

Seattle



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Seattle

Part I.

Population, Demographics, and Economic Analysis

General

The city of Seattle is the largest city in Washington State. Basing on the data from the United States Census for the year 2000, the city's total population is 563, 374 persons.¹ The city is comprised of 84 square miles (218 square km.). Among the United States cities with population over 300, 000 people, the city of Seattle is ranked as 23rd largest city in the nation.² On the average, each square mile contains 6, 154 persons.³



History

During earlier times, the modern day Seattle was inhabited by Suquamish and Duwamish tribes. These tribes visited the area seasonally to fish and harvest. In 1851, about two dozen American settlers have chosen to settle down at Alki Point. Within a year, they relocated east to Elliot Bay.⁴

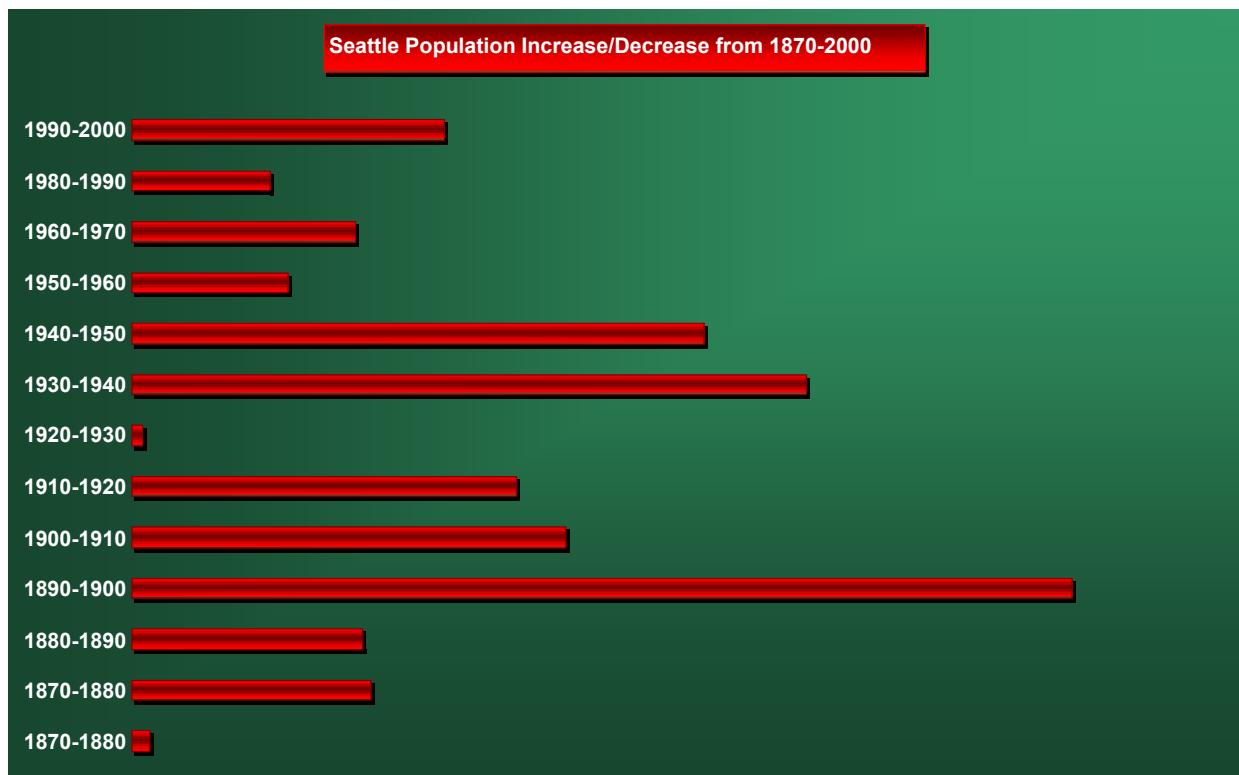
Two years later, the Oregon territory was split, and the Washington territory was created. The same year, a settler by the name of Henry Yesler built a steam powered sawmill on the waterfront. It was the beginning development and growth of Seattle. By 1870, there were one thousand people in the town. It was the first time, when the population in Seattle was officially counted (Tables 1-1 a & b; Figure 1-1).

Seattle Population Increase/Decrease from 1870-2000 ⁵

Years	1870	1880	1890	1900	1910	1920	1930	1940	1950	1960	1970	1980	1990	2000
Number In thousands	1000	4000	43000	81000	237000	315000	366000	368000	468000	557000	531000	494000	516000	563000

Table 1-1 a

YEARS	1870- 1880	1870- 1880	1880- 1890	1890- 1900	1900- 1910	1910- 1920	1920- 1930	1930- 1940	1940- 1950	1950- 1960	1960- 1970	1980- 1990	1990- 2000
Percentage	3	9.8	0.88	1.9	0.3	0.2	0.005	0.3	0.2	0.046	0.069	0.044	0.091

Table 1-1 b**Figure 1-1 (percentile data)**

Homes, churches, schools, and shops were built which enabled the town to compete for business with the nearby settlements. By 1878, Seattlers built their own railroad which linked coalfields in King County to Seattle's harbor wharves.⁶

By the 1880's the local economy boomed and the population grew (Tables 1-1 a & b; Figure 1-1).⁷ During the 1880's, the city experienced racial tensions. Chinese immigrants who were originally recruited to the American West to build railroads stayed in cities after the completion of projects and were willing to work hard for long hours and lower pay. Some people did not like it, and the discontent grew. In 1885, three Chinese men were shot to death; and in February of 1886, local mobs drove Chinese residents from their homes and out of Seattle.⁸

By 1883, the industrial growth was slowed down by the national recession, but by 1897, Seattle experienced an economic boom. Gold was discovered. During the years of the gold rush, Seattle's population exploded. By 1900, the city's population was about eighty one thousand. By 1910, the population almost tripled in size (Tables 1-1 a & b; Figure 1-1), and some additional land areas were annexed to the city.⁹ Throughout the 1920s, the city grew steadily, but in the early 1930s when the country faced the Great Depression, the city experienced an economic downturn.¹⁰

During the Second World War the city's economy significantly improved because the city's industries were mobilized for war. Seattle's boom was over after military contracts were canceled.¹¹

Population Trends and Growth

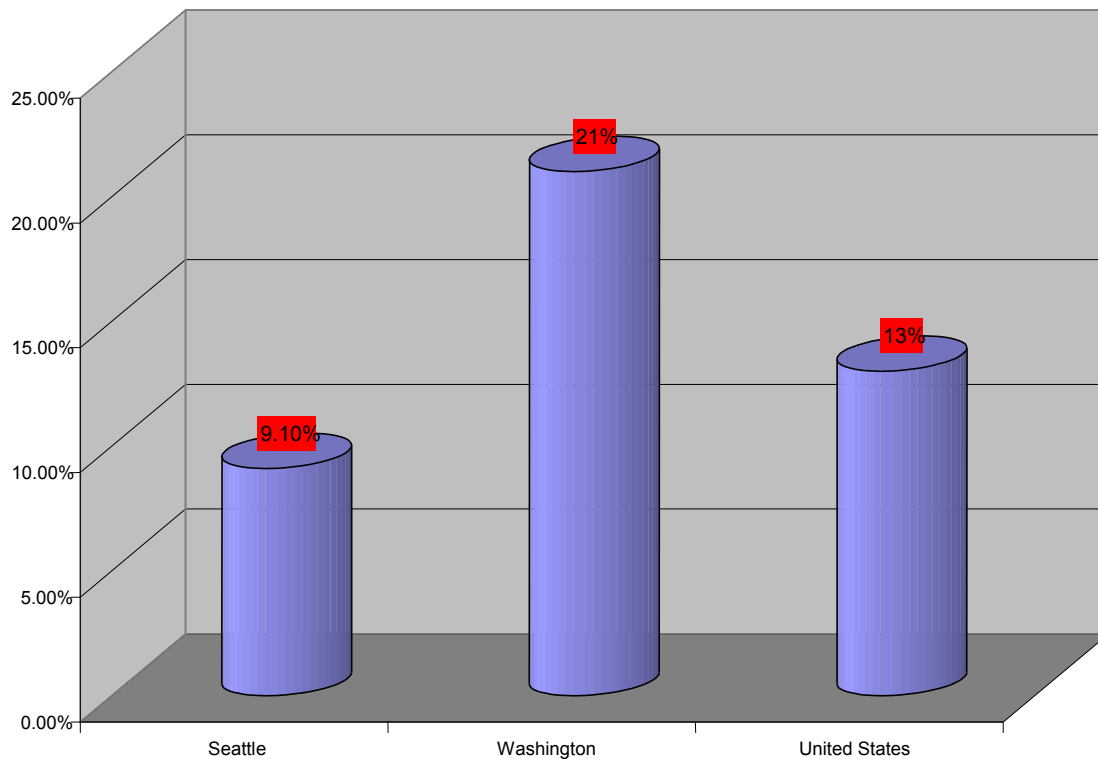
Over the years, the population has steadily grown with some insignificant decreases attributed to economic conditions in the aerospace industry in 1970s-1980s (Tables 1-1 a & b; Figure 1-1). When the industry encountered problems, people migrated to the suburbs. The decrease of population was almost seven percent. Between 1980s-1990s, there was an increase again. During that period, the population increased by approximately five percent. Between 1990s-2000, it increased by nine percent. Today, Seattle is one of the fastest-growing

