

Edmonds' Fiscal Future

Background, Challenges,
and a Path Forward



How We Got Here



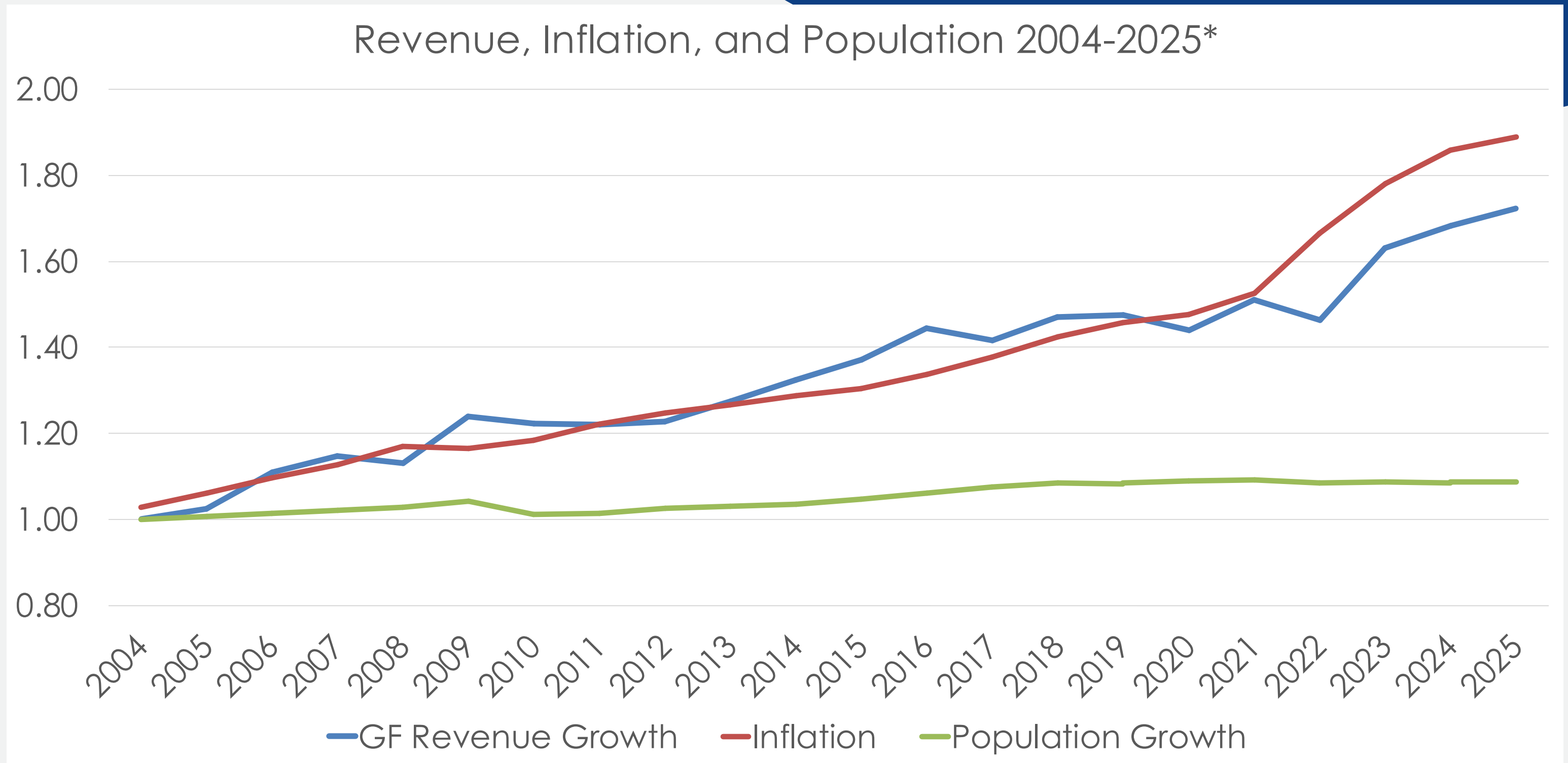
Property tax limited to 1% growth per year
(RCW 84.55)

