

FSAC-2022 Committee Q & A

Questions Regarding the March 10, 2022 2021-2022 Budget Highlights Presentation:

1. Slide 2 shows revenues of \$245.022M and slide 3 shows expenditures of \$232.357M with a difference of \$12.665M. How is this positive difference reflected in the budget information shown in slides 5 and 6 describing the charge to the Advisory Committee?

Response: Slides 2 and 3 show the resources and expenditures for the City's total 2021-2022 budget as adopted in November 2020. The table on p. 76 of the City's 2021-2022 Adopted Biennial Budget and 2021-2026 Capital Improvement Plan book shows that at a citywide level, revenues and other financing sources totaling \$234.010M exceed total uses of \$232.357M. However, in some funds, revenues and other financing sources are not sufficient to cover budgeted expenditures so the use of fund balance is budgeted where needed to cover one-time expenditures. This is reflected at the bottom of the table as a budgeted use of fund balance of \$11.012M. Adding the use of fund balance of \$11.012M to revenues and other financing sources totaling \$234.010M brings total budgeted resources to \$245.022M and results in the difference of \$12.665M, which is reflected at the bottom of the table on p. 76 as the budgeted surplus.

A budgeted surplus in any given fund results from budgeted revenues and transfers in that exceed expenditures for that year or biennium. The reserves that are built in these circumstances are used to support one-time expenditures, such as those for design and construction of capital projects and replacement of vehicles and equipment.

Slides 5 and 6 of the Overview presentation reflect the operating revenues and expenditures of the City's General Fund and Street Fund as adopted by Council through several amendments that reflect updated forecasts. Future presentations to FSAC-22 will focus on the City services that are funded within the General Fund. As is noted in the Charter, the committee will help evaluate alternatives and consider whether the City should seek replacement of the 2016 levy lid lift on the November 2022 General Election ballot, which is one of the primary funding sources for the services provided within the General Fund.

2. Slide 4 shows the General Fund Resources of \$96.465M and slide 5 shows the General Fund 2021-2022 Budget by category totaling \$89.073M with a difference between Resources and Budget of \$7.392M. How is this positive difference between General Fund resources and budgeted expenses reflected in the table showing the budget projections through 2030 in the information provided to the Advisory Committee?

Response: Slide 4 shows the General Fund's 2021-2022 biennial budget resources, which are comprised of operating revenues, transfers from other funds, and the use of fund balance, and slide 5 shows the General Fund's 2021-2022 biennial budget department operating expenditures as adopted in November 2020. There were a couple typos on slide 5, which have been corrected for the March 10 presentation. Departmental expenditures total \$88.055M. The difference between budgeted resources shown on slide 4 and departmental expenditures shown on slide 5 is the transfers out from the General Fund to other funds totaling \$8.410M necessary to support operations in other funds, capital projects, etc.

As was noted other responses, Slides 5 and 6 of the Overview presentation reflect the operating revenues and expenditures of the City's General Fund and Street Fund as adopted by Council through several amendments that reflect updated forecasts.

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- Slide 6 shows the General Operating Revenue total of \$86.052M reflected in a pie chart showing percent of the revenue from all sources. This figure of \$86.052M does not appear to be the same as the revenue reported on previous slides or in the tables in Slides 5 and 6 of the charge to the Advisory Committee. What is the difference?

Response: The pie chart on slide 6 focuses on the individual revenue streams that comprise the General Operating Revenue (\$86.052, 89.2%) slice of the pie chart on slide 4. The figures presented on this slide reflect those adopted for the 2021-2022 biennial budget in November 2020 and discussed in detail throughout the 2021-2022 Adopted Biennial Budget and 2021-2026 Capital Improvement Plan book. As was noted in other responses, Slides 5 and 6 of the Overview presentation reflect the operating revenues and expenditures of the City's General Fund and Street Fund as adopted by Council through several amendments that reflect updated forecasts.

Questions regarding March 10, 2022 Overview Presentation:

- Slides 5 and 6 are used to make the case that anticipated (modeled) expenses will exceed anticipated revenues in the period 2023 through 2030. The numbers in the table upon which the graph is based do not seem to correlate with the budget and revenue figures presented in the 2021-2022 Budget Highlights presentation. For example, baseline revenues and expenditures are in the \$51M to \$65M range while the numbers of slides 4 and 5 of the 2021-2022 Budget Highlights presentation are \$89.073M and \$96.465M.
 - Please explain the baseline revenues and expenditure data.

Response: As was noted other responses, Slides 5 and 6 of the Overview presentation reflect the operating revenues and expenditures of the City's General Fund and Street Fund as adopted by Council through several amendments that reflect updated forecasts.

- Also, what is the Variance Base other than being equal to the Baseline Expenditures in the table?

Response: We are very limited in how we put together charts with a data table in Excel. The Variance Base is used to create the area chart that allows the cumulative gaps for each year to be highlighted in light blue.

- How were the Annual Surplus(Gap) figures generated as they do not appear to be the simple difference between the baseline revenues and baseline expenditure for each year.

Response: The CUMULATIVE (GAP) is defined on slide 8 as the gap between expenditures and revenues for each year and is inclusive of all gaps created in prior years. The ANNUAL SURPLUS/(GAP) is discussed on slide 10 as the growth in expenditures net of growth in revenues that are added to the prior year's gap. In the example on slide 10, the gap of \$0.107M from 2024 still exists in 2025. Additional growth in expenditures net of growth in revenues added \$1.139M to the gap in 2025 for a cumulative gap of \$1.246M.

