

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.

3. 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:

1. 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.
 - a. 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.

- b. 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.

- c. 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.

2. 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.

- 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:

Year	Gap	Cumulative Gap
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?

Year	Resources used
2024	107
2025	1,139
2026	1,247
Total	2,493

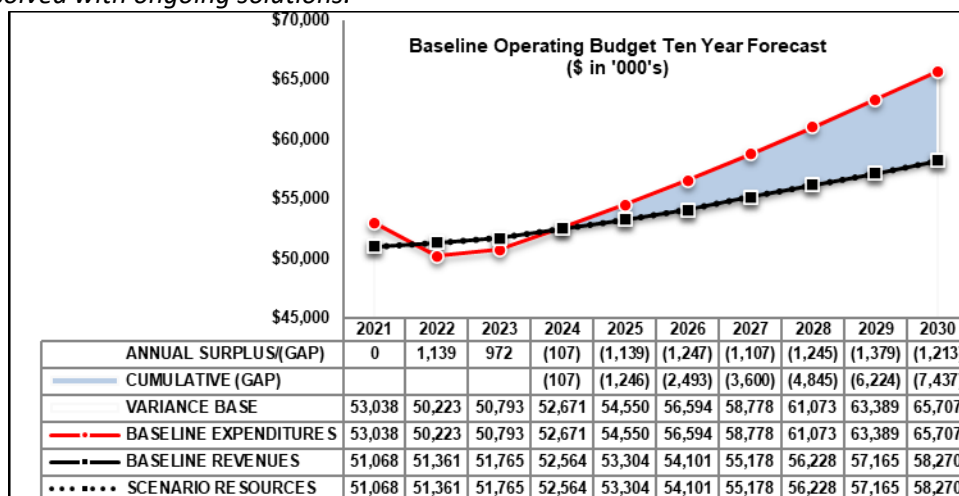
Why does the note say, "In sum, filling the 2024-2026 gaps with one-time resources the City would use \$3.846M of fund balance." when the total resources needed to close each gap totals \$2.493M?

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.

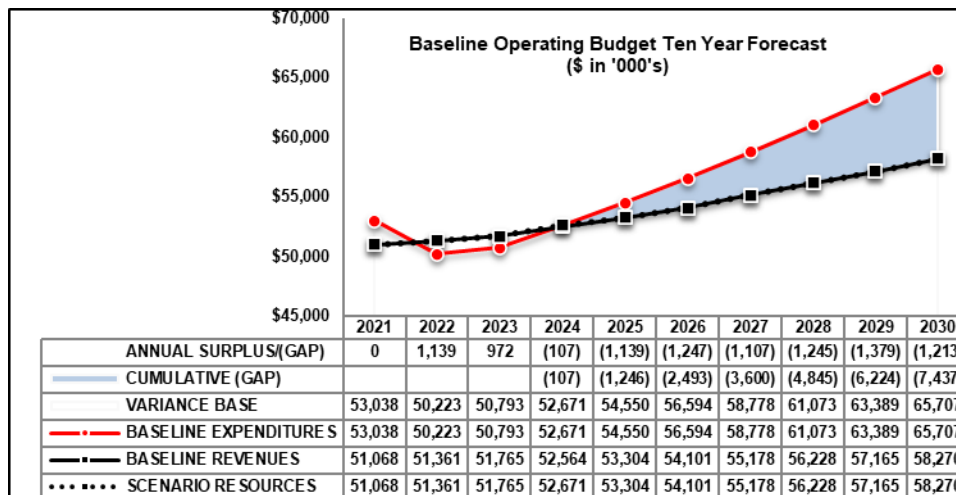
I would appreciate clarification about what is being shown in these slides. If one-time payments were made each year to cover the gaps, the total payments would be \$7.437M, not \$25.952M.

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:

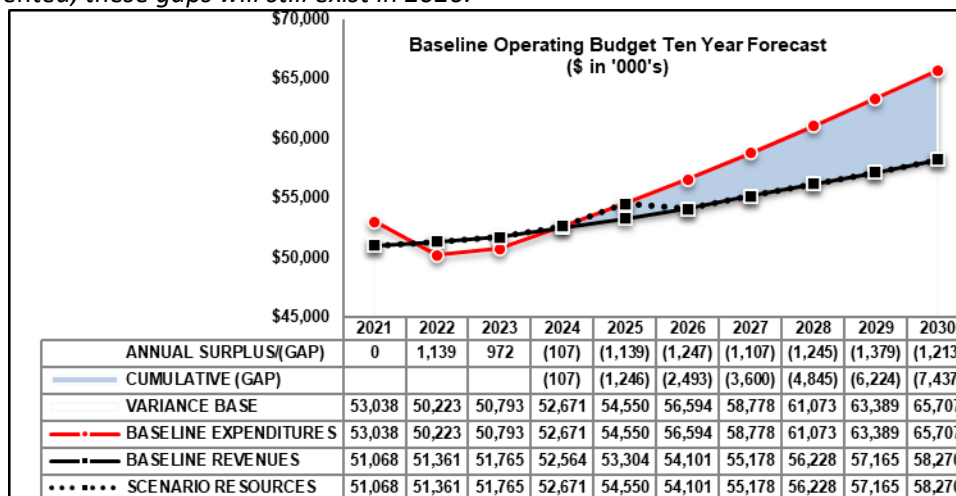
- The committee was presented the following chart from the City's 10 Year Financial Sustainability Model with the baseline forecast for revenues and expenditures. The 'ANNUAL SURPLUS/(GAP)' row represents the growth in expenditures that exceeds growth in revenues attributable to each year. The 'CUMULATIVE (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.



