



CITY OF EVERETT

2018 Benchmarking, Tax Burden, and Organizational Analysis Study

October 2018





2200 Sixth Avenue, Suite 1000
Seattle, WA 98121

www.berkconsulting.com

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CONSULTANT PROJECT TEAM

Annie Sieger, Project Manager

Sherrie Hsu, Analyst

Emily Walton Percival, Analyst

Bryce Anderson, Analyst

Executive Summary

PROJECT OVERVIEW

The City of Everett is one of the largest of the 281 cities in Washington state, and growing. Everett's Comprehensive Plan expects an additional 60,000 residents citywide within the planning period (2015 to 2035), with up to 13,000 of those residents expected to settle in Everett's downtown core.

The City's growth is evidence of the success of its impressive economic development activities over the last several years. These activities have included implementation of a new tourism program, "This is Everett," promotion of Angel of the Winds Arena and conference center, and work to attract and retain important aerospace, medical, university, and other employers.

Despite this impressive economic development, the City of Everett struggles to provide the high-quality urban services its community desires at an overall price it can afford. However, Everett, like many cities, is financially constrained due to several tax-limiting measures as well as increases in operating costs that are outpacing revenue growth, and further deferring unfunded capital needs. Based on the experience of other Washington cities, these structural revenue challenges are such that they can't be outpaced by economic development alone.

To achieve fiscal sustainability such that the City of Everett can affordably and sustainably deliver the services its community desires, the City may need to consider opportunities to increase revenues, and to change the services it governs¹, mode of service delivery, and level of service to reduce its expenditures.

To identify the best opportunities to increase its revenues and decrease its expenditures, the City of Everett has undertaken this Benchmarking, Tax Burden, and Organizational Analysis study to generate useful insights into how it compares to its peers and what it can learn to address the City's broader goal: eliminating its significant budget shortfall.

¹ For the purposes of this report, govern is used when the government in question has ultimate authority over a revenue or service. In some cases, a government may govern a revenue or service but not deliver it (for example, when a service is contracted to another government).

Benchmarking

We compared the City of Everett to a specifically-identified list of peer cities including Auburn, Bellingham, Federal Way, Kent, Kirkland, Renton, Spokane Valley, and Yakima (see *Methodology* for information on how these cities were identified) across a number of key metrics related to community population and characteristics, land and economic base, and government operations, including representation, city tax rates, city revenues, city expenditures, and overall financial position. When evaluating cities' revenues and expenditures, we normalized benchmark values based on a "modified per capita" of combined population and employment as a proxy for daytime population.

Where key similarities and differences are identified between Everett and its peer cities, we provided insight into why they might exist. In the case of similarities, this included discussion of the broader context or constraints faced by all cities in Washington. In the case of differences, this may include discussion of policies or other factors that differentiate Everett from its peers.

Tax Burden Analysis

The peer benchmarking analysis compared Everett's tax rates, tax-related revenue generation, and distribution of tax revenues to its peer cities. The complementary tax burden analysis assessed the tax burden on property owners, for both city-collected taxes and taxes paid as a function of living within each city's boundaries (that is, the taxes residents pay overall as city residents). We also evaluated the tax burden on consumers.

Organizational Span of Control Analysis

We conducted an organizational review and span of control analysis to understand the efficiency of the City of Everett's current staffing model. The analysis included reviewing the City's staffing model across all departments to assess its efficiency based on three key metrics: average number of organizational layers, management as a percentage of total staff, and span of control.

KEY FINDINGS

Everett's Advantages

- The City of Everett has a prime location and frontage along Interstate 5 and proximity to Seattle and other major cities and metropolitan areas. This is attractive for retail sales, tourism, and other commercial purposes.

- The City of Everett has the highest share of population of traditional workforce ages, with 64% of its population between 20 to 64 years of age.
- Everett has more households than almost all the peer communities except for Kent. This is likely due to the fact it has one of the lowest average household sizes at an average of 2.48 people per household.
- The City of Everett has one of the highest total jobs of all the peer cities, third to Kent and Renton.
- Employment in Everett has grown at a compound average growth rate (CAGR) of 2.02% over the last ten years (2009-2018). This is in the lower end for those peer employment markets that are growing (the Cities of Bellingham, Federal Way, Spokane Valley, and Yakima's employment markets all declined over the last ten years).
- At \$100,779 per modified capita, the City of Everett's assessed valuation is on the high end and significantly higher than many of the peer cities, including the Cities of Auburn, Bellingham, Federal Way, Spokane Valley, and Yakima.
- Everett has one of the highest total taxable retail sales among all the peer cities, with almost \$20,000 in taxable retail sales per modified capita in 2017. Only Bellingham and Renton had higher taxable retail sales than Everett in 2017.
- The City of Everett practices conservative fiscal policy through which it has been able to maintain high credit ratings to assist in obtaining financing at the lowest possible cost. The City's bond rating, according to Standard & Poor's, is AA+ for both its general obligation and revenue debt.

Everett's Disadvantages

- While the City of Everett is 7th statewide in terms of population and 9th statewide in terms of land area, the City is only 38th in terms of population density. In many cases it is more costly to provide city services in lower density areas. It is worth noting that the reasons for these differences may differ somewhat – for example, Everett, like the cities of Auburn, Kent, Yakima, and Spokane Valley, has agricultural lands, which have significantly less intensive development than other land uses, within its boundaries.
- The City of Everett has noncontiguous boundaries, serving the City proper as well as the Silver Lake neighborhood, an island surrounded by unincorporated Snohomish County. This presents unique

service delivery challenges (for example, with zone policing and providing adequate capital facilities to meet citywide level of service standards) and is likely more expensive to serve than if the City's boundaries were contiguous.

- The City of Everett is only 144th in Population Growth over the last ten years (2009 to 2018). This is lower than all the peer cities with an exception of Spokane Valley. City revenue generation is highly dependent on growth, so this could present a long-term revenue generation challenge.
- Only 86% of the City of Everett's population over the age of 25 has a high school diploma or more education. That means that 14% of Everett's population has less than a high school education.
- Everett has one of the lowest household incomes among the peer cities at \$52,626 per household. Further, the City of Everett has the lowest household income of the peer cities in the Seattle metropolitan area (all peers except for Bellingham, Spokane Valley, and Yakima). For reference, this is lower than Washington state's overall median income of \$56,835.
- Only 43% of resident households in Everett own their own homes. This is the lowest rate of homeownership in peer cities except for Bellingham. While high rates of renter-tenure aren't necessarily a bad thing, we know that home ownership is predictive of long term and intergenerational financial health for families and that home ownership increases investment in real property.
- The City of Everett is on the lower end of its peers in terms of jobs per capita. Bellingham, Federal Way, Kent, Kirkland, and Renton all have more jobs per capita than the City of Everett.

Everett's Opportunities

- The City of Everett has a prime location and frontage along Interstate 5 and proximity to major cities and metropolitan areas, however it competes with many communities that have the same features. Most of those communities have a higher retail sales and tax rate than the City of Everett, such that the City of Everett's could be raised and remain competitive.
- There are several City-governed retail sales and use taxes that the City of Everett does not currently access, but could access (although, these taxes are restricted in purpose and, in some cases, restricted by taxes levied by the county or the overall tax rate, or require involvement of voters), including:
 - 0.2% for public safety as authorized by RCW 82.14.450

- 0.2% for transportation through a transportation benefit district as authorized by RCW 82.14.0455 (discussed in section *Transportation Benefit District and Public Transit Taxes and Fees*)
- 0.1% for affordable housing as authorized by RCW 82.14.530
- 0.1% for chemical dependency or mental health treatment services or therapeutic courts as authorized by RCW 82.14.460
- 0.2% for supporting distressed public facilities districts as authorized by RCW 82.14.048(2)(b)

If the City is currently funding any of these services from general funds, it may make sense to consider funding them through the respective retail sales and use tax, instead, to free up general fund capacity.

- Like the Cities of Bellingham and Yakima, the City of Everett, has significant assigned urban growth area boundaries. Although it is each cities' long-term obligation, per the Growth Management Act (GMA), annexing urban growth areas comes with significant risks. It will be important for these cities to carefully evaluate whether, how, and when to annex urban growth areas, to ensure that they don't increase the citywide per capita cost of service or create unfunded, unsustainable capital investment needs.
- Unsurprisingly, as the City of Everett is the only city to operate a major regional utility, the City has one of the highest per modified capita spending on utilities, second only to the City of Auburn. The City's ability to operate its utility for regional benefit may be an opportunity, in that it has more efficient economies of scale than a utility operated solely for city benefit.
- Everett has weaker taxable retail sales for retailing than the peer cities with higher taxable retail sales per modified capita across the major categories. There could be opportunities to strengthen Everett's retail offerings in some of these areas and increase total taxable retail sales.
- The City of Everett is second to Yakima who has the highest general expense levy at \$2.99 per \$1,000 AV. This is unsurprising because the other cities' residents pay additional property tax levies for some of the services that the City of Everett governs that their cities don't. As such, it would make sense for the City of Everett to have a higher general expense levy inclusive of the property tax capacity represented by these other levies for all three of these services which the City directly governs.

The tax burden on property owners confirms that the City could do this without placing undo tax burden on residents. Even those property owners in Everett's boundaries who pay the highest total property taxes pay lower property taxes than residents of several of the other peer cities, including Auburn, Federal Way, Kent, Spokane Valley, and Yakima.

- Revised Code of Washington (RCW) states a maximum regular property tax levy rate for cities and towns of \$3.375 per thousand dollars of AV. The City of Everett is far below this statutory maximum, at \$2.20 per \$1,000 of AV. However, beyond a total revenue increase of 1% plus the value of any growth, the City cannot increase its property tax revenues without a vote of the people or the use of banked capacity (which the City of Everett does not have).
- Everett has one only one voted regular levy, for City Emergency Medical Services. One of Everett's peer cities, the City of Bellingham has four voted levies for affordable housing, fire pensions, greenways, and local infrastructure financing for economic development purposes. Everett has one only one voted regular levy, for City Emergency Medical Services. Like Everett, the City of Bellingham governs some services that other taxing authorities would otherwise deliver. As such, the City of Everett may be able to levy additional voted property tax levies successfully.
- Although the City of Everett does not levy a utility tax on water, sewer, and stormwater utilities, it does levy a 6% payment in lieu of tax (PILOT), which is built into its utility rates. This is somewhat lower than those peer cities that levy utility taxes, which range from 6% all the way up to 20%. The City of Everett could consider increasing this PILOT within the peer cities range or transitioning to a higher utility tax; however, the City is currently constrained by an interlocal agreement with the Tulalip Tribes holding the PILOT rate at 6%.
- The City of Everett is statutorily authorized to levy an additional 2% hotel-motel lodging tax, however, only one of the peer cities (the City of Yakima) has levied even a share of this tax, leading to the possibility that it could impact the City of Everett's lodging providers' competitiveness. While the City could consider implementing such a tax, it should consider how it would impact its competitiveness for visitors, who can easily choose lodging in adjacent cities and the unincorporated county.
- The City of Everett levies a \$20 MVET that can be imposed without voter action. The City is authorized through its TBD to increase this MVET fee to up to \$100 and/or implement an additional sales and use tax of 0.2% for transportation revenues.

- The City of Everett only levies and collects transportation impact fees (although, school impact fees are levied and collected within its city boundaries). The City is eligible to levy and collect parks, open space, and recreation facilities and fire protection impact fees but has made a policy choice not to.
- The City's current impact fee rates are significantly lower than those of the other peer cities with transportation impact fees.
- The City of Everett's impact fee rates were set in 2015 and became effective on January 1st, 2016. It is possible, that, due to the significant economic growth we've had over the almost three years since that time, a revised rate study might suggest higher impact fees than those currently implemented.
- The City of Everett's tax revenue distribution is similar to its peer cities, with the exception that it generates a relatively smaller share of its tax revenues from "other taxes" which include where applicable, admissions tax, ambulance services tax, commercial parking tax, and real estate excise tax. As discussed previously, the City of Everett already levies the maximum authorized real estate excise and general admissions tax rate. The City could consider increasing its admissions tax on golf by 1% (the City currently levies 4%, but it authorized to levy 5%) and could explore whether there is an opportunity to levy a commercial parking tax.
- The City of Everett's operating margin is consistent with the other peer cities, suggesting that the City's revenues from charges, fees, and grants are comparable to those other peer cities. Both the City of Federal Way and the City of Spokane Valley have significantly higher operating margins, suggesting that they have cost recovery and revenue-generating policies that could be useful for the City of Everett to review if increasing cost recovery and revenue generation are desires.

Everett's Challenges

- Unlike many other Washington Cities, the City of Everett has not divested any responsibilities above related to providing services to residents. Many cities have divested their fire services to regional fire authorities, their library services to existing library districts, and their parks and recreation services to metropolitan parks districts. Other cities have also pursued regional solutions to issues such as public transportation or private solutions to providing downtown parking, golf courses, or other amenities. Among its identified peers, the City of Everett is the only city that governs all four of the

following services: fire, library, parks and recreation, and public transit.

- Only Everett, Bellingham, Kirkland, and Yakima directly govern fire services in their communities. Residents of Auburn, Kent, and Renton are served by regional fire authorities while residents of Federal Way and Spokane Valley are served by fire districts.
- Only Everett and Bellingham have city-governed library systems; all of the other cities are served by regional or rural county library districts.
- All of the cities directly provide parks and recreation services, with the exception of Bellingham which is also served by the Chuckanut Community Forest Park District, a metropolitan parks district that governs and maintains an 82-acre parcel of open space known as Chuckanut Ridge or the Hundred Acre Wood through a small property tax dedicated to repaying the interfund loan used to purchase the property and preserving the open space. It is intended that the metropolitan parks district will be abolished when the loan for purchasing the open space is repaid.
- The cities of Everett, Auburn, Kent, Renton, and Yakima all own public golf courses. Of these cities, Everett is the only one that owns two courses.
- Only Everett and Yakima provide city-governed public transit services. All other cities are served by regional public transportation providers through regional transit authorities and public transportation benefit areas.
- All of the cities except for Federal Way and Spokane valley provide city water and wastewater utilities to their residents. The City of Everett's utility is unique in that it is a regional utility that serves far more residents than live within its city boundaries. Its regional utility serves 566,000 people or 80% of the businesses and residents in Snohomish County through a network of local water providers.
- The City of Everett has the highest per modified capita operating expenditures of all the governments considered. This is unsurprising, as the City directly governs more services than any of the governments considered but is worth noting because it gives a sense of the city's overall scale.
- The City of Everett's spending on police is second to only the City of Auburn's on a per modified capita basis.
- The City of Everett's spending on fire is second to only the City of Bellingham's on a per modified

capita basis.

- Unsurprisingly, as the City of Everett is the only city to operate a major regional utility, the City has one of the highest per modified capita spending on utilities, second only to the City of Auburn.
- Unsurprisingly, the City of Everett has the highest per modified capita spending on transportation spending among the cities. This is mostly because the City spends \$140 per modified capita on public transit. In fact, the City is on the lower end of total per modified capita spending on roads and streets.

The City of Everett has by far, the highest spending on animal control and sheltering of any of the peer cities. This is because the City of Everett provides far more animal services than its peers and plays a regional role in delivery of these services, including providing a regional animal shelter. Most of the peer cities provide only minimal licensing and code enforcement support related to domestic animals.

However, the City is not bearing these costs alone. The City, as a regional provider, delivers these services to the unincorporated County and others as well. Unfortunately, the City's services are being delivered in a competitive environment (for example, PAWS is a nonprofit provider in the regions) through contracts and therefore may be subsidizing those contracts to some extent. This is further complicated by the fact that the County contributed \$4 million to the cost of building the animal shelter and expects to pay less than market for these services on that basis.

- The Cities of Everett, Auburn, Kent, Renton, and Yakima all own public golf courses. Of these cities, Everett is the only one that owns two courses. Unsurprisingly, the City of Everett's golf spending is, therefore, significantly higher than that of the other cities who provide golf courses.
- Because of the variation in services delivered among the City of Everett and its peer cities, it is extremely challenging to compare governmental staffing and expenditures on a completely "apples to apples" basis. To generate comparable governmental expenditure benchmarks, we excluded expenditures for those services that the City could reasonably divest (those that others don't provide) including fire, library, public transit, and utilities. When the governments are put in more comparable terms, the City of Everett still spends more on a per modified capita basis than the other cities, except for the City of Bellingham. This is likely partially because other departments that serve the departments that were removed from the analysis were not reduced in size to be true to the implied

reduction in their work.

- Even though the City of Everett is the largest government (in terms of total expenditures) considered, it has one of the lowest total capital expenditures among the governments considered. That means, that it is investing less into capital assets than many of the other governments and that capital investment is a smaller share of total expenditures than it is elsewhere. Because capital expenditures are both cyclical and long-term, one year's worth of data may not be sufficient to truly compare capital expenditures across the governments.
- Despite the fact that the City of Everett operates a major regional utility, the City does not have the highest per modified capita spending on utilities. In fact, the City has one of the lowest rates of per modified capita spending on capital expenditures related to utilities, at just \$22.92 per modified capita.
- The City of Everett's capital asset condition ratio suggests that the government is not keeping pace with the aging of its capital assets. That is, the ending value of its capital assets was less than the beginning value of its capital assets. This might make sense if the City is actively reserving funds as these assets are depreciating, but if the City is not reserving funds to replace these depreciating assets, then it is possible that the City will reach a point at which it needs to make significant investment all at once, which is difficult for cities in Washington.
- Managerial staff (directors, managers, and supervisors) are 20% or more of staffing in seven departments: Communications and Marketing; Community, Planning, and Economic Development; Finance; Fire; Human Resources; Information Technology, and parks. It is difficult to say whether these spans of control are appropriate as they can't be compared to other communities due to a lack of comparability in other cities departmental structures, duties, and levels of service. Additionally, we cannot evaluate span of control based on numbers alone. Other considerations include the variety and complexity of the work being performed by the department, the need for a high degree of supervisory or managerial involvement in the work that needs to be accomplished, the amount of administrative responsibilities and project, planning, or production work in addition to supervisory responsibilities for managers and supervisors, and the degree to which managers and supervisors are subject matter experts. Accordingly, further analysis would be required to determine if changes in this area are warranted.

CONCLUSION

The City of Everett is in a challenging financial position and struggles to provide the high-quality urban services its community desires at an overall price it can afford. Due to tax-limiting measures and increases in operating costs that are outpacing revenue growth, the City will need to think broadly about opportunities to reduce its expenses and increase its revenues. Previously, we identified the City's relative advantages, disadvantages, opportunities, and challenges. Those insights are designed to inform an initial list of measures that the City could take to improve its fiscal balance. However, some of these measures will require more review before being implemented. As such, we've recommended, in no particular order, several steps the City might take as it explores these measures:

- Because none of the peer cities in the benchmark analysis were from Snohomish County, it may make sense to evaluate whether there are any specific features of the Snohomish County context that contribute to the advantages, disadvantages, opportunities, and/or challenges discussed previously.
- We identified that Everett has weaker taxable retail sales for retailing than the peer cities with higher taxable retail sales per modified capita across the major categories. There could be opportunities to strengthen Everett's retail offerings in some of these areas and increase total taxable retail sales. It may make sense to complete a retail competitiveness and leakage analysis to identify what retailers Everett has a competitive advantage in providing and in what retail categories leakage is occurring, and based on that, develop a strategy for increasing retailing in Everett.
- The City should review other cities' successful property tax levies to identify opportunities to implement additional property taxes, especially for those city services that it governs that might otherwise be governed by other taxing authorities.
- The City of Everett only levies and collects transportation impact fees (although, school impact fees are levied and collected within its city boundaries). The City is eligible to levy and collect parks, open space, and recreation facilities and fire protection impact fees and should consider doing so.
- The City of Everett's impact fee rates were set in 2015 and became effective on January 1st, 2016. The City should consider whether, due to the significant economic growth we've had over the almost three years since that time, a revised rate study should be completed.
- The City of Everett is the only city that governs all four of the following services: fire, library, parks

and recreation, and public transit. Unlike many other Washington Cities, the City of Everett has not divested any responsibilities above related to providing services to residents. Many cities have divested their fire services to regional fire authorities, their library services to existing library districts, and their parks and recreation services to metropolitan parks districts. Other cities have also pursued regional solutions to issues such as public transportation or private solutions to providing downtown parking, golf courses, or other amenities. The City should consider carefully which of these services it wants to continue to govern and whether there are opportunities to divest some of these services, while maintaining its tax base and balancing impacts to the quality of services and residents' tax burdens.

- In 2017, the City of Everett spent considerably less on its road/streets program than many of its peers. The City of Everett should consider whether it is investing in its road/streets appropriately, or whether the current level of investment represents an underinvestment in the roadway system that could contribute to deferred maintenance later.
- The Cities of Everett, Auburn, Kent, Renton, and Yakima all own public golf courses. Of these cities, Everett is the only one that owns two courses. Unsurprisingly, the City of Everett's golf spending is, therefore, significantly higher than that of the other cities who provide golf courses. The City should consider the level of service for golf that residents desire and are willing to pay for and adjust its service provision accordingly. It may make sense for the City to evaluate other models for delivering this service to residents.
- Despite the fact that the City of Everett is the largest government (in terms of total expenditures) considered, it has one of the lowest total capital expenditures among the governments considered. That means it is investing less into capital assets than many of the other governments and that capital investment is a smaller share of total expenditures than it is elsewhere. The City should review its long-term asset management strategy and capital investment program to determine whether current capital investment and reserves are sufficient to meet future needs, or whether there is a need to develop new policies related to this.

Table of Contents

- Key Findings.....ii
 - Everett’s Advantagesii
 - Everett’s Disadvantagesiii
 - Everett’s Opportunitiesiv
 - Everett’s Challengesvii
- Conclusion xi
- Introduction 1**
- Methodology 2
 - Data Sources and Notes 2
 - Data Presentation..... 3
- Benchmarking Analysis 4**
- Methodology 4
 - Comparable City Identification 5
 - Interpreting Benchmarking Results..... 6
- Contextual Information 7
- Community Population and Characteristics 9
- Economic Base..... 16
- Government Operations..... 24
 - Representation 24
 - City Services, Staffing, and Expenditures..... 25
 - City Tax Rates..... 51

City Revenue71

Overall Financial Position75

Tax Burden Analysis 82

 Methodology82

 Results.....82

 Tax Burden on Property Owners.....82

 Tax Burden on Consumers.....85

Organizational Review and Span of Control Analysis 87

 Methodology89

 Results.....90

Key Findings 93

 Everett’s Advantages93

 Everett’s Disadvantages93

 Everett’s Opportunities.....94

 Everett’s Challenges98

Conclusion..... 101

Conclusion..... Error! Bookmark not defined.

Sources and Data Notes 104

Appendix A: Comparable Cities Identification Methodology A-1

Appendix B: Detailed Peer Staffing Summary..... A-7

Introduction

The City of Everett is one of the largest of the 281 cities in Washington state, and growing. Everett's Comprehensive Plan expects an additional 60,000 residents citywide within the planning period (2015 to 2035), with up to 13,000 of those residents expected to settle in Everett's downtown core.

The City's growth is evidence of the success of its impressive economic development activities over the last several years. These activities have included implementation of a new tourism program, "This is Everett," promotion of Angel of the Winds Arena and conference center, and work to attract and retain important aerospace, medical, university, and other employers.

Despite this impressive economic development, the City of Everett struggles to provide the high-quality urban services its community desires at an overall price it can afford. However, the City of Everett, like many cities, is financially constrained due to several tax-limiting measures as well as increases in operating costs that are outpacing revenue growth, and further deferring unfunded capital needs. Based on the experience of other Washington cities, these structural revenue challenges are such that they can't be outpaced by and economic development alone.

To achieve fiscal sustainability such that the City of Everett can affordably and sustainably deliver the services its community desires, the City may need to consider opportunities to increase revenues, and to change the services it governs², mode of service delivery, and level of service to reduce its expenditures.

To identify the best opportunities to increase its revenues and decrease its expenditures, the City of Everett has undertaken this Benchmarking, Tax Burden, and Organizational Analysis study to generate useful insights into how the City of Everett's compares to its peers and what it can learn to address the City's broader goal: eliminating its significant budget shortfall. This Study has three main components:

- **Peer Benchmarking.** We compared the City of Everett to a specifically-identified list of peer cities including Auburn, Bellingham, Federal Way, Kent, Kirkland, Renton, Spokane Valley, and Yakima (see *Methodology* for information on how these cities were identified) across a number of key metrics related to community population and characteristics, land and economic base, and government

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operations, including representation, city tax rates, city revenues, city expenditures, and overall financial position.

Where key similarities and differences are identified between Everett and its peer cities, we will provide insight into why they might exist. In the case of similarities, this may include discussion of the broader context or constraints faced by all cities in Washington. In the case of differences, this may include discussion of policies or other factors that differentiate Everett from its peers.

- **Tax Burden Analysis.** The peer benchmarking analysis will have already compared Everett's tax rates, tax-related revenue generation, and distribution of tax revenues to its peer cities. The complementary tax burden analysis assesses the tax burden on property owners and businesses, for both city-collected taxes and taxes paid as a function of living within each city's boundaries (that is, the taxes residents pay overall as city residents).

Additionally, we evaluated the City's tax competitiveness for the four main taxes collected by cities: retail sales and use tax, business and occupation tax, property tax, and utility taxes, again considering both city-collected and overall taxes.

- **Organizational Review and Span of Control Analysis.** We conducted an organizational review and span of control analysis to understand the efficiency of the City of Everett's current staffing model. The analysis included reviewing the City's staffing model across all departments to assess its efficiency based on three key metrics: average number of organizational layers, management as a percentage of total staff, and span of control.

METHODOLOGY

Specific methodologies for each of these analytic components are provided in their respective sections for this report, however, we do provide a high-level description of data sources and data presentation is provided as part of this introduction.

Data Sources and Notes

The data in this report has been thoroughly researched and collected from a variety of statewide sources, analyzed for patterns and, where possible, historical trends, and prepared for presentation. In this way, this report presents secondary data for Everett and its peer cities, and primary research has been limited to confirming data and informing findings about the City of Everett. This presents a limitation

in that the data, and therefore, findings about peer cities rely on the data sources used, and have not been confirmed independently.

This report relies on the most current data available; however, there is, in some cases, a lag of two years between the time the data was collected and processed and the time of analysis for this report. A full accounting of the data sources and any relevant notes for each source is provided in the *Sources and Data Notes* section of the report.

It is important to remember that this report presents a point-in-time view of the City of Everett's position relative to its peers, the tax burden it imposes relative to its peers and its tax competitiveness relative to its neighbors, and its organizational structure and span of control.

Data Presentation

Charts and Tables. Much of the data in this report is presented in charts and tables, with key points outlined in subsequent bullets. This display of information is designed to make it easier to aggregate complex data and identify key findings.

Maps. In addition to the tabular display of data, we have provided maps to illustrate a few key points of the analysis. Again, key points are outlined in subsequent bullets, rather than as narrative, to make it easier to aggregate complex data and identify key findings.

Benchmarking Analysis

METHODOLOGY

Benchmarks are a standard or point of reference against which things may be compared or assessed. For the purposes of this study, we identified benchmarks in each of the following categories:

- Contextual information
- Community population and demographics.
- Economic base
- Government operations
- Representation
- City services, staffing, and expenditures
- City tax rates
- City revenues
- Overall financial position

In all cases, we provided the most current data available. The period that the data represents is provided in the exhibit title for each data table or chart.

Each cities' financial data was generated from the Washington State Auditor's Office Local Government Financial Reporting System (LGFRS), which is organized by BARS codes. This allowed us to organize the data to create specific summarizations. An accounting of the BARS codes used to generate each summarization is provided in the

When evaluating cities' revenues and expenditures, we normalized benchmark values based on a "modified per capita" of combined population and employment as a proxy for daytime population. We want to use a proxy for daytime population rather than just population, because City revenues and expenditures are driven by both population and employment. All revenue and expenditure benchmarks are presented as the total revenue or expenditure for the benchmark divided by the respective modified capita figure. Exhibit 1, following, shows the methodology and modified capita figures used when evaluating cities' revenues and expenditures.

Exhibit 1. Modified Capita, 2017

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|------------------------|----------------|----------------|-------------------|--------------------|----------------|-----------------|----------------|-----------------------|----------------|
| Population | 109,800 | 78,960 | 86,720 | 96,350 | 127,100 | 86,080 | 102,700 | 94,890 | 93,900 |
| Employment | 53,598 | 38,324 | 44,171 | 48,058 | 62,393 | 50,544 | 55,648 | 45,477 | 44,466 |
| Modified Capita | 163,398 | 117,284 | 130,891 | 144,408 | 189,493 | 136,624 | 158,348 | 140,367 | 138,366 |

Source: OFM, 2018; ESD, 2018; BERK, 2018.

Where key similarities and differences are identified between Everett and its peer cities, we will provide insight into why they might exist. In the case of similarities, this may include discussion of the broader context or constraints faced by all cities in Washington. In the case of differences, this may include discussion of policies or other factors that differentiate Everett from its peers.

Comparable City Identification

At the outset of the project, the City of Everett and BERK agreed to compare the City of Everett to six to eight peers for the purposes of the Benchmarking analysis. Both BERK and the City agreed that cities in Washington state would be most useful for comparative purposes, as they share a policy and fiscal context.

BERK, along with the City of Everett identified criteria that was most important to identifying comparable, or “peer,” cities for the purposes of this analysis; criteria included:

- Population
- Population Compound Annual Growth Rate (CAGR)
- Employment
- Total Assessed Value
- Total Taxable Retail Sales
- Median Household Income

Additionally, because the City, unlike many other Washington Cities, has not divested any of its service responsibilities it will be important to ensure that a share of the cities identified provide at least one or more of the following services directly:

- Fire
- Library

- Parks and recreation
- Public transit

We also felt that one of Everett’s defining characteristics is its proximity to Seattle – which is likely to have an impact on its community population and demographics and economy and employment base through a surge affect due to the demand and pressures on Seattle, and, as a result, city revenues. As such, we sought to include at least one city of comparable distance from Downtown Seattle.

Based on comparison of Washington cities to Everett using these criteria, we identified the following cities as Everett’s closest peers in Washington state, and the appropriate comparable cities for the purposes of the benchmarking analysis within this report:

- | | |
|---------------|------------------|
| ▪ Auburn | ▪ Kent |
| ▪ Bellingham | ▪ Renton |
| ▪ Federal Way | ▪ Spokane Valley |
| ▪ Kirkland | ▪ Yakima |

It’s important to note that due to its size, growth, and range of governmental services and enterprises, Everett is a unique city and it is unlikely that any other city in Washington, or elsewhere, is likely to be completely comparable to it. As such, we expect some adjustment to be necessary to ensure that benchmarks among the selected peer cities are “apples to apples.”

Appendix A provides a full summary of the analysis used to identify the peers used throughout this analysis.

Interpreting Benchmarking Results

Final benchmarks were documented in a tabular format and include the actual benchmark value, the difference between each peer cities’ and the City of Everett’s value, and an icon identifying whether the peer city’s value is the same, higher, or lower than the City of Everett’s to allow for easy comparison across the peer cities. Where data for all 281 cities was available, we provided Everett’s statewide ranking across all 281 cities. The narrative describing each benchmark includes statutory or other information to provide context around the results. Exhibit 2, following, provides an example of this format.

Exhibit 2: Example Benchmark Table and Iconography Legend

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|-------------------------|--------------|---------|------------|-------------|---------|----------|---------|----------------|---------|
| Total Population | 7th | | | | | | | | |
| <i>Difference:</i> | <i>n=281</i> | -30,585 | -22,700 | -13,760 | 17,700 | -23,960 | -7,100 | -15,390 | -17,010 |
| <i>Actual Value:</i> | 111,200 | 80,615 | 88,500 | 97,440 | 128,900 | 87,240 | 104,100 | 95,810 | 94,190 |

- The peer benchmark value is higher than Everett’s benchmark value.
- The peer benchmark value is the same as the Everett benchmark value.
- The peer benchmark value is lower than Everett’s benchmark value.

Note: This table includes real data for the population for the City of Everett and its peer cities. The data is replicated in Exhibit 3.
 Source: OFM, 2018; BERK, 2018.

CONTEXTUAL INFORMATION

Exhibit 3 shows the County that each of the peer cities is served by and the total land area of each City’s jurisdiction.