Metropolitan areas in the nation.¹² In general, there was an increase in population not only in the city of Seattle, but Washington State, and the nation (Table 1-2 & Figure 1-2).

Estimated Population Increase between 1990 and 2000

Table 1-2	Seattle	Washington	United States
1990 Population	516,259	4,866,692	248,709,873
2000 Population	563,374	5,894,121	281,421,906
Percentage	↓ 9.1%	↓ 21%	↓ 13%

Population Increase Between 1990 and 2000



The data is based on the information provided by the US Bureau of Census.

Figure 1-2

Data Implications

There are different views on population growth. Demographers, economists, and researchers are still disagreeing on whether population growth promotes, restricts, or is independent of economic growth¹³.

Population and Age

Population and Age/Statistics and Demographics (US Census 2000)¹⁴

Seattle	Washington	United States
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Table 1-3	Number	Percent	Number	Percent	Number	Percent
Total Population:	563,374	100.0	5,894,121	100.0	281,421,906	100.0
Sex and Age						
Male	280973	49.9	2,934,300	49.8	138,053,563	49.1
Female	282401	50.1	2,959,821	50.2	143,368,343	50.9
Under 5 years	26215	4.7	394,306	6.7	19,175,798	6.8
5 to 9 years	24459	4.3	425,909	7.2	20,549,505	7.3
10 to 14 years	23425	4.2	434,836	7.4	20,528,072	7.3
15 to 19 years	29648	5.3	427,968	7.3	20,219,890	7.2
20 to 24 years	51014	9.1	390,185	6.6	18,964,001	6.7
25 to 34 years	122282	21.7	841,130	14.3	39,891,724	14.2
35 to 44 years	95077	16.9	975,087	16.5	45,148,527	16.0
45 to 54 years	81453	14.5	845,972	14.4	37,677,952	13.4
55 to 59 years	24830	4.4	285,505	4.8	13,469,237	4.8
60 to 64 years	17164	3.1	211,075	3.6	10,805,447	3.8
65 to 74 years	29463	5.2	337,166	5.7	18,390,986	6.5
75 to 84 years	27273	4.8	240,897	4.1	12,361,180	4.4
85 years and over	11071	1.9	84,085	1.4	4,239,587	1.5
Median age (years)	35.4		35.3	(X)	35.3	(X)
18 years and over	475547	84.4	4,380,278	74.3	209,128,094	74.3
Male	236354	42.0	2,157,240	36.6	100,994,367	35.9
Female	239193	42.5	2,223,038	37.7	108,133,727	38.4
21 years and over	449528	79.8	4,127,976	70.0	196,899,193	70.0

62 years and over	77671	13.8	782,897	13.3	41,256,029	14.7
65 years and over	67807	12.0	662,148	11.2	34,991,753	12.4
Male	26996	4.8	281,985	4.8	14,409,625	5.1
Female	40811	7.2	380,163	6.4	20,582,128	7.3

The median age of the population in the City of Seattle is thirty five years of age.

The datum for population in Seattle over sixty five years of age is approximate to that of the State of Washington which is eleven percent. The data for the nation significantly differs from the data for the State of Washington and the City of Seattle. There is 3.53 % of the populace in the nation that is over sixty five years of age (Figures 1-3 & 1-4).

