



Seaport Modernization Construction Status & Market Opportunities

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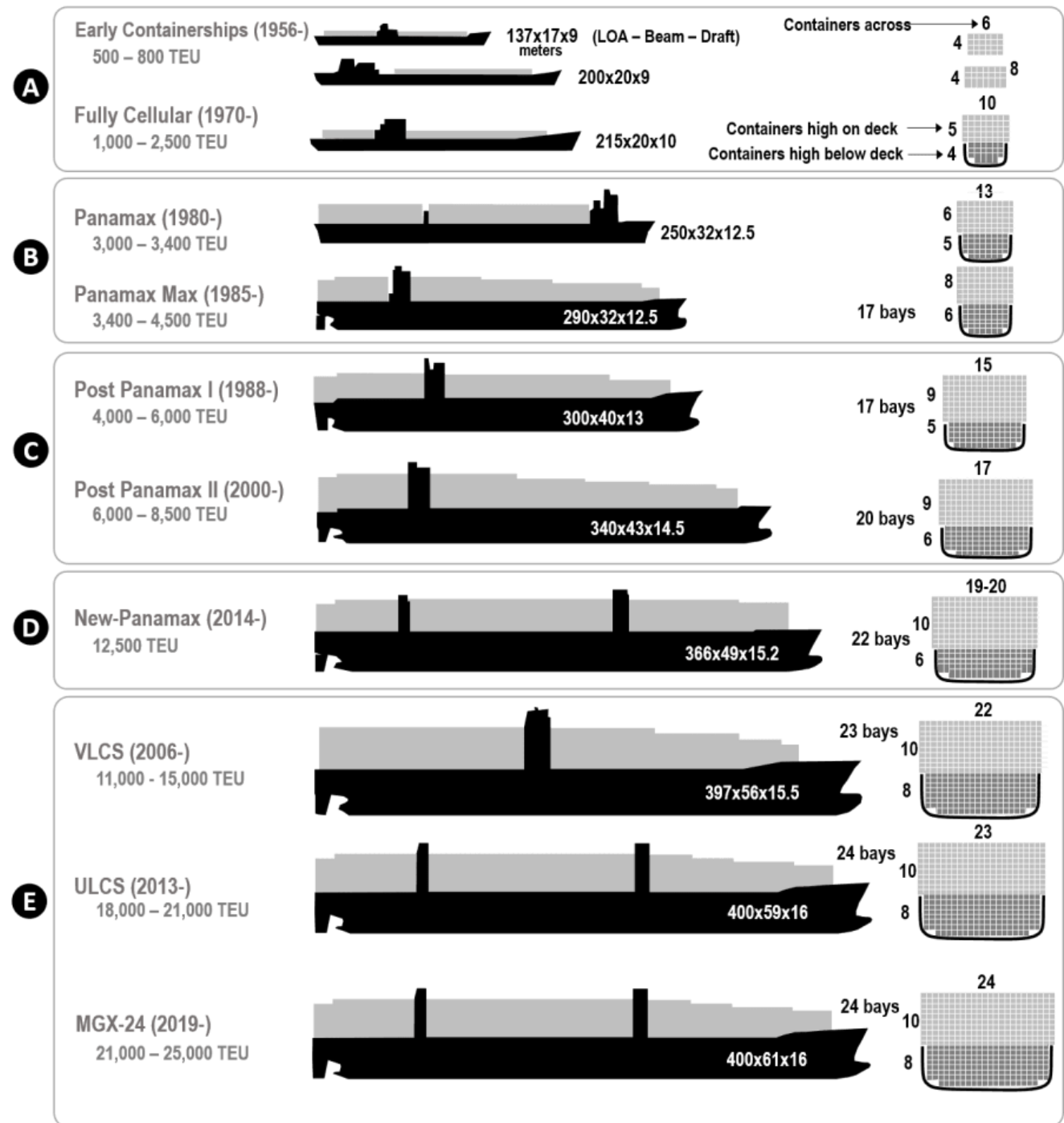