Exhibit 3: County and Land Area (Square Miles), 2018

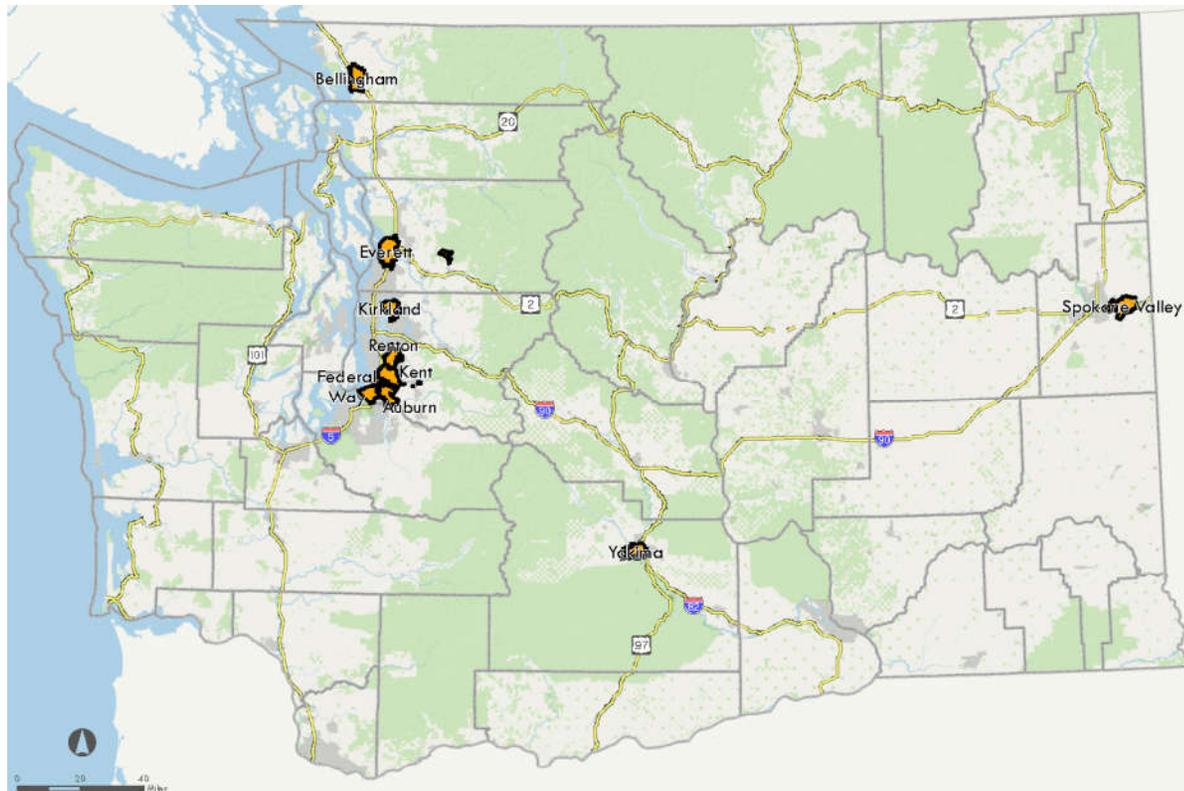
| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|-----------------------------|--------------|-------------|------------|-------------|-------|----------|--------|----------------|--------|
| County | Snohomish | King/Pierce | Whatcom | King | King | King | King | Spokane | Yakima |
| Land Area (sq. mile) | 9th | | | | | | | | |
| <i>Difference:</i> | <i>n=281</i> | -4.37 | -4.46 | -12.08 | 1.41 | -16.79 | -10.17 | 3.97 | -7.08 |
| <i>Actual Value:</i> | 34.25 | 29.87 | 29.79 | 22.17 | 35.66 | 17.46 | 24.08 | 38.22 | 27.16 |

Note: While OFM reports that the City of Everett is 34.25 square miles in area, the City of Everett reports that it is 40 square miles in area. We believe this inconsistency is because OFM’s value does not include the area of the Scada Watershed, which the City of Everett owns but does not deliver governmental services to, and have chosen to present forward with OFM’s value for consistency purposes.
 Source: OFM, 2018; BERK, 2018.

Source: OFM, 2018; BERK, 2018.

- None of the comparable cities is from Snohomish County.
- The City of Everett is 34.25 square miles and is larger by land mass than all but three of the peer cities – Kent, Renton, and Spokane Valley.
- The City of Everett and the cities of Bellingham and Yakima are all the county seats (that is, the administrative center) of their respective counties.

Exhibit 4. Map of Washington State Identifying the Location and Boundaries of the City of Everett and Each Peer City, 2018



Source: US Census, ACS, 2016; BERK, 2018.

- Like Everett, all the comparable cities are along a major interstate. Everett and six of the eight comparable cities are along the Interstate 5 corridor and have Interstate 5 frontage, which is attractive for retail sales, tourism, and other commercial purposes.
- The City of Everett and the cities of Federal Way, Auburn, and Kent are a comparable distance, within 30 miles, of Downtown Seattle. Proximity to Seattle also supports the areas attractiveness in terms of retail sales, tourism, and other commercial purposes.

COMMUNITY POPULATION AND CHARACTERISTICS

Exhibit 5 provides the estimated population and population density of Everett and the peer cities, as well as the population compound annual growth rate (CAGR) for 2009 to 2018.

Exhibit 5: Population and Population Density, 2018 and CAGR, 2009 to 2018

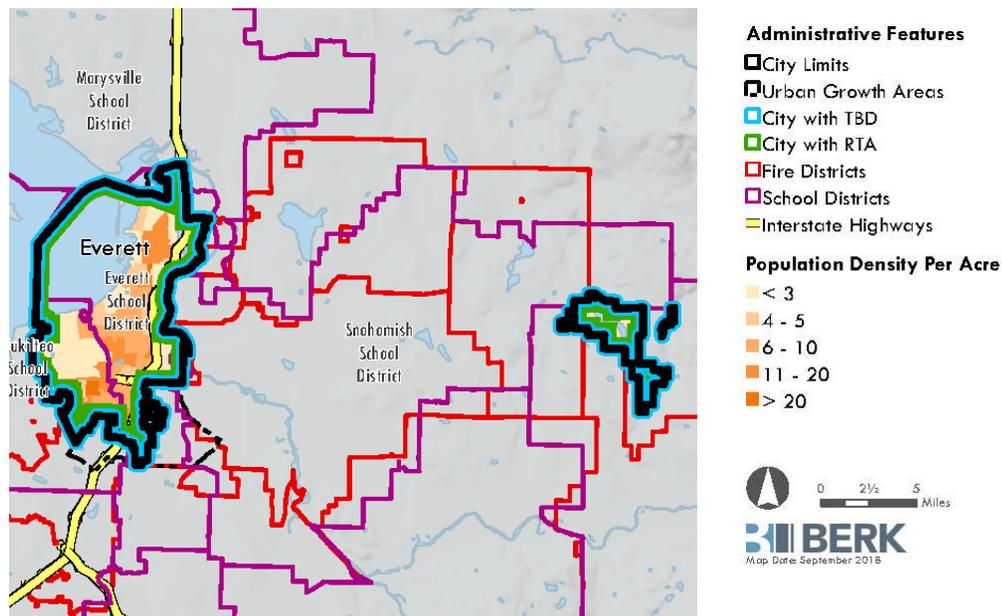
| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---------------------------|--------------|---------|------------|-------------|---------|----------|---------|----------------|---------|
| Population | 7th | | | | | | | | |
| <i>Difference:</i> | <i>n=281</i> | -30,585 | -22,700 | -13,760 | 17,700 | -23,960 | -7,100 | -15,390 | -17,010 |
| <i>Actual Value:</i> | 111,200 | 80,615 | 88,500 | 97,440 | 128,900 | 87,240 | 104,100 | 95,810 | 94,190 |
| Population Density | 38th | | | | | | | | |
| <i>Difference:</i> | <i>n=281</i> | -549 | -276 | 1,148 | 368 | 1,750 | 1,077 | -740 | 220 |
| <i>Actual Value:</i> | 3,247 | 2,698 | 2,971 | 4,395 | 3,615 | 4,997 | 4,324 | 2,507 | 3,467 |
| Population CAGR | 144th | | | | | | | | |
| <i>Difference:</i> | <i>n=281</i> | 1.19% | 0.89% | 0.26% | 3.48% | 5.82% | 1.66% | -0.03% | 0.37% |
| <i>Actual Value:</i> | 0.80% | 1.99% | 1.69% | 1.06% | 4.28% | 6.62% | 2.46% | 0.77% | 1.17% |

Source: OFM, 2018; BERK, 2018.

- While the City of Everett is 7th statewide in terms of population and 9th statewide in terms of land area, the City is only 38th in terms of population density. It is worth noting that the reasons for these differences may differ somewhat – for example, Everett, like the cities of Auburn, Kent, Yakima, and Spokane Valley, has agricultural lands, which have significantly less intensive development than other land uses, within its boundaries.

- The City of Everett is only 144th in population growth, out of Washington’s 281 total cities, over the last ten years (2009 to 2018). This is lower than all the peer cities with an exception of Spokane Valley.

Exhibit 6: City of Everett Boundaries, Service Providers, and Population Density, 2016



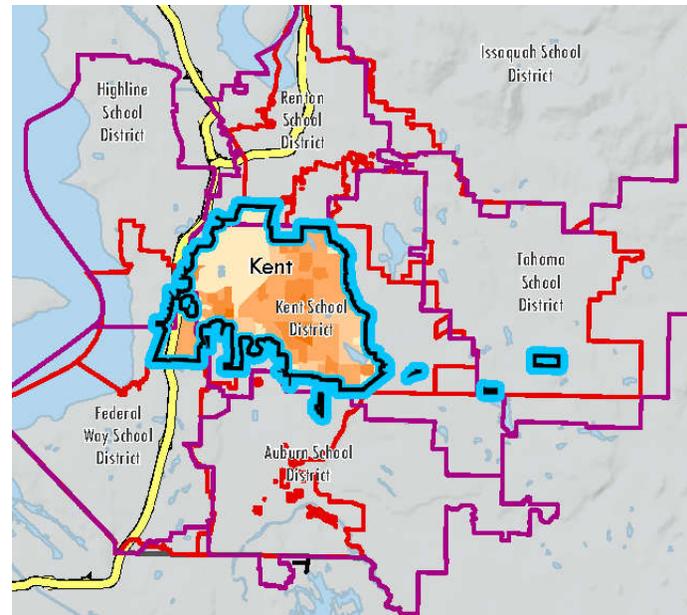
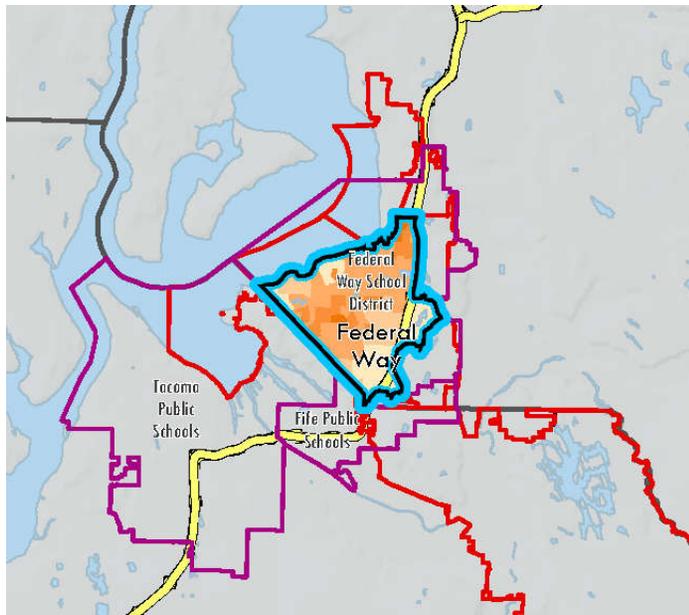
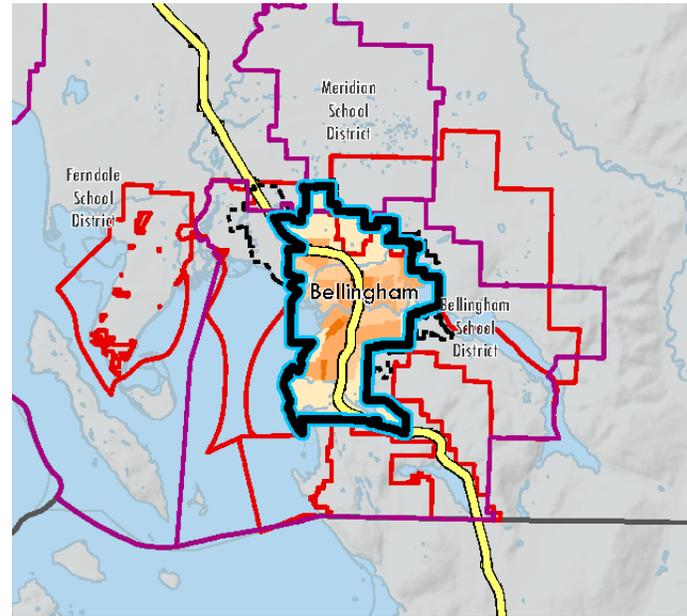
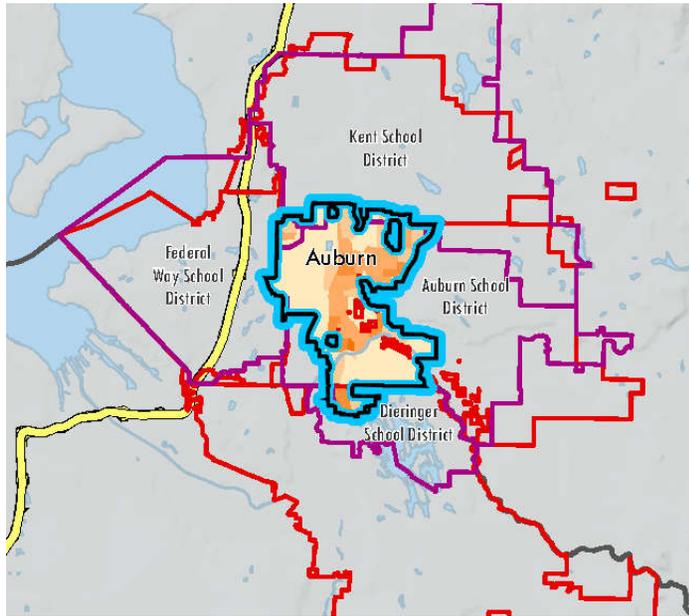
Source: US Census, ACS, 2016; BERK, 2018.

- Of the nine cities evaluated, the City of Everett is the only one with noncontiguous boundaries, serving the City proper as well as the Silver Lake neighborhood, an island surrounded by unincorporated Snohomish County.
- Only the Cities of Everett, Bellingham, and Yakima have significant assigned urban growth area boundaries. Although it is each cities’ long-term obligation, per the Growth Management Act (GMA), annexing urban growth areas comes with significant risks. It will be important for these cities to carefully evaluate whether, how, and when to annex urban growth areas, to ensure that they don’t increase the citywide per capita cost of service or create unfunded, unsustainable capital investment needs.

Growth Management Act (GMA)

The GMA is a series of state statutes that establish 13 goals that act as the basis of all local urban planning, which is written and codified as local Comprehensive Plans. GMA supports management of Washington’s growth by identifying and protecting critical areas and natural resources lands, designating urban growth areas, and preparing comprehensive plans and implementing them through regulation and investment. GMA requires communities to focus growth in the urban areas of counties. It also requires that unincorporated areas within county urban growth boundaries should eventually be annexed into cities or areas incorporated under state law with far greater taxing capacity to ensure that residents receive urban level of service.

Exhibit 7. City of Auburn, Bellingham, Federal Way, and Kent Boundaries, Service Providers, and Population Density, 2016



Administrative Features

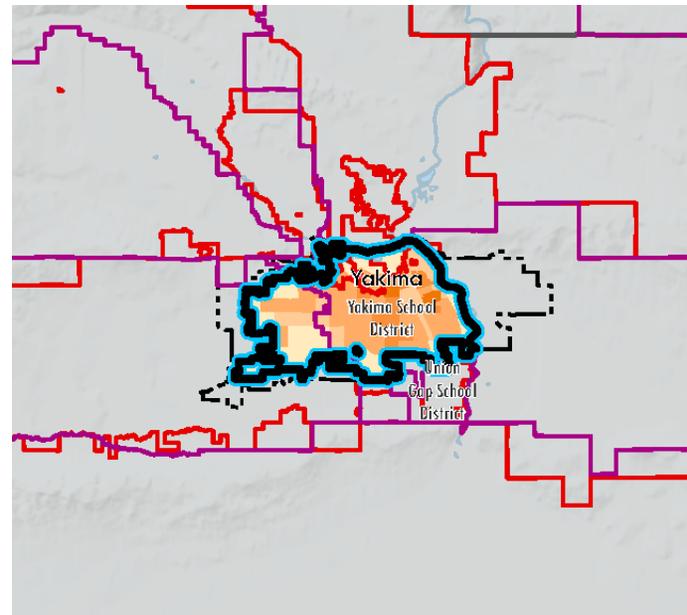
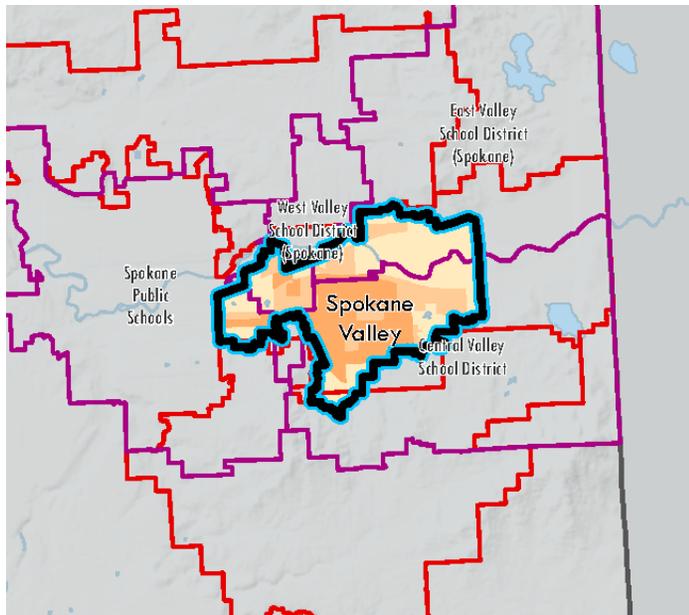
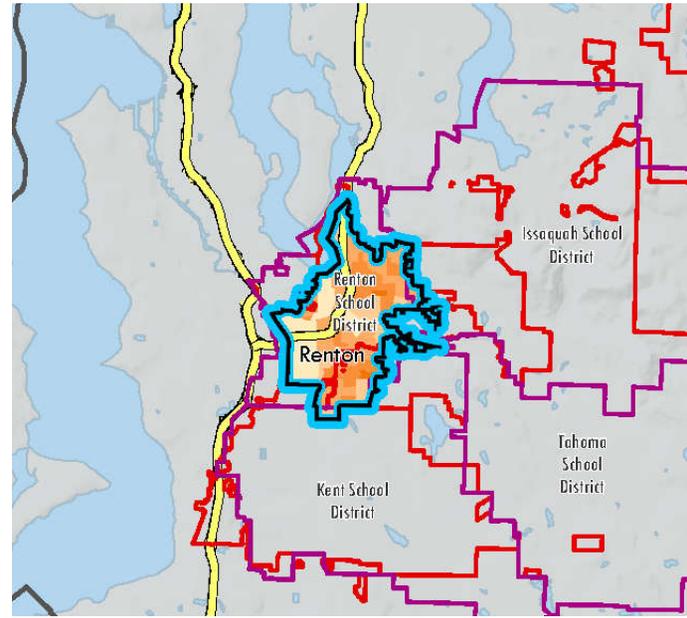
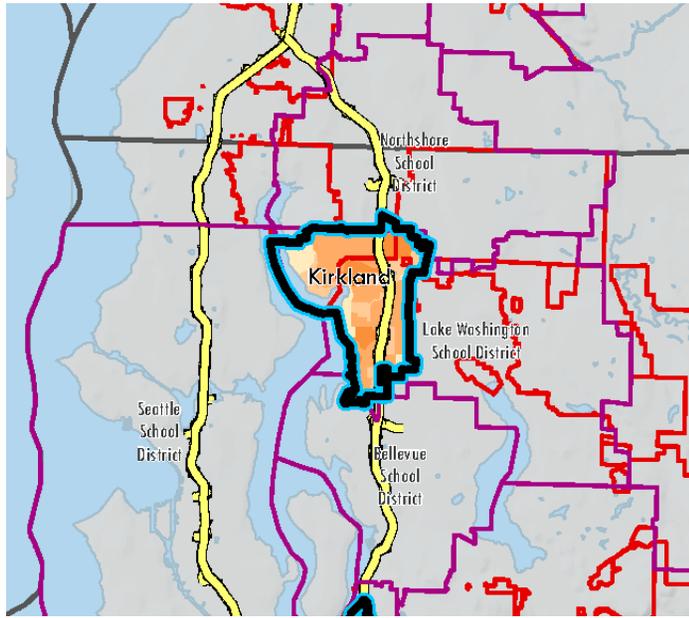
- City Limits
- Urban Growth Areas
- City with TBD
- City with RTA
- Fire Districts
- School Districts
- Interstate Highways

Population Density Per Acre

- < 3
- 4 - 5
- 6 - 10
- 11 - 20
- > 20



Exhibit 8 City of Kirkland, Renton, Spokane Valley, and Yakima Boundaries, Service Providers, and Population Density, 2016



Administrative Features

- City Limits
- Urban Growth Areas
- City with TBD
- City with RTA
- Fire Districts
- School Districts
- Interstate Highways

Population Density Per Acre

- < 3
- 4 - 5
- 6 - 10
- 11 - 20
- > 20



Exhibit 9 and Exhibit 10 provide some high-level benchmarks about the City of Everett’s resident population.

Exhibit 9. Share of Population of Children (19 and Under), Working Age Adults (20 to 64), and Older Adults (over 65), 2016

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---|---------|--------|------------|-------------|------|----------|--------|----------------|--------|
| Share of Population 19 and Under | | | | | | | | | |
| Difference: | | 5% | -1% | 5% | 3% | 0% | 1% | 0% | 9% |
| Actual Value: | 23% | 28% | 23% | 28% | 26% | 23% | 24% | 24% | 32% |
| Share of Population 20 to 64 | | | | | | | | | |
| Difference: | | -3% | 0% | -6% | -2% | -1% | 0% | -4% | -10% |
| Actual Value: | 64% | 61% | 64% | 58% | 63% | 64% | 64% | 60% | 54% |
| Share of Population 65 and Over | | | | | | | | | |
| Difference: | | -1% | 1% | 2% | -1% | 1% | -1% | 4% | 2% |
| Actual Value: | 12% | 11% | 13% | 14% | 11% | 13% | 12% | 16% | 14% |

Sources: ACS 2016 1-Year Data, Table B02001, 2018; BERK, 2018.

- The City of Everett’s share of population age 19 and under is 23%, which is on the lower end of the peer cities.
- For the purpose of this analysis, we’ve defined older adults as those 65 and older, to match the traditional retirement age. However, for the purposes of participation in its older adult services, the City of Everett defines older adults as those 50 years and older. The City of Everett’s share of population age 65 and older is 12%, which is similar to that of most of the peer cities.
- The City of Everett has the highest share of population of traditional workforce ages, between 20 to 64 years of age. Several other cities, including Bellingham, Kent, Kirkland, and Renton have

populations with almost the same share of their populations of workforce age.

Exhibit 10. Share of Population 25 and Over with a High School Diploma or Higher, 2016

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--|---------|---|---|---|---|---|---|---|---|
| Share of Population with High School Diploma or Above | |  |  |  |  |  |  |  |  |
| <i>Difference:</i> | | -2% | 6% | -1% | -4% | 11% | 8% | 5% | -10% |
| <i>Actual Value:</i> | 86% | 84% | 92% | 85% | 82% | 97% | 94% | 91% | 76% |

Sources: ACS 2016 1-Year Data, Table S1501, 2018; BERK, 2018.

- Only 86% of the City of Everett’s population over the age of 25 has a high school diploma or more education. That means that 14% of Everett’s population has less than a high school education. The City of Everett’s population’s educational attainment is somewhere in the middle of the peer cities.

Exhibit 11 provides information on households in the City of Everett and each of the peer cities, including the number of households, average household size, median household income, and share of households who own their home of residence.

Exhibit 11. Number of Households, Average Household Size, Median Household Income, and Share of Households Who Own their Home, 2016

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--|----------|----------|------------|-------------|----------|-----------|----------|----------------|-----------|
| Number of Households | | | | | | | | | |
| <i>Difference:</i> | | -12,722 | -7,858 | -7,132 | 2,357 | -7,178 | -3,746 | -3,431 | -9,114 |
| <i>Actual Value:</i> | 42,175 | 29,453 | 34,317 | 35,043 | 44,532 | 34,997 | 38,429 | 38,744 | 33,061 |
| Average Household Size | | | | | | | | | |
| <i>Difference:</i> | | 0.08 | -0.07 | 0.26 | 0.34 | -0.01 | 0.13 | -0.02 | 0.29 |
| <i>Actual Value:</i> | 2.48 | 2.56 | 2.41 | 2.74 | 2.82 | 2.47 | 2.61 | 2.46 | 2.77 |
| Median Household Income | | | | | | | | | |
| <i>Difference:</i> | | \$7,804 | -\$4,974 | \$13,162 | \$12,797 | \$61,710 | \$19,325 | -\$2,660 | -\$11,172 |
| <i>Actual Value:</i> | \$52,626 | \$60,430 | \$47,652 | \$65,788 | \$65,423 | \$114,336 | \$71,951 | \$49,966 | \$41,454 |
| Share of Household Who Own their Home | | | | | | | | | |
| <i>Difference:</i> | | 16% | -2% | 12% | 10% | 22% | 9% | 15% | 11% |
| <i>Actual Value:</i> | 43% | 59% | 41% | 55% | 53% | 65% | 52% | 58% | 54% |

Sources: ACS 2016 1-Year Data, Table S1101, 2018; BERK, 2018.

- Everett has more households than almost all the peer communities, with the exception of Kent. This is likely due to the fact it has one of the lowest average household sizes at an average of 2.48 people per household; because householders are smaller, there are more of them (take for example a population of 20 people, a larger household size of four would lead to fewer households [five], than a smaller household size of two [which would mean there were 10 households]).
- Everett has one of the lowest household incomes among the peer cities at \$52,626 per household. Further, the City of Everett has the lowest household income of the peer cities in the Seattle metropolitan area (all peers except for Bellingham, Spokane Valley, and Yakima). For reference,

this is lower than Washington state’s overall median income of \$56,835.

- Only 43% of resident households in Everett own their own homes. This is the lowest rate of homeownership except for Bellingham.

ECONOMIC BASE

The residential population is just one part of the population the City of Everett serves. Everett is also a major employment center, with over 50,000 jobs as shown in Exhibit 12.

Exhibit 12. Employment and Employment per Capita, 2018 and Employment CAGR, 2009 to 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|-----------------------------------|---------|---------|------------|-------------|--------|----------|--------|----------------|---------|
| Total Employment | | | | | | | | | |
| <i>Difference:</i> | | -15,757 | -10,487 | -5,674 | 9,015 | -3,128 | 2,102 | -10,274 | -10,046 |
| <i>Actual Value:</i> | 54,919 | 39,162 | 44,432 | 49,245 | 63,934 | 51,791 | 57,021 | 44,645 | 44,873 |
| Employment Per Capita | | | | | | | | | |
| <i>Difference:</i> | | -0.01 | 0.01 | 0.01 | 0.00 | 0.10 | 0.05 | -0.03 | -0.02 |
| <i>Actual Value:</i> | 0.49 | 0.49 | 0.50 | 0.51 | 0.50 | 0.59 | 0.55 | 0.47 | 0.48 |
| Employment CAGR, 2009-2018 | | | | | | | | | |
| <i>Difference:</i> | | 1.06% | -1.10% | -0.63% | 2.39% | 4.42% | 3.85% | -1.61% | -0.52% |
| <i>Actual Value:</i> | 2.02% | 3.08% | 0.92% | 1.40% | 4.42% | 6.44% | 5.88% | 0.41% | 1.50% |

Source: ESD, 2018; OFM, 2018; BERK, 2018.

- The City of Everett has one of the highest total jobs of all the peer cities, third to only Kent and Renton, by approximately 9,000 and 2,100 jobs, respectively. However, The City of Everett is on the lower end of its peers in terms of jobs per capita. Bellingham, Federal Way, Kent, Kirkland, and Renton all have more jobs per capita than the City of Everett.
- Employment in Everett has grown at a CAGR of 2.02% over the last ten years (2009-2018). This is in the lower end for those peer employment markets that are growing (the Cities of Bellingham, Federal Way, Spokane Valley, and Yakima’s employment markets all declined over the last ten years).

There are several economic factors that drive the City of Everett’s revenue generation; we are interested in the four primary taxes that make up the “four legs under the table” of city funding in Washington. These taxes are property tax, retail sales and use tax, utility tax, and business and occupation tax, which are described in more detail in section *City Tax Rates* section of this report. Simplistically, the economic factors that drive these taxes are:

- Assessed valuation drives property tax receipts
- Taxable retail sales drive retail sales and use receipts
- Utility usage drives utility taxes
- Gross business income drives business and occupation taxes

Following we provide benchmarks for assessed valuation and taxable retail sales. We do not provide a benchmark for gross business income (which drives business and occupation tax revenues) as the data is not available by city. We do not provide a benchmark for utility usage, because utility usage is most likely better explained through population and employment.

Exhibit 13 benchmarks assessed valuation for the City of Everett against the peer cities.

Exhibit 13. Assessed Valuation per Modified Capita, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---|-----------|----------|------------|-------------|----------|-----------|-----------|----------------|----------|
| Assessed Value per Modified Per Capita | | ▼ | ▼ | ▼ | ▼ | ▲ | ▲ | ▼ | ▼ |
| Difference: | | -21,825 | -26,539 | -30,552 | -4,337 | 31,441 | 4,167 | -39,306 | -55,899 |
| Actual Value: | \$100,779 | \$78,954 | \$74,240 | \$70,227 | \$96,442 | \$132,220 | \$104,946 | \$61,472 | \$44,880 |

Source: Snohomish County Assessors’ Office, 2018; Whatcom County Assessor’s Office, 2018; Spokane County Assessors’ Office, 2018; Yakima County Assessors’ Office, 2018; BERK, 2018.

- At \$100,779 per resident and employee, the City of Everett’s assessed valuation is significantly higher than many of the peer cities, including the City of Auburn, Bellingham, Federal Way, Spokane Valley, and Yakima. It’s almost the same as the City of Kent and Renton’s, but is, unsurprisingly about \$30,000 less than the City of Kirkland’s.
- It is worth noting that Everett is home to a Boeing production plant that is the largest building in the world by volume. Boeing’s land and improvements like this production plant contribute significantly to

the City’s overall assessed value.

Total taxable retail sales drive the retail sales and use taxes that can be collected by a jurisdiction. Washington has charges sales tax on a destination basis, whereby goods and services are taxed based on the delivery address rather than the address of point-of-sale. Exhibit 14 benchmarks the total taxable retail sales for Everett and its peer cities.

Exhibit 14. Total Taxable Retail Sales per Modified Capita, 2017

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|-----------------------------------|----------|---|---|---|---|---|---|---|---|
| Total Taxable Retail Sales | |  |  |  |  |  |  |  |  |
| <i>Difference:</i> | | -\$1,990 | \$1,111 | -\$8,280 | -\$6,983 | -\$869 | \$111 | -\$2,401 | -\$5,680 |
| <i>Actual Value:</i> | \$19,798 | \$17,808 | \$20,909 | \$11,518 | \$12,816 | \$18,929 | \$19,910 | \$17,397 | \$14,118 |

Source: Department of Revenue, 2018; BERK, 2018.

- Everett has one of the highest total taxable retail sales among all of the peer cities, with almost \$20,000 in taxable retail sales per modified capita in 2017. Only the Bellingham and Renton had higher taxable retail sales than Everett in 2017.