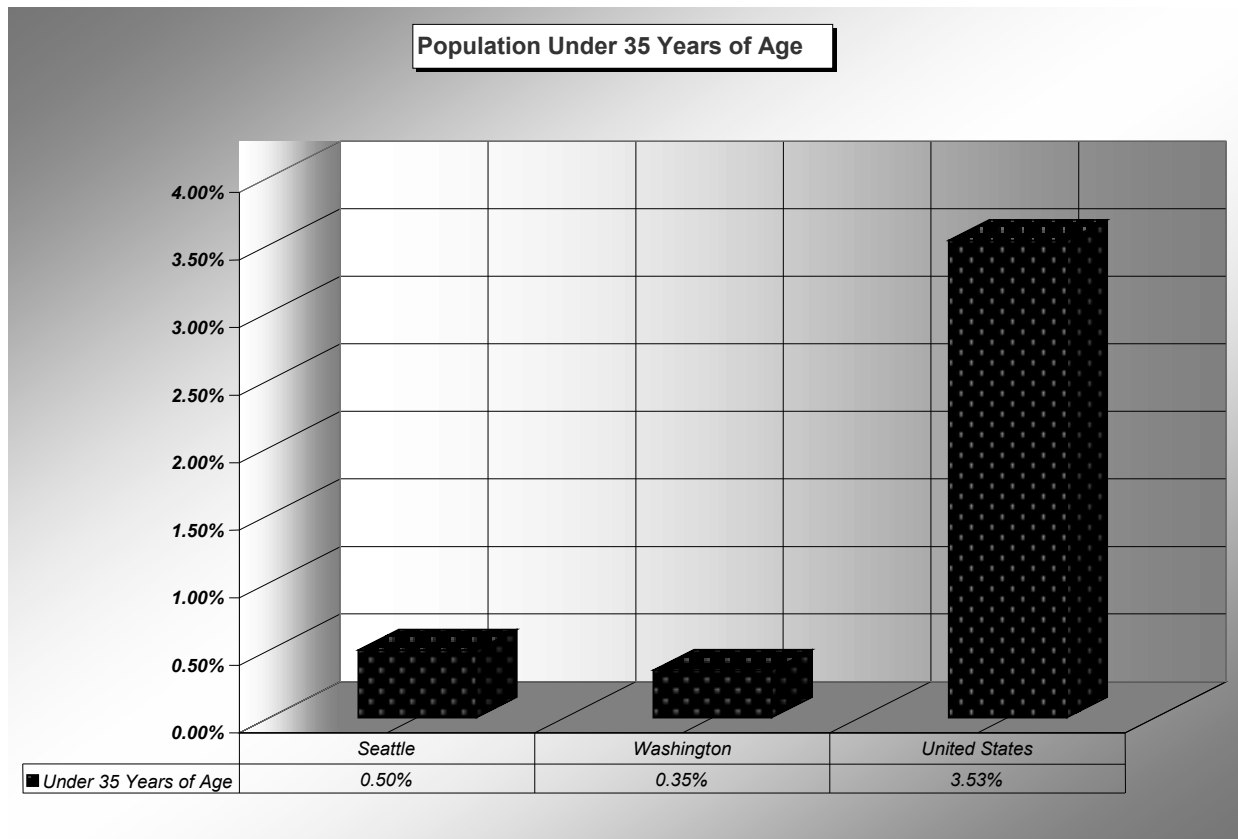


Figure 1-3

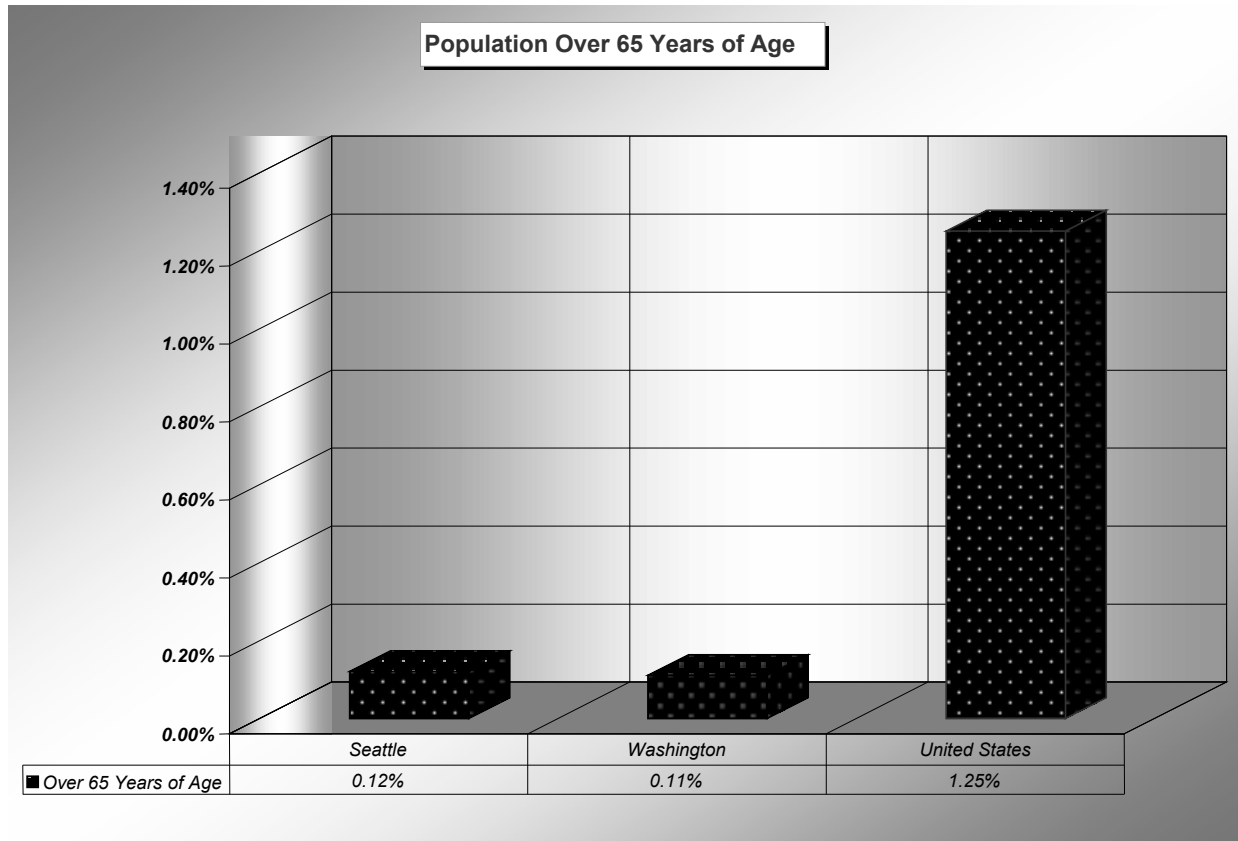


Figure 1-4

Educational Attainment

As a fast-growing Metropolitan area, Seattle offers great opportunities for education. The city has many colleges and universities with the branches that spread beyond it. There are forty-four branches of the King County Library in addition to the twenty three branches of the Seattle Public Library.¹⁵ The city offers educational opportunities to future actors, artists, playwrights, and many other creative individuals in Cornish College of the Arts.¹⁶

According to the data provided by the US Census 2000, the city has the highest percentage of individuals who have a bachelor's or a higher degree in the nation.¹⁷ In the population of twenty five years of age and over, the percentage of high school graduates is the

highest in the nation.¹⁸ The percentage of individuals between eighteen and twenty four years of age who are enrolled in a college or a graduate school is the highest in the nation as well ¹⁹(Table 1-4).

Table 1-4

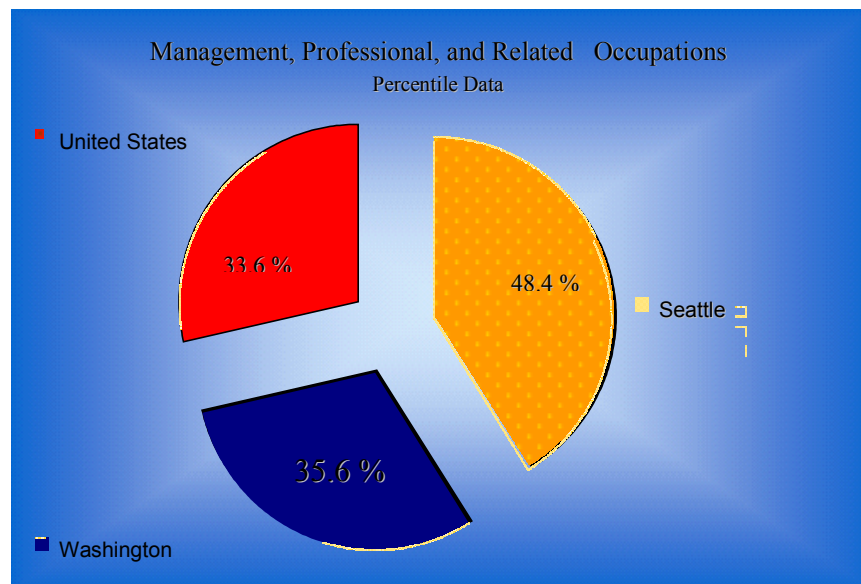
Educational attainment	Seattle	Washington	United States
Population 18-24 y.o. – Percent enrolled in college or graduate school	50.4	30.9	34
Population 25 y.o. and over – Percent high school graduate or higher	89.5	87.1	80.4
Population 25 y.o. and over – Percent with Bachelor's degree or higher	47.2	27.7	24.4
Population 25-34 y.o. – Percent with Bachelor's degree or higher	55.3	28.9	27.5

Employment

Occupations Comparison: Year 2000²⁰

Table 1-5	Seattle		Washington		United States	
Employed civilian population 16 years and over	321,524	100.0	2,793,722	100.0	129,721,512	100.0
OCCUPATION						
Management, professional, and related occupations	155,636	48.4	993,198	35.6	43,646,731	33.6
Service occupations	44,533	13.9	416,056	14.9	19,276,947	14.9
Sales and office occupations	78,605	24.4	723,256	25.9	34,621,390	26.7
Farming, fishing, and forestry occupations	915	0.3	43,495	1.6	951,810	0.7
Construction, extraction, and maintenance occupations	15,605	4.9	263,767	9.4	12,256,138	9.4
Production, transportation, and material moving occupations	26,230	8.2	353,950	12.7	18,968,496	14.6

Based on the statistical data (table 1-5) for the year 2000, the City of Seattle has the highest percentage of professional, managerial, and related occupations not only in the State of Washington, but the nation. (Figure 1-6).

Figure 1-6

Income

The per capita income in the City of Seattle is \$8,719 higher than that of the nation, and \$7,333 higher than the per capita income in the State of Washington²¹ (Figure 1-7).

Per Capita Income, in 1999

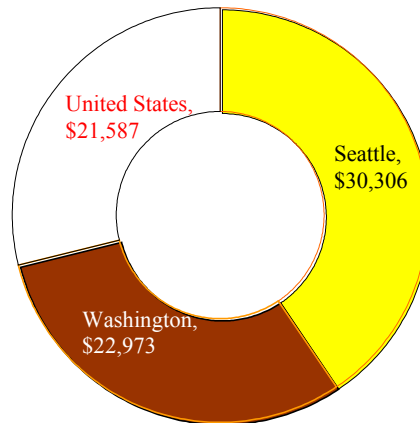


Figure 1-7

Poverty Status

According to the U.S. Census data 2000, the poverty level in Seattle is 1.20% lower than that in the State of Washington, and 0.60% higher than the poverty level in the nation²² (Table 1-6 & Figure 1-8).

