

# **Understanding the Budget and Levy Lid Lift**

## **An Alternative Approach**

October 21, 2025

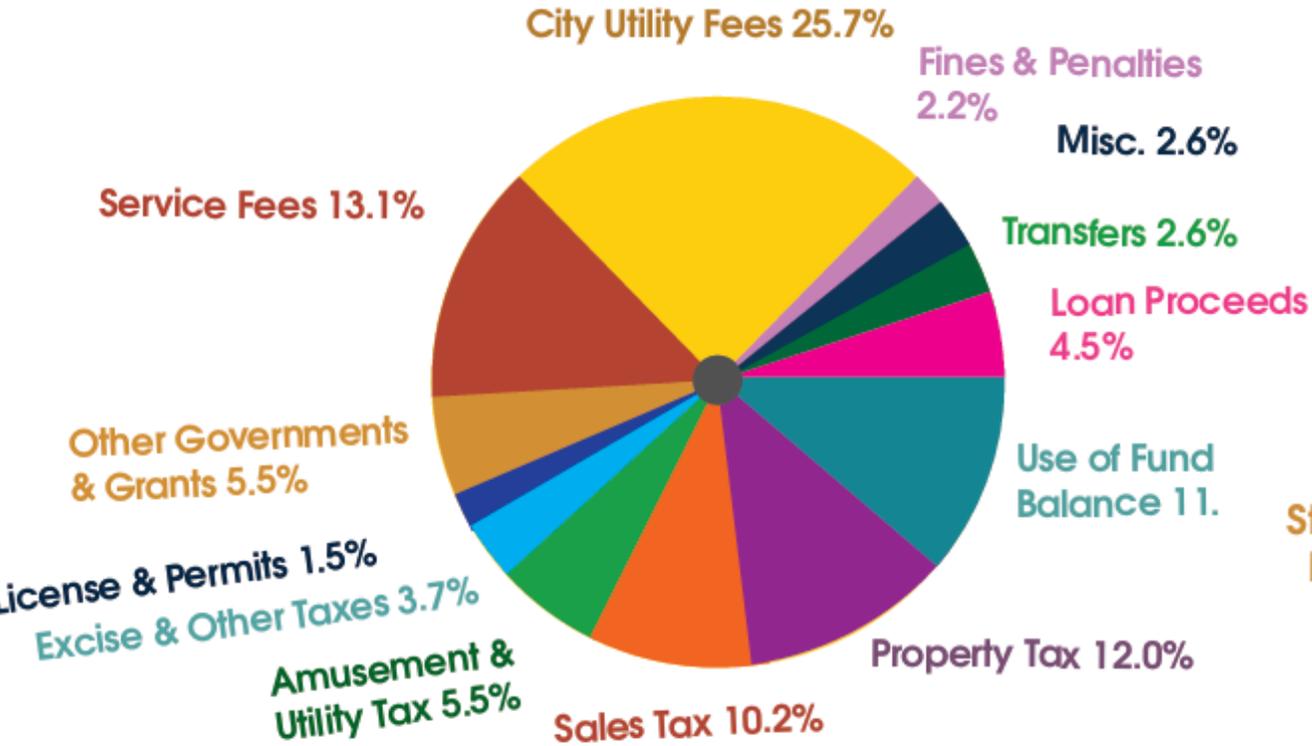
# What is “The Budget”?

- The city budget is comprised of six primary funds
  - General Funds
  - Special Revenue Funds
  - Debt Service Fund
  - Capital Projects Fund
  - Enterprise Funds
  - Internal Service Funds
- There are 34 different accounts within these funds
- The mayor proposes a budget – the City Council owns the budget
- Once adopted, the mayor executes the budget while the City Council has oversight responsibilities

