



## Memorandum

**Date:** 4/15/2025  
**Meeting of:** City Council

**File No.** AM No. 25-063  
**Type:** Staff Report

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

Finance	Kelley Cochran	425-556-2748
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**DEPARTMENT STAFF:**

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

**TITLE:**  
Fourth Quarter 2024 Financial Report

**OVERVIEW STATEMENT:**  
Review the City's financial performance from January 2023 to December 2024. Please note that the 2024 year-end process is still in progress, and the figures presented here are preliminary.

☒ **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, 2023, through December 31, 2024, include the following:

## REVENUE:

Total revenue is 12.9%, or \$30.4 million, above target.

- **Property Tax** is 1.5%, or \$772,000, below target.
- **Sales & Use Tax** is 21.4% (\$17.8 million) above target, driven in part by growth in wholesale, accommodation, food services, and recreation. The primary contributor to this increase is development activity; however, there has been a decline in 2024 compared to previous years. One-time sales tax revenue from construction totals \$24.0 million. Please note that due to a two-month lag in collections, November and December are not yet included.
- **Utility & Other Taxes** are 30.9%, or \$6.6 million, above target primarily due to increase electricity rates by Puget Sound Energy.
- **Development Permits and Fees** are 0.3%, or \$74,000, below target, decrease in construction activity compared to previous years. Development fees were updated in 2024.
- **Other Revenues** are 87.4%, or \$6.7 million, above target due to high Annual Percentage Yield (APY) on short term investments.

## EXPENDITURES:

- Total expenditures are 2.9%, or \$8.5 million under target.
- Spend rate for some departments are above/below target:
  - **Finance Department** is 11.0%, or \$1.2 million, under due to position vacancies.
  - **Fire Department** is 1.0%, or \$695,000, over the target primarily due to overtime driven by firefighter backfill while new recruits attend the Fire Academy.
  - **Planning Department** is 12.0%, or \$3.3 million, under primarily due to position vacancies and reduced spending in travel and training.
  - **TIS Department** is 8.0%, or \$1.5 million, under the target primarily due timing of the annual subscription payments.
- **Capital Investment Program (CIP):** Total expenditures are at 32.3%, or \$54.5 million, below target, largely due to the delayed initiation of significant projects, including the Evans Creek Relocation project because of issues with permitting and the CFD initiatives, which are the Overlake Accessibility Improvements, Adaptive Signals at Overlake, NE 40th Shared Use Path, and the 150th Improvement projects. This delay was due to waiting for Microsoft to petition the CFD to include the projects.
- **Business Technology Investment Program (BTIP):** Total expenditures are currently at 62.7%, or \$5.2 million, below target due to the delayed initiation of significant projects, including the Workforce Management and CIP Project/Portfolio Management tools.

**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: Fourth Quarter 2024 Financial Report Presentation