To understand why Everett’s total taxable retail sales is on the higher end, and what industries the City seems to have a competitive advantage in attracting, we compared the distribution of total taxable retail sales by industry by two-digit NAICS, as shown in Exhibit 15. The NAICs codes have been summarized as follows

- Agriculture and Trade
 - 11 Agriculture, Forestry, Fishing and Hunting
 - 21 Mining, Quarrying, and Oil and Gas Extraction
 - 22 Utilities
 - 23 Construction
 - 31 Manufacturing
 - 32 Manufacturing
 - 33 Manufacturing
 - Wholesale and Distribution
 - 42 Wholesale Trade
 - 48 Transportation and Warehousing

Manufacturing

- 49 Transportation and Warehousing

Retail

- 44 Retail Trade
- 45 Retail Trade

Professional Services, Education, and Government

- 51 Information
- 52 Finance and Insurance
- 53 Real Estate and Rental and Leasing
- 54 Professional, Scientific, and Technical Services
- 55 Management of Companies and

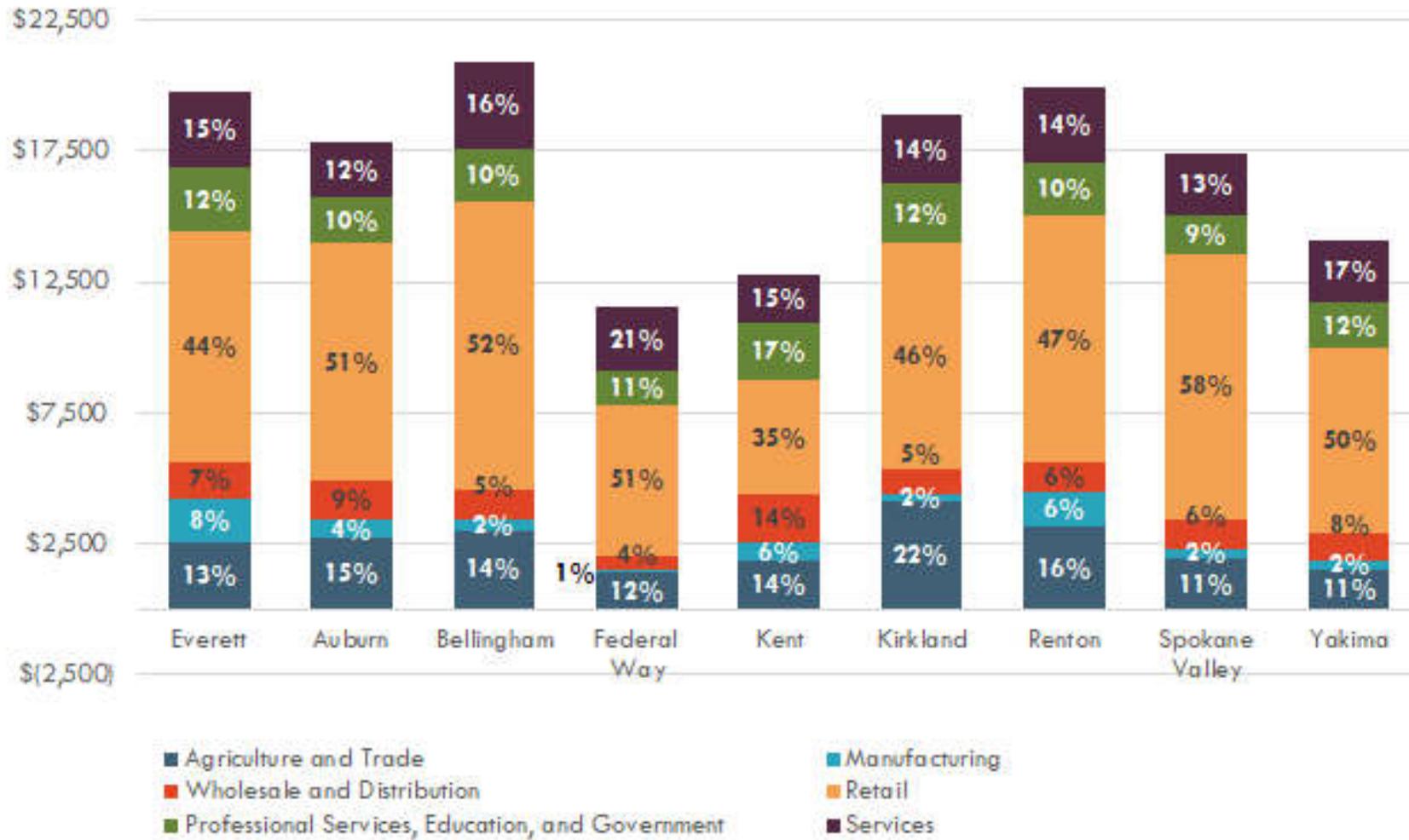
Enterprises

- 56 Administrative and Support and Waste Management and Remediation Services
- 61 Educational Services
- 92 Public Administration

Services

- 62 Health Care and Social Assistance
- 71 Arts, Entertainment, and Recreation
- 72 Accommodation and Food Services
- 81 Other Services (except Public Administration)

Exhibit 15. Distribution of Total Taxable Retail Sales per Modified Capita by Two-digit NAICS, 2017



Note: NAICS is the North American Industry Classification System which is the standard industry classification system used by federal statistical agencies in classifying business establishments for collecting, analyzing, and publishing statistical data related to the U.S. economy. It is also used by Washington state statistical agencies like the Department of Revenue for this purpose.

Source: Department of Revenue, 2018; BERK, 2018.

- Based on the chart above, a disproportionately large share (in comparison to the peer cities) of

Everett’s taxable retail sales come from retailing (NAICS 44-45) and manufacturing (NAICS 31-33). The former is explained by the fact that the City is a major commercial center with both a sizable mall and downtown which includes a significant number of retail establishments, both of which are destinations for local consumers. The latter is explained by the fact that Everett is home to a major Boeing plant, considered the largest manufacturing building in the world and producing the 747, 767, 777, and 787 Boeing commercial airliners.

Retail businesses (NAICS 44-45) are attractive to cities because so much of their products and sales are taxable. As such, we have benchmarked total retail sales for the retail trade per modified capita in Exhibit 16.

Exhibit 16. Taxable Retail Sales for the Retail Trade per Modified Capita, 2017

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--|---------|---------|------------|-------------|----------|----------|---------|----------------|----------|
| Total Taxable Retail Sales for Retailing Industry (44-45) | | | | | | | | | |
| <i>Difference:</i> | | \$236 | \$2,178 | -\$2,960 | -\$4,360 | -\$115 | \$623 | \$1,368 | -\$1,778 |
| <i>Actual Value:</i> | \$8,795 | \$9,031 | \$10,973 | \$5,835 | \$4,435 | \$8,680 | \$9,418 | \$10,163 | \$7,017 |

Source: Department of Revenue, 2018; BERK, 2018. ‘

- Even though 44% of the City of Everett’s taxable retail sales are in retailing, the City does not have the highest per modified capita taxable retail sales for the retailing industry among the peer cities. Auburn, Bellingham, Renton, and Spokane Valley all have higher per modified capita taxable retail sales than the City of Everett.

To understand where Everett’s competitive advantages for retailing are, and where there may be room for improvement we created a chart showing the distribution of the City’s total taxable retail sales for the retail trade by three-digit NAICS codes, as shown in Exhibit 17. The NAICS codes have been summarized as follows:

Vehicles

- 441 Motor Vehicle and Parts Dealers

Home

- 442 Furniture and Home Furnishings Stores
- 443 Electronics and Appliance Stores
- 444 Building Material and Garden Equipment and Supplies Dealers

Food and Beverage

- 445 Food and Beverage Stores

Personal

- 446 Health and Personal Care Stores

- 448 Clothing and Clothing Accessories Stores

- 451 Sporting Goods, Hobby, Musical Instrument, and Book Stores

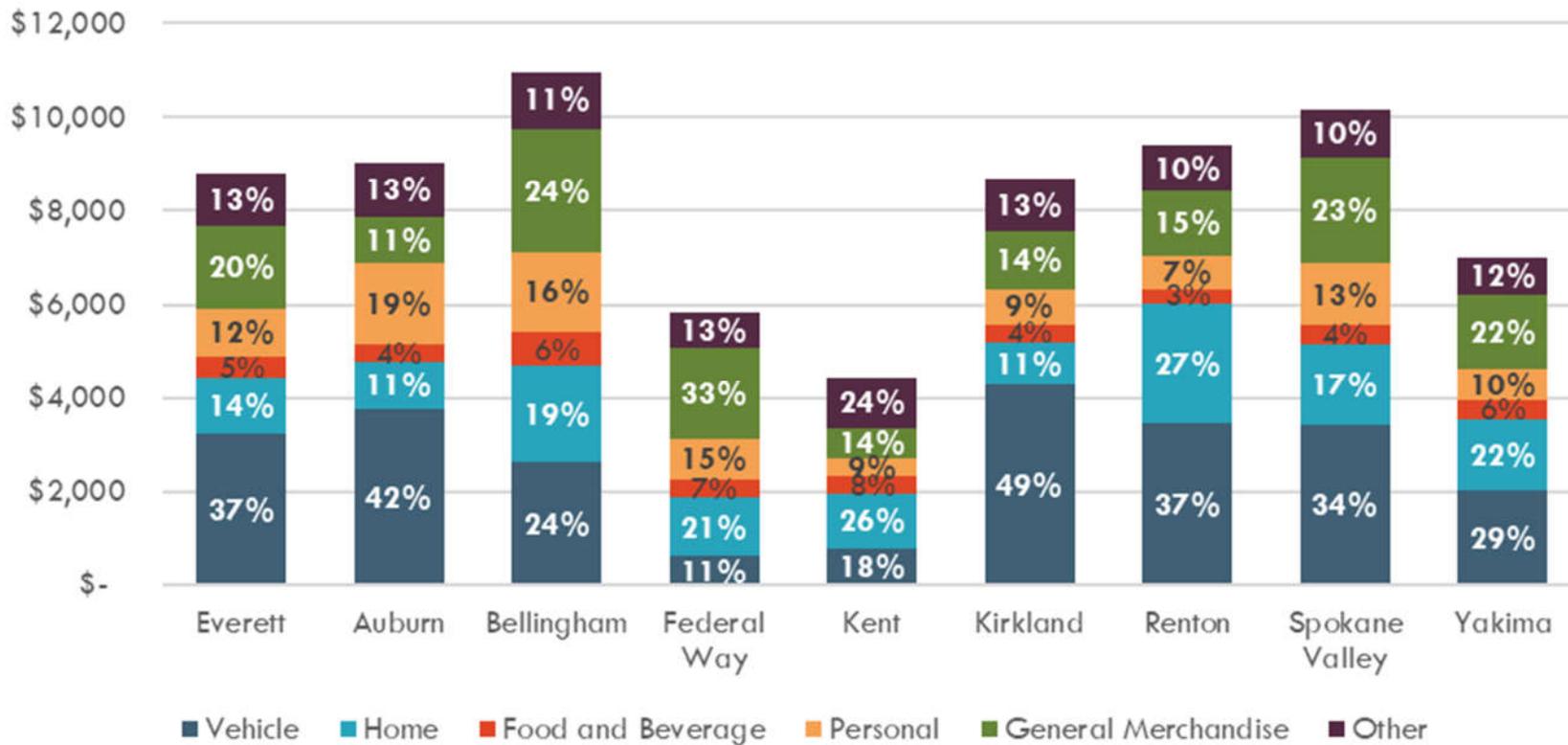
General Merchandise

- 452 General Merchandise Stores

Other

- 447 Gasoline Stations
- 453 Miscellaneous Store Retailers
- 454 Nonstore Retailers

Exhibit 17. Distribution of Total Taxable Retail Sales for the Retail Trade per Modified Capita by Three-digit NAICS, 2017



Source: Department of Revenue, 2018; BERK, 2018. ¹

- Everett has weaker taxable retail sales for retailing than the peer cities with higher taxable retail sales per modified capita across the major categories. There could be opportunities to strengthen Everett’s retail offerings in some of these areas and increase total taxable retail sales.
- It’s worth noting that the City of Bellingham has more distributed taxable retail sales with high total sales per modified capita. Two factors likely play into this:
- Bellingham is the major commercial center in Whatcom County. Unlike the counties that the other peer

cities lie in, there is limited competition for retail sales because of this.

- Bellingham serves a significant market of Canadians who travel into the United States to make retail purchases and avoid high Canadian sales taxes.

GOVERNMENT OPERATIONS

Representation

Cities in Washington have broad local control and authorities as defined by their city class and form of government.

Exhibit 18. City Class and Form of Government

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-----------------|-------------------|-------------------|
| Class | First | Code | First | Code | Code | Code | Code | Code | First |
| Form of Government | Mayor - Council | Council - Manager | Mayor - Council | Council - Manager | Council - Manager |

Source: MRSC, 2018.

- The City of Everett is one of six first class cities with mayor-council forms of government; the other five include Aberdeen, Bellingham, Bremerton, Seattle, and Spokane.
- First class cities as defined by RCW 35.01.010, are cities that have a population of 10,000 or more at the time of organization or reorganization and have adopted a charter under article XI, section 10 of the state constitution. The exact form of government is determined by the charter and varies from city to city.
- In contrast, most Washington cities are classified as code cities under the Optional Municipal Code (Title 35A RCW). Created in 1967, the Optional Municipal Code provides an alternative to the basic statutory classification system of municipal government. It was designed to provide broad statutory home rule authority in matters of local concern. Any unincorporated area having a population of at least 1,500 may incorporate as a code city, and any city or town may reorganize as a code city. Code cities with populations over 10,000 may also adopt a charter, but only one city (Kelso) has done so.

City Services, Staffing, and Expenditures

Not all cities in Washington govern and deliver the same services. However, it is extremely challenging to compare governmental services, staffing, and expenditures on a completely “apples to apples” basis.

There is variation in whether cities govern fire, library, parks and recreation, public transit, and water/wastewater utilities. This is demonstrated by the City of Everett and its peer communities in Exhibit 19.

Exhibit 19. Local Service Governance Models

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|-----------------------------------|---------|------------------|------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fire | City | RFA | City | Fire District | RFA | City | RFA | Fire District | City |
| Library | City | Library District | City | Library District |
| Parks and Recreation | City | City | City/MPD | City | City | City | City | City | City |
| Public Transit | City | PTBA | County | RTA/PTBA | RTA/PTBA | RTA/PTBA | RTA/PTBA | PTBA | City |
| Water / Wastewater Utility | City | City | City | Water District | City | City | City | Water District | City |

Source: BERK, 2018.

- The City of Everett is the only city that governs all four of the following services: fire, library, parks and recreation, and public transit.
- Only Everett, Bellingham, Kirkland, and Yakima directly govern fire services in their communities. Residents of Auburn, Kent, and Renton are served by regional fire authorities while residents of Federal Way and Spokane Valley are served by fire districts.
- Only Everett and Bellingham have city-governed library systems; all the other cities are served by regional or rural county library districts.
- All of the cities directly provide parks and recreation services, with the exception of Bellingham which is also served by the Chuckanut Community Forest Park District, a metropolitan parks district that governs and maintains an 82-acre parcel of open space known as Chuckanut Ridge or the

Hundred Acre Wood through a small property tax dedicated to repaying the interfund loan used to purchase the property and preserving the open space. It is intended that the metropolitan parks district will be abolished when the loan for purchasing the open space is repaid.

- Only Everett and Yakima provide city-governed public transit services. All other cities are served by regional public transportation providers through regional transit authorities and public transportation benefit areas.
- All the cities except for Federal Way and Spokane valley provide city water and wastewater utilities to their residents. The City of Everett's utility is unique in that it is a regional utility that serves far more residents than live within its City boundaries. Its regional utility serves 566,000 people or 80% of the businesses and residents in Snohomish County through a network of local water providers.

It's worth noting that, unlike many other Washington Cities, the City of Everett has not divested any responsibilities above related to providing services to residents. Many cities have divested their fire services to regional fire authorities, their library services to existing library districts, and their parks and recreation services to metropolitan parks districts. Other cities have also pursued regional solutions to issues such as public transportation or private solutions to providing downtown parking, golf courses, or other amenities.

Because of the variation in services delivered among the City of Everett and its peer cities, it is extremely challenging to compare governmental staffing and expenditures on a completely "apples to apples" basis. So, as a starting place, we generated a summary of total governmental operating expenditures, to provide a sense of the comparative size and scale of the governments irrespective of the services each governed. This is presented in Exhibit 20. Further on, in section *Comparable Governmental Expenditures*, we these same charts but excluding those services that the City could reasonably divest (those that others don't provide) including fire, library, public transit, and utilities. The results of this exercise are provided.

Exhibit 20. Overall Governmental Expenditures per Modified Capita, 2017

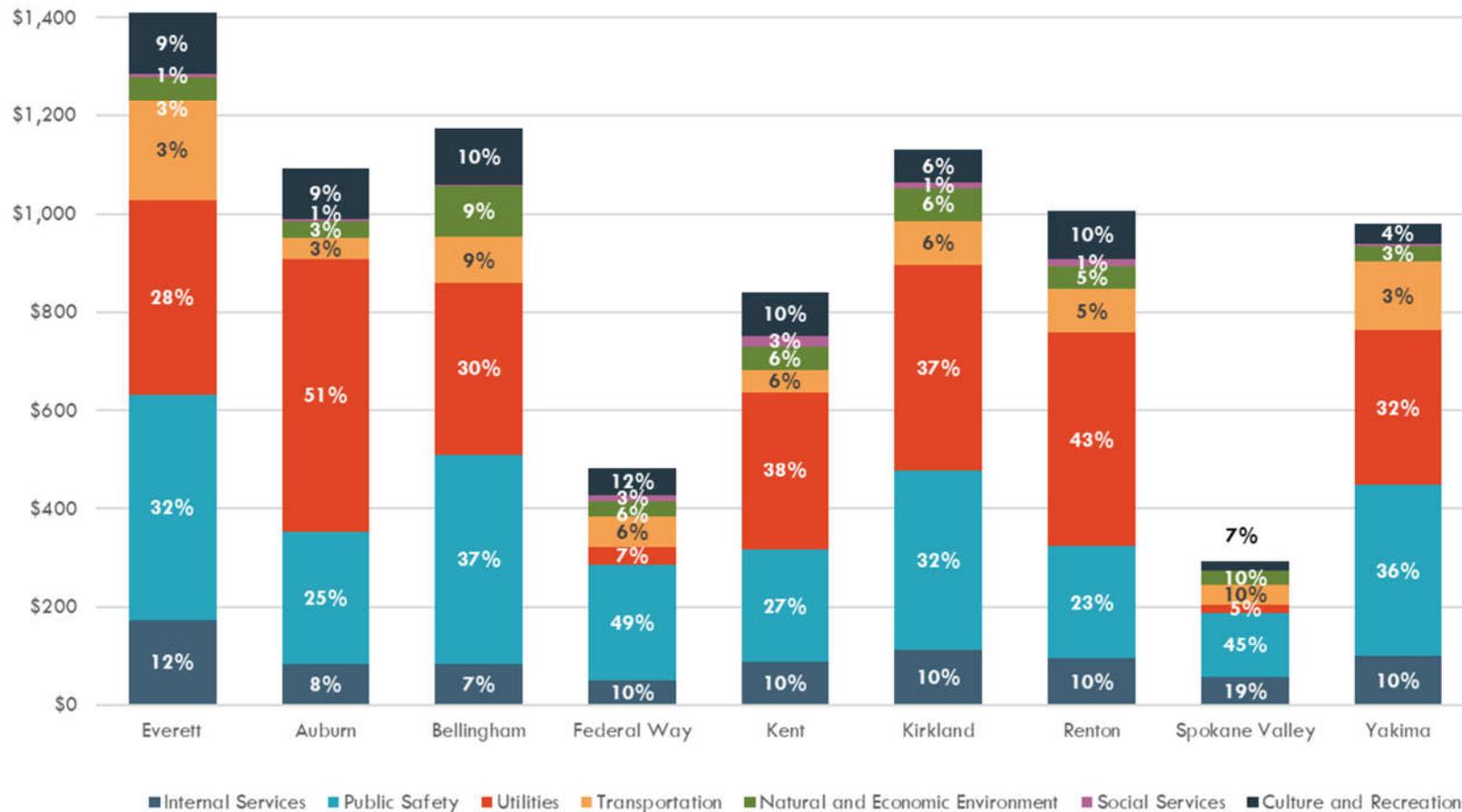
| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|-------------------------------|---------|---|---|---|---|---|---|---|---|
| Operating Expenditures | |  |  |  |  |  |  |  |  |
| <i>Difference:</i> | | -\$318 | -\$238 | -\$928 | -\$571 | -\$280 | -\$404 | -\$1,116 | -\$429 |
| <i>Actual Value:</i> | \$1,410 | \$1,093 | \$1,173 | \$482 | \$840 | \$1,130 | \$1,006 | \$294 | \$982 |
| Capital Expenditures | |  |  |  |  |  |  |  |  |
| <i>Difference:</i> | | \$149 | \$75 | \$108 | \$69 | \$3 | \$17 | \$9 | -\$70 |
| <i>Actual Value:</i> | \$112 | \$261 | \$187 | \$221 | \$182 | \$115 | \$130 | \$122 | \$43 |

Sources: SAO, 2018; BERK, 2018.

- The City of Everett has the highest per modified capital expenditures of all the governments considered. This is unsurprising, as the City directly governs more services than any of the governments considered but is worth noting because it gives a sense of the city’s overall scale.
- Even though the City of Everett is the largest government (in terms of total expenditures) considered, it has one of the lowest total capital expenditures among the governments considered. That means, that it is investing less into capital assets than many of the other governments and that capital investment is a smaller share of total expenditures than it is elsewhere.

To better understand the City of Everett’s expenditures, we charted the distribution of those expenditures across major government categories for operations expenditures, is shown in Exhibit 21.

Exhibit 21. Distribution of City Overall Governmental Operating Expenditures, 2017



Sources: SAO, 2018; BERK, 2018.

- The City of Everett’s operating expenditures are distributed fairly comparably with those of the other cities, despite the fact that the City governs some services that other cities don’t directly govern, like fire, library, and public transit services.

We also compared total staffing for all the cities, as shown in Exhibit 22.

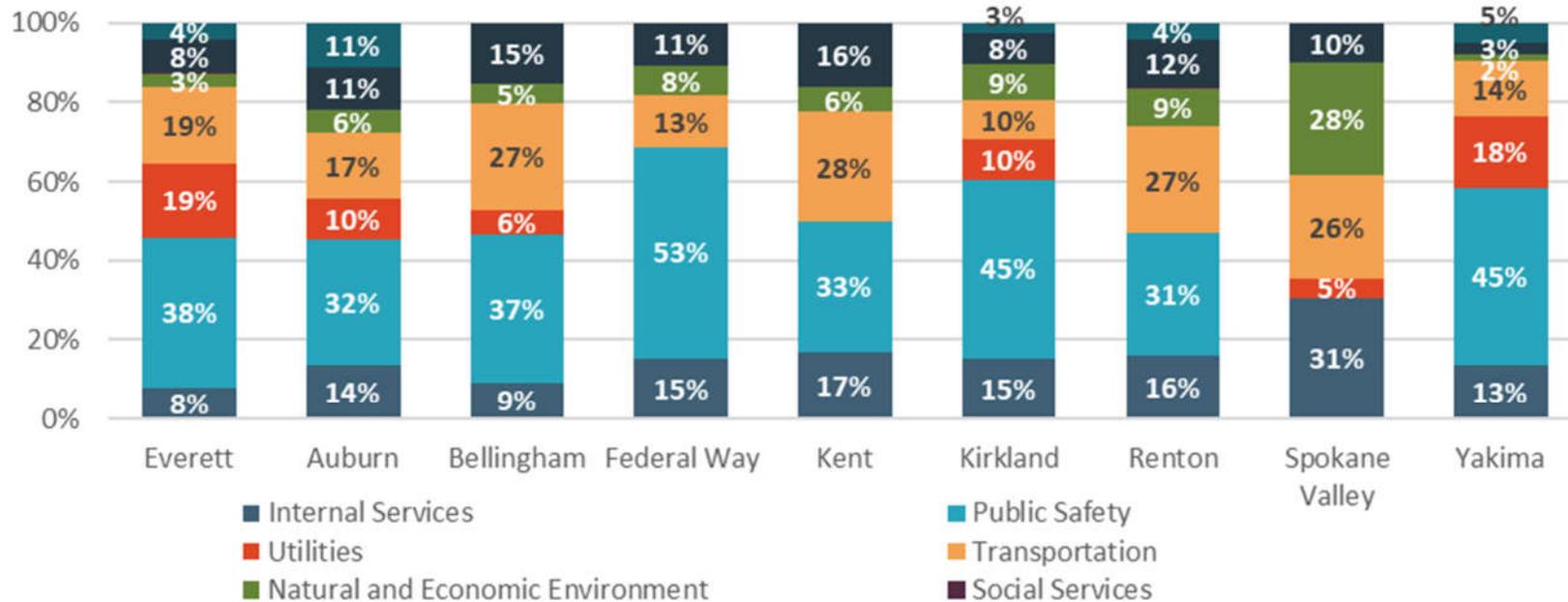
Exhibit 22. Overall Governmental Staffing, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---|----------|----------|------------|-------------|----------|----------|----------|----------------|----------|
| Total Governmental Staff | | | | | | | | | |
| <i>Difference:</i> | | -765.73 | -235.18 | -853.63 | -492.64 | -597.43 | -636.92 | -1,113.08 | -435.38 |
| <i>Actual Value:</i> | 1,202.33 | 436.60 | 967.15 | 348.70 | 709.69 | 604.90 | 565.41 | 89.25 | 766.95 |
| Total Governmental Staff per Modified Capita | | | | | | | | | |
| <i>Difference:</i> | | -0.00359 | 0.00004 | -0.00486 | -0.00356 | -0.00289 | -0.00373 | -0.00660 | -0.00172 |
| <i>Actual Value:</i> | 0.00724 | 0.00365 | 0.00728 | 0.00238 | 0.00368 | 0.00435 | 0.00351 | 0.00064 | 0.00552 |

Source: City of Everett Operating Budget, 2018; City of Auburn Operating Budget, 2017-2018 Biennium; City of Bellingham Operating Budget, 2017-2018 Biennium; City of Federal Way Operating Budget, 2017-2018 Biennium; City of Kent Operating Budget, 2017-2018 Biennium; City of Kirkland Operating Budget, 2017-2018 Biennium; City of Renton Operating Budget, 2017-2018 Biennium; City of Spokane Valley Operating Budget, 2018; City of Yakima Operating Budget, 2018; BERK, 2018.

- Unsurprisingly, as a full-service city, Everett has the highest total staff at 1,202.33 FTE. The cities staff is slightly smaller than that of the City of Bellingham when viewed on a per modified capita basis.

Exhibit 23: Distribution and Counts of Governmental Staffing by Category, 2018



| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|----------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Internal Services | 95.13 | 59.00 | 88.80 | 53.54 | 120.15 | 93.14 | 90.51 | 27.25 | 102.60 |
| Public Safety | 454.30 | 138.00 | 359.40 | 186.00 | 233.03 | 273.25 | 174.90 | 0.00 | 346.20 |
| Utilities | 227.90 | 45.00 | 62.00 | 0.00 | 0.00 | 61.01 | 0.00 | 4.40 | 137.20 |
| Transportation | 232.47 | 73.00 | 260.70 | 45.00 | 197.00 | 59.59 | 152.00 | 23.23 | 106.05 |
| Natural and Economic Environment | 36.90 | 26.00 | 47.50 | 26.70 | 43.75 | 54.01 | 53.50 | 25.38 | 15.00 |
| Social Services | 4.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.33 | 0.00 | 0.00 |
| Culture and Recreation | 98.50 | 47.00 | 148.75 | 37.46 | 115.76 | 48.50 | 65.17 | 9.00 | 20.90 |
| Other | 53.13 | 48.60 | 0.00 | 0.00 | 0.00 | 15.40 | 25.00 | 0.00 | 39.00 |
| TOTAL | 1202.33 | 436.60 | 967.15 | 348.70 | 709.69 | 604.90 | 565.41 | 89.25 | 766.95 |

Source: City of Everett Operating Budget, 2018; City of Auburn Operating Budget, 2017-2018 Biennium; City of Bellingham Operating Budget, 2017-2018 Biennium; City of Federal Way Operating Budget, 2017-2018 Biennium; City of Kent Operating Budget, 2017-2018 Biennium; City of Kirkland Operating Budget, 2017-2018 Biennium; City of Renton Operating Budget, 2017-2018 Biennium; City of Spokane Valley Operating Budget, 2018; City of Yakima Operating Budget, 2018; BERK, 2018.

- The City of Everett provides many more services than the other cities considered, and its staffing distribution reflects that. The Cities general government, natural and economic environment, social services, culture and recreation, and other staff are much smaller shares of the City's staff than they are in other cities.

As a reminder, Exhibit 20 to Exhibit 23 present expenditures and staffing for overall governmental expenditures and staffing (as well as the distribution of those expenditures and staff across all governmental activities) to provide a sense of the comparative size and scale of the governments irrespective of the services each governed. While this sense of scale is helpful, it emphasizes the fact that the City of Everett and its peer cities vary significantly in the services they deliver, the cost of delivering those services, and the total cost of their government operations and capital.

Governmental Operating Expenditures by Service

To understand the variance among the City of Everett and its peer cities better, we benchmarked operating and capital expenditures for all major governmental categories, which include internal services³, public safety, utilities, transportation, natural and economic environment, social services, and culture and recreation. We also provide a chart that shows the distribution of that spending across the major subcategories within each category (again, as defined by SAO). Where the subcategories include services of interest⁴, we provide information about how each peer city is or isn't governing the service (and in cases where they aren't governing the service, we describe who is and through what model).

A limitation of this analysis is that the expenditures match the BARS categories and may not exactly match any one government (including the City of Everett's) perception of what they're spending on a given city service (for example, per its organizational chart, the City of Everett's parks and recreation department would also include the subcategories conservation, aging and disability services, and golf,). Despite this limitation, these values provide a valuable perspective on what the City of Everett is spending relative to other City governments, both on individual city services and overall.

Following in Exhibit 24 to Exhibit 37 are the operating expenditures benchmarks for each of these

³ We're using the term "internal services" in place of the term used by SAO ("general government") for consistency with the City of Everett's common nomenclature.

⁴ For this purpose, services of interest include those that provide a comparison of a major, expensive governmental service all cities provide; and/or illustrate the costs to Everett of a governmental service that the City of Everett is not obligated to provide.

services.

Internal Services

Exhibit 24 compares the operating expenditures for the cities internal services. Internal services include legislative activities; judicial activities; executive activities; financial, recording, and election activities; legal; employee benefit programs, centralized/generalized services; and risk management services. Only the general government total is presented.

Exhibit 24. City Internal Services Operating Expenditures per Modified Capita, 2017

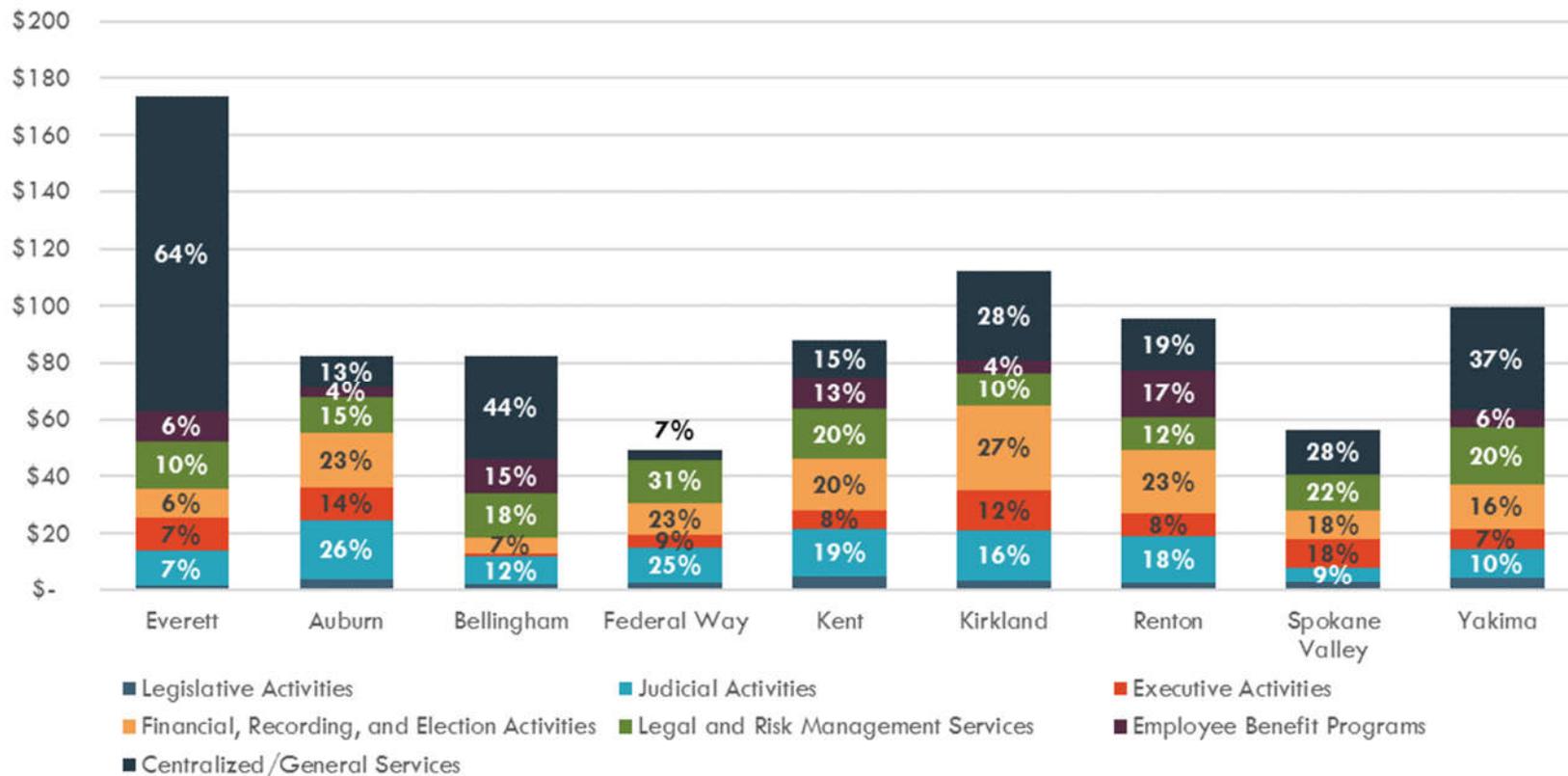
| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--------------------------|---------|---|---|---|---|---|---|---|---|
| Internal Services | |  |  |  |  |  |  |  |  |
| <i>Difference:</i> | | -\$91 | -\$91 | -\$124 | -\$86 | -\$62 | -\$78 | -\$117 | -\$74 |
| <i>Actual Value:</i> | \$174 | \$82 | \$83 | \$49 | \$88 | \$112 | \$96 | \$56 | \$100 |

Source: SAO, 2018; BERK, 2018.

- The City of Everett has the highest per modified capita internal services expenditures of all the governments considered. This is unsurprising, as the City directly governs more external services than any of the governments considered but is worth noting because it gives a sense of the city’s overall scale.

Internal services include legislative activities; judicial activities; executive activities; financial, recording, and election activities; legal and risk management services; employee benefit programs; and centralized/generalized services. Exhibit 25 shows the distribution of internal services operating expenditures across those subcategories.

Exhibit 25. City Distribution of Internal Services Operating Expenditures per Modified Capita, 2017



Source: SAO, 2018; BERK, 2018.

- 64% of the City of Everett’s internal services are in centralized/general services, which include depreciation, depletion, and amortization of assets related to centralized/general services; personnel services; property management services; maintenance/security/insurance/janitorial services; purchasing services; central store services; judgements and settlements; jobbing and contract work; general grants, financial assistance and other distributions to local governments; printing services; information technology services; and other centralized services. This is the largest share of any of the peer cities, and also the largest modified per capita cost for that subcategory of any of the cities. This is likely due to the fact that the City of Everett governs more services than its peers.

