



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
Nida Haroon, Budget Analyst

Date: January 7, 2026

Subject: **November 2025 Financial Dashboard Report for Council Meeting of January 20, 2026**

RECOMMENDATION:

Staff recommends that the City Council receives the November 2025 update on the General Fund and other key revenues and expenditures. No action by the Council is required.

EXECUTIVE SUMMARY:

- Staff recommends that Council receives the November 2025 Financial Dashboard. No action by Council is required.
- General Fund revenues are above budget threshold and up \$7,359,843, or 6%, compared to November 2024.
- Sales Tax is above budget threshold and up \$733,157 or 2% compared to November 2024.
- Development Fees continue to grow and are up 10% compared to 2024.
- Overall General Fund expenditures are slightly below budget threshold, at 91% spent through the end of November 2025.

BACKGROUND:

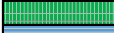


The Financial Dashboard is a high-level summary of some of the City's key revenue and expenditure indicators. It provides a budget to actual comparison for year-to-date revenues and expenditures for the General Fund, as well as some other key metrics. The report also compares this year's actual revenue 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 REET is sensitive to economic cycles, tracking and reporting monthly revenue is important to understanding the health of CIP funding. However, 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 11/30/2025.

Table 1. General Fund Revenues and Expenditures Summary as of November 30, 2025

City of Kirkland Financial Dashboard								
Annual Budget Status as of		11/30/2025		Budget Threshold (% Complete) : 92%				
	2025 Budget	Year-to-Date Actual 2025	% Received/ % Expended	November YTD	October YTD	Year-to-Date Actual 2024	YTD Change: '25 to '24	
							\$	%
General Fund								
Total Revenues	132,729,047	129,091,838	97%			121,731,995	7,359,843	6%
Total Expenditures	135,376,909	123,735,410	91%			113,034,115	10,701,296	9%
Key Indicators (All Funds)								
<i>Revenues</i>								
Sales Tax	34,527,533	32,666,918	95%			31,933,761	733,157	2%
Property Taxes	31,164,360	30,840,032	99%			30,253,313	586,720	2%
Utility Taxes	17,580,147	16,719,115	95%			15,080,553	1,638,562	11%
Development Fees (1)	15,575,960	17,590,686	113%			15,954,263	1,636,422	10%
Business Fees	6,388,000	5,348,144	84%			5,261,338	86,806	2%
Gas Tax	1,758,188	1,503,028	85%			1,557,774	(54,746)	-4%
Real Estate Excise Tax (REET) (1)	11,000,000	12,215,904	111%			12,861,264	(645,360)	-5%
<i>Expenditures</i>								
General Fund Salaries/Benefits (2)	95,998,555	83,907,990	87%			78,914,706	4,993,284	6%
Fire Suppression Overtime	1,535,200	2,436,367	159%			2,275,222	161,145	7%
Contract Jail Costs	539,630	450,585	83%			349,253	101,332	29%
(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 97% of budget, above budget threshold and up \$7,359,843, or 6%, compared to November 2024 due to growth in tax revenues, notably sales and utility taxes. Most major General Fund revenue categories are described below and running ahead of the expected range of budget threshold. Other notable revenues include Card Game Taxes currently 108% of budget (\$1,699,760) and up \$64,272 compared to November 2024. In addition, Investment Interest is at \$2,348,680 out of \$2,935,228 budgeted for 2025 (80% of budget), with only the first half of the year's earnings recognized to date.

General Fund Expenditures are 91% of budget, up \$10,701,296 or 9%, compared to November 2024. This increase is the result of a combination of factors, namely higher salary costs and fewer vacancies.

Sales Tax revenue is 95% of budget and ahead of budget threshold. Comparing November 2025 to 2024, Sales tax revenue is up by \$733,157 or 2.3%. A one-time excise audit payment of \$527,495 was received in October. Without this payment, Year-to-Date revenues would be up by \$205,662 or 1%. Looking at the business sectors, the most significant growth, ranked in order of dollar change, occurred in Other Retail, up by \$801,900 or 14%. Without the one-time audit, Other Retail would be up by \$274,405 or 5%. Followed by Services, adding \$255,256 or 5%; and Auto/Gas Retail, up by \$228,765 or 5%.