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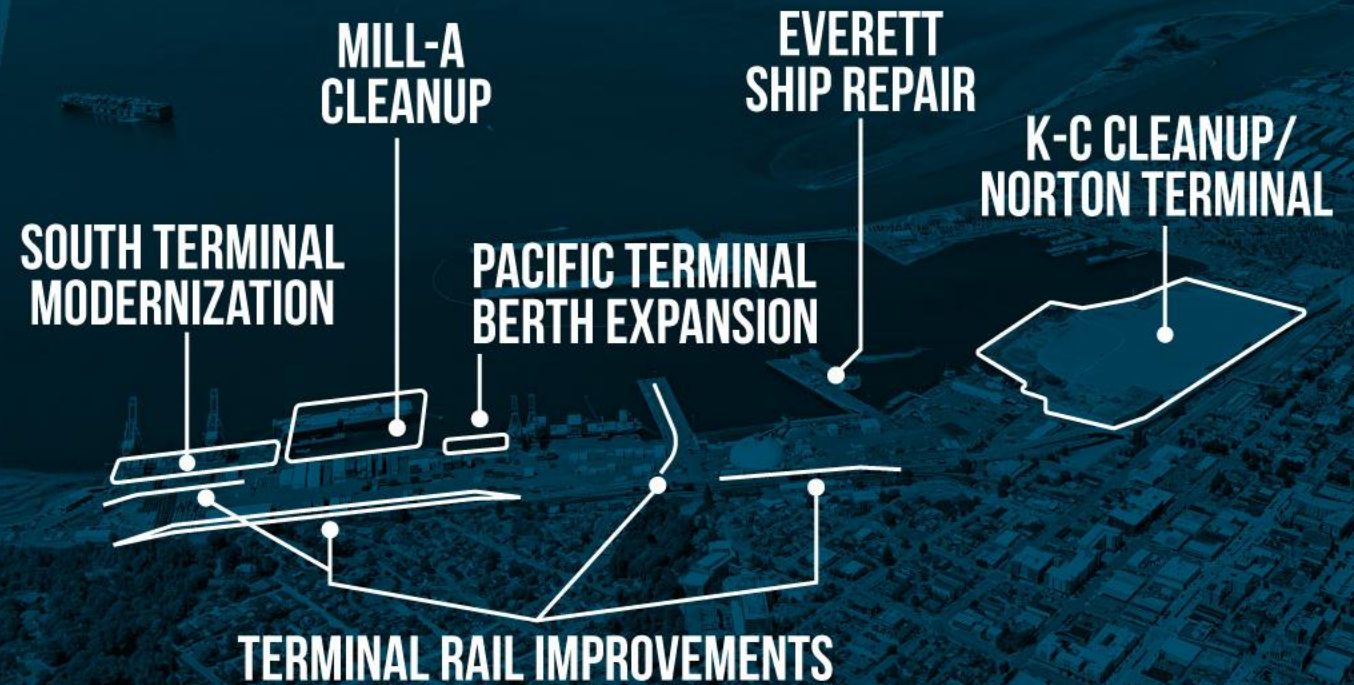
Industry Trends + Big Ship Shift