Utilities

Exhibit 26 compares the operating expenditures for the cities' utilities activities.

Exhibit 26. City Utilities Operating Expenditures per Modified Capita, 2017

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|----------------------|---------|--------|------------|-------------|-------|----------|--------|----------------|--------|
| Utilities | | | | | | | | | |
| <i>Difference:</i> | | \$158 | -\$49 | -\$363 | -\$77 | \$24 | \$38 | -\$381 | -\$84 |
| <i>Actual Value:</i> | \$397 | \$555 | \$348 | \$34 | \$320 | \$421 | \$435 | \$16 | \$313 |

Source: SAO, 2018; BERK, 2018.

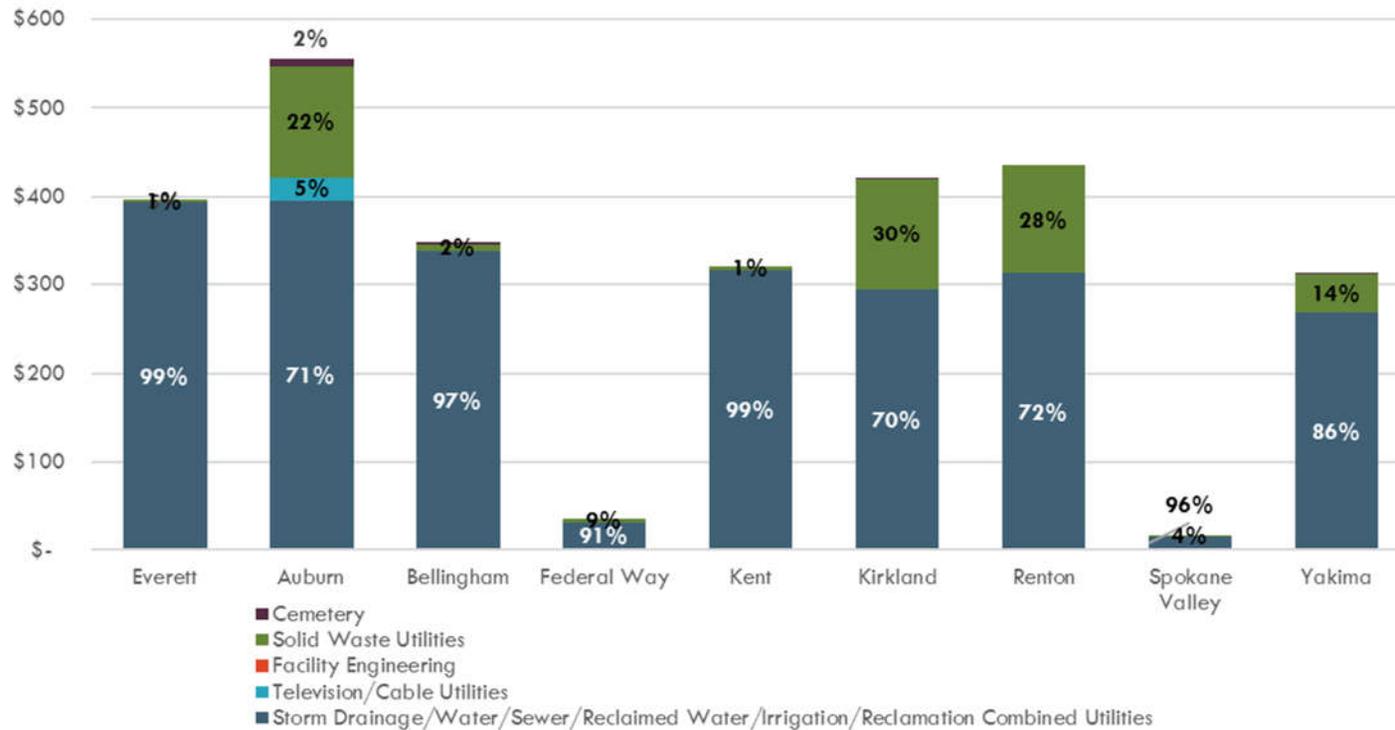
- All of the cities except for Federal Way and Spokane valley provide city water and wastewater utilities to their residents. The City of Everett’s water and wastewater utility is unique in that it is a regional utility that serves far more residents than live within its city boundaries. Its regional utility serves 566,000 people or 80% of the businesses and residents in Snohomish County through a network of local water providers.
- Despite, or perhaps because of the scale (which could provide efficiencies through economies of scale), the City of Everett’s operating expenditures per capita for utilities are lower than those of several other peer cities, including Auburn, Kirkland, and Renton.

Utilities include storm drainage/water/sewer/reclaimed water/irrigation/reclamation combined utilities⁵; television/cable utilities, facility engineering; solid waste utilities; and cemeteries⁶. Exhibit 29 shows the distribution of utilities operating expenditures across those subcategories.

⁵ This category combines several SAO categories including storm drainage utilities; water utilities; sewer/reclaimed water utilities; irrigation/reclamation utilities; and combined utilities to enhance comparability among peer cities.

⁶ SAO subcategories for utilities also include “other environmental services”, however, neither the City of Everett nor any of the peer cities recorded costs in that category in 2017, so we did not include it in this analysis.

Exhibit 27. City Distribution of Utilities Operating Expenditures per Modified Capita, 2017



- The City of Everett does not bear any costs for television/cable utilities or cemeteries. Though no costs are shown for facility engineering, it is likely that the City does bear those costs on an irregular basis as additional facilities are needed and simply did not have any such costs in 2017.

Public Safety

Exhibit 28 compares the operating expenditures for the cities’ public safety activities.

Exhibit 28. City Public Safety Operating Expenditures per Modified Capita, 2017

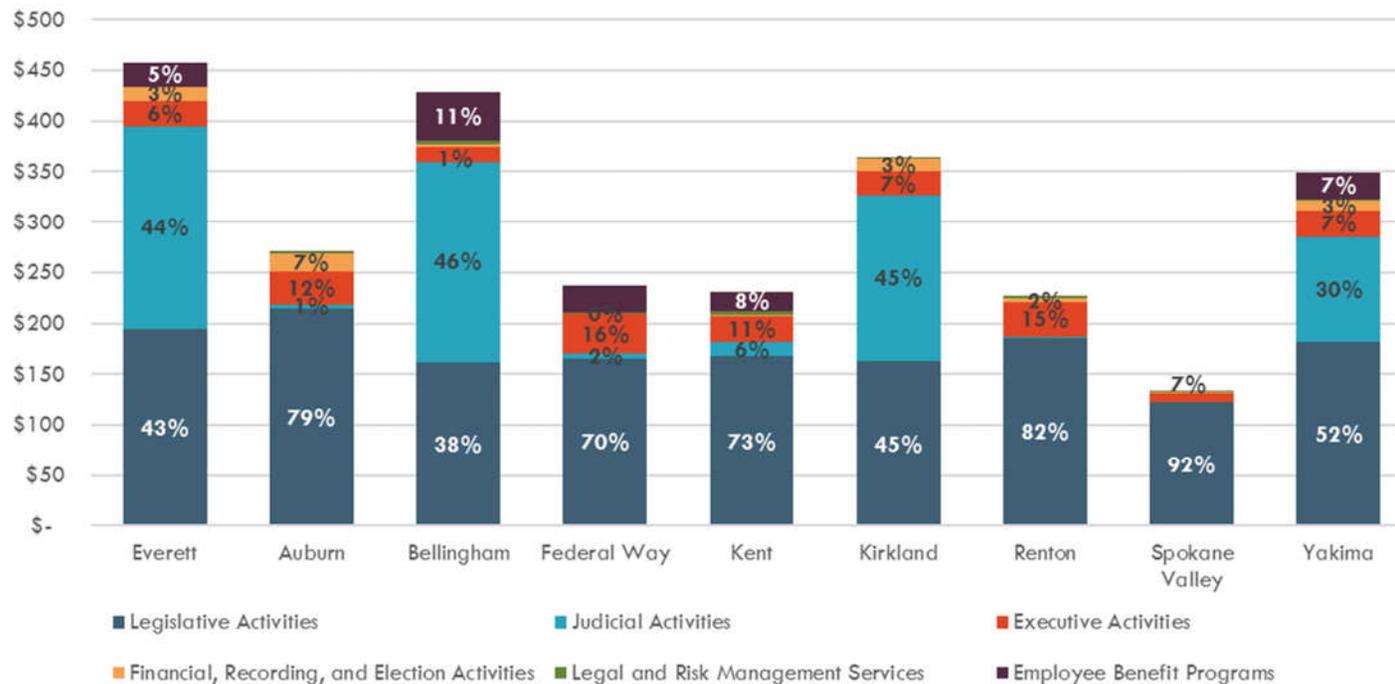
| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|----------------------|---------|--------|------------|-------------|--------|----------|--------|----------------|--------|
| Public Safety | | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
| <i>Difference:</i> | | -\$186 | -\$29 | -\$220 | -\$227 | -\$93 | -\$230 | -\$325 | -\$108 |
| <i>Actual Value:</i> | \$458 | \$271 | \$429 | \$238 | \$230 | \$364 | \$228 | \$133 | \$349 |

Source: SAO, 2018; BERK, 2018.

- Only Everett, Bellingham, Kirkland, and Yakima directly govern fire services in their communities. Residents of Auburn, Kent, and Renton are served by regional fire authorities while residents of Federal Way and Spokane Valley are served by fire districts.
 - The City of Auburn is served by the Valley Regional Fire Authority which was established in 2007 to serve Auburn, Pacific, and Algona
 - The City of Federal Way is served by the South King Fire and Rescue fire district that serves Federal Way and Des Moines and was formed via public vote in 2006.
 - The City of Kent is served by the, now, Puget Sound RFA, (formerly the Kent Fire Department RFA) in 2010 through a public vote.
 - The City of Renton is served by the Renton RFA. Voters approved the formation of the Renton RFA via a public vote in 2016.
 - The Spokane Valley Fire District was formed in 1940 through a public vote.
- Unsurprisingly, as it is one of only four peer cities that governs fire services, the City of Everett has the highest per modified capita spending on public safety. The City’s per modified capita costs are comparable to those of the City of Bellingham’s (who also governs fire services) but lower than those of the two other peer cities that deliver fire services (Kirkland and Yakima).

Public safety includes: law enforcement activities; fire and emergency medical activities; detention/correction activities; protective inspection services; disaster services; and dispatch services. The total for public safety is presented with its components law enforcement activities and fire and emergency medical activities. Exhibit 29 shows the distribution of public safety operating expenditures across those subcategories.

Exhibit 29. City Distribution of Public Safety Operating Expenditures per Modified Capita, 2017



Source: SAO, 2018; BERK, 2018.

- The City of Everett’s spending on police is second to only the City of Auburn’s on a per modified capita basis.
- The City of Everett’s spending on fire is second to only the City of Bellingham’s on a per modified capita basis.

Transportation

Exhibit 30 compares the operating expenditures for the cities’ transportation activities.

Exhibit 30. City Transportation Operating Expenditures per Modified Capita, 2017

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|-----------------------|---------|--------|------------|-------------|--------|----------|--------|----------------|--------|
| Transportation | | | | | | | | | |
| <i>Difference:</i> | | -\$160 | -\$108 | -\$141 | -\$159 | -\$114 | -\$115 | -\$162 | -\$61 |
| <i>Actual Value:</i> | \$203 | \$43 | \$95 | \$62 | \$44 | \$89 | \$88 | \$41 | \$142 |

Sources: SAO, 2018; BERK, 2018

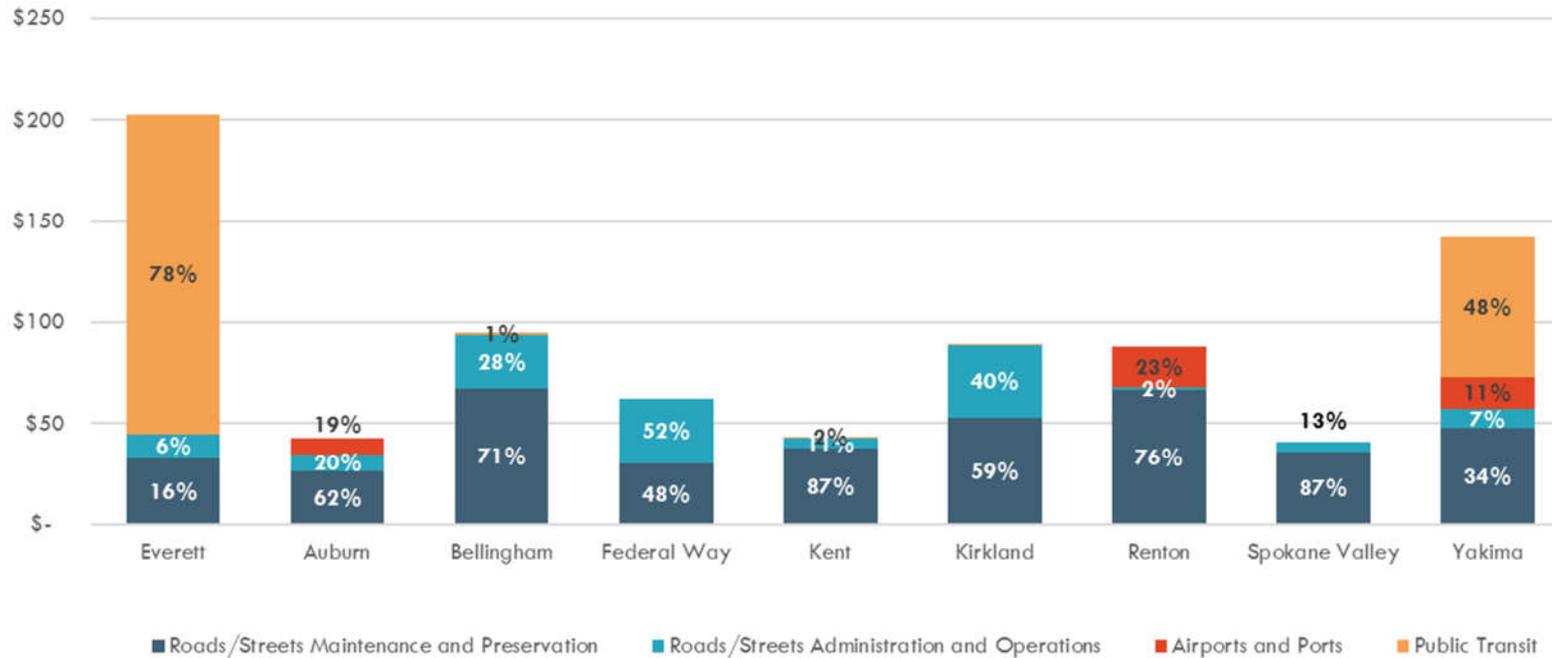
- While all the cities considered are responsible for some city transportation services, only Everett and Yakima provide city-governed public transit services. All other cities are served by regional public transportation providers through regional transit authorities and public transportation benefit areas. As such, unsurprisingly, the City of Everett has the highest per modified capita spending on transportation spending among the cities. This is mostly due to the fact that the City spends \$158 per modified capita on public transit. In fact, the city is on the lower end of total per modified capita spending on roads and streets.

Transportation services include roads/streets maintenance and preservation⁷; roads/streets administration and operations⁸; airports and ports; and public transit.

⁷ This category combines two SAO categories including road/streets construction – preservation projects and road streets ordinary maintenance to enhance comparability among peer cities.

⁸ This category combines three SAO categories including road/streets general administration and overhead; road/streets operations; and public works – centralized services to enhance comparability among peer cities.

Exhibit 31. City Distribution of Transportation Operating Expenditures per Modified Capita, 2017



Sources: SAO, 2018; BERK, 2018

- In 2017, the City of Everett spent considerably less (a total of \$45 per modified capita) on its road/streets program than many of its peers including the City of Bellingham (which spent \$95 per modified capita), City of Federal Way (which spent \$62 per modified capita), City of Kirkland (which spent \$89 per modified capita), City of Renton (which spent \$68 per modified capita), and the City of Yakima (which spent \$57 per modified capita). Without considering the miles of roadways in question and demand on the roadway system, it is not possible to know whether this represents an underinvestment in the roadway system that could contribute to deferred maintenance later, but it is worth evaluating whether current roads/streets investments are adequate.

Natural and Economic Environment

Exhibit 32 compares the capital expenditures for the cities’ natural and economic environment activities.

Exhibit 32. City Natural and Economic Environment Operating Expenditures per Modified Capita, 2017

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---|---------|---|---|---|---|---|---|---|---|
| Natural and Economic Environment | |  |  |  |  |  |  |  |  |
| <i>Difference:</i> | | -\$16 | \$55 | -\$17 | -\$1 | \$18 | \$1 | -\$20 | -\$17 |
| <i>Actual Value:</i> | \$48 | \$33 | \$103 | \$31 | \$48 | \$66 | \$49 | \$28 | \$31 |

Note: The City of Everett spends \$0.53 more per modified capita than the City of Kent on natural and economic environment activities.

Sources: SAO, 2018; BERK, 2018.

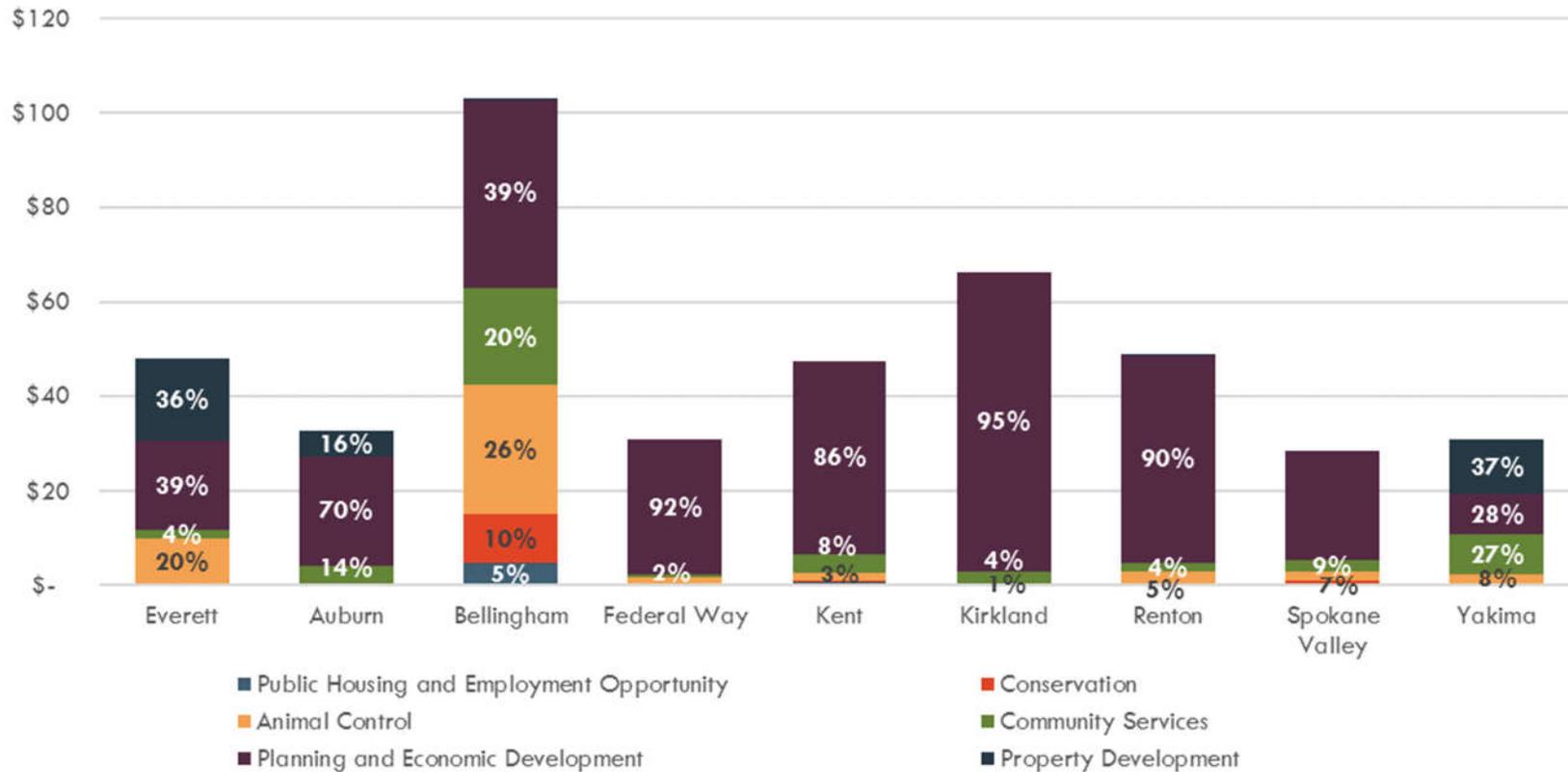
- The City of Everett is in the middle of its peers for spending on natural and economic environment activities.

Natural and economic environment activities include public housing and employment opportunity⁹, conservation, animal control¹⁰, community services, planning and economic development, and property development. Exhibit 33 shows the distribution of natural and economic environment operating expenditures across those subcategories.

⁹ These categories were combined as there was limited spending across the peer cities in either.

¹⁰ SAO refers to this category as “environmental services” and includes “other environmental services” which refers to expenditures related to conservation and development of forest and mineral resources, fish, shellfish and game resources, wetlands restoration and maintenance, promotion of recycling and other energy conservation efforts, etc. It also includes abatement related expenditures that are not coded to specific functional areas.

Exhibit 33. City Distribution of Natural and Economic Environment Operating Expenditures per Modified Capita, 2017



Sources: SAO, 2018; BERK, 2018.

- The City of Everett has by far, the highest spending on animal control and sheltering of any of the peer cities. Although it appears that the City of Everett’s animal control and sheltering spending is less than the City of Bellingham, this is because that category also includes other environmental services as described in Footnote 10. When animal control and sheltering is isolated, the City of Bellingham spends \$9.47 per modified capita compared to the City of Everett’s \$2.30.

The City of Everett provides far more animal services than its peers and plays a regional role in

delivery of these services, including providing a regional animal shelter. Most of the peer cities provide only minimal licensing and code enforcement support related to domestic animals.

However, the City is not bearing these costs alone. The City, as a regional provider, delivers these services to the unincorporated County and others as well. Unfortunately, the City’s services are being delivered in a competitive environment (for example, PAWS is a nonprofit provider in the regions) through contracts and therefore may be subsidizing those contracts to some extent. This is further complicated by the fact that the County contributed \$4 million to the cost of building the animal shelter and expects to pay less than market for these services on that basis.

Social Services

Exhibit 34 compares the operating expenditures for the cities’ social services activities.

Exhibit 34. City Social Services Operating Expenditures per Modified Capita, 2017

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|------------------------|---------|---|---|---|---|---|---|---|---|
| Social Services | |  |  |  |  |  |  |  |  |
| <i>Difference:</i> | | -\$2 | -\$6 | \$5 | \$16 | \$3 | \$6 | -\$7 | -\$3 |
| <i>Actual Value:</i> | \$8 | \$6 | \$1 | \$12 | \$23 | \$10 | \$14 | \$1 | \$4 |

Sources: SAO, 2018; BERK, 2018.

- The City of Everett is in the middle among its peer cities for social services spending.

Social services include public and mental health services¹¹, services for at-risk populations¹², services for people with disabilities¹³, children’s services, welfare¹⁴, and aging and disability services.

¹¹ These categories were combined as there was limited spending across the peer cities in either.

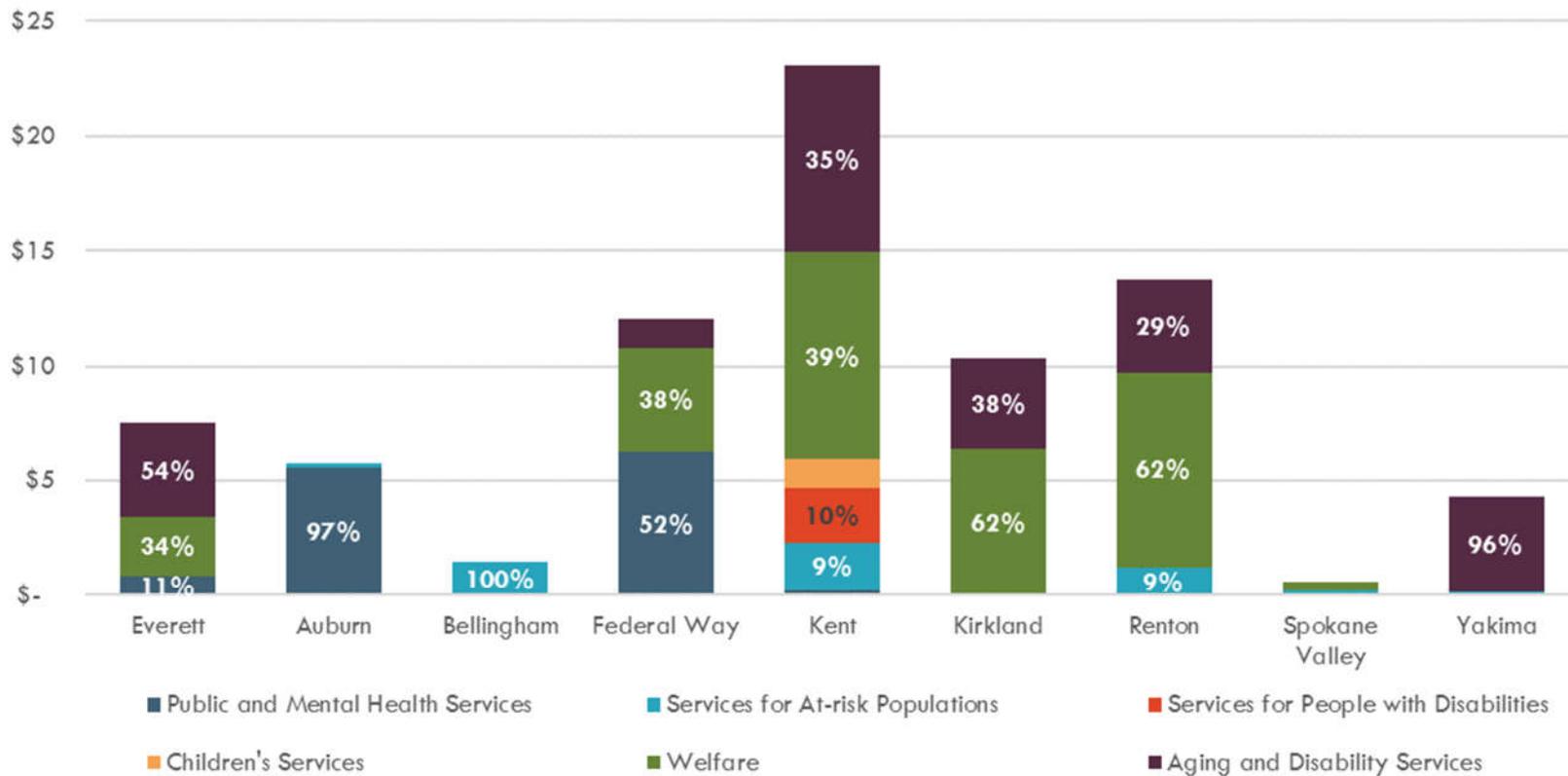
¹² This category combines three SAO categories domestic violence, chemical dependency services, and homeless services.

¹³ This category combines three SAO categories including development disabilities services and services for the disabled.

Aging and disability services was held separate from this category, because in most cases, it refers to senior centers and other activities for older adults.

¹⁴ Welfare is defined by SAO as activities designed to provide public assistance and institutional care for individuals economically unable to provide essential needs for themselves and includes the cost of indigent burials, food banks, crisis

Exhibit 35. City Distribution of Social Services Operating Expenditures per Modified Capita, 2017



Sources: SAO, 2018; BERK, 2018.

- The majority of the City of Everett’s social service spending is focused on public and mental health services, welfare, and aging and disability services. This includes the City’s senior center, the Carl Gipson Senior Center of Everett which is open to individuals 50 and older on a membership basis but at no charge and provides opportunities for gathering for continued learning and social interaction.

clinics, etc.

Culture and Recreation

Exhibit 36 compares the operating expenditures for the cities' culture and recreation activities.

Exhibit 36. City Culture and Recreation Operating Expenditures per Modified Capita, 2017

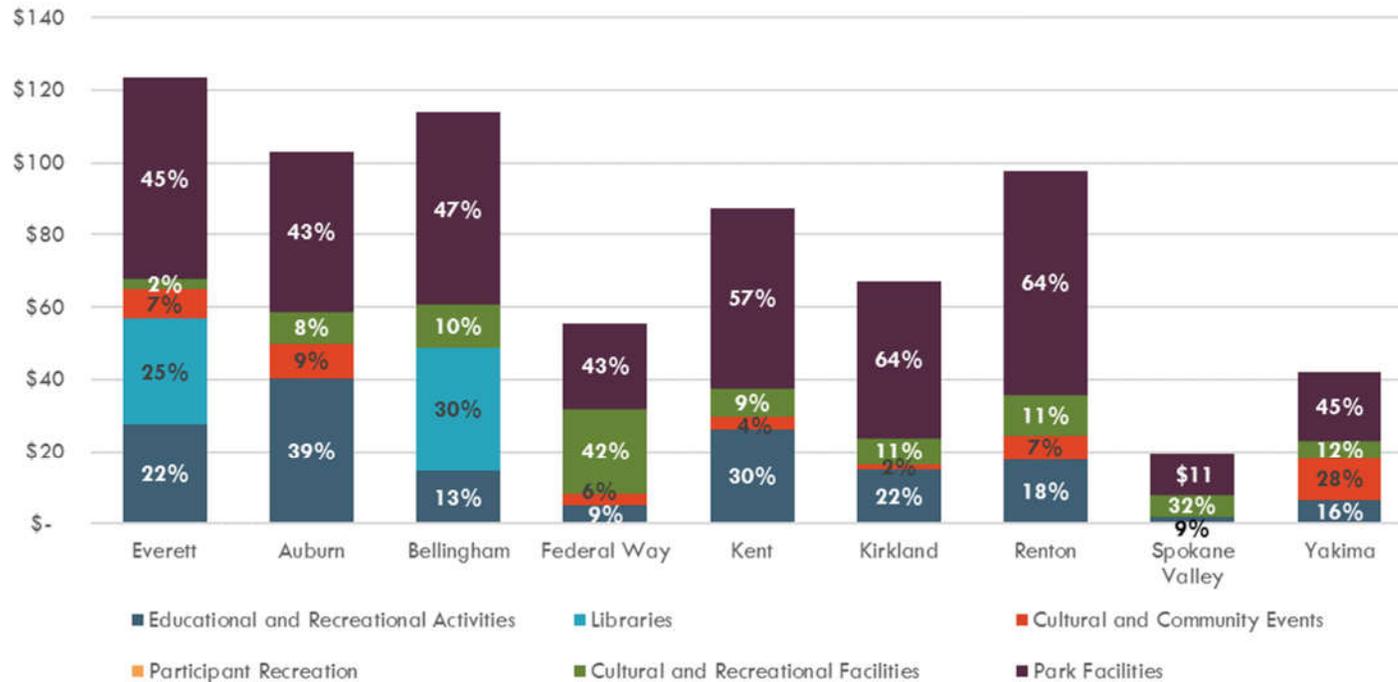
| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|-------------------------------|----------|----------|------------|-------------|----------|----------|----------|----------------|----------|
| Culture and Recreation | | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
| <i>Difference:</i> | | -\$20.47 | -\$9.52 | -\$67.89 | -\$35.85 | -\$56.22 | -\$25.73 | -\$104.06 | -\$81.23 |
| <i>Actual Value:</i> | \$123.40 | \$102.93 | \$113.89 | \$55.52 | \$87.55 | \$67.19 | \$97.67 | \$19.35 | \$42.17 |

Sources: SAO, 2018; BERK, 2018.

- The City of Everett's spending on culture and recreation activities is higher than that of the other peer cities. This is partially because the City directly governs so many more services than the other cities – directly providing library, golf, and parks and recreation services. This is explored in Exhibit 19.

Culture and recreation activities include educational and recreational activities, libraries, cultural and community events, participant recreation, cultural and recreational facilities, and park facilities. Exhibit 37 shows the distribution of culture and recreation services operating expenditures across these subcategories.

Exhibit 37. City Distribution of Culture and Recreation Operating Expenditures per Modified Capita, 2017



Sources: SAO, 2018; BERK, 2018.

- Only Everett and Bellingham have city-governed library systems; all the other cities are served by regional or rural county library districts.
 - Auburn annexed to the King County Rural Library District in 1997 through a vote of the people.
 - Federal Way annexed to the King County Rural Library District in 1990 through a vote of the people.
 - Kent annexed to the King County Rural Library District in 1993 through a vote of the people.
 - Kirkland annexed to the King County Rural Library District in 1990 through a vote of the people.
 - Renton annexed to the King County Rural Library District in 2010 through a vote of the people.

- Spokane Valley annexed to the Spokane County Library District in 2006 through a vote of the people.
- Yakima annexed to the Yakima Valley Regional Library in 2007 through a vote of the people.

However, the City currently spends less than the other city (Bellingham) that directly governs library services.

- All of the cities directly provide parks and recreation services, with the exception of Bellingham which is also served by the Chuckanut Community Forest Park District, a metropolitan parks district that governs and maintains an 82-acre parcel of open space known as Chuckanut Ridge or the Hundred Acre Wood through a small property tax dedicated to repaying the interfund loan used to purchase the property and preserving the open space. It is intended that the metropolitan parks district will be abolished when the loan for purchasing the open space is repaid.
- The cities of Everett, Auburn, Kent, Renton, and Yakima all own public golf courses. Of these cities, Everett is the only one that owns two courses. Unsurprisingly, the City of Everett's golf spending is, therefore, significantly higher than that of the other cities who provide golf courses.
- The City of Everett golf courses (the Legion Memorial Golf Course and Walter Hall Golf Course) operated by Premier Golf Centers, a private, limited liability corporation that operates municipal golf courses all over the Puget Sound region, including for another of the peer cities (the City of Bellingham) and for the cities of Seattle, Bellevue, Maple Valley, Lynnwood, and Marysville.