Poverty Status in 1999 (below poverty level)

Table1-6	Seattle	Washington	United States
Individuals	64, 068	612, 370	33, 899, 812
Percent	11.8	10.6	12.4

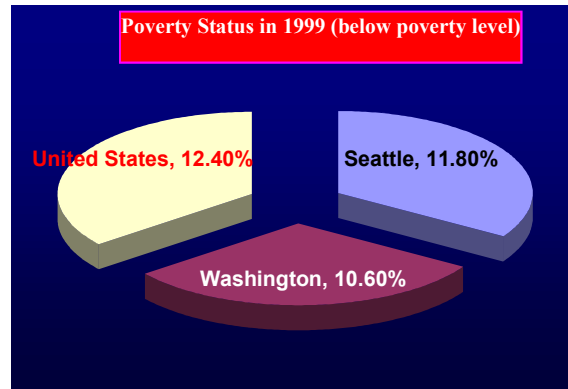


Figure 1-8

Unemployment

Unemployment Rate Between 1990 and 2001

Table 1-7

Year	Seattle	Washington	United States
1990	3.5	4.9	5.6
1991	5.1	6.4	6.8
1992	6.5	7.6	7.5
1993	6.5	7.6	6.9
1994	5.7	6.4	6.1
1995	5.3	6.4	5.6
1996	5	6.5	5.4
1997	3.3	4.8	4.9
1998	3.1	4.8	4.5
1999	3.4	4.7	4.2
2000	3.7	5.2	4
2001	5.2	6.4	4.7

As illustrated in table 1-7²³ and figure 1-9, the unemployment rate in Seattle was lower than the national rate since 1990-2000. In 2001, it went 50 percent up. It can be attributed to the current economic situation in the United States which shall not be seen as an indicator of the city's future. As it has been illustrated in figure 1-1, the

city may respond to the general economic situation in the country through periods of unemployment and/or of population decrease, but as the history shows, these types of events are temporary and only leave their traces in the statistical data and charts of demographers and researchers.

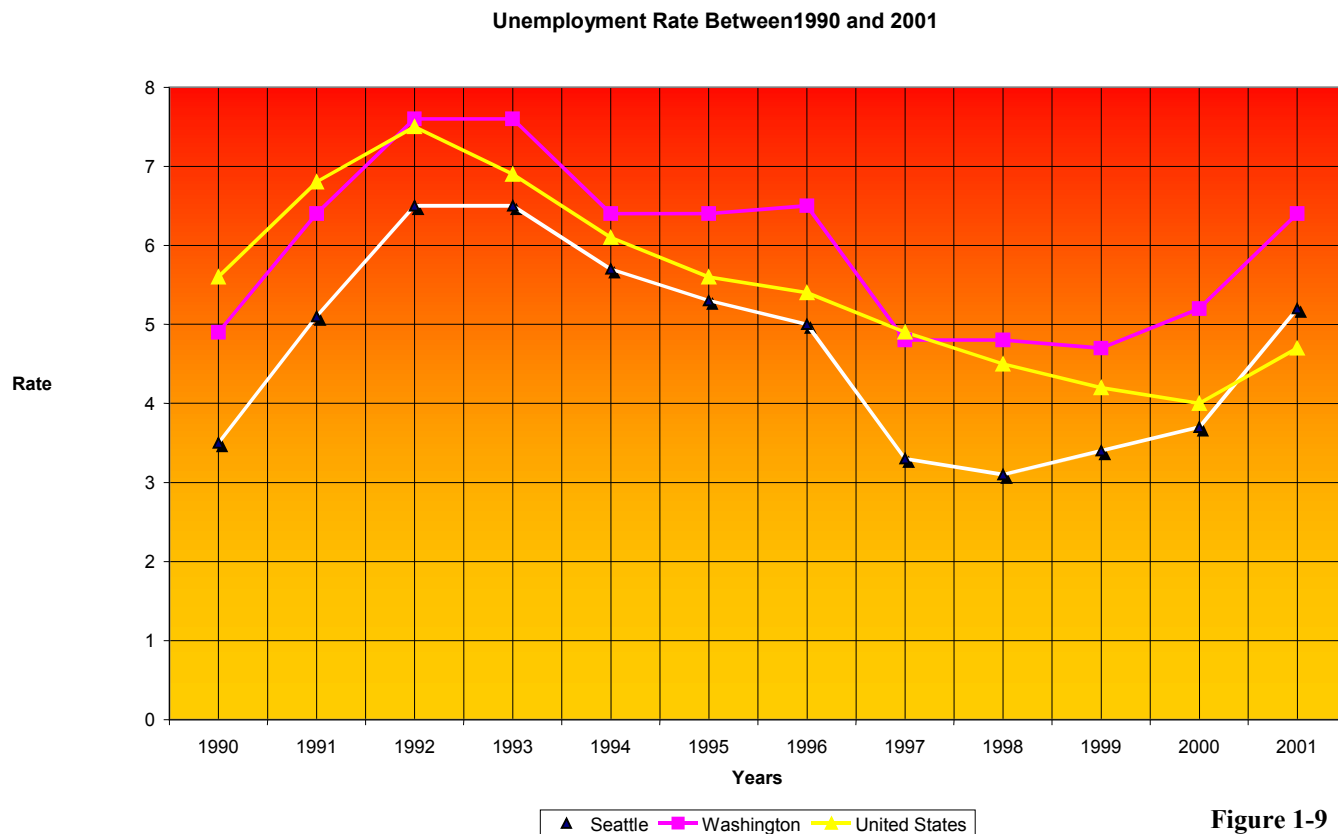


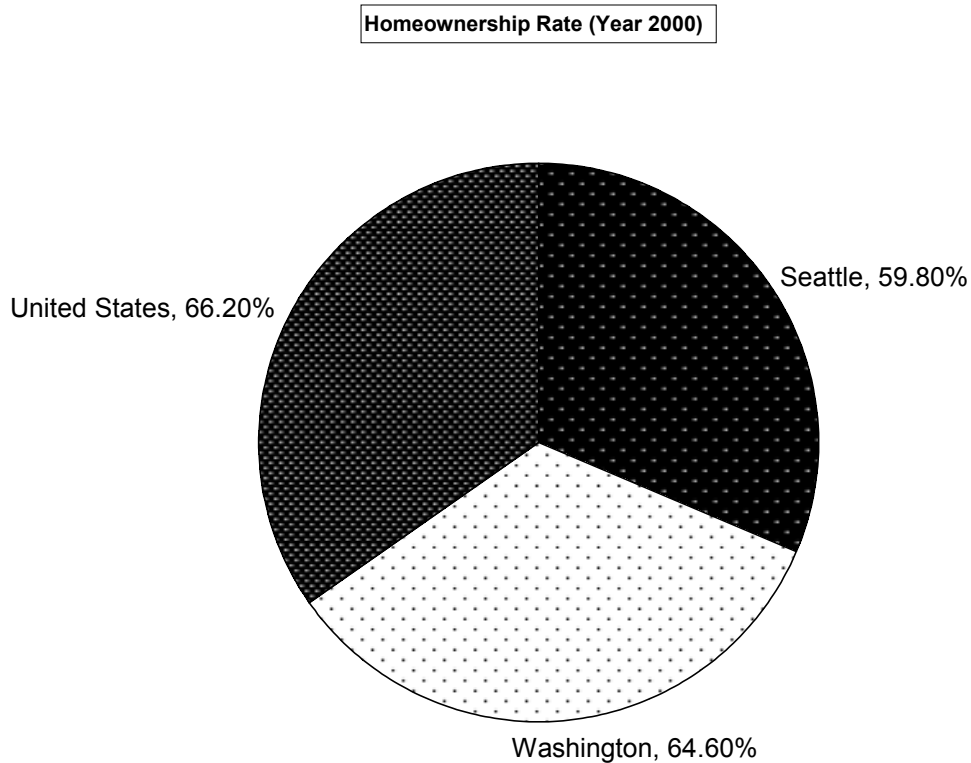
Figure 1-9

Housing

Based on the data from the U.S. Census Bureau, the median value of owner occupied units in Seattle is \$117,300 higher than that in the nation, and it is \$68,600 higher than in the State of Washington. Homeownership rate in Seattle is lower than in the United States by 6.4%, and by 4.8% than in the Washington State (Table 1-8 & Figure 1-10).

