 percent above budget and relative to the same period in 2019, it is up 6.4 percent.

City of Kirkland Financial Dashboard									
Annual Budget Status as of 9/30/2020									
Budget Threshold (% Complete) : 75.0%									
	2020 Budget	Year-to-Date Actual 2020	% Received/ % Expended	September YTD	August YTD	Year-to-Date Actual 2019	YTD Change: 19 to 20 \$	%	
<b>General Fund</b>									
Total Revenues	104,165,437	75,689,920	72.7%			77,961,471	(2,271,551)	-2.9%	
Total Expenditures	106,192,764	76,677,520	72.2%			69,998,257	6,679,263	9.5%	
<b>Key Indicators (All Funds)</b>									
<i>Revenues</i>									
Sales Tax	23,130,166	18,872,234	81.6%			19,756,808	(884,574)	-4.5%	
Property Taxes	19,995,776	11,364,173	56.8%			10,921,806	442,367	4.1%	
Utility Taxes	14,211,368	9,999,280	70.4%			10,143,748	(144,468)	-1.4%	
Development Fees	11,282,715	8,039,964	71.3%			9,187,843	(1,147,880)	-12.5%	
Business Fees	3,682,887	3,160,891	85.8%			3,048,743	112,148	3.7%	
Gas Tax	1,935,654	1,149,300	59.4%			1,348,434	(199,134)	-14.8%	
<i>Expenditures</i>									
General Fund Salaries/Benefits	74,118,430	53,817,152	72.6%			51,428,337	2,388,815	4.6% (1)	
Fire Suppression Overtime	861,545	1,120,426	130.0%			1,052,696	67,730	6.4%	
Contract Jail Costs	539,630	228,883	42.4%			230,990	(2,107)	-0.9%	
Fuel Costs	604,912	220,946	36.5%			324,868	(103,922)	-32.0%	
<b>Status Key</b>									
Revenues are higher than expected or expenditures are lower than expected									
Revenues or expenditures are within expected range									
WATCH - Revenues lower/expenditures higher than expected range or outlook is cautious									
						<b>NOTES:</b>			
						(1) Excludes Fire Suppression Overtime			