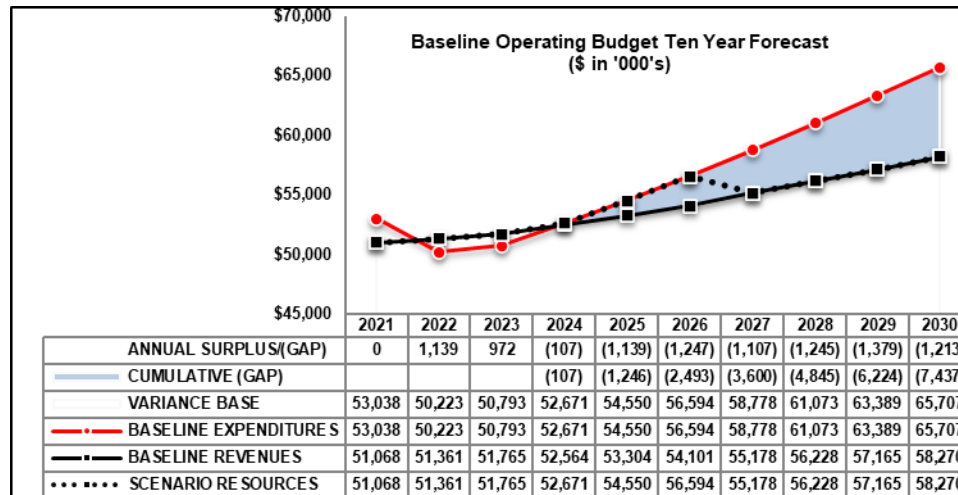
- In 2024, the gap between baseline revenues of \$52.564M and baseline expenditures of \$52.671M equals a gap of \$0.107M. If \$0.107M of one-time solutions are implemented to balance 2024, the gap will still exist in 2025.



- 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.



- 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.

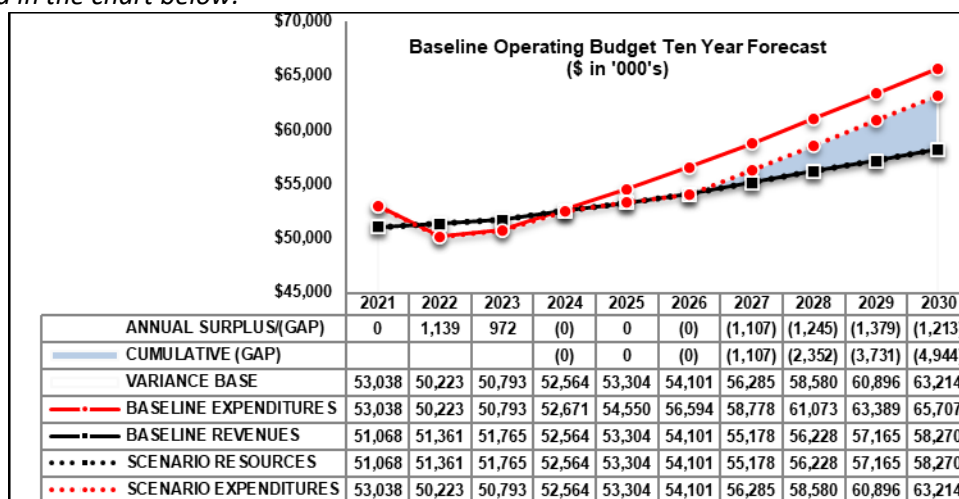
	\$ in '000's	2024	2025	2026	Sum of 2024-2026
A	Baseline Revenues	52.564	53.304	54.101	159.969
B	One-Time Solutions Used to Increase Scenario Resources	0.107	1.246	2.493	3.846
C	Ongoing Solutions Used to Increase Scenario Resources	0.000	0.000	0.000	0.000
D = A + B + C	Scenario Resources	52.671	54.550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

	\$ 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.

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.

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.

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](#))

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%

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. 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: Shoreline predicts it will maintain police staffing levels at one officer per 1,000 population. The state average for police agencies is 1.32 officers per 1,000. Currently Shoreline has 0.81 officers per 1,000 population due to the vacancy rate in the King County Sheriff's Office.

To respond to the increased need for behavioral health crisis intervention, the Council has directed staff to “maximize the North Sound RADAR Program.” This co-response program pairs a commissioned police officer with a mental health professional to respond to people in crisis due to a mental health or substance abuse disorder. The five city consortium of Bothell, Lake Forest Park, Kenmore, Kirkland, and Shoreline are currently seeking additional funding, both from grants and local general fund resources to staff RADAR 24 hours a day with at least one RADAR team. While Shoreline currently has cost savings from unfilled police positions and will repurpose funding allocated for a School Resource Officer that is no longer wanted by Shoreline School District, there is still an annual gap of approximately \$56K that may be part of a future Levy Lid Lift.

2. Related question, how are future policing costs projected?

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. 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. 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.

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 ~0.11 officer does not influence the growth of expenditures much (it would take ~\$15-20,000 per year to maintain 0.97/1,000).

4. 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 misdemeanor 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 misdemeanor 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. What is the forecast for the planning and community development functions for the period 2022 through 2030?

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. 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: This graphic was provided to us by Built Green. We took it at face value at the time and unfortunately do not have an update based on the annual savings due to the Built Green 4 Star Program.

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. 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: We unfortunately do not have the ability to forecast that kind of growth projection. As a City we have also consistently taken a conservative approach to our growth. Even using historical data has pitfalls.

