



**CITY OF KIRKLAND**  
**FINANCE AND ADMINISTRATION**  
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## MEMORANDUM

**To:** Kurt Triplett, City Manager

**From:** Michael Olson, Director of Finance and Administration  
Kevin Pelstring, Financial Planning Manager  
Cody Harris, Budget Analyst

**Date:** May 8, 2025

**Subject:** **March 2025 Financial Dashboard Report**

### RECOMMENDATION:

Staff recommends that Council receives the March 2025 update on the General Fund and other key revenues and expenditures.

### EXECUTIVE SUMMARY:

- Staff recommends that Council receives the March 2025 Financial Dashboard. No action by Council is required.
- General Fund revenues are within the budget threshold and up \$2,974,608, or 11 percent, compared to March 2024.
- Sales Tax is within budget threshold and up 5 percent compared to March 2024.
- Development Fees continue to grow and are up 2 percent compared to 2024.
- Overall General Fund expenditures are just above the budget threshold, at 26 percent spent through the end of March.




### BACKGROUND:

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.

Real Estate Excise Tax (REET) is a major funding source for the City's Capital Improvement Program (CIP) and, since it is sensitive to economic cycles, tracking and reporting monthly revenue is important to understanding the health of CIP funding. It is not receipted in the General Fund, however, and is therefore excluded from Total General Fund Revenues in the dashboard.

**DISCUSSION/ANALYSIS:**

The table below summarizes the financial data for the General Fund as of March 31, 2025.

City of Kirkland Financial Dashboard								
Annual Budget Status as of		3/31/2025		Budget Threshold (% Complete) : 25%				
	2025 Budget	Year-to-Date Actual 2025	% Received/ % Expended	March YTD	February YTD	Year-to-Date Actual 2024	YTD Change: '25 to '24	
							\$	%
<b>General Fund</b>								
Total Revenues	131,715,191	30,053,138	23%			27,078,530	2,974,608	11%
Total Expenditures	129,736,392	33,566,625	26%			31,135,107	2,431,518	8%
<b>Key Indicators (All Funds)</b>								
<i>Revenues</i>								
Sales Tax	34,527,533	8,821,946	26%			8,429,396	392,549	5%
Property Taxes	31,164,360	1,998,516	6%			2,472,171	(473,655)	-19%
Utility Taxes	17,580,147	4,769,785	27%			4,124,186	645,598	16%
Development Fees (1)	11,266,439	3,316,149	29%			3,249,906	66,243	2%
Business Fees	6,388,000	1,322,554	21%			1,425,578	(103,024)	-7%
Gas Tax	1,758,188	345,844	20%			399,436	(53,592)	-13%
Real Estate Excise Tax (REET) (1)	11,000,000	2,751,024	25%			2,304,223	446,802	19%
<i>Expenditures</i>								
General Fund Salaries/Benefits (2)	92,251,648	22,326,014	24%			21,579,487	746,527	3%
Fire Suppression Overtime	1,322,560	646,812	49%			358,077	288,735	81%
Contract Jail Costs	539,630	31,515	6%			23,193	8,322	36%
(1) Excluded from Total Revenue								
(2) Excludes Fire Suppression Overtime								
<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:								

**General Fund Revenues** are 23 percent of budget, within the budget threshold and up \$2,974,608, or 11%, compared to March 2024 due to growth in tax revenues. As described below, most major General Fund revenue categories are running within the budget threshold.

**General Fund Expenditures** are 26 percent of budget, up \$2,431,518, or 8%, compared to March 2024. This increase is the result of a combination of factors: higher salary and benefit costs; fewer vacancies; and higher liability insurance premiums (usually paid in January of each year).

Comparing March 2025 to March 2024, **Sales Tax** revenue receipts are up \$40,711, or 1.6%. The sectors that reported the largest growth compared to March 2024 (ranked in order of dollar change) are Auto/Gas Retail (up \$49,836 or 13%), Wholesale (\$23,928 or 23%), and Miscellaneous (up \$22,319 or 14%).

Sectors with moderate to small increases include Contracting (up \$12,969 or 2%), Other Retail (up \$7,449 or 2%), and Retail Eating/Drinking (up \$6,693 or 4%).

The data also shows declines in Services (down \$73,736 or 14%), Gen Merch/Misc. Retail (down \$6,153 or 5%), and Communications (down \$2,594 or 7%).

**Property Taxes** are at 6% of budget, under the budget threshold but within expectation. As required by RCW 84.56.020, property tax payments are due by April 30th and October 31st. As the majority of homeowners pay their property taxes through an escrow with their mortgage lender, revenue collections typically occur close to the tax payment due dates rather than spread throughout the year.

