



Memorandum

Date: 5/20/2025
Meeting of: City Council

File No. AM No. 25-087
Type: Staff Report

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

| | | |
|---------|----------------|--------------|
| Finance | Kelley Cochran | 425-556-2748 |
|---------|----------------|--------------|

DEPARTMENT STAFF:

| | | |
|---------|----------------|----------------------------|
| Finance | Haritha Narra | Deputy Finance Director |
| Finance | Hailey Zurcher | Financial Planning Manager |

TITLE:

First Quarter 2025 Financial Report

OVERVIEW STATEMENT:

Review the City's financial performance from January 2025 to March 2025. Please note that the 2024 year-end process is still in progress, and the figures presented here are preliminary due to the impact on January figures.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☒ **Receive Information** ☐ **Provide Direction** ☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
N/A
- **Required:**
N/A
- **Council Request:**
N/A
- **Other Key Facts:**
N/A

OUTCOMES:

The key financial highlights from January 1, 2025, through March 31, 2025, include the following:

REVENUE:

Total revenue is 8.9%, or \$1.7 million, below target.

- **Property Tax** is 96.6%, or \$339,000, above target.
- **Sales & Use Tax** is 54.9% (\$1.8 million) above target, driven primarily by growth in wholesale and information industries. Please note that due to a two-month lag in collections, March 2025 is not yet included.
- **Utility & Other Taxes** are 9.4%, or \$230,000, below target.
- **Development Permits and Fees** are 21.0%, or \$844,000, below target, due to a decrease in construction activity compared to previous years. Development fees were updated in 2024.
- **Other Revenues** are 42.5%, or \$2.2 million, below target.

EXPENDITURES:

- Total expenditures are 0.6%, or \$2.2 million, under target.
- Spend rate for some departments are above/below target:
 - **Executive Department** is 2.5%, or \$368,000, below target primarily due to position vacancies.
 - **Planning Department** is 3.0%, or \$892,000, below target primarily due to position vacancies and timing of one-time expenditures.
 - **TIS Department** is 1.0%, or \$278,000, over the target primarily due to one-time, annual subscription payments paid in January.
- **Overtime Expenditures:** Total overtime expenditures are 5% (596,000) over the expected target. Overages are primarily seen in the Fire department, due to timing of reimbursable overtime expenditures during the California Wildfire deployment, and the backfilling of department vacancies.
- **Capital Investment Program (CIP):** Total expenditures are 6.10%, or \$10.5 million, under budget, reflecting the continuation of several major projects and the commencement of new initiatives, including the Evans Creek Relocation project, Pedestrian and Bicycle Improvements, Downtown Adaptive Signals, Pavement Repairs, MOC Predesign, and ADA Facility Improvements.
- **Business Technology Investment Program (BTIP):** Total expenditures are 7.5%, or \$711,000, under budget, reflecting the continuation of some major projects and the commencement of new initiatives, including Workforce Management Phase 2, Dynamics 365, and Tourism Data Software Implementation.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A

- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:
N/A

Approved in current biennial budget: ☐ Yes ☐ No ☒ N/A

Budget Offer Number:
N/A

Budget Priority:
Strategic and Responsive

Other budget impacts or additional costs: ☐ Yes ☐ No ☒ N/A
If yes, explain:
N/A

Funding source(s):
N/A

Budget/Funding Constraints:
N/A

☐ Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

| Date | Meeting | Requested Action |
|------|--|------------------|
| N/A | Item has not been presented to Council | N/A |

Proposed Upcoming Contact(s)

| Date | Meeting | Requested Action |
|------|----------------------------|------------------|
| N/A | None proposed at this time | N/A |

Time Constraints:
N/A

ANTICIPATED RESULT IF NOT APPROVED:

N/A

ATTACHMENTS:

Attachment A: First Quarter 2025 Financial Report Presentation