2. 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: This slide is showing what types of businesses we have more than our fair share of (surplus) versus what kinds of business activity we are losing to other cities (leakage). For example, we hear that people would like more eating and drinking establishments in Shoreline and you see that as a type of business we are losing to other cities.

3. 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: The 185th Station Area is a significant area for development. It does not have a freeway off ramp, unlike the 145th Station Area. For job creation, commercial or economic development that is not residential, the 145th Station Area and Shoreline Place have other assets or amenities nearby that make them more attractive for job creation.

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.

Questions for the April 7, 2022 session:

1. Slide #12 refers to our community as “growing” and becoming “increasingly diverse,” and slide #17 refers to potential staffing needs in 2024 and 2027 in addition to an increase in utility and janitorial expenses. However, according to slide #8’s inset of the 2020 resident survey, the “variety of (Parks and Rec) culturally diverse programs” was ranked second from the bottom with only 43% stating that they were “very satisfied” or “satisfied” and 14% as “dissatisfied.” What are plans to affect these percentages (and public perception) over the next 6-8 years?

Response: The City continues to expand the number and type of culturally diverse programs offered. During the past two years the City has offered or supported a number of new events that we anticipate will be repeated. These include celebrations of both PRIDE and Juneteenth as well as a partnership with Shorelake Arts to offer the very well attended Lantern Festival. During the PROS Plan process, we will also hear from residents about the types of cultural programs wanted in Shoreline. It should be noted that these programs were all but cancelled during the pandemic, so as we restart, there is a natural opportunity to work with new partners or change programs as we hear

from residents what types of programs they want. Also, with the passage of Prop 1, there will be more opportunities to add to the City’s permanent art collection.

2. With respect to “Recreation Services: Youth and Teen Development Programs”-
 - How are the costs of program services (e.g., “Hang Time” with the Shoreline School District, others with YMCA and KCHA, etc.) managed among the various partners?
 - Slide #26 mentions a “mental health therapist.” How equitable are accessibility and affordability to our diverse community members?
 - Slide #27 “Emergent Needs” indicates that there are waitlists for most programming among families, noting the impact of 6th grade now being included in our middle schools. What kind of programs are experiencing waitlists? How are capacity issues being addressed so that more families may be served over time?

Response: The City of Shoreline’s General Fund supports City staff providing teen (middle and high school) programming both in schools and at the Richmond Highlands Community Center and our programming at Ballinger Homes. The School District provides space, bus transportation and administrative support for programming that occurs at school sites. The YMCA and King County Housing Authority pay for their staff and associated program costs.

The Mental Health therapist is on site during YTDP programming hours and is available and is to any YTDP participant who needs support at no cost to the young person. Participants may schedule regular appointments or simply come by during drop-in programs. YTDP staff also work closely with our youth population and community organizations to refer students who may need additional mental health services.

All recreation programs are experiencing waitlists with many of our programs filling up within hours of registration opening. We are limited by space and staff capacity so we are unable to expand programming at this time.

3. Attachment C – “Emerging Programs and Resource Needs”: The items described in this document seem significant and impactful to the City’s operations and to the overall satisfaction levels of residents, businesses, and of course, City staff. How should the FSAC-22 committee members be integrating this information into our work if the City Manager’s decision is still pending regarding the inclusion of these in her recommended budget to City Council?

Response: You are correct, these items are significant and will impact staff’s ability to deliver services that our residents expect and value as well as accomplishing Council goals. The City manager will make the final recommendation to Council on which items she would recommend moving forward based upon forecasted resources and community and Council priorities. To that end she would appreciate the Committee’s input on the priority, particularly where we are considering expanding programs to address stated resident desires. For our discussion at meeting four, we will provide additional information to help this process and possibly do a simple prioritization exercise.

4. We had heard during the March 24 meeting that approximately 381,000 people are expected to come into King County between 2019 – 2044. As traffic patterns change due to an increase in population and transportation options in Shoreline, how are decisions being considered over time

regarding the installation of traffic signals, stop signs, frequency of street maintenance, lighting fixtures and crosswalks (to encourage pedestrian traffic and ped safety), bike lanes, etc.?

Response: The attached Growth-Related Transportation Impact FAQs is likely the most responsive to this question, however, what follows is a hierarchy of all the policies, plans, and related guides aimed at ensuring the City has adequate facilities to keep up with projected growth.

Growth Management Act

[Chapter 36.70A RCW: GROWTH MANAGEMENT—PLANNING BY SELECTED COUNTIES AND CITIES \(wa.gov\)](#)

The State Growth Management Act (GMA) provides framework for land use planning and regulating development. The act responded to problems with uncoordinated and unplanned growth, and a lack of common goals in conservation and land use. Problems included increased traffic congestion, pollution, school overcrowding, urban sprawl, a loss of resource lands and rural character. The GMA contains goals to guide local government planning and specific requirements governing comprehensive plans and development regulations. After adopting initial comprehensive plans and development regulations, local governments must complete periodic updates to ensure ongoing compliance with the statute.

City of Shoreline Comprehensive Plan

[Comprehensive Plan | City of Shoreline \(shorelinewa.gov\)](#)

This 20-year plan articulates the community's vision and reflects community values. The goals and policies included in this Plan provide a basis for the City's regulations and guide future decision-making. It also addresses anticipated population and employment growth, and how facilities and services will be maintained or improved to accommodate expected growth.