Depletion of ARPA funds and reserves

Budget overestimates and structural shortfalls

Revenue overestimates and unexpected
expenses

How We Got Here



*Excludes one-time funds such as ARPA, use of reserves, and internal loan

Examples of Recent Cost Increases



City insurance policy costs
up by 39% (\$558K)

Utility rates, fuel, and supply costs
rising due to inflation; sometimes above

Increased service demands:
law enforcement calls, climate
change impacts, park utilization

Competitive hiring environment

Property Tax in Washington State



The City can only increase property taxes by 1% per year unless voters approve a levy increase

Increased home values don't equate to increased taxes

The levy rate adjusts each year to keep the City's total tax revenue within the legal limit

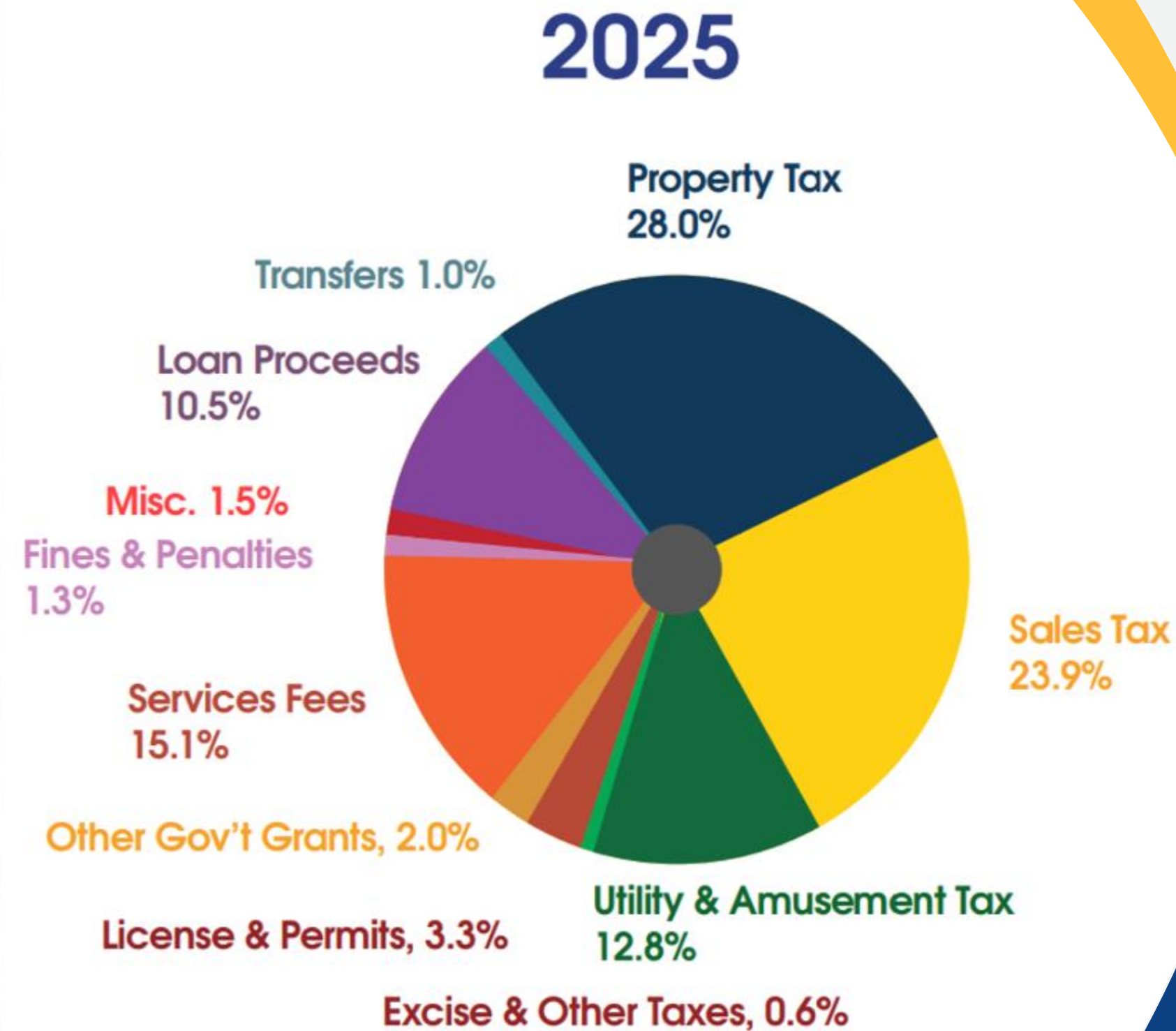
Deferred Maintenance Isn't Working

Building	Cardno Estimated Maintenance Costs (5 Years)	Estimated Capital Replacement Costs (5 Years)	Estimated Building Costs (5 Years)	Cardno Building Replacement Cost	5 Year FCI Score
Boys and Girls Club	\$62,555	\$272,302	\$334,857	\$1,634,707	0.20
Cemetery Building	\$10,325	\$12,404	\$22,729	\$180,105	0.13
City Hall	\$265,405	\$1,679,717	\$1,945,122	\$8,124,420	0.24
Fishing Pier	\$11,830	\$37,781	\$49,611	\$213,795	0.23
Frances Anderson Center	\$389,105	\$2,638,683	\$3,027,788	\$13,113,901	0.23
FS 16	\$97,635	\$404,805	\$502,440	\$3,076,082	0.16
FS 17	\$162,595	\$874,470	\$1,037,065	\$2,817,346	0.37
FS 20	\$93,540	\$143,219	\$236,759	\$1,839,899	0.13
Historic Log Cabin	\$4,460	\$26,078	\$30,538	\$88,697	0.34
Historical Museum	\$51,310	\$64,399	\$115,709	\$1,103,831	0.10
Library and Plaza Room	\$744,030	\$1,371,824	\$2,115,854	\$5,299,970	0.40