Comparable Governmental Expenditures

As shown in Exhibit 19, there is significant variation among the services that each City governs, especially when it comes to fire, library, public transit, and utilities. To increase the comparability of the results of this benchmarking exercise, we duplicated the initial overall government benchmarks excluding those services that the City could reasonably divest (those that others don't provide) including fire, library, public transit, and utilities. The results of this exercise are provided in Exhibit 38 through Exhibit 41.

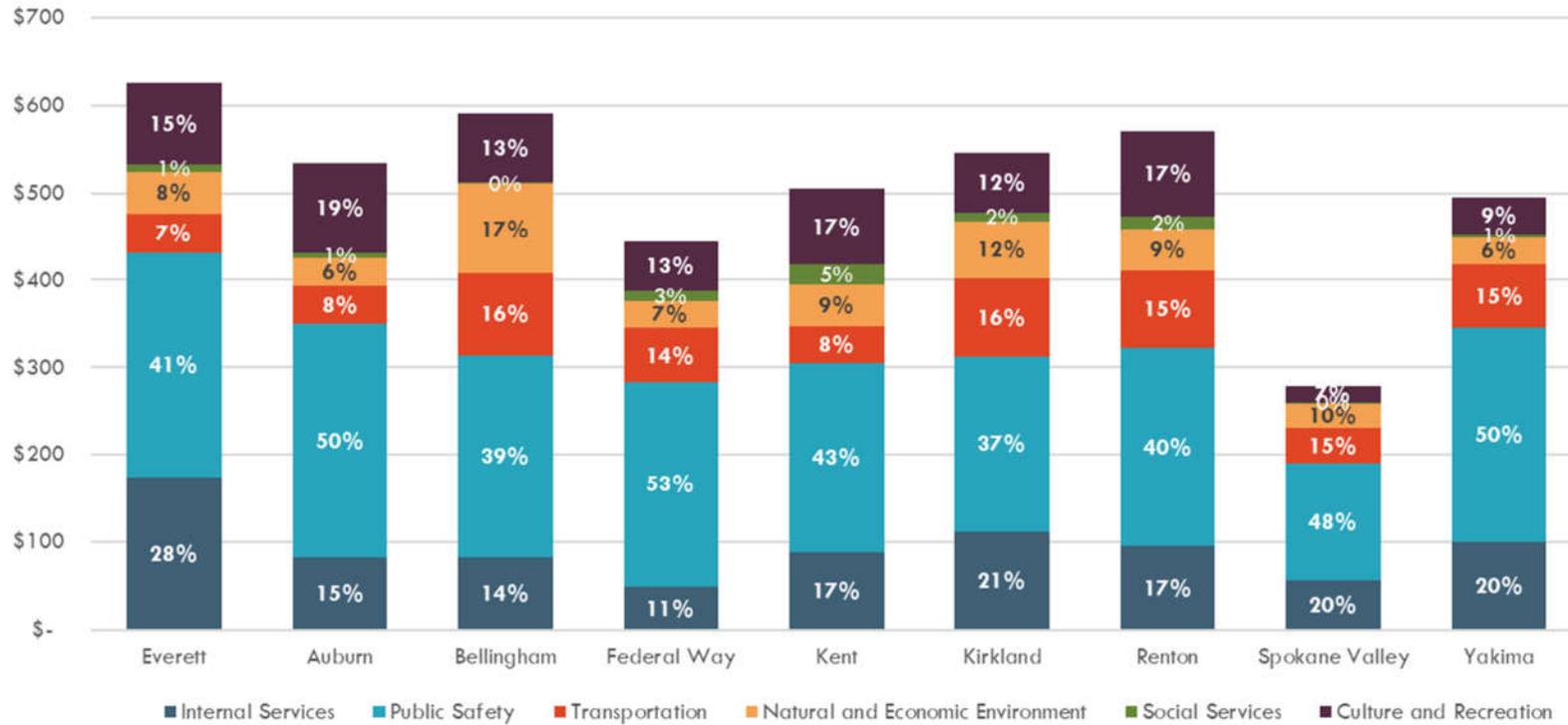
Exhibit 38. Comparable Governmental Expenditures per Modified Capita, 2017

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--|---------|--------|------------|-------------|--------|----------|--------|----------------|--------|
| Comparable Operating Expenditures | | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
| <i>Difference:</i> | | -\$92 | -\$35 | -\$183 | -\$121 | -\$81 | -\$56 | -\$348 | -\$131 |
| <i>Actual Value:</i> | \$626 | \$534 | \$591 | \$444 | \$506 | \$545 | \$571 | \$279 | \$496 |

Sources: SAO, 2018; BERK, 2018.

- When the governments are put in more comparable terms, the City of Everett still spends more on a per modified capita basis than the other cities. This is likely partially because other departments that serve the departments that were removed from the analysis were not reduced in size to be true to the implied reduction in their work.

Exhibit 39. Distribution of Comparable Governmental Operating Expenditures, 2017



Sources: SAO, 2018.

Exhibit 40. Comparable Governmental Staffing, 2018

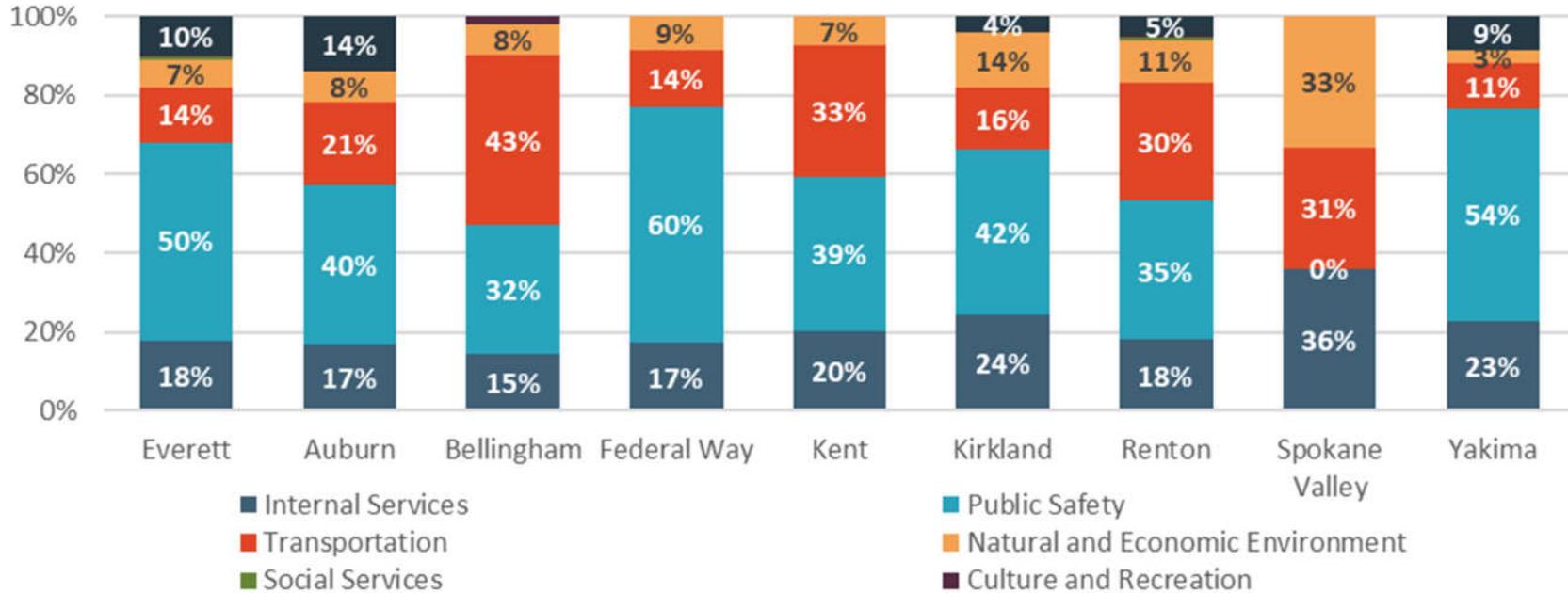
| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--|---------|----------|------------|-------------|----------|----------|----------|----------------|---------|
| Total Comparable Governmental Staff | | | | | | | | | |
| <i>Difference:</i> | | -189.31 | 73.49 | -222.67 | 60.02 | -153.02 | -32.67 | -458.06 | -82.36 |
| <i>Actual Value:</i> | 533.91 | 344.60 | 607.40 | 311.24 | 593.93 | 380.89 | 501.24 | 75.85 | 451.55 |
| Total Comparable Governmental Staff per Modified Capita | | | | | | | | | |
| <i>Difference:</i> | | -0.00034 | 0.00136 | -0.00109 | -0.00013 | -0.00047 | -0.00010 | -0.00267 | 0.00003 |
| <i>Actual Value:</i> | 0.00321 | 0.00288 | 0.00457 | 0.00212 | 0.00308 | 0.00274 | 0.00311 | 0.00054 | 0.00325 |

Source: City of Everett Operating Budget, 2018; City of Auburn Operating Budget, 2017-2018 Biennium; City of Bellingham Operating Budget, 2017-2018 Biennium; City of Federal Way Operating Budget, 2017-2018 Biennium; City of Kent Operating Budget, 2017-2018 Biennium; City of Kirkland Operating Budget, 2017-2018 Biennium; City of Renton Operating Budget, 2017-2018 Biennium; City of Spokane Valley Operating Budget, 2018; City of Yakima Operating Budget, 2018; BERK, 2018.

- When the governments are put in more comparable terms, the City of Everett’s staff is smaller than that of the cities of Bellingham and Kent. However, it is still larger in scale than many of the other cities. Again, this is likely partially attributable to the fact that other departments that serve the departments that were removed from the analysis were not reduced in size to be true to the implied reduction in their work.

Exhibit 41 shows the distribution of governmental staffing when it is put in a more comparable basis.

Exhibit 41: Distribution and Counts of Comparable Governmental Staffing by Category, 2018



| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Internal Services | 95.13 | 59.00 | 88.80 | 53.54 | 120.15 | 93.14 | 90.51 | 27.25 | 102.60 |
| Public Safety | 268.30 | 138.00 | 197.40 | 186.00 | 233.03 | 158.75 | 174.90 | 0.00 | 243.20 |
| Transportation | 74.60 | 73.00 | 260.70 | 45.00 | 197.00 | 59.59 | 152.00 | 23.23 | 51.75 |
| Natural and Economic Environment | 36.90 | 26.00 | 47.50 | 26.70 | 43.75 | 54.01 | 53.50 | 25.38 | 15.00 |
| Social Services | 4.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.33 | 0.00 | 0.00 |
| Culture and Recreation | 1.85 | 0.00 | 13.00 | 0.00 | 0.00 | 0.00 | 1.00 | 0.00 | 0.00 |
| Other | 53.13 | 48.60 | 0.00 | 0.00 | 0.00 | 15.40 | 25.00 | 0.00 | 39.00 |
| TOTAL | 533.91 | 344.60 | 607.40 | 311.24 | 593.93 | 380.89 | 501.24 | 75.85 | 451.55 |

Source: City of Everett Operating Budget, 2018; City of Auburn Operating Budget, 2017-2018 Biennium; City of Bellingham Operating Budget, 2017-2018 Biennium; City of Federal Way Operating Budget, 2017-2018 Biennium; City of Kent Operating Budget, 2017-2018 Biennium; City of Kirkland Operating Budget, 2017-2018 Biennium; City of Renton Operating Budget, 2017-2018 Biennium; City of Spokane Valley Operating Budget, 2018; City of Yakima Operating Budget, 2018; BERK, 2018.

City Tax Rates

There are many local tax mechanisms that generate revenues of varying magnitudes in Washington – however, there are four primary taxes that make up the “four legs under the table” of cities:

- **Property Tax.** Property tax has traditionally been the primary funding source for local government in Washington. However, I-747 limited annual increases in property tax collections to one percent plus the value of new construction, leading to erosion in property taxes as a local funding source due to inflation and service demand (based on per capita and per modified capita growth) outpacing that one percent growth allowance.
- **Retail Sales and Use Tax.** Cities collection of retail sales and use taxes are driven by the distribution of major retail sales, such that Retail sales and use taxes are also highly volatile with changes in the economy – when the economy flags, so does retail spending, and therefore retail sales and use tax collections.
- **Utility Taxes.** Cities have the authority to levy taxes on both public and private utilities. These taxes are generally smaller in total collections but also less volatile in response to the economy.
- **Business and Occupation (B&O) Taxes.** Historically, many cities have chosen not to implement B&O taxes, due to the perception that business taxes erode local competitiveness for attracting businesses to the City. However, as property tax revenues continue to erode, more cities have or are considering implementing them.

Following are benchmarks for rates and revenues from all major city tax sources, including these four.

Regular Property Tax

The Revised Code of Washington (RCW) states a maximum regular property tax levy rate for cities and towns of \$3.375 per thousand dollars of assessed valuation (AV) (RCW 84.52.043). Maximum rates for cities and towns are affected by other city levies, including Fireman Pension Funds and library and fire districts. Initiative 747 created an effective one percent maximum annual increase in city general property levies, which affects general property tax rates differently depending on AV. Exhibit 42 presents general expense and voted regular levies for Everett and peer cities.

Exhibit 42. City Property Tax Levies, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---------------------------|---------|--------|------------|-------------|-------|----------|--------|----------------|--------|
| General Expense | | | | | | | | | |
| <i>Difference:</i> | | -0.17 | -0.82 | -1.14 | -0.58 | -1.05 | -1.05 | -0.77 | 0.79 |
| <i>Actual Value:</i> | 2.20 | 2.03 | 1.38 | 1.06 | 1.63 | 1.16 | 1.15 | 1.43 | 2.99 |
| City EMS | | | | | | | | | |
| <i>Difference:</i> | | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 |
| <i>Actual Value:</i> | 0.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fire Pension | | | | | | | | | |
| <i>Difference:</i> | | 0.00 | 0.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| <i>Actual Value:</i> | 0.00 | 0.00 | 0.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Greenways IV | | | | | | | | | |
| <i>Difference:</i> | | 0.00 | 0.46 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| <i>Actual Value:</i> | 0.00 | 0.00 | 0.46 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| New What RDA LIFT | | | | | | | | | |
| <i>Difference:</i> | | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| <i>Actual Value:</i> | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Affordable Housing | | | | | | | | | |
| <i>Difference:</i> | | 0.00 | 0.09 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| <i>Actual Value:</i> | 0.00 | 0.00 | 0.09 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| GO Bond | | | | | | | | | |
| <i>Difference:</i> | | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 | 0.00 | 0.00 | 0.00 |
| <i>Actual Value:</i> | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 | 0.00 | 0.00 | 0.00 |

Note: Values have been rounded to the nearest hundredth, which may lead to the appearance of rounding error.
 Sources: King County Assessor, 2018; Whatcom County Assessor, 2018; Snohomish County Assessor, 2018; Pierce County Assessor, 2018; Spokane County Assessor, 2018; Yakima County Assessor, 2018; BERK, 2018.

- The City of Everett is second to Yakima who has the highest general expense levy at \$2.99 per \$1,000 AV. This is unsurprising because the other cities' residents pay additional property tax levies for some of the services that the City of Everett governs that their cities don't. For example:
 - Regional and rural library districts are statutorily authorized to levy a property tax levy of \$0.50 per \$1,000 of AV.
 - Fire districts and regional fire authorities are eligible to levy a property tax levy of \$0.50 per \$1,000 of AV and an emergency medical services levy of \$0.50 per \$1,000 of AV.
 - Metropolitan parks districts are statutorily authorized to levy a property tax levy of up to \$0.75 per \$1,000 of AV.
 - Many of these districts can also levy special property tax levies with a vote of the people to fund, increasing their revenue capacity for services that the City of Everett would otherwise provide.

It would make sense for the City of Everett to have a higher general expense levy inclusive of the property tax capacity represented by these other levies for all three of these services which the City directly governs.

- Everett has one only one voted regular levy, for City Emergency Medical Services. One of Everett's peer cities, the City of Bellingham has four voted levies for affordable housing, fire pensions, Everett has one only one voted regular levy, for City Emergency Medical Services. (an economic development activity, and greenways).
- Revised Code of Washington (RCW) states a maximum regular property tax levy rate for cities and towns of \$3.375 per thousand dollars of AV. The City of Everett is far below this statutory minimum, at \$2.20 per \$1,000 of AV. However, beyond a total revenue increase of 1% plus the value of any growth, the City cannot increase its property tax revenues without a vote of the people or the use of banked capacity (which the City of Everett does not have).

Business and Occupation Taxes

The Business and Occupation (B&O) tax is an optional local tax levied on the gross receipts of business revenues. RCW 35.21.710 sets the maximum B&O tax rate at 0.2%, with higher rates preexisting to the 1982 ordinance grandfathered in. Higher rates can also be levied with majority voter approval. Exhibit

43 shows B&O tax rates for Everett and peer cities by business type.

Some cities, including Kirkland, use a per-employee or similar calculation to determine business license fees. Though these charges bear resemblance to a head tax, each city including such a calculation in its business license fee requirements describes those charges as fees and does not list them under the B&O tax designation. For example, Kirkland's business revenue generating regulatory (RGRL) license (RGRL) applies to business grossing over \$12,000 per year, with the following equation: FTE (full time equivalent, identified as working 2080 hours per year) x \$105. On its business license site, Kirkland states "The City of Kirkland does not levy any type of business and occupation taxes, except for on utility companies."¹⁵

Additionally, Kent levies a square footage tax, applying to businesses leasing or owning in the City of Kent. For business warehouses, the rate is \$0.03 per square foot; for other business floor space, the rate is \$0.01 per square foot.

¹⁵ City of Kirkland, *Business Licenses*.
https://www.kirklandwa.gov/depart/Finance_and_Administration/doingbusiness/Business_Licenses.htm.

Exhibit 43. City B&O Tax Rates, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|----------------------|---------|--------|------------|-------------|--------|----------|--------|----------------|--------|
| Manufacturing | | | | | | | | | |
| <i>Difference:</i> | | -0.10% | 0.07% | -0.10% | -0.05% | -0.10% | -0.02% | -0.10% | -0.10% |
| <i>Actual Value:</i> | 0.10% | 0.00% | 0.17% | 0.00% | 0.05% | 0.00% | 0.09% | 0.00% | 0.00% |
| Retail | | | | | | | | | |
| <i>Difference:</i> | | -0.10% | 0.07% | -0.10% | -0.05% | -0.10% | -0.05% | -0.10% | -0.10% |
| <i>Actual Value:</i> | 0.10% | 0.00% | 0.17% | 0.00% | 0.05% | 0.00% | 0.05% | 0.00% | 0.00% |
| Services | | | | | | | | | |
| <i>Difference:</i> | | -0.10% | 0.34% | -0.10% | 0.05% | -0.10% | -0.02% | -0.10% | -0.10% |
| <i>Actual Value:</i> | 0.10% | 0.00% | 0.44% | 0.00% | 0.15% | 0.00% | 0.09% | 0.00% | 0.00% |
| Wholesale | | | | | | | | | |
| <i>Difference:</i> | | -0.10% | 0.07% | -0.10% | 0.05% | -0.10% | -0.02% | -0.10% | -0.10% |
| <i>Actual Value:</i> | 0.10% | 0.00% | 0.17% | 0.00% | 0.15% | 0.00% | 0.09% | 0.00% | 0.00% |

Sources: Association of Washington Cities, 2018; BERK, 2018.

- The City of Everett levies a B&O tax of 0.10% on gross business income on manufacturing, retail, services, and wholesale businesses. The City’s B&O taxes are the same across all industries, which is different than those of the peer cities who levy differential taxes across industries.
- Four of the nine peer cities, including the City of Everett levy some kind of B&O tax. The City of Everett’s B&O taxes are comparable to the peer cities levying B&O taxes. They are only very slightly higher than the City of Renton’s and both the City of Bellingham and Kent levy higher B&O

taxes on some industries.

- Bellingham's 0.44% B&O tax for services was effective before 1982 and grandfathered in. None of the other peer cities rates are above the statutory maximum.

Utility Taxes

Utility taxes are a B&O tax on utility services, with a range of statutory maximums for the type of utility service (RCW.35.21.710). There is no statutory maximum for water, sewer, and stormwater tax rates. The maximum rate for electric, gas, steam, and telephone services is 6%, with higher rates permissible with voter approval. Cable rates are governed by Federal code, which states that the rate "must not be unduly burdensome," typically interpreted as in keeping with other city utility tax rates (§622(g)(2)(A) (47 U.S.C. §542(g)(2)(A)).

Exhibit 44 shows peer city utility tax rates water, sewer, stormwater and related utility services.

Exhibit 44. City Water, Sewer, Stormwater, and Watershed, Utility Tax Rates, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|----------------------------------|---------|--------|------------|-------------|-------|----------|--------|----------------|--------|
| Water | | | | | | | | | |
| Difference: | | 0.00% | 18.25% | 7.75% | 0.00% | 7.50% | 6.80% | 0.00% | 20.00% |
| Actual Value: | 0.00% | 0.00% | 18.25% | 7.75% | 0.00% | 7.50% | 6.80% | 0.00% | 20.00% |
| Sewer | | | | | | | | | |
| Difference: | | 0.00% | 11.50% | 7.75% | 0.00% | 7.50% | 6.00% | 0.00% | 20.00% |
| Actual Value: | 0.00% | 0.00% | 11.50% | 7.75% | 0.00% | 7.50% | 6.00% | 0.00% | 20.00% |
| Stormwater | | | | | | | | | |
| Difference: | | 0.00% | 11.50% | 7.75% | 0.00% | 7.50% | 6.80% | 0.00% | 6.00% |
| Actual Value: | 0.00% | 0.00% | 11.50% | 7.75% | 0.00% | 7.50% | 6.80% | 0.00% | 6.00% |
| Watershed / Surface Water | | | | | | | | | |
| Difference: | | 0.00% | 11.50% | 0.00% | 0.00% | 6.00% | 0.00% | 0.00% | 0.00% |
| Actual Value: | 0.00% | 0.00% | 11.50% | 0.00% | 0.00% | 6.00% | 0.00% | 0.00% | 0.00% |

Sources: City of Everett, 2018; City of Auburn, 2018; City of Bellingham, 2018; City of Federal Way, 2018; City of Kent, 2018; City of Kirkland, 2018; City of Renton, 2018; City of Spokane Valley, 2018; City of Yakima, 2018; BERK, 2018.

- Although the City of Everett does not levy a utility tax on water, sewer, and stormwater utilities, it does levy a 6% payment in lieu of tax (PILOT), which is built into its utility rates. This is somewhat lower than those peer cities that levy utility taxes, which range from 6% all the way up to 20%.

Exhibit 45 shows peer city rates for electric, gas, steam, and telephone utility services.

Exhibit 45. City Electric, Gas, Steam, and Telephone Utility Rates, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|----------------------|---------|--------|------------|-------------|-------|----------|--------|----------------|--------|
| Natural Gas | | | | | | | | | |
| <i>Difference:</i> | | 0.00% | 0.00% | 1.75% | 0.00% | 0.00% | 0.00% | -6.00% | 0.00% |
| <i>Actual Value:</i> | 6.00% | 6.00% | 6.00% | 7.75% | 6.00% | 6.00% | 6.00% | 0.00% | 6.00% |
| Electricity | | | | | | | | | |
| <i>Difference:</i> | | 0.00% | 0.00% | 1.75% | 0.00% | 0.00% | 0.00% | -6.00% | 0.00% |
| <i>Actual Value:</i> | 6.00% | 6.00% | 6.00% | 7.75% | 6.00% | 6.00% | 6.00% | 0.00% | 6.00% |
| Telephone | | | | | | | | | |
| <i>Difference:</i> | | 0.00% | 0.00% | 1.75% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| <i>Actual Value:</i> | 6.00% | 6.00% | 6.00% | 7.75% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |
| Cable TV | | | | | | | | | |
| <i>Difference:</i> | | 0.00% | 0.00% | 1.75% | 0.00% | 0.00% | 0.00% | -6.00% | 0.00% |
| <i>Actual Value:</i> | 6.00% | 6.00% | 6.00% | 7.75% | 6.00% | 6.00% | 6.00% | 0.00% | 6.00% |

Sources: City of Everett, 2018; City of Auburn, 2018; City of Bellingham, 2018; City of Federal Way, 2018; City of Kent, 2018; City of Kirkland, 2018; City of Renton, 2018; City of Spokane Valley, 2018; City of Yakima, 2018; BERK, 2018.

- The City of Everett, along with most of the peer cities, levies the statutory maximum for these utility services and extends that same rate to Cable TV.
- Federal Way voters approved an increase to the statutory maximum in 2006 for increased public safety services.
- Only one city, the City of Spokane Valley levies below the statutory maximum for these utility taxes,

choosing to levy the tax on telephone services only and not levying any taxes on natural gas, electricity, or cable tv.

Gambling Taxes

Gambling taxes are a B&O tax on businesses and non-profits conducting a variety of gambling activities at varying statutory maximums per RCW 9.46.113. Rates may differ depending on the profit or non-profit status of the business or organization. In general, gambling taxes are applied to net receipts as follows:

- Bingo and raffles, 5%
- Amusement games, 2%
- Punchboard and Pull Tabs, 10%
- Cards, 20%

Exhibit 46 benchmarks gambling tax rates for bingo and raffles.

Exhibit 46. City Bingo and Raffles Tax Rates, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|----------------|---------|--------|------------|-------------|-------|----------|--------|----------------|--------|
| Bingo | | | | | | | | | |
| Difference: | | 1.50% | -3.50% | 1.50% | 1.50% | 1.50% | -3.50% | 1.50% | 1.50% |
| Actual Value: | 3.50% | 5.00% | 0.00% | 5.00% | 5.00% | 5.00% | 0.00% | 5.00% | 5.00% |
| Raffles | | | | | | | | | |
| Difference: | | 1.50% | -3.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| Actual Value: | 3.50% | 5.00% | 0.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |

Sources: City of Everett, 2018; City of Auburn, 2018; City of Bellingham, 2018; City of Federal Way, 2018; City of Kent, 2018; City of Kirkland, 2018; City of Renton, 2018; City of Spokane Valley, 2018; City of Yakima, 2018; BERK, 2018.

- Most of the peer cities levy the statutory maximum tax of 5% on bingo and raffles. Everett levies 1.5% below this, for a tax rate of 3.5%. Everett does not levy the statutory maximum for this tax.
- Bellingham and Renton do not levy a gambling tax on bingo activities. However, the City of Renton does levy the statutory maximum tax of 5% on raffles (while the City of Bellingham does not levy a tax on those activities).

Exhibit 47 benchmarks gambling tax rates for amusement games.

Exhibit 47. City Amusement Games Tax Rates, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|------------------------|---------|--------|------------|-------------|-------|----------|--------|----------------|--------|
| Amusement Games | | | | | | | | | |
| <i>Difference:</i> | | 0.00% | -2.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| <i>Actual Value:</i> | 2.00% | 2.00% | 0.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |

Sources: City of Everett, 2018; City of Auburn, 2018; City of Bellingham, 2018; City of Federal Way, 2018; City of Kent, 2018; City of Kirkland, 2018; City of Renton, 2018; City of Spokane Valley, 2018; City of Yakima, 2018; BERK, 2018.

- The City of Everett, as well as all the peer cities with the exception or Bellingham levy the statutory maximum tax rate of 2% on amusement games.

Exhibit 48 benchmarks the tax rates for punchboard and pull tabs activities.

Exhibit 48. City Punchboard and Pull Tabs Tax Rates, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---------------------------------|---------|--------|------------|-------------|--------|----------|--------|----------------|--------|
| Punchboard and Pull Tabs | | | | | | | | | |
| <i>Difference:</i> | | 6.00% | 4.00% | -1.00% | 6.00% | 1.00% | 1.00% | 1.00% | 6.00% |
| <i>Actual Value:</i> | 4.00% | 10.00% | 8.00% | 3.00% | 10.00% | 5.00% | 5.00% | 5.00% | 10.00% |

Sources: City of Everett, 2018; City of Auburn, 2018; City of Bellingham, 2018; City of Federal Way, 2018; City of Kent, 2018; City of Kirkland, 2018; City of Renton, 2018; City of Spokane Valley, 2018; City of Yakima, 2018; BERK, 2018.

- The statutory maximum tax rate on punchboard and pull-tab gambling is 10%. Three of the peer cities (the cities of Auburn, Kent, and Yakima) levy this statutory maximum rate, while five cities (including the City of Everett) levy a rate that is have this maximum or less.
- Only one city, the City of Federal Way has a lower tax rate for this gambling activity than Everett. A total of six cities, including Everett, levy less than the statutory maximum for this tax.

Exhibit 49 benchmarks the tax rates for card games and contests of chance.

Exhibit 49. City Cards and Contests of Change Tax Rates, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---------------------------|---------|---|---|---|---|---|---|---|---|
| Cards | |  |  |  |  |  |  |  |  |
| <i>Difference:</i> | | -6.00% | 0.00% | 0.00% | 1.00% | 1.00% | 0.00% | -4.00% | 0.00% |
| <i>Actual Value:</i> | 10.00% | 4.00% | 10.00% | 10.00% | 11.00% | 11.00% | 10.00% | 6.00% | 10.00% |
| Contests of Chance | |  |  |  |  |  |  |  |  |
| <i>Difference:</i> | | 0.00% | 0.00% | 0.00% | 0.00% | 7.00% | 0.00% | 0.00% | 0.00% |
| <i>Actual Value:</i> | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 7.00% | 0.00% | 0.00% | 0.00% |

Notes: Contests of chance are not included directly as a type of gambling activity in the RCW authorizing gambling taxes. Kirkland includes contests of chance as a type of gambling activity in KMC 7.48.020, stating: “contests of chance’ shall mean gambling activities conducted at a ‘fundraising event’ meeting the requirements of Chapter 9.46 RCW, other than the [other gambling activities listed].” Everett listed a tax rate of 10% for card games in its response in the 2016 AWC municipal taxes survey but does not list a card game tax in the gambling tax section of its 2017 B&O tax guide.

Sources: City of Everett, 2018; City of Auburn, 2018; City of Bellingham, 2018; City of Federal Way, 2018; City of Kent, 2018; City of Kirkland, 2018; City of Renton, 2018; City of Spokane Valley, 2018; City of Yakima, 2018; BERK, 2018.

- The City of Everett levies a 10% tax on cardrooms but, does not currently have any cardrooms in the City.
- All peer cities levy this tax at half or below half of the statutory maximum.

Retail Sales and Use Taxes

Cities may levy a basic 0.5% local retail sales and use tax per RCW 82.14.030(1) and an optional 0.5% sales tax per RCW 82.14.030(2). Actual local rates are determined by other factors, including county sales tax rates, other sales taxes levied by the city or other taxing jurisdiction within city boundaries, and the activity the sales tax applies to. For example:

Exhibit 50 shows the city-levied retail sales and use tax rates for Everett and peer cities.

Exhibit 50. City-levied Sales and Use Tax Rates, Q3 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---|---------|--------|------------|-------------|--------|----------|--------|----------------|--------|
| Local Taxable Retail Sales and Use Tax Rates | | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
| <i>Difference:</i> | | -0.006 | -0.004 | -0.006 | -0.006 | -0.006 | -0.006 | -0.006 | -0.003 |
| <i>Actual Value:</i> | 0.016 | 0.010 | 0.012 | 0.010 | 0.010 | 0.010 | 0.010 | 0.010 | 0.013 |

Source: MRSC, 2018.