**2025 BUDGET SUMMARY - ALL FUNDS**

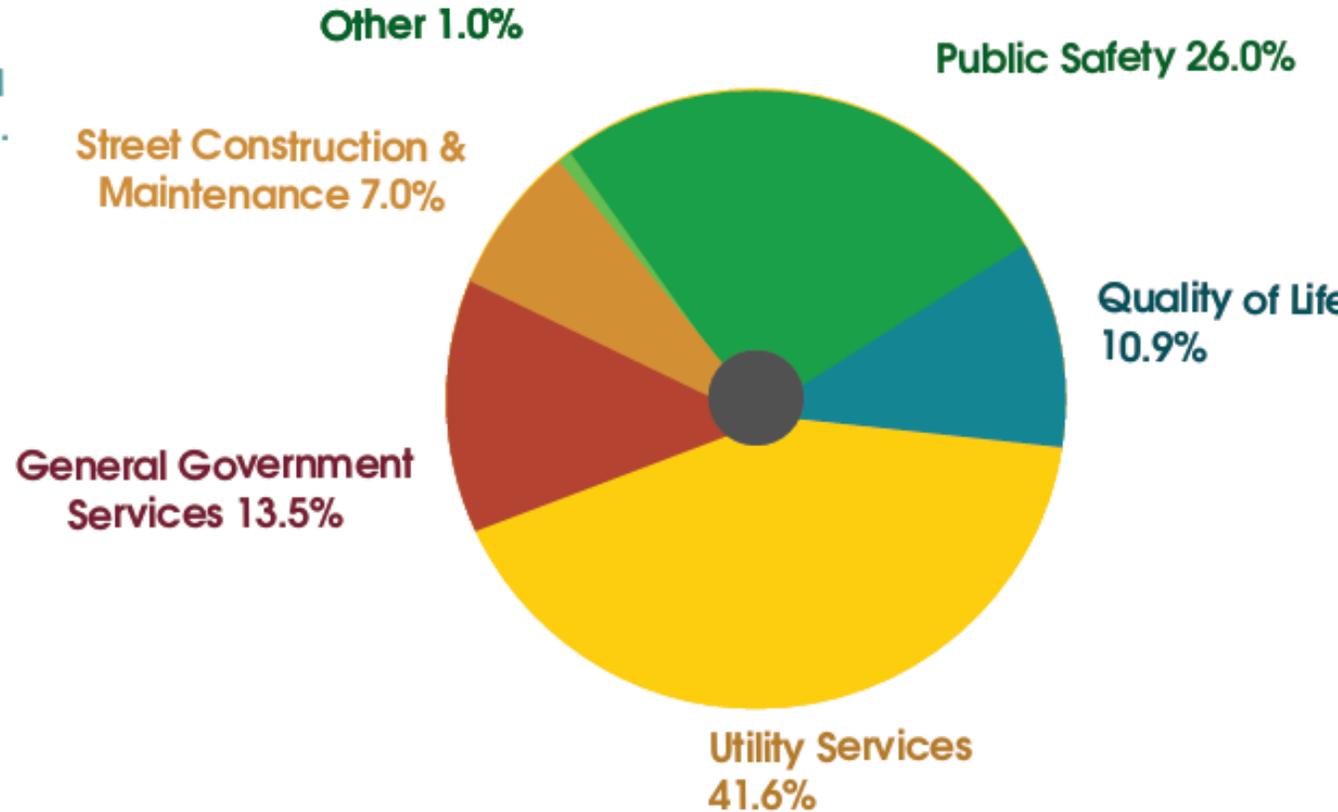
Fund	Beginning	2025	2025	Ending	
	Fund Balance	Revenue	Expenditures	Fund Balance	
GENERAL FUND	001 General Fund	757,457	\$ 59,044,690	\$ 58,387,767	\$ 1,414,380
	009 LEOFF Medical Insurance Reserve Subfund	91,074	275,000	317,500	48,574
	012 Contingency Reserve Subfund	2,228,672	-	-	2,228,672
	014 Historic Preservation Gift Fund	4,444	-	5,700	(1,256)
	016 Building Maintenance Fund	2,739,204	100,340	550,000	2,289,444
	017 Marsh Restoration & Preservation Fund	838,895	-	29,000	809,895
	018 Edmonds Homelessness Response Fund	200,000	-	188,100	11,900
	019 Edmonds Opioid Response Fund	458,619	50,000	400,000	108,619
	<b>Total General Fund</b>	<b>7,318,265</b>	<b>59,470,030</b>	<b>59,878,067</b>	<b>6,910,228</b>
SPECIAL REVENUE FUNDS	104 Drug Enforcement Fund	43,850	4,790	20,000	28,640
	111 Street Fund	66,480	2,440,000	2,639,871	(133,391)
	112 Street Construction Fund	3,233,710	4,619,540	4,094,740	3,758,510
	117 Municipal Arts Acquisition Fund	618,319	297,514	245,400	670,479
	120 Hotel/Motel Tax Fund	151,031	127,000	194,000	86,531
	121 Employee Parking Permit Fund	21,565	-	31,770	45,135
	122 Youth Scholarship Fund	17,376	2,410	3,000	16,786
	123 Tourism Promotional Arts Fund	145,119	49,230	37,500	156,849
	125 REET 2	1,171,419	1,648,620	1,946,465	873,474
	126 REET 1	4,010,721	1,780,420	2,552,330	3,238,331
	127 Gifts Catalog Fund	2,449,211	345,580	638,936	2,605,565
