Welcome

2027 / 2028

City of Edmonds Budget Planning Retreat

5.30.26 City Hall Brackett Room

Welcome

Council President

Michelle Dotsch

Review Agenda

Mayor

Mike Rosen

AGENDA

8:30 - 8:45	15 min	Arrive and consume coffee	
8:45 – 8:50	05 min	Welcome	CP Michelle Dotsch
8:50 – 8:53	03 min	Review Agenda	Mayor Rosen
8:53 – 9:10	17 min	Budget Foundation	Mayor Rosen
9:10 – 9:40	30 min	Finding our Vision and Charting a Path	Mayor Rosen
9:40 – 10:25	45min	Tracking Progress Toward Community & Council Vision	Mayor Rosen
10:25 – 10:40	15 min	Break	All
10:40 – 12:00	80 min	Financial Assumptions	Kisha Post & Mayor Rosen
12:00 – 12:30	20 min	Lunch	All
12:30 – 1:15	45 min	Identified Existing Deficits	Mayor Rosen
1:15 – 2:00	45 min	Budget Format	Kisha Post
2:00 – 2:20	20 min	Decision Process	Beckie Peterson & Luke Lonie
2:20 – 2:40	20 min	Schedule	Teresa Simanton
2:40 – 2:55	15 min	Recap and Next Steps	Mayor Rosen
2:55 – 3:00	05 min	Closing Comments	CP Michelle Dotsch
3:00	ADJOURN		

Budget Foundation

Mayor

Mike Rosen

Budget Foundation

Guiding Principles
Community Priorities
Council Priorities
Framework Best Practices

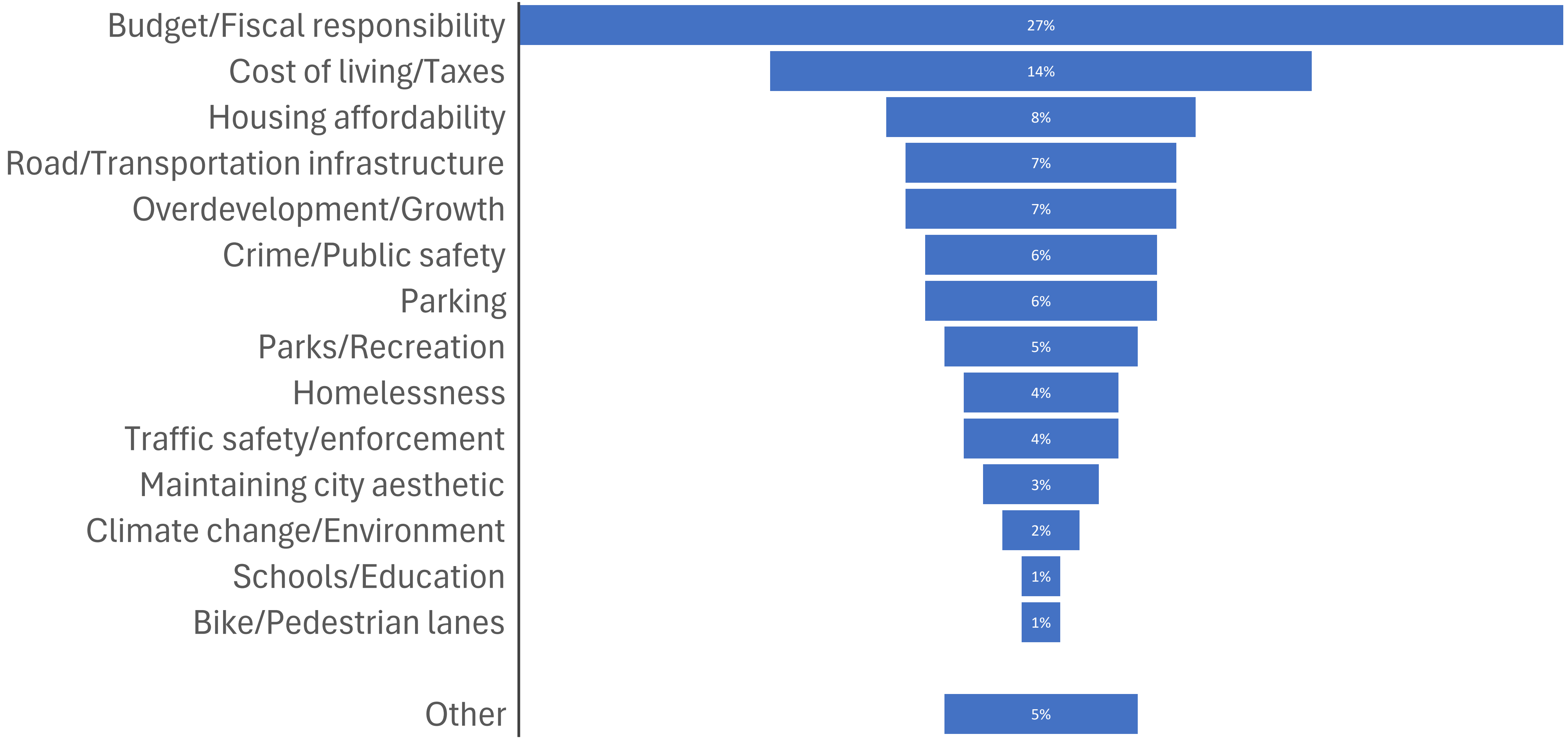
Guiding Principles

1. Alignment with community and council priorities
2. Consider long-term fiscal sustainability impacts
3. Balance near-term needs with future obligations
4. Use data and outcomes to guide decisions
5. Promote transparency and public trust
6. Advance equity and accessibility
7. Advance economic vitality
8. Pursue operational efficiency and innovation
9. Leverage partnerships
10. Course correct based on new information and/or changing conditions