- Slide 13: The blue note on this page may be in error. Because you are using numbers that are already cumulative, I think it should read: In sum, by filling the 2024-2026 gaps with one-time resources the City would use \$2.493M of fund balance.

Response: Slide 13 highlights the use of one-time resources to fill the gaps of \$0.107M in 2024, \$1.246M in 2025 and \$2.493M in 2026 for a total used over that period of \$3.846M.

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- Slide 14: The blue note on this page may also be in error. Because you are using numbers that are already cumulative, I think it should read: Gaps that are not resolved with ongoing solutions will continue to remain in future years. One-time solutions are not sustainable as the City will have to implement \$7.437M in one-time solutions to resolve all gaps.

Response: While the accumulation of all annual gaps from 2024 through 2030 results in a gap between expenditures and revenues of \$7.437M in 2030, Slide 14 highlights the use of one-time resources to fill the gaps for each year of the forecast of \$0.107M in 2024, \$1.246M in 2025, \$2.493M in 2026, \$3.600M in 2027, \$4.845M in 2028, \$6.224M in 2029 and \$7.437M in 2030 for a cumulative total of one-time resources used over that period of \$25.952M.

- I've a question regarding the slides that display the "Baseline Operating Budget Ten Year Forecast" numbers – the ones that illustrate the potential 10-year gap of \$25.952M. Could it be that the "cumulative gap" line numbers are instead displaying the "actual gaps" for each year? For example, in year 2025, the actual gap is projected at \$1,246M (revenues less expenses) which should make the cumulative gap for that year to be \$1,353M (sum of the previous year's \$107M + \$1,246M). If I'm following the intent of this illustration, the cumulative gap line should read across as: 2024 = (107); 2025 = (1353); 2026 = (3846); 2027 = (7446); 2028 = (12,291); 2029 = (18,515); and 2030 = (25,952).

Response: This is correct when looking at the amount of gap that has to be resolved throughout the forecast. Another way to look at it is if the City were to close the first \$0.107M gap in 2024 with ongoing solutions, the value of the gap to be resolved with ongoing solutions in 2025 would be \$1.139M. If one-time solutions are used to balance the budget each year without implementing ongoing solutions, the total gap accumulated between 2024-2030 would be \$25.952M. The City simply does not have enough resources to fill that amount of gap throughout the forecast with one-time solutions.

- I continue to be puzzled by the calculation of the unresolved 10-year gap between revenue and expenses and I need further clarification.

Consider Slide 13 of the presentation to the Committee.

The following gaps are shown for the years 2024-2026 as:

| <u>Year</u> | <u>Gap</u> | <u>Cumulative Gap</u> |
|-------------|------------|-----------------------|
| 2024 | (107) | (107) |
| 2025 | (1,139) | (1,246) |
| 2026 | (1,247) | (2,493) |
| Total | (2,493) | |

If one-time resources are used each year to fill the budget gaps, then wouldn't the following resources be used?

| <u>Year</u> | <u>Resources used</u> |
|-------------|-----------------------|
| 2024 | 107 |
| 2025 | 1,139 |

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| | |
|-------|-------|
| 2026 | 1,247 |
| Total | 2,493 |

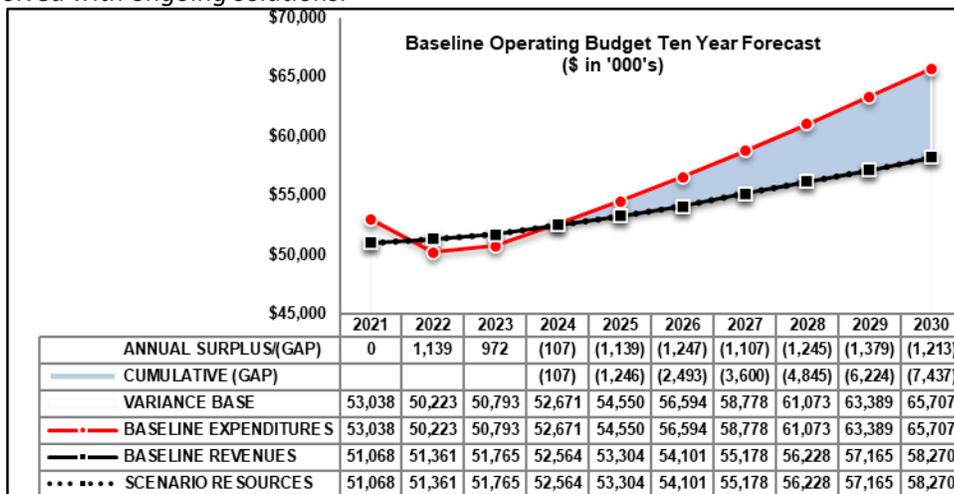
Why does the note say, "In sum, filling the 2024-2026 gaps with one-time resources the City would use \$3.846M of fund balance." when the total resources needed to close each gap totals \$2.493M?

This same question applies to Slide 14 as well for the entire 2024-2030 period where the unresolved 10-year gap is stated to equal \$25.952M while the cumulative gap for 2030 is only \$7.437M. I do not understand why the sum of the cumulative gaps is used instead of just the sum of the calculated gaps for each year.