	130 Cemetery Maintenance/Imp. Fund	1,065,596	197,780	329,009	(22,633)
	137 Cemetery Maintenance Fund	1,233,694	101,090	375,000	959,784
	138 Sister City Commission Fund	17,646	11,310	7,400	21,556
	140 Business Improvement District Fund	27,271	79,209	84,445	22,035
	141 Affordable and Supportive Housing	374,126	65,000	-	439,126
142 Edmonds Rescue Plan Fund	36,932	-	-	36,932	
143 Tree Fund	69,862	83,502	-	153,364	
<b>Total Special Revenue Funds</b>	<b>14,241,058</b>	<b>11,910,881</b>	<b>13,199,866</b>	<b>12,952,073</b>	
DEBT SERVICE FUNDS					
231 2012 LTGO Debt Service Fund	-	305,870	305,870	-	
CAPITAL PROJECT FUNDS					
332 Parks Capital Construction Fund	287,893	209,450	-	497,343	
ENTERPRISE FUNDS	421 Water Utility Fund	17,305,796	11,863,672	22,315,347	6,854,121
	422 Storm Utility Fund	9,197,998	9,494,779	12,323,172	6,369,605
	423 Sewer/WWTP Utility Fund	11,764,377	19,329,568	19,597,163	11,496,782
	424 Utility Debt Service Fund	28,967	1,174,920	1,149,400	54,487
<b>Total Enterprise Funds</b>	<b>38,297,138</b>	<b>41,862,939</b>	<b>55,385,082</b>	<b>24,774,995</b>	
INTERNAL SERVICE FUNDS					
	511 Equipment Rental Fund	5,128,013	2,421,990	1,907,356	5,642,647
512 Technology Rental Fund	640,007	2,505,723	2,530,572	615,158	
<b>Total Internal Service Funds</b>	<b>5,768,020</b>	<b>4,927,713</b>	<b>4,437,928</b>	<b>6,257,805</b>	
<b>TOTAL BUDGET</b>	<b>65,912,374</b>	<b>\$ 118,686,883</b>	<b>\$ 133,206,813</b>	<b>\$ 51,392,444</b>	