- ✓ Industry demands larger ships to transport more cargo
- ✓ Majority of seaports not “big ship” ready
- ✓ Seaports rush to modernize to keep freight moving
- ✓ Post-Panamax+ too large for Panama Canal; West Coast ports essential
- ✓ Over past decade, about \$11B in federal investment on east coast compared to roughly \$1B on West Coast



Port of Everett Strategic Investments

- ✓ *Preparing for trade of the future is our standard*
- ✓ *Port Commission adopted forward-thinking Marine Terminals Master Plan in 2008*
- ✓ *Have been strategically investing in seaport modernization for over past two decades*
- ✓ *\$150M+ in last 10 years; docks, rail, equipment, cleanup + sustainability*
- ✓ *Recruited commercial and military approved shipyard — Everett Ship Repair, to keep region competitive*
- ✓ *Opened modernized South Terminal in 2021; opened new Norton Terminal in 2022*



Port Initiative 1: Seaport Modernization

✓ **Strategic Narrative:**

Upgrade and modernize Seaport facilities to meet 21st Century Shipping Needs

✓ **Objectives/End State:**

- *Increased upland acreage*
- *Increased useable berths (minimum 1,100')*
- *Increased water depth -45 MLLW*
- *Increased dock strength (1,000 psf)*
- *Availability of shorepower*
- *Covered storage space*
- *Increased crane capability*
- *Environmental cleanup*



What Initiative Accomplishes

- ✓ *Ensures our facilities meet 21st Century infrastructure needs and the region's disaster recovery needs*
- ✓ *Continues to modify our facility to meet the diverse needs of the aerospace industry and our other customers*
- ✓ *Supports Naval Station Everett and National Security efforts*
- ✓ *Achieves our commitment to environmental stewardship and public access*
- ✓ *Supports short- and long-term job creation*
- ✓ *Makes our facilities more competitive*



Summary & Status

- ✓ *Mill A Interim Action; dredging for expanding berth area at Pacific Terminal* **COMPLETE**
- ✓ *Rail Expansion Phase I & II* **COMPLETE**
- ✓ *South Terminal Modernization and Dock Strengthening Phases I & II* **COMPLETE**
- ✓ *Acquisition of two, 100-foot gauge gantry cranes* **COMPLETE**
- ✓ *Upgrade and place into use new gantry cranes* **COMPLETE**
- ✓ *Cargo Transit Shed Relocation* **COMPLETE**
- ✓ *Acquire former Kimberly-Clark Mill Site* **COMPLETE**
- ✓ *Partner with K-C to cleanup historic contamination and crushed material from the upland site* **COMPLETE**

Summary & Status

- ✓ Construct new Norton Terminal/environmental cap (final physical cleanup of uplands) **COMPLETE**
- ✓ Put the warehouse back into job-producing use with a third party **IN REVIEW**
- ✓ Final Mill A Cleanup **IN PROGRESS**
- ✓ Electrification of Pier 3 **IN PROGRESS**
- ✓ Secure Strategic Seaport Designation **COMPLETE**
- ✓ Support possible relocation of Navy Drydock to the Port **IN PROGRESS**
- ✓ Secure commercial shipyard **COMPLETE**
- ✓ Relocate Foreign Trade Zone #85 to the former mill site **IN PROGRESS**
- ✓ Public access north of the boat launch **COMPLETE**

PROGRESS UPDATE: South Terminal Modernization COMPLETE

- ✓ *\$57M investment complete; first ship in April 2021 and has been in full use since*
- ✓ *ONLY port of our size on West Coast with container cranes*
- ✓ *Ship capacity has nearly doubled over previous years*



Weyerhaeuser Mill-A Site **ACTIVE CLEANUP**

- ✓ Port working with Weyerhaeuser & Ecology to determine cleanup options for Weyerhaeuser's former Mill A site
- ✓ Encompasses Port's South & Pacific Terminal berths & surrounding bay
- ✓ Unique combination of state loans & grants to fund project to shovel ready; cost recovery from Weyerhaeuser
- ✓ Secured an extended grant agreement – first of its kind
- ✓ Anticipated to commence in 2026



COMPLETE!

Norton Terminal & MTCA 3rd Interim Action

- ✓ *\$40M Mills to Maritime construction effort enhances commerce, restores jobs & achieves environmental stewardship*
- ✓ *Project broke ground in July 2021; Opened December 2022*
- ✓ *40-acre terminal leverages \$57M in infrastructure investments at South Terminal; site in high demand*



COMPLETE!