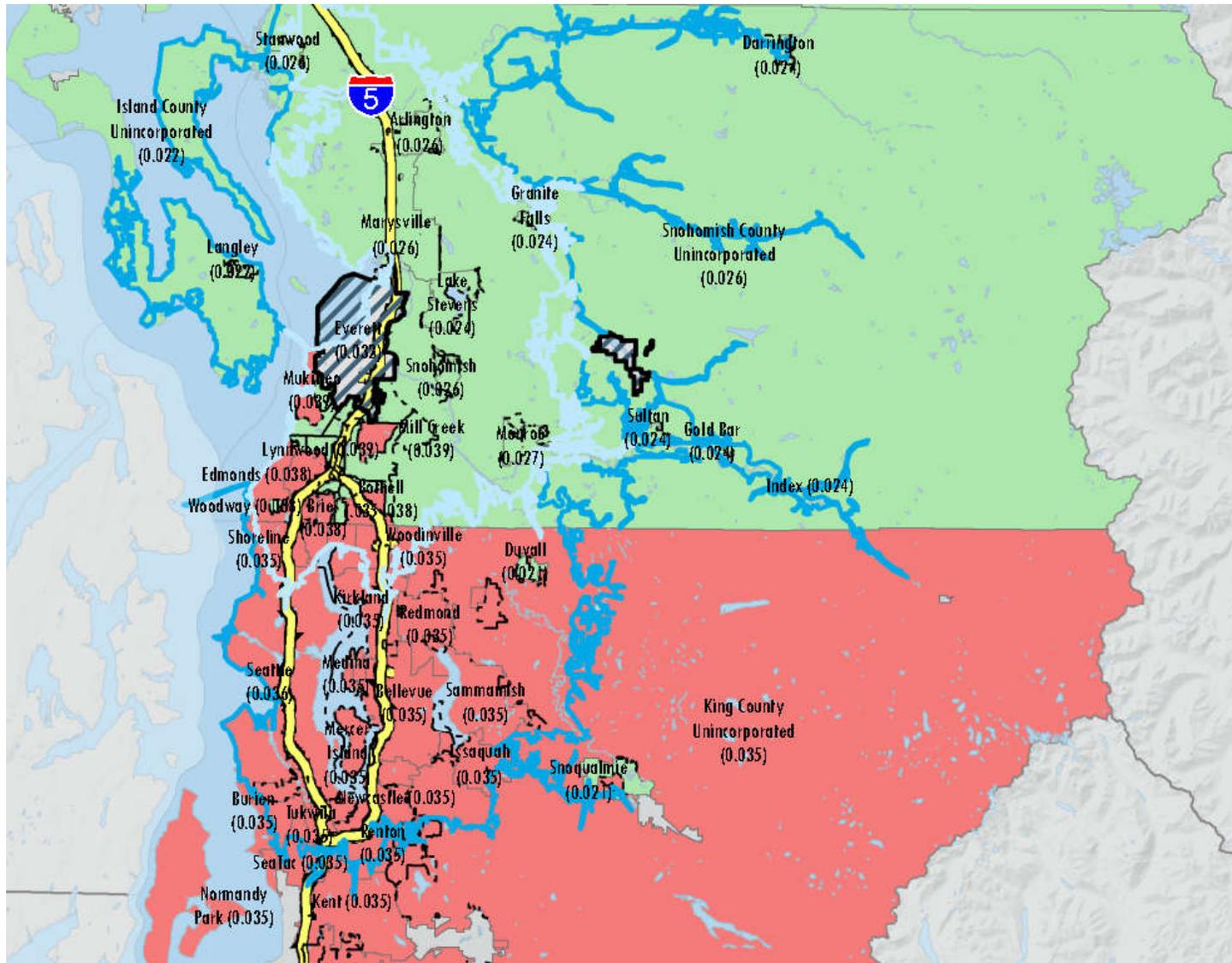
- Everett has the highest city-levied retail sales and use tax rates of any of the peer cities. This is primarily because the City levies a retail sales and use tax of 0.6% for public transit as authorized by RCW 82.14.045.
- There are several City-governed retail sales and use taxes that the City of Everett does not currently access, but could access (although, these taxes are restricted in purpose and, in some cases, restricted by taxes levied by the county or the overall tax rate, or require involvement of voters), including:
 - 0.2% for public safety as authorized by RCW 82.14.450
 - 0.2% for transportation through a transportation benefit district as authorized by RCW 82.14.0455 (discussed in section *Transportation Benefit District and Public Transit Taxes and Fees*)
 - 0.1% for affordable housing as authorized by RCW 82.14.530
 - 0.1% for chemical dependency or mental health treatment services or therapeutic courts as

authorized by RCW 82.14.460

- 0.2% for supporting distressed public facilities districts as authorized by RCW 82.14.048(2)(b)

Consumers have a choice in where they do their shopping and access services. The residents of Everett do not have to do their shopping in Everett. Rather, consumers make choices about where they shop based on what kind of establishment or particular store they want to shop at, convenience, and price. Retail sales and use taxes increase the cost of goods to consumers, so they contribute to consumers' perception of price competitiveness. To get a sense of the competitiveness of the current combined local sales tax rate levied within the City of Everett, we compared it to all cities within a 30- and 60-mile drivetime, in Exhibit 51.

Exhibit 51: Local Retail Sales and Use Tax Rates for Cities and County Unincorporated with a 30- and 60-minute Drivetime of Everett, 2018



Source: DOR, 2018; BERK, 2018.

- The City of Everett has a prime location and frontage along Interstate 5 and proximity to major cities and metropolitan areas, however it competes with many communities that have the same. Most of those communities have a higher retail sales and tax rate than the City of Everett, such that their rate is potentially overly competitive.
- The City of Everett’s retail sales and use tax rate is higher many of the jurisdictions north of Everett and unincorporated Snohomish County. Those areas don’t have the same variety of stores, which makes shopping there potentially less convenient than shopping in the City of Everett.

Hotel-Motel Lodging Tax

The hotel-motel lodging tax has a statutory maximum of 4% per RCW 67.28.180, and applies to charges from hotels, motels, and similar establishments. The first 2% is taken as a credit against the state sales tax rate, meaning that when cities levy it, it does not effectively increase the tax rate on hotel-motel and other lodging in the city. However, the remaining 2%, when levied, amounts to an increase in taxation on hotel-motel and other lodging in the city. Exhibit 52 benchmarks city hotel-motel lodging tax rates for the third quarter of 2018.

Exhibit 52. City Hotel-Motel Lodging Tax Rates, Q3 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|----------------------------|---------|---|---|---|---|---|---|---|---|
| Hotel-Motel Lodging | |  |  |  |  |  |  |  |  |
| <i>Difference:</i> | | -1.00% | 0.00% | -1.00% | -1.00% | -1.00% | -1.00% | -0.70% | 1.00% |
| <i>Actual Value:</i> | 2.00% | 1.00% | 2.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.30% | 3.00% |

Sources: DOR, 2018; BERK, 2018.

- The City of Everett levies the first 2% of the statutorily authorized hotel-motel lodging tax – the share that acts as a credit against the state sales tax rate. Most of the peer cities levy a lower rate – a share of the amount that they can levy as a credit against the state sales tax rate.
- Among the peer cities, only Yakima levies a portion of the second 2% of authorized taxing authority beyond what can be credited against the state sales tax rate; the combined state and local tax rate

on hotel-motel and other lodging is effectively increased by 1% in Yakima.

Admission Tax

The admission tax has a statutory maximum of 5% per RCW 35.21.280, and applies to ticket charges for any event where entry requires payment. Exhibit 53 benchmarks admission tax rates for Everett and its peer cities.

Exhibit 53. City Admission Tax Rates, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|------------------------------|---------|--------|------------|-------------|--------|----------|--------|----------------|--------|
| Admission Tax - Golf | | | | | | | | | |
| <i>Difference:</i> | | 1.00% | -4.00% | -4.00% | -4.00% | -4.00% | -4.00% | -4.00% | -4.00% |
| <i>Actual Value:</i> | 4.00% | 5.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Admission Tax - Other | | | | | | | | | |
| <i>Difference:</i> | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | -5.00% | -5.00% |
| <i>Actual Value:</i> | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 0.00% | 0.00% |

Sources: City of Everett, 2018; City of Auburn, 2018; City of Bellingham, 2018; City of Federal Way, 2018; City of Kent, 2018; City of Kirkland, 2018; City of Renton, 2018; City of Spokane Valley, 2018; City of Yakima, 2018; BERK, 2018.

- Both the City of Everett and the City of Auburn levy an admission tax on entry to their city-governed golf facilities; however, the City of Everett’s tax rate is less than Auburn’s (which is the same as the statutory maximum) by 1%.
- The City of Everett along with all the peer cities other than Spokane Valley and Yakima, levy the statutory maximum 5% admissions tax on events (other than golf, discussed above) in their jurisdictions.

Excise Taxes

Cities may levy excise taxes, which are taxes paid when purchases are made on specific goods, on a variety of local purchases. The leasehold excise tax, for example, is levied in lieu of a property tax on

lease of public property, with the city statutory maximum of 4% per RCW 82.29A.030. Exhibit 54 benchmarks the leasehold excise tax rates for Everett and peer cities.

Exhibit 54. City Leasehold Excise Tax Rates, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|-----------------------------|---------|--------|------------|-------------|-------|----------|--------|----------------|--------|
| Leasehold Excise Tax | | | | | | | | | |
| <i>Difference:</i> | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| <i>Actual Value:</i> | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |

Sources: City of Everett, 2018; City of Auburn, 2018; City of Bellingham, 2018; City of Federal Way, 2018; City of Kent, 2018; City of Kirkland, 2018; City of Renton, 2018; City of Spokane Valley, 2018; City of Yakima, 2018; BERK, 2018.

- The City of Everett along with all its peer cities levy the statutory maximum for this tax.

The real estate excise tax (REET) is levied on sales of private property and has two levy options, each with a statutory maximum of 0.25% per RCW 82.46.010 through RCW 82.46.030. The second 0.25% must be approved by voters. Exhibit 55 benchmarks the combined REET tax rates.

Exhibit 55. City Real Estate Excise Tax Rates, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|-------------------------------|---------|--------|------------|-------------|-------|----------|--------|----------------|--------|
| Real Estate Excise Tax | | | | | | | | | |
| <i>Difference:</i> | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| <i>Actual Value:</i> | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |

Sources: DOR, 2018; BERK, 2018.

- The City of Everett along with all its peer cities levy both the regular and voted tax rates for this tax.

Transportation Benefit District and Public Transit Taxes and Fees

Cities may levy taxes and fees for transit and transportation activities through the taxing authority granted by the formation of a Transportation Benefit District (TBD) or through a transit sales tax. TBDs are quasi-municipal corporations that are also independent taxing districts that can levy taxes to generate revenues through special motor vehicle excise taxes (MVET – commonly an additional tax on purchases of vehicle licenses or “tabs”) or local sales tax rates to fund specific transportation projects.

Revenue mechanisms for TBDs include a voted up-to-0.2% sales tax and a \$20 MVET, which may increase gradually up to \$50 or \$100 over time, with voter approval (RCW 82.80.140). Exhibit 56 benchmarks TBD tax rates and fees.

Sales tax rates for both sales taxes levied through a TBD and those levied through a transit sales tax are presented together for continuity with revenue benchmarks, as cities reported transit sales tax revenues and sales tax revenues authorized through a TBD using the same financial code.

Exhibit 56. City Transportation Benefit District Tax Rates and Fees, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|----------------------------------|---------|--------|------------|-------------|-------|----------|--------|----------------|--------|
| Vehicle License Fee (TBD) | | | | | | | | | |
| <i>Difference:</i> | | \$0 | -\$20 | -\$20 | -\$20 | -\$20 | -\$20 | -\$20 | \$0 |
| <i>Actual Value:</i> | \$20 | \$20 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$20 |
| Sales Tax (TBD) | | | | | | | | | |
| <i>Difference:</i> | | 0.00% | 0.20% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| <i>Actual Value:</i> | 0.00% | 0.00% | 0.20% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Sources: City of Everett, 2018; City of Auburn, 2018; City of Bellingham, 2018; City of Federal Way, 2018; City of Kent, 2018; City of Kirkland, 2018; City of Renton, 2018; City of Spokane Valley, 2018; City of Yakima, 2018; BERK, 2018.

- Everett, Auburn, Bellingham, Kirkland, and Yakima have all formed TBDs that share their own city boundaries.

- The City of Everett, as well as two of the five peer cities with TBDs, Auburn and Yakima, levy the \$20 MVET that can be imposed without voter action. None of the peer cities levy MVET fees large enough to require voter approval.
- Only the City of Bellingham levies a sales tax through its TBD; this tax rate is at the statutory maximum of 0.2%.
- Although the City of Kirkland has formed a TBD, it has not yet implemented either of the revenue generating mechanisms with that TBD.

Cities who govern public transportation activities may levy a sales tax of up 0.9% for public transportation purposes councilmanically (as per RCW 82.14.045). Exhibit 57 benchmarks the public transportation rates for Everett and peer cities.

Exhibit 57. City Transit Tax Rates, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--------------------------------|---------|--------|------------|-------------|--------|----------|--------|----------------|--------|
| Transit Sales Tax (RTA) | | | | | | | | | |
| <i>Difference:</i> | | -0.60% | -0.60% | -0.60% | -0.60% | -0.60% | -0.60% | -0.60% | -0.30% |
| <i>Actual Value:</i> | 0.60% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.30% |

Notes: Only rates for city-governed transit services are presented. Sound Transit RTA rates are not included.
 Sources: City of Everett, 2018; City of Auburn, 2018; City of Bellingham, 2018; City of Federal Way, 2018; City of Kent, 2018; City of Kirkland, 2018; City of Renton, 2018; City of Spokane Valley, 2018; City of Yakima, 2018; BERK, 2018.

- Only the cities of Everett and Yakima are the transit districts in their communities (and govern public transit activities in their respective cities), so they are the only cities eligible to implement this tax, and consequently are the only two cities who levy it. The City of Everett’s rate is higher (by 0.3%) than the City of Yakima’s, but both are below the statutory maximum.

Impact Fees

Impact fees are fees assessed on new growth in cities to pay for the additional demand on city infrastructure that growth will bring. The Growth Management Act authorizes impact fees for fire

protection; schools; parks, open space, and recreation facilities; and for street purposes (RCW 82.02.050 through RCW 82.02.090). Cities can levy impact fees for the services they govern, generally parks, open space, and recreation; street purposes; and, where they govern the service, fire protection. Impact fees are determined by rate studies unique to each city, and differential rates can be levied on different types of development. Generally, rates differ by type of development (residential, commercial, and/or industrial) and intensity of development (single family versus multifamily residents; new construction versus tenant improvement for commercial and industrial). Following, impact fee rates are presented by type of authorized facility and type of unit.

Exhibit 58. City Impact Fees, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|-----------------------|---------|---------|------------|-------------|---------|----------|----------|----------------|----------|
| Transportation | | | | | | | | | |
| <i>Difference:</i> | | \$4,465 | -\$3,300 | \$2,924 | \$4,104 | \$4,350 | -\$3,150 | -\$3,300 | -\$3,300 |
| <i>Single Family</i> | \$3,300 | \$7,765 | \$0 | \$6,224 | \$7,404 | \$7,650 | \$150 | \$0 | \$0 |
| <i>Multifamily</i> | \$1,392 | \$5,039 | \$0 | \$4,039 | \$4,806 | \$4,484 | \$150 | \$0 | \$0 |
| <i>Commercial</i> | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Parks | | | | | | | | | |
| <i>Difference:</i> | | \$0 | \$0 | \$0 | \$0 | \$6,336 | \$4,448 | \$0 | \$0 |
| <i>Single Family</i> | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,336 | \$4,448 | \$0 | \$0 |
| <i>Multifamily</i> | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,094 | \$5,480 | \$0 | \$0 |
| <i>Commercial</i> | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Notes: Only impact fees for city-governed facilities are included. School impact fees are not included and differ within city boundaries by school district. Fire impact fees for cities remitting funds to a Fire District or Regional Fire Authority (RFA) (including Renton) are not included. BERK did not find impact fees for city-governed fire services for Everett or any peer city. Fees are assessed per unit for residential categories, and per square foot for commercial categories.
Sources: City of Everett, 2018; BERK, 2018.

- None of the peer cities considered levy and collect impact fees for fire protection (however, some of the peer cities do levy fire protection impact fees in their communities that are collected and used by

the RFA or fire district that governs fire protection services there).

- The City of Everett only levies and collects transportation impact fees (although school impact fees are levied and collected within its city boundaries). The City is eligible to levy and collect parks, open space, and recreation facilities and fire protection impact fees but has made a policy choice not to.
- The City of Everett and the other cities that levy transportation impact fees (Auburn, Federal Way, Kent, Kirkland, and Renton) levy them on residential development only. With the exception of the rates charged by the City of Renton, its impact fee rates are significantly below those of the other peer cities levying transportation impact fees.
- The Cities' current transportation impact fee rates are significantly lower than those of the other peer cities with transportation impact fees.
- The City of Everett's impact fee rates were set in 2015 and became effective on January 1, 2016. It is possible that due to the significant economic growth we've had over the almost three years since that time, a revised rate study might suggest higher impact fees than those currently implemented.
- The City of Everett does not levy impact fees for parks, open space, and recreation facilities; only Kirkland and Renton assess impact fees for those purposes.

City Revenue

As discussed previously, not all cities in Washington govern and deliver the same services. Thus, rather than try to provide a completely “apples to apples” comparison, we compare total governmental expenditures as a starting place. To maintain consistency with that approach, we have provided summarized revenues overall and by source for the overall government (including both governmental and proprietary funds).

The cities total per modified capita revenues for governmental activities are benchmarked in Exhibit 59, below.

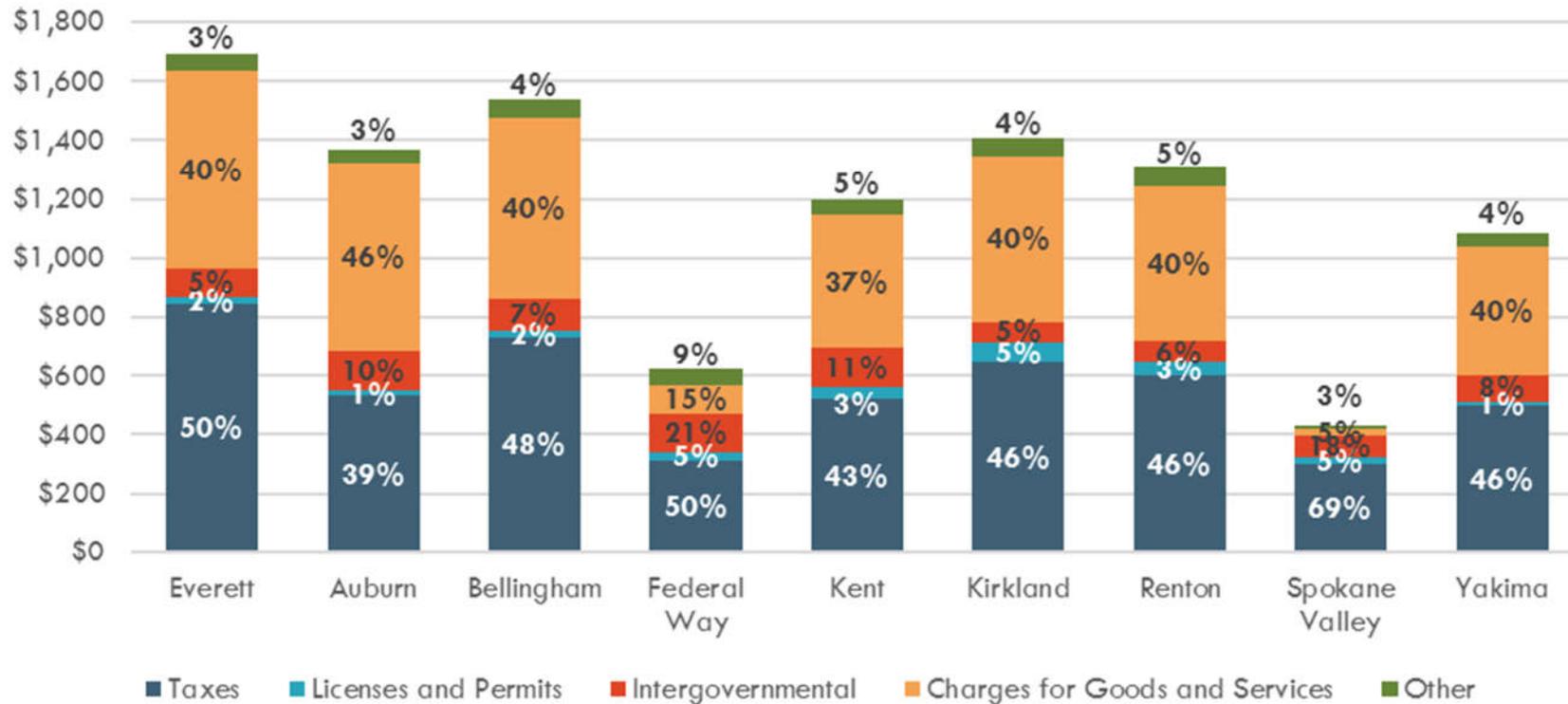
Exhibit 59. City Governmental Revenues per Modified Capita, 2017

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--|---------|---------|------------|-------------|---------|----------|---------|----------------|---------|
| Revenues | | | | | | | | | |
| <i>Difference:</i> | | -\$322 | -\$153 | -\$1,068 | -\$490 | -\$284 | -\$377 | -\$1,258 | -\$606 |
| <i>Actual Value:</i> | \$1,690 | \$1,368 | \$1,537 | \$622 | \$1,200 | \$1,406 | \$1,313 | \$432 | \$1,084 |
| Ratio of Revenues to Total (Operating + Capital) Expenditures | | | | | | | | | |
| <i>Difference:</i> | | -0.10 | 0.02 | -0.23 | 0.06 | 0.02 | 0.05 | -0.07 | -0.05 |
| <i>Actual Value:</i> | 1.11 | 1.01 | 1.13 | 0.88 | 1.17 | 1.13 | 1.16 | 1.04 | 1.06 |

Sources: SAO, 2018; BERK, 2018.

- In 2017, the City of Everett generated \$1,690 per capita in governmental revenues. This is higher than its peer cities, which is unsurprising given that, as discussed, previously, the City governs far more services than most of its peers.
- To provide a more “apples to apples” comparison of the appropriateness of the City of Everett’s revenues, we compared revenues collected to total expenditures. The City of Everett generated 10% more revenues than it spent in 2017 – this does not mean that the City had more revenues than it needed – as this picture does not consider transfers out and reservations for future capital and other purposes. This is in line with the City’s conservative approach to funding the capital needs of its regional utility with a combination of debt and financing. It does provide a helpful comparison, showing that several of the governments, including the cities of Bellingham, Kent, Kirkland, and Renton had even greater buffers between the amount of revenues collected and their total expenditures.

Exhibit 60. City Governmental Revenues Distribution, 2017

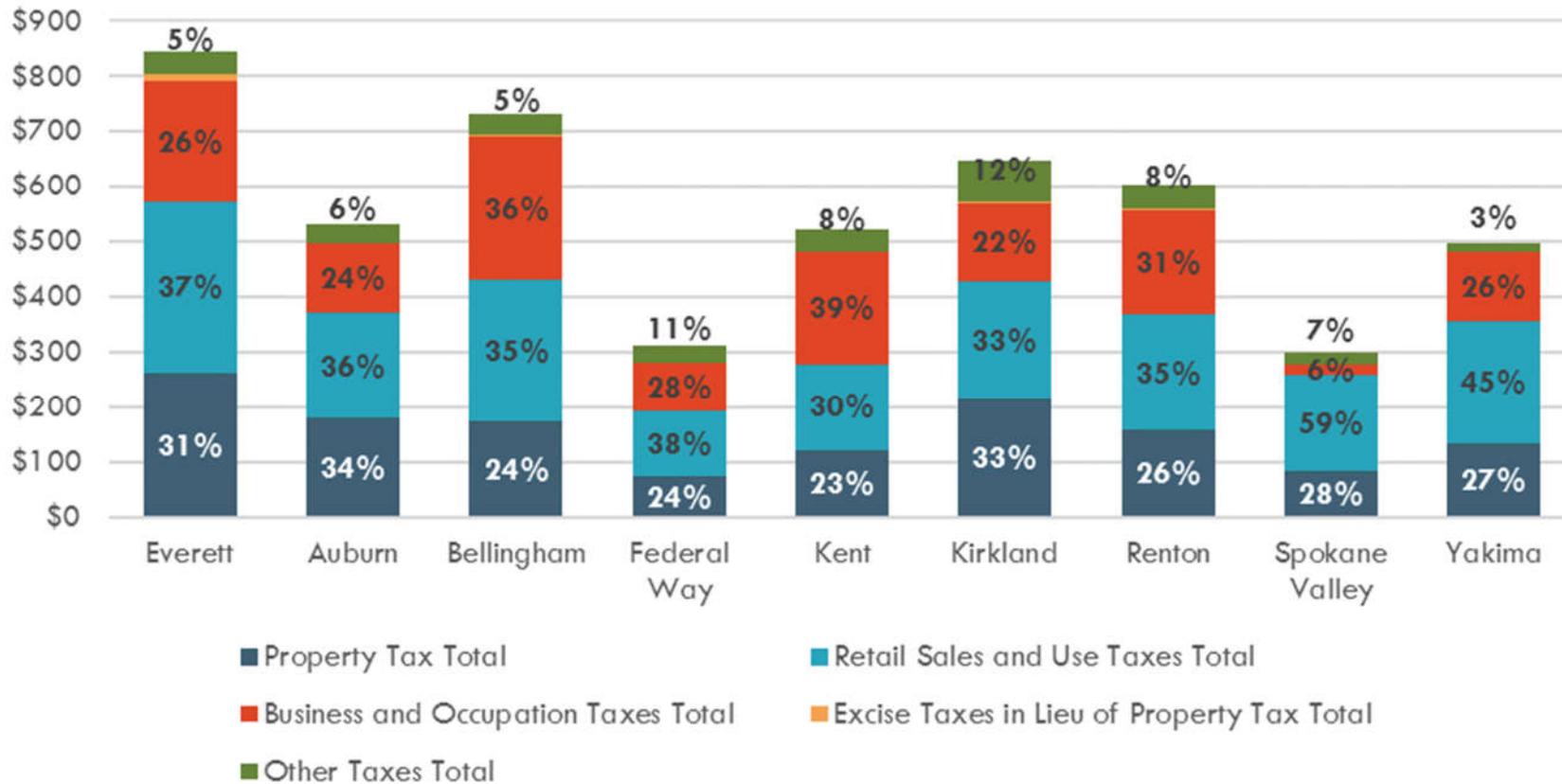


Note: "Other" includes, where applicable, other miscellaneous revenues from sale of surplus, unclaimed cash and proceeds from sales of unclaimed property, confiscated and forfeited property, judgements and settlements, trust contributions, cash adjustments, and miscellaneous other.

Sources: SAO, 2018; BERK, 2018.

- The City of Everett is more reliant on tax revenues than six of the peer cities (who generate 39% to 48%) of their revenues from tax sources, generating 50% of its revenues from taxes.
- The City of Everett generates a relatively smaller share (5%) of its revenues from intergovernmental sources than most of the peer cities, with the exception of Kirkland and Renton.

Exhibit 61. City Tax Revenues Distribution, 2017



Note: "Excise Taxes in Lieu of Property Taxes" include, where applicable, leasehold excise tax, timber excise tax, and transportation benefit district motor vehicle excise tax. "Other Taxes" include, where applicable, admissions tax, ambulance services tax, commercial parking tax, and real estate excise tax.

Sources: SAO, 2018; BERK, 2018.

- The City of Everett’s tax revenue distribution is similar to its peer cities, with the exception that it generates a relatively smaller share of its tax revenues from “other taxes” which include where applicable, admissions tax, ambulance services tax, commercial parking tax, and real estate excise tax. As discussed previously, the City of Everett already levies the maximum authorized real estate excise and general admissions tax rate. The City could consider increasing its admissions tax on golf

by 1% (the City currently levies 4%, but it authorized to levy 5%) and could explore whether there is an opportunity to levy a commercial parking tax.

Overall Financial Position

To benchmark the City of Everett’s financial position and health relative to its peer cities, BERK applied the Ten-Point Test of Financial Position. The Ten Point Test is comprised of ten financial measures calculated from a government’s financial statements. Each measure is a ratio that expresses one number or group of numbers standardized to another number or group of numbers. This standardization process ensures better comparability across governments. Two of these ratios are designed to measure the government’s liquidity, three are designed to measure profitability/financial performance, and five are designed to measure solvency. The Test’s main advantage is that it distills the complex and nuanced dynamics that shape a government’s financial position into a single, comparable number.

The Ten Point Test is designed to measure overall organizational health. This means that looking at the organization overall, rather than on a more apples to apples basis based on the health of the organization if it were only providing similar services, is more appropriate. In Exhibit 62, we have generated Ten Point Test ratios for the City of Everett and each of the nine peer cities.

Exhibit 62: The Ten Point Test of Financial Position: Financial Ratios, Including How to Compute and Interpret Them for the City of Everett and its Peer Cities, 2017

| Ratio (By Indicator) and Formula | Interpretation | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--|--|---------|--------|------------|-------------|------|----------|--------|----------------|--------|
| LIQUIDITY | | | | | | | | | | |
| 1. Short Run Financial Position <i>Unassigned General Fund Balance / Total General</i> | A high ratio suggests larger reserves for dealing with unexpected resource needs in the near term. | 0.28 | 0.37 | 0.25 | 0.34 | 0.20 | 0.18 | 0.28 | 0.77 | 0.11 |

| Ratio (By Indicator) and Formula | Interpretation | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--|---|---------|--------|------------|-------------|------|----------|--------|----------------|--------|
| <i>Fund Revenues</i> | | | | | | | | | | |
| 2. Liquidity | Total General Fund Cash and Investments/(General Fund Liabilities) | 4.68 | 9.43 | 8.60 | 4.07 | 3.51 | 7.61 | 4.05 | 11.23 | 1.21 |
| <i>Total General Fund Cash and Investments / (General Fund Liabilities)</i> | | | | | | | | | | |
| PROFITABILITY/FINANCIAL PERFORMANCE | | | | | | | | | | |
| 3. Net Asset Growth | A high ratio suggests annual costs are being adequately financed and that financial condition is improving. | 0.72 | 0.04 | 0.26 | 0.13 | 0.58 | -0.01 | 0.14 | 0.25 | 0.14 |
| <i>Change in Governmental Activities Net Assets / Total Governmental Activities Net Assets</i> | | | | | | | | | | |
| 4. Operating Margin | A low ratio suggests basic government services are more self-sufficient through charges, fees, and grants. | 0.12 | 0.39 | 0.35 | 0.31 | 0.59 | 0.31 | 0.49 | 0.49 | 0.11 |
| <i>(Net (Expense) Revenue for Governmental Activities / Total Governmental Activities Expenses) X -1</i> | | | | | | | | | | |
| 5. Own-Source Revenues | A low ratio suggests the government does not finance its basic services with money from other governments. | 0.03 | 0.07 | 0.05 | 0.17 | 0.07 | 0.03 | 0.04 | 0.11 | 0.05 |
| <i>(Primary Government Operating Grants) / Total Primary Government Revenues</i> | | | | | | | | | | |

| Ratio (By Indicator) and Formula | Interpretation | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--|---|---------|--------|------------|-------------|-------|----------|--------|----------------|--------|
| SOLVENCY: BUDGET SOLVENCY | | | | | | | | | | |
| 6. Near-Term Solvency <i>(Primary Government Liabilities) / Total Primary Government Revenues</i> | A low ratio suggests outstanding obligations can be more easily met with annual revenues. | 0.12 | 0.09 | 0.10 | 0.19 | 0.10 | 0.09 | 0.09 | 0.11 | 0.13 |
| SOLVENCY: LONG TERM SOLVENCY | | | | | | | | | | |
| 7. Debt Burden <i>Primary Government Non-Current Liabilities / Population</i> | A low ratio suggests less burden on taxpayers and greater capacity for additional borrowing. | \$2,147 | \$485 | \$1,053 | \$16 | \$564 | \$80 | \$300 | \$51 | \$429 |
| 8. Coverage 1 <i>Governmental Funds Debt Service / General Fund Expenditures</i> | A low ratio suggests general governmental long-term debt can be more easily repaid when it comes due. | 0.02 | 0.05 | 0.03 | 0.15 | 0.12 | 0.04 | 0.03 | 0.02 | 0.09 |
| 9. Coverage 2 <i>((Primary Government Revenues) - (Primary Government Expenses + Primary Government Debt Service)) / Primary Government Debt Service</i> | A high ratio suggests greater resource availability for repaying the debts from all government activities, including enterprise activities, as they come due. | 5.51 | 5.47 | 6.26 | 3.12 | 5.16 | 10.04 | 9.02 | 21.52 | 2.80 |

| Ratio (By Indicator) and Formula | Interpretation | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--|---|---------|--------|------------|-------------|-------|----------|--------|----------------|--------|
| 10. Capital Asset Condition <i>(Ending Value of Primary Government Capital Assets - Beginning Net Value) / Beginning Net Value</i> | A high ratio suggests a government is keeping pace, on average, with the aging of its capital assets. | -0.03 | * | 0.01 | 0.01 | -0.05 | 0.05 | 0.01 | -0.002 | 0.003 |

Note: *Auburn did not report net investment in capital; this is almost certainly not the true value of Auburn’s capital investments. Sources: SAO, 2018; Justin Marlowe, Ph.D., CGFM, 2018; BERK, 2018.

- The City of Everett’s short-run financial position ratio suggests that it is in the middle of its peers in terms of its reserves for dealing with unexpected resource needs in the near term, compared to peers. Surprisingly, the City of Kirkland has one of the lowest ratios for this metric.
- The City of Everett’s liquidity ratio is also near the middle among its peers, however it does suggest that Everett will have the capacity to pay off its near-term obligations.
- The City of Everett’s net asset growth is positive, that is annual revenues are keeping pace with costs, and the highest among peers. The City of Bellingham also shows high positive net asset growth.
- The City of Everett’s operating margin is lower than other peer cities, with the exception of Yakima, suggesting that the City’s revenues from charges, fees, and grants are higher than other peer cities.
- The City of Everett’s own source revenue ratio suggests that the City does not finance its basic services with money from other governments. The City of Everett’s score is on the better end of its peer cities.
- The City of Everett’s near-term solvency is comparable to most of its peers and suggests that the City is able to meet its outstanding obligations with annual revenues. Auburn, Kirkland, and Renton have slightly better near-term solvency ratios than the City of Everett, but the difference is nominal.

- The City of Everett's debt burden per capita is significantly higher than its peers at \$2,147 of debt per capita. This is likely due to the fact that the City operates a regional utility that serves hundreds of thousands of people beyond those living in the City of Everett. In particular, this disproportionately high debt per modified capita can be attributed to financing capital expenditures for the regional utility.
- Luckily, the City of Everett's Coverage 1 ratio suggests general governmental long-term debt can be more easily repaid when it comes due.
- Similarly, the City of Everett's Coverage 2 ratio suggests greater resource availability for repaying the debts from all government activities, including enterprise activities, as they come due.
- The City of Everett's capital asset condition ratio suggests that the government is not keeping pace with the aging of its capital assets. That is, the ending value of its capital assets was less than the beginning value. This might make sense if the City is actively reserving funds as these assets are depreciating, but if the City is not reserving funds to replace these depreciating assets, then it is possible that the City will reach a point at which it needs to make significant investment all at once, which is difficult for cities in Washington.