# WHERE THE MONEY COMES FROM

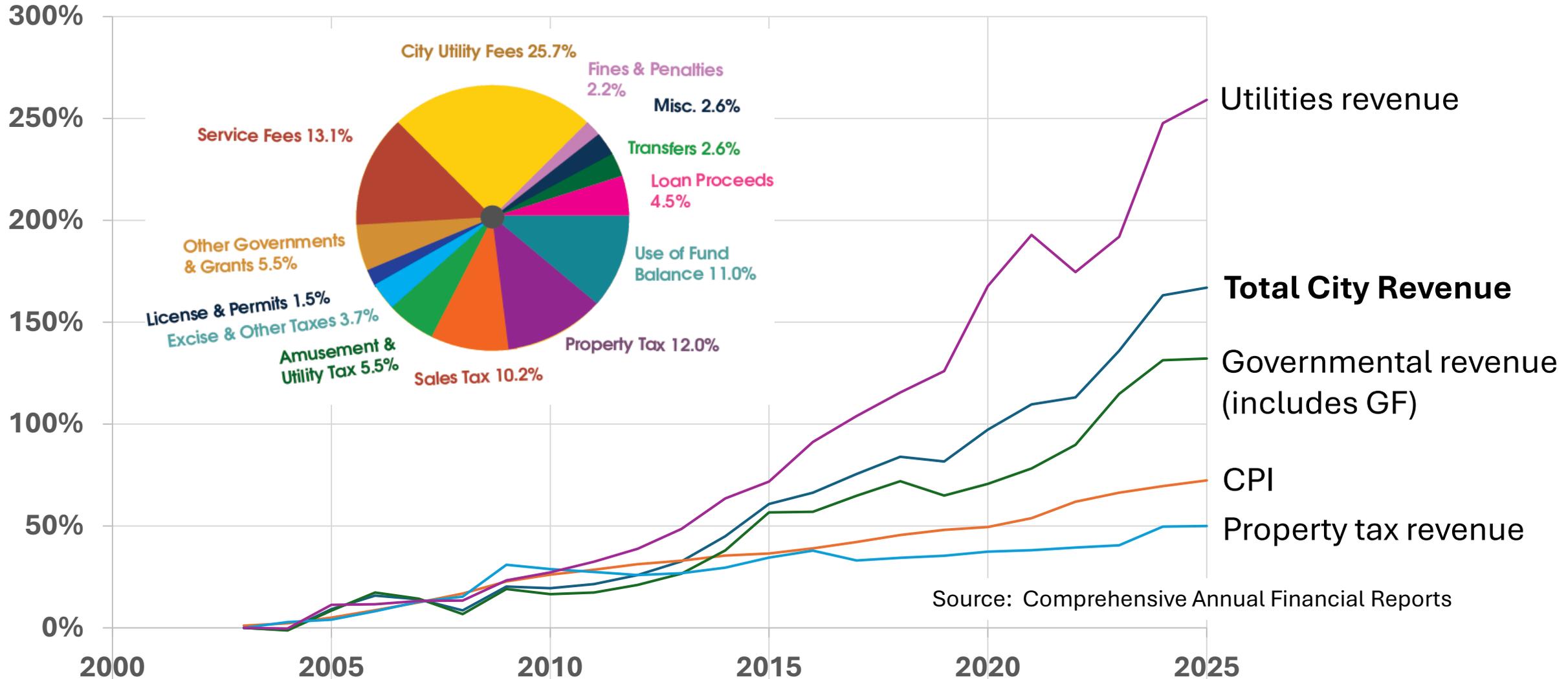


2025 Budget

# WHERE THE MONEY GOES



# Growth Rate of City Revenues Outpaces CPI

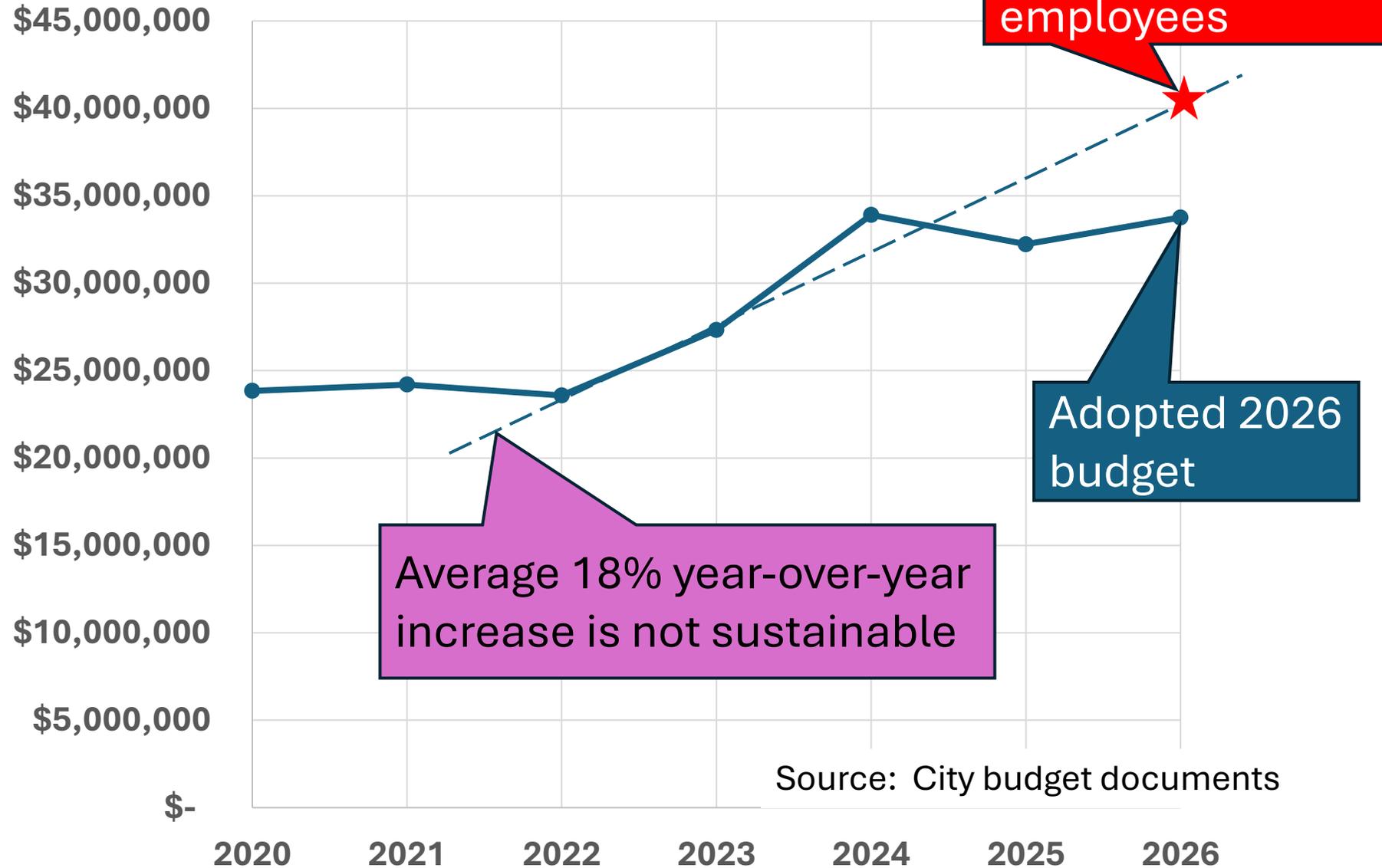