Transportation Master Plan (the Transportation Element of the Comprehensive Plan)

[Transportation Master Plan \(TMP\) | City of Shoreline \(shorelinewa.gov\)](#)

The TMP is the long-range plan for Shoreline's transportation network. It helps guide how the City develops its Capital Improvement Program, coordinates transportation improvements with land uses, and plans for what is needed to respond to growth.

- *The TMP contains policies and projects that support the future land uses in the City's Comprehensive Plan.*
- *These policies affect choices for travel modes, such as car, bus, bicycle, and on foot.*
- *Knowing how Shoreline will grow in the future allows the City to plan for the right transportation system improvements.*
- *The projects listed in the TMP help ensure that adequate transportation facilities are in place.*

Transportation Improvement Plan (TIP)

[Transportation Improvement Plan \(TIP\) | City of Shoreline \(shorelinewa.gov\)](#)

The TIP is a short-range planning document that is updated annual based upon the needs and policies identified in the City's Comprehensive Plan and Transportation Master Plan. It identifies Shoreline's current needed transportation projects and programs feasible for the next six years.

Capital Improvement Plan

[Capital Improvement Plan | City of Shoreline \(shorelinewa.gov\)](#)

The Capital Improvement Plan (CIP) is a multi-year plan for capital expenditures needed to restore, improve and expand the City of Shoreline's infrastructure, which includes roads, sidewalks, trails, drainage, parks, and buildings owned and/or maintained by the City. The plan identifies projects and funding for improvements over the next six years and is updated annually to reflect ongoing changes and additions.

Other supportive codes and standards

- Development Code: [Title 20 DEVELOPMENT CODE* \(codepublishing.com\)](#) – purpose description can be viewed here: [Chapter 20.10 General Provisions \(codepublishing.com\)](#)
- City of Shoreline Engineering Development Manual - <https://www.shorelinewa.gov/home/showpublisheddocument/54235/637805164850870000> - The EDM addresses permitting and engineering requirements for site and right-of-way work related to development within the City. The EDM sets forth minimum engineering criteria and specifications and supplements the SMC.

- [Transportation Impact Fees | City of Shoreline \(shorelinewa.gov\)](#)

The Growth Management Act, a Washington state Law, requires cities to plan and provide transportation facilities to accommodate growth. By charging impact fees, cities can ensure the required transportation facilities are constructed to meet the demands of future growth and new development. TIFs are charged during the building permitting process and used to fund projects to maintain or improve levels of service on Shoreline's streets. The intent is to share the financial responsibility of providing transportation facilities, such as roads and intersections, that support future growth with the development that grows our population and economy.

Ongoing Maintenance & Operations

[Budget and Capital Improvement Plan | City of Shoreline \(shorelinewa.gov\)](#)

The City's Budget outlines ongoing operations & maintenance programs including Street Operations and Traffic Services, which are funded primarily by various taxes.

Questions Regarding the April 7, 2022 Parks, Recreation, Cultural and Community Services Presentation (from meeting chat messages):

1. (Does the City have any) basketball courts? oddly absent

Response: We currently have one permanent and one temporary outdoor basketball courts. Spartan Recreation Center has two full courts in the double gymnasium.

Follow up comment: 1.5 is better than 0, but definitely something to be vastly improved upon :)

2. Will the pool/community center bond be revisited in the future?

Response: Staff are currently engaged with some other north end cities to conduct a feasibility study related to siting of a shared pool and the creation of a Metropolitan Park District.

3. If Shoreline can attain 10 acres per 1,000 in the future and meet the NRPA standards, does that mean additional benefits to the City in some other way, in addition to health benefits to the community? Does the City qualify for other funding sources?

Response: There are not other benefits to the City to meet the National Recreation and Parks Association (NRPA) standards. The City does not qualify for other funding sources after meeting this standard.

4. Do the camp fees not pay for themselves?

Response: Yes, most camps have fees set close to or at 100% cost recovery however the teen camps have a lower cost recovery knowing most parents are hesitant to pay as much for a youth to attend a camp. With the rising labor costs, it will be a challenge to maintain this while still making the programs accessible to the community.

5. Is the School District a partner with youth programs - afterschool, sports?

Response: The School District is a partner with the teen programs, providing space and in-building staff support during the program. The School District offers after school sports at the middle and high schools. The YMCA is the primary provider of k-5 programs at the School District.

Questions Regarding the April 7, 2022 Public Works Presentation (from meeting chat messages):

1. Does the City have a vac truck for cleaning catch basins?

Response: Yes, the vac truck that has yet to be surplus as been being used to clean catch basins. This is something we would like to add as we evaluate the benefit of contracted services versus in house services.

2. Why does the City have to maintain the private landscaping of apartment building?

Response: The City is not maintaining private landscaping. The landscaping required as part of the required frontage improvements in the right-of-way as part of new development become assets and amenities that the City now maintains.

3. How many grant writers does the City have? It sounds like lots of Departments receive grants.

Response: The City does not have a dedicated grant writer. Each Department has staff that are familiar with the grant opportunities available and have experience with the grants in their areas.

4. With the increased pace of development and number of new and anticipated permit applications, is there an impact on engineering or other departments which have to review and sign off on the capital improvements, roadway impacts, transportation mitigation, etc.? Are you projecting a need for more staff?

Response: We are starting to see that with the uptick in development and there might be a need for more staff in the future as we see more wear and tear on our assets. It wouldn't be every year, but instead as we see the backlog of service requests grow, we would need to assess if it were time to add more staff. We do track what assets are being added that would be another data point around if more staff is needed.

Questions Regarding the April 7, 2022 Support Services (from meeting chat messages):

1. Is the City hoping to bring in house any particular functions that it is currently contracting with external services for now?