Debt Capacity and Outstanding Obligations

Cities are authorized (per RCW 39.36.020) to levy debt for three purposes, each equal to 2.5% of a City's assessed valuation, for a total debt capacity of 7.5%, these purposes include:

- **2.5% of assessed valuation for general governmental purposes.** Cities are authorized to levy up to 2.5% of its assessed value through general bonds (limited tax general obligation [LTGO] and [UTGO] bonds). Of this, up to 1.5% of its assessed valuation councilmanically through non-voted LTGO bonds, special assessment bonds, capital leases, debt to other governments, and public works trust fund loans.
- **2.5% for City-owned Water and Sewer Purposes.** Cities are authorized to levy up to 2.5% of its assessed value for water and sewer purposes through voted bonds.
- **2.5% for acquiring and developing open space, parks facilities, and capital facilities associated with economic development.** Cities can incur debt up to an additional 2.5% of its assessed value for acquiring and developing open space, parks facilities, and capital facilities associated with

economic development through voted bonds.

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---|---------|----------|------------|-------------|---------|----------|----------|----------------|----------|
| Debt Capacity per Modified Capita | | | | | | | | | |
| <i>Difference:</i> | | -\$1,637 | -\$2,029 | -\$4,118 | -\$324 | \$2,407 | \$325 | -\$4,609 | -\$4,301 |
| <i>Actual Value:</i> | \$7,684 | \$6,047 | \$5,655 | \$3,567 | \$7,361 | \$10,091 | \$8,009 | \$3,076 | \$3,383 |
| Outstanding Debt per Modified Capita | | | | | | | | | |
| <i>Difference:</i> | | -\$782 | -\$821 | -\$1,222 | -\$662 | -\$1,179 | -\$1,353 | -\$1,446 | -\$1,193 |
| <i>Actual Value:</i> | \$1,537 | \$755 | \$716 | \$315 | \$875 | \$358 | \$184 | \$91 | \$344 |
| Share of Debt Capacity Utilized - General Government | | | | | | | | | |
| <i>Difference:</i> | | 15% | 2% | 7% | 11% | 0% | -4% | -5% | 11% |
| <i>Actual Value:</i> | 11% | 26% | 13% | 18% | 22% | 11% | 7% | 6% | 22% |
| Share of Debt Capacity Utilized - City-owned Utilities | | | | N/A | | | | N/A | |
| <i>Difference:</i> | | -37% | -24% | N/A | -35% | -49% | -49% | N/A | -40% |
| <i>Actual Value:</i> | 49% | 12% | 25% | * | 14% | 0% | 0% | * | 9% |

- The City of Everett has one of the highest debt capacities per modified capita of its peers, third only to the cities of Kirkland and Renton.
- The City of Everett has one the highest outstanding debt per modified capita, due to the fact it has over \$200 million in outstanding revenue bonds for city-owned regional water and sewer purposes.

Fortunately, these bonds are backed by ratepayer revenues. The City has utilized only a small share of its general government, councilmanic bonds (11%), so while its debt is considerable it is primarily revenue-backed.

- The City of Everett practices conservative fiscal policy through which it has been able to maintain high credit ratings to assist in obtaining financing at the lowest possible cost. The City's bond rating, according to Standard & Poor's, is AA+ for both its general obligation and revenue debt.

Tax Burden Analysis

METHODOLOGY

The peer benchmarking analysis already compared Everett's tax rates, tax-related revenue generation, and distribution of tax revenues to its peer cities. This complementary tax burden analysis assesses the tax burden on property owners, for both city-collected taxes and taxes paid as a function of living within each city's boundaries (that is, the taxes residents pay overall as city residents) and the tax burden on consumers through retail sales and use taxes. This analysis was completed for Everett and its peers.

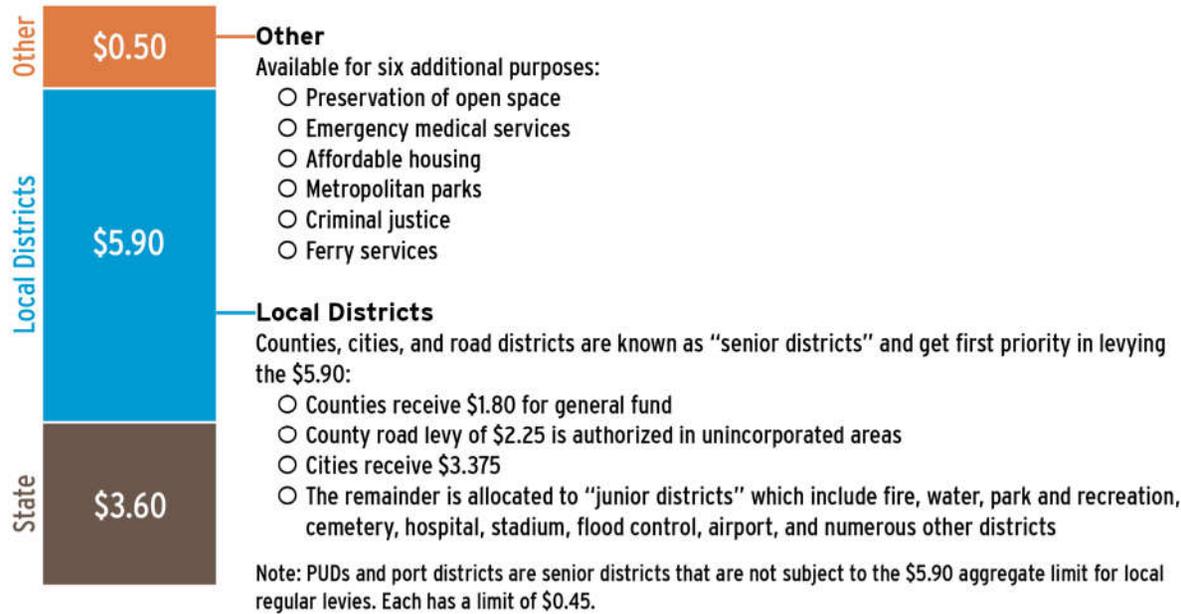
RESULTS

Tax Burden on Property Owners

Cities and towns are among several types of governments (including counties, regional library districts, school districts, ports, public utility districts, counties, fire districts or regional fire authorities, and the state) that are eligible to levy property taxes. As discussed in section *Regular Property Tax*, cities are authorized to levy a property tax rate up to \$3.375 per thousand dollars of assessed valuation (RCW 84.52.043). Cities with a Firemen's Pension Fund may levy an additional \$0.225 per \$1,000 of assessed valuation, for a maximum levy rate of \$3.60 per \$1,000 of assessed valuation. Total property taxes are limited to \$10 per \$1,000 of assessed valuation. \$5.90 of this is aggregate limit for cities, counties, and special districts. Exhibit 63 shows the property taxes available by purpose in Washington.

Exhibit 63. \$10 Property Tax Limit in Washington

\$10 Property Tax Limit In Washington



Source: MRSC, 2018.

Total tax rates often exceed this \$10 limit, due to voted "excess" or "special" levies.

City property taxes are billed with the property taxes from other authorized governments, which leads to misconceptions around the property taxes retained by cities on the part of property owners. This is particularly true in communities like the City of Everett where the cities levies general property taxes for services that it governs but that other governments do not. Ultimately, residents are concerned by their overall property tax burden. However, it is difficult to compare the actual tax burden on residents because the total property tax rates levied in within cities' boundaries vary considerably. For example, there are 16 tax code areas in the City of Everett.

To account for this, we've compared the lowest and highest tax burden on property owners levied within

each City, in Exhibit 64.

Exhibit 64. Property Taxes Imposed on Property Owners in the City of Everett and the Peer Cities, 2018

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total City Property Tax Rate | 2.60409 | 2.03239 | 2.16619 | 1.06161 | 1.62704 | 1.18877 | 1.15364 | 1.43000 | 2.99415 |
| General Expense | 2.20228 | 2.03239 | 1.38135 | 1.06161 | 1.62704 | 1.15698 | 1.15364 | 1.43000 | 2.99415 |
| City EMS | 0.40181 | | | | | | | | |
| Fire Pension | | | 0.22500 | | | | | | |
| Greenways IV | | | 0.46234 | | | | | | |
| New Whatcom RDA LIFT | | | 0.00510 | | | | | | |
| Affordable Housing | | | 0.09241 | | | | | | |
| GO Bond | | | | | | 0.03179 | | | |
| Low Total Property Tax Rate in City | | | | | | | | | |
| Total Property Tax Levy Rate | 9.93630 | 13.02509 | 11.65111 | 13.93728 | 12.18177 | 9.58592 | 10.97267 | 12.77679 | 11.99609 |
| Share of Tax Imposed by the City | 26% | 16% | 19% | 8% | 13% | 12% | 11% | 11% | 25% |
| <i>Difference from Low Total Property Tax</i> | | | | | | | | | |
| <i>Paid on a \$300,000 in Everett in 2018</i> | | ▲ \$926.6 | ▲ \$514.4 | ▲ \$1,200.3 | ▲ \$673.6 | ▼ -\$105.1 | ▲ \$310.9 | ▲ \$852.1 | ▲ \$617.9 |
| Tax Paid on a \$300,000 House in 2018 | \$2,980.9 | \$3,907.5 | \$3,495.3 | \$4,181.2 | \$3,654.5 | \$2,875.8 | \$3,291.8 | \$3,833.0 | \$3,598.8 |
| Tax Paid to City on \$300,000 House in 2018 | \$781.2 | \$609.7 | \$649.9 | \$318.5 | \$488.1 | \$356.6 | \$346.1 | \$429.0 | \$898.2 |
| High Total Property Tax Rate in City | | | | | | | | | |
| Total Property Tax Levy Rate | 13.52620 | 15.13744 | 12.15759 | 13.93728 | 14.06468 | 10.61036 | 12.76760 | 15.52050 | 13.72730 |
| Share of Tax Imposed by the City | 19% | 13% | 18% | 8% | 12% | 11% | 9% | 9% | 22% |
| <i>Difference from Low Total Property Tax</i> | | | | | | | | | |
| <i>Paid on a \$300,000 in Everett in 2018</i> | | ▲ \$483.4 | ▼ -\$410.6 | ▲ \$123.3 | ▲ \$161.5 | ▼ -\$874.8 | ▼ -\$227.6 | ▲ \$598.3 | ▲ \$60.3 |
| Tax Paid on a \$300,000 House in 2018 | \$4,057.9 | \$4,541.2 | \$3,647.3 | \$4,181.2 | \$4,219.4 | \$3,183.1 | \$3,830.3 | \$4,656.2 | \$4,118.2 |
| Tax Paid to City on \$300,000 House in 2018 | \$781.2 | \$609.7 | \$649.9 | \$318.5 | \$488.1 | \$356.6 | \$346.1 | \$429.0 | \$898.2 |

Source: 2017 Statement of Assessments for 2018 Taxes, King County, 2018; 2017 Statement of Assessments for 2018 Taxes, Snohomish County, 2018; 2017 Statement of Assessments for 2018 Taxes, Spokane County, 2018; 2017 Statement of Assessments for 2018 Taxes, Yakima County, 2018; 2017 Statement of Assessments for 2018 Taxes, Whatcom County, 2018; and BERK, 2018.

- As discussed previously, in section *Regular Property Tax*, the City of Everett’s city-levied property taxes are second only to Yakima, who has the highest general expense levy at \$2.99 per \$1,000 AV. This is unsurprising because the other cities’ residents pay additional property tax levies for some of the services that the City of Everett governs that their cities don’t. As such, we can conclude that it might make sense for the City of Everett to have a higher general expense levy inclusive of

the property tax capacity represented by these other levies for all three of these services which the City directly governs.

The tax burden on property owners confirms that the City could do this without placing undo tax burden on residents. Even those property owners in Everett's boundaries who pay the highest total property taxes pay lower property taxes than residents of several of the other peer cities, including Auburn, Federal Way, Kent, Spokane Valley, and Yakima.

- It's important to note that cities property tax burden on a property with the same total value isn't indicative of the total property taxes collected. Total property taxes collected by a community are influenced as much by the total assessed valuation of a community as by the levy rate. Everett's total assessed valuation is lower than Kent, Renton, and Kirkland, which means that those communities could levy a lower tax rate and still collect the same property tax dollars as Everett. Exhibit 13 benchmarks each cities' assessed valuation per modified capita.

Tax Burden on Consumers

Cities and towns are among several types of governments (including counties, public transit districts, public facilities districts, transportation benefit districts, and the state) that are eligible to impose retail sales and use taxes. Cities may levy a basic 0.5% local retail sales and use tax per *RCW 82.14.030(1)* and an optional 0.5% sales tax per *RCW 82.14.030(2)*. Total retail sales and use tax rates are determined by other factors, including county sales tax rates, other sales taxes levied by the city or other taxing jurisdiction within city boundaries, and the activity the sales tax applies to. Although Everett has the highest city-levied retail sales and use tax rates of any of the peer cities. This is primarily because the City levies retail sales and use tax of 0.6% for public transit as authorized by *RCW 82.14.045*. However, this does not mean that consumers pay the higher retail sales and use taxes in Everett. Exhibit 65 shows the retail sales and use tax burden on consumers in Everett and each of the other peer cities.

Exhibit 65. Retail Sales and Use Taxes Imposed on Consumers in the City of Everett and the Peer Cities, 2018

| | Everett | | Auburn | | | Bellingham | Federal Way | Kent | | Kirkland | Renton | | Spokane Valley | Yakima |
|--|---------------|-------------------|-------------------|-----------------------|-----------------|--------------|--------------|----------------|--------------|--------------|------------------|--------------|----------------|--------------|
| | Everett (RTA) | Everett (non-RTA) | Auburn (King RTA) | Auburn (King non-RTA) | Auburn (Pierce) | | | Kent (non-RTA) | Kent (RTA) | | Renton (non-RTA) | Renton (RTA) | | |
| IMPOSED BY CITY/TOWN | 0.016 | 0.016 | 0.01 | 0.01 | 0.01 | 0.012 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.013 |
| First Half (RCW 82.14.030(1)) | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 |
| Second Half (RCW 82.14.030(2)) | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 | 0.005 |
| Public Safety - City (RCW 82.14.450) | | | | | | | | | | | | | | |
| TBD (RCW 82.14.0455) | | | | | | 0.002 | | | | | | | | |
| Transit - City1 (RCW 82.14.045) | 0.006 | 0.006 | | | | | | | | | | | | 0.003 |
| Affordable Housing (RCW 82.14.530) | | | | | | | | | | | | | | |
| Mental Health & Drugs - City2 (RCW 82.14.460) | | | | | | | | | | | | | | |
| PFD Distress3 (RCW 82.14.048(2)(b)) | | | | | | | | | | | | | | |
| IMPOSED BY COUNTY | 0.002 | 0.002 | 0.011 | 0.011 | 0.004 | 0.004 | 0.011 | 0.011 | 0.011 | 0.011 | 0.011 | 0.011 | 0.005 | 0.004 |
| Public Safety - County (RCW 82.14.450) | | | | | | 0.001 | | | | | | | 0.001 | 0.003 |
| E911 (RCW 82.14.420) | | | | | 0.001 | | | | | | | | 0.001 | |
| Criminal Justice (RCW 82.14.340) | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 |
| Transit - County1 (RCW 82.14.045) | | | 0.009 | 0.009 | | | 0.009 | 0.009 | 0.009 | 0.009 | 0.009 | 0.009 | | |
| Mental Health & Drugs - County (RCW 82.14.460) | 0.001 | 0.001 | 0.001 | 0.001 | | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 |
| Juvenile Detention (RCW 82.14.350) | | | | | 0.001 | 0.001 | | | | | | | 0.001 | |
| Zoo & Aquarium (RCW 82.14.400) | | | | | 0.001 | | | | | | | | 0.001 | |
| IMPOSED BY TRANSIT DISTRICTS | 0.014 | 0.000 | 0.014 | 0.000 | 0.02 | 0.006 | 0.014 | 0.000 | 0.014 | 0.014 | 0.000 | 0.014 | 0.007 | 0.000 |
| Transit - PTBA/CTA1 (RCW 82.14.045) | | | | | 0.006 | 0.006 | | | | | | | 0.007 | |
| High Capacity Transit (RCW 81.104.170) | 0.014 | | 0.014 | | 0.014 | | 0.014 | | 0.014 | 0.014 | | 0.014 | | |
| Passenger Ferry (RCW 82.14.440) | | | | | | | | | | | | | | |
| IMPOSED BY PUBLIC FACILITIES DISTRICT | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.001 | 0.000 |
| Public Facilities (RCW 82.14.048) | | | | | | | | | | | | | 0.001 | |
| IMPOSED BY STATE | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 |
| State (RCW 82.08.020(1)) | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 | 0.065 |
| Total Retail Sales and Use Tax | 0.097 | 0.083 | 0.100 | 0.086 | 0.099 | 0.087 | 0.100 | 0.086 | 0.100 | 0.100 | 0.086 | 0.100 | 0.088 | 0.082 |
| Total Effective Tax Rate | 9.7% | 8.3% | 10.0% | 8.6% | 9.9% | 8.7% | 10.0% | 8.6% | 10.0% | 10.0% | 8.6% | 10.0% | 8.8% | 8.2% |
| Share of Tax Imposed by the City | 16.5% | 19.3% | 10.0% | 11.6% | 10.1% | 13.8% | 10.0% | 11.6% | 10.0% | 10.0% | 11.6% | 10.0% | 11.4% | 15.9% |
| Difference (from tax rate for Everett RTA) | | | ▲ \$ 3.00 | ▼ \$(11.00) | ▲ \$ 2.00 | ▼ \$(10.00) | ▲ \$ 3.00 | ▼ \$(11.00) | ▲ \$ 3.00 | ▲ \$ 3.00 | ▼ \$(11.00) | ▲ \$ 3.00 | ▼ \$(9.00) | ▼ \$(15.00) |
| Tax Paid on \$1,000 Purchase | \$ 97.00 | \$ 83.00 | \$ 100.00 | \$ 86.00 | \$ 99.00 | \$ 87.00 | \$ 100.00 | \$ 86.00 | \$ 100.00 | \$ 100.00 | \$ 86.00 | \$ 100.00 | \$ 88.00 | \$ 82.00 |
| Tax Paid to City on \$1,000 Purchase | \$ 16.00 | \$ 16.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 12.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 13.00 |

Source: MRSC, 2018; BERK, 2018.

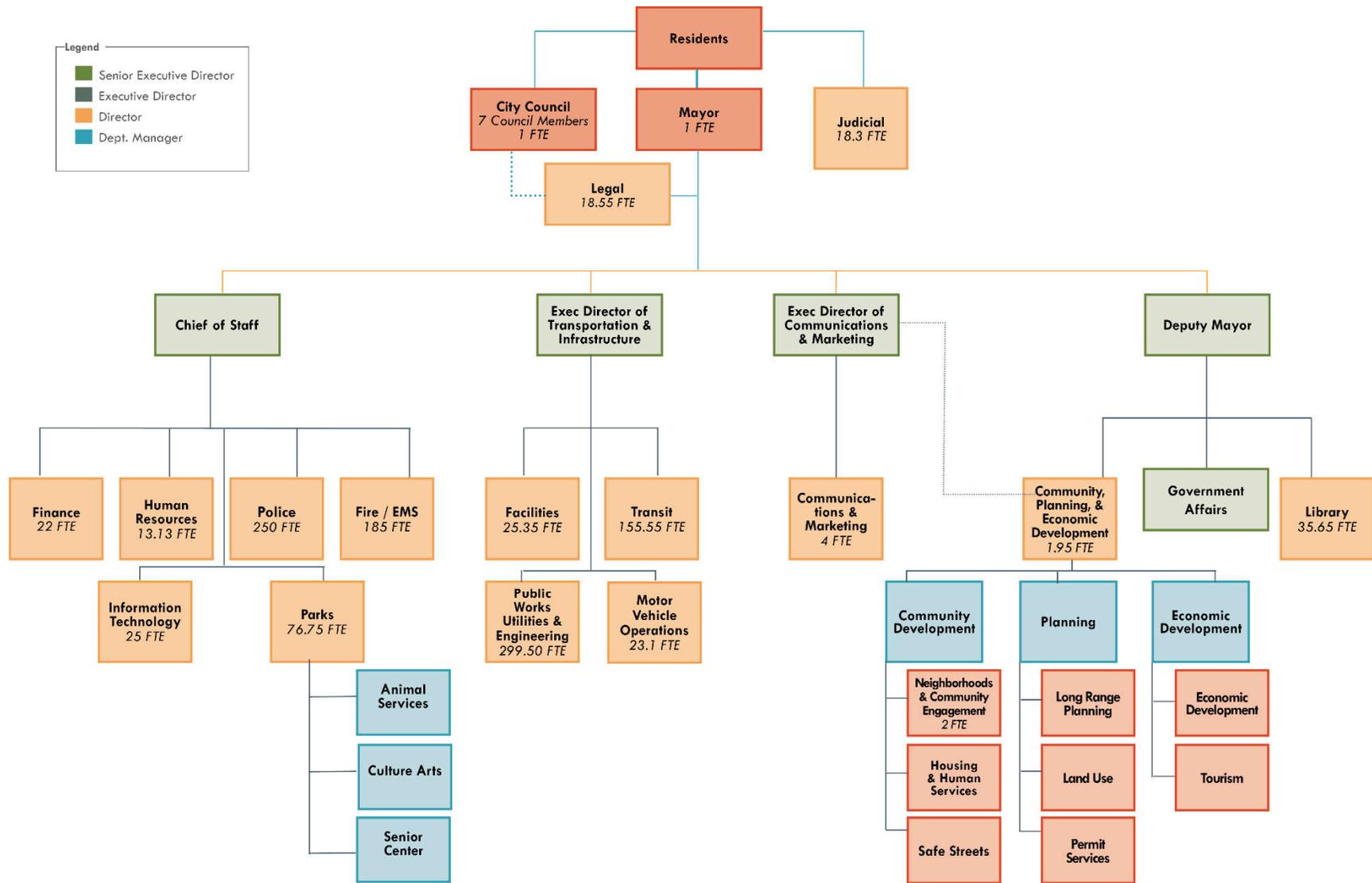
- Currently, consumers in Everett pay one of two retail sales and use tax rates depending on whether they are in the RTA tax area or not. In the RTA zone, consumers pay \$97 on a \$1,000 purchase and in the non-RTA zone, consumers pay \$83 on a \$1,000 purchase. However, the only area that is outside the RTA zone in Everett is the non-contiguous area at Spada Lake. This tax burden is lower than in many of their peers' jurisdictions.

Organizational Review and Span of Control Analysis

The goal of the organizational review and span of control analysis was to understand the efficiency of the City of Everett's current staffing model. The analysis included reviewing the City's staffing model across all departments to assess its efficiency based on three key metrics: average number of organizational layers, management as a percentage of total staff, and span of control.

The organizational structure and span of control analysis explore the City's current staffing structure, for each department identified in the City's organizational chart, as shown in Placeholder: Exhibit 66, which has been annotated to include enterprise funds (specifically golf, the water/sewer utility, and solid waste) and total FTE counts in each department.

Placeholder: Exhibit 66. City of Everett Organizational Chart with FTE



Source: City of Everett 2019 Proposed Operating Budget, 2018; BERK, 2018.]

METHODOLOGY

Based on the proposed 2019 citywide operations budget organizational chart, we identified departments that are overseen by a Director as the unit of government to be analyzed as part of this organizational review and span of control analysis. On that basis, we identified 15 departments to be included in this analysis; we also included the judicial branch of the City of Everett government (the City’s municipal court) in the analysis. The full list of departments included in this analysis is:

- Communications and Marketing
- Community, Planning, and Economic Development
- Facilities
- Finance
- Fire
- Human Resources
- Information Technology
- Judicial (Municipal Court)
- Legal
- Library
- Motor Vehicle
- Operations
- Parks
- Police
- Public Works
- Transit

These departments are inclusive of 1,173.83 of Everett’s proposed 1,188.83 FTE for 2019. The FTE not included are:

- Administration (7 FTE)
- Council (8 FTE)

As part of this analysis, we highlight the following metrics:

Supervisory FTE as Percentage of Total FTE is the share of department FTE that is considered supervisory (which includes directors, managers, and supervisor) and is calculated by dividing the total number of supervisory FTE by the total FTE in that department:

$$\frac{\text{Total supervisory FTE}}{\text{Total FTE}}$$

Span of Control measures the average number of FTE that one managerial position oversees. It is calculated by dividing the total number of supervised FTE at any level within a department by the total number of management FTE:

$$\frac{\text{Total supervised FTE at any level}}{\text{Total supervisory FTE}}$$

Supervisory FTE with direct subordinates are included both as supervisory and as supervised, except for the highest level where the Director or top-level manager does not report to another individual in that department.

RESULTS

Exhibit 67 shows the supervisory FTE as a percentage of total FTE for the City of Everett.

Exhibit 67. Supervisory FTE as Percentage of Total FTE

| | Total FTE | Supervisory FTE | Supervised FTE | Supervisory FTE as a Percentage of Total FTE | Average Span of Control |
|--|-----------|-----------------|----------------|--|-------------------------|
| Communications and Marketing | 4.00 | 1.00* | 4.00 | 20% | 4.0 |
| Community, Planning, and Economic Development | 21.95 | 6.00 | 15.95 | 27% | 2.7 |
| Facilities | 25.35 | 4.35 | 21.00 | 17% | 4.8 |
| Finance | 22.00 | 5.00 | 17.00 | 23% | 3.4 |
| Fire | 185.00 | 47.00 | 138.00 | 25% | 2.9 |
| Motor Vehicle Operations | 23.10 | 3.60 | 19.50 | 16% | 5.4 |
| Human Resources | 13.13 | 4.00 | 9.13 | 30% | 2.3 |
| Information Technology | 25.00 | 6.00 | 19.00 | 24% | 3.2 |
| Judicial (Municipal Court) | 18.30 | 2.00 | 16.30 | 11% | 8.2 |
| Legal | 18.55 | 2.00 | 16.55 | 11% | 8.3 |
| Library | 35.65 | 5.00 | 30.65 | 14% | 6.1 |
| Parks | 76.75 | 17.50 | 59.25 | 23% | 3.4 |
| Police | 250.00 | 45.00 | 205.00 | 18% | 4.6 |
| Public Works** | 299.50 | 40.00 | 259.50 | 13% | 6.5 |
| Transit | 155.55 | 10.05 | 145.50 | 6% | 14.5 |

Note: *The Executive Director of Communications and Marketing is assigned to Administration.

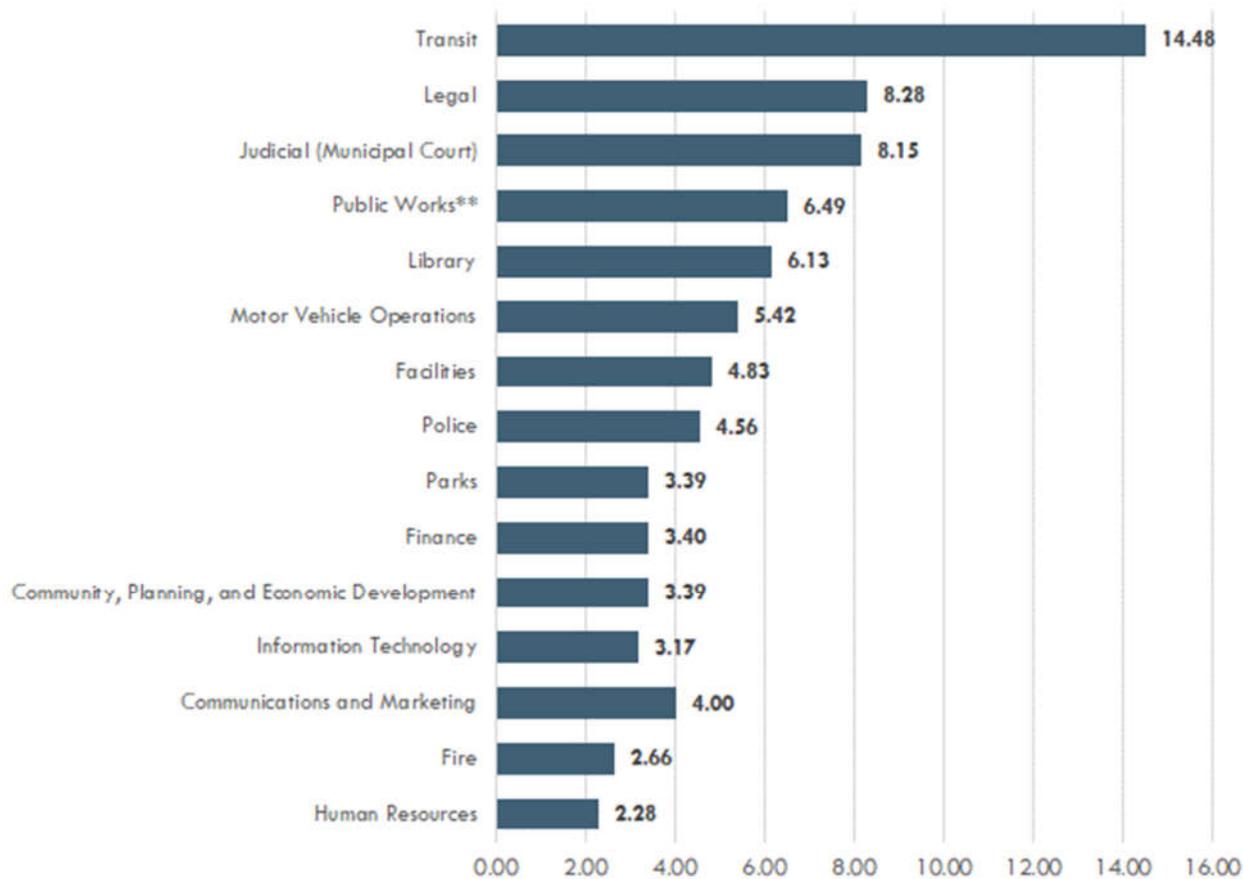
**Public works includes utilities, engineering and public services, and streets.

Source: City of Everett 2019 Proposed Operating Budget, 2018; BERK, 2018.]

- Managerial staff are between 6% and 30% of departmental FTE.
- Managerial (directors, managers and supervisors) staff are 20% or more of staffing in seven

departments: Communications and Marketing; Community, Planning, and Economic Development; Finance; Fire; Human Resources; Information Technology, and Parks. Additional analysis would be required to determine if this percentage could be reduced.

Exhibit 68. City of Everett Average Span of Control by Department



Note: **Public works includes utilities, engineering and public services, and streets.
 Source: City of Everett 2019 Proposed Operating Budget, 2018; BERK, 2018.

- Transit has the highest average span of control, with an average ratio of one supervisory FTE to 14.48 supervised FTE.

- Facilities and Property Management; Police; Parks; Finance; Community, Planning, and Economic Development; Information Technology; Communications and Marketing; Fire, and Human Resources have spans of control of five supervised staff per managerial staff or less.

It is difficult to say whether these spans of control are appropriate as they can't be compared to other communities due to a lack of comparability in other cities departmental structures, duties, and levels of service. We cannot evaluate span of control based on numbers alone. It may be appropriate for some departments to have higher spans of control due to one or more of the following factors:

- A high variety and complexity of the work being performed by the department.
- Need for a high degree of supervisory or managerial involvement in the work that needs to be accomplished.
- A large amount of administrative responsibilities and project, planning, or production work in addition to their supervisory responsibilities for managers and supervisors.
- The degree to which managers and supervisors are subject matter experts.

Key Findings

EVERETT'S ADVANTAGES

- The City of Everett has a prime location and frontage along Interstate 5 and proximity to Seattle and other major cities and metropolitan areas. This is attractive for retail sales, tourism, and other commercial purposes.
- The City of Everett has the highest share of population of traditional workforce ages, with 64% of its population between 20 to 64 years of age.
- Everett has more households than almost all the peer communities except for Kent. This is likely due to the fact it has one of the lowest average household sizes at an average of 2.48 people per household.
- The City of Everett has one of the highest total jobs of all the peer cities, third to Kent and Renton.
- Employment in Everett has grown at a compound average growth rate (CAGR) of 2.02% over the last ten years (2009-2018). This is in the lower end for those peer employment markets that are growing (the Cities of Bellingham, Federal Way, Spokane Valley, and Yakima's employment markets all declined over the last ten years).
- At \$100,779 per modified capita, the City of Everett's assessed valuation is on the high end and significantly higher than many of the peer cities, including the Cities of Auburn, Bellingham, Federal Way, Spokane Valley, and Yakima.
- Everett has one of the highest total taxable retail sales among all the peer cities, with almost \$20,000 in taxable retail sales per modified capita in 2017. Only Bellingham and Renton had higher taxable retail sales than Everett in 2017.
- The City of Everett practices conservative fiscal policy through which it has been able to maintain high credit ratings to assist in obtaining financing at the lowest possible cost. The City's bond rating, according to Standard & Poor's, is AA+ for both its general obligation and revenue debt.

EVERETT'S DISADVANTAGES

- While the City of Everett is 7th statewide in terms of population and 9th statewide in terms of land

area, the City is only 38th in terms of population density. In many cases it is more costly to provide city services in lower density areas. It is worth noting that the reasons for these differences may differ somewhat – for example, Everett, like the cities of Auburn, Kent, Yakima, and Spokane Valley, has agricultural lands, which have significantly less intensive development than other land uses, within its boundaries.