Source: Comprehensive Annual Financial Reports

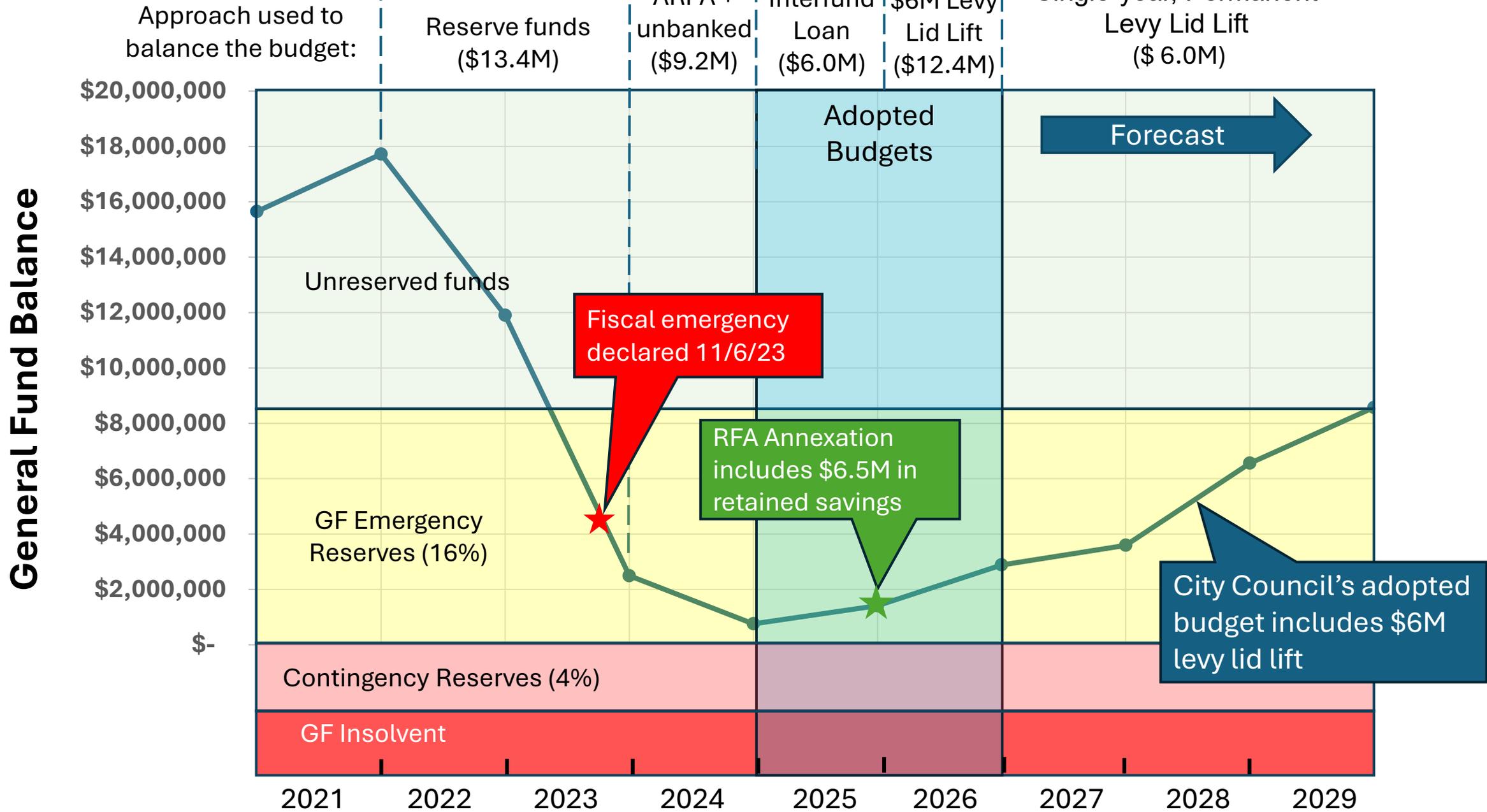
We have a management/spending problem when our revenue growth consistently exceeds CPI