Response: We are always evaluating what makes sense to bring in house versus outsourcing. At the moment there is nothing that is a clear option for outsourcing. We look at both the level of service and the cost perspective it makes sense to bring something in house versus outsource. Nothing currently is about to tip the scales that staff would recommend to bring in house.

2. Will the City be transitioning to electric vehicles?

Response: Yes, we are hoping to purchase our first electronic truck this year. We have replacement reserves for our vehicles. We take care to determine when is the right time to replace a vehicle, such as when is the repair and maintenance costs outweighing the cost of purchasing a new vehicle. If there is a vehicle planned for replacement where there is an electric option in the pipeline, we are making the decision to push out replacement a little longer, continue to safe for the replacement, and hopefully purchase the electric vehicle when it becomes available. We have one or two Leaf's (electric) and several Priuses (hybrid).

3. Do you see a need for further investment in IT network security to avoid ransomware attacks or to replace your current enterprise software?

Response: Yes, this is definitely some of the drivers behind our IT needs. We contract out quite a bit of IT support. In the network area we have hired a firm that it helping us monitor our network and making sure we have the appropriate tools to recognize potential attacks, should they happen. Our enterprise software is all fairly new. We have updated our enterprise applications in the past 5-6 years. We do not have anything that is terribly old and we keep up to date with upgrades, but doing those upgrades takes a lot of staff time to accomplish. Our City departments also need us to expand the use of those applications. Keeping everything working is taking a lot of our efforts at this time, which is why we are trying to add staff into the IT function.

Unanswered Questions from the April 21, 2022, meeting:

1. NEW QUESTION AND RESPONSE: One of your earlier slides shows General Operating Revenue of \$86.052M. The slides you are using now are showing values in the \$55M to \$65M range. Why the difference?

Response: The \$86 million was the biennial total in the original adopted 2021-2022 budget. This was a conservative estimate for revenue given that we did not fully understand the impacts the COVID-19 pandemic would have on our revenues. During the mid-biennial process in November 2021 and through other amendments, the revenue was increased a little over \$100 million for

the biennium and preliminary 2021 actuals are around \$56 million. This is reflected in the estimates you saw in the modeling of different Levy scenarios.

2. NEW QUESTION AND RESPONSE: Does the City have to increase the Property Tax by the full amount of CPI or the stated percentage in the voted limit factor, or can they increase it by less if the forecast changes?

Response: The voted limit factor used for increases each year after the first year is the maximum increase that can be applied, whether it is a link to an index like CPI-U or a set percentage for each year. The property tax increase would be set lower if Council determined that the full increase was not necessary to meet the stated needs of the levy lid lift.

3. NEW QUESTION AND RESPONSE: How does the City’s tax levy compare to other cities regionally?

Response: This information is reported by the King County Assessor’s Office and can be found here: [2021 vs. 2022 Property Tax Bills and Residential Median Values by City](#).

4. NEW QUESTION AND RESPONSE: Is there a way for the property tax to be more equitable, with the younger working property owners paying more compared to those who are retired and on fixed incomes? How does CPI connect to the existing senior and disabled persons’ exemptions and deferrals?

Response: The state Constitution authorizes the Legislature to grant to retired property owners relief from the property tax on their principal residence. Current law authorizes property tax relief on the principal residences of senior citizens and persons retired by reason of disability if they meet certain income requirements. In addition, these qualifying taxpayers may defer any remaining property taxes and special benefit assessments on the residence. Amounts deferred may accumulate up to 80 percent of the homeowner's equity. Amounts deferred become a lien on the property in favor of the state. Upon death or eventual sale of the property, the full amount of deferred taxes is due along with interest. Detailed information regarding these exemptions can be found in the [Property Tax Relief Programs for Individuals Manual](#).

A property taxpayer’s property tax would still be calculated according to whatever method used by the Levy, however it would not be collected until later. We anticipate the level of deferrals to stay consistent. If we had a jump in the number of deferrals we would need to adjust our revenue forecast. The King County Assessor’s Office administers the tax benefit programs, and more information can be found about these programs here: [Tax Relief](#).

Questions following the April 21, 2022, meeting:

1. NEW QUESTION AND RESPONSE: From our meeting I understand you don’t reconcile projections against "reality." Can we see the projection slides the 2016 committee was shown? I'd be interested in the projection we were shown for 2021, versus the real outcome. For 2021, the slide showed spending over revenue, which we know is not correct. Will you be updating that?

Response: We understand your interest and hope to explain how we maintain accountability in the process without reconciling the forecast. The forecast is a point in time look at the future based upon complex assumptions. We make changes and adjustments that are incorporated into the budget based on that forecast. We create Annual Financial reports that compare the budget (that is built based upon the forecast at that time) to actuals. We also update the forecast each year and make the necessary budget adjustments for the next year based upon the prior year actuals and updated assumptions.