- The City of Everett has noncontiguous boundaries, serving the City proper as well as the Silver Lake neighborhood, an island surrounded by unincorporated Snohomish County. This presents unique service delivery challenges (for example, with zone policing and providing adequate capital facilities to meet citywide level of service standards) and is likely more expensive to serve than if the City’s boundaries were contiguous.
- The City of Everett is only 144th in Population Growth over the last ten years (2009 to 2018). This is lower than all the peer cities with an exception of Spokane Valley. City revenue generation is highly dependent on growth, so this could present a long-term revenue generation challenge.
- Only 86% of the City of Everett’s population over the age of 25 has a high school diploma or more education. That means that 14% of Everett’s population has less than a high school education.
- Everett has one of the lowest household incomes among the peer cities at \$52,626 per household. Further, the City of Everett has the lowest household income of the peer cities in the Seattle metropolitan area (all peers except for Bellingham, Spokane Valley, and Yakima). For reference, this is lower than Washington state’s overall median income of \$56,835.
- Only 43% of resident households in Everett own their own homes. This is the lowest rate of homeownership in peer cities except for Bellingham. While high rates of renter-tenure aren’t necessarily a bad thing, we know that home ownership is predictive of long term and intergenerational financial health for families and that home ownership increases investment in real property.
- The City of Everett is on the lower end of its peers in terms of jobs per capita. Bellingham, Federal Way, Kent, Kirkland, and Renton all have more jobs per capita than the City of Everett.

EVERETT’S OPPORTUNITIES

- The City of Everett has a prime location and frontage along Interstate 5 and proximity to major

cities and metropolitan areas, however it competes with many communities that have the same features. Most of those communities have a higher retail sales and tax rate than the City of Everett, such that the City of Everett's could be raised and remain competitive.

- There are several City-governed retail sales and use taxes that the City of Everett does not currently access, but could access (although, these taxes are restricted in purpose and, in some cases, restricted by taxes levied by the county or the overall tax rate, or require involvement of voters), including:
 - 0.2% for public safety as authorized by RCW 82.14.450
 - 0.2% for transportation through a transportation benefit district as authorized by RCW 82.14.0455 (discussed in section *Transportation Benefit District and Public Transit Taxes and Fees*)
 - 0.1% for affordable housing as authorized by RCW 82.14.530
 - 0.1% for chemical dependency or mental health treatment services or therapeutic courts as authorized by RCW 82.14.460
 - 0.2% for supporting distressed public facilities districts as authorized by RCW 82.14.048(2)(b)

If the City is currently funding any of these services from general funds, it may make sense to consider funding them through the respective retail sales and use tax, instead, to free up general fund capacity.

- Like the Cities of Bellingham and Yakima, the City of Everett, has significant assigned urban growth area boundaries. Although it is each cities' long-term obligation, per the Growth Management Act (GMA), annexing urban growth areas comes with significant risks. It will be important for these cities to carefully evaluate whether, how, and when to annex urban growth areas, to ensure that they don't increase the citywide per capita cost of service or create unfunded, unsustainable capital investment needs.
- Unsurprisingly, as the City of Everett is the only city to operate a major regional utility, the City has one of the highest per modified capita spending on utilities, second only to the City of Auburn. The City's ability to operate its utility for regional benefit may be an opportunity, in that it has more efficient economies of scale than a utility operated solely for city benefit.
- Everett has weaker taxable retail sales for retailing than the peer cities with higher taxable retail sales per modified capita across the major categories. There could be opportunities to strengthen

Everett's retail offerings in some of these areas and increase total taxable retail sales.

- The City of Everett is second to Yakima who has the highest general expense levy at \$2.99 per \$1,000 AV. This is unsurprising because the other cities' residents pay additional property tax levies for some of the services that the City of Everett governs that their cities don't. As such, it would make sense for the City of Everett to have a higher general expense levy inclusive of the property tax capacity represented by these other levies for all three of these services which the City directly governs.

The tax burden on property owners confirms that the City could do this without placing undo tax burden on residents. Even those property owners in Everett's boundaries who pay the highest total property taxes pay lower property taxes than residents of several of the other peer cities, including Auburn, Federal Way, Kent, Spokane Valley, and Yakima.

- Revised Code of Washington (RCW) states a maximum regular property tax levy rate for cities and towns of \$3.375 per thousand dollars of AV. The City of Everett is far below this statutory maximum, at \$2.20 per \$1,000 of AV. However, beyond a total revenue increase of 1% plus the value of any growth, the City cannot increase its property tax revenues without a vote of the people or the use of banked capacity (which the City of Everett does not have).
- Everett has one only one voted regular levy, for City Emergency Medical Services. One of Everett's peer cities, the City of Bellingham has four voted levies for affordable housing, fire pensions, greenways, and local infrastructure financing for economic development purposes. Everett has one only one voted regular levy, for City Emergency Medical Services. Like Everett, the City of Bellingham governs some services that other taxing authorities would otherwise deliver. As such, the City of Everett may be able to levy additional voted property tax levies successfully.
- Although the City of Everett does not levy a utility tax on water, sewer, and stormwater utilities, it does levy a 6% payment in lieu of tax (PILOT), which is built into its utility rates. This is somewhat lower than those peer cities that levy utility taxes, which range from 6% all the way up to 20%. The City of Everett could consider increasing this PILOT within the peer cities range or transitioning to a higher utility tax; however, the City is currently constrained by an interlocal agreement with the Tulalip Tribes holding the PILOT rate at 6%.
- The City of Everett is statutorily authorized to levy an additional 2% hotel-motel lodging tax,

however, only one of the peer cities (the City of Yakima) has levied even a share of this tax, leading to the possibility that it could impact the City of Everett's lodging providers' competitiveness. While the City could consider implementing such a tax, it should consider how it would impact its competitiveness for visitors, who can easily choose lodging in adjacent cities and the unincorporated county.

- The City of Everett levies a \$20 MVET that can be imposed without voter action. The City is authorized through its TBD to increase this MVET fee to up to \$100 and/or implement an additional sales and use tax of 0.2% for transportation revenues.
- The City of Everett only levies and collects transportation impact fees (although, school impact fees are levied and collected within its city boundaries). The City is eligible to levy and collect parks, open space, and recreation facilities and fire protection impact fees but has made a policy choice not to.
- The City's current impact fee rates are significantly lower than those of the other peer cities with transportation impact fees.
- The City of Everett's impact fee rates were set in 2015 and became effective on January 1st, 2016. It is possible, that, due to the significant economic growth we've had over the almost three years since that time, a revised rate study might suggest higher impact fees than those currently implemented.
- The City of Everett's tax revenue distribution is similar to its peer cities, with the exception that it generates a relatively smaller share of its tax revenues from "other taxes" which include where applicable, admissions tax, ambulance services tax, commercial parking tax, and real estate excise tax. As discussed previously, the City of Everett already levies the maximum authorized real estate excise and general admissions tax rate. The City could consider increasing its admissions tax on golf by 1% (the City currently levies 4%, but it authorized to levy 5%) and could explore whether there is an opportunity to levy a commercial parking tax.
- The City of Everett's operating margin is consistent with the other peer cities, suggesting that the City's revenues from charges, fees, and grants are comparable to those other peer cities. Both the City of Federal Way and the City of Spokane Valley have significantly higher operating margins, suggesting that they have cost recovery and revenue-generating policies that could be useful for the

City of Everett to review if increasing cost recovery and revenue generation are desires.

EVERETT'S CHALLENGES

- Unlike many other Washington Cities, the City of Everett has not divested any responsibilities above related to providing services to residents. Many cities have divested their fire services to regional fire authorities, their library services to existing library districts, and their parks and recreation services to metropolitan parks districts. Other cities have also pursued regional solutions to issues such as public transportation or private solutions to providing downtown parking, golf courses, or other amenities. Among its identified peers, the City of Everett is the only city that governs all four of the following services: fire, library, parks and recreation, and public transit.
- Only Everett, Bellingham, Kirkland, and Yakima directly govern fire services in their communities. Residents of Auburn, Kent, and Renton are served by regional fire authorities while residents of Federal Way and Spokane Valley are served by fire districts.
- Only Everett and Bellingham have city-governed library systems; all of the other cities are served by regional or rural county library districts.
- All of the cities directly provide parks and recreation services, with the exception of Bellingham which is also served by the Chuckanut Community Forest Park District, a metropolitan parks district that governs and maintains an 82-acre parcel of open space known as Chuckanut Ridge or the Hundred Acre Wood through a small property tax dedicated to repaying the interfund loan used to purchase the property and preserving the open space. It is intended that the metropolitan parks district will be abolished when the loan for purchasing the open space is repaid.
- The cities of Everett, Auburn, Kent, Renton, and Yakima all own public golf courses. Of these cities, Everett is the only one that owns two courses.
- Only Everett and Yakima provide city-governed public transit services. All other cities are served by regional public transportation providers through regional transit authorities and public transportation benefit areas.
- All of the cities except for Federal Way and Spokane valley provide city water and wastewater utilities to their residents. The City of Everett's utility is unique in that it is a regional utility that serves far more residents than live within its city boundaries. Its regional utility serves 566,000 people or

80% of the businesses and residents in Snohomish County through a network of local water providers.

- The City of Everett has the highest per modified capita operating expenditures of all the governments considered. This is unsurprising, as the City directly governs more services than any of the governments considered but is worth noting because it gives a sense of the city's overall scale.
- The City of Everett's spending on police is second to only the City of Auburn's on a per modified capita basis.
- The City of Everett's spending on fire is second to only the City of Bellingham's on a per modified capita basis.
- Unsurprisingly, as the City of Everett is the only city to operate a major regional utility, the City has one of the highest per modified capita spending on utilities, second only to the City of Auburn.
- Unsurprisingly, the City of Everett has the highest per modified capita spending on transportation spending among the cities. This is mostly because the City spends \$140 per modified capita on public transit. In fact, the City is on the lower end of total per modified capita spending on roads and streets.

The City of Everett has by far, the highest spending on animal control and sheltering of any of the peer cities. This is because the City of Everett provides far more animal services than its peers and plays a regional role in delivery of these services, including providing a regional animal shelter. Most of the peer cities provide only minimal licensing and code enforcement support related to domestic animals.

However, the City is not bearing these costs alone. The City, as a regional provider, delivers these services to the unincorporated County and others as well. Unfortunately, the City's services are being delivered in a competitive environment (for example, PAWS is a nonprofit provider in the regions) through contracts and therefore may be subsidizing those contracts to some extent. This is further complicated by the fact that the County contributed \$4 million to the cost of building the animal shelter and expects to pay less than market for these services on that basis.

- The Cities of Everett, Auburn, Kent, Renton, and Yakima all own public golf courses. Of these cities, Everett is the only one that owns two courses. Unsurprisingly, the City of Everett's golf spending is, therefore, significantly higher than that of the other cities who provide golf courses.

- Because of the variation in services delivered among the City of Everett and its peer cities, it is extremely challenging to compare governmental staffing and expenditures on a completely “apples to apples” basis. To generate comparable governmental expenditure benchmarks, we excluded expenditures for those services that the City could reasonably divest (those that others don’t provide) including fire, library, public transit, and utilities. When the governments are put in more comparable terms, the City of Everett still spends more on a per modified capita basis than the other cities, except for the City of Bellingham. This is likely partially because other departments that serve the departments that were removed from the analysis were not reduced in size to be true to the implied reduction in their work.
- Even though the City of Everett is the largest government (in terms of total expenditures) considered, it has one of the lowest total capital expenditures among the governments considered. That means, that it is investing less into capital assets than many of the other governments and that capital investment is a smaller share of total expenditures than it is elsewhere.
- Because capital expenditures are both cyclical and long-term, one year’s worth of data may not be sufficient to truly compare capital expenditures across the governments.
- Despite the fact that the City of Everett operates a major regional utility, the City does not have the highest per modified capita spending on utilities. In fact, the City has one of the lowest rates of per modified capita spending on capital expenditures related to utilities, at just \$22.92 per modified capita.
- The City of Everett’s capital asset condition ratio suggests that the government is not keeping pace with the aging of its capital assets. That is, the ending value of its capital assets was less than the beginning value of its capital assets. This might make sense if the City is actively reserving funds as these assets are depreciating, but if the City is not reserving funds to replace these depreciating assets, then it is possible that the City will reach a point at which it needs to make significant investment all at once, which is difficult for cities in Washington.
- Managerial staff (directors, managers, and supervisors) are 20% or more of staffing in seven departments: Communications and Marketing; Community, Planning, and Economic Development; Finance; Fire; Human Resources; Information Technology; and Parks. It is difficult to say whether these spans of control are appropriate as they can’t be compared to other communities due to a lack of comparability in other cities departmental structures, duties, and levels of service. Additionally, we

cannot evaluate span of control based on numbers alone. Other considerations include the variety and complexity of the work being performed by the department, the need for a high degree of supervisory or managerial involvement in the work that needs to be accomplished, the amount of administrative responsibilities and project, planning, or production work in addition to supervisory responsibilities for managers and supervisors, and the degree to which managers and supervisors are subject matter experts. Accordingly, further analysis would be required to determine if changes in this area are warranted.

Conclusion

The City of Everett is in a challenging financial position and struggles to provide the high-quality urban services its community desires at an overall price it can afford. Due to tax-limiting measures and increases in operating costs that are outpacing revenue growth, the City will need to think broadly about opportunities to reduce its expenses and increase its revenues. Previously, we identified the City's relative advantages, disadvantages, opportunities, and challenges. Those insights are designed to inform an initial list of measures that the City could take to improve its fiscal balance. However, some of these measures will require more review before being implemented. As such, we've recommended, in no particular order, several steps the City might take as it explores these measures:

- Because none of the peer cities in the benchmark analysis were from Snohomish County, it may make sense to evaluate whether there are any specific features of the Snohomish County context that contribute to the advantages, disadvantages, opportunities, and/or challenges discussed previously.
- We identified that Everett has weaker taxable retail sales for retailing than the peer cities with higher taxable retail sales per modified capita across the major categories. There could be opportunities to strengthen Everett's retail offerings in some of these areas and increase total taxable retail sales. It may make sense to complete a retail competitiveness and leakage analysis to identify what retailers Everett has a competitive advantage in providing and in what retail categories leakage is occurring, and based on that, develop a strategy for increasing retailing in Everett.
- The City should review other cities' successful property tax levies to identify opportunities to implement additional property taxes, especially for those city services that it governs that might otherwise be governed by other taxing authorities.

- The City of Everett only levies and collects transportation impact fees (although, school impact fees are levied and collected within its city boundaries). The City is eligible to levy and collect parks, open space, and recreation facilities and fire protection impact fees and should consider doing so.
- The City of Everett's impact fee rates were set in 2015 and became effective on January 1st, 2016. The City should consider whether, due to the significant economic growth we've had over the almost three years since that time, a revised rate study should be completed.
- The City of Everett is the only city that governs all four of the following services: fire, library, parks and recreation, and public transit. Unlike many other Washington Cities, the City of Everett has not divested any responsibilities above related to providing services to residents. Many cities have divested their fire services to regional fire authorities, their library services to existing library districts, and their parks and recreation services to metropolitan parks districts. Other cities have also pursued regional solutions to issues such as public transportation or private solutions to providing downtown parking, golf courses, or other amenities. The City should consider carefully which of these services it wants to continue to govern and whether there are opportunities to divest some of these services, while maintaining its tax base and balancing impacts to the quality of services and residents' tax burdens.
- In 2017, the City of Everett spent considerably less on its road/streets program than many of its peers. The City of Everett should consider whether it is investing in its road/streets appropriately, or whether the current level of investment represents an underinvestment in the roadway system that could contribute to deferred maintenance later.
- The Cities of Everett, Auburn, Kent, Renton, and Yakima all own public golf courses. Of these cities, Everett is the only one that owns two courses. Unsurprisingly, the City of Everett's golf spending is, therefore, significantly higher than that of the other cities who provide golf courses. The City should consider the level of service for golf that residents desire and are willing to pay for and adjust its service provision accordingly. It may make sense for the City to evaluate other models for delivering this service to residents.
- Despite the fact that the City of Everett is the largest government (in terms of total expenditures) considered, it has one of the lowest total capital expenditures among the governments considered. That means it is investing less into capital assets than many of the other governments and that capital investment is a smaller share of total expenditures than it is elsewhere. The City should review its

long-term asset management strategy and capital investment program to determine whether current capital investment and reserves are sufficient to meet future needs, or whether there is a need to develop new policies related to this.

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Financial expenditure, revenue, and financial position data for the City of Everett and its peer cities was summarized using the SAO LGFRS. Financial data for the period 2007-2016 is publicly available on the

SAO website¹⁶. As of the writing of this report, the 2017 data was not available, so BERK acquired raw data from SAO used to develop the LGFRS reports. This data uses the same SAO BARS Chart of Accounts (BARS) codes for revenues, expenditures, balance sheet information, but does not provide summaries. To track 2017 financial data to the data for 2007-2016, BERK summarized line items by code. The codes used to summarize data for the revenue, expenditure, and financial position benchmarks are provided in tables following.

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Appendix A: Comparable Cities Identification Methodology

BERK, along with the City of Everett identified criteria that was most important to identifying comparable, or “peer,” cities for the purposes of this analysis. These criteria, as well as the data source and period used to evaluate them are provided in Exhibit A-1:

Exhibit A-1. Comparable Cities Criteria

| Criteria | Period | Data Source |
|--|-----------|---|
| Population | 2018 | Office of Financial Management, April 1 st Population Estimates, 2018 |
| Population Compound Annual Growth Rate (CAGR) | 2009-2018 | Office of Financial Management, April 1 st Population Estimates, 2018 |
| Employment | 2016 | U.S. Census Bureau, ACS 1-year Estimates, 2016 |
| Total Assessed Value | 2017 | Municipal Research and Services Center, <i>Most Recent Population, Property Tax, and Sales Tax Distribution Data for Cities/Towns (2017-2018)</i> |
| Total Taxable Retail Sales | 2017 | Washington State Department of Revenue, <i>Taxable Retail Sales (TRS) for All Industries Compared to Taxable Retail Sales for the Retailing Industry for All Cities and Unincorporated Counties, 2017</i> |
| Median Household Income | 2016 | U.S. Census Bureau, ACS 1-year Estimates, 2016 |

Source: City of Everett, 2018; and BERK Consulting, 2018.

Additionally, because the City, unlike many other Washington Cities, has not divested any of its service responsibilities it will be important to ensure that a share of the cities identified provide at least one or more of the following services directly:

- Fire
- Library

- Parks and recreation
- Public transit

We also felt that one of Everett’s defining characteristics is its proximity to Seattle – which is likely to have an impact on its community population and demographics and economic base, and as a result, city revenues. We sought to include at least one city of comparable distance from Downtown Seattle. Several of the cities evaluated meet this criterion, including Auburn, Federal Way, and Kent.

It is important to note that due to its size, growth, and range of governmental services and enterprises, Everett is a unique city and it is unlikely that any other city (in Washington, or elsewhere, will be completely comparable to it. We expect some adjustment to be necessary to ensure that benchmarks among the selected peer cities are “apples to apples.”

We collected data related to the criteria above for the 17 largest cities in Washington State, however, recognizing that the City of Everett wanted to identify peers that are roughly the same scale as it, we eliminated all cities less than 50% or greater than 150% the size of Everett in terms of population. This left us with a list of 12 cities:

- | | |
|---------------|------------------|
| ▪ Auburn | ▪ Kirkland |
| ▪ Bellevue | ▪ Marysville |
| ▪ Bellingham | ▪ Pasco |
| ▪ Federal Way | ▪ Renton |
| ▪ Kennewick | ▪ Spokane Valley |
| ▪ Kent | ▪ Yakima |

We compared the data related to the criteria above for these 12 cities for both absolute values and values relative to population (per capita values), where applicable, as shown in Exhibit A-2. Where per capita values were provided, population for the year matching the criteria value was used to generate them (for example, employment for the year 2016 was divided by the population in 2016).

Exhibit A-2: Potential Comparable Cities Criteria Values

| | Population | Population CAGR | Employment | Employment per Capita | Total Assessed Value | Assessed Value per Capita | Total Taxable Retail Sales | Total Taxable Retail Sales per Capita | Median Household Income | Services Provided | | | |
|-----------------------|------------|-----------------|------------|-----------------------|----------------------|---------------------------|----------------------------|---------------------------------------|-------------------------|-------------------|----------------------|---------|----------------|
| | 2018 | 2009-2018 | 2016 | 2016 | 2017 | 2017 | 2017 | 2017 | 2016 | Fire | Parks and Recreation | Library | Public Transit |
| | | | | | | | | | | | | | |
| Everett | 111,200 | 0.80% | 52,334 | 0.82 | \$14,864,164,291 | \$135,375 | \$2,934,305,078 | \$26,724 | \$52,626 | x | x | x | x |
| Auburn | 80,615 | 1.99% | 37,353 | 0.75 | \$9,555,039,113 | \$121,011 | \$1,990,032,476 | \$25,203 | \$60,430 | | x | | |
| Bellevue | 142,400 | 1.86% | 74,421 | 0.83 | \$49,364,678,243 | \$350,851 | \$7,589,844,914 | \$53,943 | \$113,877 | x | x | | |
| Bellingham | 88,500 | 1.69% | 42,647 | 0.88 | \$9,868,874,883 | \$113,802 | \$2,697,092,132 | \$31,101 | \$47,652 | x | x* | x | |
| Federal Way | 97,440 | 1.06% | 46,932 | 0.80 | \$9,420,224,291 | \$97,771 | \$1,632,540,331 | \$16,944 | \$65,788 | | x | | |
| Kennewick | 81,850 | 2.22% | 36,768 | 0.75 | \$5,794,191,886 | \$72,175 | \$2,024,430,731 | \$25,217 | \$56,483 | x | x | | |
| Kent | 128,900 | 4.28% | 60,931 | 0.80 | \$16,335,686,545 | \$128,526 | \$2,255,510,266 | \$17,746 | \$65,423 | | x | | |
| Kirkland | 87,240 | 6.62% | 49,359 | 0.84 | \$22,212,373,381 | \$258,043 | \$2,538,325,092 | \$29,488 | \$114,336 | x | x | | |
| Marysville | 67,040 | 6.66% | 32,466 | 0.82 | \$6,425,149,097 | \$97,498 | \$1,115,263,571 | \$16,924 | \$73,132 | | x | | |
| Pasco | 73,590 | 3.40% | 29,393 | 0.71 | \$4,227,977,752 | \$58,984 | \$1,333,597,814 | \$18,605 | \$57,092 | x | x | | |
| Renton | 104,100 | 2.46% | 54,343 | 0.81 | \$15,035,333,726 | \$146,401 | \$2,892,232,686 | \$28,162 | \$71,951 | | x | | |
| Spokane Valley | 95,810 | 0.77% | 44,070 | 0.82 | \$8,124,487,663 | \$85,620 | \$2,387,525,105 | \$25,161 | \$49,966 | | x | | |
| Yakima | 94,190 | 1.17% | 43,791 | 0.73 | \$5,957,828,341 | \$63,449 | \$1,908,761,386 | \$20,328 | \$41,454 | x | x | | x |

Note: *The City of Bellingham directly provides some City-governed parks and recreation services but does have a limited purpose Metropolitan Parks District called the Chuckanut Community Forest and Recreation district that was formed to pay off an interfund loan that the City of Bellingham used to purchase a tract of forest land used as an informal park. At this time, the Chuckanut Community Forest and Recreation District Board intends to dissolve the district upon repayment of that loan.

Source: Office of Financial Management April 1st Population Estimates, 2018; U.S. Census Bureau, ACS 1-year Estimates, 2016; Municipal Research and Services Center, Most Recent Population, Property Tax, and Sales Tax Distribution Data for Cities/Towns (2017-2018); Washington State Department of Revenue, Taxable Retail Sales (TRS) for All Industries Compared to Taxable Retail Sales for the Retailing Industry for All Cities and Unincorporated Counties, 2017; and BERK Consulting. 2018.

We then compared these values to the City of Everett's respective value, generating the absolute difference between them, by subtracting Everett's value from each potential comparable cities' value:

$$Value_{peer} - Value_{Everett}$$

and the relative difference between them by dividing the absolute value of the absolute difference by the sum of the two divided by two

$$\frac{|Value_{peer} - Value_{Everett}|}{\frac{Value_{peer} + Value_{Everett}}{2}}$$

To help visualize these differences, we applied conditional formatting so that values closest to Everett's were shaded navy and values furthest from Everett's had no shading. The results of this analysis are shown in Exhibit A-3.

Exhibit A-3: Absolute and Relative Differences Between Everett and Potential Comparable Cities Criteria Values

| | Population | Population CAGR | Employment | Employment per Capita | Total Assessed Value | Assessed Value per Capita | Total Taxable Retail Sales | Total Taxable Retail Sales per Capita | Median Household Income |
|----------------|------------|-----------------|------------|-----------------------|----------------------|---------------------------|----------------------------|---------------------------------------|-------------------------|
| | 2018 | 2009-2018 | 2016 | 2016 | 2017 | 2017 | 2017 | 2017 | 2016 |
| Auburn | -30,585 | 1.19% | -14,981 | -0.07 | -\$5,309,125,178 | -\$14,364 | -\$944,272,602 | -\$1,521 | \$7,804 |
| Bellevue | 31,200 | 1.06% | 22,087 | 0.00 | \$34,500,513,952 | \$215,476 | \$4,655,539,836 | \$27,219 | \$61,251 |
| Bellingham | -22,700 | 0.89% | -9,687 | 0.06 | -\$4,995,289,408 | -\$21,573 | -\$237,212,946 | \$4,377 | -\$4,974 |
| Federal Way | -13,760 | 0.26% | -5,402 | -0.02 | -\$5,443,940,000 | -\$37,604 | -\$1,301,764,747 | -\$9,780 | \$13,162 |
| Kennewick | -29,350 | 1.42% | -15,566 | -0.07 | -\$9,069,972,405 | -\$63,200 | -\$909,874,347 | -\$1,507 | \$3,857 |
| Kent | 17,700 | 3.48% | 8,597 | -0.02 | \$1,471,522,254 | -\$6,849 | -\$678,794,812 | -\$8,978 | \$12,797 |
| Kirkland | -23,960 | 5.82% | -2,975 | 0.02 | \$7,348,209,090 | \$122,668 | -\$395,979,986 | \$2,764 | \$61,710 |
| Marysville | -44,160 | 5.86% | -19,868 | 0.00 | -\$8,439,015,194 | -\$37,876 | -\$1,819,041,507 | -\$9,801 | \$20,506 |
| Pasco | -37,610 | 2.59% | -22,941 | -0.11 | -\$10,636,186,539 | -\$76,391 | -\$1,600,707,264 | -\$8,119 | \$4,466 |
| Renton | -7,100 | 1.66% | 2,009 | -0.02 | \$171,169,435 | \$11,026 | -\$42,072,392 | \$1,438 | \$19,325 |
| Spokane Valley | -15,390 | -0.03% | -8,264 | 0.00 | -\$6,739,676,628 | -\$49,755 | -\$546,779,973 | -\$1,563 | -\$2,660 |
| Yakima | -17,010 | 0.37% | -8,543 | -0.09 | -\$8,906,335,950 | -\$71,926 | -\$1,025,543,692 | -\$6,396 | -\$11,172 |
| Auburn | 32% | 85% | 33% | 9% | 43% | 11% | 38% | 6% | 14% |
| Bellevue | 25% | 80% | 35% | 1% | 107% | 89% | 88% | 67% | 74% |
| Bellingham | 23% | 71% | 20% | 7% | 40% | 17% | 8% | 15% | 10% |
| Federal Way | 13% | 28% | 11% | 3% | 45% | 32% | 57% | 45% | 22% |
| Kennewick | 30% | 94% | 35% | 9% | 88% | 61% | 37% | 6% | 7% |
| Kent | 15% | 137% | 15% | 2% | 9% | 5% | 26% | 40% | 22% |
| Kirkland | 24% | 157% | 6% | 3% | 40% | 62% | 14% | 10% | 74% |
| Marysville | 50% | 157% | 47% | 0% | 79% | 33% | 90% | 45% | 33% |
| Pasco | 41% | 124% | 56% | 15% | 111% | 79% | 75% | 36% | 8% |
| Renton | 7% | 102% | 4% | 2% | 1% | 8% | 1% | 5% | 31% |
| Spokane Valley | 15% | 4% | 17% | 0% | 59% | 45% | 21% | 6% | 5% |
| Yakima | 17% | 37% | 18% | 11% | 86% | 72% | 42% | 27% | 24% |

Source: BERK Consulting, 2018.

Based on these results, we identified the following cities as Everett's closest peers in Washington state, and the appropriate comparable cities for the purposes of the benchmarking analysis within this Report:

- Auburn
- Bellingham
- Federal Way
- Kirkland
- Kent
- Renton
- Spokane Valley
- Yakima

Appendix B: Detailed Peer Staffing Summary

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|--|---------|--------|------------|-------------|--------|----------|--------|----------------|--------|
| General Government | | | | | | | | | |
| Administration | 12.00 | 10.00 | | | 12.00 | | 6.00 | | |
| City Manager's Office | | | | | | 10.44 | | 10.00 | |
| Code Administration | | | | | | | | | 17.00 |
| Community Relations | | | | | | | | | 5.00 |
| Finance | 22.00 | 22.00 | 21.00 | 8.00 | 38.00 | | 20.50 | 11.75 | 15.00 |
| Finance and Administration | | | | | | 35.30 | | | |
| Human Resources | 13.13 | 9.00 | 14.50 | | 15.60 | 9.20 | 11.00 | 2.00 | 9.10 |
| Information Technology | 21.00 | | 25.20 | | 37.00 | 27.20 | 18.50 | | 23.00 |
| Legal | 19.00 | 15.00 | 12.90 | 12.50 | 16.80 | 4.00 | 13.88 | 3.50 | 18.50 |
| Legislative | 8.00 | | 9.20 | 4.20 | 0.75 | 7.00 | 8.00 | | 7.00 |
| Mayor | | 3.00 | 6.00 | 28.84 | | | 12.63 | | 3.00 |
| Records | | | | | | | | | 5.00 |
| Public Safety | | | | | | | | | |
| Fire; Emergency Medical Services | 186.00 | | 162.00 | | | 114.50 | | | 103.00 |
| Municipal Court | 17.30 | | 14.00 | 16.00 | 20.28 | 18.75 | 13.00 | | 12.20 |
| Police | 251.00 | 138.00 | 183.40 | 170.00 | 212.75 | 140.00 | 161.90 | | 195.00 |
| Public Safety Communications | | | | | | | | | 36.00 |
| Utilities | | | | | | | | | |
| Solid Waste | 0.60 | 2.00 | | | | 2.80 | | | 21.00 |
| Storm Drainage | | 10.00 | | | | 36.70 | 4.40 | | |
| Utilities | 227.30 | | 62.00 | | | | | | 13.00 |
| Water and Sewer | | 33.00 | | | | 21.51 | | | 103.20 |
| Transportation | | | | | | | | | |
| Public Transit | 157.87 | | | | | | | | 54.30 |
| Public Works - Engineering | 45.05 | 54.00 | | | | | | | |
| Public Works - Streets | 29.55 | 19.00 | | | | 22.04 | | | |
| Public Works (Engineering and Streets) | | | 260.70 | 45.00 | 197.00 | 37.55 | 152.00 | 23.23 | 51.75 |

| | Everett | Auburn | Bellingham | Federal Way | Kent | Kirkland | Renton | Spokane Valley | Yakima |
|---|---------|--------|------------|-------------|--------|----------|--------|----------------|--------|
| Natural and Economic Environment | | | | | | | | | |
| Animal Shelter | 14.00 | | | | | | | | |
| Community Development; Planning; Economic Development | 20.00 | 26.00 | 47.00 | 26.70 | 43.75 | 53.35 | 53.50 | 19.00 | 14.00 |
| Economic Development | 0.90 | | | | | 0.66 | | 6.38 | 1.00 |
| Hearing Examiner | | | 0.50 | | | | | | |
| Neighborhoods | 2.00 | | | | | | | | |
| Social Services | | | | | | | | | |
| Human Services | | | | | | | 4.33 | | |
| Senior Center | 4.00 | | | | | | | | |
| Culture and Recreation | | | | | | | | | |
| Golf | 8.50 | | | | | | 10.50 | | |
| Library | 37.65 | | 45.60 | | | | | | |
| Municipal Arts Fund | 1.85 | | | | | | | | |
| Museum | | | 13.00 | | | | 1.00 | | |
| Parks and Recreation; Cultural Arts | 50.50 | 47.00 | 90.15 | 37.46 | 115.76 | 48.50 | 53.67 | 9.00 | 20.90 |
| Other | | | | | | | | | |
| Airport | | | | | | | | | 8.00 |
| Cemetery | | 6.00 | | | | | | | 2.00 |
| Equipment Rental | | 12.00 | | | | 7.45 | | | 14.00 |
| Facilities | 26.00 | | | | | | | | |
| Facilities | | 10.00 | | | | 7.95 | 25.00 | | |
| Innovation and Technology | | 17.00 | | | | | | | |
| Irrigation | | | | | | | | | 7.00 |
| Motor Vehicles Operations | 23.13 | | | | | | | | |
| Multi-Media | | 3.60 | | | | | | | |
| Parking | | | | | | | | | 2.00 |
| Purchasing | | | | | | | | | 6.00 |
| Telecommunications | 4.00 | | | | | | | | |
| | 1202.33 | 436.60 | 967.15 | 348.70 | 709.69 | 604.90 | 565.41 | 89.25 | 766.95 |