# General Fund Labor Expenditure History

- City claims to have cut or saved \$7 million in labor costs
- The facts show otherwise



# General Fund History



# If the \$14.5M levy lid lift passes...

## Neighboring City Levy Rate Comparison



... Edmonds becomes the most expensive city in the area

# What happens if the \$14.5M levy lid lift fails?...

- City property tax rate would remain at \$0.72/\$1,000 AV
- City keeps \$6.5M in fire contract cost savings
- A combination of \$6M in new revenue or expense reductions is necessary for 2026 to offset the assumed levy lid lift in the budget
- The city has defined dramatic “cuts” in services
- **An alternative budget is proposed which does not require service level reductions while still balancing the budget**
- The city has committed to finding \$5M in non-property tax revenue

# We have Money – Where is it?

Fund	2025 Expected Ending Fund Balance
General Funds	\$7,174,211
Special Revenue Funds	\$14,731,712
Debt Service Fund	-
Capital Projects Fund	\$538,551
Enterprise Funds	\$30,029,792
Internal Service Funds	\$6,657,126
Total	\$59,131,392

Legislative action is required to reallocate underutilized fund accounts

\$4M in REET available  
\$4M Gift Catalog available

\$5.3M in ISF available

In addition, ~\$15M is owed Edmonds for Ground Emergency Medical Transport fees

# Balancing the 2026 Budget

- Transfer some overfunded balances to the General Fund
- Align and utilize accounts with spending priorities

## Rational

- Utilize money sitting in the bank and put it to use for public good
- This represents a legal framework to support the General Fund