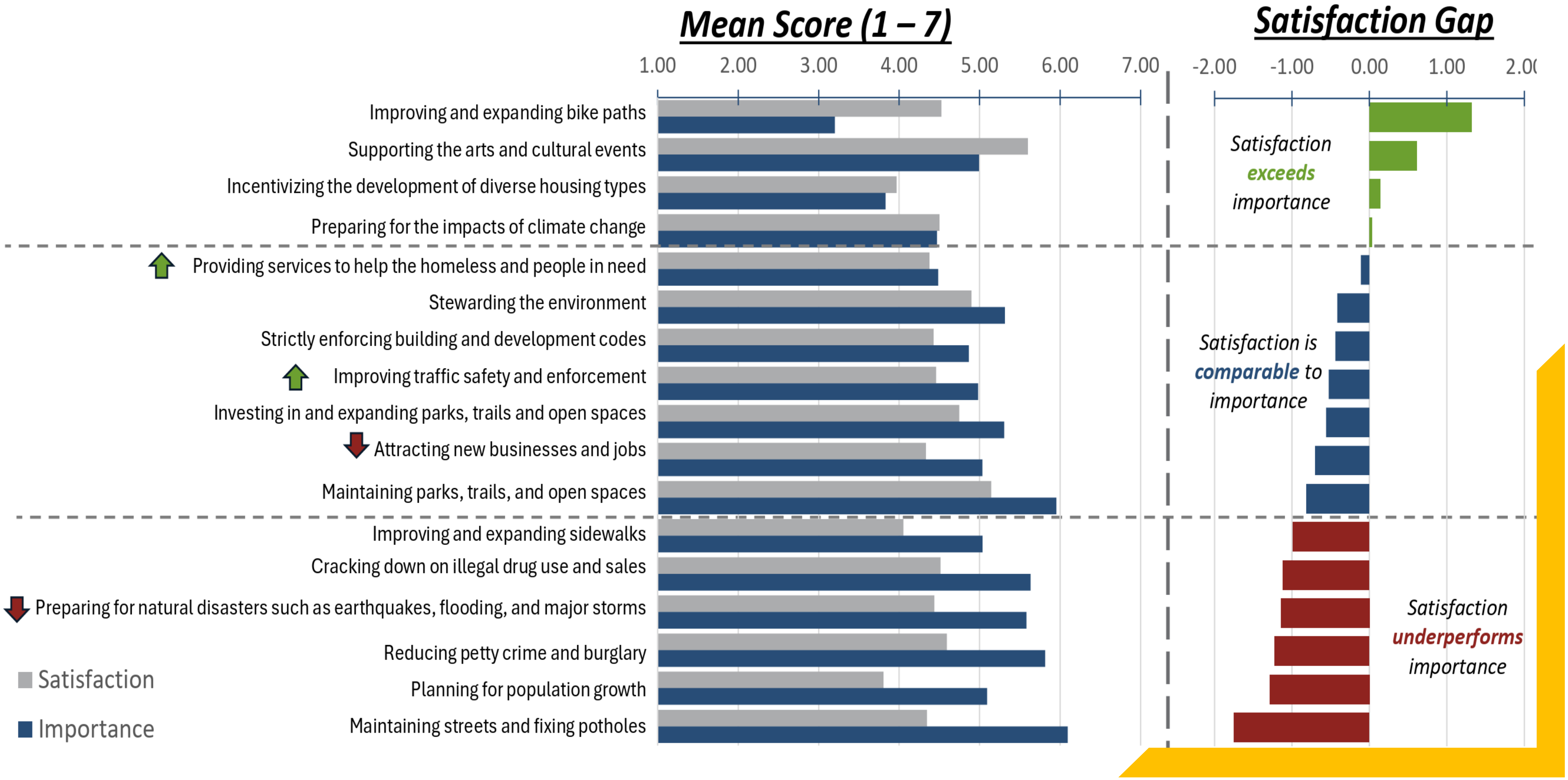
Council Priorities

Financial Stability Establish disciplined, outcomes-focused budgeting across all city spending – aligning discretionary investments with Council priorities, tracking performance and results for required services, and strengthening stable revenue plans to move the city out of crisis mode and into long-term financial stability.	**Strategic Clarity and Direction** Establish clear council priorities and objectives to guide strategic decision-making and enable modern, outcomes-focused governance that delivers clearer, more consistent results for the community.
Prioritization, Trade-offs, and Capacity Make clear, equitable, and transparent choices about city priorities, recognizing limited capacity, and focusing efforts where they deliver the greatest overall community benefit.	**Economic Development** Support and strengthen existing businesses while attracting new businesses and shaping economic growth and redevelopment opportunities that preserve Edmonds neighborhood character, enhance livability in commercial and urban areas, and advance long-term financial stability.

Community Priorities

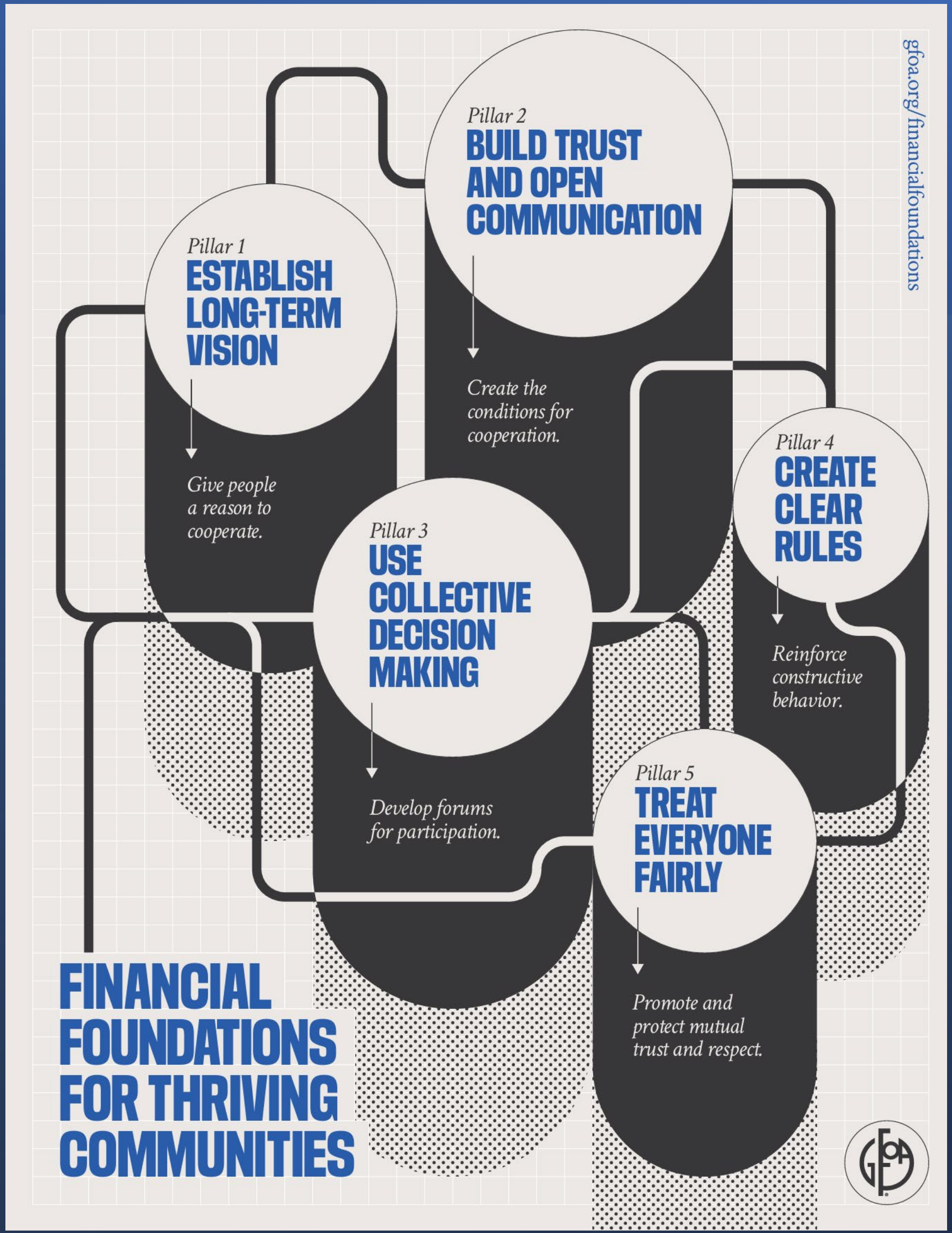


Gap Analysis



Government Finance Officers Association

(GFOA)



