



**CITY OF KIRKLAND**  
**Department of Finance & Administration**  
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**MEMORANDUM**

**To:** Kurt Triplett, City Manager  
**From:** Michael Olson, Director of Finance and Administration  
George Dugdale, Financial Planning Manager  
Kevin Lowe Pelstring, Budget Analyst  
**Date:** January 7, 2021  
**Subject:** Monthly Financial Dashboard Report through November 30, 2020

**RECOMMENDATION:**

It is recommended that the City Council receive the monthly Financial Dashboard Report for November 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 98.7 percent of budget, which is modestly above the 91.7 percent budget threshold, but down 0.7 percent relative to the same period in 2019 mostly due to net effect of strong Sales Tax revenue (primarily from a very large excise audit back payment) and significant decline in Development Fees described below. Total Expenditures are 90.8 percent of budget and in line with the 91.7 percent budget threshold primarily due to position vacancy savings balanced by COVID-19 related expenses—some of which are reimbursable.

The November results include Sales Tax revenues through September. Relative to the same period in 2019, Sales Tax is up 2.9 percent due to the following business sectors, which comprise about 47 percent of total revenues: Miscellaneous (up \$1,071,218, or 66.8 percent), Other Retail (up \$281,673, or 9.9 percent) and General Merchandise/Miscellaneous Retail (up \$184,915, or 7.5 percent), and Services (up \$132,632, 4.2 percent). Much of this apparent growth is due to a \$1.4 mil one-time payment from an excise audit in the Miscellaneous sector. These gains are offset somewhat by losses in the following business sectors, which comprise about 21.4 percent of total revenues: Auto/Gas Retail (down \$450,043, or 9.6 percent), Retail Eating/Drinking (down \$359,958, or 21.0 percent), and Communications (down \$239,911, or 36.1 percent).

Development Fees are 84.8 percent of budget, which is modestly below the 91.7 percent budget threshold, and are down 14.6 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 a 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 Building fees to meet or exceed budget by the end of the year with Planning revenue likely falling under budget.

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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.

**November 2020 Financial Dashboard**  
January 6, 2021

**Revenues (through 11/30/20):**

- General Fund Revenues** are 98.7 percent of budget, which is modestly above the 91.7 percent budget threshold but slightly lower than normal, primarily due to the negative economic impact of COVID-19 on Development Fees and lower than expected Utility Taxes. Typically, General Fund Revenues are 99.0-102.0 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 0.7 percent mostly due to significant declines in Development Fees (-14.6 percent).
- Sales Tax** is 108.0 percent of budget, which is significantly above the 91.7 percent budget threshold despite COVID-19 economic impacts, primarily due to the effect of the City's modified two-year sales tax lag policy and a \$1.4 million back payment in the Miscellaneous sector received in November from an excise tax audit. Relative to the same period in 2019, Sales Tax is up 2.9 percent due to the following business sectors, which comprise about 47 percent of total revenues: Miscellaneous (up \$1,071,218, or 66.8 percent), Other Retail (up \$281,673, or 9.9 percent) and General Merchandise/Miscellaneous Retail (up \$184,915, or 7.5 percent), and Services (up \$132,632, 4.2 percent). These gains are offset somewhat by losses in the following business sectors, which comprise about 21.4 percent of total revenues: Auto/Gas Retail (down \$450,043, or 9.6 percent), Retail Eating/Drinking (down \$359,958, or 21.0 percent), and Communications (down \$239,911, or 36.1 percent). Note that 2019 also included two large back tax payments totaling \$458,733 from the Communications and Miscellaneous business sectors. 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., November receipts are for September retail activity).
- Property Taxes** are 100.2 percent of budget, which is modestly above the 91.7 percent budget threshold. King County typically distributes Property Taxes to cities primarily in April-May and October-November, so the amount received through November 30 represents almost all the property taxes expected.
- Utility Taxes** are 86.4 percent of budget, which is modestly below the 91.7 percent budget threshold. Relative to the same period in 2019, Utility Taxes are down 2.1 percent due to the net effect of a 1.6 percent increase in Gas Utility Taxes (driven by a 14.0 percent increase in residential gas rates that took effect on November 1, 2019), a 9.4 percent increase in Solid Waste Utility Taxes, a 16.2 percent decrease in Telephone Utility Taxes (reflecting an ongoing, double digit downward trend), and a 12.3 percent decrease in TV Cable Taxes.
- Development Fees** are 84.8 percent of budget, which is modestly below the 91.7 percent budget threshold, and are down 14.6 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 a 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 Building fees to meet or exceed budget by the end of the year with Planning revenue likely falling under budget.
- Business Fees** are 104.7 percent of budget, which is significantly above the 91.7 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 11/30/20):**

- General Fund Expenditures** are 90.8 percent of budget, which is right in line with the 91.7 percent budget threshold, with position vacancy and other budget savings offsetting unbudgeted expenditures related to COVID-19.
- General Fund Salaries/Benefits** are 88.3 percent of budget, which is slightly below the 91.7 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 189.2 percent of budget, which is roughly twice the 91.7 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. Since the beginning of July, Fire Suppression Overtime has averaged 3,200 hours of overtime per month, well above the average of around 1,300 hours per month for the first 6 months of the year (which included COVID-related overtime). Relative to the same period in 2019, it is up 26.5 percent.

City of Kirkland Financial Dashboard									
Annual Budget Status as of 11/30/2020									
Budget Threshold (% Complete) : 91.7%									
	2020 Budget	Year-to-Date Actual 2020	% Received/ % Expended	November YTD	October YTD	Year-to-Date Actual 2019	YTD Change: 19 to 20		
							\$	%	
<b>General Fund</b>									
Total Revenues	104,165,437	102,765,434	98.7%			103,462,000	(696,566)	-0.7%	
Total Expenditures	106,192,764	96,434,641	90.8%			86,722,201	9,712,440	11.2%	
<b>Key Indicators (All Funds)</b>									
<i>Revenues</i>									
Sales Tax	23,130,166	24,975,715	108.0%			24,267,102	708,613	2.9%	
Property Taxes	19,995,776	20,026,413	100.2%			19,455,095	571,319	2.9%	
Utility Taxes	14,211,368	12,281,141	86.4%			12,548,858	(267,716)	-2.1%	
Development Fees	11,282,715	9,565,702	84.8%			11,206,584	(1,640,882)	-14.6%	
Business Fees	3,682,887	3,856,765	104.7%			3,726,277	130,489	3.5%	
Gas Tax	1,935,654	1,476,500	76.3%			1,660,564	(184,064)	-11.1%	
<i>Expenditures</i>									
General Fund Salaries/Benefits	74,197,930	65,548,433	88.3%			62,834,517	2,713,916	4.3%	
Fire Suppression Overtime	861,545	1,629,709	189.2%			1,288,785	340,924	26.5%	
Contract Jail Costs	539,630	293,712	54.4%			312,666	(18,953)	-6.1%	
Fuel Costs	604,912	282,932	46.8%			389,830	(106,898)	-27.4%	
<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									