Here is a link to where you can find the financial reports:

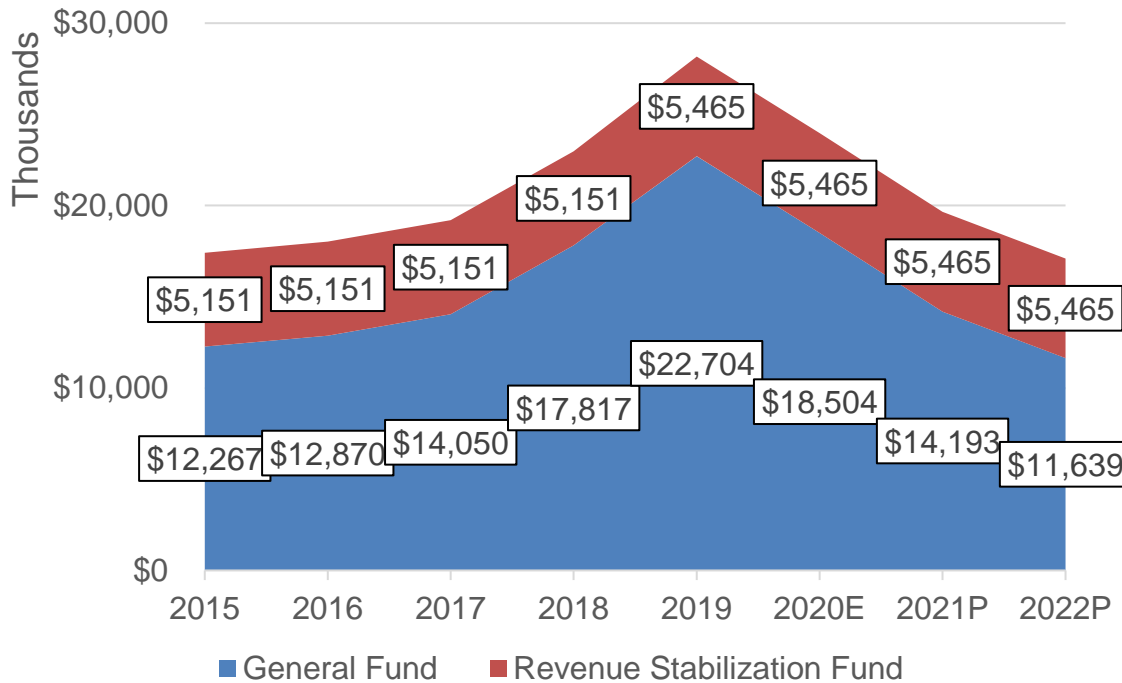
<https://www.shorelinewa.gov/government/departments/administrative-services/financial-reports>

For 2021, the expectation of expenditures over revenues was based upon the planned use of fund balance. That use of Fund Balance is what Sara was discussing as the One-Time items that are supported by our fund balance in excess of minimum reserves. Christy is working to provide a list of the One Time items that were budgeted to be funded by General Fund Balance in 2020-2021 and we will share that with the committee. I hope this will help illustrate how the surpluses that do occur are used and necessary.

It is important to note that frequently the funding that might be committed from the GF Fund Balance in one year won't be transferred for several years if it is for a major project, because we want to keep the funds in the General Fund until they have been expended. In that case, the "Budget" or plan takes that into account, but the "actuals" don't – adding to challenge of trying to reconcile back to prior forecasts.

2. NEW QUESTION AND RESPONSE: I believe there is a typo in the [Q&A #5] document that is attached to this email. I believe the decimal point is in the wrong location. The current Q&A document has this statement: "Response: Our 2021-2022 budget estimated our undesignated general reserves to be \$17.1M at the end of 2022."

Response: The decimal point is in the correct place. The 2021-2022 budget estimated our undesignated general reserves to be at \$17.1M at the end of 2022. The following slide from the November 2, 2020, Council discussion illustrates this estimate:



Adding the projected \$5.465M from the revenue stabilization fund to the projected \$11.639M from the general fund gives us a projected total of \$17.106M for our undesignated general reserves.

- NEW QUESTION AND RESPONSE: Update the Q&A to include the actual amount of City of Shoreline General Fund Reserves from the April 11, 2022, presentation made to the Shoreline City Council.

Response: On April 11, 2022, staff presented the 2021 Year-End Financial Report to City Council. Staff presented an updated budgeted ending fund balance of \$8.491M, which was outlined in this table:

Intended Use of General Fund Reserves	Amount
GF Beginning Fund Balance - January 1, 2021	\$26.133M
Less Required General Fund Operating Reserve:	
Cash Flow Reserve	3.000M
Budget (Operating) Contingency	0.871M
Insurance Reserve	0.255M
Less Assigned for One-Time Outlays through 2021-2022 Biennial Budget Adoption	2.980M
Less Use for 2020-to-2021 Carryovers	0.735M
Less Use for 2021-2022 Budget Amendments	3.187M

Less Designated/Assigned One-Time Support for City Maintenance Facility	6.614M
GF Unassigned and Undesignated Projected Ending Fund Balance	\$8.491M

This is the budgeted ending fund balance, so it considers budgeted revenues and expenditures, including amendments. It does not take any potential change in fund balance for revenues over plan or expenditures under plan, primarily because we are in the 2nd year of a biennial budget and recognize that the revenues and expenditures planned could span years. When we update the Forecast for the 2023/2024 we will have a new projected fund balance that will take those into consideration. The difference between the \$11.6 Million mentioned in question 2 and the \$8.5 here are the budget amendments noted above.

- NEW QUESTION AND RESPONSE: Has Shoreline conducted comparative analysis of regional and national examples of city revenue sources to identify innovative and novel ways to generate revenue? Secondly what potential novel revenue sources have been identified for implementation in the next 2-3 years for Shoreline? Local examples of cities spurring economic activity and revenues are Lynnwood traffic enforcement and Kenmore’s downtown brewery incubation.

Response: The City uses the Municipal Research and Service Center of Washington (MRSC) for the analysis of revenue sources instead of needing to complete this on its own. MRSC publishes the publicly available [Revenue Guide for Washington Cities and Towns](#), which was last updated in March 2022. This guide provides information on all the major revenue sources and most of the minor ones that are available to cities and towns in Washington State. This guide is intended to help city elected officials and staff members by providing a comprehensive explanation of the city’s revenue sources and potential new revenue options to support those services a city has determined are essential to its taxpayers. We use this to help guide our financial sustainability planning.