I would appreciate clarification about what is being shown in these slides. If one-time payments were made each year to cover the gaps, the total payments would be \$7.437M, not \$25.952M.

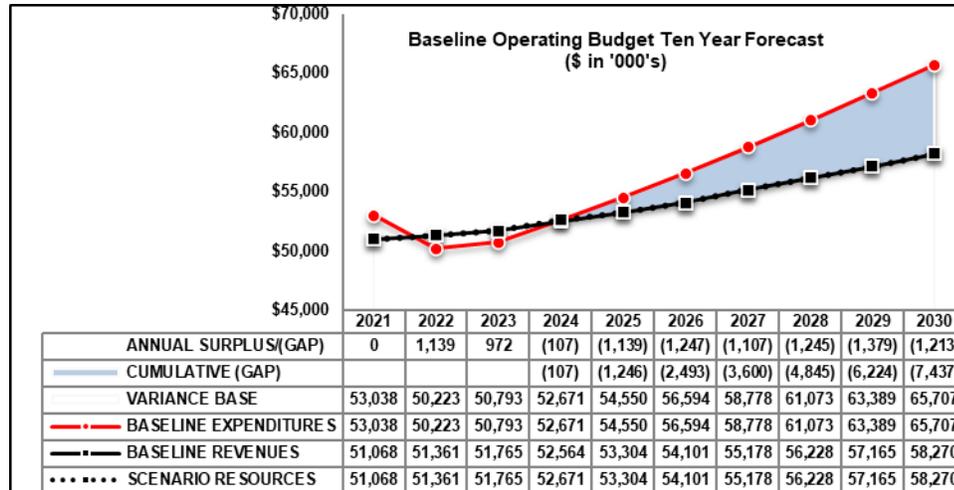
Response: The purpose of this illustration is to show that ongoing solutions need to be implemented each year to balance ongoing revenues and ongoing expenditures since the continued reliance on one-time solutions is not sustainable as growth in expenditures outpaces growth in revenues. This is illustrated by the 'Cumulative Gap' column in the first table in your question, which adds up to the \$3.846M of fund balance used to resolve the gaps for 2024, 2025 and 2026. This can be further illustrated with the use of the following charts and descriptions:

- The committee was presented the following chart from the City's 10 Year Financial Sustainability Model with the baseline forecast for revenues and expenditures. The 'ANNUAL SURPLUS/(GAP)' row represents the growth in expenditures that exceeds growth in revenues attributable to each year. The 'CUMULATIVE (GAP)' row represents the full gap between revenues and expenditures for each fiscal year. The annual gap from one year will still exist in subsequent years if left unresolved with ongoing solutions.

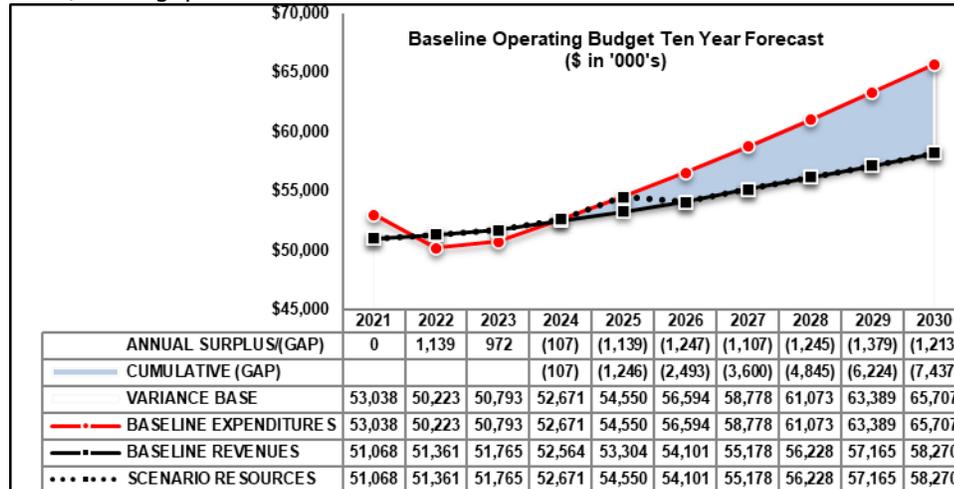


- In 2024, the gap between baseline revenues of \$52.564M and baseline expenditures of \$52.671M equals a gap of \$0.107M. If \$0.107M of one-time solutions are implemented to balance 2024, the gap will still exist in 2025.

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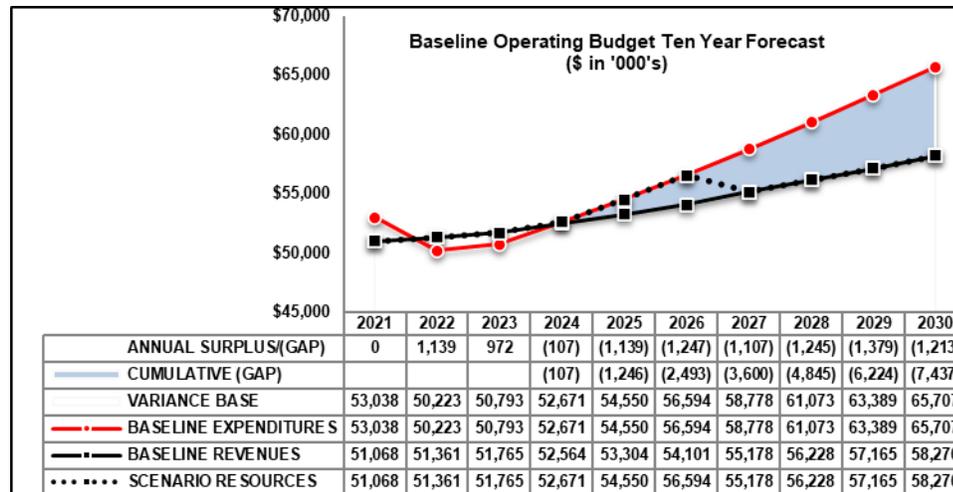


