

Is the City attempting to bankrupt citizens by this \$14.5 million levy?

Mayor Rosen says the City is broke! It's the story continually making the rounds in Edmonds—that the coffers are empty and the lights in City Hall may dim and parks will close.

But... the rest of the story might surprise you.

Edmonds has a strong \$133 million balance sheet, with \$70.9 million in investments. The General Fund is under strain but there are new revenue streams emerging, and other fiscal options exist. Having said that, the Mayor rejected even introducing the alternative option to the City Council at its' first budget retreat.

For years, total revenues have outpaced inflation as Edmonds has many car dealerships and a strong small business community that provides a healthy sales tax and utility taxes have continued to increase over the past decade as the City started the "pay as to go" concept for the enterprise funds (utilities). Property taxes only represent twelve percent of the total revenue; yet the City continues to use the one percent property taxes increase and inflation as the only main revenue sources despite other sources being available.

For the record, the City "banked" four years of property taxes 2018-2022 as the City had such a strong balance sheet. They were "unbanked" as a result of the fiscal emergency Council initiated in November 2023.

In late 2024, the City Council passed a balanced 2025-2026 biennial budget which reflected only a \$6 million levy. Along with the balanced budget, the Comprehensive Facility Plan (CFP) and Comprehensive Improvement Plan (CIP) were also balanced and designated expenses were part of that balanced budget.

Surprisingly in mid-2025, Mayor Rosen indicated he needed a \$19M levy and Council dropped it down to \$14.5 million and ask the Administration to come up with \$5 million in new non-property tax revenue.

This mid-biennium update was not explained or justified and months later, when the 2026 budget addendum was finally completed it added \$10 million in new revenue but fund balances were incomplete, it was missing a new forecasting strategy, and all assumptions were not supported. It was not rejected by Council despite all its' shortfalls. The adage "garbage in equals garbage out" comes to mind.

In 2023, Mayor Rosen inherited a \$4.7 million General Fund imbalance and many citizens asked the previous administration and then this administration for an explanation and reconciliation – but we were ignored. Even Council did not ask the Auditors for that multi-year reconciliation and so the audit only identifies the continued "internal control" mismanagement concerns. It was also not part of the Blue Ribbon Commission scope so today it still remains unreconciled or footnoted in the financial statements.

Transparency on monthly financials also slipped in early 2025 and Council did not require the Administration to follow the approved polity. Mayor Rosen has claimed he has cut \$7M or \$8M in expenses and continues to claim these budget cuts exist, but the numbers do not support this claim.

Despite the City not “funding” the 32 “unfunded” positions, the Administration would have to do a budget amendment to remove that budget authority. And about those “deep staff cuts” if the levy fails? The current budget authorizes 252 positions, thirty-two unfilled, projected to rise to 266 by 2026, plus cost-of-living raises. Recent financials show “cuts” are really vacant positions, not layoffs.

Another myth? “Everyone can afford this levy.” The truth is that 75% of Edmonds households earn below the city’s average income. Proposition 1 would be the second major tax hike in a single year, following the RFA increase, burdening homeowners, renters, and small businesses. It escalates into a \$17 million annual permanent levy—about \$95 million over six years—far beyond historic spending levels. The passage of this levy force those on fixed incomes or living paycheck to paycheck to evaluate if they will be able to afford this added tax. Don’t be fooled by “all seniors” will qualify for the discount as to date, the City has only about 800 qualifying seniors. Despite the threshold being increased to a high of \$75,000 – it does include all income not just social security.

Meanwhile, the \$12.1 million annual savings from RFA annexation and \$5 million per year in new revenues could more than cover staffing needs – but again recall, the Administration has not given citizens an updated strategic forecast in the 2026 budget amendment. Further, there is NO footnote regarding the \$15 million in unpaid Ground Emergency Medical Transport fees remain outstanding from the Regional Fire Authority. Reportedly, the City is in mediation, but nothing is being said? Source documents provided to the City are very credible and hundreds of hours were spent on this project which included public records requests from the City and the Regional Fire Authority. Considering the City gave away two fire stations (assessed value of over \$6.3 million) and Council gave away \$6.0 million of the remaining \$7.1 million left in the 2025 budget after the fire contract was cancelled, it seems the City needs to be forthright with those emergency transport fees.

Then there’s the threat —“the Frances Anderson Center and parks will close.” This is campaign fear. The adopted budget already includes park investments within a balanced six-year plan. Shortfalls can be resolved if general funds are reallocated as suggested to the City at the Budget retreat which will take a legislative action by Council since it is the Council’s budget.

Finally, they say Proposition 1 is all or nothing and that the City Council can’t reallocate any funds and it’s illegal. History says otherwise. In 2020, the City transferred \$1.5 million from the Equipment Rental Fund to the General Fund—legal then, legal now.

The Blue-Ribbon Commission has recommended a Citizens Finance Committee to help set a right-sized levy for 2027. Considering only two Council Members seem to really understand municipal finance, this would be a strong recommendation as in 2010, the

City Council did select a seven-member Levy Committee to determine the size and structure of the levies that were put on the ballot.

Maybe Edmonds isn't broke after all. Maybe what's missing isn't money—but management.

And now... you know the rest of the story.