Homeownership Rate (Year 2000)

Table 1-8	Seattle ²⁴	Washington ²⁵	United States ²⁶
Housing Units	742, 247	2, 451, 075	115,904,641
Median value of owner occupied housing units	\$ 236, 900	\$168,300	\$119,600
Homeownership Rate	59.8%	64.6%	66.2%

**Figure 1-10**

Crime Data

In the year 2002, there were a total of twenty six murders, which is one more than what occurred in 2001. According to the data of Seattle Police Department, 2001-2002 murder rates in Seattle have been the lowest in nearly forty years. There were twenty three and twenty four murders during the years of 1964 and 1965 respectively. The most frequent murder weapon used is a firearm.

Of the twenty six murder cases in 2002, fifteen suspects were identified. The identified suspects were males, and victims were females. A very significant factor that helped to solve the cases was DNA analysis.

In comparison to other cities in the United States, the number of murders in Seattle is relatively low. The city's violent crime rate ranks nineteenth out of twenty three cities.²⁷

Economic Analysis

Once upon a time, the City of Seattle was a little port that transferred coal, grain, and fish to barges.²⁸ The old industries still remain important to the city, but as time went by, the emphasis was shifted away from the original economic foundation.

Today, the city is a leading center in computer software, electronics, and other areas of advanced technology.²⁹ Costco membership retail business is one of the largest companies in the city, - with revenue of \$32,164,000.³⁰ Microsoft is ranked as the third largest company. Its revenue was equal to \$23,000,000 in 2000.³¹ Also, there are many other well known companies that are located in the City of Seattle (Table 1-9).

Table 1-9³²

Company	2000 Revenues	Type of Business
Weyerhaeuser	15,980,000	Pulp/paper products
Washington Mutual	15,760,000	Bank
Paccar	7,919,000	Heavy-duty truck manufacturer
Safeco	7,118,000	Insurance/financial services
Nordstrom	5,528,500	Apparel retailer
Puget Sound Energy	3,441,700	Electric and natural gas utility
Airborne Freight	3,276,000	Express delivery
Amazon.com	2,762,000	Online Retailer
Alaska Air Group	2,177,200	Holding co./Alaska & Horizon Air
Starbucks	2,169,200	Coffee company
VoiceStream Wireless	1,922,700	National wireless network
Expeditors International of WA	1,700,000	International freight forwarding
AT&T Wireless Group	1,044,800	Digital wireless network
Labor Ready	976,600	Temporary employment services

Annually, about two billions of dollars are generated by bio and medical technology which directly accounts for 15,800 jobs in 170 companies and non-profit corporations.³³ It was projected that by the year 2005, medical and biotechnology companies will employ 26,000 people and generate annually about five billions of dollars.³⁴

Among the cities in the United States, Seattle was ranked as one of the best cities in which to locate a business because the workforce is skilled and manufacturing capabilities are high. In addition, Seattle offers an access to domestic and international markets.³⁵

The Port of Seattle

The Port of Seattle is a municipal corporation that was created on September 5 of 1911. The benefits received from the provision of services are returned to the citizens of King's County. The Port of Seattle is known as the best regional publicly owned corporation that helps to sustain regional prosperity in the nation. The mission of the corporation is to be a leader in the provision of services such as transportation of cargo and passengers. To accomplish its goals, the Port of Seattle works in close partnership with public and private entities.³⁶

Part II.

Administrative Structure

Mayor of Seattle

Greg Nickels was born on August 7 of 1955 in Chicago Illinois. Of six children, he is the oldest. In 1961, after his family moved to Seattle he attended a school and afterwards, the University of Washington.³⁷

At the age of 19, he began his career in local government. In 1979, he became a Legislative Assistant to the city's council member Norm Rice and served in this capacity until 1987 campaign for the King County Council. On January 1 of 1988 he took the office.³⁸

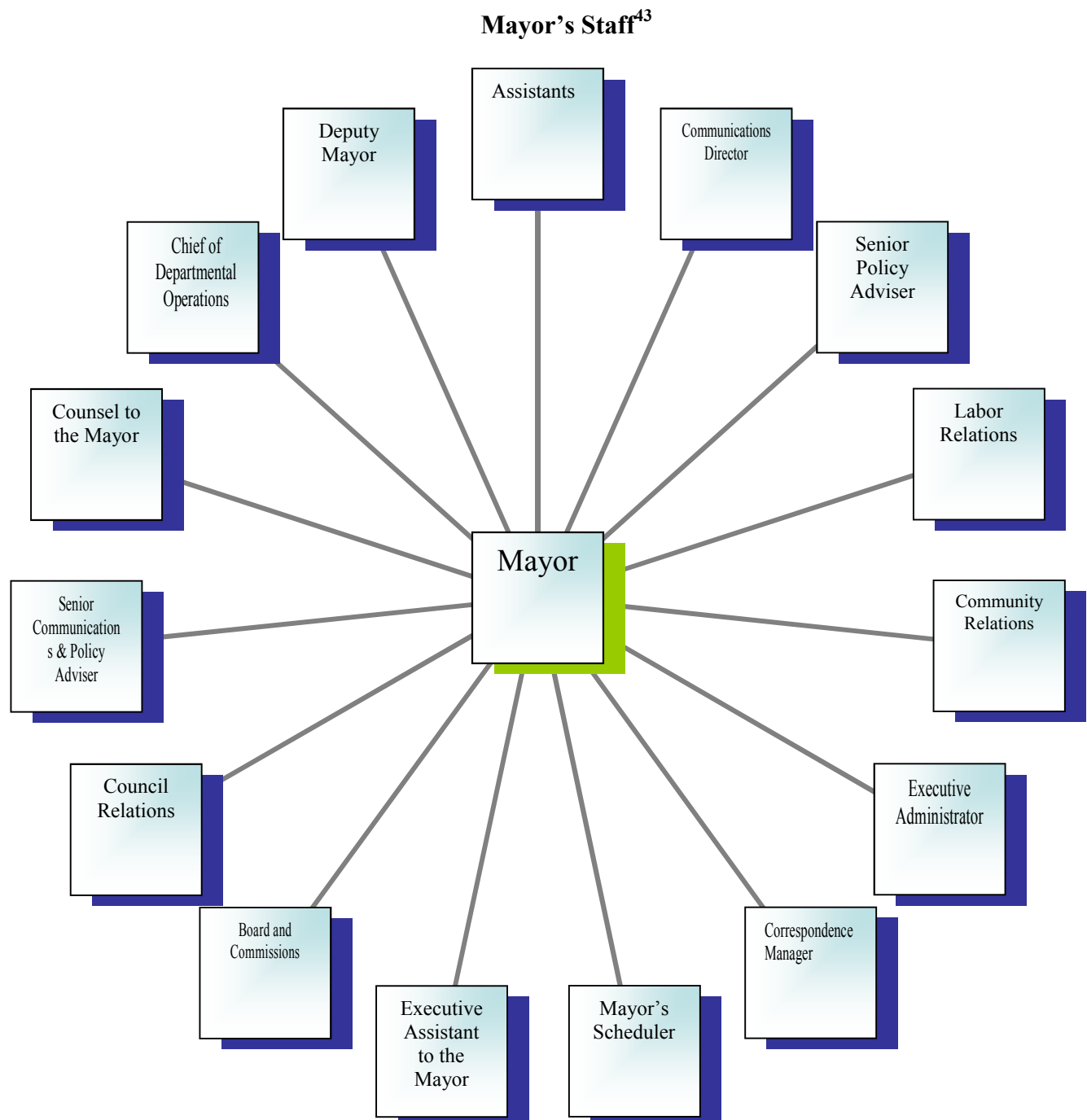
Greg Nickels became the 51st Mayor of the city of Seattle on January 1 of 2002. He earned his reputation for protecting children and battling with tobacco industry. He also fought for green space and more parks in the city. Greg Nickels is well-known mostly for his years of work aimed at the improvement of transit system throughout the region.³⁹