- In 2025, baseline revenues grow to \$53.304M and baseline expenditures grow to \$54.550M equaling a gap for 2025 of \$1.246M. That gap includes \$0.107M unresolved from 2024 plus growth in expenditures in 2025 of \$1.139M. If \$1.246M of ongoing solutions are not implemented, these gaps will still exist in 2026.



- In 2026, baseline revenues grow to \$54.101M and baseline expenditures grow to \$56.594M equaling a gap for 2026 of \$2.493M. That gap includes \$1.246M unresolved from 2024 and 2025 plus growth in expenditures in 2026 of \$1.247M, thereby resulting in a cumulative gap of \$2.493M. If \$2.493M of ongoing solutions are not implemented, these gaps will still exist in 2027.

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- By not implementing ongoing solutions in any of those three years, the use of one-time solutions to fill the \$0.107M gap in 2024 plus \$1.246M gap in 2025 plus \$2.493M gap in 2026 results in a cumulative total of one-time solutions of \$3.846M. The gaps that resulted from growth in expenditures that exceeded growth in revenues will still exist in 2027 and beyond because they have not been resolved with ongoing solutions.
- By not implementing ongoing solutions in each year of 2024-2030, the use of one-time solutions to fill the gaps each year for 2024-2030 amounts to a cumulative total of \$25.952M (\$0.107M used in 2024 + \$1.246M used in 2025 + \$2.493M used in 2026 + \$3.600M used in 2027 + \$4.485M used in 2028 + \$6.224M used in 2029 + \$7.437M used in 2030).

The following tables should help illustrate the math. The first table assumes the shortfall is not resolved with ongoing solutions each year. The use of one-time solutions for 2024-2026 equals \$3.846M.

| | \$ in '000's | 2024 | 2025 | 2026 | Sum of 2024-2026 |
|---------------|--|---------|---------|---------|------------------|
| A | Baseline Revenues | 52.564 | 53.304 | 54.101 | 159.969 |
| B | One-Time Solutions Used to Increase Scenario Resources | 0.107 | 1.246 | 2.493 | 3.846 |
| C | Ongoing Solutions Used to Increase Scenario Resources | 0.000 | 0.000 | 0.000 | 0.000 |
| D = A + B + C | Scenario Resources | 52.671 | 54.550 | 56.594 | 163.815 |
| E | Baseline Expenditures | 52.671 | 54.550 | 56.594 | 163.815 |
| F = A + C - E | Unresolved Shortfall | (0.107) | (1.246) | (2.493) | (3.846) |

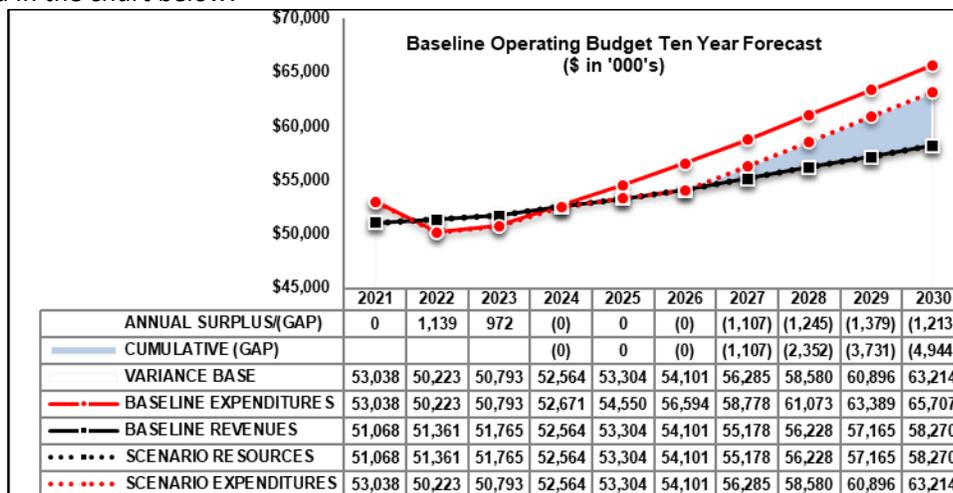
The second table assumes each year's shortfall is resolved with ongoing solutions implemented on the expenditure side. If the first gap of \$0.107M for 2024 is resolved with ongoing solutions, only \$1.139M in ongoing solutions is needed to resolve the new gap from expenditure growth in 2025. Then only \$1.247M in ongoing solutions is needed to resolve the new gap from expenditure growth in 2026.

| | \$ in '000's | 2024 | 2025 | 2026 | Sum of 2024-2026 |
|---|-------------------|--------|--------|--------|------------------|
| A | Baseline Revenues | 52.564 | 53.304 | 54.101 | 159.969 |