Norton Terminal & MTCA 3rd Interim Action

- ✓ *Phase 1: imported 50,000+ cy clean material for preload over six acres*
- ✓ *Phase 2: grading, capping existing utilities and starting new utility/stormwater install, removal/grading of preload and asphalt paving to create the cap*



PROGRESS UPDATE: Adaptive Reuse of the Warehouse

- ✓ Exploring opportunities to put the former K-C warehouse back into productive job producing use
- ✓ 360,000 sq. ft., three-story warehouse
- ✓ Working on demising plan to increase access
- ✓ Heavily marketing the space for industrial/maritime commercial use



PUBLIC ACCESS UPDATE: Norton Terminal

- ✓ Norton Terminal project supports \$600K in off-site public access via Port's 2% for Public Access Policy
- ✓ Working with the City, these public access dollars were earmarked to support the recently completed \$1M Jetty Landing Boat Launch dredging to support upgrades to that key public access facility



Greening the Supply Chain

- ✓ *The Port is committed to incorporating sustainability into its Seaport operations in an overall effort to green the supply chain*
- ✓ *South Terminal upgrade incorporated upgrades to support future shorepower*
- ✓ *Exploring electrification upgrades at Piers 1, 3 and Norton Terminal*

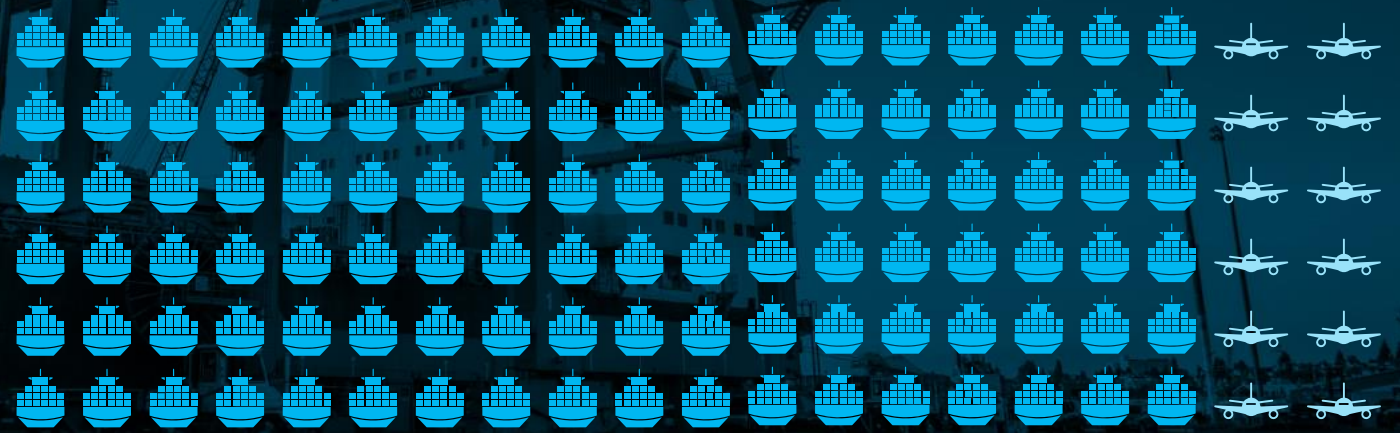
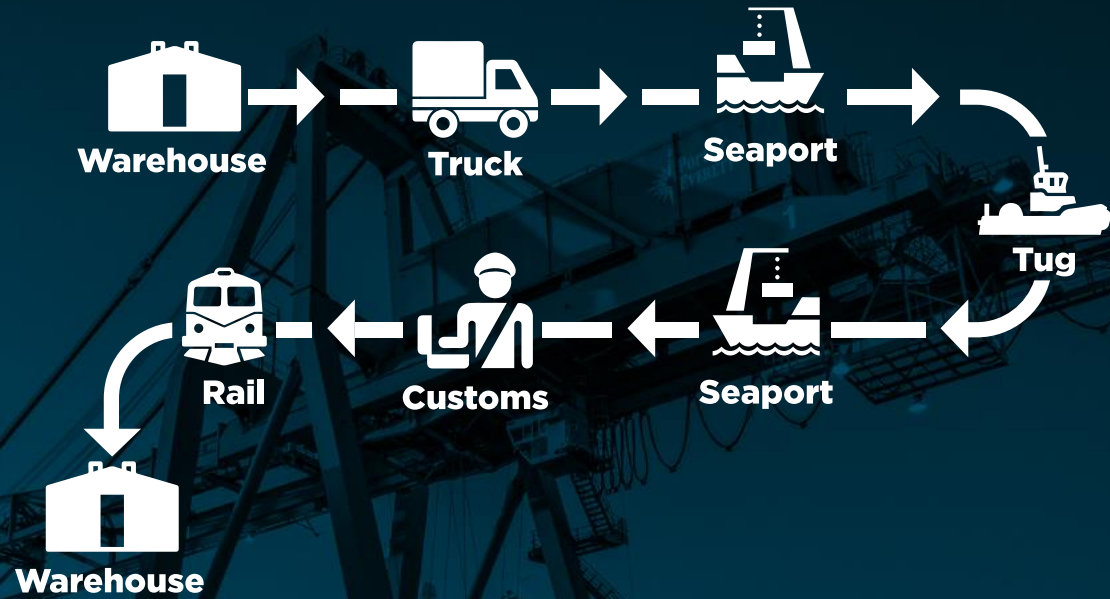