Current Priorities

- ✓ Transportation is one of the most important issues. In order for businesses to flourish and generate jobs and tax revenues, the Mayor wants to establish an effective transit system that will move people and goods throughout the region efficiently.⁴⁰

- ✓ Public safety is vital. In order for police force to be rated as the best, the Mayor wants to develop a better leadership within the police department through training and greater accountability.⁴¹
- ✓ Commitment to neighborhoods is important. Paying attention and responding to the needs of communities effectively will keep neighborhood businesses viable and will contribute to economic stability and prosperity.⁴²



Deputy Mayor-is responsible for all policy and operational issues for the mayor.

Chief of Departmental Operations-is responsible for departmental issues and policies.

Counsel to the Mayor-is responsible for legal policy matters.

Communications Director-is responsible for the planning and direction of communications activities in the mayor's office.

Senior Policy Adviser-is responsible for public safety and human services issues.

Senior Communications and Policy Adviser-is the mayor's official spokesperson and member of the senior policy team.

Labor Relations Specialist-is the mayor's primary liaison with labor.

Community Relations Specialist-is responsible for directing and implementing all constituent outreach activities for the mayor.

Council Relations Specialist-is the mayor's primary liaison with the Seattle City Council.

Executive Administrator-is responsible for managing all administrative functions for the Executive Department, including the mayor's office.

Board and Commissions Specialist-manages the appointment process for the City of Seattle's 54 Boards and Commissions.

Correspondence Manager-oversees all correspondence from the mayor's office.

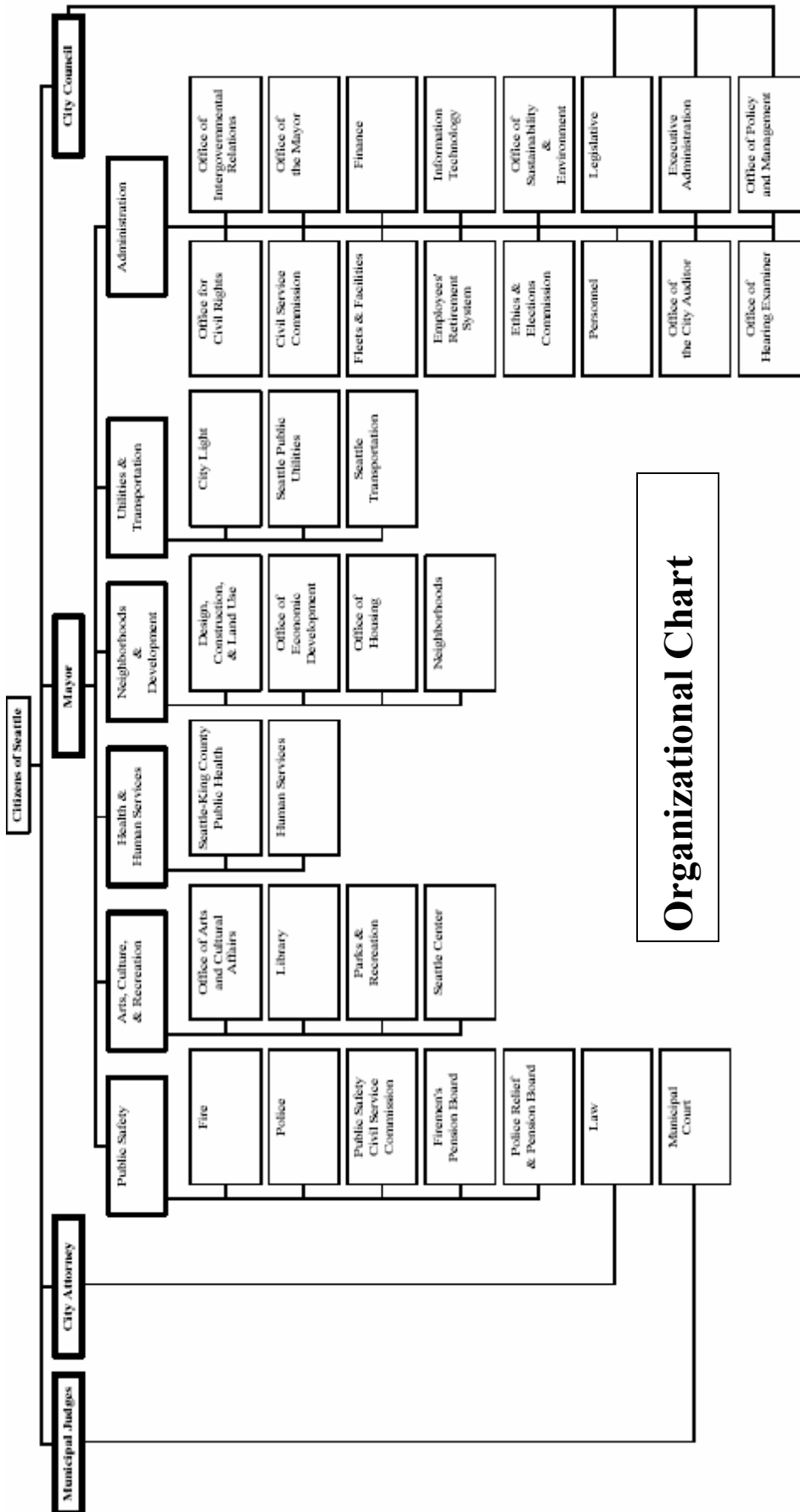
Executive Assistant to the Mayor-assists the mayor on issues.

Mayor's Scheduler-is responsible for the mayor's schedule.

Assistants-are responsible for community outreach activities.

The City Council/Committees and Their Responsibilities

The City Council is the legislative body of the City of Seattle. It is comprised of nine members and has nine standing Committees to deal with issues.



Committees	Responsibilities
Energy and Environmental Policy Committee	"Deliberates and makes recommendations on legislative matters relating to Seattle City Light and the City's Office of Sustainability and Environment; issues include energy utility rates, the City's environmental stewardship program, energy resources and conservation, City Light's salmon recovery programs, customer service and regional energy matters." ⁴⁴
Finance, Budget, Business & Labor Committee	"Deliberates and makes recommendations on legislative matters relating to the financial management and policies of the City and its agents, including the biennial operating and capital budgets, the housing levy and other levies, taxes, revenue, audits, judgment and claims against the City, and administration of the City of Seattle; oversight of the City's public works construction projects, including, but not limited to the Civic Center, South Lake Union and South Downtown development projects; City labor-management relations and personnel issues, including, but not limited to, collective bargaining and other issues related to salary rates, hours and conditions of employment; and neighborhood business issues and economic development policies for the downtown, Broadway and University Way N.E. business districts." ⁴⁵
Housing, Human Services & Community Development Committee	Deliberates and makes recommendations on legislative matters relating to affordable housing, housing finance, public welfare, human services, homelessness, childcare, and community development." ⁴⁶
Land Use Committee	Deliberates and makes recommendations on legislative matters relating to landlord/tenant issues; building, construction, design, zoning and land use issues; Housing and Building Maintenance Code issues; quasi-judicial land use matters; and regional planning, growth management and Seattle Comprehensive Plan issues." ⁴⁷
Neighborhoods, Arts & Civil Rights Committee	"Deliberates and makes recommendations on legislative and policy matters relating to neighborhoods, including neighborhood plans and their implementation, outreach, and capital funding; arts activities and preservation; civil rights; ethics and elections issues; and facilitating citizen involvement in the public life of Seattle." ⁴⁸