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| | \$ in '000's | 2024 | 2025 | 2026 | Sum of 2024-2026 |
|-----------|--|---------|---------|---------|------------------|
| B | One-Time Solutions Used to Balance Budget | 0.000 | 0.000 | 0.000 | 0.000 |
| C | Baseline Expenditures | 52.671 | 54.550 | 56.594 | 163.815 |
| D | Ongoing Solutions Implemented Each Year to Decrease Expenditures | (0.107) | (1.139) | (1.247) | (2.493) |
| E = C - D | Scenario Expenditures | 52.564 | 53.304 | 54.101 | 159.969 |
| F = E - C | Resolved Cumulative (Gap) | (0.107) | (1.246) | (2.493) | (3.846) |

By implementing ongoing solutions in those three years, the gaps that resulted from growth in expenditures that exceeded growth in revenues will no longer exist in 2027 and beyond as is illustrated in the chart below.



Questions regarding March 10, 2022 2020 Resident Satisfaction Survey Presentation:

1. General comment: The survey considered residential satisfaction with the City of Shoreline. However, there does not seem to be a survey of other important segments of the population who may live and work in Shoreline. For example, perhaps it would be good to get the opinions of businesses, churches, schools, etc. as to their satisfaction with the City.

Response: Good suggestion. We have conducted informal surveys of our businesses in the past, but not on these same questions. It may be useful knowledge to have. One barrier would be costs. We would have to conduct a separate statistically valid survey using addresses in our business database. Getting sufficient responses may also take more time, which also adds to costs. But, definitely something to consider.

2. Just for clarification, what are the geographical areas represented on the map shown in Slide 5 of 31? Are these census tracts and do they each contain about the same number of residents?

Response: The geographical areas on the different maps are census tracts. Census tracts are not delineated based on population.

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3. Based on the questionnaire (Survey Instrument), is there a way to identify if a respondent had in fact any association or encounters with specific City programs? Did they have contact with the police, with human services, with permitting, with the parks, etc.? And did they attend any City meetings during the past year? It seems to me that the responses from such respondents would be valuable in gauging the satisfaction levels if they actually had first-hand knowledge of the specific program or activity.

Response: No, we do not ask what encounters a respondent has had with the City. In addition to answering satisfied or dissatisfied, respondents can also answer "don't know" and "neutral". We believe the "don't know" covers those who do not have any experience with a service and thus don't have enough knowledge to answer. The neutral is more like the "no opinion" answer. People who answer neutral probably have knowledge or experience, but don't feel strongly one way or the other.

4. How is the issue of climate change to be interpreted based on the survey results? Is this under the umbrella of environmental concerns?

Response: We ask what people's satisfaction is with the overall effectiveness of the City's efforts to sustain environmental quality. Having a more focused question(s) around climate change might be something we consider for future surveys.

5. How is the issue/concern about affordable housing to be understood based on the survey results? Is it considered a subset of the homelessness concern? And how is affordable housing being addressed by the City?

Response: The survey doesn't address affordable housing but is something we may want to consider in the future. Because the survey is really meant to reflect satisfaction levels over time, many of our questions haven't changed much over the past 20 years. However, to remain relevant, we do need to make adjustments. Some examples of how we have done that is creating some new questions around inclusiveness and around public safety. Affordable housing and climate change are two areas that we may need to begin including some more focused questions. I believe the homelessness question, while definitely related to affordable housing is more focused on addressing the immediate needs of unsheltered people.

I can speak a little about what the City is doing about affordable housing, but it may be better answered by our Economic Development Manager at one of your future meetings.

The City uses several tools to incentivize or require affordable housing in future developments. One incentive is the 12-year multi-family property tax exemption program (MFTE). To qualify for the MFTE incentive, the applicant must commit to 20% of the project meeting the affordable housing definition in Shoreline Municipal Code (SMC) Chapter 3.27.020. Shoreline uses the HUD determination of the King County Adjusted Median Income (AMI) to determine affordability, and the city adjusts the percentage based on unit size:

- *Studio and 1-bedroom units must be affordable to those earning 70% of the King County AMI; and*
- *2 bedroom or larger units must be affordable to those earning 80% of the King County AMI.*

Shoreline was recently selected to pilot a new 20-year exemption that requires units remain affordable for 99 years instead of just the term of the property exemption.

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The light rail station areas also have inclusionary zoning programs that require developers to either provide affordable units within a development or provide an in-lieu fee. Shoreline's inclusionary zoning is one of the strongest in the region.

6. Observation: Respondents were asked to indicate on a scale of 1 to 5 their level of satisfaction on a wide range of issues, concerns, and City programs. However, there was not the option of registering "No Opinion". In future surveys it might be appropriate to give respondents the option of indicating they have no opinion on a specific question.

Response: See answer to #3 above.

7. Addressing the City's response to homelessness and the quality of human services (top two priorities from the 2020 survey):
 - a. Will the committee have an opportunity to hear what actions have taken place locally to address homelessness and what to expect in the future?
 - b. Relatedly, with respect to human services, I see from the City's website that the City has many partnerships with local, regional, and state organizations. Mental health issues are increasing across our population (all ages) and many families need high quality and affordable childcare service. How does the City plan to support these kinds of needs moving forward?