Economic development is another way to increase certain types of revenue for this City. The Kenmore downtown brewery incubation is an example of an economic development project aimed at increasing revenues for the City. The [2018-2023 Economic Development Strategic Plan](#) outlines a number of different initiatives currently underway in Shoreline. This includes encouraging intensive private development at the former Sear’s location off Aurora; supporting placemaking projects in existing neighborhood commercial nodes (such as Downtown Ridgecrest, Echo Lake at Aurora & 192nd, and Ballinger Commercial Center); and support citywide programs, such as supporting a growing media/film production industry, to make the City a more attractive place to live, invest, and conduct business.

Adding and/or increasing fees is also considered by Council during the mid-biennial budget process. Generally the City Council has supported fees paid for by those benefiting from the services (e.g. utility fees, rental fees, recreation class fees) or to pay for the increased need for services due to development (e.g. park impact fees, transportation impact fees). At this time,

Council has not been interested in red light cameras or school zone cameras, though those remain future options for Council to consider.

- 5. NEW QUESTION AND RESPONSE: What has the City spent surplus undesignated general fund dollars on previously?

Response: These are examples from the past 5 years of use of Fund Balance for one-time costs:

Description	Amount
Durable Pavement Marking Maintenance Catch Up	60,000
Green City Partnership Launch - Establish Green Shoreline Partnership	30,000
Americans with Disabilities Act (ADA) Parks Assessment and Transition Plan Development	100,000
Townhouse Design Standards	41,000
Contract for aerial photography to support accurate GIS data.	50,000
Workstation Replacement - Replace Computers that are more than 5 years old**	56,012
Snow Response	235,308
Repair damaged guardrail at priority locations throughout the City by contract.	83,700
Funding for consultant support to engage in a dialogue with the community about additional housing styles and to codify standards for appropriate types.	75,000
demolish Highland Plaza buildings with paving for additional City parking	612,481
Hybrid conference room	410,000
Hazardous tree removal	124,157
City Maintenance Facility*	3,622,039
Pool Demolition	620,000
Youth and Teen Development Program Pilot Program	148,434
Permitting Cost Recovery Update	50,000
2024 Comprehensive Plan Update	90,000
Financial System Replacement/Upgrade**	1,200,000
Permit Tracking System Replacement**	500,000
Maintenance Management System Implementation**	661,675
Total	8,769,806

* The City Maintenance Facility has an estimated total project cost of \$27M with \$14M being supported by the General Fund. Council has been designated \$1M per year of surplus to set aside for this purpose. We need an additional \$8M to fully fund this project.

**The City does not maintain designated reserves for the replacement of the City's enterprise application portfolios or hardware. While routine application upgrades are generally supported in the operating budget, major upgrades and replacements depend on funding from the General Fund Fund Balance. There is a baseline ongoing amount in the operating budget for hardware replacements, but amounts required above that amount are funded from reserves.

Questions to Staff from the Survey Responses:

1. **NEW RESPONSE:** I am requesting additional discussion on the following: 1) More details regarding how City expenses are being forecasted during 2024-2030; 2) More information regarding how the other revenue sources (sales tax, utility taxes and franchise fees) are being forecasted between 2024-2030. Are they being forecasted to increase at a certain percentage per year?

Response: Here are details from the 10-year sustainability model on how the City expenses and revenues are being forecast:

Expenses:

- *Salaries: grow by CPI and step increase calculation*
- *Benefits: grow by their own rate based upon history of growth for each particular benefit*
- *Supplies: No assumed inflation growth, 2023 is higher due to a known \$18,000 base budget adjustment to be applied to 2023 and beyond*
- *Professional services: assume CPI adjustment*
- *Other services: most grow by CPI, a few don't have a CPI adjustment (Dues and subscriptions, miscellaneous expense, and printing and binding)*
- *Intergovernmental: assumes CPI adjustment, except for Police contract*
- *Interfund Payments: some grow by CPI depending on the cost*

Revenues:

- *Taxes:*
 - *Property Tax: Based on property tax levy with current growth factor whether that be CPI or 1%*
 - *Sales and Use: Retail Trade based upon Puget Economic Forecaster June Report (released in July) & Construction and Other Taxable Sales-Based on 5-yr average of construction sector as % of total local sales & use tax before one-time adjustment*
 - *Business and Occupation: Forecast grows by total retail trade sector annual % change*
 - *Gambling: Assumes zero growth in model*
 - *Utility: 80% of CPI annual growth rate assumption before one-time adjustments*
 - *Other: assumes flat growth before one-time adjustments*
- *Franchise/Utility Contract Payments: Seattle City Light (Contract payment) -2019-2024 per Seattle City Light 19-24 strategic plan; 80% of CPI annual growth rate assumption 2025+ & Franchise -80% of CPI annual growth rate assumption, before one-time adjustments*
- *Licenses and Permits -Building permits based on King County building permit trends before one-time adjustments, Other license and permits assumes zero growth, and Plan Check fees -assume 71.2% of Building permits before one-time adjustment*
- *Intergovernmental -Some have zero growth like CDBG grant, interlocal funding, and other intergovernmental revenue & Liquor Board Profits & Tax base on Shoreline population and profits per capita, Some criminal justice revenue from King county based on MRSC estimates*

- Charges for Services -80% of CPI annual growth rate assumption, before one-time adjustments
- Fines and Forfeitures -assumes zero growth before one-time adjustments
- Interest Income -assumes zero growth before one-time adjustments

2. **NEW RESPONSE:** I would like more information regarding what I can expect to pay in property taxes given the increase in property values in the last year.