Framework Best Practices

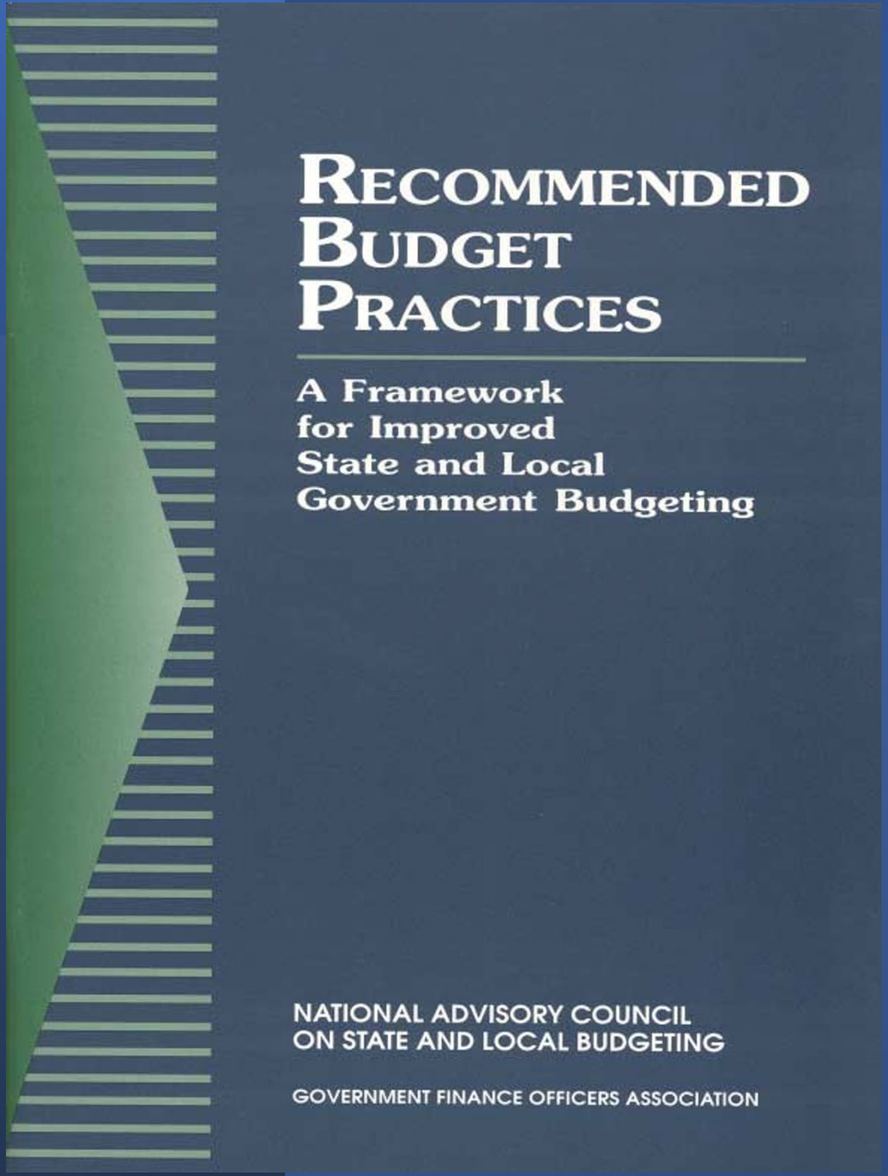
Framework Best Practices

Principle 1: Establish Broad Goals

Principle 2: Develop Approaches to Achieve Goals

Principle 3: Develop a Budget Consistent with Approaches to Achieve Goals

Principle 4: Evaluate Performance and Make Adjustments



Finding Our Vision & Charting Our Path

Mayor

Mike Rosen

No resident wakes up wanting a better Schwing Bioset piston pump. They want a safe neighborhood, clean water, and a good life.

Government thinks in nouns.	Residents think in verbs.
Government measures: • potholes filled • permits issued • inspections completed • reports filed • services delivered	**Resident measures:** • getting to work on time • moving safely through the city • building homes and businesses without friction • living in a clean, well-maintained neighborhood • trusting that things will work when needed

Bothell 2040 Vision and Strategic Priorities

Connecting Neighborhoods

Economic Vitality

Community of Trust and Respect

A Joyful and Healthy Way of Life

Building Bothell's Beloved Community

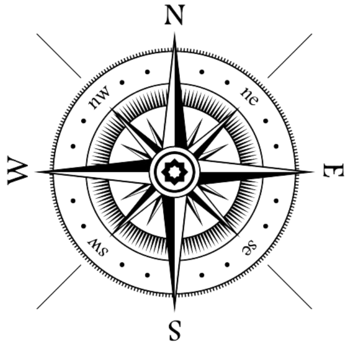
Environmental Stewardship

Transportation - Moving In and Around Bothell

Bellevue Vital Signs

Outcome: Economic Growth and Competitiveness
Residents who say the city is headed in the right direction/strongly headed in the right direction
Residents who agree Bellevue is doing a good job in planning for growth
Outcome: Healthy and Sustainable Environment
Unplanned water service interruptions per 1,000 customer accounts
Percent of days per year in compliance with state and federal drinking water regulations
Outcome: Improved Mobility
Mobility Management Areas (MMAs) meeting level of service and concurrency standards
Average pavement rating across the residential roadway system
Neighborhood street sweeping – somewhat/very satisfied
Outcome: Innovative, Vibrant, & Caring Community
Overall somewhat/very satisfied with parks and recreation in Bellevue?
Outcome: Quality Neighborhoods
Percent of residents who rate their neighborhood as a good/excellent place to live
Outcome: Responsive Government
Maintain Aaa bond rating
Percent of residents who rate Bellevue as a good/excellent place to live
Percent of residents getting/definitely getting their money's worth for their tax dollars
Outcome: Safe Community
Fires confined to room of origin
Cardiac arrest survival rate
Part One UCR Crimes per 1,000 citizens
Priority One call response times

bakertilly



Help establish our financial north star and work with us, and the community, on how achieve it and help provide Key Performance Indicators (KPIs.)

Develop a long-range financial forecast

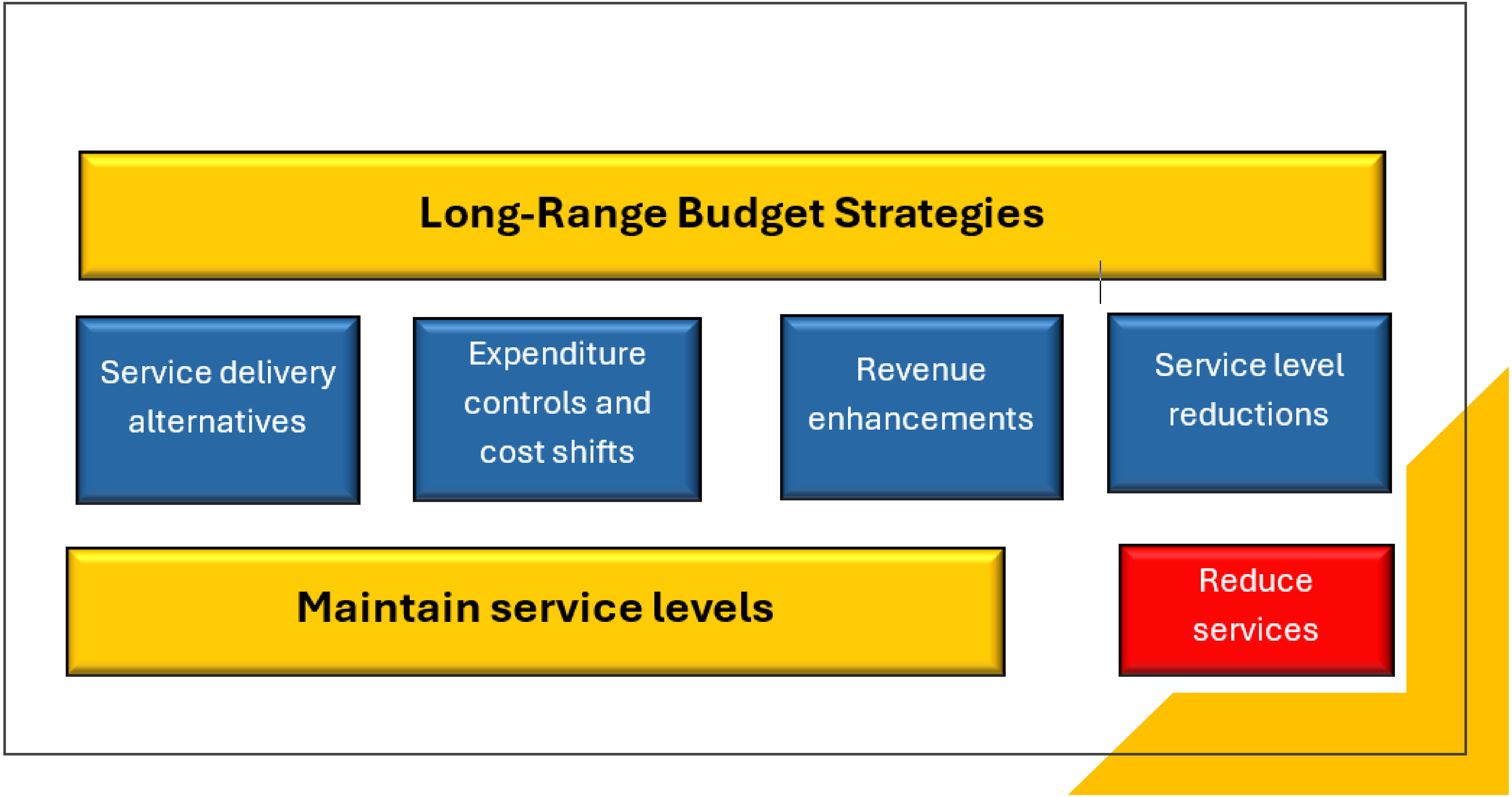
- Gather information
- Conduct high-level analysis of unfunded/underfunded needs
- Develop baseline fiscal trend model

Evaluate and identify budget strategies for consideration

- Analyze data and prepare initial matrix of strategies
- Prepare draft budget strategies and analysis slide deck
- Prepare draft budget strategies and analysis
- Draft Fiscal Recovery Plan

Support creation of the Fiscal Sustainability Task Force

- Review historical background
- Review City services and how they are funded
- Review municipal finance and budgeting in the City
- Review the fiscal problem and financial forecast
- Review budget strategies
- Review public engagement results
- Formulate task force recommendations
- Present the fiscal sustainability plan project report


Long-Range Budget Strategies
Service delivery alternatives
Expenditure controls and cost shifts
Revenue enhancements
Service level reductions
Maintain service levels
Reduce services

