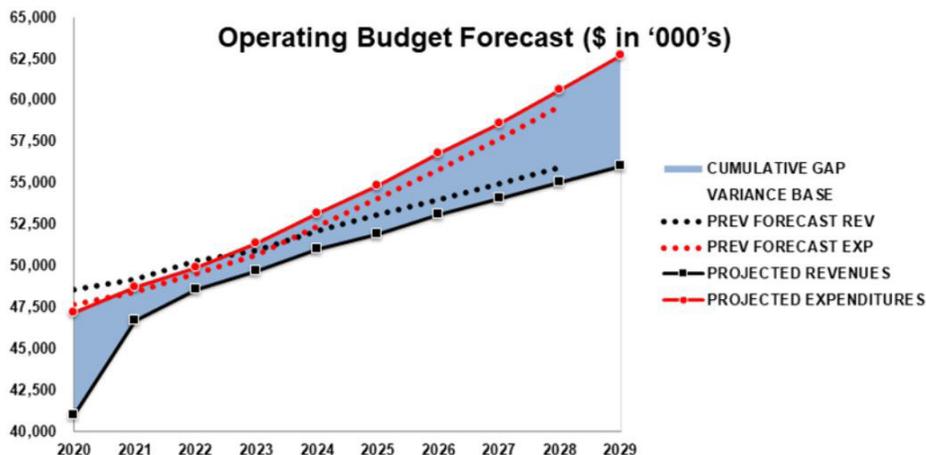


CITY OF SHORELINE COVID-19 IMPACTS AND RESPONSE



Overview

The COVID-19 pandemic has affected individuals, families, and organizations at every level. Washington lost more than 550,000 jobs in March and April. The City of Shoreline, residents, and business community are no exception. The City has experienced significant financial and operational impacts since the start of the pandemic. Our forecast shows a \$7.6 million (16 %) loss in budgeted revenue in 2020. If the economic recovery is protracted, our loss of revenue could extend well into the future. We are currently forecasting a revenue loss of \$4.3 million for the 2021-2022 biennium and ongoing losses of between 2% to 3% every year over the next eight years. Prior to the COVID-19 pandemic, the City had balance budget projections through 2022.



COVID-19 financial impacts: Impacts from the pandemic (solid lines) show multi-million dollar revenue losses for the foreseeable future. Prior to the current crisis, Shoreline finances (dotted line) were on a sound footing. Note that the pre-crisis budget deficits shown after 2024 arise due to the need for voter reauthorization of the current levy lid lift.

How the Washington State Legislature can help ease the burden on cities like Shoreline

Sustain city revenues to support essential services

Cities provide essential services to their residents, including human services, affordable housing, support to business communities, and recreation and parks. During tough economic times, many essential services are even more important. Without support from the Legislature, continued revenue losses will require many cities like Shoreline to make difficult decisions on cutting funding for these valuable community needs.

Preserve shared revenue allocations and increase flexibility

In the face of hard choices, protecting or increasing cities distribution of shared revenues and providing increased flexibility in the use and sharing of funds would allow cities to make funding decisions shaped by community needs and priorities, instead of artificial constraints. For instance, Real Estate Excise Taxes (REET) use is currently constrained to capital projects and limited maintenance. As another example, the legislature intends to limit maximum distributions of Marijuana Excise Tax to no more than \$15 million per fiscal year. Loosening of these and similar artificial constraints can ease the burden of difficult decisions to defer maintenance and/or reduce public safety.

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As legislators, you are called upon to shape the State's ongoing response to this crisis.

This fact sheet is intended to provide you with current information about the impact of COVID-19 on Shoreline's city government, both revenues and expenses, as well as other aspects of the City's efforts to grapple with this challenge.

Questions or comments

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Expand options for transparent, open government

In the midst of this pandemic, providing for the continued operation of government that includes public access must be preserved in a manner that also protects the physical health of our community. This includes Council meetings as well as a range of regulatory public hearings. The initial gubernatorial proclamations came with expiration dates as well as related restrictions that do not provide a solution for long term governing during conditions that will likely be with us for some time. All cities would benefit from flexible options that provide for remote access that also embrace these values.

Provide relief from state-mandated deadlines

Due to COVID-related workforce challenges around social distancing, health, and safety requirements, meeting state-mandated deadlines for a variety of issues can be difficult. Cities need relief to meet land use permit process and timeline requirements, such as neighborhood meetings, permit response times, and time limits to complete permitted improvements, annual financial reporting and auditing deadlines, as well as the City's own environmental permit compliance, such as NPDES permit requirements.

City activities in response to COVID-19

The City has been working to respond to the best of its limited resources to the many emergent needs created by the pandemic.

Key examples include:

Addressing community need

The Shoreline City Council authorized a \$150,000 Community Emergency Response Fund to help the most vulnerable in our community. The fund provided rapid and flexible access to resources for local non-profits and faith-based organizations providing emergency services to Shoreline residents. Funding came from City reserves. We are now partnering with the School District to continue the provision of Grocery Gift cards to qualified families when the School District funding is exhausted.

Supporting business response

The City has been reaching out to Shoreline businesses, in partnership with the Shoreline Chamber of Commerce, to help connect them to both federal and state support programs. The City is exploring a potential grant program to support small businesses in their efforts to reopen.

Partnering with King County on COVID-19 response

The City worked closely with King County to provide space for a temporary Assessment and Recovery Center on Shoreline B Soccer Field. The Center has been closed for now, due to declining need, but the buildings remain in place as the County assesses the potential for a second wave of coronavirus later in the year.

Ensuring Financial Sustainability

The City is carefully assessing its response to the financial realities of the COVID-19 Pandemic. We are taking a three-pronged approach to ensure that we manage effectively throughout the event and reduce expenditures to preserve resources that may be used to address short-term revenue impacts. The approach calls for:

- Cancelling or deferring several local investments
- Making budget expenditure reductions
- Identifying realized and potential savings in our 2019-2020 Biennial Budget
- Utilizing fund balance from 2019 revenue collections above budget

We will incorporate the revenue impacts in our 10-year forecast as part of our 2021-2022 biennial budget development including evaluating service levels and cost recovery to ensure a balanced budget and long-term financial sustainability.

Other factors in recovery

Consumer confidence

The quality and speed of any recovery will depend upon consumer confidence returning. One of the confidence measures for cities is enrollment in recreation classes and programs. Revenue from those programs are essential to the survival of recreation programming at the City. Consumer confidence will hinge, in large part, on the development of adequate testing for COVID-19 and coronavirus antibodies.

Trust in government

Across the country, residents are looking to government for support as they struggle to meet serious challenges to their physical, social and economic health. Local, state and federal governments will all play important roles as we recover. Shortfalls in essential services will undermine public trust and support for future government initiatives, including future revenue measures. To the greatest extent possible, the State must preserve existing city revenues and refrain from balancing its budget at the expense of local government. Shoreline is moving ahead with its planned resident satisfaction survey, which will include a COVID-19 response section.

Sales and Business Taxes

The decline in sales tax represents the largest hit to City revenues. The viability of restaurants and small businesses in Shoreline is dependent on their cash flow. If they close, their absence would translate into losses to our community's quality of life. This could be exacerbated by the continued loss of City revenue and, in turn, city services.

Fuel Tax

The Stay Home/Stay Safe order has dramatically reduced fuel tax receipts, which fund Shoreline's street maintenance program. If the economy continues to depress fuel sales, Shoreline will either face cuts to its basic street maintenance program or a greater demand for general fund revenues; which may also serve to reduce our community's quality of life.