Response: The Assessor’s Office will provide the 2023 property tax statements to property owners in February of 2023. Unfortunately the City is unable to provide a reliable estimate to individual property owners ahead of the Assessor’s Office statements.

The King County Assessor’s Office provides a [Tax Transparency Tool](#) for property owners to estimate the impact of proposed tax levies. This tool will be available during the election if City Council decides to place a measure on the ballot. The tool can be used now to find a property owner’s current and historical (past three years) of property tax, which includes a detailed breakdown of each year’s tax.

3. **NEW RESPONSE:** I'd like a quick review about what it means financially to maintain the "current level" of City services vs. the "expanding portfolio" of service needs.

Response: Resetting the levy rate at \$1.38 (plus future CPI adjustments) would balance the budget for the years 2023-2028 with an anticipated net surplus of \$12.918M. It would not keep the same level of services, because it would not be adjusted for population growth or other pressures on level of service, such as changes in employment laws or keeping pace with the IT service support needed to maintain our IT infrastructure. The impact to homeowners would be as follows:

Estimated impact to the median homeowner if the Levy Rate is reset to \$1.38/\$1,000 AV in 2023 and 2024-2028 the Levy Lid Lift allows the levy to increase by CPI-U.								
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)	Monthly
2023	\$540,900	\$541	X	\$1.38	=	\$748	\$136	\$11
2023	\$750,000	\$750	X	\$1.38	=	\$1,038	\$188	\$16
2023	\$1,000,000	\$1,000	X	\$1.38	=	\$1,384	\$251	\$21

Maintaining the current level of services would mean resetting the levy rate to \$1.52 (plus future CPI adjustments), which would balance the budget for the years 2023-2028 with an anticipated net surplus of \$14.52M. Maintaining current service levels would entail adding program support positions (in IT, HR, finance, and legal) as well as program positions (code enforcement, recreation programs, and park maintenance). These adds would maintain all current levels of service, though there could be an approach that would only keep some of these current levels of service and adjust others. If all service levels were maintained at current levels, the impact to homeowners would be as follows:

Estimated impact to the median homeowner if the Levy Lid Lift is reset @ 1.52 in 2023- This level accounts for maintaining level of service impacts								
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)	Monthly
2023	\$540,900	\$541	X	\$1.52	=	\$822	\$209	\$17
2023	\$750,000	\$750	X	\$1.52	=	\$1,140	\$290	\$24
2023	\$1,000,000	\$1,000	X	\$1.52	=	\$1,519	\$387	\$32

4. **NEW RESPONSE:** Can the City use undesignated general fund dollars over the next six years to address some of the projected deficit? (Three people asked a version of this question.)

Response: This committee may want to consider a recommendation for use of undesignated general fund dollars to the City Manager. City staff plans to recommend using undesignated general fund dollars over the next six years to address some of the projected deficit. However, recognizing that option doesn't provide adequate ongoing revenues to support ongoing costs, Council may not accept that recommendation.

5. **NEW RESPONSE:** "Expanding portfolio of service needs"- is this statement based on projected growth in Shoreline? If so, what are the growth projections and during what time period?

Response: Yes and no. There are some services that are tied to population growth. These include services such as recreation programming, develop permitting and inspection services, code enforcement, and parks maintenance staff related to new parkland and amenities coming online. Others are not necessarily tied to growth but the workload within these departments has changed. For example, support services such as human services, IT support, and finance staff are not keeping pace with current work demands due to changes with employment laws, demands of IT support for software services, and demands regarding payroll and accounts payable in addition to increased workload due to staffing increases elsewhere in the organization.

Shoreline's population has been steadily increasing but at a level lower than the King County average. Shoreline's population was 53,007 according to the 2010 census. It grew to 56,370 according to the 2020 census. The City's population estimate for 2023 is 59,260.

6. **NEW RESPONSE:** What would be the price tags associated with "expansion of services?"

*Response: Here are the annual on-going costs of each expansion in 2022 dollars:
 Human Services: \$140,000
 Alternative Policing/RADAR: \$59,000 (using savings from School Resource Officer)
 Urban Forestry: \$66,000
 Recreation: \$284,000*

7. **NEW RESPONSE:** When is the next resident satisfaction survey?

Response: The 2022 Resident Satisfaction Survey is currently being mailed out to residents. Preliminary results will be available to City staff in July with finalized results available in August.

8. **NEW RESPONSE:** Is it possible to have staff re-work the graphs with up-to-date forecasted CPI indices based upon current inflationary measures so that we can see the impact on property tax bills over the six-year period as opposed to just the first year's examples?

Response: It is not possible to accurately reflect an estimate over the six-year period. Both CPI and assessed values will change in unpredictable ways. Regarding updating the forecasted CPI, staff will be updating the model to reflect current CPI projections as well as the estimated changes in assessed valuation in the coming months. While we can't get all the information necessary for these updates for our discussion with the FSAC-22 committee, Council will have that information as they make their decision of whether to place the levy lid lift on the ballot, and if so, at what the rate reset should be. Council will consider both the impact to residents and the community's desired service levels when making their decision.

9. **NEW RESPONSE:** I'm still wanting to know how to increase our tax base. How do we compare to other cities? What real steps are we taking to increase sales tax revenue?

Response: Please see answers to questions #3 on page 22 and #4 on page 25.