McKinsey Framework for Capacity Building

- ASPIRATIONS (Mission, vision)
- STRATEGY (Actions and programs to fulfil mission)
- ORGANIZATIONAL SKILLS (Perfomance management, external relationships)
- HUMAN RESOURCES (Experience, capabilities)
- SYSTEMS AND INFRUSTRUCTURE (Planning, infrsutructure)
- ORGANIZATIONAL STRUCTURE (Inter-function coordination)
- CUTLURE (Shared values and oreintation towards performance)

Forum Solutions

FOCUS ON ECONOMIC DEVELOPMENT

Forum Solutions

Interviews - Study session with council - Identify capability gaps

Develop a road map for economic development that will become our template for out other initiates

Tracking Progress Toward Community & Council Vision

Mayor

Mike Rosen


"IF YOU DON'T KNOW WHERE YOU ARE GOING, ANY ROAD CAN TAKE YOU THERE."
LEWIS CARROLL, ALICE IN WONDERLAND

KPI: measures whether you are achieving success
Metric: measures activity

KPI: race completion time

Metrics: steps, calories, sleep hours, water intake

NORTH STAR

ROAD MAP

CHECK POINTS

Mission/Purpose Why does the city exist
(*i.e. Protect quality of life / Deliver equitable public service*)

North Star What kind of city are we trying to become
(*i.e. The safest most livable city in the region*)

Strategic Priorities What matters most
(*i.e. Public safety / housing affordability / Economic vitality*)

Desired Outcomes What should residents experience
(*i.e. Feel safe everywhere / Parks are clean & accessible*)

Strategic KPIs The few indicators showing success
(*i.e. Violent crime rate / satisfaction index in survey*)

Supporting Metrics What measures support the KPI
(*i.e. Police staff levels / call response time*)

0	Homicide	45	Motor Vehicle Theft
15	Sex Offenses	31	Stolen Property
316	Assault	16	Extortion/Blackmail
7	Kidnapping	19	Counterfeiting/Forgery
1	Purchasing Prostitution	210	Fraud
61	Violation/No Contact Orders	2	Embezzlement
29	Weapon Law Violations	3	Arson
726	Larceny/Theft	292	Destruction/Vandalism
21	Robbery	139	Drugs/Narcotics
120	Breaking and Entering	6	Pornography
		2	Animal Cruelty

Code Enforcement

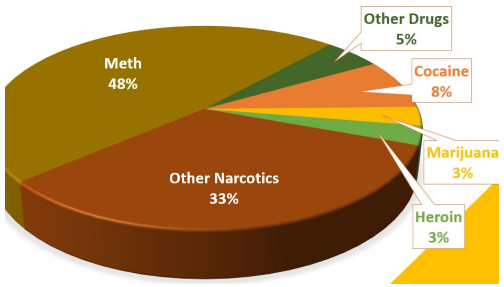
164 / 142

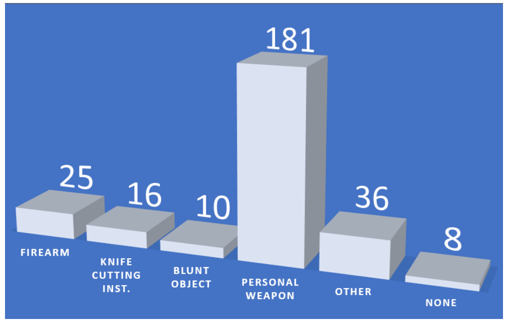
New / Resolved
Cases

Park Maintenance

- 233 Acres of parks and open space
- 1 Mile of public waterfront access
- 14 Playgrounds
- 8 Restrooms
- 13+ Miles of walking paths and trails

Athletic fields, an outdoor pool, spray park, skate park, fishing pier





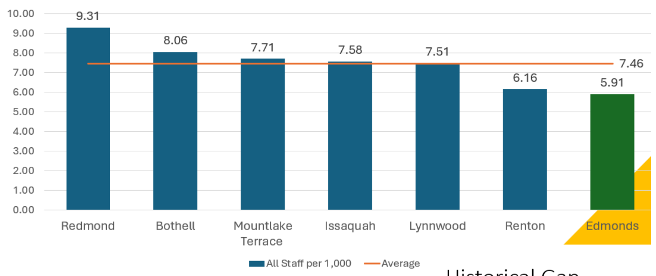
Promotion of local businesses:

- 250 social media posts promoting local businesses
- 60 media mentions
  (Seattle Times, Evening Magazine, Seattle Met, Seattle Mag)
- Featured in SeaTac and Paine Field airports

Instagram

- 8,032 Followers
- 9,588 Interactions
- 74.2% Are reel driven
- 38.4% From non-followers

2026 All City Staff Size



2025 Revenues

- Overall, revenues behind budget by $1.87M
- Retail Sales Taxes lower
- Fines & Forfeitures lower than expected (Traffic Cameras late)
- Interfund Service Charges impacted by delay of capital projects.

	2025 Original Budget	2025 Amended Budget	2025 Estimate	2025 Estimate Diffference
Beginning Fund Balance	**757,457**	**1,336,346**	**1,336,346**	
Revenue				
Property Taxes	15,936,000	15,936,000	15,956,578	20,578
Retail Sales Taxes	12,577,229	12,577,229	11,724,263	(852,966)
Other Sales Taxes	1,000,000	1,000,000	1,064,880	64,880
Utility Taxes	7,266,594	7,266,594	7,636,854	370,260
Other Taxes	360,100	360,100	402,435	42,335
License/Permis/Franchise	1,827,670	1,827,670	1,934,115	106,445
Construction Permits	40,000	40,000	159,537	119,537
Grants	46,000	37,735	334,518	296,783
State Revenue	1,106,000	1,106,000	1,145,122	39,122
Charges for Goods & Services	4,114,738	3,797,016	4,284,180	487,164
Interfund Service Charges	4,460,521	4,836,103	3,580,774	(1,255,329)
Fines & Forefitures	2,888,000	2,888,000	2,023,781	(864,219)
Miscellaneous Revenues	841,838	901,838	927,773	25,935
Interfund Loan	6,000,000	6,000,000	6,000,000	-
Transfers	580,000	580,000	108,822	(471,178)

Drinking Water

- Water quality –
  - Tested 528 times. No issues found
- Fire Flow –
  - 7.5 million gallons of stored water in reservoirs and 1,205 fire hydrants operational

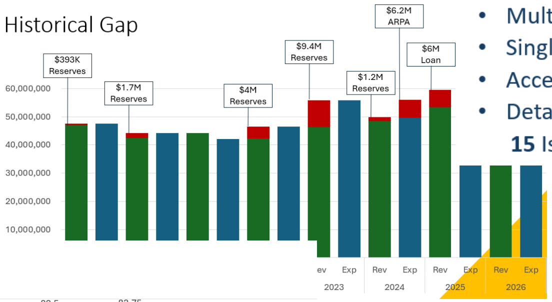
Water pressure –
- Maintained with 22 pressure reduction stations and operated/repaired 138 miles of water pipes

10,331 water meters

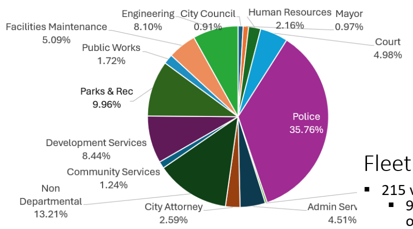
New housing permits:

- Multi-Family: **1** (6 units)
- Single Family: **18**
- Accessory Dwelling Units: **5**
- Detached Accessory Dwelling Units
  15 Issued / 38 applications

Historical Gap



Allocation of Resources - 2026



FACEBOOK

8,500	Followers +163.7%
23,400	Visits
1,044,136	Views
11,185	Interactions+130%
151	Pieces of content

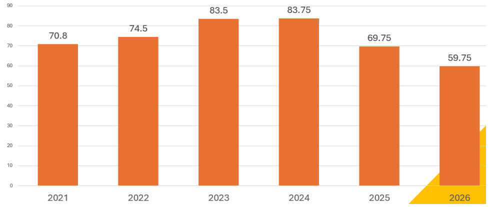
INSTAGRAM

2,395	Followers
1,500	Visits +60%
89,300	Views
1,800	Interactions +100%
111	Pieces of content