**Utility Tax** revenues are at 27% of budget and \$645,598, or 16%, higher than 2024. Utility taxes are levied on gross operating revenues that public and private utilities earn from operations within city boundaries. Staff anticipate these revenues will increase mainly due to the City's water, sewer, solid waste, and surface water utility rate increases as well as rate increases by Puget Sound Energy (PSE) on electricity and natural gas.

**Development Fees** are in a separate Development Services Fund but included in this report to improve tracking of these key revenues. Development Fees generated 29% of budgeted revenues through the month of March and are up 2%, or \$66,243, relative to 2024. This year-over-year change includes gains in Engineering fees (up \$259,877 or 25%) and Planning revenues (up \$96,643 or 50%) offset by declines to Building (down \$271,275 or 16%) and Fire (down \$19,003 or 5%).

**Business Fees** are 21% of budget, below the budget threshold and down \$103,124, or 7%, compared to March 2024. A large portion of this revenue comes from the Revenue Generating Regulatory License fee, which is based off the number of employees a business has. The timing of when businesses apply for a business license each year can affect when these revenues are recognized, which can contribute to the year-over-year changes shifting each month. When comparing 2025 revenues to the same period in 2023, there has still been growth, and staff is analyzing the changes year-over-year to explain the variance between 2025 and 2024 revenues.

**Gas Tax** is 20% of budget, below budget threshold. Compared to 2024, revenues from gas taxes are down \$53,592 or 13% from this time last year. As gas taxes are assessed in cents per gallon, not based on price, gas tax receipts rise as fuel consumption increases rather than with gas prices. Finance and Public Works staff are monitoring this revenue source and its impact to the City's Street Fund.

**Real Estate Excise Tax (REET)** are 25% of budget, with REET revenues totaling \$2,751,024, which is 19% higher compared to 2024. Staff will assess revenues in advance of the 2025-2030 CIP Update, which occurs at the end of 2025.

**General Fund Salaries/Benefits** are 24% of budget, just below the budget threshold and up \$746,527, or 3%, compared to the previous year. Personnel costs are slightly higher due to the Management & Confidential (MAC) job class cost-of-living adjustments (COLA). The budget will be adjusted in the June budget adjustments to reflect the updated COLA for employees now that the AFSCME labor agreement is approved and should be reflected in the July dashboard. At the end of March 2025, the City had 37 vacant FTEs (Full Time Equivalents) in the General Fund. This represents a slight decrease compared to February when the City had 38 vacancies in the General Fund.

**Fire Suppression Overtime (OT)** Fire Suppression Overtime (OT) is 49% of budget through March 2025, and up 81% (\$288,735) compared to this time last year. The cumulative increase is in part due to the deployment of 6 firefighters to the January urban wildland fires in California. The cost of the deployment is eligible for full reimbursement.

March overtime was impacted by several factors. One Firefighter is in temporary assignment to the Mobile Integrated Health (MIH) program. The MIH overtime is funded through the Medic One Levy accumulated fund balance for 2023 and 2024. Two Firefighters are offline due to injury, one Firefighter is in FMLA/PFML status, one Firefighter is in Paramedic Training, one Firefighter is assigned as Academy Instructor, and four new recruits are in Academy. These circumstances create lowered staff availability for on-line shift work, creating the increased need to supplement

staffing with overtime. Staff will continue to monitor these trends. A fire overtime issue paper was prepared as part of the 2025-2026 Budget process to help understand the causes for overtime and provide an analysis of the costs and benefits of hiring new staff vs using overtime.<sup>1</sup> The trends identified in the paper will be monitored during the new biennium to determine the impact on assumptions used in development of the OT budget.

**Contract Jail Costs** are at 6% of budget, but within expectation due to the billing cycle as payments are delayed by 2 months. The Kirkland City Jail Medication-Assisted Treatment (MAT) program, launched on January 10, 2024, provides comprehensive support for inmates battling substance use disorder. This initiative enables the Kirkland City Jail to offer extensive services to individuals with Opioid Use Disorder, who previously would have been transferred to South Correctional Entity (SCORE) due to the absence of such support. Since its inception, over 186 inmates have participated in the program, contributing to a decrease in the number of inmates requiring housing at SCORE. This line item includes other expenses aside from contract bed jail costs including Electronic Home Detention.

Financial Planning will continue to monitor and project these and other financial metrics, providing information where needed to inform policy decisions.

#### **NEXT STEPS:**

Staff will continue to provide monthly updates to the Financial Dashboard.

#### **ATTACHMENTS:**

None.

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<sup>1</sup>Fire Overtime Issue Paper: <https://www.kirklandwa.gov/files/sharedassets/public/v/1/finance-and-administration/budget-documents/25-26-budget/2025-2026-fire-overtime-issue-paper.pdf>