Parks, Education & Libraries Committee	Deliberates and makes recommendations on legislative matters including parks, libraries, public grounds and recreation, community centers, Woodland Park Zoo, Seattle Aquarium, Seattle Center, property management, open space; educational activities within the City's purview, including Council/School Board relations, oversight of the Families and Education Levy; legislative items related to Project Lift-Off, and progress on the Education Action Agenda." ⁴⁹
Police, Fire, Courts & Technology Committee	Deliberates and makes recommendations on legislative matters in the inter-related areas of police services, fire safety, criminal justice, and how appropriate technologies can assist in making Seattle safe and livable for all; coordination with County, State and Federal law and justice agencies; City information technology planning and implementation, cable telecommunications service and planning, the Public Access Network (PAN), and citizen technology literacy and access issues." ⁵⁰
Transportation Committee	Deliberates and makes recommendations on legislative matters relating to city-wide and regional transportation policies and planning; street maintenance and rehabilitation; traffic control and parking policies; non-motorized transportation; and to coordinate transportation issues and represent the Council with King County, Sound Transit, Puget Sound Regional Council, Elevated Transportation Company, Washington State Department of Transportation, and neighborhoods within the City of Seattle" ⁵¹
Water and Health Committee	Deliberates and makes recommendations on legislative matters relating to water, drainage and wastewater, and solid waste services provided by Seattle Public Utilities; issues include SPU environmental services and utility rates; regional water resources and endangered species recovery plans; and to make recommendations to the King County Board of Health." ⁵²

City Ratings⁵³

Ratings for the City of Seattle were conducted by journalists at Governing.com and their partners at Maxwell School at Syracuse University. For the purpose of grading, the world of municipal government of the city was divided into five essential enterprises: financial management, human resources management, information technology, capital management, and managing for results.

Major Criteria for Grading Financial Management⁵⁴

- A multi-year perspective on budget that includes current, future, and revenue forecasts
- Mechanisms that preserve stability and fiscal health
- Availability of sufficient financial information such as financial reports and other data
- Control over operations and expenditure; managerial flexibility and effectiveness.

Major Criteria for Grading Human Resources⁵⁵

- Strategic analysis of present and needs of human resources
- Efficiency and effectiveness of recruitment process
- Development and training including effective discipline and termination policies
- A civil service structure that supports an ability to achieve work force goals. It includes classification system and flexibility in pay structure.

Major Criteria for Grading Information Technology⁵⁶

- Information system technology that can provide needed information to managers where particular attention is paid to financial management, human resources management, capital management, and managing for results
- A coherent architecture for information technology systems
- Multi-year information technology planning
- Ability to perform cost-benefit analysis as it relates to information technology

- Information technology systems that support the government's ability to communicate with citizens.

Major Criteria for Grading Capital Management⁵⁷

- Thorough analysis of future needs
- Ability to monitor and evaluate projects throughout their implementation
- Ability to maintain capital assets appropriately.

Major Criteria for Managing for Results⁵⁸

- Results-oriented strategic planning
- Indicators and evaluative data that can measure accomplishments
- Use of data results by managers
- Clear communication of results to stakeholders.

Categories	Grades
Financial Management	B +
Human Resources	B
Information Technology	B
Capital Management	B +
Managing for Results	B
Average Grade: B	

Part III.**Revenue and Expenditure Analysis****Budget**

The economic effects of September 11 terrorist attacks, national recession, and previous spending commitments created a gap of about \$ 60 million among General Fund revenues, the costs of continuing programs, and meeting commitments for the year 2003.⁵⁹

The mayor of the city directed that the 2003-2004 budget would be sustainable despite accounting changes. The direct services to citizens would be preserved. If cuts will have to be made, they will be made first in the administrative activities. The mayor of Seattle established priorities among programs in order to protect city's the most vital services.⁶⁰

Many of the city's funds face financial challenges. There is a strong need to replace the old infrastructure such as city lights and public utilities. The city is still dealing with the financial effects of the West Coast power crisis of 2000 and 2001.⁶¹ Construction and land use have negatively been effected by the current economic situation. The city's agencies that provide human services are experiencing a growing demand for their programs while the State and Federal funds are decreasing.

Revenues

The government of the City of Seattle has four main sources of revenue to support the programs and services that the city provides to citizens: taxes, licenses, fees, fines.

Certain activities in the city are partially or totally supported by service and regulatory fees and property tax levies. For example, city recreational activities and building inspections are being supported by these fees.⁶² City utility services such as water and electricity are supported by payments from customers. Finally, police, social, and other services are supported by grant

revenues from the State, Federal, and private agencies. In the year 2002, Seattle's revenues are estimated to be \$ 2.8 billion. Revenues for general government purposes total to about \$ 631 million.⁶³

City Funds

To account for revenues and expenditures, the city allocates its financial resources into "funds" or "subfunds." The use of funds is necessary in order to ensure compliance with accounting rules and the rules of the State budget. Also, the use of funds ensures accountability for specific activities and projects. Expenditures that are typically associated with the city, such as for example, police and fire are accounted for in the General Subfund.⁶⁴

General Subfund

The General Subfund is primarily supported by taxes where the property tax is the most significant revenue source. As it stands by itself, the property tax accounts for twenty seven percent; whereas sale, utility, and business and occupation taxes all together account for fifty five percent. Government private grants, traffic fines, fees, and other miscellaneous taxes account for eighteen percent⁶⁵ (Figure 3-1).

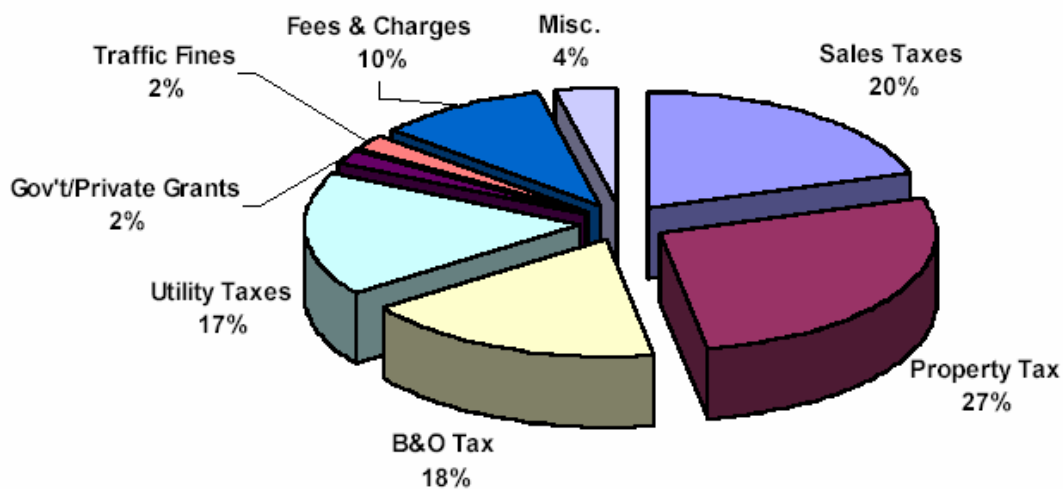


Figure 3-1

Sales Tax

In the City of Seattle, sales tax is imposed on most goods. Sales tax is collected from consumers by businesses that are responsible for its resubmission to the state. The state gives a share of the revenues on a monthly basis.

In the City of Seattle, the sales tax is 8.8%. The relatively recent increase from 8.6% was justified by the mere fact that the city needs additional funding for the transit.⁶⁶

Business and Occupational Tax

This type of tax is levied by the city on the most business activities occurring within Seattle. If business activities are conducted outside the city, the businesses may be exempt from this tax upon a legally based proof that their income was earned outside of Seattle.⁶⁷

Property Tax

Property tax is levied not only on real estate owned by businesses and individuals, but also, on the equipment belonging to the businesses. Basing on the forecast for the General Subfund, portion of the city's property tax in 2003 is \$ 157.4 million and \$ 161.1 million in 2004. The Washington's State statute restricts the annual growth in property tax revenue.⁶⁸

Utility Taxes

Private Utilities

The City of Seattle collects tax on the gross income earned from sales of utility services by privately-owned utilities within the city. The examples of such services are: phone, Internet and cable communications.