Response: In 2018, staff highlighted the issues of homelessness and opioid addiction as growing challenges in Shoreline. Subsequent analysis suggested that the lack of year-round shelter access for those living unhoused was the most pressing need. In 2020 the City Council adopted an action step directing staff to work with other North King County Cities to site a shelter 24/7 shelter for single adults in Shoreline or elsewhere in North King County.

Staff convened a group of local leaders and non-profit partners with the primary goal of siting a shelter in North King County. The North King County Shelter Task Force began to meet regarding this goal. Around this same time, a former nursing home site was made available and King County led the process to acquire the site for use as an [Enhanced Shelter](#), to be managed by Lake City Partners. The shelter opened on April 1, 2021 and serves up to 60 adults at any time. The City also contracts with Lake City Partners for Homeless Outreach services.

At that time, the Shelter Task Force members chose to continue as the North King County Coalition on Homelessness and to serve as the sub-regional hub for the newly formed King County Regional Homelessness Authority. The Coalition membership includes City Council representation from Shoreline, Bothell, Kenmore, Lake Forest Park and Woodinville, along with representatives from a range of other organizations across North King County.

Staff are engaged across several systems (North Sound RADAR, Community Court, Shoreline Police, Lake City Partners Shelter and Outreach) to better understand what is working well and where there are gaps that the City might want to address with additional resources and funding.

In terms of addressing the emerging community needs, we are looking to proceed with a comprehensive Human Services planning process in 2023 in order to review services, program needs and to better understand the changing landscape and make recommendations to meet the needs of the Shoreline community.

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We would be happy to discuss these issues further when we present to the FSAC on April 7.

Other Questions:

1. Are year-end 2021 financial reports available, even in draft form? It's hard to understand the budget if we don't have recent reports on actual results.

Response: The 2021 year-end financial report will not be available until April. The City's Financial Reports are available here: <https://www.shorelinewa.gov/government/departments/administrative-services/financial-reports>

2. The budgeted amount for City Attorney a bit shy of \$1.8M seems like a steep figure. Can you elaborate how City Attorney funds are allocated, i.e. does this figure represent payroll for one full time lawyer, or are there other costs under the "City Attorney" umbrella such as clerk/assistant payroll, and operating expenses?

Response: Details about the City Attorney's budget can be found on pp. 135-139 of the 2021-2022 Adopted Biennial Budget and 2021-2026 Capital Improvement Plan book at <https://www.shorelinewa.gov/home/showpublisheddocument/54471/637817360693670000>. The City Attorney's Office has three full-time employees, the City Attorney, an Assistant City Attorney, and a Legal Assistant. Salaries and benefits for these three positions makes up over 58% of the biennial budget. The City contracts with a Prosecuting Attorney and that makes up approximately 31% of the budget. The balance provides for some operating expenses and other professional services contracts for specialized expertise.

3. In the Committee Work Plan on p. 5 of the Charter and for the meeting scheduled 4/7/2022, there is a "Post-meeting survey about services". What is this?

Response: This will be an open end "survey", asking Committee members what questions they might have about City services that we can make sure to bring back to the committee in future meetings.

4. In the documents that have been provided to the committee, how have levy lid lifts been included in the 10-year model of forecast revenues?

Response: The forecast presented to the committee thus far has not taken into account the replacement of the levy lid lift in any way. The 'Recap of Revenue Options' item scheduled for April 7, 2022 will likely share with the committee some examples of how various forms of the levy lid lift may impact the 10-year model.

5. Demographics: Are there current Shoreline demographics available – disaggregated by age, ethnicity/race, economic status, type of home ownership, etc.? I see references to the American Community Survey and the U.S. Census on the City's [website](#), but the links only take me to their respective websites as opposed to a summary of Shoreline data. (I'd like to understand how many Shoreline citizens may be on fixed incomes, the number of renters vs. homeowners, etc. and how the committee can draw assumptions, if any, from evolving demographics.)

Response: 2020 American Community Survey Estimates ([Shoreline specific information](#) can be found at [link](#))

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| | |
|--|--------|
| Total population | 56,835 |
| Female | 29,192 |
| Male | 27,643 |
| Age | |
| Under 5 | 3,284 |
| 5-9 | 2,955 |
| 10-14 | 2,709 |
| 15-19 | 2,507 |
| 20-24 | 2,912 |
| 25-29 | 3,271 |
| 30-34 | 4,417 |
| 35-39 | 4,599 |
| 40-44 | 3,619 |
| 45-49 | 3,707 |
| 50-54 | 3,999 |
| 55-59 | 3,966 |
| 60-64 | 3,826 |
| 65-69 | 3,448 |
| 70-74 | 2,823 |
| 75-79 | 1,585 |
| 80-84 | 1,350 |
| 85 and over | 1,858 |
| RACE | |
| One race | 53,341 |
| Two or more races | 3,494 |
| One Race | |
| White | 38,611 |
| Black or African American | 3,647 |
| American Indian and Alaska Native | 281 |
| Asian | 8,806 |
| Native Hawaiian and Other Pacific Islander | 286 |
| Two or More Races | |
| White and Black or African American | 586 |
| White and American Indian and Alaska Native | 490 |
| White and Asian | 1,531 |
| Black or African American and Asian | 0 |
| Hispanic or Latino (of any Race) | 4,394 |
| Population below poverty level) | 4,657 |
| Total number of households | 21,820 |
| Limited English, Households speaking - | |
| Spanish | 1,081 |
| Other Indo-European languages | 1,276 |
| Asian and Pacific Island languages | 2,815 |
| Other languages | 902 |
| Owner-occupied units | 66.7% |
| Renter-occupied units | 33.3% |

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This is only a sampling of the data that is available.