Fleet

- 215 vehicles maintained and repaired
  - 95% preventative maintenance occurred on time
  - 730 repairs
- 10 accidents in 2025 - 20% reduction from 2024
- Green Fleet Efforts
  - 16 hybrid, 11 EV, 39 propane vehicles Reduced CO2 emissions by 72,000 pounds

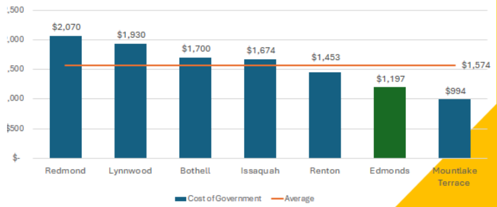
Police Staffing



Recreation

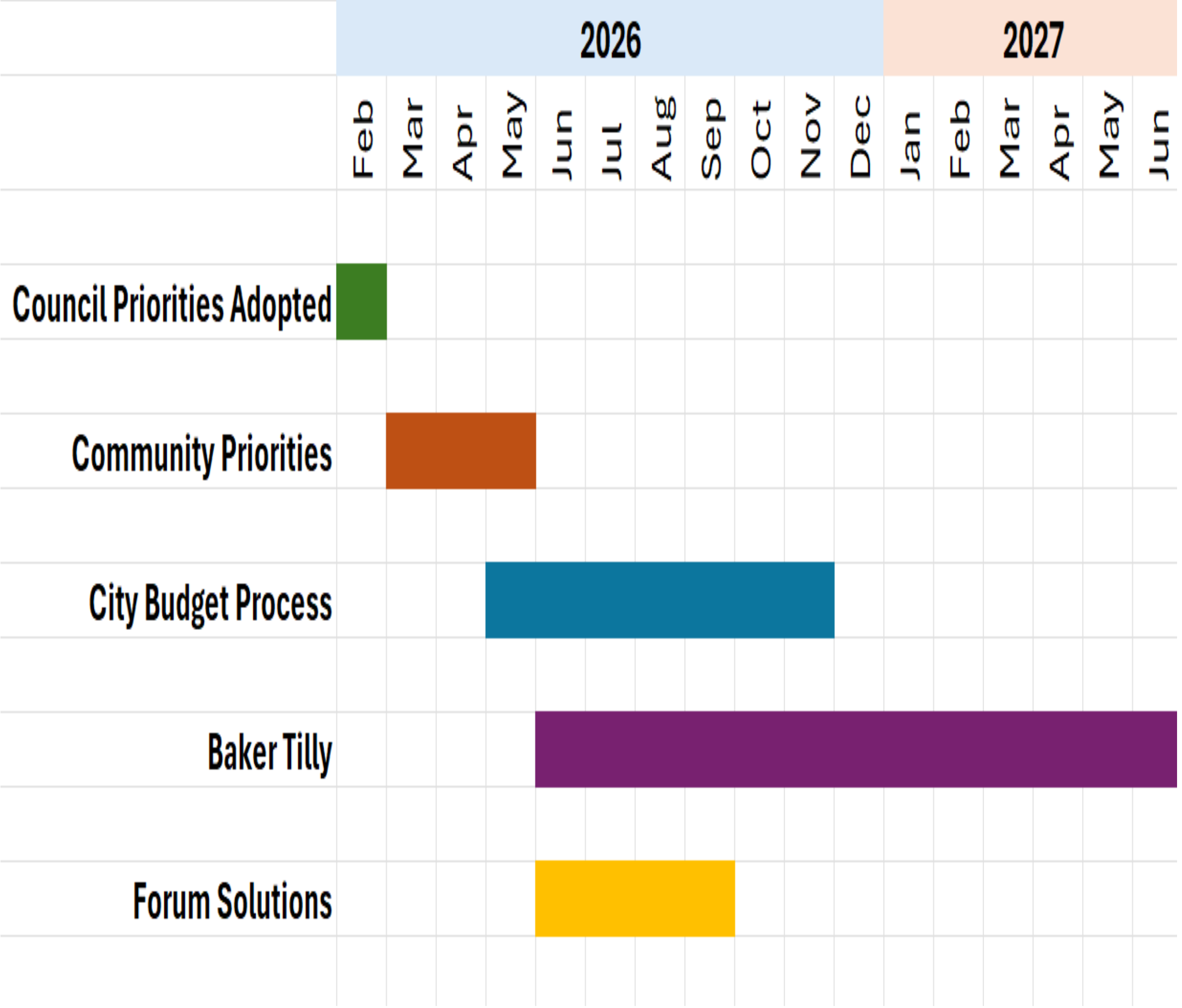
- $1,215,245 Generated (programs, rentals & leases, concessions & sponsorships)
- 593 recreation program offerings
- 8,730 recreation program participants
- 36 Special Events Supported; advancing tourism, economic development
- 7,640 rentals Processed (fields, shelters, classrooms, gym, etc.)

2026 Cost of Government Comps



NEXT

Bakertilly	Forum
With community task force will provide recommended KPIs	Create a committee to generate recommended KPIs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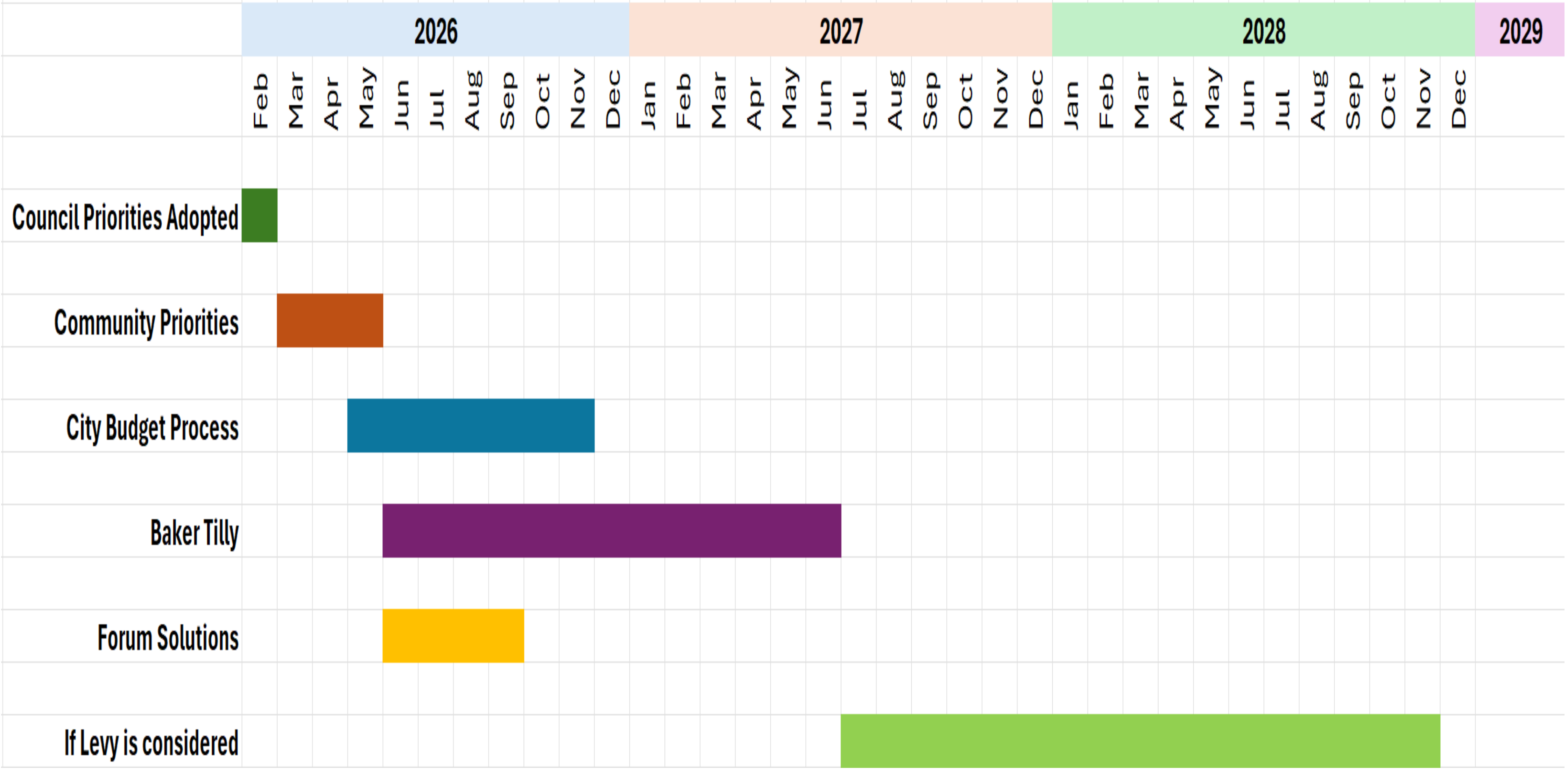
Council Priorities Adopted
Community Priorities
City Budget Process
Baker Tilly
Forum Solutions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If Levy is considered