Helping Ease Supply Chain Backlog

- ✓ Completed \$57M South Terminal modernization in early 2021; has been in constant use since opening
- ✓ Positioned Everett as one of the only ports of its size on the U.S. West Coast with Post-Panamax container cranes
- ✓ Completed first short sea shipping connection between Everett and B.C.



Supply Chain Overview



90% An estimated 90% of the world's goods are transported by sea

10% Other 10% by air cargo

Fast Forward ►► Global Pandemic

While COVID-19 didn't cause today's supply chain woes, it intensified the already mounting issue in many ways

- ✓ *Evergiven stuck in Suez Canal*
- ✓ *Change in consumer and industry buying habits*
- ✓ *Panic buying*
- ✓ *E-commerce explodes*
- ✓ *Shift from Just in Time to Just in Case*
- ✓ *Work from home*
- ✓ *Full warehouses/container shortage*
- ✓ *Workforce impacts throughout supply chain*
- ✓ *Ships stacking up in harbors around the U.S., particularly along the West Coast*

Pandemic Impacts to the Workforce

**OUT SICK OR CARING
FOR SICK FAMILY**

QUARANTINE & GUIDANCE

MENTAL HEALTH

ESSENTIAL WORKER BURN OUT

**SCHOOL CLOSURES/
ONLINE LEARNING**

COVID

**VACCINE
VIEWS**

**WORK
FROM
HOME**

**CHILDCARE AVAILABILITY
VS. DEMAND**

INFLATION

HOUSING

“THE GREAT RESIGNATION”

Supply chain bottlenecks backing up ports and retailers

A “just in time” global supply chain lacks the spare capacity to handle a recovering economy.



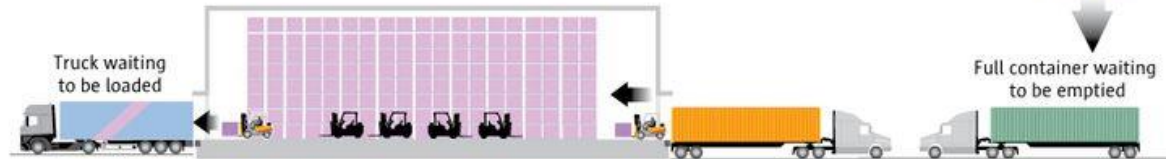
Shipping containers

After dipping in 2020, container volumes into Seattle and Tacoma Jan.-Sept. were up nearly 5% vs 2019.