Meadowdale Club House	\$30,020	\$94,076	\$124,096	\$941,817	0.13
Old Public Works	\$86,475	\$379,785	\$466,260	\$3,316,926	0.14
Parks Maint. Building	\$34,645	\$267,199	\$301,844	\$1,307,959	0.23
Public Safety building	\$306,265	\$1,426,671	\$1,732,936	\$9,203,257	0.19
Public Works O&M Center	\$146,730	\$1,597,177	\$1,743,907	\$4,822,482	0.36
Wade James Theater	\$44,490	\$493,030	\$537,520	\$2,133,487	0.25
Yost Pool House	\$84,610	\$250,293	\$334,903	\$1,250,373	0.27

FCI is the total cost of the existing maintenance, repair, or renewal of the facility divided by the total estimated replacement value (or CRV, current replacement value) of the facility.

0 to .05	Excellent-Good
.051 to .1	Good-Fair
.11 to .3	Fair-Poor
.31+	Poor-Critical

How Edmonds' Government is Funded



Property Tax: Primary revenue source (28% of General Fund)

Sales Tax: Volatile, and smaller than property tax in Edmonds (24% of GF)

Utility Taxes, Fees, Permits, and State/Federal Grants: Limited use and scope

City Funding Constraints



Enterprise Funds: Restricted for services like water, sewer

Capital funds cannot be used for operations

General Fund supports core services (police, parks, planning)

One-time fixes (ARPA, internal loans) are exhausted



We are Broken

We've cut staff, deferred repairs, and squeezed revenue

Our cuts to services are becoming consistent complaints

The core issue is structural: revenue simply does not keep pace with costs

What We've Done So Far to Address the Issue

In addition to taking an internal loan from the City utility fund, implementing zero-based budgeting, and cutting staffing by 48 employees, the City has:





What's next?

How do we figure out the right path?