6. I'm reviewing the FSAC 2022-Committee Q and A document that Sharon Oshima had forwarded to us. During tomorrow night's meeting, will there be approximately 15 minutes at the beginning for the committee members to determine if they have a collective understanding of how the numbers in the "overview" slides correlate to the ones in the "2021-22 Budget Highlights" slides – so that we have a good baseline of comprehension as we move forward? There were some good questions raised in the document.

There is an answer ("As was noted in other responses, Slides 5 and 6 of the Overview presentation reflect the operating revenues and expenditures of the City's General Fund and Street Fund as adopted by Council through several amendments that reflect updated forecasts.") that appears more than once in the document which, in my opinion, seems vague. I appreciate that fact that Questions #1a and #1b (under "Questions regarding March 10, 2022 Overview Presentation) were raised by another committee member, but I myself still need a bit more beyond the way those were answered.

I'm looking at parts of the expansive 2021-22 Adopted Biennial Budget and 2021-2026 Capital Improvement Plan Book – and in that, I'm seeing some familiar numbers and correlations to the slides but would appreciate some dialogue tomorrow night.

Response: For the 2021-2022 Budget Highlights presentation staff used the numbers adopted by the City Council in November 2020 for the 2021-2022 biennium so they tie to the numbers presented and discussed in detail in the 2021-2022 Adopted Biennial Budget and 2021-2026 Capital Improvement Plan book. This was meant to help the committee gain an understanding of the various revenue sources the City receives and how it budgets for its services.

The forecast for the numbers presented in the 2021-2022 Budget Highlights presentation was developed in September 2020. That forecast anticipated shortfalls for the 2021-2022 biennium throughout the 10-year forecast. The forecast for the charts in the Overview presentation was developed in September 2021 and reflect the budget for the 2021-2022 biennium as amended by the City Council as of November 2021. The September 2021 forecast shows the City's budgets are forecast to be balanced through 2023.

In sum, the numbers used in the 2021-2022 Budget Highlights presentation are meant to support committee members reviewing the 2021-2022 Adopted Biennial Budget and 2021-2026 Capital Improvement Plan book to gain a better understanding of the revenue sources and budgets for services. The updated forecast presented in the Overview presentation reflects the most recent forecast of the gaps that the City will need to address beginning in 2024.

Questions Regarding the March 24, 2022 Shoreline Police Department Presentation:

1. **NEW QUESTION:** What are expectations for the period 2022-2030? Has the need for police been modeled based on social trends in Shoreline or neighboring areas?

*Response: **PENDING***

2. **NEW QUESTION:** Related question, how are future policing costs projected?

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Response: Most of the cost of the City's police services contract with the King County Sheriff's Office is influenced by labor negotiations between the Police Officers' Guild and the King County Executive. Other cost components of the police services contract are driven by cost-of-living adjustments for King County Sheriff's Office staff, proportionate share of workload amongst other cities that contract for services, and costs of equipment, vehicles, etc. that are provided by other King County programs. Shoreline's ability to control costs is limited to changing the number of staff assigned to work in Shoreline. Therefore, the forecast is based on the historical increases of the City's contract assuming that there might be increases in staffing in the future as needed to maintain staffing levels at one officer per 1,000 population.

3. **NEW QUESTION AND RESPONSE:** I understand shoplifting is a serious problem for many stores and businesses. What is being done to reduce this problem in Shoreline?

Response: Shoplifting is a serious problem and not just in Shoreline. Many of the stores and businesses have decided to take a 100% hands-off approach and submitting an insurance claim instead of involving police and prosecuting shoplifters. If police do not have support from the businesses to prosecute, the police cannot make an arrest for shoplifting. While this is not the case with all stores and businesses in Shoreline, this is the trend.

4. **NEW QUESTION AND RESPONSE:** The police budget appears to be the largest component of the General Fund. Is this the case for communities of similar size in Western Washington?

Response: Public safety is typically the largest percentage of any city's general fund. At a statewide level, other cities in Washington State spent 32% of their general fund budgets on law enforcement activities in 2019. Similar sized city spending in Western Washington/King County are as follows:

| City | Population | Sworn Officers | Per Capita Police Spending | Officers/1000 |
|------------------|-------------------|-----------------------|-----------------------------------|----------------------|
| Lynnwood | 38,650 | 71 | \$541.82 | 1.84 |
| Edmonds | 42,900 | 57 | \$311.78 | 1.33 |
| Bothell | 48,330 | 77 | \$646.72 | 1.59 |
| Burien | 52,430 | 45 | \$267.93 | 0.86 |
| Shoreline | 59,260 | 51 | \$236.71 | 0.86 |
| Redmond | 73,910 | 78 | \$280.84 | 1.06 |
| Kirkland | 92,900 | 112 | \$350.56 | 1.2 |

Questions Regarding the March 24, 2022 Police Presentation (from meeting chat messages):

1. Slide 3, Cost Comparison: The .97/1000 is not where your staffing is right now, correct?

Response: The 2021 population estimate is 59,260 and Shoreline has 51 sworn officers. That equates to 0.86 sworn officers per 1,000 population.