BREAK

Financial Assumptions

Kisha Post & Mayor Rosen

Cash vs Accrual

How Each Method Calculates "Fund Balance"

CASH BASIS	ACCRUAL BASIS
Cash accounting records income and expenses only when money is actually received or paid.	**Accrual accounting** records income and expenses when they are earned or incurred, regardless of when cash changes hands
Focuses strictly on physical cash flow into and out of our bank accounts.	Recognizes financial events when they happen, regardless of when cash moves.
Balance Includes: • Hard cash on hand	**Balance Includes:** • Hard cash on hand • **Plus:** Money owed to us (Receivables) • **Minus:** Long-term obligations (Liabilities)

How an Interfund Loan Impacts Financials

- **The Interfund Loan Reality:**
  - Under both methods, receiving an internal loan brings physical cash into the bank.
  - **Under Accrual rules**, that loan creates a liability. It cannot be counted as "free equity".
- **The $6M Loan Illusion:**
  - The $6M cash in the bank account was completely real and available for operations.
  - Because the new cash and the new debt perfectly cancel each other out, the loan adds **zero dollars** to our accrual fund balance.
- **The Root Cause:**
  - The fund balance is negative because operational **expenditures outpaced revenues**.
  - The loan kept us liquid, but the structural problem of aligning expenditures with revenues didn't go away.

Where We Stand Today

	2023 Actual	2024 Preliminary	2025 Preliminary	2026 Mod. Budget
Beginning Fund Balance	**11,902,952**	**2,492,460**	**1,336,346**	**(2,046,624)**
Revenue				
Property Taxes	14,892,420	15,539,114	15,977,461	11,713,393
Retail Sales Taxes	11,740,592	11,817,025	11,937,652	11,700,000
Other Sales Taxes	1,048,637	1,047,150	1,085,190	2,000,000
Utility Taxes	6,942,481	7,233,814	7,945,281	10,852,016
Other Taxes	381,405	383,898	475,010	370,100
Licenses/Permits/Franchise	2,079,139	2,172,559	1,915,202	1,925,050
Construction Permits	82,000	85,506	159,537	40,000
Grants	1,645,889	748,674	317,437	140,653
State Revenues	1,132,378	1,135,872	1,142,335	1,108,000
Charges for Goods & Services	3,993,576	4,822,721	3,807,578	3,119,783
Interfund Service Charges	-	-	-	4,613,564
Fines & Forfeitures	194,371	584,607	2,023,781	2,888,000
Miscellaneous Revenues	2,123,396	2,539,533	1,008,415	838,381
Interfund Loan	-	-	-	-
Transfers	97,066	465,274	108,822	50,000
Other Financing Sources			3,091,172	
Total Revenues	46,353,350	48,575,747	50,994,874	51,358,940
Revenue % Change YOY		5%	5%	1%
Expenditures				
Labor	20,237,110	22,320,181	19,883,376	24,396,229
Benefits	7,089,638	7,738,844	7,000,017	8,560,390
Supplies	829,316	497,284	343,086	662,584
Services	24,937,795	16,188,557	21,893,261	12,712,317
Capital	1,010,936	1,499,837	3,091,172	6,000
Debt Service	466,768	907,158	1,441,932	4,215,841
Transfers	1,192,279	580,000	725,000	675,000
Total Expenses	55,763,842	49,731,861	54,377,844	51,228,361
Expense % Change YOY		-11%	9%	-6%
YE Period Adjustment Estimate				3,266,064
Change in Ending Fund Balance	(9,410,492)	(1,156,114)	(3,382,970)	3,396,643
Ending Fund Balance	**2,492,460**	**1,336,346**	**(2,046,624)**	**1,350,019**
Total Revenues	46,353,350	48,575,747	50,994,874	51,358,940
Total Expenditures	55,763,842	49,731,861	54,377,844	51,228,361
Revenues Less Expenditures	**(9,410,492)**	**(1,156,114)**	**(3,382,970)**	**130,579**

Financial Assumptions

Revenue Assumptions

- **Property Taxes -** increase by **1%** of total tax Levy
- **Sales Taxes (retail and other)** - increase YoY by **1%** in 2027 and 2029. Then increase YoY by **2%** in future years
- **Utility Taxes** - tax rate of **20%** for 2026 and six months of 2027. Tax revenue is projected to grow YoY by **4%** due to use and rate changes.
- **Other Taxes -** projected to have YoY growth of **2%** for the Outlook
- **Construction Permits –** fees increased **20%** for 2027. Projected to have YoY growth of **5%** for the Outlook
- **State Revenues -** projected to be flat for the Outlook
- **Charges for Goods & Services -** projected to have YoY growth of **3%** for the Outlook
- **Interfund Service Charges -** projected to have YoY growth of **3%** for the Outlook
- **Fines & Forfeitures -** projected to have YoY growth of **1%** for the Outlook
- **Miscellaneous -** projected to have YoY growth of **2%** for the Outlook

Expense Assumptions - General

- **Labor** - projected to have YoY cost increase of 5% for the Outlook due to COLA and other wage increases. No additions to staff are reflected.
- **Benefits** - projected to have YoY cost increase of 8% for the Outlook.
- **Supplies** - projected to have YoY cost increase of 3% for the Outlook. Driven by the general increase in the cost of goods in the marketplace.
- **Services** - projected to have YoY cost increase of 5% for the Outlook. Driven by the general increase in the cost of goods in the marketplace

Expense Assumptions

Expense	2027	2028
Prisoner Care	$248K	$26K
Automatic Enforcement	$26K	-
911 Dispatch	$33K	$35K
SWAT	$8K	-
Open Space Plan Update	$150 (one-time)	-
Parks Maintenance Supplies	$30K	$30K
Fees for Services (Parks)	$75K	$75K
Worker's Compensation (AWC)	$100K	$100K
Financial Sustainability Planning	$100K (one-time)	-
Prosecuting Attorney Services	$154K	$96K
Defense Attorney Services	$407K	$170K
WCIA (GF Only)	$130K	$140K
Climate Element of the Comp Plan (required by 2029)		$100K (one-time)
Unified Development Code	$50K (one-time)	-
Housing Action Plan		$50K (one-time)
Urban Analysis 3	$100K (one-time)	-
Urban Forest Management Plan Update	$25K (one-time)	-
Unfunded Mandates	$150K est	$150K est