## End Result

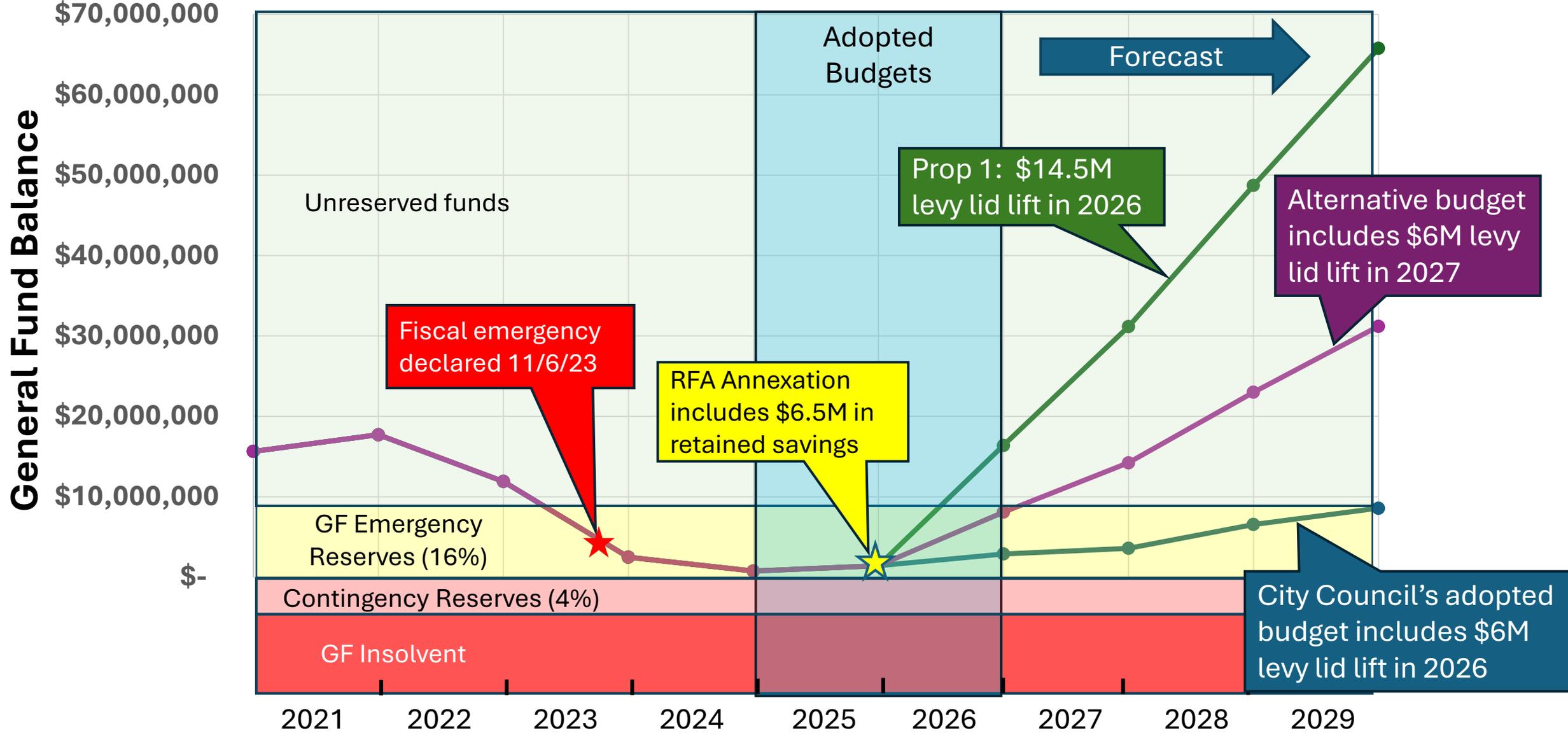
- Offsets the \$6M in “cuts” if the levy fails
- This is not a loan that needs to be paid back
- Balances the 2026 budget and provides for growth