2. Slide 3, Cost Comparison: When and how would we as a City decide if contracting with King County Sheriff office is still best for the City.

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Response: The City performed a cost/benefit analysis of contracting with the KCSO versus staffing its own police department. In the end it was determined that the economies of scale achieved through contracting far outweigh the benefit of staffing a department. While we have 52 positions dedicated to Shoreline, we only pay for our proportionate share of KCSO's dispatch, hostage negotiation team, SWAT, major crimes investigation, etc. In other words, the City saves by not having to fully staff those services.

Follow up question: Does this mean that LFP or Edmonds for instance would not be able to utilize SWAT/negotiation services if they were in need in a given situation? Would they have to pay extra?

Response: I believe all of the other cities on the list have their own departments. Shoreline is the only city on that list that contracts with KCSO.

3. Slide 3, Cost Comparison: Am I correct that your expense projections assume keeping that staffing per thousand ratio for the next six years?

Response: One of the factors behind forecast expenditure growth in the 10 Year Financial Sustainability Model is the expectation that the City will try to keep pace with 0.97 officer per 1,000 population. With the ratio at ~0.86/1,000, the addition of ~0 ~0.11 officer does not influence the growth of expenditures much (it would take ~\$15-20,000 per year to maintain 0.97/1,000).

4. **NEW QUESTION AND RESPONSE:** I am curious if Shoreline has a correlation, as Seattle has discovered, of some offenders who commit repeat crimes as misdemeanors?

Response: Shoreline has a number of people who are repeat misdemeanant offenders. The Council directed staff to recommend policy and programs to address the underlying causes that may be leading to their criminal behavior. For example, Community Court is an alternative problem-solving court authorized by Council that aims to do just that. A needs assessment is completed for every individual who participates in Community Court and they then return weekly to Court to receive support in completing a treatment plan. The plan can include treatment for behavioral health disorders, connecting with service to meet basic needs (housing, transportation, health insurance, etc.), and/or job training programs. The goal is to reduce recidivism rates and improve a person's access to community-based support services.

More recently Council has directed staff to address the inequitable treatment of low-income misdemeanant defendants. These individuals are more likely to fail to appear to a scheduled court date and therefore spend time in jail based on a bench warrant. Even one night in jail has been shown to have adverse impacts on individuals and their families, therefore staff is now researching options for policies and programs that would support keeping this population out of jail. These types of criminal justice reforms are expected to be a focus of our Council in the years to come.

Questions Regarding the March 24, 2022 Planning and Community Development Presentation:

1. **NEW QUESTION AND RESPONSE:** What is the forecast for the planning and community development functions for the period 2022 through 2030?

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Response: The 10 Year Financial Sustainability Model does not forecast the revenues and costs for each specific program or department. While it is a sophisticated Excel-based model, it rolls up detail to an aggregate level and applies inflation factor(s) that most closely influence their behavior.

2. **NEW QUESTION:** Slide 17: This slide suggests that the electric energy saved is equivalent to 899 years of use for a 12W LED light bulb. You might want to confirm this figure.

Electrical energy used by light bulb for one year = 12W * 8,760 hours/year = 105,120 Wh/year

Reported electrical energy saved = 783.86 MWh = 783,860,000 Wh

Years bulb would be on = 783,860,000 / 105,120 years = 7,457 years

Response: PENDING

Questions Regarding the March 24, 2022 Planning and Community Development Presentation (from meeting chat messages):

1. Does the Planning and Community Department handle tree removal permits?

Response: Yes, PCD handles tree removal permits! PCD has processed 10 tree removal permits so far in 2022. Permit type TRE22-XXXX.

2. What was that number for Shoreline growth? As well as jobs projected, please?

Response: Follow up - 381,000 new people (not units) projected to come to King County between 2019-2044. Shoreline's allocation is 13,300 net new units 2019-2044 and 10,000 net new jobs.

Questions Regarding the March 24, 2022 Economic Development Presentation:

1. **NEW QUESTION:** General comment: There is a lot of information in this slide presentation. For purposes of the Committee's study, it would be helpful if there were growth projections made for 2022-2030 so that the City's general fund budget could be put into context relative to changes that will occur during this period. Seeing the historical data is interesting and it would be helpful to understand what assumptions are being made to model future growth and possible changes in the built environment.

Response: PENDING

2. **NEW QUESTION:** Slide 36: What is this slide portraying? If it is the likely change of Shoreline businesses, I do not see auto sales lots or firms on this list.

Response: PENDING

3. **NEW QUESTION:** Slides 41- 44: Why isn't the area around the light rail station at 185th identified as a job creation area? Hasn't this area been zoned for business development as well as high-rise housing?

Response: PENDING

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Questions from March 24, 2022 additional review session (from meeting chat messages):

1. What is the operating reserve as of today?

Response: Our 2021-2022 budget estimated our undesignated general reserves to be \$17.1M at the end of 2022.

We haven't closed 2021 to know where we ended 2021, but we do know that we did not need to use an anticipated \$1.7M in reserves that were anticipated due to the pandemic, so I anticipate it will be greater than that.

2. Can these questions/comments and the responses be sent as follow-up to (the) meeting?

Response: John, we will capture the Q&A that came during the meeting in the Q&A document and send that out. We will also send the recording from the "extra" session out to everyone. If there are new questions, we will also include those.