Three options

Potential Levy Scenarios

This decision is about three futures for Edmonds

Reduced Service Levels

Stay at current level of lowered service levels and continued deferred maintenance

Invest in a Sustainable Future

Invest in public safety, address deferred maintenance, make meaningful improvements to service levels

Change Service Model

Elimination of services and staffing and risk of building closures due to safety concerns

Inputs for Decision Making – Sustainable Future

Community Priorities

What is our community
telling us matters to them?

Vital Services & Mandates

What services are we required
to provide by law?

How do we deliver the quality
of life the community desires?

Regional Comparables

What are other cities doing?
What are the costs per capita?

Cities Vary

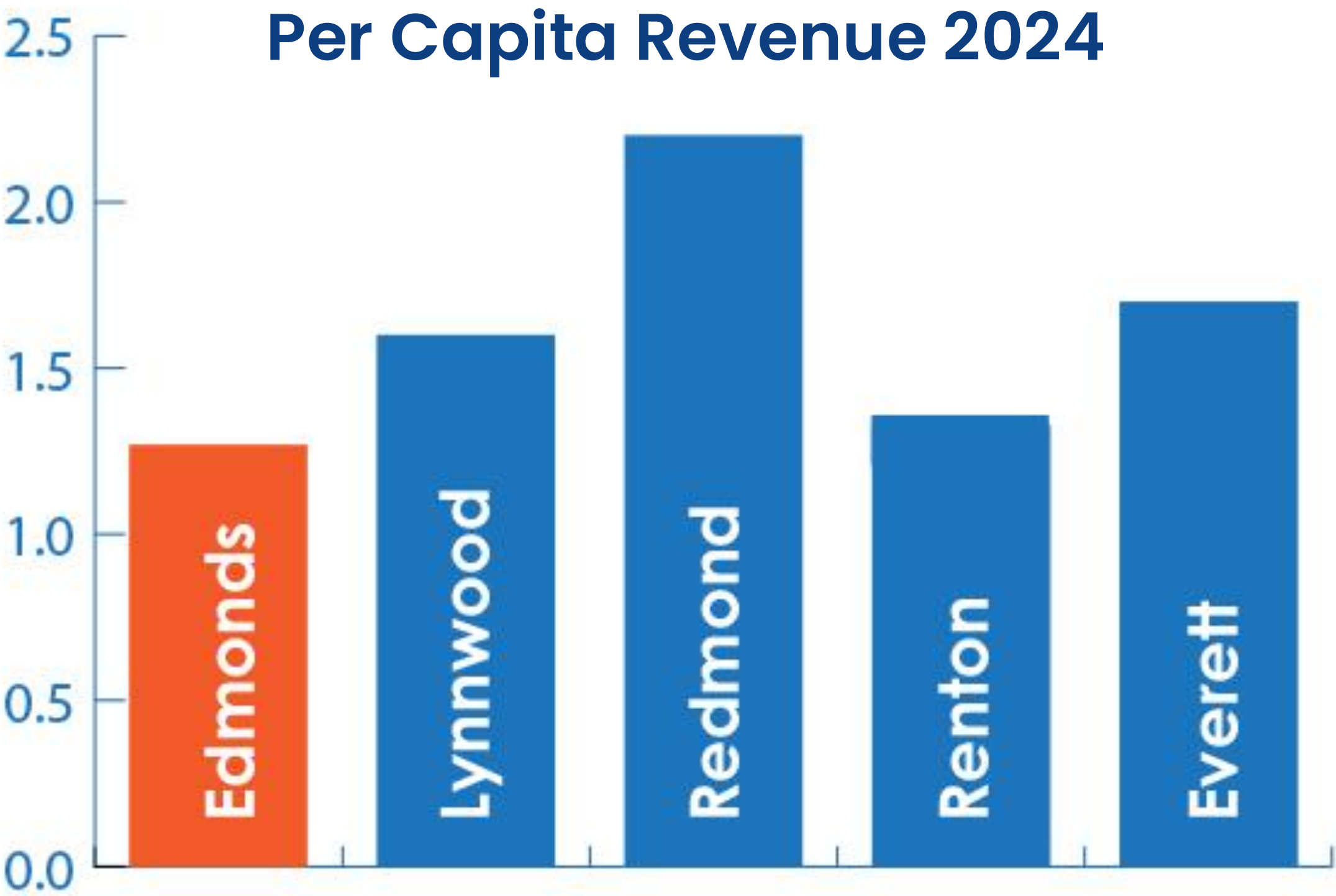


Caveats:

Comparisons are extremely hard to make
(for a variety of reasons)

Data from posted city websites, OFM
(population) and US Census

Budget Comparisons



Notes:

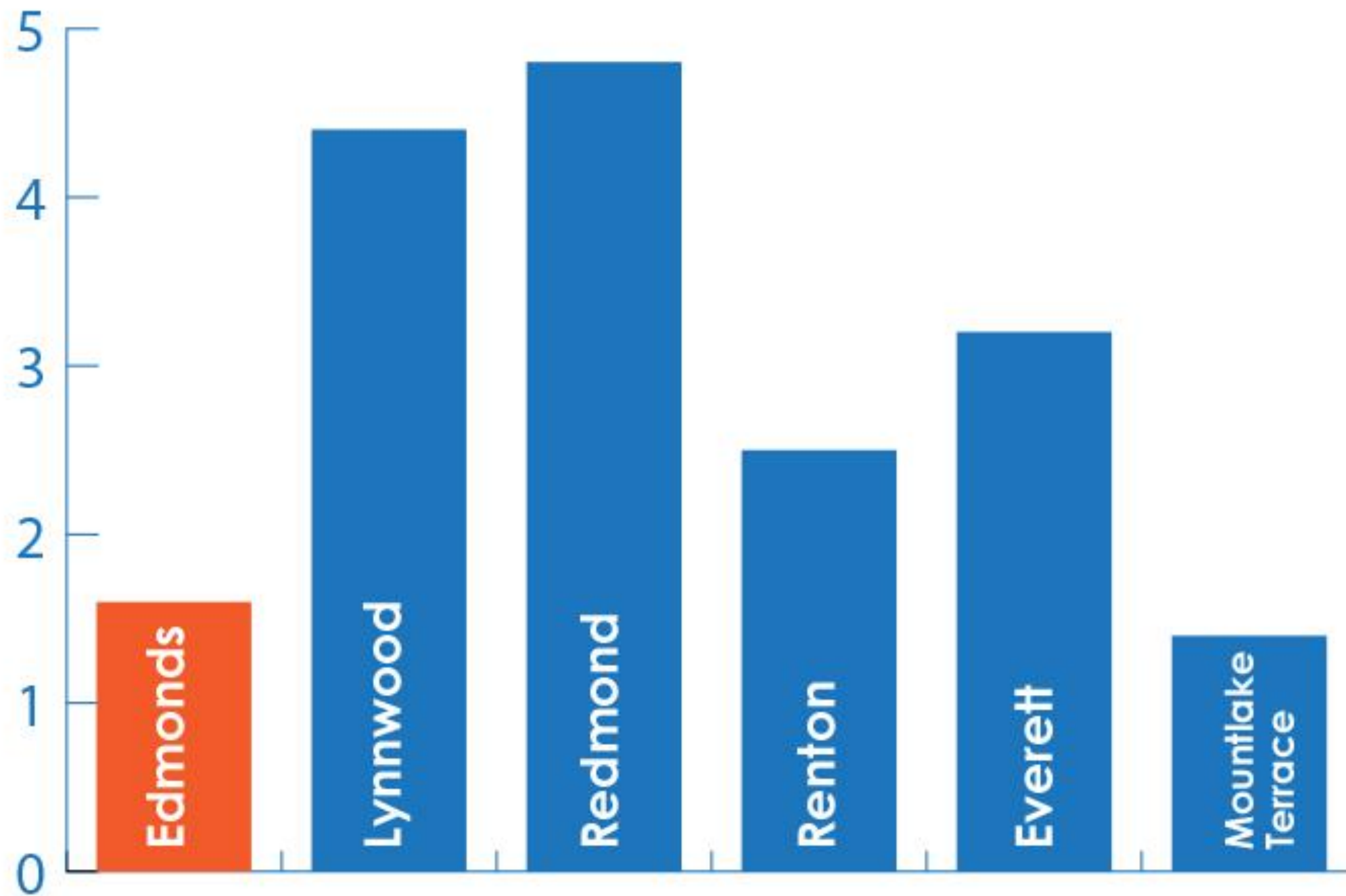
- Lynnwood
 - sales taxes & traffic fines
- Redmond
 - well funded replacement reserves & infrastructure
 - business license fees
- Renton – B&O tax
- Everett – B&O tax