Transfer into General Fund

Utilize

2026 BUDGET SUMMARY - ALL FUNDS					
Fund	Beginning	2026	2026	Ending	
	Fund Balance	Revenue	Expenditures	Fund Balance	
<b>GENERAL FUND</b>					
001 General Fund	1,414,380	\$ 53,405,494	\$ 51,933,921	\$ 2,885,953	
009 LEOFF Medical Insurance Reserve Subfund	48,574	275,000	311,500	12,074	
012 Contingency Reserve Subfund	2,228,672	-	-	2,228,672	
014 Historic Preservation Gift Fund	(1,256)	-	5,700	(6,956)	
016 Building Maintenance Fund	2,289,444	94,070	550,000	1,833,514	
017 Marsh Restoration & Preservation Fund	809,895	-	-	809,895	
018 Edmonds Homelessness Response Fund	11,900	-	8,325	3,575	
019 Edmonds Opioid Response Fund	108,619	50,000	50,000	108,619	
<b>Total General Fund</b>	<b>6,910,228</b>	<b>53,824,564</b>	<b>52,859,446</b>	<b>7,875,346</b>	
<b>SPECIAL REVENUE FUNDS</b>					
104 Drug Enforcement Fund	28,640	4,610	20,000	13,250	
111 Street Fund	(133,391)	2,430,000	2,777,575	(480,966)	
112 Street Construction Fund	3,758,510	6,215,209	5,849,659	4,124,060	
117 Municipal Arts Acquisition Fund	670,479	165,920	211,400	624,999	
120 Hotel/Motel Tax Fund	86,531	128,910	140,000	75,441	
121 Employee Parking Permit Fund	45,135	54,950	33,093	66,992	
122 Youth Scholarship Fund	16,786	2,340	3,000	16,126	
123 Tourism Promotional Arts Fund	156,849	8,740	37,500	128,089	
125 REET 2	873,474	1,639,330	1,270,200	1,242,604	
126 REET 1	3,218,824	1,762,900	1,285,470	3,715,761	
127 Gifts Catalog Fund	2,600,565	332,360	661,415	2,271,510	
130 Cemetery Maintenance/Imp. Fund	(22,633)	202,562	340,938	(161,009)	
137 Cemetery Maintenance Fund	959,784	96,924	25,000	1,031,708	
138 Sister City Commission Fund	21,556	6,230	7,400	20,386	
140 Business Improvement District Fund	22,035	79,209	80,400	20,844	
141 Affordable and Supportive Housing Fund	439,126	65,000	-	504,126	
142 Edmonds Rescue Plan Fund	36,932	-	-	36,932	
143 Tree Fund	153,364	58,259	-	211,623	
<b>Total Special Revenue Funds</b>	<b>12,952,073</b>	<b>13,253,453</b>	<b>12,743,050</b>	<b>13,462,476</b>	
<b>DEBT SERVICE FUNDS</b>					
231 2012 LTGO Debt Service Fund	-	301,190	301,190	-	
<b>CAPITAL PROJECT FUNDS</b>					
332 Parks Capital Construction Fund	497,343	208,860	-	706,203	
<b>ENTERPRISE FUNDS</b>					
421 Water Utility Fund	6,854,121	14,779,973	18,318,201	3,315,893	
422 Storm Utility Fund	6,369,605	11,313,854	8,665,278	9,018,181	
423 Sewer/WWTP Utility Fund	11,496,782	20,579,448	19,948,905	12,127,325	
424 Utility Debt Service Fund	54,487	1,172,310	1,148,390	78,407	
<b>Total Enterprise Funds</b>	<b>24,774,995</b>	<b>47,845,585</b>	<b>48,080,774</b>	<b>24,539,806</b>	
<b>INTERNAL SERVICE FUNDS</b>					
511 Equipment Rental Fund	5,642,647	2,420,770	1,972,106	6,091,311	
512 Technology Rental Fund	615,158	2,505,723	2,615,344	505,537	
<b>Total Internal Service Funds</b>	<b>6,257,805</b>	<b>4,926,493</b>	<b>4,587,450</b>	<b>6,596,848</b>	
<b>TOTAL BUDGET</b>	<b>51,392,444</b>	<b>\$ 120,360,145</b>	<b>\$ 118,571,910</b>	<b>\$ 53,180,679</b>	

# A Less Expensive Alternative Budget Exists ...



# Alternative Budget Summary

- A legal framework has been proposed to supplement the General Fund
- It utilizes untapped financial resources sitting in the bank
- It offsets proposed \$6M in “cuts” if the \$14.5M levy fails
- It maintains a balanced budget without cuts
- It provides time to right-size the levy for a future vote
- The City Council would need to take legislative action to enact
- Combined with the \$5M in new revenue that the city is pursuing will provide for a robust budget – even a vibrant one!

**This is a viable and transparent alternative that the city rejected**

# Financial Recovery Plan

## Vote NO on Prop 1

- Establish Finance Commission/Board (Blue Ribbon Panel)
- Adhere to financial policy and strategic forecasting
- Establish departmental performance metrics
- Revenue Stabilization and Recovery Measures
  - Transfer underutilized fund balances (\$6M)
  - New non-property tax revenue (\$5M)
  - RFA annexation savings (\$6.5M)
- Expenditure Control and Cost Efficiency
  - Keep existing operations and infrastructure functional
  - Expand revenue at a reasonable rate
  - Operational and organizational reforms
- Debt Management and Restructuring
  - Capital project planning
- Determine reduced levy lid lift requirements

**Thank You**

**Questions?**