

Why Annual Budgeting MUST be implemented to aid Edmonds' recovery

Edmonds is at a serious financial crossroads and the choice of how Council budgets will directly shape how well the City will recover in an efficient manner. I recently urged the City Council to return to annual budgeting as the Mayor seems opposed as the reasons for an annual budget are straightforward. The City is navigating a financial recovery which has been “years in the making” and now amid rising consumer costs, new and uncertain revenue streams, and the pending development of a formal Recovery Plan provided by consultants, it seems logical. Locking the City into a two-year budget cycle under these conditions is not just impractical—it’s risky and stupid.

Let’s consider some macro changes: Edmonds is now seeing new revenues from sources like red light cameras and increased utility taxes. At the same time, economic pressures continue to mount, compounded by external factors such as Operation Epic Fury. These are not stable, predictable conditions and are evolving and difficult to forecast even one year out—let alone two.

So, let’s simplify and look at this from a household level as the logic is obvious. When costs are rising and uncertainty is high, people generally tighten their planning horizon and don’t commit to a rigid two-year financial plan especially while simultaneously hiring a consultant to help figure out a comprehensive financial future plan. Generally, households take one year at a time or even month by month to adjust financials as needed and stay open-minded as the economy unfolds.

Unfortunately, Mayor Rosen just announced the City’s processes for the 2026-2027 biennial budget is starting and I believe this directive makes no sense since the consultant’s “Recovery Plan” will certainly reshape the City’s financial outlook for 2027. In practical terms, the Council will be adopting a budget today which will be obsolete tomorrow.

The Council has the authority to change this. It has done so before.

When I joined Council in 2010, the depths of the Great Recession had Edmonds facing similar financial instability. The General Fund was being displayed as a modified working capital equation, revenues were uncertain, expenses were rising, and long-term projections were unsupported. In response, the Council moved to full financial transparency and annual budgeting to improve accuracy, transparency, and responsiveness. That decision allowed the City to better track and adjust to rapidly

changing conditions and gave Council (and by extension, the citizens) more control over understanding the finances of the City.

Sure, biennial budgeting has its advantages and all of Council, except me, voted to approve a biennial budget for 2024-2025. The Administration was “all in” for biennial budgeting as it does streamline processes, reduces administrative workload, and simplifies long-term capital planning but more importantly, the software company and experts suggested using it.

Annual budgeting offers something more valuable right now: clarity! It allows the Council and the public to closely monitor how new revenues are performing, how expenditures (especially on personnel and consultants) are evolving and whether financial recovery efforts are actually working. Sure, the City will have to “plug” the software – but 2027 numbers can be ignored.

Let’s look at laws: Washington state municipalities (cities, towns, and counties) are required by law to adopt an annual or biennial budget, typically running from January 1 to December 31 and by ordinance no later than December 31. The process requires public hearings, a balanced budget approach, and adherence to RCW 35A.33. So, the law does not prohibit annual budgeting.

Remember, the City used an annual budget for over a decade, and at this moment, the right choice of returning to it is clear.

If City Council is serious about financial recovery, it must prioritize transparency, flexibility, and accountability. Annual budgeting delivers all three.

I encourage residents to engage with their Council Members and ask a simple question: Why commit to a two-year plan in a time of uncertainty, when a one-year approach would provide better insight and control?

This is not about process. It is about trust, oversight, and making informed decisions with the best available information.

Edmonds has adjusted before in times of crisis. It should do so again—now. And now you know the rest of the story.