Public Utilities

The city collects tax on most revenue collected by city-owned utilities as for example, city light, water, and solid waste.⁶⁹

Fees and Charges

All companies and individuals conducting businesses in the City of Seattle are required to obtain a city's business license. Business activities that are referred as professional and occupational require additional licenses.

Periodically, city departments conduct reviews of fees and permit charges to ensure that revenues cover costs of the administrative and regulatory services.⁷⁰

Government and Private Grants

In the end of 1990s, the city's administration and operators of the Benaroya Hall Music Center entered into an agreement according to which BHMC was obligated to allocate some of its revenues to the city. In 1999 and 2000, city revenue from the BHMC was about \$ 780, 000 annually. In 2000, the city retired some city debt associated with the development of the music center. As a result, payments to the city decreased to about \$ 610, 000 annually.⁷¹

Revenue from Service Charges

Another source of the city's revenue is derived from the King County-wide voter-approved tax levy for the Automated Fingerprint Information System. This levy provides Seattle with approximately \$ 2.5 million annually and will expire in 2005.

The city's fire department establishes and collects fees for the emergency medical services provided to organizations during public events. Promoters of events are required to have emergency personnel at the scene to manage the emergent situations should those arise, and they

are required to pay fees in order to cover the costs of having medics and other emergency personnel on duty.⁷²

Fines

Most fine revenue come from parking and traffic fines issued by the Seattle Municipal Court. More than seventy percent of this revenue is from parking fines. The rest is from traffic violations.⁷³

Miscellaneous Revenue

Transfers to the General Subfund relate to the payments from capital and department-specific funds to the General Subfund. In 2002, these transfers brought approximately \$ 8.4 million. The estimate for 2003 is about \$ 8.1 million; and about \$ 3.0 million in 2004.⁷⁴

Part IV.**Debt Analysis**

The City of Seattle uses property tax levies and bonds to fund different types of capital improvement projects. The city's budget includes funds from which interest dues are paid on outstanding bonds. There are three types of debt for which the city has issued bonds:

1. Unlimited Tax General Obligation Bonds
2. Limited Tax General Obligation Bonds
3. Revenue Bonds

Unlimited Tax General Obligation Bonds

UTGO bonds may be issued by the city for capital purposes. The approval by 60% of voters is required. Payments of interest and principle is assured by the "full faith and credit" of the city. This means that the city will include in its property tax levy a sum that will cover payments of principle and interest on the bonds.⁷⁵

Limited Tax General Obligation Bonds

LTGO bonds are also known as council manic bonds. They are backed by the "full faith and credit" of the city. LTGO bonds are limited general obligation bonds because the pledge of payments has to be fulfilled within the statutory limitation on the city's taxing authority.⁷⁶

Revenue Bonds

Revenue bonds are used in order to finance the capital programs of City Light and such utilities as water, wastewater, drainage, and solid waste. These utilities are grouped together within Seattle Public Utilities.

Revenue bonds are not backed by the “full faith and credit” of the city. Payments of interest and principle are based on revenues generated by the use of utilities. The city sets fees and charges to pay the costs of operations and maintenance.

The table 4-1 shows outstanding general long-term debt (in \$000’s) and debt capacity.⁷⁷

Table 4-1. December 31, 1998 - Current

	1994	1995	1996	1997	1998
Limited General Obligations Bonds	202,650,000	347,170,000	398,170,000	413,680,000	476,928,000
Unlimited General Obligations Bonds	118,435,000	112,575,000	106,355,000	99,750,000	90,685,000
Other Long-term debt*	48,388,000	89,515,000	90,575,000	95,369,000	97,022,000
Total	369,473,000	549,665,000	595,100,000	608,799,000	664,635,000

*notes and contracts, compensated absences, claims payable.

Table 4-2 Summarizes conditions and limitations that apply to the three types of debt that are issued in the City of Seattle.⁷⁸

Form of Debt	Source of Repayment	Statutory Limitation	Current Limit	Outstanding 12-31-01
Unlimited Tax General Obligation Bond (UTGO)				
Parks & Open Space	Property Tax	2.5% of AV	\$1,888 million	\$3 million
Utilities	Property Tax	2.5% of AV	\$1,888 million	\$30 million
General Purposes	Property Tax	1.0% of AV**	\$ 755 million	\$130 million
Limited Tax Obligation Bonds (LTGO)	Taxes and other Revenues	1.5% of AV**	\$1,133 million	\$ 727 million
Utility Revenue	Utility Revenues	None	None	\$2,487 million

AV (Assesses Valuation)

*Assumes the latest certified assessed value of \$75.5 billion, issued on February 12 of 2002, for taxes payable in 2002.

** The sum of UTGO and LTGO debt for general purposes must be less than 2.5% of assessed valuation.

City Debt Management Policies

The use of debt financing is subject to the State law as well as to the debt management policies that were adopted by the Mayor and City Council¹. Policies set the criteria according to which, a capital project can be financed with bonds in following circumstances:

- In emergencies
- When the financed project will produce revenues that can be used to pay debt service on the bonds

¹ See administrative structure.

- When the use of bonds will result in equitable sharing of the costs of the project between future and current beneficiaries of the project

Bond Ratings

As a result of a strong economy and prudent financial practices, the city has earned very high ratings on its bonds (Table 4-3).⁷⁹

Table 4-3

Bonds:	Moody's Investors Service	Fitch Ratings	Standard & Poor's
UTGO	Aaa	AAA	AAA
LTGO	Aa1	AA+	AAA

Rating of Utilities

The city's utilities have high ratings for revenue debt (Table 4-4).⁸⁰

Table 4-4

Utilities:	Moody's Rates	Standard and Poor's Rates
Water	Aa2	AA
Drainage	Aa2	AA-
Wastewater	Aa2	AA-
City Light	Aa3	A+
Solid Waste	A1	A+

The table 4-5 shows projects to be funded from bond issues in 2003.⁸¹

Table 4-5

<i>2003 Bond Issue</i>	Anticipated Issuance Amount (including of issuance costs)
Roof/Structural Replacement and Repair	6,750,620
Joint Training Facility	2,369,000
Earthquake Repair – Park 90/5	13,081,000
Marion Oliver McCaw Hall (long)	9,270,000
Marion Oliver McCaw Hall (short)	18,540,000
SR 519 (Formerly Kingdome Access)	2,948,890
Alaskan Way Viaduct/Seawall Study & Mercer Corridor Project	5,768,000
Civic Center Master Plan (NW Corner of City Hall)	2,060,000
Refunding of 1994 bonds	4,264,200
Grand Total	\$65,051,710

Part V.**Summary**

The history of Seattle officially dates to the middle of 1850s when it was inhabited by tribes. Since 1870s, the population was steadily growing with some insignificant decreases attributed to general economic situation in the nation.

During its relatively short history, the city outlived gold rush, economic boom and depression, and racial tensions.

Today, Seattle is one of the fastest growing Metropolitan areas in the nation. The median age of the population is thirty five years of age.

The city offers great opportunities for education. As a result, its population is the most educated in the nation by many parameters.

The income in the city of Seattle is \$ 8, 719 higher than in the nation. The unemployment rate is lower than national. Housing still stays relatively expensive.

The crime rate in the city is very low. The violent crime rate ranks as nineteenth out of twenty three cities.

Geographic location of the city and favorable for business policies offer many opportunities. As a result, many well known companies and corporations are based in Seattle thus assuring the city's continuous growth and prosperity.

Mayor of the city Greg Nickels has shown effective leadership. As a result of his leadership and in cooperation of many others and implemented policies, the city has kept the highest rating on its general obligation bonds which was confirmed by three rating agencies: Fitch Ratings, Standard & Poor's, and Moody's Investor Services.

Judging by many parameters, the future of the City of Seattle will be very prosperous.

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