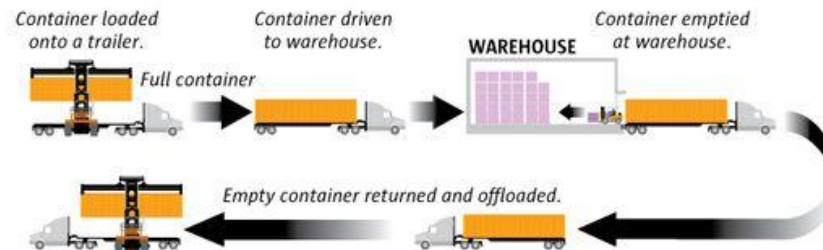
Warehouses

Seattle-area warehouses are at 98% capacity, up from 92% pre-pandemic, in part because they lack enough workers to quickly unpack incoming freight and send it on to customers. Containers waiting to be unpacked increase “dwell times.”



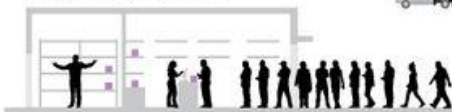
“Dwell” times

Container “dwell” times — number of days a container unloaded from a vessel waits to be picked up from the port terminal — have jumped from around 5 days pre-pandemic to 14 days this month.



Retail stores

Because of warehouse delays in moving freight out, stores have a harder time keeping shelves stocked, and customers have to wait longer for products.



The longer the dwell times, the more shipping containers stack up at the ports, slowing the off loading of ships.

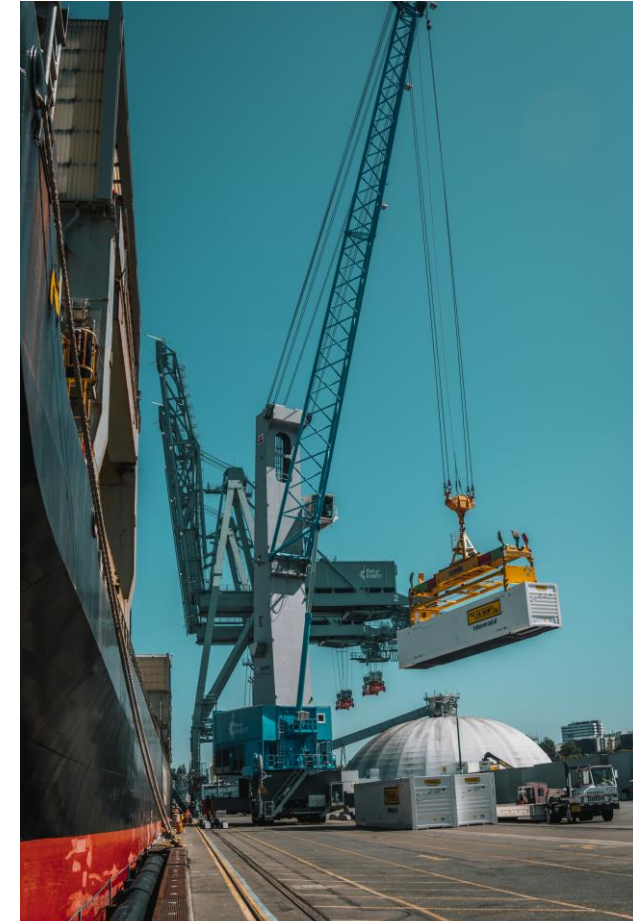
Sources: Northwest Seaport Alliance, Jim Contreras/Whiplash

Reporting by PAUL ROBERTS, graphics by MARK NOWLIN / THE SEATTLE TIMES



Trends in Pandemic Shipping

- ✓ *Just in case vs. just in time*
- ✓ *Customers purchasing their own containers vs. waiting for leased containers*
- ✓ *Chartering smaller, non-container vessels to get into available ports*
- ✓ *Rad Power Bikes example*



2022 Cargo Snapshot

- ✓ The Port of Everett Seaport was already the 3rd largest container port in Washington state
- ✓ 2022 was by far the busiest year for container volume in our more than 100-year history, exceeded 2021 historical volumes
- ✓ We handled nearly 23,000 containers in 2022
- ✓ Also saw increase in traditional cargo including breakbulk, energy, machinery, forest products and agriculture



