



CITY OF KIRKLAND
FINANCE AND ADMINISTRATION
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Michael Olson, Director of Finance & Administration
Kevin Pelstring, Financial Planning Manager
Nida Haroon, Budget Analyst

Date: June 20, 2025

Subject: **April 2025 Financial Dashboard Report**

RECOMMENDATION:

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

EXECUTIVE SUMMARY:

- Staff recommends that Council receives the April 2025 Financial Dashboard. No action by Council is required.
- General Fund revenues are within the budget threshold and up \$76,800, or 0.2%, compared to April 2024.
- Sales Tax is within budget threshold and up 3% compared to April 2024.
- Development Fees continue to grow and are up 16% compared to 2024.
- Overall General Fund expenditures just above the budget threshold, at 35% spent through the end of April.

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). Because 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, and, therefore, is excluded from Total General Fund Revenues in the dashboard.

DISCUSSION/ANALYSIS:

The table below summarizes the financial data for the General Fund as of April 30, 2025.

City of Kirkland Financial Dashboard								
Annual Budget Status as of 4/30/2025			Budget Threshold (% Complete) : 33%					
	2025 Budget	Year-to-Date Actual	Year-to-Date % Received/ % Expended	April YTD	March YTD	Year-to-Date Actual 2024	YTD Change: '25 to '24	
							\$	%
General Fund								
Total Revenues	131,715,191	46,368,408	35%			46,291,607	76,800	0.2%
Total Expenditures	129,736,392	45,291,176	35%			40,911,925	4,379,250	11%
Key Indicators (All Funds)								
<i>Revenues</i>								
Sales Tax	34,527,533	11,310,515	33%			10,967,925	342,590	3%
Property Taxes	31,164,360	11,571,743	37%			13,254,762	(1,683,019)	-13%
Utility Taxes	17,580,147	6,619,126	38%			6,014,713	604,414	10%
Development Fees (1)	11,266,439	5,120,770	45%			4,410,521	710,249	16%
Business Fees	6,388,000	1,698,655	27%			1,833,701	(135,046)	-7%
Gas Tax	1,758,188	418,798	24%			519,521	(100,723)	-19%
Real Estate Excise Tax (REET) (1)	11,000,000	3,811,949	35%			3,392,189	419,760	12%
<i>Expenditures</i>								
General Fund Salaries/Benefits (2)	92,251,648	29,943,736	32%			28,674,244	1,269,492	4%
Fire Suppression Overtime	1,322,560	776,844	59%			462,131	314,713	68%
Contract Jail Costs	539,630	116,557	22%			44,549	72,008	162%
(1) Excluded from Total Revenue								
(2) Excludes Fire Suppression Overtime								
Status Key								
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 35% of budget, slightly ahead of the budget threshold and up \$76,800, or 0.2%, compared to April 2024 due to growth in tax revenues. As described below, most major General Fund revenue categories run within the budget threshold.

General Fund Expenditures are 35% of budget, up \$4,379,250, or 11%, compared to April 2024. This increase is the result of a combination of factors: higher salary & benefit costs; fewer vacancies, and higher liability insurance premiums (usually paid in January of each year). Comparing April 2025 to April 2024, **Sales Tax** revenue receipts are down \$49,958 or 2.0%. Analyzing sales tax revenue over the last ten years shows that April has been the month with the lowest collections 80% of the time. Both construction and retail activity in February is historically slower following the holiday season. The sector that reported the largest growth compared to April 2024 (ranked in order of dollar change and impact on total change) is Other Retail (\$40,920 or 10%).

Sectors with moderate to small increases include Communications (up \$7,360 or 21%) and General Merchandise/Miscellaneous Retail (up \$5,961 or 5%). Sectors with large declines include Services (down \$25,592 or 5%), Contracting (down \$24,158 or 4%), and Wholesale (down \$17,720 or 15%).

Sectors with moderate to small declines include Auto/Gas Retail (down \$14,917 or 4%), Retail Eating/Drinking (down \$12,546 or 7%), and Miscellaneous (down \$9,266 or 7%).

Property Taxes are 37% of budget, over the budget threshold but within expectation since this revenue source will likely end the year at budget. As required by RCW 84.56.020, property tax payments are due by April 30th and October 31st. As most 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 being spread throughout the year.

Utility Tax revenues are at 38% of budget, over the budget threshold and up \$604,414, or 10% 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 45% of budgeted revenues through the month of April and are up \$710,249 or 16%, relative to 2024. This year-over-year change includes gains in fees from Engineering (up \$458,281 or 33%), Planning (up \$84,528 or 29%), and Building (up \$168,176 or 7%), and small declines in Fire (down \$737 or 0.1%).

Business Fees are 27% of budget, below the budget threshold and down \$135,046, or 7% compared to April 2024. A large portion of this revenue comes from the Revenue Generating Regulatory License (RGRL) 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 2024, 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 24% of budget, below budget threshold. Compared to 2024, revenues from gas taxes are down \$100,723, or 19%, 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 35% of budget with REET revenues totaling \$3,811,949, which is 12% 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 32% of budget, just below the budget threshold and up \$1,269,492, or 4%, compared to the previous year. As noted in previous reports, 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 April 2025, the City had 35 vacant FTEs (Full Time Equivalents) in the General Fund. This represents a decrease compared to March when the City had 37 vacancies in the General Fund.

Fire Suppression Overtime (OT) is 59% of budget through April 2025, and up 68% or \$314,713, compared to this time last year. As noted in previous reports, 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.

April 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.¹ 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 22% of budget, but within expectation due to the billing cycle as payments are delayed by two 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 in Kirkland. Since its inception, over 60 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.

NEXT STEPS:

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

ATTACHMENTS:

None.

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