Totals:	
2027	$1,739,000
2028	$756,000
	$2,495,000

Strategic Outlook – Biennium View

General Fund
2027-2032 Strategic Outlook

	2023-24 Actual	2025-26 Estimate	2027-28 Outlook	2029-30 Outlook	2031-32 Outlook
Beginning Fund Balance	**11,902,952**	**1,336,346**	**(2,007,217)**	**(9,087,019)**	**(25,581,715)**
Revenue					
Property Taxes	30,431,534	27,690,854	23,779,359	24,257,324	24,744,896
Retail Sales Taxes	23,557,617	23,637,652	23,752,000	24,591,000	25,583,000
Other Sales Taxes	2,095,787	3,085,190	4,060,000	4,204,000	4,373,000
Utility Taxes	14,176,295	18,797,297	18,245,000	18,099,000	19,576,000
Other Taxes	765,303	845,110	764,000	796,000	828,000
Licenses/Permits/Franchise	4,251,698	3,840,252	4,143,000	4,567,000	5,035,000
Construction Permits	167,506	199,537	98,000	109,000	121,000
Grants	2,394,563	458,090	282,000	282,000	282,000
State Revenues	2,268,250	2,250,335	2,216,000	2,216,000	2,216,000
Charges for Goods & Services	8,816,297	6,927,361	6,522,000	6,918,000	7,338,000
Interfund Service Charges	-	4,613,564	9,647,000	10,235,000	10,858,000
Fines & Forfeitures	778,978	4,911,781	5,863,000	5,980,000	6,100,000
Miscellaneous Revenues	4,662,929	1,846,796	1,727,000	1,796,000	1,869,000
Interfund Loan	-	-	-	-	-
Transfers	562,340	158,822	80,000	80,000	80,000
Total Revenues	94,929,097	99,262,642	101,178,359	104,130,324	109,003,896
Revenue % Change YOY		5%	2%	3%	5%
Expenditures					
Labor	42,557,291	44,279,605	52,513,000	57,896,000	63,831,000
Benefits	14,828,482	15,560,407	19,538,000	22,897,000	26,707,000
Supplies	1,326,600	1,005,670	1,475,000	1,596,000	1,693,000
Services	41,126,352	34,605,578	31,288,652	35,153,000	38,755,000
Capital	2,510,773	3,097,172	12,000	12,000	12,000
Debt Service	1,373,926	5,657,773	5,131,510	1,771,020	1,771,020
Transfers	1,772,279	1,400,000	1,300,000	1,300,000	1,300,000
Total Expenses	105,495,703	105,606,205	111,258,162	120,625,020	134,069,020
Expense % Change YOY		0%	5%	8%	11%
YE Period Adjustment Estimate		3,000,000	3,000,000		
Change in Ending Fund Balance	(10,566,606)	(3,343,563)	(7,079,803)	(16,494,696)	(25,065,124)
Ending Fund Balance	**1,336,346**	**(2,007,217)**	**(9,087,019)**	**(25,581,715)**	**(50,646,839)**
Total Revenues	94,929,097	99,262,642	101,178,359	104,130,324	109,003,896
Total Expenditures	105,495,703	105,606,205	111,258,162	120,625,020	134,069,020
Revenues Less Expenditures	**(10,566,606)**	**(6,343,563)**	**(10,079,803)**	**(16,494,696)**	**(25,065,124)**

Strategic Outlook – Annual View

General Fund

2027-2032 Strategic Outlook

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Actual	Preliminary	Preliminary	Mod. Budget	Outlook	Outlook	Outlook	Outlook	Outlook	Outlook
Beginning Fund Balance	**11,902,952**	**2,492,460**	**1,336,346**	**(2,046,624)**	**1,083,955**	**(593,752)**	**(5,995,847)**	**(13,248,037)**	**(22,490,543)**	**(33,873,159)**
Revenue										
Property Taxes	14,892,420	15,539,114	15,977,461	11,713,393	11,830,527	11,948,832	12,068,321	12,189,004	12,310,894	12,434,003
Retail Sales Taxes	11,740,592	11,817,025	11,937,652	11,700,000	11,817,000	11,935,000	12,174,000	12,417,000	12,665,000	12,918,000
Other Sales Taxes	1,048,637	1,047,150	1,085,190	2,000,000	2,020,000	2,040,000	2,081,000	2,123,000	2,165,000	2,208,000
Utility Taxes	6,942,481	7,233,814	7,945,281	10,852,016	9,714,000	8,531,000	8,872,000	9,227,000	9,596,000	9,980,000
Other Taxes	381,405	383,898	475,010	370,100	378,000	386,000	394,000	402,000	410,000	418,000
Licenses/Permits/Franchise	2,079,139	2,172,559	1,915,202	1,925,050	2,021,000	2,122,000	2,228,000	2,339,000	2,456,000	2,579,000
Construction Permits	82,000	85,506	159,537	40,000	48,000	50,000	53,000	56,000	59,000	62,000
Grants	1,645,889	748,674	317,437	140,653	141,000	141,000	141,000	141,000	141,000	141,000
State Revenues	1,132,378	1,135,872	1,142,335	1,108,000	1,108,000	1,108,000	1,108,000	1,108,000	1,108,000	1,108,000
Charges for Goods & Services	3,993,576	4,822,721	3,807,578	3,119,783	3,213,000	3,309,000	3,408,000	3,510,000	3,615,000	3,723,000
Interfund Service Charges	-	-	-	4,613,564	4,752,000	4,895,000	5,042,000	5,193,000	5,349,000	5,509,000
Fines & Forfeitures	194,371	584,607	2,023,781	2,888,000	2,917,000	2,946,000	2,975,000	3,005,000	3,035,000	3,065,000
Miscellaneous Revenues	2,123,396	2,539,533	1,008,415	838,381	855,000	872,000	889,000	907,000	925,000	944,000
Interfund Loan	-	-	-	-	-	-	-	-	-	-
Transfers	97,066	465,274	108,822	50,000	40,000	40,000	40,000	40,000	40,000	40,000
Other Financing Sources			3,091,172							
Total Revenues	46,353,350	48,575,747	50,994,874	51,358,940	50,854,527	50,323,832	51,473,321	52,657,004	53,874,894	55,129,003
Revenue % Change YOY		5%	5%	1%	-1%	-1%	2%	2%	2%	2%
Expenditures										
Labor	20,237,110	22,320,181	19,883,376	24,396,229	25,616,000	26,897,000	28,242,000	29,654,000	31,137,000	32,694,000
Benefits	7,089,638	7,738,844	7,000,017	8,560,390	9,345,000	10,193,000	11,008,000	11,889,000	12,840,000	13,867,000
Supplies	829,316	497,284	343,086	662,584	712,000	763,000	786,000	810,000	834,000	859,000
Services	24,937,795	16,188,557	21,893,261	12,712,317	14,957,235	16,331,417	17,148,000	18,005,000	18,905,000	19,850,000
Capital	1,010,936	1,499,837	3,091,172	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Debt Service	466,768	907,158	1,441,932	4,215,841	4,246,000	885,510	885,510	885,510	885,510	885,510
Transfers	1,192,279	580,000	725,000	675,000	650,000	650,000	650,000	650,000	650,000	650,000
Total Expenses	55,763,842	49,731,861	54,377,844	51,228,361	55,532,235	55,725,927	58,725,510	61,899,510	65,257,510	68,811,510
Expense % Change YOY		-11%	9%	-6%	8%	0%	5%	5%	5%	5%
YE Period Adjustment Estimate				3,000,000	3,000,000					
Change in Ending Fund Balance	(9,410,492)	(1,156,114)	(3,382,970)	3,130,579	(1,677,708)	(5,402,095)	(7,252,189)	(9,242,506)	(11,382,616)	(13,682,507)
Ending Fund Balance	**2,492,460**	**1,336,346**	**(2,046,624)**	**1,083,955**	**(593,752)**	**(5,995,847)**	**(13,248,037)**	**(22,490,543)**	**(33,873,159)**	**(47,555,667)**
Total Revenues	46,353,350	48,575,747	50,994,874	51,358,940	50,854,527	50,323,832	51,473,321	52,657,004	53,874,894	55,129,003
Total Expenditures	55,763,842	49,731,861	54,377,844	51,228,361	55,532,235	55,725,927	58,725,510	61,899,510	65,257,510	68,811,510
Revenues Less Expenditures	**(9,410,492)**	**(1,156,114)**	**(3,382,970)**	**130,579**	**(4,677,708)**	**(5,402,095)**	**(7,252,189)**	**(9,242,506)**	**(11,382,616)**	**(13,682,507)**

Other Potential Budget Forces

Inflation

Esperance

Tariffs and trades disputes

Federal funding reductions

Unfunded mandates from the state

Recent and planned tax/levy/bonds from others (Schools/South County Fire/Library/Everett) Interest rates

Mitigation Opportunities

Reduce Expenses

Stop doing things

Do things differently

Delay doing things

Increase Revenue

Unrestricted

Restricted

Fees

Taxes

Grants

Leases

Sell assets

LUNCH

Identified Existing Deficits

Mayor Rosen

Prioritize Existing Deficits

What do we need to be doing better

Finance	Safety
Economic Development	Risk Reduction
Catastrophic Preparedness	Environmental Management
Grants	Pedestrian Safety

Other?

Budget Format

Kisha Post

Our Budget Book

- Budget books are both:
  - Financial Document
  - Governance & Communication Tool
- Objective to modernize how budget information is organized and presented for better understanding and transparency.
- The proposed structure is informed by:
  - Lessons learned from prior budget cycles
  - Peer-city and GFOA City budget review
  - GFOA best practices
  - Implementation of Tyler ERP system

What Are We Trying to Improve?