Budget Comparisons

Adjusted for RFA & Library levy	Population	GF Rev	Prop Tx	% From Prop Tx	Prop Tx/ Capita
Edmonds	43,370	\$50.0 M	\$15.7 M	31%	\$362.60
Lynnwood	40,592	\$79.4 M	\$4.5 M	7%	\$110.86

Comparables

(General Fund only)



Price of Government
(POG) = budgeted
revenues / (per capita
income * population)

Since “POG” factors in per
capita income it should
reflect geographic and
economic differences

Potential Additional Funding Options



Public Safety Sales Tax ~1.5M/year

Cultural Access Sales Tax ~\$1.5M/year
maybe only \$150k to city

Parking revenue, further fee adjustments

Legalize gambling

*Note: these are supportive options—not
sufficient to solve the structural deficit*



**What if a levy fails, or we
don't put a levy on the
ballot?**

Cuts to Public Safety

- Longer response times
- Limited property crime investigations
- Reduced community engagement
- Loss of Human Services
- Increased burnout and turnover
- Reduced training



Cuts to Parks Maintenance

- Parks maintenance limited to safety and preservation
- Toilets emptied less often, or closed
- Slower clean-up of graffiti or damage
- Shorter hours at FAC
- Growing deferred maintenance

Cuts to Public Works

- Our buildings continue to deteriorate
- Our roads deteriorate more quickly
- Long-term costs increase dramatically
- Increased safety issues



Cuts to Planning and Economic Development

- Unable to proactively plan for regional changes
- More haphazard development
- Limited ability to attract & retain businesses, and partner with property owners
- Limited ability to work with our state and federal legislators effectively

Opportunities for Public Input

Date	Type of Meeting	What	
May 9	Budget Retreat	Introduction/ Discussion	
May 13	Council Meeting	Audience Public Comment Council Discussion	
May 20	Committee of the Whole	Council Discussion	
May 22	<i>(Tentative)</i> Council Public Outreach		
May 27	Council Meeting	Audience Public Comment Council Discussion	
June 3	Council Meeting	Audience Public Comment Staff Presentation Council Discussion	
June 10	Council Meeting	Audience Public Comment Council Discussion	
June 17	Committee of the Whole (proposed to be Council Special Meeting)	Council Potential Action	Motion to Direct City Attorney to Draft Resolution, Set date for PH

Opportunities for Public Input

Date	Type of Meeting	What	
June 24	Council Meeting	Audience Public Comment Council Review of Resolution	
July 1	Council Meeting	Audience Public Comment	Public Hearing
July 8	Council Hearing	Audience Public Comment Potential Council Action	<ul style="list-style-type: none">• Consider Adoption of Resolution to place levy lid lift on November election• Approve Pro/Con Committee Selection Process
July 15	Committee of the Whole	Council Discussion	Pro/ Con applicants published in packet
July 22	Council Meeting	Audience Public Comment	Pro and Con Committee Appointments
July 29	5th Tuesday – possible Council Special Meeting	Audience Public Comment	
August 5	DEADLINE	Filing Deadline	

Let's hear from you

Help shape Edmonds' future