Sectors with small to moderate increases include Miscellaneous, which increased by \$99,320 or 6%; and General Merch/Misc. Retail, which added \$29,990 or 2%. The sector with the largest decline is Communications, which decreased by \$603,307 or 58% due to a one-time payment received in 2024. Sectors with moderate declines include Retail Eating/Drinking, down by

\$57,634 or 2%; Wholesale, dropped by \$18,285 or 1%; and Contracting, reduced by \$2,848 or essentially flat from 2024.

Property Taxes are 99% of budget, above the budget threshold and aligned with the expectations that this revenue source will likely end the year at budget. As required by RCW 84.56.020, property tax payments are due by April 30 and October 31. As majority of homeowners pay 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. Therefore, much of the second half distributions remitted from King County were received in November.

Utility Tax revenues are at 95% of budget, above the budget threshold and up \$1,638,562, or 11% higher than 2024. Utility taxes are levied on gross operating revenues that public and private utilities earn from operations within city boundaries. These revenues have increased mainly due to rate increases by Puget Sound Energy (PSE) on electricity and natural gas and to a lesser extent, the City's water, sewer, solid waste, and surface water utility rate increases.

Development Fees are in a separate Development Services Fund but included in this report to improve tracking of these key revenues. Development Fees generated 113% of budgeted revenues through the month of November and are up \$1,636,422 or 10%, relative to 2024. This year-over-year change includes gains in Engineering fees (up \$846,690 or 23%), Planning revenues (up \$476,970 or 56%), and Fire (up \$32,418 or 3%). Building (up \$280,344 or 3%) revenues are up as several large permits were in the pipeline and have been issued in recent months bringing Building revenues above budget and above 2024.

Business Fees are 84% of budget, below the budget threshold but up \$86,806, or 2% compared to November 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 reports with its licensing submittals. 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 YTD to the same period in 2024, there has been growth in Kirkland businesses as well as employee counts; however, RGRL growth was less than estimated when the budget was prepared. Based on employee counts reported in the final quarter of 2024 and in the first three quarters of 2025, the potential RGRL revenue is approximately \$4.9 million, compared to the \$5.6 million budget. In 2026, the potential RGRL revenue is just below \$5 million. Actual revenues depend on compliance and accurate reporting by employers.

Gas Tax is 85% of budget, below budget threshold. Compared to 2024, revenues from gas taxes are down \$54,746 or 4%. 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. Although it is below budget threshold, the state gas tax rate increased 6 cents effective July 1, 2025, with 2.5% of that increase going directly to cities, and subsequent months' revenue has shown improvement.

Real Estate Excise Tax (REET) is 111% of budget with REET revenues totaling \$12,215,904, which is about \$645,360 or 5% lower compared to 2024, but above budget threshold. Staff continues to assess revenues as part of the 2025-2030 CIP Update.

General Fund Salaries/Benefits are 87% of budget, below the budget threshold and up \$4,993,284, or 6%, compared to the previous year. Salary costs are higher due to Management & Confidential (MAC), AFSCME, and Teamsters cost-of-living adjustments (COLA). In addition, certain MAC and AFSCME job classes have had market rate adjustments. Personnel costs are also higher as FTEs (Full Time Equivalents) were added to the 2025-2026 budget. At the end of November 2025, the City had 24 vacant FTEs in the General Fund, down from 28 vacant FTEs in October.

Fire Suppression Overtime (OT) is 159% of budget through November 2025, and up 7% or \$161,145, 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 and \$227,640 was recognized in the June 2025 Budget Adjustments for the OT related to the deployment. There was also a large deployment of thirteen firefighters to the Labor Mountain (Okanogan) fire in October. This cost is also eligible for full reimbursement and will be recognized in the June 2026 Budget Adjustments.

November overtime was impacted by one Firefighter in temporary assignment to the Mobile Integrated Health program, four Firefighters offline due to injury/FMLA/PFML status, one Firefighter in Paramedic Training, and four new recruits in Academy. These circumstances create lowered staff availability for on-line shift work, requiring supplemental staffing with overtime.

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 are being monitored during the biennium to determine the impact on assumptions used in development of the OT budget.

Contract Jail Costs are at 83% of budget, but within expectation due to the billing cycle as payments are delayed by two months. This line item includes other expenses aside from contract bed jail costs, including Electronic Home Detention.

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. The quarterly numbers through September 2025 show that, since its inception, 313 individuals have participated in the MAT program, contributing to a decrease in the number of inmates requiring housing at SCORE. Any transfers to SCORE with Opioid Use Disorder require a substantive surcharge in addition to the base bed rate.

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

NEXT STEPS:

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>

ATTACHMENTS:

None.