23%

PORT CALLS UP 23%
IN 2022, 39 MORE SHIPS
& BARGES THAN 2021



587k

TONS OF CARGO MOVED
IN 2022



22,991

CONTAINERS MOVED IN
2022, THAT'S 2,866 MORE
THAN 2021



NORTON TERMINAL OPENED

Port Calls

- ✓ Overall port calls up 39 calls or 23%
- ✓ 10 Lehigh barges, one (1) scrap barge, one (1) breakbulk cargo barge, one (1) container barge, four (4) Boeing barges
- ✓ 53' volumes strong throughout the year
- ✓ Vessels calls for breakbulk averaged two (2) per month
- ✓ January and February saw the completion of diverted consumers goods containers from 2021 holiday rush

Port Calls	2022	2021
Port Calls	172	133
Ships	155	123
Barges	17	10

Tonnage (short tons)

- ✓ Overall tonnage only increased by 3% despite a shortfall of 15,269 tons of cement vs. 2021
- ✓ Imports are primarily container tonnage, products for electrical vehicles, steel and breakbulk products through Westwood
- ✓ Exports are driven by pulp and container traffic to Korea

Tonnage	2022	2021
Tonnage	587,322	572,164
In (general)	325,745	277,305
In (cement)	164,738	180,007
Out (general)	96,839	114,852
Out (logs)	0	0

Container Volumes

- ✓ Westwood volumes remain flat from 2021
- ✓ 53' business was strong through Q3 then tapered off slightly
- ✓ Discretionary consumer container traffic (20'/40') ended at the end of Q1
- ✓ No Kinross volumes in 2022; Kinross is a Canadian company that performed mining in Russia – after the invasion of Ukraine, Kinross sold this business to a Russian company ending a partnership the Port had since 2005

Number of Units	2022	2021
Total	22,991	20,125
Import	21,291	18,442
Export	1,700	1,683

2023 Forecast + Assumptions

- ✓ *Remain nimble and continue to support supply chain relief; industry is stabilizing and business is slowing*
- ✓ *Leverage terminal upgrades to accept new cargo opportunities, support diversification*
- ✓ *Aerospace industry ticking up; 4th 737 Max line announced for Everett*
- ✓ *Continue to support niche in high & heavy cargoes for construction, manufacturing, agriculture and energy sectors*
- ✓ *Offshore wind exploration*
- ✓ *Short Sea Shipping enhanced utilization*



Market Opportunities



Offshore Wind Business Opportunity

- ✓ *Bureau of Land Management auctioned over 372,000 acres in Northern California December 2022*
- ✓ *Five successful proposers over \$750 million total*
- ✓ *Power generation required by 2030*
- ✓ *Partnering with potential shipyard(s) for pontoon/wind manufacture/assembly*



Short Sea Shipping

- ✓ *Aerospace short sea shipping continues*
- ✓ *Upgraded RMG crane to support short sea shipping last year*
- ✓ *First barge of containers from Everett to Canada in 2022*
- ✓ *Continue to look for opportunities on West Coast*



Intermodal Rail Opportunities

- ✓ Loaded 14 intermodal trains for Amazon in 2022
- ✓ Working with Amazon, JB Hunt, Walmart, and BNSF to resume operations
- ✓ Smith Island Terminal potential expansion
- ✓ Current change in market conditions



Military Cargo

- ✓ *Trying to leverage our Strategic Seaport designation and opening of Norton Terminal to attract more military cargo*
- ✓ *Scheduling meetings with 833rd battalion at JBLM*
- ✓ *Regularly attend National Defense Transportation Association meetings*



Marketing Priorities for Norton Terminal/Seaport

- ✓ *Swire acquired Westwood; business growth*
- ✓ *Continue canvassing existing customers for increased opportunities*
- ✓ *Currently recruiting for Director of Trade Development position*
- ✓ *Energy project cargoes*
- ✓ *Ro/Ro cargoes (autos, rolling stock)*
- ✓ *Steel*



Thank You!
Questions?

