



Memorandum

Date: 11/18/2025
Meeting of: City Council

File No. AM No. 25-186
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:

Third Quarter 2025 Financial Report

OVERVIEW STATEMENT:

Review the City's financial performance from January 2025 to September 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 September 30, 2025, include the following:

REVENUE:

Total General Fund revenue is 7.0%, or \$6.2 million, above target.

- **Property Tax** is 3.0%, or \$440,000, below target. The next significant property tax payment is expected in November 2025.
- **Sales & Use Tax** is 19.8% (\$5.4 million) above target, driven primarily by growth in wholesale and information industries.
- **Utility & Other Taxes** are 1.0%, or \$88,000, below target.
- **Development Permits and Fees** are 6.9%, or \$760,000, above target. Development fees were updated in 2024.
- **Business License Fees** are 0.2%, or \$11,000, above target.
- **Other Revenues** are 2.0%, or \$412,000, above target.

EXPENDITURES:

- Total General Fund and TIS expenditures are 1.5%, or \$5.3 million, under target.
- Spend rate for some departments above/below target:
 - **Executive Department** is 6.7%, or \$999,000, below target primarily due to position vacancies and timing of spending one-time projects.
 - **Planning Department** is 7.7%, or \$2.3 million, below target primarily due to position vacancies and timing of one-time expenditures.
- **Overtime Expenditures:** Total overtime expenditures are 13.9% (\$1.7 million) over the expected target. Overages are primarily seen in the Fire department, due to the backfilling of department vacancies to maintain daily staffing levels, and the Police department, due to the review of body-worn camera footage and community outreach.
- **Capital Investment Program (CIP):** Total expenditures are 19.7%, or \$34.5 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 19.2%, or \$1.8 million, 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: Third Quarter 2025 Financial Report Presentation