- Improve readability and accessibility
- Reinforce biennium-focused thinking
- Improve visibility into:
  - major changes
  - staffing impacts
  - tradeoffs
  - long-term sustainability
- Support Strategic Discussion & Decision Making
- Improve alignment between:
  - budget development
  - workflow
  - budget presentation
- Focus on Strategic alignment versus technical detail

GFOA Distinguished Budget Books

Category	Purpose
Policy Document	Communicates goals, priorities, and policy direction
Financial Plan	Shows how resources are allocated and sustained
Operations Guide	Explains services, staffing, and organizational responsibilities
Communications Device	Makes the budget understandable to elected officials and the public

What We Learned from Peer Budgets

- Peer-city budget books generally emphasize:
  - Strategic decision-making
  - Service delivery/impacts
  - Financial sustainability
  - Major operational impacts
  - Biennium framing
- Layered information structures:
  - Global picture
  - Service levels
  - Technical detail through appendices and supporting schedules

Proposed Budget Philosophy

- Biennium-first presentation
- Strategic decision framing
- Priority-informed decision making
- Transparency through layered information

Structure Supports Strategy

This Structure Helps Council…	While Allowing Staff To…
Focus discussion on major services, staffing, sustainability, and tradeoffs	Manage day-to-day operations within approved policy and financial guardrails
Identify major operational and financial changes	Maintain operational flexibility within departments
Evaluate strategic priorities and long-term sustainability	Adapt operational implementation as conditions change
Review meaningful changes more clearly	Focus on operational implementation
Understand major cost drivers and structural pressures	Focus staff time on implementation service delivery
Compare biennium-level trends and impacts more effectively	Build budgets within a more sustainable ERP-aligned framework

Proposed Budget Book Structure

- High-level overview of proposed sections:
  - Front Matter & Reader Orientation
  - Budget Process & Governance Framework
  - Financial Condition & Biennial Outlook
  - General Fund Overview & Department Sections
  - Other Funds & Utility Funds
  - Capital Improvement Program
  - Debt, Reserves & Long-Term Liabilities
  - Appendices & Supporting Schedules

Current vs Proposed Structure

- Information is being reorganized, not eliminated.
- The proposed structure layers information intentionally.
- Information supports identification and discussion of strategic alignment and challenges
- Technical detail remains available through appendices and supporting schedules.

Proposed Department Section Structure

- Biennium budget summary
- Department overview
- Strategic & operational priorities
- Major changes / key decision points
- Workload & service indicators
- Future risks & sustainability considerations

Proposed Other Fund & Utility Fund Structure

- Fund sections would focus on:
  - Fund purpose
  - Revenue structure
  - Major operational changes
  - Transfers and financial relationships
  - sustainability considerations
- Utility funds would place additional emphasis on:
  - Infrastructure stewardship
  - Rate sustainability
  - Reserve strategy
  - Long-term operational sustainability

Budget Development Methodology

- The proposed approach uses:
  - Baseline budgeting
  - Selective zero-based review categories
- This approach:
  - Preserves operational continuity
  - Improves ERP alignment
  - Focuses review where it provides the most value

Selective Zero-Based Review Approach

- Categories proposed for selective review include:
  - Professional Services
  - Travel
  - Small Equipment
  - Capital requests
- The approach focuses review on:
  - Discretionary spending
  - Operational tradeoffs
  - Strategic decision areas

Budget Approach

Baseline – 2026 Modification Budget

Budget Area	Proposed Approach
Labor & Benefits	Baseline continuation with adjustments for known changes
Supplies	Baseline continuation with selective review where appropriate
Services	Baseline continuation with selective zero-based review categories
Capital	Reviewed separately
Transfers & Debt	Updated based on known obligations and financial plans

Zero Base – Rebuilt from zero

Category	Reason
Professional Services	Significant discretionary spending area
Travel	Variable operational expenditure
Small Equipment	Intermittent operational need
Capital Requests	Strategic prioritization and affordability review

Decision Process

Beckie Peterson & Luke Lonie

Decision Process

Council's legislative work after the
Mayor's proposed budget
is delivered to Council

Mayor’s Proposed 2027-2028 Biennial Budget

- Balanced
- Adoptable as Proposed
- Will include Draft Ordinance

Council's legislative budget work:

- Review
- Study
- Analyze
- Clarify - Queries
- Engage
- Deliberate (motions in Council Meeting)
  - *pre-deliberation work
- Adopt by Ordinance

Clarify – *Budget Queries*

- Councilmembers ask questions about proposed budget – submitted to Council executive assistant
- Staff/Administration provide researched responses
- Querie+Responses shared with Council and public
- *What information do you need to make budget decisions*?
- Helpful to clearly cite page number, department, other specifics

Engage

Three Scheduled Public Hearings

Public Comment – Written Public Comment

Other?

Deliberations

during Council Meetings

Motion to adopt budget

Motions to amend proposed budget

What amendment is – a change to the council-approved appropriations

What amendment is not – a change to code/policy (must be done separately)

Order of Operations: Making a Motion

Motion → Second *(if required)* → Debate *(if allowed)* → Chair Restates Motion → Vote → Chair Announces Results

CITY OF EDMONDS
Inc. 1890

Clarity **is key.**

Amendments

- **Must pertain to the main motion**
- Cannot replace the main motion
- Should clearly modify a section of the main motion (i.e., strike "x" and insert "y")
- Cannot themselves be modified before the current amendment has been resolved

Pre-Deliberation work

Amendments are most effective when:

Prepared in writing

Clear and specific

Shared In advance – shared with staff for feedback, with CMs for awareness (OPMA)

Consider Budget Impact – expenditure increase/decrease, policy timing for anticipated revenues

Scheduled on the agenda – public, staff, logisitics

Council-driven process

Queries

Public Engagement

Pre-Deliberation Work

Deliberations

Schedule

Teresa Simanton

Schedule Slides Go Here

TIMING

Scheduling the Budget Process for Successful and Timely Adoption

Here we are, May 30th

Goal: Adoption of
2027-2028 Biennial Budget
on November 24, 2026

Proposed Schedule over the next 178 days

JUNE

- 6/10 - Study Session CIP |Parks and Public Works Presentation
- 6/15 – Finance will review Budget Process, Timelines, and Deadlines with Directors
- 6/23 – Council Meeting - Adopt a Resolution for Proposed Budget Process Including Dates Leading to Adoption of the Biennial Budget 2027-2028

JUNE - AUGUST

- Directors will work through July to build their department budgets and revenue estimates
- 8/3 and 8/11 – Council Meeting – Pre-Budget / MID-YEAR Presentations by Directors
- 8/12 - August Study Session – Continue Pre-Budget Discussion

SEPTEMBER

- 9/11 – Tentative Budget Retreat

OCTOBER

- 10/5 - Mayor’s Budget Presentation to the City
- 10/6 – (Council Meeting) Mayor Presents Budget to Council
- 10/7 - Open Inquiry Process to begin – CM’s to submit questions to Exec Assistant (me) for Director responses and publish on-line for Council and public viewing

OCTOBER

- 10/12 – 10/16 – Mini-sessions with Councilmembers and Finance Staff
- 10/13 – (Council Meeting) - Department Presentations AND 1st Public Hearing on 1% Property Tax and Revenue Consideration
- 10/14 – (Council Meeting) Presentation of CIP/CFP

OCTOBER

- 10/27 – (Council Meeting) Updated Department Presentations from Department Directors

- 10/27 - (Council Meeting) 1st Public Hearing on Budget – <u>Council Members continue outside preparation for upcoming deliberations</u>

NOVEMBER

- 11/2 – (Council Meeting) - 2nd Public Hearing on Budget – Pre-Deliberations
- 11/6 – The goal date for most CM Questions for Directors finalized
- 11/10 – (Council Meeting) - Pre-Deliberations
- 11/14 – (Council Meeting) - Deliberations

NOVEMBER

- 11/12 – (Study Session/ Special Meeting) – Deliberations
- 11/17 – Possible Special Meeting for Deliberations
- 11/24 – (Council Meeting) - Adoption of the 2027 – 2028 Biennial Budget and (potential) adoption of the Ordinance
- 11/24 – (Council Meeting) – Adoption of Ordinance for 2027 1% Property Tax Levy Consideration

DECEMBER

- 12/8 – (Council Meeting) - Final Adoption of CIP/CFP
- 12/1, 12/9, 12/15, 12/22 – Remaining meeting dates available, if needed

Recap & Next Steps

Mayor Rosen

Closing Comments

Council President Michelle Dotsch

Thank You

We Are Adjourned